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Analysis of the Readiness of Philippine Tourism Enterprises for Trade Liberalization in Asia-Pacific

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DISCUSSION PAPER SERIES NO. 2022-38

Analysis of the Readiness of Philippine Tourism Enterprises for Trade Liberalization in Asia-Pacific

*Eylla Laire M. Gutierrez, Marie Jel D. Bautista,
and John Paolo R. Rivera*



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Abstract

Amidst the signing of various trade agreements defining trade rules and commitments for economies globally, the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) both emerged as the largest and latest of them. Dubbed as a comprehensive agreement involving 15 and 11 member economies respectively, the combined impact of these trade agreements are expected to facilitate deepened integration of its members to the global economy resulting to global economic growth and poverty alleviation. Similarly, such agreements may also present threats such as increased inequality, stiffer competition for local industries, among others. Given the opportunities and threats of these agreements to participating economies, examining the readiness of enterprises to liberalization remains a crucial subject for its member economies and prospective members including the Philippines. We look at the tourism industry in the Philippines given its significance as the country's top economic pillar heavily affected by the coronavirus (COVID-19) pandemic. We explicate the continuously expanding role of the tourism industry in the economy, identify opportunities for and threats to the tourism industry, and assess the readiness of tourism enterprises in participating—by addressing the research problem: how can tourism enterprises prepare themselves for the impacts of trade liberalization brought about by RCEP and CPTPP? Using the triangulation method, specifically qualitative data gathering methods: document review, key informant interviews (KIIs), and focus group discussion (FGD), we construe that both agreements offer limited opportunities for tourism stakeholders to participate in liberalization activities, while tourism stakeholders remain challenged by issues pertaining to mutual recognition and standardization of skills and capacity development. Findings are useful to industry practitioners, government, and academicians in understanding where the tourism industry stands amid these developments in the local and international economic environment.

Keywords: CPTPP, enterprises, RCEP, trade liberalization, travel and tourism

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Analysis of the Readiness of Philippine Tourism Enterprises for Trade Liberalization in Asia-Pacific

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1. Introduction

The standstill in global trade negotiations in the World Trade Organization (WTO) (Sacerdoti, 2019) together with the ongoing trade issues between the United States of America (USA) and the People's Republic of China (PRC) (Bown & Kolb, 2021), which has also affected both their respective economies (Chor & Li, 2021; Hass & Denmark, 2020). Because of these developments in global trade, together with the lessons from the previous crisis, many economies, particularly in Asia, have “consciously and aggressively” explored “alternative liberalization paths or fallback positions” (Rajan, 2005, p. 217). Hence, we have seen an emergence of new free trade agreements (FTAs) and regional trade agreements (RTAs) that not only define the trade rules and commitments for its member economies towards the free movement of goods and services within the region, but also incorporate innovations in its nature, objectives, and scope (Rivera & Tullao Jr., 2022). Two of the latest, modern, and largest RTAs either under negotiations, ratification, or implementation are the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The RCEP⁴ is a forward-looking trade agreement between the Association of Southeast Asian Nations (ASEAN) Member States (AMS) and its FTA partners⁵ namely – PRC, Japan, Korea, Australia, and New Zealand (Malvenda, 2019). We collectively coin them as ASEAN FTA partners (AFPs). Its goal is to open up trade “between the region’s biggest and fastest-growing economies” (Tobin, 2019, para. 2); “to integrate the existing set of ‘ASEAN Plus One’ trade agreements into a unified agreement, creating a single and cohesive set of trade rules for the Indo-Pacific” (Wilson, 2020, para. 3); and to enhance competition policy, intellectual property rights (IPRs), investment, economic and technical cooperation, and government procurement (Baliño, 2020). As a result, the RCEP would be one of the largest RTAs that would account for 28 percent of global output, 28 percent of global trade, and 29 percent of the global population (Flach et al. 2021).

The CPTPP⁶ succeeded the US-backed Trans-Pacific Partnership (TPP) when then US-President Trump withdrew participation in 2017 (Solís, 2017). In its new version, the CPTPP includes Brunei Darussalam, Malaysia, Singapore, and Viet Nam, together with Australia, Canada, Japan, Mexico, New Zealand, and Peru. Meanwhile, according to Shiga (2021), “the Philippines has formally expressed interest in joining the Trans-Pacific Partnership, with the goal of building new relationships with countries outside its existing bilateral free trade

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⁴ The RCEP was introduced during the 19th ASEAN meeting in November 2011 and negotiations started during the 21st ASEAN Summit in Cambodia in November 2012. Participating economies signed it in November 2020 (Baliño, 2020; Pearson, 2020; Rivas, 2020).

⁵ Although India is an AFP, it did not sign the RCEP because it was cautious of its industry’s ability to compete with PRC and its agricultural sector is worried on its capacity to compete on a global scale (Priya & Ghosh, 2020).

⁶ Following the USA’s withdrawal from the TPP in January 2017, the CPTPP, signed on 8 March 2018 and entered into force on 30 December 2018, it proceeded steadily toward completion and is expected to significantly impact trade among its member economies, known as the “TPP-11” (Corr et al., 2019).

agreements” (para. 1). As discussed by Corr et al. (2019), it has “high-standard provisions on the digital economy, investment, financial services, labor and the environment to establish new ‘rules of the road’ that will have broad country-specific and collective impact” (para. 2). Generally, it aims for stricter common standards on labor issues, environmental protection, and dispute resolution than those proposed in the RCEP (Tobin, 2019). While its full impact is challenging to grasp because of its vastness in geographical and substantive scope; accompanied by its newness to both governments and the private sector, its impact cannot be undermined as the reduced tariffs can encourage significant pivots in global supply chains affecting 500 million people and 14 percent of the global economy (Corr et al., 2019).

1.1. Rationale

Given the anticipated impacts of RCEP and CPTPP, both opportunities and threats are presented to participating economies (Anuradha, 2013; McBride et al., 2021; Rowlands, 2020). Generally, trade liberalization with stronger open trade policies generates a net positive that enables growth for participating economies through innovation, improved productivity, creation of employment opportunities and higher income, provision of diverse and more affordable goods and services (World Bank Group, 2018). That is, integrating with the global economy via trade and global value chains (GVCs) facilitate economic growth and poverty alleviation both at the local and global levels. However, it also has downsides such as competition with local industries and increased inequality by creating more earning opportunities for those at the top and subjecting ordinary laborers and smaller enterprises to greater and stiffer competition (McBride et al., 2021).

In this study, we examined the opportunities and threats offered by both RCEP and CPTPP to the tourism industry⁷ of the Philippines. We chose the tourism industry because it is one of the economic pillars of the country having a share of 12.8 percent of tourism direct gross value added (GVA) to Gross Domestic Product (GDP) and 13.6 percent share of tourism employment to total employment in 2019, prior to the coronavirus (COVID-19) pandemic (Tirona, 2021). Among all industries, tourism is the most damaged due to the pandemic plunging it to its lowest levels registering a decline in economic contribution to 5.6 percent and employment contribution to 11.9 percent in 2020 (Tirona, 2021). In light of economic recovery, the Philippine tourism industry, mostly of micro, small, and medium enterprises (MSMEs) (Santiago et al., 2021), can harness the opportunities and mitigate the threats brought about by the abovementioned mega-RTAs. However, we recognize that for tourism enterprises to leverage the RCEP (i.e., once it is ratified and takes full effect) and CPTPP (i.e., once the Philippines successfully joins the agreement) toward recovery from the unprecedented impacts of the pandemic, they need to assess and to be aware of their readiness in exploiting the opportunities and their preparedness to cushion the threats. These are critically important because the Philippines has been strongly emerging as a rising tourism destination (Layug, 2021) and the industry needs to prepare for its eventual recovery prompting it to welcome a surge of both local and foreign tourists.

We focused on tourism because of its important role in many economies, particularly in terms of its contribution to employment, entrepreneurship of local communities, GDP, and generation of foreign exchange (Roxas et al., 2020b). Tourism-related services are typically labor-

⁷ We define the tourism industry to comprise the enterprises who are part of the tourism value chain enumerated by Rivera and Gutierrez (2019) – accommodations, food and beverage, souvenirs, transportation, excursions (p. 126), among others. .

intensive, with a wide value chain encompassing transportation, cultural and creative services, tourism and travel-related services include services provided by hotels and restaurants, travel agencies and tour operator services, tourist guide services, financial and insurance services, and other related services (Rivera & Gutierrez, 2019). Likewise, according to the World Trade Organization [WTO] (n.d.), a crucial aspect of trade in tourism services is the cross-border movement of consumers (i.e., under Mode 2 of the GATS Mode of Service Supply). This facilitates the movement of a range of economic workers including those in the remote areas including local performers, tour guides, among others. Despite digitalization efforts offering opportunities to advance tourism services, cross-border movement of tourists and service providers remain crucial. Despite digitalization efforts offering opportunities to advance tourism services, cross-border movement of tourists and service providers remain crucial.

1.2. Statement of the Problem

Such backdrop on the RCEP and CPTTP as well as its anticipated costs and benefits for the Philippines, particularly the tourism industry, motivate us to explicate on the potential opportunities that tourism enterprises can harness while being cognizant of their readiness to participate and cushion themselves. Since the focus of our study is the readiness of Philippine tourism enterprises for the implications of these RTAs, there is a need to underscore the continuously expanding role of the tourism industry in the economy, identify opportunities for and threats to the tourism industry, and assess the readiness of tourism enterprises in participating. Hence, we address the research problem: *how can tourism enterprises prepare themselves for the impacts of trade liberalization brought about by RCEP and CPTTP?*

In addressing this overarching research question, the following are also asked to facilitate the explication.

1. What are the opportunities that trade liberalization, through RCEP and CPTTP, bring to the Philippine tourism industry?
2. What are the threats that trade liberalization, through RCEP and CPTTP, bring to the Philippine tourism industry?
3. What are specific areas of concern that tourism enterprises should gear themselves for in the light of the impacts of trade liberalization?

1.3. General and Specific Objectives

In addressing our research questions, our general objective is *to assess the readiness of Philippine tourism enterprises to exploit opportunities and mitigate threats brought about by trade liberalization*. We also set the following specific objectives:

1. To identify and review the anticipated impacts of trade liberalization, specifically RCEP and CPTTP, on the Philippine tourism industry, particularly on trade in tourism services;
2. To assess whether tourism stakeholders are ready and capable of exploiting opportunities and mitigating threats brought about by trade liberalization;
3. To recommend strategies for tourism enterprises on harnessing the opportunities brought about by trade liberalization;

4. To provide analytical information for policymakers on the kind of assistance that tourism enterprises would need to exploit the opportunities and counter the threats brought about by trade liberalization.

1.4. Scope and Limitations

Given the nature and objectives of this study, we focused on identifying and reviewing the commitments of both RCEP and CPTPP in relation to tourism, which is essential for the Philippines in harnessing the benefits of participating in a liberalized tourism industry.

The document review will only examine relevant documents in RCEP and CPTPP that touch on the elements of the tourism industry with the goal of analyzing both the opportunities and limitations of the established commitments under both trade agreements.

With the goal of examining the readiness of the tourism industry and its stakeholders, key informant interviews (KIIs) with policymakers and members of the government were conducted while a focused group discussion (FGD) was organized with private tourism stakeholders (i.e., accommodation, tour operators, food and beverage, transportation, and retail). The choice of these tourism stakeholders in the KII and FGD is based on the study of Rivera and Gutierrez (2019) and Roxas et al. (2020a).

1.5. Significance of the Study

As the world economy approaches the containment of the COVID-19 pandemic, travel and tourism is expected to bounce back and recover to pre-pandemic levels but at a different, new, and better normal. On a policy component, with the eventual implementation of RTAs signed and ratified before and during the pandemic, tourism stakeholders must prepare themselves to harness the opportunities from and dampen the threats of trade liberalization. However, tourism enterprises cannot do it alone. First, they need to be cognizant of the implications of trade liberalization on them. Second, they need to assess their readiness for these implications. Third, they would require the intervention of the government to create a policy environment that will assist them to participate in an economy with trade liberalization. Our findings would provide them with analytical information to help them prepare. Meanwhile, on a knowledge component, this is the first study in the Philippines that explicates the implications of trade liberalization specific to the tourism industry in light of a post-pandemic world.

The analytical information generated by our study is useful to industry practitioners, government, and academicians in understanding where the tourism industry stands amid these developments in the local and international economic environment. These would also be useful in understanding better the capabilities and constraints of tourism enterprises, which is not usually focused on by most studies given the diverse and multifaceted nature of the travel and tourism industry.

2. Review of Related Literature

In reviewing existing literature on RCEP and CPTPP, we begin by discussing an overview of the objectives and scope of these RTAs. We also discuss the similarities and differences between them, as well as the overall benefits that the travel and tourism industry stands to gain from these trade liberalization agreements. Then, we focus on its benefits and threats specific to the Philippine travel and tourism industry. We put emphasis on the readiness of tourism enterprises for trade liberalization. After this, we identify gaps that can be addressed towards a better and comprehensive understanding of the implications of RCEP and CPTPP on the travel and tourism industry of the region and of the Philippines. Figure 1 illustrates our literature map and Table 1 presents the literature matrix.

2.1. Brief Information about RCEP and CPTPP

The ASEAN has been trailing economic regionalism and pioneered a unified proceeding of ASEAN FTA since the 1990s, and elongated the process into a complex and comprehensive scope of economic alliance via the ASEAN Economic Community (AEC) (Basu-Das, 2015). AMS undertake integration using a bilateral approach in the scheme of the global economy, preferential trade agreements (PTAs) have yet to underpin- considering the inability of countries to maneuver multilateral solution regarding trade issues, foreign investment, and supply chains (Basu-Das, 2015; Bergstrand et al., 2016; Lee & Kim, 2021). The low utilization rates of PTA have initiated policymakers to a region-wide PTA known as the RCEP (Basu-Das, 2015). As discussed by Suvannahphakdy (2021), RCEP, aims to strengthen economic cooperation between AMS and six dialogue partners and AFPs – Australia, China, Japan, Korea, and New Zealand through balancing policies across overlapping FTAs and engage new potential members, and leveraging trade and investment.

Meanwhile, according to the US-ASEAN Business Council, Inc. (2020), the CPTPP is an extensive multilateral FTA among 11 economies. Though most prerequisites of the CPTPP are patterned from its predecessor, the original TPP, with the USA in it, the said agreement underscores adjustments to the investment chapter, IPR regime (i.e., technological protection measures, protection of data utilized, and copyright extension) (Ciurak et al., 2017; US-ASEAN Business Council, Inc., 2020) and labor and environmental rules for tariffs and non-tariff barriers in goods and services.

2.2. Objectives and Scope of RCEP and CPTPP

The scope and structure of RCEP cover positive developments in customs procedure and trade facilitation, economic and technical cooperation, institutional provisions, government procurement, and standards, technical regulations, and conformity assessment procedures (Zhreik, 2021). The 10 ASEAN countries involved with RCEP contribute approximately intercontinental 30% GDP, making this agreement the largest economic integration modernizing global trading system in the WTO (US-ASEAN Business Council, 2020; Pomfret, 2021; Park, et.al., 2021; Karthik & Emani, 2021). RCEP reflects sound judgment provisions of equanimity among member nations and addresses the potential to achieving a “modern, comprehensive, high quality and mutually beneficial economic partnership agreement (ASEAN, 2012), RCEP was received to supplement supply chains in Asia accelerating huge

multinationals and lifting smaller businesses for a growth rebound in the post-pandemic era (Whiting, 2021).

The CPTPP is structurally composed of various key features: (i) comprehensive market access, (ii) full regional agreement, (iii) cross-cutting trade issues, (iv) addressing new trade challenges, and (v) living agreement. With its objectives of eliminating tariffs and non-tariff barriers, CPTPP began shaping new opportunities for the workforce and businesses with adjacent benefits to consumers. Aligned with facilitating production capabilities and supply chain of its member countries, CPTPP commits to supporting the creation of employment opportunities, raising living standards, addressing the welfare and promoting sustainable growth (US-ASEAN Business Council, Inc., 2020; New Zealand Foreign Affairs and Trade, 2021). It also includes in its provisions the *regulatory coherence* among 11 economies, *competitiveness and business facilitation* through regional and domestic free-enterprise including regional production and supply chains, *comprehensive market liberalization* through the enhancement of trade and investment, institutionalizing economic development and governance, and addressing barriers in procurement, allowing entities in CPTPP countries to acquire more *opportunities for government projects* and possible investments from foreign bidders. Another key feature of CPTPP is to *leverage trade and investment in developing innovative goods and services* relevant to a sustainable digital economy and green technologies (Azmi & Phuoc, 2020; Ciurak et al., 2017).

2.3. Similarities and Differences between RCEP and CPTPP

As nations shift gears to emerge toward world GDP, the global paradigm for trade and investment flows is perceived through the progressive conveyance of political and economic vigor. Karthik and Emani (2021) stated that even though developed nations are in control of a large percentage of production, the paradigm of international trade flows abides between supply and demand. Whereas, an inclined positive contribution in boosting the dynamics of global commerce opened an equilibrium umbrella for big and small players in the economy.

RCEP and CPTPP are intended to create efficient economies by linking their respective strengths in manufacturing, technology, natural resources, and agriculture (Petri & Plummer, 2020). RCEP was implied as less a rigorous agreement compared with CPTPP yet incentivizes supply chains while catering to political sensitivities and streamlines PTAs while harmonizing trade flows (Basu-Das, 2015; Petri & Plummer, 2020; *World Economic Forum*, 2021). CPTPP perpetuates a demanding structure and high-quality set of rules and standards patterned from TPP, while ensuring the implementation of market access among CPTPP parties. According to the New Zealand Foreign Affairs and Trade (2021), CPTPP withholds evident progressive effects in reducing costs for businesses, safeguards labor and environmental standards, and preserves law that protects citizens and community, and generates employment and business ventures. CPTPP uplifted businesses to succeed businesses and jobs in both local and international opportunities, regulated protection aligned with government's provision in protecting and providing benefits to people, and promoted equality to all business entities.

RCEP was introduced as a “more conventional trade agreement” (Zriek, 2021). This agreement centralizes tariff reductions on marketable goods and services rather than larger disputes which have already been addressed by CPTPP. Yet, RCEP is not an opponent of CPTPP (Sharma, 2018; Zriek, 2021), though CPTPP has excluded China, RCEP remained to be globally nonrestrictive.

As part of their provisions, both agreements recognize the challenges faced by MSMEs in establishing export markets through commonality and transparency of trade and investment provisions, exploiting opportunities for SMEs participation, reducing unfair competition while maintaining a fair economic environment, and supporting regional supply chains for local produce, and other goods and services. Lazo & Fiedler (2017) have discussed how the provisions have provided benefits for MSMEs to reflect enhanced market inception and more predictability- bounded by the regulations and procedures useful in establishing coherence, accessibility, and innovation. RCEP negotiations are mentioned to be successful in sharing unified principles of “all for one, one for all” key components in terms of economic correspondence (Basu-Das, 2015; Karthik & Emani, 2021). Thus, becoming a joint member of RCEP and CPTPP emanates greater benefits for people, the environment, politics, and profit (Li & Li, 2021).

2.4. Benefits of Trade Liberalization to the Philippine Tourism Industry

As a dynamic global industry, tourism is being used by many economies and their governmental schemes to strengthen economic development. With respect to the performance of other AMS, the Philippine economy needs to reinforce its economic management through more effective and efficient public financing, fiscal management, policy execution in the midst of economic, environmental, and institutional complications (Coxhead & Jayasuriya, 2004; Van De Haar, 2011; Yao & Liu, 1996).

As defined by Retirado (2019), trade liberalization is “a general term used to describe the integration of the world economy” which has generated effective means to elevate economic development and living standards. Relevant to this, FTAs are among those which have been considered to streamline effective and efficient economic endeavors to achieve favorable benefits.

Having an upslope growing tendency of regional and international alliance, the Philippines is yearning towards the shift of a “new era of openness and liberalization” (Patalinghug, 2020). In November 2020, during the RCEP Leaders’ Summit, the Philippines signed the RCEP Agreement together with other AMS and AFPs. From a trade negotiating stance, RCEP can generate a platform for streamlining alliance and economic discussion in boosting equitable economic growth in the country, which includes MSMEs, through investment linkages, regional trade, and services (Department of Trade and Industry [DTI], 2021). During the virtual public hearing of RCEP conducted by the Senate Committee on Foreign Relations (CFR), the benefits of RCEP Agreement to the Philippines was mentioned to revolve on key benefits coined as “4Cs: (i) cheaper cost for sourcing key inputs of the manufacturing sector, (ii) convenience for businesses in trading with key FTA partners, (iii) competitiveness for Philippines industries, and (iv) completion of existing government support programs” (DTI, 2021). The Philippines’ imperative participation in RCEP initiates business channels in securing market access for affordable goods and raw materials necessary to sustain and improve export and local industries.

While the effects on tourism are indirect and will pass through MSMEs and the GVC, of which tourism is home to a significant number of MSMEs (Santiago et al., 2021), and comprises a huge value chain (Rivera & Gutierrez, 2019). The tourism MSMEs and GVC were both negatively impacted by the COVID-19 pandemic. The disruption in their operations due to

weakened global market demand, paralyzed transport and logistics facilities, travel restrictions, stay-at-home policies, quarantine protocols, and lockdowns led to temporary or permanent closures of many enterprises in many economies leading to diminished earning and operational capabilities. Hence, “through open borders and open trading systems” (Ofreneo, 2021, para. 7), tourism MSMEs and its entire GVC can facilitate recovery through trade liberalization.

2.5. Threats of Trade Liberalization to the Philippine Tourism Industry

The Philippines has been traced for an extensive account of liberalization efforts and market-oriented reforms aiming to transform the country’s economic capabilities for global competitiveness and forward linkages to generate employment, aligned with the promotion of comprehensive sustainable growth (Bayudan-Dacuycuy & Serafica, 2019). Similarly, Mahrinasari, et al. (2019) highlighted the “importance of trade liberalization in altering the country’s ecological condition” and trade openness with fellow ASEAN members and the “eventuality of eliminating trade barriers”, however, manifests facets affecting many stakeholders (Retirado, 2019). Trade liberalization significantly lessened tariffs and leveraged trade restrictions, yet the realization of free trade is difficult, seemingly demanding to sustain and exploitation of environment and labor may be observed (Bayudan-Dacuycuy & Serafica, 2019; Amba-Cuenca, 1998). Derado (2006) has added that despite trade liberalization initiating strategic advantage, a competitive economic structure is necessary; “low level of trade integration poses consequences which could be manifested through rising adjustment costs”.

Najda-Janoszka and Nessel (2013) confirmed in their study that “network relationships” is a key element for business strategy in the country – as tourism entities in the Philippines have been massively transformed and reinforced by economic reforms, liberalization, and global openness. Trade liberalization is an important and powerful scheme to manifest economic growth and development. A strong mandate is needed to sustain – the Philippines exhibits weak implementation and lack of coordination among agencies to regulate provisions of such business strategies relevant to tourism and even with other business sectors (Aldaba & Aldaba, 2012). Despite the significant improvements in the Philippine economy after the 1997 Asian Financial Crisis, the policy-making process has been slow-moving and cautious due to the existence of work culture in the Philippines government and the appropriation of inter-agency perspective to decision-making (Tongzon, 2005).

In light of these move towards deeper globalization, Zhang and Chiu (2020) underscored that “in the long run, globalization has a significant negative impact on tourism service exports and tourism service trade balances, while a significant positive impact on tourism service imports” and “in the short run, globalization has a significant negative impact on tourism service imports, while a significant positive impact on tourism service exports and trade balances” (p. 1). Hence, having economic stability can manage these impacts of globalization on tourism service trade in both the short and long run.

However, in the study of Khalid et al (2021) that investigated the impact of RTAs on tourist flows, “results show that all types of RTAs have a positive and significant effect on bilateral tourism flows” and “the overall indicator of RTAs that captures the combined effect of all types of RTAs on bilateral tourism flows is also positive and significant, on average, as well as when different regions are separately evaluated” (p. 1). Consistent with Zhang and Chiu (2020), it highlighted the value of strong economic integration in facilitating international tourism flows. contributions to trade in services while supporting its own economy.

2.6. Readiness of Tourism Enterprises for Trade Liberalization

Tourism in the Philippines acts as an engine to harness socioeconomic and cultural growth to generate employment, income and enhance opportunities and national pride for all Filipinos (Tourism Act of 2009). Philippine tourism conceives a favorable image of the country as “ecologically sustainable, responsible, participative, culturally sensitive, economically viable, and ethically and socially equitable to all local communities” (Section 3c). Thus, an equilibrium state of tourism development benefits the destination, people and possibilities of profit generation, and at the same time alleviates poverty while reducing regional imbalances.

The Tourism Infrastructure and Enterprise Zone Authority (TIEZA) (<https://tieza.gov.ph/tourism-enterprise-within-the-zone/>, par. 1) defined tourism enterprises as “facilities, services, and attractions primarily engaged in whole or in part in tourism and for the purpose of attracting visitors to and within the Philippines” categorized to various sub-sectors namely: (i) accommodations, (ii) adventure and recreation, (iii) attractions, (iv) events and conferences, (v) food and beverage, (vi) souvenirs and handicrafts, and (vii) travel and transportation.

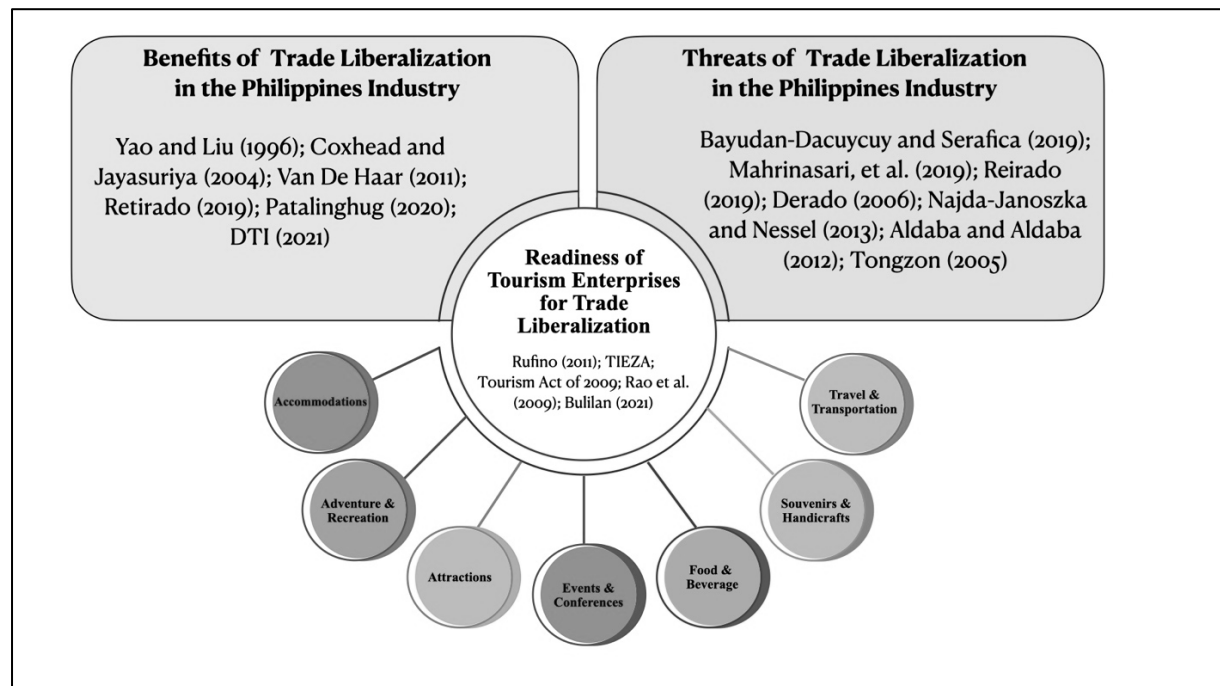
Accommodations and lodging facilities drive up demand for tourist influx in the country. Whereas, Rufino (2011) mentioned that an accurate prediction of tourist arrival is an absolute requisite for tourism planning. As the new normal phase opens to cater to demands which were previously bordered by the pandemic, the hotel and lodging sector began to set up safe and better tourist experiences, and new demands anchored in the post-pandemic phase aligned with government regulations and standards. A number of tourist destinations mushroomed during the slight lift of restrictions during the pandemic; adventure and recreation envisioned the global scenario as an opportunity to capture new preferences of the target market and to cope with the local community through employment and participation in destinations. Domestic tourism contributed to awakening Philippine tourism and being prepared in the post-pandemic.

MSMEs in the Philippines have always contributed a huge percentage to economic gain and the creation of goods and services (Rao et al., 2009). Institutionalizing tourism promotes collaborative and collective action among government units, non-government units, and local people, and adheres to engage tourism planning and development. “Aside from governing tourism, multi-sectoral institutions enable local executives and their communities to obtain the necessary knowledge and skills to manage and operate tourism-related businesses” (Bulilan, 2021, p. 290). According to Gaskell (2021), 90 percent of the firms globally are categorized as SMEs and have stated no significant difference in terms of future readiness. The capacity to regulate internal processes (i.e., business orientation and business model) and external environment (e.g., networks) can determine the future preparedness of SMEs.

2.7. Research Gap

Figure 1 and Table 1 map the existing literature used in our study. It can also be gleaned from various studies that they have discussed trade liberalization and the concepts and implications of RCEP and CPTPP. However, there is no literature yet to support indicators of the preparedness of Philippines tourism enterprises for the impacts of trade liberalization brought about by RCEP and CPTPP.

Figure 1. Literature-Map



Source: Constructed by the authors.

Table 1. Selected Studies which Focused on Implications of Trade Liberalization of Related Tourism Enterprises in the ASEAN Context

Author(s)	Data Set	Methodology	General Findings
Ciuriak et al. (2017)	Income, population, GDP, standard national income, and expenditure accounts	Quantitative Analysis; GTAP-FDI Model	Sensitive sectors successfully resisted significant liberalization. TPP and market access were minimally impacted by existing provisions.
Gaur (2021)	Balance of Payment Statistics; World Development Indicators	Competitiveness Model	COVID-19 reduced world GDP and macroeconomic fundamentals. Comprehensive economic integration of supply chains is needed to uphold distinction among regional countries.
Li and Li (2021)	Production and Consumption Functions; Import and Export Trade Data (2018)	General Equilibrium Model with Global Value Chain	Constructed a global GE numerical model of endogenous imbalance among 26 economies and regions, embedded in the GVC, which considers trade costs.
Najda-Janoszka and Nessel (2013)	Socio-demographic characteristics; consumption pattern	Semi-structured interview and survey	Network relationship is a key element to strategize a tourism business enterprise in the Philippines.

Park et al. (2021)	Comprehensive Mapping of RCEP and CPTPP	Computable General Equilibrium	RCEP is designed to progressively enhance regional integration and inclusive economic potential; an initial platform to integrate comprehensive international provisions as CPTPP.
Patalinghug (2020)	Data on the implementation of Asia Pacific Trade Agreements	Systematic Literature Review	The Philippines needs to strategize viable regional and bilateral trade mechanisms to fully harness FTA advantages.
Retirado (2019)	Systematic Literature Review	Systematic Literature Review	The application of international and domestic principles to ASEAN members instruments applicable conflict resolution which barriers free flow of goods. Adaptation of the national exhaustion regime for patents and trademarks prohibits parallel imports.
Suvannaphakdy (2021)	Traditional trade policy instrument; trade effects of RCEP for ASEAN; BEC product classification	FTA Mapping; Export and Import Mapping	Tariff reduction will generate trade reversion to enable member economies to reallocate import sources toward more efficient RCEP partners.

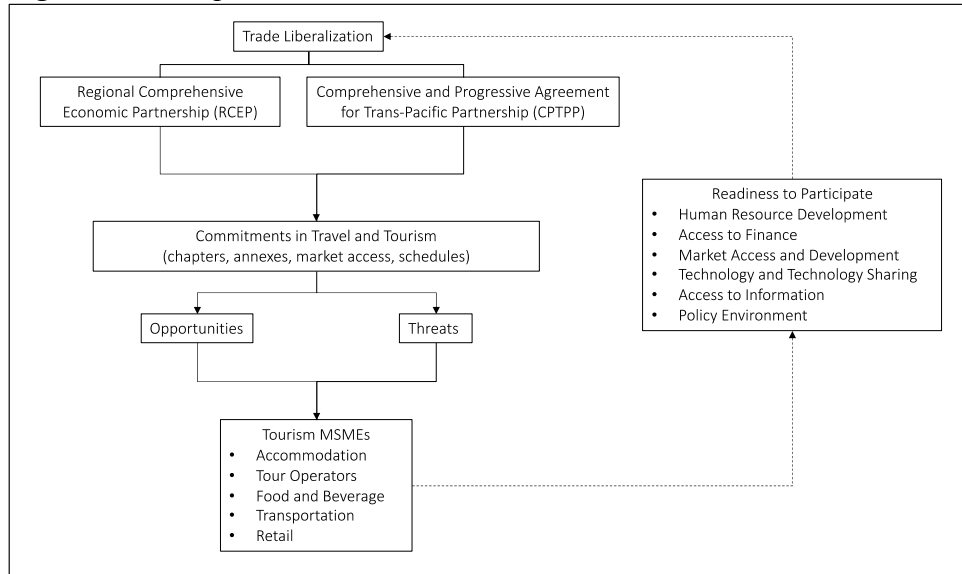
Source: Constructed by the authors.

3. Research Design and Methodology

3.1. Conceptual Framework

We recognized the need to assess and evaluate existing and potential trade agreements along with their respective implications for the tourism industry and its stakeholders (Khalid et al, 2021). To do so, this study is anchored on the conceptual framework illustrated in Figure 2. In furthering the existing discourses on trade agreements and tourism, this study evaluated the commitments on tourism underscored in the selected trade agreements in the Asia-Pacific region (APAC), namely: RCEP and CPTPP. More specifically, the respective opportunities and threats to the Philippine tourism industry and tourism MSMEs were identified. In order to assess whether tourism MSMEs can effectively participate and utilize the commitments under the respective trade agreements, the readiness of the various stakeholder groups of MSMEs (i.e., accommodation, tour operators, food and beverage, transportation, retail) identified by Rivera and Gutierrez (2019) were examined through the Integrated Action Plan for SME Development (SPAN) framework developed by the Asia-Pacific Economic Cooperation (APEC) (2002). SPAN framework encompasses key areas of business development needs (i.e., human resource development, access to finance, market access and development, technology and technology sharing, and access to information) along with the existing policy environment.

Figure 2. Conceptual Framework



Source: Constructed by the authors.

Meanwhile, tourism MSMEs' readiness is assessed through the following:

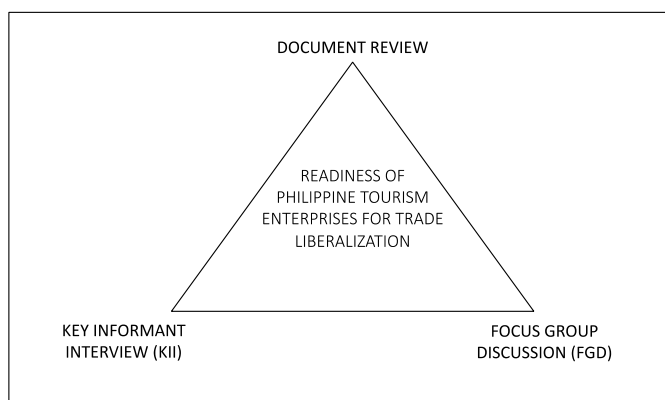
- *Human Resource Development (HRD)*. HRD refers to the availability or lack of qualified manpower, tourism training infrastructure, qualified trainers, strategies for human resources development, and the working conditions in the industry (Gammack et al, 2004).
- *Access to Finance*. Access to finance is critical not only for a business start-up but also in expansion, development, and crisis handling. This may include microfinancing and microcredit schemes, and the development of financial management skills and investment incomes for MSMEs (Gammack et al, 2004).
- *Market Access and Development*. Tourism, a service industry, is also considered an export industry where the destination is deemed as the product. Market access includes prospects of the cross-border labor movement, service suppliers' operation, and licenses to operate, among others (Gammack et al, 2004).
- *Technology and Technology Sharing*. Amid the widespread use of technology and the knowledge economy, technology and information and communications technologies (ICTs) prove to be critical in product and service innovation. The use of ICT serves as the foundation for establishing tourism's participation in global e-commerce where transactions are primarily made online. It is important to note, however, that the effective use of technology goes hand in hand with HRD (Gammack et al, 2004).
- *Access to Information*. Access to information encompasses both content creation and distribution of information to relevant stakeholders (Clement & Shade, 1996). Access to information enables MSMEs and other stakeholders to make informed decisions. This may include information on training, finance, business opportunities, health issues, market information, and distribution concerns, among others (Gammack et al, 2004).
- *Policy Environment*. The policy environment shapes the types of initiatives and projects available to promote MSMEs development. Stimulation of entrepreneurial activities removing barriers to MSMEs activity is therefore recommended. This includes policies that affect the conduciveness of the overall business environment to growth including institutional factors that affect the investment climate, labor market conditions,

business competitiveness, ease of doing business, and effective contract enforcement, among others (Rivera & Gutierrez, 2021).

3.2. Research Design and Data Requirements

Driven by the objectives of this study, triangulation was utilized to develop a comprehensive understanding of a specific phenomenon (Patton, 2002). In doing so, the data obtained from the various data sources can be validated by comparing the information obtained from various sources (Patton, 2002; Bowen, 2009). Figure 3 illustrates the triangulation method we have employed including the following qualitative data-gathering methods: document review, key informant interviews (KIIs), and focus group discussion (FGD).

Figure 3. Triangular Method



Source: Constructed by the authors.

In addressing our research objectives, the methodology is designed to follow an input-process-output process, following a four-phased multi-tier design framework depicted in Figure 4. The commitments on tourism (i.e., chapters, annexes, market access schedules) underscored in RCEP and CPTPP, and the insights from various tourism stakeholders (i.e., MSME owners and managers, policymakers, tourism associations, etc.) served as the inputs of the study that are subjected to document review (Phase 1), KIIs (Phase 2), and FGD (Phase 3) (process) respectively. To generate information on the readiness of tourism MSMEs to participate in RCEP and CPTPP, the information from the three data-gathering methods is further subjected to a validation process (Phase 4). Given the logistical limits posed by the pandemic situation, in which this study was conducted, the majority, if not all, data gathering procedures were conducted online and virtually through various digital platforms (e.g., Zoom, Microsoft Teams, e-mail correspondence, among others).

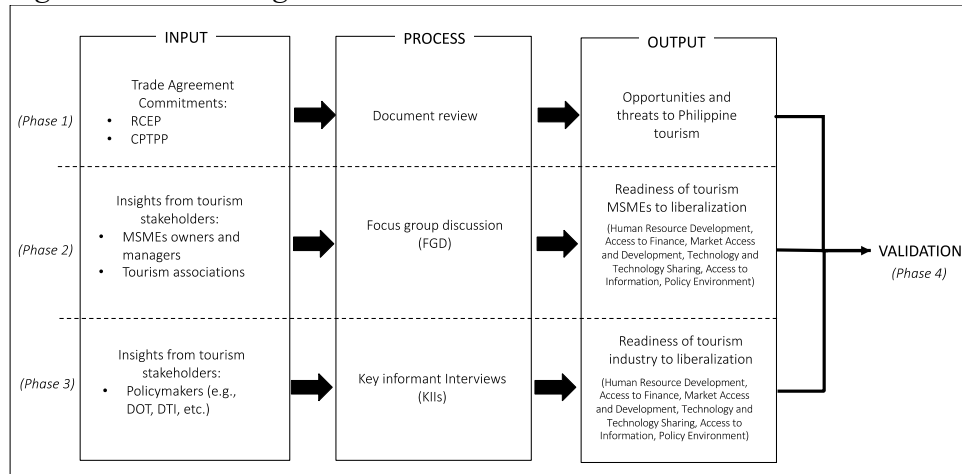
3.2.1. Phase 1: Document Review

The first phase of the methodological process is a document review, which is a systematic process of reviewing and examining documents to elicit meaning and gain understanding (Bowen, 2009). This is conducted by collecting data from existing documents such as reports, agreements, proposals, newsletters, and circulars, among other sources that are relevant to the subject matter at hand. Documents subjected to analyses are viewed as “social facts” that need to be examined to gain background information about a specific event or phenomenon (Atkinson & Coffey, 1997). We reviewed the following documents listed in Table 2, specifically the selected commitments pertinent to tourism.

3.2.2. Phase 2: Focused Group Discussion (FGD)

FGD is used to obtain data from a selected group of individuals to discuss a topic or phenomenon under study with the goal of drawing information from personal experiences, insights, perceptions, and attitudes through a moderated interaction (Kitzinger, 1994; Nyumba et al, 2018). It is used to bridge local knowledge and scientific research through the perspectives of stakeholders under study (Cornwall & Jewkes, 1995). For this research, individuals identified as MSME owners and/or managers and representatives of tourism associations and organizations from various tourism sub-sector were invited to gather their insights about the subject matter at hand. A total of 15 participants were invited to meet a minimum of 7 confirmed respondents. The participants were identified following a set of criteria outlined in Table 3. The questions that will be posed to the participants will include the topics listed in Table 4 following the list provided by (Gammack et al, 2004).

Figure 4. Methodological Process



Source: Constructed by the authors.

Table 2. Pertinent Documents for Analysis

FTA/RTA	Type of Document	Sources
RCEP	RCEP Signed Agreement	Association of Southeast Asian Nations (ASEAN), etc.
	News Articles	Media Outlets (e.g., Philippine News Agency, Manila Times, Philippine Daily Inquirer, etc.)
	Research Projects, Journal Articles, Working Papers, etc.	Academic publications, government policy notes (e.g., Philippine Institute for Development Studies, Department of Foreign Affairs, Department of Trade and Industry, etc.)
	Signed and In Effect CPTPP Agreements from signatory members (Australia, Brunei Darussalam, Canada, Japan, Malaysia, New Zealand, Singapore, Viet Nam)	Asia Regional Integration Center, Asian Development Bank
CPTPP	News Articles	Media Outlets (e.g., Philippine News Agency, Manila Times, Philippine Daily Inquirer, etc.)
	Research Projects, Journal Articles, Working Papers, etc.	Academic publications, government policy notes (e.g., Philippine Institute for Development Studies, Department of Foreign Affairs, Department of Trade and Industry, etc.)

Table 3. Criteria for FGD and KII Participants

Data Gathering	Tourism subsector	Stakeholder Group	Criteria
FGD	Accommodation, Tour Operators, Food and Beverage, Transportation, Retail, Tour Guides, Tourism Officers	MSME Owners and/or Managers	<ul style="list-style-type: none"> • Must be part of the enterprise for at least four (4) years during the conduct of the study • Must be involved in the decision-making process of the enterprise • Must be knowledgeable of the overall operations of the enterprise
		Tourism Association and Organization Executives/Officers (e.g., Hotel & Restaurant Association of the Philippines, Philippine Tour Operators Association, etc.)	<ul style="list-style-type: none"> • Must be part of the industry association/organization for at least four (4) years during the conduct of the study • Must be involved in the decision-making process of the association/organization • Must be knowledgeable of the overall operations of the association/organization
KII	Government/Non-Government Organizations	Policymakers and Authorities (e.g., DOT)	<ul style="list-style-type: none"> • Must be part of the government agency for at least four (4) years during the conduct of the study

Table 4. Topics of FGD and KII Questionnaire

Readiness Metrics	Topics
Human Resource Development	<ul style="list-style-type: none"> • MSMEs' skills in management • Knowledge on tourism and hospitality industry • Staff/employee training • Education qualification and requirements • Crisis management skills • Gender development and representation
Access to Finance	<ul style="list-style-type: none"> • Availability of financing schemes • Awareness of both public and private resources • Government financial schemes • Cash flow • Exposure to foreign exchange volatility due to globalization
Market Access and Development	<ul style="list-style-type: none"> • Market development and promotion • Access to market information (e.g., demand, supply) • Impact of international trade (and trade barriers) • Quality of products (e.g., ISO certified, international certification, etc.) • Government procurement from MSMEs
Technology and Technology Sharing	<ul style="list-style-type: none"> • Adoption of E-commerce • Information on best practices on the use of ICT

Access to Information	<ul style="list-style-type: none"> ● Information on domestic, regional, and international markets ● Information of government regulations and policies ● Information on government support
Policy Environment	<ul style="list-style-type: none"> ● Presence of public-private sector dialogue ● Presence/lack of policy support

Source: Gammack et al (2004).

Each of the FGD participants was assigned a pseudonym based on their respective stakeholder group to ensure confidentiality. Upon completion of the FGD transcriptions, a thematic analysis was used to identify emerging patterns and themes (Braun & Clarke, 2006). In doing so, the data can be organized and analyzed systematically and objectively (Gellatly, 2016).

3.2.3. Phase 3: Key Informant Interview (KII)

Key informant interviews involve a select group of individuals that are selected given the information and insights they have on the subject at hand (Kumar, 1989). Key informants are considered expert sources of information (Marshall, 1996). These are individuals who can expand knowledge and discourse about a specific topic (Cossham & Johanson, 2019). In this study, the selected key informants include policymakers and industry experts from various government agencies (e.g., Department of Tourism [DOT], DTI, among others) and organizations involved in trade relations and tourism development as outlined in Table 3. A total of 10 policymakers and authorities were invited to meet a minimum of 4 confirmed informants. Questions posed to the participants include the topics listed in Table 4. Note that a structured interview was conducted.

Each KII participant remained to be anonymous to ensure confidentiality. Upon completion of the interview transcriptions, a thematic analysis was used to identify emerging patterns and themes (Braun & Clarke, 2006). In doing so, the data can be organized and analyzed systematically and objectively (Gellatly, 2016).

3.2.4. Phase 4: Validation

Given the triangulation method that this study employed, a cross-verification of data from multiple sources can be conducted (Johnson, 2017). To address our research question and objectives, data gathered from phases 1 to 3 were organized, summarized, and cross-verified. More specifically, transcriptions from the conduct of the FGD and KIIs were validated to confirm the readiness of the industry and the tourism MSMEs from the perspectives of the stakeholder groups consulted in the study. Findings from the document review (i.e., opportunities and threats for tourism from RCEP and CPTPP) were incorporated into the validated findings from the FGD and KIIs to address our identified research questions and objectives. Our findings can assist in crafting policy recommendations to support tourism MSMEs' participation and utilization of the RCEP, and in moving forward with the CPTPP.

While studies establishing the relationship between tourism and trade liberalization remain scant, the conclusions we generated in the study can further bolster tourism development by assessing how tourism MSMEs can effectively participate and utilize the existing and future trade agreements that the Philippines will take part in. More specifically, our conclusions can serve as evidence to support the Philippine government's policy stance to further liberalize its

market and industries through the trade agreements under study, namely: RCEP and CPTPP, in the context of the country's tourism industry.

4. Results and Discussion

4.1. Phase 1: Document Review

Our document review is geared towards laying the foundation in addressing our research problem and objectives through an iterative assessment of how the external environment can change given the CPTPP and RCEP, as well as an examination of the Philippines' domestic characteristics and capacities. Hence, at the end of this first phase, a SWOT (strengths, weaknesses, opportunities, and threats) analysis is presented, which according to the Harvard Business School Press [HBS Press] (2005) is the process of looking outside and inside.

4.1.1. RCEP and CPTPP's Commitments to Tourism

As discussed earlier, the RCEP turned out to be the largest free trade agreement recognized globally when signed in November 2020 and came into force in January 2022. It laid down potent opportunities associated with huge resources for regional and international value chain undertakings and assistance to capitalize resources for trade and investment. Provided with the present milieu of uncertainty due to the COVID-19 pandemic, it extends as a significant framework for both regional and global trade. Notwithstanding its momentum for open regionalism and for global trade and investment succor, it stands to be less fully apprehended which particularly regards its facets, commitments, and outruns, relatively with how divergent it was from the other trade agreements.

On the other hand, CPTPP sets forward prominent standards of liberalization for both trade and investment, centering channels as compared with conventional tariff reduction. According to the Foreign Affairs and International Trade Canada (2022), CPTPP was illustrated as striving for "market access commitments in trade in goods, services, investment, labor mobility, and government procurement" (para. 4). It also institutes well-defined policies focused on a reliable, evident and unbiased environment to do business among CPTPP markets. Whereas Hareè (2021) mentioned supplementary significant features of the agreement which concern environmental protection, labor rights, and trade-related alliance among members which involves small and medium-sized enterprises, as well as regulatory coherence, towards economic development.

Comparably, RCEP initiated various features which are uncommon with the facets of other agreements – "differential tariff concessions, co-sharing, single rules of origin, and transition from positive to negative list in services liberalization" (Kimura et al., 2022, p. 3). These features are perceived to introduce an effective implementation RCEP, and which will raise potential in crafting implications relevant to addressing arising matters of protectionism in pre-pandemic and post-pandemic. Rodrik (2021) supported evidence revealing that globalization has been regarded as an advantage to the rich and wealthy yet distressing to the middle class. Even so, the study raised three distinctive strands concerned with protectionist policies particularly on trade, movement of people (i.e., immigrants and refugees), and financial globalization (i.e., economic aftermath of the pandemic).

The COVID-19 pandemic caused stress to global economic growth, affecting all business sectors and largely devastating the tourism industry. Relevant with, owners and workers of the tourism industry were greatly challenged as jobs, incomes and operations have declined-affecting a substantial percentage of low-income households whose livelihood is generated from tourism enterprises, skilled and unskilled workers of the industry, and even the middle to top management of organizations- all tourism and hospitality stakeholders among developing and less developed nations. The pandemic demanded an extensive shift of people-oriented industries not limited to tourism, hotel and restaurant, and other informal sectors. As noted, all segments of the vast value chain of tourism and hospitality received negative impacts, yet posed a transformative opportunity to modify, reinvent and eventually pave the opportunity to restart innovative schemes of operations, institutionalize a new set of standards, and enforce more responsive and resilient paradigms equipped with addressing uncertainties in the global economy (Mair, 2020; Roxas et al., 2021).

To support our discussion, we reviewed specific commitments under RCEP and CPTPP that are pertinent to the tourism industry. This is because it is valuable to see what developing economies like the Philippines, stand to gain from the commitments of other more developed economies that are signatories to RCEP and CPTPP. Following Rivera and Tullao Jr. (2022), these commitments are the opportunities that the Philippine tourism industry can harness.

Open systems and trade are decisive strategies to produce investment, livelihood, and employment, alleviate poverty and income discrepancy and result in a constitutional modification in the domestic and regional economy (APEC Secretariat, 2013). These are evident to achieve sustainable and comprehensive post-pandemic revival which considers poverty reduction and to construct a substantial and resilient recovery process in terms of a digital and green transformation of regional trade (World Bank, 2018; WTO, 2022). Mega FTAs particularly the RCEP and the CPTPP are critical to diminish and handle the risky and unpredictable policies of market exchange in trade and investment considering rising anti-globalization and eroding of the global trading system (Kimura, 2021). Such agreements serve key roles in liberalizing regional trade and investment, countering global issues and challenges, and expanding and preserving the resilience of enterprises affected by these trade agreements.

The RCEP introduced definite trading regulations and a framework for goods, services, and investment. Though, this framework is weaker than the CPTPP in some aspects of regional integration. The strength of the RCEP is in the construction of an institutional framework under economic cooperation. Thus, RCEP yields a distinctive approach and support for ASEAN least developed countries (LDCs) to thrive firm and consolidate strategies to extensively enforce the RCEP commitments.

Both RCEP and CPTPP made common commitments, particularly on the supply side only-workers and entrepreneurs. The most prominent is sustainable entrepreneurship⁸, which devises an extensively recognized business marvel incorporating small and medium enterprises – in return, presently aligning strategies as sustainable development was envisioned in countering environmental and social issues (Ebdane, 2019; Klewitz & Hansen, 2014). Consequently, sustainable entrepreneurship has been deliberated as a medium towards

⁸ The concept of sustainable entrepreneurship views as a business-driven model and opportunity oriented that aims at generating new products, services and production processes, management models and techniques which concentrates on the growth social and business value aligned with the realization of sustainable innovations to benefit quality of life while reducing social and environmental impacts (Ebdane, 2019; Seahltegger, 2013).

inclusive sustainable development stipulating the substantial impact of MSMEs (Ebdane, 2019; Jansson et al., 2015; Klevitz & Hansen, 2014).

As tourism satisfies the Philippines' positive economic gains, it also serves as a platform to promote MSMEs. Parallel with this, according to reports by the DTI (<https://dti.gov.ph>), MSMEs contributes approximately 25 percent of the country's total exports; comprises more than 99 percent of registered businesses that generates 60 percent of jobs – SMEs redeemed to be the economic lifeblood of the country.

As tourism businesses situate perceptiveness onto recovery, MSMEs reduced as being pulled by two ends: (1) when businesses declined seemingly not due to lesser demand, but some businesses failed to embrace digital transformation where MSMEs tend to cut off themselves from their markets who, today, preferred digital platforms; and (2) when additional costs rise (i.e., utilities, fuel) and logistics prices. With the FTA being in effect, an opportunity for broader market access is an opportunity that tourism MSMEs can take advantage of (Organization for Economic Cooperation and Development [OECD], 2020).

In support of investments and to augment resilience, government policies and liquidity measures will be properly aligned. Though, it might tend difficult to recover and account returns in short period, particularly those MSMEs and human resource whose livelihood are dependent with tourism, trade liberalization will eventually benefit the region, including international collaboration and alliance, and will potentially underwrite post-pandemic economic recovery (PR Newswire, 2022).

Focusing on the opportunities under RCEP, as an initiative proposed by the ASEAN, it stipulates institutional support for trade and investment cooperation among members. As cited by Wang (2017), it will function in promoting fine-tuning industries, in expanding the value chain, and in optimizing the allocation of production and trade in the Asia-Pacific region. With this, it will facilitate balanced development among countries and regions through freer flow of goods and resources, and thus members view favorable economic integration.

As part of RCEP's economic cooperation framework, it will engage a protocol for the movement of people working in labor-intensive industries; and will develop a framework to address issues and promote integration to intensify investment which will set first in maneuvering manpower with skills development, enhancement of infrastructures and an increased participation of MSMEs. Another opportunity which tourism MSMEs may delve into is to take advantage of information technology and e-commerce performance in hospitality and tourism to strengthen tourism-support services (Hua, 2016; Tang & Zeng, 2021; Wei et al., 2021). Apparent on the study of Mbatha and Ngwenya (2018), e-commerce as utilized by MSMEs was found useful, however, the results also revealed that lack of funds, cost of maintaining and upgrading e-commerce facilities and software, and technical know-how were identified as barriers to tourism MSMEs service providers.

Furthermore, to upslope the capabilities of business institutions, part of RCEP's institutional provision is to address and review issues related to: (1) goods, services, and investment; (2) sustainable growth; and (3) business environment – all aligned and parallel in addressing as well environmental change, skills enhancement and development, green practices and transformation, and digitalization and smart enterprises and facilities (www.opengovasia.com; Morrison & King, 2002). With these, it has been certain that the provisions of RCEP's

framework will be vital and beneficial in the post-pandemic recovery including structural transformation.

Focusing on the opportunities under CPTPP, as it targets to arrange a different convention for international trade, and to integrate emerging disputes, it exemplifies five strategic features: (1) developing a comprehensive market access that eradicates tariffs and further impediments to trade in goods and services and investment; (2) enforcing a regional agreement by enabling the growth of production and supply chains among TPP members; (3) employing a method of cross-cutting trade concerns through assembling and integrating four new cross-cutting issues: “regulatory coherence, competitiveness and business facilitation, small-and medium-sized enterprises, and development”; (4) focusing on latest trade challenges by solving emerging trade concerns such as parallel with digitalization; and (5) updating of agreement in response to probable forthcoming trade issues and to encourage nations to be part of the collaboration (Hoan et al., 2019, p. 2).

Tariff reduction enabled benefits from enlarged exports to CPTPP markets, specifically to be linked with other FTAs, and particularly taking comparative advantages to Philippines’ goods and services. In particular, the nation is forecasted to benefit from predictable growth in foreign trade and investment. Through the inflow of production linkages among CPTPP-member economies, the Philippines can further integrate into global production value chains, maximizing the allocation of resources that fosters economic growth and poverty alleviation. Relatively, a CPTPP membership seems agreeable these days to constitute privileged access to the markets of various large, developed economies and to boost inward investment to expedite economic recovery from the pandemic (Hayden & Heine, 2022).

In summary, tourism was regarded as one of the most profitable industries in the service sector (Haqbin et al., 2022). Conversely, when the pandemic surfaced, the tourism industry encountered serious challenges. Pertinent with this, tourism MSMEs faced severe losses. The identified core solutions are “operations, marketing, and customer relations, human resources, financial [most significant], and communication solutions [least significant]” (Haqbin et al., 2022, p.1). Furthermore, cost reduction, development of automation technologies and innovative business models, and tender for government support and loans are seen as most fundamental COVID-19 recovery solutions for tourism MSMEs (Fuchs, 2021).

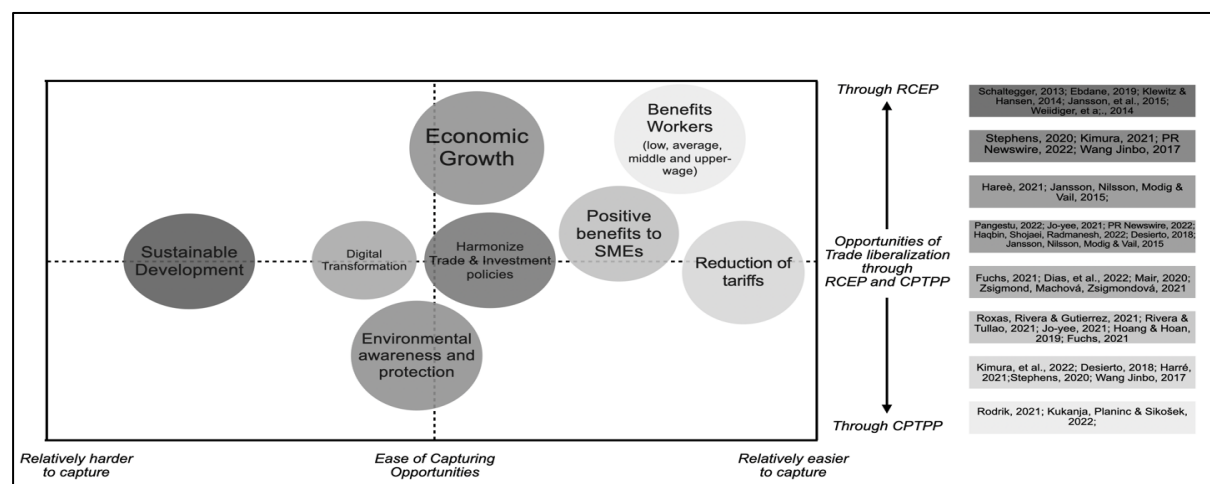
Trade agreements indicate positive economic advantages and pave to streamline challenges with new opportunities parallel with cooperation and alliance among members. Both RCEP and CPTPP aim to find a solution where nations would meet and expand international capacities while constituting positive outcomes addressing global issues such as trade in goods and investment; harmonizing policies; alleviating poverty; and promoting sustainable economic, social, and environmental progression (Ebdane, 2019; Kimura et al., 2022). As discussed earlier, both RCEP and CPTPP foster opportunities for members and demonstrate the integration of unified and beneficial policies and agreements. However, being a joint member or a separate affiliate of RCEP and/or CPTPP constitutes responsibilities adjacent to advantages. Considering the case of tourism MSMEs on their entrepreneurial intention towards sustainable growth, the Philippines is positioned to cope recovery with from COVID-19 through digitalization as hospitality and tourism sectors initiate to introduce industry 5.0⁹, and

⁹ Industry 5.0 redefines tourism and hospitality industry to augment operations and human tasks heightening human touch on products and services rather than “standard robotic operation” alongside with smart technologies and digitalization which empowers more creativity, critical thinking and innovation towards customized value-added products and services and prepared to more resilient business and operations (Longo et al., 2020; Nahavandi, 2019; Mohanty et al., 2020; Pillai et al., 2021).

to take advantage of tourism resources and offerings when stakeholders tend to be more inclined in capacitating local destinations and homegrown products and crafts, and in taking advantage of MSMEs progress, as a cited benefit of RCEP and CPTPP, through re-engineering⁷ tourism market places and supply chains (Morrison & King, 2002), reinventing tourism products with the emerging trends (Hou et al., 2021) and reassessing performance of MSMEs service providers while reevaluating the new market demands (Mbatha & Ngwenya, 2018).

Figure 5 demonstrates the following variables as illustrated by various literature in defining the opportunities of trade liberalization for tourism MSMEs. The figure also shows the dependence on realizing the opportunities adjacent to the extent of attaining opportunities either with RCEP or CPTPP. To underscore with, the variables: (1) sustainable development, (2) digital transformation, (3) harmony in trade and investment policies, (4) positive benefits to MSMEs, and (5) reduction of tariffs can be managed with both RCEP and CPTPP, however, sustainable development and digital transformation have been reviewed as *relatively harder to capture*. The advancement and application of digital technologies have followed profound change in the manner an individual lives, work, travel and perform business, and which also resulted to reshape and transform tourism. The measured opportunities and barriers have risen because of the emerging gap between “tech-driven and globally connected tourism businesses, and traditional micro and small businesses often characterized by low-tech business practices” (OECD, 2020, p.1). E-commerce and digital marketing provided passage which extends to new markets, engaging clients and building product, whereas Huang et al. (2009) suggested to utilize innovative business paradigms to food tourism products which can be further augmented through mapping of popular destinations with the emerging trends in tourism e-commerce (Hou, et al., 2021). The convergence of industry 5.0, including the rising social and economic connectivity which stemmed from globalization, is compelling the modification of digital technologies. With the potential to harness innovation, produce economic and environmental proficiencies, and heighten productivity, digitalization as aligned in addressing the aftermath of COVID-19 streamlined a transition for virtual engagement platform, however, constitutes challenges to tourism MSMEs to embrace digitalization and its equivalent cost (Mbatha & Ngwenya, 2018).

Figure 5. Mapping of Opportunities with Trade Liberalization for Tourism SMEs



⁷ Re-engineering delineates rethinking and redesigning business processes aligned with organization structures, workflow and business performance while taking advantage of newly emerged technologies (Wei et al., 2021; Morrison & King, 2002; Mandych, et al., 2021).

Technology has been identified as a key strategy to transform the global tourism industry, yet harnessing technology in promoting tourism destinations has been a challenge even before the pandemic according to Development Asia (2021) [www.development.asia]. Table 5 presents the areas identified as opportunities for the Philippine tourism industry under RCEP and CPTPP: (1) growth opportunity in local tourist sites, (2) sustainable entrepreneurship and economic growth, (3) enterprises innovation and resilience, and (4) tourism development. Destination resilience has been identified to set an opportunity for tourism MSMEs stakeholders and the market to address preparedness toward uncertain conditions and to strengthen the capabilities of stakeholders who are dependent on the tourism industry. Relevant to this, the intention of travelers to visit tourism destinations and to purchase tourism products and services has also been affected by the pandemic, thus, the Philippine tourism MSMEs must be equipped with risk management, service delivery, transportation patterns, value chain, and carrying capacity (Rahman et al., 2021; Mochavá et al., 2021; Nunkoo & Ramkissoon, 2013).

Table 5. Opportunities for the Philippine Tourism Industry Under both RCEP and CPTPP

Area	Opportunities	Source
(1) Growth opportunity in local tourist sites	The Philippines, with the right combination of circumstances, can cascade and encourage pursuance of community-based tourism.	Dela Cruz (2015); Kontogeorgopoulos et al. (2014)
	Growth in tourism can be further expanded with the assistance of local community and government and with properly identified tourism framework and value chain management.	Rivera and Gutierrez (2019); Bulilan (2021); Dodds et al. (2018)
	Tourism has been identified as a major industry which is valuable in contributing economic advantage and poverty alleviation.	Smith et al. (2011); Hornoiu et al., (2014)
	There is a perceived potential of increase in tourism demand and tourist influx in the post-pandemic.	Dela Cruz (2015);
(2) Sustainable entrepreneurship and economic growth	Regional organizations in ASEAN have focused on augmenting the competitive edge by marketing local tourism products and services globally.	Escolar-Jimenez (2020); Gutierrez et al. (2021)
	Partnerships, collaborative actions and leadership may enable inclusive and sustainable economic gains in tourism.	Bulilan (2021); Okazaki (2008); Loverio et al. (2021)
	Local governments are directly involved in tourism business and, as requisite to their functions, are responsible in managing and marketing touristic enterprises and forming partnerships with government and non-government agencies and host communities.	Bulilan (2021); Dizon (2015); Yotsumoto (2013); Mandigma et al. (2019)
(3) Enterprises innovation and resilience	As tourism begins to shape back, existing and emerging local destinations move forward to more resilient operations with the help of local government units and institutions.	Mandigma et al. (2019); Yamagishi and Ocampo (2022); Bhati and Sharma (2016)

(4) Tourism development	Encouraging local capacity, enabling self-organization and diversifying livelihoods can boost the resilience of tourism.	Roxas et al. (2022); Baral (2014); Brillo et al. (2021)
	Translating sustainability concepts into principles can be manned as an opportunity to positively impact the environment, economy and society through the involvement of stakeholders in identifying and evaluating indicators of sustainability for local destinations.	Gutierrez et al. (2021); Wu and Chen (2018); Bautista (2021); Mai et al. (2014)
	Local residents' attitude towards tourism development can be shaped based on the outline of benefits that tourism may contribute to the host community.	Selcuk et al. (2021); Gstaettner et al. (2017)
	Tourism can be an advocate in helping locals value and incentivize local resources.	Ziegler, et al. (2021); Aquino et al. (2021)

4.1.2. Limitations of CPTPP and RCEP on Tourism

On the other hand, these additional commitments warrant that member economies in CPTPP and RCEP impose certain limitations particularly on market access and national treatment. Following Rivera and Tullao Jr. (2022), these limitations are the threats that the Philippine tourism industry must overcome to take advantage of the available opportunities brought about by RCEP and CPTPP.

As a signatory to RCEP, the Philippines continues to experience delays in the ratification of the FTA. As suggested, RCEP will not be ratified without the full support from the Executive branch after the Philippine Senate's failure to concur the agreement before senate sessions adjourned (Tan, 2022). Hence, to date, the Philippines Senate continues to defer its ratification after civil society organizations and groups of farmers, fishers, and private sectors expressed their strong opposition to RCEP's ratification (Chaudry, 2022). Thus, at present, the country continues to weigh the benefits and possible costs of engaging in such trade deals.

Against this backdrop, the section outlines the limits of RCEP in liberalizing tourism and travel related services in the Philippines. As noted by Wettstein et al (2019), the Philippines leads in providing Mode 1 (cross-border supply) services, along with countries like Indonesia, Brunei, and Viet Nam. Yet, the country is found to benefit most in Mode 4 (movement of natural persons) where it has an approximate share of 9 percent. Despite this, RCEP arguably reflects existing world patterns where trade in services is still dominated by Mode 3 (commercial presence), and with Mode 4 (movement of natural persons) having the smallest share (Kimura et al, 2022). Thus, it is critical to closely examine the possible limits posed by the country's accession to RCEP in relation to tourism and travel related services .

The respective commitments and limitations of the RCEP members in relation to tourism and travel related services were examined and summarized in Appendix 1. From these, several observations were made with respect to modes of supply:

- Under Mode 1 (cross-border transaction)¹⁰: Australia, Cambodia, South Korea, and Thailand remained unbound, while others like Brunei Darussalam, Indonesia, Japan, and Singapore have yet to include specific commitments on the sector. Only China, Lao PDR, Malaysia, Myanmar, New Zealand, and Viet Nam removed all forms of limitations to this mode of supply.
- Under Mode 2 (consumption abroad)¹¹: All RCEP members, with the exception of Brunei Darussalam, Indonesia, Japan, and Singapore, have removed limitations and/or restrictions to this mode of supply.
- Under Mode 3 (commercial presence)¹²: Only Australia, South Korea, and New Zealand declared no restrictions and/or limitations to this mode of supply. Brunei Darussalam, Indonesia, and Japan have yet to include specific commitments on the sector. The rest have imposed a range of restrictions on market access and national treatment.
- Under Mode 4 (movement of natural persons)¹³: All RCEP members, with the exception of Australia, Brunei Darussalam, and Japan that have yet to identify commitments on the sector, have declared “unbound” except those indicated in their respective horizontal commitments and schedules.

The commitments are then compared against the needs and abilities of the Philippines in pursuing substantial trade in relation to tourism and travel-related services to identify the possible limitations posed by RCEP on the sector. Table 6 summarizes these limitations.

Table 6. Limitations on Tourism and Travel-Related Services Under RCEP

Mode of Supply	Area of Limitations / Restrictions	Details
(1) Cross-border transaction	<ul style="list-style-type: none"> • Based on the commitments made by RCEP members on Mode 1, the liberalization of cross-border supply remains very limited, with the majority of member economies remaining unbound or have yet to include their commitments on the sector. • Given the technological advancements, the country may need to expand its capacities to provide tourism and travel related services that can readily adapt to these developments. 	
(2) Consumption abroad	<ul style="list-style-type: none"> • Based on the commitments made by RCEP members on Mode 2, consumption abroad provides an opportunity for the Philippines to take advantage of, given the liberalization offered by the majority of the RCEP members that have removed all forms of restrictions and/or limitations. • It should be noted, however, that despite these commitments, the lack of harmonious policies regarding the entry requirements for the citizens (e.g., visa requirements for non-ASEAN member economies) may serve as a hindrance to the entry of the citizens of the Philippines 	
(3) Commercial presence	<ul style="list-style-type: none"> • Based on the commitments made by RCEP members on Mode 3, commercial presence remains highly restricted given the various market access and national treatment limitations imposed by the majority of RCEP members. Service 	

¹⁰ Mode 1: Cross-border transactions is defined as a service that is supplied from the territory of one Member into the territory of any other Member (OECD, 2017).

¹¹ Mode 2: Consumption abroad is defined as a service that is supplied in the territory of one Member to the service consumer of any other Member (OECD, 2017).

¹² Mode 3: Commercial presence is defined as the supply of a service by a service supplier of one Member, through commercial presence in the territory of any other Member (OECD, 2017).

¹³ Mode 4 Temporary presence of natural persons takes place when an individual is temporarily present in the territory of an economy other than their own to provide a commercial service (OECD, 2017).

		<p>suppliers of CPTPP-member economies may operate their wholly-owned hotel and restaurant establishments in the Philippines.</p> <ul style="list-style-type: none"> Travel agencies and tour operators (and tourist guides) may also permitted to establish wholly Philippine-owned subsidiaries to provide their services to both domestic and foreign travelers from CPTPP-member economies.
		<ul style="list-style-type: none"> Foreign-invested enterprises require key management members to be citizens of the host economy or may require joint venture with locals (e.g., Brunei, Cambodia, Malaysia, Thailand) Operation of tour and travel agencies are limited to inbound and domestic travel only (e.g., China, Viet Nam)
		<ul style="list-style-type: none"> For countries like Australia, commercial presence is required Limits on specific sub-sectors are identified. For accommodation and lodging services, for example, only those belonging to three star rating or higher are allowed (e.g., Lao PDR), one to two star rating hotels (e.g., Cambodia), and others. Meanwhile, Singapore signified the limits it imposed on food and beverage-related services. Limits on tourist transport operation subjected to compliance in domestic laws (e.g., Myanmar)
(4) Working in country / Movement of natural persons	Temporary entry and duration of stay	<ul style="list-style-type: none"> Based on the commitments made by RCEP members on Mode 4, the allowable length of stay of natural persons vary, along with the conditions on which types of persons are eligible to enter. RCEP-member economies will allow the following categories of Filipino citizens and permanent residents to enter and stay in their territories for a specific period of time, which can be extended under valid reasons: short-term business visitors; intra-corporate transferees and spouses and dependents; investors and spouses and dependents; qualified professionals and spouses and dependents; independent professionals and spouses and dependents; and contractual service suppliers and spouses and dependents. Given the significance of Mode 4 to the Philippines, the present commitments under RCEP remain to limit the country's potential in supplying its professionals to other economies. The existing market access and national treatment restrictions pose a challenge on the

	type of skilled worker that the Philippines can offer as a member of RCEP.
Quotas and labor market testing	<ul style="list-style-type: none"> • Labor market testing or other forms of economic needs tests on any of the categories of business persons covered by the RCEP is imposed as is the case in Myanmar
Qualification requirements	<ul style="list-style-type: none"> • With majority of the member economies signified “unbound except as indicated in horizontal commitments,” exemptions to entry were also identified: <ul style="list-style-type: none"> ○ Top level management (e.g., executives, managers) and specialists (e.g., chef, tourism consultants) are permitted following their contracts (e.g., Indonesia, Lao PDR, Singapore) ○ Meanwhile, others like China, added another layer of requirement where such professionals must be under contracts with partly foreign invested hotels and restaurants

Source: Adapted from RCEP II and IV schedules of Australia, Brunei Darussalam, Cambodia, China, Indonesia, Japan, Korea, Lao PDR, Malaysia, Myanmar, New Zealand, Singapore, Thailand, and Viet Nam.

As noted by Kimura et al (2022), the inclusion of trade in services in the RCEP agreement may appear progressive in liberalizing the sector, yet its effective implementation among member economies requires strengthening their respective regulatory frameworks. The same is observed in examining the various commitments of RCEP members which entails efforts to remove or reduce remaining institutional and policy barriers while improving the capacities of their respective private stakeholders. For developing economies such as the Philippines, these existing commitments in relation to tourism and travel-related services emphasize the value of improving its labor workforce (Grover, 2020). Part of this is facilitating its adaptability to digital transformation which is becoming a trend in the services trade (Thangavelu et al, 2021).

On the other hand, the Philippines is still in the process of weighing the possibilities of joining the CPTPP, with the objective of expanding its free trade network and building new economic relationships with economies beyond its existing bilateral and multilateral FTAs (Shiga, 2021), it is also important to know what limitations, particularly on market access and national treatment, will the economy face upon formal membership. In the previous section, we have seen what and how domestic industries in the Philippines stand to gain from CPTPP.

The CPTPP technically covers all sectors and aspects of trade with the goal of eliminating or reducing trade and non-trade barriers. It specifically covers trade in goods, rules of origin and origin procedures, customs and trade facilitation, regulatory cooperation and conformity assessment, government procurement, trade in services and labor mobility, investment, intellectual property, labor and the environment, and inclusive trade (Government of Canada, 2022). From the discussion on trade commitments, establishing clear rules is critical in facilitating the creation of a consistent, transparent, and fair environment to conduct business in CPTPP-member economies – all of which are opportunities for participating economies to increase productivity and expand market access. While focusing on the prospects of liberalizing tourism and travel-related services where tourism is treated as a value chain (Rivera

& Gutierrez, 2019), it is assumed that under the CPTPP, equal treatment to tourism and travel related services are embedded (Australian Government, n.d.).

While there are no explicit commitments or limitations on tourism and travel-related services in the CPTPP agreement documents, we surmise the possible limitations that tourism stakeholders would face once the Philippines becomes part of this FTA. For example, in Chapter 12 (Temporary Entry for Business Persons) of the agreement, CPTPP facilitates the harmonization of visa processing and border security mechanisms among member economies. Yet, member economies are free from regulating the entry of natural persons in their territories such as immigration formality (e.g., visa, entry permit). Similarly, the recognition of an individual's experience (i.e., education, certification, licenses) remains the discretion of the member economies and the respective agreement they have with each other. While there are no specific schedules and commitments for each member economy, the entry of business persons to other member economies is largely dependent on the established domestic rules and regulations of the respective economy. The same case is observed in Chapter 9 (Investment), where domestic laws governing national investments still remain as the final arbiters on which investment contracts will be accepted or rejected. The precedence of domestic laws was noted in the Annexes 9-F and 9-H of the CPTPP agreement: Chile (under its Foreign Investment Statute), Australia (under its foreign investment policies), Canada (under its Investment Canada Act), Mexico (under the National Commission on Foreign Investment), and New Zealand (under its Overseas Investment Act 2005). Gleaned from the CPTPP agreement, variations in country-specific policies and their precedence over CPTPP stipulations may pose limits to liberalizing tourism and travel-related services.

The same observations are made in examining the CPTPP agreement between Singapore and Australia where tourism and travel-related services are explicitly included (Australian Government, n.d.). Under the CPTPP, Singapore committed to reduced restrictions towards Australia. That is, Singapore treats Australian suppliers of tourism and travel-related services no less favorably than Singaporean suppliers in similar circumstances, subject to some restrictions on food and beverage services. Moreover, outbound tourism from Singapore to Australia is open. Table 7 summarizes the restrictions or the lack thereof.

Table 7. Limitations Under the Singapore – Australia CPTPP FTA for Tourism

Mode of Supply	Area of Limitations / Restrictions	Details
(1) Cross-border transaction	<ul style="list-style-type: none"> ● Singapore committed to allow Australian tourism and travel services providers to supply their services cross-border, without restrictions. 	
(2) Consumption Abroad	<ul style="list-style-type: none"> ● Outbound tourism from Singapore to Australia is open. 	
(3) Commercial presence	<ul style="list-style-type: none"> ● Singapore guaranteed existing market access to allow Australian providers of tourism and related services to establish a commercial presence in Singapore, subject to legal form of establishment for restaurants and nationality requirements for food hawkers. ● Australian tourism services providers are able to establish wholly Australian-owned enterprises to build and operate hotels and restaurants in Singapore. ● Australian wholly-owned travel agencies and tour operators can provide travel and hotel accommodation services for domestic and foreign travelers and tour operators can organize tours in Singapore (and provide tour guide services). 	

<ul style="list-style-type: none"> Business registration requirements apply. 		
(4) Working in country / Movement of natural persons	Legal for of establishment	<ul style="list-style-type: none"> Australian services suppliers are able to establish and operate wholly Australian-owned subsidiaries to provide hotel services. To supply food or beverage catering services in Singapore, a foreign service supplier must incorporate as a limited company in Singapore, and apply for the food establishment license in the name of the limited company.
	Nationality requirement	<ul style="list-style-type: none"> Only a Singapore national can apply for a license to operate a stall in government-run markets or hawker centers, in their personal capacity.
	Business registration and local presence	<ul style="list-style-type: none"> Where a person is required to be registered under the Business Registration Act, or, in the case of any corporation where the directors or the secretary of the corporation are not ordinarily resident in Singapore, a local manager must be appointed.
	Land ownership	<ul style="list-style-type: none"> Singapore reserves the right to adopt or maintain any measure affecting real estate. This includes, but is not limited to, measures affecting the ownership, sale, purchase, development and management of real estate.
	Temporary entry and duration of stay	<ul style="list-style-type: none"> Singapore will allow the following categories of Australian citizens to enter and stay in Singapore: business visitors and investors (up to 30 days). Entry of business visitors and investors is subject to the fulfilment of the Singaporean eligibility requirements prevailing at the time of application. Singapore reserves the right to adopt or maintain any measure with respect to foreigners working in its territory, including the right to give better treatment to Singaporean service suppliers.
	Recognition and cooperation	<ul style="list-style-type: none"> The CPTPP encourages the relevant bodies responsible for the issuance and recognition of professional and vocational qualifications in each country to strengthen cooperation and to explore possibilities for mutual recognition of respective professional and vocational qualifications.

Source: Adapted from CPTPP Annex I and Annex II schedule of Singapore.

In the same light, tourism and travel-related services are also explicitly included in the CPTPP between Japan and Australia (Australian Government, n.d.). That is, under the CPTPP, Japan guarantees existing market access for Australian services suppliers seeking to establish and operate wholly Australian-owned hotels and restaurants in Japan. Australian travel agencies and tour operators are permitted to establish wholly Australian-owned subsidiaries in Japan that can provide travel and hotel accommodations for domestic and foreign travelers, organize tours within Japan and provide tourist guide services. Table 8 summarizes the restrictions or the lack thereof.

Table 8. Limitations Under the Japan – Australia CPTPP FTA for Tourism

Mode of Supply	Area of Limitations / Restrictions	Details
(1) Cross-border transaction	<ul style="list-style-type: none"> Japan allows Australian tourism and travel related services providers to supply their services cross-border, such as providing tourism consultancy advice via the Internet. 	
	Local presence and national treatment requirements	<ul style="list-style-type: none"> Japan does not require Australian tourism and travel-related services providers to maintain a local presence in Japan, although some services are not technically feasible on a cross-border basis, such as accommodation services.
(2) Consumption abroad	<ul style="list-style-type: none"> Japan does not maintain any restrictions on Japanese nationals travelling to Australia. 	
(3) Commercial presence	<ul style="list-style-type: none"> Japan's commitments allow the establishment of commercial presence to provide tourism and travel related services in its territory. Services suppliers of Australia may operate wholly Australian-owned hotel and restaurant establishments in Japan. Travel agencies and tour operators (and tourist guides) are also permitted to establish wholly Australian-owned subsidiaries to provide their services to both domestic and foreign travelers. 	
	National treatment limitations	<ul style="list-style-type: none"> Japan has undertaken to treat Australian enterprises supplying tourism and travel related services in Japan no less favorably than it treats Japanese suppliers operating in the same circumstances in Japan.
	Land ownership	<ul style="list-style-type: none"> With respect to the acquisition or lease of land properties in Japan, prohibitions or restrictions may be imposed by Cabinet Order on foreign nationals or legal persons, where Japanese nationals or legal persons are placed under identical or similar prohibitions or restrictions in the foreign country.
(4) Working in country / Movement of natural persons	Temporary entry and duration of stay	<ul style="list-style-type: none"> Japan will allow the following categories of Australian citizens and permanent residents to enter and stay in Japan: short-term business visitors (up to 90 days, which may be extended), intra-corporate transferees and spouses and dependents (up to five years, which may be extended); investors and spouses and dependents (up to five years, which may be extended); qualified professionals and spouses and dependents (up to five years, which may be extended); independent professionals and spouses and dependents (up to five years, which may be extended); and contractual service suppliers and spouses and dependents (up to five years, which may be extended).

Quotas and labor market testing	<ul style="list-style-type: none"> Japan has undertaken not to impose quotas on the number of Australians who can work temporarily in Japan under the categories of business persons covered by the CPTPP. Japan has also undertaken not impose labor market testing or other forms of economic needs tests on any of the categories of business persons covered by the CPTPP.
Qualification requirements	<ul style="list-style-type: none"> Business persons engaged in activities which require technology or knowledge at an advanced level pertinent to natural or human sciences must have college education or higher education.
Recognition and cooperation	<ul style="list-style-type: none"> CPTPP encourages the relevant bodies responsible for issuance and recognition of professional and vocational qualifications in each country to strengthen cooperation and to explore possibilities for mutual recognition of respective professional and vocational qualifications.

Source: Adapted from CPTPP Annex I and Annex II schedule of Japan.

From the commitments and limitations imposed by Australia, Japan, and Singapore on each other, the Philippines can only extrapolate the kind of restrictions that will be imposed. We can conclude from Table 7 and Table 8 that restrictions can be categorized across the four GATS modes of supply, similar to the categorization done by Rivera and Tullao Jr. (2022, 15, 17, 21). Table 9 summarizes the potential limitations, in broad strokes, that can be imposed on the Philippines under CPTPP.

Table 9. Potential Tourism-Related Limitations Imposed on the Philippines under CPTPP

Mode of Supply	Area of Limitations / Restrictions	Details
(1) Cross-border transaction	<ul style="list-style-type: none"> Because of technological development and the pursuit for better Internet connectivity, CPTPP-member economies may allow Philippine tourism and travel related services (e.g., tourism consultancy advice) providers to supply their services cross-border 	
	Local presence and national treatment requirements	<ul style="list-style-type: none"> Philippine tourism and travel-related services providers may be required to maintain a local presence in a CPTPP-member economy
(2) Consumption abroad	<ul style="list-style-type: none"> Philippine-passport holders travelling to selected CPTPP-member economy (e.g., Australia, Canada, Chile, Japan, Mexico, New Zealand) may be required a visa, e-visa, or must arrive from a specific economy to be granted entry (e.g., Filipinos are not required to have visa to enter Mexico provided their origin is from the United States). The Philippines remains to be visa-free for Brunei Darussalam, Malaysia, Peru, Singapore, and Viet Nam. 	
(3) Commercial presence	<ul style="list-style-type: none"> CPTPP-member economies may allow the establishment of commercial presence from Philippine enterprises to provide tourism and travel related services in their respective territories. 	

(4) Working in country / Movement of natural persons	<ul style="list-style-type: none"> Service suppliers of CPTPP-member economies may operate their wholly-owned hotel and restaurant establishments in the Philippines. Travel agencies and tour operators (and tourist guides) may also permitted to establish wholly Philippine-owned subsidiaries to provide their services to both domestic and foreign travelers from CPTPP-member economies. 	
	National treatment limitations	<ul style="list-style-type: none"> The Philippines may undertake to treat CPTPP-member economies' enterprises supplying tourism and travel related services in the Philippines no less favorably than it treats Philippine suppliers operating in the same circumstances in the Philippines.
	Land ownership	<ul style="list-style-type: none"> With respect to the acquisition or lease of land properties in CPTPP-member economies, prohibitions or restrictions may be imposed on Filipinos in the same manner that land ownership and lease restrictions are also imposed on non-Filipinos.
	Temporary entry and duration of stay	<ul style="list-style-type: none"> CPTPP-member economies may will allow the following categories of Filipino citizens and permanent residents to enter and stay in their territories for a specific period of time, which can be extended under valid reasons: short-term business visitors; intra-corporate transferees and spouses and dependents; investors and spouses and dependents; qualified professionals and spouses and dependents; independent professionals and spouses and dependents; and contractual service suppliers and spouses and dependents.
	Quotas and labor market testing	<ul style="list-style-type: none"> CPTPP-member economies may impose quotas on the number of Filipinos who can work temporarily in their territories under the categories of business persons covered by the CPTPP. Labor market testing or other forms of economic needs tests on any of the categories of business persons covered by the CPTPP may also be imposed.
	Qualification requirements	<ul style="list-style-type: none"> Tourism professionals may be required to at least attain college education with a curriculum comparable with international standards and undergo continuing professional development programs.
	Recognition and cooperation	<ul style="list-style-type: none"> CPTPP encourages the relevant bodies responsible for issuance and recognition of professional and vocational qualifications in each country to strengthen cooperation and to explore possibilities for mutual recognition of respective professional and vocational qualifications.

Table 9 is not absolute in case the Philippines is officially admitted to CPTPP. Modifications, improvements, and exemptions can arise depending on the bilateral agreement between the Philippines and a CPTPP-member economy. Additional commitments and reduced limitations can arise depending on mutual benefits economies can reap, existing economic ties, cultural affinity, diplomatic alliances, as well as other political and non-economic factors.

In comparing the commitments and limitations under the RCEP and CPTPP agreements, several observations may be observed:

- RCEP offers more comprehensive and explicit commitments to tourism and travel-related services as observed in Appendix 1. Compared to CPTPP, the limitations of RCEP are more pronounced following the specific schedules and commitments made by the RCEP member economies.
- Despite this, however, it may be noted that issues in relation to market access and national treatment in RCEP, specifically in Modes 3 and 4, pose serious limitations on the interests of the Philippines to liberalize and develop its tourism and travel-related industries. As is, the conditionalities imposed by other member economies hinder these aims.
- The lack of specific commitments in RCEP in tourism and travel-related services, as is the case in CPTPP, may suggest that there is little to no interest for other member economies or opportunity for the Philippines to pursue the liberalization of its tourism industry. In this regard, the tourism industry for these member economies may still be regarded as an “invisible export” (Lăzăroiu, 1972), where the exchange or trade of goods or services are not readily observed or monitored as there are no tangible transfers of goods or services.

4.1.3. Strengths and weaknesses of Philippine tourism

Following the essence of a SWOT analysis as per HBS Press (2005), to overcome the threats arising from the market access and national treatment limitations imposed by the non-ASEAN economies in CPTPP and RCEP, the Philippines would rely on its competitive advantage (i.e., factors that facilitate the production of goods and services much better at a much cheaper cost than competitors) in tourism destinations, products, and services – deemed as the strengths of the Philippine tourism industry. Table 10 presents the strengths of the Philippine tourism industry categorized into economic position, product offerings, and human resources.

Table 10. Strengths of the Philippine Tourism Industry

Area	Strength	Source
(1) Economic Position	Philippine tourism is identified as one of the powerful engines for a strong and sustained economic growth.	Pilapil-Añasco and Lizada (2014)
	The Philippines remains to be a relatively more affordable (i.e., inexpensive, cheaper, budget-friendly) tourism destination in the world.	Arellano (2019), Shuman (2021)
	Poised to have a strong economic recovery, especially from the COVID-19 pandemic, the Philippines is in a position to introduce developments in its infrastructure and connectivity that would facilitate better transportation and internet connectivity as well as greater operating capacity for the hospitality sector.	Dela Cruz (2015); Catudan (2016); Agabin and Travers (2019); Mercurio (2020)

(2) Product Offerings	Well-known ecotourism and nature-based product offering given its rich biodiversity, natural resources, geography, topography, tropical climate that allowed the Philippines to possess the most popular tourist destinations in the world.	Dela Cruz (2015); Garcia (2018); Goldsmith (2018); Yu (2020)
	Having been occupied by colonizers, with Spain being the longest for 333 years, the Philippines has a rich historical and cultural heritage tourism attractions.	Alejandria-Gonzales (2016); Cayron (2017); Cruz (2017); Dela Santa and Tiatco (2019)
	Being at a strategic location in Asia, it became a melting pot of cultures that influenced Philippine cuisine allowing it to have a unique but familiar culinary tourism offering.	Rocamora (2019); Talavera (2019); Mercado (2020); Moran (2020); De Villa et al. (2022)
(3) Human Resources	With its education system based on Western standards and practice, most Filipinos can speak English, which significantly reduces the language barrier with foreigners.	Dela Cruz (2015); Hernandez (2015); Chan (2019); Mariñas (2021); Rivera & Tullao Jr. (2022)
	The education system also continuously develops allowing the Philippines to have a highly skilled labor force.	Dela Cruz (2015); Llorito (2016); Ratsogi (2018)
	The Philippines has a unique brand of hospitality – “the Filipino brand of service” that sets it apart from other countries.	Dela Cruz (2015); SunStar (2016); Panahon (2018); Lungsod ng Balanga (2019); Balikbayan Media Center (2020)

However, the Philippine tourism industry is imperfect. These imperfections discourage the entry of foreign tourists (i.e., inbound tourism) and foreign tourism products and service providers (e.g., airlines, hotel chains, restaurants, tour operators, tourism professionals, among others). Despite a liberalized environment, movement is hampered because of these weaknesses. Table 11 presents the weaknesses of the Philippine tourism industry categorized into tourism promotions, international perception, and risk factors.

Table 11. Weaknesses of the Philippine Tourism Industry

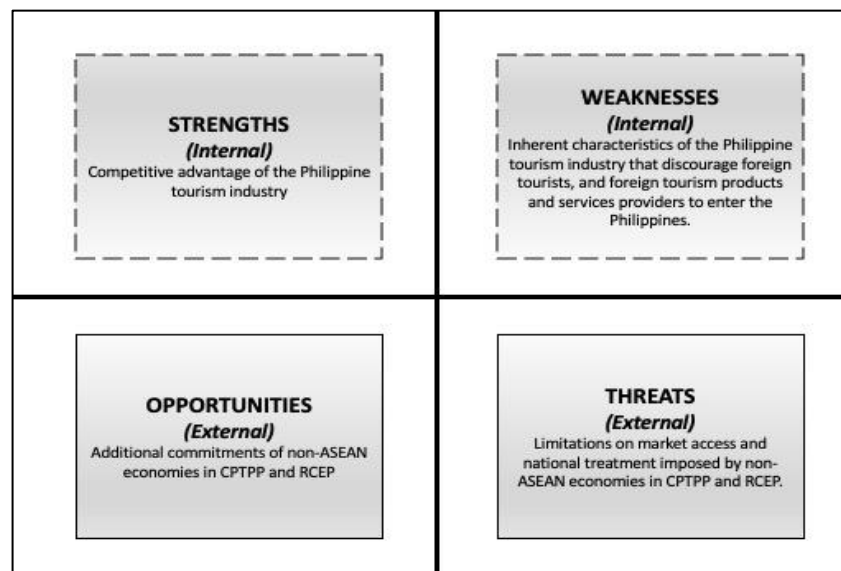
Area	Weakness	Source
(1) Tourism Promotions	The necessary and sufficient improvements in tourism promotions have yet to be fully implemented	Henderson (2011); Dela Cruz (2015); Roxas et al. (2020b)
	Lack of integration among tourism products and service providers	Javier and Elazigue (2011); Libosada (2018); Gutierrez et al. (2020); Roxas et al. (2020a); Gutierrez et al. (2021)
(2) International Perception	Occurrence of terrorism, threats to peace and order, security issues on the safety of tourists; incidence of negative travel advisory; and downgrading of ratings by source markets	Drakos and Kutan (2003); Fabe (2013); Dela Cruz (2015); Manuela Jr. and de Vera (2015) Santana-Gallego et al. (2016); Chandran (2017); Wang et al. (2022)

	Deteriorating English proficiency of Filipinos	Jimenez (2018); Valderama (2019); Fleming (2021); Rivera and Tullao Jr. (2022)
	Being situated in the Pacific Ring of Fire, the Philippines is susceptible to natural disasters such as earthquakes and volcanic eruptions	Dela Cruz (2015); Bollettino et al. (2018); Baclig (2021)
	Being situated near the Pacific Ocean, the Philippines is susceptible to typhoons and other severe weather conditions.	Dela Cruz (2015); Bollettino et al. (2018); Baclig (2021)
(3) Risk Factors	Being an archipelago, the Philippines is prone to the negative impacts of rapid climate change that worsens natural calamities.	Fisher (2013); Dela Cruz (2015); Amnesty International UK (2019); Bollettino et al. (2020)
	Man-made threats to tourism products (e.g., damages to ecotourism destinations, inadequate preservation of cultural and heritage sites)	Alampay (2005); Bulan (2018); Goldsmith (2018); Oliveros (2019); Duarte et al. (2020); Yu (2020)

4.1.4. SWOT Matrix, SO-WO Strategies, and ST-WT Strategies

In processing the results of our document review, we use the SWOT as a guiding framework of analysis, as seen in Figure 6. To make sense of the enumerated strengths, weaknesses, opportunities, and threats, we conduct a SO-WO analysis (Table 12) and ST-WT analysis (Table 13).

Figure 6. SWOT Analysis as a Framework of Analysis



Source: Constructed by the authors as adapted from Rivera and Tullao Jr. (2022).

In Table 12, we enumerate on the rows the strengths and weaknesses of the Philippines as a tourism destination, and in the columns the opportunities offered by FTAs, namely RCEP and CPTPP. We then match the strengths and weaknesses against the opportunities and indicate

approaches on how the Philippines can use its strength and mitigate its weaknesses to take advantage of the identified opportunities.

Table 12. SWOT Matrix, S-O, and W-O Strategies

SWOT Matrix	Strengths	Weaknesses
	(1) Economic (2) Product offerings (3) Human resources	(1) Tourism promotions (2) International perception (3) Risk factors
Opportunities	S-O Strategies	W-O Strategies
	S2/O1	W1/O1
(1) Growth opportunity in local tourist sites	Offer niche tourism products and services; recalibrate product offerings to cater to renewed taste and preference of local and foreign tourists.	Intensify tourism promotions by making it more targeted and meaningful to invite tourists not only to major but also to emerging destination.
	S3/O2	W3/O2
(2) Sustainable entrepreneurship and economic growth	Train tourism workforce, both soft and hard skill sets, to be entrepreneurial so they enhance tourism value added.	Reduce risk factors through preventive measures to invite investors and entrepreneurs to invest in the tourism market.
	S3/O3	W3/O3
(3) Enterprises innovation and resilience	Train tourism stakeholders on innovation, product development, and risk reduction so they can design resilience action plans.	Reduce risk factors through preventive measures and clear action plans to facilitate uninterrupted development of innovation.
	S1/O4	W1/O4
(4) Tourism development	Economic growth prospects can compel tourism stakeholders to upgrade soft and hard infrastructure to take advantage of liberalized movement.	Recalibrate tourism promotion approaches so the strengths and value proposition of the Philippines is highlighted to negate the undiversifiable noise.

Similarly, in Table 13, we enumerate on the rows the strengths and weaknesses of the Philippines as a tourism destination, and in the columns the threats posed by FTAs, namely RCEP and CPTPP. We then match the strengths and weaknesses against the threats and indicate approaches on how the Philippines can use its strength and improve on its weaknesses to hurdle the identified threats.

Table 13. SWOT Matrix, S-T and W-T Strategies

SWOT Matrix	Strengths	Weaknesses
	(1) Economic (2) Product offerings (3) Human resources	(1) Tourism promotions (2) International perception (3) Risk factors
Threats	S-T Strategies	W-T Strategies
(1) Cross-border transaction	S1/T1 Economic growth should be accompanied by intensified investments in technological infrastructure to meet the rising demand for cross-border transactions.	W1/T1 More than the tourism destinations itself, promotions should also include tourism products and services that can be supplied across border.
	S3/T2 Well-educated, trained, employed tourism stakeholders would be able to hurdle stringent visa requirements imposed by other economies.	W2/T2 Enhance international perception of Filipinos so it would be relatively easier to comply with stringent visa requirements imposed by other economies.
(3) Commercial presence	S3/T3 Well-educated and trained tourism professionals would become comparable with other professionals from other economies; hence, they can be as competitive as their counterparts abroad.	W1/T3 More than tourism destinations itself, promotions should also include the kind of tourism services that Filipinos can bring to other economies anchored on internationally-accepted standards.
	S3/T3 Well-educated and trained tourism workforce would become comparable with other workers from other economies; hence, they can be as competitive as their counterparts abroad.	W1/T3 More than tourism destinations itself, promotions should also include the kind of tourism services that Filipinos can bring to other economies anchored on internationally-accepted standards.
(4) Movement of natural persons	S3/T3 Well-educated and trained tourism workforce would become comparable with other workers from other economies; hence, they can be as competitive as their counterparts abroad.	W1/T3 More than tourism destinations itself, promotions should also include the kind of tourism services that Filipinos can bring to other economies anchored on internationally-accepted standards.

4.2. Phase 2: FGD

The FGD respondents came from the stakeholder groups enumerated in Table 3. As per the FGD specification, a total of 15 participants were invited to meet a minimum of 7 confirmed respondents. The identity of the respondents was kept anonymous in compliance with the conditions indicated in the signed consent form. Ten (10) FGD respondents participated specifically coming from traditional travel agencies (1), online travel agencies (1), destination-specific tour operators (1), licensed tour guides (2), farm tourism sites (1), accommodations (1), tourism consultant (1), regional tourism officer (1), and provincial tourism officer (1).

The FGD started with a brief introduction of what RCEP and CPTPP are. This is to ensure that everyone has at least the minimum working knowledge (i.e., rationale, objectives, general commitments, pros and cons, and members) about these regional integration blocs.

Moreover, the FGD centered on six guide questions listed below. These were categorized into: (1) stakeholder assessment of RCEP and CPTPP – first, second, and third guide questions, and (2) stakeholder preparations and assistance needed for RCEP and CPTPP – fourth, fifth, and sixth guide questions.

1. How should the Philippine travel, tourism, and hospitality industry see/view the RCEP and CPTPP?
2. Based on your personal and professional assessment, is the Philippine travel, tourism, and hospitality industry ready for the perceived repercussions of RCEP and CPTPP?
3. Based on your personal and professional assessment, between RCEP and CPTPP, where do you think the Philippine travel, tourism, and hospitality industry stands to gain more?
4. What priority areas should be emphasized by the government to facilitate the growth of travel, tourism, and hospitality in light of RCEP and CPTPP?
5. What preparations are you doing for the full reopening of tourism in light of a post-pandemic scenario and knowing that RCEP and CPTPP are at hand?
6. As a stakeholder in the travel, tourism, and hospitality industry, do you want the Philippine government to ratify its participation in RCEP and continue expressing intent to join CPTPP?

4.2.1. Stakeholder assessment of RCEP and CPTPP

There was a unanimous hesitation among tourism stakeholders on the participation of the Philippines in RCEP and CPTPP because of questions on the global readiness of the country's tourism industry which is multifaceted and affected by changing political landscapes. For instance, it was raised that the Philippine tourism industry may not yet be ready to: (1) operate in “a more globally open stage” given inadequacies from respective local government units, and (2) increased reliance on foreign tourists. Likewise, because the Philippine tourism industry is multi-faceted, diverse, and affected by political landscapes, it is important that the country is ready with developing its hard and soft infrastructure, which takes time, and to recalibrate swiftly on how tourism is done and operated along the lines of sustainability. This is equivalent to assessing the readiness of the Philippine tourism industry for a more liberalized market where both demand and supply factors are expanded given most tourism enterprises are considered MSMEs.

Similarly, even if the Philippines has developed tourism products and services, infrastructure, and operating systems, the capacity of human resources in tourism also needs assessment. That is, the Philippines “may have the best beaches but they do not have the service to accompany it.” Hence, it is also essential to support tourism operations with capable human resources. Standards on the qualifications of Filipino tourism and hospitality professionals have to be raised in order for them to be comparable with the professionals of other member economies and have a level playing field in taking advantage of the opportunities. This can include improved curriculum, and required training, licensing, and accreditation at par with international standards. Because raising the standards takes time, it must be done now rather than doing it when the Philippines is officially on board.

However, it was raised during the FGD that training is a “double-edged sword.” This is because when tourism and hospitality professionals are trained, they have the tendency to emigrate to another country due to the higher pay and better working environment rather than stay in the Philippines to practice. This can be averted by designing specific training (e.g., the Filipino

brand of service) as opposed to general training (e.g., language proficiency training such as English, Mandarin, and Hangul) and instituting service paybacks, especially for those who have been trained under government funding. Likewise, training can also be done particularly for those at the “grassroots level” (e.g., tourism front liners such as tour guides, drivers, receptionists, and service crew) so both local and foreign tourists can be provided with services that carry the marks of Filipino hospitality. The Department of Education (DepEd), Commission on Higher Education (CHED), and Technical Education and Skills Development Authority (TESDA) can take the lead in creating a system to make this seamless and integrated.

Although one FGD participant acknowledged the hesitations of other participants about the stipulations, requirements, and commitments of RCEP and CPTPP “because there may be advantages that a more developed country will have over a less developed country like the Philippines” (e.g., more investments, more jobs, stimulate demand). However, there is value for the Philippines to take part because the tourism industry can still benefit from an increased influx of tourists from member economies, which can reinforce the significant contributions of local tourists. Harnessing the benefits of these trading agreements is conditional on the initiatives, innovations, and developments that the Philippine government and tourism key players will implement “for the local sectors to be really competitive and world-class.” These can include data gathering on the tastes, preferences, and peculiarities of tourists the Philippines is targeting and matching it with existing and potential product offerings. The abundance of and access to information through search engine optimization (SEO) about traveling to the Philippines are “strategies” to “globalize access to information” about traveling to the country. This will require “cooperation between the private sector and also the government to have a common direction on how do we promote tourism” given the potential of these trading agreements to bring more business tourists that will translate into tourism activities. Thus, while there are also perceived benefits to participating in RCEP and CPTPP, there is also work to be done from the part of the Philippines to take advantage of these benefits and mitigate the consequential costs.

Interestingly, the acknowledgment of the benefits and hesitations of tourism players about the participation of the Philippines in RCEP and CPTPP was seconded by the participant from a regional tourism office. Accordingly, while these trade agreements pose gains that are “very tempting for tourism” because the industry “will have access to larger markets”, there is a need for authorities to “look deeper into the agreement we are getting into.” The concern of stakeholders who will implement commitments of the Philippines is “how a grand international policy (agreement) will be translated at the local level.” The worry of regional offices is the capacity of smaller players to grasp the technicalities and incorporate these into the regional, provincial, and municipal levels since all plans would be expected to be aligned with the national level commitments. It was suggested that if ever the Philippines would decide to fully participate in these large trading agreements, the local tourism sector should be given time to adjust by instituting the commitments in phases so that no tourism stakeholder would be left behind. Simply, the government needs to translate the implications of being a member of RCEP and CPTPP.

Furthermore, tour operators also rally a call for authorities to put greater attention on RCEP and CPTPP by preparing key players and stakeholders for its impacts. Facilitating systems and safeguard mechanisms can still be designed and deployed. There is time to prepare as effects are not instantaneous. Specifically, tourism and hospitality stakeholders can still prepare their systems, product offerings, and post-pandemic practices. However, preparations and plans on enhancing capacity to accommodate increased tourism demand have to be done now. It has to

be a “whole of government approach” rather than “relying on individual local government units (LGUs) to try to push their own destinations” – this has remained to be a challenge in the tourism industry.

As such, another recommendation emerged: “there needs to be a triumvirate of different stakeholders in tourism particularly the government sector, the private sector, and at the academe.” The academic community has a role in making this integration happen and preparing the future manpower and working professionals of the tourism industry. The academe can bridge the hesitation, understanding, and openness to recalibrate in the midst of these trading agreements. Through knowledge creation and information dissemination, industry key players would have a better grasp of the expectations and implications of such trading agreements allowing them to be more prepared regardless of the outcome.

4.2.2. Stakeholder Preparations and Assistance Needed for RCEP and CPTPP

In anticipation of the effects of RCEP and CPTPP on the Philippine tourism industry, stakeholders have identified the required assistance and preparations that must be undertaken for them to be able to participate and take advantage of the perceived benefits.

The first underscored in the FGD is an intensive capacity-building program that will train the various value chain members of tourism (e.g., LGU tourism officers and members, farmers, ethnic groups, accommodation and homestay owners, local communities, transportation groups, vendors, and tourism enterprises). It is worth emphasizing repeatedly that tourism is neither just an industry nor a group of related industries. It is a grouping of many industries that work together to create an experience. Consumers come to the product where the location or the destination itself is part of the product. Creating a spending-worthy experience is conditioned on the experience that each value chain member will contribute. Hence, unified training is necessary.

For instance, the Philippines is positioning itself as a farm tourism destination, among others, but interest in farming among the population is limited. The country is also promoting its untapped tourism destinations highlighting its nature-based and cultural assets but the authenticity can be questioned because the locals are not active nor trained in showcasing their destination. Together with hard infrastructure, some of which are already present, soft infrastructure has to be developed as well. Training can cover both hard (e.g., tour guiding, service operations, hospitality, culinary) and soft skills (e.g., sustainability, management, strategy, planning, leadership). All of these would be helpful to tourism and tourism-related MSMEs in catering to the demands of expanded economic and tourism activities brought about by the Philippines’ participation in RCEP and CPTPP.

Equally important, FGD participants from the government underscored that training the tourism value chain members would be significantly helpful in the light of the Mandanas Ruling (Republic Act No. 7160 or the Local Government Code of 1991). This ruling has devolved to all LGUs the administration of basic services, including agriculture, environmental protection, health, maintenance of public works and highways, social welfare, and tourism. Its full implementation in 2022 will address inequality in financial resources among LGUs, improve their capacity, and enhance transparency and accountability to improve decentralization and increase the share of national government tax revenue transferred to local governments. With proper, relevant, and intensive capacity-building programs, key

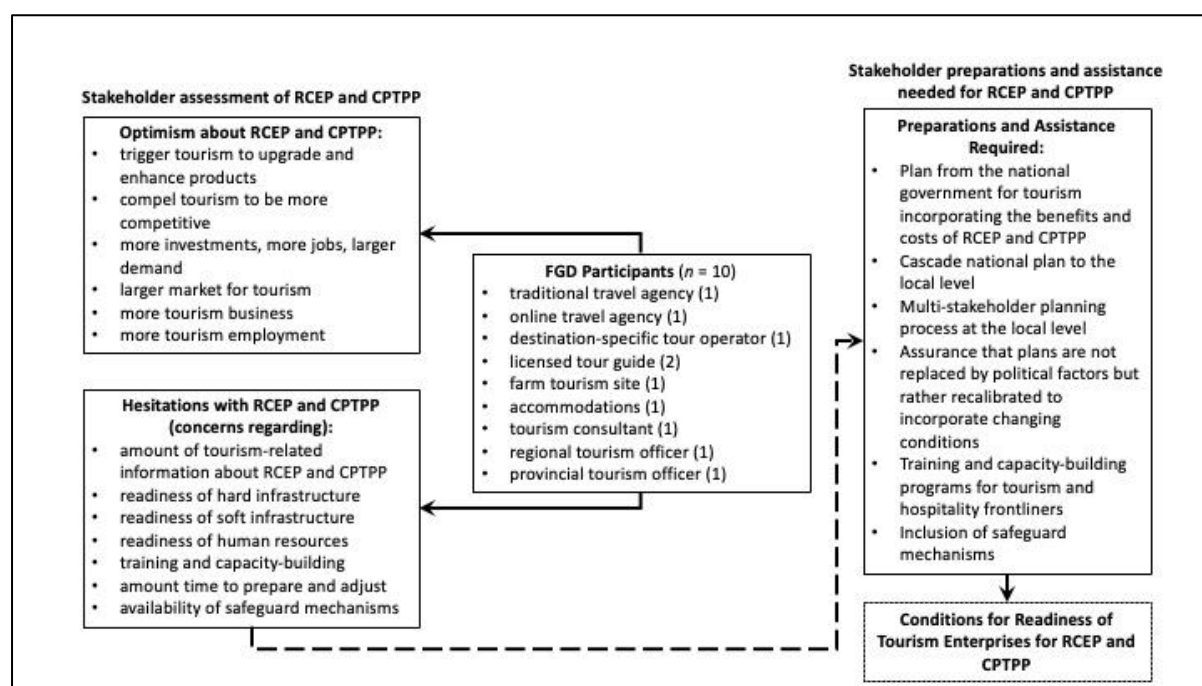
stakeholders would be able to comply with the Mandanas Ruling and prepare for the impending impacts of RCEP and CPTPP once fully executed. Likewise, while the gains from trading agreements are recognized, plans should have to be crafted so that stakeholders would be safeguarded from the negative repercussions. For instance, as the Philippines welcomes more tourists, destinations especially those nature-based and fragile destinations would not be overwhelmed with the demands coming from local and foreign tourists.

Overall, the FGD respondents have a unanimous response about the preparations and assistance required prior to opening the economy to further international trading agreements like RCEP and CPTPP and prior to expanding international tourism. The concerns on readiness in terms of leadership, proficiency, and carrying capacity warrant a multi-stakeholder planning process that will set the direction towards harnessing the benefits and mitigating the negative repercussions of being part of a huge trading bloc. Long-term, rigorous, and comprehensive planning is also necessary because of the tendency of plans to change when a new political administration comes in. Plans can be recalibrated to adjust to the changing external environment and economic conditions. The plan should also include the training of tourism and hospitality front liners and enterprises to handle the increased demand as a result of these trading agreements.

Moreover, while the FGD respondents became more aware of the benefits these regional trading agreements would bring, the hesitation was coming from the lack of information and concrete planning cascaded from the national to the local level. Key tourism stakeholders would like to avoid being caught off guard when the implications of these trading agreements are in full swing. That is, stakeholder optimism will be reinforced and hesitations addressed if there is appropriate planning that will alleviate stakeholder worries.

The outcome of the FGD is illustrated in Figure 7.

Figure 7. FGD Outcome



Source: Constructed by the authors.

4.3. Phase 3: KII

After completing the FGD, we also conducted exclusive KII with key experts and authorities from the tourism industry as per the specification in Table 3. As per the KII specification, the identities of the key informants were kept anonymous in compliance with the conditions indicated in the signed consent form. Four (4) key informants agreed to participate, specifically coming from DOT (national tourism organization and regional office) (2), tourism consultant (1), and non-government organization (1) allowing us to meet our target number of key informants.

Unlike the FGD, the structured KII immediately started with the discussion of the guide questions covering the topics listed in Table 4. We followed the same guide questions administered during the FGD. That is, the KII also centered on the six guide questions categorized into: (1) stakeholder assessment of RCEP and CPTPP, and (2) stakeholder preparations and assistance needed for RCEP and CPTPP

4.3.1. Key Informant Assessment of RCEP and CPTPP

Key experts and authorities from the tourism industry are unanimous in seeing immense opportunities for tourism brought about by RCEP and CPTPP.

First, from the point of view of a tourism consultant, this is because “most of the member economies of [these] regional groupings are already part of top 15 tourist arrivals in the country, either OFWs or mainstream markets.” These agreements have the capacity to stimulate trade activities. Consequently, “there will definitely [be] movement of people, especially in terms of business travelers.” Membership in such trading agreements can help invite businessmen and investors to come to the Philippines for business and leisure (i.e., *bleisure* travel). The business travel segment can transform into a leisure travel segment that can increase yields from tourism as business travelers stay and explore other parts of the Philippines. Likewise, because tourism is a value chain, the food and beverage sector can also benefit from increased demand. As part of the consumption spending of visitors, this sector can provide high-quality products, drive improvement, and upgrade the local sector. This is a link between trade and tourism that needs to be strengthened and seen as an opportunity rather than a threat.

Equally important, “regional groupings can pave the way for enhanced cooperation with other partners and stakeholders. It can be expanded to cover other industries and economies. For example, exchange programs with partner economies can enhance the capacities of recipients.” Similarly, there are also opportunities under Mode 4 (Movement of Natural Persons) of the GATS Modes of Supply. That is, Filipino workers can have the opportunity to work abroad, under temporary arrangements, which can benefit the industry in the medium to long term given the new skills, practices, and technologies these workers can acquire in other member economies.

While these opportunities are undoubtedly beneficial to the Philippine tourism industry, the awareness of more stakeholders particularly at the frontlines and grassroots level remains to be the utmost concern and challenge. All members of the tourism value chain need to be aware of

these kinds of initiatives rather than a few at the top. This partially explains the hesitations and worries of the tourism stakeholders who participated in the FGD.

Second, from the perspective of a regional tourism office, “trade agreements will be perceived positively if RCEP and CPTPP will serve as an opportunity to open barriers in terms of travel, immigration, services and trade exchange, and to address national problems.” This is because “tourism is viewed to gain (particularly the tourist influx), and to freely exchange with other member countries, in terms of goods and services.”

Many stakeholders, particularly at the enterprise and frontline levels view the Philippines as “not yet prepared” for a liberalized market marked by tougher competition. However, aside from the competition, these trading agreements can compel tourism stakeholders in the country to elevate the quality of goods and services and to improve existing product offerings. Hence, trade liberalization can be seen as a motivation to upgrade and do better, which will benefit the entire economy.

In particular, the relevant authorities are obligated to hasten the uplifting of education quality as well as training in the tourism industry. Consistent with the FGD findings, regional tourism offices also perceive challenges in human resource development in the industry, which can be attributed to the gaps in education and training. For example, “the DOT conducts 50 to 60 training every year, [with] 30 participants per training, on product development, tour guiding (cultural and eco-guide), Filipino brand service, safety training, basic life support, culinary and food safety”, among others. These training are coordinated with the LGU and are implemented for local communities who have a role in operating a tourist destination. Intensifying training to be aligned with international standards would help prepare frontline human resources to deliver a superior tourist experience.

4.3.2. Key Informant Preparations and Assistance Needed for RCEP and CPTPP

For our tourism consultant, in terms of priority areas for the Philippine tourism industry to address the hesitations and worries of stakeholders, the government must begin with awareness and information campaigns. The rationale, benefits, and repercussions of these trading agreements must have meaning for tourism stakeholders. Pertinent concerns would be whether they would have market access to the opportunities at hand; whether they would be able to generate more tourism receipts from arrivals; what upgrades to the value chain are required; among others. To put it simply, according to a tourism consultant for the DOT, “governments should not over promise but instead explain” and address information asymmetry with regard to these trading agreements.

Once stakeholder awareness of RCEP and CPTPP has been established, there is a need to identify existing barriers in tourism that can be addressed by these regional agreements. That is, there should be discussions on what else the Philippines has to commit, which commitments are new or redundant, and what other areas can the country augment given other existing and overlapping trade agreements (e.g., ASEAN, AFAS). The reason for raising these concerns is because “the benefits [to] tourism will come in through indirect opportunities.” While direct benefits will accrue to business travelers, this can be reinforced through cooperation agreements that are focused on tourism such as cultural exchanges, scientific cooperation arrangements, knowledge-sharing, and global SAVE travel market size, among others.

In terms of increasing product quality, the tourism consultant echoes the need for “capacity and skills building” and “collaborative agreements”¹. As liberalization prompts participating economies to raise their standards of quality because the market has expanded and there will be a supplier of relatively higher quality, different skills and strategies are imperative. For instance, market segmentation is essential given that most enterprises in the Philippines are under MSMEs that do not have to compete with big businesses. Instead, a “small brother, big brother partnership” can be established. However, caution has to be exercised as liberalizing tourism enterprises to foreign ownership might flood the industry with foreign-owned enterprises (e.g., dive destinations). This is a specific circumstance that most tourism stakeholders are being wary about. Hence, the safeguard mechanisms that they require.

While tourism destinations can also establish their own niche through their competitive and comparative advantages, there is a concern about the readiness and capability of tourism stakeholders to effectively compete or accurately find their niche. This requires both technical and practical training so that the barriers to tourism can also be addressed and tourism demand can be serviced.

Stimulating cooperation agreements is also a plausible way to a more cost-efficient procurement. This can be done through bulk or shared procurement among value chain members that bring costs down. At the regional level, cooperation agreements such as mutual recognition arrangements are approaches to foster the direct entry of tourists or tourism workers and professionals from different markets.

From the supply side, whether there are restrictions in the operations of the tourism industry, many economies, including the Philippines, have a relatively liberal environment for investments in tourism.

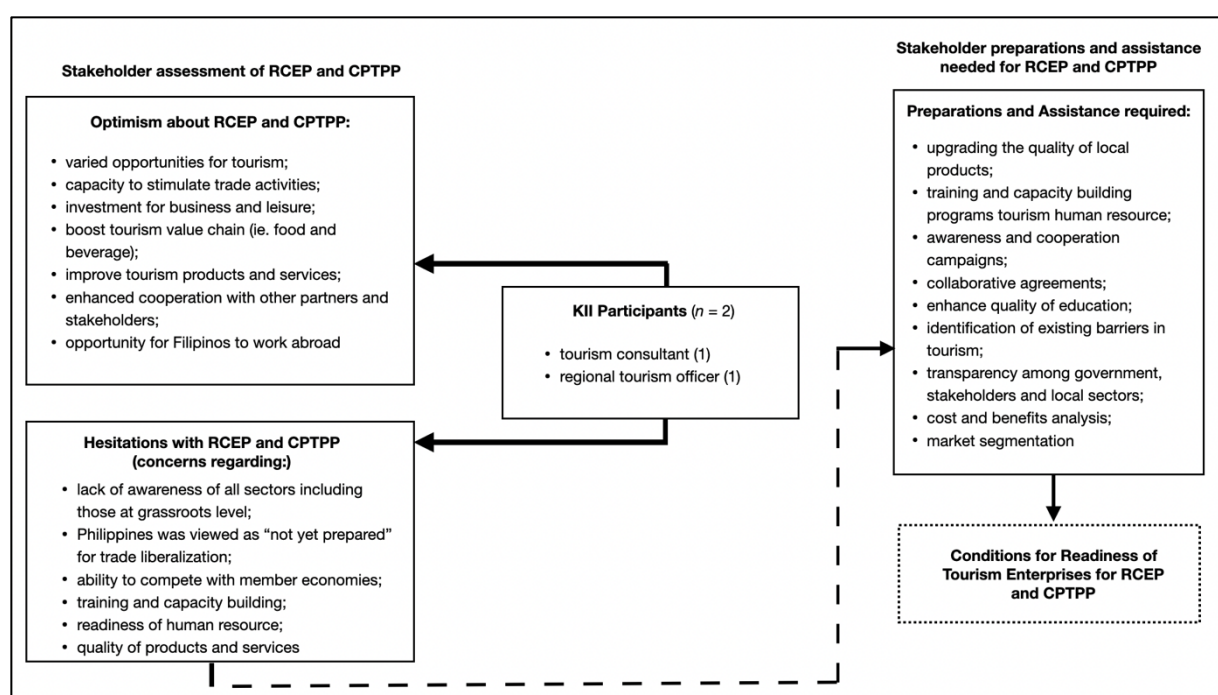
Unlike the tourism stakeholders in the FGD who expressed outright hesitations with RCEP and CPTPP, our tourism consultant highlighted the importance for the Philippines to participate in such. While the benefit of tourism is clearly indirect, the country has already established a “critical mass of partnership” with the member economies. Since the Philippines has close geographical proximity to member economies, this is a good leverage to enhance our market share to link local markets with the regional and global value chain. Participation in regional trading agreements, such as RCEP, should be seen as “the first step to generate cooperation arrangements” which can encompass scientific collaborations, knowledge and technology sharing, and technical assistance, among others. For CPTPP, while the Philippines does not have bilateral agreements with some members such as Mexico, Canada, and Chile, this can be an opportunity to penetrate their markets and reap benefits, which may not be immediate but will accrue in the long run. To be able to increase dynamism towards such agreements, policymakers must “emphasize how it will benefit tourism, emphasize that effects on tourism are indirect that is channeled through the value chain.” When stakeholders understand that significant benefits may not be visible in the short term, they will be able to recalibrate business models to prepare themselves for the perceived benefits that are expected to accrue but require certain mental and physical preparations.

To prepare the stakeholders for the implications of these trading agreements, our key informants from the regional tourism offices emphasized that proper communication could greatly streamline understanding at the local level, even at the destination level, of the benefits and cost of participating in RCEP and CPTPP. Specifically, the commitments and policies should be properly communicated and honestly explained to everyone including those tourism

stakeholders on the ground. That is, they must gain awareness first of what trade liberalization is all about, what concepts encompass these, and what they could really gain from these. Awareness is a necessary condition for them to understand their involvement and how they can make the most out of it at the community level. This has also been captured by the FGD findings. Readiness for trade liberalization is conditioned on the awareness of key stakeholders on what is in store for them.

While our informant from the regional tourism office is optimistic about the country's participation in RCEP and CPTPP, a necessary condition is a must – it has to be planned and implemented at the right time, when people have been capacitated and deemed as “ready”. Given the timeline, training should begin now by conducting capacity-building programs, involving the stakeholders in the discussion, and communicating developments in a language that is easy to digest. Instead of a high-level discussion, the national government must be transparent with developments in these trading agreements.

Figure 8. KII Outcome



Source: Constructed by the authors.

4.4. Phase 4: Validation

In the initial phase of the study, a document review in conjunction with a SWOT analysis matrix outlined empirical findings to delineate the strengths and opportunities of trade liberalization in the Philippines. The analysis revealed approaches to addressing the weaknesses and threats in relation to various factors including but not limited to economic growth, education and training, capacity-building, and promotional strategies for tourism-related products and services. Whereas, the document review validated the participants' responses during the FGD and KII regarding recommendations towards trade liberalization preparedness of tourism MSMEs in collaboration with government institutions in the Philippines.

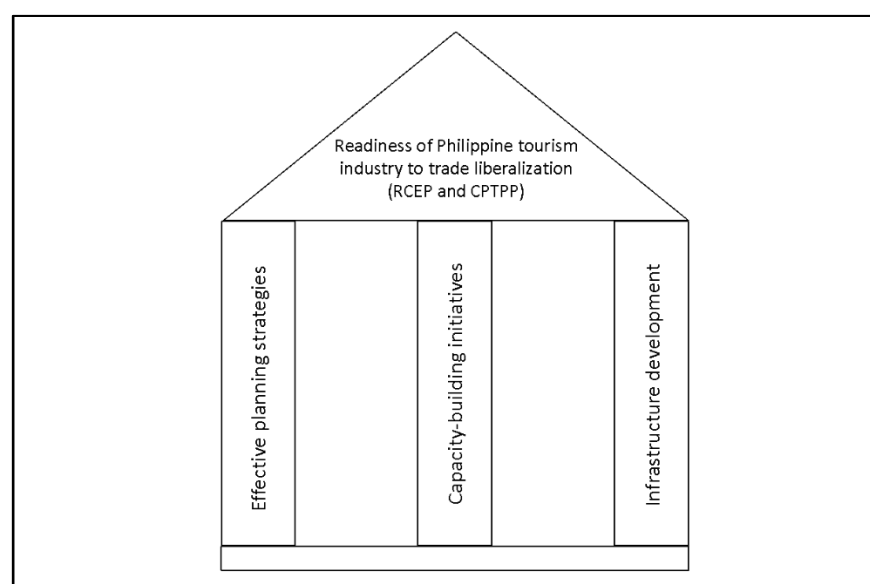
RCEP and CPTPP laid a deck of opportunities in view of economic growth, sustainable entrepreneurship, innovation and resilience, and tourism development. Tourism stakeholders and experts viewed that more employment opportunities await when expanded to larger markets, investment opportunities, and possible reengineering of products and recalibration of human resources' skillset towards a unified form of Filipino-brand hospitality. Various literature addresses the need for enhancing the tourism value chain, as validated by the responses from stakeholders and experts, the opportunity has been perceived yet capacity building still has to be magnified. As such, the readiness of tourism MSMEs should be initiated involving all key stakeholders and should be drawn with appropriate planning to outline costs and benefits properly. KII and FGD responses viewed that proper communication across all stakeholders is indeed vital.

Document review as validated by the responses of stakeholders and experts revealed the readiness of Philippine tourism MSMEs in trade liberalization alongside “value for experience”. Having the potential to compete and elevate products and services, the Philippine tourism value proposition has to be augmented and set with reinforced policies, preventive measures, and action plans. Despite responses dubbed the country as “not yet prepared”, with the remaining span of preparation prior to the looming trade liberalization, the government may emerge with strategies and approaches involving and preparing from grassroots level, prioritizing areas in which tourism MSMEs may vest and boost with.

4.5. Synthesis and Key Findings

Following the conduct of the document review, FGD, and KIIs, the following findings can be surmised into three key themes, namely: effective planning, capacity-building initiatives, and infrastructure development. These themes arguably form the pillars for ensuring the readiness of the Philippine tourism industry to trade liberalization in the context of RCEP and CPTPP. See the illustration in Figure 9.

Figure 9. Pillars of Industry Readiness to RCEP and CPTPP



Source: Constructed by the authors.

Effective planning strategies, as emphasized by the consulted stakeholders, prove to be a crucial aspect in ensuring the readiness of the industry upon the implementation of increased trade liberalization. As suggested, key areas that need to be planned out include communication strategies, collaborative platforms, and safety net measures. For one, information asymmetry needs to be acknowledged. Information about the possible repercussions of such agreements remains to be lacking. In most cases, where information is available, proper communication channels remain relatively poor. Arguably, essential to planning is ensuring that such international agreements are understood and translated to local realities. Similarly, a whole government approach is necessary to ensure that relevant stakeholders are informed and involved in the implementation of policies. Part and parcel of this are actively seeking the involvement of the private sector and academic actors. Finally, safety net measures need to be made available to assure local stakeholders that possible negative impacts on their participation are reduced if not eliminated. To do this, precautionary measures in terms of the requirements and conditionalities for the entry of foreign entities need to be incorporated in the overall implementation of the agreement.

To ensure the readiness of the industry and its stakeholders, intensive capacity-building and training initiatives aimed at enhancing human resource development needs to be initiated. Against the prospects of liberalizing the industry, the enhancement and standardization of Filipino hospitality must be made. This includes training not only tourism professionals but also those considered at the grassroots level including drivers, service crews, and tour guides, among others. Aligning such programs to national-level commitments and goals is necessary—a uniform and unified training approach should be pursued. Standardization of training also requires an alignment with global requirements to ensure that the Filipino brand of service remains competitive internationally. Similarly, the prospects for enhancing the capacity of stakeholders also prove relevant to the implementation of the Mandanas Ruling which increases the responsibility and autonomy of local government units in pursuing their developmental goals.

Finally, in terms of infrastructure development, secondary and primary data emphasized the importance of investments in infrastructure in tourism destinations in the Philippines. This includes investments in basic infrastructure including roads, telecommunication, electricity, health, etc., extending to technological infrastructures to meet the growing demands for cross-border transactions in the industry. The same set of infrastructure can also facilitate digital marketing initiatives, information campaigns, and capacity-building programs aimed at supporting the development of the industry.

5. Conclusions and Recommendations

5.1. Conclusions

We have explicated the benefits and costs of the Philippines going full swing in larger trading agreements like RCEP and CPTPP. While participating in such is not new for the country, the emergence of bigger and more serious issues in the global arena like a health crisis, geopolitical conflicts, trade wars, standstills in global trade negotiations, and the emergence of new economic superpowers have changed the economic landscape in the region and the world. Such warrants a reevaluation of what the Philippines stands to gain from these and whether stakeholders are ready for a changing playing field. We focused on tourism being one of the economic pillars of the Philippines and the industry severely affected by the COVID-19

pandemic that is on its trajectory toward recovery. We evaluated whether these agreements can facilitate the recovery of the tourism industry and assessed the readiness of tourism stakeholders for such and its accompanying opportunities and threats.

In addressing our research problem and objectives, we conducted a multi-tier qualitative research design. To lay the foundations of our discussion, we conducted a document review, external and internal analysis, and SWOT analysis to understand the weight of RCEP and CPTPP on the tourism industry as well as provide strategic directions on how to handle such trading agreements. The strategies can be collapsed into major directions to enhance the readiness of Philippine tourism – infrastructure development, both hard and soft, and capacity-building programs for key stakeholders even prior to full implementation.

These strategies derived from the literature were supported by key stakeholders as evidenced by the FGD results. During the FGD, there was an apparent lack of awareness about RCEP and CPTPP. While some key stakeholders have an idea about it, they admitted that it is not that deep. Hence, the FGD became an avenue for them to be made more aware of the salient details of RCEP and CPTPP allowing them to see the benefits as well as the costs. Their responses have indicated a unanimous hesitation and worry about the country's participation in these trading agreements. However, they are open to changing their perspective if the following conditions would be present: (1) infrastructure development, (2) planning, and (3) capacity-building. With these elements in place, their confidence would be reinforced because they are equipped to deliver an at-par or above-par tourism experience to an increased tourist influx. At this point, our FGD results support the findings and arguments of our document review.

It is also interesting to note that the KII results are also consistent with the findings of our document review and FGD. Our key informants also underscored the need for: (1) planning, (2) capacity-building, and (3) collaborative agreements. However, unlike the FGD key stakeholders, our key informants see a huge opportunity and advantage for the tourism industry given the Philippines' participation in RCEP and CPTPP that it can outweigh its costs.

Our document review, FGD, and KII support and complement each other. The KII validated and built on the findings of the FGD. Meanwhile, the FGD provided primary data to the secondary data gathered from the document review. While we were expecting differences in required preparations and assistance of tourism stakeholders for RCEP and CPTPP given their varying backgrounds, expertise, and priorities, we have seen a convergence in perceptions among them. The common denominators center on infrastructure, planning, and capacity-building. These are areas that the national government can focus attention and resources on.

5.2. Recommendations

Following the suggestions of the consulted stakeholders and findings from the analyses made in this study, several recommendations are listed below:

In order to address issues in relation to information asymmetry, communication campaigns may be prioritized to increase awareness about trade liberalization (e.g., RCEP, CPTPP). One of the ways to jumpstart this is for the government to conduct several public fora, conferences, and discussion tables with experts, authorities, policymakers, and academicians with the goal of addressing stakeholder concerns and raising awareness about this topic. With the help of private actors, the government may utilize media, both traditional (i.e., television, radio, print

materials) and digital/social media (i.e., Facebook, Twitter, Tiktok), to disseminate information effectively. As previously emphasized, an information campaign is necessary in order to get key stakeholders on board to establish collaborative agreements and to gain a critical mass of partnerships among local stakeholders. In the post-pandemic situation, disseminating information proved much easier given the emergence of platforms that foster freedom of speech and verified information.

To facilitate the successful transition of the tourism industry from the pandemic situation, both national and local government actors must continue to ensure safe travels, sustainable operations, and more resilient stakeholders. This can be done through the enhancements in both hard (e.g., better airports, seaports, and terminals; railways for convenient and fast travel; comfortable accommodations; roads and bridges to connect destinations in a circuit; fully functional hospitals in tourist destinations; better telecommunication connectivity; decent tourist centers; among others) and soft infrastructure (e.g., educational platforms; investment climate; efficient financial systems; good governance; law and order; peace and security; health and safety, among others). These are all necessary to provide a seamless and superior tourist experience to visitors that is marked by the Filipino brand of service that is unique to the Philippines. Hand in hand with promotional activities, infrastructures must be in place to fulfill its product promise to tourists – that it is indeed more fun in the Philippines.

Finally, ensuring the readiness and competitiveness of tourism stakeholders is equally important. This can be done using a two-pronged approach. First, government agencies as well as the private sector in the tourism value chain may invest in capacity-building programs that will enhance the way tourism is delivered to all travelers, tourists, and visitors whether for business or leisure. Capacity-building programs can encompass topics and areas such as sustainability, leadership, strategic business planning, marketing, and advertising, management, managing service operations, logistics, foreign language, history, public speaking, and communication, among others. In the context of the post-pandemic situation, tourism professionals and workers need to be upskilled. A trained manpower across the tourism value chain guarantees the delivery of a seamless and a superior tourist experience to visitors. For inclusive and all-encompassing human resource development, training must be diffused across the entire tourism value chain. This will enhance the confidence of tourism stakeholders and front liners to make tourists come back to the Philippines because of the unique Filipino brand of service. Second, a whole of government approach is necessary to strengthen competition and business regulatory policies that will ensure that players, both domestic and foreign, would have a level playing field given trade liberalization so that elite capture, unsustainable business practices, inefficient operations, trade diversion effects can be avoided – true to the aim of such legislation to enhance economic efficiency, as well as promote free and fair competition in trade, industry, and all commercial economic activities.

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7. Declaration of Ownership

This report is our original work.

8. Ethical Clearance

All procedures performed in this study were in accordance with the ethical standards of the institutional and/or national research committee.

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10. Appendix

Appendix 1. Commitments and Limitations of the RCEP Members in Relation to Tourism and Travel-Related Services

RCEP Member	Mode of Supply	Area of Limitations / Restrictions across RCEP-member economies	Details	Limitations/Restrictions for the Philippines with respect to AEC	Limitations / Restrictions for the Philippines with respect to RCEP
Australia	Cross-border	Unbound		Not applicable	Australia declared that cross-border supply is an area that is off limits to the rules established by RCEP. This limits the entry of cross-border suppliers from the Philippines to enter Australia.
	Consumption Abroad	None		Not applicable	None
	Commercial presence	None	For travel agencies and tour operator services, commercial presence is required	Not applicable	None
	Working in country / Movement of natural persons	Nothing specific		Not applicable	Australia has yet to include commitments on the movement of natural persons engaged in tourism and travel related services. For the Philippines, this means that there are no specific commitments or schedule for the entry of its natural persons to Australia. This may be perceived as an opportunity to establish a

				specific bilateral trade agreement catering to this mode of supply.
	Cross-border	Nothing specific	Removal or reduction of limits to cross-border investment in/financing of regional infrastructure projects; facilitate market driven efforts to establish exchange and debt market linkages, including cross-border capital raising activities	Brunei Darussalam has yet to include commitments on cross-border supply in tourism and travel related services. For the Philippines, this means that there are no specific commitments or schedule for cross-border supply to Brunei Darussalam. This may be perceived as an opportunity to establish a specific bilateral trade agreement catering to this mode of supply.
Brunei Darussalam	Consumption Abroad	Nothing specific	No visa requirement for Philippine-passport holders. Entry permit is for 30 days for tourism purposes.	Brunei Darussalam has yet to include commitments on consumption abroad in tourism and travel related services. For the Philippines, however, visa free travel remains an opportunity to promote this mode of supply.
	Commercial presence	Market Access (Article 8.5.) and National Treatment (Article 10.3)	A foreign national or enterprise may not establish a travel agency, tour operator services, birdwatching tour guide services, or other tourism and travel related services through a commercial presence, unless through an enterprise established	Brunei Darussalam has imposed limitations on market access and national treatment on the commercial presence of tourism and travel related services. This means that the Philippines cannot establish a travel agency, tour operator services, birdwatching tour guide services, or other related establishments unless it is a joint venture with a

			in Brunei Darussalam that is a partnership or joint venture, where the foreign national or enterprise does not own more than 51 percent equity shareholding in any such enterprise providing such services.		Brunei Darussalam national where ownership of a foreign national is not more than 51% of the equity shareholding.
	Working in country / Movement of natural persons	Nothing specific		Issuance of visas and employment passes for ASEAN professionals and skilled labor	Brunei Darussalam has yet to include commitments on the movement of natural persons engaged in tourism and travel related services. For the Philippines, this means that there are no specific commitments or schedule for the entry of its natural persons to Brunei Darussalam. This may be perceived as an opportunity to establish a specific bilateral trade agreement catering to this mode of supply.
Cambodia	Cross-border	Unbound in other sub-sectors	Restaurants (unbound)	Removal or reduction of limits to cross-border investment in/financing of regional infrastructure projects; facilitate market driven efforts to establish exchange and debt market linkages, including	Cambodia declared that cross-border supply on restaurants is an area that is off limits to the rules established by RCEP. This limits the entry of cross-border suppliers (e.g., restaurants) from the Philippines to enter Cambodia.

			cross-border capital raising activities	
Consumption Abroad	None		No visa requirement for Philippine-passport holders. Entry permit is for 30 days for tourism purposes.	None
Commercial presence	Market Access	<p>Limitations on market access for the following sub-sectors:</p> <ul style="list-style-type: none"> Hotels: Limits for one to two star hotels Restaurants: Permits are provided depending on the characteristics of areas (e.g., impact on existing restaurants, historical characteristic, impact on traffic conditions, others). Travel agencies and tour operators: Foreign equity participation 		<p>Cambodia has imposed limitations on market access on the commercial presence of tourism and travel related services. This means that the Philippines can only supply one to two star rating hotels, travel agencies and tour operators with foreign equity limited to 51 percent, and restaurants that are subject to the provision of permits.</p>

		limited to 51 percent for travel agencies		
Working in country / Movement of natural persons		Unbound except as indicated in horizontal commitments	Issuance of visas and employment passes for ASEAN professionals and skilled labor	Cambodia has declared that the temporary movement of natural persons on tourism and travel related services are off limits to the rules of the agreement, except for those listed under its horizontal commitment. This means that the Philippines can only supply natural persons on select sub-sectors as identified in Cambodia's commitments.
Cross-border Consumption Abroad		None	Not applicable	None
		None	Not applicable	None
China	Commercial presence	Market Access and National Treatment	<ul style="list-style-type: none"> • Limits on market access of hotels and restaurants: Foreign services suppliers and wholly foreign-owned subsidiaries are permitted • Limitations on national treatment for travel agency and tour 	China has imposed limitations on market access and national treatment on the commercial presence of several tourism and travel related services. This means that the Philippines is permitted to supply wholly foreign-owned subsidiaries of hotels and restaurants, while travel agency and tour operators services are not allowed to engage in outbound travelers—specifically those traveling to Hong Kong SAR, Macao SAR, and Chinese Taipei.

				operators services: Foreign-invested enterprises cannot engage in activities of Chinese travelling abroad and to Hong Kong SAR, Macao SAR, and Chinese Taipei	
	Working in country / Movement of natural persons	Unbound except as indicated in horizontal commitments	Unbound except for the following: <ul style="list-style-type: none"> Foreign managers, specialists (i.e., chef), and senior executives who have contracts with partly foreign invested hotels and restaurants 	Not applicable	China has declared that the temporary movement of natural persons on tourism and travel related services are off limits to the rules of the agreement, except for those listed under its horizontal commitment. Following China's list of commitments, the Philippines can only supply natural persons who are considered managers, specialists, and senior executives who have contracts with partly foreign invested hotels and restaurants in China.
Indonesia	Cross-border	Nothing specific		Removal or reduction of limits to cross-border investment in/financing of regional	Indonesia has yet to include commitments on cross-border supply in tourism and travel related services. For the Philippines, this means that there

			infrastructure projects; facilitate market driven efforts to establish exchange and debt market linkages, including cross-border capital raising activities	are no specific commitments or schedule for cross-border supply to Indonesia. This may be perceived as an opportunity to establish a specific bilateral trade agreement catering to this mode of supply.
Consumption Abroad	Nothing specific		No visa requirement for Philippine-passport holders. Entry permit is for 30 days for tourism purposes.	Indonesia has yet to include commitments on consumption abroad in tourism and travel related services. For the Philippines, however, visa free travel, remains an opportunity to promote this mode of supply.
Commercial presence	Nothing specific			Indonesia has yet to include commitments on the supply of commercial presence in tourism and travel related services. This may be perceived as an opportunity to establish a specific bilateral trade agreement catering to this mode of supply.
Working in country / Movement of natural persons	Unbound except as indicated in horizontal commitments	Unbound except for the following sub-sectors: <ul style="list-style-type: none"> Top management level (e.g., director and manager) and technical expert (e.g., highly skilled professionals) in hotel business 	Issuance of visas and employment passes for ASEAN professionals and skilled labor	Indonesia has declared that the temporary movement of natural persons on tourism and travel related services are off limits to the rules of the agreement, except for those listed under its horizontal commitment. Following Indonesia's list of commitments, the Philippines can only supply natural persons who

			<ul style="list-style-type: none"> • Meal Serving Services with Full Restaurant Services • Technical Expert in travel and tour operators • Tourism consultancy services required to have recommendation from Tourism Professional Association 	are considered to be top management level and technical experts in hotel business, technical expert in travel and tour operators, meal servicing with full restaurant services, and tourism consultants recommended by its Tourism Professional Association.
Japan	Cross-border	Nothing specific	Not applicable	Japan has yet to include commitments on cross-border supply in tourism and travel related services. For the Philippines, this means that there are no specific commitments or schedule for cross-border supply to Japan. This may be perceived as an opportunity to establish a specific bilateral trade agreement catering to this mode of supply.
	Consumption Abroad	Nothing specific	Not applicable	Japan has yet to include commitments on consumption abroad in tourism and travel related services. For the Philippines, entry visa is still required to enter Japan.

	Commercial presence	Nothing specific		Not applicable	Japan has yet to include commitments on the supply of commercial presence in tourism and travel related services. This may be perceived as an opportunity to establish a specific bilateral trade agreement catering to this mode of supply.
	Working in country / Movement of natural persons	Nothing specific		Not applicable	Japan has yet to include commitments on the movement of natural persons engaged in tourism and travel related services. For the Philippines, this means that there are no specific commitments or schedule for the entry of its natural persons to Japan. This may be perceived as an opportunity to establish a specific bilateral trade agreement catering to this mode of supply.
	Cross-border	Unbound	Unbound for beverage serving services without entertainment	Not applicable	South Korea declared that cross-border supply on beverage serving services without entertainment is an area that is off limits to the rules established by RCEP. This limits the entry of cross-border suppliers (e.g., beverage serving) from the Philippines to enter South Korea.
	Consumption Abroad	None		Not applicable	None
	Commercial presence	None		Not applicable	None

	Working in country / Movement of natural persons	Unbound except as indicated in the Horizontal Commitments section	Not applicable	South Korea has declared that the temporary movement of natural persons on tourism and travel related services are off limits to the rules of the agreement, except for those listed under its horizontal commitment. This means that the Philippines can only supply natural persons on select sub-sectors as identified in South Korea's commitments.
Lao PDR	Cross-border	None	Removal or reduction of limits to cross-border investment in/financing of regional infrastructure projects; facilitate market driven efforts to establish exchange and debt market linkages, including cross-border capital raising activities	None
	Consumption Abroad	None	No visa requirement for Philippine-passport holders. Entry permit is for 30 days for tourism purposes.	None
	Commercial presence	Market Access	<ul style="list-style-type: none"> • Limitations on market access for lodging services: limited to 	Lao PDR has imposed limitations on market access on the commercial presence of several tourism and travel related services. This means that the

			establishments with a three-star rating or higher <ul style="list-style-type: none"> • Limitations on market access for travel agencies and tour operator services: foreign equity participation is limited to 70 percent 		Philippines is permitted to supply lodging services of establishments with a three-star rating or higher, and supply travel agencies and tour operator services with a foreign equity participation of up to 70 percent only.
	Working in country / Movement of natural persons	Unbound except as indicated in horizontal commitments	Unbound except for the following: <ul style="list-style-type: none"> • Executives and managers 	Issuance of visas and employment passes for ASEAN professionals and skilled labor	Lao PDR has declared that the temporary movement of natural persons on tourism and travel related services are off limits to the rules of the agreement, except for those listed under its horizontal commitment. Following Lao PDR's list of commitments, the Philippines can only supply natural persons who are considered to be executives and managers.
Malaysia	Cross-border	None	For travel agencies and tour operators services for inbound travel only	Removal or reduction of limits to cross-border investment in/financing of regional infrastructure projects; facilitate market driven efforts to establish exchange and debt	None

			market linkages, including cross-border capital raising activities	
Consumption Abroad	None	For travel agencies and tour operators services for inbound travel only	No visa requirement for Philippine-passport holders. Entry permit is for 30 days for tourism purposes.	None
Commercial presence	Market Access	<ul style="list-style-type: none"> • Limitations on market access for travel agencies and tour operator services for inbound travel only: Joint venture with Malaysian individuals or Malaysian- controlled corporations or both and the aggregate foreign shareholding in the joint venture corporation shall not exceed 51 percent 		Malaysia has imposed limitations on market access on the commercial presence of travel agencies and tour operator services. This means that the Philippines is only permitted to supply travel agencies and tour operator services with joint ventures with Malaysia individuals or Malaysian- controlled corporations, where the aggregate foreign shareholding should not exceed 51 percent.
Working in country /	Unbound except as indicated in		Issuance of visas and employment passes for	Malaysia has declared that the temporary movement of natural

	Movement of natural persons	the Horizontal Commitments		ASEAN professionals and skilled labor	persons on tourism and travel related services are off limits to the rules of the agreement, except for those listed under its horizontal commitment. This means that the Philippines can only supply natural persons on select sub-sectors as identified in Malaysia's commitments.
	Cross-border	None			None
	Consumption Abroad	None		No visa requirement for Philippine-passport holders. Entry permit is for 30 days for tourism purposes.	None
Myanmar	Commercial presence	Market Access	<ul style="list-style-type: none"> • Limitations on market access for tourist transport operation: subjected to compliance with Traffic Safety and Moto Vehicles Management Law 2020 and The Road Transport Operations Law 2016 		Myanmar has imposed limitations on market access on the commercial presence of tourist transport operations. This means that the Philippines can only supply such services by complying to the domestic laws governing this sub-sector.
	Working in country / Movement of natural persons	Market Access; Unbound	<ul style="list-style-type: none"> • ENT applied to those servicing hotels, motels, 	Issuance of visas and employment passes for ASEAN professionals and skilled labor	Myanmar has declared that the temporary movement of natural persons on tourism and travel related services are off limits to

			other lodging services, meal servicing, catering services, beverage serving services • Unbound for travel agencies and tour operator services, and other tourist transport operation	the rules of the agreement, except for those listed under its commitments. Following Myanmar's list of commitments, market access limitations are imposed on natural persons coming from the Philippines by subjecting them to an ENT.
	Cross-border	None	Not applicable	None
	Consumption Abroad	None	Not applicable	None
	Commercial presence	None	Not applicable	None
New Zealand	Working in country / Movement of natural persons	Unbound except as indicated in horizontal commitments	Not applicable	New Zealand declared that the temporary movement of natural persons on tourism and travel related services are off limits to the rules of the agreement, except for those listed under its horizontal commitment. This means that the Philippines can only supply natural persons on select sub-sectors as identified in New Zealand's commitments.
Singapore	Cross-border	Nothing specific	Removal or reduction of limits to cross-border investment in/financing of regional	Singapore has yet to include commitments on cross-border supply in tourism and travel related services. For the

			infrastructure projects; facilitate market driven efforts to establish exchange and debt market linkages, including cross-border capital raising activities	Philippines, this means that there are no specific commitments or schedule for cross-border supply to Singapore. This may be perceived as an opportunity to establish a specific bilateral trade agreement catering to this mode of supply.
Consumption Abroad	Nothing specific		No visa requirement for Philippine-passport holders. Entry permit is for 30 days for tourism purposes.	Singapore has yet to include commitments on consumption abroad in tourism and travel related services. For the Philippines, however, visa free travel, remains an opportunity to promote this mode of supply.
Commercial presence	National Treatment, Market Access, and Local Presence	<p>Limits on food and beverage-related services:</p> <ul style="list-style-type: none"> Only a Singapore citizen or permanent resident can apply for a license to operate a stall in government-run markets or hawker centers in his or her personal capacity. 		Singapore has imposed limitations on market access, national treatment, and local presence on the commercial presence of food and beverage-related services. This means that the Philippines is limited to supply such services where only a Singapore citizen or permanent resident can obtain license to operate in government-run markets and hawker centers; where foreign service supplier must incorporate as a limited company in Singapore; where only Singapore citizens or permanent residents can apply to run stalls at hawker centers

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- To provide food or beverage catering services in Singapore, a foreign service supplier must incorporate as a limited company in Singapore, and apply for the food establishment license in the name of the limited company.to operate a food or beverage establishment in non-government run eating facilities.
 - Only Singapore citizens or permanent residents can apply to run stalls at hawker centers managed by the National
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managed by the National Environment Agency or the National Environment Agency's appointed managing agents

			Environment Agency or the National Environment Agency's appointed managing agents.		
	Working in country / Movement of natural persons	Unbound	Limited to the following: Entry of managers, executives, and specialists on hotel lodging services, restaurant and catering services, travel agent and tour operator services, tourist guide services	Issuance of visas and employment passes for ASEAN professionals and skilled labor	Singapore declared that the temporary movement of natural persons on tourism and travel related services are off limits to the rules of the agreement, except for those listed under its commitments. Following Singapore's list of commitments, the Philippines can only supply natural persons who are considered to be executives, specialists, and managers of hotel lodging services, restaurant and catering services, travel agent and tour operator services, and tourist guide services.
Thailand	Cross-border	Unbound		Removal or reduction of limits to cross-border investment in/financing of regional infrastructure projects; facilitate market driven efforts to establish exchange and debt	Thailand declared that cross-border supply is an area that is off limits to the rules established by RCEP. This limits the entry of cross-border suppliers from the Philippines to enter Thailand.

			market linkages, including cross-border capital raising activities	
	Consumption Abroad	None	No visa requirement for Philippine-passport holders. Entry permit is for 30 days for tourism purposes.	None
	Commercial presence	Market Access	<ul style="list-style-type: none"> • Limitations on market access for travel agency and tour operator services: at least half of the board of directors must be Thai 	Thailand imposed limitations on market access on the commercial presence of travel agency and tour operator services. Hence, the Philippines can only supply such services where at least half of the board of directors of the company must be Thai.
	Working in country / Movement of natural persons	Unbound except as indicated in horizontal commitments	Issuance of visas and employment passes for ASEAN professionals and skilled labor	Thailand declared that the temporary movement of natural persons on tourism and travel related services are off limits to the rules of the agreement, except for those listed under its horizontal commitment. Thus, the Philippines can only supply natural persons on select sub- sectors as identified in Thailand's commitments.
Viet Nam	Cross-border	None	Removal or reduction of limits to cross-border investment in/financing of regional	None

			infrastructure projects; facilitate market driven efforts to establish exchange and debt market linkages, including cross-border capital raising activities	
Consumption Abroad	None		No visa requirement for Philippine-passport holders. Entry permit is for 30 days for tourism purposes.	None
Commercial presence	Market Access and National Treatment	<ul style="list-style-type: none"> • Limitations on market access for travel agency and tour operator services: Foreign services suppliers are permitted to provide services in the form of joint ventures with Vietnamese partners with no limitation on foreign capital contribution • Limitations on national treatment for 		Viet Nam imposed limitations on market access and national treatment on the commercial presence of travel agency and tour operator services. This means that the Philippines can only supply such services through joint ventures with Vietnamese partners with no limitation on foreign capital contribution; where tourist guides in foreign-invested enterprises shall be Vietnamese citizens; supplying enterprises can only do inbound services and domestic travel for inbound tourists

			travel agency and tour operator services: Tourist guides in foreign-invested enterprises shall be Vietnamese citizens. Foreign service supplying enterprises can only do inbound services and domestic travel for inbound tourists	
Working in country / Movement of natural persons	Unbound except as indicated in Viet Nam's Schedule in Annex IV		Issuance of visas and employment passes for ASEAN professionals and skilled labor	Viet Nam declared that temporary movement of natural persons on tourism and travel related services are off limits to the rules of the agreement, except for those listed under its horizontal commitment. Hence, the Philippines can only supply natural persons on select sub-sectors as identified in Viet Nam's commitments

Source: Adapted from RCEP II and IV schedules of Australia, Brunei Darussalam, Cambodia, China, Indonesia, Japan, Korea, Lao PDR, Malaysia, Myanmar, New Zealand, Singapore, Thailand, and Viet Nam.