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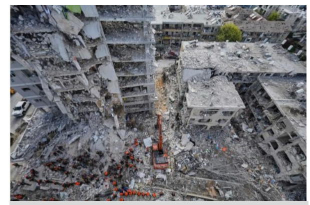
**SPECIAL POINTS OF INTEREST**



## PHL must be ready for worst spillover effect of Israel-Iran conflict—lawmaker

June 16, 2025 | Jovee Marie N. dela Cruz | BusinessMirror


Israeli soldiers search through the rubble of residential buildings destroyed by an Iranian missile strike in Bat Yam, central Israel, on Sunday, June 15, 2025. (AP Photo/Baz Ratner)

AN economist-lawmaker on Sunday called for stronger economic preparedness measures as tensions between Israel and Iran continue to pose global economic risks, warning that the conflict could severely affect oil prices, exchange rates, labor markets, and import costs—key elements of the Philippine economy.

Rep. Jose Clemente "Joey" Sarte Salceda, House of Representatives Committee on Ways and Means chairman, noted that while the military actions in April 2025 were more direct than in previous years, both nations have historically avoided sustained escalation. Nonetheless, he said the Philippines must be "fiscally prepared" to manage the potential spillover effects.

"For the Philippines, the issue is not foreign alignment but economic preparedness," Salceda said.

"The conflict affects us through oil prices, exchange rate movements, labor market disruptions, and import costs. These risks must be considered as agencies finalize their Tier 1 and Tier 2 proposals under the 2026 budget call," added Salceda.

The veteran lawmaker warned that any disruption in the Strait of Hormuz—which carries over 20 percent of global oil supplies—could significantly inflate the Philippines' oil import bill. With the country consuming roughly 471,400 barrels of oil per day, a $10 increase in Brent crude prices would cost the country an additional $4.7 million daily, or P94.9 billion annually at an exchange rate of P55 to the dollar.

"These figures must be reflected in the budgetary assumptions of agencies responsible for fuel subsidies, transportation, agriculture, and power," he stressed.

Salceda also highlighted recent movements in the foreign exchange market. From April 16 to April 25, the peso slightly appreciated from P56.60 to P56.28 per US dollar. As of May 31, the Bangko Sentral (BSP) reported gross international reserves at $105.5 billion, enough to cover 7.3 months of imports.

"This is a strong position," Salceda said, "but external volatility can change conditions rapidly."

**Risk**

WITH over 2.16 million overseas Filipino workers (OFWs), one-third of whom are based in the Middle East, Salceda said a sharp escalation could threaten labor security and remittances.

He cited the Department of Labor and Employment's P600-million repatriation and welfare fund during a 2020 crisis as a practical benchmark for 2026 proposals by the Department of Migrant Workers (DMW) and the Department of Foreign Affairs (DFA).

In addition, Salceda warned of looming agricultural risks, saying around 66 percent of fertilizer imports are nitrogen-based, primarily urea sourced from countries like Qatar. Any disruption in Gulf shipping routes would raise domestic fertilizer prices and affect food security. *[Cont. page 2]*

## PHL must be ready for worst spillover effect of Israel-Iran conflict-lawmaker
*[Cont. from page 1]*

"The Department of Agriculture, the Bureau of Plant Industry, and the National Food Authority must include logistics contingencies and buffer stock provisions in their 2026 budget," he said.

He also raised concerns about the rise in marine insurance premiums if Gulf routes are designated war risk zones by global insurers, saying this could increase freight rates for oil and food cargo, even for Philippine shipments not directly passing through the Gulf.

**Recommendations**

Salceda outlined six specific budget-related actions that the government must prioritize in anticipation of prolonged regional instability.

He said agencies like the Department of Transportation should propose at least P5 billion for programs like Pantawid Pasada, based on 2022 data.

He added that the Department of Energy should assist private importers in securing long-term contracts to hedge against price spikes.

According to Salceda, the Department of Agriculture must diversify fertilizer sourcing and invest in logistics resilience.

He said the DMW and DFA should propose standby funds of at least P600 million for repatriation and crisis response.

He added that the Maritime Industry Authority and Department of Trade and Industry should track global shipping insurance trends and evaluate the need for government support.

The Development Budget Coordination Committee must integrate oil price scenarios into macroeconomic planning and social protection funding, the lawmaker added.

Salceda emphasized that while the Philippines cannot control global conflicts, it can "control its fiscal posture."

"The 2026 budget should be designed to absorb external shocks, preserve domestic stability, and maintain purchasing power for Filipino households," he said.

Image credits: AP/Baz Ratner

*Source: https://businessmirror.com.ph/2025/06/16/phl-must-be-ready-for-worst-spillover-effect-of-israel-iran-conflict-lawmaker/*

## More FTAs seen as counter to Trump uncertainty
June 16, 2025 | Justine Irish D. Tabile | BusinessWorld


ASIANTERMINALS.COM.PH

THE PHILIPPINES will need to continue negotiating more free trade agreements (FTAs) to diversify its export markets in the face of the uncertainty posed by the US reciprocal tariffs, a former Finance Secretary said.

Margarito B. Teves said that the Philippines, despite being in a "relatively favorable position" due to its 17% reciprocal tariff, should not be complacent and needs to build resilience against external headwinds.

"We should deepen negotiations for FTAs with countries such as India, the United Arab Emirates, and the European Union and fast-track our application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership," he said at a forum last week.

He added that the Philippines must "continuously support stronger regional integration within ASEAN, accelerating reduction of trade and regulatory barriers."

Industry groups have noted that even current FTAs are plagued by low utilization, a concern shared by Mr. Teves.

Citing a 2022 discussion paper of the Philippine Institute for Development Studies, he said that only 8.3% of Philippine exporters used FTAs in 2019, while 54.8% of importers did so over the same period. *[Cont. page 3]*

## More FTAs seen as counter to Trump uncertainty
*[Cont. from page 2]*

"This underscores the need for the Department of Trade and Industry to intensify its free trade information roadshows to increase awareness and understanding among firms, especially the micro, small, and medium enterprises (MSMEs), about how to utilize the country's FTAs," he said.

"Likewise, there is also a need to streamline the requirements and procedures in utilizing FTAs to further encourage firms," he added.

Despite the low utilization, he stressed that the Philippines should still deepen negotiations on FTAs with other countries or regional blocs to further expand its options.

"Signing an FTA takes years of discussions among the parties involved because of the complexity of economic and political issues involved. So we need to start early and keep the momentum of the talks going," he added.

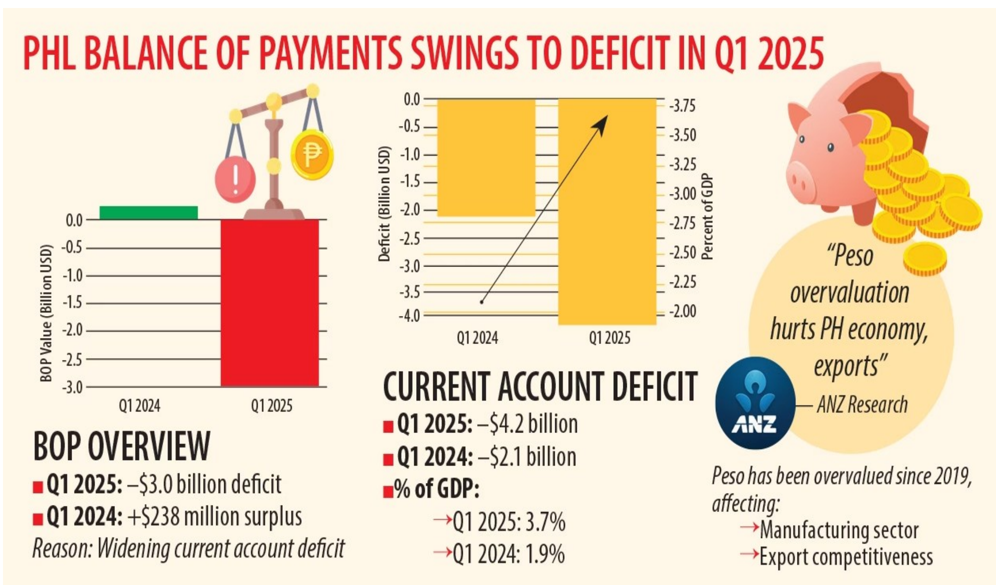
Aside from diversifying export markets, he also called for improved ease of doing business, lower cost of doing business, and prudent fiscal management.

"The recent tariff war is not something that we should be extremely worried about if we keep the fiscal and other portions of our economy in order. We would be very attractive if we can make those conditions really conducive for investment," he said.

*Source: https://www.bworldonline.com/economy/2025/06/16/679274/more-ftas-seen-as-counter-to-trump-uncertainty/*

## Big current account gap puts BOP in deficit
June 16, 2025 | Cai U. Ordinario | BusinessMirror

THE country's Balance of Payments (BOP) swung to a deficit in the first three months of the year on the back of a wider current account deficit, according to the Bangko Sentral ng Pilipinas (BSP).




The data showed the country's BOP deficit reached $3 billion in the first quarter of 2025, a turnaround from the $238-million surplus recorded during the same period last year.

"This was primarily driven by a wider deficit in the current account component, which covers goods, services, as well as income from overseas Filipino [OF] workers and other sources," the BSP said.

The BSP said the current account deficit in the first quarter of 2025 was twice the previous year's figure at $4.2 billion from $2.1 billion in the first quarter of 2024.

As a share of GDP, the BSP said the latest deficit increased to 3.7 percent in the January to March period this year from 1.9 percent in the same period last year.

"This development reflected the widening merchandise trade gap, as import spending grew faster than export earnings," the BSP said.

"The increase in the current-account deficit also resulted from the contraction of net revenues from trade in services due to lower transport services receipts and increased outbound travel spending. However, this was partially moderated by higher remittances from OFs," it added. *[Cont. page 4]*

## Big current account gap puts BOP in deficit

*[Cont. from page 3]*

However, the BSP said the deficit was partly offset by inflows in the financial account. The financial account is composed of direct investments, which are usually long-term in nature; portfolio investments, such as placements in stocks and bonds; and other forms of investment

The BSP said the financial account posted net inflows of $6.7 billion in the first quarter of 2025, up by 43.2 percent from $4.6 billion in the same period last year.

"This stemmed mainly from the notable increase in net inflows in the direct and other investment accounts, alongside sustained inflows in the portfolio investment account," the BSP said.

Meanwhile, data showed the capital account recorded a surplus of $23 million in the first quarter of 2025, up by 35.9 percent from $17 million in the same period in 2024.

BSP said the surplus was driven by gross disposals of non-produced non-financial assets that amounted to $4 million. This was higher than the $1 million recorded gross acquisitions in the first quarter of 2024.

The data also showed that with this, the country's gross international reserves (GIR) amounted to $106.7 billion as of end-March 2025, higher than the $104.1 billion level registered as of end-March 2024.

The GIR, the BSP said, are foreign assets held by the BSP and are mostly in foreign-issued securities, gold, and foreign exchange.

Meanwhile, the peso averaged P57.97 to the US dollar, appreciating by 0.3 percent relative to an average of P58.15 to the greenback in the fourth quarter of 2024.

However, on a year-on-year basis, the peso depreciated by 3.5 percent from an average of P55.96 to the greenback in the first quarter of 2024.

"The peso gained external price competitiveness against the baskets of currencies of major trading partners and trading partners in advanced and developing countries on a year-on-year basis as indicated by the decreases in real effective exchange rate indices," the BSP said.

Earlier, ANZ Research said the peso is overvalued and that it has hurt the performance of the Philippine economy, particularly the manufacturing sector and the competitiveness of exports. ***(See: https://businessmirror.com.ph/2025/06/10/overvalued-phl-peso-is-hurting-economy/).***

ANZ Research pointed out that the overvalued peso has been "a persistent concern" that has weighed down the country's competitiveness for years, as this has also occurred in the 1980s and 1990s.

The analysis stated that based on traditional currency fair value models such as the real effective exchange rate (REER), the most cited gauge of a currency's value, the peso has been overvalued since 2019.

Image credits: BM Graphics: Ed Davad

*Source: https://businessmirror.com.ph/2025/06/16/big-current-account-gap-puts-bop-in-deficit/*

## Philippines climbs to 51st in global competitiveness report

June 17, 2025 | Alden M. Monzon | Philippine Daily Inquirer

The Philippines was deemed more competitive in 2025 compared to 2024, with its ranking going up a notch in the World Competitiveness Ranking. Photo by Ted ALJIBE / AFP

MANILA, Philippines – The Philippines' competitiveness ranking improved by one spot in 2025, rising to 51st place out of 69 economies.

This is according to the IMD World Competitiveness Ranking 2025 Report published by the Swiss-based International Institute for Management Development (IMD).

But compared to its neighbors, the Philippines' standing in the yearbook remains low, with the country ranking 13th out of 14 economies included in the Asia-Pacific region, a press release from the international body said.

The Philippines also ranked last of the five included economies in the Association of Southeast Asian Nations (Asean) region, it added.

The top three most competitive economies in the 2025 rankings report are Switzerland in first place, followed by Singapore and Hong Kong. *[Cont. page 5]*

## Philippines climbs to 51st in global competitiveness report

*[Cont. from page 4]*

In the Asia-Pacific region, the leading economies are Singapore in second place, Hong Kong in third, and Taiwan in sixth. Delving deeper into the Philippines' standing, its ranking in the business efficiency pillar declined further, dropping from 43rd place in 2024 to 46th in 2025.

Despite this, there were improvements in key sub-factors productivity and efficiency, which rose by eight spots, from 51st to 43rd, while management practices moved up from 47th to 44th.

However, most of the other sub-factors saw a decline.

The labor market ranking fell from 32nd to 37th, and attitudes and values dropped from 33rd to 38th.

The finance sub-factor, on the other hand, remained unchanged.

Additionally, the country's performance in the government efficiency pillar declined in 2025, dropping two spots from 49th to 51st.

Although there was a slight improvement in the business legislation sub-factor, which moved up one place to 59th, other areas recorded weaker performances.

The tax policy ranking slipped from 15th to 17th, the institutional framework fell from 53rd to 54th, and the societal framework declined from 55th to 59th.

The public finance sub-factor showed no change.

On a more positive note, the Philippines made notable gains in the economic performance pillar, improving its overall ranking from 40th in 2024 to 33rd in 2025.

Most sub-factors under this pillar showed progress, except for international investment, which experienced a slight decline from 44th to 45th.

The prices sub-factor posted the biggest gain, jumping nine places to 39th.

Other key indicators also improved, with the domestic economy rising from 27th to 22nd, international trade advancing from 58th to 55th, and employment climbing from 10th to 7th.

The Philippines' Infrastructure pillar, which has consistently been a challenge in previous reports, also improved slightly in 2025, moving up one spot from 61st to 60th.

The basic infrastructure sub-factor improved from 62nd to 60th, while technological infrastructure saw a significant jump from 55th to 43rd.

*Source: https://business.inquirer.net/530920/ph-climbs-to-51st-in-global-competitiveness-report*

## Unicapital expects faster economic growth in Q2

June 17, 2025 | The Philippine Star

MANILA, Philippines — The Philippine economy is expected to grow faster in the second quarter than the previous quarter due to election spending and low inflation, according to financial services provider Unicapital Group.

Photos show an aerial shot of Quezon City.

The Philippine STAR / Michael Varcas

Unicapital Securities Inc. president and CEO Ben Thomas Pañares told The STAR the economy likely expanded at a faster pace in the second quarter compared to the first quarter's 5.4 percent growth.

"It's likely going to be better," he said.

While the first quarter gross domestic product growth was slightly faster than the previous quarter's 5.3 percent expansion, it was slower than the 5.9 percent growth in the same period last year. *[Cont. page 6]*

## Unicapital expects faster economic growth in Q2

*[Cont. from page 5]*

The first quarter growth performance also fell below the government's six to eight percent target for the year.

"We do view that there's a lot of positives going on, at least in Q2 (second quarter)," Pañares said.

He said factors that may drive faster economic growth in the second quarter include spending related to the elections held last May.

He also said consumer spending is expected to continue to support growth in the second quarter.

"I think what's more important is that inflation is still low," he said, noting this may lead consumers to make more purchases.

Latest data from the Philippine Statistics Authority showed that inflation continued to ease in May to 1.3 percent, its lowest level in over five years or since the 1.2 percent registered in November 2019, due mainly to the downtrend in utility costs.

Inflation has been on a downtrend since February this year.

Average inflation from January to May was at 1.9 percent, slightly below the government's target range of two to four percent.

Given low inflation, Pañares said the Bangko Sentral ng Pilipinas (BSP) is likely to continue its rate cuts.

At its April 10 meeting, the BSP reduced the key policy rate by 25 basis points to 5.50 percent.

The BSP is set to hold its next monetary policy meeting on June 19.

Pañares said the reciprocal tariffs imposed by the US on trade partners, however, are expected to affect the country's economic performance.

"It's sort of a double-edged sword. It helps us in one way and it may directly impact us," he said.

While it may lead to a reduction in the country's exports to the US, he said it may also encourage firms to consider setting up operations in the Philippines due to the lower tariff imposed on the country.

Before the 90-day pause on the reciprocal tariffs and the implementation of the baseline levy of 10 percent for most countries came into effect, the US imposed a 17-percent reciprocal tariff on Philippine exports, the second lowest in Southeast Asia.

*Source: https://www.philstar.com/business/2025/06/17/2451036/unicapital-expects-faster-economic-growth-q2*

## DOTr eyes privatization of 10 more airports until 2028

June 16, 2025 | Jon Viktor D. Cabuenas | GMA Integrated News


Department of Transportation (DOTr) Secretary Vince Dizon

The current administration is set to privatize the operations of at least 10 more regional airports, some located in tourist destinations, for the remaining three years of its term, Transportation Secretary Vivencio "Vince" Dizon said Monday.

According to Dizon, the Department of Transportation (DOTr) is looking to have 10 more airports placed under public-private partnership (PPP) — Iloilo, Davao, Siargao, Laoag, Busuanga, Bicol, Tacloban, Bacolod-Silay, General Santos, and Puerto Princesa.

"I'm quite confident that we can PPP 10 more airports by 2028 and this is something that I was bold enough to promise the President that we would PPP these 10 airports," he said during the Economic Journalists Association of the Philippines (EJAP) Infrastructure Forum in Makati City.

Dizon said the project that is in the most advanced stage is the Iloilo Airport, which has an unsolicited proposal from the Villar Group. It is now with the coordinating committee of the Department of Economy, Planning, and Development (DepDev).

The Iloilo Airport will be developed as a standalone, while the remaining airports are set to be bid out as bundles, as suggested by the International Finance Corporation (IFC) and the Asian Development Bank (ADB). *[Cont. page 7]*

## DOTr eyes privatization of 10 more airports until 2028

*[Cont. from page 6]*

"I think the government should really focus on making sure that a lot of areas have at least an air strip, an air field for logistics for emergency, for disaster relief, dapat meron 'yan at least pero 'yung mga viable airports I think lahat 'yan i-PPP na (they should have those at least, but those viable, i think they should all be PPP)," Dizon said.

At present, seven airports have been placed under PPPs, with the biggest being the Ninoy Aquino International Airport (NAIA) which was taken over by the New NAIA Infra Corp. (NNIC) in September 2024.

Other airports include the Bohol-Panglao and Laguindingan airports with the Aboitiz Group, the Mactan-Cebu Airport with the GMR Megawide Cebu Airport Corp. (GMCAC), Clark Airport with Luzon International Premiere Airport Development (LIPAD), and the Caticlan and New Manila airports with San Miguel. **—RF, GMA Integrated News**

*Source: https://www.gmanetwork.com/news/money/economy/949558/dotr-eyes-privatization-of-10-more-airports-until-2028/story/*

## Wholesale-retail trade sector seen tripling in value to P15T by 2034

June 17, 2025 | Irma Isip | Malaya Business Insight


Department of Transportation (DOTr) Secretary Vince Dizon

The value of the country's wholesale-and-retail trade sector is projected to grow to P15.1 trillion by 2034, more than triple its estimated ₱4.9 trillion value in 2024.

This growth forecast is outlined in the "Section G: Jobs Blueprint," a new study launched by a public-private initiative during a media briefing in Quezon City on Monday.

Alongside this projected expansion in value, the industry's workforce is expected to grow to 12.5 million by 2034 from 10.2 million in 2024 , adding 2.3 million new jobs within the decade.

The sector's contribution to the country's gross domestic product (GDP) is also anticipated to climb to 19.8 percent, up from 18.34 percent this year.

Department of Trade and Industry (DTI) Secretary Cristina Roque said the blueprint will place special emphasis on sari-sari (variety/convenience) stores, which represent a significant portion of the country's microenterprises and form the grassroots foundation of the retail sector.

Roque plans to meet with representatives of sari-sari store networks to gather insights that will help shape support strategies tailored to their needs.

The trade secretary encouraged small retailers to expand their product lines and explore financing opportunities through the P10-billion loan fund administered by the Small Business Corporation. The blueprint estimates that sari-sari stores could grow their retail value to P2.4 trillion by 2030, a notable jump from the P1.12 trillion to P1.46 trillion annual average recorded in recent years.

The study notes that sari-sari stores account for 15 percent to 20 percent of total retail market activity and comprise 8.3 percent of the informal sector workforce, although no absolute base numbers were provided.

The blueprint is the result of a collaboration among the DTI, the Supply Chain Management Association of the Philippines, and the Philippine Retailers Association. Research was conducted by the University of Asia and the Pacific.

It lays out a six-point framework to future-proof the industry and create sustainable employment.

These include consumer-first strategies, stronger industry competitiveness through cooperation among market players, expanded public-private collaboration, digital transformation, workforce upskilling, and a more resilient and integrated supply chain.

It also outlines 10 key strategies to drive long-term growth in the sector. These involve boosting the sale of locally made products, simplifying business compliance procedures, ensuring fair competition between online and offline sellers, and fostering a more consistent regulatory environment.

The blueprint also emphasizes the need to tap into Filipino consumer behavior and festive spending patterns to position the country as a regional retail hub.

Other priorities include modernizing traditional retail formats, empowering sari-sari stores as community pillars, strengthening industry self-regulation, supporting hybrid retail models, and fast-tracking digital adoption across the board.

*Source: https://malaya.com.ph/business/business-news/wholesale-retail-trade-sector-seen-tripling-in-value-to-p15t-by-2034/*

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