

## **LITTLE HOPE FOR RECOVERY WITH MCO 2.0**

*“MCO 2.0 Serving a Deadly Blow to the Tourism Industry”*

**Wisma MAH, Ampang (19 Jan 2021)** – With the implementation of another Movement Control Order (MCO) effective 13 January 2021 and along with it countrywide restrictions on interstate travels, the tourism industry again crippled, despite being allowed to operate, hotels is expected to lose all revenue streams due to the restrictions.

While the industry experienced domestic market pick up in June last year, it was again impacted with the increase in Covid-19 cases early October, and it saw occupancy dropping almost immediately to approximately 20% and lower in most areas. There was a short relief when domestic travel was allowed again early December, and it triggered an increase in tourism activities across the country for the year end holiday period. Hotel occupancy rates peaked at approximately 43% on the last week of December with the Christmas and New Year holidays.

Evidently number of cases now is higher than the first MCO last year and it took us more than two months after the first MCO on 18 March last year for us to flatten the curve, and for the Government to allow domestic tourism in June last year. Hotel occupancy rate is expected to fall within similar rates of March last year, below 20% averagely.

There is no assurance how long it will take this time around and after recording unprecedented losses for year 2020, the industry is off to a rough start of 2021, and will likely need to take drastic actions to sustain, not knowing how long more the current situation will last.

The announcement by the Prime Minister, that we now know as “Permai Initiative”, came with much anticipation of the industry but again fell short of industry’s expectations. Other than the 10% discount on electricity, and that is only from January to March 2021, there was no other assistance extended to the hotel industry. Moratorium on loans was again left at the hands of commercial banks and financial institutions.

While the wage subsidy program is being extended to other industries, the government again failed to improve the program for the tourism industry that had been most heavily impacted by the pandemic and more so by the recent MCO 2.0. A higher wage subsidy program is much needed to keep hotels and tourism business afloat, without which more will be forced to retrench.

“We have repeatedly proposed, 50% wage subsidy for those earning up to RM4,000 and 30% for those up to RM8,000 in order for employers to retain jobs of the people. This is the only way to protect the work force, with the tourism industry being one of the top contributor of the country’s economy, it is only fair for the Government to consider our request favourably as soon as possible,” said Dato N Subramaniam, President of Malaysian Association of Hotels (MAH).

Regretfully the tourism industry is being neglected again despite its contribution to the economy of the country, and is being left to collapse. Malaysia will continue to lose competitiveness and also talent, and along with it, its capacity for recovery. With no clear direction and forward plans for the tourism industry, there is little hope of survival.

“Hotel occupancy for the month of January 2021 took a drastic drop to low 20% right after the announcement of MCO and cancellation of bookings were recorded across the country, including for the coming Chinese New Year period. For every two weeks of MCO, the hotel industry is expected to lose over RM300 million in revenues,” Dato N Subramaniam added.

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