MEASURING THE ECONOMIC IMPACT OF TOURISM IN EUROPE: THE TOURISM SATELLITE ACCOUNT (TSA)

WHAT CAN BE EXPECTED FROM TSA, WHAT NOT?

Presented by:
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Outline

1. About Malaysia
2. The Importance of TSA
3. Strength of TSA
4. Challenges of TSA
Malaysia comprises of Peninsular Malaysia, Sabah and Sarawak

1. **AREA**
   - 329,613 km²

2. **POPULATION**
   - 32.1 million

3. **CITY**
   - Kuala Lumpur

4. **CURRENCY**
   - RM
   - Ringgit Malaysia

5. **WEATHER**
   - Tropical
The Importance of TSA

Credible measure of tourism industries’ contribution to the economy

Comparable measures between countries, over time and to other economic sectors

Provides government and private sector with powerful advocacy tool

TSA is the conceptual framework for a comprehensive reconciliation of tourism data related with supply & demand
Benefits

Helps understand how the market is evolving (by providing consistent time series that reflect the composition of demand and supply)

Identifying the composition of the sector (what industries provide goods and services to visitors and to what extent)

Provides input to analysis of the strengths, weaknesses, opportunities and threats, supporting better planning of tourism development

TSA is a powerful advocacy tool for National Tourism Administration

Opening new avenues of public-private sector cooperation and developing non-traditional partnerships
1. Expertise in SNA, SUT, I/O & GDP compilation

2. Creation of Tourism Satellite Account

3. Papers & Journals

4. Establishment of other Satellite Accounts

1. Information & Communication Technology Satellite Account
### Inbound Tourism Expenditure

1. Tourist arrival **increased** from 5.8 million (1991) to **26.8 million** (2016).

2. Inbound tourist receipt **rose** from RM17.3 billion (2000) to **RM78.9 billion** (2016).

3. Inbound expenditure component, ranked no.1 in 2000 was Accommodation with RM5.7 billion, **switched** to **Shopping** component with RM25.0 billion in 2016.

4. Per capita expenditure was RM1,696 in 2000 **expanded** to RM2,948 in 2016.

5. From the year 2005 to 2016, among the highest per capita expenditure were seen from **Middle East Countries** followed by People’s Republic of China.

### Breakdown of Inbound Expenditure Components

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td>RM5.7b</td>
<td>RM19.3b</td>
</tr>
<tr>
<td>Shopping</td>
<td>RM4.5b</td>
<td>RM25.0b</td>
</tr>
<tr>
<td>Food &amp; beverage</td>
<td>RM3.8b</td>
<td></td>
</tr>
<tr>
<td>Passenger transport</td>
<td></td>
<td>RM14.8b</td>
</tr>
</tbody>
</table>
1. For Domestic Tourism, average expenditure per capita for tourist reached RM733 in 2016 from RM599 in 2010.

2. Most visited State in 2016 was Johor, than Sarawak in 2010.

3. Shopping was the prominent activity for Domestic Tourism.

4. Domestic tourism was led by household income category of RM1,001-RM3,000 for the year of 2000 – 2016.

5. As for age category, male and female visitors of age 25 - 29 showed the highest percentage of contribution, followed by age group of 40 – 54.

### Breakdown of Domestic Expenditure Components

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<tbody>
<tr>
<td>1.</td>
<td>Passenger transport</td>
<td>RM3.5b</td>
</tr>
<tr>
<td>2.</td>
<td>Accommodation</td>
<td>RM2.3b</td>
</tr>
<tr>
<td>3.</td>
<td>Food &amp; beverage</td>
<td>RM2.3b</td>
</tr>
</tbody>
</table>

*Country-specific tourism services
1. Gross Value Added of Tourism Industries (GVATI) **accelerated** to **RM182.4 billion** in 2016 from **RM104.7 billion** in 2010.

2. In 2016, share of GVATI to GDP **rose** to **14.8%** (2010: **12.7%**).

### Breakdown of GVATI Components

<table>
<thead>
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<th>2005</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail trade</td>
<td>RM23.2b</td>
</tr>
<tr>
<td>Accommodation</td>
<td>RM10.3b</td>
</tr>
<tr>
<td>Food &amp; beverage</td>
<td>RM7.3b</td>
</tr>
</tbody>
</table>

**182.4b**

**GVATI**

**9.4%**

**14.83%**

Contribution to GDP
1. Employment in the Tourism Industry **surged** to **3.2 million** persons in 2016, than 2.1 million persons in 2010.

2. The ratio between employment of male (49.8%) and **female** (50.2%) in 2016, **than** 50.4% and 49.6% in 2015.
Tourist from China who mostly spent on shopping, high end retailers shop which sells high branding products such as handbag, watches mushrooms in the KL City.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourist Arrivals</td>
<td>1,130,261</td>
<td>2,124,942</td>
</tr>
<tr>
<td>Average Per Capita (RM)</td>
<td>3,129.0</td>
<td>3,730.9</td>
</tr>
</tbody>
</table>

Besides that **eVISA** platform is developed. eVisa is an online application platform that enables foreign nationals (from China, Taiwan, Hong Kong) to apply for an electronic visa to enter Malaysia at the comfort of your convenience.

**Visa exemption** for Chinese Tourist.

Tourism Malaysia Overseas Offices in China:

4 offices at Hong Kong, Shanghai, Beijing & Guangzhou.
Saudi Arabian tourists' average per capita spending is almost four times the average.

Middle Eastern tourists also stayed in the country longer than the average.

- **Tourist Arrivals**: 2010 - 86,771, 2016 - 123,878
- **Average Per Capita (RM)**: 2010 - 8,047.1, 2016 - 10,185.7

- Increase in the number of 5- and 6-star hotels;
- More shopping opportunities - value-for-money luxury goods outlets;
- Development of the ecotourism sector; &
- Increasing in the number of heritage and cultural events

- **Malaysian government announced incentive in the Budget 2018, the investment tax allowance for new four and five star hotels.**
Singapore is Malaysia's top tourist generating market

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<tr>
<td>Tourist Arrivals</td>
<td>13,042,004</td>
<td>13,272,961</td>
</tr>
<tr>
<td>Average Per Capita (RM)</td>
<td>2,178.9</td>
<td>2,868.2</td>
</tr>
</tbody>
</table>

Development of new tourism attractions:
- Lego land
- Johor Premier Outlet
- lots of restaurants and cafes have opened in Johor Bahru
The Request Beyond TSA

1. Regional Tourism Satellite Account
2. Tourism multiplier effect
3. Direct and Indirect Impact of the Tourism Industry
4. Tourism’s forward and backward linkages
Challenges of TSA

Development vs. Environment
Deforestation, clearance or clearing of a forest

The true intention of a visitor to a specific country is different from what being stated in the documentation (workers)

Involvement of households in the unregistered activities. Selling foods and souvenirs, providing unregistered accommodation (homestay)
“Statistics are the barometer that reflects the pulse of the country”

Dato’ Sri Dr. Mohd Uzir Mahidin
The Star, 14th July 2016