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## Tourism Competitiveness

### BUSINESS OPTION

By MICHAEL ALAN HAMLIN  
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Sadly, the news is not good. Last year, Malaysia welcomed more than 22 million international visitors to its cities and resort areas. Thailand welcomed almost 15 million, and tiny Singapore more than nine million. In Southeast Asia's largest country by population, Indonesia, arrivals declined slightly but the country still managed to attract more than five million visitors. Fast-emerging Vietnam was a destination for about 4.3 million foreign visitors.

That sounds like pretty good news, and it is — for those countries. The sad news is that the Philippines attracted a little more than 3.1 million international visitors in 2009, mostly balikbayans who spend little while here compared to the typical high-end tourism or business visitor. In Southeast Asia, only Cambodia attracted fewer international visitors than the Philippines, about 2.1 million.

The Philippines ranks 86 out of 133 countries in terms of tourism competitiveness, according to a survey by the World Economic Forum (WEF). Yet there is broad consensus that the Philippines wildly underperforms in comparison to its potential in the tourism sector. According to Uwe Sturman, a consultant for Germany's GTZ foundation, the Philippines does poorly in two out of three sub-indexes used by WEF to determine tourism competitiveness.

Those sub-indexes are 1) Regulatory Framework; 2) Business Environment & Infrastructure, and 3) Human, Cultural & Natural Resources. Guess which two sub-indexes are the problems for the Philippines? What poor performance in sub-index 1) means is that the rules governing participation and investment in tourism sectors are unclear, unevenly enforced, and unsustainable; in other words, the equivalent of doing business in the Wild, Wild West. Bureaucratic corruption — as shown in multiple surveys — is a worsening problem.

Other criteria in which the Philippines fails to perform well in sub-index 1) include environment sustainability, safety and security, health and hygiene, and prioritization of travel and tourism. Boracay is a good example of why the Philippines falls short in environmental sustainability. Wrestling with local officials to rationalize development on that beautiful island is a continuing challenge.

Safety and security is fine as long as you can afford to hire your own security force. The WEF seems to think that the police should do that job. While the Philippines boasts a number of world-class hospitals — notably St Luke's, Medical City, and Asian Hospital — open sewers, poor access to clean drinking water, and a creaky public health system means that dysentery remains a chronic and too often fatal threat to young children and people. Many of these individuals directly or indirectly interface with the tourism and travel sector.

Ironically, despite the Philippines' promise as a tourism destination, the Philippine government for decades has refused to make it a priority in order to address these issues. This is despite the fact that there are the examples cited earlier — Malaysia, Thailand, Singapore, Indonesia, and now, even Vietnam, that clearly show that when governments take tourism seriously, serious things begin to happen. One example: the Philippines invests little to promote itself as a world-class destination. Malaysia spent \$210 million on its "Malaysia, Truly Asia" campaign. The Philippines invested \$10 million on Wow Philippines.

Low scores in sub-index 2) suggests that the Philippines — despite the fact that it consistently produces world-class engineers, technology experts, and managers that are highly sought after around the world — can't manage to finance and build adequate transportation infrastructure or provide access to world-class information and communications and technology. Nevertheless, the Philippines is uncompetitive on price compared to its more prosperous and better managed neighbors.

As is typical in the Philippines, the saving grace is the average Filipino, as shown in scores for sub-index 3). Unfortunately, record numbers of them are leaving for jobs overseas. The failure to take sectors like tourism seriously means that we don't have the infrastructure projects taking place to create jobs for engineers and construction workers. Other smart, ambitious people leave for professional careers or as expatriate managers for multinational corporations. The Philippines' teachers are helping other nations' children learn to read.

Another sad thing: it's not getting any better. After improving slightly in 2008 to 81 out of 133 countries from 86 in 2007, the Philippines fell back to 86th place last year. And here's the rub: Despite the terrific political upheaval in Thailand, it manages to steadily increase its tourism competitiveness ranking. From 43 in 2007 it moved to 42 in 2008 and jumped to 39 last year. Despite its politicals, Thailand somehow manages to keep other priorities straight.

And that's what the Philippines needs to do. Get the priorities straight. Last year, the Philippines passed the Tourism Act of 2009, and private and public sector representatives have been meeting to address those priorities. Let's hope they get it right.

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