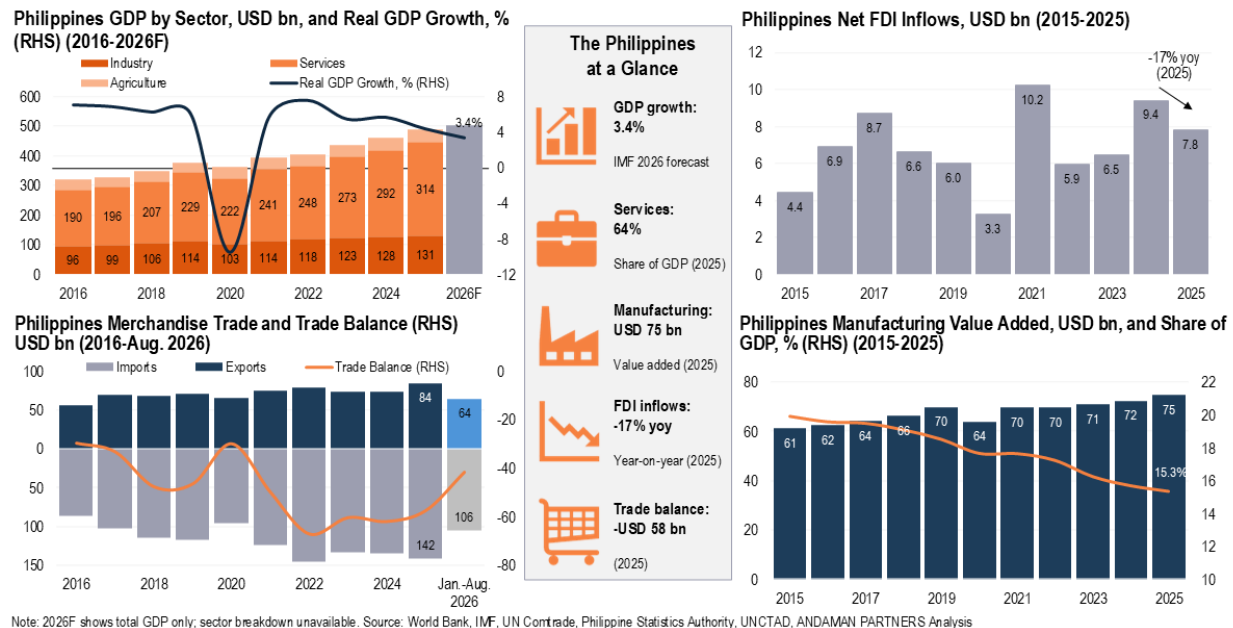


Services Increasingly Drive the Philippines' Economy

Services account for nearly two-thirds of GDP, while manufacturing value added rises, foreign investment weakens and economic growth moderates



The Philippines has gradually transformed into a services-driven economy, with services now accounting for nearly two-thirds of GDP. From business process outsourcing and financial services to retail, tourism and digital activities, the sector has become central to the country's economic expansion, supported by a large domestic market and a growing role in international services trade.

The economy has expanded considerably over the past decade, but growth has moderated after the strong post-pandemic recovery. The IMF forecasts real GDP growth of 3.4% in 2026, reflecting slower expansion but continued momentum.

Manufacturing remains an important part of the picture. Its value added reached approximately USD 75 billion in 2025, up from USD 61 billion in 2015. Yet manufacturing's share of GDP fell to 15.3%, showing that other sectors, particularly services, have expanded faster.

Foreign investment presents a more mixed picture. Net FDI inflows fell 17% to USD 7.8 billion in 2025, down from USD 9.4 billion the previous year. Merchandise trade remains heavily import-dependent, with exports of about USD 84 billion and imports of USD 142 billion in 2025, resulting in a trade deficit of about USD 58 billion.

For international businesses and investors, the Philippines offers a substantial consumer market, an established services industry and a growing manufacturing base. Its longer-term opportunities are significant, although slower growth, uneven investment inflows and persistent trade imbalances remain important considerations.

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