

# Philippines

## An overview of the economy and of the business environment



Basketball is more than just a sport in the Philippines—it's a national passion. Introduced during the American colonial era, it quickly became embedded in Filipino culture due to its accessibility and simplicity. From urban courts to rural villages, basketball is played everywhere, often with makeshift hoops and barefoot players.



This widespread enthusiasm has translated into economic activity. The Philippine Basketball Association (PBA), Asia's oldest professional basketball league, generates billions of pesos annually. It supports a wide ecosystem: athletes, coaches, media, merchandise, and local businesses that thrive during games and tournaments. International brands also leverage basketball's popularity for marketing, sponsorships, and community engagement.

As of 2025, the Philippine economy is demonstrating a stable and optimistic trajectory, marked by moderate growth, low inflation, and a strong labor market. The country's real GDP is projected to grow by 5.6% this year, with expectations of reaching 6.0% in 2026. This growth is largely driven by robust household consumption, supported by low inflation and a historically low unemployment rate of 3.9% as of March 2025 <sup>1</sup>. The economic environment is further bolstered by easing financial conditions and increased public infrastructure spending, which are expected to stimulate investment activity in the coming quarters.

Inflation has significantly eased, with headline inflation dropping to 1.4% in April 2025, and core inflation stabilizing at 2.2%, well within the central bank's target range of 2–4% <sup>1</sup>. This decline is attributed to falling food and fuel prices, as well as moderate domestic demand. The Philippine peso has remained stable, and global energy prices have softened, contributing to the overall price stability. Monetary policy is gradually shifting toward a more neutral stance, while fiscal policy remains moderately restrictive.



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The Philippine economy is structured around three main sectors: primary, secondary, and tertiary, each playing a distinct role in the country's development.

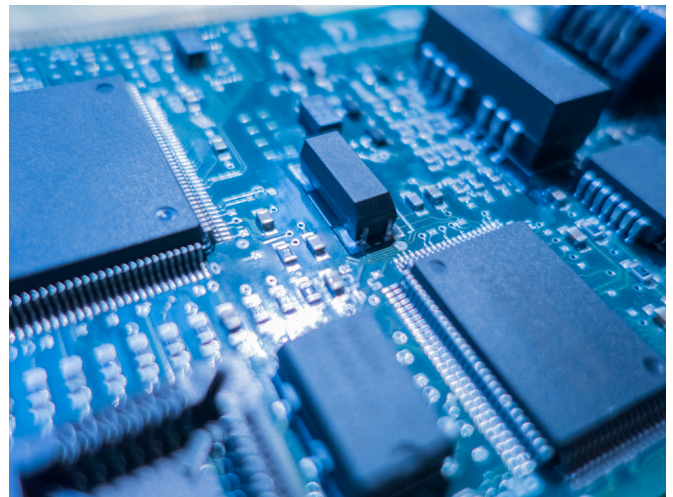
The primary sector, which includes agriculture, fishing, forestry, and mining, contributes approximately 9.6% to the national GDP <sup>2</sup>. Despite its relatively small share in economic output, this sector remains vital for employment and rural livelihoods.



The Philippines benefits from a diverse climate and rich natural resources, enabling the cultivation of crops such as rice, sugarcane, coconuts, bananas, and pineapples. However, the sector faces challenges such as vulnerability to climate change, outdated farming techniques, and limited access to modern infrastructure. Efforts are ongoing to modernize agriculture and improve productivity through mechanization, irrigation projects, and better access to markets.

The secondary sector, accounting for about 30.6% of GDP, encompasses manufacturing, construction, and industry <sup>2</sup>. This sector is a key driver of economic growth, particularly through electronics and semiconductor manufacturing, which are major export earners.

The Philippines is a global hub for semiconductor assembly and testing, with strong linkages to international supply chains. Food processing, textiles, and construction also contribute significantly. The government's infrastructure programs, such as "Build, Build, Build" and its successor "Build, Better, More," have spurred growth in construction and related industries. However, high borrowing costs and global uncertainties have somewhat tempered investment in this sector.



The tertiary sector is the largest, contributing around 59.8% of GDP <sup>2</sup>. It includes services such as retail, finance, education, tourism, and the highly dynamic Business Process Outsourcing (BPO) industry.



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The BPO sector alone employs over 1.7 million people and is a major source of foreign exchange. It continues to expand, particularly in provincial areas, with a shift toward hybrid work models.



Tourism is also rebounding, with infrastructure improvements enhancing accessibility and visitor experience. The hospitality sector is growing, with numerous hotel projects underway across Luzon, Visayas, and Mindanao 1. Remittances from Overseas Filipino Workers (OFWs) remain a cornerstone of the economy, providing a steady flow of income that supports domestic consumption.

Overall, the Philippine economy in 2025 is characterized by resilience and adaptability. While external risks such as global economic slowdowns and geopolitical tensions persist, the country's strong domestic demand, strategic reforms to attract foreign investment, and ongoing infrastructure development provide a solid foundation for sustained growth. The government's focus on regulatory streamlining, digital transformation, and inclusive development further enhances the country's appeal as a destination for business and investment.

In the current global trade landscape, the Philippines maintains a dynamic and multifaceted network of commercial relationships with countries across Asia, North America, and Europe. Its export economy is heavily oriented toward high-value manufactured goods, particularly in the electronics and semiconductor sectors. These products form the backbone of the country's outbound trade, with a significant portion destined for technologically advanced markets such as the United States, Japan, Hong Kong, and mainland China. These nations are among the Philippines' top export destinations, consistently absorbing a large share of its total shipments. The United States, in particular, stands out not only for the volume of trade but also for the positive trade balance it maintains with the Philippines, reflecting strong demand for Filipino goods such as electronic components, machinery, and processed food products.



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Japan and Hong Kong also play crucial roles as export partners, with Japan importing a wide range of industrial and consumer goods, while Hong Kong serves as both a final destination and a transshipment hub for goods headed to mainland China and beyond. The export portfolio is not limited to electronics; it also includes agricultural products like bananas, pineapples, and coconut oil, which are highly sought after in Asian and Middle Eastern markets. These commodities highlight the enduring importance of the country's agricultural sector in global trade, despite its smaller share in GDP.



On the import side, the Philippines relies heavily on countries like China, Japan, South Korea, and Indonesia for a wide array of goods essential to its industrial and consumer needs. China, in particular, is the largest source of imports, supplying everything from raw materials and machinery to consumer electronics and construction equipment. This reflects the Philippines' integration into regional supply chains, where it imports intermediate goods for further processing and re-export. Japan and South Korea also contribute significantly to the import mix, especially in the areas of automotive parts, industrial machinery, and high-tech equipment.

The country's import needs are diverse, encompassing mineral fuels, electronic components, iron and steel, and various forms of capital goods. These imports are vital for sustaining the country's manufacturing base and supporting its infrastructure development initiatives. The trade relationship with Indonesia and Malaysia is also notable, particularly in the energy sector, where the Philippines imports coal, natural gas, and petroleum products to meet its growing energy demands.



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This intricate web of trade relationships underscores the Philippines' strategic position in the global economy.

It is both a supplier of high-value goods to developed markets and a consumer of industrial inputs from its regional neighbors. This dual role enhances its attractiveness as a trading partner and investment destination, offering opportunities for companies looking to tap into Southeast Asia's dynamic growth while benefiting from the Philippines' skilled workforce and expanding domestic market.



The Philippines presents a compelling landscape for global business, offering a unique combination of strategic advantages that make it an increasingly attractive destination for international companies. Its young, tech-savvy, and English-speaking population provides a strong labor force that is both adaptable and competitive. This demographic strength is complemented by a growing middle class and a vibrant consumer market, which together create robust demand across a wide range of sectors.



Geographically, the Philippines is ideally situated in Southeast Asia, serving as a natural gateway between the Pacific and the rest of Asia. This location enhances its role in regional and global supply chains, particularly in manufacturing, electronics, and logistics. The government has also made significant strides in improving infrastructure and streamlining regulations, making it easier for foreign investors to establish and expand their operations.

Moreover, the country's commitment to digital transformation and innovation is opening new frontiers in areas such as fintech, e-commerce, and renewable energy. These developments are supported by a stable macroeconomic environment and a proactive policy framework.

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However, as with any international venture, entering a new market requires careful planning and reliable information. To navigate the complexities of the Philippine business environment and ensure secure, informed decisions, it is essential to partner with top-tier providers of business information. SkyMinder, through its local providers and by leveraging accurate, up-to-date data, supports companies in identifying potential risks, uncovering promising opportunities, and building successful, long-term relationships in the Philippine market.

SkyMinder enables access to comprehensive and current credit and business information on companies across the Philippines, leveraging the expertise of local providers. Reports on Philippine businesses are complete and regularly updated, with local analysts accessing various registries and skillfully gathering information through interviews. With the assistance of SkyMinder, one can gain enhanced insights into business partners. This capability aids in proactively managing business risk by making informed choices when selecting customers or suppliers.



All SkyMinder Full Reports include the following information (if available at local sources):

- Complete company identification details: correct company name, addresse(s), contact details such as phone, fax, email, webs, etc.
- Company registration details: our local providers try to access local registries and to get registration number, company id, fiscal code, and any information that can be retrieved at the local registry
- Directors and company structure: board of directors, shareholders and related companies
- Financials: balance sheet and profit and loss (if available and if companies is willing to disclose them during the interview).
- Credit rating and suggested credit limit
- Number of employees and activity details: sector and industry of the company, when possible also information on import and export activities.
- Negative information on the company



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In addition to the Full Report including all complete details on Philippines companies, on SkyMinder it is possible to order other type of reports allowing you to get an in-depth and exhaustive knowledge of your business partners:

- Executive Report: Contains all information from the Full Report, along with an additional AI-generated summary.
- Compliance Check Report and Extended Check Report: Through SkyMinder you can access the Lexis Nexis Risk Solutions platform and check if a business partner is involved in financial crimes, bribery, corruption and money laundering actions.
- Cyber Risk Report: thanks to the test performed to a company website and related domains and emails, you can understand in advance if a partner or potential partner is vulnerable to a cyber-attack.
- Company registries and LEI documents.

SkyMinder also offers some of the fastest delivery times, ensuring highly accurate and up-to-date reports within a short time. These reports are comprehensive, current, and easy to understand. Thanks to SkyMinder's full reports and the expertise of our local providers, it is possible to establish safe and profitable business partnerships with companies across the Philippines.

Sources: <https://www.oecd.org/>; [worldbank.org](https://www.worldbank.org/); [asiafundmanagers.com](https://asiafundmanagers.com/); [bworldonline.com](https://bworldonline.com/); [adb.org](https://adb.org/); [economicactivity.org](https://economicactivity.org/)