

How far can tourism take PH?

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Discussions about the magnificent possibilities of the country's tourism sector are not new. References have been made to tourism being key to the Philippines eventually attaining high per capita income. Yet, the constraints hobbling this sector remain unaddressed. For one, the geography of the country, its being composed of thousands of small islands, makes it challenging to build a significant number of sizeable hotels. This has led to the construction of small, very expensive, and isolated resorts. Second, imports account for a significant share of the construction and operating costs of the tourism industry, as the country hardly manufactures anything. This is a great opportunity to start manufacturing the needs of this sector and creating a domestic industry starting with table napkins and tablecloths, cutlery, stemware, industrial stoves, ovens and exhaust fans, linen, and high-quality food products.

Third, poor infrastructure in the local and national levels must be remedied, as it is a notorious problem.

Fourth, cities like Tokyo, Bangkok, Madrid, London, Paris, or New York, for example, are tourist destinations that are also entry points to a country. Manila is not a tourist destination, but a necessary stop en route to other parts of the Philippines. We must make it so. Foreigners with significant purchasing power will not come to Manila to visit our malls. We have to redesign Manila to make it an attractive city. Lastly, there seems to be no consensus among

tourism stakeholders on just what a sophisticated tourist wants. Tourism today is much more than sun, beaches, and warm hospitality. Competition is stiff in this segment. The Philippines has earned the distinction of being “Asia’s Leading Dive Destination” for the fifth year in a row, according to the World Travel Awards Asia and Oceania Gala Ceremony 2023. While this is something to treasure and maintain, it is not enough to bring in millions of (foreign) tourists. Today’s international traveler looks for a complete experience, a package that includes amenities as well as museums, opera, ballet, concerts, historical sites, superb food (the Philippines still has no Michelin-star restaurant), and so on. These are the experiences we look for when we go to another country. They signify the sophistication of the place visited. Manila and Cebu need to improve on the sophistication scorecard.

Certainly, the nation’s warm hospitality is a plus, but if this were the key factor to attracting tourists, some European cities would not have received a single one. Instead, millions of tourists choose to join long queues to climb some famous towers or visit Roman ruins despite the locals’ unwelcoming faces and manners. Finally, while tourism can indeed be an economic springboard for the Philippines, we need to understand how far it can take the country. Tourism is a relatively simple activity and a sector that most developing countries seek to capitalize on. Just check websites at random. Today’s developing countries are labeled as such because they cannot industrialize, when industrialization is key to high income in the 20th century. This is also the case for the Philippines. Today, that route is next to impossible, so our only option is services and tourism. Tourism is easy and does not require the same level of investment as a typical manufacturing project in the chemical or automobile sector. But unlike manufacturing, tourism is not the escalator to high income. In advanced economies, wages in this sector are low, much lower than in manufacturing and advanced services. In the Philippines, they are attractive today although this

sector cannot, by its own nature, pay high wages because its productivity increases very slowly. We need to develop in parallel sectors that pay much higher wages such as advanced manufacturing and services, so that wages in the tourism sector can increase in tandem.