



PHILIPPINE TOURISM:

Ready for Take-off

HIGHLIGHTS

- According to the World Economic Forum's Travel and Tourism Competitiveness Report 2013, the Philippines is the most improved Asia-Pacific economy in terms of the overall travel and tourism competitiveness index, rising to a rank of 82nd among 140 economies from 94th out of 139 in 2011.
- Despite such improvements, however, over the past five years, the Philippines has trailed behind Malaysia, Thailand, Singapore, Indonesia, and Vietnam in attracting international visitors.
- By 2016, the Philippines targets to attract 10 million international tourists and 56.1 million domestic travellers, which is projected to generate P2.3 trillion in tourism receipts and employ 7.4 million people in the tourism industry.
- To achieve these goals, the National Tourism Development Plan 2011-2016 presents strategies to develop and market competitive tourist products and destinations; improve market access, connectivity, and destination infrastructure; and improve institutional, governance, and human resource capacities.

MBC Research Report is published by the Makati Business Club. Materials appearing in this publication may not be reproduced in any form or by any means without the prior consent of the Club. Permission must be requested in writing from the editors.



Chairman

RAMON R. DEL ROSARIO JR.

Vice Chairmen

ROBERTO F. DE OCAMPO
JAIME AUGUSTO ZOBEL DE AYALA II

Treasurer

AURELIO R. MONTINOLA III

Trustees

CORAZON S. DE LA PAZ-BERNARDO
EDGAR O. CHUA
LANCE Y. GOKONGWEI
DORIS MAGSAYSAY HO
RICARDO J. ROMULO
TONY TAN CAKTIONG
WILFRED STEVEN UYTENGSU JR.

Executive Director

PETER ANGELO V. PERFECTO

Research by

MICHAEL V. MUNDO
Research Programs Manager
Email: michael.mundo@mbc.com.ph

Design and Layout by

ROMUALDO BENJAMIN F. DEL ROSARIO

Copyright 2013

Makati Business Club
2nd Floor, AIM Conference Center
Benavidez Street corner Trasierra Street
Legaspi Village, 1229 Makati City, Philippines
Tel: 751-1137 to 38
Fax: 750-7405 to 06
Email: makatibusinessclub@mbc.com.ph
Website: www.mbc.com.ph

World Tourism Day 2013 falls on September 27 with the theme, “Tourism and Water: Protecting Our Common Future.” The global celebration raises awareness on water management in tourism and on protecting water resources, while generating benefits for people in water tourism destinations.

Given its geography, the Philippines is well-positioned to be among the world’s best water tourism hubs. At present, various popular spots in the Philippines have received international acclaim, among which include Aklan’s Boracay White Beach (TripAdvisor Traveller’s Choice 2013 Best Beach in Asia), Palawan’s Puerto Princesa Underground River (declared one of the New 7 Wonders of Nature in November 2011), Camarines Sur’s Caramoan Islands (featured in the *Survivor* reality TV series from February to May 2013), and Surigao del Norte’s Siargao Island (renowned as the “Surfing Capital of the Philippines”). This perception is supported by Department of Tourism (DOT) 2012 statistics that show that 22.6% of international visitors to the country liked the beautiful sceneries and nice beaches the most about the Philippines, second only to Filipino hospitality (52.6%).

The global appeal of the country’s water tourism hubs is attracting a lot of international visitors, but other spectacular spots offering rich cultural experiences, exciting adventures, and even high-class meeting facilities are also credited with the growing number of tourists visiting the Philippines each year.

To look into this thriving and promising sector, this Research Report will analyze the findings of the World Economic Forum’s Global Travel and Tourism Competitiveness Report released in April 2013, as well as the proposed and ongoing regulatory reforms and infrastructure developments to be implemented by the government in further improving Philippine tourism.

TRAVEL AND TOURISM COMPETITIVENESS

Reflecting the government’s commitment to further develop the tourism industry, the country placed first among 140 economies in tourism expenditure share in government budget according to the latest WEF report. This is a dramatic rise from ranking 63rd out of 139 economies in the 2011 edition of the report. More significantly, the Philippines has become one of the rising stars among emerging market economies in terms of the overall travel and tourism competitiveness index. It moved up the WEF T&T ladder to 82nd place from 94th in 2011 “on the back of policy improvements supporting the industry.”

The travel and tourism competitiveness index measures “the factors and policies that make it attractive to develop the T&T sector in different countries.” Composed of 14 pillars, the index is subdivided into three categories driving T&T competitiveness: T&T regulatory framework; T&T business environment and infrastructure; and T&T human, cultural,

Table 1: The World Economic Forum's Finding on the Philippines

MOST IMPROVED ASIA-PACIFIC ECONOMY IN TRAVEL AND TOURISM COMPETITIVENESS						
	2011 Report		2013 REPORT		CHANGE IN	
	SCORE/ HARD DATA	RANK (OUT OF 139)	SCORE/ HARD DATA	RANK (OUT OF 140)	SCORE/ HARD DATA	RANK
TRAVEL & TOURISM COMPETITIVENESS INDEX: Philippines	3.69	94	3.93	82	0.24	12
Pillar 1: Policy rules and regulations	4.38	70	4.68	53	0.30	17
Pillar 2: Environmental sustainability	4.21	94	4.43	83	0.22	11
Pillar 3: Safety and security	4.07	109	4.06	103	(0.01)	6
Pillar 4: Health and hygiene	3.76	97	3.82	94	0.06	3
Pillar 5: Prioritization of Travel & Tourism	4.49	70	5.59	15	1.10	55
Pillar 6: Air transport infrastructure	2.79	80	2.96	69	0.17	11
Pillar 7: Ground transport infrastructure	2.83	114	3.17	89	0.34	25
Pillar 8: Tourism infrastructure	2.59	98	2.90	92	0.31	6
Pillar 9: ICT infrastructure	2.52	98	2.52	96	0.00	2
Pillar 10: Price competitiveness in the T&T industry	5.19	20	5.08	24	(0.11)	(4)
Pillar 11: Human resources	4.69	86	4.73	82	0.04	4
Pillar 12: Affinity for Travel & Tourism (national tourism perception)	4.64	65	4.89	42	0.25	23
Pillar 14: Cultural resources	2.17	76	2.05	83	(0.12)	(7)

Sources: World Economic Forum; MBC Programs Team

Note: Survey scores are weighted moving averages based on Executive Opinion Surveys from 2009 to 2010 for Travel & Tourism Competitiveness Report 2011, and from 2011 to 2012 for Travel & Tourism Competitiveness Report 2013

and natural resources. Index scores are computed on the basis of Executive Opinion Survey results and quantitative data from different sources. In the Philippines, the Makati Business Club conducts the Executive Opinion Survey as a partner institute of the World Economic Forum under the Global Benchmarking Network.

According to the report, the Philippines landed within the top 50 in four out of 14 component pillars of the T&T competitiveness index in 2013: 15th in prioritization of travel and tourism, 24th in price competitiveness in the travel and tourism industry, 42nd in affinity for travel and tourism ("which measures the extent to which a country and society are open to tourism and foreign investors"), and 44th in natural resources. In addition to this, over the past two years, the Philippines has raised its rankings in 12 out of 14 pillars of the index.

The Philippines likewise belongs to the top 50 in 26 out of 79 indicators comprising the 2013 index as can be seen in Table 2.

With the upcoming establishment of the ASEAN Economic Community in 2015, it is important to assess the country's present state of tourism competitiveness vis-à-vis its ASEAN neighbors. Singapore outranks all other ASEAN members in almost all of the pillars in the competitiveness index, which

explains why it ranks as among Southeast Asia's most successful in enticing tourists. For its part, Thailand excels in the region in terms of tourism infrastructure. Brunei Darussalam carries the lead in travel and tourism price competitiveness, while Indonesia comes on top of the region in terms of natural resources. Meanwhile, Vietnam is ASEAN's best in terms of cultural resources.

Despite remarkable improvements, the Philippines remains behind Vietnam in the overall travel and tourism competitiveness index ranking among eight ASEAN economies. To improve its competitiveness globally and within Southeast Asia, the country has to address challenges in the following pillars: ground transport infrastructure, price competitiveness, human resources, health and hygiene, air transport infrastructure, ICT infrastructure, and cultural resources.

One of the key findings of the report is the identification of areas where the country lacks competitive advantage and, thus, presents opportunities for improvement. These include safety and security, availability of qualified labor, conservation of threatened species, business costs of crime and violence, business costs of terrorism, number of hospital beds, quality of railroad infrastructure, quality of port infrastructure, number of hotel rooms, net primary education enrolment rate, hiring and firing practices, ease of hiring foreign labor, and even the number of sports stadium seats.

Table 2: Philippine Travel and Tourism Indicators within top 50

1st in travel and tourism government expenditure	27th in degree of customer orientation	39th in marine protected areas
2nd in HIV prevalence	28th in particulate matter concentration	28th in particulate matter concentration
7th in visa requirements	31st in international airline seat kilometers per week	39th in environmental treaty ratification
17th in timeliness of travel and tourism data	32nd in presence of major car rental	40th in total known species
17th in ticket taxes and airport charges	32nd in extent of staff training	44th in road density
20th in domestic airline seat kilometers per week	34th in fuel price per liter	45th in quality of educational system
20th in extension of business trips recommended	35th in carbon dioxide emission	46th in government prioritization of the travel and tourism industry
25th in number of World Heritage natural sites	36th in hotel price index	49th in purchasing power parity
26th in attitude of population toward foreign visitors	39th in number of operating airlines	50th in creative industries exports

Source: World Economic Forum

DRAWING VISITORS

Among the essential components in assessing a country's T&T competitiveness is its ability to attract international visitors. In the last five years, the Philippines has lagged behind Malaysia, Thailand, Singapore, Indonesia, and Vietnam in international visitor arrivals, posting an average of only 3.6 million visitors per year. These five countries also rank higher than the Philippines in overall T&T competitiveness. Available comparative ASEAN data in the first semester of 2013 further show that the Philippines still has some way to go before it catches up with its neighbors. Thailand, for instance, recorded a 20% rise in visitor arrivals to 12.7 million. Singapore posted a 7.5% uptick to 7.6 million visitors. Indonesia, meanwhile, marked 7.2% more to reach 4.15 million visitors. In the first quarter of 2013, Malaysia's visitors also grew 15.9% to 6.4 million. Clearly, the gaps identified in the WEF report have a notable impact to the Philippines' tourism competitiveness and addressing these particular challenges can speed up the momentum of the growth figures.

Recent tourism numbers illustrate a positive development as the country moves forward in its plans to further improve the tourism industry. According to the DOT, the country has surpassed the four million mark in international visitor arrivals for the first time in 2012. The 9.1% year-on-year growth was attributed to top tourist markets, Korea, USA, Japan, China, Taiwan, Australia, Singapore, Canada, Hong Kong, Malaysia, the United Kingdom, and Germany. Building on this development, DOT has tapped new source markets last

year, namely, India, Russia, the Middle East, Indonesia, and Thailand.

Along with the rise in international arrivals, the average length of stay of each tourist also rose to 9.6 nights in 2012 from 8 nights in 2011. An average foreign visitor spends at least \$92.99 a day last year and \$91.88 in 2011, which were used mostly for accommodations, food and beverage, and shopping. More than half of foreign visitors spent holidays in Manila, Boracay, Laguna, and Cebu.

Under the National Tourism Development Plan (NTDP) 2011-2016, international visitor arrivals are expected to rise each year, with growth targets of 5.5 million in 2013, 6.8 million in 2014, 8.2 million in 2015, and 10 million in 2016. This can generate for the country visitor receipts of \$4.9 million in 2013, \$6.4 million in 2014, \$8.3 million in 2015, and \$10.8 million in 2016. Putting the figures in perspective, visitor receipts in 2012 rose 27.5% to \$3.82 million from \$2.99 million in 2011.

Present tourism statistics indicate that the country appears to be on its way to attaining the above targets. From January to June 2013, international visitor arrivals to the Philippines had already reached 2.4 million, 11% higher from 2.14 million a year ago.

The prospects for achieving these arrival targets look good with the onset of positive developments in terms of policy

Table 3: Philippine Tourism Competitiveness

Highest Ranking Pillars

Pillar 5: Prioritization of Travel & Tourism (Rank 15th)

- Government prioritization of the T&T industry
- T&T government expenditure, % of budget
- Effectiveness of marketing and branding to attract tourists
- Comprehensiveness of T&T data
- Timeliness of T&T data

Pillar 10: Price competitiveness in the T&T industry (Rank 24th)

- Ticket taxes and airport charges
- Purchasing power parity charges
- Extent and effect of taxation
- Fuel price levels
- Hotel price index

Lowest Ranking Pillars

Pillar 3: Safety and Security (Rank 103rd)

- Business costs of crime and violence
- Reliability of police services
- Road traffic accidents per 100,000 population
- Business costs of terrorism

Pillar 9: ICT infrastructure (Rank 96th)

- ICT use for business-to-business transactions
- ICT use for business-to-consumers transactions
- Individuals using the internet
- Fixed telephone lines/100 population
- Broadband internet subscribers /100 population

reforms and public and private investments. On the policy side, President Aquino signed Republic Act 10378 on 7 March 2013. The law removed the 2.5% Gross Philippine Billings Tax, as well as the 3% common carrier's tax for international air carriers. In the same month, the International Civil Aviation Organization lifted the Significant Safety Concerns on Philippine aviation. This was followed on 10 July 2013 by the EU's lifting of the ban on flag carrier Philippine Airlines (PAL) from flying to Europe, with PAL hoping to restart flights by November. Accordingly, the Civil Aeronautics Board will hold talks with Italy in September and with France early next year to increase flight entitlements.

The country has already signed air agreements with Macau in June, with Brazil in May, and with Australia in April. Since 2011, the Philippines has also already successfully concluded bilateral air negotiations with Malaysia, Sri Lanka, Papua New Guinea, and Vietnam under the "pocket open skies" policy. Furthermore, the government expects the restoration of Category One status with the US Federal Aviation Administration this year.

AIR TRANSPORT AND ACCOMMODATIONS

With the ongoing increase in tourist arrivals, the nagging challenge is to decongest the country's premiere gateways. NAIA Terminal 3, for instance, is only operating at 52% of its 13 million annual passenger capacity. Full operations are seen to take place by the second quarter of 2014, after the terminal's P1.9 billion rehabilitation. Meanwhile, a feasibility study is also being undertaken for a separate domestic budget terminal for 10 million annual passengers beside Terminal 3. The government is studying as well the feasibility

of having a two-airport system with both Clark and NAIA. The construction of a 45,000 square meter budget terminal in Clark is projected to begin in 2014 under the public-private partnership (PPP) program.

One of the first airport projects under the PPP program is a new P17.5 billion airport passenger terminal for the Mactan-Cebu International Airport to accommodate an additional 8 million passengers each year. Recently, President Aquino opened Laguindingan Airport in Cagayan de Oro to relieve the capacity problem of Lumbia Airport. Furthermore, eight provincial airports (Butuan, Cotabato, Dumaguete, Tuguegarao, Dipolog, Ozamis, Roxas, and Busuanga) have programmed contracts for upgrades on communication equipment, meteorological instruments, and power supply to accommodate night flights. To address inadequate air transport infrastructure, the government has also allocated P7.7 billion this year for the repair and rehabilitation of other air transport facilities. To modernize local aviation and flight management, the Department of Transportation and Communication (DOTC) expects a P13.25 billion airport communication, navigation, and surveillance system for airports around the country to be operational by November 2015.

In the area of tourist accommodations, from 2010 to 2012, some P29.5 billion in investment projects in new accommodations and medical tourism facilities have been recorded by the Department of Trade and Industry. As of 2012, available accommodation capacity for visitors has reached 162,704 rooms in 2012, which will be augmented by an additional 12,500 rooms by end-2013, with half of this number located in Manila. While 15,000 more hotel rooms are expected to become available by 2016, the country is still projected to

Table 4: Tourism arrivals in South-East Asia

FASTEST GROWING SUB-REGION IN ASIA IN 2012

	Travel & Tourism Competitiveness Rank		International Tourist Arrivals (in thousands)		International Tourism Receipts (in million \$)	
	2011	2013	2011	2013	2011	2013
Brunei Darussalam	67	72	242	209	NA	NA
Cambodia	109	106	2,882	3,584	1,616	1,800
Indonesia	74	70	7,650	8,044	7,997	8,325
Lao PDR	NA	NA	1,786	NA	406	506
Malaysia	35	34	24,714	25,033	19,656	20,250
Myanmar	NA	NA	391	593	281	NA
Philippines	94	82	3,917	4,273	3,190	4,014
Singapore	10	10	10,390	14,400	18,082	19,261
Thailand	41	43	19,230	22,354	27,184	30,092
Timor Leste	NA	NA	50	55	21	NA
Vietnam	80	80	6,014	6,848	5,620	6,632

Sources: World Economic Forum's Travel & Tourism Competitiveness Reports 2011 and 2013; UN WTO Tourism Highlights 2013 Edition

Note: NA, not available

Table 5: World Travel and Tourism Council's outlook on the Philippines

Key Facts	BRIGHT PROSPECTS FOR TRAVEL IN 2013			
	2012	2012	Forecast Estimates	
	P BILLION	% OF TOTAL	2013	2013-2023
Direct contribution to GDP	215.5	2.0	7.5	6.9
Total contribution to GDP	740.5	7.0	5.8	6.0
Direct contribution to employment (in thousand workers)	762	2.0	5.5	3.5
Total contribution to employment (in thousand workers)	2,911	7.7	4.0	2.6
Visitor exports	183.8	5.8	6.4	8.7
Domestic spending	257.2	2.4	8.2	5.3
Leisure spending	317.8	1.5	7.2	6.9
Business spending	123.2	0.6	8.0	6.7
Capital investment	64.2	3.1	5.6	3.8

Source: World Travel and Tourism Council's Travel & Tourism Economic Impact 2013 Philippines

require 37,000 additional hotel rooms to accommodate its targeted number of visitors.

All these accommodations and infrastructure need to be ready as soon as possible given the expected influx of foreign visitors scheduled to attend upcoming international meetings in the country, especially the 2014 East Asia Summit of the World Economic Forum, the 2015 APEC Leaders' Summit, and the 2016 International Eucharistic Congress.

NATIONAL TOURISM DEVELOPMENT PLAN

The abovementioned preparations in attracting visitors, improving airport capacity, increasing available hotel rooms, and addressing other challenges to T&T competitiveness are consistent with the NTDP. Unveiled last June, the plan's strategic vision for the Philippines is to become the must-experience destination in Asia, aiming to brand Philippine tourism as more than just sun and beach tourism. This vision is well-supported by the revitalized Philippine tourism campaign. It centers on the slogan, "It's More Fun in the Philippines," which was launched in January 2012.

Aside from identifying the strengths, weaknesses, opportunities, and threats facing tourism subsectors, the NTDP also presents action plans to promote other tourism niche markets such as cruise and nautical tourism; leisure and entertainment tourism; meetings, incentives, conventions, exhibitions, and events tourism; health, wellness, and retirement tourism; and education tourism.

For this purpose, the long-term goal is to develop an environmentally and socially responsible tourism strategy that

delivers larger and more widely distributed income and employment opportunities. By 2016, the plan targets 10 million international tourists in line with the 10.2% growth forecast in visitor arrivals to Southeast Asia, with an average length of stay of 8.04 nights and with each tourist spending an estimated P6,470 per day. The plan also aims to attract 56.1 million domestic travelers, generating 224.2 million trips with an average length of stay of 4.7 nights and average expenditure of P11,688 per trip per person.

As visitor arrivals increase, tourist spending further contributes to economic growth and generates more jobs. According to the National Statistical Coordination Board, tourism contributed an average share of 5.8% to GDP from 2000 to 2011. Tourist spending also accounted for an average share of 8.6% to household final consumption expenditure and exports. In 2012, tourism accounted for 6.2% share of the country's GDP. The DOT expects the sector's share to increase to 8.7% by 2016.

The Philippine Development Plan projects at least three million new jobs to be generated from tourism products and services from 2011 to 2016 across the following tourism development areas: Ilocos Norte, Central Luzon, Metro Manila, CALABARZON, Bicol Region, Western Visayas, Palawan, Central Visayas, Northern Mindanao, Zamboanga, and Davao. Actual figures appear to support this projected trend, as the number of jobs in the tourism sector increased to 4.2 million in 2012 from 3.8 million in 2011 and 3.7 million in 2010. By 2016, the combined travel and tourism-related subsectors are expected to employ 7.4 million people, or 18% to 20% of total employment. Tourism's effects on employment and poverty reduction will be further discussed in a succeeding section.

Table 6: Airport Development Projects Under PPP

COST	TITLE	STATUS
P17.52 B	Mactan-Cebu International Airport Passenger Terminal Building	Submission of bids on November 15
TBD	Enhanced operation and maintenance of the New Bohol (Panglao) Airport development	Ongoing finalization of project structure
TBD	Operation and maintenance of the Laguindingan Airport	Ongoing finalization of project structure
TBD	Operation and maintenance of the Puerto Princesa Airport	Ongoing preparation of feasibility study
TBD	Operation and maintenance of the Iloilo, Davao and Bacolod Airports Project	Ongoing procurement of advisors
TBD	Upgrading of the San Fernando Airport Project	Ongoing procurement of advisors
TBD	Operation and maintenance of Clark Airport	Under conceptualization/development

Source: PPP Center as of 30 September 2013

Note: TBD - To be determined

THREE-PRONGED STRATEGY

The DOT is embarking on a multi-agency effort in implementing three key strategies to achieve the NTDP's goals. The first is to develop and market competitive tourist products and destinations. DOT plans to create diversified tourism products that engage local communities. It will implement a PPP-based mandatory tourism enterprise accreditation system and establish measures to facilitate tourism investment and lower the cost of business. Improvement of access to and conservation of the country's natural and cultural heritage sites are also proposed. The Tourism Promotions Board, meanwhile, plans to design domestic tourism campaigns.

The second strategy is to improve market access, connectivity, and destination infrastructure. Included among the strategy's steps is the rapid capacity expansion of secondary international airports, namely, Clark, Mactan-Cebu, Davao, Iloilo, Puerto Princesa and Laoag to be led by the DOTC and the Civil Aviation Authority of the Philippines. NAIA Terminal 1 will be undergoing renovations. Furthermore, the DOT and DOTC plan to implement a strategic access infrastructure program between secondary international airports and strategic destinations.

In line with the above strategy, the DOT likewise plans to pursue the renegotiation of air service agreements with key growth markets in 2013, the reduction of international air operation costs in the Philippines, and the implementation of a sustainable tourism destination infrastructure program. Furthermore, for 2013, around P12 million is programmed for the construction, improvement, rehabilitation, and widening of local roads leading to tourist destinations in line with the Department of Public Works and Highways' Convergence Program with the DOT. Under this program, 200 road projects leading to priority tourist destinations will be either built, repaired, or upgraded.

The third strategy is to improve institutional, governance, and human resource capacities. With assistance from foreign

donor institutions, the DOT seeks to strengthen tourism governance structures, tourism policy formulation approaches, and support for LGUs. Furthermore, it plans to develop a competent, well-motivated and productive tourism workforce through skills capacity-building, improvement in labor relations, and professional tourism training and education. Finally, the Tourism Department will improve safety and security, particularly through the expansion of the tourism cops program and ongoing training for tourism front liners and international airport personnel in customs, immigration, and quarantine.

At base year 2010 price levels, the estimated cost of implementing the NTDP will reach P265.9 billion, including P74 billion in public sector investments in infrastructure, tourist site improvement, and marketing support.

INCLUSIVE TOURISM GROWTH

As an initiative towards inclusive growth through tourism development, the DOT and the Department of Social Welfare and Development will pilot test the "One-Step" project among poor communities in five key tourism destinations selected from among 78 tourism development areas under the NTDP. The project is a four year effort assisted by the US Agency for International Development's \$22 million Partnership for Growth program. Through the project, tourism activities will serve as direct interventions to improve the lives of the poor, with local communities around tourism destinations being provided with opportunities to supply agricultural produce, souvenirs, and other requirements of hotels and resorts in their areas.

The effect of tourism growth to development is illustrated in the case of the Caraga region. From 2010 to 2011, the DOT reported that the region had posted the fourth-largest increase in the number of total visitors in the country at 21.2%. Not coincidentally, the Labor Force Survey of the National Statistics Office in Caraga also recorded a 3.4% increase in

Table 7: Philippine Tourism Plan Targets 2013-2016

	2013	2014	2015	2016
International visitors (in millions)	5.5	6.8	8.2	10.0
Inbound receipts (in billion pesos)	205.4	269.6	350.4	455.0
Domestic travellers (in millions)	44.1	47.7	51.7	56.1
Domestic receipts (in billion pesos)	1,298.6	1,409.2	1,607.1	1,852.1
Total visitor receipts (in billion pesos)	1,504.0	1,679.1	1,957.5	2,307.1
in percent of GDP	6.7	7.0	7.8	8.7
Tourism employment (million)	4.9	5.4	6.3	7.4
in percent of total employment	13.0	14.2	16.2	18.8

Source: Department of Tourism, National Statistical Coordination Board

employment to 1.01 million in April 2011 from 981,000 in April 2010. The underemployment rate likewise fell to 23% in April 2012 from 29% in April 2011. Based on National Statistical Coordination Board estimates, poverty incidence in Caraga dropped to 34.1% of families in the first semester of 2012 from 43.3% of families in both the first semesters of 2006 and 2009. With such an effect on the local economy, the National Economic and Development Authority has noted that tourism may have played a role in the reduction of poverty in the Caraga region.

In summary, tourism holds great potential to drive the Philippine economy and ensure inclusive growth going forward. Despite the present challenges in various areas, indicators point towards a steady improvement in the country's competitiveness in travel and tourism. Pending the timely and proper execution of the DOT's National Tourism Development Plan, prospects that the growth and competitiveness of the country's tourism sector can be sustained and will be inclusive remain bright. ■

Table 8: List of Cluster Destinations and Tourism Development Areas

GROUPINGS	CLUSTER DESTINATIONS	TOURISM DEVELOPMENT AREAS
Northern Philippines (NP)	NP-1: Batanes, Cagayan Coast and Babuyan Islands	NP-1A: Batanes Island NP-1B: Babuyan Island NP-1C: Cagayan Coast
	NP-2: Laoag-Vigan	NP-2A: Laoag-Pagudpud NP-2B: Vigan
	NP-3: Sierra Madre	NP3-A: Tuguegarao-Tabuk NP3-B: Ilagan & Isabela Coast NP3-C: Quirino
	NP-4: Cordillera	NP4-A: Central Cordillera NP4-B: Benguet-Baguio-Mt. Province NP4-C: Nueva Vizcaya
	NP-5: Lingayen Gulf	NP5-A: La Union Coast NP5-B: Western Pangasinan Loop NP5-C: East Pangasinan Circuit NP5-D: Lingayen Coast & Islands
	NP-6: Central Luzon	NP6-A: Subic-Clark-Tarlac Corridor NP6-B: Nueva Ecija NP6-C: Pampanga NP6-D: Bulacan NP6-E: Zambales Coast NP6-F: Bataan Coast and Inland NP6-G: Aurora
	NP-7: Metro Manila and CALABARZON	NP7-A: Metro Manila & Environs NP7-B: Nasugbu-Looc-Ternate-Cavite Coast NP7-C: Laguna de Bay NP7-D: Batangas Peninsula NP7-E: Quezon Coast & Islands
Central Philippines (CP)	CP-1: Bicol	CP1-A: Camarines & Catanduanes CP1-B: Albay-Sorsogon-Masbate
	CP-2: Marinduque-Mindoro-Romblon	CP2-A: Marinduque Island CP2-B: Romblon Island CP2-C: Puerto Galera CP2-D: Southwest Mindoro Coast
	CP-3: Palawan	CP3-A: San Vicente-El Nido-Taytay CP3-B: Puerto Princesa CP3-C: Southern Palawan CP3-D: Busuanga-Coron-Culion Islands
	CP-4: Western Visayas	CP4-A: Metro Iloilo-Guimaras CP4-B: Bacolod-Silay CP4-C: Boracay Island-Northern Antique-Kalibo CP4-D: Capi
	CP-5: Central Visayas	CP5-A: Northern Cebu-Bantayan-Malapascua CP5-B: Metro Cebu-Mactan-Olango Island CP5-C: Southern Cebu CP5-D: Negros Oriental-Dumaguete-Siquijor CP5-E: Tagbilaran-Panglao

GROUPINGS	CLUSTER DESTINATIONS	TOURISM DEVELOPMENT AREAS
	CP6-6: Eastern Visayas	CP6-A: Northeastern Leyte-Basey-Marabut CP6-B: Northeastern Leyte-Biliran CP6-C: Southern Leyte CP6-D: West Samar CP6-E: Eastern Samar CP6-F: Northern Samar
Southern Philippines (SP)	SP-1: Surigao-Dinagat Island	SP1-A: Dinagat-Siargao Islands SP1-B: Surigao City-Lake Mainit
	SP-2: Agusan River Basin	SP2-A: Butuan City-Cabadbaran SP2-B: Agusan Marsh SP2-C: Agusan del Sur-Hinatuan SP2-D: Agusan del Sur-Bislig
	SP-3: Cagayan de Oro Coast and Hinterland	SP3-A: Camiguin Island SP3-B: Cagayan de Oro-Misamis Oriental Coast SP3-C: Iligan City/Lanao del Norte SP3-D: Misamis Occidental Coast and (Tangub Bay/Ozamis-Oroquieta) SP3-E: Bukidnon
	SP-4: Zamboanga Peninsula	SP4-A: Zamboanga Sibugay SP4-B: Zamboanga City-Sta Cruz- Isabela SP4-C: Pagadian City-Zamboanga del Sur SP4-D: Dapitan SP4-E: Dipolog
	SP-5: Davao Gulf & Coast	SP5-A: Davao City – Samal Island – Davao del Norte SP5-B: Davao del Sur SP5-C: Compostella Valley – Davao Oriental
	SP-6: Cotabato-Sarangani	SP6-A: Cotabato Province – Mt. Apo SP6-B: South Cotabato – Lake Sebu SP6-C: Sultan Kudarat SP6-D: General Santos – Sarangani SP6-E: Cotabato City
	SP-7: ARMM	SP7-A: Basilan - Tawi Tawi – Jolo SP7-B: Lanao del Sur - Maguindanao

Source: National Tourism Development Plan 2011-2016

Sources

Albert, Jose Ramon. 10 May 2013. "Boosting Our Economy and Sustaining Economic Growth Through Tourism." http://www.nscb.gov.ph/beyondthenumbers/2013/05102013_jrga_tourism.asp

Department of Justice Office for Competition. July 2013. "The Case of Customs, Immigration, and Quarantine (CIQ) Charges," OFC Case Study No. 1.

Department of Tourism. National Tourism Development Plan 2011-2016.

Investor Relations Office. September 2013. "Tourism." Powerpoint Presentation. Philippine Economic Briefing.

"Message of His Excellency Benigno S. Aquino III President of the Philippines to the Sixteenth Congress of the Philippines on the National Budget for Fiscal Year 2014," dated July 23, 2013. http://www.dbm.gov.ph/?page_id=6776

National Economic and Development Authority. Philippine Development Plan 2011-2016. <http://www.neda.gov.ph/PDP/2011-2016/>

National Economic and Development Authority. April 2013. "Where are the potential jobs?" (Attachment 3c to Guidelines for the Formulation of the Philippine Development of the Philippine Development Plan Midterm Update and the Revalidation of the Results Matrix)

Office of the President of the Philippines. 22 July 2013. "The 2013 SONA Technical Report". <http://www.gov.ph/downloads/2013/07jul/20130722-SONA-Technical-Report.pdf>

World Economic Forum. ASEAN Travel and Tourism Competitiveness Report 2012. http://www3.weforum.org/docs/WEF_TTCR_ASEAN_Report_2012.pdf

World Economic Forum. Travel and Tourism Competitiveness Report 2011. http://www3.weforum.org/docs/WEF_TravelTourismCompetitiveness_Report_2011.pdf

World Economic Forum. Travel and Tourism Competitiveness Report 2013. http://www3.weforum.org/docs/WEF_TT_Competitiveness_Report_2013.pdf

World Travel and Tourism Council. Travel & Tourism Economic Impact 2013 Philippines. http://www.wttc.org/site_media/uploads/downloads/philippines2013_2.pdf