



PRIORITY POLICY ACTIONS TO ENHANCE THE PHILIPPINES' COMPETITIVENESS AND INVESTMENT CLIMATE:

A PUBLIC-PRIVATE PARTNERSHIP AGENDA

*Presented to the Officials of the Philippine Government
during the USABC 2026 Philippines Business Mission*

August 18 to 20, 2026 | Metro Manila, Philippines

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
POLICY PRIORITIES	2
<i>Delivering on Economic Reforms</i>	2
<i>Strengthening Competitiveness for the Future</i>	3
<i>Building Long-Term Economic Resilience</i>	4
CALL TO ACTION	6
<i>Strengthen Government-Industry Dialogue and Partnership</i>	6
<i>Accelerate Implementation of Reforms</i>	7
<i>Promote Innovation and Investment</i>	7

EXECUTIVE SUMMARY

This August, as in previous years, the US-ASEAN Business Council (USABC) will bring a high-level U.S. business delegation to Manila to discuss opportunities to strengthen U.S.-Philippines economic ties. While individual companies will raise sector-specific priorities directly with government counterparts, this paper highlights the cross-cutting policy issues that affect a broad range of U.S. companies operating and investing in the Philippines. USABC believes that focused efforts to address these issues will improve the overall business climate, attract greater investment, and support the creation of high-value jobs for Filipinos.

Throughout the Philippines' 2026 ASEAN Chairship, USABC worked closely with government and industry partners to advance shared priorities in trade, investment, and regulatory reform. This collaboration further reflects recommendations put forward in USABC's [Strategic Action Plan](#), and the private sector's ongoing commitment to support the Philippines' economic reform agenda.

Drawing on ongoing engagement with government and industry, this paper identifies priority actions in three interconnected areas:

- (i) delivering economic reforms,
- (ii) strengthening competitiveness for the future, and
- (iii) building long-term economic resilience.

Key priorities include accelerating implementation of major reforms, improving regulatory predictability, modernizing government services, advancing digital transformation, developing strategic infrastructure and supply chains, strengthening workforce capabilities, enhancing healthcare and food security systems, supporting a secure and sustainable energy transition, and leveraging the Philippines' ASEAN Chairship to deepen regional economic and digital integration.

Across all three priorities, the digital transformation of government functions and closer industry-government dialogue remain critical enablers, supporting more efficient regulation, procurement, public service delivery, and revenue collection while helping unlock the country's economic potential.

Collectively, these recommendations are intended to help translate reform momentum into measurable outcomes through stronger public-private collaboration, effective implementation, and sustained investment in innovation, infrastructure, and human capital. The U.S. private sector, spanning technology, manufacturing, financial services, healthcare, energy, defense, and logistics, remains a committed long-term partner to the Philippines and continues to invest in the country's long-term growth. By maintaining this momentum, the Philippines can further enhance its competitiveness, strengthen economic resilience, and reinforce its position as a leading investment destination in the region.

POLICY PRIORITIES

As the Philippines seeks to strengthen its position in an increasingly competitive regional and global economy, policy coherence and effective implementation will be critical to translating reform momentum into sustained growth and investment. Realizing this opportunity will require more than sound macroeconomic fundamentals. It will depend on the country's ability to modernize regulatory systems, strengthen infrastructure and human capital, and enhance the resilience of critical sectors that underpin long-term economic development. The policy priorities outlined below identify areas where targeted action and sustained public-private collaboration can help reinforce competitiveness, improve the investment climate, and support inclusive growth.

I. Delivering on Economic Reforms

The Philippines' regulatory environment is often challenged by lengthy and complicated permitting processes, overlapping agency requirements, frequent regulatory changes, and variable implementation across national and local government units. Such factors create uncertainty, increase compliance costs, and slow down business operations. Customs delays and complex tax administration further disrupt production schedules and raise logistics costs. These factors represent significant barriers to investments, reducing the Philippines' reliability as a sourcing and manufacturing hub, particularly as the private sector weighs alternative destinations in the region. Addressing these issues requires sustained focus on effectively implementing recent reforms, strengthening regulatory predictability, and digitalizing government, customs, and tax systems.

Maximize the Impact of Recent Key Reforms

Ensure consistent, whole-of-government implementation of CREATE MORE, the New Government Procurement Act (NGPA), the Ease of Doing Business (EODB) Act, and the Konektadong Pinoy Act to sustain investor confidence, improve transparency and efficiency, and attract long-term investment. This should include the timely issuance of sector-specific and industry-aligned guidelines, advancement of cloud procurement reforms, strengthened enforcement of digital-enabling measures, and the removal of redundant compliance requirements.

Strengthen Transparency and Predictability in the Business Environment

Advance a more transparent, predictable, and efficient regulatory environment by harmonizing the implementation of permitting, customs, and tax rules across all levels of government. This should include standardizing permit processing and project approval timelines, strengthening consistency in tax and tariff classifications, standardizing and making predictable the resolution pathways for tax and other regulatory assessments and interpretive issues, expanding consultation on emerging policies such as digital taxation, and ensuring stable treatment of foreign investment, tax incentives, tax treaties, and related tax measures applicable to Electric Vehicle/Extended-Range Electric Vehicle.

Build a More Efficient and Digital-Ready Public Sector

Accelerate the digital transformation of government by streamlining and completing end-to-end digital administration for customs and tax processes, and expanding the adoption of digital and AI-enabled public services. Priorities should include simplifying VAT and excise refund procedures, improving access to tax treaty benefits, advancing digital customs and tax systems, and modernizing procurement and technology acquisition frameworks to reduce compliance costs, improve transparency, and strengthen government efficiency.

II. Strengthening Competitiveness for the Future

Sustaining long-term investor confidence further requires a skilled and adaptable workforce and greater competitiveness for industries of the future. Misalignment between workforce skills and employer needs, particularly as industries adopt new technologies and shift towards higher-value activities, can limit business expansion, growth, and innovation. As the Philippines continues efforts to advance digitalization across the public and private sectors, it will be important to ensure that data localization requirements and cross-border data flows are calibrated in a way that supports the country's competitiveness and attractiveness as a long-term investment destination. Maintaining appropriate flexibility for firms to leverage global data networks can also support AI development, cybersecurity monitoring, fraud detection, and international service delivery, while facilitating effective financial supervision and compliance.

Enable Growth in Emerging Technologies and Advanced Industries

Foster a policy environment that sustain the Philippines' competitiveness in the digital economy by supporting innovation, digital trade, and the adoption of emerging technologies. The balanced implementation of Executive Order No. 119 on data classification and residency framework will be essential to achieving these objectives. Continued investment in digital infrastructure, including the development of Pax Silica and the broader semiconductor, cloud, and connectivity ecosystem, alongside technology partnerships in advanced manufacturing, emerging industries and defense modernization, can further strengthen the country's position as a trusted technology hub. The successful implementation of the Digital Economy Framework Agreement (DEFA) would reinforce this positioning and deepen regional digital integration. At the same time, advancing clear and risk-based AI governance frameworks, maintaining cross-border data flows, and promoting responsible innovation will help drive technology adoption and investment. Underpinning these efforts is the need for robust cybersecurity and cyber resilience, particularly in protecting critical infrastructure and securing government digital systems. Realizing the benefits of digital transformation and emerging technologies will largely rely on improved physical infrastructure, predictable logistics networks, and dependable energy systems, all of which redound to more economic activity and industrial growth.

Position the Philippines as a Regional Manufacturing and Logistics Hub

Strengthen the Philippines' role in regional and global supply chains through continued development of the Luzon Economic Corridor and other strategic logistics and industrial hubs. Accelerating investment in key sites such as the Clark logistics hub and various existing economic zones, alongside improvements in multimodal transportation networks and trade digitization, can enhance connectivity, efficiency, and supply-chain resilience. Supporting these efforts will require continued upgrades to transportation infrastructure, including airport development and maximization, as well as the deployment of smart infrastructure solutions that improve the movement of goods and people. Complementary investments in strategic energy and petroleum infrastructure, including the Batangas energy hub, will be critical to ensuring reliable energy supply, supporting industrial growth, and enhancing the Philippines' attractiveness as a manufacturing and investment destination.

Develop the Workforce Needed for Future Growth

Build a future-ready workforce by expanding digital skills, AI literacy, and STEM training programs and deepening industry-led public-private partnerships. These efforts should focus on closing talent gaps, preparing workers for higher-value roles, and ensuring a steady pipeline of skilled talent for technology-driven industries.

III. Building Long-Term Economic Resilience

Long-term competitiveness for the Philippines will not only depend on attracting investment but also on ensuring that systems remain resilient. For institutional investors, this will hinge on policy and regulatory predictability, strong institutions, and sustained reform continuity. Left unaddressed, gaps could increase the country's vulnerability to external shocks, weaken investor confidence, and constrain the government's ability to sustain reform momentum. Advanced forecasting, predictive analytics, and AI-enabled decision-support tools can strengthen preparedness, operational efficiency, and resilience across critical sectors including agriculture, energy, transportation, and disaster response. The 2026 ASEAN Chairship extends reform momentum and builds greater resilience across the economy.

Attract Patient Capital Through Bankable, Long-Term Investment Opportunities

Build a credible pipeline of bankable, long-duration assets that can meet the risk, return, governance, and transparency requirements of pension funds, sovereign wealth funds, insurers, and other long-term investors, while improving the investment climate, to attract more patient capital from global institutional investors. This includes accelerating the preparation and execution of commercially viable Public-Private Partnerships (PPPs) and infrastructure projects, strengthening project preparation and risk allocation, expanding investable opportunities in energy, digital infrastructure, logistics, healthcare, and other strategic sectors, and ensuring predictable regulatory and policy frameworks across the life of an investment. The government can further deepen the market by developing appropriate capital-market instruments, improving transparency and investor access to project information, and strengthening corporate governance and investor protection. These priorities are consistent with the Philippines' own development and financial-sector strategies, including efforts to deepen capital markets, expand sustainable-finance pipelines, and increase institutional investment.

Enhance Healthcare Access, Quality, and System Resilience

Ensure a reliable, resilient, and innovative healthcare system through continued improvements in regulatory efficiency, anti-counterfeit enforcement, and quality-based and predictable procurement under the NGPA. These measures can help strengthen the integrity and safety of the healthcare supply chain while improving access to high-quality health products and services. At the same time, advancing digital health transformation, including robust health data governance and cybersecurity frameworks, can support more efficient and secure healthcare delivery. Sustained implementation of Universal Health Care, including programs such as YAKAP and GAMOT, alongside policies that facilitate access to innovative medicines, vaccines, and specialty treatments, remains essential to improving health outcomes and expanding patient access nationwide.

Leverage Technology to Improve Food Security and Resilience

Build a more resilient and modern food system through greater adoption of digital technologies across agriculture, fisheries, and food production. AI-enabled weather forecasting tools can help producers anticipate and respond to climate and other external shocks, while digital agriculture solutions and improved supply-chain visibility and traceability can enhance productivity, resilience, and market access. These technologies can also support broader agricultural modernization efforts and strengthen food security outcomes. Complementing these initiatives, deeper collaboration between government and industry on nutrition and food security policies can help ensure that reforms are both effective and responsive to market realities.

Ensure Reliable and Competitive Energy for the Future

Advance the Philippines' energy transition while maintaining energy security through continued investment in reliable fuel supply chains, strategic energy infrastructure, and modernized regulatory frameworks. Strengthening energy infrastructure can help ensure a stable and resilient energy supply, while supporting economic growth and industrial competitiveness. At the same time, the development of a sustainable aviation fuel ecosystem and broader decarbonization initiatives can help position the Philippines to capitalize on emerging opportunities in low-carbon industries. Enhancing grid reliability and expanding the use of AI-enabled renewable energy forecasting can further support the integration of clean energy sources and improve energy system resilience. Together, these efforts can accelerate the energy transition while ensuring affordability, reliability, and long-term sustainability.

Deepen Regional Economic Integration and Cooperation

Leverage the Philippines' 2026 ASEAN Chairship to strengthen ASEAN as an integrated, competitive, and resilient economic community, and position the Philippines as a gateway for trade, investment, technology, and regional supply chains. Priorities should include accelerating regional collaboration through initiatives such as the DEFA; implementing the ASEAN Regional Investment Promotion Action Plan 2025-2030 to make ASEAN a more attractive destination for sustainable investment; strengthening regional value chains through initiatives such as the ASEAN Semiconductor Roadmap; and advancing greater connectivity in energy, logistics, aviation, digital infrastructure, and capital markets.

The Philippines should also use the Chairship to promote more effective implementation of existing ASEAN trade and investment commitments, including Regional Comprehensive Economic Partnership (RCEP), while advancing strategic trade facilitation and supply-chain diversification with ASEAN Dialogue Partners. At the national level, initiatives such as the Luzon Economic Corridor can serve as a platform to connect Philippine infrastructure and industrial capabilities to wider regional production networks, while partnerships with the United States and ASEAN partners can bring capital, technology, and expertise into these corridors. With the Philippines at the helm of ASEAN, there is an opportunity to turn regional cooperation into greater trade, investment, and connectivity, to strengthen ASEAN's position as a regional hub, and to attract more investment into the country.

CALL TO ACTION

The Philippines has an opportunity to build on the momentum generated by recent reforms and its 2026 ASEAN Chairship to strengthen competitiveness, attract greater investment, and enhance long-term economic resilience. Realizing this opportunity will depend on effective implementation, sustained public-private collaboration, and a shared commitment to translating reforms into measurable outcomes. Three areas merit particular attention.

1. Strengthen Government-Industry Dialogue and Partnership

Regular and practical channels of dialogue between government and industry remain essential to ensuring that policies are responsive to economic realities and implementation challenges. Continued engagement can help resolve issues in a timely manner, identify bottlenecks early, improve regulatory design, and strengthen coordination across agencies and levels of government.

Recent USABC initiatives demonstrate the value of sustained government-industry partnership.

- For the past four years, USABC has worked with the Department of Information and Communications Technology (DICT) and member companies to help build the capacity of IT professionals and government officials across more than 50 agencies, in areas such as artificial intelligence and cybersecurity.
- USABC's engagement with DICT on Executive Order No. 119 since 2023 demonstrated how early industry consultation can help strengthen policy design and support practical implementation aligned with international best practices.
- In 2026, USABC also strengthened direct engagement with the Bureau of Internal Revenue and Bureau of Customs to help identify and resolve urgent member concerns, with the aim of providing agencies with actionable private-sector input and reducing the time required to address implementation issues.
- Most recently, USABC and ASEAN-Business Advisory Council Philippines worked with government and private-sector stakeholders to develop the Strategic Action Plan for the Philippines' ASEAN Chairship, bringing together practical recommendations across five priority areas. The Plan, launched on April 29, provides an example of how sustained public-private collaboration can translate industry expertise into actionable policy recommendations and a longer-term agenda that can support continuity into future ASEAN Chairships.

Building on these efforts, government and industry should strengthen or establish, as necessary, regular mechanisms for consultation on emerging issues, including healthcare, artificial intelligence, infrastructure, logistics, energy transition, and workforce development. This will help ensure that policies remain practical, investment-oriented, and aligned with national development priorities.

2. Accelerate Implementation of Reforms

The Philippines has enacted several landmark reforms that have the potential to significantly enhance the investment climate. The priority now is timely and consistent implementation across the whole of government.

Particular attention should be given to the implementation of CREATE MORE, the New Government Procurement Act, the Ease of Doing Business Act, the Konektadong Pinoy Act, as well as recent education and workforce reforms advanced through the Second Congressional Commission on Education (EDCOM II), including the Enterprise-Based Education and Training (EBET) Framework Act and the Academic Recovery and Accessible Learning (ARAL) Program. This includes the timely issuance of implementing guidelines formulated with industry input, harmonization of regulatory practices across agencies and local governments, reduction of unnecessary compliance requirements, and the accelerated digitalization of government services.

Procurement modernization can play an especially important role in this effort. Expanding digital procurement platforms, developing procurement frameworks suited to cloud services and emerging technologies, promoting quality- and outcome-based procurement approaches, and encouraging broader participation by qualified suppliers can improve transparency, efficiency, and value for government and citizens alike.

3. Promote Innovation and Investment

Flagship initiatives such as the Luzon Economic Corridor, digital economy cooperation efforts, and ASEAN-led connectivity initiatives present significant opportunities to attract investment, strengthen supply chains, and position the Philippines as a regional hub for technology, innovation, and advanced manufacturing.

To maximize their impact, these initiatives should be supported by clear governance and accountability structures, defined implementation roadmaps, industry engagement mechanisms, and measurable targets. Progress should be tracked against shared outcome indicators such as investment flows, job creation, infrastructure deployment, supply-chain participation, and logistics performance, including on-time delivery rates, port dwell times, customs clearance times, and end-to-end transit-time reliability.

For the Philippines to compete effectively with other ASEAN markets, industry also needs greater visibility on the government's pipeline of priority projects, investment opportunities, and policy initiatives. Early and structured engagement would allow companies to better assess opportunities and build the internal business case for allocating regional investment, production, and supply-chain activities to the Philippines. Government could also provide greater clarity on the range of incentives and investment support that may be available under CREATE MORE, including potential Presidential incentives for strategic investments, subject to applicable requirements. A more predictable and transparent dialogue on priorities, project pipelines, and available incentives would help companies advocate internally for Philippine investments and enable government to better align its priorities with private-sector investment decisions.