

Assessing The Tourism Sector Potential

Tourism represents an increasingly important sector of the Malaysian economy. The tourism industry has experienced rapid growth and has been identified as a key driver of the growth in the services sector. The industry continues to be a key foreign exchange earner, contributing to GDP (gross domestic product) growth, investment and employment as well as strengthening the services account of the balance of payments.

During the Eighth Malaysia Plan period, the tourism industry remained strong, despite economic slowdown in the first half of the plan period. During that period, the tourism industry performed favourably, as reflected in the growth of tourist arrivals and tourist earnings. The share of tourism revenue in total earnings of the services account of the balance of payments increased from 32.7 percent in 2000 to 43.0 percent in 2005. Employment in this sector 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.

In the context of tourism receipts, the contribution from this sector has been very encouraging. For instance, tourism receipts increased from RM25.8 million (13.3 million visitors) in 2002 to RM29.7 million (15.7 million visitors) in 2004, and to RM36.3 million (17.6 million visitors) in 2006.

According to the data in the Economic Report 2007/2008, gross tourism earnings have increased to RM38.2 billion in 2006, accounting for 6.7 per cent of nominal GDP. Given that Visit Malaysia Year (VMY) 2007 campaign has been well-received, as reflected in higher tourist arrivals in the first six months of the year, it is anticipated that gross receipts would increase further and contribute to 7.1 per cent of GDP in 2007. The celebrations of the 50th anniversary of independence on a grand scale together with the Rasa Sayang campaign have also given the industry a boost.

The largest number of tourist arrivals is from ASEAN countries, followed by Japan, China and Australia. Meanwhile, markets of growing importance include India and Middle East countries. The unique tapestry of Malay, Chinese and Indian cultures

that merges seamlessly into the myriad ethnic traditions make an Indian, Chinese or other Asian country citizen, feel at home, while enjoying what is distinctly Malaysian. Marketing Malaysia as a destination of excellence and making the tourism industry a major contributor to the socio-economic development of the nation constitute the main objective of Tourism Malaysia, which strives to increase the awareness of Malaysia's unique wonders, attractions and cultures.

To enhance the distinct appeal of Malaysian tourism products and services, the Government continues to promote the country's traditional advantages, namely its cultural and natural heritage. Other tourism products include shopping, leisure and sports-related activities as well as business-related events.

The tourism products help promote new investments in the country while providing increased employment opportunities. The growth of Malaysian tourism will contribute positively to the country's economic development and quality of life. In addition, tourism also plays a crucial role in helping low-income groups improve their livelihood through involvement in tourism-related activities, such as rural homestay programme, eco and agro-tourism, tour guide activities as well as handicraft industries.

Meanwhile, E-tourism is of growing importance whereby ICT is used effectively to reach out to the rest of the world. Tourism is an information intensive sector and ICT is a key driver for the sector in the organising and marketing of tourism products. Therefore, there is a great potential for ICT extensions of tourism-related activities or tourism SMEs into remote areas in Malaysia. There were about 79 villages and 1089 registered providers that offer home stay tourism in 2006.

With a dynamic economy, a stable government and a plural culture that adds variety to an already colourful society, Malaysia is on the verge of a tourism boom. Without a doubt, during the Ninth Malaysia Plan 2006-2010, the tourism industry will continue to be a major source of growth and a key driver in the development of the services sector.