

Philippines

Tourism in the economy

The tourism industry in the Philippines, which contributes 8.6% of GDP, has become a powerful engine for socio-economic development both at the national and local level. In 2016 total tourism revenue amounted to PHP 2.42 trillion, of which domestic and inbound tourism accounted for PHP 2.1 trillion (87%) and PHP 313 billion (13%), respectively. Tourism now represents a significant element of household budget, with domestic travel accounting for 19.8% of household final consumption.

Inbound receipts of USD 5.1 billion account for 8% of total export earnings, making tourism among the top industries generating foreign exchange in 2016. The rise in inbound revenue is attributed to the continuous growth of inbound visitors which in 2016 reached 6 million. The top sources of arrivals are Korea (24.7%), the United States (14.6%) and China (11.3%). These countries are expected to keep their rank as top tourist arrivals for 2017 and 2018. Domestic travellers, which totalled 79 million in 2016, are also expected to grow in line with the economy.

The tourism industry provided employment to 5.2 million Filipinos in 2016 (forecast to be 5.8 million by 2018). The transportation and accommodation sector accounted for the bulk of this employment at 37% and 34%, respectively. Employment in retail, entertainment, recreation, and travel agency and tour operation, continues to increase.

Tourism governance and funding

The Department of Tourism is the primary planning, programming, coordinating, implementing and regulatory government agency for tourism. It is responsible for the development and promotion of the tourism industry, domestically and internationally, in coordination with attached agencies and other government institutions. Dedicated units within the Department are charged with the following responsibilities:

- Tourism development – includes offices for product development, tourism development planning, research, and industry and manpower development,
- Tourism regulation, coordination, and resource generation – includes offices for tourism standards and regulations, tourism coordination, tourism resource generation, and all the regional and international offices,
- Special concerns and administration – includes the office for special concerns, the legislative liaison unit, and services for financial management, administrative affairs, legal affairs and internal audit.

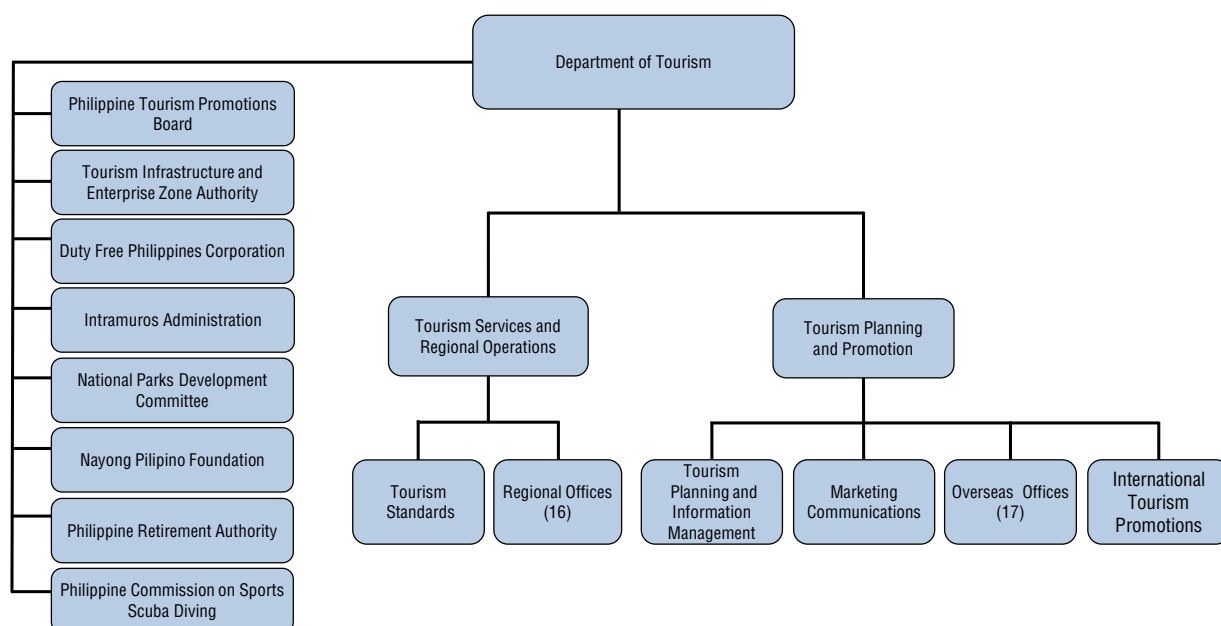
A number of agencies and corporations are under the supervision of the Department for programme and policy coordination, while continuing to operate under their respective charters. These include the Philippine Tourism Promotions Board, the Tourism Infrastructure

and Enterprise Zone Authority, the Duty Free Philippines Corporation, the Intramuros Administration, the National Parks Development Committee, the *Nayong Pilipino Foundation*, the Philippine Retirement Authority and the Philippine Commission on Sports Scuba Diving.

The Department of Tourism operates a network of regional offices around the country, which implement rules and regulations on the accreditation of tourism enterprises, coordinate with local government on tourism development, promotion and marketing, collect data, provide training and information, and assist tourists and tourism enterprises. The Department also operates offices in foreign countries to promote the Philippines as a tourism destination.

The Department of Tourism funding for tourism development comes from the Annual General Appropriations Act, which is approved by the Legislative body. Funding for tourism promotion is sourced from the corporate funds of the Tourism Promotions Board, while infrastructure development is sourced from the corporate funds of the Tourism Infrastructure and Enterprise Zone Authority.

Philippines: Organisational chart of tourism bodies



Source: OECD, adapted from the Department of Tourism, 2018.

Tourism policies and programmes

The vast natural and cultural assets of the Philippine are the strength of its tourism industry. During the period of 2011-2016, the country adopted a sustainable tourism development framework to address the various issues and concerns of the industry as well as the needs of its diverse stakeholders. While there are continued problems in addressing infrastructure deficiencies, improving the business climate (particularly reducing the cost of doing business), and promoting social equity, the *National Tourism Development Plan (NTDP) 2016-2022* has identified two strategic directions that represent its two main objectives: i) Improving competitiveness and enhancing growth; ii) Pursuing sustainability and inclusive growth.

These strategic directions are closely interrelated and the successful implementation of the action programs is dependent upon each other. The NTDP is aligned with the overarching vision of the current administration called *Ambisyon Natin 2040* which has a goal to develop a foundation for inclusive growth, a high trust society and a globally competitive knowledge economy. The NTDP is likewise in support of the Philippine Development Plan and the Zero to 10-Point socio-economic agenda of the President.

The two strategic directions in the NTDP have led to the identification of major programs for the tourism sector, with guiding principles to shape projects towards the achievement of the Plan's objectives. The Plan's policy programs are as follows:

- Developing transport infrastructure – as the Philippines is an archipelago that is primarily dependent on air and sea connectivity to bring in tourists, it is important to make sure that airports and seaports are prepared to meet the requirements of both foreign and domestic tourists. A multi-modal transport infrastructure will ensure seamless travel within the country, which is crucial in the drive to disperse tourist traffic to emerging destinations.
- Pursuing travel facilitation – which will necessitate the relaxing of entry requirements and streamlining of processes, especially for high growth markets.
- Attracting tourism investments and improving the business environment as more accommodation facilities are envisioned in major and secondary destinations.
- Developing products – the country has identified nine products that will cater to both foreign and local tourists: nature, culture, sun and beach, leisure and entertainment, MICE, medical and wellness, cruising, diving, and education.
- Expanding marketing programs that can deliver increased visitors and revenue. The mix should ensure that any decrease in certain markets can be offset by growth in others. There is also a push to increase branding awareness and conversion.
- Advancing human resources – various mechanisms and programs have been identified to upgrade the skills and competencies of the tourism workforce to deliver a high quality service.
- Improving quality standards – programs that promote initiatives to embrace quality standards will be implemented by the industry.

For the second strategic direction on sustainability and inclusive growth, various programs to achieve the vision of the tourism sector are set out, such as:

- Micro-Small-Medium Enterprises – programmes directed to address inclusivity and sustainability issues for developing MSMEs are included in the NTDP which is anchored on the President's rural development program.
- Gender and equality – the tourism industry is committed to implement gender and women empowerment policies and programs for the industry.
- Cultural offering – programmes to expand the country's cultural offering will continue, with an emphasis on the conservation and restoration of historic and heritage sites.
- Environment – implementation of the National Ecotourism Strategy and Action Plan will continue with programmes on adapting green technologies that will be key to preserving the environment, and developing climate change resilience.
- Tourism risks and crises – formulating measures to prepare for and respond to tourism risks and crises.

Statistical profile

Table 1. Philippines: Domestic, inbound and outbound tourism

	2012	2013	2014	2015	2016
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	..	..	..	..	..
Overnight visitors (tourists)	..	..	..	..	..
Same-day visitors (excursionists)	..	..	..	..	..
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	..	..	..	..	..
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Inbound tourism					
Total international arrivals	..	..	..	..	..
Overnight visitors (tourists)	4 273	4 681	4 833	5 361	5 967
Same-day visitors (excursionists)	..	..	..	..	..
Top markets					
Korea	1 031	1 170	1 175	1 340	1 475
United States	653	675	723	779	869
China	251	426	395	491	676
Japan	412	434	464	496	535
Australia	..	..	225	241	251
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	..	..	..	..	..
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Outbound tourism					
Total international departures	..	..	..	..	..
Overnight visitors (tourists)
Same-day visitors (excursionists)
Top destinations					
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TOURISM RECEIPTS AND EXPENDITURE, MILLION USD					
Inbound tourism					
Total international receipts	4 963	5 598	6 059	6 415	6 307
International travel receipts	4 061	4 690	5 030	5 272	5 139
International passenger transport receipts	902	909	1 029	1 142	1 168
Outbound tourism					
Total international expenditure	7 140	8 399	11 129	11 868	11 826
International travel expenditure	6 548	7 833	10 598	11 343	11 275
International passenger transport expenditure	592	567	532	525	551

.. Not available

Source: OECD Tourism Statistics (Database).



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Table 2. **Philippines: Enterprises and employment in tourism**

	Number of establishments	Number of persons employed				
	2014	2012	2013	2014	2015	2016
Total
Tourism industries	..	4 561 000	4 709 000	4 820 000	4 971 000	5 224 000
Accommodation services for visitors
Hotels and similar establishments	8 841	1 579 000	1 601 000	1 694 000	1 743 000	1 756 000
Food and beverage serving industry
Passenger transport	..	1 675 000	1 746 000	1 713 000	1 779 000	1 927 000
Air passenger transport
Railways passenger transport
Road passenger transport
Water passenger transport
Passenger transport supporting services
Transport equipment rental
Travel agencies and other reservation services industry	..	26 000	29 000	30 000	26 000	33 000
Cultural industry
Sports and recreation industry	..	338 000	343 000	349 000	349 000	368 000
Retail trade of country-specific tourism characteristic goods	..	300 000	312 000	319 000	323 000	353 000
Other country-specific tourism industries	..	643 000	678 000	714 000	751 000	787 000
Other industries

.. Not available

Source: OECD Tourism Statistics (Database).


StatLink  <http://dx.doi.org/10.1787/888933642172>Table 3. **Philippines: Internal tourism consumption**

Million PHP

	2016		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
Total	..	..	..
Consumption products	2 108 216	2 108 216	4 216 432
Tourism characteristic products	1 353 334	1 353 334	2 706 668
Accommodation services for visitors	445 897	81 163	527 060
Food and beverage serving services	123 877	75 735	199 612
Passenger transport services	210 714	71 538	282 252
Air passenger transport services	..	..	..
Railways passenger transport services	..	..	..
Road passenger transport services	..	..	..
Water passenger transport services	..	..	..
Passenger transport supporting services	..	..	..
Transport equipment rental services	..	..	..
Travel agencies and other reservation services industry	140 169	2 418	142 587
Cultural services	..	..	..
Sports and recreation services	120 469	39 719	160 188
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	312 208	39 243	351 451
Other consumption products	754 882	3 791	758 673
Tourism connected products	..	..	..
Non-tourism related consumption products	..	..	..
Non-consumption products	..	..	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888933642191>



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