

### **Outlook for Travel to Britain**

- Travel agents are reporting good numbers of forward bookings for the UK in 2010, an increase in numbers seen at the end of 2008. Forward bookings are filling up quickly for travel up to May 2010 with some agents reporting a loading rate of 70%.

### **Britain in the News**

- The Malaysian Immigration Director General recently gave an interview saying that the UK government is very likely to impose visas for Malaysians travelling to the UK for less than 6 months. However, colleagues at the British High Commission have confirmed that nothing has changed on the side of the UK government since the announcement of the visa waiver test results in February 2010 and there are no plans to introduce visas for Malaysians visiting the UK for less than 6 months.
- A Malaysian transsexual's application for a spousal visa has been rejected by the Home Office and she has been asked to return to Malaysia and re-apply from there. Her civil partnership with her British husband is not recognised in Malaysia and she faces the prospect of a jail sentence for 'overstaying' in the UK.
- The inquiry into the Iraq war was reported in several newspapers, interest in the inquiry is quite high given Malaysia's strong stance against the war in Iraq.
- The alleged massacre that took place in Batang Kali still attracts media attention as lawyers representing the families involved are presenting final representations in their appeal to the UK government to convene an inquiry into the incident. A group of protestors gathered outside the British High Commission to mark the anniversary of the attack.

### **General Market Mood**

- According to the Central Bank, the Malaysian economy registered an improvement in the third quarter of 2009 with a reduced contraction of 1.2% (second quarter 2009: -3.9%) amidst positive growth in domestic demand and stabilisation of external demand. The growth impetus emanated mainly from domestic demand, as a result of stronger private consumption and higher public sector spending.
- During the quarter, domestic demand turned around to expand by 0.4% (during the second quarter 2009 it contracted by 2.2%), led by stronger growth in private consumption and public sector spending. Private consumption, which grew by 1.5% (second quarter 2009: 0.5%), was supported by improved labour market conditions, lower price levels and higher spending for the festive season.
- From 1 October to 19 November, the Ringgit appreciated against the US Dollar by 2.8%, Japanese Yen (2%) and Euro (0.7%), but depreciated against the Pound (-1.3%). However the exchange rate is still year on year 7% lower in favour of the Ringgit.

### **Consumer Behaviour**

- Budget 2010 was announced at the end of October 2009. The measures in Budget 2010 are intended to delicately balance the need to address the government's budgetary constraints while continuing to support the nascent economic recovery. Apart from dealing with the budget deficit, Budget 2010 appears to be centered on facilitating access to finance for small businesses, subsidies for the agricultural sector and promoting foreign direct investment in certain sectors (as opposed to short-term pump priming). Visibly lacking are the "shot in the arm" measures. There is

certainly a strong social welfare component which will address issues on the quality of human capital and long-term competitiveness.

- The government's projection for GDP growth between 2% to 3% in 2010 reflects its cautious stance with regards to the possibility of a double-dip scenario in the global economy.
- Consumers however are unhappy with the announcement in the Budget of the imposition of a service tax for credit and charge cards. From 1 January 2010, there will be a RM50 annual charge for principal credit cards while RM25 will be charged for supplementary cards. The government says this step is to promote prudent spending but this is widely considered to limit access to credit and will negatively impact the financial sector as well as consumption. It is very likely that those holding multiple credit cards will start to reduce the number of cards held, thereby restricting the amount of credit available to them.
- The end of the current Parliamentary session in December will see the tabling of the proposed introduction of a goods & services tax in 2011, rate to be determined based on the outcome of a study being undertaken by the government.
- The visa issue continues to cause uneasiness amongst the travel trade – this was one of the top questions asked by travel agencies during a recent round of visits by VB. The recent interview by the Malaysian Immigration Director General is also likely to cause some anxiety to travellers.

### Media Matters

- As of 1 December, BBC Entertainment will no longer be available on satellite TV operator, Astro. The channel is currently being replaced with the Bio Channel, a channel offering content related to biographies of prominent figures.
- From 2010 – 2012, the government has introduced a tax relief on broadband subscriptions for all households up to the amount of RM500 a year (£90). Internet penetration in Malaysia is 65.7% while broadband penetration currently stands at 24%. Government aims to reach a broadband penetration rate of 50% by the end of 2010.
- MOL Global Pte Ltd, an affiliate of leading online payment solutions provider MOL AccessPortal Berhad, and Friendster, Inc., the operator of a top global web site based on traffic and a leading social network in Asia, announced that they have entered into a definitive agreement under which MOL Global will acquire 100% of Friendster. The principal shareholder of MOL is Tan Sri Vincent Tan, the Chairman and CEO of Berjaya Corporation Berhad, a leading, diversified Malaysian conglomerate that has annual revenues in excess of US\$1.8 billion. Following the acquisition, the operations of MOL and Friendster will be combined to create Asia's largest end-to-end content, distribution and commerce network, pairing MOL's offline retail channel partners and payment platform with Friendster's large online footprint, social network and user community in Asia. While Friendster's popularity has taken a backseat to Facebook, it is still one of the top 3 social networking sites used by Asians in general and Malaysians in particular. The social networking penetration rate in Malaysia was 66.6% at the end of 2008, (comScore World Metric).

### Routes and Fares

- Air Asia X had a sale to celebrate its 8 year anniversary with prices reduced for travel between 5 July and 30 October 2010.
- As of 29 October, Malaysia Airlines now flies out of Terminal 4 at Heathrow, moving from Terminal 3.
- Airfares to London for February 2010 (during Chinese New Year period) range from £450 - £900, these are fares offered by both budget and non-budget airlines.

## Business Tourism

- Corporate Information Travel (CIT), a newly accredited VisitBritain Preferred Agency, has secured an incentive trip to Manchester from 6-10 May 2010. They will be bringing 250 representatives from ASEAN, Taiwan and Hong Kong for the Chartis (formerly known as AIG) President's Conference.
- Travel agencies are reporting an improvement in bookings for business travel, compared to the same period last year.

## Leisure Travel Trade

- Travel agencies are also reporting that the end of the year school holiday period (end November 2009 to 3 January 2010) has seen an increase in the number of trips booked to the UK. There are many families taking opportunity of the favourable exchange rate to travel to the UK.

## Competitor Activity

- Queensland Tourism and Air Asia X launched a competition 'The Best Holiday In The World', offering a grand prize worth RM25,000 (£5,000). Entries to be submitted online at [www.queensland.com.sg/bestholiday](http://www.queensland.com.sg/bestholiday) and it ends 28 December. It features a series of features in newspaper The Star on Saturdays highlighting the destination.
- Singapore Tourism Board is continuing its special promotions for Malaysian visitors offering discounts on airfares, hotels and attractions during this school holiday period.
- Air Asia X has increased the number of destinations in India to four with the introduction of flights to Kochi, Trivandrum and Kolkata.

## VisitBritain Activity Update

- Shamila Othman, joined the VisitBritain family as Country Representative for Malaysia and Brunei on 9 November. She was previously Press & Public Diplomacy Officer at the British High Commission in Kuala Lumpur.
- 3 December, Malaysia saw its first batch of BritAgents graduating! Ceremony was held at the Residence of the British High Commissioner with guest of honour, Keith Beecham, Overseas Network Director presenting graduates with their certificates. Results for Malaysia:
  - 14 agencies conferred 'Preferred Agency' status
  - 95 graduates
  - some graduates demonstrated improved product knowledge as high as 72%
  - BritAgent journey will continue into next phase of further enhancement of product knowledge.
- VisitBritain co-hosted its annual media party with the Atout France and the Spain Tourism Board. The Christmas in Europe event was well attended by 45 members of the media – 15 from the newspapers, 28 from leading magazines and 2 from radio and television.
- Keith Beecham, Overseas Network Director, visited Malaysia 3-9 December where he participated in the BritAgent graduation ceremony as well as VB's Christmas In Europe Media Party. Keith also called on Tourism Malaysia's Director General and appeared on a local TV station's (ntv7) morning show 'The Breakfast Show' to talk about the success of the BritAgent programme and what travellers can look forward to in the UK for 2010 and beyond.

## Upcoming activity

- Value Britain campaign with Air Asia X
- Possible public diplomacy campaign with the British High Commission in Kuala Lumpur via the 'See Britain Through My Eyes' campaign

## Who's in Town?

- Lord Davies of Abersoch, UK Trade & Investment Minister visited Kuala Lumpur 5 & 6 October.
- Hon Quentin Davies MP, UK Minister for Defence Support and Equipment led the British delegation at the Langkawi International Maritime & Aerospace Exhibition (LIMA) in December.