



PHILIPPINES-CHINA RELATIONS

SITUATION AND IMPLICATIONS TO TOURISM

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PHILIPPINES-CHINA TOURISM COOPERATION

- There are 6 bilateral tourism cooperation agreements between PRC & PH covering:
 1. Public information sharing
 2. Marketing and promotion activities
 3. Investments in tourism infrastructure e.g., access and connectivity



CHINA

OUTBOUND TOURISM

- China was named as the largest outbound market in the world since 2012
- In 2013, about 98.19 million Chinese traveled abroad (18% increase from 2012), with total tourism expenditure of US\$ 128.7 billion (26.8% increase)
- In 2014, 107 million Chinese traveled abroad, with total expenditure up by 28.05% with US\$ 164.8 billion*

CHINA

OUTBOUND TOURISM

- Hong Kong, Macau and Taiwan accounted for 70% of Chinese outbound travelers in 2014
- 89% of Chinese outbound travellers stayed in destinations within Asia
- Korea, Japan, Thailand, Viet Nam and Singapore in that order were the most popular destinations after Hong Kong and Macau

CHINA

OUTBOUND TOURISM TRENDS

- The mass of Chinese travel will remain Asia-based but at a reduced rate
- Experienced travellers will take advantage of more direct flight routes to a greater spread of destinations
- Greater FIT versus GIT travel

CHINA

OUTBOUND TOURISM TRENDS

- Strong growth in direct internet outbound travel bookings and online payments
- Big increase in time-rich outbound travelers
- Diversification and fragmentation of the outbound market



ASEAN-CHINA

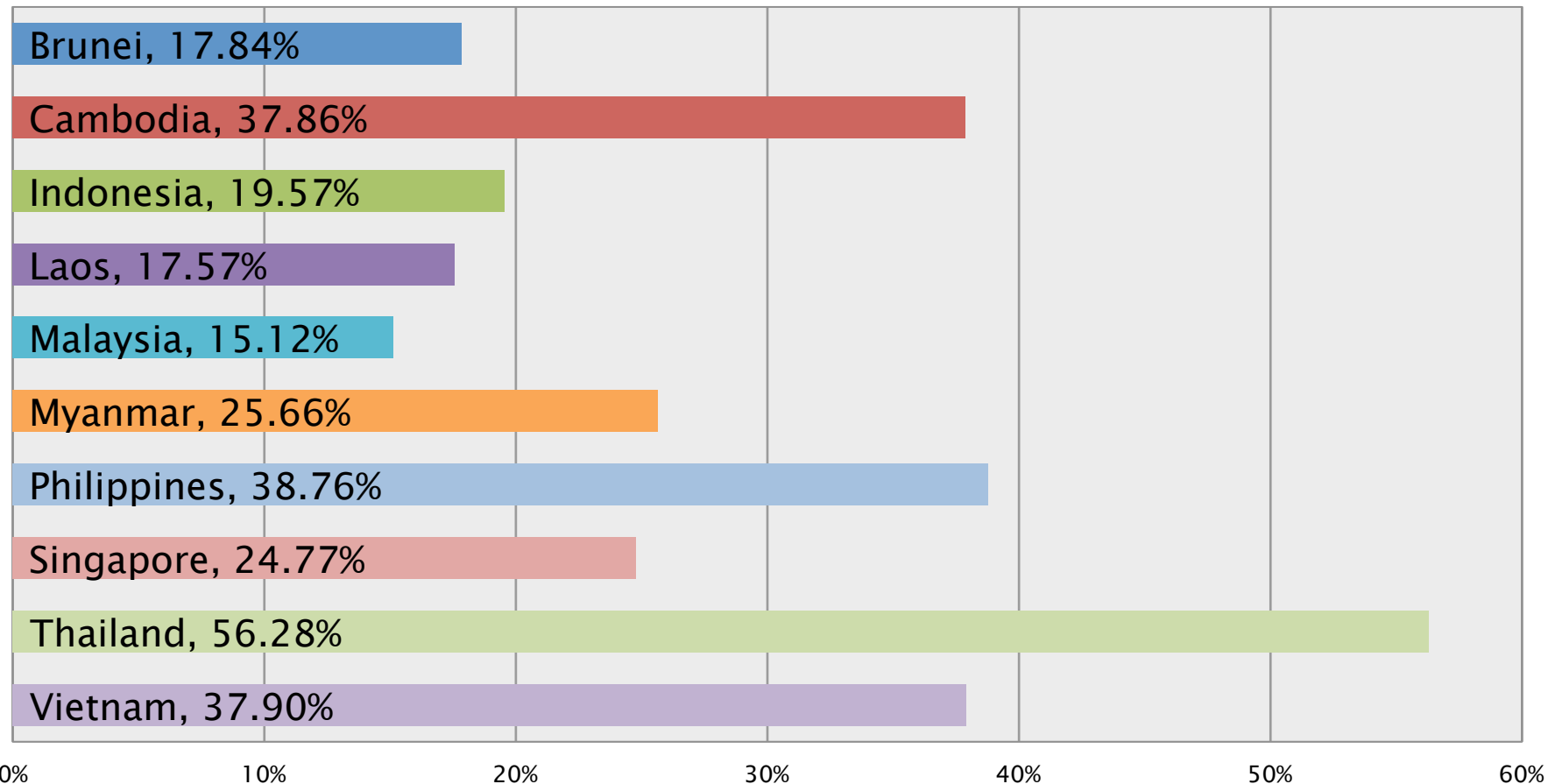
CHINESE ARRIVALS TO ASEAN

- The Chinese market is estimated to have contributed about 12.75% of the total tourist arrivals in Southeast Asia in 2013 with a total visitor count of 12.7 million Chinese tourists
- Between 2009 and 2013, the Chinese arrivals to ASEAN grew by an average of 20.04%

ASEAN-CHINA

CHINESE ARRIVALS TO ASEAN, 2009-2013

Growth of Chinese Tourism Arrivals to ASEAN by Country, 2009-2013



- Thailand's Chinese market has grown the most between 2009 and 2013, followed by the Philippines with an annual average growth of 38.36%

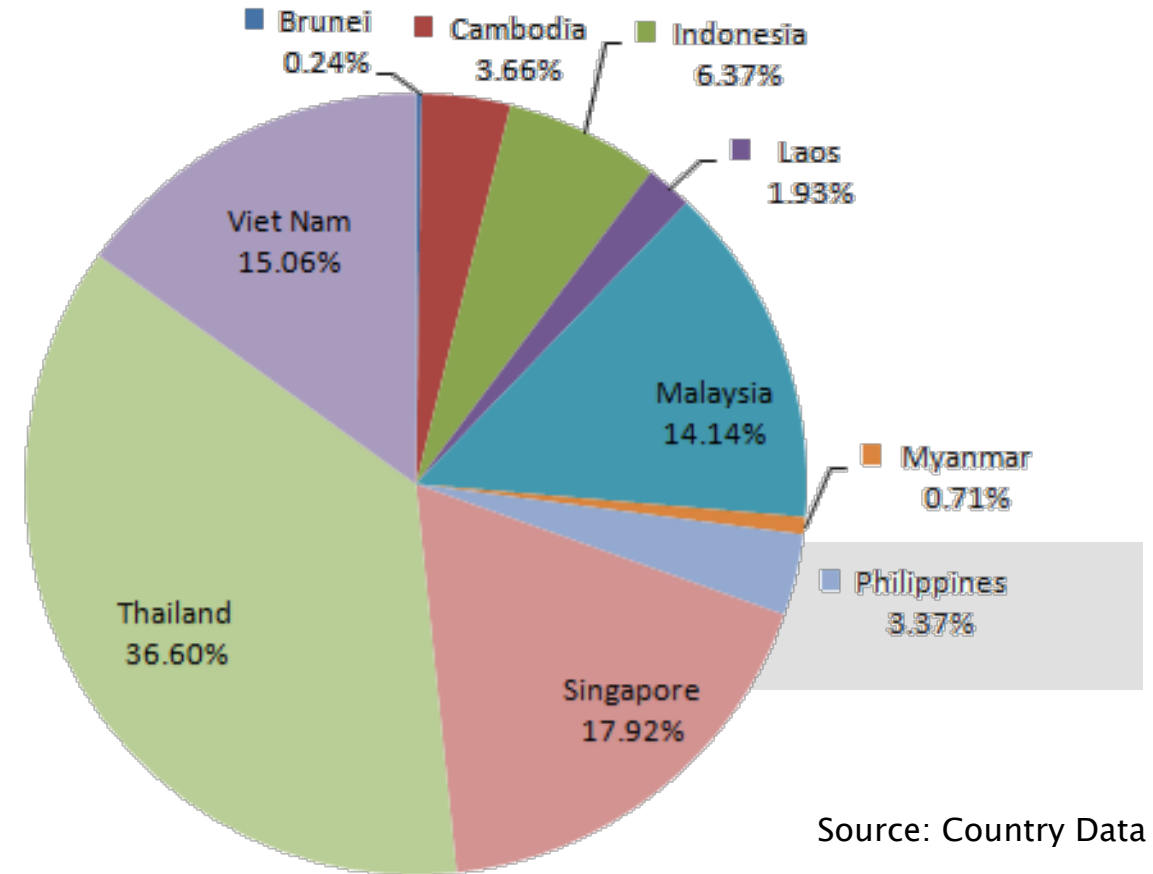
Source: Country Data

ASEAN-CHINA

CHINESE ARRIVALS TO ASEAN, 2009-2013

- However, the Philippines's share of the ASEAN's Chinese market remains meager compared to Thailand, Singapore, Vietnam, and Malaysia, sharing only 3.37% of total Chinese arrivals in 2013

% Share of Chinese Tourist Arrivals to ASEAN, 2013

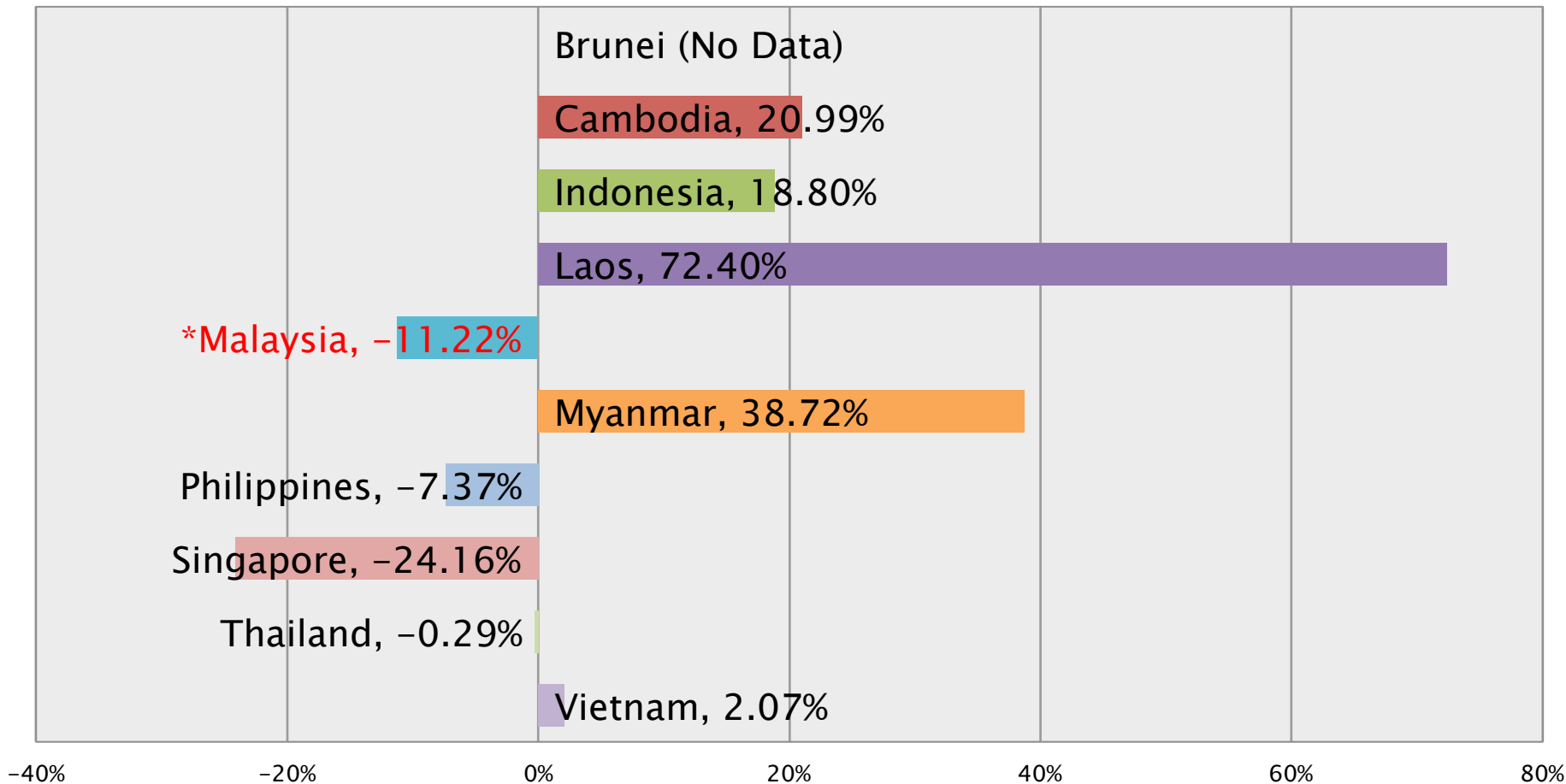


Source: Country Data

ASEAN-CHINA

CHINESE ARRIVALS TO ASEAN, 2009-2013

Growth of Chinese Tourism Arrivals to ASEAN by Country, 2013-2014



- Arrival data for 2014 indicate a decline in the number of Chinese traveling to Singapore, Malaysia, the Philippines, and Thailand

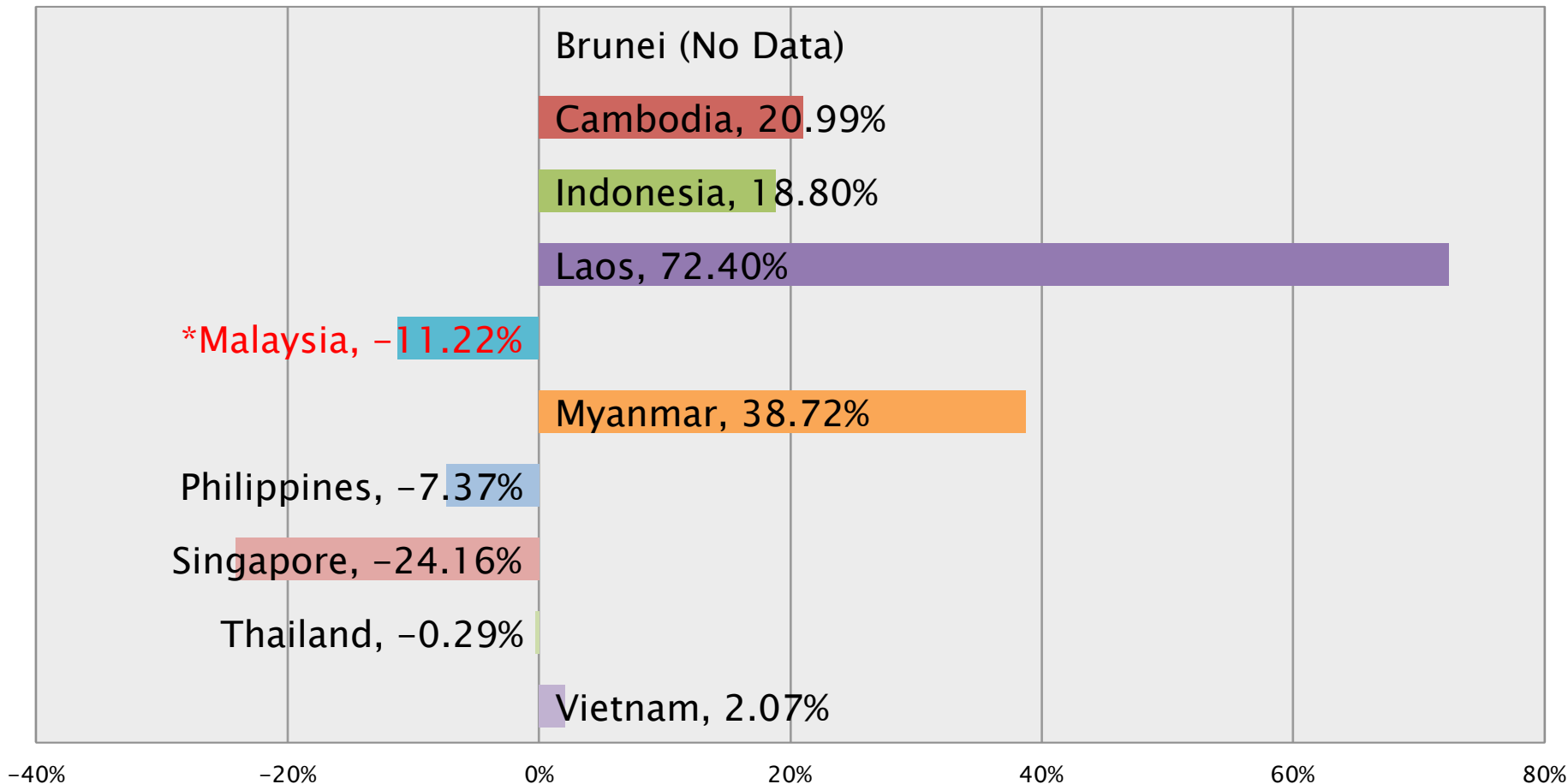
Source: Country Data

*based on first 10 months only

ASEAN-CHINA

CHINESE ARRIVALS TO ASEAN, 2009-2013

Growth of Chinese Tourism Arrivals to ASEAN by Country, 2013-2014



- The downtrend is attributed to a number of factors: tightened regulations on outbound travel (Singapore); safety and security issues (Malaysia and Thailand), and political issues (Philippines)

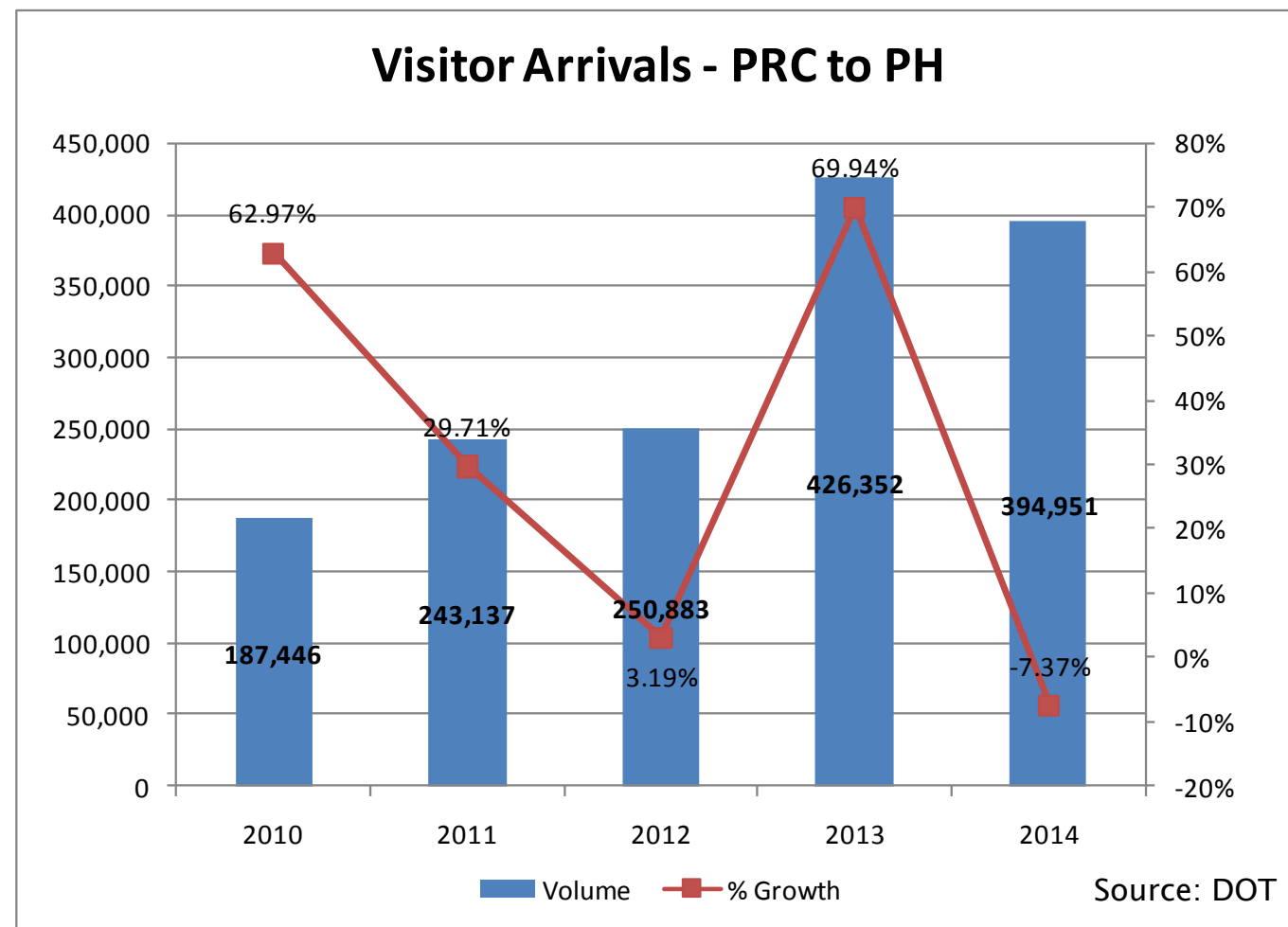
Source: Country Data

*based on first 10 months only

PHILIPPINES-CHINA

CHINESE ARRIVALS TO PH, 2009-2014

- 2014 arrivals from China posted a decline of 7.37% from 426,352 in 2013 to 394,951 arrivals
- In spite of this, PRC remains as the 4th biggest contributor in terms of arrivals and 6th biggest contributor in terms of tourism expenditure
- China's market share declined marginally to 8.17% of total foreign arrivals to the Philippines from peaking at 9.11% in 2013



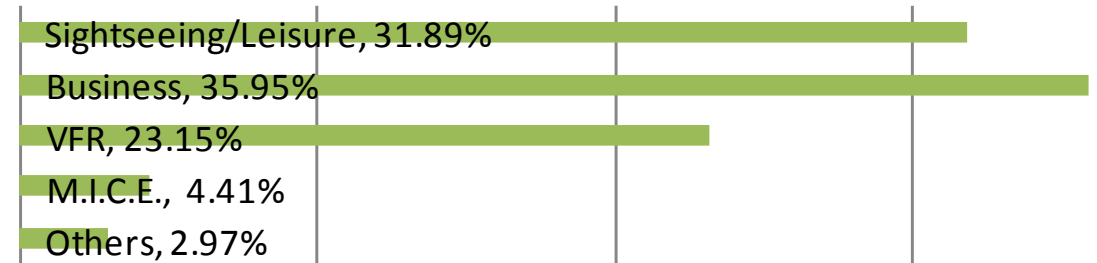
Note: Increase in arrivals in 2013 was due to the mounting of new regular and chartered air services in 2nd half of 2013

PHILIPPINES-CHINA

CHINESE MARKET IN PH

- Based on the latest visitor exit survey conducted by the Department of Tourism (2013), the common purpose of travel of Chinese visitors to the Philippines are:

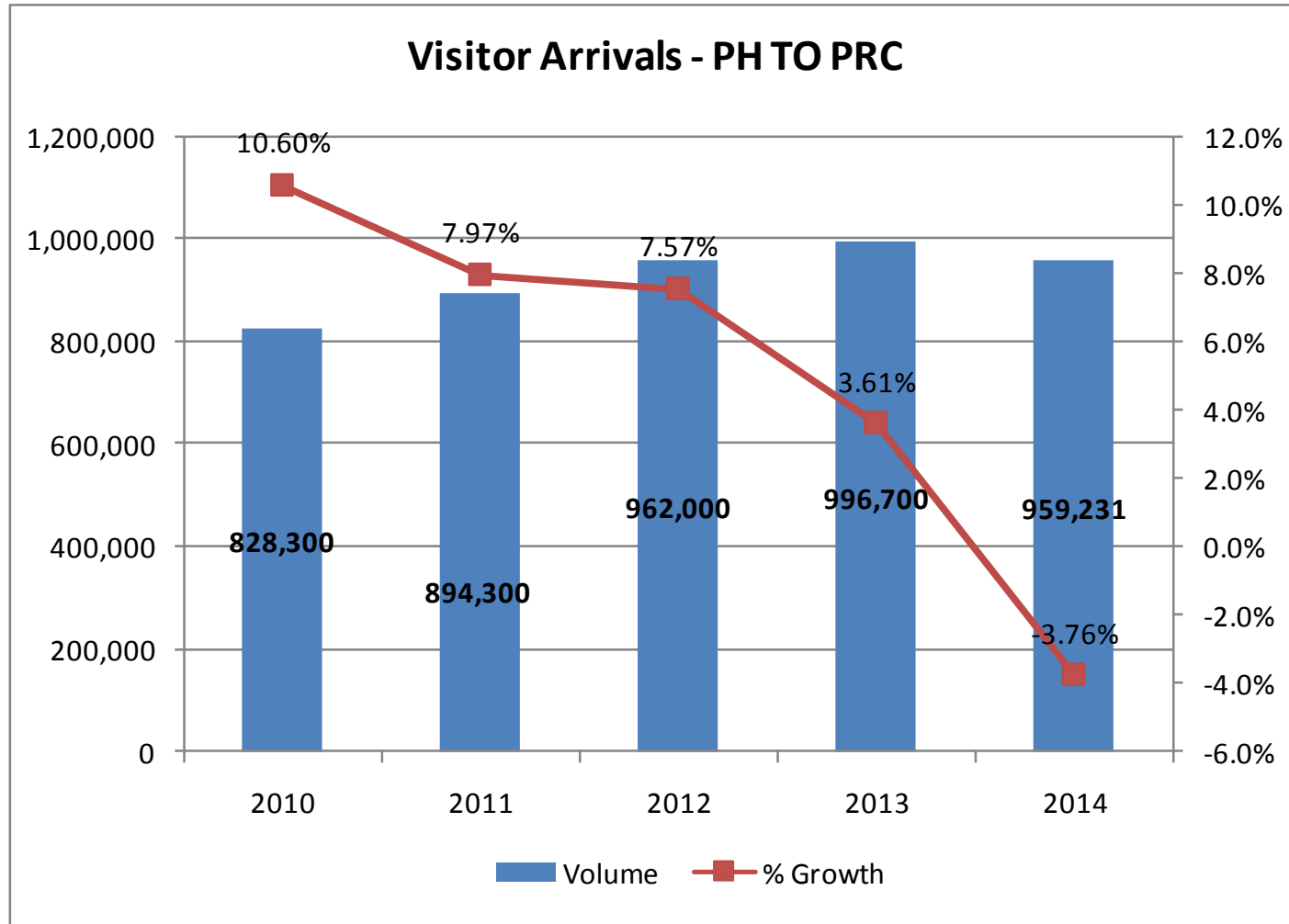
■ Purpose of Travel



- In 2013, the Chinese' average daily expenditure was **USD 64.79**, which is well below the average daily expenditure rate for all visitor markets which was 101.12 USD. This indicates that the Chinese market that visits the Philippines is a **low-yield market**.

PHILIPPINES-CHINA

PH ARRIVALS TO CHINA, 2009-2014



- The Filipino traveling market contributes, on average, 3.48% of total foreign visitors of China annually, placing 9th of the top visitor markets of PRC in 2014
- Rate of growth has been decreasing since 2010, from 10.6% and down to -3.76% in 2014

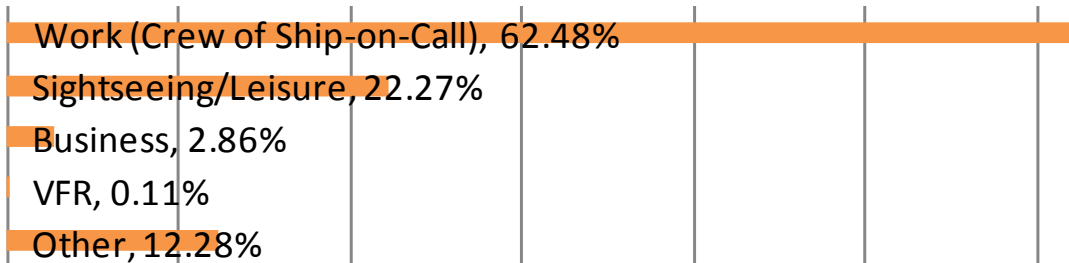
Source: CNTA

PHILIPPINES-CHINA

PH MARKET IN CHINA

- Based on the latest data from the China National Tourism Administration in 2013, the majority of Filipino visitors go to China for purposes of:

■ Purpose of Travel



- In terms of expenditure, it is estimated that a Filipino tourist typically spends 378.5 USD for his/her travel needs for a 4-day 3-night stay or an estimated spend of around 94.63 USD per Filipino tourist per day*

*As no data specifically describing the expenditure pattern of the Philippine market in China is available, an imputation methodology was used to estimate this using the average price of a full board 4D3N tour package going to Beijing/Shanghai in 2014 which is the typical travel duration going to China

PHILIPPINES–CHINA

ISSUES AND CONCERNS

- Whilst the relationship between the Philippines and China as far as tourism is concerned has been strong, it has also been demonstrably volatile in the past three years
- As illustrated, significant drops in Chinese arrivals were felt in 2012 and more recently in 2014, after the Chinese government issued travel warnings advising its citizens to dismiss plans to travel to the Philippines due to safety concerns

PHILIPPINES–CHINA

ISSUES AND CONCERNS

- While Chinese arrivals recovered significantly in 2013 through to the first quarter of 2014 following the lifting of the travel warning, the Chinese market has dropped again in 2014
- As noted, the travel warning announced in September cut back Chinese arrivals by an average of 30% in the last quarter of 2014, hitting rock bottom in October when it registered a 50% decline compared to 2013 arrivals

PHILIPPINES-CHINA ISSUES AND CONCERNS



1. TOURIST SAFETY & SECURITY

- 12 September 2014 the Chinese government issued a travel advisory warning its constituents not to visit the Philippines, immediately following a kidnapping incident of a Chinese teenager in Zamboanga-Sibugay and rumors of an alleged bomb plot against the Chinese embassy
- The travel warning cited the “worsened security situation in the Philippines” as its primary ground for issuing the advisory, after reports of 12 kidnapping incidents led to the death of around 13 Chinese nationals between January and September of 2014

PHILIPPINES-CHINA ISSUES AND CONCERNS

1. TOURIST SAFETY & SECURITY

- The 2014 advisory resulted in the cancellation of at least 149 flights* and about 20,000 room reservations**, potential revenue losses for which are estimated at Php 284 million and Php 165 million, respectively

*Represents cancellation of Cebu Pacific Air and Tiger Airways flights only

**Accounts for Boracay hotel/resort room cancellations alone

Source: BBC News Asia

22 October 2014 Last updated at 00:33 [Share](#)



Philippines feels force of China travel warning
Aurora Almendral
Manila, Philippines



China slaps new travel advisory on the Philippines while South Koreans get jittery over destination's security
Rosa Ocampo, Manila, September 16, 2014



Philippines tourism affected by China's travel advisory

PHILIPPINES–CHINA ISSUES AND CONCERNS

2. WEST PHILIPPINE SEA ROW

- Philippines–China relations have lately been dominated by the territorial disputes in the West Philippine Sea, which has escalated since the naval standoff over the Scarborough Shoal in April 2012
- Political tensions over the shoal (probably informed by the earlier experience in Viet Nam) prompted the Chinese government to issue a travel warning against the Philippines



PHILIPPINES-CHINA ISSUES AND CONCERNS

2. WEST PHILIPPINE SEA ROW

- Experts speculate that the travel advisory imposed in September 2014 was issued amid high tensions between Beijing and Manila over territorial disputes in the West Philippine Sea to put subtle pressure on the Philippine government
- In March 2014, the Philippines submitted a 4,000-page memorial or written argument to the United Nations arbitral tribunal hearing its case against China for the latter's excessive territorial claims.



PHILIPPINES-CHINA ISSUES AND CONCERNS

3. VISA FACILITATION

- Visa constraints, difficult entry processes and backward policies in cross-border connectivity are leading issues that limit the growth of tourism between the Philippines and China.
- Although the Philippines provides 21-day visa free privilege to 150 countries (China is currently excluded)
- Meanwhile, China continues to require visas from Filipinos



PHILIPPINES-CHINA STRENGTHENING PARTNERSHIPS

- The goal is to prevent longstanding disputes from affecting existing and potential cooperative endeavors in light of growing economic interdependence and affinity in various aspects including tourism



PHILIPPINES-CHINA STRENGTHENING PARTNERSHIPS

- As a starting point, however, it is essential that the Philippines prioritize addressing key internal issues under its control, particularly ensuring tourist safety and security to provide a framework for China and other nations to regain confidence in the country as a destination for their residents

