# A Strong Philippine Tourism in 2011

### Department of Tourism Year-End Report

The year 2011 was beset with an array of events that affected and changed the way things are, not only in the Asia-Pacific region, but the rest of the world. For the Philippine tourism industry, 2011 was a momentous year - filled with new hope, enthusiasm, and optimism for the industry.

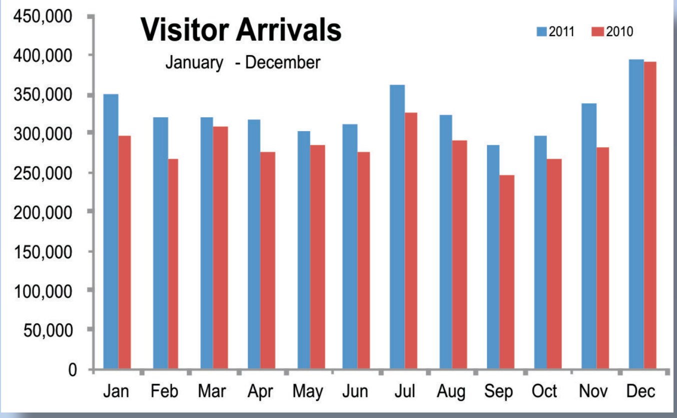
Visitor arrivals in 2011 reached unprecedented height of 3.9 million as it surpassed the target for the year. Visitor volume posted double digit growth at 11.2%. East Asia remains the major source market with 46.9% share of the total inbound visitors. This market continues to demonstrate double digit gains during the year. Korea is the top source market with 925,204 visitor turn-out (23.6% share), overtaking the USA. Other major markets from East Asia included Japan with 375,496 visitors (9.6% share), China with 243,137 visitors (6.2% share), and Taiwan with 181,738 visitors (4.6% share).

The North America led by the USA with 624,527 visitors and Canada with 117,423 visitors is the second biggest regional market. The ASEAN with 331,672 arrivals ranked third for 8.5% share to the total visitor volume. The market leaders for this region included Singapore with 137,802 arrivals and Malaysia with 91,752 arrivals.

Australasia/ Pacific region led by Australia with 170,736 arrivals accounted for 5.8% share of the total visitor traffic, while Northern Europe registered a market share of 4.1% for 164,205 arrivals and Western Europe accounted for 4.0% share with 157,265 arrivals.

## Increasing Connectivity and Access to Destinations

Towards increasing the air connectivity of the Philippine destinations to the tourist-generating markets, Executive Order Numbers 28 and 29 were issued in 2011 that provided policy and institutional reforms in the civil aviation industry in support of tourism growth.





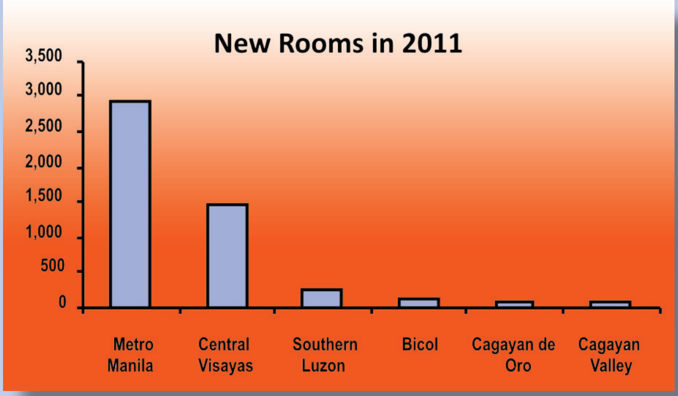
The new regime allows foreign carriers whose governments have air agreements with the Philippines to mount unlimited flights to secondary gateways, thus, enabling more visitors to immediately proceed to their choice vacation and holiday destinations. The Philippine Air Panel, with Department of Tourism (DOT) as a member, concluded air talks with Malaysia, Papua New Guinea, and Sri Lanka during the year which gave impetus to offering unlimited direct flights to secondary destinations, such as Cebu, Clark, Davao, among others.

Relatedly, Saudi Arabian Airlines, Qatar Airways, Asiana Airlines and Air Niugini have beefed up its flight frequency to Manila with a total of 8,020 new weekly seats. Local airlines (Cebu Pacific, Philippine Airlines and Zest Airways) were likewise granted additional frequencies to mount direct flights to China, Korea, USA, Australia, Hong Kong, Indonesia and Singapore. Some 56,196 weekly seat capacities have been added to the existing frequencies of these airlines. More international charter flights were mounted jointly by the foreign airlines and travel agencies from Korea (Pusan and Incheon), Hong Kong, Taiwan (Taipei), Singapore and Qatar (Doha) directly to Clark, Cebu, and Kalibo.

Roads leading to tourist destinations were given attention by the Department of Public Works and Highways (DPWH) as Php 1.4 billion have been allocated to fund the construction, rehabilitation, improvement and widening of tourism road projects during the year. Similarly, the Department of Transportation and Communication (DOTC) has given priority to the upgrading of primary and secondary airports as identified by the DOT in its National Tourism Development Plan (NTDP).

## Expanding Tourist Accommodation Capacities

Some 5,008 hotel rooms were opened in Metro Manila and key tourist destinations as the DOT espoused for more accommodation facilities to cope with the increasing visitor volume. Among these new facilities were Remington Hotel (790 rooms), Radisson Blu Hotel-Cebu (400 rooms), St Giles Hotel (240 rooms), and Acacia Grove Hotel (265 rooms). Additional 7,350 rooms are expected to open from 2012 to 2015.




With the bright outlook for tourism, key investment groups such as Ayala Development Corporation, Global Estate Resorts Inc, Liwayway Group, Fil Estate, Megaworld Corporation and SM Investments Corporation have embarked to develop more tourism accommodation facilities. In addition, foreign brands such as Best Western Hotels, Red Planet Hotels, Tune Hotel, and Shangri-la are expanding their operations and properties to other tourism destinations in the country.

Likewise, 34 tourism projects worth Php 28.9 billion (US$ 667 million) were endorsed by the DOT to various government agencies for grant of incentives. The accommodation sector accounted the bulk at 90% with investment worth of Php

25.8 billion (US$ 596 million), followed by medical tourism facilities with 4% and ecozone locators with 4%. These endorsed projects will employ some 8,706 manpower once fully operational.

Relatedly, the implementing guidelines for the designation of Tourism Enterprise Zones (TEZs) and operation of tourism enterprises within the TEZs was promulgated by the Tourism Infrastructure and Enterprise Zone Authority (TIEZA). Todate, five (5) applications for designation as TEZs are being evaluated by the TIEZA. Memorandum Order Number 20 was also issued adopting the Investment Priorities Plan which accorded priority status to tourism projects under the Board of Investments (BOI).

## Gearing Up International and Domestic Tourism Promotions

The DOT in partnership with the private sector continued to participate in leading international travel fairs and events, such as, the Internationale Tourismus Bourse (Berlin), World Travel Mart (London), JATA Travel Mart (Tokyo), China Incentive and Business Travel Mart (Beijing), Outbound Travel Mart (India), Arabian Travel Mart (Dubai), ASEAN Tourism Forum and the PATA Travel Mart. Attendance to these events resulted in substantial business leads for travel agents, tour operators and accommodation properties, while it provided the venue to sustain awareness of the Philippines as favoured tourist destination.

In many of these travel fairs, the DOT pavilion and the country as a destination have received numerous awards and citations, namely: Most Desirable Beach Holiday Destination, Honeymoon Destination of the Year, Best New Promising Destination and Top Trendy Destination, among others. Aggressive promotions, through invitational program, joint promotions and advertising have also created a buzz for the Philippines as tourist destination, thereby, garnering recognition as Top 6 in the Lonely Planet's Top 10 Best Value Destinations for 2011, and Boracay being named as the 4th Best Island in the World by Travel+Leisure Magazine. The Puerto Princesa Underground River (PPUR) in Palawan was named among the New 7 Wonders of Nature after a year-long campaign through online and text messaging. This augurs well for positioning the Philippines as an environmentally responsive destination and a model for ecotourism in the region.

On the domestic front, the private sector led by Johnson & Johnson and Smart Communications initiated different but related campaign to entice

more Filipinos to travel throughout the country. Through, television infomercials, billboards, print ads and digital messaging, more destinations were featured and showcased most especially those which have not be seen and advertised. Three new versions of “Pilipinas, Tara Na!” domestic campaign were sung by 57 Filipinos performers without remuneration but a commitment to support domestic tourism.

The campaigns lunched by the private sector have boosted domestic travel and expand the benefit of tourism to wider segment of the communities in the rural and far flung areas. It has expanded flight frequencies of local air carriers, opened up new destinations, stimulated economic activities for communities, and created more jobs across the country. Based on the National Statistics Office report, an average domestic tourist travels twice in six months or four times in a year spending a total of more than Php 8,000.00 for the duration of four trips.

The National Park Development Committee has developed new and rehabilitated existing attractions at Rizal Park to encourage more people to visit the park. The Dancing Fountain and Children’s Playground remained the top tourist sites which continued to draw hundreds and thousands of visitors on weekends and special occasions. Fort Santiago in Intramuros attracted 411,154 visitors during the year while other tourist sites being managed by Intramuros Administration continued to draw foreign and local tourists.

## Sustaining the Growth Momentum

With the completion of the National Tourism Development Plan (NTDP) for 2011 to 2016, the tourism industry anticipates a more robust growth, most especially as new policy reforms are implemented and convergence initiatives are firmed-up between the DOT and national government agencies. In addition, the completion of the new tourism brand, which is set to be launched in early 2012, will boost more awareness of the Philippines as a destination and propel growth in visitor arrivals.

Anchored on the development of highly competitive but environmentally and socially responsible tourism that promotes inclusive growth, the tourism sector aims to achieve in 2012 a 16% growth in visitor arrivals or 4.6 million inbound tourists and a 4% increase in domestic travellers to 30.2 million that will generate Php 1.2 trillion (US$ 27 billion) in tourism revenues.

Tourism Direct Gross Value Added in 2012 is expected to grow by 12% to Php 645.8 billion (US$ 14.8 billion), creating 400,000 new employment opportunities for Filipinos, especially in the rural areas.