Tariff,
from S1/1

However, Ms. Aldaba, a former undersecretary at the Department of Trade and Industry, said that capitalizing on the window of opportunity is "far from automatic."

"The Philippines' ability to convert this relative advantage into tangible economic gains will hinge on how swiftly it can mobilize responses in logistics, investment facilitation, and targeted export promotion."

PIDS used a tariff exposure composite index (TECI) to measure the "relative vulnerability of the country's exports to the new tariff regime."

Under the TECI index, the Philippines and Indonesia logged the same score of 2.2, which indicates a moderate risk.

Vietnam registered the highest exposure (3.4), followed by Thailand (3.0). Malaysia scored a 2.8, which indicates a moderate exposure.

Data from PIDS also showed that based on the relative exposure of ASEAN-5 economies to the US market, the Philippines has the smallest export footprint. Its share of exports is just 5% of the region's total.

However, it also noted that the Philippines' exports to the United States accounts for about 20% of its total exports.

The country's top exports are electronics, particularly related to semiconductors, as well as coconut oil and printing machines.

"Its limited product diversification and small volume make it more vulnerable to sector-specific shocks but also signals potential for targeted upgrading," Ms. Aldaba said.

Ms. Aldaba said the Philippines benefits from the lowest reciprocal tariff among ASEAN-5 due to the structure of its exports.

"Electronics — including semiconductors — account for over 50% of the country's total exports, and many of these products are included in the US exemption list. This strongly cushions the Philippines from broader tariff disruptions, helping to temper its actual trade vulnerability," she added.

However, she said the country is still not completely unaffected by these tariffs and faces some form of exposure.

"Non-exempted exports — such as coconut oil, insulated wires, containers, and select low-tech manufacturing goods — are more vulnerable to cost increases and competition, especially from trade diversion out of China or higher-tariff ASEAN partners."

"Despite this, the Philippines is strategically positioned to benefit. Its unique combination of low tariff rate, strong exemption for high-value exports, and moderate strategic exposure creates an advantageous platform for trade redirection, particularly for thin-margin, cost-sensitive goods."

To maximize these benefits, PIDS said the country must "bolster its industrial base, improve logistics and Customs efficiency, and actively promote itself as a stable and efficient export hub amid shifting global supply chains."

The Philippines is also "well-positioned to capture relocation and supply-chain shifts," particularly in electronics goods.

"However, to realize this opportunity, the Philippines — and similar ASEAN peers — must address structural gaps," Ms. Aldaba said.

These include ramping up infrastructure development to address gaps and alignment of the labor market to upskill workers to meet the needs of complex manufacturing.

"To overcome these barriers and unlock its full export potential, the Philippines must urgently implement a coordinated set of strategic trade and industrial interventions to safeguard critical sectors while accelerating industrial upgrading," she added.

Ms. Aldaba also called for the need for industrial upgrading and resilience building, and trade defense and monitoring mechanisms.

"Without swift and proactive policy implementation, the Philippines risks being merely a passive beneficiary rather than a strategic player in ongoing global trade realignments," she said.

"Conversely, by adopting targeted policy and institutional measures — grounded in digital readiness, sectoral upgrading, and strategic positioning — the Philippines can establish itself as a credible alternative hub for digitally-enhanced, service-integrated, and geopolitically trusted exports." — **Luisa Maria Jacinta C. Jocson**

Meta's oversight board rebukes company over policy overhaul

NEW YORK — Meta Platforms' Oversight Board on Wednesday sharply rebuked the Facebook and Instagram owner over a policy overhaul in January that cut fact-checking and eased curbs on discussions of contentious topics such as immigration and gender identity.

The board, which operates independently but is funded by Meta, urged the world's biggest social media company to assess "potential adverse effects" of the changes, put in place just before US President Donald J. Trump began his second term.

It cited concerns that Meta had announced the changes "hastily, in a departure from regular procedure, with no public information shared as to what, if any, prior human rights due diligence the company performed."

The announcement set the board on a possible collision course with Meta Chief Executive Officer Mark Zuckerberg, who has been working this year to mend fences with Mr. Trump and roll back a decade's worth of initiatives aimed at mitigating harms like hate speech, misinformation and incitement to violence on his company's services.

It came as the board issued its first rulings on individual content cases since the January changes, in some upholding Meta's decisions to leave up controversial content like posts discussing transgender peoples' access to bathrooms, and in others requiring the company to remove posts containing racist slurs.

Meta, in a statement provided by a spokesperson, said it welcomed the board's decisions "that leave up or restore content in the interest of promoting free expression on our platforms." It did not address the other rulings that called for content to be removed.

With its January shake-up, Meta scrapped its US fact-checking program and reduced curbs on discussion of contentious topics, bowing to longstanding criticism from conservatives that its content moderation practices had gone too far.

Mr. Zuckerberg said in announcing the policy changes that those mitigation efforts had resulted in "too many mistakes and too much censorship," although the company did not provide examples of overreach or data on error rates.

Meta removed restrictions on referring to gay people as mentally ill and to women as "household objects or property" and said it would stop proactively scanning its platforms for unspecified "less severe policy violations." Instead, it said, it would aim its automated systems only at detecting content like terrorism, child sexual exploitation and fraud.

Along with its individual case decisions, the Oversight Board made 17 recommendations related to the overhaul, calling on the company to improve enforcement of its bullying and harassment policies and clarify precisely which hateful ideologies are banned on its services.

It urged Meta to assess whether the changes could have "uneven consequences globally, especially in countries experiencing current or recent crises, such as armed conflicts."

It also asked Meta to assess the effectiveness of its new Community Notes tool and disclose the results every six months. The tool, which is similar to one used by Elon Musk's X, replaced the company's partnerships with news organizations and fact-checking groups as its primary mechanism for curbing the viral spread of false information.

Reuters was one of Meta's partners on its fact-checking program.

Meta said it would respond to the board's recommendations within 60 days.

META STILL COMMITTED TO BOARD

Despite the company's content moderation pivot, Co-Chair of the Oversight Board Paolo Carozza said all signals currently pointed toward Meta remaining committed to its work with the board.

"We have no reason to think that Meta is soured on the board or planning to make any large scale structural changes in terms of its commitment with the board," he told Reuters.

Mr. Carozza said Meta has continued to send a steady stream of new cases to the Oversight Board since January, consistent with volumes over the past four years, and to follow up on its recommendations.

Meta has committed to funding the Oversight Board through 2027, with at least $35 million allocated annually over the next three years, according to a blog post by the Oversight Board last year.

The Meta spokesperson told Reuters the company's commitment to that funding remained unchanged.

Meta previously committed $150 million to the board in 2022 and $130 million when the board was launched in 2019.

As with previous allocations, the latest funding will be placed in the Board's Irrevocable Trust, a mechanism designed to protect the body's operational independence. — ***Reuters***

CoreWeave gets largely bullish coverage from brokerages

WALL STREET brokerages on Tuesday began coverage of Nvidia-backed CoreWeave with broadly bullish views, although the stock has failed to gain traction with investors following a lackluster initial public offering (IPO) and market debut.

Among the five major brokerages covering CoreWeave's shares, Goldman Sachs set the highest price target at $54, while JPMorgan had the lowest at $43. The stock, which was priced at $40 in its IPO, is currently trading at $36.25.

After the expiration of the industry-required quiet period, the brokerages started coverage of the stock, citing the company's strong foothold in the booming artifical intelligence (AI) infrastructure market for their bullish stance.

"CoreWeave exhibits a track record of being first to deploy next-gen GPUs, making it difficult for other hyperscalers to claim industry leadership," JPMorgan said.

Livingston, New Jersey-based CoreWeave offers access to data centers and high-powered Nvidia chips, which are highly coveted in the competitive AI development landscape.

However, they also expressed caution about its over-reliance on some of its customers and a tough market backdrop.

"Volatile macro (and equities) backdrop may limit investors' willingness," said Morgan Stanley, as it started coverage with an "equal-weight" rating.

Last year, CoreWeave — whose 32 data centers house over 250,000 GPUs, mainly supplied by Nvidia — generated 77% of its revenue from just its top two clients, one of which was Microsoft.

Ahead of its IPO, CoreWeave inked a blockbuster $11.9 billion, five-year deal with OpenAI, Reuters reported last month, forging an alliance with the industry's top startup.

"Close relationship with Microsoft and OpenAI could cut both ways... and the customer concentration here does pose a risk," Barclays said.

"We expect the stock to provide a wild, lumpy, volatile ride, requiring a risk tolerance that may not exist for most investors," JPMorgan said, warning that the firm's debt-fueled, capital-intensive business could pose risks.

The IPO was underwritten by a syndicate of 18 banks, led by Morgan Stanley, JPMorgan and Goldman Sachs and was seen as a pivotal gauge of investor enthusiasm for new listings and AI-related stocks, especially in light of China's DeepSeek launch. — ***Reuters***

PHILIPPINE STAR/MIGUEL DE GUZMAN

A MAN buys toys at a stall along Commonwealth Avenue in Quezon City.

Economic growth,
from S1/1

It now expects inflation to settle at 2.9% this year, lower than its previous projection of 3.4%. For 2026, inflation is expected to average 3.2%, slightly lower than its previous forecast of 3.5%

"Our revised forecasts also reflect lower inflation in most economies. This reflects intertwined developments including slowing growth that corresponds to negative output gaps, lower commodity prices, particularly crude oil, and the potential rise in imports from mainland China," Mr. Mathur said.

Headline inflation averaged 2.2% in the first quarter, well within the central bank's 2-4% target range.

Accounting for risks, the Bangko Sentral ng Pilipinas (BSP) sees inflation averaging 2.3% in 2025 and 3.3% in 2026.

Mr. Mathur said it will also be easier to deliver on monetary policy.

"Apart from the evolving growth-inflation dynamics, the recent weakening of the US dollar supports rate cuts that are relatively independent of US monetary policy."

The Monetary Board resumed its easing cycle earlier this month, delivering a 25-basis-point rate cut. This brought the benchmark to 5.5%.

BSP Governor Eli M. Remolona, Jr. has signaled there is room for further rate cuts this year but in "baby steps." — **Luisa Maria Jacinta C. Jocson**

US deal,
from S1/1

Earlier this month, US President Donald J. Trump introduced 10% blanket tariffs on all its trading partners but paused a plan to impose higher reciprocal tariffs on some countries for 90 days.

Philippine exports to the US face a 17% tariff, the second lowest among Association of Southeast Asian Nations member countries after Singapore's baseline rate of 10%.

According to the DTI, the consultations with export leaders were meant to "gather insights and formulate strategic measures to strengthen bilateral trade with the US amidst the recently imposed US reciprocal tariffs."

The DTI said the exporters gave their insights on the current market dynamics in the US.

"They elucidated the strategic opportunities and challenges that the current situation presents... The discussions focused on how the government and the private sector can work together in highlighting the Philippines as a reliable and trusted trading partner amidst uncertainties in international trade," it added.

The DTI expressed confidence that the Philippine government can work with the US in identifying opportunities that will benefit their respective economies.

"The consultative process has enhanced mutual understanding and alignment on shared goals," Trade Secretary Ma. Cristina A. Roque said.

According to the Trade chief, the consultations "aim to ensure that views and interests of various sectors are taken into consideration as the government works to secure the best possible outcomes for the Philippines in our trade relations with the US."

In a previous statement, Ms. Roque said that the Philippines aims to engage the US to facilitate enhanced market access for Washington's key export interests, such as automobiles, dairy products, frozen meat, and soybeans.

PROBLEMS AT THE PORTS

Meanwhile, United Portusers Confederation of the Philippines, Inc. President Nelson M. Mendoza said that the US tariffs are a pressing concern for the shipping industry.

"Right now, even the exporters are not in a better position because a lot of their orders, although they were not canceled, were on hold," Mr. Mendoza told reporters on Wednesday.

"Those orders are being held because of the tariff. Now, because of the 90-day pause, those will probably be initially moved. But after 90 days, we do not know what will happen," he added.

Mr. Mendoza said the export orders for 2025 were placed in 2024 when rates and costs were lower.

At the same time, he said that the imports will also be affected, as goods coming from the US will be more expensive.

"As the shipping lines said, the route of their vessels will be irregular for probably a moment. For me, I can say for four years at least, as Trump will be there for four years," he said.

"We are just hoping that the negotiations between the US and other countries will pave the way to at least neutralize it (the situation) a bit," he added.

However, Mr. Mendoza said that the new tariff measure could also present opportunities, such as Chinese companies increasing their production in the Philippines.

"They might export from the Philippines with a lesser tariff compared to China. They may not necessarily relocate here, but they might increase their production," he said.

"But the important thing is that we improve our ease of doing business so a lot of them will transfer to us. Because right now we are not competitive in terms of putting up business compared to other Asian countries," he added.