TOURISM DEVELOPMENT AND POLITICS IN THE PHILIPPINES

Joan C. Henderson
Nanyang Technological University

The paper examines tourism in the Philippines, a South East Asian nation which has yet to reach its potential as an international destination. Conditions in the country are analysed and possible reasons for its relatively poor performance are discussed. Various barriers to development are identified, but political circumstances emerge as a key consideration whereby instability in assorted manifestations has impeded the operation of the industry, investment and policy making. While experiences of destination development are distinctive, the particular example offers insights into general processes and underlying dynamics.

Keywords: Destination Development; The Philippines; Political Instability.

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INTRODUCTION

The Philippines has a rich diversity of attractions, yet its performance as an international tourist destination remains disappointing and appears to be linked to the country’s history of political instability. Ongoing uncertainty and possible turbulence ahead associated with a change of government raise questions about future prospects. An examination of tourism, focusing on obstacles to overcome within the context of wider conditions, is thus timely and the subject of this paper. After an opening section which provides background information about the country and tourism there, critical determinants of the effective functioning and growth of countries as tourist destinations are identified. Such considerations are then discussed within the context of the Philippines with particular emphasis on questions of politics and their consequences. The analysis highlights distinctive qualities of the Philippines, but also
affords more general insights into facilitators of and impediments to destination development and especially those of a political character. A case study methodology was selected as suitable for the purpose and findings are based upon evaluation of material in the public domain.

THE PHILIPPINES AND ITS TOURISM

Forming an archipelago stretching 1,851 kilometres north to south and 1,107 kilometres east to west, the Philippines comprises over 7,100 islands and atolls which have a total land area of 300,000 square kilometres. Visited by Magellan in 1521, the islands were colonised by Spain which ruled for over three centuries before ceding the territory to the USA. A self-governing colony was established in 1934 and, after occupation by the Japanese during the Second World War, it became an independent republic in 1946 with a democratic system of government modelled on that of the USA. According to the last census, the population is 88.6 million and concentrated in about a dozen of the islands and especially those of the Luzon, Visayas and Mindanao groups. Manila is the capital and Metro Manila is home to over ten million people. Catholicism is the main religion, but there are communities of Muslims in the south and Buddhism is also practiced (EIU, 2008).

Ranked 90 out of 177 countries in the United Nations Human Development Index (UNDP, 2008), the Philippines is placed 37 in the list of 108 developing nations with regard to human poverty. Per capita income averaged US$5,137 in 2005, but there are great disparities in the distribution of wealth socially and geographically and Mindanao has the worst indicators. Nationally, an estimated 44% of the population live on less than US$2 a day, the proportion of families ranging from 47% in rural districts to nearly 20% in cities. The causes of poverty are ‘weak macroeconomic management, employment issues, high population growth rates, an underperforming agricultural sector and an unfinished land reform agenda, governance issues including corruption and a weak state, conflict and security issues particularly in Mindanao, and disability’ (ADB, 2005a, p. xvii). The list illuminates the country’s formidable difficulties (Human Development Network, 2009) which impinge on tourism directly and indirectly.

Deprivation at home helps to explain the number of nationals working abroad, calculated to be 7.5 million with an additional three million undocumented. The economy is reliant upon their remittances as well as manufacturing and agriculture, the latter absorbing almost one third of the workforce. There is a degree of economic diversity and recent
years have seen good GDP growth rates, but heavy debts and lack of investor confidence are serious weaknesses. Services are expected to make a greater contribution to the economy in the future and officials anticipate an enlarged role for tourism (EIU, 2007; Euromonitor, 2007).

International tourism has expanded rapidly throughout Asia Pacific in recent decades, often at a faster pace than in other regions of the world, although the global recession which commenced in 2008 has depressed demand and investment. However, the pattern in the Philippines was irregular prior to the current slowdown and does not conform to general trends. A record one million arrivals in 1980 was followed by a decline and numbers peaked at 2.2 million in 1997, falling after the Asian financial crisis of that year. Recovery was underway by the beginning of the new century and there were just over three million arrivals in 2007 when earnings reached US$4.8 billion (TTG Asia, 2008; UNWTO, 2007). There was an increase in visitors of 1.53% in 2008 (DOT, 2009a) and a goal has been set of five million tourists from overseas by 2010 when it is hoped that tourism employment will have doubled to six million and tourists will constitute 13.6% of GDP (NEDA, 2004) in contrast to 7% in 1998 (NSCB, 2008).

Asia supplies the highest proportion of visitors, led by South Korea and Japan which together with the USA accounted for almost half of the total in 2008. The importance of Philippine passport holders permanently residing abroad, excluding overseas workers, should not be overlooked (DOT, 2009a). About 45% of all tourists travel for holiday purposes, 26.5% to visit friends and relatives and 16.9% for business. There is an uneven spread and Metro Manila, Tagatay on the island of Luzon, Cebu Province and Boracay Island are the preferred destinations (Virola, 2006). It should be noted that domestic tourism is also growing (Euromonitor, 2008; NSO-DOT, 2005), although such trips are beyond the remit of this study.

Despite slightly more positive figures, the country’s share of international tourists is relatively low and compares unfavourably with several of its South East Asian neighbours. For example, Thailand and Malaysia attracted 14.5 million and 21 million visitors respectively in 2007 before the onset of the world financial and economic crises and the small city state of Singapore hosted 10.3 million (UNWTO, 2009). Philippine tourism additionally relies on a limited number of source markets and the statistics overall suggest barriers to inbound tourism and its development which are discussed hereafter.
THE DEVELOPMENT OF TOURIST DESTINATIONS

Tourist destinations can be conceived of spatially as occupying a spectrum which ranges from small settlements to international entities comprised of proximate states. The nature of destination development varies accordingly and is shaped by specific attributes of the site and wider location, but much analysis is conducted within the frame of the nation and a series of core influences is apparent.

Connectivity to generating markets in the rest of the world is vital and internal transport and communications networks should allow easy access to tourist centres (Prideaux, 2000; Brida et al., 2010). There should be an ample supply of appealing attractions, accommodation and other amenities of a suitable standard (Gunn, 2004). Tourists must have some knowledge of a country and be positively inclined towards it, indicating the importance of promotion (Buhalis, 2000), and the support of tour operators and travel agents in generating markets is required. There are further considerations such as incidence of natural disasters and outbreaks of disease and the ways these are managed (Wilks et al., 2005; Clarke et al., 2009). Collectively, these determinants act to encourage or depress inbound tourism and hence destination development (Henderson, 2006, 2008).

Underlying these forces are political conditions which represent a foundation and set the scene for the operation of the industry at destinations and the manner in which they develop. Stability, good government and effective official tourism policies can boost tourism and assist in securing a measure of sustainability while instability, poor governance and no or ineffective strategies can have the reverse effect. Political disturbance acts as a particular deterrent, its power to disrupt related to the intensity of insecurity (Hall and Oehlers, 2000; Poirier, 1997). These dynamics are now assessed in terms of the Philippines, beginning with the political environment and its implications for policy making.

POLITICS AND POLITICAL STABILITY

Political stability generally prevailed in the Philippines during the post-independence era until President Marcos, first elected in 1965 and approaching the end of his second term in office, declared martial law in 1972. The ensuing authoritarian regime was finally overthrown in 1986 by a widely backed coup and mass demonstrations, after which there was
a return to democracy. The political culture is, however, one of some turbulence with a propensity towards military interference. Influential political families are powerful actors and political parties are seen as ‘personal tools of self-seeking politicians’, unchecked by the ‘ineffective and inefficient judicial system’ (ADB, 2005b, p. x). Cronyism, endemic corruption and government dependence on the army are all features of Philippine politics which clearly affect governance and policy (EIU, 2006), not least in the arena of tourism. The current administration under Mrs Arroya is not exempt from the above criticisms and has been tainted by ‘controversy over the legitimacy of its victory in the May 2004 presidential election, as well as a number of other corruption allegations’ (EIU, 2006, p. 7), leading to impeachment calls (EIU, 2009).

Mrs Arroya has also confronted attempted military coups and a thwarted plot at the beginning of 2006 was reported to be the twelfth in 20 years (Euromonitor, 2007). Additional challenges come from rebel factions of Muslim separatists and the Communist New People’s Army, the latter less prominent due to internationally mediated peace talks. Both are based in the once predominantly Muslim southern island of Mindanao, now largely Christian because of inward migration from other islands. There is still a sizeable population of poor and alienated young Muslims and the area is seen as a breeding ground for terrorism. The more militant Moro Islamic Liberation Front (MILF) has surpassed the Moro National Liberation Front (MNLF) in notoriety and an estimated 120,000 have lost their lives in the conflict which continues despite peace negotiations. Abu Sayyaf in Jolo has emerged as a radical organisation, reputedly connected to Al-Qaeda, which the government has pledged to eradicate (BBC, 2009).

Terrorists have been guilty of brutal murders and bombings and the kidnapping of locals and foreigners, amongst them tourists. Motivations seem criminal as much as political in view of the avidity with which ransom payments are sought, but hostages have been killed. Three were beheaded and a further two died in the rescue operation after the abduction and holding in the jungle of 20 tourists from a luxury beach resort in 2001 (BBC, 2007). Agitation has been mainly confined to the south, but bombings in the capital in 2005 and a failed attack at a shopping mall in Cebu Province in 2006 raised anxieties about the spread of violence. These were intensified in 2007 when an explosion at a mall in central Manila left 11 dead and over 100 injured. Another that year outside the House of Representatives killed four, including a southern politician, and injured 20 (EIU, 2007).
Such incidents and the country’s troubled political history as a whole have engendered adverse publicity worldwide and informed perceptions of dubious safety. These are sometimes further reinforced by official travel advisories issued by overseas governments which warn of the dangers to their citizens. The British, for example, are told of the ‘high threat of terrorism throughout the Philippines’, but particularly in Mindanao and the Sulu archipelago which travellers are urged to avoid. Boats sailing to dive sites and resorts are highlighted as past and present targets alongside all modes of public transport, illustrated by reference to a ferry bombing by Abu Sayyaf which killed over 100 in 2004 (FCO, 2009). Warnings extend to the prevalence of organised and street crime and it has been asserted that the maintenance of law and order is undermined by the ‘apparent complicity of some police officials in criminal enterprises’ (EIU, 2006, p. 15).

Elections are due in 2010 on the termination of Mrs Arroya’s second presidential term. Incumbents are formally banned from seeking a third term, but there has been speculation that she will try to do so and concerns about the consequences, including the risk of disorder which often accompanies voting in the Philippines. Outcomes are uncertain at the time of writing, but the forthcoming election is seen as a test of stability and investor confidence.

GOVERNMENT TOURISM POLICIES

Official interest in tourism is long standing and various development initiatives have been launched since the 1970s (Choy, 1991; Richter, 1982, 1999; Nanthakumar et al, 2008). However, the exploitation of tourism for personal and political gain during the Marcos dictatorship proved to be a striking illustration of its political uses and abuses, resulting in grandiose and inappropriate projects. Some advances were made in integrated planning encompassing tourism after his downfall, but changes in government and the political stresses outlined above hampered achievements (Richter, 1999).

Nevertheless, tourism is recognised as an economic sector of significance which has excellent prospects. It is a core component of the Medium Term Philippine Development Plan (MTDP) 2004-2010, dedicated to fighting ‘poverty by building prosperity for the greatest number of the Filipino people’ (NEDA, 2004, p. 1), and presented in the document as a top priority because of its many social and economic advantages. Some analysts claim that tourism has already helped certain of the poorest rural areas to improve living standards (Euromonitor, 2008).
A national tourism strategy for expanding markets and tourist centres is proposed with an ambitious agenda to remove barriers.

The Department of Tourism (DOT) oversees the industry and is charged with promoting it as a ‘major socio-economic activity to generate foreign currency and employment and to spread the benefits of tourism to both the public and private sector’. A Tourism Planning, Product Development and Coordination Sector deals with the ‘formulation and updating of the Tourism Master Plan’ and a Tourism Promotions Sector handles domestic and international marketing (DOT, 2009b). The Philippine Tourism Authority was created in 1973 as the DOT’s ‘implementing arm’ with a mission ‘to develop identified priority areas; to operate, maintain and promote facilities in pioneering capacity; to provide technical and financial assistance to qualified tourism projects; and to generate revenues to fund national and corporate development undertakings’ (PTA, 2009).

While administrative machinery is in place and objectives set, there is no extant national tourism plan and mooted legislation about a policy framework has yet to be enacted. A Tourism Act was discussed, but not passed, at the 13th Congress of the House of Representatives which concluded its session in 2007. The House Committee on Tourism is pressing for the new law to ‘ensure long-term directions, generate more investments and employment and situate the tourism industry as a primary engine for economic growth and national development’ (Committee News, 2007). The issue remains outstanding and must compete with other urgent questions for parliamentary attention and resources.

However, reforms are being introduced to facilitate foreign investment through a selection of fiscal incentives and 100% foreign equity is acceptable in many cases. The DOT professed to have sanctioned PhP938 million (US$23.2 million) worth of expenditure on land transport and hotels in 2004, an amount it said was likely to double if unendorsed spending was included (DOT, 2005). Figures for January to November 2007 disclose 17 endorsed projects, mainly in the form of accommodation in the National Capital Region (NCR), with a total cost of PhP21.3 million (US$530,000). Looking to the future, officials identify the most promising investment opportunities as those pertaining to accommodation of all types, transport, historical and cultural heritage, ecotourism and agri-tourism and healthcare and wellness projects (DOT, 2009c).
At the same time, there is a gap between aspirations and reality in tourism administration and doubts have been voiced about the commitment and competence of government nationally and locally. Its ability to successfully devise and execute policies and attain more sustainable growth is debatable (Rodolfo, 2003), a reflection of doubts about the standard of governance as a whole. The Asia Development Bank comments that a ‘failure in implementation has been attributed to many factors including the lack of political will, heavy partisan politics, inadequate financial resources and graft and corruption’ (ADB, 2005b, p. vii). There is also ‘excessive red tape’ and these drawbacks mean that government as an institution has ‘generally been unable to adequately deliver’ (ADB, 2005b, p. XI).

The condition of Boracay Island, hailed as one of the country’s prime attractions, demonstrates some of the weaknesses in formal intervention and planning. Originally subject to centralised control, there have been attempts at devolution which aim to gives local politicians and people a greater say. Both approaches have not prevented adverse impacts (AFP, 2007), precipitating calls for better management (Carter, 2004; Trousdale, 1999). Reservations about the handling of the consequences of tourism have a wider application, particularly at sensitive sites on the coast and inland where there has been environmental degradation and destruction. Although there is a degree of protection and the tourism industry is not solely responsible, resource use conflicts mean that 98% of Philippine coral reefs are categorised as under medium or high threat (Majanen, 2007). In another example, the 2,000 year old Rice Terraces of the Philippine Cordilleras are a cultural World Heritage Site which was put on the list of World Heritage in Danger in 2001 due to fears about their deteriorating state and stewardship (UNESCO, 2009).

INTERNATIONAL ACCESSIBILITY, DOMESTIC TRANSPORT AND ACCOMMODATION

Most tourists enter by air and the Philippines has 85 airports, eight of which are international (EIU, 2009). Manila is the prime gateway and used by about 30 airlines. Mactan airport in Cebu has scheduled flights from Australia, Japan and Singapore and receives charters from Hong Kong, the USA and elsewhere. Services connect Davao with Indonesia and Singapore, Laoag with Macau and Taiwan and charters from various points fly into Diosdado and Subic (DOT, 2009d). The national airline of PAL flies to 31 international and 30 domestic destinations, but went into official receivership in 1998 when its fleet and route networks were
drastically cut. It was released from receivership in 2007 and now concentrates on the Asia Pacific region with some flights to the Middle East and North American west coast (PAL, 2009). Another six airlines mainly adhere to the budget carrier model and ply domestic routes, although Cebu Pacific Air serves 15 Asian cities and is seeking to add more to its timetable (Cebu Pacific, 2009).

The government is investing heavily in airport infrastructure in response to optimistic traffic forecasts (Euromonitor, 2006), but the absence of direct international flights into airports at popular destinations is a hindrance to visitors (TTG Asia, 2008). Those from North America and Europe especially may be faced with long and comparatively difficult journeys (Mintel, 2004; Rastegar, 2010). The decision by United States authorities in early 2008 to scrutinise Philippines air operations more closely because of an alleged failure to comply with International Civil Aviation Organisation specifications is a further complication. It prevents any increase in flights between the two countries and has aggravated existing worries about passenger safety (The Straits Times, 2008).

With regard to internal communications, the geography of the Philippines imposes major constraints and transport systems are described as ‘inadequate, having suffered from decades of underinvestment’ (EIU, 2008, p. 12). A Subic-Clark Expressway was completed in 2008 and extensions are planned, yet much of the road network is not all weather (Ejes, 2002) and rail services nationwide are limited. There is a great deal of sea traffic, but the ‘inter-island fleet is old, safety regulations are poor and maritime navigational aids, in particular lighthouses, are inadequate’ (EIU, 2008, p. 13). Air is a possible alternative and the budget carrier industry is burgeoning after steps towards liberalisation which have helped to offset the reduction in PAL internal flights. Domestic regulation and safety are, however, issues of concern.

There is no comprehensive audit of accommodation supply and some statistical inconsistencies, but an official survey concludes that there are 95,812 hotel and restaurant establishments in the country; of these, 4,021 are hotels, camping sites and other providers of short stay accommodation. Hotels and restaurants with 20 or more staff total 3,614, 1,867 of which are found in the NCR (ASPBI, 2007). Currently, there is a concentration of luxury hotels in the capital and de-luxe and first class properties accounted for over 68% of Metro Manila’s rooms in 2008 (DOT, 2009a). Elsewhere, including locations with potential, there are shortages in all hotel grades (EIU, 2008). Accommodation of the correct amount and type is agreed to be essential to the growth of Philippine tourism (TTG Asia, 2009).
and there are estimates that the Philippines needs an extra 17,700 hotel rooms and many more serviced apartments by 2010 if it is to meet projected demand (Euromonitor, 2006, 2007).

**ATTRACTIONS, PROMOTION AND OTHER CONSIDERATIONS**

The Philippines has a rich and diverse array of tourist attractions derived from its natural and cultural heritage, yet not all are fully recognised or exploited. Official promotion showcases the coast and long sandy beaches on both South China Sea and Pacific shores, the four-kilometre White Beach on Boracay Island portrayed as one of the best in the world (DOT, 2009e). In addition to relaxing coastal vacations, usually at self-contained integrated resorts, opportunities are advertised for reef, scuba and wreck diving as well as snorkelling, surfing, sailing and swimming with whales. Terrestrial ecosystems, flora and fauna and mountainous landscapes support non-marine ecotourism and adventure tourism of various sorts. The Puerto-Princesa Subterranean River National Park and Tubbhata Reef Marine Park are natural World Heritage Sites (UNESCO, 2009) and touted as prime assets. Festivals and fiestas, tribal communities, churches and Intramuros (sixteenth century walled towns) are all marketed as socio-cultural sights. The Spanish built baroque churches, historic town of Vigan and aforementioned rice terraces are cultural World Heritage Sites and the Ifugao chanted epic has been designated a masterpiece of oral heritage. The UNESCO appellation is employed as a promotional tool, but its retention is not guaranteed as suggested earlier and those responsible have sometimes struggled to meet the obligations attendant on the award (UNESCO, 2009).

The country is also sold as a place for weddings and honeymoons and special packages are available. Several golf courses designed by famous champions have been constructed and other sports offered are caving, climbing and trekking. Food and shopping are supplementary features judged of interest (DOT, 2009e) as is the chance for Asian visitors to learn English, capitalising on the fact that the language is widely spoken in the Philippines and the medium of instruction. Alongside leisure tourism, authorities are trying to stimulate Meetings, Incentives, Conferences and Exhibition (MICE) business and the hosting of events (Euromonitor, 2006). Health and wellness is another area for attention with hospitals, tour operators and the government cooperating in initiatives (Euromonitor, 2008).

Westerners have been exposed to the ‘WOW Philippines’ flagship campaign (Euromonitor, 2008), but the focus of marketing has shifted
from Europe and North America to East Asia. A new tourist office opened in 2004 in China and South Korea, Japan and Taiwan are other key short haul markets (Inquirer.net, 2007). However, there has been criticism of inadequate funding for overseas promotion (Mintel, 2004), compounded by the comparatively weak currency, and budgets are smaller than those of many competitor National Tourism Organisations.

A final aspect to consider is natural disasters and the Philippines has an average of 20 tropical storms each year during the typhoon season from July to November. Ensuining flooding and landslides, accompanied by human casualties, are not uncommon. There are 24 active volcanoes and a danger of earthquakes, the last major one being in 1990 when over 1100 perished. Government disaster planning and recovery efforts vary and there is evidence of advances (Luna, 2001), but resource constraints have adverse implications for levels of preparedness and mitigation and corresponding repercussions for tourism. Successful response and recovery strategies, helping to inspire and restore confidence amongst tourists and other interested parties, require expertise and funding which may be scarce in developing countries such as the Philippines

CONCLUSIONS

Shortcomings in transport, accommodation, attractions, marketing and other areas would thus seem to disadvantage the Philippines at large as a destination for international visitors. However, it can be argued that political circumstances are crucial in their effects and instability has discouraged inbound tourists concerned about safety. It has also deterred investors worried about financial risks and industry practitioners based overseas as well as posing difficulties for operators within the country and marketers who have to combat negative destination images. Vital tasks of infrastructure upgrading, capacity enlargement and enhanced promotion are partly reliant on government action which is not always forthcoming. Even if some steps are taken, persistent political uncertainties act to inhibit the nature and pace of development.

The future of politics in the Philippines and international tourism there are matters for speculation and it is to be hoped that both see improvement, allowing the country to make the best use of its undoubted tourism assets and secure development which is sustainable. Such progress will be a long term process and the Philippines merits study in order to monitor political changes and the consequences for tourism. Analysis of the situation illuminates problems for international tourism
arising from national political cultures and practices and knowledge thereby gained could help and enhance industry responses. The case confirms that tourism cannot be fully understood in isolation from broader conditions at a destination, not least the political environment which can profoundly affect destination development.

REFERENCES


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**Joan C. Henderson** (ahenderson@ntu.edu.sg) is an Associate Professor at Nanyang Business School, Nanyang Technological University, Nanyang Avenue, Singapore 639798.