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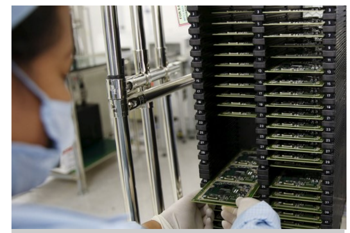
Philippines may lose $1.9 billion in US exports if Trump raises tariffs

February 13, 2025 | Malaya Business Insight

THE PHILIPPINES could lose as much as $1.89 billion (P107.6 billion) in exports of mostly mechanical and electrical equipment to the US if President Donald J. Trump makes good on his threat to impose higher tariffs, according to a House of Representatives think tank.



A worker removes computer chips from a shelf at an electronics assembly line in Biñan, Laguna, April 20, 2016. — REUTERS

The amount could fall to a net loss of $1.6 billion due to so-called trade diversion benefits, the Congressional Policy and Budget Research Department (CPBRD) said in a report released this month.

"A common feature of these products is that they currently benefit from minimal to zero US tariffs, making them particularly vulnerable to the imposition of higher duties," CPBRD authors Mark Carmelo R. Manguera and Dawndale Albert O. Tanilon said in the 38-page discussion paper.

The CPBRD report examined the potential impact of the US tariff pronouncements on the Philippines under a second Trump administration.

The United States was the top destination for Philippine-made goods in 2024, with exports valued at $12.12 billion or 16.6% of total export sales.

According to the CPBRD, majority of Philippine export products expected to have negative net trade effects due to higher US duties are manufactured goods.

It noted that eight out of the 10 sectors fall within the category of mechanical and electrical machinery, equipment, and parts, while the remaining sectors — crustaceans and mollusks, and coconut and palm kernel oil — are classified as primary commodities.

Mr. Trump, who assumed office on Jan. 20, has already slapped an additional 10% tariff on Chinese goods, but delayed a 25% tariff on goods from Mexico and Canada for a month. This is part of his broader "America first" trade policy which seeks to prioritize US economic interests.

Mr. Trump has also threatened to impose reciprocal tariffs on every country that sets duties on US imports, a move that would affect the Philippines.

"The most significant decline in Philippine exports is projected for discs, tapes, solid-state non-volatile storage devices, smart cards, and other media for the recording of sound or of other phenomena, with a reduction of $386.7 million," the CPBRD said.

Philippine exports of coconut and palm kernel are expected to decline by $374.5 million, while exports of automatic data processing machines are set to drop by $187.6 million.

Exports of electronic machinery, particularly electric transformers, static converters and inductors, would also drop by $143.5 million.

Philippine exports of telephone sets, including smartphones and other transmission network devices, are expected to fall by $130 million.

"Other products that would be heavily affected by the US tariffs are in electronic integrated circuits ($97.82 million); machinery parts and accessories ($77 million); insulated wire, cable, other electric conductors, and optical fiber cables ($74 million); monitors and projectors ($64 million); and crustaceans, mollusks, and other aquatic invertebrates ($63 million)," the CPBRD said. *[Cont. page 2]*

Philippines may lose $1.9 billion in US exports if Trump raises tariffs

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POSITIVE EFFECTS

On the other hand, the CPBRD said there could be positive trade diversion effects for certain export products, such as apparel and footwear.

“This is reminiscent of the ‘bystander effect’ during the US-China trade clash, where some third countries were able to take advantage of shifts in trade dynamics… However, in terms of value, the net trade gains are relatively modest,” it said.

The biggest projected positive net trade effect for the Philippines is in lasers, which is expected to jump by $37.3 million, while exports of seat parts are projected to rise by $18.2 million.

Trade in Philippine-made suits, jackets, trousers and dresses may increase by $17.3 million, while casual clothing products, such as jerseys and cardigans may jump by $17 million.

Women’s clothing, such as skirts and trousers, could also see a $13-million increase.

Other product categories to anticipated to post gains include knitted or crocheted garments ($12.79 million); cement, concrete or artificial stone ($12.73 million); men’s suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts ($12.52 million); festive, carnival or other entertainment articles ($11.8 million); and electro-magnets ($10.93 million).

“To navigate the challenges posed by potential changes in US tariff policies, the Philippines must address both immediate and long-term barriers. Diversifying export markets by strengthening trade relations with alternative countries may reduce reliance on the US, while pursuing preferential access to the US market can help sustain existing trade flows,” the CPBRD said.

The Philippines should also try to minimize the adverse effects of US tariffs by exploring new markets and “capitalize on trade diversion, particularly from China, India and Indonesia,” it added.

“For the top five products that would be negatively affected by the US tariff pronouncements, China, Hong Kong, and Germany emerge as prominent global importers,” the CPBRD said, referring to discs; coconut; automatic data processing machines; electric transformers; and telephone sets.

“By focusing on these markets, the Philippines can strengthen trade and investment missions and explore opportunities to negotiate trade agreements, thereby enhancing access and competitiveness in these markets.”

The CPBRD said the Philippines should also “intensify negotiations” with the US for the reauthorization of its Generalized System of Preferences (GSP).

“The reauthorization of the GSP would effectively shield covered products from the tariffs that would be imposed by the US,” it said.

The think tank said the government should also leverage Republic Act No. 11981, or the Tatak Pinoy (Proudly Filipino) law, which aims to improve the country’s position in the global value chain by encouraging companies to make quality products.

“An opportunity for the country lies in the timely and effective formulation and implementation of the Tatak Pinoy Strategy… which aims to identify target sectors and actionable measures for domestic industries to produce and offer increasingly diverse and sophisticated products and services,” it said.

The Philippines could further insulate its economy by forging more free trade agreements with Canada, Europe and countries in the Middle East, Calixto V. Chikiamco, president of Foundation for Economic Freedom, said in a Viber message.

“It can [also] focus on goods like minerals, which the US needs, and therefore can’t be subject to tariffs,” he added.

Mr. Trump’s tariff plans provide the Philippines an opportunity to build up its manufacturing industry, Leonardo A. Lanzona, an economics professor at the Ateneo de Manila University, said in a Viber message.

The state should now seriously consider a “national industrialization policy” and streamline state-led investments into the creation of nickel processing plants and renewable energy technology factories, Jose Enrique “Sonny” A. Africa, executive director at think tank IBON Foundation, said in a Viber message.

Vince Dizon named new DOTr secretary

February 13, 2025 | Jean Mangaluz - Philstar.com

File photo shows testing czar Vince Dizon.

The STAR / Mong Pintolo, file

MANILA, Philippines — President Ferdinand Marcos Jr. has appointed former Bases Conversion and Development Authority chief Vince Dizon as the new transportation secretary, replacing Jaime Bautista.

Executive Secretary Lucas Bersamin announced the new appointment in a message to reporters.

"Vivencio 'Vince' Bringas Dizon is going to be the next Secretary of the Department of Transportation, effective February 21, 2025," Bersamin said.

Bautista, a former CEO of flag carrier Philippine Airlines, has bowed out of the Department of Transportation (DOTR) post due to concerns over his health.

"[Dizon] is already authorized by the Office of the President to start the transition at the DOTR in coordination with the team of Secretary Jaime Bautista, who has resigned due to health reasons," Bersamin said.

Dizon has held several high-ranking positions in government before clinching the DOTR post. He was CEO of BCDA during the administration of Marcos' predecessor, Rodrigo Duterte.

He also served as Duterte's deputy implementer of the country's policy against COVID-19 during the pandemic.

https://www.philstar.com/business/2025/02/13/2421267/vince-dizon-named-new-dotr-secretary

BSP to cut policy rate by 25 bps today — consensus

February 13, 2025 | Jimmy Calapati | Malaya Business Insight

Bankers, markets and the entire business sector are all eyes on the Bangko Sentral ng Pilipinas (BSP) as the Monetary Board meets today to decide its next policy rate move.

Given a steady inflation in January within the forecast range by the BSP, analysts interviewed by the Malaya Business Insight have reached a consensus that the Board will reduce its key rates by another 25 basis points, as shown by the table below.

ANALYST	FORECAST (in percent)
Nalin Chutchotitham, CITI	0.25
Aris Dacanay, HSBC	0.25
Emilio Neri, BPI	0.25
Jonathan Ravelas, BDO	0.25
Nicholas Mapa, METROBANK	0.25
Michael Ricafort, RCBC	0.25

The cut would be the fourth consecutive easing move by the Monetary Board, which would bring down the key rates to 5.5 percent.

Inflation, the key barometer used by the Monetary Board in determining the monetary policy action needed, remained relatively steady in January at 2.9 percent, as also recorded in December 2024.

BSP Governor Eli Remolona last month said, "We're still in restrictive territory compared to what we think the ideal rate is … So there's still some room to ease," adding that monetary policy has a 12-18-month lag.

Jonathan Ravelas, BDO chief strategist, said any action today will be "a calibrated preemptive response to inflation."

"I am looking at a 25 bps cut. But won't be surprised to see a 50 bps cut on dismal growth numbers. You may recall, I called for a 50 bps last December. But they just did 25 bps," Ravelas said in a Viber message.

Ravelas said that although January inflation at 2.9 was higher than his forecast of 2.5 percent, "it still gives BSP enough leeway to cut rates even by 50 bps to help spur economic growth."

HSBC Asean economist Aris Dacanay, in a statement, said "inflation is not so much of a concern with the CPI well within the BSP's 2-4 percent target band." *[Cont. page 3]*

BSP to cut policy rate by 25 bps today — concensus

[Cont. from page 3]

“We expect the BSP to cut its policy rate by 25 bps to 5.50 percent. The concern is with growth and the engines that support it. Fourth quarter 2024 growth, at 5.2 percent, surprised on the downside, with household consumption, the country’s largest economic engine, underperforming. We think the BSP will loosen the monetary reins slightly to help support growth,” Dacanay said.

Although the Fed kept its monetary stance steady last month, Dacanay said they “do not think the BSP needs to do the same.”

“History has shown us that there is room for the policy rate differential between the Fed and the BSP to narrow from where it is today, especially since the saving-investment gap is at a more manageable level,” Dacanay said.

“Nonetheless, we think the BSP still needs to be mindful of Fed moves, more so with tariff risks complicating the easing cycle of the latter,” he said.

Emilio Neri, Jr., BPI lead economist, said they expect the BSP “to cut its policy rate by 25 bps, bringing the policy rate to 5.5 percent.”

“The central bank might use the slower-than-expected growth last quarter as the primary justification for the cut, along with a stable inflation environment that allows the central bank to focus more on boosting the economy,” Neri said in a statement.

“Recent statements from the BSP also suggest that economic growth will be a key factor in the Monetary Board’s decision. Governor Remolona recently noted that the country has a negative output gap and is operating below capacity. He added that a rate cut is on the table in the upcoming Monetary Board meeting, a signal that often precedes a policy action,” Neri said.

He said the recent stability of the peso could also provide the BSP with more room to consider a rate cut.

“While a rate cut could exert pressure on the peso, improving market sentiment may mitigate this. Moreover, the BSP might be open also to a higher exchange rate as long as inflation remains within target,” Neri said.

But although a rate cut remains on the table, Neri said the “extent of easing this year will be limited.”

“The sizeable current account deficit of the economy makes it more vulnerable to external shocks such as global trade tensions. A narrower interest rate differential could also drive portfolio outflows as investors seek higher returns elsewhere. In this context, interest rates could serve as a key buffer against market volatility,” Neri added.

Source: https://malaya.com.ph/business/corporate/bsp-to-cut-policy-rate-by-25-bps-today-consensus/

PPP projects in pipeline now at P2.47 trillion

February 12, 2025 | Louella Desiderio | The Philippine Star

MANILA, Philippines — The Philippines has a total of 176 projects worth P2.47 trillion in its pipeline of public-private partnership (PPP) projects.

Data from the PPP Center showed that the number of projects in the PPP pipeline increased to 176 as of Feb. 10 from its Dec. 4, 2024 report, which had 172 projects.

The STAR / Michael Varcas

Data from the PPP Center showed that the number of projects in the PPP pipeline increased to 176 as of Feb. 10 from its Dec. 4, 2024 report, which had 172 projects.

While the number of PPP projects in the pipeline increased, the total cost declined from P2.55 trillion.

The PPP Center said the change in the number of projects in the pipeline is due to new additions and the delisting of some projects.

Of the 15 projects added to the pipeline, four are national projects while 11 are local projects.

New projects are the Manila Central Post Office, Manolo Fortich Septage and Sewage Treatment Facility, proposed preservation of the Historical Old Del Monte Airstrip,

[Cont. page 5]

PPP projects in pipeline now at P2.47 trillion
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Economic Housing Subdivision – RQ Village, Baguio Water Supply Project, Philippines Digital National Identity, Pangasinan - Pambansang Pabahay para sa Pilipino Program, Baguio - Pambansang Pabahay para sa Pilipino Program, Traveler Information and Data Security System (eTRAVELPLUS), Francisco Bangoy International Airport Project, construction of New City Public Market with Multi-level Parking in Cavite, establishment of Trading Post/Bagsakan Center for wholesale and retail of the city's agricultural products in Cavite, Baguio Central Terminal and Cultural Center, improvement and management of the Water Supply and Sanitation Services of the Freeport Area of Bataan and the Pasig Common Underground Network Project.

On the other hand, nine projects were delisted in coordination with appropriate implementing agencies.

Seven of the delisted projects are national projects while two are local projects.

Projects removed from the PPP pipeline are the Comprehensive Digital Housing Platform Project, High-capacity Bus System in Iloilo City, Joint Venture for the Redevelopment of the Philippine National Oil Co. and Department of Energy Bonifacio Global City Properties, Zamboanga City Integrated Solid Waste Management System, Electronic Invoicing and Tax Engine Systems Project, Rizal Park Western Section Development Project, Power Generation and Distribution in San Vicente Flagship Tourism Enterprise Zone, Decarbonization Project and the Metro Rail Transit System Line 3 rehabilitation, operations and maintenance.

The PPP Center said the New Bohol (Panglao) International Airport Project was also delisted from the PPP pipeline.

"The project, with an estimated cost of P4.53 billion in the pipeline, is removed from the pipeline database following its award and is now reflected in the PPP Center database of projects under implementation," the PPP Center said.

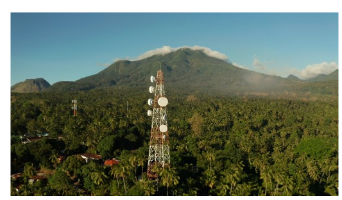
Also removed from the PPP pipeline was the operations and maintenance of the Pampanga Dialysis Centers Project as this has been awarded and placed in the list of those under implementation.

The government is pushing for PPPs to address the country's infrastructure gaps.

By pushing for infrastructure development, the government wants to attract more investments that will drive economic growth and create jobs.

Source: https://www.philstar.com/business/2025/02/12/2420873/ppp-projects-pipeline-now-p247-trillion

Konektadong Pinoy bill sparks debate: Digital inclusion vs. national security risks
February 12, 2025 | Rizal Raoul Reyes | BusinessMirror



INTERNATIONAL think tank Stratbase Institute on Wednesday warned that the deregulation of the country's radio frequency spectrum would leave its digital infrastructure to exploitation, especially by foreign actors.

"We want to be connected, but not at the cost of our security," Stratbase Institute president Victor Manhit.

"Removing the requirement for a legislative franchise to access the country's radio frequencies weakens safeguards and opens the door to foreign entities with potentially harmful intentions," added Manhit.

The Konektadong Pinoy bill, now pending in Congress does away with legislative franchises for use of radio frequencies.

It is important to protect the country's digital networks, he said, "by robust policy and technology that would protect our government and private institutions from malevolent foreign infiltration."

"By easing entry requirements for new telecommunications players, the legislation could allow unreliable or even hostile entities to disrupt critical infrastructure," said.

Manhit pointed out that the Konektadong Pinoy Bill does not align with the safeguards outlined in the Public Services Act (PSA), which ensures that vital infrastructure remains under strict regulatory oversight.

"We need to strengthen the security of our digital backbone, not expose it to unchecked foreign influence," he said.
[Cont. page 6]

Konektadong Pinoy bill sparks debate: Digital inclusion vs. national security risks

[Cont. from page 3]

Aside from the national risks, consumer protection advocate Patrick Climaco, Secretary General of Konsyumer at Mamamayan (KM) warned that the Konektadong Pinoy Bill could open the doors for a surge in digital fraud and scams.

“If new players were allowed to enter the industry without stringent vetting, bad actors could exploit the system, leading to an increase in online scams, phishing schemes, and fraudulent telecommunications services,” Climaco said.

Likewise, CitizenWatch Philippines lead convenor Orlando Oxales stressed that, Without strong regulatory enforcement, the National Telecommunications Commission [NTC] would have limited power to oversee new market entrants, making it easier for unscrupulous entities to take advantage of consumers, particularly in Geographically Isolated and Disadvantaged Areas [GIDA] where digital literacy is low – and internet users will be more vulnerable.”

The Philippine Chamber of Telecommunications Operators (PCTO), in a separate statement, raised strong opposition to the bill, calling it not only unnecessary but potentially unconstitutional. The group argues that eliminating the congressional franchise requirement for new players undermines existing protections meant to safeguard the country’s limited radio spectrum.

“The Konektadong Pinoy Bill disregards constitutional provisions, undermines fair competition, and could even stifle investment in the telecommunications sector,” the PCTO said in a statement. The organization also criticized the bill for expanding spectrum allocation policies beyond data transmission into broadcast frequencies, a move that they argue could invite legal challenges.

Earlier, President Marcos certified as urgent Senate Bill 2699, or the Konektadong Pinoy Act to modernize data transmission infrastructure. However, experts warned that by weakening regulatory oversight, the bill could expose the nation’s telecommunications networks to serious security threats.

“The government must ensure that any entity granted access to the nation’s digital backbone is thoroughly vetted,” Manhit emphasized.

Further, Manhit pointed out that weak oversight will heighten the risks of cyberattacks targeting government institutions, private businesses, and ordinary Filipinos.

“Digital inclusivity must not come at the expense of national security and consumer protection,” Manhit said.

Image credits: Alexey Kornylyev | Dreamstime.com

Source: https://businessmirror.com.ph/2025/02/12/marcos-certified-bill-a-threat-to-digital-security/

Sound economic fundamentals, robust tie-ups key to inclusive growth

14, 2025 | Anna Leah Gonzales | Philippine News Agency

MANILA – National Economic and Development Authority (NEDA) Secretary Arsenio Balisacan said the Philippines must maintain sound economic fundamentals and robust partnerships for inclusive growth.

Delivering the Temasek Distinguished Speaker Lecture at the Lee Kuan Yew School of Public Policy, National University of Singapore on Feb. 11, Balisacan emphasized how Manila has much at stake in this collective action for rules-based, positive-sum policy responses.

The Temasek Distinguished Speaker Lecture series provides a platform for speakers to share valuable insights with the public policy community.

During his lecture, Balisacan highlighted key megatrends shaping regional and global development which include rising inequality, growing protectionism, increasing use of industrial policy to promote disruptive technologies, and the high cost of energy transition amid climate change.

Balisacan said these megatrends are affecting the policy environment for open trade and investment and will affect the development of Asia's emerging economies including the Philippines.

“Asia's low- and middle-income countries face a range of megatrends that shape and constrain—or, viewed positively, enable and facilitate—their development strategies," he said. *[Cont. page 7]*

Sound economic fundamentals, robust tie-ups key to inclusive growth

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"Yet these same megatrends can also open up new avenues for growth if acted upon strategically, employing both reactive measures to meet immediate challenges and forward-looking policies to anticipate emerging opportunities," Balisacan added.

Balisacan however said that in case of the Philippines, the country can build on the strong economic momentum it has built over the last two decades by further strengthening economic resilience.

The NEDA chief cited the importance of diversifying the Philippine economy beyond consumption and services, noting that the government must create an enabling investment climate, aggressively increase the presence in regional and global markets to strengthen the external sector, and enact structural reforms to improve the functioning of markets for critical sectors.

Balisacan said the Philippines should also adopt technologies and foster innovation to sustain productivity growth.

To leverage such technologies, Balisacan said the Philippines would need to invest significantly in its human capital.

"Fortunately, the Philippines is well-positioned to leverage its dense migrant networks to support capacity building and technology infusion, especially in this age of digital connectedness. More importantly, this calls for policies addressing emigration and encouraging talent to return, such as sufficient funding for research and strengthening academe-industry linkages," he said.

Balisacan said the Philippines must also strengthen partnerships with traditional allies, like-minded nations, and ASEAN middle powers, by focusing on trade, investment, and development cooperation amid the unfolding trade war and climate crisis.

"Partnership at the regional and international levels, especially among smaller, open economies caught in the rivalry between economic giants… is more crucial now than ever," he said.

Source: https://www.pna.gov.ph/articles/1244084

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