

# FACT SHEET

## Luzon Economic Corridor

The Luzon Economic Corridor is a trilateral initiative of the United States, Japan, and the Philippines. It engages partners—including Australia, Canada, Denmark, France, Italy, the Republic of Korea, Sweden, and the United Kingdom—to catalyze mutual economic growth, create jobs, strengthen connectivity, and improve transport and logistics, energy, and digital infrastructure along the corridor connecting Subic Bay, Clark, Manila, and Batangas. These investments will deliver mutual economic prosperity for the Philippines and valued partners and allies, opening new opportunities for our businesses, catalyzing digital innovation, and improving infrastructure across the island of Luzon. The corridor will also strengthen supply chain security and resilience in key sectors.



The Luzon Economic Corridor represents the Philippines' largest economic engine, accounting for approximately 50 percent of GDP and offering unparalleled market opportunities. The Luzon Economic Corridor offers a compelling platform for

economic growth, supported by targeted fiscal and non-fiscal incentives, a skilled, English-proficient workforce, and opportunities to integrate into regional and global supply chains.

Through coordinated, high-impact investments in critical sectors, including transportation, energy, and digital infrastructure as well as advanced manufacturing, the Luzon Economic Corridor is transforming Luzon into a more prosperous and interconnected region while delivering value to foreign partners and investors.

- **Economic Development and Mutual Prosperity:** Create quality jobs and position the Luzon Economic Corridor as a competitive economic hub.
- **Strategic Positioning and Connectivity:** Strengthen Luzon’s role as a key node in regional supply chains, particularly semiconductors, and improve the mobility of goods and people, while reducing energy and logistics costs.
- **Investor Mobilization:** Promote public and private sector investment and partnerships, creating opportunities for international and Filipino businesses. The United States, Japan, and the Philippines will co-host the first Luzon Economic Corridor Investor Forum in September 2026.
- **Supply Chain Security:** Strengthen supply chain resilience for critical technologies, advancing a free and open Indo-Pacific region.
- **Better Business Environment:** Reduce barriers for international and local investors through key reforms, including enhanced fiscal incentives, streamlined permitting processes, and improved public-private partnership frameworks to support investments.

The efforts of the United States, Japan, the Philippines, Australia, Canada, Denmark, France, Italy, the Republic of Korea, Sweden, and the United Kingdom, and private sector partners are already delivering results, promoting economic prosperity and opening new opportunities for investors in the following sectors:

### **ENERGY:**

- **Civil-Nuclear Energy:** Since the United States and the Philippines signed the Agreement for Cooperation in the Peaceful Uses of Nuclear Energy—commonly known as a “123 Agreement”—our governments have worked

closely to support the Philippines as it moves to integrate nuclear power into its energy mix by 2032:

- **SMR Feasibility Study:** USTDA will fund a \$2.7 million feasibility study to help Philippine company Meralco assess and deploy U.S.-designed small modular reactors (SMRs) in the Philippines. This work will provide a pathway for the deployment of safe and secure advanced U.S. nuclear technologies that will deepen ties between our two countries for decades to come.
- **Nuclear Reactor Control Room Simulator:** The U.S. State Department is providing a civil nuclear reactor control room simulator based on an advanced U.S. SMR design, which will position the Philippines to be an SMR regional training hub. Supported by AboitizPower, EoS Organization, TESDA, and the U.S. Department of State, and led by Fulbright Philippines, a new fund has been established to bring U.S. nuclear experts to the Philippines to develop specialized vocational and higher education curricula focused on the civil nuclear industry.
- **Nuclear Technology Trade Mission:** This USTDA-funded reverse trade mission will bring 10-15 Philippine private sector and government officials to the United States for a firsthand look at cutting-edge American reactors, supply chains, and training facilities to build partnerships that facilitate the deployment of trusted U.S. civil nuclear technology to critical infrastructure in the Philippines.
- **Study Tour for Philippine Legislators:** In 2026, the U.S. State Department will sponsor representatives from the Philippines' Senate and House of Representatives to travel to the United States to gain firsthand insights into the technologies, policies, regulatory frameworks, and institutions that enabled the development of a safe, secure, and successful U.S. civil nuclear sector.
- **New Academic Partnerships and Workforce Development Programing:** Funding from the U.S. State Department will establish partnerships between Philippine universities and Texas A&M University and King's College London to support the development and integration of new SMR curricula into engineering programs in the Philippines. The project will connect professors and senior academics from the Philippines to their U.S. and UK counterparts.

- **A Public-Private Partnership to Support Workforce Development:** Supported by AboitizPower, EoS Organization, TESDA, and the U.S. Department of State, and led by Fulbright Philippines, a new fund has been established to bring U.S. nuclear experts to the Philippines to develop specialized vocational and higher education curricula focused on the civil nuclear industry.
- **Reverse Trade Mission for Grid Technologies:** A USTDA reverse trade mission (RTM) supported the modernization and buildout of electricity transmission and distribution networks for the Philippines' 15 private distribution companies, increasing service quality and resilience of the Philippine grid.
- **Energy Secure Philippines:** Following President Marcos's July 2025 visit to Washington, the U.S. approved more than \$24 million to expand the Energy Secure Philippines (ESP) program to address vulnerabilities in energy security, including upgrading power systems at military installations, deploying backup power solutions, and investing in microgrids and energy storage. Energy Secure Philippines also supports energy planning for civil nuclear energy and opportunities in the Luzon Economic Corridor and efforts to improve grid integrity and utility performance, and to increase deployment of advanced energy systems.
- **Subic-Clark Fuel Pipeline:** Bases Conversion and Development Authority (BCDA) and Philippine Coastal Storage and Pipeline Corporation, owned by U.S. private equity firm I Squared Capital, signed an MOU in March 2026 to cooperate on the study and potential development of a 45-mile fuel pipeline linking Subic Bay to Basa Airbase, Clark Airport, and New Clark City. The project will modernize fuel logistics, enhance energy security via a robust delivery solution, remove hundreds of fuel trucks from the region's congested roads, and support economic growth in the Luzon Economic Corridor. The U.S. State Department is supporting the pipeline's technical and economic feasibility study.
- **Fuel Storage:** U.S. private equity firm I Squared Capital acquired Philippine Coastal Storage & Pipeline Corporation and its affiliate entities. Based in the Subic Bay Freeport Zone, and serving the Luzon Economic Corridor (LEC), Philippine Coastal is the largest independent import terminal in the Philippines. With a capacity of 6.3 million barrels, Philippine Coastal houses over 20% of the country's import storage capacity. Philippine Coastal plays

a pivotal role in ensuring the reliable entry of liquid fuel products into the country by serving the needs of major commodity providers and other strategic interests. With its deep jetties and strategic location, it is well-positioned to serve the Metro Manila and North Luzon markets.

- **Resource Inventory of Hydropower Potential Sites:** Japan International Cooperation Agency (JICA) has supported the Philippines DOE in conducting a comprehensive nationwide inventory of large-scale pumped-storage and impoundment hydropower sites with capacities exceeding 100MW to identify viable areas for hydropower development.
- **Modular Power:** Aggreko, a portfolio company of U.S. private equity firm I Squared Capital, partnered with Ingrid Power Holdings to install a 150MW modular diesel power plant in Rizal, providing essential regulating and contingency reserve power to stabilize the Philippines grid amid the variability of renewable energy. Since its launch in 2021 and newly secured ancillary service contract in 2024, the plant has played a vital role in ensuring grid stability, supporting the country's energy transition, and supplying reserve power to meet fluctuating demand.

## **TRANSPORT AND LOGISTICS**

- **SCMB Freight Rail:** The United States and Sweden are supporting the development of a freight railway project connecting the key nodes of the Luzon Economic Corridor by freight rail for the first time. USTDA and Swedfund are providing funding for technical assistance to develop the Subic-Clark-Manila-Batangas (SCMB) Railway, a proposed 132-mile line connecting three of the Philippines' most critical ports, including Subic Bay, Manila, and Batangas. The railway is envisioned to be the backbone of the Luzon Economic Corridor, which will accelerate critical infrastructure investment and drive economic transformation in the Philippines. The SCMB Railway will also decentralize port activity and ease freight congestion.
- **North-South Commuter Railway:** Japan is playing a key role in the development of the North-South Commuter Railway (Malolos-Tutuban), a greenfield modern passenger rail connecting Calamba to Clark International Airport, passing through Manila along the way for the first time. The rail project will enable the movement of the workforce from Calamba and Clark to Manila or vice versa via rail, allowing workers to avoid congested roads

with significant traffic, enabling new economic activity in and around Metro Manila and into Clark.

- **North-South Commuter Railway New Clark City Extension:** Japan is providing feasibility study support for an 18.1-kilometer railway extension that will extend the North-South Commuter Railway further north to Tarlac City.
- **Railway Master Plan for the Greater Capital Region:** Japan is funding a 30-year rail master plan for the greater capital region (GCR) surrounding Manila. This project will formulate a long-term "Railway Master Plan for the GCR" for the year 2055—to be implemented at an early stage—and promote the development of the railway network in accordance with this master plan.
- **Technical Assistance for Railway and Road Sectors:** Japan has been supporting the capacity development of the railway sector, including through the technical cooperation project with the Philippine Railways Institute (PRI), and the technical cooperation project for intelligent transportation system with Metro Manila Development Authority.
- **Sangley Point International Airport (SPIA):** USTDA is supporting the development of the new SPIA. SPIA, once complete, will be one of three airports in metro Manila, potentially serving 130+ million passengers per year.
- **Port of Batangas Resilience and Competitiveness:** The Department of State will provide support to the Port of Batangas to strengthen its operational resilience, supply chain security, and long-term competitiveness through structured assessments, capacity building, and tailored advisory support.
- **Cold Chain Logistics:** U.S. private equity firm I Squared Capital acquired a controlling stake in Royale Cold Storage (“RCS”), a leading cold storage operator in the Philippines that operates key distribution hubs for Metro Manila and surrounding provinces. This investment is the first step in I Squared’s strategy to build a leading institutional cold storage platform in the Philippines. With a capacity of over 100,000 pallets, RCS operates five strategically located cold storage facilities that serve as key distribution hubs for Metro Manila and surrounding provinces.

## **DIGITAL CONNECTIVITY**

- **Undersea Cables:**
  - The U.S. Department of State is working with government and the private sector through technical assistance to improve the commercial attractiveness and security of the submarine fiber cable sector in the Philippines and strengthen trusted connectivity frameworks, enhance maintenance and repair readiness, and position the Philippines as a competitive and secure regional digital hub.
  - The Japan Bank for International Cooperation (JBIC) is providing support for InfiniVAN's development of the Baler landing station for the CANDLE cable.
- **Enhanced Internet Access:** USTDA awarded a grant to Filipino company Responsible Internet Sustainability Effort, Inc. (RISE) for a feasibility study that will help internet service providers in the Philippines to strengthen the delivery of high-quality and resilient internet services, especially in underserved communities. The expansion of GetaFIX internet exchanges will allow data to travel shorter distances to reach users, enhancing both speed and reliability for improved user experience and increased connectivity between internet service providers in the Philippines.
- **5G Deployment Training:** USTDA awarded a grant to Smart Communications, Inc. (Smart) for training to advance Smart's plan to expand 5G services to 96 percent of the country's population. USTDA's training grant helped Smart, a subsidiary of the Philippines' largest, fully integrated telecommunications company, PLDT Inc., deliver better cloud-based products and services to its customers across the Philippines.
- **Co-creation of AI Ecosystem:** The Governments of Japan and the Philippines are working to co-create AI ecosystem through the ASEAN-Japan Co-Creation Initiative for AI, which includes cooperation on AI infrastructure, development of human resources and capacity building, governance and institutional development, and AI solutions.
- **Open RAN:** Japan, in collaboration with the private sector, has been supporting the deployment of Open RAN in the Philippines by providing Open RAN-related equipment as well as conducting feasibility studies and demonstration experiments to promote open, secure, and resilient communication networks in the Philippines.

- **Digital Connectivity:** HGC, a portfolio company of U.S. private equity firm I Squared Capital, rolled out 1,000 kms of fiber optic network across Luzon, connecting major data centers, cable landing stations and central business districts. HGC is collaborating with Bases Conversion and Development Authority (BCDA) to improve digital connectivity within key areas like Bonifacio Global City and New Clark City. Further, HGC partners with local telcos, offering cost-efficient, high-performance solutions that help them scale their capacity and meet rising data demands. HGC also utilizes cutting-edge optical and routing technologies to deliver robust, scalable network solutions that support digital transformation for both large enterprises and SMEs.

### **ADVANCED MANUFACTURING:**

- **Economic Security Zone:** The United States and the Philippines plan to establish a 4,000-acre industrial hub in the Luzon Economic Corridor—the first AI-native investment acceleration hub under the Pax Silica Initiative—designed to surge production for allied manufacturing based on market demand and host-country advantages, including the Philippines’ geographic centrality in the Indo-Pacific and its young and technically skilled workforce.
- **Agila Subic Multi-Use Facility:** American company Cerberus Capital Management’s initial investment in the Philippines enabled the rehabilitation of the Agila Subic Shipyard into a multi-purpose logistics and industrial hub. Agila's landmark partnership with HD Hyundai marks a significant advancement in the country’s shipbuilding capabilities. Inspired by the success of this collaboration, Cerberus Capital Management is considering potential future expansions, reflecting the U.S. continued commitment to support the maritime, logistics and manufacturing sectors. The facility has become a point of reference in Subic Bay Freeport and beyond, creating new economic ties, fostering positive social development, and contributing to national and regional security.
- **Collins Aerospace Manufacturing Expansion:** Collins Aerospace is expanding its manufacturing operations in the Philippines with a new 7,846-square-meter (sq m) facility at the First Philippine Industrial Park (FPIP) in Santo Tomas, Batangas.

### **BETTER BUSINESS ENVIRONMENT**

The Philippine government is working together with LEC partners to strengthen the investment environment through key reforms, including enhanced fiscal incentives, streamlined permitting processes, and improved public-private partnership frameworks to support LEC investments.

- **CREATE MORE Act:** Up to 40 years of fiscal and non-fiscal incentives for strategic investments in priority sectors
- **Public-Private Partnership Code:** Strengthening private sector role in infrastructure delivery and long-term project implementation
- **Investors' Lease Act:** Lease terms extended to 99 years, providing certainty for long-term foreign and domestic investments
- **Accelerated Right-of-Way Act:** Tackling historical bottlenecks that caused project delays and streamlining land acquisition
- **Capital Markets Efficiency Act:** Stock transaction tax reduced from 0.6% to 0.1%, aligning with regional peers

