Economic Report 2024

PHILIPPINES

25 June 2025

Executive Summary

- The Philippine economy grew by 5.6% in 2024 (second highest in Southeast Asia) with GDP per capita rising to USD 4,080. Inflation moderated to 3.2%, and unemployment fell to 3.8%, driven by robust services-sector expansion.

- A major reform undertaken was the enactment of the CREATE MORE Act, which reduces corporate income tax to as low as 20%, expands enhanced deductions for power and training costs, and institutionalizes hybrid work for up to 50% of company employees.

- In 2024, Philippine merchandise exports reached USD 73.3 billion while imports hit USD 127.6 billion, resulting in a USD 54.3 billion trade deficit driven by capital and intermediate goods imports. Top export markets: US (16.6% of exports), Japan (14.1%), Hong Kong (13.1%), and China (12.9%). Key import sources: China (25.7% of imports), Indonesia, Japan, and South Korea.

- Based on Swiss customs data, total bilateral trade is CHF 513.2 million in 2024, which is 8.7% less than the previous year. If we account for gold, total trade stands at CHF 1.23 billion which also decreased by 33%. While trade volume has trended downward since 2022, the trade balance consistently favoured Switzerland, with a surplus of CHF 75.4 million as of 2024.

- Total FDI stock in the Philippines was USD 8.93 billion in 2024 (+4.7%), led by UK (USD 772 million inflow) and Japan. Singapore, the US, Malaysia, South Korea, and Sweden also contributed modest inflows in tech-enabled services and logistics.

- Switzerland's FDI into the Philippines dropped to USD 2.95 million in 2024 (from USD 7.38 million in 2023) due to global uncertainties and limited company operations. Switzerland is the fourth largest European investor next only to UK, Sweden, and Germany.

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TABLE OF CONTENTS

1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

As of 2024, the Philippine economy demonstrates resilience and cautious optimism amid global uncertainties. The country's GDP expanded by 5.6% (second highest in Southeast Asia)[1], maintaining stable growth projections for 2025 at 5.5% per the IMF[2]. With GDP per capita rising to USD 4,080 and inflation easing to 3.2% from 6.0% in 2023, the domestic environment appears relatively more conducive to consumer spending and business confidence. However, the prices of staple goods such as rice, meat, and vegetables continue to pose a challenge for ordinary households, according to recent surveys.[3] The unemployment rate further declined to 3.8%, reflecting a rebound in labour market activity and the continued expansion of the services sector, which now contributes nearly 63% of GDP.

While the macroeconomic outlook is broadly positive, structural imbalances persist. The fiscal balance remains under pressure, with a deficit of 5.6% of GDP, and the current account deficit widened to 3.8% of GDP in 2024. This highlights the country's continued dependence on imports and external financing. Nonetheless, gross international reserves increased to USD 113.3 billion, and external debt remains manageable at 28.9% of GDP, underpinning the country's external solvency.

Meanwhile, the Philippine government enacted a series of comprehensive economic reforms aimed at enhancing competitiveness, attracting foreign investment, and fostering sustainable growth. These reforms span fiscal, monetary, structural, and regulatory domains, aligning with the Philippine Development Plan (PDP) 2023–2028.[4] On fiscal reforms, the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act under Republic Act 12066[5] was signed into law in November 2024. It builds upon the earlier CREATE Act by introducing enhanced fiscal incentives aimed at boosting investment, productivity, and innovation. It addresses long-standing investor concerns related to high operational costs, policy uncertainty, and restrictive fiscal regimes.

Key features include the reduction of the regular corporate income tax rate to 20% for domestic market enterprises and up to 25% for other activities. non-qualified activities. The Act significantly expands the menu of fiscal support particularly in priority sectors identified by the Strategic Investment Priority Plan (SIPP). Among the notable additions are the enhanced additional deduction of 100% for power expenses and labour training costs—critical for foreign companies concerned with high energy prices and workforce development.

The CREATE MORE Act also institutionalizes hybrid work setups by allowing up to 50% of employees in RBEs to work remotely while still retaining their tax incentives—an important shift as companies seek flexible, future-ready operations. Moreover, it provides a maximum of 27 years of income tax holiday, special corporate income tax (SCIT), or enhanced deductions for highly strategic investments.

For Swiss companies—particularly those in advanced manufacturing, digital services, life sciences, and sustainable technologies—the Act offers a more predictable and attractive

[1] Department of Finance 2025, PH economy maintained steady growth in 2024 despite challenges; outlook for 2025 remains bullish driven by lower inflation, higher consumption, and investments, 30 January 2025, < 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/#:~:text=The%20Philippine%20economy%20has%20maintained,and%20higher%20consumption%20and%20investments.>, accessed 1 May 2025.

[2] Cigaral, I 2025, IMF cuts 2025 growth outlook on Philippines to 5.5%, *Business Inquirer.Net,* 23 April 2025, <https://business.inquirer.net/521118/imf-cuts-ph-'25-growth-outlook-to-5-5>, accessed 1 May 2025.

[3] Fuentes, A & Balaoing, B 2025, Six out of 10 Filipinos affected by rising rice prices, gov't measures not enough: SWS survey, *ABS-CBN,* 7 February 2025, < https://www.abs-cbn.com/news/business/2025/2/7/six-out-of-10-filipinos-affected-by-rising-rice-prices-survey-1244>, accessed 1 May 2025.

[4] See the Philippine Development Plan (PDP) 2023-2028, < https://pdp.neda.gov.ph/philippine-development-plan-2023-2028/>, accessed 1 May 2025.

[5] See the CREATE MORE Act Law, < https://lawphil.net/statutes/repacts/ra2024/pdf/ra_12066_2024.pdf>, and its Implementing Rules and Regulations < https://firb.gov.ph/resources/create-more/>, accessed 1 May 2025.

tax environment. It lowers barriers to entry, reduces recurring costs, and supports capital-intensive, high-value operations. Additionally, the law enhances the Philippines' position as a competitive destination within ASEAN for global supply chain diversification, which is critical amid rising geopolitical tensions and calls for resilient, regionalized trade networks.

The government likewise launched the Public Financial Management (PFM) Reforms Roadmap 2024–2028[6], focusing on digitalizing and harmonizing financial management processes across agencies. By doing so, this reform reduces delays in procurement, budgeting, and disbursement—key concerns for private sector contractors, suppliers, and investors engaged in public-private partnerships (PPPs) and government projects. For businesses, especially foreign and institutional investors like Swiss firms, the roadmap improves trust in the Philippine government's fiscal governance by minimizing leakages, corruption risks, and bureaucratic inefficiencies.

Recent PPP reforms introduced key changes: (a) expanded coverage to include joint ventures, toll operations, and lease deals involving government assets; (b) strict 120-day deadlines for project approval, with automatic approval if unmet; (c) clear thresholds requiring NEDA Board approval for projects over PHP15 billion, with smaller projects approved by implementing agencies under set conditions; (d) creation of a Risk Management Fund to address fiscal risks; and (e) recognition of LGUs' authority to approve PPPs aligned with national plans.

After 21 years in the pipeline, the New Government Procurement Act (RA 12009), enacted in July 2024, modernizes procurement by (a) mandating disclosure of beneficial ownership and livestreaming of high-value procurements to boost transparency and prevent collusion; (b) promoting strategic procurement planning; (c) advancing electronic procurement; and (d) professionalizing procurement personnel. This marks a major step in curbing corruption and red tape.

Thus, these sweeping policy reforms collectively signal a more open, transparent, and investor-friendly environment presenting meaningful opportunities for economic development. For Swiss companies already present or looking to expand in the Philippines, the CREATE MORE Act significantly lowers the cost of doing business through reduced corporate income tax rates and enhanced deductions, particularly for high energy costs and R&D-related expenses. This is especially beneficial for Swiss firms in high-value sectors such as pharmaceuticals, advanced manufacturing, digital solutions, and precision instruments. The formalization of hybrid work setups also supports Swiss business models that prioritize flexibility and digitalization. Moreover, the new PPP Code benefits Swiss firms in engineering, construction, and infrastructure financing who may partner in national or local projects. The clarity and faster timelines provided by the new code make it easier for firms to engage in long-term ventures with reduced regulatory risk.

While these reforms reflect strong political will and a decisive shift toward a more business-friendly regulatory framework, investors are advised to remain cautiously optimistic. The translation of policy into practice may take time, as effective implementation depends on institutional capacity, inter-agency coordination, and consistent enforcement at both national and local levels. Swiss companies are encouraged to monitor regulatory developments closely, engage with relevant government counterparts, and work with local partners to navigate transitional and other bureaucratic challenges. A proactive stakeholder engagement, and a long-term perspective will be key to maximizing the benefits of these promising but evolving policy shifts.

[6] See the Public Financial Management (PFM) Reforms Roadmap 2024–2028, < https://www.dbm.gov.ph/index.php/ph-pfm-reforms-roadmap-2024-2028>, accessed 1 May 2025.

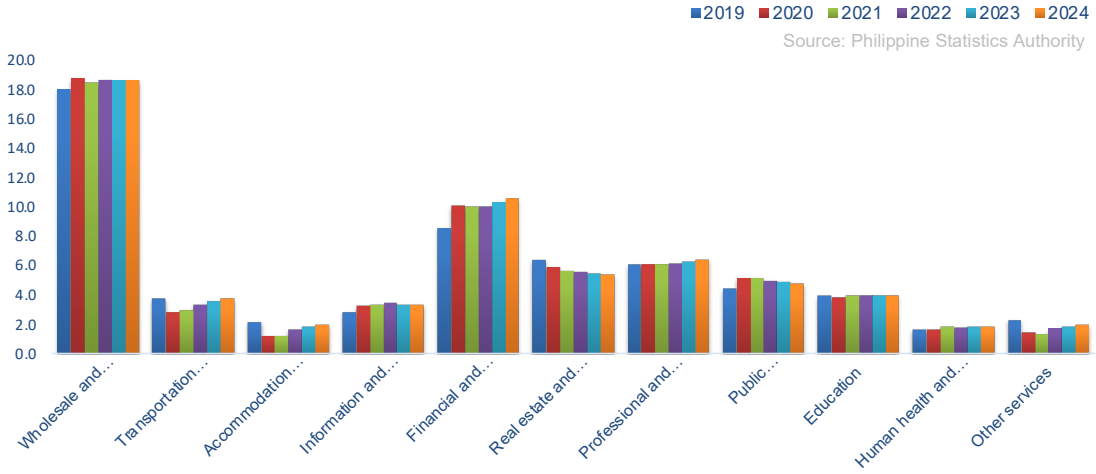
2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

The Philippines continues its structural transformation toward a service-based economy. As of 2024, the services sector constitutes 62.9% of GDP, up from 60.4% in 2019. Industry contributes 29.1%, while agriculture, forestry, and fishing comprise 8.0%. In terms of employment (based on April 2025 data[7]) services account for 61.9% of the workforce, industry 17.5%, and agriculture 20.6%.

This composition reflects the maturing of the Philippine economy, where urbanization, digitization, and rising consumer demand drive service-oriented growth, while industrial activity—though still significant—is experiencing marginal declines in relative contribution. Agriculture remains important but continues to shrink in relative terms due to productivity constraints and structural challenges.

In the service sector – financial and insurance activities grew significantly from 8.6% in 2019 to 10.6% in 2024. Rising digital financial inclusion, increased remittances, and the central bank's push for financial digitalization[8] offer lucrative openings for Swiss fintech companies. For instance, in the areas of asset management solutions, digital banking platforms, and risk analytics.

Service Sector, % share to GPD, 2019-24



Information and communication represent 3.4% of GDP, and for which this sub-sector benefits from the Philippines' competitive edge in BPO, IT services, and online platforms. Software developers and cybersecurity providers can provide tailored solutions for Philippine firms upgrading their systems.

At 6.4% share is professional and business services, which includes consulting, engineering, and corporate support services, where Swiss firms with global expertise in sustainability, energy transition, and governance can offer advisory and technical support. Swiss business consultancies and legal-tech firms could find high-value partnerships with Philippine SMEs seeking to professionalize.

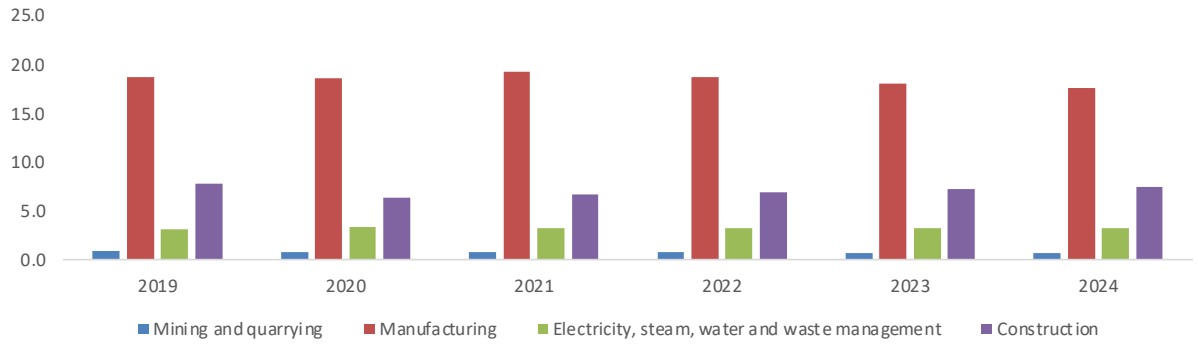
About 1.9% -relatively small but expanding steadily- is health and social services. With increasing demand for quality healthcare, Swiss medical device and pharmaceutical firms have growth opportunities, particularly in diagnostics, oncology, and hospital solutions.

[7] PSA 2025, Fabor Force Survey, < https://psa.gov.ph/statistics/labor-force-survey?utm_source=chatgpt.com>, accessed 25 June 2025.

[8] BSP (Central Bank) 2024, Philippines Hits Target of Digitalizing 50 Percent of Retail Payments, *BSP*, 23 July 2024, <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7182>, accessed 1 May 2025.

In terms of industry performance slightly decreased[9] and stands at 29.1% with manufacturing leading the growth at 17.6%. There are many factors to it including the shift to a more service-driven economy as discussed above, geopolitical tensions that weakens demands, outdated infrastructure, high energy costs, and competition from more industrialized neighbouring countries notably Thailand and Vietnam. Hence, the government acted urgently with the passage of the CREATE MORE Act as the Philippines aims to attract high-tech manufacturing. Firms in precision tools, robotics, food processing equipment, and packaging machinery can provide technology that enhances productivity and meets quality standards for export may take advantage of this reform.

Industry Sector, % share to GPD, 2019-24



Source: Philippine Statistics Authority

Construction is another major contributor to industry at 7.5%. In fact, the government has identified and approved 186 Infrastructure Flagship Projects with an indicative total cost of PHP 9.6 trillion (approximately USD 170 billion) in various stages. A dedicated dashboard is available to track these key infrastructure projects real-time via the Department of Economy, Planning, and Development < https://depdev.gov.ph/infrastructure-flagship-projects/>

The government's Build-Better-More program, together with an enhanced PPP framework, is boosting construction activity. Opportunities abound for companies providing sustainable building materials and technologies. For example, Swiss firms specializing in smart infrastructure solutions in the construction of roads, bridges, and mass transit systems. Companies offering tunnel boring equipment, geotechnical services, and green building design can play a vital role in these developments.

Electricity, gas, water, and waste management projects are increasing due to urgent actions addressing sustainability and climate resilience. Firms in cleantech and water treatment can find export and investment prospects in the Philippines. The extension of zero-tariff incentives for EVs[10] and the push for renewable energy open doors for Swiss innovation in solar, grid management, battery storage, and efficient water systems.

Agriculture needs serious and immediate action as it continuously declines in performance (9.2% in 2019 vs 8.0% share in 2024) despite employing about 22% of the Filipino workforce. The Philippine government is promoting climate-smart and mechanized farming,[11] thus offering scope in precision farming, irrigation systems, and disease-resistant crops.

[9] Cigaral, I 2025, PH factory output growth slowed in 2024, *Inquirer.Net,* 8 February 2025, < https://business.inquirer.net/505472/ph-factory-output-growth-slowed-in-2024#:~:text=A%20monthly%20survey%20of%20selected,(PSA)%20reported%20on%20Friday.>, accessed 1 May 2025.

[10] DOE Press Release, 2024, DOE welcomes expansion of Executive Order No. 12, 17 May 2024, < https://legacy.doe.gov.ph/press-releases/media-statement-doe-welcomes-expansion-executive-order-no-12>, accessed 1 May 2025.

[11] DA Press Release, 2024, Climate change project to benefit 1.25-M farmers, 19 September 2024, < https://www.da.gov.ph/climate-change-project-to-benefit-1-25-m-farmers/>, accessed 1 May 2025.

3 FOREIGN ECONOMIC POLICY

3.1 Host country's policy and priorities

The Philippines has adopted a proactive and diversified foreign economic policy, aiming to enhance its integration into the global economy. This strategy involves strengthening existing trade relationships, pursuing new free trade agreements (FTAs), and actively participating in regional economic initiatives.

On bilateral agreements, the Philippines-South Korea FTA entered into force on 31 December 2024 marking a significant milestone in the bilateral relations between the two countries. This agreement is the Philippines' third bilateral FTA, following those with Japan and the European Free Trade Association. The agreement eliminates tariffs on 94.8% of Philippine exports to South Korea and 96.5% of South Korean exports to the Philippines. Philippine bananas, a major export, will see tariffs reduced from 30% to zero by January 2028, enhancing competitiveness in the South Korean market.[12] The FTA removes tariffs on 9,909 industrial goods, with 9,747 lines eliminated upon the agreement's effectivity.[13] Beyond trade, the agreement includes provisions for cooperation in critical minerals processing, electric vehicle and parts manufacturing, and other forward-looking sectors. The Philippines' tariff commitments under this FTA are implemented through Executive Order No. 80 (s.2024), modifying import duty rates on certain articles.

On December 5, 2024, Canada and the Philippines announced the initiation of exploratory discussions for a potential bilateral FTA. This move aims to strengthen trade and investment ties, building upon the existing Canada-ASEAN FTA negotiations. The objectives are toward enhanced market access, investment opportunities, and inclusive trade. Consultations were conducted from 7 December 2024 until 7 March 2025.

Since 2024, the Philippines has actively engaged in the Indo-Pacific Economic Framework for Prosperity (IPEF), a U.S.-led initiative launched in 2022 to enhance economic cooperation among 14 partner countries. The framework focuses on four pillars: Trade, Supply Chains, Clean Economy, and Fair Economy. Notably, the Philippines has made significant strides in the latter three pillars, aligning with its national development goals.

Other on-going trade negotiations include (i) European Union-Philippines Free Trade Agreement (EU-PH FTA), which resumed in March 2024 after a hiatus since 2017, (ii) intent to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) announced, and (iii) continuous talks on United States-Philippines Trade and Investment Framework Agreement (TIFA) – the latest meeting occurred in Washington on July 2024.

3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

While the Philippines' foreign economic strategy does create a more competitive environment that favours FTA partners, Switzerland is not currently at a significant disadvantage, thanks to the EFTA-PH FTA and a strong investment treaty. However, active utilization of the agreement is key. Unlike high-profile FTAs such as RCEP or CPTPP, the EFTA-PH FTA is less publicized, and awareness among Swiss SMEs and even some large firms remain limited. Without sufficient promotion and utilization, Switzerland could still fall behind more aggressive competitors who maximize their treaty benefits.

[12] DTI Press Release, 2025, Landmark trade agreement between Philippines and South Korea enters into force, 4 January 2025, < https://www.dti.gov.ph/archives/news-archives/landmark-trade-agreement-between-philippines-south-korea-enters-force/?utm_source=chatgpt.com>, accessed 1 May 2025.

[13] Go, M 2025, Phl-Korea FTA and US tariffs, *Philstar Global,* 10 January 2025, < https://www.philstar.com/business/2025/01/10/2413047/phl-korea-fta-and-us-tariffs>, accessed 1 May 2025.

4 FOREIGN TRADE

4.1 Developments and general outlook

4.1.1 Trade in goods

The Philippines recorded total merchandise exports amounting to USD 73.27 billion, while imports surged to USD 127.60 billion, resulting in a trade deficit of USD 54.33 billion. This significant gap underscores the country's persistent reliance on imported goods, particularly capital and intermediate goods necessary for domestic production and consumption.

Exports saw only modest growth across major partners, and in many cases, even contractions, suggesting continued headwinds for outbound trade. The United States remained the Philippines' top export destination, with USD 12.14 billion in exports (16.6% of total), reflecting 4.9% year-on-year growth. Japan and Hong Kong followed, but exports to Japan declined slightly (-1.2%) while Hong Kong posted a positive 7.9% growth. Notably, exports to China contracted by a sharp 15.7%, indicating potential geopolitical or regulatory headwinds and possibly reduced demand from Chinese manufacturers. Indonesia was a standout with 28.8% export growth, albeit from a smaller base.

Meanwhile, import growth—driven by rising demand for electronics, energy, industrial inputs, and consumer goods—remained strong, particularly from China, South Korea, and Vietnam. China continued to dominate as the Philippines' largest import source at USD 32.83 billion (25.7% of total imports), registering a robust 10.5% growth. This cements China's role as a supplier of electronics, machinery, and other industrial goods. Indonesia, Japan, and South Korea were also key suppliers, although import volumes from Indonesia and Japan slightly declined. Imports from Vietnam and India grew strongly (13.9% and 11.3%, respectively), reflecting the ongoing regional diversification of the Philippines' sourcing strategies. The significant drop in imports from Australia (-27.6%) and Switzerland (-14.2%) may suggest shifts in sourcing preferences or reduced demand for specific commodities.

While the U.S. and Japan are vital export markets, the Philippines' dependence on Chinese imports far outweighs the reciprocal trade relationship. The top 10 countries account for over 80% of both exports and imports, indicating strong but concentrated trade ties.

One concern is the stagnation or decline in trade with several European partners—such as Switzerland, Germany, and France. While these nations remain important in value-added goods (e.g. pharmaceuticals, precision instruments), reduced volumes may suggest diminished engagement or competitiveness of Philippine goods in these markets.

Other issues on commodity trade concerns the agricultural and extractive sectors. The Philippines remains highly dependent on rice, corn, and wheat imports, primarily from Vietnam[14], Thailand, and India. As a resource-rich nation, the Philippines exports significant volumes of nickel, copper, and gold.[15] However, regulatory uncertainty, particularly around mining permits and environmental compliance, continues to hamper investment in this sector. With high global commodity prices, import bills for fuel, fertilizers, and animal feeds rose significantly, putting pressure on domestic inflation and the trade deficit. The government responded by temporarily reducing import tariffs on certain inputs to cushion consumers and producers. [16]

[14] De Vera, B 2024, Top rice importer Philippines to buy more from Vietnam, *Manila Bulletin,* 9 November 2024, <https://mb.com.ph/2024/11/9/ph-rice-imports-from-vietnam-to-increase>, accessed 2 May 2025.

[15] See infographic released by the Mines and Geosciences Bureau, Minerals industry at a glance, 25 March 2025, < https://mgb.gov.ph/images/Mineral_Statistics/2024/MINERALS_INDUSTRY_AT_A_GLANCE_Updated_25_March_2025.pdf>, accessed 2 May 2025.

[16] Arcalas, J & Ordinario, C 2024, Lower tariffs on key food items extended till end, *Philippine Institute for Development Studies,* 15 December 2023, < https://www.pids.gov.ph/details/news/in-the-news/lower-tariffs-on-key-food-items-extended-till-end-2024>, accessed 2 May 2025.

4.2 Bilateral trade

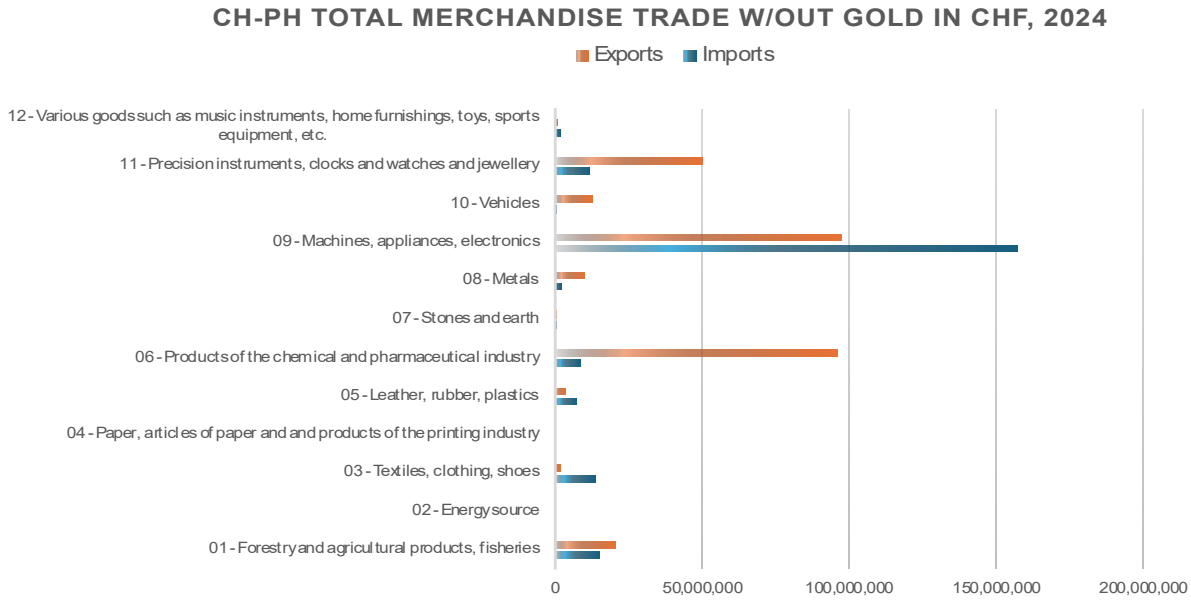
4.2.1 Trade in goods

The bilateral trade relationship between Switzerland and the Philippines exhibited mixed dynamics over the period 2019 to 2024, shaped by pandemic-related disruptions, inflationary cycles, and shifting regional supply chains. Based on Swiss customs data, total trade (excluding gold, precious metals, and art) peaked at CHF 626.5 million in 2022, before falling to CHF 562.4 million in 2023 and further to CHF 513.2 million in 2024, representing an 11.6% year-on-year contraction in exports and a 4.6% decline in imports. If we account for gold, total trade in 2024 stands at CHF 1.23 billion which also decreased by 33% compared to 2023, which had significant gold, precious metals, and art imports.

While trade volume has trended downward since 2022, the trade balance consistently favoured Switzerland, with a surplus of CHF 75.4 million as of 2024. This suggests that Swiss exports to the Philippines remain competitive in key sectors, particularly pharmaceuticals and high-end machinery, despite the modest overall decline.

The composition of Swiss exports remained largely unchanged, with four core sectors accounting for over 90% of shipments. Machinery and electronics (CHF 97.2 million) remained stable, supported by consistent demand from manufacturing and construction sectors. Pharmaceutical exports (CHF 96.1 million) declined slightly, possibly due to inventory adjustments post-COVID and rising price sensitivity. Precision instruments and luxury goods—including watches and jewellery (CHF 50.1 million)—registered a moderate drop, potentially due to inflation dampening discretionary spending or regulatory issues. Agri-related exports (CHF 20.7 million) showed slight growth, aligned with rising middle-class demand and premium positioning. While these observations hold true in terms of changes in percentage share to total (i.e., composition remains unchanged), it is worthy to note that actual values of shipments have all declined by more than 10% in all these core sectors.

Meanwhile, Swiss imports from the Philippines remain concentrated in industrial components and raw materials. Electronics dominate exports, consistent with Swiss supply chain integration in high-value assembly and Medtech components sourced from Philippine special economic zones (e.g., Laguna, Clark). Agricultural goods showed relative stability. Niche tropical commodities and sustainable sourcing strategies can support growth in this sector. Textiles and light manufacturing face competition from lower-cost producers, particularly in South Asia, and precision instruments and watch components saw a mild decline, suggesting adjustments in value chain strategies by Swiss firms.



5 DIRECT INVESTMENTS

5.1 Developments and general outlook

Foreign direct investment (FDI) in the Philippines saw a mix of cautious optimism and risk aversion in 2023–2024. According to Bangko Sentral ng Pilipinas (BSP), total FDI stock reached USD 8.93 billion in 2024. While the cumulative stock value grew slightly by 4.71%, the sharpest trends were characterized by large divestments from Japan and the investments coming from the United Kingdom. Together, these two countries account for over 91% of total investment stock.

The UK registered a massive inflow of USD 772.24 million, reinforcing its long-standing presence in sectors such as finance, manufacturing, and energy. A significant contributor to this surge was Actis, a UK-based global investment firm specializing in sustainable infrastructure. According to the Department of Finance,[17] Actis invested approximately USD 600 million to acquire a 40% stake in Meralco's subsidiary, Solar Philippines New Energy Corp in September 2024. MTerra Solar is a joint venture involving Meralco PowerGen Corporation (MGen), its renewable energy arm MGEN Renewable Energy Inc. (MGreen), and SP New Energy Corporation (SPNEC). The project aims to develop the world's largest integrated renewable energy and battery storage facility, combining 3.5 gigawatts (GW) of solar photovoltaic capacity with 4.5 gigawatt-hours (GWh) of battery energy storage systems (BESS).[18]

Outside the UK and Japan, several countries demonstrated consistent but in smaller scale investment activities. Singapore (USD 137.75 million) remained the third-largest investor by stock, though its position declined by USD 44.9 million. United States (USD 110.92 million) posted a stock increase of USD 68.63 million. This reflects growing interest in tech-enabled services, particularly BPO, software development, and property technology, aligning with the Philippines' expanding role in digital outsourcing. Malaysia, South Korea, and Sweden recorded smaller but positive stock changes, reinforcing their steady presence in consumer goods, light manufacturing, and logistics.

5.2 Bilateral investment

According to the BSP 2024 report, Switzerland registered an inflow of USD 2.95 million into the Philippines, a significant decline from the USD 7.38 million recorded in 2023. This might be due to global geo-economic uncertainties, wait and see approach while the Philippine congress navigate critical policy reforms, sector-specific challenges particularly in pharma, realignment of programs, and closure of some companies. The limited scale, however, belies the qualitative impact of Swiss investments. Swiss firms tend to operate in sectors requiring high compliance standards, strong intellectual property protection, and a skilled labour base.

Switzerland is the fourth largest European investor next only to UK (USD 764 million), Sweden (USD 12.03 million) and Germany (USD 4.1 million). There are approximately more than seventy Swiss company contributing about 30,000 jobs in the Philippines. Most of them are in special economic zones such as in Laguna, Batangas, and Clark.

Latest data from the Swiss National Bank records CHF 2.2 billion capital stock investments in the Philippines in 2023.[19]

[17] DOF Press Release 2024, PH delegation woos British investors: Make it happen in the Philippines, 31 October 2024, < https://www.dof.gov.ph/ph-delegation-led-by-recto-woos-british-investors-make-it-happen-in-the-philippines/?utm_source=chatgpt.com>, accessed 2 May 2025.

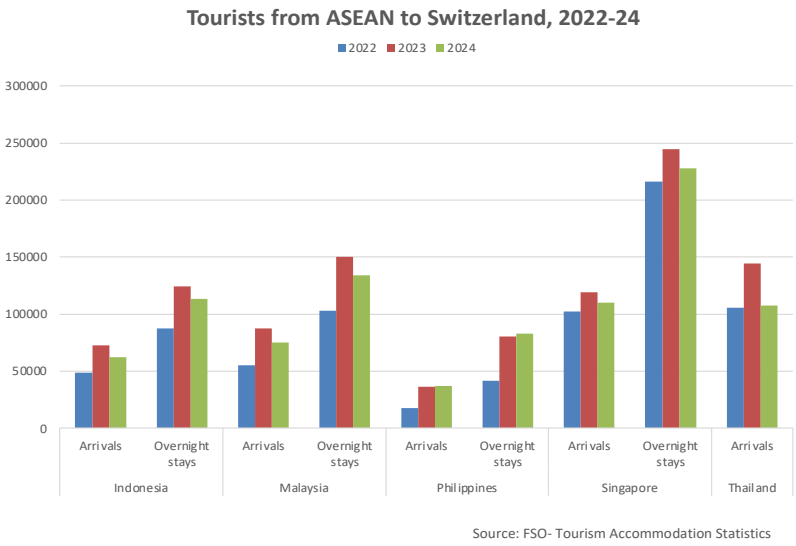
[18] Actis Press Release 2024, Actis invests in world's largest integrated renewables and energy storage Project in the Philippines, June 2024, < https://www.act.is/wp-content/uploads/2024/09/Actis_PressRelease_Blaze_2024September06_FINAL_website-1.pdf?utm_source=chatgpt.com>, accessed 2 May 2025.

[19] See Swiss National Bank statistics (capital stocks by country and country group), <https://data.snb.ch/en/topics/aube/cube/fdiausbla?fromDate=2020&dimSel=d0(PH)>, accessed 2 May 2025.

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

Switzerland Tourism continues to gain a foothold in the Philippine market as more and more Filipinos visit Switzerland each year. Between 2022 and 2024, the Philippines experienced the strongest rebound in outbound tourism to Switzerland among its ASEAN peers, both in absolute and percentage terms. Filipino arrivals more than doubled, climbing from 17,454 in 2022 to 37,207 in 2024—a growth of 113%—while overnight stays surged from 41,529 to 83,257, a 101% increase.



Source: FSO- Tourism Accommodation Statistics

Year-on-year patterns are also telling. Whereas most markets peaked in 2023 before slight pullbacks in 2024, the Philippines continued to post incremental gains: arrivals edged up 2% from 2023 to 2024 (36,527 to 37,207) and nights by 4% (80,199 to 83,257). By comparison, Indonesia, Malaysia, Singapore, and Thailand all recorded declines in arrivals and/or nights between 2023 and 2024, suggesting shifting travel preferences.

This growth is driven by (a) Switzerland Tourism's strategic media tours with top Filipino personalities, (b) strong engagement with tour operators, (c) joint events with the Swiss Embassy and SwissCham PH, (d) growing social media presence, and (e) broader awareness from press events, referrals, and business activities.

Active engagement with the Global Reporting Initiative (GRI) in the implementation of SECO's Sustainability Reporting for Responsible Business Program with Philippine agencies and academe have been remarkable in shaping the sustainability landscape of the country and reporting its most impactful contributions to environment, social, governance, and human rights.

On export and investment promotions, Switzerland Global Enterprise (S-GE) is not present in the Philippines but the economic and trade division of the Swiss Embassy in Manila takes a proactive role and joins the monthly calls and annual meetings of SGE in Southeast Asia and the Pacific (SEAP). SwissCham Philippines is also vital in promoting the Swiss economic interests through its innovation clusters that hold regular meetings with high-level government agencies and business luncheons. In fact, most issues of Swiss companies are represented in these meetings with relevant government officials and other business associations.

However, most if not all export and investment promotion activities (i.e., number of business events, number of Swiss companies assisted/represented, assistance to SMEs, delegations supported, etc.) are not properly recorded with S-GE due to lack of formal agreement. Hence, the Philippines still appears low in economic priority as S-GE market monitoring tools do not reflect these activities.

6.2 The host country's interest in Switzerland

The Philippines is looking for inward investments and partner firms particularly in the implementation of its large infrastructure projects identified above.

ANNEX 1 – Economic structure

Economic structure of the Philippines

Gross Domestic Product (2019, 2024), % Share to GDP at Constant 2018 Prices		
	2019	**2024**
Agriculture, forestry, and fishing	9.2	8.0
Industry	30.4	29.1
Mining and quarrying	0.9	0.7
Manufacturing	18.7	17.6
Electricity, steam, water and waste management	3.1	3.3
Construction	7.8	7.5
Services	60.4	62.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	18.0	18.6
Transportation and storage	3.8	3.8
Accommodation and food service activities	2.2	2.0
Information and communication	2.9	3.4
Financial and insurance activities	8.6	10.6
Real estate and ownership of dwellings	6.4	5.4
Professional and business services	6.1	6.4
Public administration and defense; compulsory social activities	4.5	4.8
Education	4.0	4.0
Human health and social work activities	1.7	1.9
Other services	2.3	2.0
Gross Domestic Product	100.0	100.0

Source: Philippine Statistics Authority, https://openstat.psa.gov.ph, accessed 29 April 2025.

Distribution of employment	**2018**	**2021***
Agriculture	24.3	22.0
Industry	19.1	19.9
Services	56.6	58.1
Total	**100**	**100**

Source: Philippine Statistics Authority, Employment by Branch of Economic Activity and Sex, % Distribution, https://openstat.psa.gov.ph, accessed 29 April 2025.

* This is still the latest available official data from the Philippine government.

ANNEX 2 – Main economic data

Philippines' main economic data

	2023	2024	2025
GDP (USD bn)*	436.62	461.62	497.5
GDP per capita (USD)*	3, 870	4, 080	4, 350
Growth rate (% of GDP)*	5.5	5.6	5.5
Inflation rate (%)*	6.0	3.2	2.6
Unemployment rate (%)*	4.4	3.8	4.5
Fiscal balance (% of GDP)**	-6.1	-5.6	-5.3
Current account balance (% of GDP)*	-2.8	-3.8	-3.4
Total external debt (% of GDP)**	28.7	28.9	28.5
Debt-service ratio (% of exports)***	10.3	11.5	-
Gross Reserves (USD bn)**	103.8	113.3	115.9

* Source: IMF, World Economic Outlook (indicate the month and year of publication) https://www.imf.org/en/Countries/PHL#countrydata, accessed 29 April 2025.

** Source: IMF, Article IV Consultation Country Report No. 24/351, December 2024, https://www.imf.org/en/Publications/CR/Issues/2024/12/19/Philippines-2024-Article-IV-Consultation-Press-Release-and-Staff-Report-559739, accessed 29 April 2025.

*** Source: Bangko Sentral ng Pilipinas (BSP), Selected External Debt Ratios https://www.bsp.gov.ph/Statistics/External/Table%2006.pdf?, accessed 29 April 2025.

ANNEX 3 – Trade partners

Trade partners of the Philippines Year: 2024

	EXPORTS					IMPORTS			
	Countries	**FOB value in million USD**	**% Share to Total**	**Growth Rate**		**Countries**	**FOB value in million USD**	**% Share to Total**	**Growth Rate**
	Total	**73,268.72**	**100.0**			**Total**	**127,596.63**	**100.0**	
1	United States of America	12,144.51	16.6	4.9	1	People's Republic of China	32,832.70	25.7	10.5
2	Japan	10,330.39	14.1	-1.2	2	Indonesia	10,640.20	8.3	-8.2
3	Hong Kong	9,605.26	13.1	7.9	3	Japan	10,108.82	7.9	-1.8
4	People's Republic of China	9,444.74	12.9	-15.7	4	Republic of Korea	9,633.02	7.5	11.9
5	Republic of Korea	3,570.29	4.9	1.0	5	United States of America	8,167.12	6.4	-3.1
6	Thailand	2,956.11	4.0	0.8	6	Thailand	7,521.94	5.9	-4.8
7	Singapore	2,942.61	4.0	-19.9	7	Malaysia	5,965.52	4.7	0.1
8	Netherlands	2,867.92	3.9	-7.7	8	Singapore	5,785.18	4.5	-22.6
9	Republic of China (Taiwan)	2,689.12	3.7	1.9	9	Vietnam	5,468.54	4.3	13.9
10	Germany	2,458.24	3.4	-1.2	10	Republic of China (Taiwan)	3,978.20	3.1	-17.8
11	Malaysia	2,226.53	3.0	1.9	11	Australia	2,740.71	2.1	-27.6
12	Vietnam	1,657.65	2.3	-2.2	12	India	2,232.60	1.7	11.3
13	India	1,097.04	1.5	-0.6	13	Germany	2,159.37	1.7	-0.3
14	Indonesia	1,052.17	1.4	28.8	14	Hong Kong	2,044.01	1.6	1.6
15	Mexico	881.55	1.2	-2.9	15	Brazil	2,030.18	1.6	32.4
16	Switzerland	612.37	0.8	8.5	16	Saudi Arabia	1,999.54	1.6	-16.0
17	Canada	550.65	0.8	-5.9	17	United Arab Emirates	1,442.63	1.1	-6.6
18	Australia	547.35	0.7	-2.7	18	France	1,137.71	0.9	-8.1
19	France	404.28	0.6	-68.2	19	Italy	990.49	0.8	7.3
20	Czech Republic	392.79	0.5	5.5	20	Canada	894.14	0.7	-1.4
	Top 20	68,431.56	93.4			Top 20	117,772.62	92.3	
	Others	4,837.16	6.6		27	*Switzerland*	*326.25*	*0.3*	*-14.2*
						Others	9,824.01	7.7	

Source: Download statistical tables then see Table 12, sort by largest value, and calculate % change by getting 2023 values. https://psa.gov.ph/content/international-merchandise-trade-statistics-philippines-2024, accessed 29 April 2025.

ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and the Philippines

	Export (CHF million)	*Change (%)*	**Import** (CHF million)	*Change (%)*	**Balance** (in million)	**Value** (in million)
2019	328.5	-4.3	241.0	11.4	87.5	569.5
2020	295.0	-10.2	206.5	-14.3	88.5	501.5
2021	308.1	4.4	232.1	12.4	76.0	540.2
2022	342.4	11.1	284.1	22.4	58.3	626.5
2023 *(Total 1)**	**333.0**	**-2.7**	**229.4**	**-19.3**	**103.6**	**562.4**
2024 (I-VI)**	**294.3**	**-11.6**	**218.9**	**-4.6**	**75.4**	**513.2**

*) 'Economic' total (total 1): not including gold bars and other precious metals, currencies, previous stones and gems, works of art and antiques

**) Change (%) from the previous year

Exports	**2023** (% of total)	**2024** (% of total)
1. Machines, appliances, electronics	32.9	33.04
2. Products of the chemical & pharmaceutical industry	35.5	32.66
3. Precision instruments, clocks & watches, jewellery	18.7	17.04
4. Forestry & agricultural products, fisheries	6.9	7.04

Imports	**2023** (% of total)	**2024** (% of total)
1. Machines, appliances, electronics	72.0	71.79
2. Forestry and agricultural products, fisheries	7.2	6.92
3. Textiles, clothing, shoes	6.6	6.23
4. Precision instruments, clocks and watches and jewellery	6.1	5.32

Source: Federal Office for Customs and Border Security
https://www.gate.ezv.admin.ch/swissimpex/ accessed 30 April 2025.

ANNEX 5 – Main investing countries

Main investing countries in the Philippines **Year: 2024**

Rank	Country	Direct Investments (USD, Stock)	Share	Variation (stock)	Inflows over past year, 2023, (USD, stock)
1	United Kingdom	764.02	49.61	772.24	-8.22
2	Japan	645.69	41.92	-203.67	849.36
3	Singapore	137.75	8.94	-44.9	182.65
4	USA	110.92	7.20	68.63	42.29
5	Malaysia	32.26	2.09	4.88	27.38
6	S. Korea	21.03	1.37	-0.27	21.3
7	Sweden	12.03	0.78	0.22	11.81
8	Taiwan	8.88	0.58	-28.08	36.96
9	China	8.52	0.55	-7.47	15.99
10	Germany	4.1	0.27	-145.79	149.89
11	*Switzerland*	*2.95*	*0.19*	*-4.43*	*7.38*
	EU	-163.71	-10.63	124.24	-287.95
	Total	8,929.84	100	4.71	8,925.13

Source(s): Bangko Sentral ng Pilipinas, Net Foreign Direct Investment Flows (BPM6), Table 10 https://www.bsp.gov.ph/Statistics/External/Table%2010.pdf and Percent Share to Net Equity in Table 10.1 https://www.bsp.gov.ph/Statistics/External/Table%2010.1.pdf, accessed 30 April 2025.