

Ministry of Finance Malaysia, Putrajaya (10 February 2020) – A three hour meeting was held today chaired by both the Minister of Finance, YB Tuan Lim Guan Eng and the Minister of Tourism, Arts and Culture, YB Datuk Mohamaddin bin Ketapi with key tourism industry stakeholders, all affected by the current economic situation caused by the spread of the 2019-nCoV novel coronavirus. The meeting was called by the Ministry of Finance in preparation of Government stimulus package for the tourism industry.

Similar package was introduced in 2003 to cushion the negative impact from the spread of the Severe Acute Respiratory Syndrome (SARS) disease. The package then was valued at a whopping RM7.3 billion.

The tourism industry came to a halt when China first barred its citizen from traveling on 26 January 2020, at the height of the Lunar New Year holidays. Subsequently various similar restrictions were put in place by other countries to prevent the spread of the novel coronavirus. Malaysia remains open for Chinese tourists, except for those originating from cities currently locked down by the China Government.

The Malaysian Association of Hotels (MAH) today revealed total cancellations of 95,972 room nights since then, amounting to RM40 million losses of revenue up to the 9th of February 2020. “We are tracking cancellations from our member hotels and the number is growing every day. Most of the cancellations are up to the end of February 2020, with majority originating from China, while there are also cancellations from local Malaysians, from Hong Kong, Singapore, Taiwan, Vietnam, Korea and other countries,” explained Kamaruddin Baharin, President of MAH.

“People are afraid to travel and that is a problem, despite the situation in Malaysia being well under control and we remain safe for tourism,” he added.

MAH in the meeting presented a series of proposals ranging from economic stimuluses to cash flow support and assistance for the hotel and tourism industry.

“We are happy that both the Minister of Finance, and the Minister of Tourism, were receptive of our ideas, particularly on easing industry stakeholders’ cash flow constraints. The Ministers openly expressed willingness to consider temporary suspension of certain mandatory contributions by tourism employers, as well as to introduce a personal tax relief for individual Malaysians traveling within the country in 2020,” said Yap Lip Seng, Chief Executive Officer of MAH.

“We are also looking forward to the Minister of Finance’s review to reduce the rate of the Tourism Tax, as an incentive to encourage international tourist arrivals, and possibly a temporary exemption of Service Tax for hotels as part of the Visit Malaysia Year’s initiative to counter the negative impact so far,” Yap added.

Industry stakeholders were particularly elated when Bank Negara expressed positivity for commercial banks and financial institutions to restructure and reschedule loans or hire purchase contracts for the tourism industry. It was recorded that commercial banks within its own jurisdiction are able to offer moratorium from three to six months to its customers.

The general consensus in the meeting is to ensure industry survival during this period, and to retain Malaysia's tourism capacity and capability, geared for recovery, hopefully by the third quarter of 2020.