

BACKGROUND NOTE



CANADA-PHILIPPINES TRACK 1.5 DIALOGUE:

Building Economic Security through Strengthened Canada-Philippines Partnership



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A BACKGROUND NOTE IN SUPPORT OF APF CANADA'S CANADA-PHILIPPINES TRACK 1.5 DIALOGUE ON ECONOMIC SECURITY ON MARCH 11-13, 2026, IN MANILA, PHILIPPINES. THIS STRATEGIC DIALOGUE IS AN APF CANADA EVENT CO-HOSTED WITH THE EMBASSY OF CANADA TO THE PHILIPPINES AND STRATBASE.

The Economic Security Imperative for Canada and the Philippines

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Amid the ongoing geopolitical shocks and supply-chain disruptions cascading across production networks and financial systems, economic security has emerged as a central policy priority for Canada and the Philippines. Both countries are seeking to balance resilience with continued market integration— Canada through diversification, trusted partnerships, and standards-based co-operation under its Indo-Pacific Strategy, and the Philippines through infrastructure modernization, digitalization, energy security, and investment promotion within existing institutional constraints. The

central challenge for both remains mitigating sector-specific vulnerabilities while preserving the long-term gains of open economic integration.

The Philippines-Canada relationship is underpinned by 76 years of sustained diplomatic engagement, expanding security co-operation, strong economic ties, and strong people-to-people ties. In October 2025, Prime Minister Mark Carney met with President Ferdinand Marcos Jr. on the sidelines of the ASEAN Summit and announced their intention to imminently launch negotiations on a bilateral [Canada-Philippines free trade agreement](#). This announcement came at a pivotal time for Canada, which is aiming [to double Canada's non-U.S. exports in the next decade](#).

With Canada-ASEAN relations elevated to a Strategic Partnership, the Philippines' 2026 ASEAN chairmanship adds a multilateral dimension to Canada-Philippines co-operation, especially where bilateral initiatives align with

ASEAN priorities. As [ASEAN Chair](#), the Philippines has highlighted regional stability, supply-chain resilience, digital integration, and infrastructure connectivity as priorities within the ASEAN Community Vision 2045 framework.

With the impending Canada-ASEAN FTA and bilateral Canada-Philippines FTA negotiations, APF Canada's Canada-Philippines Track 1.5 Dialogue on Economic Security offers a timely opportunity to deepen co-operation on economic resilience.

Canada's Economic Security Approach in the Indo-Pacific

Canada has shifted toward targeted, [sector-specific](#) measures within a broader commitment to open markets. Its Indo-Pacific Strategy reflects the need for deeper regional engagement to support long-term growth, while acknowledging exposure to concentrated risks in areas such as critical minerals, sensitive technologies, and strategic infrastructure.

Recent policy measures include strengthening the [defence industrial base](#), enhancing [critical minerals](#) supply-chain resilience, tightening national security-based investment screening, and expanding [safeguards](#) for sensitive technologies and research collaboration. These measures are designed to address vulnerabilities rather than impose economy-wide restrictions, complemented by standards-setting, technical co-operation, and trade diversification efforts that integrate economic security into the wider trade and investment strategy Canada announced in [2025](#).

The Philippines' Economic Security Priorities

In the Philippines, economic security is closely tied to its development strategy. [Growth](#) remains strongly linked to trade openness, foreign direct investment (FDI), remittances, and services exports, particularly in ICT-enabled sectors. However, infrastructure gaps, regulatory fragmentation, and uneven enforcement capacity constrain resilience and limit the economy's

ability to absorb external shocks.

Key risks include reliance on imported energy, exposure to global commodity price volatility and vulnerabilities in digital and information systems. Geopolitical tensions in the [South China Sea](#) and Manila's [emphasis](#) on international law in ongoing discussions on developing a Code of Conduct also shape the Philippines' approach to economic security. Maritime stability affects trade routes, energy transport, fisheries access, and critical infrastructure, underscoring the link between security conditions and economic performance and the importance of resilient logistics, infrastructure protection, and diversified partnerships.

Policy responses have emphasized regulatory [strengthening](#), digital and logistics infrastructure, and responsible resource development rather than trade restrictions. Over time, [resilience](#) requires improving regulatory predictability, institutional co-ordination, and building public trust in governance frameworks, particularly in energy, extractives, and digital regulation.

Recent Developments in Philippines-Canada Relations

In February 2026, Canada and the Philippines convened the [7th meeting of the Joint Commission on Bilateral Cooperation](#), where they explored advancing economic co-operation on energy security, critical minerals, and cybersecurity. They also discussed ongoing co-operation in labour, migration, consular matters, health, education, space, and Indigenous peoples' programs.

In November 2025, during a visit from the Filipino Secretary of State to Ottawa, Canada announced a total of C\$76.45 million for 12 development projects in the Philippines (some of which include other ASEAN member states or Pacific Island nations), and additional funding for disaster relief efforts in the Philippines. Canada and the Philippines also signed a letter of understanding on bilateral development assistance, which prioritized collaboration on climate action, disaster resilience, energy security, economic growth, and trade readiness.



TRADE AND INVESTMENT

Bilateral merchandise trade between Canada and the Philippines reached [C\\$3.1 billion](#) in 2024, with Canadian exports concentrated in grains, agri-food products, aerospace components, and specialized machinery. The Philippines' exports to Canada (C\$1.4 billion in 2024) are dominated by semiconductors, electronics, telecommunications equipment, and manufactured goods. This trade pattern reflects integration into global electronics and agri-food value chains, but also exposure to supply-chain volatility and reliance on imported capital equipment. These concentrations suggest practical areas for co-operation, including agri-food resilience, semiconductor supply-chain transparency, standards alignment in electronics manufacturing, and technology upgrading in advanced manufacturing and clean energy systems.

Canadian FDI in the Philippines ([C\\$844 million as of 2024](#)) has largely focused on sectors where Canada has a competitive edge, including agriculture and agrifood, cleantech and renewable energy, infrastructure and mining, and information and communications technology – all areas with continued [opportunities](#) for Canadian exporters. While this level of investment

remains modest compared with Canada's investments in other Southeast Asian economies, Canadian companies have recently capitalized on the above opportunities, exemplified by the [Team Canada Trade Mission to the Philippines](#) in December 2024, which highlighted initiatives to advance trade. This includes the launch of direct flight routes, the establishment of the Export Development Canada Office in Manila, and the Nuclear Energy Administrative Arrangement between Canada and the Philippines, among others.

These developments, combined with recent Canadian financing [initiatives](#) in infrastructure and clean energy in the Philippines, signal an effort to align commercial engagement with resilience and sustainability objectives. Prospective [Canada-Philippines FTA](#) negotiations provide a mechanism to embed economic security considerations into services, digital governance, standards, and regulatory co-operation while expanding market access.

Challenges and Opportunities for Collaboration

DIGITAL RESILIENCE FOR A MODERN CANADA–PHILIPPINES PARTNERSHIP

Digital infrastructure—broadband networks, data centres, cloud services, and undersea cables—underpins economic activity, public administration, and cross-border commerce. Artificial intelligence (AI) systems are increasingly embedded in logistics, financial services, and government services, rendering digital resilience integral to economic security.

Recognized as a global leader in advanced technology research and development, including in artificial intelligence, cybersecurity and quantum technologies, Canada has developed governance [initiatives](#) addressing [ethics](#), data protection, and regulatory oversight, although implementation [varies](#) across sectors. Prime Minister Carney has pledged to build a [Canadian sovereign cloud](#) to secure the ecosystem’s advanced computing power.

The Philippines has prioritized digitalization and AI to enhance productivity and inclusion but faces [constraints](#) in connectivity and digital infrastructure, a lack of essential skilled labour, regulatory co-ordination, and cyber-incident response capacity. In 2025, the Philippines adopted the National AI Strategy Roadmap (NAISR) 2.0 and the Center for AI Research (CAIR)—the country’s first AI hub to strengthen competitiveness in science and technology. The strategy focuses on strengthening governance and boosting globally competitive industries,

specifically targeting agriculture, education, smart cities, creative industries, and national security. By 2028, the tech industry in the Philippines is expected to generate [1.1 million](#) new jobs, with the market expected to grow at a rate of 28 per cent in the coming years.

Both countries have prioritized strengthening detection and response mechanisms, regulatory coherence (where feasible), and sustaining public trust in digital systems. In early 2026, [cybersecurity](#) training of the Philippines Armed Forces by the Canadian Armed Forces enhanced the Philippines’ incident response capabilities within key institutions, reflecting the systemic importance of secure digital infrastructure for logistics, finance, and public administration. A Philippines-Canada digital resilience partnership could focus on capacity-building, technical exchanges, and pilot initiatives for strengthening institutional resilience without requiring rigid harmonization. Canada’s efforts to develop sovereign AI infrastructure centred on secure computing capacity and trusted data systems could be the next phase of co-operation, though the Philippines’ institutional capacity and infrastructure readiness would shape the scope and pace of that engagement.

CRITICAL MINERALS AND CLEANTECH CO-OPERATION

The Philippines is a significant global producer of [nickel](#) and possesses other mineral resources relevant to clean-technology supply chains. It has [expressed](#) interest in



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expanding downstream processing to capture greater value. Canada's [Critical Minerals Strategy](#) emphasizes responsible development, environmental and social governance standards, and integration into clean-technology value chains. Within the sector, there is already some co-operation: in 2024, the Chamber of Mines of the Philippines [adopted](#) the Towards Sustainable Mining (TSM) initiative, a mining sustainability standard developed by the Mining Association of Canada. This marked the first time that the TSM has been adopted by a mining association in Southeast Asia.

In the extractives and critical minerals sector, economic security risks are shaped less by geological scarcity than by governance conditions. Regulatory uncertainty, environmental and social opposition, and inconsistent permitting processes can delay projects, increase financing costs, and undermine supply reliability. For Canada, overseas investments carry reputational and compliance risks, while for the Philippines, balancing resource development with environmental protection and community acceptance remains a central policy challenge.

Co-operation is most likely to be viable when it targets regulatory dialogue, environmental oversight, transparency, and institutional capacity rather than large-scale industrial expansion. Pilot initiatives for mineral processing could test commercial and governance frameworks without committing to major greenfield investments. Embedding technical co-operation within the FTA discussions, moreover, could enhance regulatory predictability.

DEFENCE INDUSTRIAL COOPERATION

Defence and economic security intersect most clearly around maritime logistics, cyber resilience, and infrastructure protection. The Philippines-Canada Status of Visiting Forces Agreement (SOVFA) established a framework for joint exercises and deployments. While primarily a defence instrument, the SOVFA has indirect economic implications, as it strengthens maritime domain awareness, infrastructure protection, and civil-military co-ordination in securing sea lanes and logistics networks. Canada's provision of its satellite-enabled [Dark Vessel Detection](#) technology and [aerial](#)

[surveillance](#) enhances the monitoring of unregistered vessels and protection of fisheries and offshore assets, while [expanded cyber defence co-operation](#) builds the resilience of critical digital systems that underpin economic activity.

There are also some risks at the defence-economic interface. These include maritime disruption, cyber incidents affecting interconnected civilian and defence systems, fiscal and absorptive constraints, and domestic political sensitivities. Both countries have tended to prioritize dual-use capabilities and strengthening institutions over large-scale procurement. Co-operation in maritime domain awareness, disaster response, and secure communications may offer incremental economic benefits while remaining politically and fiscally manageable.

Towards a More Resilient and Strategic Partnership

To jointly respond to shared challenges, discussions on key sectors of digital transformation, critical minerals and clean technologies, and maritime resilience through defence industrial co-operation are necessary to enhance economic security across the region. These sectors are closely intertwined, with secure telecommunications networks, trusted data governance regimes, and cyber-resilient infrastructure underpinning mineral extraction, energy systems, financial services, and maritime logistics. Weaknesses in cybersecurity or regulatory fragmentation can disrupt supply chains and compromise defence capabilities, while maritime stability can secure the sea lanes that carry mineral exports and digital trade, while advanced defence platforms depend on secure digital architecture and access to critical materials.

Heightened geopolitical competition, supply chain fragmentation, technological disruption, enhanced environmental vulnerabilities, and rising maritime tensions have fundamentally altered the global economic environment. For Canada and the Philippines, these challenges underscore the imminent need to enhance their partnership to make it more strategically coherent and operationally credible to strengthen economic security.

