THE IMPACT OF SARS ON THE MALAYSIAN TOURISM INDUSTRY

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SUBMITTED TO THE FACULTY OF ECONOMICS AND ADMINISTRATION, UNIVERSITY OF MALAYA IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTERS OF ECONOMICS MAC 2004
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ACKNOWLEDGEMENTS

This academic exercise entitled "The Impact of SARS on the Malaysian Tourism Industry" could not have been completed without the assistance and encouragement from various individuals and organizations. I would therefore like to take this opportunity to convey my highest gratitude to them.

First of all, my sincere thanks goes to my supervisor, Dr. Mohd. Rosli bin Mohamad for his continuous guidance and the undertaking of tasks of checking, proof-reading and providing timely constructive comments. Next, I would wish to extend my gratitude to all the other faculty members, including senior lecturers who in one way or another supported my effort in making this research paper a success.

Special mention must be also be made of my family and friends who were involved in the completion of this project. Their endless moral support and understanding is truly appreciated. Last but not least, I am certainly grateful to the All Mighty, Allah s.w.t for the strength and courage to complete a challenging project as this.
ABSTRACT

This research paper aims at analysing the economic impact of The Severe Acute Respiratory Syndrome (SARS) on the Malaysian tourism industry. Given the high importance attached to the promotion of the tourism sector in our country, an analysis of this environmental disaster to the nation’s tourism industry is warrants a detailed study.

The study was conducted by observing the changes in both the number of tourist arrivals and tourism expenditure between January 2000 and June 2003 in Malaysia to isolate the effects during the outbreak.

While the health impact of SARS outbreak was relatively minor in Malaysia, the effects on the tourism industry were linked to the entire region as tourists generally stayed away from the region during the episode.

The findings indicated that SARS did cause a reduction in the arrivals of people with the intention to sightsee or tour. However, the effects were successfully contained by the Ministry of Culture, Arts and Tourism of Malaysia through the pre and post SARS promotional efforts. There were spillover losses in other related economic sectors too which were considered to be significant but difficult to quantify as yet.

The combination of direct and indirect effects of the outbreak and the related government actions is taken into consideration in assessing the economic impact of SARS. The result shows that the economic shock had a short-term adverse effect on the tourism industry. The policy prescriptions are intended to serve as a contingency plan for the future.