



IN SEARCH OF A CHINA STRATEGY:
UNPACKING THE BILATERAL AND REGIONAL DYNAMICS OF PHILIPPINE-CHINA RELATIONS

TOURISM PROSPECTS & CHALLENGES

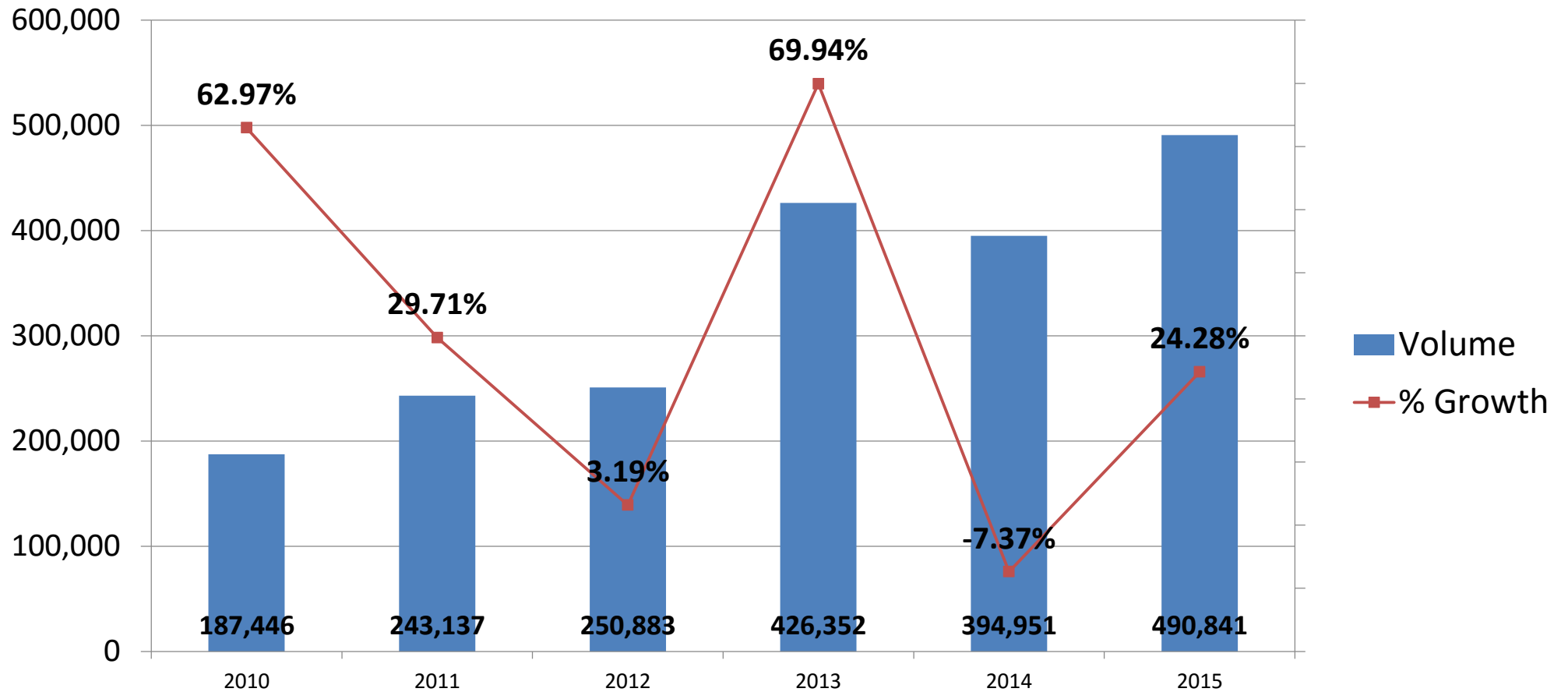
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VISITOR ARRIVALS PRC TO PH 2010-2015



HIGHLY VOLATILE MARKET

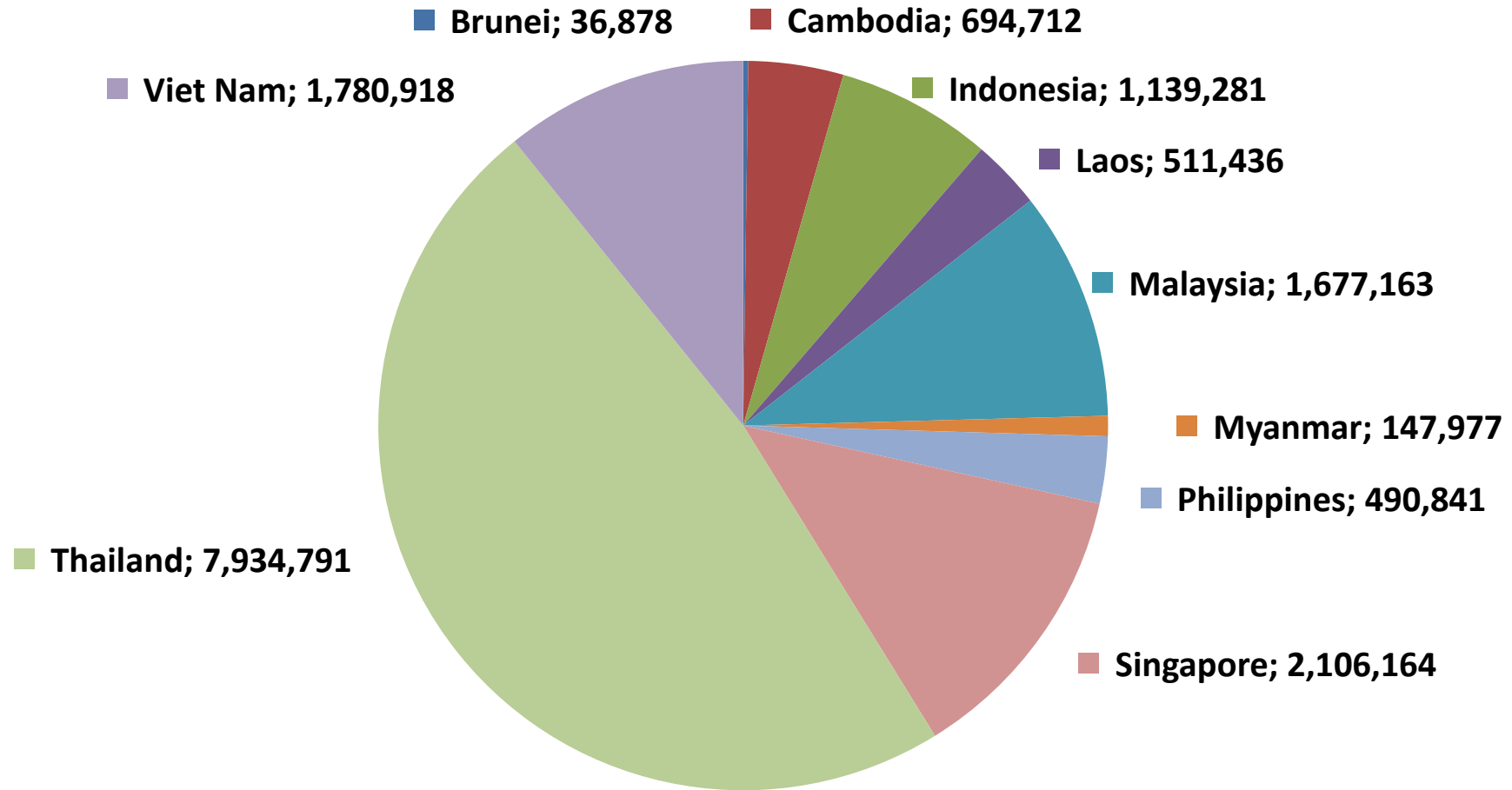
INTERNATIONAL VISITOR ARRIVALS TO PH 2015

TOP FOREIGN MARKETS TO THE PHILIPPINES	ARRIVALS	% SHARE	% GROWTH ON 2014
South Korea	1,339,678	24.99%	13.97%
USA	779,217	14.54%	7.81%
Japan	495,662	9.25%	6.88%
China	490,841	9.16%	24.28%
Australia	241,187	4.50%	7.30%
Singapore	181,176	3.38%	1.16%
Taiwan	177,670	3.31%	24.47%
Canada	156,363	2.92%	8.66%
Malaysia	155,814	2.91%	11.90%
UK	154,589	2.88%	15.65%
HK	122,180	2.28%	7.08%

REASONS FOR GROWTH OF THE CHINESE MARKET

- Regular and chartered air services from several points in China to Philippine destinations such as Clark, Kalibo, Cebu and Legaspi (January-February)
- Visa on arrival for group tours
- Chinese tourists have become tech-savvy and book their trips directly online
- Gaming tourism

CHINESE TOURIST ARRIVALS TO ASEAN 2015



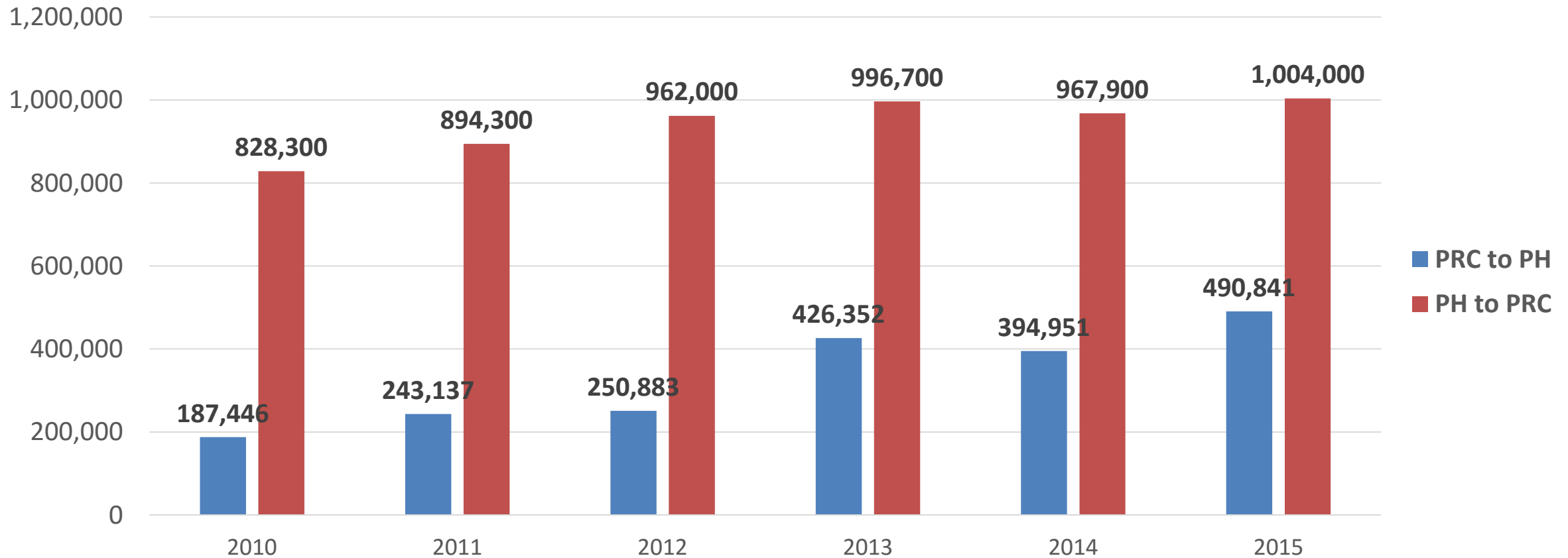
THE PHILIPPINES IS A SMALL PLAYER IN THE CHINA MARKET (3% IN ASEAN)

OVERVIEW OF THE CHINESE VISITOR TO THE PHILIPPINES

ATTRIBUTES	ALL MARKETS	CHINA
Average Length of Stay (nights)	9.89	5.50
Average Daily Expenditure (USD)	104.44	84.07
Accommodation	38.78	5.37
Food and Beverage	28.04	14.37
Guided Tour	1.68	10.74
Entertainment and Recreation	15.48	24.15
Local Transport	4.93	0.41
Shopping	17.29	28.99
Other	1.24	0.04

LOWER YIELDING MARKET SPENDING 20% BELOW AVERAGE

VISITOR MOVEMENT BETWEEN PH AND PRC 2010-2015



SIGNIFICANT IMBALANCE IN TOURISM FLOWS

FILIPINO VISITORS' AVERAGE EXPENDITURE IN CHINA

- USD430.00 – 630.00 for a return ticket
 - USD94.63 based on a 4-day/3night land package* excluding:
 - shopping
 - eating out
 - entertainment
- 60% OF TOTAL PER CAPITA EXPENDITURE

*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 which is the typical travel duration going to China

IMPACT OF ARBITRAL TRIBUNAL'S RULING ON INBOUND TOURISM FROM CHINA

- Chinese government has not issued a negative travel advisory
- Charter flights have not been disrupted BUT industry sources have reported cancellations of group bookings in Boracay, Cebu and Bohol
- Interviews with tour operators and hotels/resorts indicate confidence that the Chinese market will rebound (unless there is further deterioration in relations)

MANAGING THE PH/CHINA RELATIONSHIP WILL BE CRITICAL

CONCRETE STEPS TO HELP MANAGE THE RELATIONSHIP AND BOOST TOURISM FLOWS BETWEEN PH/PRC

- Philippines to use its membership in ASEAN tourism to continue its dialogue with China
- Update the current MOA between the Philippines and China on Tourism
- DOT to request the United Nations World Tourism Organization to broker a meeting between Secretary of Tourism and Head of the China National Tourism Administration to assist in new MOA

CONCRETE STEPS TO MAINTAIN/BOOST TOURISM FLOWS BETWEEN PH/PRC

- Philippine Travel and Tour Operators to invite Chinese tour and air charter operators to attend Travel Tour Expo in February 2017 and have a special dialogue with them
- Encourage the formulation of joint ventures between the Philippine and Chinese travel trade
- Structure a program of exchange visits between professors and students (expand what is already in place)



THANK YOU

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