Philippine Tourism: Evolution towards Sustainability

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Abstract. Tourism industry in the Philippines has been identified as one of the powerful engines for a strong and sustained economic growth. To determine whether the Philippine tourism industry is moving towards sustainable development, this paper explores the evolution of the tourism industry in the Philippines by tracing its historical transformations and determining its typology. Four major periods has been recognized, namely: 1] pre-martial law era (years before 1972); 2] martial law era (1972-1986); 3] post-martial law era (1986-2000); and 4] 21st century era (2001-present). The eras are based on the country's major political regimes. Corresponding events and numerous initiatives undertaken by the government agencies, non-government organizations and private sectors that significantly affect the tourism industry are described and analyzed. It is concluded that tourism is a well established industry in the Philippines that contributes to an inclusive economic growth of the country. The continued concerted efforts of all the stakeholders of the industry in the implementation of all these initiatives will surely lead to a sustainable Philippine tourism.

1 Introduction

Through the years, since post World War II, there have been numerous initiatives undertaken by government agencies, non-government organizations, and private sectors to improve and sustain the tourism industry in the Philippines. This industry contributes significantly to the economic growth of the country and somehow improved the lives of many Filipinos (TIP, nd). Hence, the Philippine government at various levels has considered tourism as one of its top development priorities to ensure its sustainability.

Other than its significant contribution to the Philippine economy, tourism also has an impact on social development, which is broad and deep because it is both labor and capital intensive. It promotes skills and vocational development that can be exported, and it promotes a 'culture of tourism' through a safer and cleaner environment that benefits not only tourists but the entire community as well. It also promotes and creates strong peripheral benefits to other economic sectors and society as a whole through: 1) tourism infrastructure spending, 2) catalyzing entrepreneurship, and 3) improving the image of the country in international trade and investment. Moreover, the Philippines can compete and win by developing its tourism sector because: 1) it possesses 'timeless' competitive advantage of proximity to North-East Asia especially China, Japan, and Korea, and it has also world class natural attractions; 2) it is relatively free of restrictions unlike the other sectors of the economy; and 3) it can

create sizeable niche markets. Lastly, tourism helps maintains cultural integrity, essential ecological processes, biological diversity and life support systems (DOT, 2012).

This research study delved into the development of tourism industry in the Philippines in the context of the tourists arrivals, institutional initiatives and events that affect the industry. Specifically the objectives of this paper were : (i) to trace the historical transformation of the tourism industry, and (ii) to identify the typology of Philippine tourism.

Tourism is a social process which involves several stakeholders such as individuals, government and non-government agencies, and private businesses. It is therefore impottant to examine the forces and factors that affect its development in order to better understand it and to better address the multiple challenges and issues posed by the ongoing expansion of this industry across the country.

2 Methodology

This study traced the evolution of the tourism industry in the Philippines. The eras identified were based on the country's major political regimes. Corresponding events and numerous initiatives that significantly affected the tourism industry were described and analyzed. The legal bases and policies/initiatives of the government were likewise ascertained. The typology of the tourism development in the country was also elucidated.

A census of Philippine and international laws, policies and events that affect the tourism industry, and the tourist destinations and activities across the country was conducted through the internet. Secondary data were also gathered from the websites of the National Statistics Authority, the Department of Tourism (DOT) and the UN World Tourism Organization. Literature search was performed using Google and relevant articles/monographs were downloaded. Collected quantitative data were reprocessed using MS Excel to generate desired summary of information and figures. In addition, actual site visit was done by the researcher to observe the activities and to know the current status of selected tourist destinations.

3 Results and Discussion

3.1 Historical Transformation of Tourism Industry in the Philippines

Philippine tourist arrivals were first recorded in 1960. As shown in Figure 1, foreign tourist arrivals showed an increasing trend from 1960 up to the present. Interestingly, this pattern perfectly corresponded with the growth of the Philippine Gross Domestic Product (GDP). This implied the direct relationship between tourist arrivals and economic growth of the Philippines. It seemed tourist arrivals increased as the economic infrastructure of the country flourished or that tourism was simply an engine of economic growth in the Philippines. This relationship became even more evident when tourist arrivals dropped as a consequence of political instability, financial crises, or other factors.

3.1.1 Pre-martial Law Era (years before 1972)

As early as 1950s, Filipinos had already realized the potential of tourism industry as an important element of the growth of Philippine economy. Tourist arrivals gradually increased as the country started recovering from the impacts of World War II. In view of this, a private organization, the Philippine Tourist and Travel Association (PTTA), was established in 1950 with the vision of improving accessibility of travel destinations, making tourism products better and more affordable, promoting a culture of tourism among local residents, and increasing recognition of tourism as an effective and efficient tool towards socio-economic development of the Philippines. The goals of PTTA were to generate foreign currency and employment, to spread the benefits of tourism to a wider segment of the population with the support, assistance and cooperation of both the private and public

sector, and to ensure the safe, convenient, enjoyable stay and travel of foreign and local visitors in the country. This served as the precursor of the development of tourism industry in the country.

The national government realized the positive contribution of tourism to the economy of the country so it institutionalized the PTTA in 1952 through Republic Act No. 710 to bring together all organizations and entities that cater to travel and tourism. Subsequently, in 1956 through Republic Act No. 1478, the Board of Travel and Tourist Industry (BTTI) was created by the Philippine Congress under the Department of Commerce and Industry (DCI) to serve as the policy-making body for travel and tourism, while the PTTA became its implementing arm.

This period covers the early beginnings of the tourism industry in the Philippines. The initiatives of the private sector was supported by the national government which led to the gradual and modest increase in tourist arrivals from 51,000 in 1960 to 144,000 in 1971. Similarly, GDP increased in the said period. The major problem of the industry during this period was the lack of or underdeveloped infrastructures to support tourism.

Figure 1. Historical Transformation, Foreign Visitor Arrivals in the Philippines, the Initiatives and Events that Affected the Tourism Industry and the Gross National Product, 1960-2013.

(Source: DOT, National Statistics Coordination Board, World Bank)

3.1.2 Martial law era (1972-1986)

A significant increase in foreign tourist arrivals can be noted beginning in 1972 until 1980. During this era, several initiatives were undertaken by the government to boost the tourism industry in the country. As part of the Integrated Reorganization Plan of 1972 provided under Presidential Decree No. 1, DCI was reorganized that led to the establishment of the Department of Trade and Tourism (DTT), which was mandated to oversee the tourism industry in relation to the economic growth of the country. In 1973, by virtue of Presidential Decree No. 189, DOT was created as an executive department of the national government that was responsible for the regulation of the Philippine tourism industry and the promotion of the Philippines as a tourist destination. Other government agencies established to further support the country's tourism industry were the Philippine Tourism Authority (PTA), which served as implementing arm for infrastructure development of DOT, and the

Philippine Convention Bureau (PCB), which served as the marketing arm for conventions. These government agencies together with the non-government organizations and private sector worked hand in hand in the promotion of the Philippine tourism.

Unfortunately, Sen. Benigno Aquino Jr., a strong political figure that time, was assassinated in 1983, which led to instability of the peace and order situation of the country. Massive protests occurred and the country was, generally, in chaos. This resulted to a noticeable decrease of foreign tourist arrivals from 1980 until the early part of 1986. To address the ailing tourism industry due to political instability, DOT was reorganized structurally and functionally with Executive Order No. 120 signed in January 30, 1986 just before the People Power (EDSA 1) and the removal of Pres. Ferdinand Marcos from Malacanang.

It was observed that during the first half of the martial law era, there was surge in foreign tourist arrivals from 166,000 in 1972 to 1,008,000 in 1980. However, the political turmoil which resulted to increased street protests and rebel activities in the latter half of the martial law years, eventually affected the tourism industry, which pushed down the tourist arrivals from 1,008,000 in 1980 to 782,000 in 1986.

3.1.3 Post-martial law era (1986-2000)

The reorganization of DOT as the primary government agency gave it the responsibility to encourage, promote and develop tourism as a major socio-economic activity in the country with the Philippine Convention and Visitors Corporation (PCVC) as its marketing arm. Fortunately, sustainable tourism was espoused in the 1987 Philippine Constitution, which mandated the protection and advancement of the right of the people to a balanced and healthful ecology in accordance with the rhythm and harmony of nature.

The foreign tourist arrivals picked up again starting 1989. However, electricity power supply crisis and the coup d'état of 1991 significantly affected foreign tourist arrivals for a while. However, in the same year, the 20-year Philippine Tourism Master Plan (TMP) was formulated by the government as the blueprint for tourism development. Proclamation 188 was issued mobilizing all government agencies and the private sector to support and implement the TMP. It also allowed the DOT to create committees and task forces to ensure the implementation of the programs identified in the plan. Meanwhile, in 1992, after the Earth Summit in Rio De Janeiro, a Philippine Council for Sustainable Development (PCSD) was created to primarily peruse and act on Global Agenda 21. In view of these developments, there was an increasing trend again on foreign tourists arrival from 1992. The positive trend was short-lived, however, because the Asian Financial Crisis occurred in 1997. This decrease even continued until the early part of the 21st century.

During the latter part of the post-martial law era, a joint memorandum (MC 98-02) was issued by DOT and the Department of Environment and Natural Resources (DENR) in 1998 which defined ecotourism in Philippine context as “a low-impact, environmentally-sound and community-participatory tourism activity in a given natural environment that enhances the conservation of bio-physical and cultural diversity, promotes environmental understanding and education, and yields socio-economic benefits to the concerned community”.

The initiatives during 1992-1998 encouraged the development of ecotourism as an integral part of the sustainable tourism framework in the country. These led to the issuance of Executive Order 111 in 1999 establishing the guidelines for ecotourism development in the Philippines. The structured national policy and strategic guidelines on ecotourism were formulated during the 1999 National Ecotourism Congress. This policy provided for the “encouragement, development, management and promotion of the ecological tourism (ecotourism) as a tool to sustainable development, to support the development, management, protection and conservation of the country’s environment, natural resources and cultural heritage.”

3.1.4 *Twenty-first century era (2001-present)*

The decrease in foreign tourist arrivals in the later part of the post-martial law era went on until this period especially when another political instability was experienced in the early part of the 21st century.

In 2001 the government adopted tourism among its pillars for sustained economic growth by attracting more visitors, extending their length of stay, and increasing the attractiveness of the tourism products of the country (NES, 2001). The government through National Ecotourism Strategy (NES) identified the goals of ecotourism as follows: i) to develop globally competitive ecotourism products, ii) to develop responsible ecotourism market, and iii) to optimize community benefits and enhance the quality of visitor experience from ecotourism.

The 2001–2004 Medium Term Philippine Development Plan (MTPDP) contained specific chapter on tourism and its contribution to the economy in order to achieve national objectives which is centered on poverty alleviation, employment generation and infrastructure strengthening. Moreover, the DOT together with the Philippine Convention & Visitors Corporation (PCVC) spearheaded the Grassroots Entrepreneurs for Ecotourism (GREET) program to encourage entrepreneurship and enhance livelihood opportunities in the country's ecotourism sites. Foreign tourists arrivals gain momentum from 2004 until the global financial crises in 2008 to 2010.

In 2009, the tourism industry was further revitalized by the passage of RA 9593 also known as The Tourism Act of 2009 which is a declaration of the Philippine government that tourism is an indispensable element of the national economy and an industry of national interest and importance, which must be harnessed as an engine of socio-economic growth and cultural affirmation to generate investment, foreign exchange and employment, and to continue to mold an enhanced sense of national pride for all Filipinos.

To date, the tourism sector is considered priority sector able to drive efforts to encourage inclusive socio-economic development, reduce poverty, promote gender equity and private sector participation, and safeguard natural and cultural heritage. This is attuned to the targets in the Millennium Development Goals of the Philippine Development Plan for 2011-2016. The government is paying particular attention to tourism so it can successfully pursue its agenda of inclusive growth given the multiplier effect on jobs and the amount of the money it brings into the country. It is aggressive in its tourism marketing campaign such as the "It's fun in the Philippines" which highlights the most important attractions in the country can offer. Aside from its beautiful beaches and perfect weather, its people, the joyful disposition and love of life makes every vacation in the Philippines an unforgettable experience. Its driving principle is growth in economy to redound to better lives for people. The goal is not merely to maintain growth but to cement the Philippine position as one of the vacation hotspots of the world. Achievement in tourism initiatives can be seen in the significant increase in arrivals since 2010.

3.1.5 *Analysis*

Indeed the Philippine tourism industry is slowly evolving towards sustainable development. The initiative of the private sector during the pre-martial law era of creating a formal organization provided the impetus for the national government to provide needed policies and structural support. The pre-martial law era, therefore, simply shows the transfer of responsibility from the private sector to the hands of the public sector. The initiatives of the government to help the tourism industry was, however, challenged by the political atmosphere of the country during the martial law era. This particular era, therefore, demonstrates the importance of political stability as a prerequisite come on for foreign tourists. Hence, after the political upheavals and restoration of peace and order during the post-martial law era, it was hoped that the tourism industry in the Philippines will recover and arrivals of tourists will increase. This was evidently coming true until economic instability disrupted modest gains. The post-martial law era, therefore, illustrates the significant roles of stable infrastructures and strong economy at the local, regional or global level in sustaining growth of the tourism industry. Finally, the twenty-first century era is characterized by a rapidly growing tourism industry with full

support of both private and public sectors and backed up by a very strong economy and stable political atmosphere. The tourism industry was able to diversify its services and opened up new windows of opportunity. The twenty-first century era, therefore, proved that the Philippine tourism industry has still plenty of room for growth such as focusing on mostly untapped resource (e.g., domestic tourists).

3.2 Typology of Tourism

The typology of tourism in the Philippines is illustrated in Figure 2 which summarizes the governing tourism institutions (represented by the blue oblongs), the identified tourism era and initiatives (depicted by the white rectangles), and the different tourist destinations in the country (as shown by the orange oblongs). The typology of tourism through time is listed in green boxes. It should be noted, however, the tourist attractions are not exhaustive. There are still numerous of other tourist spots in the country which will not fit in the figure anymore.

The development of tourism industry in the country started from conventional to sustainable tourism. During the pre-martial law era, the popular types of tourism were business, black tourism, religious and cultural festivals, leisure, nature, study, vacation, and meetings, incentives, conferences and events (MICE). The main goal of tourism activities then was for profit where they just happened without planning, tourist-oriented focus such as entertainment, controlled by outside parties, conservation and communities not given priority, and much revenue goes to outside operators and investors. In addition to the types of tourism during the Pre-Martial Law era, visiting families and sports-oriented tourism were popular during the Martial Law era.

Considering that natural resources for tourism are abundant in the Philippines, in addition to the types of tourism during the two preceeding eras, ecotourism became popular during the post Martial Law and the 21st Century eras. Hence, tourism became an even more important economic weapon. Undoubtedly, it held the promise of increased employment and income opportunities, particularly for Filipinos living in the coastal and rural areas. Yet, it is an industry built upon the most fragile of natural and cultural environments, where the most inconsequential and innocent of human gestures can easily wreak havoc on the resources of a particular tourism area. The country has thus begun to recognize the need to adopt new development approaches in order to come up with tourist products that are environmentally sensitive and economically viable (Alampay, 2005). Thus, thorough planning of tourism activities with three goals: profit, environment, and community – the triple bottom line was given attention from the crafting of the 1987 Constitution to the Tourism Act of 2009. The tourism activities are planned in advance with involvement of all stakeholders, locally oriented and at least partially controlled, focused on educational experiences, conservation of natural resources and appreciation for local culture were given priority, and more revenue stays with local community and marine protected areas. These are all explicated in the numerous Philippine initiatives which exactly spelled out sustainable tourism. Medical and social tourism were popular also during the 21st century.

Figure 2. Evolution of Tourism in the Philippines.

The sustainability of the tourism industry now lies to the tourism manpower which should be trained thoroughly in order to treat the tourists properly and professionally and let them experience the beauty of the attractions and encourage them to come back and share it to their family, friends and colleagues. Proper and strict implementation of the rules and regulations should also be done by the governing bodies from local to national levels. The initiatives on ecotourism are also crucial because the natural resources must be protected and conserved while the tourists are enjoying these attractions. Rules and regulations which are applicable to the specific area should also be crafted by local administrations after studying the costs and benefits of particular tourism programs and activities to ensure a sustainable tourism.

4 Conclusion and Recommendation

Foreign tourist arrivals in the Philippines is generally increasing. However, there are instances when decrease in arrivals took place due to many reasons such as the economic crises, and the peace and order situation of the country. Moreover, the tourism industry continues to be a major contributor to the growth of the Philippine economy. If developed in a sustainable manner, indeed Philippine tourism can be a powerful economic growth equity engine for the country. The existence of the NTDP 2011-2016 provides a roadmap for addressing the Philippine constraints to ensure the sustainable development of the tourism sector and is helpful to deliver sustained and widely spread socio-economic development and growth. Moreover, the policy initiatives of the government to ensure the success of tourism and ecotourism in the country which promotes protection of the environment and

preserving the indigenous cultural heritage, the most important assets of Philippine tourism, gives an optimistic view that the tourism industry will indeed propel economic growth in both national and local levels. It is therefore concluded that the Philippine tourism industry is sustainable depending on the proper implementation of policies and the initiatives the government, and the capability and positive attitude of all stakeholders of this industry. Thus, a sustained integrated development considering economic, political, institutional, social, legal and environmental aspects should be ensured towards the attainment of sustainable tourism in the Philippines.

It is recommended that domestic tourism movement in the country should also be studied as it is recognized that this type of tourists is now one of the key drivers of economic growth of the country.

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