



2025 **BUSINESS SENTIMENT SURVEY REPORT**

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2025 Key Insights

Macroeconomic Environment

- The Philippines is increasingly central to European companies' global strategies, with 66.9% reporting its market share as more important. A majority anticipate heightened engagement, with 70.3% planning to increase trade and investment in the next 12 months and 78.5% over the next 2-4 years.
- European businesses note broad improvements across the Philippine market, with the strongest gains seen in its role as a sales market (46.5%) and overall business environment (48.3%), while investment (40.1%) and supplier performance (36.0%) also trend positively but at more modest levels, pointing to clear opportunities for deeper reform and confidence-building.
- Despite recent reforms, 90.1% of respondents report significant barriers to trade, investment, or business operations in the Philippines, with complex taxation, customs inefficiencies, and regulatory inconsistencies most frequently cited. Streamlining these processes and harmonizing standards will be critical to strengthen investor confidence and support sustained growth.

Business Performance and Outlook

- Over the past year, 68.6% of European companies in the Philippines reported improved performance, with 33.7% achieving higher profitability than in other regional markets, and 65.7% plan to expand operations over the next four years, reflecting strong confidence in the country's market potential despite ongoing operational and regulatory challenges.
- European companies in the Philippines are prioritizing operational efficiency, workforce development, digitalization, and strategic partnerships, with 60.5% increasing investments in technology and 59.9% emphasizing local collaborations, demonstrating a coordinated approach to competitiveness, resilience, and long-term growth.

On Trade and Integration

- Direct EU-Philippine trade remains concentrated, with 21.5% of companies engaged in both imports and exports and a majority (53.5%) not directly involved, highlighting significant untapped potential for bilateral trade expansion through targeted policies and market facilitation.
- Key drivers of trade and investment include economic growth (51.7% currently significant), production costs (57.6%), political and regulatory stability (45-49%), infrastructure (48.3%), regional integration (43-43%), and sustainability (51.2%), indicating that competitive positioning will increasingly depend on cost efficiency, predictable regulations, and alignment with global and regional standards.

EU-Philippines Free Trade Agreement

- Awareness of the EU-Philippines FTA is mixed, with only 32% of companies highly familiar, yet 48.3% consider its conclusion important, and 33.1% plan to leverage it for trade in goods and services, highlighting the need for proactive communication and strategic alignment.
- Procedural and regulatory barriers remain significant, with 47.7% citing administrative hurdles, 40.7% import charges, and 49.4% transparency issues, underscoring the importance of streamlined customs, predictable rules, and digitalized processes to enhance cross-border efficiency.
- EU GSP+ benefits remain underutilized, as 52.9% of companies report limited awareness and nearly half indicate no impact on operations, suggesting that targeted outreach and practical guidance could increase uptake and strengthen EU market participation.

Policy Sentiments

- Companies identify governance, regulatory, and infrastructure barriers as key constraints to trade and investment, highlighting the need for streamlined regulations, anti-corruption measures, digitalization, and improved transport and energy networks.
- Public-private sector collaboration is viewed as only somewhat effective by 52.3% of respondents, signaling opportunities to strengthen structured dialogue, joint problem-solving, and consistent policy implementation.
- Multiple government agencies, including DTI, BIR, BOC, BOI, and DOF, are seen as critical to addressing sector-specific concerns, emphasizing the need for a coordinated, whole-of-government approach to promote transparency, regulatory clarity, and investor confidence.

Introduction

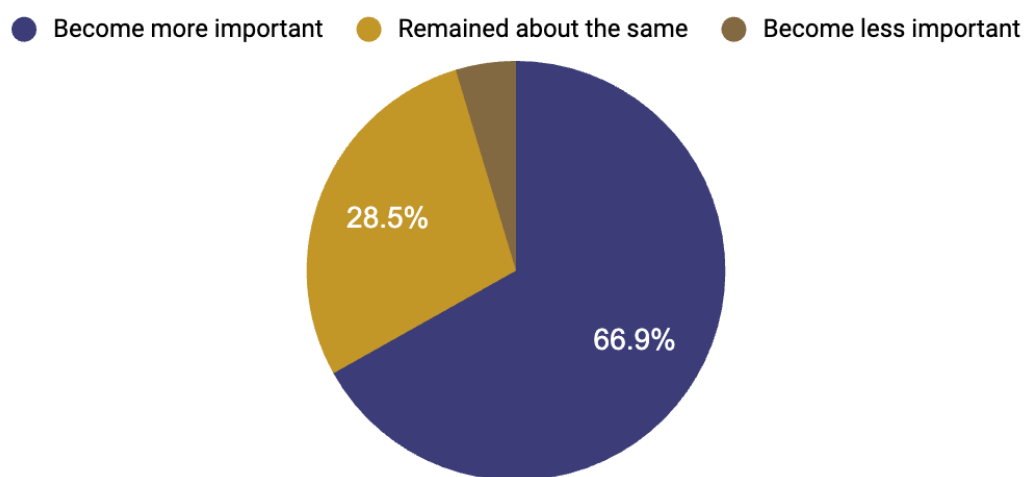
The 2025 Business Sentiment Survey provides an updated view of how European companies perceive the Philippines' economic trajectory, operating environment, and policy direction, drawing on their experiences across key areas of the business landscape. The report begins with an assessment of the macroeconomic and policy environment, including the country's market importance, regional positioning, regulatory conditions, and prevailing business climate, followed by a review of current performance, future plans, and the operational adjustments companies are making to remain competitive and resilient. It also examines trade exposure and the factors shaping integration with regional and global markets, alongside detailed perspectives on the EU-Philippines Free Trade Agreement. The final section presents sentiment on the regulatory environment and policy priorities, offering insights intended to support constructive engagement between the private sector and government in the year ahead.

Macroeconomic Environment

The macroeconomic and policy environment frames how European firms assess the Philippines' market relevance, long-term competitiveness, and overall economic direction. It highlights the country's strategic position in regional and global markets, as well as the regulatory and operating conditions that shape business confidence. Insights on perceived barriers and the broader business climate provide context for understanding both emerging opportunities and persistent structural challenges in 2025.

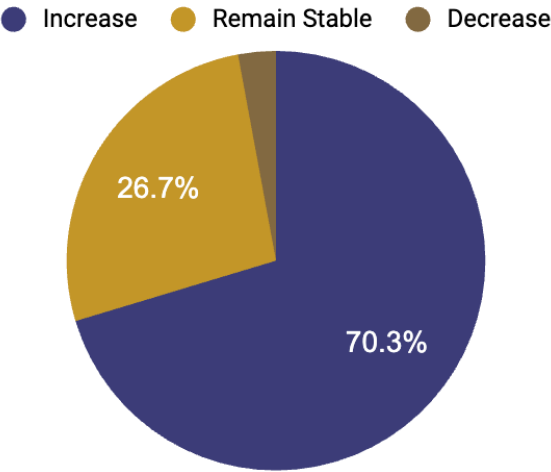
Market Importance and Economic Role

Figure 1. Changes in the Philippine Market's Share of Company Global Revenues



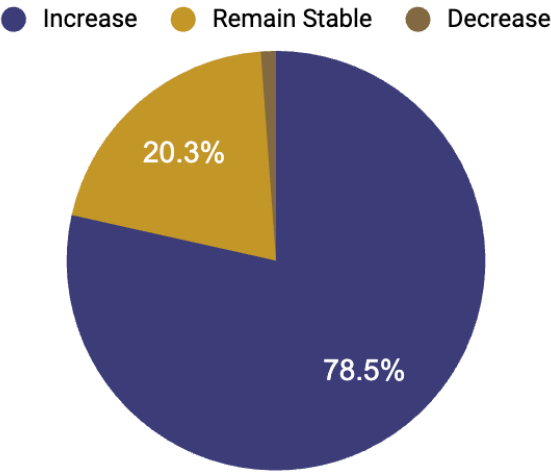
The Philippines continues to strengthen its role within the European-Philippine business community, with many companies observing shifts in the country’s contribution to their global revenues. A significant **66.9%** of respondents reported that the Philippines has become more important to their overall market portfolio, while **28.5%** noted that its importance has remained stable. This signals a steadily rising strategic value for the Philippines within global operations, reflecting both expanding commercial opportunities and sustained investor confidence.

Figure 2. Expected Trade and Investment Activity in the Philippines



European and Philippine companies remain optimistic about the near-term trajectory of their operations in the Philippines, with **70.3%** expecting an increase in trade and investment activity over the next 12 months. A further **26.7%** anticipate stability, suggesting that most businesses foresee continued engagement without major disruptions. Only a small fraction (**2.9%**) expect a decline, underscoring overall confidence in the country’s economic and investment climate.

Figure 3. Trade and Investment Activity in the Philippines Over the Next 2-4 Years

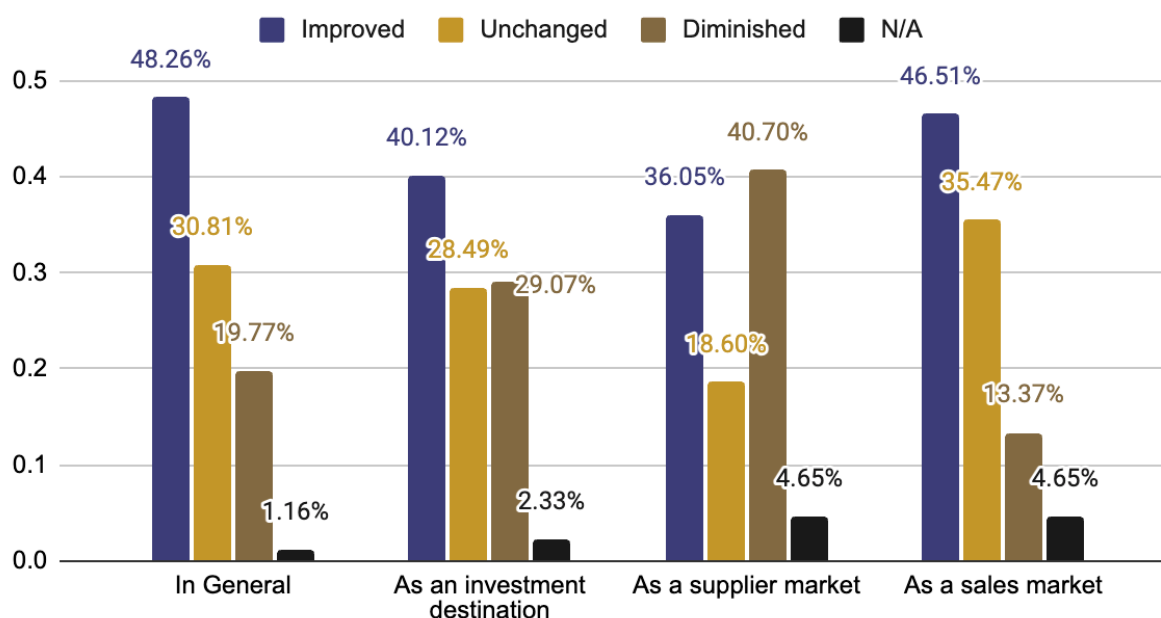


Looking further ahead, **78.5%** of respondents anticipate growth in their trade and investment activities in the Philippines over the next two to four years, reflecting strong confidence in the country's long-term economic prospects. Meanwhile, **20.3%** expect their activity to remain stable, indicating a sustained commitment to the market even in the absence of expansion. Overall, these responses suggest a positive outlook for continued foreign engagement and investment in the Philippines.

Positioning the Philippines in regional and global markets.

Building on the outlook for trade and investment, it is also important to assess how the Philippines is positioned relative to other regional and global markets, and how this perception shapes business strategy and competitiveness.

Figure 4. Comparative Attractiveness of the Philippines vs. Other ASEAN or Regional Markets (Past 2 Years)

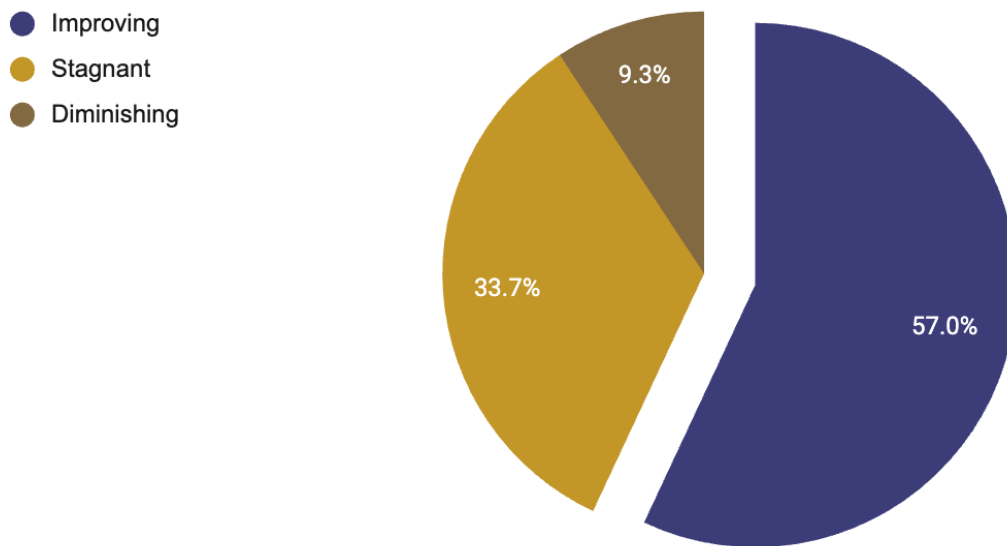


Over the past two years, European companies have generally viewed the Philippines as increasingly attractive compared to other regional markets. Across overall market perceptions, 48.3% of respondents reported an improvement, 30.8% saw no change, and 19.8% indicated a decline. When considering the Philippines specifically as an investment destination, 40.1% noted improvements, 28.5% reported stability, and 29.1% experienced diminished appeal. As a supplier market, 36.0% of respondents saw improvement, 40.7% reported no change, and 18.6% noted a decline. Finally, the Philippines' position as a sales market was viewed positively by 46.5% of respondents, while 35.5% saw no change, and 13.4% experienced a decrease in attractiveness.

The data suggests that while the Philippines is increasingly recognized as a promising market, particularly for sales and overall business opportunities, perceptions of its investment and supplier potential remain more mixed. This indicates that European companies may prioritize market access and revenue growth in the Philippines while exercising caution in investment commitments and supply chain integration. Strengthening investor confidence and improving the reliability of the Philippines as a supplier market could further enhance its competitiveness regionally.

Regulatory and Operating Environment

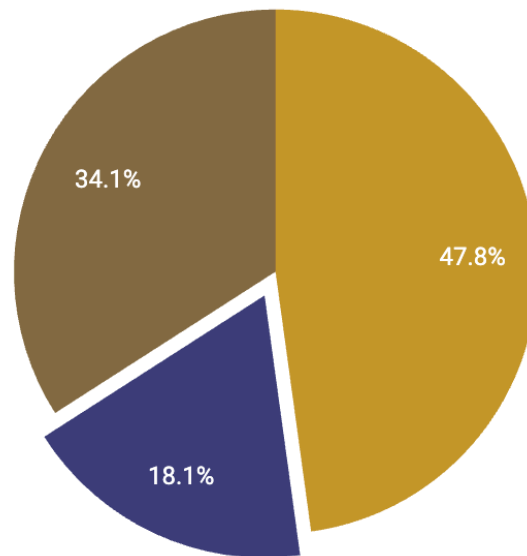
Figure 5. Recent Developments in Ease-of-Doing-Business Measures



Recent developments in ease-of-doing-business measures in the Philippines are viewed positively by a majority of respondents, with 57% indicating that conditions are improving. Meanwhile, 33.7% consider them stagnant, and a smaller portion, 9.3%, perceive a decline. This suggests that while reforms and policy initiatives are having a noticeable impact, continued efforts are needed to ensure broader and more consistent improvements across sectors. Strengthening regulatory clarity and streamlining procedures could further enhance investor confidence and facilitate a more business-friendly environment.

Figure 6. Efficiency of Customs Procedures for Trade-Engaged Companies

- Acceptable but could be improved
- Speedy and efficient
- Overly burdensome



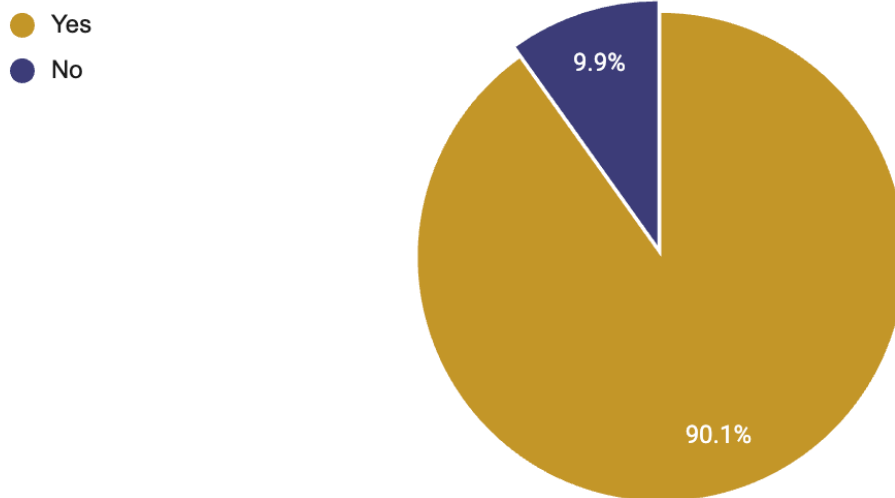
Among respondents engaged in trade, only 18.1% of respondents rated customs procedures in the Philippines as speedy and efficient, while 47.8% found them acceptable but in need of improvement. A significant 34.1% considered these procedures overly burdensome. This indicates that despite some progress, inefficiencies in customs processes remain a notable obstacle, potentially increasing costs and causing delays for businesses. Addressing these challenges through further streamlining, digitization, and procedural reforms could enhance trade efficiency and strengthen the Philippines' competitiveness as a regional trading hub.

Sentiments on Barriers and Overall Business Climate

While improvements in regulatory measures and infrastructure have been noted, businesses continue to encounter significant obstacles that affect their operations. Understanding perceptions of barriers and the overall business climate provides a more nuanced view of the challenges that can influence investment decisions and strategic planning. Insights from these sentiments help identify priority areas where government and industry collaboration could foster a more conducive and competitive business environment.

Figure 7. Barriers to Trade, Investment, or Business Operations in the Philippines

Survey question: Are there significant barriers affecting trade, investment, or business operations?



A striking 90.1% of respondents indicated that significant barriers continue to affect trade, investment, or business operations in the Philippines, highlighting that challenges remain pervasive despite recent reforms. Only a small minority (9.9%) reported no such obstacles, suggesting that improvements have not yet fully alleviated the structural or administrative issues faced by companies. These findings imply that sustained efforts to streamline regulations, reduce bureaucratic inefficiencies, and enhance transparency will be essential to strengthen investor confidence and support the country's competitiveness in the regional and global market.

Analysis of the qualitative responses reveals several recurring themes regarding barriers to trade, investment, and business operations in the Philippines. The most frequently cited challenges are the lack of harmonization of standards, complex taxation regimes including VAT refunds, audits, and other BIR processes, and cumbersome customs procedures, highlighting ongoing regulatory and procedural inefficiencies. Other notable concerns include unfair competitive practices, geopolitical instability, rising protectionist and non-tariff barriers, limited service-sector liberalization, and gaps in green supply chains, suggesting that both domestic policy coordination and alignment with international standards remain critical for improving the overall business climate.

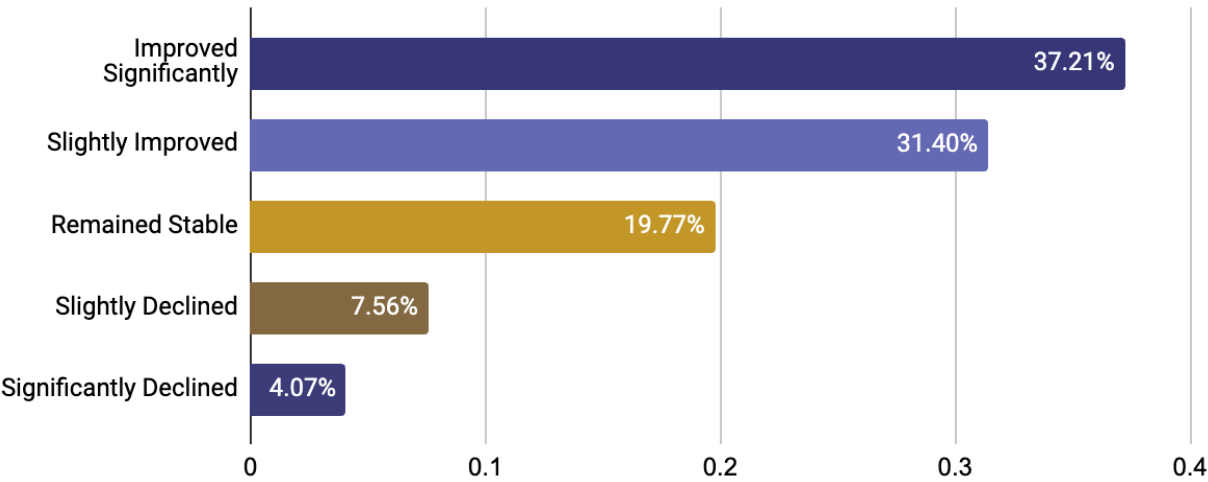
Overall, the data indicates that while the Philippines remains an increasingly important market for European companies, challenges in regulatory consistency, taxation, customs procedures, and broader geopolitical and protectionist pressures continue to affect business operations. Companies anticipate growth in trade and investment over both the short and medium term, signaling confidence in the country's potential despite these hurdles. Addressing these barriers through streamlined regulations, harmonized standards, and improved ease-of-doing-business measures could further enhance the Philippines' competitiveness in regional and global markets.

Business Performance & Outlook

European companies in the Philippines report varied experiences with current business conditions and are outlining plans for growth and investment in the coming years. To stay competitive and resilient, firms are implementing strategic and operational adjustments. These insights highlight how businesses are adapting to the evolving economic and policy landscape.

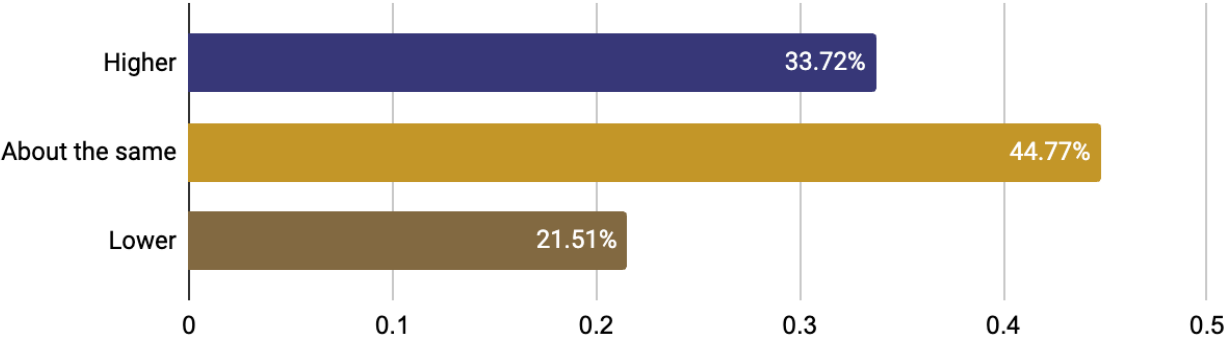
Current Business Conditions

Figure 8. Company Performance in the Philippines Over the Past 12 Months



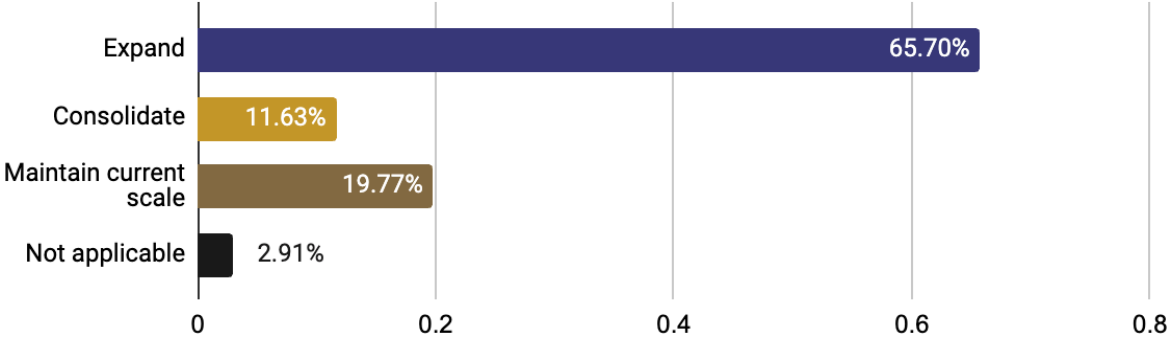
Over the past 12 months, the majority of European companies in the Philippines reported positive performance, with 37.2% noting significant improvement and 31.4% indicating slight improvement. Nearly one-fifth of respondents experienced stable conditions, while a smaller share reported declines in performance. These results suggest that despite ongoing challenges, many firms are benefiting from favorable market conditions or effective adaptation strategies, reinforcing confidence in the Philippines as a viable location for sustained business operations.

Figure 9. Comparative Profitability in the Philippines vs. Other Markets



When comparing profitability in the Philippines to other regional markets, 33.7% of respondents reported higher returns, while 44.8% indicated similar performance and 21.5% experienced lower profitability. This distribution suggests that while the Philippines remains competitive within ASEAN, a substantial share of companies still faces challenges that may limit profitability relative to neighboring markets. Looking ahead to 2026, the Philippines' upcoming ASEAN chairmanship could enhance regional integration, strengthen trade ties, and provide incentives for foreign investment, potentially improving the operating environment and increasing profit prospects for European firms. Companies may need to strategically position themselves to capitalize on these developments while addressing existing operational and regulatory challenges.

Figure 10. Future Plans and Growth Expectations in the Philippines (Next 4 Years)



A majority of companies, 65.7%, plan to expand their presence in the Philippines over the next four years, while 11.6% intend to consolidate and 18.8% aim to maintain their current scale. This strong expansion outlook indicates sustained confidence in the country's market potential and the opportunities for growth in key sectors. The trend also suggests that businesses are preparing to leverage anticipated improvements in infrastructure, regulatory frameworks, and regional integration, particularly with the Philippines' upcoming ASEAN chairmanship, which could enhance investment flows and trade partnerships. Companies may need to carefully align their growth strategies with policy developments and evolving market dynamics to maximize long-term returns.

Operational and Strategic Adjustments

Operational and strategic adjustments reflect how companies are adapting to both current challenges and future opportunities in the Philippines. Businesses are focusing on optimizing operations, enhancing workforce capabilities, and allocating resources to support growth and competitiveness. These measures highlight the strategic priorities companies are pursuing to strengthen their presence, improve efficiency, and respond to evolving market and regulatory conditions.

Responses indicate that European companies are pursuing a range of operational and strategic adjustments in the Philippines, with a clear focus on expansion, workforce development, and digital transformation. Expansion plans span increasing physical presence,

entering new markets, enhancing product lines, and establishing regional hubs, while operational improvements emphasize efficiency, process streamlining, and technology adoption. Workforce development is a priority, with many companies investing in skills training, talent acquisition, and succession planning to support sustainable growth. Resource allocation also reflects a focus on sustainability, automation, and strategic partnerships, suggesting that businesses are aligning long-term investments with evolving market conditions and regulatory expectations.

Companies are preparing to remain competitive in the Philippines through a combination of operational efficiency, digital transformation, workforce development, and strategic innovation. Investments in technology, automation, and AI are being paired with upskilling programs to ensure employees can meet evolving market demands. Businesses are also focusing on expanding their market presence, enhancing customer service, and leveraging sustainability initiatives to differentiate themselves. Overall, companies are aligning resources and strategies to respond proactively to changing consumer preferences, regulatory developments, and regional market trends.

Competitiveness and Resilience Measures

To sustain competitiveness and strengthen resilience in the Philippine market, companies are adopting targeted strategies that focus on efficiency, innovation, and market responsiveness. These measures encompass investments in technology and automation, workforce development, and strategic partnerships to maintain operational agility. Firms are also implementing initiatives that enhance customer satisfaction, optimize processes, and mitigate risks, ensuring they remain adaptable amid evolving market and regulatory conditions.

Notably, companies are prioritizing partnerships, technology, and innovation to remain competitive and resilient in the Philippines. A majority (60.5%) are increasing investments in digitalization, while 59.9% emphasize cooperation with local partners to strengthen market presence. Additionally, 22.1% are focusing on research and development, reflecting a strategic approach to innovation and long-term growth.

Trade & Integration Factors

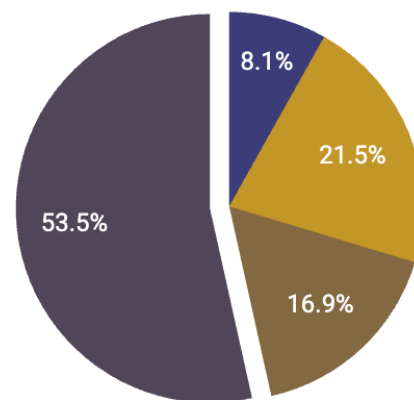
Trade and integration are key drivers of the Philippines' engagement with regional and global markets, shaping both investment flows and business strategies. This section explores the extent of trade exposure among European companies, the factors influencing trade and investment decisions, and the ways in which integration with ASEAN and other markets affects operational and strategic planning. Understanding these dynamics provides insight into how companies navigate the interconnected economic landscape.

Trade Exposure and Integration

Figure 11. Trade Exposure and Integration Between the EU and the Philippines

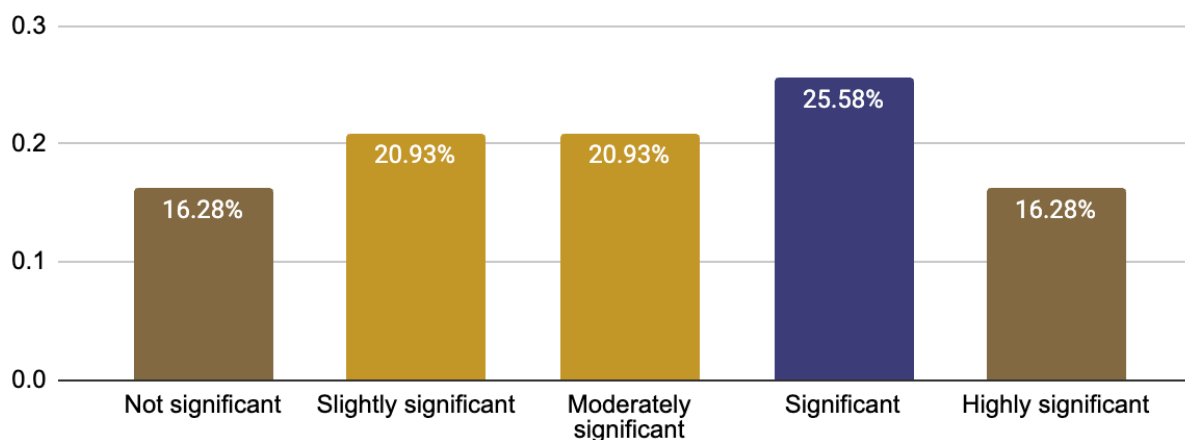
Survey question: To what extent is your company engaged in trade between the EU and the Philippines?

- Primarily exports from the Philippines to the EU
- Engaged in both import and export
- Primarily imports from the EU to the Philippines
- Not directly engaged in EU–Philippines trade



The data indicates that just over one-fifth of respondents (21.5%) are engaged in both importing from and exporting to the EU, while a smaller proportion focus solely on imports (16.9%) or exports (8.1%). A majority of companies (53.5%) are not directly involved in EU-Philippine trade, highlighting that direct trade ties remain concentrated among a subset of firms. This suggests significant untapped potential for EU-Philippine trade expansion, where targeted policies, partnerships, and market facilitation could encourage more companies to engage actively in bilateral trade.

Figure 12. Significance of the EU in Companies' Global Supply or Value Chains

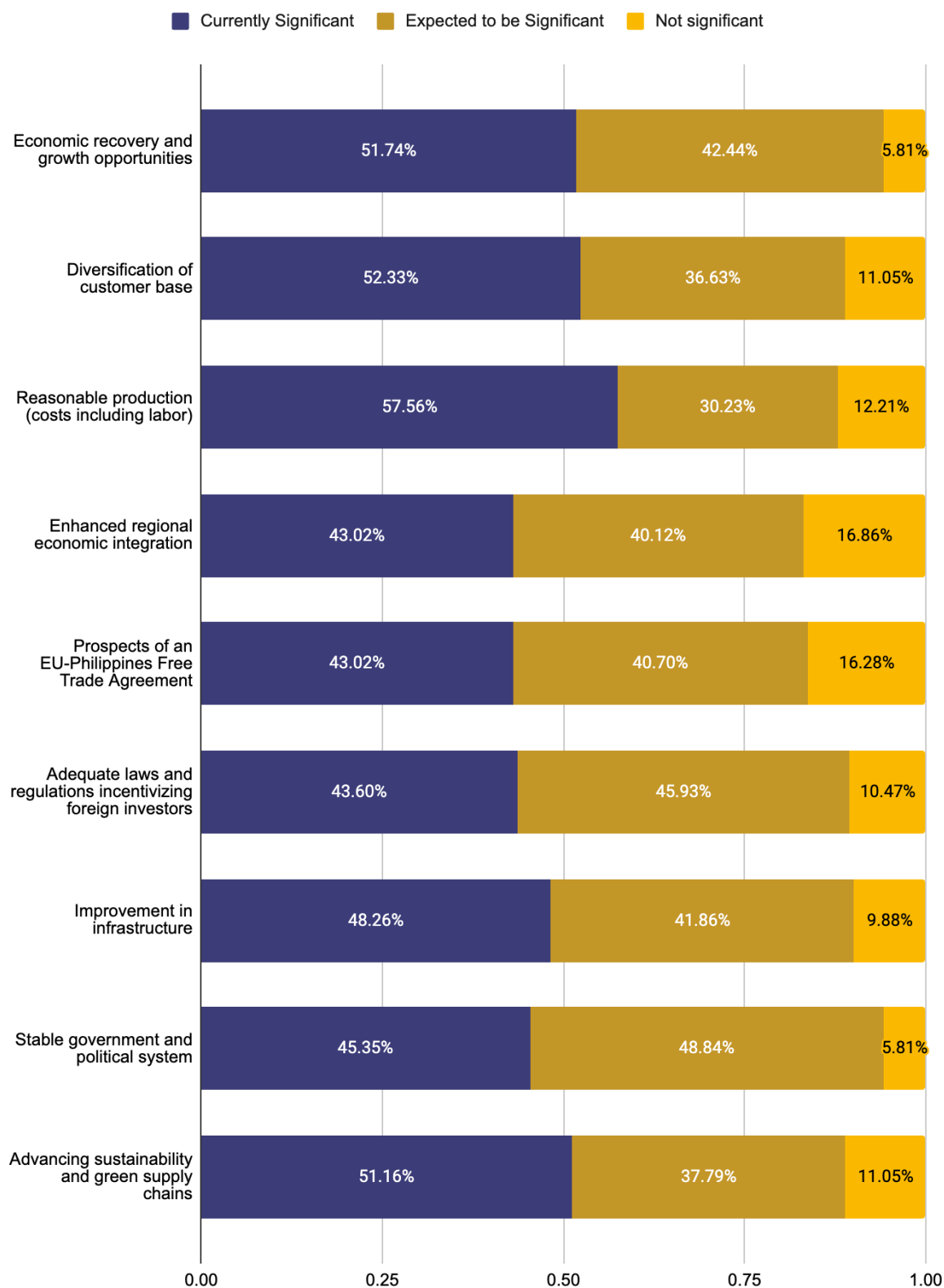


Responses indicate that the EU plays a meaningful role in many companies' global supply chains, with 42 percent rating it as significant or highly significant. Another 41.8 percent consider it moderately or slightly significant, while only 16.3 percent see it as not significant. This underscores the EU's strategic relevance for companies operating in the Philippines, suggesting that shifts in EU policies, trade agreements, or market conditions could have notable impacts on supply chains, investment decisions, and long-term planning.

Drivers of Trade and Investment

Understanding the key drivers behind trade and investment decisions is critical to assessing the Philippines' attractiveness to European companies. Survey responses highlight the factors that are currently shaping business decisions as well as those expected to gain importance over the next two to three years. These drivers span economic, regulatory, infrastructural, and sustainability-related considerations, providing insights into both current priorities and future opportunities for the country.

Figure 13. Significance of Key Drivers of Trade and Investment for Companies (Next 2-3 Years)



A majority of respondents (51.7%) consider economic recovery and growth opportunities currently significant, while 42.4% expect it to become significant in the next 2-3 years. Only a small fraction (5.8%) consider it not significant. This underscores that companies view the Philippine economy as a key driver for trade and investment, with recovery trends and growth prospects likely shaping expansion and resource allocation decisions.

Over half of respondents (52.3%) regard **diversifying their customer base** as a currently significant driver, with an additional 36.6% expecting it to become significant soon. The relatively low proportion of companies viewing this as not significant (11.1%) highlights that broadening market reach remains a central strategic priority. Diversification provides resilience against market volatility and can enhance long-term revenue stability.

Production costs, including labor, are currently significant for 57.6% of respondents and expected to gain importance for another 30.2%. Only 12.2% see costs as not significant. This reflects the Philippines' position as a cost-competitive location in the region and emphasizes that maintaining reasonable production costs will continue to influence investment and operational strategies.

A total of 43.0% view **enhanced regional economic integration** as currently significant, while 40.1% expect it to become significant, and 16.9% do not consider it significant. The data suggests that integration within ASEAN and other regional markets remains a driver of trade, providing opportunities for market expansion, streamlined logistics, and participation in broader economic frameworks.

For 43.0% of respondents, a potential **EU-Philippines Free Trade Agreement** is currently significant, with 40.7% expecting it to be significant in the near future. Only 16.3% see it as not significant. Companies recognize the potential of trade agreements to reduce tariffs, simplify regulatory processes, and encourage foreign investment.

Adequate legal and regulatory frameworks are currently significant for 43.6% and expected to become significant for 45.9% of companies. Just 10.5% view these factors as not significant. This highlights that the presence of investor-friendly laws and predictable regulatory systems remains central to sustaining investor confidence and supporting long-term business strategies.

Infrastructure improvements are currently significant for 48.3% and expected to become significant for 41.9% of respondents, with only 9.9% indicating no significance. Reliable infrastructure enhances logistics, efficiency, and market accessibility, making it a key determinant in location decisions for trade and investment.

Stability in government and politics is currently significant for 45.4% of respondents, with nearly half (48.8%) expecting it to become significant soon. Only 5.8% see it as not significant. Political and policy stability is a critical driver for foreign investment, as it reduces risks and provides predictability for long-term planning.

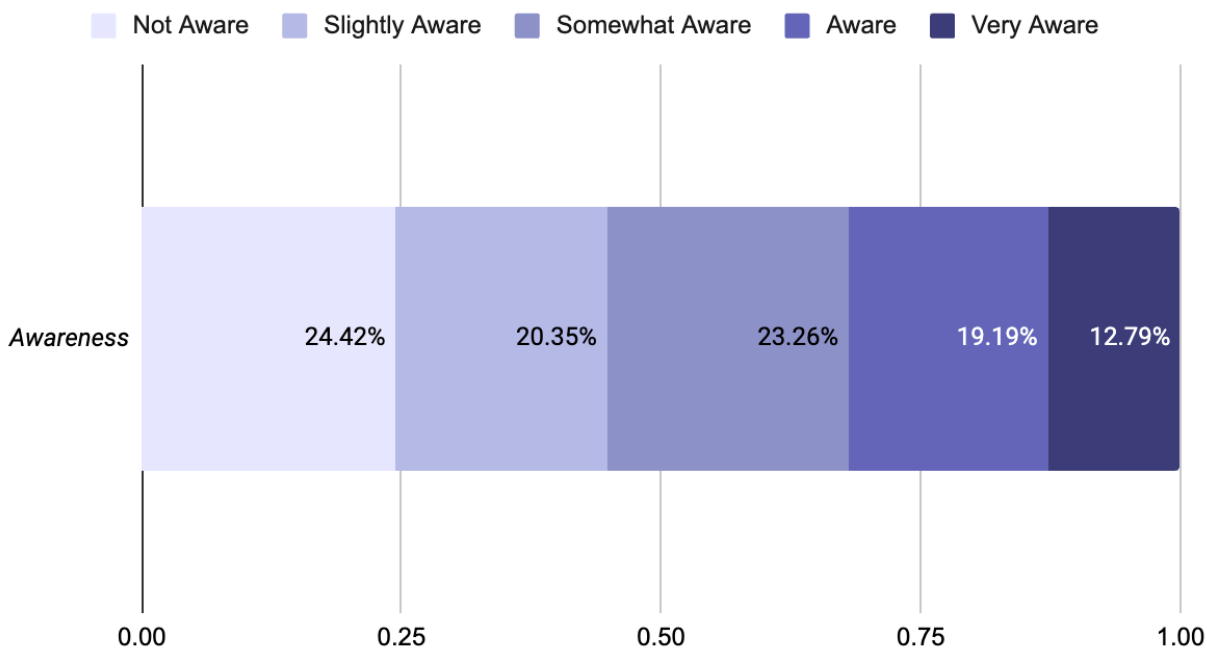
Sustainability and green supply chain initiatives are currently significant for 51.2% of respondents, with 37.8% expecting them to gain significance. 11.1% consider them not significant. Companies are increasingly factoring environmental standards and sustainability practices into their operations, reflecting global trends and consumer demand for responsible business practices.

The survey results indicate that companies operating in the Philippines prioritize economic growth, cost competitiveness, regulatory stability, and sustainability as key drivers of trade and investment. Regional integration and potential trade agreements further enhance the country's attractiveness. For policymakers, these findings suggest that maintaining a stable political environment, investing in infrastructure, advancing sustainability, and implementing investor-friendly regulations will be crucial to sustaining and expanding trade and investment flows in the coming years.

EU-Philippines Free Trade Agreement (FTA)

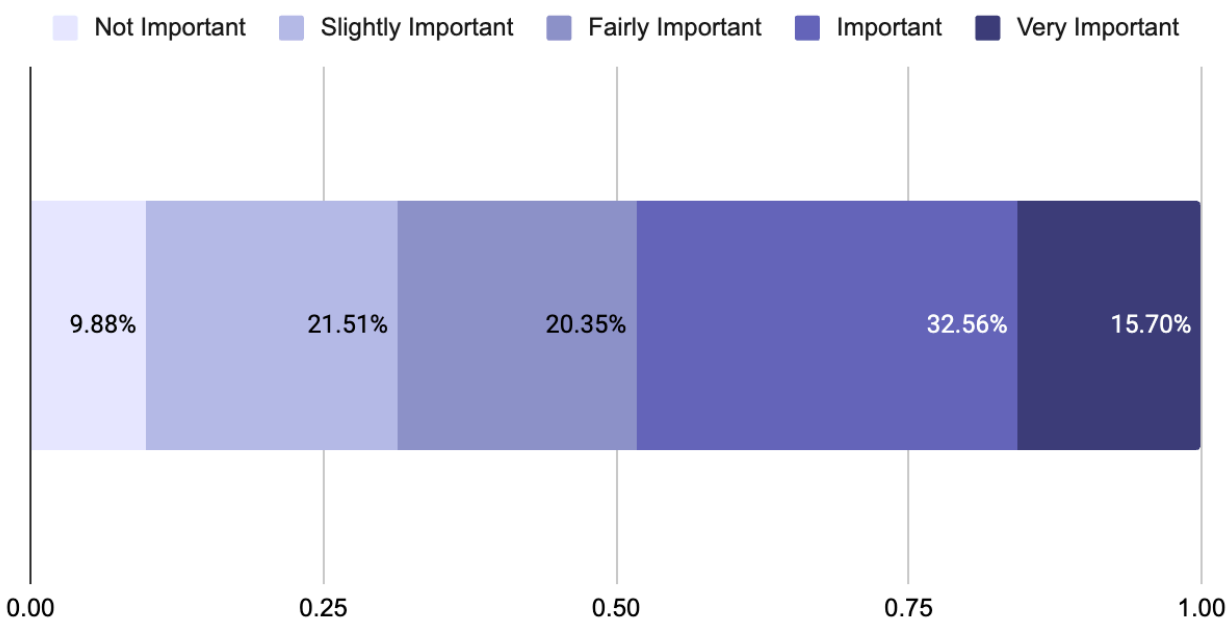
The EU-Philippines Free Trade Agreement (FTA) represents a strategic opportunity to strengthen economic ties between the Philippines and the European Union. By reducing trade barriers, harmonizing standards, and facilitating investment flows, the agreement aims to create a more predictable and efficient business environment for companies operating in both markets. The European Chamber of Commerce of the Philippines (ECCP) actively supports these negotiations, advocating for provisions that enhance market access, competitiveness, and regulatory clarity for businesses. As discussions progress, the FTA is expected to play a key role in shaping the Philippines’ trade landscape and reinforcing its position in the global economy.

Figure 14: Awareness of the EU–Philippines FTA Negotiations Among Respondents



The survey indicates that awareness of the EU-Philippines FTA negotiations among companies is mixed. About 32 percent of respondents report being either aware or very aware of the ongoing negotiations, while roughly 44 percent are not aware or only slightly aware. The remaining respondents are somewhat aware, reflecting moderate familiarity with the process. This suggests that there is a need for more proactive communication and outreach to ensure that companies fully understand the potential opportunities and implications of the FTA, enabling them to strategically prepare for changes in trade and investment conditions.

Figure 15: Importance of the EU–Philippines FTA Conclusion for Companies' Operations and Strategy



Survey results show that the conclusion of the EU-Philippines FTA is considered important to a majority of companies. Nearly half of respondents (48.3%) rate it as important or very important, while around 31.8% view it as fairly or slightly important. Only a small fraction, 9.9%, consider it not important. The findings highlight that many companies are factoring potential FTA outcomes into their operational and strategic planning, indicating that timely updates and guidance on the negotiations could help firms better align their investment, trade, and market strategies with anticipated regulatory and market shifts.

Moreover, the survey indicates that a third of companies (33.1%) expect to leverage the EU-Philippines FTA for trade in both goods and services, while 23.3% prioritize investments, and 14.5% focus on trade in services alone. Meanwhile, 11.6% reported that they would not utilize the FTA. These results highlight that the agreement is anticipated to serve as a comprehensive tool for enhancing cross-border operations, particularly for firms engaged in multi-sector trade. Consequently, companies may begin aligning their strategies now to maximize benefits in both goods and services markets once the FTA is finalized.

Finally, the survey shows that among companies considering the EU-Philippines FTA, 44.8% identified tariff reduction and market access as the most beneficial provision, followed by investment protection at 36.6% and trade facilitation and customs modernization at 35.5%. Services liberalization (19.2%) and green and sustainable trade provisions (19.8%) also drew notable interest, while intellectual property protection (15.7%) and public procurement access

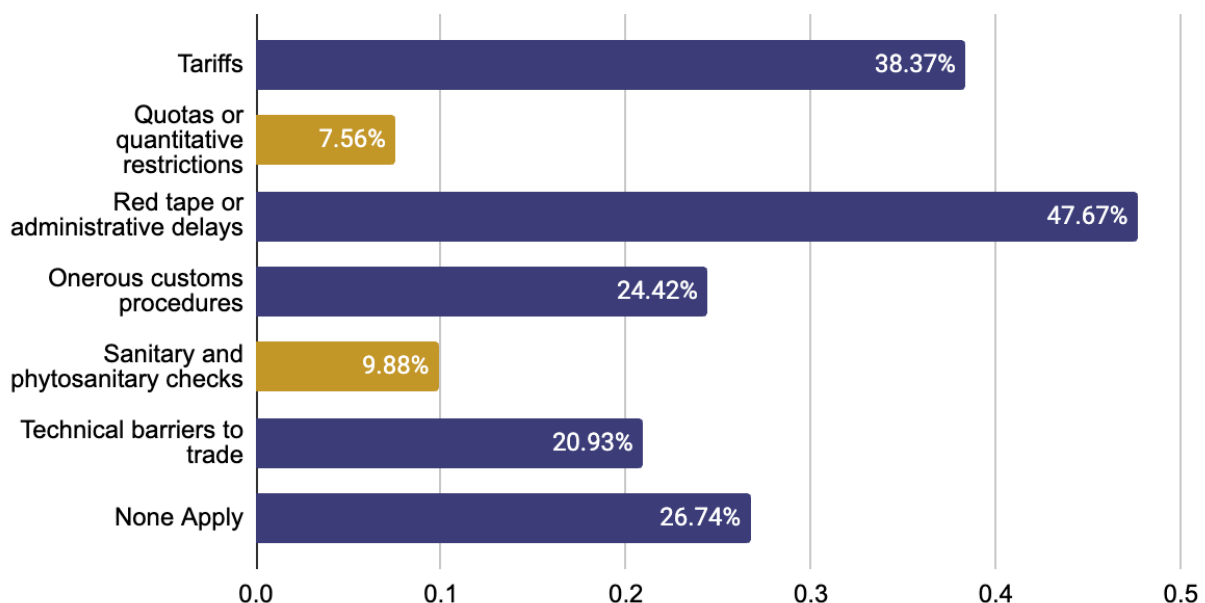
(14.5%) were less frequently cited. These results indicate that companies are primarily focused on improving cost efficiency and operational predictability in cross-border trade. As a result, businesses may prioritize strategic planning around market entry, investment security, and streamlined customs processes to capitalize on the FTA's provisions.

Barriers and Bottlenecks

Cross-border trade between the EU and the Philippines continues to face a range of challenges that can hinder efficiency, limit investment, and affect overall business performance. Identifying and understanding these obstacles is critical for developing targeted solutions that enhance competitiveness and support sustainable growth. This section examines key issues across four dimensions: market access, regulatory and policy frameworks, institutional or structural constraints, and sustainability and green transition requirements, highlighting the areas that most significantly impact trade flows and business operations.

Figure 16. Market Access

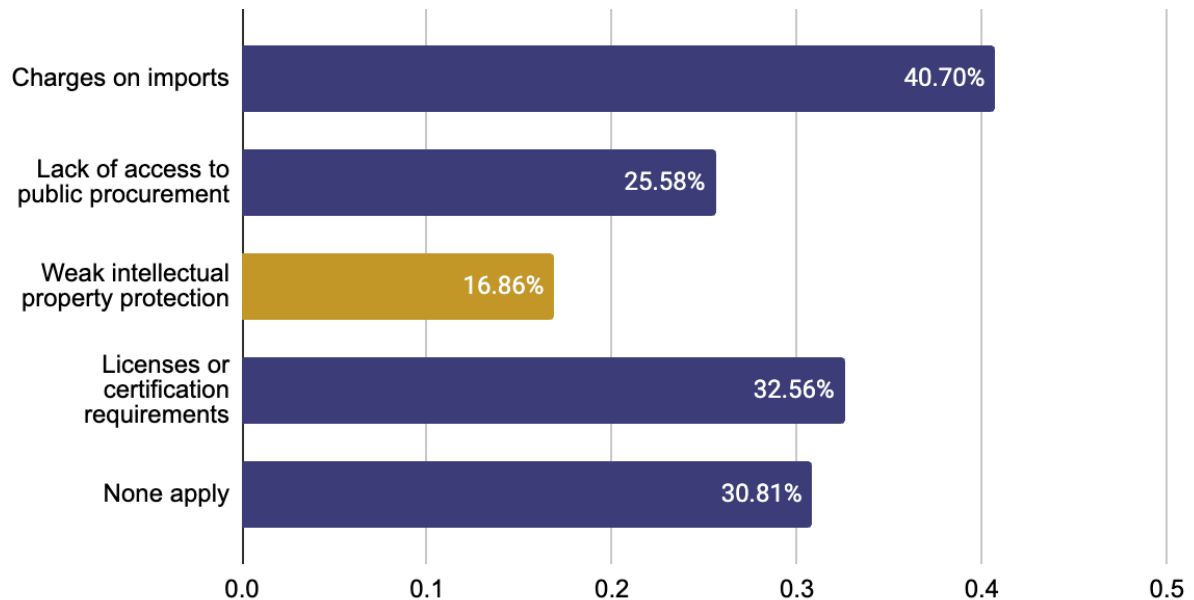
Survey Question: Which of the following does your company experience in EU–Philippines trade?



Survey results indicate that businesses encounter multiple market access challenges in EU-Philippines trade. Administrative hurdles and red tape are the most frequently cited, affecting 47.7% of respondents, followed by tariffs at 38.4% and onerous customs procedures at 24.4%. Technical barriers to trade and sanitary or phytosanitary checks were reported by smaller shares, at 20.9% and 9.9%, respectively. These findings highlight that procedural inefficiencies and high import costs remain the primary constraints, signaling the need for streamlined processes and enhanced trade facilitation measures to improve cross-border efficiency and competitiveness.

Figure 17. Regulatory and Policy Barriers

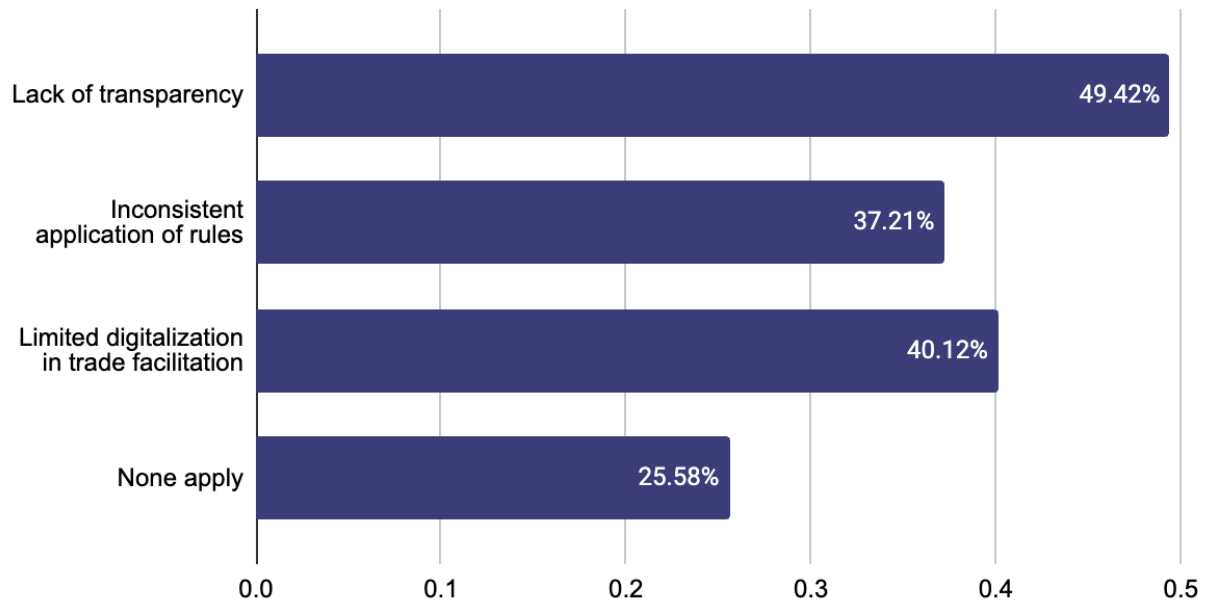
Survey Question: Which of the following does your company experience in EU–Philippines trade?



Regulatory and policy hurdles continue to shape the business landscape for EU-Philippines trade. Among respondents, import charges were the most cited challenge at 40.7%, while licensing or certification requirements affected 32.6%, and limited access to public procurement opportunities impacted 25.6% of companies. Weak intellectual property protection was noted by 16.9% of respondents, reflecting concerns over safeguarding innovations. Taken together, these results underscore that complex regulatory frameworks and uneven policy implementation can hinder market entry and operational efficiency, emphasizing the need for clearer, more predictable rules to foster investor confidence and sustainable growth.

Figure 18. Institutional or Structural Barriers

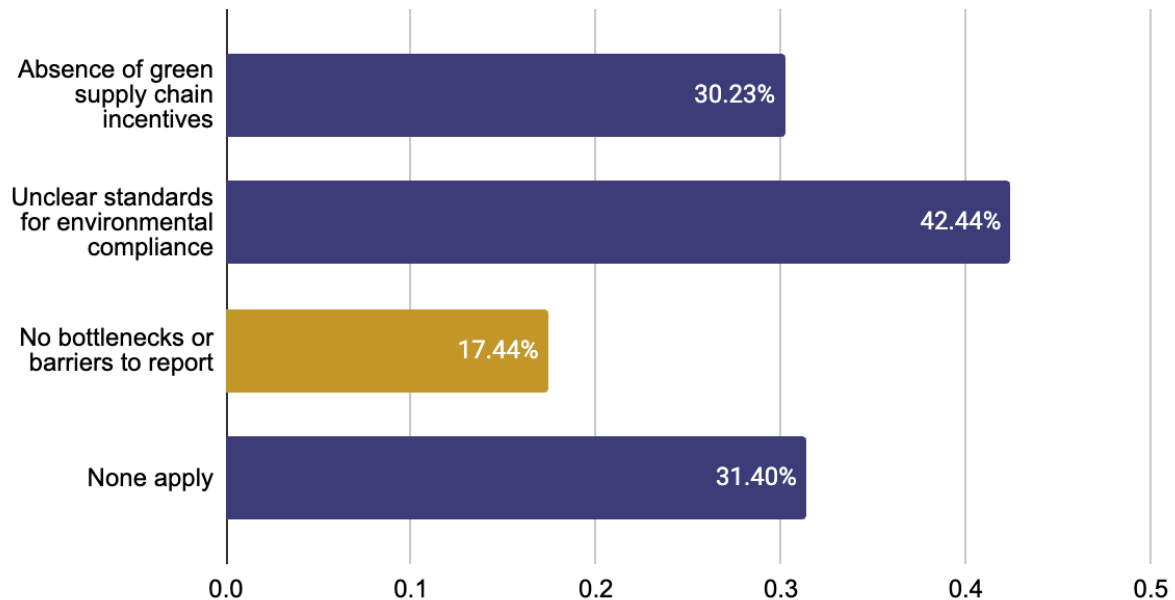
Survey Question: Which of the following does your company experience in EU–Philippines trade?



Institutional and structural challenges remain a pressing concern for businesses operating between the EU and the Philippines. Nearly half of respondents (49.4%) cited a lack of transparency as a key barrier, while 40.1% noted limited digitalization in trade facilitation, and 37.2% reported inconsistent application of rules. Collectively, these issues highlight the urgent need for stronger governance, standardized procedures, and digital transformation to streamline trade processes. Addressing these barriers is critical not only for improving operational efficiency but also for building trust and predictability, which are essential for attracting sustained foreign investment.

Figure 19. Sustainability & Green Transition Barriers

Survey Question: Which of the following does your company experience in EU–Philippines trade?



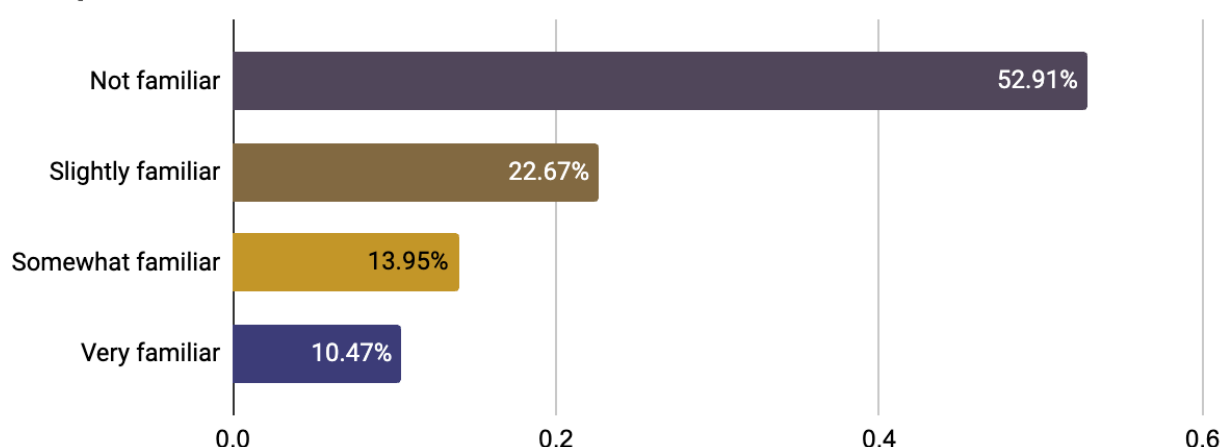
Sustainability and green transition remain areas of concern for companies navigating EU-Philippine trade. Survey results show that 42.4% of respondents encounter unclear standards for environmental compliance, while 30.2% highlight the absence of incentives for green supply chains. These figures indicate that regulatory ambiguity and limited support for sustainable practices could slow the adoption of environmentally responsible operations. Enhancing clarity in environmental regulations and introducing targeted incentives would not only encourage greener business practices but also strengthen the Philippines' position in global sustainable trade networks.

A clear pattern emerges when companies identify the single most impactful reform to improve EU-Philippine trade and investment: a substantial proportion emphasize the conclusion and implementation of the EU-Philippines Free Trade Agreement (FTA), alongside measures such as streamlined customs procedures, tariff reduction, and enhanced transparency. Other notable responses included digitalization of trade processes, tax reforms, sustainability measures, and improvements in regulatory consistency. Collectively, these highlight a strong demand for predictable, harmonized, and legally binding frameworks that reduce operational friction and encourage cross-border investment. In practical terms, prioritizing an FTA and associated reforms would not only lower costs and shorten timelines for importers and exporters, but also create a more resilient and competitive business environment, providing long-term certainty for firms planning regional expansion or integrated supply chains.

EU GSP+ Preferential Trade Scheme

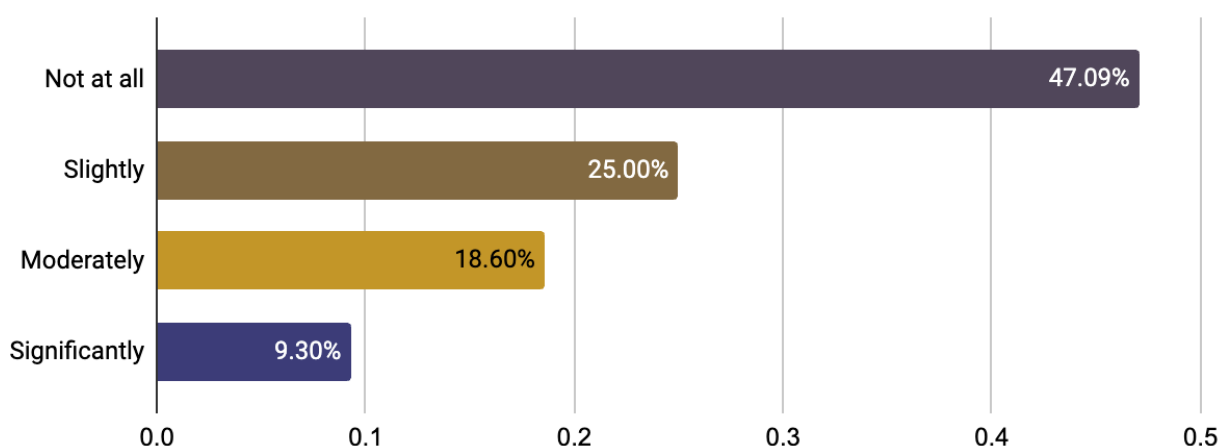
The EU GSP+ preferential trade scheme continues to play a pivotal role in shaping trade relations between the Philippines and the European Union. By providing duty-free access for a wide range of products, it has historically offered companies a tangible incentive to engage with the EU market. At the corporate level, the scheme influences strategic decisions on exports, supply chains, and investment priorities, while also setting the stage for deeper economic engagement under the forthcoming EU-Philippines FTA. Understanding how businesses leverage GSP+ benefits provides key insights into the broader dynamics of EU-Philippine trade and investment relations.

Figure 20. Familiarity with the EU GSP+ Preferential Trade Scheme Among Companies



Awareness of the EU GSP+ preferential trade scheme among companies remains limited, with over half (52.9%) reporting that they are not familiar with it, while only 10.5% consider themselves very familiar. A further 22.7% are slightly familiar, and 14% somewhat familiar. This uneven knowledge base indicates that many businesses may be underutilizing potential benefits such as reduced tariffs or preferential market access, which could enhance competitiveness in the EU. Enhancing outreach, education, and guidance on GSP+ could therefore play a critical role in helping Philippine companies optimize trade opportunities and strategically align with EU markets.

Figure 21. Extent of EU GSP+ Influence on Companies' Trade Decisions with the Philippines



Furthermore, the EU GSP+ scheme appears to have limited impact on company trade decisions, with nearly half (47.1%) reporting that it does not influence their operations at all. Another 25% indicate only slight influence, while 18.6% view it as moderately influential, and a small portion (9.3%) consider it significant. This pattern highlights that, despite its potential benefits, GSP+ has yet to become a decisive factor for most companies engaging with the Philippines. Increasing awareness, clarifying its advantages, and providing practical guidance could help more businesses leverage the scheme to optimize trade strategies and expand their EU market participation.

The aspects of the EU GSP+ scheme that resonate most with companies center on economic and operational benefits, with 30.2% citing tariff reductions for goods and 27.9% highlighting market access for services. Compliance requirements, such as labor, environmental, and human rights standards, are also noted by 16.3% of respondents, while incentives for sustainable or green practices rank lower at 9.9%. These results indicate that companies prioritize immediate trade and market advantages over regulatory or sustainability incentives, underscoring the importance of clear, tangible benefits for wider adoption of the GSP+ framework in business strategies.

In summary, while the EU GSP+ preferential trade scheme offers concrete advantages such as tariff reductions and expanded market access, its overall impact on company decision-making remains limited due to low awareness and familiarity. Companies that recognize its benefits tend to focus on immediate economic gains rather than regulatory or sustainability incentives, suggesting that the scheme's full potential is yet to be realized. Strengthening outreach, education, and practical guidance on GSP+ could help more businesses integrate these benefits into their strategic planning, thereby enhancing competitiveness in the EU market and reinforcing the foundations for deeper EU-Philippine trade and investment ties.

Policy Sentiments

This section examines corporate perspectives on the policy environment in the Philippines, focusing on the barriers that hinder economic growth, trade, and investment. It explores the policies and programs companies view as most critical to address these challenges and assesses the effectiveness of collaboration between the public and private sectors. The discussion also highlights which government agencies or institutions businesses believe should take a more active role in tackling sector-specific policy concerns. Together, these insights offer a clear picture of stakeholder priorities and potential avenues for more effective engagement and reform.

On Trade and Investments

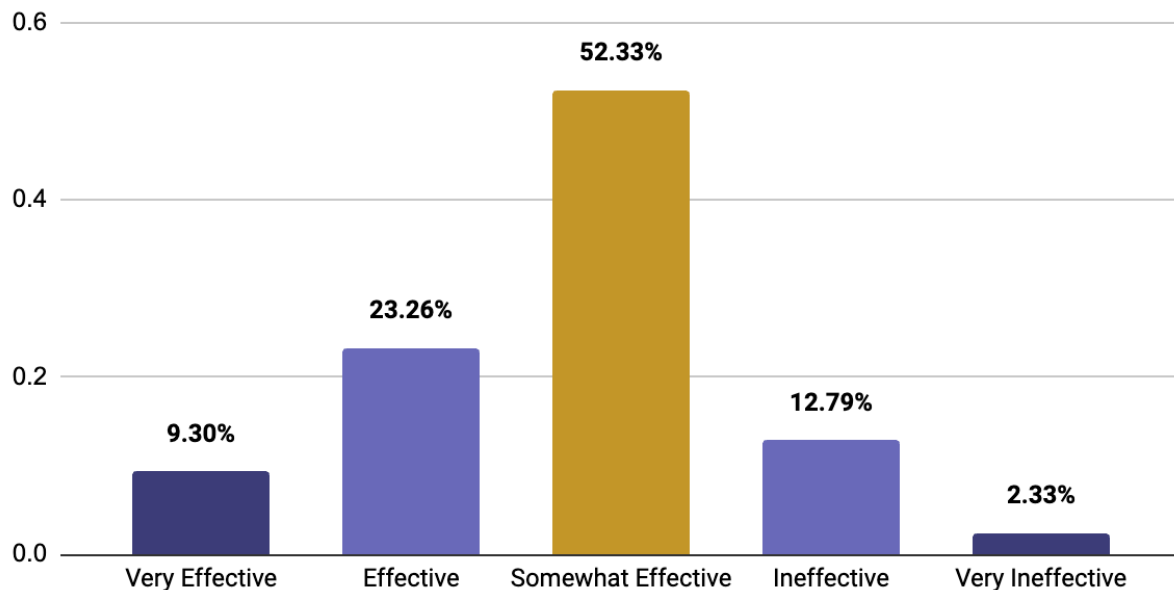
Based on the survey responses, key bottlenecks hampering economic growth, trade, and investment in the Philippines can be grouped into several recurring themes. Governance and regulatory challenges dominate the responses, with corruption, red tape, bureaucratic inefficiencies, and inconsistent enforcement of rules cited repeatedly. These issues create uncertainty, slow approvals, and increase operational costs for businesses. Infrastructure and operational constraints are also prominent, including inadequate transport and energy networks, poor urban planning, and limited digitalization, all of which hinder logistics, productivity, and market access. Policy and political instability were frequently mentioned, including unpredictable tax regimes, conflicting regulations, and weak implementation of national policies, which reduce investor confidence. Additional concerns include high operational costs, skills mismatches in the workforce, and climate or geopolitical risks.

Collectively, these responses indicate that companies perceive a multifaceted environment of structural, regulatory, and institutional barriers that constrain trade and investment. Addressing these bottlenecks through streamlined regulations, anti-corruption measures, infrastructure development, and clearer, more stable policies would significantly enhance the Philippines' attractiveness for business and investment.

The responses indicate a strong demand for policy and programmatic reforms that address the systemic bottlenecks affecting trade, investment, and economic growth in the Philippines. Governance-related measures are emphasized, with frequent calls for anti-corruption enforcement, greater transparency, consistent regulatory application, and digitalization of government services to reduce bureaucracy and red tape. Infrastructure and operational support are also highlighted, including investment in transport, energy, digital connectivity, and climate-resilient projects to lower business costs and enhance market access. Companies also underscore the need for reforms in taxation, procurement, and education and skills development to improve workforce readiness and reduce compliance burdens. Trade facilitation measures, including accelerated customs procedures, equivalency of product standards, and swift ratification of the EU-Philippines FTA, are cited as critical to enhancing operational efficiency and competitiveness. Collectively, these responses underscore the

importance of holistic, coordinated reforms that combine governance improvements, infrastructure development, and regulatory simplification to create a more predictable and investment-friendly business environment.

Figure 22: Public-Private Collaboration



Perceptions of public-private sector collaboration reveal a mixed picture. Only a small share of respondents view collaboration as very effective (9.3%) or effective (23.3%), while a majority (52.3%) consider it somewhat effective. Meanwhile, 12.8% rate collaboration as ineffective, and 2.3% as very ineffective. These findings highlight that while some progress has been made in fostering partnerships, there remains a substantial gap in achieving fully functional and responsive engagement between the public and private sectors. Strengthening dialogue, establishing clearer mechanisms for joint problem-solving, and improving the consistency of policy implementation could enhance trust and make collaboration a more impactful tool for addressing business environment challenges.

Role of Government Agencies and Institutions

Responses indicate a broad recognition of the need for active engagement across multiple government agencies, reflecting the complex and interconnected nature of trade and investment facilitation. The most frequently cited institutions include the Department of Trade and Industry (DTI), Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), and the Board of Investments (BOI) as key actors in improving regulatory clarity, trade facilitation, and investment promotion.

Other notable mentions include the Department of Finance (DOF), Department of Transportation (DOTr), Department of Labor and Employment (DOLE), Department of Health

(DOH), Department of Energy (DOE), Department of Environment and Natural Resources (DENR), Department of Information and Communications Technology (DICT), and various local government units (LGUs), highlighting the need for coordinated, cross-sectoral collaboration.

Several respondents also emphasized the role of legislative bodies, such as the Senate and the House of Representatives, and regulatory bodies like the Securities and Exchange Commission (SEC) and the Bangko Sentral ng Pilipinas (BSP), in creating a predictable and stable policy environment. Collectively, these responses underscore the importance of a whole-of-government approach that promotes transparency, digitalization, streamlined processes, and consistent enforcement to strengthen investor confidence and facilitate trade and economic growth.

In summary, corporate perspectives underscore a complex environment of regulatory, governance, and infrastructure challenges that affect trade, investment, and broader economic growth in the Philippines. Businesses consistently highlight the need for reforms that promote transparency, streamline bureaucratic processes, enhance digitalization, and strengthen infrastructure and human capital. While some progress in public-private sector collaboration has been noted, the majority of respondents indicate that engagement remains only somewhat effective, pointing to opportunities for more structured dialogue and joint problem-solving. Companies also emphasize the importance of active participation by multiple government agencies and institutions, highlighting the value of a coordinated, whole-of-government approach. Collectively, these insights indicate that sustained, targeted, and harmonized policy and programmatic interventions are critical to improving the business environment, fostering investor confidence, and unlocking the Philippines' potential for trade and economic growth.

Conclusion

Overall, the survey findings provide a nuanced understanding of the factors shaping trade, investment, and economic growth between the Philippines and the European Union. Market access, regulatory barriers, and institutional inefficiencies remain key obstacles, with red tape, inconsistent enforcement, and infrastructure gaps consistently cited as critical challenges. Companies prioritize tangible policy and programmatic reforms, including anti-corruption measures, regulatory transparency, digitalization of government services, infrastructure modernization, and streamlined trade facilitation, as essential to reducing operational costs and enhancing competitiveness.

The EU GSP+ preferential trade scheme and the anticipated EU-Philippines FTA emerge as pivotal tools for promoting cross-border trade, yet awareness and utilization remain uneven, highlighting the need for clearer guidance and outreach to ensure businesses fully leverage these frameworks. At the same time, public-private collaboration is only moderately effective, pointing to opportunities for more structured dialogue, joint problem-solving, and coordinated action across government agencies. Key institutions, including DTI, BIR, BOC, BOI, and other sectoral and local agencies, are seen as central to fostering a predictable, transparent, and investment-friendly environment.

Taken together, the findings underscore that holistic, coordinated, and sustained interventions, combining regulatory reform, governance improvements, infrastructure investment, and enhanced stakeholder engagement, are critical to unlocking the Philippines' full trade and investment potential. By addressing these barriers and building stronger institutional and policy frameworks, the country can create a more conducive environment for business, enhance competitiveness, and strengthen its economic partnership with the EU.

Annex 1 - Methodology

The study targeted the European-Philippine business community, capturing perspectives from companies engaged in trade, investment, and operations in the Philippines. Data collection was conducted primarily through a structured survey, combining both quantitative and qualitative components to provide a comprehensive view of corporate experiences, challenges, and strategic priorities.

The survey included multiple-choice and Likert-scale questions to measure perceptions on market attractiveness, investment intentions, trade barriers, and the effectiveness of public-private collaboration. Open-ended questions were also incorporated to capture nuanced insights on policy and regulatory challenges, operational adjustments, and expectations from government institutions.

Responses were analyzed using descriptive statistics for quantitative data and thematic analysis for qualitative inputs, enabling the identification of recurring trends, priority areas for reform, and actionable insights relevant to policymakers and industry stakeholders. The approach ensured a balanced representation of company experiences while highlighting both broad patterns and sector-specific concerns.

Annex 2 - Respondent Profile

Designation: Majority are Owners, Managing Directors, C-level executives, and Directors or Managers.

Nationality: Filipino, German, Swiss, French, Dutch, British, Spanish, Turkish, Swedish, Italian, Lithuanian, Luxembourgish, Irish, Danish, Finnish, Russian, Czech, and other European or multinational backgrounds.

Business Size Classification:

- Micro (capitalization < PHP 3M): 61.6%
- Small (PHP 3M - 15M): 18.6%
- Medium (PHP 15M - 100M): 9.9%
- Large (> PHP 100M): 9.9%

Sectors: Aviation, Banking and Finance, Tax and Financial Services, Law Firms, Associations, Agriculture, Defense and Disaster Response, Environment and Water, Government, Mining, Transportation, Logistics, and Maritime, ICT and Telecommunications, Real Estate, Education and Learning Institutions, Consultancy, Energy and Oil, Consumer Goods and Retail, Food and Beverages, Pharmaceutical and Healthcare, Insurance and Healthcare Administration, Tourism and Hospitality, Creative and Professional Services, Industrial Equipment and Manufacturing, Automotive, Furniture, Chemicals, Renewable Energy, Embassies and Consulates, Manning Agencies, Non-Profit Organizations.

Years of Operation in the Philippines:

- 10 years: 80.2%
- 3-10 years: 12.2%
- <3 years: 7.6%

Headquarters Location:

- NCR: 78.5%
- Luzon (Non-NCR): 10.5%
- Visayas: 2.3%
- Mindanao: 0.6%
- Outside the Philippines: 8.1%

ECCP Membership: The survey targeted the European-Philippine business community, including companies that engage with European partners, European-owned businesses in the Philippines, and firms seeking expansion opportunities. Of the respondents, 66.3% are members of the ECCP.

About the ECCP

The **European Chamber of Commerce of the Philippines (ECCP)** is a multilateral foreign chamber that promotes European interests in the Philippines and vice versa. As a membership organization with over 900 members among its ranks and a strong partnership with the government, the ECCP offers a robust business network that holds great potential in translating to tangible business opportunities. The Chamber strives to make its members' viewpoints heard on economic and business issues, legislative measures, and administrative regulations.

As the largest foreign chamber in the Philippines, the ECCP works to continuously champion the European-Philippine business community. The Chamber operates by connecting members and industry leaders through business meetings and gatherings; equipping workforces with tools and skills through seminars and workshops; providing extensive services to exhibitors and visitors of European and Asian trade fairs; and linking the business community with Philippine government officials through dialogues on important economic issues central to the European-Philippine business landscape.

Through these efforts, the ECCP has established itself as a trusted voice and bridge between the private sector and government, both locally and abroad. Its reach spans Luzon, Visayas, and Mindanao, and it works closely with European embassies and the Delegation of the European Union in the Philippines.

It is to this end that the Chamber's collective effort is geared towards the long-term growth and success of European businesses and the sustained economic progress and welfare of the Philippines.



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