

Oil-shock vulnerability blamed on deregulation

By **Sheldeen Joy Talavera** Reporter

THE deregulation of the Philippine fuel market made it vulnerable to the latest oil supply shock, leaving the economy at the mercy of disruptions in the Persian Gulf crude supply, analysts said.

“The Philippines was among the hardest hit precisely because it has the most deregulated oil market in Southeast Asia,” Noel M. Baga, co-convenor of think tank Center for Energy Research and Policy, told *BusinessWorld*.

“With no price controls, no strategic petroleum reserve, and near-total dependence on imported petroleum, every global price shock lands directly on Filipino consumers with no buffer,” he added.

Mr. Baga said state-run Philippine National Oil Co. (PNOC) must establish a strategic petroleum reserve — a government-held physical stockpile that can be deployed during future crises.

“The Philippines currently has none, which is the single most glaring structural gap exposed by this crisis,” he said.

The Philippines relies on commercial oil stockpiles held by private companies and imposes inadequate inventory requirements of 30 days of crude oil and 15 days of finished petroleum products.

As of March 20, the Philippine petroleum supply was equivalent to about 45 days.

This is higher than what is required but well below the recommended minimum by the International Energy Agency of 90 days, according to Jun Hao Ng, assistant economist for Asia Macro at global economic advisory firm Oxford Economics.

To ensure reliable fuel supply, Mr. Ng said the Philippines must expand its reserve infrastructure.

“The country could also consider diversifying import routes away from the Strait of Hormuz, potentially sourcing from exporters outside the Middle East, such as the US. But, this would increase costs and require adjustments for different crude oil grades,” he told *BusinessWorld* via e-mail.

The Philippines has been scrambling to find alternative suppliers of fuel as the conflict in the Middle East has disrupted exports from key oil-producing countries.

Aside from existing suppliers, Energy Secretary Sharon S. Garin has said the country is also seeking to arrange shipments from Malaysia, Brunei, and India. It is also considering sourcing from the US, Canada, Russia, or South America.

Ms. Garin has said that oil companies are not being required to accumulate one year of inven-

tory, which she said was “very expensive,” with available storage also limited.

On Friday, the Department of Energy (DoE) announced the arrival of the first shipment carrying 142,000 barrels of diesel, part of the 1.04 million barrels of diesel the government is seeking to import.

The DoE tasked the oil and gas exploration arm of PNOC to procure around two million barrels of fuel to boost reserves, giving it a budget of P20 billion.

A month into the Persian Gulf crisis, pump prices have hit historic levels, with diesel being priced as high as P140 per liter.

“While the Philippines’ initial response to the energy crisis has been swift, including cash handouts for the transport sector, the measures appear to be fiscally cautious and limited in scope,” Mr. Ng said.

Thailand, which similarly relies heavily on imported oil, has implemented a general fuel price cap that cushions citizens from rising prices, he said.

Mr. Ng said that suspending excise tax and value-added tax on fuel could help mitigate inflationary pressure.

However, both measures would reduce government revenue, effectively shifting the fiscal burden to the Philippine government, he said.

“The suspension of the fuel excise tax and the declaration of the national energy emergency are good first steps to further alleviate hardship but they hardly address the heart of the problem with our reliance on imported oil,” Gerry Arances, executive director of the Center for Energy, Ecology, and Development, told *BusinessWorld*.

He said the law which liberalized the downstream oil industry must be revisited, “with the long-term objective of eliminating fossil fuel reliance and ending the vulnerability of consumers to price shocks.”

Signed in 1998, Republic Act No. 8479, or the Downstream Oil Industry Deregulation Act, allows oil companies to set and adjust pump prices based on global oil price benchmarks and other market factors, instead of awaiting government approval.

Mr. Baga said the President can classify fuel as a prime commodity and impose the sort of price ceilings authorized by the Price Act.

Ms. Garin has said that the government is focused on addressing profiteering instead of imposing price caps on petroleum products.

“*Ang ayaw natin ay abusado ang kita. Kaya ‘yun ang binabantayan namin at ginagawan namin ng guidelines para ma-kontrol ‘yan* (What we don’t want is unreasonable profits. That’s what we are monitoring and putting guidelines in place to control it),” she said in a radio interview last week.

PHL growth forecast cut to 4.5% — ING

ING BANK NV downgraded its economic growth projection for the Philippines to 4.5% in 2026 from 5.2% previously, as it expects higher oil prices to raise the country’s import bill and shave 80 basis points (bp) off growth.

In a commentary published by ING Bank’s Economic and Financial Analysis Division, Regional Head of Research for Asia-Pacific Deepali Bhargava said that crude shortages and surging pump prices are amplifying downside pressures on the economy.

“The ultimate economic impact will depend on how long the disruption persists, but the shortages are already amplifying existing weaknesses in domestic demand,” she said.

“The direct hit to gross domestic product (GDP) will come through a higher oil and gas import bill, which is currently about 4% of GDP. Indirect effects will stem from rising transportation and logistics costs, which will feed through to consumer prices,” she added.

As petroleum accounts for 46% of the country’s fuel consumption, in the base case scenario that Brent oil prices average \$80-85 per barrel (bbl), the higher oil import bill alone could trim roughly 80 bp off GDP growth.

“Against this backdrop, we are revising down our 2026 GDP growth forecast to 4.5%, from 5.2% previously. The economy is entering this period of elevated energy costs from a position of vulnerability, following an already weak 2025 performance driven by a sharp contraction in government spending,” she added.

The Philippines is among the most oil-dependent countries in the Asia-Pacific, with over 95% of oil imports coming from the Persian Gulf, leaving it exposed to price swings and supply disruptions.

“The transportation sector is the largest consumer of oil products, meaning fuel costs feed directly

through to logistics and household expenses,” she said.

“This vulnerability is further aggravated by limited domestic fuel reserves, with the energy secretary noting that the country has roughly 45 days of diesel supply remaining,” it added.

In response, the government has been trying to secure alternative supply sources, including a 700,000 barrel shipment from Russia.

“Yet with national consumption estimated at 450-487k barrels per day, this volume would cover only a few days of demand unless additional shipments are secured from Russia or China,” she said.

With retail fuel prices remaining fully market-linked, pump prices in the Philippines have more than doubled since the start of the Persian Gulf crisis.

As such, the government introduced targeted subsidy measures and passed a law that will permit the suspension or partial reduction of excise duties on selected petroleum products.

“While the fiscal cost is currently modest at around 0.07% of GDP, the Philippines’ relatively thin fiscal buffers mean that any significant expansion of support would increase pressure on government finances,” she said.

She said despite having the room to extend fuel subsidies due to weaker spending in 2025, fiscal space remains limited.

“Any additional support would risk further delaying capital expenditure spending, which would in turn slow the broader growth recovery. Even if spending normalizes somewhat in 2026, the drag from tight fiscal conditions on confidence and economic activity will take time to fade,” she said.

“With consumer sentiment still weak, we expect the recovery to remain uneven. As a result, our 2026 growth forecast remains at 4.5%, with risks clearly tilted to the downside,” she added.

Meanwhile, she said that even prior to the war, labor market conditions had weakened, with the unemployment rate climbing to 5.8% in January 2026, the highest since the 6% posted in June 2022.

“Weaker government spending has now translated into softer private investment, job losses, and a slowdown in wage gains. These trends are likely to intensify as higher oil prices raise production costs, discourage hiring, and compress real incomes,” she added.

Ms. Bhargava said the weaker external balances are likely to drive the peso lower but said that the Bangko Sentral ng Pilipinas (BSP) may cut rates in April.

The BSP on Thursday said that it committed to “anchoring inflation expectations and taking a forward-looking approach amid the risk of second-round effects from rising oil prices.”

Citing precedents in 2022 and 2018, she said the BSP had hiked rates once inflation breached the upper end of its 4% target.

“With Brent crude prices up roughly 40% month on month in March, headline inflation is now likely to exceed the target band even under our base case. This implies that the consumer price index could breach 4% as early as March, raising the probability of a rate hike as early as April,” she said.

However, she said that unlike in 2022, the economy is struggling, as reduced government spending in 2025 has dragged down both business investment and household consumption.

“Given this weaker growth setting, and assuming the current conflict eases soon, our base case is that the BSP remains on hold in April. That said, if oil prices stay above \$100/bbl in our longer-war scenario and with limited signs of de-escalation in the ongoing conflict, the BSP may be compelled to consider raising rates as soon as April,” she added. — **Justine Irish D. Tabile**

OPINION

The SGV journey toward inclusive leadership and empowerment

IN BRIEF:

- SGV & Co. advances women leaders through a strong meritocratic culture, resulting in a leadership bench where women have actively helped shape the Firm’s direction.

- The firm’s efforts highlight that inclusiveness is vital for a thriving future, demonstrated through impactful initiatives empowering women and girls in historically underrepresented areas.

- Equally vital to the ongoing journey towards equity are the male allies and supporters whose shared goals and mutual respect strengthen and amplify these efforts.

In an industry where leadership development and career pathing have traditionally been narrow, SGV & Co. has built something more enduring and increasingly relevant. The firm has long treated meritocracy as an operating principle. The result is a leadership bench where women have advanced and actively help shape its direction.

On International Women’s Month, we celebrate the women honored as leaders and changemakers, exemplifying power that nurtures, uplifts, and transforms lives with grace and purpose. Their leadership guards legacies and guides future generations with courage and compassion, built on a foundation of meritocracy that SGV has always upheld.

WOMEN SETTING THE PACE

SGV’s record on women leadership was built over decades by individuals who navigated, and often remodeled, the structural barriers of their time.

Erlinda T. Villanueva’s appointment as SGV’s first female partner in 1961 signaled a shift that would resonate for decades. It demonstrated that advancement within the firm was anchored in performance, not precedent.

The rise of Gloria L. Tan-Climaco to become the firm’s first woman Chair and Managing Partner marked a defining moment. Her recognition as both a

SUITS THE C-SUITE ROSSANA A. FAJARDO

For the women leaders who have risen through the firm’s ranks, and for those who will follow, the message is clear: capability remains the currency of advancement.

Young Lady Achiever in Public Accounting and an Outstanding CPA in Public Accounting from the Philippine Institute of Certified Public Accountants reflected a career grounded in technical excellence and credibility. Her subsequent role advising former President Gloria Macapagal Arroyo on strategic initiatives underscored the broader influence SGV leaders would wield.

SGV Senior Consultant Delia Domingo Albert followed a similarly expansive path. As former Secretary of Foreign Affairs and Philippine Ambassador, she brought institutional discipline to the global stage. Her tenure included serving as chair of the United Nations Security Council in 2004, where she championed the role of women in peacebuilding. Her career has since become a template for leadership that crosses sectors while consistently advocating gender equity.

These women leaders did more than succeed individually. They embodied the values of integrity and excellence that the firm’s founder, Washington Sy-Cip, built the firm upon. Today, women make up the majority of SGV’s workforce and more than half of its partners and principals.

MERITOCRACY BY DESIGN

At SGV, meritocracy is part of the organizational infrastructure. From recruitment to promotion, the firm has relied on performance metrics, technical proficiency, and leadership potential as its primary filters. Advancement is neither automatic nor arbitrary.

This philosophy is reinforced through deliberate investment in mentorship and professional development. Programs ensure that high-potential employees, regardless of gender, gain access to sponsors, stretch assignments, and leadership exposure. Over time, this has produced a steady influx of women leaders who are not only qualified but also well-suited for the positions.

The result is an organizational culture that is both competitive and collaborative. Individuals are encouraged to excel and contribute to the firm’s collective strength. For women professionals steering through a historically male-dominated industry, this environment has been significantly influential.

IMPACTFUL INITIATIVES TO EMPOWER AND UPLIFT

The firm takes pride in the progress it has made in its ongoing journey toward equity. Its efforts serve to underscore that inclusiveness is essential to shaping a future where everyone can thrive. These efforts include a range of impactful initiatives designed to empower and uplift women and girls, particularly in areas where they have been historically underrepresented.

One such initiative is the EY STEM Program, which equips girls aged 13 to 18 with future-ready STEM skills through a free, gamified app. This innovative approach builds confidence and curiosity in science and technology, engaging 600 students during its launch at one high school. The program has inspired many young Filipinas to explore STEM fields and is set to expand its reach in 2026 through a new memorandum of agreement with the school’s LGU. This expansion aims to bring STEM opportunities to more public schools, empowering even more young women to pursue careers in science and technology.

Complementing this is the EY Women in Tech (WiT) program, which SGV participates in as a member firm of EY. This global initiative was established by EY in 2020 to empower girls and women to enter, remain, and lead in the technology

sector. Serving as an umbrella network of over 40 regional and competency-based WiT communities across the EY network, the program connects members, shares best practices, and fosters a strong sense of community. Open to everyone regardless of gender, rank, or professional background, WiT encourages participation in both global and local events that promote learning, inclusiveness, and career growth within the technology space.

Further strengthening SGV’s commitment to gender equality is the Gender Equality Assessment, Results, and Strategies (GEARS) Program. Building on the firm’s distinction as the first professional services firm in the Philippines and Southeast Asia to receive the EDGE Assess-level certification, GEARS enables the firm to measure its progress and continuously enhance gender equality in the workplace. This program reflects the firm’s dedication to creating an equitable environment where all employees can thrive.

Together, these initiatives highlight the firm’s holistic approach to inclusiveness, ensuring that equity is not just an aspiration but a lived reality for women and girls across all levels and sectors.

A PRAGMATIC BLUEPRINT FOR LEADERS

The SGV model offers a pragmatic blueprint for business leaders. While essential, meritocracy is not sufficient on its own. Without conscious efforts to eliminate systemic barriers, organizations risk underutilizing significant portions of their talent pool.

Embedding inclusiveness into leadership training is a critical first step. Bias, often subtle and unintentional, can accumulate into structural disadvantage if unchecked. Equally important is cultivating mentorship and sponsorship networks. At SGV, these have been instrumental in bridging the gap between potential and opportunity, especially for younger professionals. Transparency plays a pivotal role as well. Setting clear diversity targets and holding leadership accountable

ensures that progress is visible and sustained.

Finally, flexibility should be viewed as part of the policy, and not just a perk. In a global talent market, accommodating diverse needs can be a decisive differentiator.

COLLABORATION ACROSS ALL GENDERS

As SGV celebrates its 80th anniversary, it is important to see the bigger picture: SGV’s story is ultimately one of continuity. The firm’s early commitment to meritocracy laid the foundation for a leadership culture that could evolve without losing its identity.

Today, SGV is extending that legacy into a more complex and demanding era, shaping it in its own image. For the women leaders who have risen through the firm’s ranks, and for those who will follow, the message is clear: capability remains the currency of advancement. In a system that increasingly values inclusiveness, that currency now circulates more freely.

In celebrating International Women’s Month, it is important to recognize that true progress toward equity and empowerment is achieved through collaboration across all genders. Equally vital to this journey are the male allies and supporters whose shared goals and mutual respect strengthen and amplify these efforts. Together, women and men stand united, building a brighter, more inclusive future. This collective commitment ensures that the impact made today will inspire lasting positive change for generations to come.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co.



ROSSANA A. FAJARDO is the chairman and country managing partner of SGV & Co.