Nomura expects ‘Trump tariff’ on PHL goods staying at 10%

PORTCALLS-UNSPLASH

THE US tariff on Philippine goods is likely to stay at the 10% “baseline” level after the Trump administration’s 90-day pause ends in July.

In its report released June 16, Nomura Global Markets Research said the current 10% baseline tariff rate may continue in countries such as Singapore and the Philippines.

It expects the US to charge Vietnam 24% and Thailand 20% tariffs, down from the original “reciprocal tariffs” announced on April 2 of 46% and 36%.

The April 2 “Liberation Day” tariffs triggered negotiations by trading partners to bring down their final rates.

In April, the Philippines was assigned a 17% tariff rate, the second lowest in Southeast Asia after Singapore, which was grated the baseline rate of 10%.

On average, Nomura said tariffs for the Association of Southeast Asian Nations — 6 countries would likely average 15.5%.

Last week, the US and China agreed on a trade framework featuring the reduction of China tariffs to 30% from 145%.

Reinielle Matt M. Erece, an economist at Oikonomia Advisory and Research, Inc. said via Viber that any improved trade terms will come with commitments to allow US goods in also at reduced tariffs, “as correcting the US trade deficit has been the main rationale of Trump’s tariffs.”

Trade Secretary Maria Cristina A. Roque, Secretary Frederick D. Go of the Office of the Special Assistant to the President for Investment and Economic Affairs, and Philippine Ambassador to the US Jose Manuel D. Romualdez met with US Trade Representative Jamieson Greer in Washington on May 2 to kick off tariff negotiations. — **Aubrey Rose A. Inosante**


PHILIPPINE STAR/NOEL B. PABALATE

Oil firms urged to ‘stagger’ price hikes

THE Department of Energy (DoE) asked the oil industry to adjust their prices in a staggered manner, in order to minimize the price shocks from the outbreak of conflict between Israel and Iran.

“The DoE is appealing to industry players to implement staggered fuel price adjustments, especially in cases of sudden and significant spikes in global oil prices, in order to cushion the impact on consumers,” it said in a statement on Tuesday.

The DoE added that it inspected fuel depots in Manila on Tuesday to ensure compliance with the rules on maintaining adequate inventories.

“Our immediate priority is to ensure that our fuel supply remains stable and sufficient, and that any local price adjustments are managed in a way that minimizes disruption to our economy,” DoE Officer-in-Charge Sharon S. Garin said.

“Through close coordination with the oil industry and strict monitoring of inventory levels, we are working to maintain energy security while preparing targeted interventions to support the most affected sectors,” she added.

Currently, oil companies are required to maintain at least a 15-day inventory of finished petroleum products.

The DoE said that the government is ready to roll out fuel subsidies to transport operators and farmers, to contain the broader impact of high fuel costs on the prices of basic goods and services.

As of June 16, the price of Dubai crude, the benchmark for much of the oil sold to Asia, was $73 per barrel.

A reading of global oil markets on Monday indicates that next week’s price adjustments could be “quite hefty,” according to Jetti Petroleum, Inc. President Leo P. Bellas.

Mr. Bellas said that the company is willing to stagger any price increases if required.

“The company is closely monitoring the events in the Middle East and how they affect markets. We have been formulating contingency plans to cope with the situation,” he said.

On Tuesday, oil companies implemented a hike of P1.80 per liter for both gasoline and diesel, and P1.50 per liter for kerosene.

The latest price hikes bring the year-to-date adjustments to P6.90 per liter for gasoline and P6.65 per liter for diesel. Kerosene prices, meanwhile, have declined by P0.75 per liter since January. — **Sheldeen Joy Talavera**

España-Quezon Ave. busway under study

THE Department of Transportation (DoTr) said it is considering the construction of a busway along España Boulevard in Manila and Quezon Avenue in Quezon City.

“To me the most viable and most needed one would be España to Quezon Avenue. It’s feasible, we need more BRTs (bus rapid transit),” Transportation Secretary Vivencio B. Dizon said at an Economic Journalists Association of the Philippines forum on Monday.

The DoTr said the two roads are wide enough to accommodate a busway, adding that the feasibility study on the project is expected to be completed by next year.

That route “would be the logical and recommended next step. The Metro Manila BRT prefeasibility study of USAID (US Agency for International Development) has already identified that particular alignment,” Nigel Paul C. Villarete, senior advisor at technical advisory group Libra Konsult, Inc., said via Viber.

In 2022, the DoTr shelved its planned Metro Manila BRT project due to lack of progress during the pandemic, and after the loan for the project expired that year.

“My assessment then was it would have been the better alignment to build first if we are to use economic viability and service provision (criteria)... than the EDSA BRT,” Mr. Villarete said.

The government had planned to construct a 12.30-kilometer segregated bus lane from Manila City Hall to Philcoa in Quezon City, which can serve up to 290,000 commuters daily.

Rene S. Santiago, former president of the Transportation Science Society of the Philippines, cast doubt on the feasibility of the proposal, citing the government’s failure to properly administer the bus rationalization scheme as well as the implementation of other transportation projects.


PHILIPPINE STAR/EDD GUMBAN

“(Judging from) the way DoTr and the Land Transportation Franchising and Regulatory Board have administered the bus rationalization scheme, as well as EDSA Carousel, the viability of busways — especially on exclusive lanes — is remote,” he said via Viber.

“Maybe DoTr is nostalgic. There was a World Bank-funded BRT on Quezon Avenue before. The DoTr scuttled the project, (incurring) loan penalties. There was a bus route on España decades ago,” Mr. Santiago added.

The DoTr is hoping to complete the rehabilitation of the EDSA Busway project by next year, Mr. Dizon said.

“The busway will be a continuous project. The IFC (International Finance Corp.) is helping us do the PPP (Public-Private Partnership) of the busway. I think that is the way forward and long-term solution for the EDSA busway,” Mr. Dizon said.

Earlier this month, the P252-million rehabilitation of EDSA Busway stations project phase 1 attracted a sole bidder — the joint venture between Premium Megastructures, Inc. and Dragonhart Construction Enterprise, Inc.

The DoTr is also committed to advance BRT projects in Cebu and Davao, which are currently experiencing delays.

These projects will be “a model for other areas like Iloilo, Bacolod, and Baguio,” Mr. Dizon said. — **Ashley Erika O. Jose**

More beef imports expected from Brazil after FMD-free declaration

A MEAT importer said the Philippines can expect more beef imports from Brazil after the latter was declared free of foot-and-mouth disease (FMD).

“The Philippines will have more beef,” Meat Importers and Traders Association (MITA) President Jesus C. Cham said via Viber.

The declaration will allow the Philippines to import bone-in meat, offal, and beef by-products from Brazil, he said.

Brazil’s embassy in Manila said recently that Brazil’s recognition as an FMD-free without vaccination was conferred during the 92nd General Session of the World Organization for Animal Health in Paris on May 28.

The embassy said the “landmark certification” consolidates Brazil’s “status as a global leader in animal health management and reinforces its reputation as a safe and reliable supplier of animal products to the international market.”

The Pan American Health Organization in April said South America is close to eradicating FMD “with over 65% of livestock in disease-free zones without vaccination.”

Philippine beef imports rose 9.32% year on year to 56,331 metric tons (MT) in April. Brazil was the top source with 20,348 MT.

“Brazil has become an important source of all meat, until bird flu caused a suspension of poultry imports,” Mr. Cham noted.

The Philippines in May imposed a ban on poultry imports from Brazil following a bird flu outbreak that killed almost 7,400 birds in Rio Grande do Sul state.

Mr. Cham said the MITA also expects the Philippines to “continue to buy pork heavily from Brazil.”

Brazil was the Philippines’ largest source of imported chicken (92,232 MT) and pork (91,200 MT) in April. — **Kyle Aristophere T. Atienza**

WB sees reforms boosting PHL appeal to investors

By Justine Irish D. Tabile
Reporter

THE PHILIPPINES can become more attractive to investors by pursuing key reforms that allay their concerns about risk, the World Bank (WB) said.

“Uncertainty is a cost for firms, and increasing uncertainty means that investment is deterred,” World Bank Philippine Lead Economist Gonzalo Varela said at the 2025 World Competitiveness Forum on Tuesday.

“To seize that opportunity, what is needed is to offset investment costs from the point of view of domestic reforms,” he added.

Citing the World Bank’s Business Ready report, he said the Philippines is strong in regulatory frameworks, but lags on implementation.

“The challenge is to focus on implementation so that we can take advantage of the fantastic regulatory framework that you have in place,” he said.

He singled out key Philippine reforms like the opening up of renewable energy projects to full foreign ownership, after having previously been capped at 40%.

“That is great, and there is a lot of interest in foreign investment coming into that sector. It is particularly great for a country that does not have fossil fuels and that has high energy prices; it can be a game changer,” he said.

However, he said investors still need to go through hundreds of steps to set up solar energy or onshore wind projects.

“Fixing the implementation challenge is going to be crucial to seizing those opportunities,” he added.

He added that regional trade agreements could also help attract investments as global value chains shift.

“The Philippines has a number of trade agreements in the making. Probably the most significant one is with the European Union,” he said.

“Advancing that is going to be a game changer for the country’s positioning,” he added.

Management Association of the Philippines (MAP) Chair for Ease of Doing Business Ira Paulo A. Pozon said that there remains a need “to curb a lot of corruption and to improve ease of doing business.”

“What the Anti-Red Tape Authority (ARTA) has done so far is to improve ease of doing business on a generic scale. The specialized permits now are the challenge,” he said.

“That is affecting our competitiveness. ARTA is doing a good job, but it is really very uphill because there are a lot of layers,” he added.

He said the ideal scenario involves data-sharing by government agencies to allow much of the requested information to be auto-filled.

“At this point, there is nowhere else to go but up, and any improvement once it is felt will really be appreciated,” he said.

“MAP is concerned about ease of doing business because that is the first roadblock for any business application and any foreign investor,” he added.

The Makati Business Club (MBC) welcomed the passage of key reforms in the Congress, as they are expected to “bring in more investors, accelerate key infrastructure projects, and improve transparency.”

In particular, the MBC welcomed the passage of the Right of Way Act amendments, amendments to the Foreign Investors’ Long-Term Lease Act, and the E-Governance Act.

“MBC advocates for improvements in governance, infrastructure, and transparency as key drivers to attract more investors, thereby creating more jobs. We believe that these reforms are aligned with these advocacies,” it said.

“We hope that the proper implementation of these reforms will achieve the intended goal of enhancing the country’s competitiveness,” it added.

PHL wheat import forecast downgraded 3%

THE forecast for Philippine wheat imports has been downgraded 3% to 7.2 million metric tons (MMT), the US Department of Agriculture (USDA) said, citing weaker demand from the animal feed industry.

In a report, the USDA cut its forecast for the 12 months to June 2026 marketing year from the 7.4 MMT estimate in May.

The Philippines does not produce wheat, importing milling wheat for human consumption and feed wheat for animal feed.

The USDA’s Foreign Agriculture Service in Manila has detected softening feed wheat demand in the Philippines, with feed manufacturers shifting their preferred raw material to corn.

Feed wheat is substituted for feed corn when the global price of wheat is more competitive than that of corn.

Feed corn prices are expected to drop in the 2025-2026 marketing year due to increasing global corn production.

In the second half of 2024, the price of imported feed wheat exceeded that of imported corn by $12.22 per MT.

The USDA also downgraded its estimate for Philippine wheat imports in the current market year — the 12 months to July 2025 — to 6.8 MMT from the previous 7.2 MMT projection.

The latest estimate, if borne out, would represent a decline from the actual import total of 6.9 MMT in the 2023-2024 marketing year.

The US was the largest supplier of wheat to the Philippines last year, supplying 2.7 MMT. Other sources were Australia, Brazil, and Canada. — **Kyle Aristophere T. Atienza**