



Engine of Cebu's Business
Growth towards Global
Competitiveness

General Economic Overview of the Philippines, with emphasis on Cebu as an Island Province for Infrastructure Development Committee (IDC) – RDC November 20, 2025

As 2025 draws to a close, the Cebu Chamber of Commerce and Industry (CCCI) bear the responsibility of drafting clear, evidence-based guidelines for the unprecedented challenges that 2026 may present.

Beyond the macroeconomic indicators which currently show a contraction of the Gross National Product to 4.5 percent (a decline of approximately 26 percent from the expected 5.5 percent), we must anticipate every possible scenario, particularly those aligned with a downturn outlook. Preparing for the worst is the most prudent way to safeguard the stability of the business community, local institutions, and the wider Cebuano population.

1. The Five Pillars of the Philippine Economy

The Philippine economy stands on four principal pillars, with one essential stabilizer:

- a. Tourism
- b. Exports
- c. BPO Services
- d. Overseas Remittances
- +1. Public Spending

While this note does not aim to provide a full sector-by-sector analysis, several trends are already widely recognized:

A. Tourism

Tourism has seen steady decline from 2024 to 2025, with current estimates indicating a contraction of 25–30 percent. The reduction in arrivals affects airlines, hotels, restaurants, island economies, and thousands of SMEs reliant on tourism flows.

This contraction also reflects competitive slippage: regional peers—Vietnam, Thailand, Indonesia—are capturing high-value segments such as MICE, cruise tourism, and medical tourism due to better airports, safer transport systems, and more predictable regulations.

B. Exports

Export figures appear nominally stable, but the underlying composition is shifting:

Manufacturing output continues to fall.

Raw materials and minerals, particularly gold, silver, and copper, are increasing in share.

This signals deeper structural vulnerabilities and limited value-added production.

The shift toward raw minerals reflects a regression in industrial sophistication. Once manufacturing supply chains exit, they seldom return—making this trend a strategic warning for Cebu's furniture, electronics, and shipbuilding ecosystems.

C. BPO Sector

The BPO sector remains relatively stable, with only a modest downturn, likely driven by global technology and outsourcing trends rather than domestic performance issues.



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However, BPO resilience cannot be assumed indefinitely. Global adoption of generative AI and competing incentives from India, Vietnam, and Malaysia could erode the sector's position unless Cebu upgrades digital infrastructure, cybersecurity, and workforce skills.

D. Overseas Remittances

Overseas Filipino Worker remittances remain the country's strongest economic lifeline. These flows sustain an imbalanced GNP structure and support a population of 118 million that continues to face deeply rooted structural disparities.

A striking indicator of this imbalance: the Philippines, once a net exporter of rice, now spends an estimated ₱300 billion annually on rice imports.

This rising import dependence magnifies exposure to global price swings and currency depreciation, tightening pressure on household budgets and inflation—especially for Cebu's consumption-driven economy.

2. The Critical Role and Current Weakness of Public Spending

Public spending is considered the “fifth pillar” of the economy. Since the time of Keynes, governments worldwide have relied on public expenditure—wisely or otherwise—as a stabilizing counterweight to crises and downturns.

This same practice, however, has created historically indebted nations:

Japan at 280 percent of GNP

The US and EU countries averaging 105–135 percent, many hovering near technical default

The Philippines, by contrast, maintains relatively low public debt. Yet it simultaneously suffers from one of the weakest infrastructure systems in the world.

For decades, across multiple administrations - the country has experienced chronic gaps in: utilities, public schools, hospitals, transportation networks, ports, airports, roads, railways, and other core infrastructure.

This statement is not directed as criticism toward any specific presidency. It is a sober assessment of historical progression: a nation that once led Asia in the 1950s–60s has steadily fallen behind.

The core problem today is not fiscal capacity, but execution and policy reliability. Delays, redesigns, right-of-way issues, and politicized project selection impose a “governance tax” that depresses investor confidence and slows job creation.

To reverse this trajectory, we must collectively accept responsibility and work to rebuild a country that remains one of the world's most naturally blessed, and whose people are among the most resilient and warm.

A DISCONTINUITY WITH THE PAST is essential.



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3. Cebu: The Case for Reform

In Cebu City, only four major infrastructure projects in recent decades have been completed on time, within budget, and at international standards:

- Cebu–Mactan Bridge No. 2 (1999 – Japanese contractor)
- Fort San Pedro Car Underpass (2009–2011 – Japanese contractor)
- Mactan Airport Terminal (2016–2018 – GMR–Megawide International Consortium)
- Cebu–Mactan 3rd Bridge (Spanish contractor)

These successes demonstrate what is possible when discipline, transparency, and accountability are enforced.

Cebu's strategic advantages: as a logistics hub, an educational center, a rising medical corridor, and the commercial anchor of the Visayas will be squandered if infrastructure delivery continues to be inconsistent. Cebu has the talent and capacity; what is missing is sustained technical governance.

If Cebu and the Philippines are to regain their competitiveness, infrastructure development must be depoliticized, professionalized, and placed under rigorous technical evaluation.

4. A Call for a Cebu Masterplan Built on Global Standards

To ensure the long-term viability, safety, and competitiveness of Cebu, we propose the creation of a comprehensive Cebu Masterplan, aligned with global standards, and designed to address the Province's and Cebu City's most pressing challenges.

This requires the formation of a pool of foreign and domestic experts—including engineers, architects, city planners, environmental specialists, transport and logistics experts, and economic planners—who will:

- conduct a full, independent review of existing and proposed infrastructure components;
- assess vulnerabilities, inefficiencies, and missed opportunities;
- identify key areas of concern, risk, and strategic importance;
- recommend reforms and technical solutions grounded in international best practices; and
- help Cebu build an actionable, future-proof, and climate-resilient Masterplan.

Such an expert-led approach ensures that Cebu avoids fragmented planning and instead adopts a science-based, climate-resilient development pathway comparable to Singapore, Penang, and Busan.

5. Proposed Measures

- a) Establish a National Infrastructure Plan in partnership with experienced foreign consultants.
- b) Open all public works to foreign contractors and/or joint ventures with qualified local firms, ensuring fair and transparent competition.
- c) Require Quantity Surveyor corporations, architectural firms, and engineering firms to pre-approve all tenders before bidding.
- d) Implement eligibility criteria, cost benchmarks, profit margin standards, and delivery milestones.



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- e) Authorize the national government to issue dedicated infrastructure bonds.
- f) Require Performance Bonds and Advance Payment Bonds from all contractors to ensure full compliance.
- g) Extend these provisions to local governments and mayors for uniform national standards.
- h) Integrate the proposed Cebu Masterplan review as a pilot model for nationwide urban and regional planning reform.

These measures not only enhance transparency, they also reduce cost overruns, limit delays, and build investor confidence by creating a predictable, rules-based infrastructure environment.

If adopted, these measures could unlock trillions of pesos in dormant or inefficiently used resources, elevate the Philippine economy to unprecedented levels, and reclaim the country's position as a premier investment destination in Asia—anchored in trust, transparency, and predictable infrastructure execution.

Ultimately, this is a call for every economic actor to exercise discipline, and for the public sector to adopt zero tolerance for inefficiency and wrongdoing.

CONCLUSION

We face difficult years ahead. But these same years offer a unique opportunity to build long-term stability, restore confidence, and renew pride in our beloved country—one where transparent public spending, world-class infrastructure, and disciplined governance are the rule, not the exception.