Business Climate Survey
The Philippines

# Business Climate Survey for Swedish companies in the Philippines 2026

A report from Team Sweden in the Philippines

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# 38 respondents

(total +2,250 respondents for 41 markets)

### Current business climate

A positive but cautious outlook on the current business climate

### Industry turnover

**82%**

of Swedish companies expect their industry turnover to increase

### Future investments

**63%**

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

### Globally valued success factors

1. Cost efficiency
2. Feedback from clients
3. Partnerships/local relationships

### Brand Sweden

**81%**

of Swedish companies abroad consider Brand Sweden beneficial for business

### Local conditions with high satisfaction

1. Work culture/business mindset
2. Specialists and key personnel
3. Distributors

### Local conditions with least satisfaction

1. Customs
2. Physical infrastructure
3. Level of digitalisation

### Environmental considerations

**50%**

of respondents believe the environment is a considerable factor in their customers' purchasing decisions

### Corruption

Heightened perception of corruption when dealing with government agencies but limited direct exposure for Swedish companies

### Human rights violation and labour rights abuse

Swedish companies perceive exposure to human rights violations and labour rights abuse as low

# Foreword

For nearly 80 years, Sweden and the Philippines have fostered a close and enduring partnership, anchored in a shared belief in sustainable and inclusive economic growth.

Today, Sweden remains a steadfast partner of the Philippines – a growing economy characterised by resilience, a young and highly skilled workforce, and strong potential across key sectors such as energy, transportation, healthcare, and mining. Swedish companies, recognised globally for their innovation and strong commitment to sustainability, continue to see meaningful opportunities to contribute to and grow alongside the Philippine market.

This second edition of the Business Climate Survey reflects this deepening engagement. As a globally trusted tool, the survey provides valuable insights into how Swedish companies operate, adapt, and succeed in the local business environment. This year's findings show that most Swedish companies in the country are well established and diversified, with many reporting strong profitability. Encouragingly, a majority are also planning to increase their investments, signalling sustained confidence in the Philippine economy.

At the same time, the survey highlights important challenges. Swedish companies continue to face complexities, including customs procedures, digitalisation, and logistics, among others. Acknowledging both achievements and challenges is essential and the purpose of this survey is not only to gather data, but also to drive action. The respondents' transparency on these issues enables us to engage constructively and collaboratively with our Philippine partners to identify solutions and improve conditions for Swedish companies already operating in the country, as well as those considering entry into the market.

We want to assure you that Team Sweden in the Philippines – represented by the Embassy of Sweden, the Swedish International Development Cooperation Agency, and Business Sweden in Manila – remains firmly committed to supporting Swedish companies at every stage of their journey. Guided by the insights and ideas in this report, we strive to develop initiatives that are helpful, practical, and aligned with both local needs and Swedish priorities.

With this, we sincerely thank all the companies who took the time to respond and share their experiences openly. Your continued engagement is invaluable, and we hope that you will continue to work closely with us as we translate these findings into meaningful progress in the years ahead.

Tusen tack! Maraming salamat! Let us continue working together towards greater prosperity in both the Philippines and Sweden.

**Anna Ferry**
Ambassador of Sweden
to the Philippines

**Johan Lennefalk**
Trade Commissioner
of Sweden to
the Philippines

# Executive summary

The Business Climate Survey is a globally trusted tool for gathering Swedish companies' views on the local business market. Conducted from February to April 2026, it received responses from 38 Swedish firms operating in the country. The survey reflects cautious optimism, strong long-term confidence in the Philippine market, and growing interest in investment expansion.

### Economic outlook

The Philippine economy remained resilient in 2025, though at a slower pace due to weaker consumer confidence and lower FDI inflows caused by governance concerns linked to public infrastructure programmes, as well as climate-related disruptions. In 2026, external risks, particularly rising oil prices linked to the conflict in the Middle East, added further pressure on inflation and consumption. Despite these challenges, the long-term outlook remains positive. This is supported by government reforms, investments in key areas, and the expected conclusion of the EU-Philippines Free Trade Agreement.

Swedish companies also remained resilient with 66 per cent of respondents remaining profitable and over 80 per cent expecting higher turnover in 2026. As a result, most firms also plan to increase investments, especially in the professional services sector.

### The market

Swedish companies have a strong and established presence in the Philippines, with most firms operating in the country for over twenty years, coupled with a growing number of new entrants since 2021. The business footprint is also highly diversified across sectors, including IT-BPO, industrial and manufacturing, and retail, among others.

In general, business sentiment remains cautiously optimistic. Companies continue to view the Philippines as a strategic growth market but are more measured compared to previous years due to political uncertainty at both the global and national levels, regulatory inefficiencies, and gaps in infrastructure. Companies identified digitalisation, infrastructure improvement, and ease of doing business reforms as critical priorities for enhancing competitiveness.

At the same time, Swedish firms identify the country's work culture as its greatest strength, followed by access to qualified local partners, which help companies navigate administrative processes and accelerate market entry.

### How Swedish companies succeed in the Philippines

Most Swedish firms in the Philippines focus on sales, marketing, after-sales services, and customer support rather than manufacturing or R&D. Their competitiveness is primarily driven by cost efficiency, strong customer relationships and stakeholder engagement, and sales competence.

The "Swedish brand" remains a significant advantage, associated with quality, innovation, and reliability. Around 80 per cent of respondents believe it positively contributes to their business performance, especially among newer entrants and consumer-oriented firms.

### Acting sustainably

Sustainability is becoming more relevant in the Philippine market, although adoption remains relatively gradual and largely reactive to regulation and cost pressures. Companies in industrial and consumer sectors report increasing customer awareness of environmental considerations, but sustainability has not yet become a primary purchasing driver.

In addition, corruption remains an area of concern for Swedish companies, particularly in interactions with government agencies. While most firms report limited direct exposure to bribery or fraud, developments related to public infrastructure projects in 2025 negatively affected investor confidence and business sentiment. Human rights and labour rights violations, at the same time, were reported as relatively limited.

# About the survey

## The Business Climate Survey captures Swedish companies' views of the Philippine market

The Business Climate Survey (BCS) is a trusted tool used by Team Sweden globally to provide insights on local market conditions in selected markets. For 2026, the Philippines was one of 22 focus markets included in the survey. The survey was administered to companies with operations in the country from February to April 2026, receiving a total of 38 responses. The survey period coincided with the conflict involving the United States, Israel, and Iran, and the findings were further complemented by follow-up interviews to provide additional qualitative insights and potential shifts in sentiment resulting from this development.

Out of the 38 responses, a majority (61 per cent) are large companies with more than 1,000 employees globally, while the remainder were small (25 per cent) and medium-sized (14 per cent) companies.

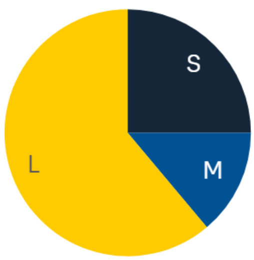
Most respondents have also maintained a long-standing presence in the Philippines, with 41 per cent having an established presence in the country for over two decades and a further 31 per cent for between five and twenty years. The earliest respondent established operations in the Philippines in 1967.  There is also a notable share of newer entrants, with 28 per cent having established operations from 2021 onwards, reflecting continued interest in the Philippine market.

In terms of industry, Swedish companies have a diversified footprint in the country, with the professional services sector representing the largest share at 41 per cent, followed by a mix of companies across industrial and consumer goods sectors.

The inputs from these respondents form the basis of this report, which aims to provide an overview of the business climate in the Philippines for 2026, including key drivers and challenges. It also seeks to outline the factors for success that are relevant to Swedish companies doing business in the Philippines.

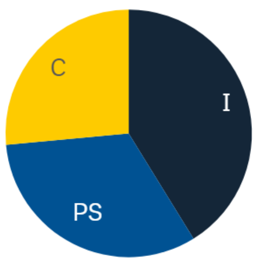
The report is divided into the following sections: an overview of the Philippine economic outlook, an assessment of business climate perception, insights into the experiences of Swedish companies, and sustainability considerations. The final section outlines key conclusions and lessons drawn from the results of the survey.

### Size of companies



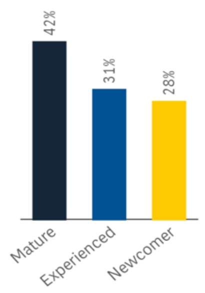

NOTE: Global employees.
Large >1,000
Medium 250–1,000
Small 0–249

### Main industry




NOTE: Industrial 32%
Professional services 41%
Consumer 26%.

### Age of companies




NOTE: Mature (-2004)
Experienced (2005
2020). Newcomer (2021-)

# Economic outlook

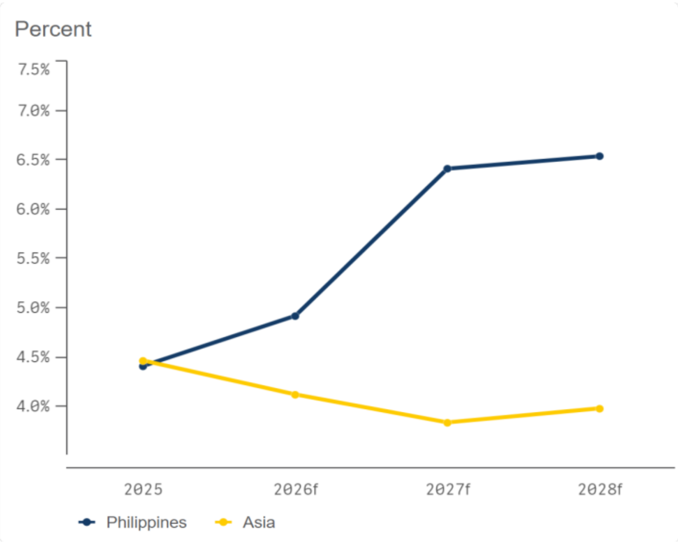
## The Philippine economy continues to grow, despite headwinds

In 2025, the Philippines outpaced global growth rates, recording GDP growth of 4.4 per cent, more than one percentage point higher than the global average of 3.3 per cent but below the Asian average and below the Philippine government's target rate for the year. The continued growth reflects the country's strong structural growth drivers, including a young and expanding labour force, robust domestic consumption, and continued expansion of the services sector, particularly in IT and business process outsourcing (IT-BPO) industry.

Nevertheless, 2025 marked the slowest growth rate the Philippines has recorded in recent years. This deceleration was largely driven by major governance issues linked to public infrastructure programmes that led to reduced government spending and weakened consumer confidence. Net inflows of foreign direct investment (FDI) also declined toward the end of 2025, reflecting heightened investor caution amid governance concerns and increased policy uncertainty. These challenges became more evident during the latter half of the year, significantly weighing on economic momentum and overall annual growth.

In addition, the Philippines endured a series of severe typhoons and other natural disasters throughout the year, including widespread flooding and earthquakes in some regions. These events disrupted supply chains and damaged infrastructure in several regions, further constraining economic activity.

**Projected GDP growth in the Philippines vs. Asia**




NOTE: Constant prices
SOURCE: Oxford Economics 2026

In 2026, while initially expected to remain strong, economic growth in the Philippines faces renewed economic risks due to the country's dependence on external developments, particularly global energy markets and geopolitical stability. Escalating tensions in the Middle East have highlighted this vulnerability, as the Philippines remains heavily reliant on imported oil. The resulting spike in global oil prices has pushed up transportation and logistics costs, contributing to higher prices for essential goods, and placing additional pressure on consumer spending.

Despite these headwinds, multilateral institutions such as the World Bank and the Asian Development Bank have indicated that a recovery remains possible in the latter half of the year. This recovery would depend on improved efficiency in public spending, particularly in priority areas. In this context, the government is accelerating several flagship initiatives, such as the *Build Better More* programme to expand and modernise infrastructure across air, land, and sea transport*; Buong Bansa Handa*, which focuses on strengthening disaster preparedness and climate resilience; and the National Renewable

Energy Program (NREP), aimed at reducing reliance on imported fossil fuels over the medium term with a target of a 35 per cent renewable energy mix by 2030.

Recently enacted legislation, such as the CREATE MORE Act and the Enhanced Mining Fiscal Regime, is also intended to improve the business climate and attract greater investment. Together, these measures are expected to help mitigate external vulnerabilities and support a more resilient and sustainable growth trajectory going forward. In parallel, the conclusion of the European Union – Philippines Free Trade Agreement (EU-PH FTA) presents a significant opportunity with potential benefits for both parties in terms of market access, investment flows, and employment opportunities.

Overall, while 2026 presents a challenging external environment, the combination of ongoing structural reforms, flagship public investment programmes, and progress towards deeper trade integration – most notably with the EU – positions the Philippines to support longer-term opportunities despite current risks. This could create a more predictable and attractive business environment for Swedish companies.

## Most Swedish companies remained profitable in 2025

Despite the challenges faced in 2025, the majority of Swedish companies operating in the Philippines remained profitable. Only 11 per cent reported losses, while 16 per cent indicated that they broke even during the year. This performance marks a clear improvement compared with 2024, when only around half of Swedish companies reported profitable operations.

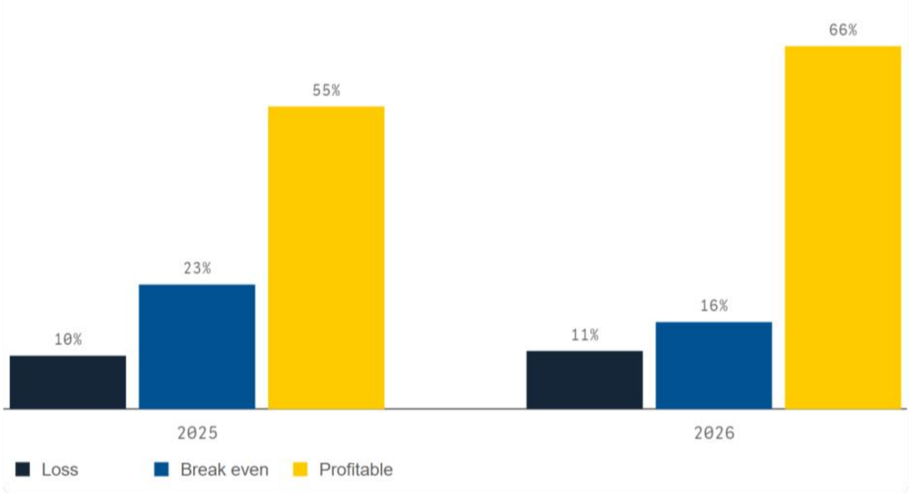
Profitability, however, varies depending on the size and nature of the firm. Our survey shows that small and medium-sized firms exhibited strong resilience, as none reported losses in the past year. At the same time, some large companies have reported break-even results or even losses during the same period.

The professional services sector posted the strongest performance, with none reporting losses and only 18 per cent reporting break-even results. This resilience can largely be attributed to the growing demand for IT services, driven by the ongoing digital transformation across industries. The Philippines' large, young, and English-speaking workforce continues to support growth in the IT-BPO sector, making the country attractive for Swedish companies seeking to outsource services.

In contrast, the industrial sector saw the highest proportion of losses, with 14 per cent of companies reporting a deficit and another 14 per cent reporting break even. This can be attributed to the rising costs of raw materials, supply chain disruptions, fluctuations in global demand, as well as increased competition from lower-cost suppliers. Some consumer goods companies also faced challenges, with 22 per cent of companies reporting that they broke even, and 11 per cent reporting losses, which could likely be linked to weaker consumer spending during the latter half of 2025.

Despite these challenges, a majority of companies across all sectors still remained profitable despite challenges, highlighting the adaptability of Swedish businesses in the Philippines and the resilience of the Philippine market.

**How would you describe your company's financial performance in the Philippines in the past year?**

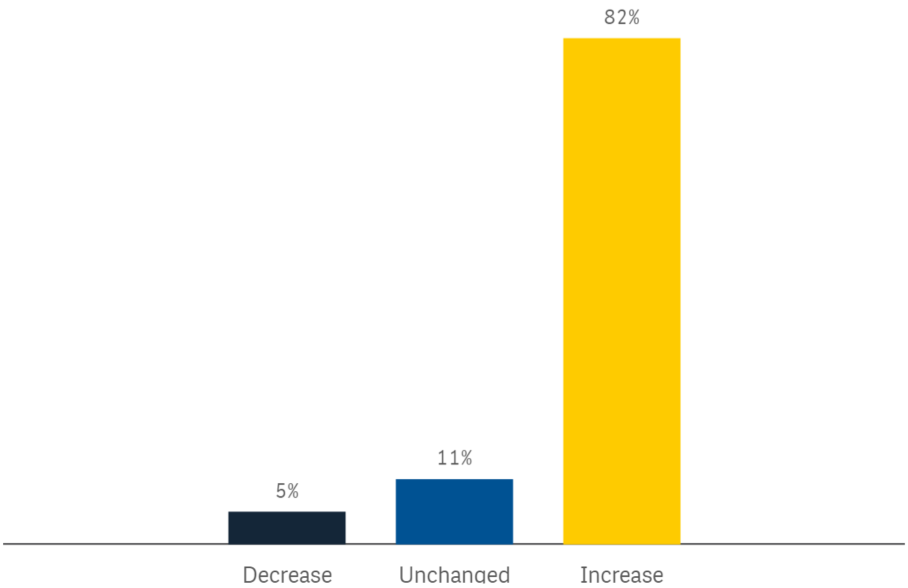



NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

## Most Swedish companies plan to increase investment

Most Swedish companies are optimistic about their performance for 2026, with more than 80 per cent of the respondents expecting increased turnover. Only 11 per cent remarked that they do not expect their turnover to change compared with the previous year, while only five per cent expect lower turnover.

**Compared with the development in the past 12 months, what are your expectations for the coming 12 months for your industry in the Philippines regarding turnover?**




NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

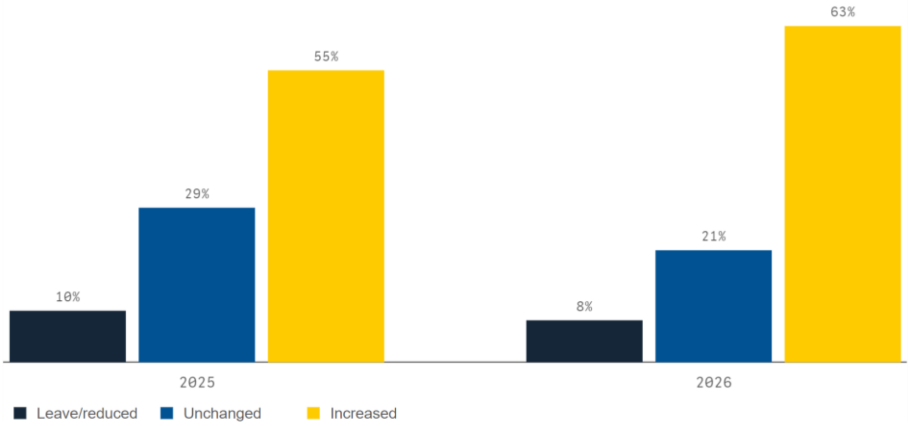
This optimism is reflected in the investment plans of Swedish companies. A majority of respondents expect to increase investments while 21 per cent expect investment levels to remain unchanged. At the same time, only 8 per cent plan a decrease in investment for the year. Overall, the share of companies planning to increase investments represents an almost 10 percentage point rise compared with the previous year, highlighting a notable strengthening in business confidence.

Looking closer at the dataset, companies in the professional services sector appear particularly well-positioned to increase their investments this year, following strong profitability in the previous year. Interviews indicate that firms are actively seeking to expand their brand portfolios and integrate artificial intelligence (AI) into operations to streamline workflows and enhance efficiency. Several companies also report concrete plans to upskill their workforce, supporting competitiveness and adaptability to emerging technologies and evolving market demands.

This positive outlook is supported by the nature of the sector itself. Many professional services firms — particularly those in IT-BPO — primarily serve clients in international markets. As a result, they are relatively insulated from domestic economic fluctuations, allowing them to maintain stable revenue streams despite local uncertainties.

On the other hand, the consumer goods companies adopted a more cautious approach, with some planning to decrease investments amid weaker consumer spending trends. Nevertheless, a considerable segment of the market remains optimistic, supported by the strong underlying fundamentals of the Philippine economy. Smaller companies are also optimistic about their turnover and investment potential for the year.

**What are your company's investment plans for the coming 12 months in the Philippines, compared to the past 12 months?**




NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

In contrast, larger companies appear more cautious about increasing investments, reflecting challenges encountered over the past year. Specifically, 23 per cent report that investment levels will remain unchanged compared to the previous year, while 9 per cent indicate plans to significantly reduce investments. The industrial sector also appears more cautious, with 43 per cent stating that their investments will remain largely unchanged from the previous year.

> **"Despite operating challenges and recent external volatility, IKEA remains confident in the Philippines and committed to long-term investment. The Filipino team's "can-do" attitude has made a measurable difference in turning ambition into results.**
>
> **Ricardo Pinheiro**
> Country Retail Manager, IKEA

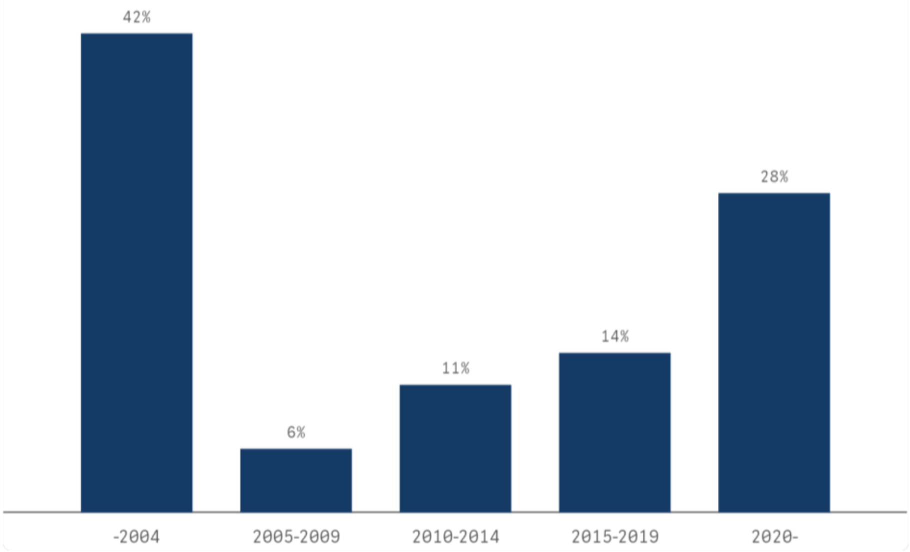
# The market

## Swedish companies maintain a strong presence in the Philippines

Around 41 per cent of Swedish companies in the Philippines have been operating in the country for at least twenty years, while a further 31 per cent report a presence of between five and twenty years. This reflects a long-term commitment to the market and indicates substantial experience in navigating an evolving business environment. In total, nearly three-fourths of Swedish companies are well-established, with proven track records and sustained engagement in the Philippines.

At the same time, newer entrants also account for a substantial share of the market, accounting for 28 per cent of respondents. A majority of these firms have entered in the post-pandemic period, seeking to capitalise on the Philippines' economic recovery and the expanding opportunities for foreign investment.

**In what year did your company establish operations in the Philippines?**




NOTE: The number of respondents for this question was 36. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

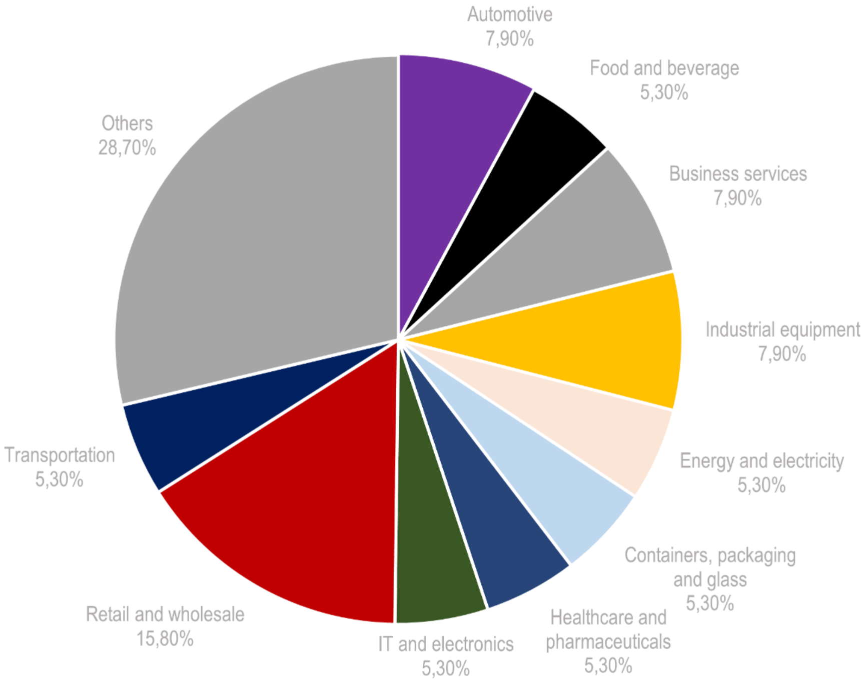
In terms of industry, Swedish companies in the Philippines are active across a broad range of sectors. The sectoral distribution shows a notable concentration in retail, accounting for around 15 per cent of respondents. This can be attributed to the continued expansion of Swedish consumer goods and lifestyle brands in the country, supported by rising household consumption and urbanisation.

Industrial segments also represent a significant share of Swedish business activity. This aligns with the broader profile of Swedish firms in the market, many of which are engaged in manufacturing-related industries. Key sub-sectors include automotive and industrial equipment, each comprising approximately eight per cent, alongside representation in food processing and packaging. In these areas, Swedish companies typically contribute advanced technologies in automation, processing, and safety solutions. Strategically important sectors such as energy and electricity, as well as healthcare and pharmaceuticals, are also represented. These sectors are of particular interest to Team Sweden, as they align closely with national development priorities while leveraging Sweden's strengths in innovation and sustainability.

A number of Swedish firms also operate within professional services, particularly in information technology and business support services, accounting for approximately six and eight per cent of respondents, respectively. This reflects the Philippines' position as a regional hub for digital services and outsourced operations.

Beyond these leading sectors, a considerable share of Swedish companies is also active in industries outside the top ten, highlighting a diverse and evolving business footprint. This includes aerospace and defence, chemicals, construction, and waste and recycling, among others.

**What is your company's main industry in the Philippines?**

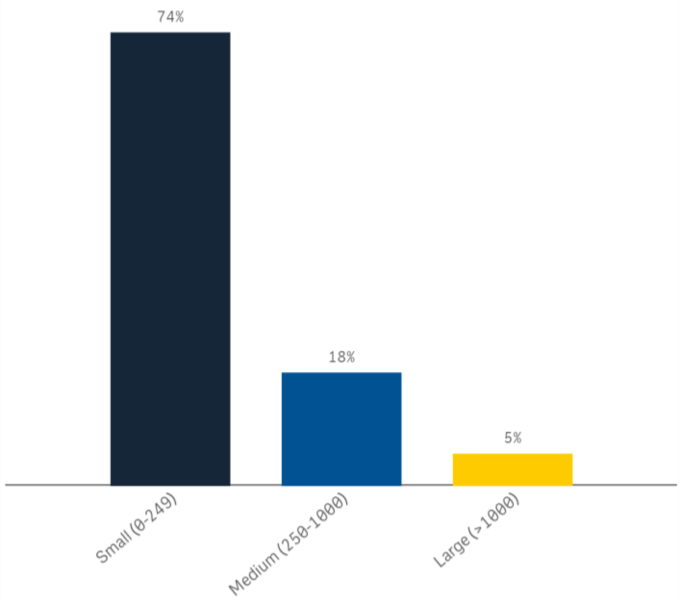



NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

In terms of employment, the majority of Swedish companies in the Philippines operate with relatively small workforces, typically with fewer than 250 employees. These companies often operate with focused operations, supporting lean organisational structures.

At the same time, a small subset of companies has established larger-scale operations, employing more than 250 people, with some exceeding 1,000 employees. These larger employers are primarily found in manufacturing, retail, and IT-BPO, reflecting sectors where the Philippines has strong competitive advantages, and where operational scale is central to business operations.

**Swedish firms' local number of employees in the Philippines in 2026**




NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

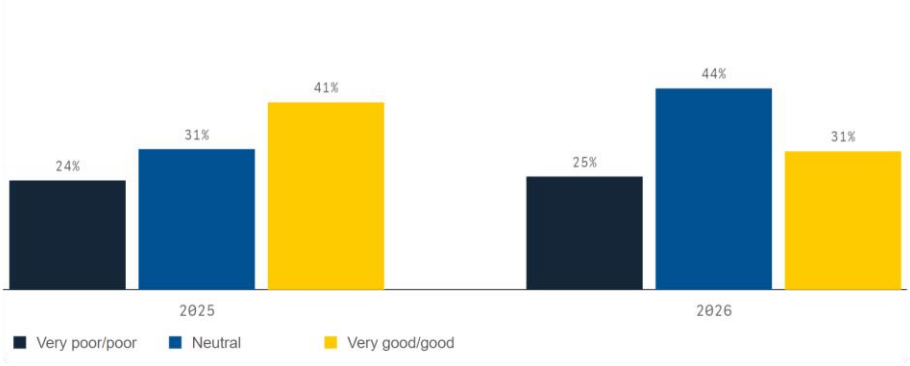
## Business sentiment remains positive but more cautious

Overall, perceptions of the business climate in the Philippines remain positive, although there has been a shift towards a more neutral stance. Approximately 31 per cent of companies rate the current business climate as good or very good, while a further 44 per cent consider it neutral. Around one quarter of respondents perceive the business climate as poor.

Compared with the previous year, however, the share of positive ratings has declined by around ten percentage points, largely shifting towards neutral assessments. This change coincided with a period of heightened public scrutiny of government projects following governance concerns linked to major flood control infrastructure projects. While these developments may support stronger institutional accountability over the long term, it has contributed to short-term uncertainty, affecting trust in public institutions and affecting investor and consumer confidence. This has also weighed on FDI inflows and consumption growth that has affected business climate perception.

Perceptions also vary across segments. Small and medium-sized enterprises tend to be more divided, with views ranging from favourable to negative. Companies in the industrial sector are more likely to report a weaker business climate, whereas those in consumer goods adopt a more neutral stance. This highlights their vulnerabilities to fluctuations at both global and local levels, which could directly affect their operations.

**How do you perceive the current business climate in the Philippines?**




NOTE: The number of respondents for this question was 36. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

Together with the investment outlook, the findings suggest that companies remain cautiously optimistic about the country, taking a cautious "wait-and-see" approach to the situation. The interviews indicate that firms are closely monitoring both internal and external challenges – particularly potential bottlenecks in transportation and logistics – and remain prepared to adjust operations or recalibrate strategies as conditions evolve.

Some global companies also noted that amid ongoing challenges in the Middle East, the Philippines (and the broader Asia-Pacific region) is expected to account for a larger share of business activity. This underscores the country's continued importance as a growth market. It further indicates that, despite near-term uncertainties, companies retain confidence in the Philippines' medium- to long-term potential due to its strong market fundamentals.

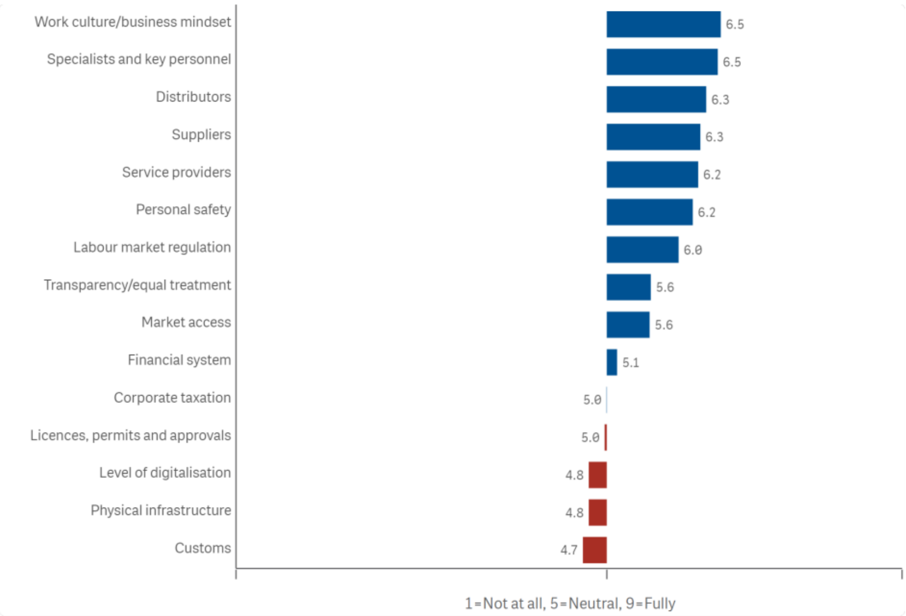
## Work culture and local partnerships remain key strengths

One of the most positively rated factors by Swedish companies in the Philippines is the work culture. This is driven by the Filipinos' "can-do" attitude, coupled with high English proficiency and strong familiarity with Western values and business practices, all of which facilitate closer integration with Swedish corporate culture and working methods.

Aside from this, Swedish companies view access to qualified partners as a key strength. The availability of specialists and key personnel, together with a well-established ecosystem of distributors, suppliers, and service providers, enables companies to operate with greater efficiency. This partner landscape can be valuable in supporting entry into new markets or segments, as well as in navigating complex administrative requirements such as permitting and regulatory processes. This, in turn, allows Swedish firms to streamline operations and reduce time-to-market.

Labour market conditions are also viewed positively. Swedish companies rated personal safety, transparency and equal treatment, as well as labour market regulations, at around six out of nine. This suggests a generally stable and functional labour market environment, though not without areas of improvement.

**How well do the following conditions meet the needs of your company in the Philippines?**

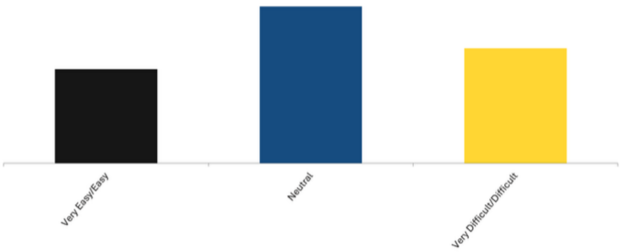



NOTE: The number of respondents for this question was 38.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

## Talent availability remains strong despite recruitment challenges

Swedish companies report that access to specialists and key personnel is a notable strength, with talent generally viewed as readily available in the Philippines. However, results indicate that recruitment conditions remain uneven, with many respondents characterising the overall hiring process as neutral. Experiences vary significantly depending on the specific role and level of seniority, with challenges more likely in professional services and manufacturing-related sectors.

**How would you rate the ease of recruiting and retaining skilled talent in the Philippines?**




NOTE: The number of respondents for this question was 38.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

Some companies observe that recent changes in the educational curriculum have affected the readiness of new graduates, with entry-level candidates in some cases perceived as less prepared to enter the workforce immediately. This has led to calls for stronger alignment between the education and labour market needs, through closer collaboration between industry and academia.

More neutral assessments were given to operational factors such as the financial system, corporate taxation, and the issuance of licences, permits, and approvals are generally perceived as neither strongly positive nor negative. Some companies highlight the need to further streamline application and approval processes to make it easier to do business in the country. There are also concerns about taxation, particularly increases in fees and complex bureaucratic processes despite relatively transparent sales reporting.

Key challenges remain concentrated in physical and digital infrastructure, as well as in customs procedures. These areas were also identified as challenges in the 2025 BCS, suggesting limited improvement over time. Respondents noted that persistent inefficiencies in these areas have limited the development of a more robust and integrated supply chain ecosystem in the Philippines and created operational bottlenecks for businesses. Addressing these gaps is seen as critical to enhancing competitiveness.

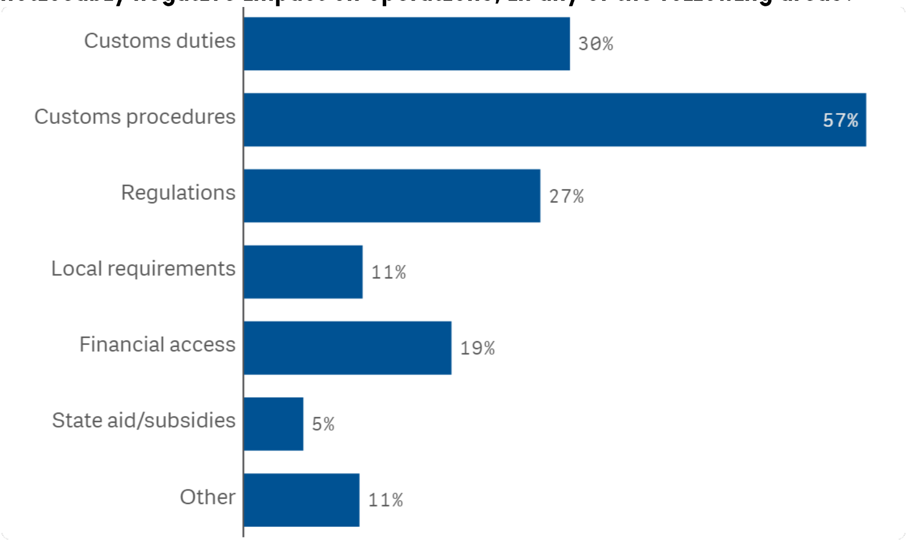
## Customs procedures remain the main trade barrier

Customs is the single most challenging trade barrier faced by Swedish companies in the Philippines. In particular, respondents frequently cite difficulties related to customs procedures, which include lengthy processing times, complex documentation requirements, and inconsistent enforcement of regulations. These issues can cause delays in shipment and increase operational costs.

Survey results show that larger companies, as well as those in the consumer goods sector, are more likely to report challenges related to customs procedures and regulations, reflecting greater exposure to customs and regulatory challenges. In contrast, smaller companies tend to highlight customs duties as a more immediate concern. Some have noted that streamlining fees could help reduce business costs and improve competitiveness.

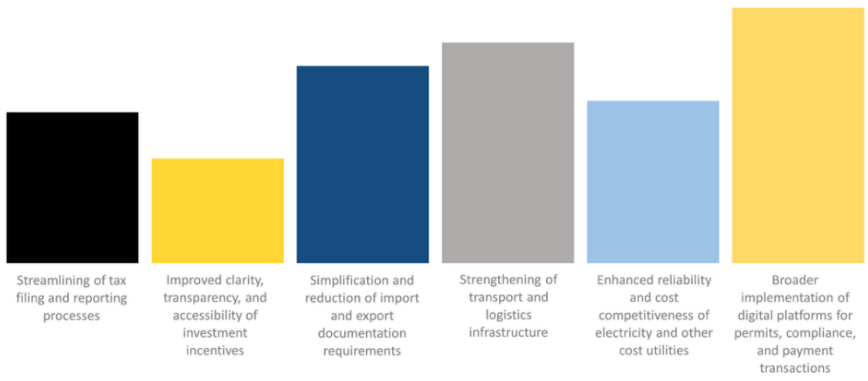
Companies also highlighted varying requirements imposed by local government units for permits, as well as frequent regulatory delays and complex procedures within government agencies, such as the Food and Drug Administration (FDA) and Bureau of Internal Revenue (BIR).

**Has your company in the past year encountered trade barriers in the Philippines with a noticeably negative impact on operations, in any of the following areas?**




NOTE: The number of respondents for this question was 37.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

## Digitalisation and infrastructure remain key reform priorities




NOTE: The number of respondents for this question was 38.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

According to Swedish companies, a key priority area for reform to enhance the Philippines' competitiveness and support economic growth is digitalisation. Many respondents cite continued reliance on paper-based processes and fragmented administrative systems as key inefficiencies. This has become increasingly important in the context of recent operational adjustments across government agencies, including reduced on-site work arrangements in response to the recent increases in oil prices, with several institutions shifting towards hybrid and digital working arrangements. While this transition has created momentum for digital services, respondents emphasise the need to accelerate and fully implement digitalisation measures to ensure efficiency.

In addition to digital infrastructure, physical infrastructure is also identified as a critical reform area. Traffic congestion is highlighted as a major operational challenge, particularly in urban centres, contributing to increased costs and longer lead times. In addition, flooding and climate-related disruptions are raised as significant concerns, with respondents noting the increasing frequency and intensity of typhoons. As a result, continuous investment in public infrastructure programmes is essential, alongside strengthened scrutiny and accountability in government projects, to ensure effective implementation.

Lastly, respondents highlighted the importance of simplifying and reducing import and export documentation requirements. Current processes are often described as lengthy and burdensome, particularly when multiple agencies are involved. Some noted that delays linked to regulatory approvals, such as those from the FDA in food and beverage, as well as medicine and nutritional supplements, can further extend approval timelines. While respondents recognise the importance of maintaining high quality standards, they noted that EU compliance requirements are already stringent. In this context, easing regulatory procedures and reducing administrative bottlenecks could further improve trade processes.

The Bureau of Customs (BOC) has also stated that they are pursuing digitalisation efforts, anchored on the Philippine Customs Modernisation Program (PCMP). This is expected to create a unified customs processing system that would simplify procedures.

Other areas identified for reform include the streamlining of tax filing and reporting processes, improved clarity and consistency in the application of investment incentives, and broader efforts to enhance market access, particularly for foreign companies operating in the retail sector.

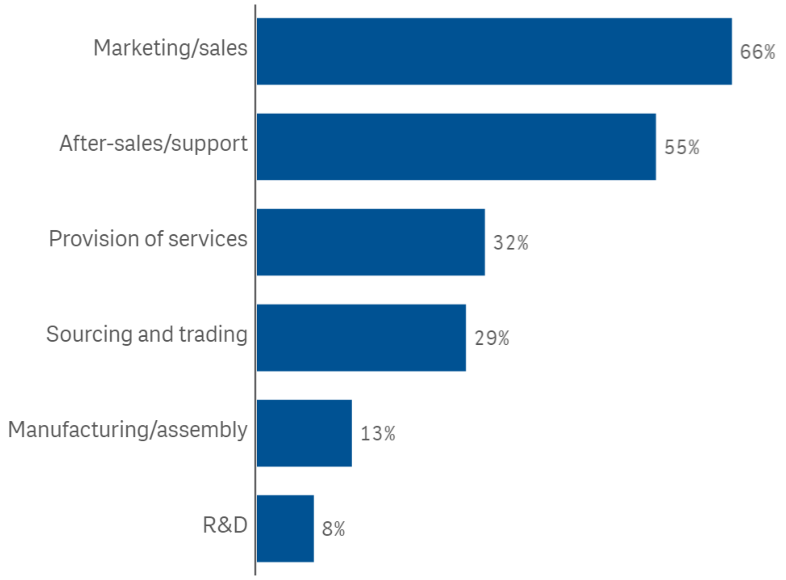
# How Swedish companies succeed in the Philippines

## Swedish companies focus on client-facing operations and providing technical support

Survey results show that most Swedish firms in the Philippines are engaged in marketing and sales activities (66 per cent), as well as after-sales services (55 per cent) and customer support services (32 per cent), highlighting the client-facing nature of many operations in the country.

In contrast, a smaller proportion of firms is engaged in manufacturing and research and development (R&D), underscoring that higher-value production activities are less commonly located in the Philippines among Swedish firms.

**Operations of Swedish firms in the market**



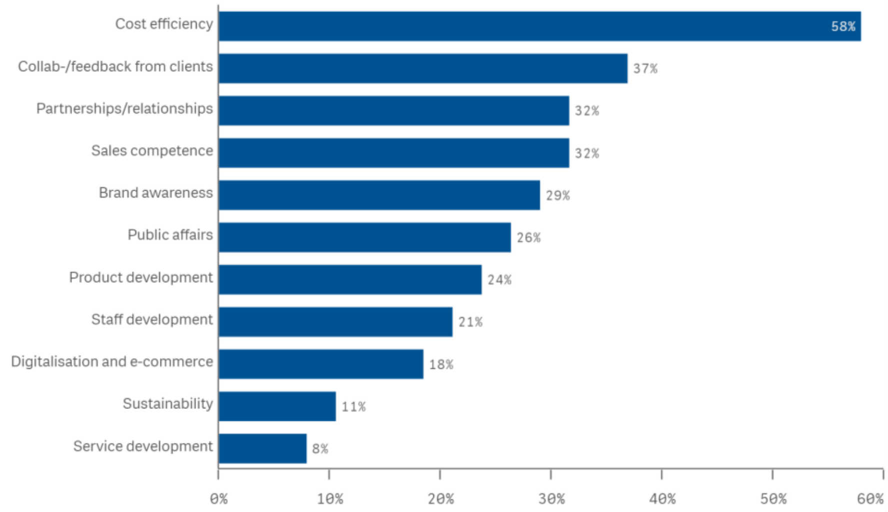

NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

## Cost efficiency and client relationships drive competitiveness

Respondents consistently emphasise that cost efficiency (58 per cent) remains a primary driver of competitiveness in the Philippines. This is followed by the importance of maintaining a collaborative relationship with clients (37 per cent), as well as with other key stakeholders (32 per cent), including government institutions and business partners. In general, strong relationship management is viewed as essential for navigating the local business environment.

As most Swedish company activities in the Philippines are concentrated in sales and customer-facing functions, sales competence (32 per cent) is also identified as a critical success factor. In parallel, brand awareness (29 per cent) ranks relatively high, underscoring the importance of building local recognition and trust. This reflects the nature of the Philippine market, where familiarity and reputation play a significant role in shaping purchasing decisions and supporting long-term market presence.

**To date, which of the following areas have been important in maintaining competitiveness in the Philippines?**

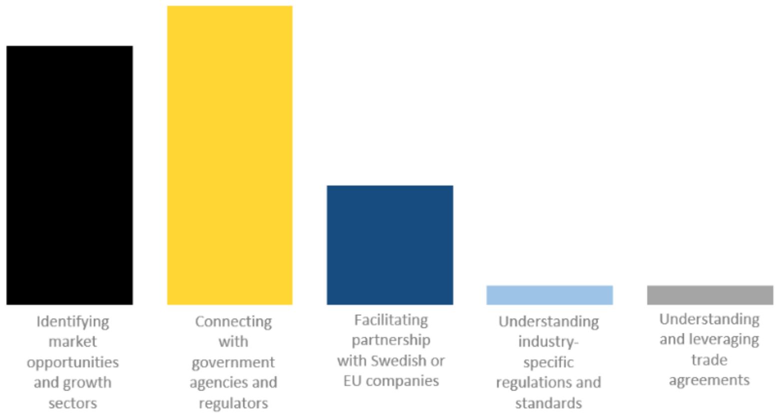



NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

At the same time, digitalisation, sustainability, and service development are generally viewed as contributing less to competitiveness. This may reflect areas that are still in a relatively early stage of development in the local context, with uneven levels of adoption.

## Swedish businesses rank connecting with government agencies as the area in most need of support

**In which areas do you need the most support to expand your operations?**




NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

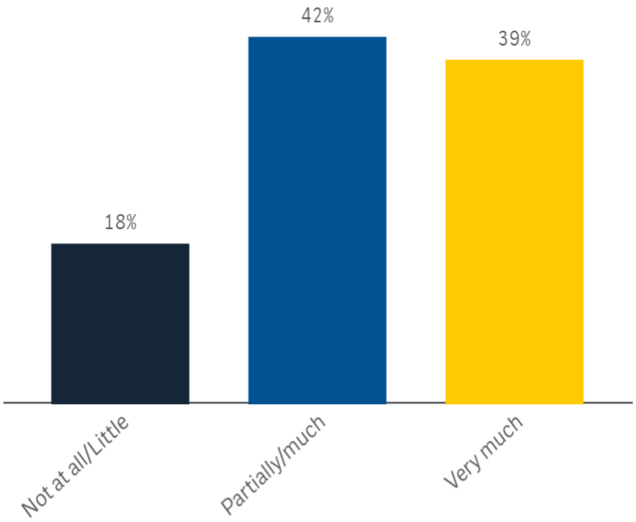
A majority of Swedish companies (40 per cent) stated that they would like to see more activities that facilitate engagement with government agencies and regulators. This is closely followed by assistance in identifying market opportunities and growth sectors (35 per cent), along with facilitating partnerships with Swedish or EU companies (15 per cent).

# The Swedish brand remains a strong business asset

Consistent with these findings, the Swedish brand is perceived as a positive contributor to company positioning in the Philippines, with many respondents associating it with quality, safety, and innovation. In fact, 42 per cent of companies note that it contributes positively to their business, while a further 39 per cent state that it contributes to a great extent.

This represents a clear improvement compared with the previous year, when only 29 per cent stated that it greatly contributed to their business. The shift suggests strengthening brand recognition and an increasing ability of the Swedish brand platform to support Swedish companies in building credibility and visibility in the Philippine market. Companies involved in professional services and consumer goods are more likely to report a strong positive impact, as are newer market entrants who benefit from the credibility it provides.

**To what extent would you estimate that the “Swedish brand” contributes to your business in the Philippines?**




NOTE: The number of respondents for this question was 38. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

# Acting sustainably

## Sustainability awareness is gradually increasing

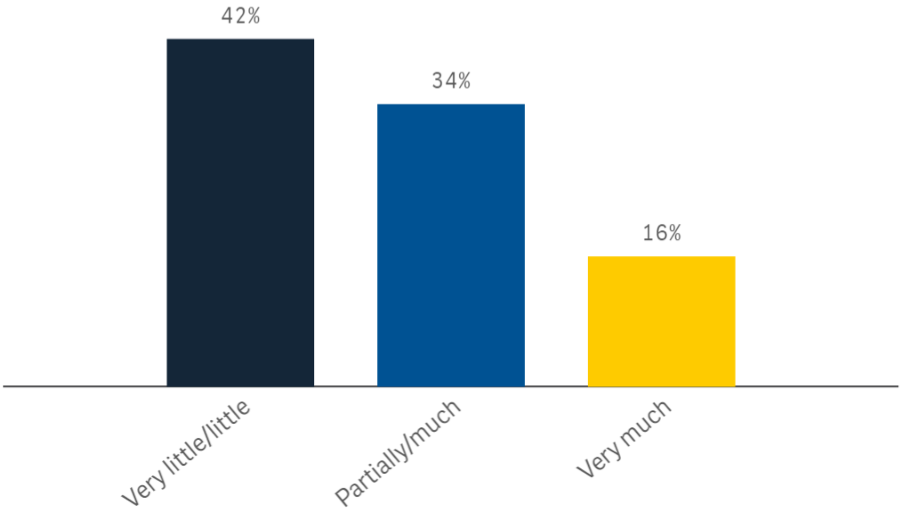
Sustainability is not yet a primary consideration for most companies, but it is gradually gaining traction in the Philippine market. In particular, respondents in industrial and consumer sectors note that sustainability is becoming increasingly relevant to their customers, with some indicating that it already plays a significant role in purchasing decisions.

At the moment, however, respondents describe sustainability as "largely reactive". Customers and businesses tend to respond more strongly to regulatory requirements or cost pressures, rather than proactively prioritising sustainability agendas. This results in slower adoption and limits the immediate commercial impact of sustainability-focused offerings – a core strength of many Swedish businesses.

Despite this, there is a growing hope that recent global and local disruptions could act as a catalyst for increased focus on sustainability. Respondents point to the ongoing oil crisis, which could accelerate interest in renewable energy and energy efficiency solutions. At the same time, the Philippines' vulnerability to extreme weather events – such as typhoons and flooding – continues to underscore the importance of resilient infrastructure, both for risk mitigation and business continuity. Some companies also report early signs of changing consumer awareness, although this has yet to translate into widespread adoption.

Overall, respondents stress that while Swedish companies remain committed to the sustainability agenda and have implemented corresponding efforts, broader progress will depend heavily on enabling infrastructure and stronger public sector leadership. Investments in areas such as sustainable transport systems, renewable energy, and urban planning, as well as incentives for companies willing to adopt greener practices, are seen as critical to advancing the sustainability agenda.

**To what extent do customers in the Philippines consider environmental aspects of a product or service in their purchasing decision?**

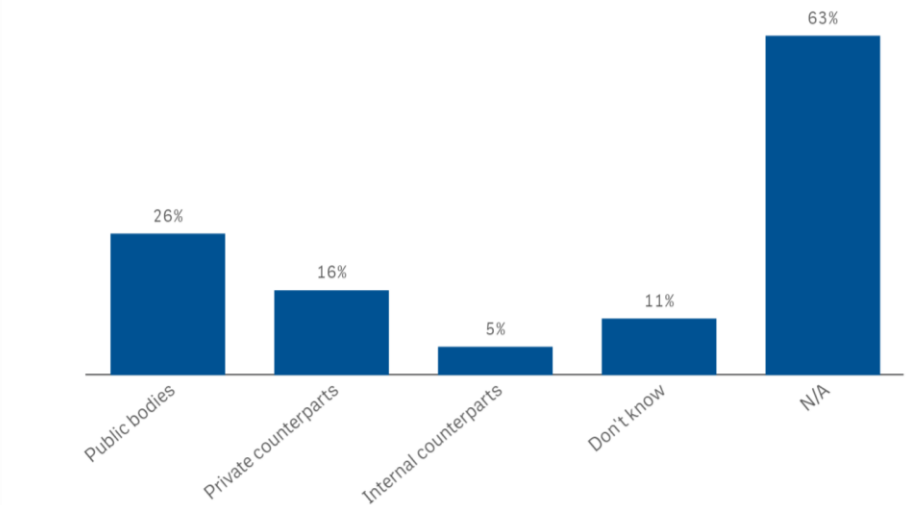



NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

## Corruption risks remain a concern for some companies

In terms of corruption, Swedish companies report some concerns, particularly among larger firms that tend to have greater interaction with public institutions and complex operations. However, the majority of respondents report that they have not experienced direct exposure to corruption in their day-to-day activities.

**Has your company in the Philippines been exposed to corruption such as, but not limited to, attempts of bribery or fraud in contacts with any of the following areas?**

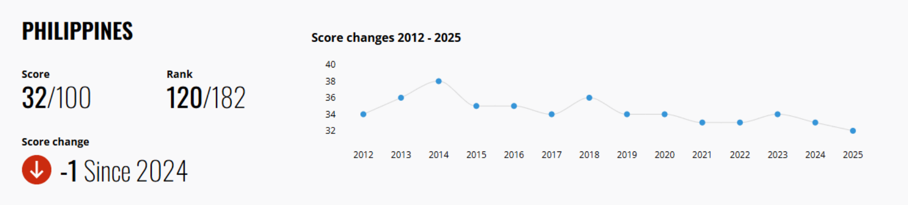



NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

It is noted, however, that corruption remains a concern for many companies, particularly given its broader impact on investor and consumer confidence, which may weigh on overall market growth. The recent governance issues related to public infrastructure projects in 2025 were specifically cited by several respondents as a source of uncertainty, reinforcing perceptions of governance risks in large-scale projects.

According to Transparency International, the Philippines ranked 120th out of 182 countries in 2025, with a score of 32, reflecting continued governance challenges. In ASEAN, the Philippines ranks among the lower-performing countries in terms of perceived corruption, only ahead of Cambodia (ranked 163rd) and Myanmar, which remains significantly affected by ongoing internal conflict and institutional instability.

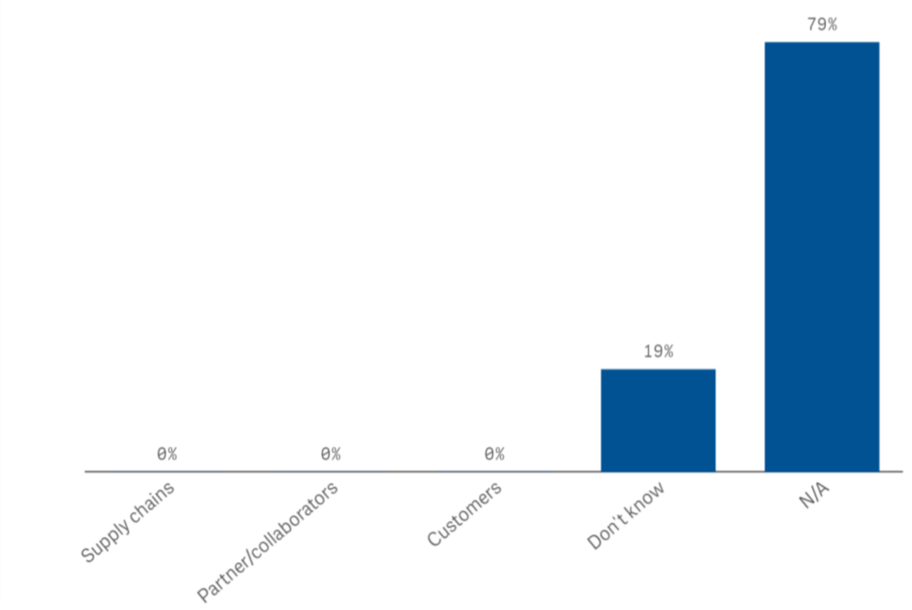
### Corruption Perception Index 2025




SOURCE: Transparency International

At the same time, reported instances of human rights violations remain limited, suggesting that most companies are able to operate in line with their corporate standards and compliance requirements. Some respondents also indicated that they do not have sufficient visibility or experience to assess the extent of human rights issues, highlighting a gap in transparency and information clarity.

**Has your company in the Philippines encountered any form of human rights violations and/or labour rights abuse in contacts with any of the following areas?**




NOTE: The number of respondents for this question was 37. "Don't know/Not applicable" responses are included but not shown.
SOURCE: Business Climate Survey for Swedish Companies in the Philippines 2026

## Conclusion

The Philippines continues to present a fundamentally attractive growth market for Swedish companies, underpinned by strong macroeconomic resilience, a large and young consumer base, and its strategic position within Asia-Pacific value chains. Despite a moderation in GDP growth in 2025, the economy is expected to regain momentum in the latter half of 2026 and in the years ahead. In the meantime, several lessons emerge for those seeking to succeed in the market:

1. **Success is closely tied to cost efficiency and local market familiarity.** While awareness of "Brand Sweden" is gradually increasing, companies must balance premium positioning with competitive pricing and adapt offerings to local preferences to fully capitalise on this.
2. **Strong fundamentals are tempered by structural bottlenecks**. Challenges such as regulatory complexity and infrastructure gaps require proactive stakeholder engagement and building stronger relationships with government agencies. Maintaining these relationships is essential for navigating business hurdles.
3. **Choosing the right local partners is critical.** Reliable distributors and retail partners can significantly accelerate market entry, expand reach, and provide valuable local market insights that are difficult to replicate independently.
4. **Long-term commitment to sustainability is increasingly important**. While the market is still developing in this area, awareness is steadily rising among consumers and regulators. Companies that invest early in sustainable practices and positioning are likely to strengthen their long-term competitiveness over time.

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