



REALISING TOURISM POTENTIAL

8

I. INTRODUCTION

8.01 The tourism industry remained strong despite the economic slowdown in the first half of the Eighth Malaysia Plan period. The industry continued to be a key foreign exchange earner, contributing to growth, investment and employment as well as strengthening the services account of the balance of payments. The resilience of the industry was largely attributed to the active participation of both the public and private sectors in undertaking vigorous promotion and marketing, diversifying target markets, as well as improving competitiveness of tourism products and services to sustain interest among tourists to visit Malaysia.

8.02 During the Ninth Malaysia Plan period, concerted efforts will be geared towards realising the full potential of the tourism industry in order to enhance its contribution to the services sector in particular, and the economy in general. The prime focus will be to enhance the country's position as a leading global tourist destination as well as promote domestic tourism. As tourism activity generates high multiplier effects across many sectors, it will provide a wider platform for greater inter- and intra-sectoral linkages. More coordinated efforts will be undertaken to mobilise and channel resources to upgrade the requisite tourism infrastructure and facilities as well as to develop more innovative tourism products and services. High priority will continue to be accorded to achieve more sustainable tourism development.

II. PROGRESS, 2001-2005

8.03 During the Eighth Plan period, the tourism industry performed favourably as reflected in the growth of tourist arrivals and tourist receipts. The share of tourism revenue in total earnings of the services account of the balance of payments increased from 32.7 per cent in 2000 to 43.0 per cent in 2005. Taking into account the inflow of foreign tourists and outflow of local residents travelling abroad, the net contribution by tourism improved from RM11.2 billion to RM18.1

billion for the same period. The development in tourism also contributed positively to the expansion of activities in other subsectors, particularly the hotel, travel and tour industry, retail and restaurants as well as transport.

Tourist Arrivals

8.04 During the Plan period, tourist arrivals increased at an average rate of 10.0 per cent per annum, surpassing the target of 6.9 per cent. The positive growth was sustained throughout the period, with the exception of 2003 when the number of tourist arrivals was adversely affected, particularly by the outbreak of Severe Acute Respiratory Syndrome (SARS), as well as geopolitical uncertainties worldwide. As travel confidence worldwide resumed, tourist arrivals rebounded in the second half of the Plan period to reach 16.4 million in 2005, mainly attributed to intra-regional tourism flows, as shown in *Table 8-1*. Tourists from the Association of South-East Asian Nations (ASEAN) continued to account for more than 70.0 per cent of total arrivals during the Plan period.

Tourist Receipts and Expenditure

8.05 In tandem with the increase in tourist arrivals, foreign exchange earnings from tourism increased at an average annual growth rate of 12.4 per cent, from RM17.3 billion in 2000 to RM31.0 billion in 2005, as shown in *Table 8-1*. ASEAN countries remained the main contributors with a share of 68.7 per cent of total tourist receipts, followed by People's Republic of China (China) at 5.1 per cent, with United Kingdom (UK) and Australia at 2.5 and 2.3 per cent, respectively. In terms of tourist expenditure pattern, accommodation remained the highest component, comprising 33.1 per cent of the total expenditure, followed by shopping at 24.0 per cent, with food and beverages at 17.4 per cent in 2005.

Domestic Tourism

8.06 Domestic tourism continued to be an important component of the industry during the Plan period. The number of domestic tourism trips increased by 30.1 per cent from 12.3 million in 2000 to 16.0 million in 2005. The number of domestic hotel guests more than doubled from 13.6 million in 2000 to 29.0 million in 2005. This was in tandem with rising household incomes, improved quality of life and regular travel becoming increasingly a part of the Malaysian lifestyle. Another trend contributing to domestic tourism was the rising number of corporate retreats, family recreation and youth camps held at various tourist destinations around the country.

8.07 The introduction of low-cost carriers (LCCs) which provided for more affordable air travel to various local destinations, especially Sabah and Sarawak, further contributed to the growth of local travel and tour. The implementation of the five-day work week for the public sector, beginning July 2005, also provided a boost to domestic tourism.

TABLE 8-1
SELECTED TOURISM INDICATORS, 2000-2010

<i>Indicator</i>	<i>2000</i>	<i>2005</i>	<i>2010</i>
Number of Tourist Arrivals (million)	10.2	16.4	24.6
By Country of Origin (%)			
ASEAN	70.4	76.8	65.0
China	4.2	3.8	6.1
Japan	4.5	1.9	2.2
Australia	2.3	1.5	2.7
United Kingdom	2.3	1.5	2.8
Taiwan	2.1	1.3	2.7
India	1.3	1.2	1.8
West Asia	0.5	1.0	2.7
Others	12.4	11.0	14.0
Total Tourist Receipts ¹ (RM billion)	17.3	31.0	59.4
Per Capita Expenditure (RM)	1,696	1,890	2,417
Average Length of Stay (nights)	5.8	7.2	8.7
Number of Hotels	1,492	2,256	3,218
Number of Hotel Rooms	124,413	170,873	247,008
Average Occupancy Rate of Hotel (%)	59.2	63.5	66.4
Employment	390,600	451,000	520,700

Source: Economic Planning Unit and Ministry of Tourism

Note: ¹ Tourist receipts exclude excursionist receipts.

Hotel Occupancy

8.08 The strong growth in international arrivals and domestic tourism contributed to a higher average hotel occupancy rate, which increased from 59.2 per cent in 2000 to 63.5 per cent in 2005. During peak seasons, the average occupancy rate in key destinations, namely, Wilayah Persekutuan Kuala Lumpur, Kota Kinabalu and Melaka, was more than 80 per cent. Hotels in the tourist resorts of Genting Highlands in Pahang and Langkawi in Kedah had all year round occupancy rates of above 80 per cent and 60 per cent, respectively. The other popular destinations, including Johor Bahru in Johor and Kuching in Sarawak, had average occupancy rates of between 50 to 60 per cent throughout the Plan period.

Investment

8.09 The growth potential of the tourism industry continued to attract a substantial amount of private sector investment. The number of hotels expanded by 51.2 per cent from 1,492 in 2000 to 2,256 in 2005, while the supply of hotel rooms rose by 37.3 per cent from 124,413 in 2000 to 170,873 in 2005. Travel and tour agencies increased substantially from 1,021 in 2000 to 2,383 in 2005, largely in major gateways such as Wilayah Persekutuan Kuala Lumpur, Pulau Langkawi and Pulau Pinang. Licences issued to tour coach and car rental operators increased from 18,460 in 2000 to 20,610 in 2005.

8.10 To accelerate private investment in the tourism industry, two special funds were launched in 2001, namely, the Tourism Infrastructure Fund (TIF) totalling RM700 million, and the Special Fund for Tourism and Infrastructure (Special Fund) with an initial allocation of RM400 million. Due to the high demand, both the funds were increased to RM1.2 billion each in July 2005. Major projects under these funds included resorts development, renovation and refurbishment of hotels as well as provision of related infrastructure and services. Investments by the public sector were mainly for the provision of basic infrastructural facilities as well as promotion and marketing. Improvements were made to public amenities including the upgrading and beautification of selected tourism sites as well as the restoration of historical buildings and sites.

Employment and Training

8.11 During the Plan period, employment in the tourism industry grew at an average annual rate of 2.9 per cent from 390,600 in 2000 to reach 451,000 in 2005. Direct employment in the hotel industry increased by 1.6 per cent from 84,171 in 2000 to 91,156 in 2005. Employment by tour and travel agencies was estimated at 13,028 in 2005.

8.12 Initiatives to improve the quality of tourist services included extensive training through the supervision and coordination of the National Tourism Human Resource Development Council (NTHRDC) and the National Vocational Training Council (MLVK). The MLVK developed an additional six National Occupational Skills Standards (NOSS) during the Plan period bringing the total to 77 NOSS covering the hotel, tourism and travel segments as well as theme parks and recreational activities. More than 2,500 tourism-related training programmes were conducted utilising RM29.2 million from the Human Resource Development Fund (HRDF), accommodating 113,139 training places.

Tourism Products and Services

8.13 To enhance the distinct appeal of Malaysian tourism products and services, the Government continued to promote the country's traditional advantages, namely, its cultural and natural heritage. The emphasis on promoting cultural and historical heritage as well as eco- and agro-tourism propagated the popularity of destinations such as Melaka, Pulau Pinang, the east coast of Peninsular Malaysia, Sabah and Sarawak. Other tourism products included shopping, leisure and sports-related activities as well as business-related events, particularly the meetings, incentives, conventions and exhibitions (MICE) segment.

8.14 *Eco-Tourism, Agro-Tourism and Homestay Programme.* During the Plan period, the Government continued to promote and develop eco-tourism as guided by the National Eco-tourism Plan, which identified 48 priority sites. Malaysia leveraged on the listing of the Mulu Caves and the Kinabalu Park on UNESCO's World Heritage Sites as well as other natural sites such as marine parks at the Tioman and Redang islands, to promote its rich and diverse natural

resources as tourist attractions. The homestay programme was enhanced to increase participation of the rural population in tourism-related activities as well as provide rural households opportunities to supplement their incomes. An additional 463 homestay operators were trained and licensed during the Plan period, bringing the total to 1,089 from 79 villages.

8.15 *Cultural and Heritage Tourism.* As part of efforts to preserve cultural and heritage sites and meet the special interests of potential tourists, a number of projects were implemented. More than 60 monuments and 25 historical sites were upgraded as tourist attractions. New and existing cultural centres provided an avenue to showcase Malaysia's traditional arts and crafts including *batik*, *pua kumbu* and *songket*.

8.16 *Thematic Events.* Greater efforts were undertaken to promote the country as a destination for continuous year-round events of festivities and celebrations. These events included Colours of Malaysia, Food and Fruit Festival and the National Water Festival as well as the annual KL Fashion Show, highlighting Malaysian textiles including *batik* and *songket*. In view of the tremendous potential of shopping as an attractive tourism product, the Mega Sales Shopping Carnivals were further promoted and complemented by a variety of other events to attract international and domestic visitors.

8.17 The *Meetings, Incentives, Conventions and Exhibitions* market was an important source of growth for the tourism sector, due to its capability to attract the high spending business travellers. The significant contribution made by both international and local participants in the MICE segment, in terms of number of events and receipts, is as shown in *Table 8-2*.

TABLE 8-2

MEETINGS, INCENTIVES, CONVENTIONS & EXHIBITIONS, 2001-2005

<i>Indicator</i>	2001	2002	2003	2004	2005
Number of Events					
International	925	2,956	2,294	2,875	3,230
National	2,775	8,868	6,882	8,625	9,321
Total	3,700	11,824	9,176	11,500	12,551
Number of Participants					
Foreign	473,486	699,924	550,741	675,699	775,286
Local	3,189,360	3,288,000	3,390,000	3,494,000	3,602,000
Total	3,662,846	3,987,924	3,940,741	4,169,699	4,377,286
Revenue (RM billion)					
Foreign	1.23	2.03	1.73	2.14	2.95
Local	1.98	2.04	2.10	2.17	2.24
Total	3.21	4.07	3.83	4.31	5.19

Source: Ministry of Tourism

8.18 *Sports and Recreation Tourism*. Malaysia continued to host annual global events, such as Petronas F1 Grand Prix, the Raja Muda International Regatta, Le Tour de Langkawi and World Amateur Inter-Team Golf Championship as well as Putrajaya Boat Championship. To develop the potential of the *sailing and cruising industry*, an additional 10 marinas were built at strategic locations including Pulau Langkawi, Pulau Pangkor, Pulau Pinang and Pulau Tioman.

8.19 Recognising the potential of *education tourism* as a new market segment to increase foreign exchange earnings, measures were undertaken to promote Malaysia as a regional centre of education excellence. As a result, foreign exchange earnings from this emerging market increased from RM220 million in 2000 to RM450 million in 2005. As part of efforts to promote education tourism, five Malaysian Education Promotion Centres were set up in Beijing, Dubai, Ho Chi Minh City, Jakarta and Jeddah to promote education opportunities available in Malaysia. In terms of *health tourism*, intensive marketing and promotional activities continued to be undertaken to position Malaysia as a premier destination for quality healthcare. The value of foreign exchange earnings derived from health tourism was estimated at RM925 million in 2005.

8.20 *Malaysia My Second Home Programme*, introduced to encourage foreigners, their spouses and dependants to select Malaysia as their second home, attracted a total of 7,308 participants during the Plan period. The programme was most popular among citizens from China comprising 24 per cent of the total, followed by Bangladesh at 15 per cent, Britain at 8 per cent and Singapore at 6 per cent. A one-stop centre was established in 2005 to facilitate and expedite approvals.

Marketing Strategies and Promotion

8.21 In an effort to position Malaysia as a premier tourist destination in the region, the Government in collaboration with the private sector intensified promotional and marketing activities. The country leveraged on the tagline, 'Malaysia Truly Asia', first introduced in 1999, which is internationally recognised as a uniquely Malaysian brand. Greater emphasis was placed on attracting tourists from the short-haul and regional markets of ASEAN, China, India, Japan and West Asia. Activities to promote Malaysia in the traditional long-haul markets of Europe and the United States of America (USA) were also expanded.

8.22 The advent of e-tourism allowed for greater accessibility to accurate and timely information on tourism products and services. To raise awareness among the industry frontliners and tourism-related personnel as to the importance of the tourism industry, several campaigns such as 'Think Tourism', '*Mesra Malaysia*', and 'Malaysia Welcomes the World' were launched. Concerted efforts were undertaken to manage information concerning events that may adversely affect travel and to make available information to potential travellers, allowing them to make informed decisions on travel plans.

Accessibility

8.23 During the Plan period, concerted efforts were undertaken to improve accessibility into and within the country. In this regard, the Government continued to expand and upgrade infrastructure and communications facilities, which among others, supported the growth of the tourism sector. Improvements to land, rail and sea transportation contributed to increased domestic tourism as well as cross border tourists from Singapore, Thailand, Brunei Darussalam and Kalimantan, Indonesia.

8.24 In terms of air transportation, the country's liberal and open sky policy continued to encourage foreign airlines to increase services into Malaysia, further promoting inbound travel. Opportunities were explored to obtain new and additional landing rights for Malaysia Airlines (MAS) to operate more frequently and enlarge capacities to and from overseas destinations. Other strategies included promoting more charter flights from abroad, undertaking joint operations with other airlines, initiating special fares and increasing cooperation with ASEAN tourism organisations to foster greater intra-ASEAN travel.

8.25 The no-frills air travel packages offered by AirAsia, beginning in 2002, played an important role in accelerating the pace of local tourism as well as tapping new regional market segments. AirAsia flew 277,000 passengers in 2000, which expanded to 5.0 million in 2005. The airline also extended its reach in the region through joint ventures with foreign partners, bringing tourists from the surrounding regions.

III. PROSPECTS, 2006-2010

8.26 The World Tourism Organisation forecasts that international arrivals worldwide are expected to reach 1.0 billion by 2010. Of this, 791 million or about 80 per cent is envisaged to be intra-regional tourists, with the rest being long-haul travellers. The East Asia and Pacific region is expected to receive 200 million travellers. In spite of the rising competition from other tourist-seeking economies, Malaysia's tourism sector is expected to benefit considerably from the growth of international travel during the Ninth Plan period. Tourist arrivals to Malaysia are poised to grow at an average rate of 8.4 per cent per annum and estimated to reach 24.6 million by 2010. Correspondingly, tourist receipts are set to rise at an average annual rate of 13.9 per cent to RM59.4 billion in 2010, and is expected to contribute substantially to the total earnings in the services account of balance of payments.

8.27 On account of their proximity to Malaysia, ASEAN countries, especially Singapore and Thailand, will remain the largest source of tourist arrivals to Malaysia. The country will continue to benefit from greater intra-ASEAN travel trade by intensification of regional cooperation through cultural and information

exchanges, development of attractively priced joint-tour packages as well as the establishment of special travel arrangements for ASEAN travellers. Increased joint development efforts under the purview of the Indonesia-Malaysia-Thailand Growth Triangle are expected to further encourage cross border tourism activities. Further cooperation under the Brunei Darussalam-Indonesia-Malaysia-the Philippines East ASEAN Growth Area (BIMP-EAGA) will continue to encourage travel and tour activities among these countries.

8.28 Outside ASEAN, China, Taiwan and Hong Kong SAR taken as a group, is expected to be the single largest tourist-generating market, followed by India and West Asia. Increased emphasis will also be given to generate greater interest among potential tourists from the traditional markets of Europe, U.K, Australia, New Zealand and the USA to visit Malaysia. With the selection of Kuala Lumpur as the Commonwealth Tourism Centre for a term of three years, Malaysia will establish stronger tourism cooperation with Commonwealth and European nations.

8.29 For the Ninth Plan, the strategy will focus on fully realising the tourism potential as an important source of growth in terms of foreign exchange earnings, entrepreneurship development and employment generation. Efforts will be intensified towards strengthening Malaysia's position as a preferred global tourist destination. Thus, the strategic thrusts will include the following:

- ❑ *ensuring sustainable tourism development;*
- ❑ *enhancing development of innovative tourism products and services;*
- ❑ *encouraging and facilitating domestic tourism;*
- ❑ *intensifying marketing and promotion activities;*
- ❑ *enhancing human resource development; and*
- ❑ *ensuring comfort, safety and the well-being of tourists.*

Sustainable Tourism Development

8.30 A more integrated approach to tourism planning and implementation will be undertaken to ensure sustainable development of the industry. Emphasis will be given to preserving and enhancing existing natural and cultural assets that are susceptible to environmental damage. Local authorities and communities will be encouraged to be more actively involved in project preparation, implementation and maintenance to ensure adverse environmental impact is minimised.

8.31 The role of State Tourism Action Councils will be further strengthened to include monitoring, surveillance and regular evaluation of project outcomes. This is to reinforce, among others, the environmental impact assessment and

other relevant guidelines, which continue to be important considerations when formulating and implementing projects and related infrastructure. It will be necessary to ensure that providers of tourism products and services take into account the specific criteria and guidelines on carrying capacity of environmentally-sensitive tourist areas such as islands, highlands and coastal areas. Tourism programmes and projects, particularly hotels and resorts, will need to incorporate, among others, water and energy conservation as well as waste disposal aspects in their implementation, management and maintenance plans.

Tourism Products and Services

8.32 The development of innovative products and services will be encouraged to cater for varying interests and preferences of tourists in order to increase arrivals, expand length of stay and boost spending of both international and domestic tourists. In addition, travel and tour agencies will be encouraged to improve the design, attractiveness and marketing of travel packages, paying particular attention to special interests, quality and pricing to meet varying demands of travellers.

8.33 *Eco-tourism.* Greater emphasis will be given to eco-tourism through the preservation of natural attractions such as wildlife sanctuaries, national parks, highlands and islands. Wide-ranging adventure and special interest tours and expeditions will be made available where tourists can participate in a myriad of nature-related activities, particularly at the *Taman Negara* in Peninsular Malaysia, Kinabalu Park in Sabah and the Bako National Park in Sarawak. Adventure sports at eco-tourism sites such as Pulau Papan in Wilayah Persekutuan Labuan, Sungai Tembeling in Pahang and Pulau Pinang will be organised to attract more tourists. In addition, tourism facilities such as information and interpretive centres as well as public amenities will be provided and upgraded.

8.34 *Agro-tourism and Homestay Programme.* More value added activities will be expanded under the agro-tourism and homestay programme such as farmstays and visits to agricultural parks and research stations. Guests will be encouraged to visit handicraft sites and participate in activities such as pottery-making, *batik-canting*, *songket*- and basket-weaving.

8.35 *Heritage Tourism.* The preservation and restoration of historical sites, buildings and artefacts will be continued as part of efforts to conserve national heritage as well as increase the number of tourist attractions. In pursuance of this strategy, several historical sites and buildings have been identified for preservation and restoration during the Plan period. These will include Kota Kuala Muda in Kedah, Fort Alice in Sarawak and Bukit Tengkorak neolithic site in Sabah. Heritage trails will be developed based on specific themes including the Baba Nyonya heritage, the Portuguese and Dutch era in Melaka, war relics in Kota Bahru as well as *Bunga Mas* in Kedah and Kelantan.

8.36 In terms of *culture, entertainment and the arts*, promotional efforts will focus on a number of areas such as commercial and non-commercial performing arts, museums, art galleries, handicraft and entertainment centres as well as theme parks. Cultural attractions will continue to be promoted to showcase Malaysia's diverse ethnic and cultural festivals. Malaysia will also be promoted as a gourmet paradise in view of the wide variety of food available owing to its multi-ethnic population. In this regard, innovative food trails based on distinct specialties of states, regions and communities will be developed to attract tourists to savour local delicacies.

8.37 *Film and Media Location*. Increased efforts will be undertaken to make Malaysia a preferred location by foreign film production and media companies for the making of feature films, television commercials and documentaries. This will provide an additional avenue for international publicity and exposure for many of Malaysia's holiday destinations and tourist attractions.

8.38 For the Ninth Plan, the *MICE market* is expected to continue to be a major source of foreign exchange earnings. It is increasingly viewed as a high-yielding market with the potential to attract high volume and quality business travellers to Malaysia. Increased promotional measures will be undertaken to market Malaysia as an ideal location for international MICE activities with key selling points such as political stability, competitive packaging, strong organisational capability and excellent services. In the highly competitive MICE industry, the Government will work closely with the private sector in the bidding process to host major conferences, seminars and exhibitions as well as sporting events. Increased emphasis will be placed on expanding and upgrading MICE-related facilities and amenities, essential to hosting international and local conventions and exhibitions.

8.39 *Thematic Events*. Efforts to position Malaysia as an international shopping destination will be intensified in the Plan period. To promote further interest in shopping, entrepreneurs will be encouraged to obtain agency and dealership rights of products from established local and international brand names. Malaysian arts and crafts such as *batik, wau* and *labu sayong* will also be promoted as distinctive tourist products. In addition, to showcase local music and theatre as well as cosmopolitan entertainment, regular performances will continue to be organised at the *Istana Budaya*, the Petronas Philharmonic Hall and other cultural centres nationwide.

8.40 *Sports and Recreational Tourism*. To promote Malaysia as an international sports and recreational tourism venue, international sporting events such as the Islamic Solidarity Games, the Royal Langkawi International Regatta and the Amazing Race as well as golf tournaments will continue to be hosted. Efforts will also be intensified to position Malaysia as an attractive sports avenue to

host a wide range of extreme sports such as para-gliding, white-water rafting and parachuting as well as future reality television programmes. As part of efforts to provide for diversified tourism products, the sailing and cruising industry will be further encouraged. Putrajaya will continue to be popularised as a sports avenue for canoeing, boating and aqua biking.

8.41 The promotion of *education tourism* will continue to be expanded to expedite the development of Malaysia as a preferred destination for international students. The projected foreign exchange earnings from this potential source of growth is estimated at RM900 million by 2010. Towards this end, the number of Malaysian Education Promotion Centres in selected cities worldwide will be increased. Efforts to promote *health tourism* will be intensified to position Malaysia as an emerging health tourism centre worldwide. In this regard, the private sector will be encouraged to participate in various trade shows and expositions to showcase Malaysia's healthcare services in both traditional and non-traditional medical treatment. By 2010, a total of RM2.0 billion is expected as foreign exchange earnings from health tourism.

8.42 *Malaysia My Second Home* will be promoted more intensively to garner greater interest among potential participants. In this regard, inter-agency collaboration will be enhanced to ensure smoother implementation of the programme.

Domestic Tourism

8.43 Domestic tourism will be further developed to contribute to the growth of the tourism industry and will remain a priority. Programmes to promote domestic travel and tour will focus on nurturing a planned holiday culture among Malaysians and encouraging the local population to explore the diverse and interesting attractions in the country. In this regard, various exhibitions, fairs and special events will be organised to promote value-for-money tourism packages and generate year-round brand awareness for domestic tourism. The *Cuti-cuti Malaysia* tour packages, student travel programmes and *Bas Rombongan* for special interest tour groups will continue to be extensively promoted to boost domestic travel and tour.

8.44 To increase more domestic travel and tour, the private sector will be encouraged to provide better recreational facilities as well as accommodation ranging from high-end to the more affordable in order to cater for different target groups. The expansion of LCC terminal capacity and more competitive routes are also expected to facilitate greater domestic travel. The Federal and state tourism agencies will collaborate with the private sector to jointly organise extensive marketing campaigns through inter-state exhibitions and roadshows to promote domestic tourism in their respective states.

Marketing and Promotion

8.45 The primary aim will be to further internationalise Malaysia's image as an attractive tourist destination. Marketing and promotion efforts will be intensified to sustain the competitiveness and attractiveness of tourism products and services. The theme 'Malaysia Truly Asia' will be capitalised upon to strengthen it as a distinct and identifiable image recognised by the international tourism community. In this regard, multi-pronged marketing and promotional activities, particularly for the Visit Malaysia Year 2007 (VMY2007) will be aggressively pursued through active participation in trade shows, exhibitions and sales missions. These activities will be aimed at maintaining tourist arrivals from the short-haul market, augment inbound travellers from the fast-growing medium-haul market and revive the long-haul, traditional markets. The VMY2007 will also be geared towards increasing tourist arrivals and return visits as well as attracting the higher-spending and longer-staying tourists. The planning and implementation of promotional activities for VMY2007 will be carried out in conjunction with the celebration of Malaysia's 50th Golden Jubilee Merdeka Anniversary.

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8.46 As part of the VMY 2007 promotional and marketing efforts, extensive publicity and promotional activities will be organised internationally and domestically. Measures will also be undertaken to simplify immigration procedures at gateways to Malaysia. Increased efforts will be undertaken to devise and market special travel packages to suit the different needs of tourists from various destinations. The existing website will be upgraded to a full-fledged tourism portal under the Ministry of Tourism to expedite direct online business-to-business and business-to-consumer transactions. Service providers will be encouraged to utilise the portal to advertise products and services, as well as manage sales activities. The portal will provide information on, among others, accommodation, transportation, places of interest and cultural events. In addition, end-to-end travel and tour arrangements as well as online payment can be made. This portal will facilitate data collection and research on customer interests and preferences with the view to improving planning as well as redesigning of products and services.

Investment

8.47 The anticipated growth in tourism will require the expansion of tourism-related infrastructure and facilities. The public sector will supplement private sector efforts with an allocation of RM1.0 billion, and concentrate on the upgrading and maintenance of existing facilities such as public parks, pedestrian and bicycle pathways, rest and recreation areas as well as other basic amenities. Improved infrastructure will be built, including the establishment of additional tourist information centres as well as provision of better access via roads, rails, jetties and bridges to popular tourist destinations.

8.48 In order to continue promoting Malaysia as a preferred tourist destination in this region, the private sector will be encouraged to develop innovative tourism products and services to meet the demand of different market segments as well as develop potential niche markets. For this purpose, the provision of incentives will be considered for the development of special interest products such as eco-tourism, cultural products and MICE. The emphasis will also be on the repackaging of existing attractions and developing new travel and tourism products. Marketing and promotional activities will be tailored to key market segments with a view to increasing greater inbound and domestic travel.

8.49 The tourism industry offers tremendous scope for creativity, innovativeness and entrepreneurship development with wide ranging investment opportunities, including hotels and resorts development as well as provision of a varied range of services and attractions. These opportunities are also expected to encourage greater Bumiputera participation in tourism-related commercial and business activities. SMEs will be encouraged to participate in the expansion of existing and new businesses such as food catering, recreation services and handicraft product development. In terms of financing, the TIF and the Special Fund will be expanded to provide for alternative sources of funding to potential investors. Special investment packages will be developed to enhance Bumiputera participation in the expanding travel and tour activities dealing with inbound tourists as well as setting up tourist operations in new and emerging markets such as West Asia, China and India.

Human Resource Development

8.50 To meet the increasing demand for trained and experienced human resource at the managerial, supervisory and technical levels, particularly for the hotel and travel subsectors, provision of relevant training programmes will be further emphasised. The NTHRDC together with the MLVK and the Ministry of Higher Education as well as the Tourism Accreditation Board will coordinate technical and vocational, as well as management and supervisory training and liaise with the private sector to ensure output is in line with the growing sophistication of the tourism industry. In this regard, the existing NOSS will be constantly reviewed by the MLVK to ensure relevancy of skill standards to meet the more stringent demands of the tourism industry. Students in schools will also be given exposure on career opportunities in the tourism industry, while institutions of higher education will be encouraged to offer a wider range of tourism-related courses. Tour guides will be continuously retrained, while new ones given intensive training to ensure quality service. Tourist guides will also be encouraged to learn foreign languages, particularly Arabic, German, Japanese and Spanish.

Strategic Alliances and Smart Partnerships

8.51 In order to further promote the tourism sector, the Government will continue to facilitate the forging of global and regional strategic alliances and smart partnerships among governments, tourist organisations and the industry.

These partnerships will create goodwill for Malaysia and foster greater cooperation with other countries, thus further propagating inter-travel for meetings and conferences. Tour and travel services, transport services providers, MICE organisations, hoteliers and operators of tourist destinations will be encouraged to collaborate for greater convenience and comfort of travellers. In addition, with the progressive liberalisation of tourism services under the ASEAN Framework Agreement on Services, vigorous efforts will be undertaken to promote Malaysia as a lead-on and add-on destination within ASEAN as well as the Asia Pacific region.

Accessibility

8.52 During the Plan period, efforts will be intensified to improve accessibility to and within the country. Towards this end, services at entry points, transportation links between gateway cities and resorts as well as access to communications services, particularly Internet services will be enhanced. Air, surface and sea transportation infrastructure and facilities will also be upgraded to facilitate the growth of tourism industry. Improvements will continue to be made to facilitate hassle-free travel, including online visa applications and provision of multiple entry permits.

8.53 Flight frequencies and capacities between Malaysia and specific markets will be increased to facilitate inbound travellers. Other measures include code sharing operations with other airlines, as well as encouraging more international airlines to operate in the country. The liberalisation of air services in the ASEAN region in 2008 will allow greater access to ASEAN capitals, thus promoting regional travel. The Kota Kinabalu Airport will be expanded to establish the nation's second LCC hub after KLIA.

Research and Planning

8.54 Efforts to ensure sustainable tourism development will include the utilisation of a more integrated approach in project planning and implementation. This will entail continuous research and impact evaluation of tourism-related programmes and projects. Market intelligence in collaboration with the private sector will be continuously undertaken to analyse tourist profiles and changing trends in global and domestic travel. In addition, the Tourism Satellite Account (TSA) will be fully developed. The TSA mechanism will, among others, be able to quantify the contribution of the tourism sector to economic growth, incomes and investments in order to support subsequent policy making and readjustment of strategies and programmes for the tourism industry.

Safety and Security

8.55 As comfort, safety and security are an integral part of the travel and tourism industry, increased efforts will be undertaken to ensure Malaysia is a safe and pleasant place to visit. The tourist police force will be strengthened

to provide increased security to tourists. At the same time, the country will capitalise on its political stability and ambience of diverse racial harmony to reinforce the country's image as a tourist-friendly destination.

IV. INSTITUTIONAL SUPPORT AND ALLOCATION

8.56 The Ministry of Tourism will continue to take the lead in developing the tourism industry through marketing and promoting the country's diverse tourism products and services. These efforts will be supported by other implementing entities including Tourism Malaysia, state governments and local authorities. In terms of accessibility, the Ministry of Transport will continue to support the growth of the tourism industry by ensuring more efficient transport systems and infrastructure. The Ministry of Home Affairs and the Immigration Department will facilitate travel to and from all gateways in the country.

8.57 The development allocation for the tourism industry under the Ninth Plan period amounting to RM1.8 billion is as shown in *Table 8-3*. The Government will focus on the provision of adequate infrastructure, which will be largely for the purpose of upgrading and maintenance of tourism-related facilities and amenities.

TABLE 8-3

DEVELOPMENT EXPENDITURE AND ALLOCATION FOR TOURISM, 2001-2010 (RM million)

<i>Programme</i>	<i>8MP Expenditure</i>	<i>9MP Allocation</i>
Environmental Protection and Beautification	243.1	652.1
Facilities, Infrastructure & Maintenance	459.4	1,034.8
Accommodation	31.7	115.0
Others	49.4	46.0
Total	783.6	1,847.9

Source: Economic Planning Unit

V. CONCLUSION

8.58 The Eighth Plan period saw the development of a more robust tourism industry, contributing to greater foreign exchange earnings as well as generating new businesses and employment opportunities. During the Ninth Plan, the tourism industry will continue to be a major source of new growth and a key

driver in the development of the services sector. In order to accelerate the momentum of the tourism industry to realise its full potential, Malaysia will continue to enhance its position as an international tourist destination and promote the domestic travel and tour industry. The focus will also be on improving accessibility through improved air and surface transport including hassle-free travel with online visa applications and multiple entry permits. Private sector participation in the development of innovative products and services, will be further enhanced through improved incentives and adequate funding. The special initiative Visit Malaysia Year 2007, will create a wide range of opportunities for investment, entrepreneurship and job creation.

8.59 Sustainable tourism development will be given priority as the preservation and protection of natural habitats and environmental concerns become increasingly important, especially in the context of responsible tourism. Close collaboration among Federal and state governments as well as the public and private sectors will continue to be strengthened in the formulation and implementation of tourism strategies and programmes.