AMRO says impact of tariffs on ASEAN+3 markets has been mild

FINANCIAL MARKETS in the ASEAN+3 economies posted mild reactions to the US tariffs announced in early April, ASEAN+3 Macroeconomic Research Office (AMRO) said.

The subsequent 90-day pause on most tariffs, however, have kept markets volatile, and investor confidence remains fragile, AMRO said in a report on Tuesday.

"The initial market shocks in ASEAN+3 economies were milder compared to the US, where the S&P 500 fell by 12.1%," AMRO said.

The S&P 500 declined by more than 10% and shed $6 trillion in market value, the largest two-day loss in US stock market history.

US President Donald J. Trump on April 9 paused the reciprocal tariff scheme for 90 days, but maintained a baseline 10% tariff on almost all US imports.

The Philippines was assigned a 17% reciprocal tariff, the second lowest in Southeast Asia.

AMRO noted that US Treasury bond yields surged while regional yields declined. The dollar initially depreciated by 1.3%, contributing to an appreciation in all regional currencies.

The peso closed at a near six-month high of P57.095 to the dollar, against the March 27 finish of P57.215.

This was its best close since the P57.02 posted on Oct. 9, 2024.

AMRO said the 90-day pause resulted in a recovery in regional stocks, while equities in the US remained subdued.

Most regional economies have experienced substantial portfolio outflows, as US investors pulled back from funds investing in emerging markets.

"Overall, the developments around the tariffs in early April created significant uncertainty around US policies and economic stability, contributing to weaker equity markets, heightened volatility, weaker US dollar and a sharp rise in US Treasury yields," AMRO said.

It said that ASEAN+3 economies vary by the drivers of market stress.

For China, bond market volatility was the primary impact, whereas Thailand experienced heightened foreign exchange volatility.

"Only the Philippines showed minimal change. Thus far, the spike has been primarily driven by increased market volatility," AMRO said.

AMRO warned of potential pockets of vulnerability as seen in surges in sovereign credit default swaps, equity price movements, financial market stress, and probability of default.

JP Morgan estimates a 60% probability of the world economy going into recession by year's end, up from 40% in March.

"As unpredictability of trade policies remains, policymakers need to stand ready to implement measures to help stabilize the financial markets, enhance market confidence and support growth," AMRO said. — **Aubrey Rose A. Inosante**

BPOs worried US tariffs may sideswipe service industries

THE information technology and business process management (IT-BPM) industry said US tariffs may end up having an indirect impact on services, citing the growth slowdown from US President Donald J. Trump's first term.

IT & Business Process Association of the Philippines (IBPAP) President Jonathan R. Madrid said: "We've had no impact so far, but we have seen this movie before. During Trump's first term, there was an impact on services, resulting in single-digit growth in both 2017 and 2018," Mr. Madrid said in an appearance on the *Money Talks with Cathy Yang* program on One News.

"Thus far, I think only goods have been mentioned specifically, but it's certainly an issue that we are monitoring very closely because there's a lot at stake," he added.

According to Mr. Madrid, the industry accounts for 9% of the Philippine economy, generating $38 billion in export revenue and employing 2 million workers.

However, he said that the demand for outsourcing services in the Philippines continues to be high.

"As of today, demand outstrips supply. So the Philippines does not have a demand problem. Every week, IBPAP receives investor interest from both prospective and existing investors who want to expand or establish operations here in the country," he said.

"This is because of what the Philippines has to offer. Being the youngest country in Asia with an average age of 25.3, we need to leverage that demographic advantage as well as our skill advantage," he added.

He said that it is only India and the Philippines can claim to be world leaders in the IT-BPM industry.

"A lot has happened in the past decade. There's a big difference between Trump 1 and Trump 2. But in this case, I think the tasks that the digital Filipino workers perform for our global customers are more complex and harder to replicate," he added.

He said the drivers of growth for the industry include global capability centers (GCCs).

"The GCC sector, which already has over 250,000 employees in the Philippines, is one of the brightest and fastest-growing spots of IT-BPM," he said.

GCCs are not outsourced services but are internal units of multinational companies tasked with managing back-office functions.

"I think this is probably going to be one of the powerhouses moving forward. I tracked the impressive growth story of the GCCs in India. And I think it's only logical that the Philippines positions itself as the number two player in GCCs," he added.

To date, over 100 GCCs are operating in the Philippines. — **Justine Irish D. Tabile**

Luggage maker considering manufacturing in PHL

LUGGAGE maker PLG Prime Global Co., a US-Taiwan company, is considering setting up a manufacturing facility in the Philippines, the Philippine Economic Zone Authority (PEZA) said.

In a statement on Tuesday, PEZA said it met with representatives of PLG Prime to discuss opportunities presented by the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) regime.

"PLG Prime was accompanied by Manila Economic and Cultural Office (MECO) board member Wilson Tecson and PEZA investment promotion partner Jayson Sze during the meeting in which it presented plans to build a plant in Hermosa, Bataan," PEZA said.

MECO is the de facto Philippine diplomatic post in Taiwan.

PLG Prime currently has manufacturing facilities in Taiwan, China, and the US.

"They operated in the Philippines from 2018 to 2022 and then transferred their luggage manufacturing to China. But because of the reciprocal tariff, they want to revive their operations to be able to export to the US," PEZA said.

"They have reserved a lot at the Hermosa Industrial Park, and they will put in bigger investments this time. The company will file their application within 15 days," it added.

According to PEZA, apparel, footwear, and luggage manufacturing are among the industries the Philippines lost to China, Vietnam, and Cambodia.

"With the reciprocal tariffs, we hope to revive these industries in the Philippines. Currently, we have received serious inquiries from several investors with manufacturing facilities in the US, China, Taiwan, and even Vietnam," PEZA Director General Tereso O. Panga said.

"When you've got American, Chinese, Taiwanese, and even Vietnamese manufacturers knocking on your door, you know something's shifting, and it's shifting towards our direction. The Philippines is back in the conversation," he added.

The US imposed some of its highest tariffs on the Association of Southeast Asian Nations. Cambodia is facing a 49% tariff, followed by Laos (48%), Vietnam (46%), Myanmar (44%), Thailand (36%), Indonesia (32%), Malaysia (24%), and Brunei (24%).

The Philippines was assigned a 17% tariff, second only to Singapore's baseline rate of 10%.

US President Donald J. Trump announced a 90-day pause on the reciprocal tariff scheme, allowing most trading partners to be charged a blanket 10% duty until July. — **Justine Irish D. Tabile**

PHILIPPINE STAR/RYAN BALDEMOR

Hog farms invited to join direct-sourcing scheme

THE Department of Agriculture (DA) said on Tuesday that it will invite more hog farms to participate in a direct-sourcing scheme piloted by Food Terminal, Inc. (FTI), which supplies retailers with pork products at reduced cost due to the savings on logistics.

The announcement indicates plans to move forward from a pilot program between FTI and the Philippine subsidiary of Thailand's Charoen Pokphand Foods PLC (CP Foods), which began supplying 100 live hogs daily for dispatch to a Caloocan slaughterhouse to expand the pork supply available to retailers.

The pilot program enabled participating retailers to offer pork at prices at least P20 below the maximum suggested retail price (MSRP) of P380 per kilo for *liempo* (belly) and P350 per kilo for *pigue* and *kasim* (leg and shoulder), the DA said in a statement.

Distributors source the pork directly from the Caloocan slaughterhouse, eliminating the need to transport hogs from multiple farms. This approach reduces logistics costs passed on to retailers and consumers.

"The pilot test has been very successful," the DA said. "Over the first 21 days, we've handled more than 2,000 pigs, and participating sellers have been able to price *liempo* at P360 per kilo, and *kasim* and *pigue* between P330 and P340 per kilo."

"We are inviting more hog farms to join this program. FTI guarantees prompt and proper payment."

The DA on March 10 started implementing an MSRP price for pork, with a price of P300 per kilo set for fresh carcass or *sabit ulo*, P350 a kilo for *kasim* and *pigue*, and P380 per kilo for *liempo*.

The DA said on Tuesday that compliance with the MSRP remains at about 20% in 10 markets inspected by market monitors on Monday.

The DA attributed the weak compliance to farmgate prices, which it said exceeded the agreed-upon level of P230 per kilo, and "multiple layers of added costs" before pork reaches retailers.

"This week, we will begin issuing notices to stakeholders, requesting them to explain their inability to comply with the MSRP," Agriculture Assistant Secretary for Consumer Affairs Genevieve Velicaria-Guevarra said.

She said the DA is working with the Department of Trade and Industry, which has enforcement authority on pricing matters.

Meanwhile, the DA said FTI aims to complete by May a cost-tracking system designed to monitor the movement of hogs from farms to retailers.

"The goal is to ensure each player in the supply chain earns a fair return, while shielding consumers from unjustified markups," the DA said.

The cost of raising a pig is estimated at between P165 and P80 per kilo, according to the DA.

It said a farmgate price above P230 per kilo is an indication of profiteering, calling a margin of P50 to P65 per kilo — or roughly P5,000 to P6,500 per 100-kilo hog — a fair return. — **Kyle Aristophere T. Atienza**

Balisacan batting for more 2026 funding for DEPDev beyond initial offers from legislators

NATIONAL ECONOMIC and Development Authority (NEDA) Secretary Arsenio M. Balisacan will seek more funding for the socioeconomic planning body for 2026 after it is made into a department.

"For now, the 2026 is still going to be framed by the Department of Budget and Management (DBM). It's not much for now, for 2026," he told reporters during a briefing on April 14.

"Senator (Juan Miguel F.) Zubiri just indicated an additional P150 million during the hearings, but I hope it can be a little bit more than that," Mr. Balisacan added.

NEDA will be reorganized into the Department of Economy, Planning, and Development (DEPDev) after President Ferdinand R. Marcos, Jr. signed Republic Act No. 1214 on April 10.

NEDA got P12.35 billion in the 2025 General Appropriations Act, up 3.35%.

As DEPDev, it will exercise oversight over the government's planning, investment planning, budgeting and monitoring and evaluation functions.

"But we are not asking much. I think we can build from what we have, and now that we are given a more focused mandate, I think that we can be more efficient in our use of resources," he said.

Mr. Balisacan also said the department will go on supporting local government units, especially at the regional and provincial levels, in the form of resource mobilization in planning, monitoring and evaluation.

It will also extend technical assistance to provinces in drafting their development plans and improving the capacity of their planners.

"This ensures that local needs can be given greater consideration and priority in national planning, making development more inclusive and responsive," NEDA said.

The law takes effect on April 27, 15 days after its publication in a newspaper of general circulation last April 12. — **Aubrey Rose A. Inosante**

PHILIPPINE STAR/MIGUEL DE GUZMAN

NFA rice stocks equivalent to 9 days' consumption

THE National Food Authority (NFA) said it built up reserves equivalent to nine days' consumption — 7.17 million 50-kilogram bags of milled rice, the highest inventory level since the end of 2020.

The NFA said farmers were encouraged to sell by the agency's palay (unmilled rice) buying price that averaged P27 a kilo last year and around P24 this year.

The NFA said it still has ample funds to procure around 500,000 metric tons (MT) of palay — equivalent to approximately 6.3 million bags of milled rice.

"So far this year, we've spent only P2.6 billion of the P14.6 billion available to us for palay procurement. This includes unspent funds of P5.6 billion carried over from the 2024 budget," NFA Administrator Larry Lacson said.

The NFA said it is upgrading its storage infrastructure, including warehouses and handling facilities to accommodate a higher stockpile of 555,000 MT of rice, or 880,000 metrics tons of palay.

Under the revised Rice Tariffication Law, the NFA is tasked with maintaining 15 days of reserves — up from the previous nine-day requirement. All stocks in this reserve are required to be sourced from farmers.

The NFA said when the law was first implemented in 2019, it held reserves equivalent to just over 492,000 MT, much of it composed of imported rice.

Since 2019, the NFA has not been allowed to sell rice directly to the public.

The grains agency said its current mandate limits public sales to "aging stocks" or milled rice that has been stored for at least two months since processing.

The NFA is set to auction its older stock, citing low takeup from local government units (LGUs), which were being counted on to help sell rice released onto the market after the Department of Agriculture (DA) declared a rice food security emergency on Feb. 3.

The declaration allowed the NFA to release stocks to government agencies, LGUs, and government-backed markets.

However, Mr. Lacson said earlier this month the volume of rice the NFA had released since the emergency declaration was only 20,000 bags — well below the monthly target of 500,000 bags.

Rice imports fell 46% year on year to 641,000 MT in the year to date ending March 13. The US Department of Agriculture reported in March that Philippine rice imports will likely decline 1.9% this year due to an expected increase in domestic production.

The farmgate price of palay continues to decline, with the government estimating that it fell 24.4% year on year in March to an average of P18.57 per kilogram.

As of April 11, the NFA held 1.1 million bags of milled rice, including ageing stock.

Reserves are typically used to support vulnerable communities, potentially at prices even lower than the P29-per-kilo subsidized rice sold in government-run programs, the NFA said, citing Agriculture Secretary Francisco Tiu Laurel, Jr.

He said the DA is exploring "ways to better manage the NFA's ageing rice stocks." — **Kyle Aristophere T. Atienza**

FAO designates 100 sites in PHL to receive climate-change projects

THE United Nations Food and Agriculture Organization (FAO) nominated 100 sites in the Philippines on Tuesday to receive climate-change mitigation projects.

Beneficiaries of the Adapting Philippine Agriculture to Climate Change (APA) Project include municipalities in the Luzon provinces of Apayao, Ifugao, Kalinga, Cagayan, Isabela, Camarines Norte, and Camarines Sur.

Municipalities in Bukidnon, Cotabato, Northern Mindanao, and Soccsksargen region are also on the list.

The priority sites were identified after vulnerability assessments and their readiness for climate resilient agriculture (CRA) interventions, the FAO said.

The seven-year initiative supported by $26 million from the Green Climate Fund and an additional $13 million co-financed by the DA and the weather service PAGASA is expected to directly support 205,000 farmers.

At least 45,000 farmers are expected to engage in agri-enterprise development and apply CRA interventions to priority crops.

The FAO said the working group for the APA Project recommended the validation of priority crops, "which will serve as key entry points for scaling up climate-resilient technologies." — **Kyle Aristophere T. Atienza**