CEOs,
from S1/1

"The implication of that is that there is going to be more M&A transactions that we will see in the Philippines and that may attract more foreign investors coming in by way of participating in the transactions," he added.

This participation, he said, will help drive foreign investment growth in the Philippines.

The report also showed that 82% of the business leaders are prioritizing investments in existing technology stack.

"One thing highlighted in the survey is the fact that Philippine CEOs are looking into accelerating investment in technology adoptions," said Mr. Rabaja.

"This means that there are many corporations looking at accelerating their digital transformation," he added.

According to the report, Philippine CEOs are adopting a tech-forward approach with 80% of the leaders recognizing the importance of investing in emerging technologies.

However, the CEOs have a cautious outlook on costs with 14% expressed pessimism on the cost of inputs and doing business, while 26% expressed pessimism in passing price increases to customers.

"While CEOs expect inflation to align with forecasts, they recognize potential risks that could skew this trajectory. As a result, a key watchout is the ability to transfer costs to customers if input prices rise more than anticipated," the report said.

"To prepare for these risks, Philippine CEOs are planning to adopt strategies that enhance their operational capabilities through strategic initiatives like M&A and joint ventures to unlock efficiencies and potential cost synergies," it added. — **Justine Irish D. Tabile**

Tariffs,
from S1/1

Ms. Roque noted that there are Philippine products that will be exempted from reciprocal tariffs, including copper ores and concentrates and integrated circuits.

According to a White House fact sheet, the reciprocal tariffs will not apply to certain goods, such as semiconductors, copper, pharmaceuticals, gold, and "certain minerals that are not available in the US."

However, agri-based products, particularly food exports, are not exempted from reciprocal tariffs.

"The recent US measure has made US imports more expensive so that their domestic manufacturers can compete. Equally important for the US is to improve its access to rapidly growing economies such as the Philippines," Ms. Roque said.

"In this regard, the Philippines aims to actively engage the US in a discussion to facilitate enhanced market access for its key export interests, such as automobiles, dairy products, frozen meat, and soybeans, within the framework of a bilateral free trade agreement."

Special Assistant to the President for Investment and Economic Affairs Frederick D. Go said some investors may relocate and set up manufacturing facilities in the Philippines, given the relatively lower tariffs on Philippine exports to the US.

Trade Undersecretary Allan B. Gepty said it is important to maintain "good relations" with the US. "It would be good to see how we can seize opportunities from the possible trade diversion and recalibration of some investments in the region," he said.

'GAME CHANGER'

Fitch Ratings Head of US Economic Research Olu Sonola said Mr. Trump's aggressive tariffs are a "game changer, not only for the US economy but for the global economy."

"Many countries will likely end up in a recession. You can throw most forecasts out the door, if this tariff rate stays on for an extended period of time," Mr. Sonola said.

Higher tariffs may also drive up prices and hurt demand for Philippine-made goods in the US.

"The US is the biggest export market of the Philippines, so this will have a drag on Philippine growth," former commissioner of the Philippines Tariff Commission George N. Manzano said in a Viber message.

In 2024, the US was the top destination for Philippine exports, accounting for 17% of the total.

"US importers will put on all these additional tariffs to the selling price in the US," Foreign Buyers Association of the Philippines President Robert M. Young told *BusinessWorld*.

"The end result of this is that the Philippines will have difficulties in getting export orders due to lesser or no demand," he added.

Asked if the Philippines could benefit from the higher tariffs imposed on other countries, Mr. Young pointed out that Philippines has higher costs.

"To start with, the Philippines was selling at a higher price than Vietnam, India, and Cambodia. Meaning, Philippine goods will be the last to be picked up from the shelves," he said. "Also, Vietnam acted swiftly by reducing their tariff on US goods coming into Vietnam."

The Philippines exported $12.14 billion worth of commodities to the US in 2024. Of the total, 53% or $6.43 billion were electronic products.

"Electronics and semiconductors, which comprise the bulk of Philippine exports to the US will be vulnerable. Apparel, footwear, and textile products, which rely on preferential trade agreements, may also face competitiveness issues," Philippine Institute for Development Studies Senior Research Fellow John Paolo R. Rivera said.

"Agricultural exports, such as coconut oil, processed fruits, and seafood, could see a decline in demand due to price sensitivity in the US market," Mr. Rivera said.

Mr. Rivera noted the direct impact on Philippine gross domestic product (GDP) may not be "immediately severe."

"It's a prolonged tariff war could dampen investment sentiment and export growth. If businesses pass on higher costs to consumers, inflation may spike," he said.

The Development Budget Coordination Committee is targeting 6-8% GDP growth this year. It is also projecting 6% and 5% growth in exports and imports, respectively, this year.

In a report, ANZ Research said it estimated that the reciprocal tariffs could have a "milder impact" on the Philippines, along with Indonesia and India, due to their lower reliance on exports.

"Our understanding is that these tariffs are not final and can be negotiated lower, depending on the extent of reduction in the bilateral trade surplus with the US," ANZ said.

Data from the Office of the US Trade Representative showed that bilateral trade between the Philippines and the US reached $23.5 billion in 2024 — comprising $9.3 billion in US exports and $14.2 billion in imports.

The US goods trade deficit with the Philippines was $4.9 billion in 2024, up 21.8% from last year.

To mitigate the negative effects of the tariffs, Mr. Young said that "there should be a joint best effort from the Philippine government and private sector to turn their heads to other potential export markets."

Department of Trade and Industry-Export Marketing Bureau Director Bianca Pearl R. Sykimte said that the department is already looking at new export markets such as in the Middle East and Africa.

Confederation of Wearables Exporters of the Philippines Executive Director Ma. Teresita Jocson-Agoncillo said that the reciprocal tariffs will be imposed on top of the most favored nation (MFN) apparel rates.

"It's better for us to wait for the US side to publish guidelines. As it looks the reciprocal tariff will be MFN rates plus 17%," she said in a Viber message. "There is still an advantage, as the Philippines has the lowest (tariff) now, against ASEAN (Association of Southeast Asian Nations) counterparts but note that in the end it can still impact global sourcing and supply chain movement."

ALI eyes growth in Palawan with direct flights from Clark


SEDA LIO PALAWAN
SEDAHOTELS.COM

AYALA LAND, Inc. (ALI) said the launch of direct flights from Clark International Airport to El Nido Airport in Palawan via boutique airline AirSWIFT Transport, Inc. on March 30 will provide a growth boost to its properties in Palawan.

"This new flight route is a game-changer for El Nido," Ayala Land Leisure Estates Head Cris M. Zuluaga said in an e-mail statement on Thursday.

"With these new flights, we look forward to welcoming travelers who seek immersive, nature-focused experiences that will help drive local economic growth while ensuring that El Nido remains preserved for generations to come," she added.

Some of ALI's properties in El Nido include the Seda Lio resort hotel and Huni Lio resort.

To accommodate the surge in visitors, ALI said there are ongoing initiatives to increase the capacity of El Nido Airport.

"Visitors staying at ALI's resorts and Lio Estate will especially benefit from the improved accessibility," the real estate developer said.

In October last year, the Gokongwei-led budget carrier Cebu Pacific acquired AirSWIFT Transport, Inc. from ALI for P1.75 billion.

Even with the recently launched Clark-to-El Nido route, AirSWIFT continues to operate flights from Manila.

ALI shares fell by 0.63% or 15 centavos to P23.75 per share on Thursday. — **Revin Mikhael D. Ochave**

Spot market prices rise in March on lower supply, higher demand

THE AVERAGE price of electricity at the Wholesale Electricity Spot Market (WESM) increased in March, as demand rose while supply decreased due to forced outages, the Independent Electricity Market Operator of the Philippines (IEMOP) said.

Data from IEMOP showed that the WESM price increased by 95.5% to P5.34 per kilowatt-hour (kWh) in March, from P2.73 per kWh in February.

From February 26 to March 25, the available supply declined by 4.4% to 19,611 megawatts (MW), attributed to forced outages and deration of some power plants.

Demand, on the other hand, rose by 5.9% to 13,670 MW, driven by extreme heat during the first week of March.

For Luzon, prices surged by 102.7% to P5.50 per kWh from P2.71 per kWh.

Supply decreased by 6.5% to 13,530 MW, while demand grew by 7.1% to 9,713 MW.

The WESM rate in the Visayas increased by 95.5% to P5.48 per kWh from P2.81 per kWh.

Supply in the grid decreased by 1.3% to 2,365 MW, while demand rose by 2% to 1,913 MW.

The Mindanao average price last month climbed by 61.3% to P4.39 per kWh from P2.72 per kWh.

While supply improved by 2.1% to 3,716 MW, demand also increased by 4.5% to 2,044 MW.

IEMOP operates the WESM, where energy companies can purchase power when their long-term contracted power supply is insufficient for customer needs.

In February, the market operator anticipated an increase in spot prices during the dry season due to the expected higher demand. — **Sheldeen Joy Talavera**

FAST Logistics introduces startup accelerator program

FAST LOGISTICS GROUP said it plans to launch four startups under its newly established venture studio aimed at enhancing the country's logistics and supply chain.

The Revv-EVODINE Venture Studio, unveiled in Cabuyao, Laguna, on Thursday, aims to support startups focused on improving operational efficiency and reducing logistics costs for businesses nationwide.

The venture studio will focus on leveraging artificial intelligence for forecasting, automation, and digital freight matching, among other innovations, FAST Logistics said in a statement.

"Through Revv-EVODINE, we are creating a platform where promising ideas evolve into real-world solutions and scalable ventures, guided by an evidence-based, outcome-driven approach," Manuel L. Onrejas, Jr., chief executive officer (CEO) for logistics at FAST, said during the launch.

Under the program, early-stage startups will undergo a 16-week incubation, where founders will receive personalized mentorship, critical resources, and real-world testing environments from a pool of executives and venture builders.

The studio will also leverage the company's warehouse network, transport capabilities, and best-in-class technology infrastructure to foster innovation in the country's logistics sector.

This will allow startups to validate their technology, refine their business models, and accelerate their market readiness.

The Revv-EVODINE Studio will also incubate ideas from FAST's internal teams, as well as those recognized during last year's Philippine Startup Week.

The program will be led by Mark Philip Comandante, Exoasia Innovation Hub CEO and Revv-EVODINE Venture Studio president and chief operating officer.

"Revv-EVODINE ensures that startups not only develop innovative solutions but also align them with industry needs and market demands, ensuring they are market-ready and capable of driving measurable impact in the logistics sector," Mr. Comandante said.

The Philippine startup ecosystem raised $1.12 billion in 2024, a 16% increase from the previous year, according to the latest Philippine Venture Capital Report by the Boston Consulting Group and venture capital fund Foxmont Capital Partners. — **Beatriz Marie D. Cruz**