

Philippines: Nickel Industry

- Overview: Output growth has stalled, ranking second only to Indonesia
 - Philippine nickel ore production peaked in the mid-2010s and has since stagnated. Meanwhile, Indonesia, another Southeast Asian nation with nickel resources, has seen its production increase. Consequently, while the Philippines once surpassed Indonesia in output, it has trailed behind since the late 2010s, ranking as the world's second-largest producer.
 - One factor contributing to the Philippines' production slump is the tightening of environmental regulations during the previous administration. The current administration, however, is seeking a balance between economic growth and environmental protection, aiming to revitalize mining, including nickel.
 - The Philippines is the world's top exporter of nickel ore. This is because Indonesia has banned exports of unprocessed ore, making China the largest export destination. However, the Philippines is seeking to diversify its export destinations to break away from excessive dependence on China.
- Reserves
 - According to the U.S. Geological Survey (USGS), the Philippines' nickel reserves as of 2023 are approximately 4.8 million tons. This accounts for about 4% of the global total (Figure 1).

Figure 1: Nickel Reserves (2023)

	ton	Share
Indonesia	55,000,000	42%
Australia	24,000,000	18%
Brazil	16,000,000	12%
Russia	8,300,000	6%
New Caledonia	7,100,000	5%
Philippines	4,800,000	4%
China	4,400,000	3%
Canada	2,200,000	2%
United States	310,000	0%
Other	7,890,000	6%
World Total (Estimated)	130,000,000	100%

(source : U.S. Geological Survey data)

■ Nickel Ore Production

- Nickel ore production had been on an upward trend until 2015 but has since stagnated. This was largely due to the impact of strengthened environmental regulations during the Duterte administration, including bans on mining at sites failing to meet environmental standards. Although the ban was lifted in 2021 as part of economic stimulus measures during the COVID-19 pandemic, the current slump in nickel prices has worsened profitability, leading to an increase in closures of small-scale mines. Production remains stagnant, fluctuating without significant growth.
- This production slump has caused the Philippines' global share to decline. While it exceeded 20% in the mid-2010s, it has barely surpassed 10% in recent years, 2022 and 2023.
- Meanwhile, Indonesia's production has increased. By banning exports of unprocessed ore and promoting high-value-added smelting and processing domestically, a cycle has formed: increased overseas investment, primarily from China, has boosted smelters and smelting volumes, which in turn drives greater demand for upstream ore mining. Consequently, Indonesia's global share is expanding, widening the gap with the Philippines (Figures 2 and 3).

Figure 2: Nickel Ore Production: Philippines vs. Indonesia

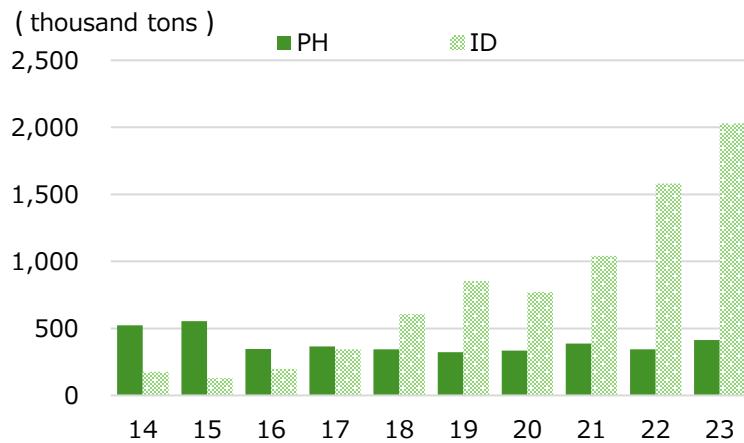
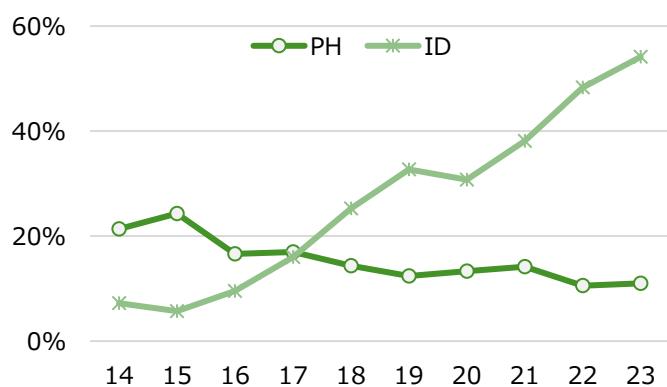


Figure 3: Nickel Ore Production Share by Country: Philippines vs. Indonesia

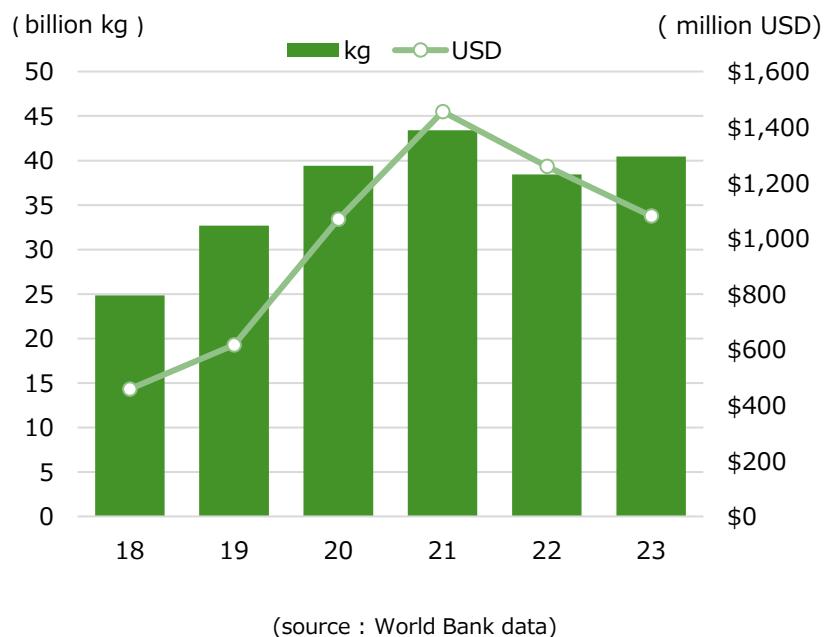


(source : US Geological Survey data)

■ Exports

- The Philippines' nickel ore exports in 2023 increased for the first time in two years. However, export value declined for the second consecutive year (Figure 4). This was due to the impact of falling nickel prices.
- Although the Philippines' nickel ore production volume is lower than Indonesia's, it leads the world in nickel ore exports. This is because Indonesia has completely banned nickel ore exports since 2020. The Philippines' global share is estimated at about 80% by weight and about 30% by value.
- China is the largest export destination, accounting for about 90% of export value. From China's perspective, the Philippines is its largest supplier, with imports from the Philippines making up about 90% of China's total imports in 2024.
- Facing excessive dependence on China, the Philippines is seeking to diversify its export destinations. It is particularly focusing on strengthening ties with India. During his visit to India in March 2025, Foreign Secretary Manalo stated, "As part of diversifying our nickel export markets, we are looking at India as an important partner."

Figure 4: Nickel Ore Exports (Volume and Value)



■ Challenges

- Beyond export diversification, challenges remain. One is environmental issues. While the Duterte administration implemented policies prioritizing environmental protection, the numerous negative impacts, such as reduced revenue, drew strong criticism from the mining industry. Meanwhile, the current Marcos administration is seeking a balance between environmental protection and economic growth. It has permitted the reopening of mines closed under the previous administration, subject to certain conditions.
- Transitioning away from being a mere resource exporter is another challenge. Following Indonesia's example—which banned raw ore exports and promotes domestic utilization of nickel in high-value-added midstream and downstream sectors—the Philippines passed a bill in 2024 that included a ban on raw ore exports. However, in June 2025, the export ban clause was removed from the bill. Unlike Indonesia, the Philippines lacks sufficient midstream and downstream smelting and processing capacity. Withdrawing the ban was deemed necessary to avoid risks like a sharp drop in mining revenue that would result from an export ban.
- Technological innovation is also needed. Unlike Indonesia, which is promoting its EV battery industry using high-grade nickel, low-grade ore is predominant in the Philippines. Due to this low grade, smelting and processing costs are higher than in Indonesia. Furthermore, challenges remain, such as the need to introduce advanced smelting technologies to make the ore suitable for EV batteries.

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