

**THE IMPACT OF SARS ON THE MALAYSIAN TOURISM
INDUSTRY**

**SHAFINAH BEGUM BINTI ABDUL RAHIM
(EGAX01004)**

**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**



CONTENTS	Page
List of Contents	1-2
LIST OF TABLES	3
LIST OF GRAPHS	4
ACKNOWLEDGEMENTS	5
ABSTRACT	6
Chapter 1.0 INTRODUCTION	7
1.1 OVERVIEW OF TOURISM	7
1.2 THE SEVERE ACUTE RESPIRATORY SYNDROME OUTBREAK	8-11
1.3 LITERATURE REVIEW	12
1.4 THEORETICAL BACKGROUND	13-14
1.5 OBJECTIVES OF THE STUDY	15
1.6 RESEARCH METHODOLOGY	15
1.7 LIMITATIONS OF THE STUDY	16
1.8 ORGANISATION OF THE PAPER	17
Chapter 2.0 THE INTERNATIONAL TOURISM INDUSTRY	18
2.1 INTRODUCTION	19
2.2 INTERNATIONAL TOURISM	19-20
2.3 TOURISM WITHIN ASIA PACIFIC	21-24
2.4 GLOBAL RESPONSE TO SARS	24-26
2.5 CONCLUSION	26

Chapter 3.0	MALAYSIAN TOURISM INDUSTRY	27
3.1	INTRODUCTION	27
3.2	CURRENT PLANS AND STRATEGIES	27
3.3	TOURISM PRODUCTS	28
3.4	TOURISM ARRIVAL TRENDS	29-37
3.5	ACTIONS TAKEN BY THE MALAYSIA GOVERNMENT TO COMBAT SARS	37-38
3.6	CONCLUSION	39
Chapter 4.0	EMPIRICAL FINDINGS	40
4.1	SUMMARY	40
4.2	IMPACT OF SARS ON TOURISTS ARRIVALS	41-45
4.3	IMPACT OF SARS ON TOURISM RECEIPTS	46
Chapter 5.0	CONCLUSION	47
5.1	POLICY PRESCRIPTIONS AND RECOMMENDATIONS	47-48
REFERENCES		49-50
APPENDIXES:		
A :	Figurative definition of tourism by WTO	51
B:	Supply-side definition of tourism (International Standard Industrial Classification)	52
C :	WTO Secretarial Survey on the Effects and Management of the SARS epidemic in the field of tourism	53-54
D :	Tourist Arrivals from Selected Markets (Jan- Dec:2000/2001)	55
E :	Basic Information on SARS	56-59

LIST OF TABLES

1. The Cumulative number of reported probable cases from WHO up to 31 July 2003.
2. International Tourist Arrivals by (Sub)regions in millions.
3. International Tourist Arrivals Growth Rates by (Sub)regions in Percentage.
4. World's Top 5 Tourism Destination by Tourist Arrivals (2002).
5. The International Tourist Arrivals between 2000 and 2001 to East Asia and the Pacific.
6. The International Tourist Arrivals Receipts between 2000 and 2001 to East Asia and the Pacific.
7. Top 10 Tourist Arrivals to Malaysia.
8. Malaysian Tourism Arrivals by Country, 1995-2002.
9. Annual Growth I Tourist Arrivals, March –May,2003.
10. Malaysia's Tourism Receipts by Country, 1995 – 2002.
11. Malaysia's Tourist Expenditure Composition, 1995-2002.
12. A Comparison of Stimulus Packages Offered by other governments in the region.
13. The Revised Growth Rates by Morgan Stanley.
14. Tourist Arrivals to Malaysia from Selected Markets (January – June 2003).
15. Tourist Arrivals to Malaysia from Selected Markets (Jan – December 2001/2002)

LIST OF GRAPHS

1. Malaysian Tourist Arrivals, 1995 – 2002.
2. Malaysia's Tourist Average Length of Stay, 1995 – 2002.
3. Malaysia's Tourist Per Capita Expenditure, 1995 – 2002.
4. Malaysia's Travel Receipts as Percentage of Services Receipts, 1995 – 2002.
5. Malaysia's Net Services Balance and Net Travel Receipts, 1995 – 2002.

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 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.