



The Philippines
**AHK World Business Outlook
Survey Results**

Fall 2021



Deutsch-Philippinische
Industrie- und Handelskammer
German-Philippine Chamber
of Commerce and Industry

 **PartnerInThePhilippines**

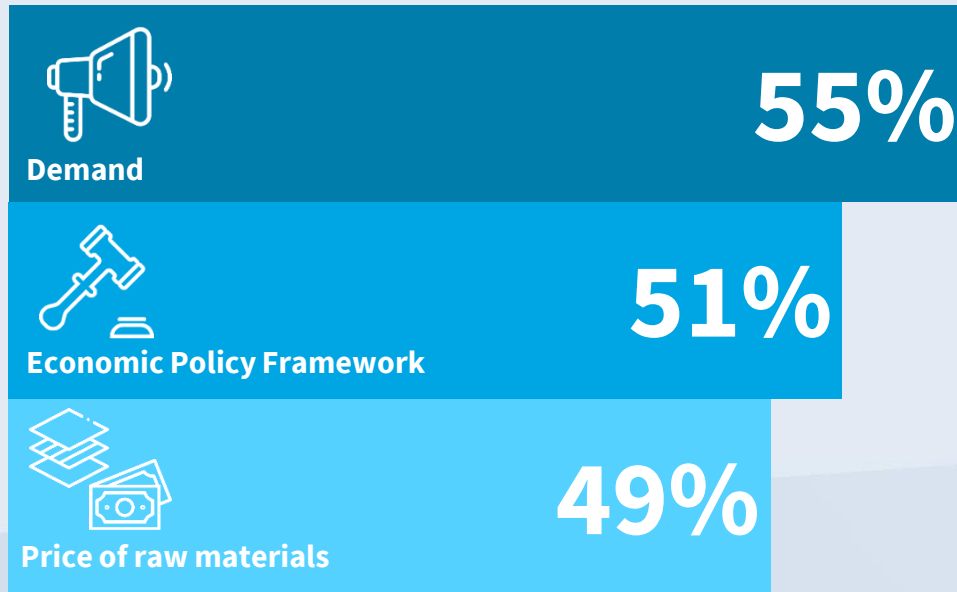
Summary of Results

- **In general, the figures in the Fall 2021 survey show an improvement from both Spring 2021 and Fall 2020 surveys.**
- **The current company situation remains unchanged but is gradually improving.** 32% of the companies consider their situation as good with a slight decrease in companies who consider their situation as satisfactory.
- **Figures show that companies have a positive business outlook for the next 12 months.** More than a half of survey participants (57%) expects a better outlook in Fall 2021 as compared to both Spring 2021 (29%) and 47% last year. Furthermore, a notable reduction of worse outlooks is down to merely 3%.
- **The expectations for medium-term economic development is optimistic.** 34% of the participating companies say that the medium-term economic outlook will be better compared from the recent two surveys with a dramatic decline in worse projections at 12% (from 40% in Spring 2021).
- **Respondents also show a growing confidence in local investments in the next 12 months.** A quarter (26%) of companies are looking at an increase on their local investments, however a majority (43%) say that their local investments will remain the same.
- **Local employment of the survey respondents also show promising numbers.** 34% expect a higher likelihood of development in local employment over the next 12 months, from the 15% in Spring 2021 and companies who intend to reduce their workforce have also declined to 15%

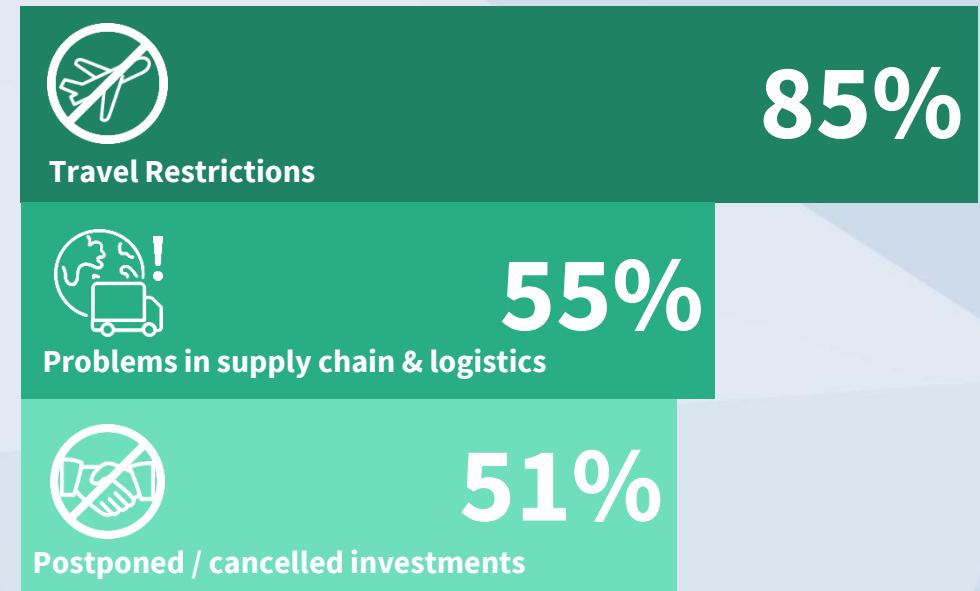


Summary of Results

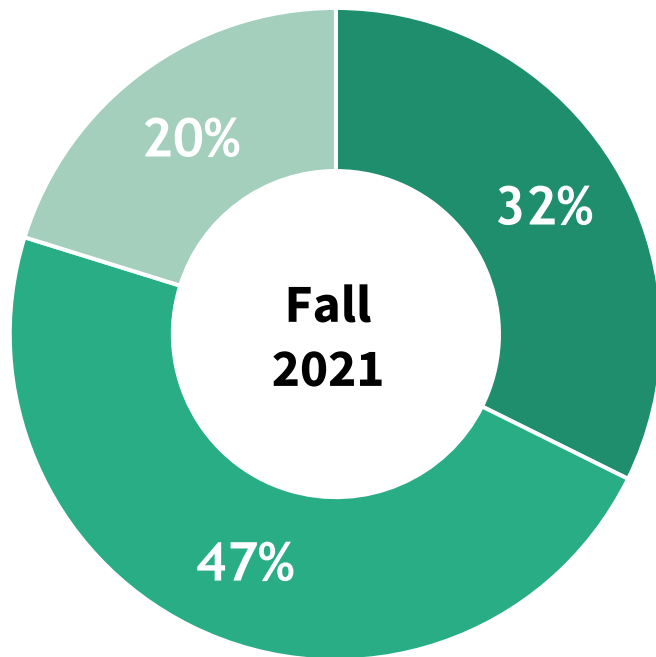
Top 3 risks for your company's economic development in the next twelve months



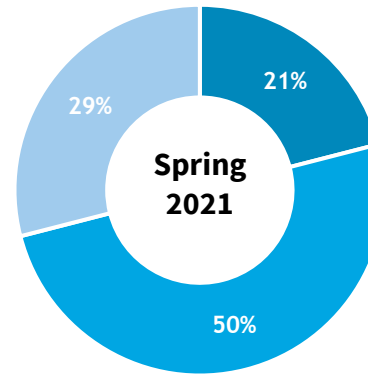
Top 3 negative effects from the COVID-19 pandemic



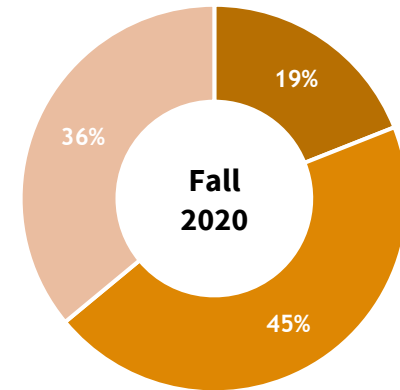
Q1: How do you assess the current situation of your company?



■ good ■ satisfactory ■ bad



■ good ■ satisfactory ■ bad

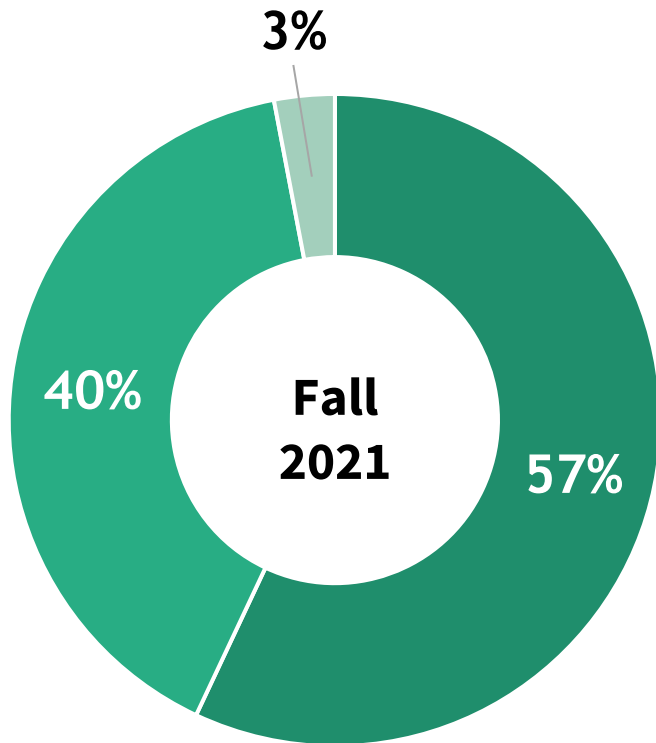


■ good ■ satisfactory ■ bad

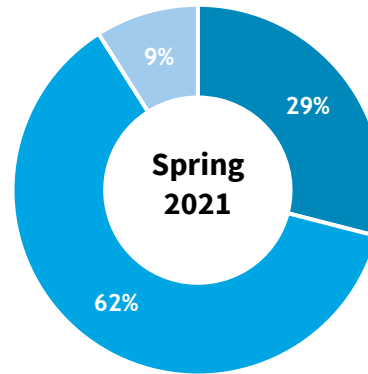
The current company situation remains unchanged but is gradually improving. 32% of the companies consider their situation as good (+11%) with a slight decrease (-3%) in companies who consider their situation as satisfactory (47%) from the Spring 2021 survey.

Also, the number of companies currently reporting a bad (20%) situation is lower compared to both Spring 2021 (-9%) and Fall 2020 (-16%).

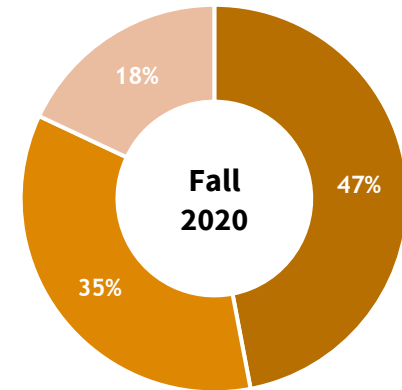
Q2: What business development does your company expect for the next twelve months?



■ better ■ about equal ■ worse



■ better ■ about equal ■ worse

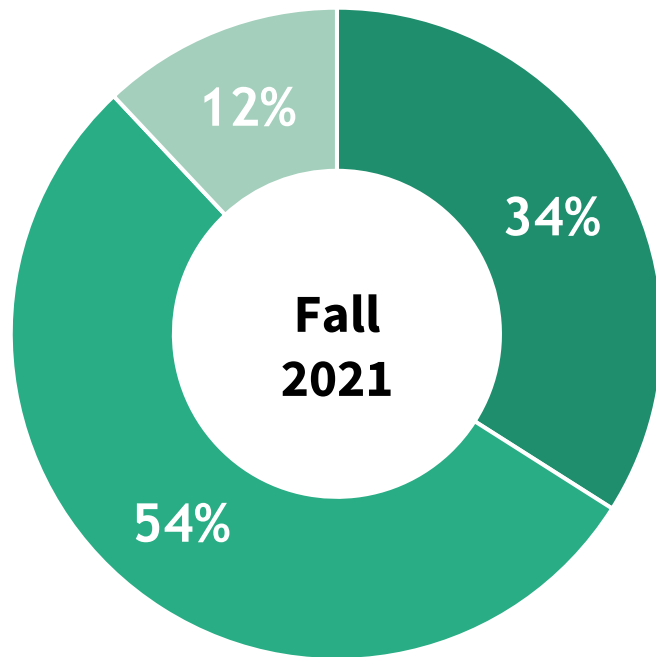


■ better ■ about equal ■ worse

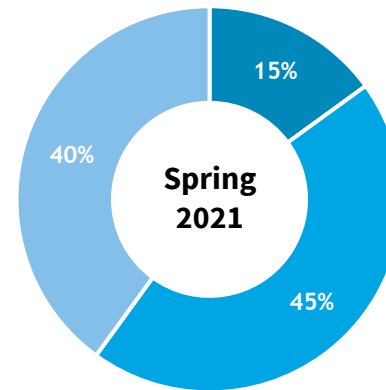
Figures show that companies have a positive business outlook for the next 12 months. Participating companies are expecting a better (57%) situation in Fall 2021 compared to both 29% in the Spring 2021 survey and 47% last year.

Additionally, companies expecting worse business development has decreased to merely 3% from 9% the last Spring 2021 survey and 18% last year.

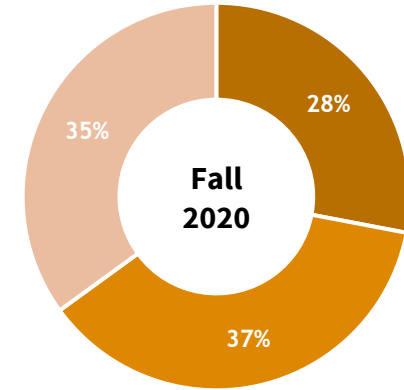
Q3: How do you judge the local medium-term economic development?



■ better ■ about equal ■ worse



■ better ■ about equal ■ worse

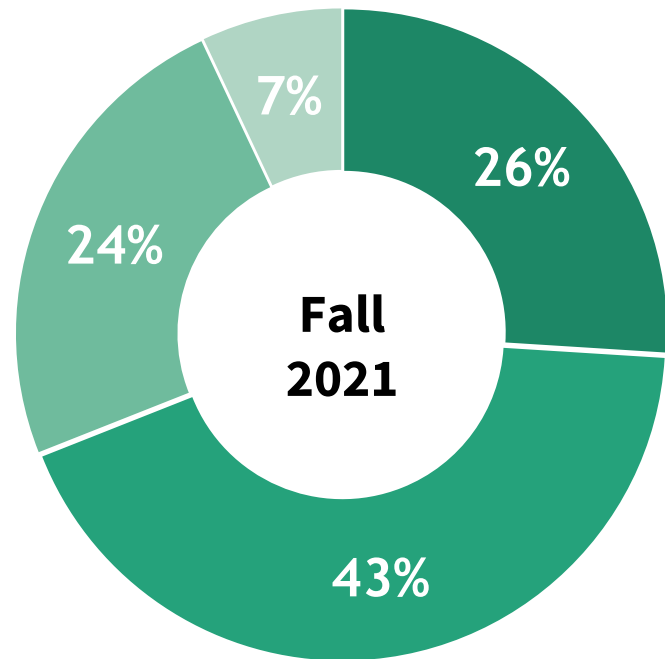


■ better ■ about equal ■ worse

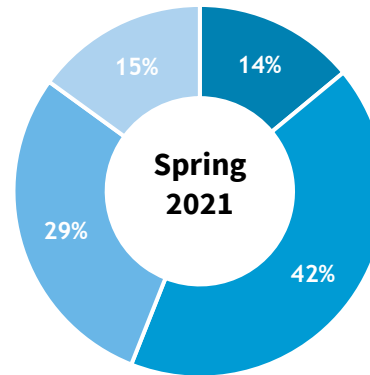
The expectations for medium-term economic development is optimistic. 34% of the participating companies say that the medium-term economic outlook will be better (+19%) compared to 15% in Spring 2021 and last year (+6%)

Also, 12% companies which project a worse economic development has dramatically declined (-28%) from 40% last Spring 2021.

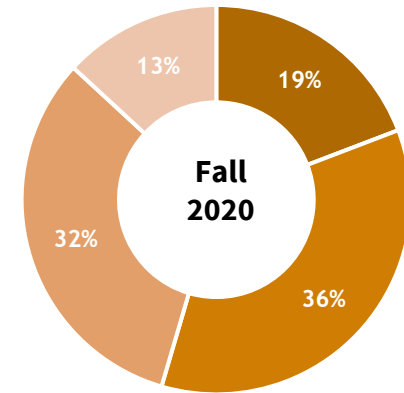
Q4: How do you think local investments of your company are likely to develop in the next twelve months?



■ higher ■ about equal ■ lower ■ no investments



■ higher ■ about equal ■ lower ■ no investments



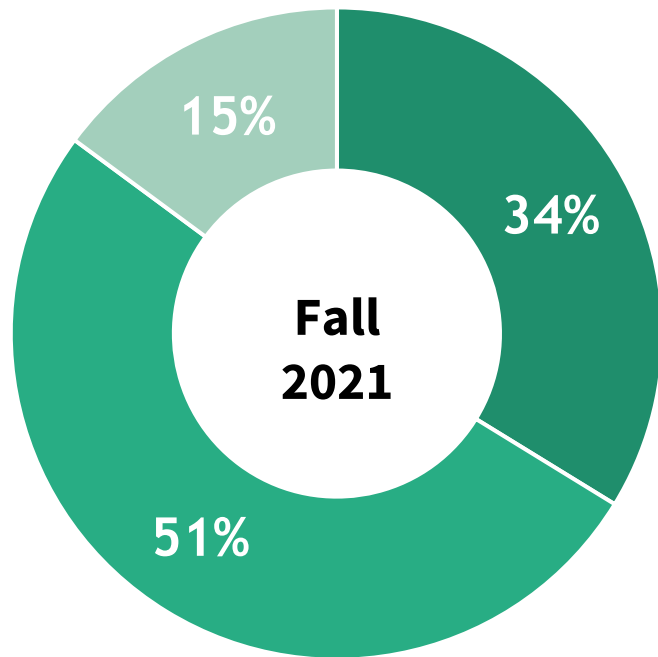
■ higher ■ about equal ■ lower ■ no investments

Respondents also show a growing confidence in local investments in the next 12 months. A quarter (26%) of companies are looking at an increase (+12%) on their local investments compared to 14% last Spring 2021.

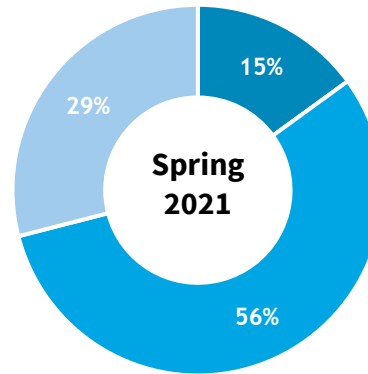
However, a majority (43%) of companies say that their local investments will remain the same(+1%) as the Spring 2021 figures (42%).

The number of participating companies that plan to have lower to no investments in Fall 2021 (31%) has notably decreased from Spring 2021 (44%) and Fall 2020 (45%).

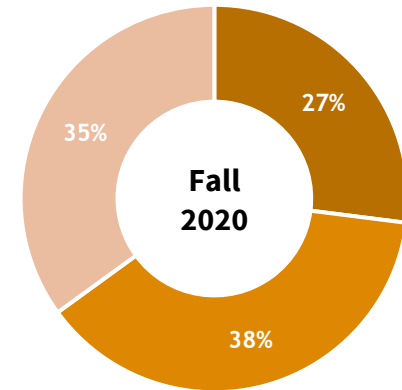
Q5: How do you think local employment of your company is likely to develop in the next twelve months?



■ higher ■ about equal ■ lower



■ higher ■ about equal ■ lower

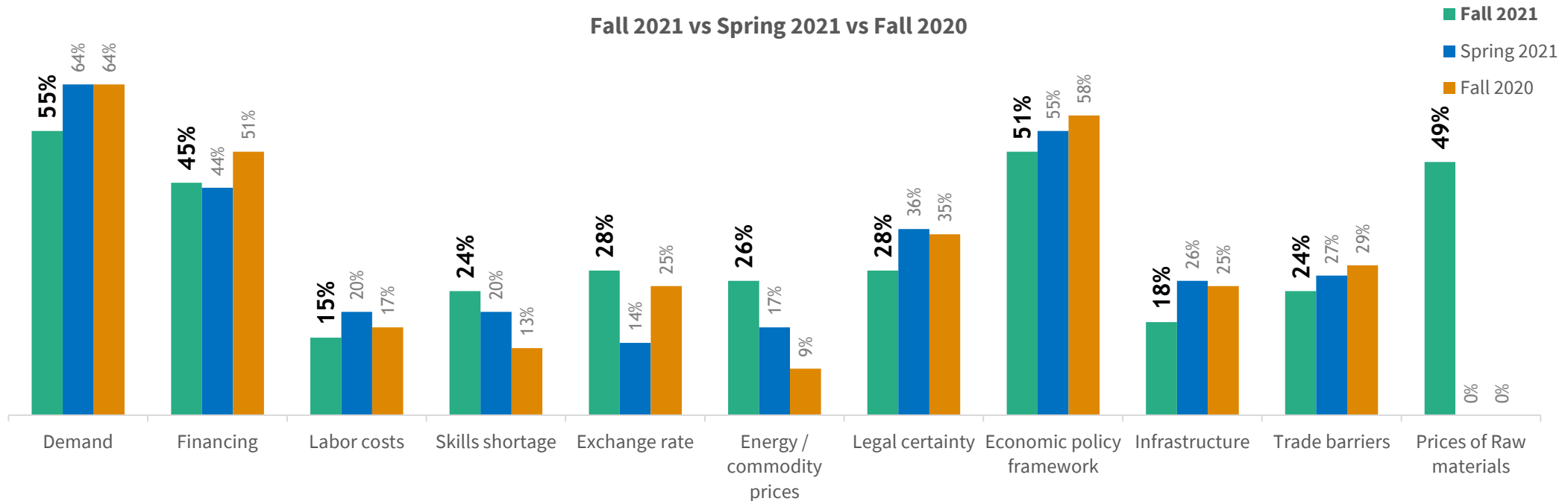


■ higher ■ about equal ■ lower

Local employment of the survey respondents also show promising numbers. 34% expect a higher likelihood of development in local employment over the next 12 months, from the 15% in Spring 2021 (+19%).

The percentage participating companies that intend to reduce their workforce have also continues to decline in Fall 2021 (15%) from more than a quarter of participants in both Spring 2021 (29%) and Fall 2020 (35%).

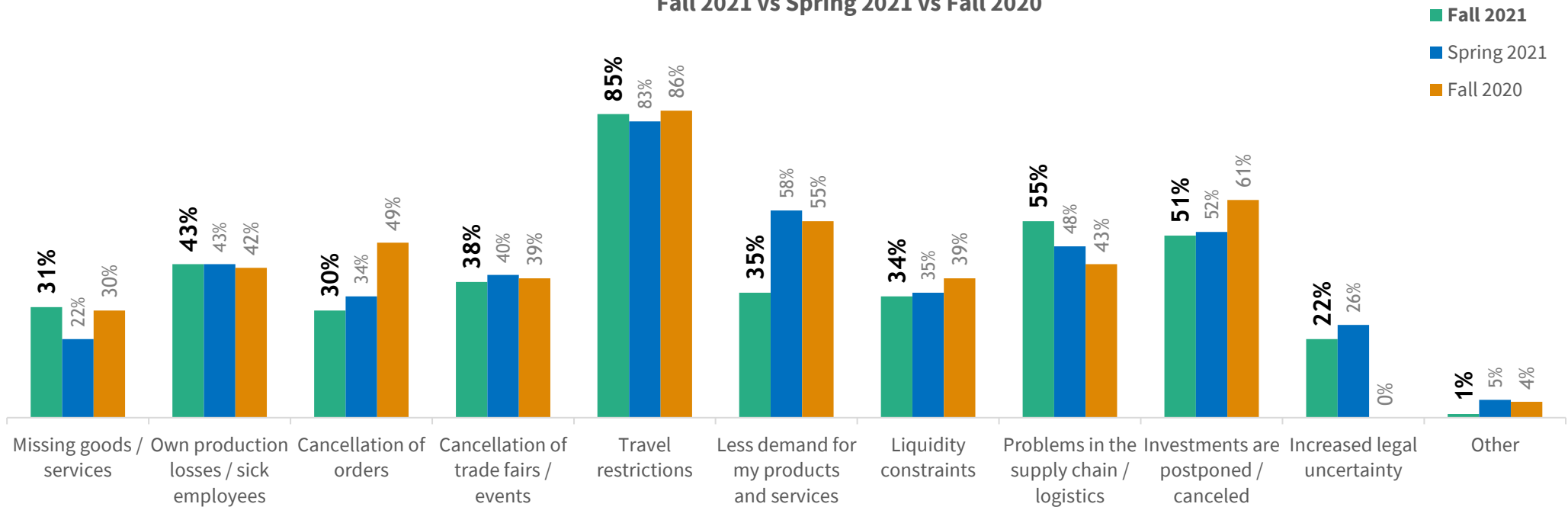
Q6: What are the biggest risks for your company's economic development in the next twelve months?



Lack of demand (55%) remains to be at the top risk for companies in Fall 2021 despite the decrease from 64% in Spring 2021 and Fall 2020. The country's risks in **economic policy framework (51%)** has come in second even with its continuous downward trend. The Fall 2021 survey, for the first time, also assessed the risk associated with rising **raw material prices (49%)** and was reported by the survey respondents to be one of their top 3 risks for the next 12 months. The companies' risk perception on **financing issues (45%)** remains to be the same while **exchange rate concerns (28%)** during Fall 2021 doubled the Spring 2021 figures and even surpassed Fall 2020. Additionally, both **skill shortage (24%)** and **energy commodity prices (26%)** have steadily increased over the previous surveys.

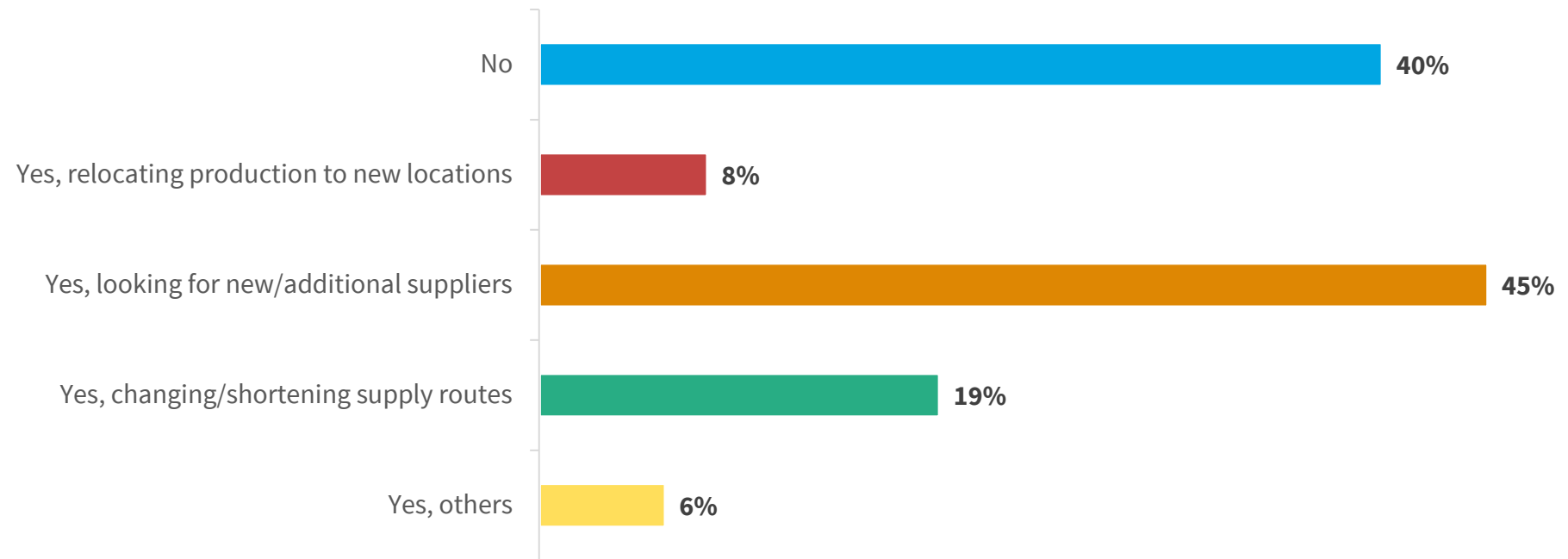
COVID19-1: What negative effects do you already experience from the coronavirus pandemic?

Fall 2021 vs Spring 2021 vs Fall 2020



The Fall 2021 survey shows that majority of companies still experience the impacts of **travel restrictions (85%)** on their operations. Companies also say that they experience **logistical and supply chain problems (55%)** which have been increasing in numbers constantly. Meanwhile, a dramatic decrease in the number of companies saying that they are experiencing **lack of demand for their products and services (35%)** is observed in Fall 2021 in comparison to 58% Spring 2021 and 55% in Fall 2020. Finally, **cancelled or postponed investments (51%)** still comprises more than half of the surveyed companies.

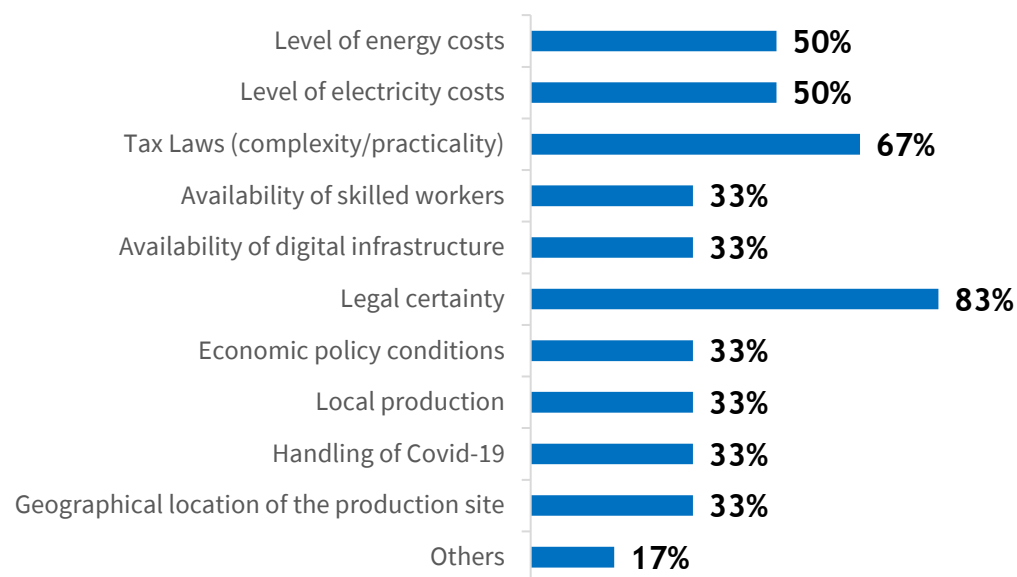
COVID19-2: Do you plan to diversify your supply chain or have you already made adjustments?



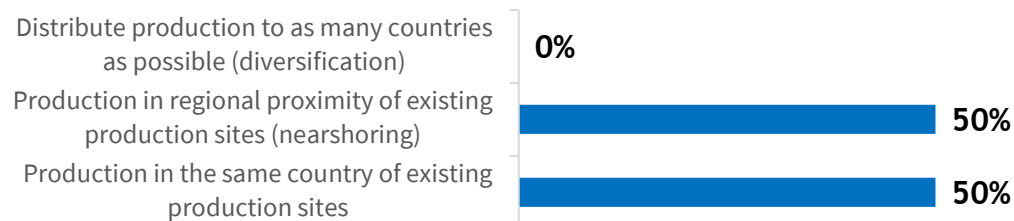
For the companies that have indicated problems related to **supply chain adjustments (55% of respondents)**, Almost half (45%) stated that they will add new or look for new suppliers for their products, 40% decided not to diversify their supply chains, and 19% say that they are changing or shortening their supply routes.

The following slide reports on follow up questions on supply chain issues.

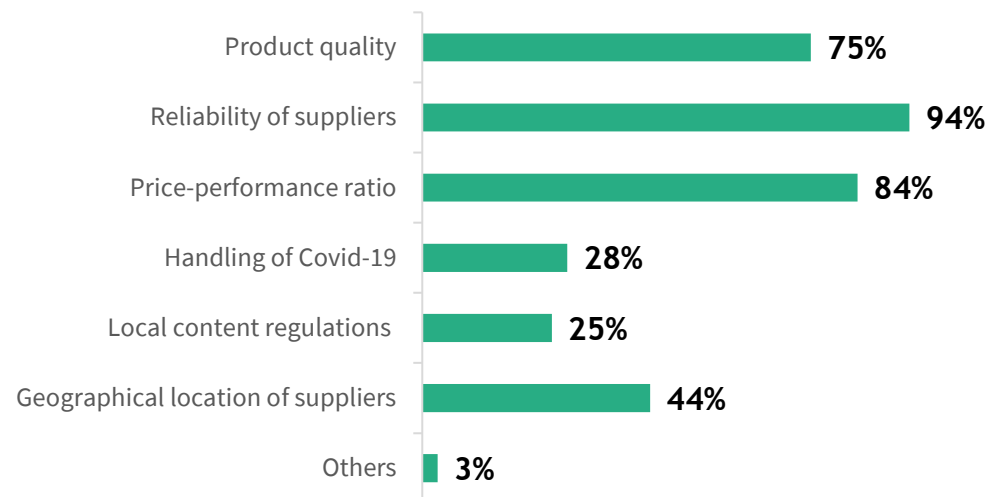
SC 1: Which factors are particularly relevant for you when looking for new production sites?



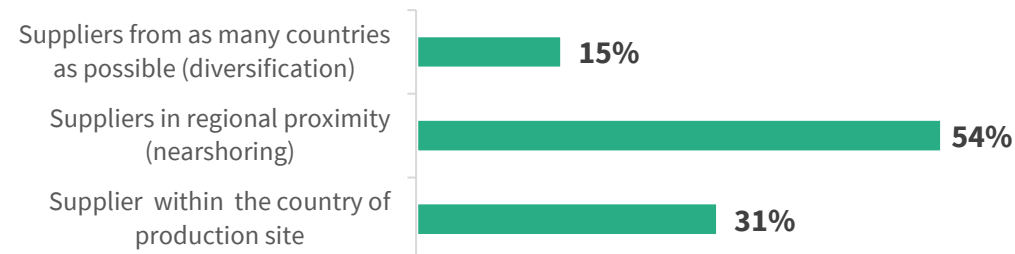
SC 1-2: Geographical location of the production site



SC 2: Which factors are particularly relevant to you when choosing new/additional suppliers?



SC 2-2: Geographical location of suppliers



How important are environmental and social sustainability goals in your daily work?

Local environmental or climate protection legislation requires us to make considerable efforts.

Our company has set its own sustainability targets, which we are working to implement.

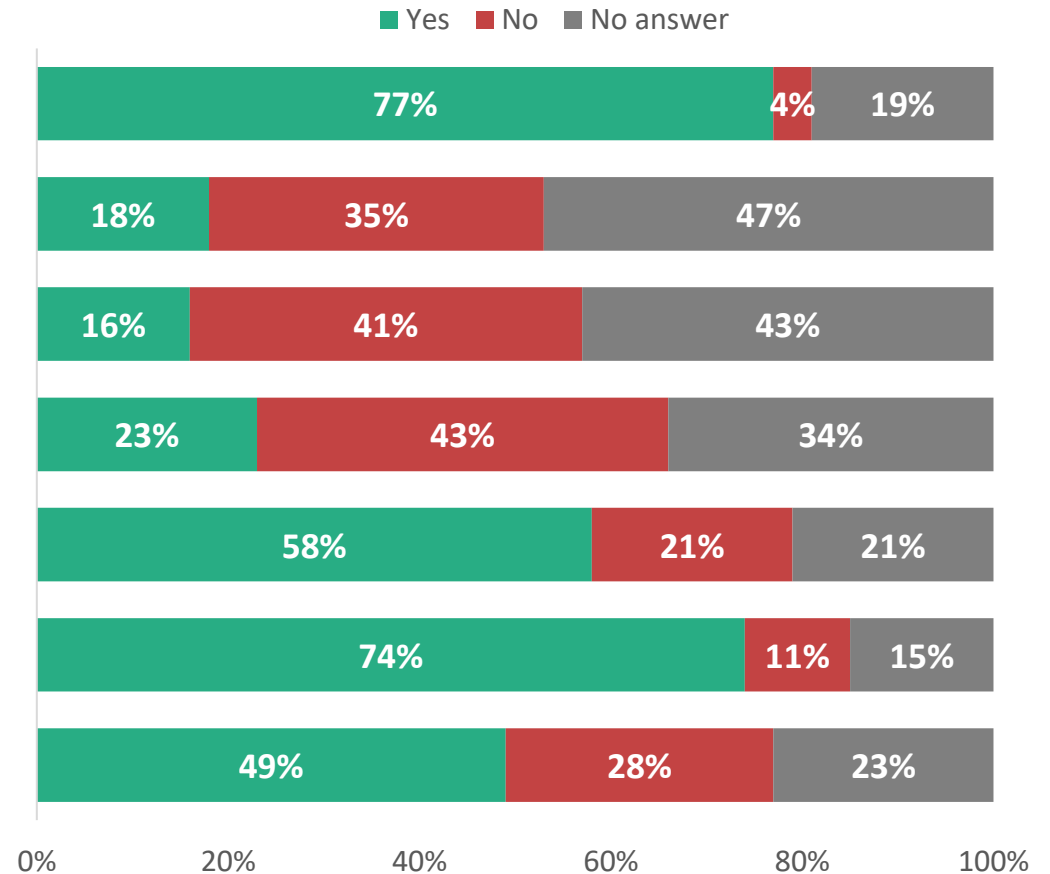
The issue of sustainable corporate financing is becoming increasingly important for us.

We are directly or indirectly affected by the EU Emission Trading System

We are dealing with the expected Carbon Border Adjustment Mechanism of the EU.

We are preparing for the implementation of the German Supply Chain Due Diligence Act.

We are following the global discussion on these topics, but have not yet felt any practical effects.



Data Collection

The survey was sent out to companies which are involved in the German-Philippine Business relations.

The survey was conducted from **24 September 2021 to 15 October 2021** with a total of **74 responses** collected, with 24% coming from the manufacturing industry and construction, 30% from trade and 46% from services.

In terms of global workforce, 50% of the participants have less than 100 employees, 20% have 100 to 1000 employees, and 30% have more than 1000 employees.

For more details on the AHK WBO worldwide and the comparison to the most recent WBO surveys in the Philippines, click the links below:

- AHK WBO Worldwide Survey Results (Fall 2021): <https://bit.ly/3HlrS60>
- AHK WBO Worldwide Analysis (Fall 2021): <https://bit.ly/3xaZF2y>
- GPCCI WBO Survey Results (Spring 2021): <https://bit.ly/3qZ1tux>
- GPCCI WBO Survey Results (Fall 2020): <https://bit.ly/30ObvU9>



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