Intra-regional trade seen shielding PHL ports from worst of US tariffs

PHILIPPINE PORTS will not feel the worst of the US tariff disruptions because of healthy intra-regional trade, according to S&P Global Ratings.

"Most of the ports in Asia actually are quite diversified. So yes, trade with the US is a big component, but that is not the only counterpart to deal with. There is a lot of intra-regional trade," S&P Global Ratings Managing Director Christopher Yip said on the *Money Talks with Cathy Yang* program on One News on Tuesday.

According to Mr. Yip, it is too early to assess the impact of the tariffs imposed by US President Donald J. Trump as most shipping lines are still adjusting to these changes.

"Everyone is looking at the uncertainty… the shipping lines are basically still adjusting to that. So some ships are still continuing, the routes have been planned. It will take time for a new equilibrium to be established," he said.

"It really depends on the negotiations between China and the US. And also what will happen to the 90-day pause for the tariffs for the rest of the countries," Mr. Yip said.

Mr. Trump has imposed a system of reciprocal tariffs, initially set at about half the tariffs charged by trading partners on incoming US goods. The markets deemed most liberal in accepting US goods have been assigned a "baseline" tariff of 10%.

The reciprocal tariffs imposed in early April have since been suspended for 90 days, with most trading partners being charged the 10% "baseline" tariff.

The Philippines, which had been assigned a 17% baseline tariff, dispatched a negotiating team to Washington last week to seek more favorable terms.

Philippine Ports Authority General Manager Jay Daniel R. Santiago said last week that it is expecting little to no impact on the shipping industry from the US tariffs.

International Container Terminal Services, Inc. said its global operations are unlikely to be affected by the new US tariffs, though its Mexico unit might be affected disproportionately. — **Ashley Erika O. Jose**

PHL retreats four places in Human Dev't Index ranking

THE PHILIPPINES fell four spots on the Human Development Index (HDI) rankings, coming in at 117th in the 2023 evaluation, despite posting improving scores, the United Nations Development Program (UNDP) said.

In a statement, the UNDP said the Philippine score improved to 0.720, up from 0.714 in 2022 and 0.690 in 2019.

The index gauges a country's health, education and standard of living.

"The Philippines' HDI value for the year 2023 climbed to 0.720, reflecting an increase of 1.4% from the 2022 level; however, it remains below the average HDI for the East Asia and Pacific region," the UNDP said in a statement on Tuesday.

The Philippines scored below East Asia and the Pacific's average of 0.775 and the global average of 0.756.

Among neighboring countries, human development levels were "very high" in Hong Kong (8th), Singapore (13th), and Brunei Darussalam (60th).

The Philippines had a "high" human development level, as did Malaysia (67th), Thailand (76th), Vietnam (93rd), Indonesia (113rd) and Timor-Leste (142nd).

On the other hand, human development was classified as "medium" in Laos (147th), Myanmar (150th), and Cambodia (151st).

"Instead of seeing sustained recovery following the period of exceptional crises of 2020-2021, the report reveals unexpectedly weak progress. Excluding those crisis years, the meagre rise in global human development projected in this year's report is the smallest increase since 1990," the UNDP said.

The report also found that while global development is decelerating at an alarming rate, inequalities continue to widen between rich and poor countries.

"As traditional paths to development are squeezed by global pressures, decisive action is needed to move the world away from prolonged stagnation," it said.

Life expectancy at birth is at 69.8 years in the Philippines, according to the Human Development Index. The expected years of schooling for Filipinos is 12.8, with the mean years of school is 10.

The Philippines also ranked 92nd in the gender inequality index with a score of 0.351, while its gender development score stood at 0.966.

The report also found that half of respondents worldwide think their jobs can be automated.

"An even larger share — six in ten — expect AI to impact their employment positively, creating opportunities in jobs that may not even exist today," she said.

Around 13% of survey respondents fear artificial intelligence (AI) could lead to job losses while in low- and medium-HDI countries, 70% expect AI to increase their productivity. Two-thirds anticipate using AI in education, health, or work within the next year.

"The choices we make in the coming years will define the legacy of this technological transition for human development," Pedro Conceição, director of UNDP's Human Development Report Office, said.

"With the right policies and focus on people, AI can be a crucial bridge to new knowledge, skills, and ideas that can empower everyone from farmers to small business owners." — **Aubrey Rose A. Inosante**

German medical tech firms see PHL as good fit for telehealth

THE PHILIPPINES is now on the radar of German medical technology companies as trade disruptions push them to develop untapped markets, the German Health Alliance (GHA) said.

"Due to the geopolitical situation, Germany is more focused on diversification and trying to enter different markets," GHA Senior Manager Rajani Sabanantham told *BusinessWorld* on the sidelines of the German-Philippine Conference on Medical Technology and Digital Health.

Ms. Sabanantham is part of the German delegation to the Philippines, which will be in the country until May 9. The delegation comprises German small and medium enterprises making medical technology and digital health products.

"We, the German industry, and the government are open to entering Asian markets. A lot of representatives from the government have participated in delegations to these countries. The Philippines is one of the most interesting countries, and that is one of the reasons why we are here," she said.

She cited strong demand for medical technology and digital health in the Philippines, as gleaned from the delegation's hospital visits.

"I heard about a lot of modernization, infrastructure projects, and investments in healthcare in the Philippines, which (makes it), I think, a good time for the German healthcare industry to enter this market," she said.

"And also because you have a lot of islands, digital solutions, telemedicine, and other digital health solutions will be a great opportunity, especially for our German companies," she added.

She said very little is known about the Philippine market in Germany, a situation which calls for more exchanges between the two countries.

"One of the most important advantages in collaborating with your country is all the young people are skilled and can speak English. Most of the Asian countries are difficult to enter because of the language barrier," she said.

On Tuesday, the German-Philippine Chamber of Commerce and Industry (GPCCI) hosted the conference together with the Medical Device Association of the Philippines, the Private Hospitals Association of the Philippines, Inc., and the Healthcare Technology Association of the Philippines.

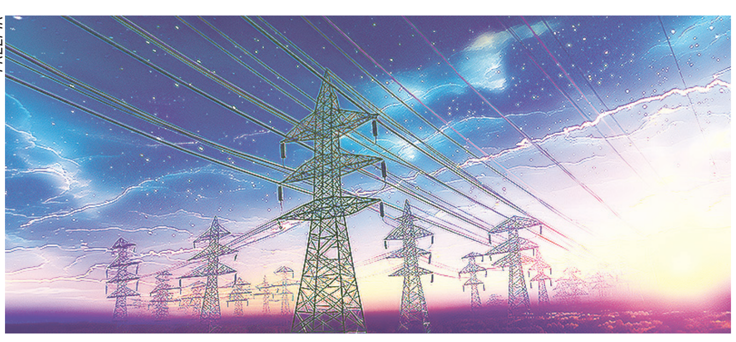
"Digital health and medical technology are powerful enablers for healthcare transformation," GPCCI Deputy Executive Director Charlotte Bandelow said.

"We are proud to provide a platform where German innovation and Philippine healthcare priorities can meet. We arranged around 50 business-to-business meetings to initiate concrete cooperation," she added.

The companies in the delegation include 3di GmbH, Bavarian Institute for Age- and Dementia-sensitive Architecture, Clinaris GmbH, fracto GERDES GBR, INOSOLVE GmbH, kimetec GmbH, Oehm und Rehbein GmbH, and VISUS Health IT GmbH.

"We see tremendous potential for German companies to contribute to the Philippine healthcare system, particularly in diagnostics, telehealth, and hospital technology," GPCCI President Marie Antoniette Mariano said.

"This mission reflects Germany's commitment to building lasting partnerships in sectors with real impact," she added. — **Justine Irish D. Tabile**



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Spot market price downtrend expected to continue in May

PRICES at the Wholesale Electricity Spot Market (WESM) are expected to continue falling in May due to the ample power supply, the Independent Electricity Market Operator of the Philippines (IEMOP) said.

"Given the trend we are seeing now, we have ample supply, and we see the same level of margin all throughout the month of May. So, we expect the same level of prices that we are experiencing now. Hopefully, even lower," Isidro E. Cacho, Jr., IEMOP's head of corporate strategy and communications, said in a virtual briefing on Tuesday.

Mr. Cacho is also hopeful supply will continue to increase in the remainder of the year with the entry of new renewables.

With the upcoming midterm elections, Mr. Cacho said stable spot prices will extend even beyond the polls.

"After the election season, we could still see ample supply generally stable prices," he said.

For April, the average WESM price system-wide declined 15.3% month on month to P4.52 per kilowatt-hour (kWh) as the supply margin widened.

Available supply improved 8.8% to 21,345 megawatts (MW) while demand grew 7.8% to 14,739 MW.

Manila Electric Co. (Meralco), the country's largest private distribution company, is expecting a potential reduction in the generation and transmission charges for the May electricity billing cycle.

"Initial data shows WESM prices trended lower in the April supply month as power plants that went on outage started to resume operations, boosting capacity in the market," Meralco Spokesperson Joe R. Zaldarriaga said.

Moreover, Mr. Zaldarriaga said that transmission charges are likely to decline due to lower reserve market prices as well as the completion of the three-month collection of deferred payments to power generators.

In April, the power distributor raised electricity rates by P0.7226 per kWh to P13.0127 per kWh, due to the higher generation charge. — **Sheldeen Joy Talavera**

April rice stocks rise 45.3% month on month

THE national rice inventory rose 45.3% month on month to 2.34 million metric tons (MMT) as of April 1, the Philippine Statistics Authority (PSA) reported.

Year on year, inventory rose 26.2%.

As of April 1, 50.2% of the rice inventory was held by households, 35.1% by the commercial sector, and 14.8% by the National Food Authority (NFA).

Month on month, rice stocks held by the commercial sector, households, and NFA rose 55.5%, 49.8%, and 15.5%, respectively, the PSA said.

Stocks held by NFA warehouses rose 733.6% year on year, it added.

The NFA has been touting its increased reserves, which hit 10.1 million bags of palay and 1.2 million bags of milled rice in late April.

The volumes were the highest since 2020 and sufficient to cover 10 days' consumption.

The government has stepped up efforts to lower prices of the food staple ahead of the midterm elections.

On May 1, a P20-per-kilo rice program subsidized by both the local and national governments rolled out in Cebu.

The Department of Agriculture has since suspended the pilot program to comply with the May 2-12 ban on the distribution of government aid during election season.

The PSA last week reported that at the national level, regular milled rice averaged P44.44 per kilo at retail during the April 15-17 monitoring period.

This was lower than its average retail price on April 1-5 of P44.92 per kilo and P46.02 on March 15-17.

Meanwhile, the PSA said in a separate report that palay production rose 0.3% year on year to 4.70 MMT in the three months to March.

Central Luzon accounted for 17.2% or 808.60 thousand MT of total palay production during the period. This was followed by the Cagayan Valley with 640.43 thousand MT (13.6%) and the Western Visayas with 549.51 thousand MT (11.7%).

The three regions accounted for 42.5% of national palay production during the quarter.

The palay harvest area in the three months to March fell 2.3% year on year to 1.15 million hectares. — **Kyle Aristophere T. Atienza**

PHL wholesale price growth picks up

PRICE GROWTH in wholesale goods accelerated to a 15-month high in March, the Philippine Statistics Authority (PSA) said in a report.

Citing preliminary data, the PSA said the general wholesale price index (GWPI) rose 3.6% year on year, against 2.5% a year earlier and 2.9% in February.

The March reading was the strongest in 15 months, or since the 4.3% registered in December 2023.

In the first quarter, the GWPI averaged 3.1%, against the year-earlier 3%.

The PSA said the uptrend was driven by the index of chemicals, including animal and vegetable oils and fats, which accelerated to 12.4% in March from 10.1% in February.

Also accelerating were subindices for crude materials, inedible except fuels (77.9% from 60.6%), beverages and tobacco (3.4% from 2.9%), food (2.9% from 2.3%), and manufactured goods classified chiefly by materials (1.3% from 0.9%).

Miscellaneous manufactured material prices did not change year on year in March.

Meanwhile, the PSA noted slower growth in prices of machinery transport and equipment at 1.3% from 1.6% in February, and mineral fuels, lubricants, and related materials, which declined 1.9% after a 0.3% dip in the previous month.

GWPI growth was mixed by major island group.

Luzon's wholesale price growth accelerated to 3.9% from the 3.2% logged in February. The national average was 3.6%, the strongest reading in 15 months since the 4.2% posted in December 2023.

Wholesale price growth in the Visayas slowed to 0.8% from 1% a month earlier, the weakest reading since the 0.4% growth rate in September 2021.

Meanwhile, Mindanao GWPI picked up by 0.8%, against the 0.7% in February, the strongest reading since the 1.1% posted in December. — **Matthew Miguel L. Castillo**

US chip firms being pitched on expanding PHL footprint

THE Department of Trade and Industry (DTI) said it is in talks with US semiconductor multinationals to expand their presence in the Philippines.

"We spoke with Texas Instruments on how they can really grow their business in the Philippines," Trade Secretary Ma. Cristina A. Roque told reporters on the sidelines of an event on Tuesday.

Ms. Roque said she also met with executives from the US Semiconductor Industry Association (SIA) to pitch them on operating in the Philippines.

"Semiconductors are the number one export of the Philippines to the US. Every time we talk to them, it is about expansion… what they need, and what to focus on to keep them in the country," she said.

The DTI also discussed trade issues and other industry concerns with SIA, Ms. Roque said, adding that her department continues to pursue plans to play a role in the chip value chain.

Last week, Ms. Roque visited the US for tariff negotiations, and took part in a business forum organized by the US Chamber of Commerce, the US-ASEAN Business Council and SIA. — **Ashley Erika O. Jose**

Trump tariff impact on PHL seen mainly in weakening of investor confidence

THE TRUMP tariffs will impact the Philippines mainly via the weakening of investor confidence as potential investors weigh a retreat behind US tariff walls, S&P Global Ratings said.

"(The Philippines) has one of the lower initial reciprocal tariff rates of 17%, and does not have a very large bilateral trade surplus with the US, as a substantial portion of its exports is in services. Nevertheless, growth is still likely to be affected, and we have penciled in a decline of 0.3 percentage points compared to the pre-tariff forecast for this year," S&P Global Ratings Asia Sovereign & International Public Finance Ratings Director Rain Yin said at a webinar on Tuesday.

"We see weaker confidence, weaker investment, and the weaker environment in the region affecting the economy more broadly," S&P Global Ratings Asia-Pacific Senior Economist Vishrut Rana added.

S&P Global expects the Philippine economy to expand 6% this year, at the lower end of the government's 6-8% target and accelerating from the revised 5.7% forecast for 2024.

However, Ms. Yin said the outlook remains positive driven because of the Philippines' "strong growth trajectory, narrowing current account deficits and fiscal consolidation," adding that its credit ratings could be raised within the next two years.

"However, if downside risks are very significant and derail our expectations on those constructive trends, then the outlook can possibly go unstable," she noted.

"Therefore, the key question for us is really about when domestic consumption and investments recover. This will likely determine how much fiscal support the government will roll out and for how long they decide to roll out this fiscal support. If we expect the domestic recovery to be slow, then the need for stimulative fiscal policies in the next few years will increasingly weigh on the sovereign ratings." — **Aaron Michael C. Sy**