

Philippines

General Information

ETS Description

In February 2025, the House of Representatives approved on 2nd Reading the “Act Promoting Investments in Low Carbon Economy, Establishing for this Purpose a Carbon Emission Pricing Framework and Implementation Mechanism to Achieve Low Carbon and Climate-resilient Economic Development” (House Bill No. 11375). The Bill consolidates House Bill No. 7705 and House Bill No. 10633, two carbon pricing Bills introduced in the summer of 2024.

House Bill No.11375 provides for a carbon pricing framework and implementation mechanism aimed at achieving national climate targets. The Bill mandates large emitters from the energy, transportation, industry, agriculture, forestry and waste sectors to develop decarbonization plans. The Climate Change Commission (CCC) would consolidate sectoral decarbonization pathways and determine annual allowance allocation plans for individual covered entities. Covered entities with emissions exceeding the annual allocation of emissions allowances, would have the following alternatives to cover the shortfall:

- (1) purchasing carbon allowances from other covered entities;
- (2) purchasing carbon credits from internationally recognised offset projects, including forestry, renewable energy, carbon capture and storage and methane reduction activities
- (3) contributing funds towards emissions reductions within their value chain, towards government-led climate initiatives, or towards decarbonization businesses, either independently or through pooled resources. The amount of funds to be allocated will be equivalent to the carbon price established by the CCC for each MtCO₂e above the allowed limit.

House Bill No. 11375 will be transmitted to the Philippine Senate after its passage on 3rd Reading in the House of Representatives by June 2025.

In parallel, the Department of Finance has convened a technical working group to evaluate the feasibility of implementing carbon pricing instruments in the country, supporting the legislative efforts to establish a comprehensive emissions reduction framework.

ETS Status

under consideration

Jurisdictions

Philippines

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

230.3 MtCO₂e (2020)

GHG reduction targets

BY 2030: Conditional pledge to keep 2030 emissions 75% below BAU levels (excluding LULUCF sectors) (NDC)

Other Information

Institutions involved

Department of Environment and Natural Resources: Manages environmental and climate policies and is responsible for the ETS design and administration.

Department of Finance: Responsible for the government's fiscal policy

NDC Steering Committee: Formed by sectoral agencies, it is responsible for the development, implementation, monitoring, and evaluation of the NDC

Climate Change Commission: Policy-making body of the government tasked to coordinate, monitor and evaluate government programs and ensure mainstreaming of climate change in developing plans

Regulatory Framework

[House Bill No. 11375 \(19th Congress, 2025\)](#)

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