




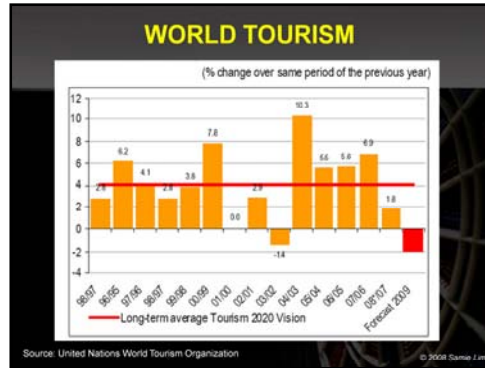
Philippine Chamber of Commerce and Industry



**Global Financial Crisis
and Economic Slowdown:**

Impact on Philippine Tourism

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The first question that I was tasked to answer today is what is the impact of the current crisis on the tourism sector. From the chart you will see that the last time that world tourism had a negative growth was in 2004 when we registered a decline of 1.4%. For 2009, the United Nations World Tourism Organization forecasts that international tourism will **stagnate** or even **decline** to as much as 2% which will be the worst in more than a decade.

In 2008, 924 Million tourists travelled across international borders which is 2% more than the previous year but we should note that figures fell drastically in the 2nd half of the year because if you can remember, around that period, talks about how bad the economy will be this year have started / so those who intended to travel opted to save their money to prepare for the crisis.

From here we can see that travel is not a necessity, it's not a basic need so when budget is tight, people cut down on their luxuries or they settle for cheaper options. This now brings me to the second question..how can Philippine tourism survive?



First, let me show you where our country is now in terms of tourism. South East Asia had 80 Million tourists last year. 5 years ago when I started giving this presentation, we're still ahead of Vietnam and we're almost side by side Indonesia. Last year, Indonesia got more than double of our arrivals with 6.43 million, we have been left behind by Vietnam / and Cambodia is catching up really fast.

2009 GROWTH TARGET	
 Vietnam	6.5%
 Indonesia	6.2%
 Thailand	5%
 Philippines	0-0.5%

Given our current standing and the forecasts made by UNWTO, what must we do now? Before we make a plan, we always have to have the end in mind. We have to be clear what we hope to achieve then work hard towards achieving our goal.

Indonesia was identified as one of the most improved in the world in terms of tourism, in 2008, they generated a 13% growth..they were not embarrassed to admit that even if they achieved a high growth rate, they still missed their target of 7Million tourists.

This year, amidst all the global crisis talk, they're targeting a 6.2% increase. Vietnam is being criticized for their 6.5% target, they say its too ambitious, but at least, they set high goals which will make them strive harder. Thailand's goal is 5%..what about the Philippines...our goal is just 0-0.5%..

While goals should be realistic, I believe they should also be inspiring enough for the people involved to strive for excellence and not just be complacent because we set such low targets anyway.



In February, the Singapore Tourism Board declared a 15.2% decline in their arrivals. On March 1, they immediately launched a promotion targeted to lure their nearest neighbors, Indonesia, Malaysia and Thailand. These markets do not need to spend so much on airlines to get to Singapore as compared to those coming from China or other parts of the world.

A family planning to have a holiday but is on a tight budget will not think twice about going to Singapore because they say in Singapore, fun is not just cheap, FUN IS FREE. For 2 paying adults, 2 kids under 12 will get into most of the popular tourist attractions for free.

I believe we should be doing the same, while we might not enjoy cross border tourism like other ASEAN countries, our neighbors are still our easiest target. We can fly them in through Clark because of the AirAsia promos or through Cebu Pacific. Let's stop being arrogant and rationalizing that while we may not have the biggest arrivals figure, we have a higher tourism receipt average compared to others. I'm sorry but we are really not in the position to be picky now, because at the end of the day, it's really just the total arrival figures that matter. Tourism has become a numbers game, weather we like it or not, these figures speak a lot about our country as a destination. People will just ask how many tourists went to the Philippines, they wouldn't really care if they're all budget backpackers who flew in via piso fares and stayed in cheap hostels. Volume will create buzz, people will be curious why so many tourists are coming here.




Just to emphasize how serious Singapore is in ensuring increase in arrivals, they gave away 2009 rewards exclusively for Malaysians, no raffle, no purchase required. All you have to do is register online and be in Singapore to collect your prize last March 14 or 15. This promotion guaranteed 2009 Malaysian tourists in those 2 days alone. How can you refuse this when laptops, digital cameras, cellphones, shopping vouchers are being given away? I'm sure those who went to collect their prizes brought a companion with them so that's another boost to their figures.

Choice of destination is driven by competitive airfare and attractive accommodation but let's face it, we all love freebies, we are lured by raffle prizes, they're obviously a plus. While we probably can't afford the prizes that Singapore is giving away, a free spa or shopping voucher that comes with airline tickets to the Philippines or a free dinner at a fine dining restaurant with accommodation bookings won't be bad, something that will create even just a little excitement, something to add a little more value.

During these times, "value" is really the buzzword. Competition is very tight. If we can't offer the best value for money then all our tourists will just go somewhere else because we are not the only country with pristine beaches, with smiling people, with cheap medical tourism packages..our neighbors have them too.

IMMEDIATE MEASURES:
Capture Easy Targets, Deliver Best Value



FABULOUS SINGAPORE STOPOVER RATES (US\$)

Hotel Category	First Night		Additional Night	
	Twin-share	Single	Twin-share	Single
A	1	37	51	87
B	20	62	62	107
C	30	82	72	128
D	40	110	94	170

Just the other day I read about this on the newspaper. To encourage stopover tourists to stay longer, hotels in Singapore are offering these unbelievably low rates for Singapore airlines stopover passengers, you can literally get a room for only 1 dollar! This promo just started April 15 and will last until September to boost the third quarter total arrivals. No breakfast included but free airport-hotel transfers, 50% discount if you will eat in the hotel, free admission to major tourist attractions, plus free shopping vouchers.

Why can't we do that? My friends in the hotel industry told me that because we get so few tourists, they have no choice but milk money from the few that they get while they're here. I'm sorry but this is not how we should do things. We should not deliver excellent service to justify the high rates that we are charging, we should make and keep the tourist happy to convert them into customers for life, hoping that with their great experience, on their next holiday, they would want to bring their family and friends with them.



Talking about capturing easy target and delivering best value, we should acknowledge DOT for coming up with our own stimulus package primarily targeting balikbayans. For \$999 you have a roundtrip ticket from the US to Manila, with 3days 2 nights accommodations, daily breakfast and one way hotel transfer. This is what we get if we work together, from this we can see that private-public sector partnership is truly the key to help move our country forward. But of course this is only one initiative and with what we are facing now, we obviously need more and that will not happen if only few stakeholders are willing to cooperate.

CRC came up with a very comprehensive paper indicating the measures that we can do, I did not present them anymore because you can just read it from their study. I agree with all of them particularly with lowering the cost of doing business which basically involves the high fees that we charge that are not necessary in the first place, in some cases, the fees are even unique to the Philippines. It would be good if we can address all of those soon but unfortunately, those issues has been there for many years and until today, for some reason that I cannot understand, the decision-makers haven't resolved those concerns.

Last March, Cambodia eased entry rules for Vietnamese, Thai and Lao nationals. They are now allowed to stay for one month and take their cars with them. In addition, Cambodia will open new international border gates to increase arrivals from their three neighbors. From March to June, Thailand is granting visa fee exemption to all tourists. Cambodia has also waived USD 20 visa fee.

I doubt if we can accomplish the same developments in time, as fast as the others had done. For now, I'm putting my hopes in the private sector. In the airlines, hotels, tour operators to work together with the government in coming up with more of these stimulus packages. We need to convene all the major players, let them come up with the best offers they can. Then DOT can go out and market those amazing packages.



Friends, we used to be ahead of many South East Asian countries, we looked down on Vietnam, Cambodia..but today Vietnam has overtaken us, Cambodia is at the verge..I'm sure you read the recent tourism competitiveness report that came out. Even Bangladesh is now ahead of us. Today, a group from the Bhutan tourism office will finish their 2 week IT training in Quezon City, they're training hard to put together a globally competitive tourism website. 2 years ago they also came here to benchmark Baguio and Tagaytay. Many of us don't even know where Bhutan is, it's that small pink country with 680,000 total population. Last year they only had 22,000 tourists but at the rate that they are going and at how focus and aggressive they are, I'm afraid these men in skirts will overtake us in 10 years. Let's not allow that to happen.

