

News Release

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Malaysia to benefit from the growth of tourism in Southeast Asia

Kuala Lumpur: When talking about economic growth in Asia, people tend to highlight the region's role in global trade and an ever increasing amount of physical goods being shipped from country to country. But this picture fails to capture the movement of people - and in particular, the way that tourism is a major contributor to development in the Asia-Pacific region.

"When people talk about how important it is to promote the free trade of goods, they should not forget there are many steps that can be taken to stimulate the business of tourism. Improving regional air connections, making airports more traveller friendly, and reducing restrictions on international travel are just some of the measures that can make a destination more attractive to potential visitors." commented Mukhtar Hussain, CEO of HSBC Malaysia.

All Asian countries stand to benefit from improvements in these areas, but perhaps none more so than those in Southeast Asia, where tourism is a particularly important driver of economic growth. According to the data from the World Travel & Tourism Council (WWTTC), travel and tourism directly contributed US\$117.9 billion to the gross domestic product of Southeast Asian countries in 2014, representing 4.8% of the total. In addition, the industry supported 11.2 million jobs across the region, while investment in this sector was US\$49 billion over the same period¹.

As an emerging economy and a member of the ASEAN, Malaysia has a lot to offer to the global tourists. The rich cultural diversity, developing infrastructure, affordable lifestyle and beautiful geography - all are destined to attract more and more tourists every year. With the launch of ASEAN Tourism Strategic Plan (ATSP) 2016-2025, the Governments of the member countries are working towards policy improvements to ensure sustainable tourism development in the ASEAN region.

According to the Travel and Tourism Competitiveness Index Ranking 2015, Malaysia ranks 7th regionally and 25th globally² – a testament to Malaysia's unique strengths in offering exceptional tourism experience to the visitors.

Tourism looks set to grow in significance, with the WWTTC predicting that its contribution to GDP will grow by 5.4% per annum to US\$209.4 billion by 2025.

The industry also helps shine a light on how Asia is becoming increasingly interconnected, with the movement of leisure travellers across the region mirroring the growing trade flows between countries. Asia Pacific region recorded 13 million more international tourist arrivals in 2015 to reach 277 million, with 5% growth in South East Asia³. The rise of the Chinese tourist is a case

¹ <https://www.wttc.org/-/media/files/reports/economic%20impact%20research/regional%202015/southeastasia2015.pdf>

² [World Economic Forum](#)

³ [UNWTO](#)

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in point. Now that the country boasts the world's second largest economy, its growing middle class is proving to be a major source of outbound travellers. In just a few short years, it has become a huge tourism market for destinations across the world; and in Asia, this has translated to a surge in Chinese visitors in many Asian countries including Malaysia. China has also experienced double-digit growth in tourism expenditure in every year since 2004⁴.

In 2015, approximately 1.6 million Chinese tourists visited Malaysia⁵. Malaysia Government recently announced visa exemption and e-Visa programme which aims to further facilitate the growth of Chinese tourists in the country.

The movement of people also goes in the other direction, as Southeast Asia's rapid economic growth is making international travel an option for a growing segment of the population. We can see that travellers in the region are willing take advantage of countries that reduce travel restrictions. In 2013 for example, Japan started to provide visa-exemptions to tourists from Thailand and Malaysia – a move that had an immediate impact. In the second half of the year, the number of Thailand visitors to Japan nearly doubled and Malaysian travellers increased by 53%⁶.

The biggest market for Southeast Asian tourists is actually quite close to home, with 46% of visitors to members of the Association of Southeast Asian Nations coming from other ASEAN countries, according to data from the organization's strategic tourism plan⁷.

Travel in the region is supported by an agreement that allows citizens of ASEAN member states visa-free access to holiday in other members of the organization⁸. This makes it especially easy for the region's travellers to experience the wide cultural diversity on offer from the ten countries that make up the organization.

Away from ASEAN, we can see industry support from Asia Pacific Economic Cooperation (APEC) – another major organization devoted to the promotion of free trade. In late May, the APEC Tourism Ministerial Meeting will take place in Peru, with the increase of regional travel and tourism at the top of the agenda.

“It should be clear by now that tourism is more than just about holidays, it is big business. This is especially true in Southeast Asia, where there are already measures in place to facilitate the movement of people. We should welcome any further developments in this field – not only because travel provides rich life experiences, but also because it is a major driver in Asia's economic development.” concluded Mukhtar Hussain.

⁴ UNWTO

⁵ [Tourism Malaysia](#)

⁶ <http://www.apec.org/groups/som-steering-committee-on-economic-and-technical-cooperation/working-groups/tourism.aspx>

⁷ <http://www.asean.org/storage/2012/05/ATSP-2016-2025.pdf> Page 3

⁸ http://www.asean.org/?static_post=asean-framework-agreement-on-visa-exemption-kuala-lumpur-25-july-2006-2

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About HSBC in Malaysia

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The Hongkong and Shanghai Banking Corporation Limited

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