Philippine Chamber of Commerce and Industry
The Voice of Business

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PCCI STATEMENT ON THE US' TARIFF REDUCTION ON PHILIPPINE EXPORTS

The Philippine Chamber of Commerce and Industry (PCCI), the largest business organization in the country, acknowledges the recent reduction of tariffs on select Philippine exports by the United States from 20% to 19% as a positive, albeit incremental, step in the right direction for bilateral trade relations.

"Every percentage point counts," PCCI President Consul Enunina Mangio said pointing out that, "While a 1% reduction is modest, it translates directly to lower costs of Philippine products in the US market versus those of other countries that are facing higher tariffs; provides exporters a bit more flexibility in pricing negotiations; and, particularly for micro, small, and medium enterprises (MSMEs), can translate to meaningful cost savings, stronger profit margins, and improved price competitiveness."

PCCI however also says that while the reduction is helpful, it is not a game-changer.

"Realistically speaking, a 1% reduction is unlikely to trigger a massive surge in exports. The impact will be most felt by specific industries already exporting the affected goods," Mangio said.

PCCI emphasized that broader factors like overall economic demand, global competition, logistics costs, production challenges (infrastructure, input costs, bureaucratic efficiency), and non-tariff barriers (NTBs) often have a far greater impact on export volumes than a single percentage point tariff change.

PCCI called on government to continue efforts to negotiate deeper and more comprehensive tariff relief across a wider range of product lines, as well as to address NTBs. And to aggressively implement domestic reforms to improve doing business and trade, lower logistics and energy costs, promote digital infrastructure and provide international trade incentives to strengthen competitiveness, improve productivity and build a resilient and inclusive economy.

"We hope this is just the start," Mangio said as she urged the Philippine government to negotiate for more product coverage for reduced tariffs; tackle regulatory hurdles such as sanitary and phytosanitary (SPS) measures and standards recognition, which can be more significant obstacles than tariffs themselves; revisit discussions on a more comprehensive bilateral trade agreement or deeper integration under existing frameworks like the Indo-Pacific Economic Framework (IPEF); and, negotiate for the expansion of trade preference programs like the GSP (Generalized System of Preferences).