

## Industry Analysis

### **Exploring Opportunities and Challenges of Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) Region Cooperation in Tourism**

Shamsul Baharin Saihani<sup>1\*</sup>, Muhammad Haziq Jaffri<sup>1</sup>, Mohd Zainizam Mhd Salimi<sup>1</sup>, Nor Harlina Abd Hamid<sup>2</sup>, Janiffa Saidon<sup>2</sup>, Jocelyn Y. Camalig<sup>3</sup>

<sup>1</sup>*Institute of Business Excellence, Universiti Teknologi MARA, 40450 Shah Alam, Selangor, Malaysia*

<sup>2</sup>*Faculty of Business and Management, Universiti Teknologi MARA Cawangan Selangor, 42300 Puncak Alam, Selangor, Malaysia*

<sup>3</sup>*College of International Tourism and Hospitality Management, Lyceum of the Philippines University, Muralla Cor. Real Sts., Intramuros 1002 Manila, Philippines*

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## **Introduction**

Tourism, as a vital sector of economic growth and cultural exchange, plays an indispensable role in the development of nations and regions. In Southeast Asia, the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) stands as a remarkable testament to the power of cross-border collaboration, offering tremendous potential for the advancement of tourism. The IMT-GT region, encompassing the southern provinces of Thailand (Nakhon Si Thammarat, Narathiwat, Pattani, Phatthalung, Satun, Songkhla, Trang, Yala, Chumphon, Krabi, Phangnga, Phuket, Ranong, and Surat Thani), Peninsular Malaysia (Perlis, Kedah, Pulau Pinang, Perak, Selangor, Negeri Sembilan, Melaka, Kelantan, including recent addition such as Terengganu, Pahang and Johor states), and western regions of Indonesia (Aceh, Bangka Belitung, Bengkulu, Jambi, Lampung, North Sumatera, Riau, Riau Islands, South Sumatera, and West Sumatera), has evolved into an important hotspot for both domestic and international tourism. This triangular collaboration has not only cultivated economic growth but has also paved the way for cultural and social interaction (Aggarwal, 2022).

The COVID-19 pandemic unfortunately caused a sharp fall in foreign tourists to the ASEAN area, with a 78.8% year-over-year decline to 29.0 million in 2020. Nonetheless, with 21.1 million international arrivals in 2021, Thailand accounted for the largest percentage of arrivals in the area. It is worth to note that Malaysia aims to accomplish 13% more tourist spending in 2026 than the RM86.1 billion obtained in 2019 (Ganesan, 2023). The number of targeted arrivals for 2026 is 26.1 million, the same as in the pre-pandemic year of 2019 for Malaysia. In addition, Indonesia confidently stated that the country is well on its way to not just meet but exceed its ambitious target of welcoming 8.5 million foreign travellers by the end of 2023. It is projected that the inbound flows would increase at a compound annual growth rate (CAGR) of 10.7% between 2022 and 2024,

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Correspondence: Shamsul Baharin Saihani; Email: [shams887@uitm.edu.my](mailto:shams887@uitm.edu.my)

to reach 142 million foreign arrivals by 2024, as ASEAN member nations go through a phased reopening and travel resumes globally (GlobalData, 2023).

IMT-GT emphasise tourism development and promotion initiatives into practice in order to maximise its potential for tourism such as enhancing connectivity between important parts of the sub region to foster selected related cross border tourism network development, making the sub region a more competitive, inclusive, and sustainable travel destination as well as promoting the sub region as a single location. Several scholarly articles provide valuable insights into the opportunities and challenges of the IMT-GT region's cooperation in tourism. Prasaliani (2019) for instance discusses the tourism strategy implemented by the Thai government within the IMT-GT framework, highlighting policies that support tourism development, infrastructure improvement, and marketing efforts. In another study, Majid et al. (2022) focuses on air connectivity within the IMT-GT cooperation, proposing flight points to enhance air transportation between the countries and providing strategic recommendations for the Indonesian government. Furthermore, Aziza (2020) explores the concept of halal tourism within the IMT-GT countries, highlighting differences in regulations and laws on halal certification between Indonesia, Malaysia, and Thailand.

The Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) region possesses immense potential for tourism growth. With its diverse natural landscapes, cultural heritage, and historical sites, it has all the ingredients to become a thriving tourist destination. The IMT-GT region is a treasure trove of natural beauty and biodiversity with UNESCO-listed gems like the "Tropical Rainforest Heritage of Sumatra," pristine national parks and forests in Malaysia, such as Belum-Temengor Forest Complex, Ulu Muda Forest Reserve, Taman Negara Pahang National Park, and the UNESCO-listed Langkawi Geopark (Von Rintelen, et al., 2017). In addition, Thailand's captivating natural wonders, including the renowned Ko Tarutao Marine National Park, the serene Nam Tok Than To Forest Park, the scenic Banglang National Park, the picturesque Si-Po Waterfall National Park, and the majestic Khao Luang National Park, beckon nature enthusiasts and adventure seekers. These destinations offer diverse ecosystems and unique wildlife, promising an unforgettable experience for travelers looking to connect with nature and explore the rich cultural heritage of Southeast Asia.

However, several pressing issues and challenges threaten to hinder the region's success in the tourism sector. One challenge is the lack of sufficient inter-sub regional connectivity (Idris & Hussin, 2018). Despite the close proximity of the three countries, there are limitations in terms of transportation infrastructure and connectivity between different destinations within the IMT-GT region. Improved air connectivity between Thailand, Malaysia and Indonesia would enhance tourism flow and facilitate easier travel for tourists within the region (Chen et al. 2019). Further obstacles can be summarised below:

#### I. Environmental Conservation and Heritage Protection

One of the most significant challenges facing the IMT-GT is the lack of compliance with environmental controls and the protection of natural and cultural heritage (Kayat, 2006). The unchecked deforestation and loss of rainforests are detrimental not only to the environment but also to the region's attractiveness to environmentally conscious tourists. Preserving these unique natural and cultural assets is vital for sustainable tourism development.

#### II. Annual Smoke Haze and Air Quality

The annual smoke haze caused by rainforest clearing and burning poses a severe threat. It not only disrupts tourism activities but also poses health hazards (Ramakreshnan et al., 2018). Smoke haze can reduce visibility and make outdoor activities less enjoyable. Tourists visiting the region for outdoor adventures

like hiking, wildlife viewing, or beach activities may find their plans disrupted, leading to dissatisfaction with their travel experience.

### III. Natural Disasters

The IMT-GT region is prone to a range of natural disasters, including volcanic eruptions, earthquakes, and floods. Natural disasters can cause significant damage to transportation infrastructure, accommodations, and tourist facilities. This can disrupt travel plans, result in cancellations, and reduce the quality of the tourist experience. In the aftermath of natural disasters, some tourist attractions may become temporarily inaccessible or closed. This can limit the range of activities available to tourists, impacting the overall appeal of the destination. Preparing for and mitigating these risks is essential to ensure the safety of tourists and the sustainability of the tourism sector (Tembata & Takeuchi, 2019).

### IV. Insect-Borne Diseases

The prevalence of diseases like malaria and dengue poses a significant deterrent to tourists (Howe, 1982). Even in areas with a low prevalence of insect-borne diseases, the mere perception of risk can affect tourism. Travelers may perceive the entire region as a health risk, leading to lower visitation rates and reduced demand for tourism services. High-risk areas for insect-borne diseases may lead to increased travel insurance premiums. This can make travel to the region more expensive, potentially discouraging budget-conscious travellers.

### V. Lack of Coherent Policies

A lack of clear and consistent policies and regulations creates uncertainty and hinders investment in the tourism sector. The development of a comprehensive and well-structured tourism policy framework is essential to provide a conducive environment for investment and growth. There is the need for harmonisation of tourism policies and regulations among the participating countries (Hitchcock et al., 2018). Differences in visa requirements, tourism regulations, and safety standards can create obstacles for tourists and limit the seamless movement of people within the IMT-GT region. Efforts should be made to align and streamline these policies to facilitate smoother travel and encourage tourists to visit multiple destinations within the region.

### VI. Political Instability and Terrorism

Political instability and terrorism can lead to safety concerns, discouraging tourists from visiting the region (Ingram et al., 2013). Ongoing political conflicts and terrorist activities can disrupt essential services and infrastructure, affecting the overall quality of the tourist experience. For instance, transportation networks, hotels, and attractions may be affected or closed, causing inconvenience to tourists. As tourist numbers decline due to safety concerns, local businesses and communities that rely on tourism suffer economic setbacks. This can lead to reduced livelihoods and economic hardship for those dependent on the tourism industry.

Addressing these multifaceted challenges requires a collaborative and coordinated effort among the member countries of the IMT-GT. By strengthening environmental protections, promoting sustainable tourism practices, and investing in disaster preparedness, public health, and policy coherence, the region can unlock its tourism potential and thrive as a sought-after tourist destination. Furthermore, fostering political stability and addressing geopolitical conflicts will be crucial for ensuring the long-term success of the IMT-GT tourism sector. In doing so, the region can look forward to a prosperous and sustainable tourism industry that benefits both local communities and international visitors.

Indonesia, Malaysia, and Thailand recognised the importance of a coordinated response to rejuvenate their tourism sectors. In light of this, they have implemented several measures to bolster their appeal to travellers and encourage the safe return of tourists post Covid-19 pandemic. These initiatives encompass a combination of safety protocols, digital innovations, sustainable practices, and collaborative marketing strategies. The three countries have implemented rigorous health and safety protocols to ensure the well-being of tourists. These measures include testing and vaccination requirements, contactless check-ins, and the adoption of best practices in hygiene and sanitation. The nations have harnessed digital technology to streamline travel procedures (Majid et al., 2022). Mobile apps and online platforms offer travellers real-time information, online booking services, and e-visa options, making the journey more convenient and secure. In response to the growing interest in eco-friendly tourism, Indonesia, Malaysia, and Thailand are actively promoting sustainable practices in the industry (Mura et al., 2015). They are encouraging responsible tourism that respects the environment, local culture, and traditions. Joint marketing campaigns have been launched to highlight the diverse attractions of the IMT-GT region. These campaigns emphasize the region's rich cultural heritage, natural beauty, and unique experiences. This can be achieved by encouraging innovation and collaboration among local businesses, particularly micro, small, and medium enterprises. By supporting the development of unique and authentic experiences, such as homestays, cultural events, cuisine tours, and community-based tourism initiatives, the IMT-GT region can offer a more diverse range of tourism products that cater to the interests of different types of travellers. To counter the challenges facing disaster, Indonesia, Malaysia and Thailand have developed comprehensive disaster preparedness plans and effective response mechanisms. This includes evacuation plans, emergency communication systems, and coordination with relevant authorities to ensure tourists' safety. Furthermore, marketing and promotion efforts should be strengthened to increase market awareness of the IMT-GT region as a single destination. This can be done through joint marketing campaigns, participation in international tourism fairs and exhibitions, and leveraging digital platforms and social media to reach potential tourists.

As we delve into the opportunities and challenges of IMT-GT region cooperation in tourism, it becomes evident that the synergy among Indonesia, Malaysia, and Thailand has the potential to drive the recovery of their tourism sectors after the pandemic. The scholarly articles cited above shed light on specific strategies, prospects, and challenges facing the IMT-GT region in the pursuit of sustainable tourism growth and regional prosperity, emphasizing the importance of policies, infrastructure development, air connectivity, and the diversification of tourism offerings. While the potential for tourism development within the IMT-GT region is promising, it is crucial to acknowledge and address challenges such as political uncertainties, practical difficulties, and differences in regulations, as highlighted by these academic insights.

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