

THE GOVERNMENT OF MALAYSIA

Malaysia

THE STUDY ON A COMPREHENSIVE
NATIONAL TOURISM DEVELOPMENT IN MALAYSIA

GUIDELINES FOR
NATIONAL TOURISM DEVELOPMENT

JANUARY 1989


JAPAN INTERNATIONAL COOPERATION AGENCY

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PREFACE

In response to a request from the Government of Malaysia, the Government of Japan decided to conduct a study on A Comprehensive National Tourism Development Plan in Malaysia and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA sent to Malaysia a study team, headed by Mr. Nobuhiro KOYAMA, comprising experts from Pacific Consultants International and JCP Inc. five times from June 1987 to December 1988.

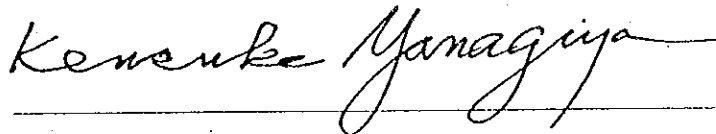
The team held discussions with the officials concerned of the Government of Malaysia and conducted field surveys.

After the team returned to Japan, further studies were made and the present report was prepared.

I hope that this report will contribute to the development of the Project and to the promotion of friendly relations between our two countries.

I wish to express my sincere appreciation to the officials concerned of the Government of Malaysia for their close cooperation extended to the team.

January 1989



Kensuke Yanagiya
President
Japan International Cooperation Agency

Malaysia

**THE STUDY ON A COMPREHENSIVE
NATIONAL TOURISM DEVELOPMENT IN MALAYSIA**

S U M M A R Y

**GUIDELINES FOR
NATIONAL TOURISM DEVELOPMENT**

1. Objective of Tourism Development

The tourism industry was accorded high priority by the Government in view of its potential in playing the vital role of redressing the adverse balance of payments position of the country.

Major objectives of tourism development by the year 1995 as determined by the Fourth and Fifth Malaysia Plan are:

- 1) To increase the foreign currency earnings through inviting more international tourists to the country and making their stay longer and expenditures higher.
- 2) To increase and diversify job opportunities through the development of the tourism industry.
- 3) To contribute to the activation of the regional economy through increasing local supplies as well as tourists' expenditure in the region.

Of the above three objectives, the first objective is the most important to the country in terms of reducing deficits in the services account of the balance of payments in the immediate future.

2. Target of Tourism Development

The target arrivals of international tourists to the country is set at 5.1 million persons in 1995 as shown in Table S.2.1. An annual growth rate of 5.3% is required to achieve the target.

Table S.2.1 Target Arrivals of International Tourists

| | 1986 | | 1995 | | Growth %pa |
|----------|------|-------|------|-------|---------------|
| | A'vl | % | A'vl | % | |
| ASEAN | 2.52 | 78.7 | 3.88 | 76.0 | 4.9 |
| Japanese | 0.13 | 4.1 | 0.36 | 7.1 | 12.0 |
| Others | 0.55 | 17.2 | 0.86 | 16.9 | 5.1 |
| Total | 3.20 | 100.0 | 5.10 | 100.0 | 5.3 |

Note: A'vl stands for Arrival

The target expenditure by international tourists in the country is set at 5.84 billion ringgit in 1995 as shown in Table S.2.2. An 15.2% annual growth rate is expected. For attaining this target, active promotion should be focused on those countries outside ASEAN like Japan, Australia, the U.K., and the U.S.A.

Table S.2.2 Target Expenditure by International Tourists

| | Unit: billion ringgit | | | | |
|--------------|-----------------------|--------------|-------------|--------------|---------------|
| | 1986 | | 1995 | | Growth %pa |
| | Exp. | % | Exp. | % | |
| ASEAN | 0.91 | 55.5 | 2.47 | 42.3 | 11.7 |
| Japanese | 0.15 | 9.1 | 1.06 | 18.1 | 24.3 |
| Others | 0.58 | 35.4 | 2.31 | 39.6 | 16.6 |
| Total | 1.64 | 100.0 | 5.84 | 100.0 | 15.2 |

Note: Exp. stands for Expenditure

This growth in tourist expenditures is expected to create 51,600 new jobs by 1995, comprising 21,500 persons in direct employment and 30,100 persons indirectly as shown in Table S.2.3.

Table S.2.3 Expected Job Opportunities

| | | Unit: persons | |
|-----------|---------------------|---------------|---------------|
| Year 1995 | Type of Employment | Share | Jobs |
| | Direct Employment | 100.0% | 21,500 |
| | Management | 5.7 | 1,200 |
| | Supervisor | 12.7 | 2,700 |
| | Skilled Labour | 55.6 | 12,000 |
| | Semi-skilled | 14.3 | 3,100 |
| | Unskilled | 11.7 | 2,500 |
| | Indirect Employment | | 30,100 |
| | Total | | 51,600 |

Note: 1) Direct employment is in such areas as lodging, restaurants, and sightseeing operations. Jobs are assumed to be 1.2 times the number of hotel rooms.

2) Indirect employment is in such areas as construction, agriculture, and manufacturing industries. Indirect employment is assumed 1.4 times direct employment.

3. Realisation of the Target

The country is a newcomer into the worldwide tourism industry. Compared with the advanced countries in terms of tourism development, the tourism system of the country has not been well developed in terms of tourism facilities and services, promotion channels to market, marketing information network, and accessibility to the country. It is very important to steadily resolve the existing problems and issues step by step.

At the same time, however, it becomes necessary to introduce new types of tourist attractions into the market for the purpose of achieving rapid increase of foreign currency earnings. Contrary to the step by step improvement of the existing conditions, the introduction of new tourism products requires strategic concentration of resources on specific development.

Under the limited availability of resources of the country, it is very important to contrive the way to achieve the effective balance between the improvement of existing problems and the new development.

It is proposed to pay a special attention to the following aspects:

1) Assurance of Safety and Security

Safety and security are basic requirements for international tourism. Malaysia is deemed one of the best countries in terms of safety and security, but continued efforts are required to maintain the advantage.

2) Improvement of Tourism Facilities and Services

It is necessary to improve such facilities as hotels, restaurants, shopping markets, and rest facilities. The quality of services provided by these facilities, tour operators, guides, and the others should be upgraded for satisfying tourist demand. Handicraft souvenirs should also be upgraded in terms of quality, design, and variety. Tours introducing Malaysian culture and heritage should properly be arranged for the attraction of international tourists.

3) Development of Tourist Destination Network

Tour routes must be both improved and developed to better attract international tourists by providing enough information, guides, transportation, and a set of attractive destinations.

4) Maintenance and Conservation of Destinations

Tourist destinations should be kept clean, hygienic, and beautiful for the comfort of tourists. Natural as well as cultural resources should properly be conserved for keeping attractiveness for the long future.

5) Improvement of Accessibility

The international transportation network to the country must be improved by establishing multiple entry points. Improvement of connections between international and domestic transportation must occur through the improvement of terminal facilities as well as operating

schedule coordination. Attention should be paid to the transportation fare as well

6) Tourism Promotion

International tourism promotion has been activated by TDC in recent years and international tourists' awareness of Malaysia has gradually been raised. In order to invite more international tourists to the country, however, it will become necessary to attach importance to the close cooperation with travel trades in market countries, particularly to introduce more group package tours to the country.

7) Introduction of New Tourist Attractions

Beach and marine resorts with excellent international accessibility have been the most successful tourism products in recent years. This tendency is expected to continue for the future because of the increasing demand for travel and leisure by an increasingly affluent society. For the purpose of luring more international tourists to the country, it will be necessary to introduce more of this type of new tourist attraction.

4. Promotion of Tourism

The country is behind the surrounding countries in tourism development. The strategy for tourism promotion of the country, consequently, cannot be the same as those of advanced countries. It should focus on selective tourism products and market countries as well as segment for attaining higher growth rate and resultant large number of tourist arrivals. The recommended strategy for tourism promotion can be summarised as follows:

1) Improvement and Development of Products and Accessibility

- development of distinctive beach resort
- identification of destination image
- improvement of accessibility

2) Upgrading of Tourism Promotion

- effective appeal to target segment
- intensification of promotion mix
- organisation of integrated promotion system

3) Diversification of Promotion Channel

- diversification of marketing channel
- intensification of channel mix
- introduction of area marketing

5. Major Target Market

The major target market should be determined in view of the national policy to attract more international tourists into the country to increase foreign exchange earnings. It is necessary to take account of the following factors in determining the major target market:

- 1) The countries from which tourist arrivals are great in number at present.
- 2) The countries from which tourist arrivals are expected to grow in the future.
- 3) The countries whose tourists have higher propensity to spend at present as well as in the future.

In terms of the possible foreign exchange earnings, Singapore is the most promising country, followed by Japan. Australia, the U.K., and Thailand are the second group of higher foreign exchange spending. W. Germany and Taiwan are the third group and it is assumed that the U.S.A. and Hong Kong would belong to the third group.

Major target market of the country can be enumerated as follows:

| | | |
|------------------|---|---------------------------------------|
| Primary Market | : | Singapore, Japan |
| Secondary Market | : | Australia, U.K., Thailand |
| Tertiary Market | : | W. Germany, Taiwan, U.S.A., Hong Kong |

Although there might be other countries that can be target markets for Malaysia, it is uncertain that promotional activities will bring tourists to the country. It is therefore a prudent strategy to not disperse the promotional efforts in too many countries, but to concentrate efforts on several prospective countries for further penetration into the markets.

For Singapore and Thailand markets, it is most important to remove the bottlenecks or obstacles as much as possible that impede the smooth inflow to the country by land transport.

Japanese Market:

Most promotion activities have been concentrated on raising Japanese awareness of Malaysia. It is advisable that a promotion mix of advertisement, sales aids, and publicity be further refined to meet the most potential segment of young women in their twenties. Promotion should also be aimed at honeymooners as well as men in their thirties. It is most important to carefully weigh the relative effectiveness of various publicity media such as magazine ads and TV programmes including their hour of broadcast.

It is suggested that attractive travel brochures should be written in Japanese and clearly state the specific sorts of activities which can be enjoyed at each potential destination. This sort of information is particularly important for prospective young Japanese tourists.

Attention should be paid to the word of mouth communication from the visitors to Malaysia to their relatives or friends in Japan. This kind of communication has a vital influence on whether or not they will visit Malaysia. Since a good reputation depends on visitors' satisfaction in the country, it is required that efforts be concentrated on eliminating the possible discomfort as well as inconvenience they might have during their stay.

It is also proposed for the efficient promotion in terms of cost-effectiveness that promotion should be performed under the joint cooperation with such bodies as airline companies, travel wholesalers and advertising companies as much as possible. Even a limited amount of promotion cost can produce great effects.

Australian Market:

Most of the Australian travellers are individual travellers and are looking for contact with a different culture, natural beauty, and sometimes a little adventure. There are two major tourist segments: one is young group interested in a different culture, nature, and history, and the other is middle aged to older group interested in rest and recreation in an exotic natural environment and different culture.

Promotion for the Australian tourist market should focus on the above mentioned segments with the advertising of beach resorts to the younger group and beach resorts along the west coast as well as highland resorts for the middle and older age group.

Peak seasons for Australian travellers are August (winter) and December (summer). Australia is a country that can send travellers in December when Malaysia accepts less non-ASEAN international tourists. It is suggested that promotional activities be intensified to lure Australian tourists in December.

U.K. Market:

Popular destinations of British travellers, excluding destinations in Europe, are such countries as Australia and New Zealand which belong to the Commonwealth. Travelling to these countries is expected to increase for the future as a trip for visiting friends and relatives.

Inclusive Tour (IT) which is arranged by travel agents is very popular and it is reported that as high as 60% of travellers use IT. Travel agents play an important role in sending overseas travellers. They have been trying to attract consumers over fifty-five years old in recent years because of their characteristics of longer stay as well as less influence of travelling season.

It is required to establish a close relationship with the travel agents in terms of accepting older group to Malaysia.

6. Transportation Development

Improvements in the transportation system are needed to realise increases in tourist arrivals to the country and easy access to the domestic destinations. Needed improvements and development can be summarised as follows:

- 1) Air Seat Capacity for the major market countries must be increased to accommodate the international tourist demand, particularly in the summer peak season. It is required to allocate more seats for GIT from major market countries to Malaysia. MAS should make more efforts to sell the seats directly to consumers without fully entrusting it to travel agencies.
- 2) Air transport service to major destinations requires further improvement, particularly for the destinations with difficult accessibility by land. This is especially true for the inland destinations in Sabah and Sarawak Tourism Regions. On developing air strips in these destinations, environmental conservation must be taken into consideration.
- 3) North-South Expressway is expected to improve the land accessibility to tourist destinations along the west coast from international entry points of Kuala Lumpur, Penang, and Johor Bahru. It should be equipped with such tourist related facilities as service area, parking lots, and information centres, together with landscaping and beautification programmes.
- 4) Improvement of the Causeway is planned by the government as an urgent implementation programme. The programme includes additional two traffic lanes (to be dual three lanes), land separation by vehicle type and increase of booths for immigration and customs procedure. Early implementation of this programme is highly recommended.
- 5) Railway Service should be improved for tourism development. Better train formation for accommodating group package tourists, improvement of passenger services in coach, and optional excursion routes from major stations should be studied in conjunction with the "Orient Express".
- 6) The Ferry Link between Tg. Belungkor and Changi Point is required for the earliest implementation for the tourism development of South PTR, particularly the South East Coast of the Peninsula.

7. Tourism Development Machinery

7.1 Tourism Administration

The most important role of MOCAT is to formulate a consensus on the tourism development policy through the involvement of ministries, agencies, and private sectors. The major problems of MOCAT will arise in the actual implementation stage of coordination and adjustment in line with the decision making by "Ministerial Committee on Tourism Promotion". Another important role of MOCAT is to plan, supervise, appraise, and monitor the implementation and execution of tourism projects and programmes.

- 1) A permanent secretariat is needed to fulfill policy decisions made by committees and sub-committees.
- 2) A Data Base should be established for the better planning of tourism. Information on immigration, hotel guests, and tourism facilities should be collected on a continuous basis. A behavioural survey on international as well as domestic tourists in the country is needed on a regular periodic basis. Data should be stored as a time series to enable trend analysis.
- 3) A Monitoring System is required to be introduced for evaluating and guiding travel trades as well as operators of accommodation facilities with a view to upgrading the safety and services offered to tourists. Upgrading of services offered by inbound travel agencies are particularly important for ensuring more international tourist arrivals.
- 4) Evaluation System for tourism promotion is required to be introduced for attaining higher efficiency of promotional activities. Tourism promotional activities will produce their effects with some time lag, and their effects will be represented by the international tourist arrivals to the country.
- 5) Joint Promotion with Singapore and Thailand must be further intensified for the purpose of making the Malay Peninsula one of the popular tourist destinations. The efforts on joint promotion with Singapore is greatly appreciated, and the similar efforts are invited to the joint promotion with Thailand.

7.2 Support for Tourism Development

- 1) Immigration and Customs Procedures need to be streamlined at the international entry points to the country. Those at the causeway should be improved as soon as possible in accordance with the proposal by the government. It is also important to introduce more efficient procedures to the planned ferry link between Tg. Belungkor and Changi Point.
- 2) Designation of Land as National/State Parks should be expedited so as not to allow destruction of excellent natural environment. It is crucial for the tropical rain forest and some marine areas.
- 3) Transportation Service should be improved, particularly in terms of convenience and safety. Registration as well as an inspection system should be introduced.

- 4) The Period for Pioneer Status must be extended for longer than five years. The greater the initial investment on tourism facilities, the longer period is required to achieve the break-even point on a yearly as well as cumulative basis.
- 5) Institutions for Financing the Tourism Industry should be upgraded for the purpose of enabling domestic investors to form joint ventures with foreign investors. It is expected that this kind of joint venture will rapidly stimulate tourism.

A financial assistance scheme is needed to upgrade the existing low standards of accommodation facilities which are usually developed and operated by persons with a limited financial capability.

7.3 Manpower Development

- 1) A Hotel and Tourism Course of "Degree" level is proposed for introduction for higher education on tourism. This will contribute to raise the social cognizance on tourism as well.
- 2) International Cooperation on Tourism Training should be promoted on multilateral as well as bilateral basis.
- 3) Monitoring and Coordination of Manpower Training Programmes should be introduced for evaluating and upgrading the programmes now being executed by public as well as private schools. It is necessary to establish some standard for curricula for this purpose.
- 4) Manpower Training outside Kuala Lumpur is required to cope with the increasing training demand in local areas. It is proposed to make the most of the existing branch campuses of regional offices of NPC. For the training of skilled as well as semi-skilled labourers, a mobile unit of training staff is proposed.

7.4 Privatisation

Introduction of privatisation to the tourism industry requires careful consideration. It will be a pressing need for the government to establish guidelines for the coordination between the privatisation scheme and the tourism development in the light of the national benefit in the long term perspective.

This is especially true in the development in a large plot of land. The private sector will try to develop the land by introducing "a resale system" in which investors develop the land and houses for the purpose of reselling them to consumers. This is less risky and most likely to result in the earliest recovery of capital. In the long term, however, this type of development will not produce increasing income and social benefits to the host region. The privatisation scheme should be reviewed for ensuring more social benefits in the long run.

8. Development of the Six Tourism Regions

8.1 Comparative Analysis of the Six Tourism Regions

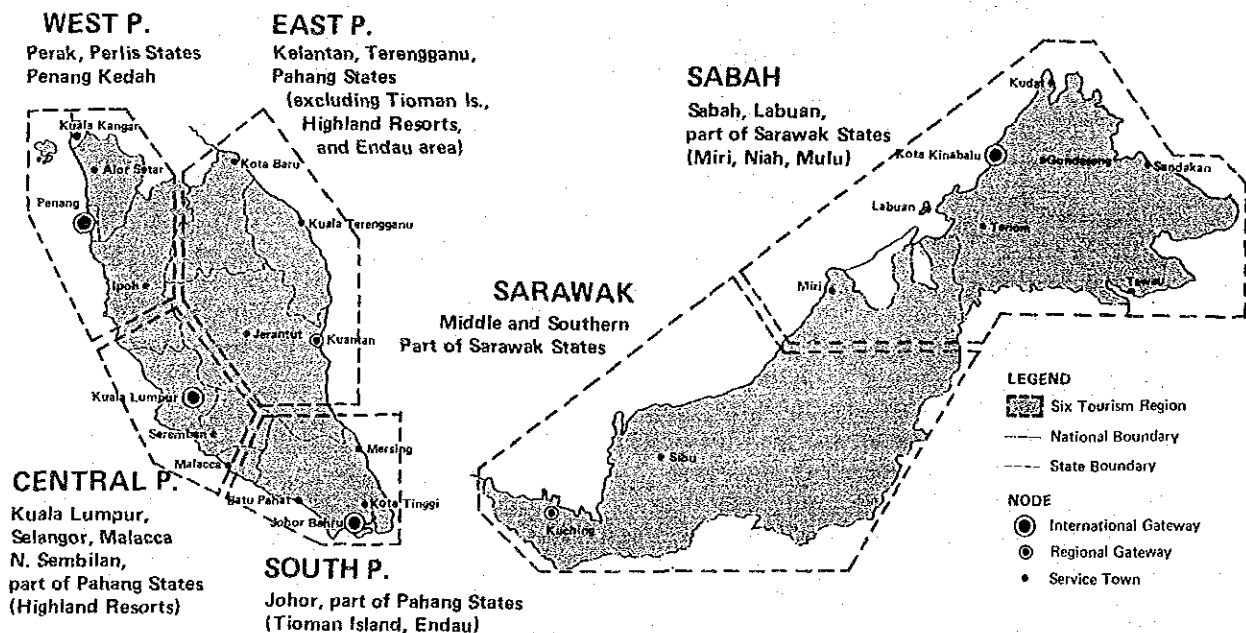
The country is divided into six tourism regions as shown in Fig. S.8.1; (1) Central Peninsular Tourism Region, (2) West Peninsular Tourism Region, (3) South Peninsular Tourism Region, (4) East Peninsular Tourism Region, (5) Sabah Tourism Region, and (6) Sarawak Tourism Region.

The six tourism regions were evaluated of their development potentials from a viewpoint of increasing foreign exchange earnings by the year 1995 through luring international tourists to the country.

Evaluating factors consist of 1) tourism resources, 2) accessibility, 3) tourism facilities, 4) seasonality, and 5) tourism industries. Of the above five factors, 1) and 4) belong to invariable factors while 2), 3) and 5) belong to variable factors with capital input. Improvement of accessibility, however, necessitates a considerable amount of investment to overcome the absolute distance.

It is, therefore, rather difficult to expect immediate improvement of accessibility under the constraints of resource availability. It is also unrealistic to expect that tourism industries will be diversified as well as upgraded in the immediate future because of their intricate features related with regional economy. Tourism facilities are the only factor that can be developed and/or improved separately with others at comparatively limited amount of investment.

Fig. S.8.1 Six Tourism Regions in Malaysia

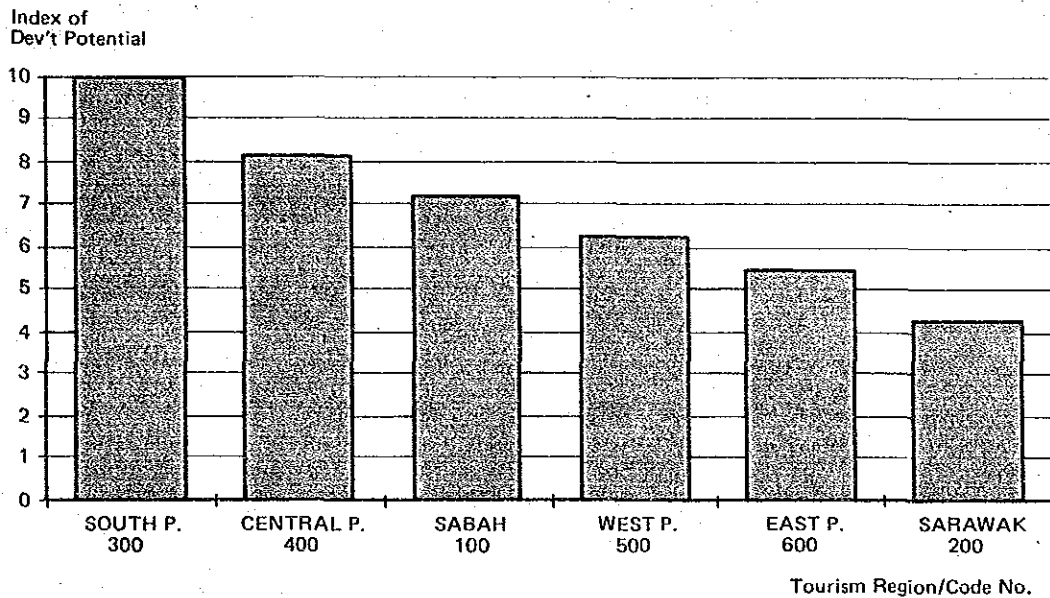


South Peninsular Tourism Region (South PTR) is evaluated as the first priority region for the tourism development by the year 1995 mainly due to good accessibility to the international air network through Singapore and excellent tourism resources attracting international tourists. Facility development is the most important factor for the tourism development of the region. Central PTR follows South PTR in terms of attracting international tourists by the year 1995. In spite of the greatest accumulation of tourism facilities and industries, Central PTR has less potentials than South PTR in terms of accessibility from market countries and excellent beach resources attractive to international tourists.

Following Central PTR, the priority regions are in the order of Sabah Tourism Region (Sabah TR), West PTR, East PTR and Sarawak TR.

It is concluded that the South East coast of South PTR has the highest potentials for developing into an international tourist destination by the year 1995.

Fig. S.8.2 Development Potential of Six Tourism Regions



8.2 South Peninsular Tourism Region (South PTR)

The east coast of South PTR is blessed with such excellent tourism resources as coastal beach, offshore islands, tropical rain forest and the historical heritage of Johor Bahru. The combination of these significant tourism resources is expected to satisfy the international tourists' demand for beach and marine activities.

Accessibility from Singapore is planned to be improved in the following two ways:

- improvement of the existing causeway to facilitate traffic flow between Singapore and Johor Bahru, and
- introduction of new ferry link between Changi Point and Tg. Belungkor.

These projects are expected to improve the accessibility to a great extent in the near future. Infrastructure including the road network are well developed and maintained.

In terms of tourism facilities, however, the South East Coast of the region has only two international hotels; one in Desaru and the other in Tioman Island.

Tourism development of South PTR, particularly the South East Coast of the region largely depends on a new tourism product which will be attractive enough to lure international tourists visiting Singapore. As a first step, it is recommended to prepare a beach resort complex including international standard hotels and amenity facilities. In consideration of little cumulation of urban amenities in the South East Coast, the complex should be developed as a self-contained resort catering for every kind of activity and entertainment of international tourists.

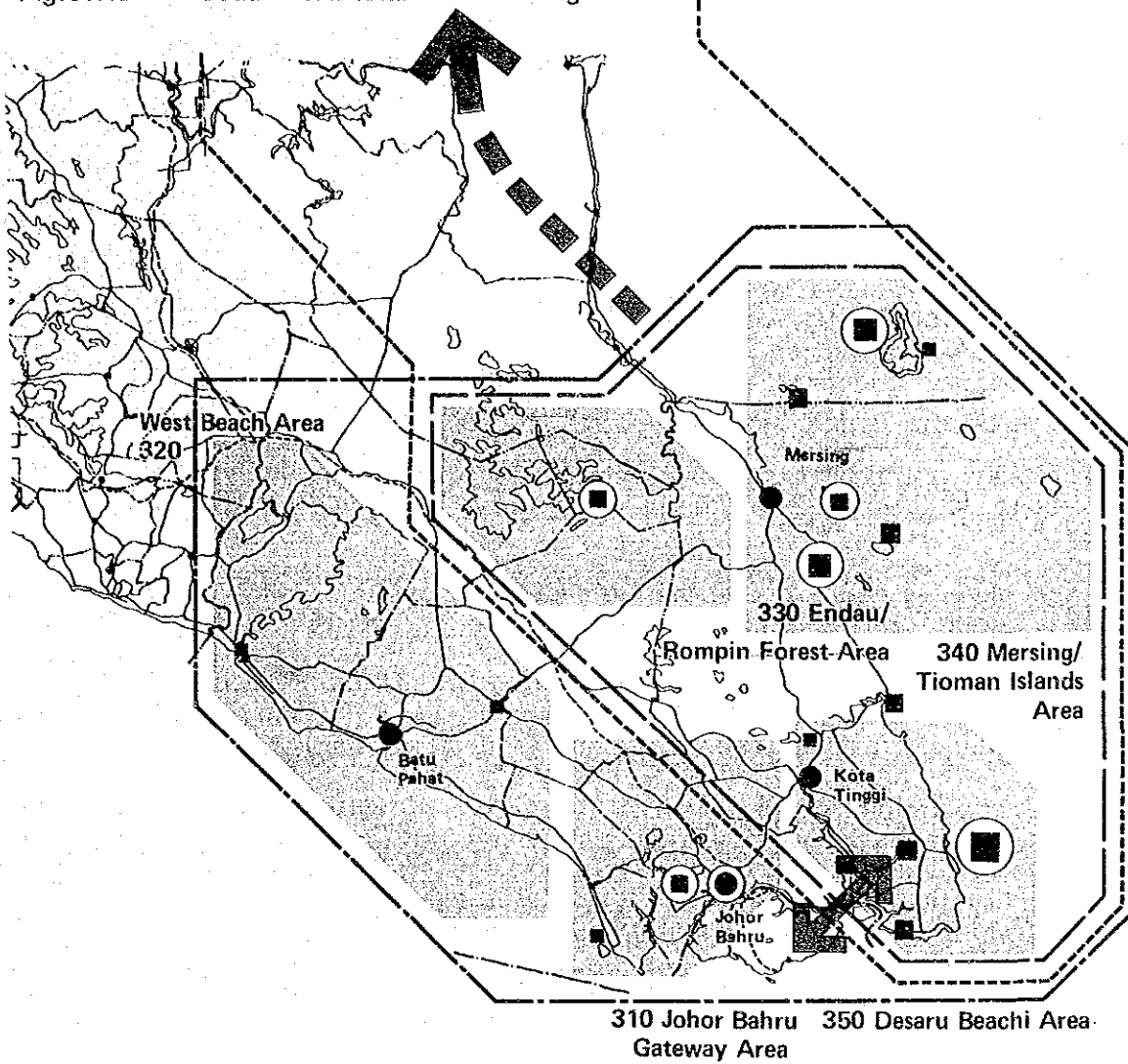
It is expected, due to the proximity to Singapore, that many day-trippers and weekenders will visit South PTR, particularly Johor Bahru and the Desaru area. Johor Bahru is required to be improved to the satisfaction of Singaporeans as well as other international tourists staying in Singapore. Introduction of recreation as well as entertainment facilities to Desaru area will contribute not only to absorb day-trippers and weekenders from Singapore, but also to enhance the total attractiveness of the resort complex.

The west coast of South PTR will remain as a local tourist spots in the forthcoming future.










Tourism development of South PTR is largely dependent on the close inter-relationship between Malaysia and Singapore in terms of tourist promotion, travel trade interaction, improvement of accessibility and efficient immigration and customs procedure.

It is expected that South PTR will not be a major destination for domestic tourists, mainly due to the long distance from the biggest domestic market of Kuala Lumpur. The development programme of North-South Expressway and the introduction of the Orient Express, however, are expected to facilitate the travelling from Kuala Lumpur to South PTR. It is important to develop some local excursion networks for tourists in relation with the above transportation development. Fig. S.8.3 illustrates the tourism development scheme for South PTR by 1995.

Fig.S.8.3 South Peninsular Tourism Region



LEGEND

-  Tourism Region
-  Gateway City
-  Tourism Area (Area Code No.)
-  Service Town
-  Major Tourism Spot
-  Other Tourism Spots
-  Selected Potential Development Area for International Tourism
-  Direction of Future Development
-  Resourcefull Spot for Tourism Development

8.3 Central Peninsular Tourism Region (Central PTR)

Central PTR has the highest share of the hotel room stock of the country; 40% of total hotel room stock and 52% of international standard hotel room stock. In terms of international tourist arrivals, Central PTR has the highest share with 56%. It can be said that Central PTR is an established tourist destination of the country and that this situation will continue into the foreseeable future.

The principal goal of the development of the region is to make tourists stay longer by providing them with quality services and attractions that make full use of the existing facilities and its natural endowment such as highland resorts, beautiful garden city, beach resorts adjacent to major cities, historical elements, and surrounding atmosphere and so on. The combination of these varied tourism resources will meet the multifarious demand of tourists, and contribute to diversify the target segment of international tourists.

The primary attention is invited to the improvement of the existing tourism attractions and to the promotional activities refining the tourist image of the country:

- planning and organising as many international and inter-regional events and conventions as possible so as to sell the image of Malaysia,
- improvement of the tourist guide information system in order to ensure that the information required can be readily accessible and available to international as well as domestic tourists,
- preparation of a variety of tourist attractions such as cultural performance, orchid garden, handicraft centre, shopping mall, entertainment in night time, hawkers centre, water-front landscape, historical assets, golf and other sporting facilities, and so on with a close coordination with municipal planning.
- encouragement of civic participation in tourism promotion in recognition of the fact that the hospitality and friendship offered by citizens is more than a mere attraction.

This region is one of the most beautiful, peaceful, and calm, yet well-developed and attractive urban tourism areas, distinct from the "hustle and bustle" of cities in other parts of the world. Kuala Lumpur City, Malacca City, and Highland Resort Area are assessed to have potential to attract international tourists. Port Dickson will remain as a beach resort for domestic tourist and a part of the Singaporean market.

1) K.L. Metropolitan Tourism Area

- As the capital and gateway city of Malaysia, Kuala Lumpur has a predominant accumulation of tourism facilities and industries over the other cities of the country, and has cultural resources in a good surrounding scenery.
- Development and upgrading of tourism industries and services and the enhancement of urban amenities are needed to attract more international tourists to Kuala Lumpur.

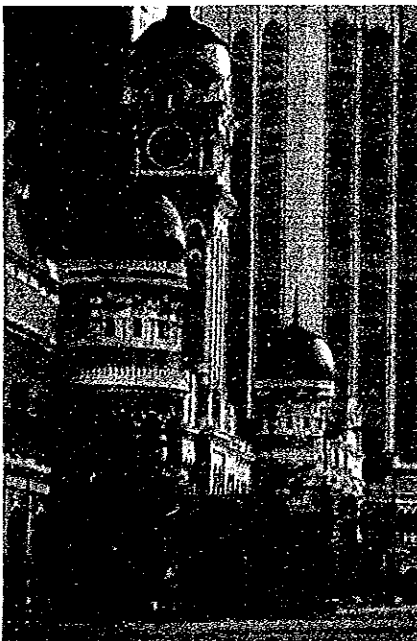
- Limited accessibility from the international air network is one of the constraints in attracting more international tourists. Every effort is required to increase the capacity and diversify the air routes through bilateral negotiations.
- Resort and recreation facilities are limited in number in the capital city. It is proposed to open the existing golf as well as sport clubs for international tourists, where possible.
- International conventions and incentive travels should be promoted to make full use of the existing facilities.

2) Malacca Tourism Area

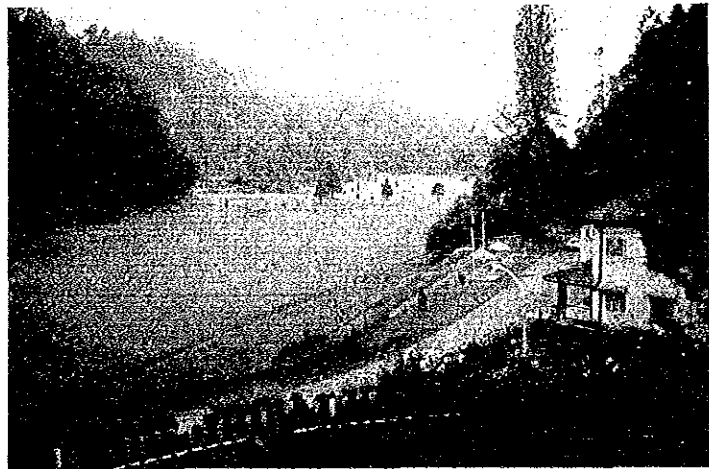
- Historical as well as cultural assets are major tourist attractions.
- Tourism should properly be incorporated into town planning, particularly conservation of historical and cultural heritages.
- Accommodation as well as recreation facilities must be developed and upgraded.

3) Highland Resort Area

- Excellent scenery, good surrounding environment and rich flora and fauna in proximity of Kuala Lumpur are major attractions.
- Further development, however, will be confronted with the problems of accessibility as well as limited availability of land.
- Cameron highland has a potential for further development, but it is important to pay careful attention to environmental conservation and erosion control for the development.

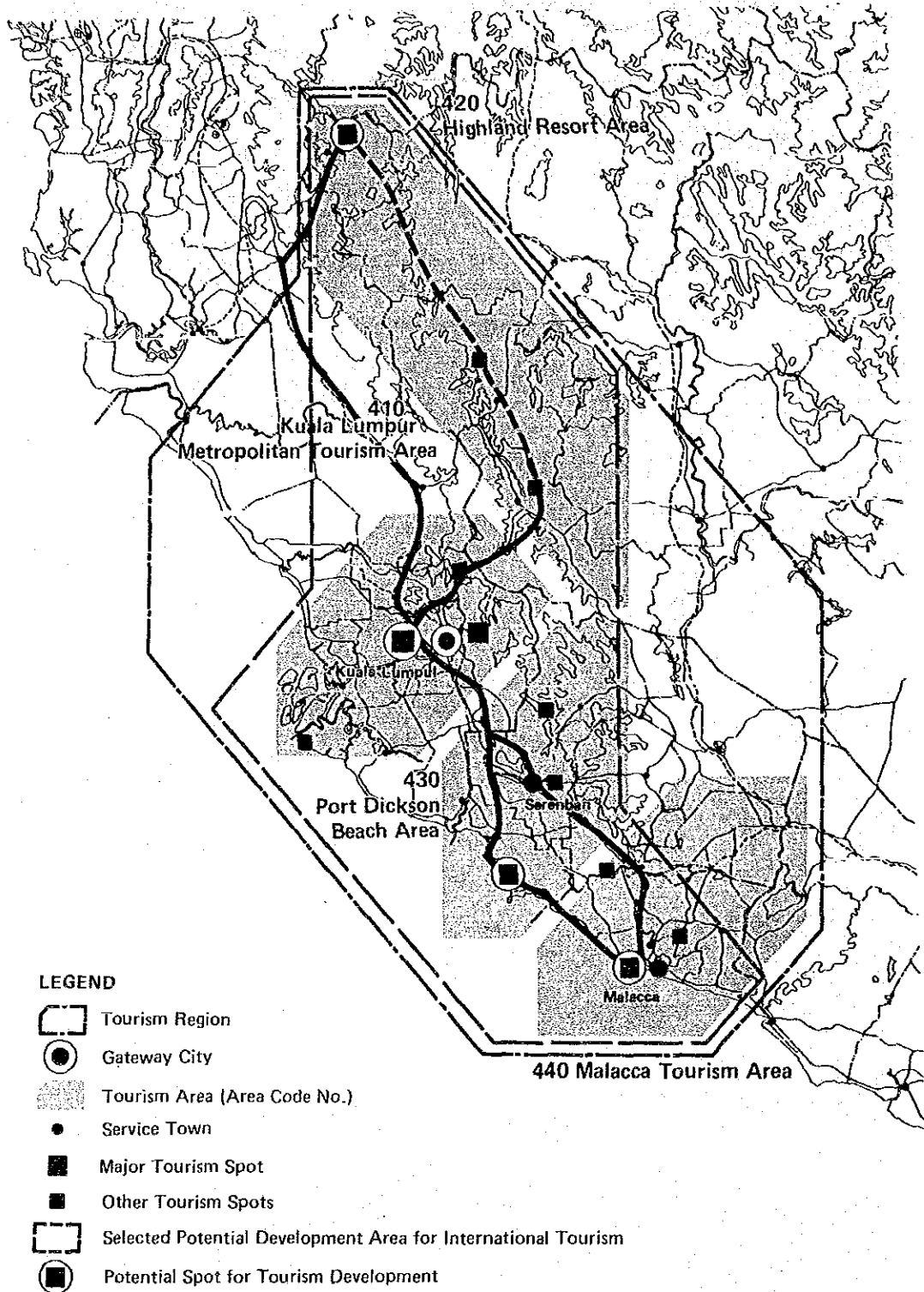


Old Building in K.L.



Golf Center in Frasers Hill

Fig. S.8.4 Central Peninsular Tourism Region



8.4 Sabah Tourism Region (Sabah TR)

Sabah TR has a 9% share of the total hotel room stock and 2% share of the total of international tourist arrivals. It can be said that, compared with the number of international tourist arrivals, Sabah TR has a greater concentration of hotel rooms than the other tourism regions.

Improvement of air transport is one of the most vital measures to encourage more international tourist visits to the region. Kota Kinabalu International Airport is the main air link with the outside world. Taking account of the inconvenient connections between international and domestic flights, it is crucial to make efforts to introduce international direct flight from market countries, on top of the existing flight from Singapore, Hong Kong and Manila.

Due to the under-development of the road network in the region, it is recommended to focus the tourism development on the area of Kota Kinabalu and Mt. Kinabalu Park in the immediate future. Tanjung Aru Beach can be a core for the development by taking advantage of its popularity as well as some cumulation of tourism facilities.

Mulu as well as Niah National Parks are potential tourist destinations near Miri along the west coast, and Sepilok Orang Utan Sanctuary as well as Gemantong Cave are potential tourist destinations near Sandakan along the east coast. These tourism resources are blessed with a unique and beautiful natural environment. It is expected, however, that they will remain as destinations for special interest group in the near future due to their remoteness.

In terms of tourist origins, domestic tourists will remain the main group visiting the region in pursuit of different natural as well as social surroundings with those of Peninsular Malaysia. Another potential group will be Australian, European, and American are often individual travellers looking for nature, exotic culture, adventure and so forth. Due to the problems of accessibility and tourism industries, package tourists are not expected to increase rapidly.

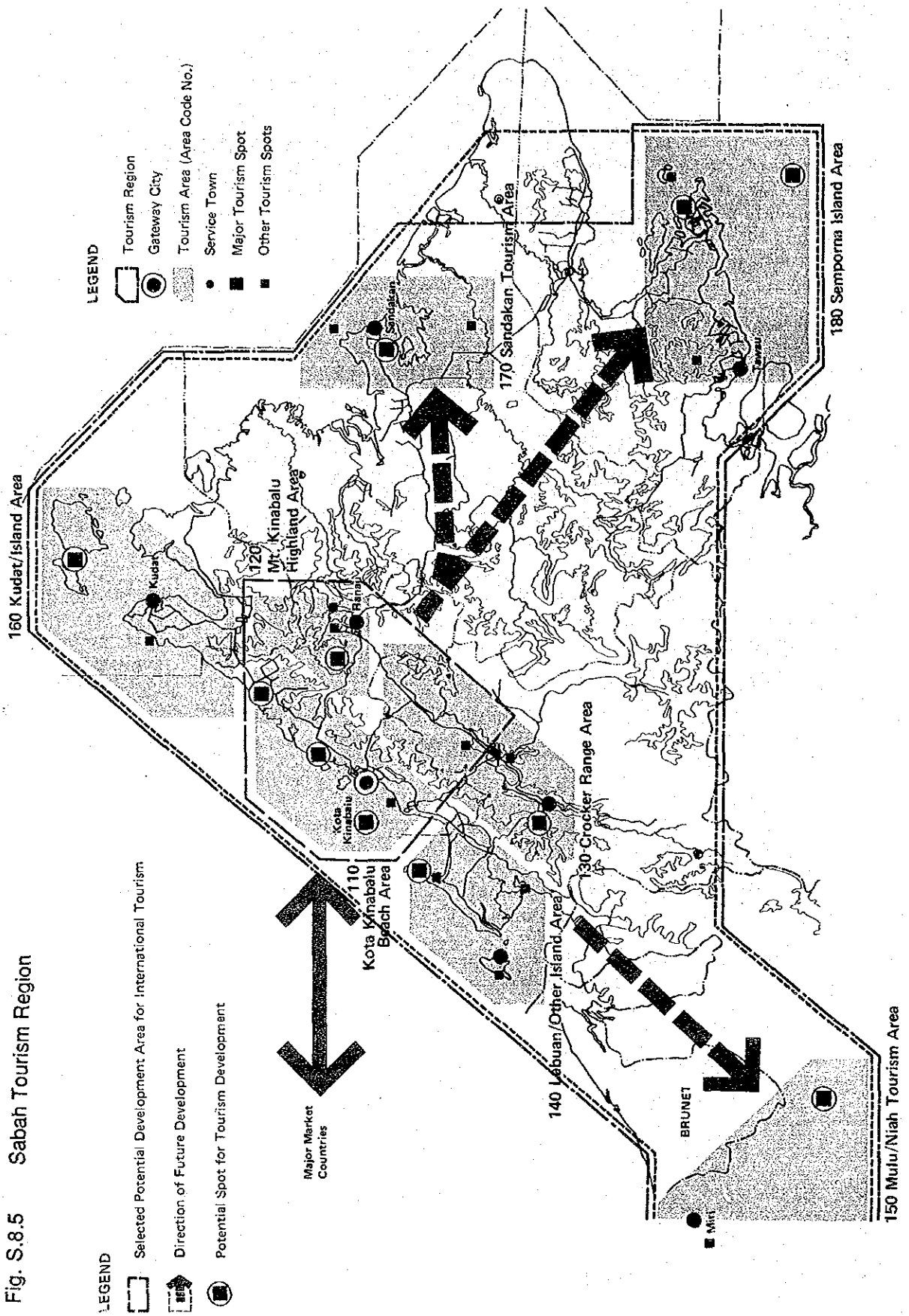
1) Kota Kinabalu Beach Area

- Air linkage from Kuala Lumpur and potential market countries must be improved and diversified.
- Centre of Kota Kinabalu should introduce a beautification and landscaping programme.
- Expansion and upgrading of beach resorts at Tanjung Aru and Tunku Abdul Rahman Park should be done.

2) Kinabalu Highland Area

- Facilities related with mountain climbing, jungle trekking, and bathing in hot springs should be developed and improved.
- Nature trails to observing rich flora and fauna at the foot of Mt. Kinabalu should be developed with proper conservation measures.
- Tourism facilities and public transportation services must be further improved.
- A new highland resort can be developed in the skirt of Mt. Kundasang.

Fig. S.8.5 Sabah Tourism Region



8.5 West Peninsular Tourism Region (West PTR)

West PTR has 28% share of international tourist arrivals to the country, following to Central PTR of 56% share. In terms of hotel room stock, West PTR has 25% share of the total hotel room stock of the country. Due to the long history of tourism on Penang Island, West PTR can be ranked as the second most developed tourism region.

Most international tourists visit the Penang Island by air via Kuala Lumpur or Singapore. In view of the large number of international tourist arrivals to the island, it will be necessary to look for the possibility of introducing direct international flights on chartered basis.

It is expected in the immediate future that the tourism development of West PTR will continue to largely depend on that of Penang Island. The attractiveness of Penang Island, however, has been greatly harmed due to the insufficient attention to environmental conservation, particularly for water as well as solid waste treatment. It is imperative to introduce the improvement programmes as soon as possible.

It is also important to introduce some rehabilitation programmes to upgrade the existing tourism facilities. Due to age, a considerable part of the tourism facilities have become inferior to those of newly developed tourist destinations.

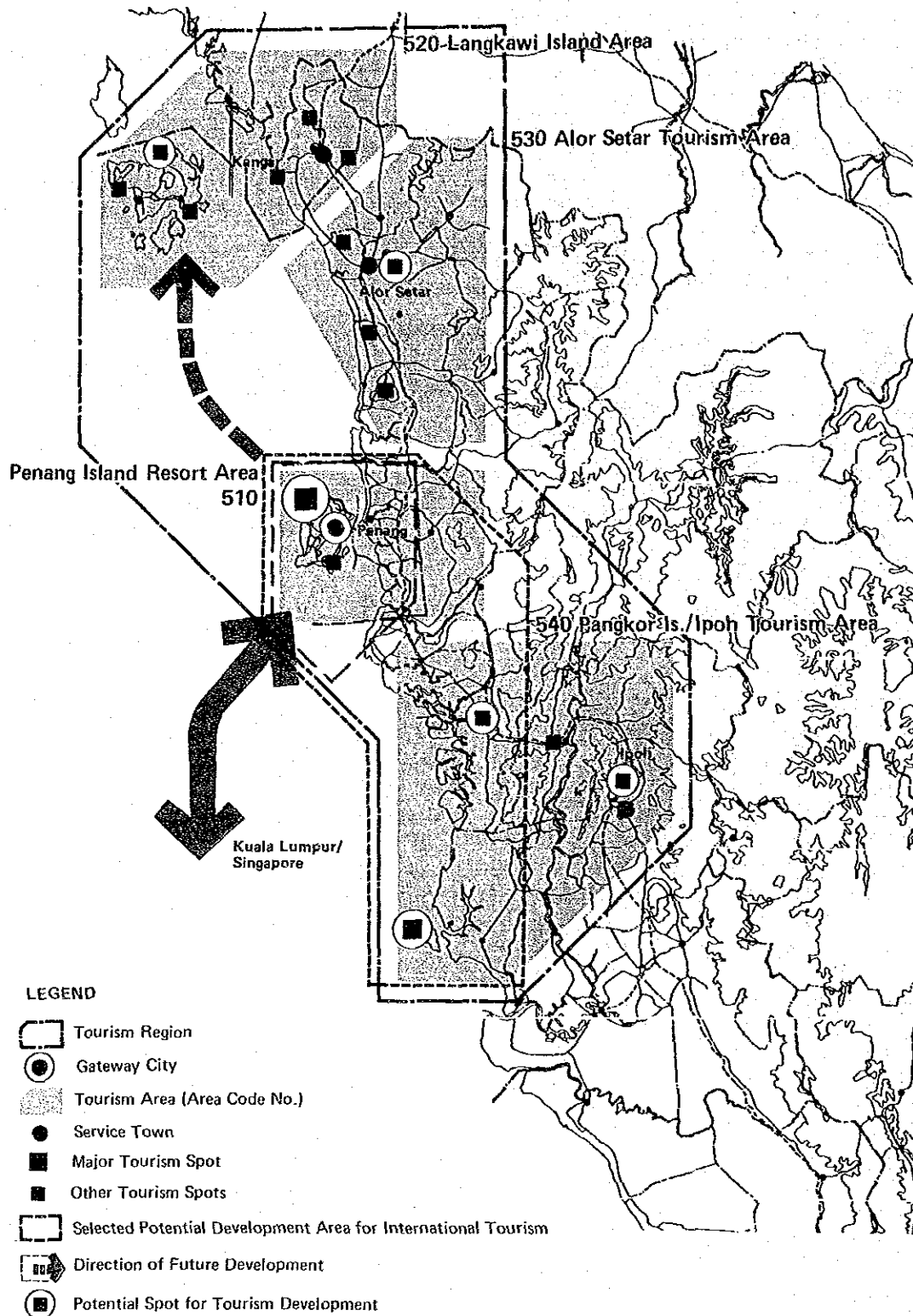
Hospitality needs to be improved in the sense that excessive touting on the beach and in town tends to disturb the tranquility that many tourists seek.

The other tourism resources in West PTR have not been developed yet. Langkawi Island and Pangkor Island are in progress of beach resort development. The tourism development of Langkawi Island will be dependent on accessibility improvement from Kuala Lumpur and Singapore by air. Newly developed Langkawi Airport is expected to facilitate international tourist flow to the island. For Pangkor Island, however, accessibility improvement will rely on road rather than on air transport mainly due the proximity to Kuala Lumpur and limited size of the island which restricts the capacity of tourism development. It is important to develop or improve the road network from the scheduled North-South Expressway to Lumut, and ferry link from Lumut to the island.

These two islands are at the beginning stage of tourism development. This implies that there is a need for the concept of a self-contained resort which caters not only for basic accommodations, but also a variety of tourist attractions. It is also necessary to take proper measures to avoid environmental deterioration.

Historical as well as cultural assets are scattered in the peninsular side of West PTR, for instance, Alor Setar, Kuala Kangsar and Ipoh. These inland towns, however, are not attractive to international tourists because of their piecemeal tourism resources. In accordance with the improvement of accessibility by the North-South Expressway as well as the introduction of the Orient Express, it will become necessary to organise the scattered tourist spots into optional excursion routes.

Fig. S.8.6 West Peninsular Tourism Region



8.6 East Peninsular Tourism Region (East PTR)

East PTR has a 10% share of hotel room stock and 7% share of international tourist arrivals. East PTR is the biggest tourism region in terms of the size of area, but the above percentage share is quite little. The major bottlenecks of the region for tourism development are inconvenient access and less-developed tourism service industries.

Domestic airports with a runway length of about 2,000 m are established in Kuantan, Terengganu and Kota Bahru, and air services are available between Kuala Lumpur and these three airports. East PTR is connected with Kuala Lumpur by National Highway Route 2, and the three states along the east coast are linked together by National Highway Route 3. The problem of accessibility is caused by the fact that a number of tourism spots are distributed in a large area.

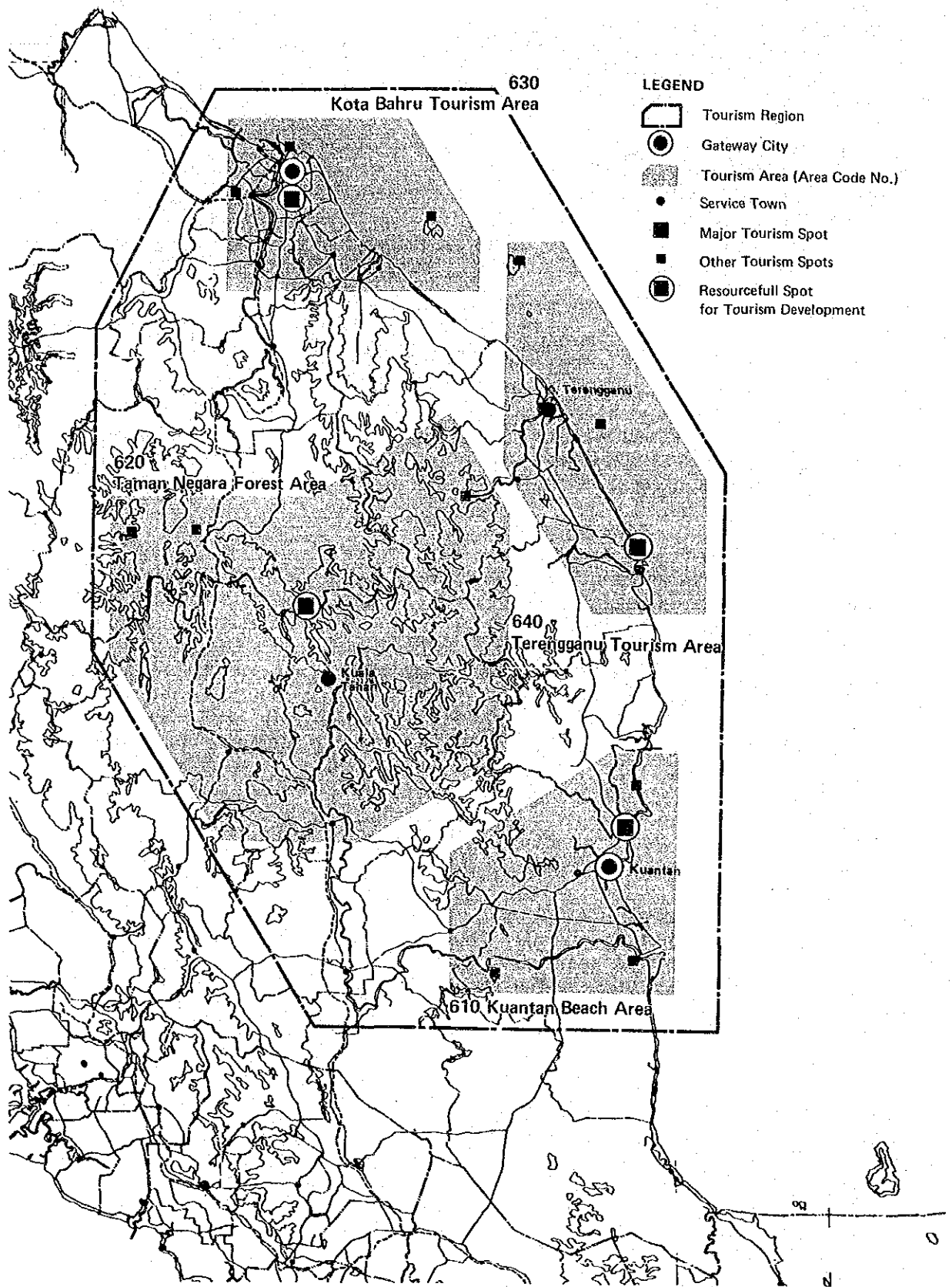
It is proposed, in the immediate future, that tourism development of the region be concentrated on Cherating North Beach near Kuantan and Redang Island in the State of Terengganu. Due to the monsoon season in November, December, and January, however, a large investment is less feasible. It is recommended to upgrade the existing tourism facilities to the greatest extent and supplement the accommodation facilities. It is important to pay careful attention to environmental conservation in developing Radang Island.

In spite of the development efforts, however, it is rather difficult to expect a rapid increase of tourist arrivals to the region because long travel time will discourage the travel trade to include the tourist spots in the region in their tour package products. The main market segment is considered to be individual international tourists of special interest and domestic tourists.

Taman Negara National Park is the most outstanding tourism resource of the region. It provides various opportunities for seeing nature in the wild, and is only approachable by boat and by foot and then only with the assistance of experienced forest guides. At the moment, it remains a destination of adventure tourists. Tourism development of the park requires relevant coordination between development and preservation of virgin jungle. The park is expected to have rarity which will increase in value more and more in the long future. Rapid development with a short sighted perspective should be avoided under any circumstances.

East PTR is full of cultural heritage and called "Cradle of Malay Culture". It is recommended to further organise events and festivals in line with the present policy of TDC. It is required, at the same time, to conserve the traditional culture, and improve the quality as well as diversify the variety of handicraft products.

Fig. S.8.7 East Peninsular Tourism Region



8.7 Sarawak Tourism Region (Sarawak TR)

Sarawak TR has 6% of the total hotel room stock of the country and 2% of the total international tourist arrivals. The percentage share of domestic tourists accounts for nearly 80% of the total arrivals to the region.

The major issues for the tourism development of the region are accessibility from the outside world and from the capital city of Kuching to various part of the region. Tourism resources of the region are distributed over large area which is almost equivalent to the Peninsular Malaysia, and the greater part of the region is still covered by pristine jungle and the main routes of access to the interior are still by river.

Due to inconvenient access and under-development of tourism facilities, tourism development of the region lags behind the other tourism regions, and it is expected in the immediate future that this situation will not be improved rapidly. The main market segment will be confined to the domestic tourists and a fraction of individual international tourists with special interest for adventure and ethnic variety.

Kuching City, Santubong, and Bako National Park are prospective tourist destinations in the near future in terms of accessibility as well as tourist attractions. It is required to improve tourist information and guide. Other requirements are upgrading accommodation facilities, waste water treatment, and the introduction of beautification programmes.

The unique culture and way of life of such natives as the Iban, Bidayuh, and Melanau peoples are considered to be a kind of tourist attraction. Special attention, however, are invited to prevent excessive intrusion of tourists. It is required to establish a norm that will be useful for the coexistence between natives and tourists.

For the satisfaction of adventure tourists, it is required to prepare well-organised operators and experienced tour guides with a view to experiencing adventure as well as securing safety of the tourists. It is required to prepare a communication system between headquarters and tour guides, and rescue system in case of emergency.



City Center of Kuching



City Center of Kuching

Fig. S.8.8 Sarawak Tourism Region

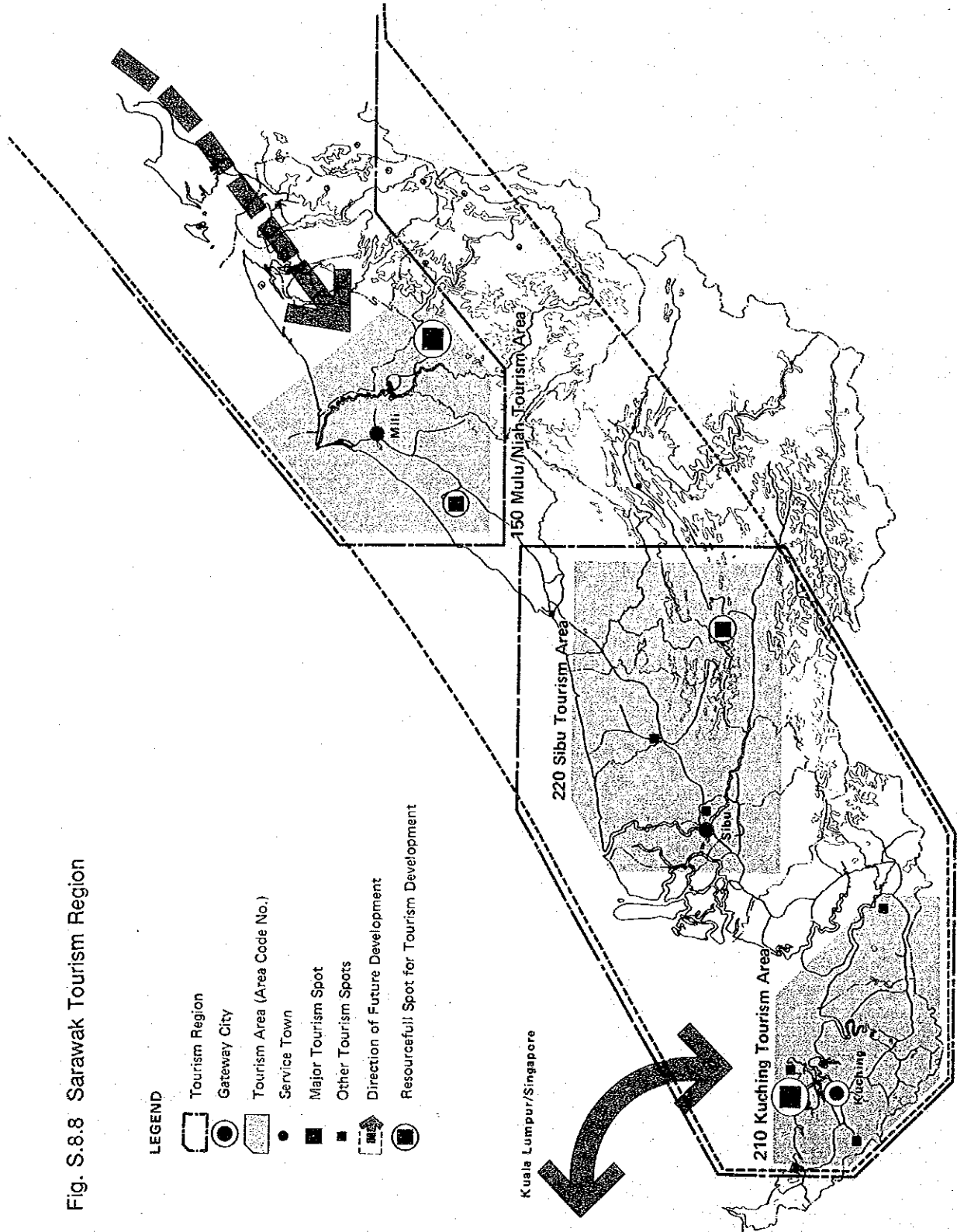


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Abbreviation

| | |
|--------------|--|
| ASEAN | Association of South-East Asian Nations |
| BEP | Break Even Point |
| BOD | Biological Oxygen Demand |
| B/C | Benefit/Cost |
| FELCRA | Federal Land Consolidation and Rehabilitation |
| FELDA | Federal Land Development Authority |
| FIC | Foreign Investment Committee |
| FIRR | Financial Internal Rate of Return |
| GDP | Gross Domestic Product |
| GIT | Group Inclusive Tour |
| GRDP | Gross Domestic Regional Product |
| I-O Analysis | Input-Output Analysis |
| IRR | Internal Rate of Return |
| IT | Inclusive Tour |
| ITA | Investment Tax Allowance |
| ITM | Mara Institute of Technology |
| JAL | Japan Airlines |
| JICA | Japan International Cooperation Agency |
| JKR | Jabatan Kerja Raya |
| JV | Joint Venture |
| KEJORA | Johore Tenggara Development Authority |
| KL | Kuala Lumpur |
| KK | Kota Kinabalu |
| KTM | Kretapi Tanah Melayu (Malayan Railway) |
| KV | Kilo Volt |
| MAH | Malaysian Association of Hotels |
| MAS | Malaysian Airline System |
| MATTA | Malaysian Association of Tour and Travel Agents |
| MIDA | Malaysian Industrial Development Authority |
| MOCAT | Ministry of Culture and Tourism |
| MVA | Mega-Volt Ampere |
| NEB | National Electricity Board |
| NIES | Newly Industrialized Economies |
| NIF | New Investment Fund |
| NITTCB | National Industrial Training and Trade Certificate Board |
| NPC | National Productivity Centre |
| NPV | Net Present Value |
| NTC | National Tourism Council of Malaysia |
| NIO | National Tourism Office |
| OECD | Organisation for Economic Cooperation and Development |
| PATA | Pacific Asia Travel Association |
| PERNAS | Perbadanan Nasional Berhad |
| ppm | Parts per million |
| PTR | Peninsular Tourism Region |
| MVA | Mega-Volt Ampere |
| Rgt. | Ringgit |
| ROE | Return on Equity |
| ROI | Return on Investment |
| SDC | State Development Cooperation |
| SEB | Sabah Electricity Board |
| SEDC | State Economic Development Corporation |
| SEPU | State Economic Planning Unit |
| SESCO | Sarawak Electricity Supply Corporation |
| SRT | State Railway of Thailand |
| STM | Syrikat Telekom Malaysia |

| | |
|------|---|
| STPB | Singapore Tourism Promotion Board |
| TDC | Tourist Development Corporation, Malaysia |
| TR | Tourism Region |
| UDA | Urban Development Authority |
| UNDP | United Nations Development Programme |
| WTO | World Tourism Organisation |

Glossary of Special Terms

billion: 1,000 million

Tourism Products:

An integrated concept of tourism facilities, services, and amenities for satisfying tourists' demands

New Tourism Products:

Tourism products which differ from the conventional type of tourism product with a view to luring international tourists

Urban Amenities:

An integrated set of amenities in the urban area, including areas for shopping, eating and drinking, strolling, communicating with occasional neighbours, enjoying music and dance, and so on.

Urban Type of Amenities:

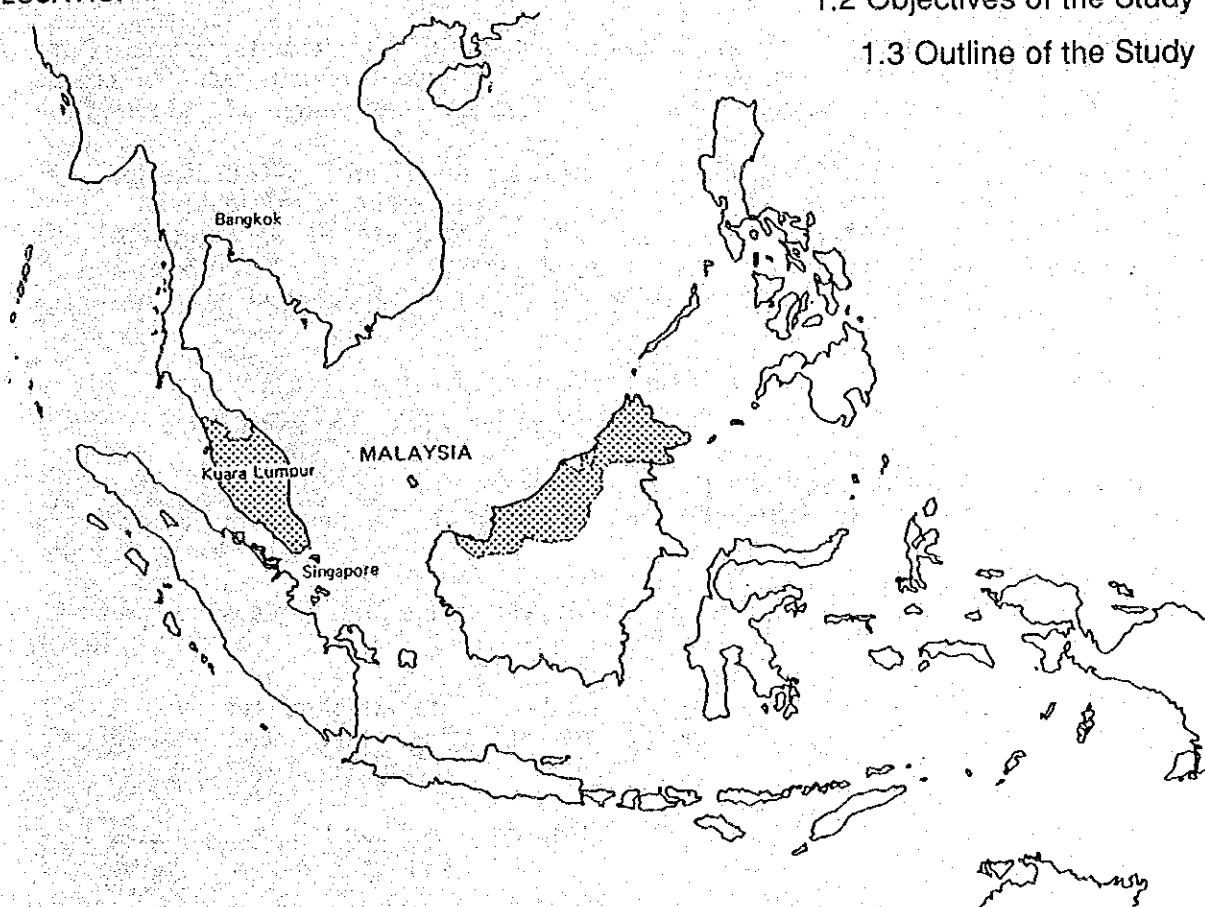
An integral preparation of amenities like in urban area



CHAPTER 1

INTRODUCTION

LOCATION MAP OF THE STUDY AREA



1.1 Background of the Study

1.2 Objectives of the Study

1.3 Outline of the Study

1.1 Background of the Study

The number of international tourists visiting Malaysia has been gradually increasing during the period of the Fourth Malaysia Plan: from 2.25 million persons in 1980 to 3.22 million in 1985 at an annual growth rate of 7.5%. In accordance with the increase of international tourist arrivals, foreign exchange earnings by tourism industry amounted to 1.5 billion ringgit in 1985 making it the sixth largest foreign exchange earner in the country.

Despite the increase in tourism, however, per capita expenditure by international tourists in 1985 amounted to only US\$188 per visit. This amount was only 30% of that in Singapore and 38% of the amount spent in Thailand. This is partly due to the fact that nearly 80% of the international tourists were budget-conscious visitors from ASEAN countries, and partly due to the lower level of development of tourist facilities and services in Malaysia. As an example, the share of the total expenditure for accommodation and meals was more than 70% in Malaysia, while the same sector in Singapore and Thailand absorbed only 32% and 45% of the tourists' money respectively.

Tourism development in the past in Malaysia has been very general in nature, with a sort of broad brush programme of marketing. What is needed would be a more clearly defined development strategy targeting specific markets. Tourism promotion should be designed to induce more international package tours to the country, particularly in this era of mass tourism.

The Government of Malaysia has placed strategic importance on the tourism industry with the goal of reducing the deficits in the balance of payments and promoting economic activities related to tourism development.

In order to promote the tourism in Malaysia, the Government of Malaysia requested the Government of Japan to provide technical assistance in establishing the guidelines for national tourism development.

In response to the request of the Government of Malaysia, the Government of Japan decided to conduct a Study on a Comprehensive National Tourism Development Plan in Malaysia. JICA, the official agency responsible for the implementation of the technical cooperation programmes of the Government of Japan, has undertaken the Study in close cooperation with the authorities of Malaysia.

1.2 Objectives of the Study

Objectives of the Study are to prepare the guidelines for a national tourism development plan and to identify the potential areas to be developed by the target year of 1995.

In order to achieve the above objective, the Study covers the following major items:

- 1) Reach an understanding of the present conditions and identify the present issues and constraints of tourism industry of the country as well as six tourism regions.
- 2) Propose guidelines for national tourism development, together with targets for the year 1995.

- 3) Identify the tourism regions to be developed by the year 1995 to lure more international tourists to the country. This is accomplished through a comparative analysis of the six existing tourism regions.
- 4) Propose development guidelines for the six tourism regions.

1.3 Outline of the Study

The Study extended over twenty three months from February, 1987 to January, 1989.

The Study carried out by the Study Team comprises the Japanese consulting staff and their counterparts in the Ministry of Culture and Tourism (MOCAT) including the Tourist Development Corporation of Malaysia (TDC).

The Steering Committee chaired by the Economic Planning Unit of Prime Minister's Department (EPU) was organised to decide the scope of the Study and supervise the progress of the Study with the participation of both Malaysian and Japanese staff members.

The Advisory Committee organised by the members of the Government of Japan attended the Steering Committee meetings, made reconnaissance to the potential tourism areas, and supervised the progress of the Study.

Members related to the Study are as shown below:

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- | | | |
|----|--|---|
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| 2. | Mr. Ismail Adam | Deputy Secretary General, Ministry of Culture and Tourism |
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| 9. | Mr. Harbans Singh | Statistics Department |
| 10. | Mr. Haji Taha | National Museum |
| 11. | Mr. Chong Ngian Yet | Deputy Director, International Trade Division, Ministry of Trade and Industry |
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| 1. | Mr. Koichi Arai | Chairman (Ministry of Transport) |
| 2. | Mr. Tsuneaki Nagasato | Member (Ministry of Transport) |
| 3. | Mr. Shunji Uemura | Member (Ministry of Transport) |
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| 5. | Mr. Fumihiro Sampei | Member (Japan National Tourist Organisation) |

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| 6. | Mr. Morio Onda | Demand Forecast |
| 7. | Mr. Shigeo Imai | Market Study |
| 8. | Mr. Takashi Kikkawa | Tourism Facility/Development Plan |
| 9. | Mr. Kanao Itoh | Tourism Infrastructures/Tourism Resources |
| 10. | Mr. Tadashi Kume | Regional Plan/Tourism Infrastructure |
| 11. | Mr. Junji Nishi | Transport and Environment |
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| 17. | Mr. Shigeru Komatsu | Water Supply & Sewerage |
| 18. | Mr. Hiroshi Tanaka | Environment |
| 19. | Mr. Akira Nakayama | Financial Analysis |
| 20. | Mr. Akihisa Kojima | Economic Analysis |

CHAPTER 2

PRESENT CONDITIONS AND ISSUES OF NATIONAL TOURISM DEVELOPMENT

- 2.1 International Tourist Arrivals to the Country
- 2.2 Tourism Promotion for International Tourist Market
- 2.3 Transportation Network and Other Components of the Infrastructure
 - 2.4 Existing Tourism Products
 - 2.5 Environmental Conditions
- 2.6 Tourism Development Machinery
- 2.7 Issues for National Tourism Development

2.1 International Tourist Arrivals to the Country

2.1.1 International Tourist Arrivals to Asia and Pacific Region

The growth of international travel has been one of the outstanding attributes of recent decades. As shown in Table 2.1.1, worldwide tourist arrivals has doubled in the fifteen years from 1970, with 160 million to 1985, with 333 million at an annual growth rate of 5%. As seen in the table, East Asia and the Pacific region grew remarkably; tourist arrivals to the region increased from 4.9 million in 1970 to 37.0 million in 1985 (655% growth), as compared with the worldwide average of 109% growth. Owing to this high growth, East Asia and Pacific region is now the second largest tourist destination in the world with 11.1% of the world share, following the supereminent European region with a share of 67.4%.

Table 2.1.1 Worldwide Tourist Arrivals

| | 1985 | | | 1970 | | |
|-----------------------------|---------|-------|-----|---------|-------|-----|
| | million | % | No. | million | % | No. |
| Europe | 224.5 | 67.4 | 1 | 113.0 | 70.7 | 1 |
| East Asia and Pacific | 37.0 | 11.1 | 2 | 4.9 | 3.0 | 4 |
| North America | 32.5 | 9.8 | 3 | 27.4 | 17.2 | 2 |
| Latin America and Caribbean | 20.3 | 6.1 | 4 | 9.2 | 5.8 | 3 |
| Africa | 9.1 | 2.7 | 5 | 2.4 | 1.5 | 5 |
| Middle East | 7.1 | 2.1 | 6 | 1.9 | 1.2 | 6 |
| South Asia | 2.5 | 0.8 | 7 | 0.9 | 0.6 | 7 |
| World Total | 333.0 | 100.0 | | 159.7 | 100.0 | |

Source: World Tourism Organization (WTO)

It is clear, from the past trend, that Asia and Pacific travel has shown very strong growth, and it is expected that it will continue its rapid expansion. There are unusual opportunities in this region of rapid growth for all sectors of the travel industry. To be successful, this fast moving environment requires a wide range of information, with an emphasis on marketing, tourism performance, and competition.

2.1.2 International Tourist Arrivals to Malaysia

Table 2.1.2 shows international tourist arrivals to Malaysia from 1978 to 1986. The total number of international tourists in 1986 was 3.0 million persons and compared to 1.9 million persons in 1978 at an annual growth rate of 6.1%.

Of the 3.0 million arrivals the largest number came from Singapore with 2.1 million persons or a share of 70.4%, followed by Thailand of 0.2 million persons. Total arrivals from ASEAN countries amounted to 2.4 million persons with a share of 78.7%. The annual growth rate of ASEAN arrivals accounted for 6.3%, slightly higher than the average.

Of those of the other than ASEAN countries, Japan was the biggest tourist source for the country, amounting to 0.13 million persons in 1986. Japan, the United Kingdom, and India are the countries with higher than average annual growth rates. Japan is a promising market because of the rapid increase of Japanese tourists due to the recent appreciation of the Japanese yen.

The number of Japanese outbound travellers has increased from 3.5 million in 1978 to 5.5 million in 1986 at an annual growth rate of 5.8% as shown in Table 2.1.3. Japanese outbound travellers destined for ASEAN countries amounted to 1.0 million persons in 1986 which was slightly less than 20% of the total. This share had a constant or a slight declining trend in recent years.

Table 2.1.2 International Tourist Arrivals to Peninsular Malaysia

| Country of Origin | Unit: 1,000 persons | | | | |
|-------------------|---------------------|----------|-----------|----------|--------------------|
| | 1978 | | 1986 | | Growth Rate % p.a. |
| | Persons | Share(%) | Persons | Share(%) | |
| 1. Singapore | 1,277,505 | 67.9 | 2,132,130 | 70.4 | 6.6 |
| 2. Thailand | 129,879 | 6.9 | 204,455 | 6.8 | 5.8 |
| 3. Japan | 71,454 | 3.8 | 125,458 | 4.1 | 7.3 |
| 4. Australia | 71,076 | 3.8 | 80,987 | 2.7 | 1.6 |
| 5. U.K. | 34,352 | 1.8 | 66,907 | 2.2 | 8.7 |
| 6. U.S.A. | 41,267 | 2.2 | 42,131 | 1.4 | 0.3 |
| 7. India | 17,320 | 0.9 | 35,090 | 1.2 | 9.2 |
| 8. Indonesia | 43,216 | 2.3 | 33,649 | 1.1 | -3.1 |
| 9. Hong Kong | 29,721 | 1.6 | 30,249 | 1.0 | 0.2 |
| 10. W. Germany | 16,898 | 0.9 | 25,586 | 0.8 | 5.3 |
| 11. Taiwan | 15,313 | 0.8 | 20,649 | 0.7 | 3.8 |
| 12. France | 10,301 | 0.5 | 13,813 | 0.5 | 3.7 |
| 13. Philippines | 8,872 | 0.5 | 13,235 | 0.4 | 5.1 |
| 14. Others | 113,472 | 6.0 | 203,442 | 6.7 | 7.6 |
| Sub Total (1-13) | 1,767,174 | 94.0 | 2,824,339 | 93.3 | 6.0 |
| Total (1-14) | 1,880,646 | 100.0 | 3,027,781 | 100.0 | 6.1 |

Note: 1) Data for 1986 are preemptory.

2) This table shows international tourist arrivals to Peninsular Malaysia.

It is required to add 175,200 persons to get the total number of international tourist arrivals to whole Malaysia.

Source: TDC

Table 2.1.3 Japanese Outbound Travellers

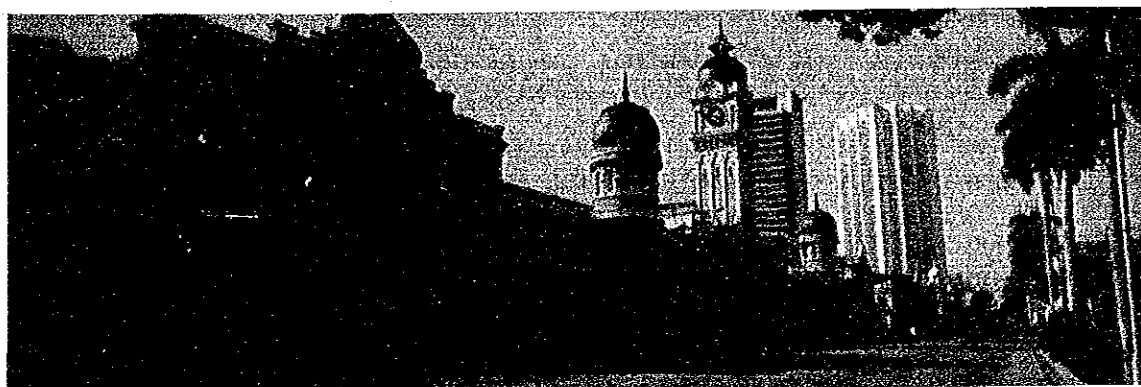
| Destination Country | 1978 | | 1986 | | Growth Rate % p.a. |
|------------------------|---------|-------|---------|-------|-----------------------|
| | Persons | % | Persons | % | |
| ASEAN Total | 751 | 21.3 | 1,027 | 18.6 | 4.0 |
| Singapore | 209 | 5.9 | 404 | 7.3 | 8.6 |
| Thailand | 194 | 5.5 | 259 | 4.7 | 3.7 |
| Philippines | 222 | 6.3 | 134 | 2.4 | -6.1 |
| Malaysia | 71 | 2.0 | 125 | 2.3 | 7.3 |
| Indonesia | 55 | 1.6 | 105 | 1.9 | 8.4 |
| World Total | 3,525 | 100.0 | 5,516 | 100.0 | 5.8 |

Source: WTO, OECD, PATA and National Tourist Offices

2.1.3 Target Arrivals of International Tourists to the Country

The Fifth Malaysian Plan stipulates that during the plan period, the tourism industry is expected to play a larger role in reducing the foreign deficits as well as generating growth of income and employment. The growth of the tourism industry is expected to be primarily the result of private sector investment with the public sector providing necessary support in terms of promotion, incentives, infrastructure, and funding. A balanced emphasis will be placed on the objectives of attracting foreign tourists into the country and encouraging local residents to travel more within the country rather than abroad.

The Plan also describes that the number of tourist arrivals into the country increased from 2.25 million in 1980 to 3.22 million in 1985, growing at 7.5 percent per annum. For the next five years of 1986-1990, tourist arrivals into the country are expected to grow at an annual growth rate of 6.1 percent, to 4.32 million in 1990 with the promotional efforts currently undertaken, and taking into consideration the impact of the world recession.



City Center of K.L.

2.2 Tourism Promotion for International Tourist Market

2.2.1 Tourism Promotion Activities in the Past

The main public organizations responsible for international tourist promotion are Tourist Development Corporation (TDC) under the Ministry of Culture and Tourism (MOCAT) at federal level, and State Economic Planning Unit (SEPU) at state level. In the private sector, Malaysia Airlines (MAS) and National Tourism Council of Malaysia (NTC) are main organizations related with tourist promotion of the country.

Major functions of TDC are defined as follows:

- to coordinate the activities of the tourism industry conducted by public as well as private organizations,
- to make recommendations to the Government on the methods, measures and policies to develop the tourism industry, and to implement them when approved by the Government, and
- to promote the development of tourism industry of the country from domestic, as well as international viewpoint.

TDC had a total staff of 322 persons and employed 35 local staff for its overseas offices in 1986. For international tourist promotion, TDC had eight overseas offices in Tokyo, Singapore, Bangkok, Hong Kong, Sydney, London, Frankfurt, and Los Angeles. In 1986, TDC was allocated an operating budget of 35.7 million ringgit, 75% of which was allocated to marketing activities.

The major promotional activities which were jointly performed with MAS in 1987 were as follows:

- Joint advertisement in Japan, UK, Australia and the west coast of the USA,
- Osaka Tour EXPO,
- TDC/MAS Malaysia consumer presentation in Japan,
- Malaysia travel mart and consumer presentation in Australia,
- Malaysia trade and consumer presentation in USA,
- UK/West Germany multi-cities promotion,
- Malaysia Week in Sydney and Melbourne,
- Television sponsorship in Hong Kong and Taiwan,
- JATA Congress Tourism Exhibition,
- Taipei International Travel Fair, and
- Pasadena Tournament of Roses Parade, 1988.

Some SEPUs are also engaged in tourist promotion to sell their own tourism products. Due to budgetary as well as staff constraints, however, their contribution to the tourism promotion is quite limited compared with that of TDC.

MAS, as the national flag carrier, provides an international air link between the country and major overseas cities, K.L., Penang, and K.K. being main entry points to the country. MAS is also directly involved in tourist promotion with occasional cooperation with TDC, for instance, sending sales missions, participating in international tourism exhibitions, trade fairs, and so on in major overseas markets as described above.

2.2.2 Tourism Promotion Plan of the Country

The Fifth Malaysia Plan stipulates intensified tourism promotion towards overseas and domestic markets mainly through the TDC. ASEAN countries, Japan, Australia, Hong Kong, Taiwan, and transient visitors into Singapore and Bangkok are the emphasized overseas market in the short term. Continuous market research will be carried out to identify new markets in the medium term.

It also stipulates that promotional campaigns will be launched focusing on conventions, vacations, sightseeing, and special interests. The convention campaign will be intensified to make Kuala Lumpur the principal convention destination. The vacation campaign will promote several existing resorts, while the sightseeing campaign will focus on the major cities, particularly Kuala Lumpur, George Town, and Malacca. The special interests campaign will concentrate on the national parks, caves and hills, particularly the National Park in Peninsular Malaysia, Kinabalu National Park in Sabah, and the Niah National Park in Sarawak.

TDC is expected to play an important role in the above campaigns, together with the production of concise and informative state and city maps as well as guide books.

2.3 Transportation Network and Other Components of the Infrastructure

2.3.1 International Transportation Network

Major entry points of international tourists to the country are as shown in Table 2.3.1.

The primary port of entry is Johor Bahru via the causeway from Singapore. Johor Bahru receives about two-thirds of the total arrivals, most tourists being Singaporeans. Excluding tourist arrivals from ASEAN countries, air transport becomes the major transportation mode, accounting for 70% of the arrivals other than ASEAN countries. Subang International Airport in Kuala Lumpur is the main port of entry for non-ASEAN international tourists accounting for more than 50% of the arrivals, with Johor Bahru being second with 20%.

Table 2.3.1 International Tourist Arrivals to the Country by Transportation Modes in 1985

| | Unit: 1,000 persons | | | | | |
|--------------|---------------------|--------------|-------------|--------------|--------------|----------------|
| | ASEAN | Japan | Austr | Europ | Others | Total |
| Air | 199.0 | 90.4 | 64.1 | 65.2 | 199.2 | 617.9 |
| Subang | 151.8 | 68.6 | 48.9 | 49.7 | 155.1 | 474.1 |
| Penang | 43.2 | 21.4 | 14.3 | 14.6 | 41.4 | 134.9 |
| Others | 4.0 | 0.4 | 0.9 | 0.9 | 2.7 | 8.9 |
| Road | 2,030.1 | 24.6 | 20.5 | 30.4 | 87.8 | 2,193.4 |
| Johor | 1,881.1 | 22.4 | 16.7 | 23.1 | 61.0 | 2,004.3 |
| Others | 149.0 | 2.2 | 3.8 | 7.3 | 26.8 | 189.1 |
| Rail | 62.8 | 1.8 | 2.5 | 4.3 | 8.2 | 79.6 |
| Sea | 38.4 | 0.4 | 0.3 | 0.6 | 2.7 | 42.4 |
| Total | 2,330.3 | 117.2 | 87.4 | 100.5 | 297.9 | 2,933.3 |

Note: 1) "Austr" includes Australia and New Zealand

2) "Europ" includes U.K., West Germany and France.

3) "Others" includes many countries including European countries other than the three countries included in "Europ"

Source: TDC Statistics

The causeway leading to Johor Bahru is a four lane road with 14 booths for immigration and customs procedures, connecting the country with Singapore. The daily average traffic in 1987 is surveyed at 38,000 vehicles. Traffic congestion of the causeway is severe, mainly because of delays at immigration and customs booths. To facilitate the traffic flow, it is planned by the Malaysian Government to increase the number of booths to 22 in the near future, in conjunction with related improvements.

As stated earlier, Subang International Airport is the main entry point to the country by air. The airport is equipped with a runway of 3,475 metres, automated navigation instruments, and air terminals.

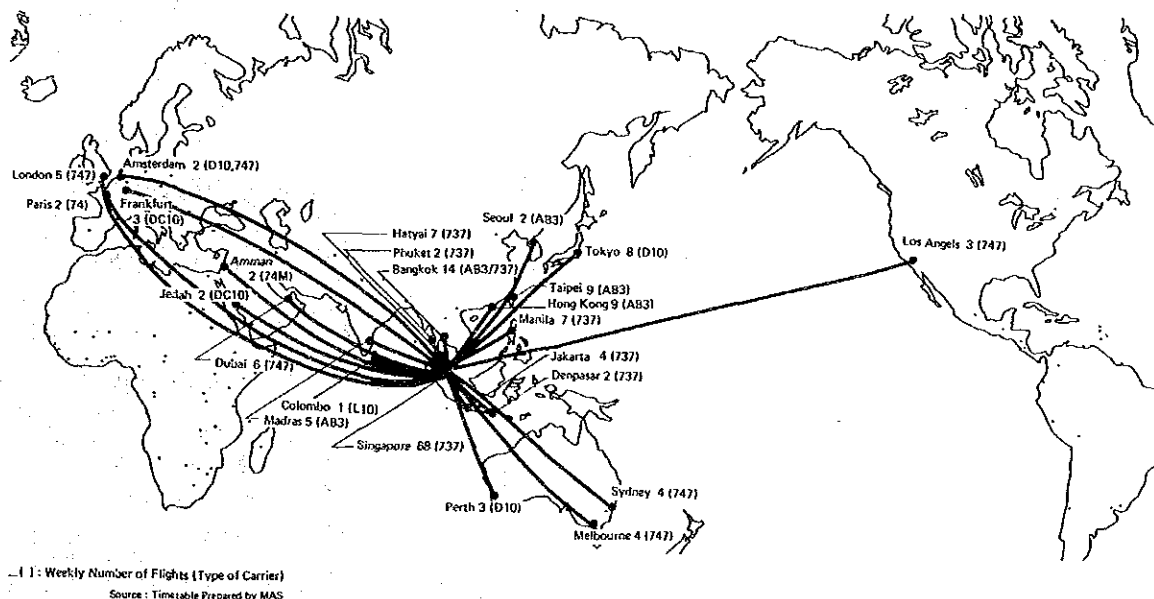
Compared with the airports in Singapore and Thailand, however, Subang International Airport still remains as a minor regional airport. A weekly total of 331 flights with 66,400 seats operate into the country in comparison with 498 flights with 161,900 seats into Bangkok and 625 flights with 160,400 seats into Singapore.

As shown in Fig. 2.3.1, Malaysia Airline System (MAS) has 22 international air routes in 1987 connecting to Subang International Airport. The Singapore route has the highest share of weekly flights with about 40%, followed by Bangkok with 8%. B747 is in service for the routes to and from Amman, Amsterdam, Dubai, Frankfurt, Hong Kong, London, Los Angeles, Melbourne, Paris, Sydney, and Tokyo.

The country has the other three international airports of Kota Kinabalu, Kuching and Penang. Direct international flights are available at Kota Kinabalu connecting with Hong Kong, Taipei, Manila, and Singapore, at Kuching connecting with Singapore, and at Penang connecting with Bangkok, Hat Yai, Madras, Medan, and Singapore. Most of the international flights to these airports, however, are routed through Kuala Lumpur. Fig. 2.3.2 shows the location of airports and the length of runway, and the number of passengers in 1985.

Malaysian Railway (KTM) provides international linkage with Thailand to the north and Singapore to the south. An "Orient Express" service is planned between Bangkok and Singapore via Kuala Lumpur by mid-1990 to lure more international tourists to Peninsular Malaysia. A new ferry link is committed to operate between Changi Point in Singapore and Tg. Belungkor in Malaysia soon. The road network is connected with Thailand at the three points of Pedang Besar, Betong, and Rantan Panjang.

Fig. 2.3.1 International Air Network by MAS



2.3.2 Domestic Transportation Network

Domestic transportation comprises air, road, rail, and sea transport.

1) Air Transport

During the period of 1980-1985, domestic passenger traffic increased from 4.9 million to 7.3 million at an annual growth rate of 8.3%, while international passenger traffic increased from 2.3 million in 1980 to 3.6 million in 1985 at an annual growth rate of 9.4%.

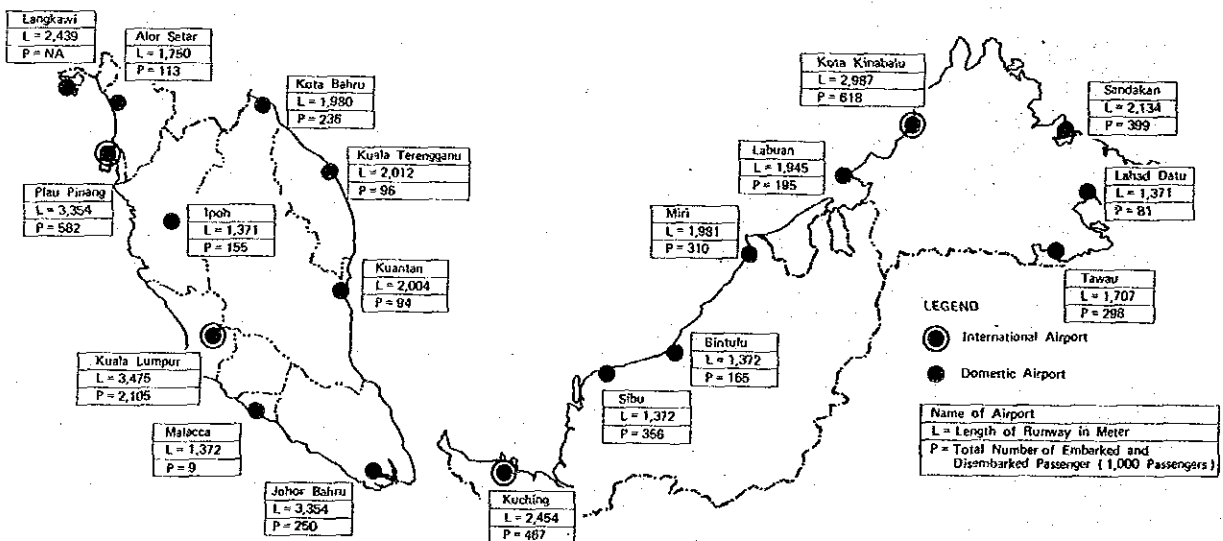
There are fourteen domestic airports in the country in addition to the four international airports mentioned before; seven in the peninsula, three in Sabah, and four in Sarawak. Sandakan Airport had the largest number of passengers with about 400,000 in 1985, followed by Sibiu Airport. Due to the under-development of the road network in East Malaysia, airports in East Malaysia had more passengers than those of the Peninsular Malaysia. Most of the domestic airports are equipped with runways of about or less than 2,000 metre in length.

Domestic air routes are mainly concentrated in Kuala Lumpur. From Kuala Lumpur, Penang has 88 flights per week, Kota Kinabalu and Kuching about 40 flights, and Kota Bahru and Johor Bahru 30-35 flights. Major aircrafts in service are B737 and Fokker/Friendship.

On top of MAS service, Pelangi Air Company Ltd. launched air service in January, 1988. At present, the company offers the following services:

- Kuala Lumpur/Kertih/Kuala Terengganu/Penang
- Kuala Lumpur/Kertih/Tioman/Kertih
- Kuala Lumpur/Tioman/Seletar/Kertih
- Kuala Lumpur/Taman Negara
- Kuala Lumpur/Sitiawan

Fig. 2.3.2 Major Airports in Malaysia



Source: Year Book of Transportation Statistics Malaysia

2) Road Transport

The country had the total road network of 42,330 kilometres in 1985 as shown in Table 2.3.2. Road network density amounted only to 0.13 kilometres per square kilometre and 66% of all road surface is paved.

Table 2.3.2 Road Distribution by Type and Jurisdiction in 1985

| | Unit: kilometer | | | | | | | |
|--------------|-----------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|
| | Federal | | State | | Municipal | | Total | |
| | km | % | km | % | km | % | km | % |
| Paved | 7,060 | 77.0 | 17,390 | 58.8 | 3,595 | 100.0 | 28,045 | 66.3 |
| Gravel | 1,820 | 19.8 | 11,210 | 37.9 | 0 | 0.0 | 13,030 | 30.8 |
| Earth | 295 | 3.2 | 960 | 3.3 | 0 | 0.0 | 1,255 | 3.0 |
| Total | 9,175 | 100.0 | 29,560 | 100.0 | 3,595 | 100.0 | 42,330 | 100.0 |

Source: Highway Planning Unit, Ministry of Works

Fig. 2.3.3 illustrates the road network of the country. Major road programmes undertaken in the Fourth Malaysia Plan period are as follows:

- the East-West Highway joining Jeli in Kelantan and Grik in Perak,
- the Kuantan-Segamat Highway,
- the Kuala Krai-Gua Musang Highway,
- the Kuala Lumpur-Petaling Jaya Traffic Dispersal Scheme,
- rehabilitation of Route 1 in Johor and Perak, and
- rehabilitation of Route 3 in Terengganu and Kelantan.

The North-South Expressway, linking Bukit Kayu Hitam in the north and Johor Bahru in the south, are in various stages of implementation. The sections open to traffic are as follows:

- Bukit Kayu Hitam/Jitra - 24 km
- Alor Setar/Gurun - 32 km
- Penang Bridge - 14 km
- Changkat Jering/Ipoh - 54 km
- Slim River/Tanjong Malim - 21 km
- Kuala Lumpur/Karak - 68 km
- Kuala Lumpur/Air Keroh - 123 km
- Senai/Johor Bahru - 28 km

In East Malaysia, the Pan Borneo Highway is going to be developed by connecting and improving the existing road sections from Kuching to Kota Kinabalu via Sibul, Bintulu, Limbang, Lawas and Sindumin along the west coast.

In Sabah, the highway projects linking Tamparuli with Ranau, Semporna with Lahad Datu and Papar with Sindumin were completed. In Sarawak, the stretch of road between Kuching and Miri was completed.

The number of registered motor vehicles increased from 2.6 million in 1980 to 4.0 million in 1985 at an annual growth rate of 9.1%. Of 4.0 million vehicles, motorcycles accounted for the highest share of 57%, followed by private cars with 32%.

3) Rail Transport

Malaysian Railway connects the country with Bangkok to the north and Singapore to the south with a total length of more than 2,000 kilometres. As shown in Fig. 2.3.3, the existing railway network comprises western and eastern lines. Major stations in terms of passenger traffic are Kuala Lumpur, Singapore, Kulang and Johor Bahru.

Due to the rapid development of road transport in recent years, the railway has been stagnant in absorbing passengers as well as cargo. Table 2.3.3 shows the passenger traffic in the Fourth Malaysia Plan period. The number of passengers carried by KTM showed a slight decrease from 7.1 million in 1980 to 6.4 million in 1985.

Table 2.3.3 Railway Passenger Traffic

| | | 1980 | | 1985 | | Growth Rate % p.a. |
|------------------------------------|-----------|---------|-------|---------|-------|-----------------------|
| | | Volume | % | Volume | % | |
| Number of Passengers (thousand) | Total | 7,067 | 100.0 | 6,356 | 100.0 | Δ2.1 |
| | 1st class | 43 | 0.6 | 74 | 1.2 | 11.5 |
| | 2nd class | 1,043 | 14.8 | 1,706 | 26.8 | 10.3 |
| | 3rd class | 5,981 | 84.6 | 4,576 | 72.0 | Δ5.2 |
| Passenger kilometres (million) | Total | 1,586.8 | 100.0 | 1,408.7 | 100.0 | Δ2.3 |
| | 1st class | 15.9 | 1.0 | 27.5 | 2.0 | 11.6 |
| | 2nd class | 382.1 | 24.1 | 611.9 | 43.4 | 9.9 |
| | 3rd class | 1,188.8 | 74.9 | 769.3 | 54.6 | Δ8.3 |
| Passenger Revenue (million) | Total | 57.9 | 100.0 | 63.6 | 100.0 | 1.9 |
| | 1st Class | 1.9 | 3.3 | 3.8 | 6.0 | 14.9 |
| | 2nd Class | 19.8 | 34.2 | 34.5 | 54.2 | 11.7 |
| | 3rd Class | 36.2 | 62.5 | 25.3 | 39.8 | Δ6.9 |

Source: KTM Information Booklet

During the period, it is a conspicuous trend that the first and second class passengers increased rapidly with an annual growth rate of more than 10%, while the third class passengers decreased at an annual rate of 5%. The significant increase of the first and second class passengers on long trips contributed to produce a revenue increase of 5.7 million ringgit despite the decrease of total passengers as well as passenger kilometres.

According to the origin and destination statistics of KTM, major pairs of origin and destination for long hauls are between Kuala Lumpur and Singapore, between Kuala Lumpur and Butterworth, and between Kuala Lumpur and Johor Bahru. The rapid and comfortable transport service like Rakyat and Sinaran is very effective in attracting potential passengers to railway.

4) Sea Transport

Ferry services linking major offshore islands to the mainland are now in operation. The "Ferry Malaysia", a full-scale inter-regional Marine Cruise, is operated once a week linking Port Klang, Singapore, Kuantan, Kuching and Kota Kinabalu. The ferry boat is equipped with such entertainment facilities as restaurant, movie theatre, tax free shop, swimming pool, putting green, and disco.

Ferry services are operated as well in the following routes:

- Kuala Perlis/Langkawi Island,
- Penang/Langkawi Islands,
- Lumut/Pangkor Island, and
- Mersing/Tioman Island.



Railway Station in K.L.

Fig. 2.3.3 (1) Road and Rail Network

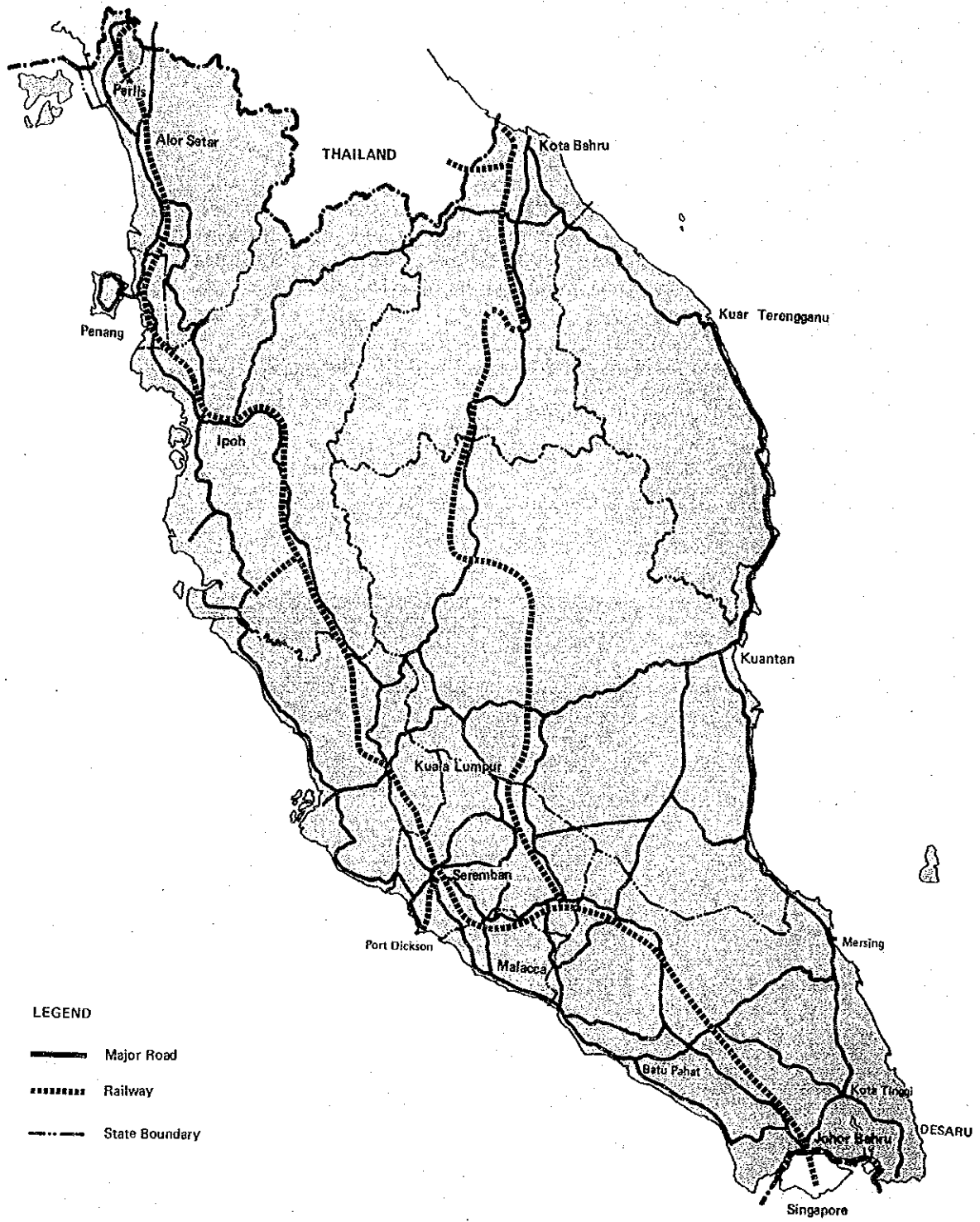
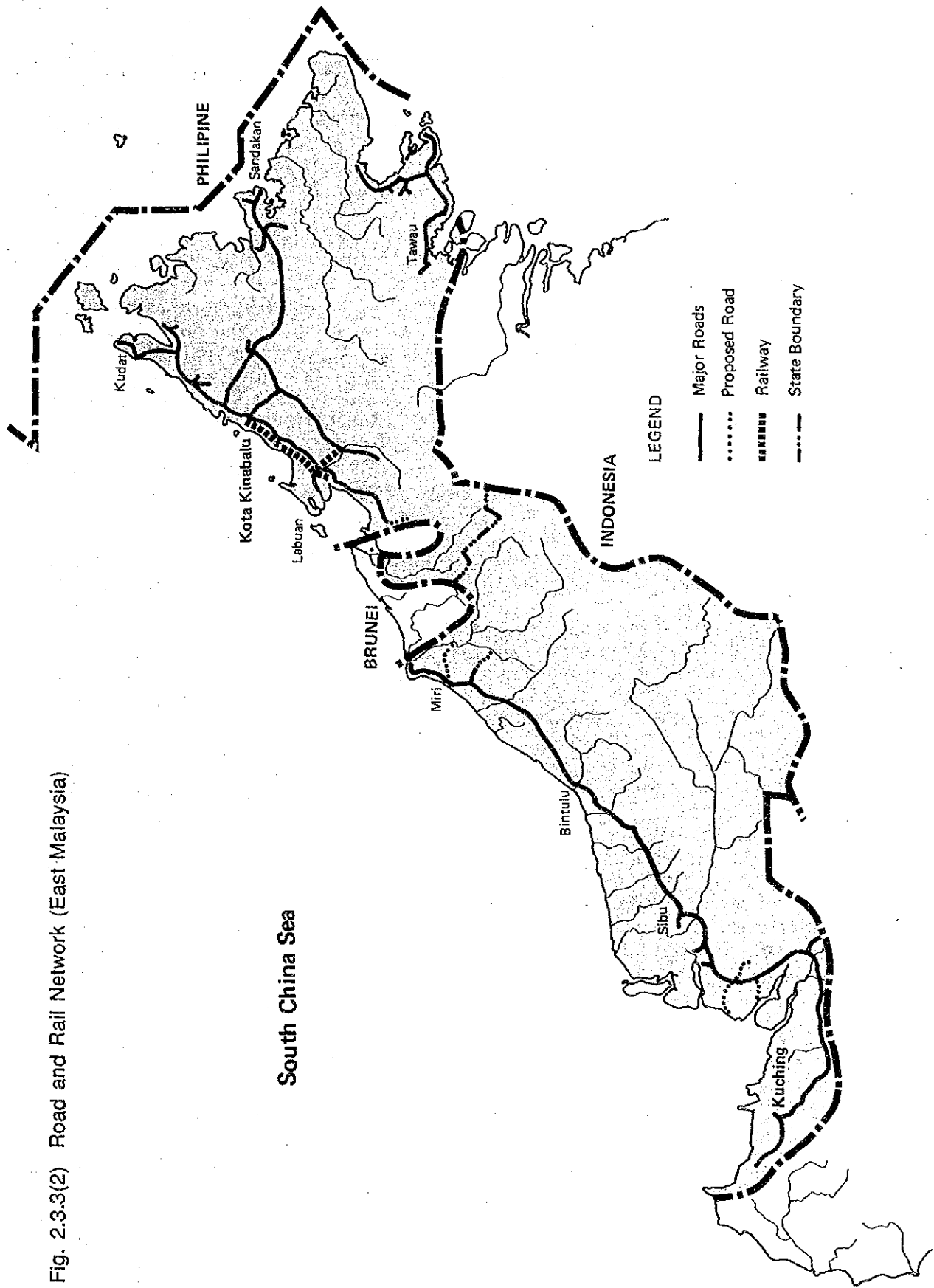


Fig. 2.3.3(2) Road and Rail Network (East Malaysia)



2.3.3 Other Components of the Infrastructure

1) Electricity

The total electricity generation increased from 9,022 Gwt in 1980 to 14,061 Gwt in 1985 with an annual growth rate of 7.4%. Out of the total electricity generation, the National Electricity Board (NEB) supplied 12,648 Gwt (89.9%) of the total electricity to the Peninsular Malaysia, while the Sabah Electricity Board (SEB) supplied 709 Gwt (5.1%) and the Sarawak Electricity Supply Corporation (SESCO) 704 Gwt (5.0%).

The transmission and distribution network in Peninsular Malaysia were expanded with the increase of the generating capacity. Transmission lines were increased from 2,823 kilometres in 1980 to 4,439 kilometres in 1985 at an annual growth rate of 12.0%, while distribution lines expanded from 11,513 kilometres to 17,840 kilometres at an annual growth rate of 11.6%. The National Grid was expanded to improve the reliability of the system and flexibility of electricity supply as shown in Fig. 2.3.4. Transmission and primary lines were expanded from 214 kilometres in 1980 to 1,624 kilometres in 1985 at an annual growth rate of 50.0% for Sabah and from 214 kilometres to 2,110 kilometres at 58.0% for Sarawak.

During the period of 1981-1985, emphasis was given to the implementation of rural electrification programmes to improve the socioeconomic conditions of the rural areas. In terms of total coverage, approximately 68% of the rural population were supplied with electricity by 1985 compared with 48% in 1980.

During the Fifth Malaysia Plan period, the total of electricity generated is planned by the Malaysian Government to increase from 14,100 Gwt in 1985 to 22,000 Gwt in 1990 with an annual growth rate of 9.3%. NEB will account for 19,300 Gwt (87.7%) in 1990, while SEB will generate 1,200 Gwt (5.2%) and SESCO 1,600 Gwt (7.1%).

The transmission network of 175 kV and 132 kV lines, that makes up the National Grid, will be further expanded to cover the whole east coast from north to south.

The rural electrification programme will further be expanded during the plan period. The total coverage will increase to 77% of all households in 1990 compared with 68% in 1985. One hundred and five minihydro projects are expected to be completed by 1990 to supply electricity to the area not covered by the National Grid System.

2) Water Supply

The total capacity of all water treatment plants was increased from 2,642 million litres per day (mld) in 1980 to 4,219 mld in 1985 with an annual growth rate of 9.8%, compared with the increase of water demand from 2,281 mld to 3,737 mld with an annual growth rate of 10.4%. In terms of distribution by state, substantial increases in total production capacity were recorded in Johor, Kelantan, Melaka, Sabah, and Terengganu. The development of water supply in Kedah, Perlis, and Selangor, however, was unable to match the increase in demand due to various constraints such as lack of suitable water sources, rapid urbanization, as well as industrialization and migration into the Klang Valley region.

In urban areas, the coverage of population served with safe water increased from 89% in 1980 to 93.1% in 1985, while in rural areas, the coverage increased from 42.9% to 57.6%. The national coverage accounted for 70.9% in 1985.

During the Fifth Malaysia Plan period, the total treatment plant production capacity will be further increased to 7,677 mld in 1990 with an annual growth rate of 12.7%, while the water demand is anticipated to amount to 6,279 mld in 1990.

The implementation of water supply projects during the Fifth Plan will increase the total population with access to safe water by 11.5%. Consequently, 82.4% of the total population will be provided with safe water by 1990, the urban water supply coverage accounting for 96.5% and the rural coverage for 72.8%. A number of non-surface water schemes such as wells and rain water collection system will be implemented in remote areas to supplement the rural water supply system based on surface water sources.

3) Sewerage

The problems of pollution of surface and groundwater sources, coastal waters, and beaches have increased as a result of rapid urbanization, industrialization, and overall economic development. Discharge of sewage was identified as a contributor to the high incidence of water-borne communicable diseases as well as the major source of pollution.

Centralized sewerage systems in 1985 were available in Bukit Mertajam, Butterworth, Georgetown, Kota Kinabalu, Kuala Lumpur, and Shah Alam. These systems, however, were not fully extended to serve all households within the urban areas. By 1985, about 152,200 households or 5.3% of the total population of the country were provided with centralized sewerage systems.

With regard to other types of sewerage system, 30.6% of the total population were provided with flush toilets connected to septic and imhoff tanks or other communal centralized sewerage systems in 1985. In addition, 39.2% of the overall population, mainly in rural areas, were provided with pour-flush toilets. With the increasing usage of modern methods of sewage disposal, the percentage of the population using buckets, pits and hanging latrines declined to 14.7%. The proportion of the population still without any sewage disposal system decreased to 10.2% in 1985, accordingly.

During the Fifth Malaysia Plan period, the development of a centralized sewerage programme will be confined to state capitals, major towns and popular tourist resorts. Alternative low-cost systems using appropriate technologies will be developed, where feasible.

By 1990, 6.4% of the total population of the country will be provided with sewerage collection facilities. With the implementation of new sanitation programmes, the total coverage of households using modern method sewage disposal is targeted to increase from 75.1% in 1985 to 91% in 1990.

4) Telecommunications

The development of telecommunications will be directed towards the objective of providing more access to the people, including those living in remote areas, as well as upgrading the quality of services, particularly in the business sector.

During the Fifth Malaysia Plan period, the capacity of the telephone network will be increased to provide adequate telephone services to a total of 2.4 million subscribers, thereby increasing the number of telephones per hundred persons from 6.3 in 1985 to 13.8 in 1990.

Telecommunication services will also be expanded to the rural areas. The number of public telephones in the rural areas will be increased by using the ATUR (Automatic Telephones Using Radio) system, domestic satellite and other new radio-based telecommunication techniques. The rural areas will also be provided with a small capacity exchange line.

The external service programme will include the replacement of the earth satellite station at Kuantan and the installation of the optic fibre to the submarine cable between Peninsular Malaysia and Sabah/Sarawak. Another service that will be implemented includes the expansion of the capacity of telecommunications links to overseas countries with a mix of submarine and satellite transmission links.

Telecommunication service was privatized to Syarikat Telekom Malaysia Bhd. in January, 1987.

2.4 Existing Tourism Products

2.4.1 Tourism Resources

Tourism resources of the country have been formulated by the integration of its tropical climate, geological structure, the regime of the north-east and south-west monsoons, and its strategic position.

The country's natural tourism resources are beaches with different characteristics on east and west coasts, offshore islands, highlands, and tropical rain forest. Fig. 2.4.1 illustrates the distribution of tourism resources of the country.

The coastline of the eastern side of the peninsula consists of long stretches of fine, sandy beaches in contrast to the dark mangrove forests on the western shore. Beautiful beaches are found along the east coast like Kota Bahru, Kuala Terengganu, Kuantan, and the eastern part of Johor Bahru while several beaches along the west coast are not so attractive.

Offshore islands generally have superior beach and marine conditions to those of the mainland. Penang Island has a long history of tourism and is one of the most popular destinations of international tourists to the country. Tioman Island is famous for its beautiful sea and a variety of fish. The islands of Langkawi, Pangkor, and Redang are also famous for their beauty in calm and peaceful environment.

Popular highland destinations are scattered mainly over the mountain spine of Barisan Titiwangsa; Maxwell Hill, Cameron Highlands, Fraser's Hill, and Genting Highlands. These highlands are located at an altitude of 1,000-1,500 metres and attract international as well as domestic tourists for their cool climate even in the tropics. The slopes of Mt. Kinabalu and its neighbouring peaks provide highland attractions in Sabah.

The natural vegetation of Peninsular Malaysia is essentially tropical rain forest which varies in composition and structure depending on the elevation of the land above sea level and the nature of the habitat. Despite the inroads of extensive lumbering and the opening up of the land to large development schemes, over 70 percent of the country is still under forest. In Sabah and Sarawak, the coverage of forest over land is far greater than the Peninsular Malaysia. Taman Negara National Park and Endau/Rompin Forest Reserve are typical jungles in the Peninsula, and Mt. Kinabalu and Niah National Park are typical ones in Sabah and Sarawak.

The tropical rain forests are extremely rich in natural vegetation and wildlife. It is reported that there are some 8,000 species of flowering plants of which at least 2,500 are trees in tropical rain forest and that it is not uncommon to find more than a hundred species of trees on a single acre. The wealth and variety of the vegetation of the jungle have enabled an astonishing proliferation of animal species, while the constant high temperature enable many to attain sizes not found elsewhere.

East Malaysia has an excellent natural environment different from that of the Peninsular Malaysia. The east coast is famous for its beautiful shoreline and offshore islands, and pristine tropical rain forest in the inland.

The demographic structure of the country constitutes another aspect of tourism resources. One of the outstanding characteristics of Malaysia's population is its highly variegated ethnic mix which makes it one of the prime examples of a multi-racial society in the whole world. Ethnic variety inevitably entails a variety of languages as well as religions.

Malays, Chinese, and Indians are the major ethnic groups. As for religion, Muslims account for the highest percentage share of 53 percent, followed by Buddhists with 17 percent, and Confucians as well as Taoists with 12 percent. Malay, which is the national language of the country is spoken by every citizen, while the Chinese group speaks Chinese and Indian group speaks Tamil. Due to the historical background, however, English is spoken by most of the people irrespective of ethnic group.

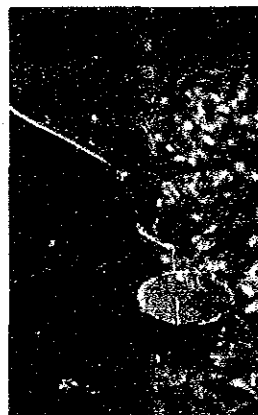
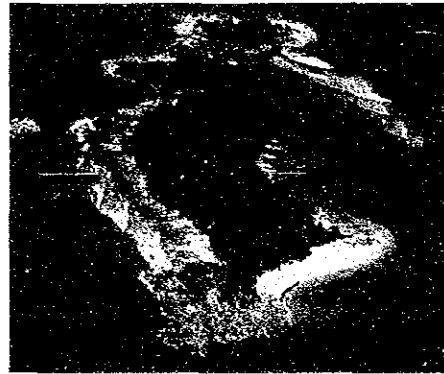
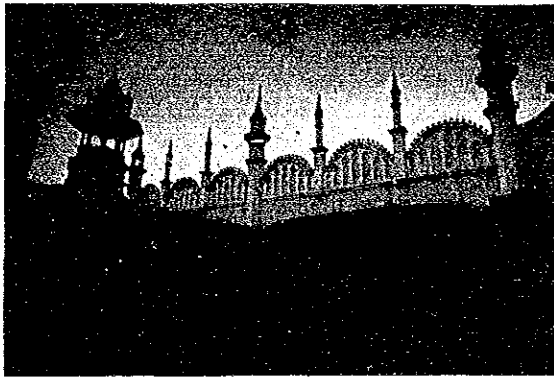
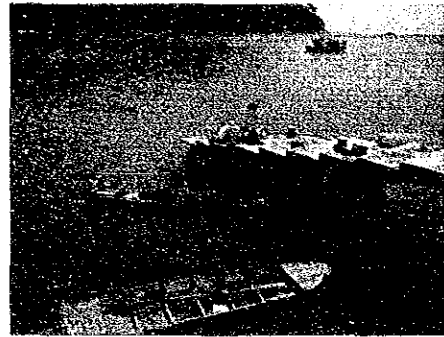
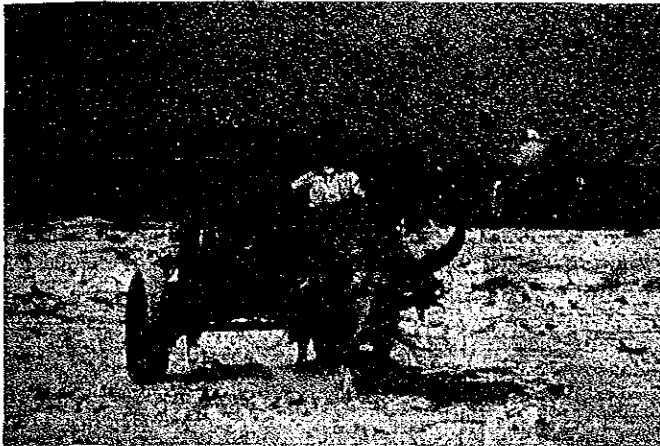
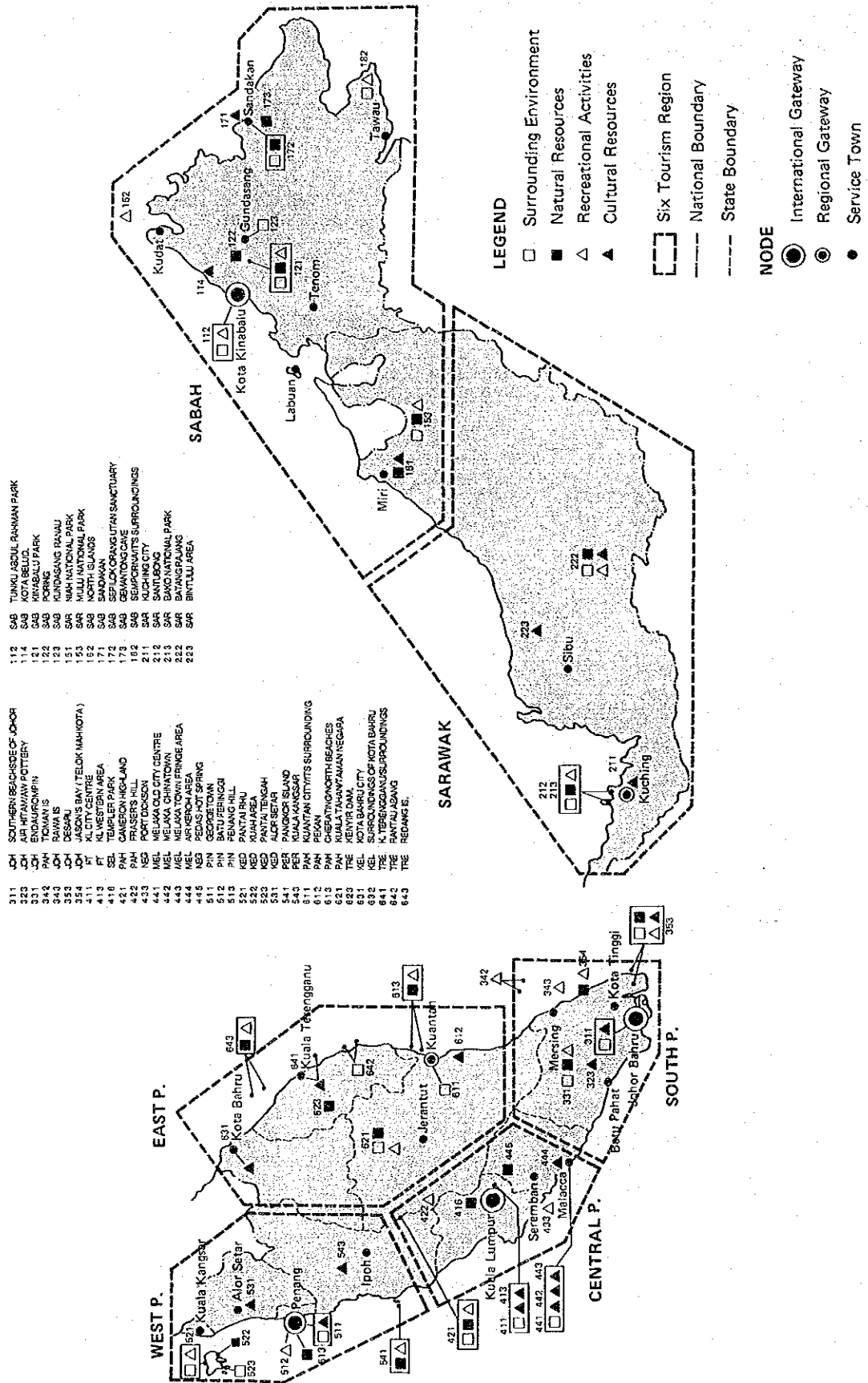


Fig. 2.4.1 Distribution of Tourism Resources of the Country



2.4.2 Tourism Facilities

Tourism facilities include those for lodging, food and beverage, and support industries. These facilities are prepared not only for tourism but also for such various purposes as facilitating everyday life of citizens and local business activities. For increased tourism, however, these facilities should be better coordinated to serve visitors away from home.

This section will focus on accommodation facilities in consideration of the recent trend that the country's effort has been concentrated on hotel development.

The number of hotel rooms in 1985 is estimated at 38,690 rooms which is about 1.5 times of that of 1979. Hotel construction was accelerated from the year 1982, resulting in a large number of incremental hotel rooms from the year 1983. Recent hotel construction was concentrated mainly on international standard hotels with more than one hundred rooms. Due to the rapid increase of hotel rooms and a stagnant world economy, room occupancy rate has fallen from 64.4% in 1980 to the bottom of 49.8% in 1985.

Table 2.4.1 shows the hotel room stock of the six tourism regions in 1985 and Table 2.4.2 and Fig. 2.4.2 show regional composition ratio of rooms by hotel standard.

The Central PTR has 15.7 thousand hotel rooms and has the greatest share of 41% of the national total of rooms and stagnant world economic situations, followed by the West PTR with 9.7 thousand rooms at 25%. This means that two-thirds of the total hotel rooms are located in Central and West PTRs.

Table 2.4.1 Hotel Room Stock in 1985

| | Unit : rooms | | | | | |
|-------------|--------------|-------|-------|--------|--------|-----------|
| | Int'l D | Int'l | Reg'l | Dom'c | Total | Occ. Rate |
| Central PTR | 3,437 | 3,637 | 2,878 | 5,756 | 15,708 | 59.1 |
| West PTR | 896 | 2,025 | 1,043 | 5,721 | 9,685 | 57.6 |
| South PTR | 0 | 698 | 356 | 2,409 | 3,463 | 47.6 |
| East PTR | 185 | 973 | 249 | 2,334 | 3,741 | 45.6 |
| Sabah TR | 451 | 767 | 741 | 1,658 | 3,617 | 57.0 |
| Sarawak TR | 0 | 640 | 408 | 1,428 | 2,476 | 50.9 |
| Total | 4,969 | 8,740 | 5,675 | 19,306 | 38,690 | 49.8 |

Note : Int'l D International Deluxe Hotels
 room rate of over Rgt. 150
 Int'l International Standard Hotels
 room rate of Rgt. 100-150
 Reg'l Regional Standard Hotels
 room rate of Rgt. 50-99
 Dom'c Domestic Standard Hotels
 room rate of Rgt. 50
 PTR Peninsular Tourism Region
 TR Tourism Region
 Occ. Rate Room Occupancy Rate

Source : Malaysia Hotel Directory by TDC

Fig. 2.4.2 Location Map of Regional Stocks of Hotel Room by Class

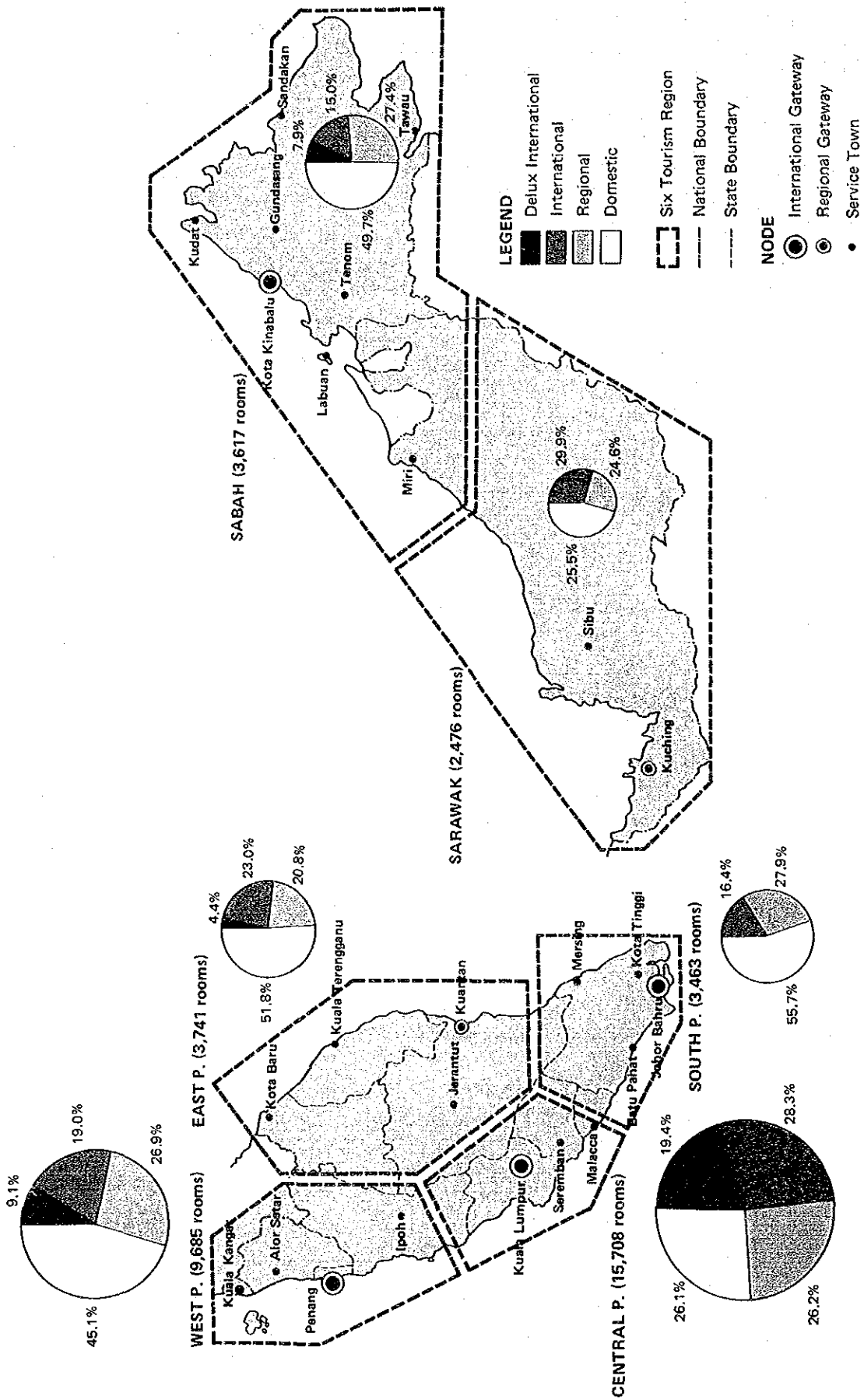


Table 2.4.2 Composition Share of Hotel Rooms by Tourism Region

| | Unit: % | | | | Total |
|-------------|---------|-------|-------|-------|-------|
| | Int'l D | Int'l | Reg'l | Dom'c | |
| Central PTR | 69 | 42 | 51 | 30 | 41 |
| West PTR | 18 | 23 | 19 | 30 | 25 |
| South PTR | 0 | 8 | 6 | 12 | 9 |
| East PTR | 4 | 11 | 4 | 12 | 10 |
| Sabah TR | 9 | 9 | 13 | 9 | 9 |
| Sarawak TR | 0 | 7 | 7 | 7 | 6 |
| Total | 100 | 100 | 100 | 100 | 100 |

Note and Source: same with Table 2.4.1

Further examination reveals that international deluxe hotels are concentrated in Central PTR, accounting for as high as 69% of all rooms of this type in Malaysia, followed by West PTR with 18%. These two PTRs then comprise 87% of the total stock of international deluxe hotel rooms. Kuala Lumpur and Penang are the two major destinations that have attracted active hotel investment in recent years.

Table 2.4.3 shows the expected increase of hotel rooms in the future, though at the moment it is uncertain when these increments will be completed. The total room stock is estimated at 1.5 times of the existing stock. East PTR is expected to have more than double of the existing stock in the future.

Table 2.4.3 Future Increase of Hotel Rooms

| | Unit : rooms | | | | | |
|-------------|--------------|-----|---------------|-----|----------------|-----|
| | 1987 | | Future | | | |
| | Rooms | % | Add. Rooms | % | Total Rooms | % |
| Central PTR | 15,708 | 41 | 4,820 | 25 | 20,528 | 35 |
| West PTR | 9,685 | 25 | 6,401 | 33 | 16,086 | 28 |
| South PTR | 3,463 | 9 | 400 | 2 | 3,863 | 7 |
| East PTR | 3,741 | 10 | 4,760 | 25 | 8,501 | 15 |
| Sabah TR | 3,617 | 9 | 1,690 | 9 | 5,307 | 9 |
| Sarawak TR | 2,476 | 6 | 1,286 | 6 | 3,762 | 6 |
| Total | 38,690 | 100 | 19,357 | 100 | 58,047 | 100 |

Note : Add. Rooms Expected Additional Hotel Rooms
 Total Rooms Total of 1987 and Future

Source : Interview to states

2.4.3 Tourism Services

Tourism Services relate to the every aspect of tourism: supplying information to the various markets, transportation from market countries to destinations, and internal services in the destination areas. In a narrow sense, they relate mainly to services in destination areas for the satisfaction of tourist needs. Major tourism services in this sense are tourist information services, tour operating services, food and beverage services, entertainment services, and so forth.

TDC offices are located at Kuala Lumpur, Penang, Johor Bahru, Kuala Terengganu, Kota Kinabalu, and Kuching for providing tourists with information of each tourism region. An English language tourist map with a scale is essential information to international tourists. There is a need for guidebooks in English as well. Location of the information offices is also important for the convenient use by international tourists. At present, most information offices are remote from major transportation terminals.

Tour operating service is not well-developed because the main emphasis of travel agents has been ticketing to Malaysian outbound tourists. TDC has been trying to foster reliable travel agents who can accommodate the inbound tourists to the country. At the moment, however, the efforts have not been successful. Most of the travel agents belong to small-scale business enterprises which have limited capital, information, and manpower.

Food and beverage services are also not well-developed despite the fact that the country is abundant with a variety of cuisine. Local stalls for eating convenience are not well arranged for international tourists in terms of information and menu selection. It is also very important to provide enough information with a varied selection from expensive restaurants to local stalls.

Major entertainment activities will include shopping, visiting cultural and historical sites, viewing live performances, participating in sports activities and so forth. Local handicrafts are usually the main souvenir items for international tourists, but at the moment, markets are not well-developed with sufficient variety for the satisfaction of international tourists. Performances of traditional dance and music are not well publicized, much to the discouragement of those who are interested in the culture and history of Malaysia. Many private golf courses are not open to international tourists though golfing is one of the most popular sports for international tourists.

2.5 Environmental Conditions

2.5.1 Social Environment

The country is sometimes called a "Plural Society" where different races live together, keeping their traditional way of life and culture.

The racial composition of the country in 1980 was 58.7% for Malays, 32.1% for Chinese, 8.6% for Indians and 0.6% for the others. The common knowledge is that most of Bumiputera are farmers or fishermen or both, and live in rural areas; most of Chinese work as tin-miners; and most of Indians are labourers in rubber plantations. Chinese as well as Indians are more concentrated in urban areas than Malays particularly along the west coast, for example, Penang, Ipoh, Kuala Lumpur and Malacca.

On top of the three major racial groups, there are a variety of indigenous peoples, particularly in Sabah and Sarawak. The Kadazans form the largest indigenous group in Sabah and the Ibans in Sarawak. Each of these indigenous ethnic groups has its own traditions and life-styles.

This wealth of ethnic variety involves a variety of cultures and traditions which can be of great interest to tourists. On special occasions, festivals of local interest could become periodic tourist attractions.

In conjunction with the ethnic variety, some land is set aside for the exclusive use of Malay group and "Orang Asli" for the purpose of preserving their traditional way of life in rural areas. Development activities in the land by outsiders are strictly regulated by the law. It is mandatory that any tourism development in such a reserved land be properly coordinated with the requirements of local residents.

2.5.2 Natural Environment

An excellent natural environment is one of the important factors for successful tourism development, which, perversely, can have destructive effects on natural environment unless proper measures are taken. Environmental protection is crucial for tourism development in that neither international nor domestic tourists are attracted to a spoiled and polluted natural environment.

The Fifth Malaysia Plan stipulates the importance of nature conservation; the preservation of representative areas of natural forest and marine ecosystems with its constituent flora and fauna continued to be accorded due importance.

Such offshore islands as Penang and Tioman have been experiencing environmental problems though the latter suffers less seriously than the former. Sewerage treatment is vital for keeping the beach and marine environment clean and pleasant.

Tropical rain forests are another important tourism resource of the country. A variety of natural forest habitats are a permanent resource of scientific, cultural and recreational values and play a significant role in the preservation of watersheds and in the maintenance of hydrological cycle as stated in the Plan.

As illustrated in Fig. 2.5.1, however, the area of tropical rain forest in the Peninsula has been decreasing in the past three decades. Table 2.5.1 shows the areal size of terrestrial parks and reserves in 1984. Taman Negara is the largest reserve of 434 thousand hectares, followed by Cameron Highlands of 176 thousand hectares.

Forests are usually classified into four groups;

- 1) Permanent Forest (fully controlled by state)
 - 11) Forest Reserve (development not allowed)
 - 12) Protected Forest (limited development)
 - 13) Communal Forest (development allowed for residents if necessary)
- 2) State Land (open for development)

In consideration of the increasing value of tropical rain forest, every effort should be directed to preserve as much of the remaining tropical rain forest as possible. Fig. 2.5.2 illustrates the distribution of vegetation in East Malaysia in 1985.

Table 2.5.1 Terrestrial Parks and Reserved in 1984

| Park / Reserve | State | Unit: ha |
|-----------------------------|------------------------------------|----------------|
| | | Area |
| Peninsular Malaysia | | 776,393 |
| Taman Negara | Pahang, Kelantan and Terengganu | 434,351 |
| Cameron Highlands | Pahang | 176,000 |
| Endau Rompin | Pahang and Johor | 87,464 |
| Krau Game | Pahang | 53,095 |
| Tioman | Pahang | 7,160 |
| Bukit Kota Wildlife Reserve | Selangor | 4,800 |
| Sungai Dusum | Selangor | 4,330 |
| Fraser's Hill | Pahang | 2,979 |
| Templer Park | Selangor | 2,450 |
| Sungai Game | Perak | 2,428 |
| Pahang Tua | Pahang | 1,336 |
| Sabah | | 103,196 |
| Sarawak | | 74,670 |
| Total | | 954,259 |

Source: Department of Wildlife and National Parks, 1984

Fig. 2.5.1 Distribution of Rain Forest in Peninsular Malaysia

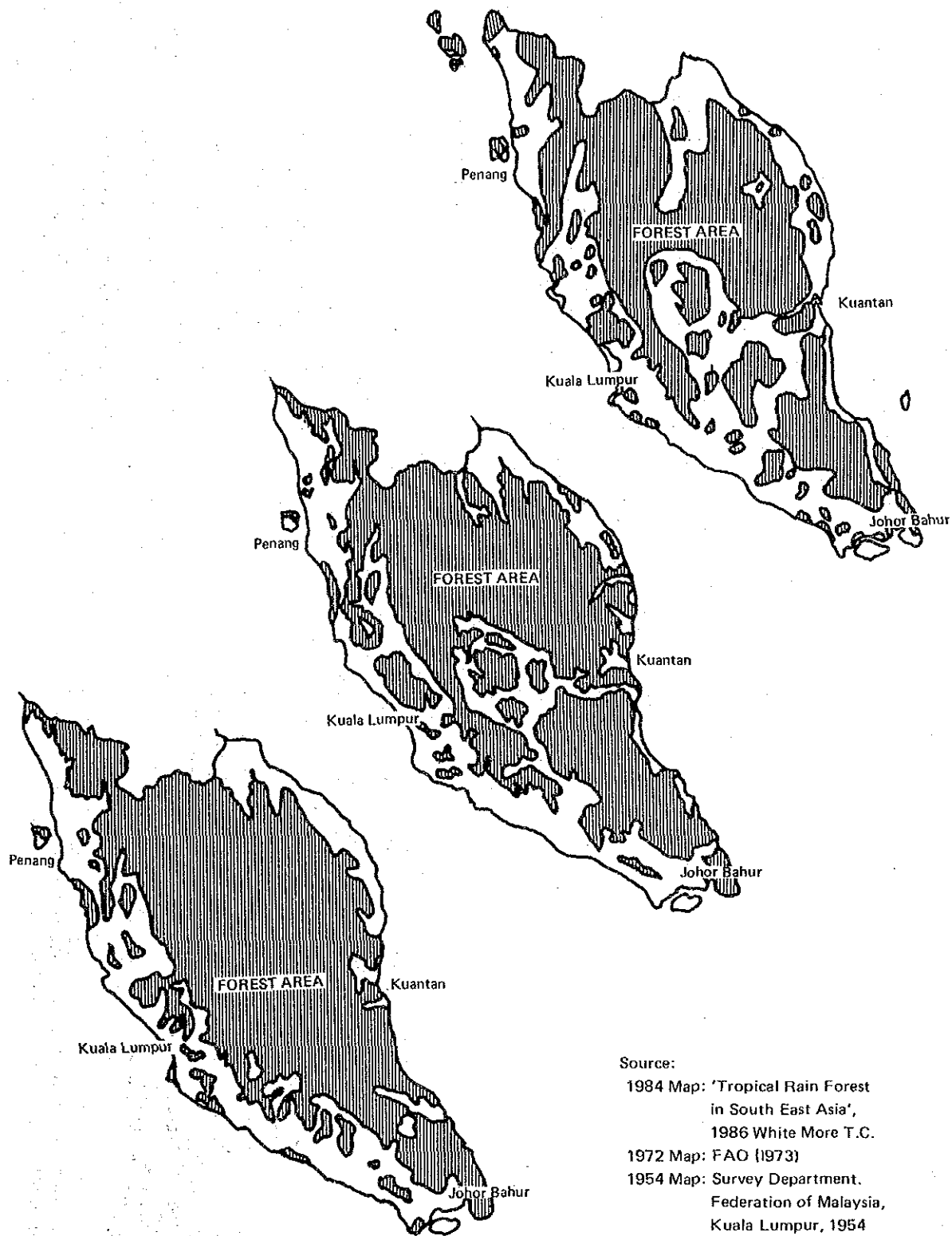
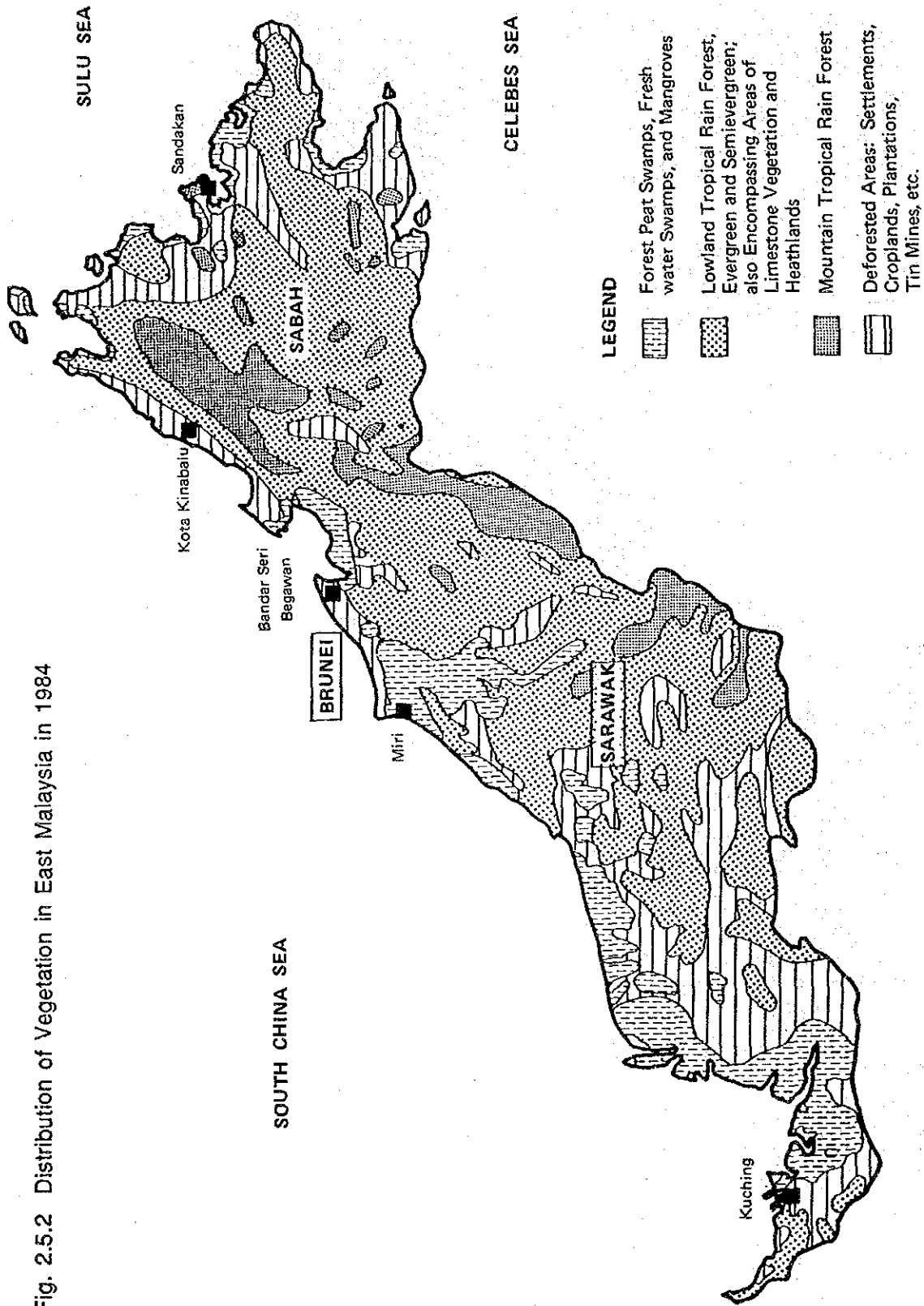


Fig. 2.5.2 Distribution of Vegetation in East Malaysia in 1984



Source: "Tropical Rain Forest in South East Asia", 1986 White More T.C. 1984
 "A Vegetation Map of Malaysia" Journal of Biogeography 11.