



MSMEs told to plan ahead as fuel costs rise

PHILIPPINE MICRO, small and medium enterprises (MSME) should plan ahead as margins get squeezed by mounting operating expenses from rising fuel costs driven by the Middle East war, according to Metropolitan Bank & Trust Co. (Metrobank).

MSMEs, which make up the bulk of businesses in the country, are particularly vulnerable to higher fuel and transport costs that can quickly spill over into production, logistics, and pricing.

"Take stock of what's important for your business, have a plan and then go out there and act," Metrobank Chief Marketing Officer Digs A. Dimagiba told *BusinessWorld* on the sidelines of an event last week.

"Get the help that you need, whether internally within your business or externally from partners, to really go out there and take action, because the last thing you want to do is stay still, feel helpless or be trapped," he added.

The warning comes as businesses brace for prolonged volatility in global energy markets. The Philippine Chamber of Commerce and Industry earlier said MSMEs would be among the hardest hit if elevated fuel prices persist beyond two to three months.

Higher transport and production costs have already started feeding into inflation, which rose to 4.1% in March from 2.4% in February, according to the Philippine Statistics Authority.

Mr. Dimagiba said reacting to shocks is expected, but businesses that plan ahead are better

positioned to manage risks and identify opportunities.

Metrobank refers to this approach as "financial mindfulness," which emphasizes maintaining control and making deliberate decisions even during uncertain periods.

The bank also used the event to launch its Moneygurado documentary series, which aims to help Filipinos become more intentional in managing their finances through real-life stories across four episodes.

Mr. Dimagiba said crises typically prompt businesses to seek additional financing, either to sustain operations or pivot to more opportunities.

Metrobank offers the SME Puhunan Loan, which provides funding for working capital requirements such as inventory and receivables, as well as for capital expenditures like equipment purchases and expansion.

The loan program features flexible terms to match borrowers' cash flow and repayment capacity, allowing businesses to better navigate fluctuating economic conditions.

Mr. Dimagiba said the bank remains ready to support MSMEs as they navigate the uncertain environment.

"If you need help navigating this crisis, Metrobank is ready to assist," he said. "We will share our knowledge and expertise, and if you require our products and services, we will provide them to the best of our ability." — **Edg Adrian A. Eva**

Filipino scents go global with Tadhana Fragrance

By Edg Adrian A. Eva Reporter

A PASIG-BASED fragrance startup is turning local ingredients like elemi, calamansi and even artisanal sea salt into signature perfumes as it pushes to bring Filipino scents to the global market.

Tadhana Fragrance, founded in 2025 by husband-and-wife tandem Shane Albao and Canadian partner Evgeny Onlin, is positioning itself as a pioneer in Philippine perfumery by building scents around locally obtained materials.

"We embrace what we call 'soil to soul,'" Mr. Onlin said in an interview during the Department of Science and Technology's Earth Day 2026 expo on Monday. "Our vision is to go directly to farmers, buy locally, distill locally into materials that can be used by us, also by other niche perfumers and other perfumers all over the world."

"We want to elevate Filipino perfumery to the world stage," he added.

From operating out of a condominium unit, the company has grown in less than two years into an end-to-end manufacturing operation, supplying both domestic and international markets, including the US, Canada and Australia.



TADHANA.CO



Each fragrance is anchored on a "hero ingredient" sourced from the Philippines. Its Persona collection, for instance, highlights elements such as elemi resin, pili, calamansi and muscovado sugar, reflecting the country's diverse natural resources.

The company works with local distilleries that source directly from farmers while also investing in its own distillation processes, aligning with its goal of building a localized supply chain for perfumery.

In 2025, Tadhana showcased its products in New York, introducing global audiences to scent profiles inspired by Filipino culture and everyday experiences.

"We want to embrace this idea of Filipino culture, Filipino ingredients, and present it to the world through scent making, through olfactory experiences and through moments that everybody can relate to," Mr. Onlin said.

The push comes as Asian fragrance brands gain traction globally, with strong players

emerging from countries such as South Korea, Japan and China.

Mr. Onlin said the Philippines remains relatively underrepresented in the international fragrance scene, presenting both a challenge and an opportunity.

Industry data also point to growing demand. The Philippine perfume market is projected to grow 7.5% annually to \$63.8 billion by 2031 from \$41.2 billion in 2025, according to Global Market Research Mobility Foresight.

Growth is being driven by rising consumer spending on personal care, urbanization and increasing demand for both premium and locally made products.

Beyond its own products, Tadhana aims to support the broader industry by training farmers and opening its facility to aspiring local perfumers.

The company is also preparing to launch its next collection in August, featuring Asin Tibuok, a rare artisanal sea salt from Bohol, as its next signature ingredient.

ESCAP from S1/1

It said the forecasts in the report are as of March 17 and already factored in the immediate macroeconomic impacts of the conflict in the Middle East.

"These baseline projections assume that de-escalation over the course of 2026 will help stabilize commodity prices and restore market sentiment to some extent," it said. "Yet the situation remains highly uncertain, and the eventual economic impacts will depend on the scale and duration of the conflict."

In case of a prolonged conflict, they said they expect growth to be "notably lower than currently projected while inflation would be higher."

"Under this scenario, a surge in commodity prices and freight costs as well as supply chain disruptions will spike inflation and interest rates; weaker global demand will dampen merchandise exports, remittances and tourism; and subsequent job losses and plunging market sentiment will hurt consumer spending, business investment and economic growth."

It said the extent of the conflict's inflation impact will depend on factors like their dependence on and ability to secure imported energy and food and their energy reserve levels.

"Countries such as Japan, Malaysia, the Philippines and the Republic of Korea rely heavily on imported food for domestic consumption."

The Philippines is also a net oil importer and gets over 90% of its supply from the Middle East, making it vulnerable to current shocks.

The war could also affect remittances, ESCAP said, which is a key driver of household consumption in the Philippines.

"Slower economic growth would hold back government revenues while higher market interest rates and perceived sovereign risks will push up government borrowing costs. In countries where price subsidies for food and fuel are maintained, fiscal expenditures will likely be higher," it added. "Weaker exchange rates will also increase the value of external public debt in local-currency terms, thus increasing the debt-servicing burden."

"Taken together, these would further constrain fiscal space at a time when more fiscal support is needed to navigate the impact of the conflict."

ESCAP said the global crisis is a wake-up call for Asia and the Pacific to strengthen its energy resilience and lessen its reliance on fossil fuels, although transition policies must be designed carefully to avoid adverse socioeconomic effects.

Tariff hikes and rising trade protectionism also present additional external risks, it added.

"Tariffs on steel and aluminum would disproportionately affect exports from India, the Republic of Korea and Vietnam, while those on semiconductors could especially hamper Malaysia, the Philippines, Singapore, Thailand and Vietnam. The eventual impact of these sectoral tariffs on countries in the region will also hinge on the United States' ability to substitute these imports with domestic production and on tariff exemptions or reductions through negotiations."

Since August 2025, the Trump administration has imposed a 19% reciprocal tariff on most goods from the Philippines, as well as Cambodia, Malaysia, Thailand and Indonesia. — **Bettina V. Roc**

Growth, from S1/1

Despite growing inflation risks, it expects the Bangko Sentral ng Pilipinas' (BSP) Monetary Board to stand pat at its meeting this week. "The March 2026 inflation print came in at 4.1%, breaching the BSP's 2-4% inflation target range for the first time since July 2024. That said, given the weak growth backdrop, we think the bank will opt to look past temporary supply-driven price surges and adopt a wait-and-see approach."

"Moreover, our current projections show inflation returning to the target range in the second half. Monetary policy is also less well-positioned to tackle supply-side price shocks," Mr. Ong added.

He said that while they expect a pause this week, they see a rate hike in June or in an off-cycle meeting.

This comes as BMI sees headline inflation breaching 4% throughout this quarter, with second-round effects further fueling price increases.

"Unlike in Thailand and several other countries in Asia, the [Philippine] government does not typically absorb higher energy costs, so rises in global energy prices pass through relatively quickly. We are already seeing this in the data," Mr. Ong said.

As of April 13, diesel and gasoline prices have increased by 172% and 72.6%, respectively, from pre-conflict levels, which are among the sharpest increases in Asia, he noted.

Meanwhile, the peso could weaken to as low as the P65-per-dollar level if oil prices stay higher for longer due to a prolonged war as this could affect the country's current account balance and investor sentiment.

"Even so, in our base case, we still expect the peso to strengthen as the conflict de-escalates and for the peso to trade around P59.50 per US dollar by end-2026," Mr. Ong said. — **A.M.C. Sy**

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