

Philippines is hoping to complete Chile free trade agreement talks in April

THE PHILIPPINES is hoping to conclude negotiations for a free trade agreement (FTA) with Chile next month, the Department of Trade and Industry (DTI) said.

“For Chile, we’re almost there. We hope to conclude the negotiations, by next month,” Trade Undersecretary Allan B. Gepty told reporters last week.

“We’re just finalizing a few items.”

While the DTI cannot disclose which items have yet to be finalized, Mr. Gepty said “there is no major issue that can hinder the completion (of the FTA with Chile.)”

Once concluded, the Chile FTA would be the Philippines’ first trade deal in Latin America.

The countries first opened talks for a Comprehensive Economic Partnership

Agreement (CEPA) in 2024.

Under the CEPA, the Philippines and Chile seek to go beyond trade in goods and services to cover areas like intellectual property rights, digital economy, micro, small and medium enterprises, environment, labor and trade and gender, among others.

Trade Secretary Ma. Cristina A. Roque has said the Philip-

pines is aiming to sign its FTA with Chile this year.

In 2024, trade between the Philippines and Chile amounted to \$266 million, with an average annual growth rate of 4.1%.

The Chile FTA forms part of the Philippines’ aim to conclude 20 FTAs by 2028.

The Philippines is also holding the next round of talks for its FTA with Canada next month, Mr. Gepty said.

“We intend to cover all the chapters of the FTA, so it will be a full round of negotiation,” he said.

“We’ll focus on the text-based negotiation, and we’ll start also discussing on the modalities for the market access,” Mr. Gepty noted.

The Philippines is also looking to conclude talks for its FTA with the European Union by June or July.

Ms. Roque cited the need for the Philippines to leverage FTAs to boost its global competitiveness.

Over 70% of Philippine exports reach partner markets through trade agreements, Ms. Roque said.

“One country is not the market... so, we must find a way to be competitive globally,” she said. — **Beatriz Marie D. Cruz**

PHL lags in adapting to US-China trade fallout

By Justine Irish D. Tabile
Senior Reporter

HANOI — The Philippines remains behind in adapting to the US-China trade tensions, which have redirected supply chains toward Southeast Asia, the DHL Group said.

Released last week, the DHL Global Connectedness Report 2026 indicated that US-China ties continue to diminish since 2016, as the share of US trade, capital formation, and people flows with China dropped 42%, with China’s share own 37%.

The report, which was released last week, found that while the US and China reduced their direct engagement, the two countries saw increased trade with other countries.

“As companies look to build capacity outside of China, Southeast Asia has been the most attractive location for this,” Steven A. Altman, senior research scholar and director of the DHL Initiative on Globalization at the New York University Stern School of Business, told *BusinessWorld*.

“Part of it is due to the inherent competitiveness of this region, its growth, and also its proximity

to China, as well as its integration into what is really a broader Asian manufacturing ecosystem,” he added.

He said that within Southeast Asia, Vietnam could be leading the countries that have captured that business activity.

“The Philippines also has, but so far other countries have benefited more thus far than the Philippines,” he said. “But if we look at the forecasts, the Philippines stands out as one of the countries that has the most potential to benefit from this dynamic.”

The DHL Group has identified 20 countries that it expects to benefit from supply chain diversification, which it has dubbed Geographic Tailwinds 20, or GT20. The Asia-Pacific countries are China, India, Indonesia, Vietnam, Bangladesh, the Philippines, Pakistan, and Australia.

“Of the eight countries that we have identified, I would say the one that has not quite lived up to what we believe for now is the Philippines,” Ken Lee, chief executive officer of DHL Express Asia-Pacific, told reporters on the sidelines of a facility tour in Vietnam.

“I believe what is going to drive the Philippines big time will be the small and medium enterprises (SMEs),” he added.

The report ranked the Philippines at 59th in global connectedness in 2024, an improvement from 62nd place in 2023. It was the highest ranking the country achieved in the DHL index since it ranked 57th in 2019.

Mr. Altman said five areas that the Philippines could improve on to tap its potential are peace and security, the domestic business environment, international openness, regional integration, and public opinion.

“The first one is peace and security, without which it is really hard to develop mutually beneficial ties with other countries. We take peace and security as the foundation,” he said.

“The second one is sometimes surprising for people, it is the domestic business environment. The third is international openness. But what we found is that the attractiveness of the domestic business environment has an even bigger impact,” he added.

Meanwhile, he said that even with the tariffs being imposed by the US, Southeast Asian countries are still set to enjoy an advantage over China.

“For the US market specifically, what I would always be looking at is the relative tariff. So up until the latest developments, the

pattern that we were seeing was higher tariffs for China,” he said.

“Now, how that develops in the future, we don’t know. But if that continues to be the case, even though the tariffs are much higher than they were last year, Southeast Asia still has the potential to benefit relative to China,” he added.

Into 2026, DHL Express President John Pearson said that he remains optimistic about global trade despite headwinds such as the US-Iran war and the tariff adjustments in the US.

“What I am positive about is global trade, because the GCR Report and the Global Trade Atlas give me 9 million data points that say I should be positive about global trade,” he said.

“I fully recognize that there are economic cycles of downturn and upturn, and all the positives and the negatives. I accept that. But trade is continuing to grow faster and did grow faster during the tariff year than it did in 2017. In fact, the first half of last year was faster than 2010,” he added.

He said that if the Russia-Ukraine war were to be resolved somehow and if the Middle East crisis doesn’t escalate further, businesses will be active — and will want to buy, sell, trade, repair, put

salespeople on a plane and overseas salespeople to sell their wares.

“Businesses were wanting to get going. So I had a positive outlook towards this year. And, you know, the first two months of this year bore that out ... Now, we’ve got a slightly unusual March because of what’s happened in the Middle East,” he said.

“But, you know, I tend to have a positive belief that business heals. Business is very self-resuscitating. And trade, if I look at the linear progression over the last 10 to 15 years, has been positive,” he added.

The Association of Southeast Asian Nations (ASEAN) +3 countries have direct exposure to the war in the Middle East, the ASEAN+3 Macroeconomic Research Office (AMRO) said in a commentary over the weekend.

“Based on AMRO’s internal estimates, if oil prices remain elevated at around \$90 per barrel for the remainder of the year, inflation in the region could increase by an additional 0.7 percentage points, and growth could be reduced by 0.2 percentage points,” it said.

Despite this, AMRO said ASEAN+3 countries’ macroeconomic starting point is solid, after the region grew 4.3% in 2025 despite

a shift in US trade policy and after regional inflation stood at 0.9%.

“It gives central banks and fiscal authorities greater room to absorb a supply-driven price shock without being forced into growth-damaging policy tightening,” it said.

AMRO said the region’s monetary policy should prioritize maintaining orderly market conditions rather than tightening prematurely in response to supply shock.

“At the same time, central banks will need to stay alert. Should inflationary pressures broaden beyond energy prices and become more entrenched, a policy response would be warranted,” it said.

Meanwhile, it said that the region should implement interventions that are “targeted at vulnerable segments through transparent, time-bound measures, rather than broad-based subsidies that distort price signals and erode the fiscal space that may be needed if the conflict deepens.”

“Policymakers should also watch developments beyond headline energy prices: disruptions to shipping and logistics may signal broader economic effects ahead,” it added.

OPINION

The next move: Reshaping strategy through AI

(First of two parts)
IN BRIEF:

- Measured optimism defines 2026 as CEOs balance domestic confidence with global uncertainty and rising cost pressures.

- AI readiness becomes the decisive priority, with national assessments highlighting both urgency and opportunity for Philippine enterprises.

- The advantage goes to the prepared enterprises that upgrade systems, invest in skills, and build digital strength to lead the next wave of growth.

With 2026 reshaping competitive realities at unprecedented speed, Philippine CEOs face a strategic landscape where decisions carry amplified impact. Insights from the Philippine edition of the 2026 CEO Outlook Pulse Survey, gathered from CEOs across the country’s major sectors, reveal how enterprises are rebalancing portfolios, accelerating AI integration, and strengthening resilience amid ongoing uncertainty.

In today’s NAVI world, where change is nonlinear, accelerated, volatile and interconnected, these insights offer Philippine business leaders a sharp lens into how organizations are adapting to rapid and interconnected change. AI readiness is no longer optional — it is the defining advantage for Philippine enterprises in 2026, and it is rapidly becoming the differentiator that sets industry leaders apart.

ECONOMIC PRESSURES RESHAPING CEO PRIORITIES

Philippine CEOs enter 2026 facing economic pressures that mirror those of the previous year, now intensified by geopolitical dynamics and accelerating technological change. The World Uncertainty Index indicates that global uncertainty remains elevated due to persistent geopolitical tensions and volatile trade policies — conditions that continue to affect cost structures, capital allocation, and long-term planning.

Domestically, concerns around fiscal governance persist, weighing on

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investor confidence and contributing to a more cautious business outlook.

These combined forces have shaped the country’s recent economic performance. Philippine GDP slowed from 5.7% in 2024 to 4.4% in 2025, falling short of the government’s minimum target of 5.5%, as noted in the Development Budget Coordination Committee’s review of medium-term macroeconomic assumptions.

Meanwhile, the Bangko Sentral ng Pilipinas, in its February 2026 briefing, projected a modest recovery to 4.6% in 2026 and 5.9% in 2027 — projections that hinge on strengthened governance and renewed investor trust.

While the macroeconomic environment remains constrained, the technology landscape is advancing at a pace that demands CEO-level attention. Global competition is accelerating investment in artificial intelligence (AI), creating meaningful openings for economies that modernize quickly — and exposing vulnerabilities in those that lag.

AI READINESS AND STRUCTURAL GAPS

The 2025 UNESCO AI Readiness Assessment Report notes that the Philippines has made real progress in building responsible, ethics-driven AI governance. Yet the same assessment underscores structural gaps that now carry strategic consequences: weaknesses in digital infrastructure, limited R&D investment, siloed policymaking, inconsistent public-private collaboration, and shortages in critical technology skills. As AI becomes a core driver of competitiveness, these gaps must be addressed with urgency.

Reinforcing this, the 2025 Government AI Readiness Index by Oxford Insights ranks the Philippines 43rd among 195 economies, reflecting improved policy direction, governance, and public-sector readiness. For enterprise leaders, this signals that government has largely set the foundation; the real challenge now lies in execution, specifically, scaling AI with speed, discipline, and measurable business outcomes.

One of the speakers at the 2026 Philippine CEO Outlook event from the Asian Development Bank underscored the scale of the country’s AI opportunity. Citing Public First’s Turbocharging Growth: The Philippines’ AI Opportunity, they highlighted that today’s AI technologies could significantly augment roughly 37% of Filipino workers, driving substantial productivity gains and enabling higher incomes. The message to CEOs is direct: AI is no longer merely an operational enhancement — it is a national productivity catalyst.

Global insights further reinforce the urgency of enterprise-level action. The World Economic Forum’s Future of Jobs Report 2025 identifies AI and information technologies as the strongest forces reshaping business models worldwide, while Microsoft’s Work Trend Index 2025 notes that although awareness of AI is rising, many organizations remain underprepared for transformation at scale.

This readiness gap is even more pronounced in the Philippines. The Philippine Institute for Development Studies (PIDS), in its 2024 study Readiness for AI Adoption of Philippine Business and Industry, found that only 14.9% of firms are currently using AI, with adoption concentrated among digitally mature ICT and BPO organizations.

PIDS emphasized that industry-wide AI uptake continues to be limited by infrastructure gaps, low levels of awareness, constrained investment capacity, and widespread shortages in critical digital skills. The study also cited the Salesforce Asia Pacific AI Readiness Index, where the Philippines scored 25.4 out of 100 in Business AI Readiness — ranking 10th out of 12 economies, well

behind regional leaders such as Singapore, China, and South Korea.

This signals a substantial opportunity for Philippine enterprises to accelerate AI capability and strengthen their competitive position in the region. As highlighted by the Global Consulting Markets Leader at Ernst & Young during the 2026 Philippine CEO Outlook event, AI offers a genuine productivity leapfrog opportunity for companies that act decisively. He underscored that realizing this potential will depend on CEOs modernizing legacy systems and rethinking enterprise capabilities to overcome entrenched barriers that hinder transformation.

PHILIPPINE CEOs ENTER 2026 WITH MEASURED OPTIMISM

The CEO Outlook Pulse Survey shows that Philippine business leaders enter 2026 with measured optimism. While 48% express net optimism about business prospects, sentiment remains nuanced. Leaders retain confidence in domestic and sector-specific performance yet remain cautious about global conditions and persistent cost pressures. The 2026 CEO Confidence Index registered a score of 59, down from 74 the previous year — a reflection of sourcing challenges, rising operational costs, and continuing uncertainty. Even with this softer sentiment, CEOs still anticipate improvements across key metrics: 64% expect revenue growth, 54% foresee stronger profitability, and 64% project productivity gains, with 26% pointing to meaningful efficiency improvements.

Executives remain confident but deliberate in capital deployment. Net optimism of 46% for revenue, 42% for competitiveness, and 36% for investment in existing operations signals a clear emphasis on strengthening core capabilities. Expansion plans, technology investments, and R&D spending are being paced with greater discipline, shaped by pressures around input costs, limited cost-through mechanisms, and tighter cash flow.

Cost pressures continue to loom large, with 42% of CEOs expecting operating expenses to rise due to

supply-chain disruptions, higher input prices, and labor market tightening. Leaders are accelerating efficiency, digital adoption, and reskilling to manage cost pressures and reinforce organizational resilience.

CLEAR-SIGHTED AND TRANSFORMATIVE LEADERSHIP

This direction aligns with the International Monetary Fund’s view in Gen-AI: Artificial Intelligence and the Future of Work, which notes that economies with strong digital foundations and adaptable labor markets are best positioned to benefit from AI while managing disruption. The Philippines’ ASEAN Chairmanship in 2026 further amplifies this opportunity, positioning the country to help shape regional digital priorities that will define the operating environment for CEOs in the years ahead.

As Philippine CEOs move through 2026, the realities of a NAVI world demand leadership that is clear-sighted and transformative. This moment is both a signal and mandate: business leaders who modernize core systems, build future-ready talent, and strengthen digital foundations will be best positioned to turn uncertainty into advantage — driving growth while advancing the country’s competitiveness in a rapidly shifting region.

The second part of this article will discuss how Philippine CEOs in 2026 are advancing transformation agendas focused on modernization, AI integration, governance, and strategic transactions to sustain growth and competitiveness amid a rapidly digitalizing and geopolitically shifting market.

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