Coco farmers seeking to press US tariff advantage

By Aubrey Rose A. Inosante
Reporter

COCONUT FARMERS and exporters are gearing up to increase sales to the US, taking advantage of favorable tariffs relative to other regional producers.

In an e-mail interview with *BusinessWorld*, Charles R. Avila, president of the Confederation of Coconut Farmers' Organizations of the Philippines said it will work with exporters to grab more US market share.

The organization "will welcome a possible increase in investor re-locators to the Philippines (and) cooperate with both public and private sectors on a massive coconut planting, re-planting and fertilization program," he said.

Mr. Avila also anticipates a "dramatic rise" in coconut product prices due to the new US tariff regime.

The Philippines exported $12.14 billion to the US in 2024, of which coconut oil accounted for $558.74 million.

Other related goods exports include $74.24 million in desiccated coconut and $53.70 million in other coconut products.

Speaking on Teleradyo Serbisyo on April 12, Trade Secretary Cristina A. Roque said agricultural exports such as coconut and mangoes will now have an edge against products from neighboring countries with higher tariffs.

"We were losing out on coconut sales to Thailand because their tariffs were lower before. But now, our tariff is 17%, while theirs is 34%. So that's a big deal," Ms. Roque said.

Thailand, a major global producer and exporter of coconut product such as the coconut milk exported $341.11 million worth of coconut milk between January and October 2024, according to the Thai Government Public Relations Department.

It said that the US accounted for 70.5% of the country's total coconut milk exports.

Ms. Roque noted that the tariff advantage would likely lead to increased US imports from the Philippines, despite a general rise in product prices.

"The prices of our goods will also rise but the prices of goods from other Southeast Asian Nations (ASEAN) countries will be higher," Ms. Roque said.

The US imposed some of the highest tariffs on ASEAN countries on April 2, with the Philippines having the second-lowest tariff rate in the region.

The worst of the US tariffs were assigned to Cambodia (49%), Laos (48%), Vietnam (46%), Myanmar (44%), Thailand (36%), Indonesia (32%), Malaysia (24%), and Brunei (24%).

Mr. Avila emphasized that "tariffs are not everything" and the global competitiveness will ultimately rest on production costs.

"The Philippines might be favored with relatively low tariffs but if its production costs continue to be higher because of the proverbial government corruption and inefficiency in all that it does, then there is very little hope not only for the coconut industry but for the national economy as a whole," he said.

Mr. Avila said Romeo I. Chan, president of Axelum Resources Corp., is currently in the US to look into the impact of the tariffs on the coconut supply chain.

Axelum is a listed integrated manufacturer and exporter of premium coconut products.

Ms. Roque and Secretary Frederick D. Go, the Special Assistant to the President for Investment and Economic Affairs, are expected to fly to Washington "toward the middle of May" for negotiations with the US Trade Representative (USTR).

"We will really discuss the close relationship between the Philippines and the US. We will also discuss our long-term trade partnerships with the US," she added.

Ms. Roque brushed off concerns on the tariffs, saying that the Philippines is in "good position" compared to ASEAN peers.

Philippine Exporters Confederation, Inc. President Sergio R. Ortiz-Luis, Jr. the Philippines is in no position to negotiate with the US.

"*Napakaliit natin* to be able to come up with something just for us (we're too small for special treatment). *Baka 'yung* ASEAN *pag 'yung may tsansa.* (Maybe our chances will improve as a bloc)... I don't think there's much we can offer," he said by telephone on April 11.

Mr. Ortiz-Luis said the blanket 10% tariff imposed during the stay of implementation of the initially-announced tariff schedule levels the playing field and highlights the importance of cost competitiveness.

"We have to really look at our competitiveness and to be able to cut down our costs to be able to compete," he said.

Former tariff commissioner George N. Manzano said the priority during the pause should finding out what the USTR's demands are with regard to Philippine trade policy, which would lead to a lowering of the reciprocal tariffs.

"I am not sure if the US will agree to a zero for zero. They will ask for higher tariffs on certain industries such as steel, cars and ships, etc. because they want to protect those products," Mr. Manzano said, noting that he is speculating about potential outcomes.

Mr. Go has said that the best possible outcome for the Philippine is a "free trade agreement — zero tariffs on both sides."

ADB pushes for Blue Economy Act

THE Asian Development Bank (ADB) said the Philippines needs to sign the proposed Blue Economy Act to improve marine-based livelihoods and ensure the long-term sustainability of the ocean economy.

In the Asian Development Outlook released April 10, the ADB said: "The pending legislation provides a comprehensive policy framework to integrate marine spatial planning, environmental-economic accounting, industry development, and climate action into national and regional development plans."

Senate Bill No. 2450 seeks to guide the use and development of marine wealth within the coastal and maritime domain.

It passed on final reading in August. The House counterpart legislation passed in December 2023.

"Swift passage and implementation of this bill are crucial to achieving a coherent and well-coordinated blue economy strategy," the ADB said.

The bank said ocean-based industries accounted for an average 4% of Philippine GDP in 2018–2023.

Output of the ocean-based industries consisted of fisheries at nearly 30% in 2023, followed by the manufacture of ocean-based products (20.9%), maritime transport (15.0%), and ocean-based power generation (10.3%).

"Marine renewable energy — offshore wind, solar, wave, and tidal energy — can help the country reach the target of increasing renewable energy's share in power generation to 35% by 2030 and 50% by 2040," it said.

The ADB also called for stricter enforcement of the Extended Producer Responsibility Act.

This law requires producers, manufacturers and other companies to move away from single-use plastics and establish their own waste recovery schemes in partnership with communities, local governments, and other stakeholders.

Rose-Liza Eisma-Osorio, acting vice-president of Oceana, said the Blue Economy Bill also covers reclamation and other coastal development activities.

"There's something wrong with how they view the blue economy," she said, citing reclamation along Manila Bay, which has "permanently or irreversibly destroyed coastal resources and marine resources," she said by phone.

Ms. Osorio instead called for the bill to be "reframed" and highlight economic drivers from the oceans without engaging in destruction of resources.

Ms. Osorio also noted the need for immediate release of the implementing rules and regulations of the Philippine Ecosystem and Natural Capital Accounting System Act. — **Aubrey Rose A. Inosante**

China expands Spanish pork access as trade tensions with US intensify

BEIJING/MADRID — China has signed two agricultural trade protocols with Spain covering pork and cherries as the world's second largest economy acts to bolster ties with the European Union (EU) amid an escalating trade war between Beijing and the US.

The deal, announced on Friday by Spanish Prime Minister Pedro Sanchez in Beijing, came after US President Donald Trump hiked tariffs on Chinese imports to 145%, prompting China to raise its own duties on US goods to 125%.

"In a context of enormous international commercial turbulence, derived from the tariff crisis, we welcome with optimism and hope this new gesture from the Asian giant, which is opening up new options for the supply of pork products," according to the National Association of Spanish Meat Industries.

The new deal includes pork stomach exports — a product widely consumed in China but not previously authorized, according to Daniel de Miguel, international manager of Interporc, Spain's pork producers association.

Analysts regard the deal as a signal Beijing might ease its anti-dumping inquiry into EU pork, launched last year in retaliation for EU tariffs on Chinese electric vehicles (EVs).

The investigation could badly impact countries like Spain, the Netherlands and Denmark because a large portion of the EU's pork shipments to China are pig ears, noses, feet and offal — products rarely consumed in Europe but popular in China.

"This is great news for Spain's pig farmers," according to Even Rogers Pay, agriculture analyst at Trivium China. "It suggests regulators may delay or ease the pork investigation, as they recently did with brandy."

China has extended its investigation into EU brandy by three months and is in talks with the 27-nation EU to set minimum prices for Chinese EVs.

"This is part of a pattern of Beijing seeking to stabilize and improve its trade relationships with multiple key trade partners, including the EU," Pay added.

Mr. Trump's announcement on Wednesday of a 90-day tariff pause for dozens of countries prompted the EU to hold off on retaliatory levies on about 21 billion euros ($23.85 billion) of US imports set to take effect on April 15.

The bloc is still assessing how to respond to US car tariffs and the broader 10% levies that remain in place.

China imported $4.8 billion worth of pork, including offal, in 2024 — over half of it from the EU, with Spain leading the bloc in exports by volume.

China's pork inquiry is due to conclude by June 17, but could be extended. — ***Reuters***

Paperless trade seen requiring more reforms

By Justine Irish D. Tabile
Reporter

THE introduction of paperless trade will require reforms to the regulatory infrastructure and legal framework, according to the Philippine Exporters Confederation, Inc. (Philexport).

Citing Philippine Chamber of Commerce and Industry (PCCI) Chairman George T. Barcelon, Philexport said that a number of laws and policies are already in place to support electronic trade.

"(But) more needs to be undertaken to make the regulatory infrastructure and legal framework truly supportive of the transition to paperless trade," it added in a statement over the weekend.

The PCCI said paperless trade makes processes more efficient, reduces costs, and makes the economy more competitive.

However, the business group said that "it is not going to be easy due to roadblocks that [the country] still has to overcome."

"We need the amendment of laws, regulations, and policies to support the shift to digital transactions and to be aligned with international standards," Mr. Barcelon said.

According to Mr. Barcelon, the interoperability of current platforms remains an issue. He said that the government and private sector need to develop common technical standards and data formats.

"Another issue is the rise of cyber threats such as hacking, fraud, and data breaches that pose a significant risk to the security and integrity of electronic data," he said.

He said comprehensive cybersecurity regulations and strict enforcement of security standards should be put in place.

"Many companies, particularly the micro and small enterprises, don't have the capacity to engage in digital trade due to issues like connectivity," he added.

United Nations Economic and Social Commission for Asia and the Pacific Chief of Trade Policy Yann Duval said that digitizing trade data is "no longer an option."

"Trade digitization benefits are clear. The most recent estimates we have show that achieving cross-border paperless trade could boost Philippine exports by about $9 billion, or 18%, including through a 4% reduction in trade cost," he said.

He said that trade digitalization will result in improved wages and reduced prices and carbon dioxide emissions.

Trade Undersecretary Allan B. Gepty said electronic transferable records (ETRs) are crucial in international trade.

"Being the electronic equivalent of commercial documents such as bills of lading and letters of credit, ETRs are the key to unlocking smoother trade financing by allowing the uniform and harmonized cross-border flow of commercial data as well as more efficient global trade and supply chains," Mr. Gepty said.

He recommended the adoption of the United Nations Model Law on Electronic Transferable Records, which is expected to empower businesses in efficiently participating in the global marketplace.

Tunnel segment of Davao City bypass nearing completion

THE Department of Public Works and Highways (DPWH) said it is close to completing the 2.3-kilometer twin tube tunnel segment of the Davao City Bypass project.

In a statement on Sunday, the DPWH said the project was at 91% completion after the north and south ends of the northbound tunnel were connected.

The 2.3-kilometer road is part of the Contract Package (CP) I-1 which has an estimated cost of P13.3 billion, according to the DPWH website. It is targeted for completion this year.

The Davao City Bypass is expected to help decongest Davao City roads by offering an alternative route. The project runs through the mountains and connects Davao City via the tunnel and Panabo City via Davao del Norte.

"The construction breakthrough of the northbound tunnel, along with the ongoing excavation works for the remaining 202 meters of the southbound tunnel... marks significant progress in this strategic infrastructure project," DPWH said. — **Ashley Erika O. Jose**

French businesses exploring expanded Philippine footprint ahead of EU-PHL free trade deal

MORE French businesses are looking to invest in the Philippines amid the negotiations for a free trade agreement (FTA) with the European Union (EU) and the launch of direct flights between the Philippines and France, according to the French Chamber of Commerce and Industry in the Philippines (CCI France Philippines).

"I believe that from what we have seen, at least in the last couple of years, there is definitely a growing interest from the French side in investing in the Philippines," CCI France Philippines President Jacque Christophe Branellec told *BusinessWorld* on the sidelines of the France-Philippines Business Forum on Friday.

"We have a lot of big conglomerates from France investing in sectors like renewable energy and infrastructure. There have been attempts also in agriculture, and there's also big interest in terms of defense and energy in general as well," he added.

He sees a big opportunity in retail, as many French brands and products are already present in the country.

"I think France has a lot to offer to the Philippines and the Philippine market; the consumer market also appreciates the French brand and French products," he said.

Currently, the Philippines is a beneficiary of the EU Generalized Scheme of Preferences Plus (GSP+), while negotiations are ongoing for the EU-Philippines FTA.

"There is a quite large trade deficit between France and the Philippines. So that's something that we can also work on by sending more or exporting more Filipino products to France, as well as having French investments and products being imported here," he added.

Bilateral trade between the Philippines and France is valued at 3 billion euros per annum.

Minister Delegate for Foreign Trade and French Nationals Abroad Laurent Saint-Martin said that there are currently over 150 French companies operating in the Philippines, employing nearly 100,000 people.

"These figures continue to grow year after year, reflecting the expansion of our economic partnership and the increasing interest of French businesses in the Philippine market," he said.

However, he said trade between the Philippines and France "remains below full potential."

"The Philippines is only France's sixth-largest ASEAN trading partner. It is an indicator of untapped opportunities that we must seize together," he added.

He said that he hopes the recently launched Air France direct flights will help facilitate trade, tourism, and business exchanges.

"It is the only direct flight from Manila to Europe. It is very important to connect people directly to showcase the strengths and what we want to do between our two countries," he said.

"This new route marks a tangible milestone in our relations... I sincerely hope that this direct link will help increase the Philippines' ... visibility among our business community," he added.

Pamela Villangka, country manager for Air France, said that the market has grown 25% since the launch of direct flights in December, as more Europeans visit the country and as more Filipinos visit France and other European countries.

"Since the launch in December... we've had good take-up, approximately 80-90% seat factor," she said.

"Admittedly, there's a lot more for the inbound sector that we need to fill. But generally, we've seen quite a good performance since the launch," she added.

She said that the company currently works with travel agencies and operators to increase inbound tourism from Europe.

Asked why the inbound business is not keeping up with outbound, she said European travelers have more options in Southeast Asia. — **Justine Irish D. Tabile**

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