

## FACT SHEET PHILIPPINES

### 1. Status quo

Negotiations on a trade and investment agreement between the EU and the Philippines began in December 2015. The second round of negotiations between the EU and the Philippines took place in February 2017, but the talks were subsequently put on hold. In July 2023, the EU and the Philippines announced their intention to conduct a comprehensive review to assess whether the conditions are right for a possible resumption of negotiations on a free trade agreement.

In March 2024, the EU and the Philippines announced the resumption of negotiations on the FTA ([EU-Philippines agreement](#)).

#### Petita of the VDA:

- Swift conclusion of FTA negotiations: The Philippines and ASEAN are important growth and diversification markets for the German automotive industry. The VDA welcomes the resumption of free trade negotiations with the Philippines and hopes for a swift conclusion of the FTA negotiations.
- Reduce automotive-specific import tariffs: Currently, the import tariff rate for EVs and PHEVs is 0%. A similar reduction of the tariff rate is also necessary for imports of vehicles with combustion engines (currently 30%) and parts.
- Reduce excise duties on imported vehicles with combustion engines: High excise duties on vehicles with combustion engines ranging from 4% to 50% of the net sales price are slowing down the motorization of the Filipino population and should be lowered or removed.
- Regional Value Content (RVC) requirements on par with international competitors: EU Commission should strive for RVC requirements which are on par with similar ASEAN FTAs and are not higher than 40 %. In general, however, the VDA advocates free trade, markets that are as open as possible and is committed to the advantages of a global division of labor.
- Remove non-tariff barriers to trade (NTBs): Harmonization of all technical requirements for automotive products based on the regulations of the United Nations Economic Commission for Europe (UNECE) is needed. The aim should be to fully recognize all UNECE regulations and certificates without any additional burden for companies.

### 2. German automotive industry on site

Companies of the German automotive industry have around 39 production sites in the Philippines, exclusively from suppliers (Dun & Bradstreet, 2022).

### 3. Automobile-specific import tariffs and other taxes

Produkt	HS-Code	Regular Import Duty (MFN)	Preferential duty rate (ASEAN & China)
BEV (CBU – “Completely Built Up”)	8703 80	0%	0%
PHEV (CBU)	8703 60 & 8703 70	0%	5%-30%
PHEV (CKD)	8703 60 & 8703 70	0%	

FBU with combustion engine	8703 21 - 8703 33	30%	5%-30%
Batteries for BEV	8507 60	1%	0%
Body	8707 10	10%	5%
Other parts of vehicle	8708 99	10%	5%
Battery Cells	8507 60	1%	0%
BEV CKD (CKD – “Completely Knocked Down”)	8703 80 19	0%	20%
ICE (CKD)	87 03 23	30%	30%

Additionally, excise duty is levied at a rate of 4% of the net retail sales price for vehicles of an importer's selling price not exceeding 600,000 PHP/vehicle (equivalent to approx. 9,450 Euro). A 10% rate of the net retail sales price is applied to vehicles of an importer's selling price exceeding 600,000 PHP but not exceeding 1,000,000 PHP/vehicle (approx. 15,750 Euro). Vehicles of an importer's selling price exceeding 1,000,000 PHP but not exceeding 4,000,000 PHP/vehicle (approx. 63,000 Euro) are subject to a rate of 20% of the net retail sales price, whilst vehicles of an importer's selling price exceeding 4,000,000 PHP/vehicle are subject to a rate of 50% of the net retail sales price. Pickups are exempted from excise duty.

#### 4. Regional Value Content (RVC)

Companies in the German automotive industry compete directly with international competitors in the Philippines and other ASEAN markets. E. g. in the Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Co-Operation between ASEAN and China (ACFTA) both sides agreed on RVC of 40%. In order to achieve a level playing field with Chinese and other international competitors, the EU Commission should strive for a similar level of max. 40%. In general, however, the VDA advocates markets that are as open as possible and is committed to the advantages of a global division of labor.

#### 5. Non-tariff barriers (NTBs)

There are frequent delays in the product certification of automotive products in the Philippines. Affected (aftersales) parts include starter batteries, lithium-ion batteries, reflectors, bulbs, headlights and other parts. The components mentioned are not harmonized and therefore do not fall under the 19 harmonized ASEAN regulations. As a result, vehicle manufacturers must fulfil the standards set out in the Philippine Standard (PS) quality mark, including annual audits for parts manufacturers. This is a huge bureaucratic effort and often involves several thousand parts at the respective companies.

#### 5. Ramp-up of electromobility

The Philippines enacted the Electric Vehicle Industry Development Act (EVIDA) in April 2022. The aim of the law is to improve energy security by reducing dependence on imported fuels. EVIDA includes tax incentives for manufacturing, import and use of EVs as well as non-tax benefits such as simplification of customs and registration procedures. The law provides incentives by exempting import tariffs on fully built EV charging stations.

As of April 30, 2025

In addition, in May 2024, the National Economic and Development Board (NEDA) of the Philippines introduced an extension of the MFN duty rate on EVs and components until 2028 ([Electric Vehicle Imports in the Philippines Benefit from Expanded Zero-Tariff Rates](#)).

The Philippine government's goal is to put 6.6 million electric vehicles on the road by 2030. By 2040, 50% of all vehicles are to be electric.

#### 6. Raw materials

For nickel, the Philippines is the world's second most important sourcing country in terms of mine production (11.2% of global production). For cobalt, which is particularly important for lithium-ion batteries, the Philippines is also one of the world's most important sourcing countries in terms of mine production (7th place, 2.1% of global production). The Philippines is one of the countries with the highest reserves of both nickel (6th place, 3.1%) and cobalt (7th place, 4.7%) ([DERA](#), 2021).

As of April 30, 2025



# Philippines

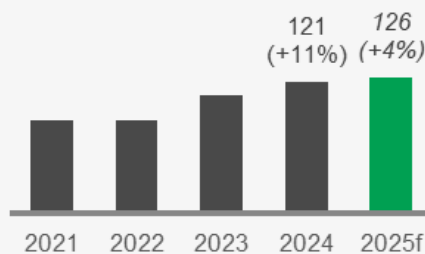
## I Economic Situation

- **GDP-Forecast 2025:** +5.9% (2026: +5.9%)
- **Forecast Private Consumption 2025:** +5.5% (2026: +5.5%)
- **Forecast Inflation 2025:** +2.8% (2026: +3.1%)
- **Forecast Capital Investments 2025:** +6.2% (2026: +6.6%)

A comprehensive reform package ("Create More") is intended to attract investors by reducing bureaucracy and lowering taxes, among other things. The aim is to attract manufacturing industry in particular.

## II Passenger Car Sales

Thousands

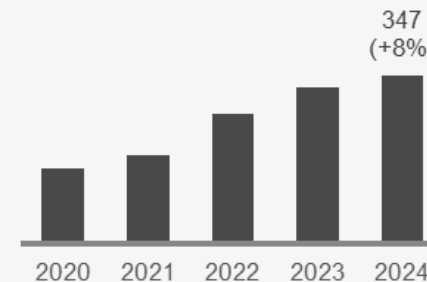


- **February 2025:** 8,200 units (-15%)
- **Jan.-Feb. 2025:** 15,900 units (-12%)
- German OEMs have a very low market share.

f = forecast

## III Commercial Vehicle Sales

Thousands



- **February 2025:** 31,000 units (+9%)
- **Jan.-Feb. 2025:** 60,900 units (+13%)

## IV Situation of the Automotive Industry

- The market figures are characterized by an unusual segmentation, which means that the commercial vehicle market is larger than the passenger car market.
- In terms of total vehicle sales, 2024 was a record year. Never before have more vehicles been sold in the Philippines.
- The car density in the Philippines is 41 cars/1,000 inhabitants (in comparison: world 175 cars/1,000 inhabitants).

Sources: Fourin, Consensus Forecasts, GTAI