

Philippines

92%

of business executives say the Philippines is too reliant on fossil fuel imports, the highest proportion of all 18 countries surveyed

Prompted by the volatility in energy prices caused by the recent rise in geopolitical uncertainty, business leaders would welcome a quicker switch to domestically-sourced renewables-based electricity.

What Business Needs

Senior executives say that financial support and other market incentives would speed up the pace at which individual companies and the wider economy are electrifying.

Policy Context

The Philippine clean electrification plan supports the government's wider goal of building a more secure, sustainable and resilient energy system. The integration of renewables-based electricity comprises an important facet of this structural shift. To that end, the government has set targets for renewables to comprise a 35% and 50% share of the power generation mix by 2030 and 2040, respectively—up from 22.2% at present.¹ Given the country's susceptibility to typhoons, flooding, and other extreme weather events, climate mitigation has long underwritten the country's energy transition plan. Between 2015-2024, natural disasters generated almost US\$400 billion in estimated damages.² These physical risks are not lost on businesses, with over one third (35%) of

executives picking 'tackling climate change' as one of the primary benefits of electrification.

More recently, economic reasons have begun forming an increasingly significant part of the government's political calculus. The roll-out of distributed renewables, microgrids and resilient energy infrastructure, for instance, is viewed as integral to the electrification of remote and disaster-prone areas—an essential step in the country's pursuit of 100% household electrification.

Even more marked is the rise of energy security on the political agenda. This is linked to pressure on domestic prices caused by the escalation in geopolitical uncertainty and its knock-on effects for global energy markets. The Philippines is exposed to this volatility because of its high dependency on fossil fuels imports, which comprise around 78% of the country's total energy supply³—much of which is destined for power production.

¹ <https://www.iea.org/countries/philippines>

² <https://psa.gov.ph/statistics/environment-statistics/node/1684062606>

³ <https://prod-cms.doe.gov.ph/documents/d/guest/2024-philippine-energy-situationer-and-key-energy-statistics-pdf>

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Again, business leaders are acutely aware of this vulnerability, with 92% believing that the country is currently too reliant on fossil fuel imports (the highest figure in the survey). For the same reason, 'reducing reliance on fossil fuel imports' is the benefit of electrification that executives chose most frequently (36%). Most convincing of all is the universal opinion among business leaders (100%) that electrifying their operations would improve their energy security.

Business Viewpoints

The support of Philippine companies for clean electrification is informed by the economic advantages it is widely perceived to offer. Almost all senior executives agree that electrifying their operations will make them more competitive (99%) as well as driving business growth (99%). Hence, most (92%) also agree that businesses should prioritise

electrification over fossil-fuel equipment over the next decade, the highest figure among all the 18 countries polled. A number of hurdles to full electrification stand in the way, however. Despite the government's ambitious targets, for instance, most business leaders (89%) say that its policies are moving too slowly to support the pace of electrification that businesses need. This is reiterated by the high percentage (80%) of executives who believe that the Philippines is falling behind in the race to electrify. As a corrective, nearly half (47%) identify more public grants and subsidies as among the most effective policies for fast electrification. Although Philippine businesses see new growth opportunities in areas such as low-carbon manufacturing, a substantial proportion (78%) would consider relocating overseas should government support for electrification be insufficient.

92% of Filipino executives say the country is too reliant on fossil fuel imports

■ Strongly agree ■ Somewhat agree ■ Neither ■ Somewhat disagree
■ Strongly disagree ■ Don't know

To what extent do you agree or disagree with the following statements? : The Philippines is too reliant on fossil fuel imports from other countries

