

De La Salle University

**AKI**

Angelo King Institute

for Business, Economics,  
Research, and Development

**The Philippine Tourism Industry:  
Adjustments and Upgrading**

**Series 2008-08**

*Oscar Lagman*

The *DLSU-AKI Working Paper Series* represents research in progress. This paper is preliminary, unreviewed and subject to further revisions and final editing. The views and opinions in this paper are of the author(s) and do not represent the position or opinions of DLSU-AKI or its Members, nor the official position of any staff members. Limited copies of this paper can be requested from DLSU-Angelo King Institute, Room LS223, De La Salle University, 2401 Taft Avenue, 1004 Manila, Philippines. Please request papers by number and title. Tel. No: (632) 524-5333; (632) 524-5369; Fax No: (632) 524-5347.

## Table of Contents

<b>Abstract</b>	3
<b>Introduction</b>	4
<b>Philippine Tourism Attractions</b>	6
<b>Deterrents to the Growth of Tourism</b>	7
<b>Isolation of Major Destinations</b>	9
<i>Boracay</i>	9
<i>Palawan</i>	9
<i>Camiguin</i>	10
<i>Bohol</i>	10
<b>The DOT's National Tourism Strategy</b>	12
<b>Development of Cluster Destinations</b>	14
<b>Packaged Tours</b>	17
<b>The Department of Tourism Marketing Effort</b>	20
<b>Public-Private Sector Partnership in Tourism Development</b>	21
<b>The PCCI BIZTOURS 5</b>	22
<b>Marketing the Ilocandia Region</b>	23
<b>Conclusion - A Bright Outlook</b>	25

## **Abstract**

Tourism plays an important role in the socio-economic development of a country. This paper examined the Philippine's tourism attractions, particularly major destinations like Boracay, Palawan, Camiguin, and Bohol. It also discussed deterrents to the growth of tourism in the country. It explored the Department of Tourism's tourism strategy, looked into the public and private sector partnership in tourism development and proposed possible alternatives for improved tourism in the Philippines. Finally, it concluded that the aggressive effort of the Department of Tourism and the enthusiastic participation of the private sector, with deliberate push from the Philippine Chamber of Commerce and Industry, to upgrade and expand the tourism-related infrastructure, facilities, amenities, and systems present a bright future for the Philippine tourism industry.

## **The Philippine Tourism Industry: Adjustments and Upgrading**

Tourism is a powerful force in the socio-economic development of many countries, both mature industrial economies and developing economies. For more than half of the 178 nations represented in the United Nations, tourism is either the first or the second largest business. With 760 million tourists spending US\$800 billion annually, tourism contributes approximately 15% to total global GDP and has created 250 million jobs worldwide.

France has the world's largest tourist market, followed by the United States. In the US, tourism is the largest service industry, employing more than six million people and constituting slightly more than 6% of GNP. Among European countries, Spain, Italy, Austria, Hungary, Britain, Germany, and Switzerland are considered significant tourist markets. For Caribbean nations, tourism accounts for more than 70% of jobs and income.

Even in countries that have security problems, tourist arrivals continue to increase. In Egypt, gunmen opened fire on tourists in November 1997. After a slight dip in 1998, tourism recovered quickly. Tourism accounts for 11% of Egypt's GDP. Basque separatists in Spain have killed more than 8,000 people in the last 40 years but tourist arrivals continue to increase. Tourism accounts for 19% of its GDP.

In the ASEAN region, visitor arrivals grew at an annual average of 7.6% from 1991 to 1999. The Asia Pacific region has become the fastest growing region in the world for international tourism. The World Tourism Organization projected substantial growth in the region until 2010.

The opportunities that tourism presents encourage entrepreneurship and stimulate business. Tourism-related industries spawn or give impetus to other industries. Hotels, restaurants, and shops spur the construction industry; restaurants create demand for farm products and agricultural produce; and souvenir shops and retail establishments in the area promote the handicraft industry. The resultant expansion or improvement in infrastructure such as roads, airports, seaports, transportation systems, and in a cleaner environment bring in foreign investments in the form of more and better resorts and support amenities like hotels, restaurants, and entertainment establishments.

Tourism is a key element of the Philippine economy. According to the World Tourism Organization, its contribution to the Gross National Product averages 8.8 percent. It brings in the much-needed foreign exchange into the country. The Philippine Chamber of Commerce and Industry (PCCI) highlights tourism as key industry for the country's economic development. As such, it is coordinating the private sector's initiative and the government program to leapfrog the growth of the tourism industry.

The Philippines has timeless competitive advantages. It is near North Asia, which is composed of the rich sources of tourists: China, Taiwan, Japan, South Korea, and Hong Kong. The country has world-class natural attractions, like the world-famous Boracay beaches and Taal Lake.

Despite a decline in the number of visitors in the year 2000, there are signs that tourism is making a comeback in the Philippines. Arrivals in 2004 totaled 2,291,352 visitors, a 20% increase over the 1,907,226 arrivals the previous year.

By country of origin, USA is still the number one origin of visitors with 478,091. Japan comes next with 382,307 visitors, and Korea is third with 378,602 visitors. Hong Kong was the port of origin of 162,381 visitors and Taiwan of 115,182 visitors.

Receipts in 2004 amounted to US\$1.991 billion, a 31% improvement over the US\$1.523 billion recorded in 2003.

Metro Manila DOT-accredited hotels averaged an occupancy rate of 68.63% in 2004, an 8.5% increase over 2003. The de luxe hotels had the highest average occupancy rate at 71%, a significant improvement over 2003's 61.23 percent. First class and standard hotels also gained increases in occupancy rates. The economy hotels remained the same at 54 percent.

Surveys indicated that 46% of the visitors cited the warm hospitality and kindness of the people as the thing they liked most about the Philippines. Only 15% cited the natural attractions as the thing they liked most. Twenty-six and half percent cited heavy traffic as the thing most disliked. The other most disliked thing (cited by 16% of visitors) is the air and water pollution/dirty environment/ bad roads.

## **Philippine Tourism Attractions**

The country's natural attractions, like the beaches of Boracay, Panglao, and Pagudpud, are among the best in the world. For the more adventurous, the country has surfing, scuba diving, caving, board sailing, and sea kayaking destinations.

For tourists more interested in visiting historical sites, there are Intramuros, Cebu City, Corregidor, and Bataan. There are also cultural festivals that draw tourists. World class golf courses abound in the countryside south of Manila. If a tourist prefers to stay in the city to feel secure and safe, he can play golf in any one of the golf courses open to the public: Intramuros Golf, Valley Golf, Fort Bonifacio, or Veterans Golf.

The government's casinos in Manila, Laoag, Angeles, Baguio, Cebu, and Davao also bring in patrons from various places.

## **Deterrents to the Growth of Tourism**

Several factors hamper the growth of tourism. These are:

1. Domestic political uncertainty in the country;
2. Constant threat of insurgency in areas with natural attractions;
3. Inadequacy of accommodations with standards of quality befitting foreign tourists;
4. Absence of a culture of tourism;
5. Lack of transportation systems to move efficiently and comfortably, and at lower cost, large numbers of tourists to other attractions outside Luzon, and from one destination to another;
6. Lack of secondary attractions around primary destinations.

The basic product is uncompetitive, the quality of support infrastructure being below par those found in other parts of the region. Amount and quality of accommodations, access to the destinations, level of security, quality of environment, and number of activities offered compared to competing destinations in the region are inferior.

While the cultural festivities are held in urban centers, they are terribly lacking in support facilities to accommodate and service large numbers of observers from abroad. Baguio is stiflingly overcrowded during the flower festival, so is Cebu City during the Sinulog.

The natural attractions of the country can compare with the best in the region and some, like the beaches, are even superior to their counterparts in other countries. However, there are no other worthy attractions near these main destinations that are accessible by a trip not longer than two hours by land or sea transportation. They are distant from each other and are hardly accessible. Visiting two or three destinations could be expensive and time consuming. One has to fly back to Manila to go to another destination, as there are no connecting flights between these tourist attractions.

Inaccessibility is at the heart of Philippine tourism destinations' competitive disadvantage. Except for a cluster of beach resorts in Palawan and the Bohol-Cebu complex, major places of interest are far from each other making a tour of them costly, not to mention that it would take up a disproportionate amount of time.

The world famous Boracay requires transportation by air, land, and sea to reach it. To go to Siargao, supposed to be the surfing capital of the world, a tourist has to fly, get a connecting flight, then take a two-and-a-half hour bus ride over rough and lonely roads. Camiguin, reputed to be the most beautiful island in the country with its pristine water and imposing volcano, can be reached by flying to Cagayan de Oro, then taking a two-hour bus ride, and finally taking a ferry ride. Only two flights a week go to Pagudpud, which is still a one-hour drive from the Laoag Airport. It is eight to ten hours away from Manila by bus. To see the Banaue Rice Terraces, one has to travel long distance and on dangerous roads over steep terrain.

The places known for scuba diving, surfing, caving, board sailing, mountain/rock climbing, and kayaking are even less accessible or are unsafe. They are down rugged coasts or in areas infested with rebels.

Accessibility of the tourism destinations and mobility of tourists in the standard and mode of transportation required to efficiently convey the market from their point of origin and within the Philippines is limited and uncomfortable. Roads to tourist destinations are inadequate. They are too narrow to carry large volume of tourists and too bumpy for their comfort, as the road to Tagaytay is. Those that lead to the beach or mountain resorts are unsafe and are bumpier.

The present airports are cramped, toilets are dirty, and appointments uncomfortable. Seaports are only slightly better than wharves in fishing villages. Tourist buses to transport tourists within Metro Manila and to destinations within Luzon are aplenty while flights to island resorts and adventure sites are limited in number, if any. Unsafe makeshift boats and plain outriggers carry tourists to destinations that are not accessible by air.

While the North and South toll ways may be roads of acceptable quality and adequate amenities, they are however short. Tourists on their way to Baguio or to Caliraya will still have to travel on old narrow roads that cut through the commercial area of many towns and where all sorts of vehicles like container vans and tricycles are allowed to ply, where buses can unload or pick up any passenger at any point, making travel much longer than it should be.

The physical conditions of the transportation terminals such as airports and seaports are pathetic. The domestic airport looks archaic in these times of modern-day travel. Other than the Cebu and Davao airports, the provincial air terminals are worse.

This does not yet consider the safety measures in place in those airports. Seaports are not suitable even for traveling local businessmen. Foreign tourists are turned away by the shabby appearance of these ferry terminals.

Being far from the urban centers, the natural attractions are far from the support facilities required by a large number of foreign visitors with high standards of quality of service. Investments in tourist attractions and support facilities have been minimal and returns low due to insufficient investor marketing and investor incentives, lack of support in the form of infrastructure, tax exemption or credits, land clearance, and access roads from national and local governments.

Compounding the problem of easy accessibility of the tourist destinations is their isolation from other points of interest. There is nothing much else to see or do outside the immediate vicinity of the destination.

## **Isolation of Major Destinations**

### ***Boracay***

The best example of an isolated attraction is the Jewel of Philippine Tourism: the now world-famous Island of Boracay. The *BusinessWorld* in its Special Report on the country's tourism industry (March 16, 2005) called the island resort "a world-class beach with third-world accommodations."

Quoting the report extensively, Boracay Island has developed from a scattering of sleepy fishing villages into the premier tourist destination in the country. Between 200,000 and 300,000 tourists make their annual visit to Boracay's world-famous powdery white sand beaches and blue waters, with the White Beach the most popular among foreign tourists. Catering to them are a host of different types of accommodations ranging from cottages and bungalows to resorts and hotels as well as long lines of restaurants serving a wide variety of cuisines.

However, Boracay Island's attraction ends at the beach front. Once the tourist has had his fill of the sun, sea, and sand, there is really not much to sustain the tourist's interest. While there may be other activities other than lazing on the white sand and blue waters, they all revolve around the beach and the sea. These other activities are beach volleyball, scuba diving, snorkeling, and other water sports. The more active people can indulge in activities away from the sea like mountain biking, horseback riding. Some can go golfing in a nearby golf club.

Boracay has no places of historical significance nor does it have a cultural heritage that foreign visitors on a pleasure trip might want to observe or witness. It is neither shopping Mecca, nor a source of Philippine handicraft like wood furniture, house décor, or cheap leather goods. There is just the beach. Even in food, while the different cuisines of Chinese, Thai, Indonesian, Japanese, Korean, Italian, French, and Mediterranean are available at the beachfront, Boracay does not offer the tourists any distinctive cuisine that it can call its own. Compounding the situation is that only a few establishments honor credit cards, and those that do tack an additional charge of 7%, which foreigners find unconventional.

The rapid and unchecked development in the island has spoiled the natural beauty of the island as well as its physical environment. Coliform from raw sewage and the mountain of garbage, which has strained to the limit the disposal system, have polluted the once pristine waters of the sea. The ever-present swarm of giant flies, which diners along the beachfront have to constantly wave away, have detracted from the attraction of the island resort. Potable water has to be transported into the island.

### ***Palawan***

Palawan is another well-known tourist destination that has no other attraction other than natural wonders. Palawan's pristine beaches, spectacular sights, and rich and diversified sanctuary make it one of the must-see places in the Philippines. The main thing that differentiates Palawan from other tourist spots in the Philippines is its rich and-preserved marine life. In fact,

Palawan is known as the “Last Ecological Frontier of the Philippines,” a distinction bestowed upon the province for its unique ecological balance that has been preserved in the midst of rapid development and fast economic growth.

The province boasts of two world heritage sites. One is the Puerto Princesa Subterranean River National Park or the Underground River as it is popularly known. It is reputed to be the longest navigable underground river in the world, winding through eight kilometers of cavernous chambers and tunnels until it meets the South China Sea.

The other is the Tubataha Reef National marine Park in the Sulu Sea. It has 33,000 hectares of vast underwater gardens brimming with diverse marine life and the largest coral reef atoll in the country.

Palawan is home to world-famous resorts El Nido, made known to the Western World by the American TV series *Amazing Race* as one leg of the race included it, Dos Palmas, better remembered as the place where Peter and Grace Burnham were abducted by Abu Sayaf, and Amanpulo, the retreat of Hollywood stars like Kevin Costner and George Clooney, and the most prestigious and most expensive island resort in the country.

Perhaps because of its isolation and exclusivity, Amanpulo has become the favorite vacation resort of Hollywood stars who want to have a break from the glare of show business. But that is all there is to Amanpulo and the rest of Palawan, a communion with nature. To many tourists the trip to Palawan may not be worth it if all there is to it is to see nature in its primeval origin.

### ***Camiguin***

This pear-shaped island formed from volcanic eruptions and land movements was hardly known three decades ago. It is now one of the destinations the government is promoting aggressively to natural lovers. The island is home to lush forests, volcanic splendor, eternal hot and cold springs, pristine patches of black and white beaches, waterfalls, exotic marine life, and blue-ridge mountains. It holds the distinction of having the most number of volcanoes per square kilometer than any other island on earth.

Among the tourist favorites are the Katibawasan Falls, Ardent Hot Spring, Hibok-Hibok Volcano, and the white-sand beaches of White Island and Mantigue Island. The volcanic eruption in 1871 created two artificial attractions: the sunken cemetery and the old church ruins in the town of Catarman. But other than those, there is not much else to see. Because of its isolation, accommodations of tourism standards are inadequate.

### ***Bohol***

We compare Boracay, Palawan, and Camiguin with what is turning out to be the second most popular tourist destination in the Philippines: Bohol. It was named Destination of the Year

in the 2004 Kaakbay Awards. Bohol's prime attraction is a natural wonder, just like Boracay's and Palawan's. It is the 1,268 limestone hills known as the Chocolate Hills. The attraction used to be referred to in tourism circle as the 20-minute experience. It takes only about twenty minutes to see and appreciate the unique beauty of the natural wonder. The experience was not that appealing to tourists.

To make the trip from Manila worthwhile, the province's Tourism Council organized tours to Bohol's other natural attractions. The province is endowed with natural wonders such as Panglao Island, whose beaches are as powdery white as those of Boracay; Hinagdanan Cave, a world of stalactites and stalagmites along the Loboc River; the Tontonan Falls; the mountain springs of Bilar; and the habitat of the tarsiers, the smallest monkeys in the world. Panglao Island, which is connected to the main island of Bohol by two bridges, is home to the resorts that cater to the foreign tourists.

There are tours for dolphin and whale watching and rides on boats with glass bottom to get a glimpse of the magnificent marine life.

There are also places of historical significance, Bool Tagbilaran and Baclayon, at which the Loboc River cruise stops. Bool was the site of the First Treaty of Friendship between the Spanish conquistadores and the natives. It is known as the Legaspi-Sikatuna Blood Compact as the principals of the treaty signed it with their blood in 1565. Baclayon is the location of one of the oldest stone churches in the country. It was finished in 1595. Displayed in its adjunct museum are ancient church relics and antique statues.

Foreigners can also have a glimpse of the culture of the place. Those taking the river boat tour are serenaded by members of the local church choir. In May, tourists will be exposed to fiesta celebrations.

So, a trip to Bohol has the primary elements of tourism: seeing natural wonders, visiting sites of historical significance, and getting a glimpse of the culture of the place. These are what are lacking in the other prime tourist destinations – a combination of natural wonders, historical sites, and a good exposure to the locale's culture.

## **The DOT's National Tourism Strategy**

The Department of Tourism (DOT), recognizing the competitive disadvantage of Philippine tourist destinations, has decided to address the problem. It has decided that the product focus for the medium term should include the following elements:

- 10-14 day well-organized package tours based on several tourist-ready destinations in the long-haul mass comfort segment;
- 4-5 day well-organized tours based on convenient flights to specific cluster areas offering sightseeing, shopping for native branded goods, eating out, and a good range of accommodation in the short-haul sightseeing and shopper segment;
- Good beaches with direct access, varied accommodation, and also varied choices of convenient sun and fun activities in the short-haul beach lover segment;
- golf, gaming, diving, spa or theme parks worth visiting in the short-haul recreation travel segment;
- Convenient and well-organized 4-5 day adventure activities at natural sites in the short-haul ecotourism segment;
- World-class convention and exhibit facilities together with competitively priced flights and hotel accommodations for the MICE segment.

Eight priority destinations have been classified into three groups:

- Major destinations: Cebu-Bohol-Camiguin-Palawan, Manila plus Tagaytay, and Davao
  - Minor destinations: Vigan-Laoag, and Clark-Subic
  - Special interest destinations: Baguio-Banaue, and Boracay
- Priority actions in each set of destinations are:

- For major destinations, priority shall be given to major infrastructure improvement, aggressively closing gaps, and promoting destinations. In the case of Davao, the priority shall be to build for its future after resolving security issues;
- In the case of special interest destinations, the priority shall be to increase accessibility, and improve the existing tourism products being offered; and
- For minor destinations, the priority shall be more attractions, and promote these as secondary options.

The priority destinations will be developed through the establishment of tourism economic zones to create accountability and mobilize investments. A Tourist Enterprise Zone Authority that will manage the overall zone development policy and strategy will be set up.

Hotels, restaurants, resorts, tourism enterprises and other tourism-related products and activities shall be developed with the identified tourism zones and hubs. Moreover, health tourism, ecotourism, agritourism, cultural tourism, handicraft skills demo centers, and adventure shall be enhanced.

Industry and community-based tourism-related training programs shall be conducted in coordination with local government units. Other resource-oriented departments like Agriculture, Agrarian Reform, as well as the Environment and Natural resources, will be involved in tourism development. The Philippine National Police will be asked to bolster its tourism force to ensure security and safety in key destinations.

The DOT is asking the Department of Transportation and Communication to pursue an airport development program to serve as gateways to major tourism destinations. The Diosdado Macapagal (Clark) International Airport will be upgraded to an international services and logistic center in the Southeast Asian region.

Deregulation and progressive liberalization of civil aviation will be put in operation by adopting a trigger mechanism anchored on the carriers' load factor of at least 60 percent attained over a specified period. The commercial viability of airports will be enhanced through full cost recovery of air services including airport investment.

Specifically, the airline industry will be liberalized, charter flights will be facilitated and organized to release constraints in key markets, and the airports in Palawan (Coron), Bohol, Iloilo, and San Fernando will be upgraded to international standards.

Roads, seaports, and other infrastructure leading to identified tourism destinations will be rehabilitated, upgraded or constructed. For immediate upgrading or construction are the Cebu-Bohol-Camiguin seaports, Panglao roads, Bohol Circumferential Road, Kennon and Baguio roads.

## **Development of Cluster Destinations**

An aggressive advocacy campaign urging local government officials to enhance the attractiveness of the natural wonders in their area by putting in place the support infrastructure such as access roads, and ensuring the security and safety of visitors in their area, and also initiating the development of tourism-oriented attractions in their area.

The Tourism Department should encourage private sector investors to create secondary attractions around established tourist destinations. The famous Bohol Chocolate Hills attraction was a 20-minute experience, making the long land travel time to get there not worth it. What the Bohol government did was to develop attractions along the way to the Chocolate Hills. So, visitors are now also shown heritage and cultural attractions. What used to be a 20-minute experience has become a half-day experience.

The Tourism Department should prod the private sector developers to create world class resorts similar to Tagaytay Highlands and Puerto Azul in or near the isolated destinations of Camiguin and Pagudpud to enhance their attraction. Tagaytay Highlands capitalizes on the twin natural wonders Taal Lake and Taal Volcano, which the resort provides panoramic views of. At the same time it offers diversions or activities other than just gazing at the amazing view of Taal.

There are first class accommodations and a challenging golf course. There are other recreational facilities, including a unique cable transport from one side of the hill to the other where mini golf courses, covered basketball court, bowling alley, restaurant specializing in Filipino dishes are located.

Puerto Azul, perched on the cool mountains of Cavite, gives the guests a panoramic view of Manila Bay and of the scene of one of the fiercest battles of World War II and the most heroic stand ever made by a ragtag army against the relentless assault of a superior invading force – Corregidor. It challenges the golf buff with a golf course carved out of the mountainside. Accommodations are first class. It offers tours of Corregidor.

Soon to be opened will be a residential leisure community across the Manila Bay in Morong, Bataan. Ayala Land, the country's premier real-estate developer, entered the leisure industry with its first-ever leisure community with the opening of Anvaya Cove, a 320-hectare residential leisure community just a few minutes from the Subic Bay Freeport. Anvaya Cove will make available water and land nature experience. It will have a beach and nature Club, Recreational Lagoon, Water Sports Pavilion, and nature Camp.

The new community was based on similar developments in Hualalai, Hawaii and Banyan Tree in Phuket. Blessed with a 3.5 kilometer coastline and its own private cove, Anvaya offers wonderful views of Subic Bay and a variety of landscape characteristics as tree-lined drives, rolling hills, mango and bamboo groves, and a natural creek. The elevation allows a good view of the Zambales and Bataan mountains. MT. Natib of Bataan, a favorite among mountaineers, is at the back of the cove.

A trip to Anvaya provides opportunities of side trips to the battle fields of Bataan, made famous around the world by the gallant stand of Filipino outnumbered, ill-equipped, and ill-fed Filipino soldiers. Former American servicemen who served in the former US Naval Base in Subic and Air Force Base in Angeles City, once the largest American military bases outside Continental USA can make side trips to their former base. A view of the lahar-buried town of Bacolor and its church, which are along the way, can be included.

A good model for a cluster destination is the Fairways and Bluewater Resort in the Island of Boracay, a mixed-use project conceptualized in the mid-1990s but shelved until this year but is about to be started now that the Fil-Estate has found new partners for the project.

The resort will be a mix of leisure residential community, golf course that ends with a magnificent sea view, and a town center complete with a church, market, theater, bowlodrome, covered basketball court, kids' play port, bandstand, and main plaza where cultural activities and exhibits can be staged. The town center is designed to reflect the Castilian heritage of the country.

There is yet another mixed-use project being developed, the Akean Project of the Prudential Life Group of Frank Alba. It will be 500-hectare development in the Municipality of Nabas, Aklan Province, in the northwest corner of Panay Island, just across from Boracay. It is adjacent to the Caticlan airport, the main commuter link to Manila. To the south of the site is the provincial capital of Kalibo, where the regional jet airport that is the main source of high volume visitors to Boracay is located.

With the technical assistance of the international master planning firm EDAW of the United States, a master plan for the development in the area into a major mixed-use resort destination was drawn up. Development is nearing completion. It will include a beach resort hotel, golf and commercial center.

The resort is geared towards the international and domestic tourists attracted to a wide range of resort facilities and services that include shopping, sports, entertainment, tours, food and beverage. It will target the Boracay visitors and cruise ship passengers as well.

The main components of the resort will be:

- Two major resort hotels near the beach in the northern portion of the site in an area of approximately 30 hectares
- An 18-hole championship golf course, driving range, and country club facility next to the Flagship Hotel in an area of 60 hectares. A small private membership lodge with accommodations will be located adjacent to the golf lodge with views of the ocean and golf course
- A boutique hotel in the interior mountain hillside overlooking the entire site providing excellent view of the sea
- Single-family housing and higher density condominium and townhouse residential developments that are focused on retaining the natural features of the land to the fullest extent possible.

- A commercial center with artisan shops, restaurants, clubs and bars as well as warehouses and an ice making facility.
- Orchards and agricultural fields will be developed on steep slopes above 30%.

## Packaged Tours

Tours can also be packaged to give the tourist a sampling of the country's natural wonder, historical sites, and culture. A trip to Clark and Subic can include a side trip to lahar country and shown the half-buried San Guillermo Church, a visit to Camp O'Donnell in Capas where the survivors of the infamous Death March were imprisoned, and for Japanese tourists, quick stopover at the airfield in Capas where the Kamikaze pilots of World War II fame were trained. They can be taken to the furniture shops of Betis, the Christmas lantern makers of San Fernando, and the pottery huts of Sto. Tomas.

In May, they can be shown the many town fiesta celebrations and almost nightly Santacruzans. During Holy Week, tourists can be brought to the roads where the penitents flagellating themselves walk and to the hill where they are crucified. In December, they can be shown the outdoor Christmas lights of the towns of Pampanga.

Sentimental journeys to the former US military bases and golf tours should be organized. Tour of the battle fields of Corregidor and Bataan likewise should be packaged.

As regards the isolated resorts like El Nido, Club Noah Isabelle, and Club Paradise in Palawan, Pearl Farm in Davao, Siargao in Surigao, and Pagudpud in Ilocos Norte, tours of the nearest town's *poblacion* should be packaged under the joint auspices of the local government, the resort, and civic clubs of the town.

The towns nearest the aforementioned would most probably have as its parish church one that was built during the Spanish era. The old altar, statues, and other articles which may all be 200 to 300 years old and the adjoining convent's stone staircase, *azotea*, dungeon, and other architectural features characteristic of the era of the Spanish friars may all be of interest to foreign tourists. The ancestral homes of the town's old families, like Emilio Aguinaldo's old house in Kawit, Cavite, the Gaston Mansion in Silay, Negros Occidental, and the Pamintuan Mansion in Angeles City, can be restored and converted into museums like Aguinaldo's house and the Gaston Mansion.

These, and if there are old Spanish naval forts and lighthouses near the resorts, can form part of the sightseeing tour. The town hall and the public schools may still be the same structures built during the American's early occupation of the country. Their architectural design may be interesting vestiges of the American era. In Ilocos Norte, the old stone churches, the Tabacalera factory right in the heart of the commercial district of the city, and the lavishly furnished mansions Ferdinand Marcos built in the city are points of interest for tourists.

Cultural shows can be organized for the entertainment of the local folks and visitors. The town of Guagua in Pampanga stages regularly food festivals cum musical shows. Only Pampango dishes and delicacies are served and only Pampango *kundimans* are sung.

Visits to historical sites, a glimpse of local culture, and a taste of the province's cuisine make the tour package complete and the tourists experience delightful. The local government unit and the civic clubs can join hands in developing historical sites and structures into tourist

destinations while local private businessmen can organize and hold food festivals and cultural shows.

The attractiveness of these secondary destinations would be enhanced significantly if the physical environment would be cleaned, the roads to the points of interest upgraded, the area made safe and secure, and the local folks enjoined to welcome warmly the visitors. This is where the local government would have to play an active and major role. The civic clubs would have to give the local government full support.

A case study is the City of Tabaco, which lies at the foot of the 8<sup>th</sup> Wonder of the World, Mayon Volcano, the perfect-cone volcano. The man-made Mayon Skyline provides the visitor a commanding view of the entire province of Albay and of the Pacific Ocean. The San Miguel Aquamarine Reserve not only provides benefits to the coastal community resident in terms of increased catch rate in the reserve it improved awareness of coastal conservation.

The Rawis Light Tower and Tabaco Parish Belfry, remnants of the Spanish era, form parts of the city tour. It also features a week-long festival that includes a street presentation of the history of the place, a parade, a trade fair showcasing cutlery and woodcraft industries, and the traditional search for the festival queen.

The city's water requirement is provided by the Tabaco Water District. It is sourced from various springs and water wells. Electricity comes from the Tiwi Geothermal Plant and delivered by Albay Electric Cooperative. Communication service is provided by several companies, both local and national like Bayantel, Digitel, PT&T and the cell phone companies. Cable TV is available.

Support facilities include hotels, restaurants and convention halls that meet the standards of foreign tourists.

A similar effort is now in progress. The City of Alaminos, under the leadership of its Mayor, Hernani Braganza, is reviving the Hundred Islands as a natural attraction, this time to draw foreign tourists. In this regard the City has sought the involvement of the Philippine Tourism Authority (PTA) and the Department of Environment and Natural Resources (DENR).

The DENR's involvement is in the form of environmental clearance while that of the PTA is in development of infrastructure. For the Hundred Islands to be developed into an international tourist attraction, the PTA has placed two barangays, Lucap and Telbang, of the City under its control and administration.

The City Administration has to stop the uncontrolled and unregulated development in Lucap, which contributes largely to the degradation of the bay and the Hundred Islands marine environment. Building regulations and environmental infrastructure like water and sewerage will be set. Physical intervention will include the construction of a boardwalk on stilts. This will serve as a physical barrier that would prevent further construction towards the sea.

The shallow water at the east of Lucap Park which is enclosed and protected by a breakwater will be dredged and developed into a marine-type docking facility for outrigger tourist boats and with restaurants and bars spread out along the perimeter. Lucap will be developed into an excellent waterfront development and a staging area to the Hundred Islands with hotels, bars and restaurants, and entertainment and recreation centers. The hotel and restaurant row in the east side will be connected to Lucap Park in the west by a boardwalk that passes through the marina.

Three major tourist areas will be developed clustered in Lucap: the Shopping area at the present site of souvenir shops, Food and Entertainment area at the proposed marina, and the Accommodation area at the present site of hotels and restaurants.

Telbang holds a great potential for a major tourism development east of the City center. Its proximity to the southern island clusters, good topography, accessibility via concrete road, and access to power supply, among others, favor the site's full development. It could be developed into an integrated resort complex with tourist facilities for accommodations, conventions, recreation and entertainment, and restaurants and bars.

## **The Department of Tourism Marketing Effort**

With these cluster attractions, the DOT is concentrating its marketing efforts to attracting Japanese, Korean, and Chinese tourists. It is they who would be attracted to the country's natural wonders because they are not many, if there are any, such attractions in their countries. Their temperate climates do not allow them to indulge in outdoor sports or leisure activities. As the Philippines is only several hours away, and since prices are affordable to them, they are likely to prefer to come to the Philippines than other destinations in Southeast Asia.

## **Public-Private Sector Partnership in Tourism Development**

Getting the local government and the town's civic clubs to join hands in enhancing the attractiveness of tourist destinations should be one of the principal tasks of the Department of Tourism. The Secretary needs to launch an information and education campaign that highlights the significant contributions that tourism can make to the development of the local economy, the improvement of the environment, and the increase in job opportunities. He needs to personally persuade the local people to support efforts to develop tourism in the area. He must also commit to use the resources of the Department and its influence on the other Departments like the Environment and Natural Resources, Agrarian Reform, and Interior and Local Government for the development of tourism in the area.

## **The PCCI BIZTOURS 5**

The Philippine Chamber of Commerce and Industry (PCCI) is partnering with the government in the further development of the tourism industry. Its goals are to achieve by year 2010 the Five 5's. These 5's are US\$5 billion investments, 5 million jobs, 5 million tourists, and US\$5 billion annual tourism revenue. To achieve these goals, PCCI is driving the private sector to invest in five tourism-related areas.

PCCI, in partnership with its various local chapters, has identified five areas of investment. PCCI calls this initiative BIZTOURS 5, which is focused on driving investment in five tourism-related areas: Arrival, Access, Accommodation, Attractions, and Activities, or the 5 A's.

Investments in Arrivals would be in the form of budget airlines, chartered planes, sea cruises ferries, travel agencies, tour operations, and land transportation. Opportunities in the area of Access are in roads-sea lanes, mini malls in sea and air ports, utilities such as communication, power and water supply, and clean toilet and showers facilities.

Other than hotels and restaurants, BIZTOURS 5 is encouraging investment in other forms of Accommodation such as bed & breakfast chains, grocery/convenience stores, laundromats, and even HRM institutes. BIZTOURS 5 has identified the following opportunities in Attractions: beaches and sea wonders in many areas that only need development into a tourist destination, cool mountain ranges that can be converted into resorts, retirement villages, historical, pilgrimage, festivals, and events tours, theme parks, medical tourism, and tour guide training.

Investment opportunities in Activities can be found in sports events, trade fairs, and in bazaars.

PCCI's strategy is to transport tourists from the international gateways to clusters of tourist attractions within one hour of travel time, and induce them to engage in activities within the clusters. PCCI points to the Cebu and Davao international gateways as models.

Cebu arrivals have been brought to the resorts of Boracay, Palawan, Bohol, Camiguin, and even as far as Legaspi, where Mayon Volcano is. Tourists landing in Davao International Airport have gone to Gen. Santos, Cagayan de Oro, and Zamboanga.

PCCI BIZTOURS 5's program lists the increase in Mactan beach rooms as Priority No. 1, increase in 3-star rooms in Cebu City as Priority No. 2, and expansion of hotel rooms in the whole of Region VII and in cluster attractions as the other priority efforts.

As for access/roads infrastructure, the building of another major highway, upgrading of seaports into mini malls, and improving the bus system that connect clusters with seaports are in the front burner of PCCI BIZTOURS 5 planners.

PCCI is looking to Laoag International Gateway as the next success story.

## **Marketing the Ilocandia Region**

Ilocos Norte Governor Ferdinand Marcos has launched a program of bringing in as many as one million tourists into Ilocandia, the Northern Coast of the Philippines. Ilocandia comprises the provinces of Ilocos Norte, Ilocos Sur, La Union, and Pangasinan. Gov. Marcos plans to capitalize on the proximity of the region to China by attracting tourists from the fast developing and currently the 7<sup>th</sup> largest economy that is now China. Getting just 1% of China's population of 1.3 billion to come to Ilocandia means 13 million tourists each year.

The capital of Gov. Marcos' province of Ilocos Norte is Laoag City, which has an international airport. Because of this airport, Laoag can serve as the international gateway to Ilocandia, and possibly to the Central Luzon provinces as well.

By air, Laoag is 80 minutes from Hong Kong, 40 minutes from Kaoshiung, and two hours and fifteen minutes from Shanghai. It is 45 minutes by air and eight hours by land from Manila. Baguio is a four-drive away. There are two-way flights in the Hong Kong-Laoag route daily except Wednesdays. For the Kaoshiung-Laoag leg, there are flights on Tuesdays, Fridays, and Sundays, and for the Guangzhou-Laoag corridor, there are two-way trips on Wednesdays, Fridays, and Sundays. The Chinese government has committed to Gov. Marcos to opening a consulate in Laoag.

Ilocandia has natural wonders like the pristine and white-sand beaches in Pagudpud, Ilocos Norte, the Garden Coast of La Union, and the Hundred Islands of Alaminos, Pangasinan. It has points of interest like the city of Vigan whose Spanish architecture has been preserved over the centuries, Lingayen Gulf where Gen. Douglas MacArthur landed his forces to liberate the island of Luzon from the Japanese Imperial Army, centuries-old churches and forts, and the windmill-generated power station in Ilocos Norte.

Ilocandia has the support infrastructure and amenities suitable for international tourists. Roads are wide and smooth. As has been mentioned there is an international airport in Laoag. There is also a nice seaport in Currimao.

There is the de luxe hotel Fort Ilocandia where daily room rates go as high as P6,120. Room rates of resort hotels like Apo Idon in Pagudpud and Nipa Hut in Currimao are in the P2,700-P3,600 ranges. However, more accommodations and amenities in the category of 3-star hotels are needed in other potential tourist destinations in Ilocandia like San Fernando, La Union, Alaminos, Pangasinan, and Vigan, Ilocos Sur.

For this reason, Gov. Marcos presented the investment opportunities in tourism-related undertakings to the participants in the Philippine Business Conference and Expo last October 12, 2005. They parallel the PCCI's 5A's investment opportunities.

Gov. Marcos listed as investment opportunities in Arrivals: tour operators, car rental service, kiosks at the airport and seaport, and souvenir shops. Under Access, he says there is need for tourist pit stops which would have toilet and shower facilities, convenience stores, pharmacies, and specialty products stores.

For accommodations, there are great opportunities in business and budget hotels, laundromats, internet cafes, and coffee shops. As for attractions, guided tours, sports tours and picnic huts/campsites would be profitable ventures to go into.

## **Conclusion - A Bright Outlook**

The aggressive effort of the Department of Tourism and the enthusiastic participation of the private sector, with deliberate push from the Philippine Chamber of Commerce and Industry, to upgrade and expand the tourism-related infrastructure, facilities, amenities, and systems present a bright future for the tourism industry. After all, it is one industry where we have a permanent competitive edge over our ASEAN neighbors – proximate geographical location to emerging tourist markets, more attractive natural wonders, and warm and friendly people. All that is lacking is comparable infrastructure and more tourist-oriented facilities. The government and private investors are working fast towards correcting that competitive disadvantage. The country's economy will soon be driven by the tourism industry.