# Put Trump tariff pause to good use

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United States President Donald Trump backed down on his tariff madness and ordered last week a 90-day pause on punitive unilateral levies against dozens of countries, except for China. This somehow eased the worries of a widespread trade war plunging the global economy into a recession.

While the aim of the reprieve, according to Washington officials, is to give time for the US to negotiate with many affected countries that have requested for a dialogue, it will do well for the Philippines to take stock and brace the local economy for a potential foreign trade breakdown that remains very likely. China, the world’s second biggest economy, has vowed to fight back after it was slapped with an unheard-of tariff of 125 percent, in addition to the 20 percent earlier imposed by the US on countries producing the drug fentanyl.

Since the so-called “reciprocal” tariffs were announced on April 2, government officials and the private sector had taken the positive view that the Philippines was levied only 17 percent, compared with Cambodia’s 49 percent, Vietnam’s 46 percent, Thailand’s 36 percent, Indonesia’s 32 percent, and Malaysia’s 24 percent. As President Marcos’ special adviser for investment and economic affairs, Frederick Go, puts it, the worst it could do is a 0.1-percent reduction in the gross domestic product for the next two years, considering that the US is not our biggest export market. Still, Go announced last week that he will meet with the US Trade Representative to negotiate the tariff slapped on Philippine products bound for America.

## Trump’s erratic policies

While Go tries to do this, despite its minimal impact on the economy as the administration believes so, the tariff suspension until July gives the government some breathing room to plan and hopefully execute essential programs and projects that will help insulate the economy from, or at least mitigate the impact of, any future economic shock. Attracting foreign direct investments will be difficult if the global economic conditions are uncertain, especially with Trump’s erratic policies that stir panic around the world. The government, however, can boost the tourism sector where the potential for growth is enormous.

According to the Department of Tourism, a total of 5.95 million international visitors (foreigners and Filipinos living abroad) arrived in the country 2024, or an increase of 9.2 percent from 2023. But these numbers pale in comparison with those of our neighbors. Thailand welcomed 35.54 million foreign tourists in 2024, up by 26.27 percent from a year earlier, due to eased entry rules and visa exemption measures.

## Low-hanging fruit

With expanded air connectivity, open visa policies and focused tourism promotion, Vietnam received more than 17.5 million international visitor arrivals last year, jumping by 39.5 percent over 2023. Malaysia recorded over 25 million international tourist arrivals in 2024, falling short of its 27.3 million target but 24.2-percent higher than the figure in 2023. In 2024, Singapore welcomed 16.5 million international visitors, a 21-percent increase compared to 2023.

Economists have labeled tourism as a low-hanging fruit that can help the Philippine economy generate jobs and revenues. The sites are there aplenty and the government and the private sector need only to focus on key tourism areas where investments should be poured into to build roads, improve telecom services and increase accommodation facilities.

“We beat the beaches and the [scenic] views of our neighbors here in Southeast Asia. But they beat us in airports, power supply, public transport and connectivity. That’s why we are still left behind, even though it’s better here in the Philippines,” lamented Sen. Miguel Zubiri, who chairs the Senate committee on economic affairs during a hearing last year on problems besetting tourism.

## Spate of kidnappings

The solution is that the government must partner with the private sector to build the necessary infrastructure for key tourism areas, particularly energy generation, transmission and distribution, roads, seaports and airports, as well as accommodation facilities to enable the country to capture a bigger share of foreign tourists flocking to Southeast Asia.

The country must make it more convenient for tourists by ensuring that travel is seamless from their arrival at the airport to their final destination. The government should also address the growing perception of a worsening peace and order condition with the recent spate of kidnappings, which has a potential backlash on the country’s image among foreign investors and tourists.

Tourism is a bright spot that can generate more local businesses and employment and requires less effort than attracting big foreign manufacturers to locate here. Even if Go succeeds in bringing down or removing the 17-percent tariff imposed on the Philippines, the economic gain from this, as the government has often argued, will be less than what the country stands to benefit if it is to ramp up efforts to boost the tourism sector.