

CHAPTER 15 - TOURISM

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Chapter 15

Tourism

15

TOURISM

I. INTRODUCTION

15.01 The tourism industry continued to contribute towards generating foreign exchange earnings, employment and income during the Seventh Plan period. Although the industry was affected by the economic crisis in 1997 and 1998, its quick rebound contributed to the strong economic recovery of the nation. This was attributed mainly to the concerted efforts by the public and private sectors as well as the successful implementation of measures outlined in the National Economic Recovery Plan (NERP) to revitalize the tourism industry.

15.02 For the Eighth Plan, the policy thrust is to achieve rapid tourism growth on a sustainable basis. Towards this end, a holistic and coordinated approach will be adopted to further boost the tourism industry. Greater efforts will be undertaken to provide a wider variety of quality tourism products to stimulate tourism demand both internationally and domestically. In addition, more effective promotional strategies in established and emerging markets will be carried out continuously to capture a larger share of the tourism market.

II. PROGRESS, 1996-2000

Tourist Arrivals

15.03 Tourist arrivals increased at an average rate of 6.5 per cent per annum during the Plan period. Tourist arrivals declined in 1997 and 1998 mainly due to occurrences of haze, localized outbreaks of Nipah and Coxsackie viruses as well as the Asian financial crisis. The number of tourist arrivals to Malaysia declined by about 13 per cent in 1997 and 10.6 per cent in 1998. However, the tourism industry responded well to the measures taken to revitalize the industry, which included increased promotional efforts targeted at markets not affected by the economic crisis such as China, India, Middle East, Australia and Europe.

As a result, the tourism industry recovered quickly as reflected by the rapid increase in the number of tourists to 7.9 million in 1999, which represented an increase of 43.6 per cent over the 1998 figure. In 2000, a record of 10.2 million tourist arrivals was achieved, which surpassed the target by 3.7 million tourists.

15.04 There was a slight change in the profile of tourist arrivals during the Seventh Plan period, attributed mainly to the measures undertaken to diversify the tourism market. The Asian financial crisis also affected tourist arrivals from the region and as a result, the percentage of short-haul tourists from the Association of South East Asian Nation (ASEAN) region declined from 73.5 per cent in 1995 to 69.2 per cent in 1998 but improved to 70.3 per cent in 2000, as shown in *Table 15-1*. The fastest growth in the number of tourist arrivals was from the emerging

TABLE 15-1

SELECTED TOURISM INDICATORS, 1995, 2000 AND 2005

<i>Indicator</i>	<i>1995</i>	<i>2000</i>	<i>2005</i>
Number of Tourist Arrivals ('000)	7,469	10,221	14,273
By Country of Origin (%)			
ASEAN ¹	73.5	70.3	63.5
Japan	4.4	4.5	5.2
China	1.4	4.2	4.8
Taiwan	3.9	2.1	2.4
Hong Kong SAR	2.0	0.7	1.8
India	0.4	1.3	2.7
Australia	1.8	2.3	2.7
United Kingdom	2.2	2.3	2.5
USA	1.3	1.8	2.1
Others	9.1	10.5	12.3
Total Tourism Receipts ² (RM million)	9,927.8	18,756.7	29,499.5
Number of Hotels ³	1,220	1,492	1,541
Number of Hotel Rooms	76,373	134,503	140,503
Average Length of Stay (nights)	4.8	5.5	5.8
Occupancy Rate of Hotel (%)	65.5	55.0	60.0
Employment ⁴	67,214	78,671	79,603

Notes:

¹ Excludes Myanmar, Vietnam and Cambodia

² Tourism receipts = tourist receipts + excursionist receipts

³ Hotels with 10 rooms and above, and excluding service apartments and condominiums

⁴ Employment covers the hotel industry only

15.06 The growth of the industry contributed to economic development through its close linkages with a wide spectrum of industries, which was reflected by the expenditure pattern of tourists, as shown in *Table 15-3*. In addition, the economy also benefited from the positive net contribution to the services account of the balance of payments by the tourism industry. In terms of the tourist expenditure pattern, accommodation remained the biggest component increasing from 32.0 per cent in 1995 to 32.8 per cent in 2000. Shopping expenditure remained the second largest expenditure component of tourists, increasing from 21.0 per cent to 23.1 per cent during the same period, in line with efforts to promote Malaysia as a shopping paradise. The other expenditure components that increased during the Plan period were food and beverages and organized sightseeing.

TABLE 15-3

COMPOSITION OF TOURIST EXPENDITURE¹, 1995 AND 2000
(%)

<i>Item</i>	<i>1995</i>	<i>2000</i>
Accommodation	32.0	32.8
Shopping	21.0	23.1
Food & Beverages	18.0	19.5
Local Transportation	8.0	7.1
Domestic Airfares	5.0	4.6
Organized Sightseeing	4.0	4.2
Entertainment	6.0	5.0
Miscellaneous	6.0	3.7
Total	100.0	100.0
Total (RM million)	9,174.9	17,335.4

Note: ¹ Tourist expenditure excludes excursionist expenditure

Domestic Tourism

15.07 Taking into cognizance the importance and vast potential in domestic tourism, a number of measures were undertaken to enhance its development. In this regard, aggressive promotional activities were carried out under the theme

Cuti-cuti Malaysia with the aim of encouraging domestic travel and reducing currency outflows. The tourism promotions at the state level such as the Visit Perak Year and the Visit Selangor Year further boosted domestic tourism. In addition, the declaration of holidays for the public service for the first Saturday of the month effective 1 January 1999 and also the third Saturday of the month effective 1 February 2000, had a positive effect on domestic tourism. The number of domestic tourism trips increased by 89.9 per cent at 15.8 million trips in 1999 compared with 8.32 million trips for the period August 1997 to July 1998. The number of domestic hotel guests also increased by 46 per cent to 1.02 million in March 2000 compared with 698,000 in March 1998. The rapid improvements in the transportation system during the Plan period provided faster and easier access to tourist destinations, which facilitated the increase in domestic tourism.

Investment

15.08 The private sector actively stimulated the growth of the tourism industry through its investments in hotel and tourism-related projects. These investments increased by 107 per cent from RM8.8 billion during the Sixth Plan period to RM18.2 billion during the Seventh Plan period. The number of hotels increased by 22.3 per cent from 1,220 in 1995 to 1,492 at the end of the Plan period. The supply of hotel rooms increased by 76.1 per cent from about 76,370 rooms in 1995 to 134,500 in 2000. The average occupancy rate of 65.5 per cent in 1995 declined to 50 per cent in 1998 mainly due to the excess supply of hotel rooms and the fall in tourist arrivals. Subsequently, the average occupancy rate increased to 55 per cent in 2000 largely due to measures undertaken to draw more inbound tourists and encourage domestic tourism. The timesharing concept provided opportunities for individuals to invest in vacation ownership and maximize the usage of timeshare resorts. At the end of the Plan period, there were 18 timeshare companies with about 30,000 members, generating an average annual sale of RM88 million. The timesharing concept contributed to the growth of the tourism industry as an average of 60 per cent of timeshare members utilized their holiday entitlement every year.

15.09 The Government complemented the efforts of the private sector by implementing tourism development programmes, involving an expenditure of RM484.2 million during the Seventh Plan period. These programmes included the restoration and conservation of historical sites, upgrading of tourism facilities and infrastructure, beautification of tourism sites as well as the development of medium-priced hotels. Among the projects that were completed during the Plan

period were the restoration of historical sites, the upgrading of rest houses in various states as well as the provision of public amenities, pedestrian walkways, observation towers, jetties and landscaping of tourist spots. During the Plan period, an additional Hotel Seri Malaysia in Genting Highlands was completed to bring the total number in operation to 16 offering 1,574 rooms. These medium-priced hotels were targeted at budget-conscious travellers, achieving an average occupancy rate of 58.7 per cent in 2000, which was slightly higher than the national average of 55 per cent.

Employment and Training

15.10 Employment in the hotel industry grew at an average annual rate of 3.2 per cent to reach 79,600 in 2000. Training remained a priority area in view of the importance of human resource development and the relatively skill-intensive nature of tourism employment. The National Tourism Human Resource Development Council (NTHRDC) supervised and coordinated training development activities for the tourism industry. The National Vocational Training Council (NVTC) developed national occupational skill standards (NOSS), comprising five levels, ranging from the operation and production level to the management level. The operation and production level included reservation and ticketing clerk, convention clerk, food and beverage waiter as well as water-park attendant. The management level included car-rental operations manager, front-office manager and theme-park operations manager. At the end of the Plan period, a total of 71 NOSS was developed in the tourism sector constituting tourism and travel (30), hotel (33) and theme park (8) subsectors. Eighteen public institutions as well as 47 private institutions conducted training in tourism-related courses. In addition, the hotel apprenticeship programme under the Human Resources Development Fund (HRDF) was initiated in February 1997 to reduce the shortage of skilled workers in the tourism sector. By the end of 2000, a total of 1,985 apprentices was trained through the collaborative efforts of 12 training institutions and 130 hotels. A study on human resource development in the tourism industry was initiated in 2000 to provide a comprehensive picture on the issues, development and directions of human resource development in the industry.

Tourism Products

15.11 Tourism product development was given greater emphasis to continuously upgrade the quality of existing products as well as develop new products to

capture a bigger share of the world tourism market. In this regard, a vast array of tourism products was offered to cater for the diverse interests and demands of tourists. The tourism products included the promotion of Malaysia as an attractive hill and island resort, an international shopping and major events destination, eco-tourism, agro-tourism, homestay programmes, cultural and heritage tourism as well as education, student and health tourism.

15.12 *Hill and Island Resort.* Malaysia is famous for its hill and island resorts, which continued to attract both domestic and foreign tourists during the Plan period. The hill resorts such as Penang Hill, Fraser's Hill, Cameron Highlands and Genting Highlands catered for a diversity of interests ranging from the relatively unspoilt retreat to entertainment and theme park attractions. The island resorts which included Pulau Tioman, Pulau Redang, Pulau Pangkor and Pulau Pinang offered beautiful beaches as well as a host of activities for tourists. The hill and island resorts were developed at a rapid pace due to their increasing popularity. Consequently, there was a need to ensure that the development of these resorts did not jeopardize the natural beauty and environment. In this regard, a Cabinet Committee was established in 2000 to coordinate, monitor and ensure the sustainable development of highlands and islands.

15.13 *Shopping Destination.* During the Plan period, greater efforts were made to promote Malaysia as an international shopping destination to encourage tourists to stay longer and spend more. To make shopping more attractive, leather goods were added to the list of duty-free items such as cameras, watches, pens, cosmetics and computers. In addition, the depreciation of the Ringgit enabled Malaysia to be positioned as a value for money tourist and shopping destination. To enhance Malaysia's position as a shopping paradise, three Mega Sales Carnivals were simultaneously carried out in all states in March, August and December 2000. These sales carnivals not only provided the best bargains for goods and services but also entertained shoppers with many attractive events. The events featured during the Carnival included the Made-In-Malaysia Exhibition, Malaysia Fashion Week and Midnight Sales. To further strengthen the nation's image as a shopping paradise, a factory outlet cum cultural centre project was initiated at a strategic location near KL International Airport (KLIA) to provide a channel for the direct distribution of locally produced goods from manufacturers to consumers at competitive prices and also offer the opportunity for tourists to learn more about Malaysian culture.

15.14 *Thematic Events.* To enhance the growth of a vibrant tourism industry, monthly thematic events were organized. These events included the Colours of Malaysia, *Merdeka* Celebration and National Water Festival. The inaugural annual

Colours of Malaysia event, which was a month-long celebration to showcase the unique customs and traditions of the multi-racial society, was launched in 1999 to attract more tourists. A host of exciting activities at national and state levels was organized for tourists to experience and savour the different cultures of Malaysia. These activities included a spectacular parade bearing the theme “Colours of Malaysia”, cultural performances, shadow plays, Malaysian cuisine, Arts and Crafts Festival and the Traditional Textiles of Malaysia Exhibition. In conjunction with the month-long *Merdeka* Celebration, numerous events culminating with the National Day parade were organized to celebrate the nation’s independence. The National Water Festival was another month-long event that was organized featuring various activities related to water sports and recreation.

15.15 *Sports and Recreation Tourism.* Sports and recreation tourism was given priority in view of the high profile and huge revenue it generated for the nation. Its development was enhanced by the completion of sports and recreation facilities of international standard such as the National Sports Complex, the Formula One Circuit and the National Theatre. The promotion of the Year of Sports and Recreation in 1998 (YSR ‘98) raised the nation’s image as a sports and recreation destination. In conjunction with YSR ‘98, more than 240 sports and recreational events were organized with the Kuala Lumpur ‘98 - XVI Commonwealth Games as the premier event. The Games attracted 6,670 athletes and officials. In addition, there was a substantial number of media and visitors from abroad as reflected by the 4.4 per cent increase in tourist arrivals in September 1998 compared with the corresponding period in 1997. To benefit from the international awareness and momentum generated by YSR ‘98, other annual world-class events were organized. These included the Formula One Grand Prix, World Motorcycle Grand Prix, World Amateur Inter-Team Golf Championship, Mount Kinabalu International Climbathon, Johor International Kite Festival, Baleh-Kapit Raft Safari and Labuan Sea Challenge.

15.16 *Cruise Tourism.* The development of cruise tourism was given emphasis to exploit the nation’s comparative advantage in terms of port facilities and attractive land-tour packages as well as the expansion of the international cruise market to the Asian region. The total number of passengers on cruises was estimated at 920,000 during the Plan period. The private sector was instrumental in developing cruise tourism and invested in the construction of dedicated passenger terminals. The completion of the Star Cruise Terminals in Port Klang and Langkawi during the Plan period facilitated the expansion of the cruise industry in Malaysia. In addition, efforts were made to enhance cruise tourism through regional cooperation. The ASEAN Cruise Working Group was formed in 1999 to develop

the full potential of the cruise industry in the region as a means of attracting more tourists. Towards this end, a study was initiated to outline strategies for the integrated development of cruise tourism in ASEAN.

15.17 *Eco-tourism.* Eco-tourism entails visitation to relatively undisturbed natural areas, promotes conservation, has low visitor impact and provides for socio-economic involvement of the local population. The National Eco-tourism Plan was drawn up in 1996 to provide the framework for the development of eco-tourism. The Plan included 25 guidelines to provide the best approach to eco-tourism, with recommendations on health and safety, conservation inputs, site selection, zoning and carrying capacity. In addition, lists of potential and existing eco-tourism sites as well as opportunities for private sector investment were identified. During the Seventh Plan period, several eco-tourism projects were implemented such as Wang Kelian State Park in Perlis, Tasik Bera in Pahang and *Taman Hidupan Liar* Hilir Kinabatangan in Sabah.

15.18 *Agro-tourism and Homestay Programmes.* Agro-tourism and homestay programmes provided opportunities for local involvement and additional sources of income. A total of 19 agro-tourism locations was developed with the participation of farmers and fishermen during the Seventh Plan period. The products included day visits, farmstay and agro-tourism packages. Homestay programmes offered tourists a distinctive style of accommodation with emphasis on warm and friendly hospitality within private homes at relatively cheap prices. By the end of the Plan period, 612 homestay operators in 31 villages were registered with the Government. A study to formulate a National Rural Tourism Master Plan was initiated in 2000 to maximize the potential of agro-tourism and homestay programmes.

15.19 *Cultural and Heritage Tourism.* In view of the tremendous potential of cultural and heritage tourism, numerous programmes that included the preservation of historical monuments and sites as well as the setting up of museums, art galleries and state cultural centres were undertaken. The completion of projects such as the National Theatre, PETRONAS Philharmonic Hall, National Arts Gallery, Islamic Art Museum as well as Arts and Cultural Centres in Alor Setar, Ipoh and Kuantan during the Plan period provided a more varied, entertaining and educational experience for tourists. The inclusion of the Kinabalu National Park, Sabah and Mulu National Park, Sarawak in the World Heritage List in 2000 provided a big boost to Malaysia's efforts in promoting cultural and heritage tourism. The other sites that were still under consideration by the United Nations Educational, Scientific and Cultural Organization (UNESCO) were the *Taman Negara*, Peninsular Malaysia and Niah Caves, Sarawak. The Historic Inner

Cities of Penang and Melaka were also submitted in 2000 for consideration to be included in the UNESCO World Heritage Status. The non-governmental initiative to restore the Cheong Fatt Tze mansion in Pulau Pinang was awarded the inaugural UNESCO Asia-Pacific Heritage Conservation Award 2000. This award generated greater international awareness and provided further impetus to the conservation movement.

15.20 *Education, Student and Health Tourism.* The increase in the number of institutions of higher learning and twinning programmes with foreign universities provided the foundation for the growth in education tourism. A total of 13,600 foreign students was registered with institutions of higher learning in the country. There were additional spinoffs as parents of foreign students took the opportunity to spend their holidays at tourist attractions when visiting their children. Student tourism became popular during the Plan period, as reflected by the demand for tours to visit schools to enable students from other countries to gain knowledge of the school education system as well as experience the Malaysian school atmosphere, which is unique with the social interaction of the various ethnic groups. As for health tourism, Malaysia took steps to position itself as a premier destination for quality yet affordable health and medical services in the region. In this regard, the National Committee on Health Tourism was formed in 1997. Aggressive campaigns, with the collaboration of the private sector were launched to market health tourism not only for the sick but also for those needing medical checks for a medical-cum-leisure experience. The campaigns were also aimed at family members who accompanied the sick. A total of 44 private hospitals with 7,065 beds was identified to participate in health tourism. The number of foreign patients seeking treatment from 1998 to June 2000 were 398,560. In addition, the Langkawi and Labuan hospitals were specially built by the Government to provide health services as well as attract foreign tourists.

15.21 *Meetings, Incentives, Conventions and Exhibitions.* Greater efforts were made by the public and private sectors to gain a larger share of the meetings, incentives, conventions and exhibitions (MICE) market to tap its high-yielding potential. It was the only market segment that was not adversely affected by the economic crisis in 1997-1998. The total number of events, participants and revenue generated increased steadily during the Seventh Plan period, as shown in *Table 15-4*. This was largely attributed to the nature of the MICE market where organizers made their commitments a few years in advance and the aggressive bidding to host major events. During the period 1996-2000, a total of 4,008 events was held with 1.5 million participants generating RM5.1 billion in revenue. Among the major MICE events that were held during the Plan period

TABLE 15-4					
MEETINGS, INCENTIVES, CONVENTIONS AND EXHIBITIONS, 1996-2000					
	1996	1997	1998	1999	2000
Number of Events					
International	296	316	380	387	423
National	426	447	420	437	476
Total	722	763	800	824	899
Number of Participants					
Foreign	108,410	115,768	138,826	139,195	152,760
Local	170,593	179,122	161,210	166,030	181,713
Total	279,003	294,890	300,036	305,225	334,473
Revenue (RM million)					
Foreign	346.9	382.0	458.1	512.7	567.5
Local	545.9	573.2	532.0	547.8	597.2
Total	892.8	955.2	990.1	1,060.5	1,164.7

included the Asia Pacific Economic Cooperation (APEC) Summit, International Union of Forestry Research Organization World Congress, Defence Services Asia Exhibition and Conference as well as ASEAN Travel Forum.

15.22 *Theme Parks.* Theme parks have family appeal and provide a trip into a world of adventure and excitement. The existing theme parks such as the Genting Theme Park, Sunway Lagoon, Mines Wonderland, Bukit Merah Laketown Waterpark and A'Famosa Water World were upgraded to provide better quality services to attract more visitors. These parks, which involved substantial private sector investments, were equipped with a critical mass of attractions to draw domestic and international tourists. These tourism-oriented theme parks, which provided integrated and complementary services from shopping centres to hotels and restaurants, continued to generate economic value during the Plan period.

15.23 *Wilayah Persekutuan Putrajaya.* The development of Wilayah Persekutuan Putrajaya covering 4,580 hectares, which showcases the new Administrative Centre of the Federal Government as well as Malaysia's first Intelligent Garden City, became a must-see destination for tourists. It focused on environment-friendly development, which was reflected by the measures undertaken such as the development of a wetlands area to maintain the quality of the lake water as

well as the demarcation of a precinct solely to conserve the environment in its natural state. The Putrajaya Lake and Wetlands were designed as self-sustaining and balanced eco-systems to support the development of Wilayah Persekutuan Putrajaya as a Garden City. The architecture of the buildings was designed for their aesthetic value and to blend with the environment. The integrated planning and development of Wilayah Persekutuan Putrajaya not only provided an ideal environment for residents to live and work but also offered tourists a unique, interesting and educational experience.

Marketing Strategies and Promotions

15.24 The unique blend of natural beauty and a rich diversity of culture, traditions, history and lifestyles of the various ethnic groups presented an appealing theme to promote tourism. As such, the theme “Malaysia Truly Asia” was launched in 1999 as the master brand to position Malaysia as a top tourist destination in the region. Tourism branding was used as a promotional platform to create an easily identifiable image, to generate interest and facilitate recall in the decision-making process of destination selection. Besides the use of an attractive and consistent brand, customer-focused promotions were also undertaken. The marketing efforts took into account the needs, preferences and cultures of tourists from different segments and countries, to cater for their varied interests and demands. In addition, promotional activities were stepped up to achieve greater penetration into new segments and markets. In this regard, four new Tourism Malaysia offices were set up in Dubai, Jeddah, New Delhi and Phuket in 2000. The students, honeymooners, silver-haired and the film industry were identified for more vigorous market development and promotion.

15.25 Taking into consideration the importance of marketing, a special promotional budget of RM150 million was approved in 1999. The budget was used for advertising, public relations and information dissemination activities to further boost the tourism industry. In addition, a budget allocation of RM110 million for Malaysia Centennial towards the New Millennium was approved for the organization of events from September 1999 to August 2001. Among others, the events were organized to instil the spirit of *Malaysia Boleh*, reflect and appreciate the achievements of the nation during the 20th century as well as stimulate the growth of the tourism industry.

15.26 In order to reap the full benefits of information and communications technology (ICT), the official website of Tourism Malaysia was continuously updated and upgraded to enhance its popularity as a mode of communication for

information dissemination. It was a rich source of information that covered key events and festivals, special interests and links to state tourism and related websites. The private sector took advantage of the new technologies and launched their own websites, which provided not only information but also interactive services such as online ticketing as well as reservation of tour packages and accommodation.

III. PROSPECTS, 2001-2005

15.27 The tourism sector will assume an even greater role in stimulating the growth of the economy during the Eighth Plan period. Tourist arrivals are expected to grow at an average rate of 6.9 per cent per annum to reach 14.3 million by 2005. Tourism receipts are targeted to grow at an average annual rate of 9.5 per cent to reach RM29.5 billion in 2005. With the continuous improvement in tourism products and services, marketing and promotion, infrastructure as well as institutional and regulatory framework, Malaysia is well placed to reap the gains of the tourism industry.

15.28 The overall policy thrust of the tourism sector is to achieve sustainable tourism growth in order to realize the full potential of employment and income-generation effects at the national, state and local levels. Towards this end, tourism development will be prioritized and focused to achieve the optimal impact of the resources allocated. The tourism development strategies that will be rigorously pursued are as follows:

- ❑ *emphasizing sustainable tourism development;*
- ❑ *focusing on a holistic and integrated approach to tourism development;*
- ❑ *projecting Malaysia as a fascinating destination with year-round carnival atmosphere;*
- ❑ *engaging in customer-focused product development and promotions;*
- ❑ *enhancing human resource development;*
- ❑ *facilitating and increasing accessibility;*
- ❑ *ensuring the comfort, safety and security of tourists; and*
- ❑ *forging strategic alliances and enhancing international cooperation.*

Sustainable Tourism Development

15.29 The long-term success of the tourism industry hinges on the successful implementation of sustainable tourism development. This is evident as the physical environment and cultural heritage are core attractions of tourism products and are sensitive assets that must be carefully conserved. Increasing importance will be accorded to ensure a greater involvement of the local community to maximize benefits and minimize adverse effects. Towards this end, sustainable tourism development will be the key strategy that will provide the necessary balance among economic, social, cultural and environmental needs in all tourism planning and implementation. The nature parks, rivers, lakes, caves, wetlands and wildlife sanctuaries will be conserved in line with sustainable development. In addition, the completion of the study on the development of hill stations and highlands in Malaysia during the Eighth Plan period will provide policy guidelines and a plan of action to achieve sustainable development in these areas.

Holistic and Integrated Approach

15.30 A holistic and integrated approach that leverages on the innovation and vitality of the private sector, the hospitality, courtesy and civic-consciousness of the public as well as the support of the Government is essential to elevate the tourism industry to a higher level of achievement. In this regard, the National Tourism Promotion and Coordination Committee will continue to spearhead the cooperative efforts of the public and private sectors. To further strengthen the coordination efforts necessary for the successful implementation of tourism programmes and events at all levels, state tourism and culture authorities will be formed in all states during the Plan period. This will provide the necessary mechanism for the states to effectively coordinate and organize their tourism programmes. In addition, the provision of general tourism education to the public through the mass media will be further encouraged. This is to promote greater awareness of the importance of tourism as well as to gain and broaden the support for sustainable tourism development from the public. The establishment of tourism clubs in schools will also serve as an effective and efficient means to disseminate information as well as inculcate values that are supportive of the efforts to promote the tourism industry.

15.31 The provision of relevant information for effective strategic planning, coordination and implementation is a key ingredient for the holistic approach to succeed. In this context, further efforts will be made to improve the tourism

database by undertaking relevant surveys and other forms of data collection in a timely manner. A significant initiative will be the establishment of the Tourism Satellite Account (TSA), which will greatly strengthen the tourism database. The TSA is designed to organize information about the effects of tourism activities on production, income, wealth and employment in a way consistent with the System of National Accounts. Furthermore, the improvements in the database will facilitate and support efforts towards customer-focused product development and promotion.

Creating A Carnival Atmosphere

15.32 In order to draw more tourists to stay longer, increase spending and make repeat visits, efforts will be intensified to portray Malaysia as an exotic place with year-round events filled with a carnival atmosphere. This requires a well-planned tourism calendar throughout the year, which will be widely publicized in advance. The highlights are the annual month-long events that will be organized including *Merdeka* Celebration, Colours of Malaysia, National Water Festival, Food and Fruits Festival as well as Malaysia Agriculture, Horticulture and Agro-tourism Show (MAHA). In addition, world-class events will continue to be staged including the Formula One Grand Prix, World Motorcycle Grand Prix, International Go-Kart Race, Le Tour De Langkawi, Melaka Historic City Celebration, Penang International Dragon Boat Festival, Borneo Eco-Challenge, Mount Kinabalu International Climbathon and the Motorized Paraglider Tour of Malaysia. The new events that will be organized include the World Formula One Powerboat race and Extreme Games (X-Games) Asian qualifying rounds. In view of the increasing interests in the art of self defense and taking into account the variety of martial arts practised by different ethnic groups in the country, martial arts events and training will be organized and packaged as a tourism product to add to the carnival atmosphere.

15.33 Malaysia's endeavour to be a shopping paradise, which includes the month-long Mega Sales Carnival to be held three times a year will not only contribute to the atmosphere of festivities but also provide shoppers with the widest range of bargain sales which include consumer goods, household products and property. During this period, the Government will consider reducing certain taxes such as sales tax and stamp duty, while hotels and restaurants will be encouraged to provide special concessions. To assess the success of the Mega Sales Carnivals, a study on its impact will be conducted. Meanwhile, the completion of the factory outlet near KLIA and an electronic city of international standard will further enhance shopping and tourism. The electronic city will be an area

specially designated to provide shoppers with a wide range of electrical and electronic goods featuring the latest products in the market. The private sector will be encouraged to offer genuine goods at fair prices with better packaging and delivery services as well as provide warranties and honour the return of goods.

15.34. Greater efforts will be directed to encourage more hotels to support the concept of creating a Malaysian identity and a more exotic ambience, which can serve as unique selling points. These include the Malaysian way of greeting, the use of traditional attire as uniforms and the setting up of in-house cultural bodies. In addition, hotels will be encouraged to allocate floor space for the display and sale of local handicraft. To complement efforts to create a carnival atmosphere, cosmopolitan living with international cuisine such as the Bintang Walk will be encouraged.

Product Development and Promotion

15.35 To enable the tourism sector to achieve a sustainable growth, it is essential to take into cognizance the needs and preferences of tourists. Changing consumer demand and the emergence of different segments create new opportunities to be harnessed. There will be a greater emphasis on the need to align product development to meet certain standards that will satisfy domestic and foreign tourists' preferences and demands. There will also be a greater commitment to expand and improve tourism products such as eco-tourism, agro-tourism, rural tourism, cultural and heritage tourism, cruise tourism, education, student and health tourism as well as the MICE market. In addition, incentives will be provided to facilitate and enable the private sector to develop niche tourism products more effectively.

15.36 Eco-tourism, agro-tourism and rural tourism have the potential to regenerate the rural economy, consistent with the policy of a wider distribution of the benefits of the tourism industry. With regard to eco-tourism, its development and implementation will continue to be guided by the National Eco-tourism Plan. Accordingly, more sites with eco-tourism potential will be identified for development. At the same time, efforts will be intensified to promote Malaysia as a well-known eco-tourism destination. Agro-tourism and homestay programmes will be reviewed and reformulated under rural tourism development. In this context, it is envisaged that the completion of the National Rural Tourism Master Plan in 2001 will provide the necessary framework and guidelines for the successful development of rural tourism.

15.37 Greater emphasis will be placed on further promoting cultural and heritage tourism. Concerted efforts will be made to secure the inclusion of *Taman Negara*, Peninsular Malaysia, Niah Caves, Sarawak as well as the Historic Inner Cities of Penang and Melaka in the World Heritage List during the Plan period. To add value and attract tourists, research will be encouraged to provide additional educational information, interesting stories and folklore on the nation's cultural and historical heritage. Other measures that will be undertaken include the expansion of the Langkawi, Culture and Arts Festival to cover European culture and arts. The National theatre will host more foreign plays and cultural shows that are of world-class standards to promote cultural tourism as well as provide opportunities for Malaysian to enjoy and enrich their cultural experiences. In addition, the promotion and development of local handicraft will be intensified to offer a wider range of attractive items and souvenirs at reasonable prices to tourists.

15.38 During the Plan period, cruise tourism, yachting and leisure boat activities will be further developed to tap the expected growth of Asia as a vacation and cruise destination. Product development will include packaging creative itineraries and interesting land attractions to meet market needs. Marketing and promotion will be emphasized to attract more cruise liners and leisure boats to Malaysian ports and jetties as well as increase tourist arrivals. The development and upgrading of ports and jetties along the Malaysian coastline will be undertaken in stages to cater not only for passenger and cargo transportation but also for tourism promotion. As an integrated approach, facilities will be developed for cruise ships and leisure boats, marinas and related recreational activities such as yachting, boating, diving, fishing as well as shopping, entertainment, food and accommodation. This will allow cruise ships and leisure boats to sail to different sites of interests as well as create more activities for these tourists to increase their length of stay and expenditure. To enhance economic linkages, innovative fly-cruise packages for both the medium- and long-haul markets will need to be developed. The completion of the study by the ASEAN Cruise Working Group will outline strategies to develop cruise tourism including the determination of cruise facilities and infrastructure requirements as well as the development of a joint-marketing plan for ASEAN.

15.39 Education, student and health tourism will be further developed to tap their full potential in attracting more inbound tourists and enhancing tourism growth. A Committee on Education Tourism will be established to spearhead activities such as marketing and promotion as well as the facilitation of administrative

procedures for students and parents. In view of the increasing demand for student tourism, a programme will be formulated to coordinate and facilitate visits to schools as part of the tour package. The National Committee on Health Tourism will intensify its efforts to accelerate the growth of health tourism, which includes medical and dental treatment.

15.40 Vigorous efforts will be undertaken to actively position and promote Malaysia as a premier MICE destination by targeting at associations, multinationals and international organizations to hold more conferences, exhibitions and incentive travel in Malaysia. The development of a convention centre in Wilayah Persekutuan Putrajaya as well as the National Exhibition and Convention Centre (NECC) in Subang, Selangor with state-of-the-art facilities will spur the expansion of the MICE market. In addition, the institutional and human resource capacity will be strengthened. Towards this end, the establishment of an organization to promote and develop the MICE market will be explored. Measures will also be undertaken to develop professionals who have the skills to organize and manage major events including conferences and exhibitions.

15.41 Other market segments that will continue to be actively promoted are the honeymooners, silver-haired and the film industry. The honeymooners represent a rapidly growing market that has high-spending potential. To further promote the silver-haired programme, the administrative and regulatory procedures will be constantly reviewed to make them more attractive and convenient for senior citizens from foreign countries to stay in Malaysia for an extended period. The foreign film industry will be encouraged to shoot their films in the country as they will not only bring foreign exchange but also provide extensive publicity, essential for tourism promotion.

15.42 Marketing and promotional efforts will be geared towards consistently developing Malaysia's brand in key overseas markets by reinforcing the image of the country as a top-of-the-mind desirable holiday destination. In line with the strategy to diversify the tourism markets by increasing the market share from medium- and long-haul markets, another eight Tourism Malaysia offices will be established during the Eighth Plan period. As a result, the total number of Tourism Malaysia offices overseas will be increased to 30. With the establishment of these offices, greater attention will be given to the preferences, needs and peculiarities of each strategic market, to formulate a more aggressive and customer-focused promotion that will effectively convert interest into actual travel to Malaysia and further boost the performance of the tourism industry. In addition,

greater promotional efforts will be undertaken to attract tourists from the United States of America, which has a relatively large potential market that has yet to be tapped. Emphasis will also be given to the need to provide an accurate description of Malaysia in efforts to attract tourists. To accelerate the growth of the tourism industry, the allocation for marketing and promotion under the annual operating budget will be increased. To exploit the potential of ICT, a world-class tourism portal will be launched during the Plan period. This portal will provide a cutting-edge technology not only for global destination marketing promotion but also to take advantage of the anticipated expansion of e-commerce in the tourism industry.

15.43 The promotion of domestic tourism will continue to be accorded priority, as it is vital for the growth of a vibrant tourism sector. The marketing strategy will be to develop and inculcate a Malaysian culture of scheduling a vacation on a regular basis. In this connection, the domestic tourism campaign will be intensified to promote Malaysia as an exciting holiday destination to Malaysians.

Human Resource Development

15.44 Investments in human capital will continue to be given priority in order to achieve the highest degree of competence and professionalism to ensure the competitiveness of the tourism industry. In this regard, the National Tourism Human Resource Development Council (NTHRDC) will have an increasingly important role to supervise and coordinate training in the tourism industry. To meet the challenges of continuous improvement and new demands of the industry, existing NOSS will be reviewed while new NOSS will be developed. The importance of courtesy, graciousness and promptness of services by frontliners of the industry will be further emphasized. In addition, the training of tour guides will be upgraded to improve their competency level and enable them to provide better quality services. Tour guides will, therefore, need to be conversant in the English language and other foreign languages as well as well-versed with the history and background knowledge of the relevant tourism sites. The collaboration of the public and private sectors will be encouraged to increase the number of training programmes. The completion of the study on human resource development in the tourism industry in 2001 will provide a holistic and integrated plan of action to further upgrade the human resource capacity of the industry. It will also address issues on job attrition and career development in the industry.

Accessibility

15.45 Air, surface and sea transportation will be continuously upgraded to facilitate accessibility and the growth of the tourism industry. Towards this end, negotiations will be conducted to expand international air access in new strategic tourist markets as well as to promote KLIA as a regional hub. At the same time, point-to-point chartered flights for inbound tourists will continue to be encouraged. The upgrading of airports in Mulu and Miri, Sarawak as well as improvements of roads to major tourist attractions such as *Taman Negara*, Peninsular Malaysia will also be undertaken to cater for the expected increase in tourist arrivals to these areas. These efforts will be complemented with the enhancement of quality and efficiency of rail services for passengers as well as the increased emphasis on multimodalism during the Plan period. The development and upgrading of dedicated passenger terminals in key ports will be encouraged to support the growth of cruise tourism. In addition, emphasis will be given to improve accessibility, particularly in Sabah and Sarawak as well as less developed areas, to meet the increasing demand from locals and tourists. As Immigration and Customs formalities are an integral part of accessibility, further improvements in entry and exit procedures will be instituted to ensure hassle-free travel.

Ensuring the Comfort, Safety and Security of Tourists

15.46 The comfort, safety and security of tourists are crucial for the success of the tourism industry. The Government will step up security patrols, particularly in remote tourist resorts, to ensure the safety of tourists. At the same time, adherence to safety measures in the transportation of passengers by road, rail, sea and air will remain a top priority. Operators, guides and instructors in the tourism business will need to be more conscious of the well-being of tourists and strive to ensure their comfort and safety. In addition, further efforts will be made to provide tourists with quality goods and services at reasonable prices. Adequate training will be provided to produce professional and competent personnel that practise the highest safety standards. Projects will also be undertaken to beautify and enhance the nation's beaches and rivers. Furthermore, greater efforts will be made to reduce air pollution and improve air quality. These measures are essential to reinforce the image that Malaysia is a safe and pleasant place to visit.

Strategic Alliances and International Cooperation

15.47 Strategic alliances that allow participants to reap synergistic benefits through economies of scale will be more actively pursued. This will involve the leveraging of resources and the process of complementing products and services

in a business environment. As such, airlines, tour groups and hotels will be further encouraged to forge strategic alliances and smart partnerships to organize joint tour packages at the regional level to enhance profitability and competitiveness. At the same time, cooperation with national tourist organizations (NTOs), regional tourism groupings and international tourism organizations will be enhanced to provide an added boost to the performance of the tourism industry. In this regard, regional collaboration efforts will be strengthened, particularly with the Visit ASEAN Year 2002. There will also be progressive liberalization of tourism services under the ASEAN Framework Agreement on Services. In this context, the Special NTOs Task Force on Trade Negotiations in the Tourism Sector will conduct negotiations to obtain commitments to liberalize tourism services among member countries. In view of Malaysia's comparative advantage in eco-tourism, the nation will take full advantage of the promotion of International Year of Eco-tourism in 2002 by the World Tourism Organization. Malaysia will capitalize on this high profile promotional event, not only to generate greater awareness and interest but also to enhance the development and growth of its eco-tourism.

IV. ALLOCATION

15.48 During the Eighth Plan period, the development allocation for tourism will be RM1 billion, as shown in *Table 15-5*. The allocation focuses on a combination of programmes that will maximize returns to the industry and

Programme	7MP		8MP
	Allocation	Expenditure	Allocation
Preservation of National/ Historical Heritage	56.0	42.4	125.0
Accommodation	49.0	34.0	35.5
Beautification/Cleanliness & Environmental Protection	89.2	69.5	295.3
Facilities & Infrastructure	335.5	276.2	473.6
Others	75.8	62.1	79.6
Total	605.5	484.2	1,009.0

economy. The major programmes that will be implemented include the preservation and conservation of national historical sites, beautification and environment protection, tourism product development as well as the provision of medium-budget accommodation and tourism-related infrastructure facilities.

V. CONCLUSION

15.49 The tourism industry will be a major contributor to the growth of the economy during the Eighth Malaysia Plan period. The overall policy thrust is to attain rapid tourism growth on a sustainable basis. It will require the concerted efforts of not only the public and private sectors but also the general population. The successful implementation of strategic measures which include sustainable development, holistic and integrated approach, creation of a festive and carnival atmosphere, customer-focused product development, comfort, safety and security of tourists as well as the enhancement of strategic alliances and international cooperation, will provide the impetus for the tourism industry to realize its full potential.