



Engine of Cebu's Business
Growth towards Global
Competitiveness

Statement of the Cebu Chamber of Commerce and Industry on the Escalating Gulf Situation

The immediate economic impact of the escalating tensions in the Gulf region will likely be inflationary, driven primarily by an anticipated spike in global oil prices. As a country heavily dependent on imported fuel, the Philippines will inevitably feel the pressure through higher transportation costs, increased electricity rates, and rising prices of basic goods and services.

For Cebu, a trade-driven and tourism-dependent economy, these pressures will cascade across sectors. Higher fuel and logistics costs will directly affect manufacturers, exporters, retailers, and transport operators. Businesses reliant on imported raw materials may face additional cost burdens due to supply chain disruptions and currency volatility.

Beyond inflation, a prolonged conflict could trigger broader and far-reaching economic consequences. Global market uncertainty may dampen investments, weaken consumer confidence, and slow tourism flows. Remittances from Overseas Filipino Workers (OFWs) in the Middle East: a critical pillar of domestic consumption, may also be affected if instability persists. We must not forget that we are, in many ways, paying for the safety and security of our OFWs in the region, and their welfare remains a top national priority.

Micro, small, and medium enterprises (MSMEs), which comprise the vast majority of businesses in Cebu and the Philippines, will be particularly vulnerable. With thinner margins and limited buffers, MSMEs are more exposed to sudden increases in operating costs, fluctuating demand, and supply chain interruptions. Access to working capital may also tighten if financial markets react negatively to prolonged geopolitical instability.

In light of these risks, the Cebu Chamber of Commerce and Industry urges local businesses to adopt proactive and precautionary measures, which include:

1. Conducting scenario planning to assess best-case, moderate, and worst-case outcomes
2. Recalibrating sales and growth targets in anticipation of softer demand
3. Reviewing pricing strategies while remaining sensitive to consumers
4. Strengthening cost management and operational efficiencies
5. Securing supply chains and exploring alternative sourcing where feasible
6. Preserving liquidity and building contingency reserves

At the same time, we call on government agencies to closely monitor inflationary pressures, ensure energy supply stability, and provide timely support mechanisms for MSMEs should conditions worsen.

While the situation remains fluid, preparedness and prudence will be key. Cebu's business community has demonstrated resilience through past crises: from global financial shocks to the pandemic, and we are confident that with coordinated action and sound planning, we can mitigate risks and safeguard economic stability.