

TOURISM At A Glance

SENATE ECONOMIC PLANNING OFFICE

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Tourism involves people moving for personal/business reasons. The COVID-19 pandemic has hit the sector hard, but recovery grows as restrictions ease and confidence returns.

GLOBAL TRENDS

In 2023, global tourism showed robust recovery. International tourist arrivals and tourism receipts are at 80% and 64% of the 2019 or pre-pandemic levels, respectively.

Tourism contributed **7.6%** to the world's Gross Domestic Product in 2022



1 in 11 employed is in the tourism industry



235 million tourists were registered in the first three months of 2023, more than double of the same period in 2022.

Source: UNWTO

Percentage of 2019 international tourists arrivals and receipts recovered in Q1 2023, per region



- The Middle East experienced the fastest recovery, outpacing its 2019 tourist arrivals by 15%.
- The Asia-Pacific region rebounded the slowest, restoring only 54% of pre-pandemic tourists and 28% of receipts. This is largely due to enduring border restrictions. UNWTO experts predict full recovery by 2025 in the region.

Source: UNWTO

PHILIPPINE TOURISM INDUSTRY

Tourism is a key contributor to Philippine growth. Prior to the pandemic, the tourism direct gross value added (TDGVA) amounted to PhP2.5 trillion, or 12.9% of GDP. This plummeted to 5.1% in 2020 but has since increased to 6.2% of the GDP in 2022. However, this is still about 45% below its share in the GDP in 2019.

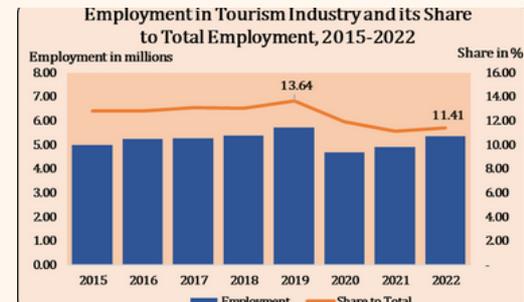
Top 15 Tourist Destinations in 2010-2022



Source: DOT

Tourism absorbed 5.7 million workers in 2019 or 13.64 % of total employment, but during the pandemic, more than 1 million jobs in the industry were lost.

Compared to its contribution in the GDP, the rebound in the tourism workforce was rapid, with 93.5% of pre-pandemic jobs already recovered.



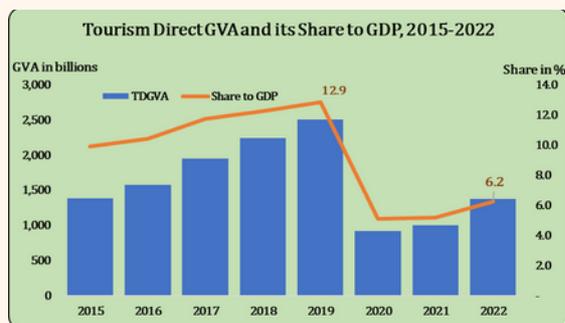
Source: PSA

Passenger transport created 1.9 million jobs, or 36.5% of tourism employment in 2022.

Distribution of Tourism Employment, by Industry, 2022



Source: PSA



Source: PSA

The United States of America remains as the country's top visitor market.

Top 10 Visitor Markets, 2022



Source: DOT

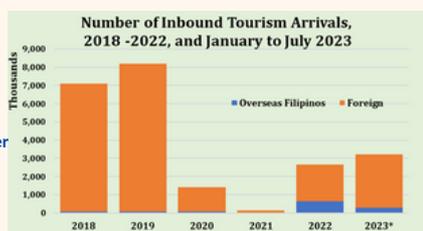


Inbound tourism

refers to non-resident visitor (foreign and Filipinos permanently residing abroad) in the country

Inbound tourists numbered 3.2 million in Jan-July 2023, surpassing the full year 2022 figure of 2.6 million. This is about 39.3% recovery rate of its pre-pandemic level.

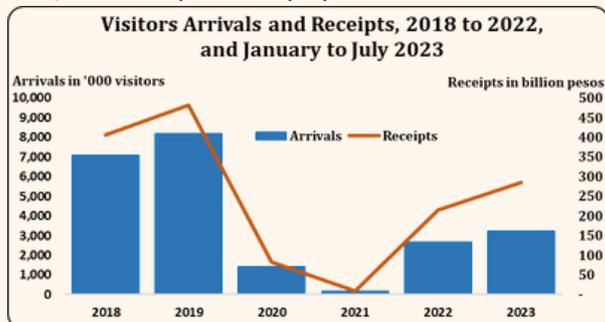
During the said period, the number of Filipinos living abroad who visited the Philippines surged to 279,668, almost four times compared to the pre-pandemic period.



Source: DOT

*January to July 2023

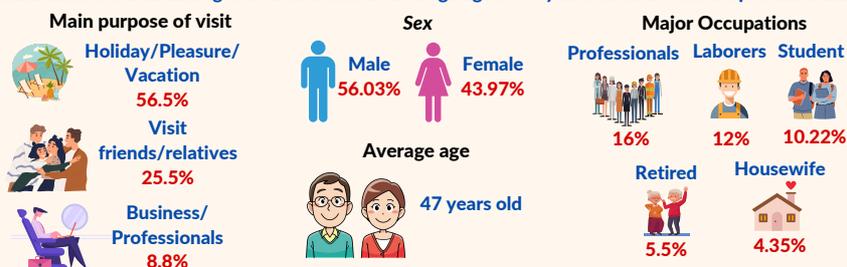
Tourism receipts have likewise rebounded exceeding the full-year 2022 level. However, this is still only 60% of the pre-pandemic level.



Source: DOT

Profile of Visitors, 2022

Vacation is the primary reason people travel to the Philippines at 56.5%. There is almost equal distribution of sexes among the visitors with an average age of 47 years old and most are professionals.



Source of basic data: DOT

Domestic tourism

refers to activities of a resident visitor within the country of reference

In 2021-2022, CALABARZON, Central Luzon, NCR, Bicol, and Western Visayas were the top destinations among domestic travelers.

Tourism Gross Fixed Capital Formation

Investments in tourism assets like cruise ships, hotels, and machinery increased to PhP363.9 billion in 2022 from PhP303.9 billion in 2021.

Outbound tourism

activities of a resident visitor outside the country of reference

Outbound tourism expenditure increased from PhP100.39 billion in 2021 to PhP189.29 billion in 2022.

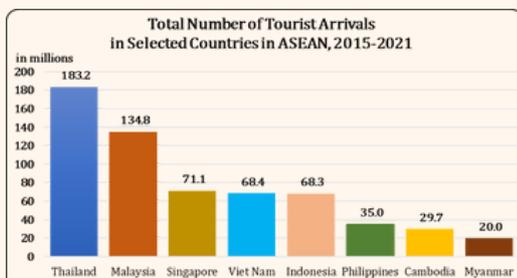
Tourism Collective Consumption

Government spending on tourism support rose to PhP78.6 billion in 2022 from PhP68.5 billion in 2021. However, this makes up only 2.4% of the total government spending on goods and services.

Sources: PSA and DOT

Issues and Challenges

The Philippines lags behind its regional peers in the ASEAN in terms of tourist arrivals. From 2015 to 2021, the country was able to attract a total of 35 million tourists which is only 19% of the visitors in Thailand, the top destination. The Philippines' performance is barely ahead of Cambodia and Myanmar.



Source: ADB

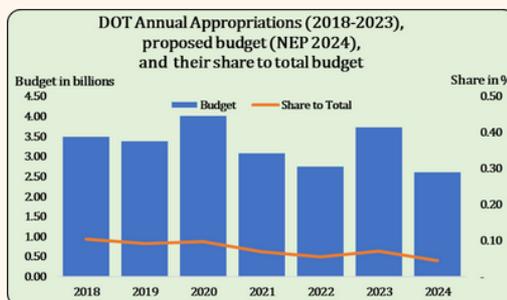
The low tourist count in the country has been attributed to several factors. These include the lack of infrastructure, the ease and cost of getting to the Philippines, image and branding issues, as well as weak implementation of tourism policies.

In the 2021 Travel and Tourism Development Index (TTDI), the Philippines ranked 75th out of 117 countries and 6th in the ASEAN in terms of tourism competitiveness. The country faltered notably in Infrastructure (75th), Sustainability (85th) and Enabling Environment (87th) which encompasses business, security, and ICT readiness.

Country	Overall Rank	Enabling Environment	Policy and Enabling Conditions	Infrastructure	T&T Demand Drivers	T&T Sustainability Index
Singapore	9	3	1	6	41	21
Indonesia	32	61	4	52	16	63
Thailand	36	65	63	28	17	64
Malaysia	38	51	18	38	22	80
Vietnam	52	55	50	58	24	76
Philippines	75	87	61	75	35	85
Cambodia	79	83	6	89	80	88
Lao PDR	93	93	45	101	99	77

Source: TTDI 2021

The DOT is one of the least funded government agencies. Despite this, the agency has been previously called out by the Commission on Audit (COA) for its low budget utilization.



Source: DBM

For 2024, the DOT is set to receive PhP2.6 billion or 0.07% of the proposed National Expenditure Program.

Policy and Program Considerations

Launched in March 2023, the National Development Plan 2023-2028 aims to enhance the Philippine tourism sector. It envisions a competitive, resilient, and sustainable industry by achieving the following Seven Goals:

Improve tourism infrastructure and accessibility

Improve digitalization and connectivity

Enhance overall tourist experience by supporting MSMEs and skills training and education

Tourism product development and promotion

Diversify portfolio through culture-oriented and sustainable products and expanding Tourism Economic Zones

Maximize domestic and international tourism by maximizing regional and foreign offices, and develop international markets

Strengthen tourism governance through close collaboration with national and local stakeholders

Source of basic data: DOT

Several bills have been filed in the 19th Congress to facilitate the full recovery and advancement of the tourism sector.

Close digital divide and facilitate digital infrastructure development
SBNs 1383, 1213, 864, 815, and 183
Better Internet Act (SBNs 1381, 701, 386, 329, and 282)

Mandate basic first aid training for tourism personnel
Senate Bill No. 1566

Philippine Film and Television Tourism Act
Senate Bill Nos. 36, 867, and 633

Create a VAT refund mechanism for non-resident tourists
Senate Bill Nos. 2023 and 2148

Provide more tourism officers in the Local Government Units
Senate Bill No. 340

Promoting Filipino fiestas to boost local tourism
Senate Bill No. 2289

Tourist Protection and Assistance Act
Senate Bill No. 33

National Parks Act
Senate Bill Nos. 1667, 1558, 1543, 1439, and 837

Establish Regional and Local Concerts and Arts Fairs
Senate Bill No. 2123

Exempt taxes and duties of Balikbayan boxes through the Expanded Balikbayan Program
Senate Bill No. 1842

Sustainable Coastal Tourism Act
Senate Bill No. 706

- Push for the passage of ecotourism zones and tourism councils
- Enhance tourism infrastructure development and connectivity
- Ensure the implementation of the National Tourism Development Plan 2023-2028

