

Malaysia to face losses of up to RM4 billion in tourism revenue due to MH370, say analysts
Malaysian Insider
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Malaysia is facing a potential loss of up to RM4.2 billion in tourism revenue, as tourists from China look to travel elsewhere following the MH370 saga, the South China Morning Post (SCMP) reported today.

Luo Juan, a senior analyst with market research company Forward Information, told SCMP that she predicted Chinese arrivals in Malaysia this year would drop by 20% to 40%.

"This would represent 400,000 to 800,000 tourists," said Luo.

"If each tourist spent an average of 10,000 yuan (RM5,300) during their stay, the total loss could rise to between 4 billion (RM2.1 billion) and 8 billion yuan (RM4.2 billion).

"A recovery might only be seen after a year," she said, adding it remained to be seen what effect the call for a boycott would have on the tourism industry in Malaysia.

The controversy surrounding missing Malaysia Airlines flight MH370 has prompted many Chinese tourists to shun Malaysia.

Although Malaysia is seen as an attractive holiday destination, there has been a lot of anger at the perceived lack of information provided by Putrajaya following the disappearance of Malaysia Airlines flight MH370 on March 8.

The flight departed from Kuala Lumpur on March 8, carrying 12 crew members and 227 passengers, the majority of who were Chinese nationals.

The flight disappeared off the radar at 1.20am and has yet to be located, despite a mammoth search and rescue operation involving 26 nations.

SCMP said travel agencies in mainland China have reported a sharp drop in the number of Chinese visitors to Malaysia.

Led by celebrities, mainlanders have been calling for a tourism boycott of Malaysia following MH370's disappearance.

"In the past two weeks, the number of clients from northern China going to Malaysia has dropped by 50%," Dun Jidong, a senior marketing manager at Ctrip.com, China's largest travel booking website, told SCMP.

"Compared with the same period last year, the dip has been quite drastic. This includes group and independent travellers," Dun said.

Three other top travel agencies in China have also reported similar decline in Chinese tourists visiting Malaysia.

SCMP reported that China International Travel Service, China Youth Travel Service, and BTG International Travel and Tours have reported decreasing numbers.

A China International travel agent told SCMP that the MH370 saga has not only affected tourism in Malaysia but in Southeast Asia overall.

"The impact has spread to most destinations in the region including Thailand, Malaysia and Singapore."

China Youth Travel Service has also suspended flights 318 and 319, which replaced MH370 and 371.

Marketing director Ge Lei told SCMP that service between Kuala Lumpur and Beijing would be put on hold beginning May 2.

"After MH370, the number of travel inquiries to Malaysia has dropped to almost zero," Ge told SCMP.

China Youth Travel Service has stopped collaborating with Malaysia Airlines on package tours to Kota Kinabalu and promised a full refund to any customers who wanted to cancel.

Chinese tourist arrivals account for about 12% of Malaysia's total tourists and 0.4% of the country's gross domestic product, Bank of America Merrill Lynch said in a note.

Malaysia has targeted 28 million tourists this year and RM76 billion in receipts.

According to Tourism Malaysia, 1.79 million Chinese visited the country last year, a nearly 15% annual increase.

China is the third largest source of visitors to Malaysia, in which tourism is the sixth contributor of its GDP.

Tourism Minister Datuk Seri Mohamed Nazri Aziz on Monday said Malaysia had suspended its Visit Malaysia Year 2014 campaign.

"The ministry has stopped its promotion tours, especially in China, until MH370 has been found," Nazri had said in Parliament, adding that this was as a mark of respect to the families of the passengers on board the flight. – March 27, 2014.

Gold hit a five-week low of US\$1,305.59 per ounce yesterday and last stood at US\$1,309.54 while silver dropped to seven-week low of US\$19.78 per ounce. – Reuters, March 26, 2014.

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