Trade deals seen promising relief to garment firms

THE Labor department said disruptions to the workforce stemming from the looming closure of a garment factory in Central Luzon could be temporary, and added that the government is working on trade agreements that will improve the industry's prospects.

"The Department of Labor and Employment (DoLE) has been and will always be seriously concerned about any worker displacement, be it due to lay-offs but more so if it's closure," Labor Secretary Bienvenido E. Laguesma told *BusinessWorld* via Viber.

"I do hope it's isolated and temporary in nature, as there are ongoing efforts to enhance trade with existing partners and develop new ones."

The US began imposing a 19% tariff on Philippine-made goods on Aug. 17, putting the Philippines at par with regional rivals with lower cost bases.

The US accounted for $12.14 billion in Philippine exports last year.

Mr. Laguesma said that while rising wages may have contributed to the pressure on the industry, it should not be viewed as the primary cause of closures.

"Workers deserve fair wages," he said. "There could be other operational costs and issues — from power and logistics to regulatory challenges — that influence these decisions."

He said DoLE can immediately activate programs like the Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers, the DoLE Integrated Livelihood Program, and the Adjustment Measures Program to provide emergency employment and livelihood support to affected workers.

He added that Technical Education and Skills Development Authority offers upskilling and retooling initiatives that can help workers transition to other industries, while youth employability programs such as the Special Program for the Employment of Students, Government Internship Program, and JobStart Philippines Program could be extended to dependents of displaced employees.

Assistant Professor Benjamin B. Velasco of the University of the Philippines School of Labor and Industrial Relations said the Central Luzon case may be an isolated incident, but it highlights structural weaknesses in the export economy.

"For now, the possible factory closure in Central Luzon is an outlier event as unemployment is low and economic growth is robust," Mr. Velasco said via Messenger. "Still, exporters shutting down is always a risk for an economy.

He said the government should adopt both short-term safety nets and long-term structural reforms to ensure resilience.

"In the short term, there must be programs to transition affected workers — from social security and emergency work to job reskilling. For the long term, we need to move away from export orientation to creating domestic demand through an industrial policy and asset redistribution," he added.

Mr. Velasco added that high wages, while often seen as a disadvantage for exporters, could strengthen the domestic economy by stimulating consumption.

"High wages are a disadvantage for commodity exporters but a boon for domestic producers since it creates higher demand," he said.

Jose G. Matula, president of the Federation of Free Workers (FFW), called the closure threat a "wake-up call" for both the government and industry.

"The threat of factory closures in Central Luzon shows how fragile our manufacturing jobs are — when global trade trembles, workers suffer first," Mr. Matula said via Viber. "This is not just a labor issue, but an economic one that demands collective action."

Mr. Matula urged DoLE, the Department of Trade and Industry, and the Department of Economy, Planning, and Development, to convene a national tripartite dialogue with employers' groups such as the Employers Confederation of the Philippines and the Philippine Chamber of Commerce and Industry, alongside major labor centers including NAGKAISA, the Trade Union Congress of the Philippines, and the FFW, to develop coordinated strategies to safeguard jobs and sustain the industrial base.

He also pointed to the high cost of doing business — including power rates, logistics, and red tape — as deeper issues requiring solution. — **Chloe Mari A. Hufana**

Car sales,
from S1/1

Light-duty truck and bus sales grew 8.3% to 589 from a year earlier, while medium- and heavy-duty categories fell 7.5% and 4.2%, respectively, to 371 and 69 units. Compared with July, all truck categories posted increases.

The annual decline reflected "base effects from high sales last year," alongside weather disruptions and recent earthquakes that reduced operating days for dealers and consumers alike, Michael L. Ricafort, chief economist at Rizal Commercial Banking Corp., said in a Viber message.

He added that improved weather conditions toward yearend could help spur demand.

The automotive industry is targeting sales of 500,000 units this year, up from 467,252 units in 2024.

CONSUMERS HOLD BACK

John Paolo R. Rivera, a senior research fellow at the Philippine Institute for Development Studies, said the drop reflected "a mix of rising borrowing costs, slower wage growth and shifting consumer priorities."

"Many households appear to be postponing big-ticket purchases amid economic uncertainty and constrained purchasing power," he said in a Viber message.

"If key headwinds such as liquidity and credit tightening, weaker consumer confidence and tariff issues persist, we may see the decline continue through yearend unless targeted incentives or stronger consumer sentiment emerges," he added.

From January to September, total vehicle sales edged down 0.3% to 343,410 units from a year earlier. Passenger car sales plunged 23.6% to 69,306 units, offsetting an 8.2% rise in commercial vehicle sales to 274,104.

Toyota Motor Philippines Corp. remained dominant with 164,797 units sold in the first nine months, a 3.6% increase that gave it a commanding 48% market share. Mitsubishi Motors Philippines Corp. followed with 65,421 units, down 0.9% year on year, representing 19% of the market.

Ford Motor Co. Philippines, Inc. placed third with 16,688 units, down 22%, while Nissan Philippines, Inc. and Suzuki Philippines, Inc. sold 16,621 and 16,390 units, respectively. Suzuki's 9.3% rise was among the strongest in the top five, reflecting continued strength in smaller, fuel-efficient vehicles.

CAMPI President Rommel R. Gutierrez said the latest figures underscored the industry's resilience.

"The September results reflect the sector's adaptability and commitment to innovation," he said in a statement. "As we continue to embrace electrification and expand commercial mobility solutions, we remain optimistic about closing the year on a high note."

EVs GAIN GROUND

Electrified vehicle (EV) sales reached 20,662 units in the first nine months, representing 6% of total sales.

Meanwhile, the Electric Vehicle Association of the Philippines (EVAP) and the Department of Energy (DoE) expect EV registrations to reach 35,000 by yearend, up from 29,715 as of July.

Patrick T. Aquino, director of the DoE's Energy Utilization Management Bureau, said this year's registrations could mark a "banner year" for EV adoption. "If we do reach 35,000, it will confirm a banner year in both sales and registrations," he said at the 13th Philippine Electric Vehicle Summit on Thursday.

EVAP President Edmund A. Araga said the milestone reinforces the sector's goal of reaching 2.5 million EVs by 2040.

"Each year, we're breaking our own records," he said. "The bold target is to make EVs account for at least 50% of all vehicles on our roads by 2040."

OPINION

Convincing workers to take a medical exam

We average 40% compliance on workers taking the annual physical and medical exam. They give various reasons, from being too busy to lack of interest, claiming they're not feeling any symptoms of ill health. What can we do? — Marvelous Mike.

You'll be dismayed to learn that many organizations face the same challenge every year. People nod when notified, while others ignore the notice completely.

The reasons behind low participation rates are not limited to task overload or lack of interest. Sometimes it could be fear, inconvenience, or the mistaken belief that they're healthy.

As part of management, HR's role isn't limited to announcing the exam schedule, but to lead the workers in understanding why it matters for their total well-being. It's not about mere compliance. HR could announce it a hundred times, but without emotional buy-in, attendance will still be lukewarm.

In the Philippines, employers are legally allowed to conduct medical examinations. This mandate is rooted in occupational safety and health regulations. The basic law is Article 162 of the Labor Code, which seeks to ensure a safe and healthy work environment.

This alone should prompt team leaders, line supervisors, managers, and HR leaders to play a crucial cultural role: framing the medical exam as a wellness benefit and not just a requirement.

SUBTLE, BUT COMPELLING

A "subtle but compelling" approach means persuading workers without forcing them. It could be done via little nudges, not threats. Instead of lecturing them about compliance, show what's in it for them: peace of mind, early detection of illness, and reduced hassle in the long run.

Pair practical support with gentle encouragement. Explain that a short checkup today can save them months of stress tomorrow. It's like reinforcing responsibility without fear, by appealing to their well-being rather than following a legal requirement.

IN THE WORKPLACE
REY ELBO

When workers feel cared for instead of being commanded, compliance becomes a choice they want to make, not something they reluctantly agree to. Here are some examples of things to try:

One, management must lead by example. People follow behavior more than instructions. When employees see department heads taking the exam early (and talking about it in a casual, positive way), the impression is clear: "I just finished mine. It was quick process.

"Now, I have peace of mind. I encourage you to take yours too." Small shift. Big difference.

Two, change the situation from "company benefit" to "personal benefit." Compliance sounds like paperwork. Wellness sounds like self-care. When we frame the exam as something done for employees rather than to them, resistance drops.

People aren't convinced by strict policies. Instead, they are persuaded by their significance to their welfare.

Three, eliminate inconvenience. Participation improves dramatically when the process is short and easy. Some ways to help include having a continuing schedule, having on-site testing when possible, assigning time slots per department, or even making a schedule for birthday celebrants.

The most important approach, however, is allowing them paid half-day time off.

Four, practice social proof, instead of pressure. Employees don't like being singled out, but they don't like being left behind either. "80% of our team members have completed theirs. Join the rest!" This fuels positive, bandwagon behavior.

If they feel everyone else is doing it, the hesitation drops.

Five, soften the message with a positive note. Instead of circulating a stiff memo filled with policy reminders, managers should talk to their teams in ordinary, reassuring language.

Something like: "This isn't about finding who is sick. It's about keeping everyone well."

That one sentence can prevent weeks of avoidance.

Six, appeal to individual responsibility. A healthy employee supports not just the company, but their family. Many employees think, "I'm too busy to get checked." But the real risk is being too busy until something goes wrong.

That simple shift reframes the exam as a responsibility, not an obligation.

Seven, recognize, but do not punish. Some companies mistakenly use threats like withholding medical benefits. This may produce compliance but never commitment. Instead of penalties, recognize participation — even small acknowledgements work.

One example is by recognizing the department with the highest compliance. This reflects on the positive image of the concerned head.

CULTURE OF SELF-CARE

Employees resist because of stiff regulations and unwarranted management action. Management frontliners and HR leaders should address these issues. Your job is not to push people toward the clinic; your job is to help them choose it for themselves.

When participation is seen as healthy empowerment, not bureaucracy, compliance rises naturally. Convincing employees to join the annual exam isn't about enforcing a rule. It's about promoting a culture of self-care inside the workplace.

When leaders show sincerity, convenience is provided, and the purpose is well-communicated, people participate not out of fear, but out of taking responsibility for their health. At the end of the day, compliance is temporary, but wellness is long-term.

Have a free consultation with REY ELBO on your people management issues.
E-mail **elbonomics@gmail.com**
or DM Facebook or LinkedIn.
Anonymity is guaranteed.