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4. Snapshot report on tourism trends in the region

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A. Overall Assessment

- International tourist arrivals in the Middle East totalled 50 million in 2014, growing at 4% after three years of negative performance.
- North Africa posted weak growth, with international tourist arrivals growing just 1% in 2014 over 2013.
- First months of 2015 show decline in international tourist arrivals to North Africa. As for the Middle East, data for major destinations is still pending.

1. The Middle East and North Africa (MENA) region welcomed 70 million international tourist arrivals in 2014, up from 68 million in 2013. International tourism in the Middle East (+4%) showed signs of rebound with good results in most destinations. Arrivals to North Africa were weak (+1%) compared to the 6% growth achieved in 2013 over 2012.
2. Key indicators during the first two months of 2015 show decline in tourism in North Africa, with international tourist arrivals down in **Morocco** and **Tunisia**. In the Middle East, data is still pending for major destinations, though early results show that the rebound in **Egypt** and **Lebanon** tourism in late 2014 continued through January 2015.
3. Based on current trends and the UNWTO Confidence Index, UNWTO forecasts modest growth for MENA, due to a large degree of uncertainty over the geopolitical environment in the region.

A.1. Full year results - 2014

4. International tourist arrivals in the Middle East (+4%) showed signs of rebound, after three years of negative performance. The region attracted an additional 2 million arrivals bringing the total to 50 million, with most destinations posting positive results.¹
5. The region's top destinations posting double-digit growth were **Saudi Arabia** (+13%) and **Oman** (+29%). **Qatar** posted a solid 8% increase in arrivals in 2014, with figures almost doubling in the past five years (from 1.5 million in 2009 to 2.8 million in 2014). In contrast, **Jordan** (+3%), **Palestine** and **United Arab Emirates** (both +2%) saw more moderate growth, the latter after four years of strong results. **Egypt** (+4%) saw a rebound in the second half of the year, after a drop in arrivals in the first half. Growth in **Lebanon** (+6%) also picked up from the third quarter of the year, albeit on drastically reduced numbers in 2013 (1.3 million international tourist arrivals) compared to the 2.2 million international tourist arrivals recorded in 2010.
6. In contrast, North Africa (+1%) posted weak growth, with international tourist arrivals in **Morocco** up by a modest 2% while arrivals in **Tunisia** decreased by 3%.
7. Data on receipts for 2014 is still pending for many MENA destinations. However, the countries that have reported data already recorded positive growth in receipts. **Egypt** reported a 24% rise in international tourism receipts in 2014, a welcome result after negative performance in 2013 (-39%) while **Qatar** (+33%), **Tunisia** (+12%) and **Jordan** (+6%) also recorded positive results that outperformed growth in arrivals to those countries.

A.2. Key Indicators for the first months of 2015

8. The number of tourist arrivals in **Tunisia** continued to decline (-14%) until March 2015 compared to the same period last year. The terrorist attack at the Bardo museum in Tunis in March was a further

¹ January 2015 edition of the UNWTO World Tourism Barometer

blow to the tourism industry; at least two major cruise lines have cancelled trips to the nation for the rest of the year.

9. In contrast, **Egypt** saw an increase by 6% in the number of international tourist arrivals in January 2015 compared to the corresponding month in 2014.² Tourism numbers in **Lebanon** increased by 21% in the first three months compared to the same period in 2014³, while in Dubai, the annual Dubai Shopping Festival attracted 12% more visitors in the first month of the year.
10. Main highlights of trends in performance of the different sectors in the travel and tourism business in the MENA region in 2014 and the first months of 2015 are presented below:

B. Aviation sector

- Middle East airlines recorded the strongest increase in passenger traffic (+13%) in 2014 over 2013. Demand further soared 9% in the first two months of 2015.
- African airlines' demand was weakest among all regions, with volumes expanding only 1% in 2014 compared to 2013. Volumes were down 1% in February 2015 year-on-year.

B.1. Full year results - 2014

11. Air transport data from International Air Transport Association (IATA) shows that Middle East airlines recorded the strongest increase in passenger traffic in 2014, a rise of 13% compared to 2013.
12. Middle Eastern carriers benefitted from solid trade growth which supported expansion in business related international air travel. The region's economies are comparatively well-placed to withstand the plunge in oil revenues and its airlines continued to gain market share. Capacity expansion was kept to 11% in 2014, two percentage points below growth in demand, pushing load factors to 78% in 2014 compared to 77% in the previous year.
13. International demand for African carriers was weakest among all regions, with volumes expanding only 1% in 2014 compared to 2013. The direct effects of the Ebola outbreak are judged to be small; instead economic activity and demand for air travel was hampered by weakness in Africa's largest economies, including Nigeria, which relies heavily on oil revenues. Capacity expansion of 3% was above traffic growth, resulting in reduced load factor of 68% compared to 69% in 2013.

B.2. Key Indicators for the first months of 2015

14. Middle East carriers' demand rose 9% in the first two months of 2015, strongest amongst all regions. Capacity climbed 11% leading to load factor of 78%, marginally above the global average.⁴
15. African airlines' passenger demand continued to be weak, with volumes down 1% in February year-on-year, the only region to report negative growth. Capacity was reduced to match lower demand, resulting in unchanged load factor of 66%, the lowest for any region.
16. IATA forecasts post-tax net profits for Middle Eastern airlines to grow to US\$1.6 billion in 2015 (up from US\$1.1 billion in 2014). African airlines are expected to post barely positive profits (US\$200 million in 2015 which is an improvement on the break-even performance in 2014).⁵

² Central Agency for Public Mobilization and Statistics (CAPMAS)

³ <http://www.lebaneseexaminer.com/2015/02/21/winter-lebanon-attracting-tourists-year/>

⁴ <http://www.iata.org/whatwedo/Documents/economics/passenger-analysis-feb-2015.pdf>

C. Accommodation sector

- Middle East hotels posted positive results in occupancy (+3%), Average Daily Rate (ADR) (+1%) and Revenue per Available room (RevPAR) (+4%) in 2014. The first two months of 2015 saw decreases in all three metrics.
- Northern Africa hotels posted growth in all three performance measures: occupancy (+12%), RevPAR (+15%) and ADR (+3%) in 2014; however, occupancy levels were just 52%. The first two months of 2015 also saw positive performance results on all three metrics.

C.1. Full year results - 2014

17. Middle East hotels posted positive results on all three performance measures: occupancy (+3%), ADR (+1%) and RevPAR (+4%). The RevPAR of US\$140.52 was the highest in the world.⁶ The Middle East has had one of the lowest supply growths in the last six years. Lower supply, coupled with a 9% increase in demand, led to a positive impact on occupancy which drove RevPAR growth.
18. **Dubai** hotels closed 2014 with strong occupancy and average room rates in December which saw overall performance levels exceed those achieved in 2013. This increase was driven by a 2% increase in ADR, however the market witnessed a marginal decline in occupancy by 0.2 percentage points to close the year at 80%.⁷
19. Significantly, Dubai's hotels welcomed 11.6 million guests in 2014, up 6% on the previous year, despite the decrease in the number of Russian visitors - a result of the current geopolitical situation and the decrease in the value of the Rouble. Steady growth from traditional source markets such as Saudi Arabia, India and United Kingdom, and significant growth in hotel guests from China contributed to the overall positive results for the year.⁸
20. Three markets that reported double-digit growth in all three performance measures were **Abu Dhabi, Doha** and **Beirut**. Hotels in Beirut posted a strong recovery in performance levels during the latter part of 2014, ending the year with 5% growth in profit margins. **Manama** hotels were buoyed by higher leisure demand from Saudi Arabia due to greater political stability. RevPAR grew 5% on the back of occupancy rising by 6%, while ARR was down by 1% from 2013.⁹
21. With political tension easing, and tourists returning to the country, hotels in **Egypt** recorded a significantly better performance.
22. Northern Africa hotels experienced growth in all three performance measures: occupancy (+12%), RevPAR (+15%) and ADR (+3%) in 2014; however, occupancy levels were just 52%.

C.2. Key Indicators for the first months of 2015

23. Middle East hotels reported year-to-date decreases in all three performance metrics in February 2015. Occupancy was down 1%, RevPAR down 2% and ADR down -0.2%. On the other hand, occupancy in North Africa hotels was up 9%, and RevPAR and ADR increased by 19% and 9% respectively. However, even though North Africa is posting strong improvement, occupancy was below 50% in the sub-region.¹⁰

⁵ <http://www.iata.org/pressroom/pr/Pages/2014-12-10-01.aspx>

⁶ http://www.hotelnewsnow.com/media/File/PDFs/Monthly_charts/GlobalHotelReview_Media_December_2014.pdf

⁷ <http://www.hoteliermiddleeast.com/19357-dubai-hotels-report-top-profits-for-fourth-year/#.U0QX5maoXIU>

⁸ <http://www.arabianbusiness.com/dubai-hotels-welcome-11-million-guests-in-2013-541345.html>

⁹ http://www.trimideast.com/upload/documents/HotStats_MENA_Chain_December_2014.pdf

¹⁰ http://www.hotelnewsnow.com/media/File/PDFs/Monthly_charts/GlobalHotelReview_Media_February_2015.pdf

24. Amongst the key countries in the region, **Egypt** experienced significant increases in RevPAR (+33% to US\$36.75) and ADR (+29% to US\$78.00). Cairo reported the highest increases in both occupancy (+40% to 51%) and RevPAR (+44% to US\$52.88).
25. In addition to Cairo, two other key markets reported increase of more than 20% in two major metrics: **Beirut** reported uplift in occupancy (+24.7% to 49%) and RevPAR (+30% to US\$73.28), and **Abu Dhabi** reported double-digit increase in ADR ((+27% to US\$187.63) and RevPAR (+29% to US\$151.15). **Amman** (-19%) and **Muscat** (-10%) experienced double digit declines in RevPAR.

D. Travel distribution

- The GCC travel trade continued to benefit from the overall increase in tourism demand in 2014. Tourism businesses in **Egypt** and **Lebanon** benefited from the rebound in tourism, while **Jordan** travel businesses continued to face difficulties.
- A similar trend continued in the first months of 2015, even as **Dubai** showed signs of slowdown.

D.1. Full year results - 2014

26. The GCC travel trade continued to benefit from the overall increase in tourism demand, though incomes of the trade that depended on the Russian market were severely tested, especially in **Dubai**. Companies working with charter flights and with large tour operators had declines of 30% or more, with margins also coming under pressure due to increased competition.¹¹
27. In the Levant region, the **Lebanese** travel trade had an overall better 2014 as tourism rebounded in the latter half of the year. In Petra, **Jordan**, the travel trade continued to suffer from the decline in the number of annual visitors that has dropped by 50% since 2010. Hoteliers have had to close doors or scale back staff as overnight stays have reduced; 1,500 tourism jobs have been lost.
28. In **Egypt**, for thousands of Egyptians whose incomes rely on tourism, there was renewed hope as tourist numbers surged in the second half of the year with signs of political stability.

D.2. Key Indicators for the first months of 2015

29. The travel trade in **Oman** is benefiting from a positive start to 2015 and expects a good year; Oman tourism is forecast to see one of the biggest improvements in the world this year. **Bahrain** and **Qatar** too have started the year well, with Bahrain's Spring of Culture Festival in March drawing praise. All of this has boosted the travel trade in these destinations.
30. **Lebanon** had a successful skiing season this winter, with increased visits from its traditional markets. On the other hand, **Jordan** suffered a setback in the first months of 2015, with Petra hotels being closed down due to dismal occupancy levels. **Morocco** and **Tunisia** have seen similar setbacks. This is impacting travel businesses negatively, after some signs of hope on tourism renewal in 2014.
31. **Egypt** has started the year well, continuing from the improvement seen in the second half of 2014, with increased number of tourists from its traditional markets. 2014 numbers are seen to be by far the best since 2011, and the trade feels that 2015 should be even better if political stability continues. Cairo hotels benefited strongly in Q4-2014, and the expectation is that this will continue through 2015. This is good news for the travel trade, which had been crushed under the effects of the Arab Spring for the past several years.

¹¹ <http://www.hoteliermiddleeast.com/22555-uae-hoteliers-feel-the-brunt-of-russian-turmoil/>

E. Tourism segments and products

- Leisure tourism grew in MENA across most destinations, while business tourism in key destinations **Qatar, Saudi Arabia** and the **UAE** also saw sustained growth.
- Religious tourism in **Saudi Arabia** was affected by capacity constraints related to the expansion of the Grand Mosque in Mecca and other crucial Hajj-related infrastructure, but is expected to rise steadily over the coming years.¹²
- Cruise tourism in **Egypt** continued to suffer. It achieved solid growth in the GCC countries.
- Medical tourism was impacted in **Lebanon**, was more resilient in **Jordan**, and is now a focus area in the **UAE**.
- Performance in the first months of 2015 was consistent in the GCC destinations, across tourism segments and products. **Tunisia, Morocco** and **Jordan** saw sliding tourist numbers across segments, while leisure demand for **Egypt** seems to be on the rise.

E.1. Full year results – 2014

32. Leisure tourism is the mainstay of most destinations in MENA. In North Africa, **Morocco** posted a modest 2% growth in international tourist arrivals in 2014, majority being leisure tourists, while **Tunisia** suffered a decline (-3%) in 2014. Both destinations witnessed a major downward trend in French tourist arrivals towards the end of the year. Leisure tourism to **Egypt** improved significantly in the second half of the year, as political stability ensued and travel warnings were lifted by major tourism-generating countries.
33. In **Lebanon**, relative stability following the formation of the Government in February 2015, and the subsequent launch of promotional campaigns and lifting of the travel ban by GCC countries prior to the peak summer season, helped revive leisure tourism. In **Jordan**, leisure tourism continued to suffer from reduced tourist inflows due to regional turmoil, the decline further exacerbated by doubling of tourist visa fees in March 2014.¹³
34. GCC countries continued to benefit from increased inflow of regional and international leisure visitors. In **Saudi Arabia**, Hajj numbers peaked at close to four million in 2013, but because of the Mecca renovation project, 2014 numbers did not reach two million.¹⁴
35. The business tourism sector saw sustained growth in key GCC countries namely **Qatar, Saudi Arabia** and **UAE**, registering year-on-year positive growth in business travel and MICE tourism. Infrastructure development work continues to grow especially in Dubai where increased construction activity continues to attract investors and suppliers to its trade fairs and project launches.
36. **Qatar** and the **UAE**, key sports tourism destinations, hosted several sporting events as scheduled. In **Bahrain**, the three-day Formula 1 Grand Prix boosted the tourism industry with occupancies in four star and five star hotels rising above 85%, an increase of 15% year-on-year.¹⁵ In the **UAE**, the Abu Dhabi Grand Prix also hosted more international visitors as the organizers boosted capacity to meet rising demand.

¹² <http://www.oxfordbusinessgroup.com/overview/sustaining-growth-innovative-strategies-are-being-employed-improve-offerings>

¹³ <http://www.telegraph.co.uk/travel/destinations/middleeast/jordan/10739113/Jordans-visa-fee-doubled-despite-drop-in-tourist-numbers.html>

¹⁴ <http://www.hotelnewsnow.com/Article/14960/Saudi-religious-tourism-changes-spark-growth>

¹⁵ <http://www.moc.gov.bh/en/mediacenter/news/2014/April2014/Name,11259,en.html>

37. Cruise tourism continued to suffer in **Egypt** in 2014, and **Tunisia** also saw reduced numbers. In the **UAE**, Dubai received 358,000 passengers from 94 cruise ship calls in 2014, while Abu Dhabi received nearly 25% more cruise ships and 16% additional passengers in the year. In **Oman** which has positioned itself as a choice destination for cruises, around 300,000 cruise passengers were recorded in 2014. Cruise tourism is set to receive a further boost from the new multiple-entry visa introduced by the **UAE** which is expected to make travel between the UAE and neighbouring countries easier for cruise passengers.¹⁶
38. Medical tourism generated more than US\$1 billion in 2014, with a total of 250,000 patients from abroad coming to **Jordan** for treatment, a number that is almost similar to the year before, according to the Jordan Private Hospitals Association. Each patient was escorted by two people, with the total number of escorts standing at around half-a-million.¹⁷ In **Dubai**, which aims to be a medical tourism hub in the Gulf region, the number of tourists for medical procedures hit 135,000 in 2014, up from 120,000 in 2013. Dubai is targeting 500,000 medical tourists by 2020.¹⁸

E.2. Key Indicators in the first months of 2015

39. Leisure and cruise tourism have suffered in **Morocco** and **Tunisia**, both of which are highly reliant on cruise tourism. However, cruising on the Nile has picked up, and there is a general perception that if political stability remains, most of the 350 ships sailing on the Nile before the revolution will be back in business.
40. In **Dubai**, a landmark achievement was completed with the opening of the new Hamdan bin Mohammed Cruise Terminal, where 5 ships were docked simultaneously in January 2015 with 25,000 passengers.
41. **Dubai** is seeing a rise in demand in its medical tourism segment, particularly from within the Arab market.
42. Relative stability in **Bahrain** has seen continued good performance in its leisure, sports and business tourism segments. Its Spring of Culture festival in March was well received, and the Bahrain Grand Prix in April is expected to boost hotel occupancies. Performance in other GCC markets remains consistent, across tourism segments and products.

F. Source markets

- International visitors continued to travel to MENA in 2014, though numbers varied by destination.
- Intra-regional tourism demand to GCC continued to build on the positive performance in the previous year. There was a lift in Arab visitors to **Egypt** and **Lebanon** as well.
- In the first months of 2015, European tourism to **Tunisia** and **Morocco** declined. In the GCC, tourist traffic from Asia and the Middle East maintained the growth momentum of the previous year.

F.1. Full year results - 2014

43. Air travel demand from Asia & the Pacific to Africa and the Middle East grew by 17% in 2014, despite a slowdown towards the end of the year. Air travel from the Americas and Europe increased

¹⁶ <http://www.thenational.ae/business/travel-tourism/record-month-for-new-cruise-terminal-in-dubais-mina-rashid>

¹⁷ <http://www.phajordan.org/EN/News/NewsDetails/tabid/71/ArticleId/139/Medical-tourism-generates-over-JD1-billion-in-2014-PHA.aspx>

¹⁸ <http://www.thefirstgroup.com/en/news/2015/1/dubai-hospitals-go-high-tech-to-attract-medical-tourists.aspx>

6% and 1% respectively, though the last four months saw demand drop, due to regional conflict and extremism.¹⁹ Intra-regional tourism demand saw weaker increase (1%).

44. While **Morocco** saw overall growth in 2014 versus 2013, a dark portent was apparent when its most important source market, France, registered 46% reduction in bookings in December 2014 against bookings in December 2013. The decline is attributed to terrorist activity directed at French citizens in neighbouring countries.²⁰ **Tunisia** also received reduced number of French nationals (-6%).
45. Till September, **Jordan** witnessed a 13% drop in day visitors from the region, and 3% growth in overnight visitors led by Europe, compared to 2013. In **Lebanon**, there was a lift of 15% in Arab visitors led by Iraqis. The decline seen in Q1 was more than compensated in the later months, particularly after the travel ban was lifted by the GCC governments.
46. In **Egypt**, arrivals from traditional source markets in Western Europe, Eastern Europe and the Middle East grew by 70% in Q3-2014 compared with the corresponding period in 2013. In total, some 1.6 million Arab tourists visited Egypt in 2014, increasing by 16% compared to the preceding year. Despite its geographical closeness to Egypt, the percentage of GCC tourists visiting Egypt compared to the total number of tourists did not exceed 20% in any given month in 2014.²¹
47. In the GCC, growth in international tourist arrivals from all world regions reflects the results of solid performance, with intraregional tourism demand maintaining steady growth. **Dubai's** top source markets for tourists in 2014 largely remained unchanged from 2013, with **Saudi Arabia** topping the list. India, UK, USA, Iran, Oman, China, Kuwait, Russia and Germany were the other top source markets for tourists coming to Dubai. The number of Chinese tourists to Dubai also saw a steep growth of 25% in 2014 compared to the previous year. The total number of hotel guests increased by 6% despite the decrease in the number of Russian visitors – a result of the current geopolitical situation and the decrease in the value of the rouble.²²
48. In **Qatar**, visitors from GCC, the largest source market, increased 3% to 1.2 million arrivals. There was a surge in the number of arrivals from Asia (+20%) totalling 782,904 visitors. Overall visitors were up 8% to 2.83 million.²³
49. **Oman**, one of the top destinations for short breaks among GCC tourists, registered a 17% growth in GCC visitor numbers at the end of Q3, 2014. The top three European source markets were UK (+4%), France and Germany. Italy (+22%), which stood fourth, emerged as the best-performing source market among all foreign markets that contribute to tourism in the country.²⁴

F.2. Key Indicators in the first months of 2015

50. The most important factors impacting travel to the MENA region in the first months of 2015 have been the fears around ISIS and other terror activity, and drop in value of the Euro and Rouble making travel significantly more expensive for travellers from these source markets.
51. The impact is evident from the fact that French bookings for vacations in **Morocco** decreased in January by 60%; French bookings to all destinations registered a 14% decrease. Morocco is the

¹⁹ ForwardKeys for UNWTO

²⁰ <http://www.hotelnewsnow.com/Article/15381/Hotel-companies-tiptoe-back-to-North-Africa>

²¹ <http://www.albawaba.com/business/checking-or-out-egypt-and-arab-tourism-through-2014-675956>

²² <http://gulfbusiness.com/2015/03/dubai-hotel-guests-cross-11-6m-5-6-2014/#.VSTkdfmUeSo>

²³ <http://dohanews.co/qatar-hotel-options-multiply-2015-amid-rising-visitor-numbers/>

²⁴ <http://www.muscatdaily.com/Archive/Oman/Oman-received-1.47mn-tourists-in-2014-3ww1>

worst hit among all destinations worldwide.²⁵ If this trend continues, tourism to Morocco will be hugely affected as French tourists are the largest foreign group visiting Morocco.

52. The terrorist attack at the Bardo Museum in the heart of Tunis on 18th March has put a major brake on **Tunisian** tourism. Italian cruise operator Costa Crociere suspended operations to Tunisia. Other cruise companies were expected to follow suit. Several countries have instituted travel advisories against their nationals' travel to certain destinations, or specific parts of those destinations, following terrorist threats.
53. Travel by Russians has been impacted by the drop in value of the Rouble. Russian visitor numbers to **Dubai** fell by 36% in February 2015 compared to a year ago, and dropped further in March. This has caused a drop in hotel occupancies, acutely felt in a city that had grown accustomed to high occupancy levels, and equally important, drop in retail sales of high-end goods. In contrast, Russian tourism to **Egypt** has risen by 15% in the first months of 2015, which is due to a close partnership between Egypt and Russian tour operators, ensuring that a constant stream of tourists are entering the country, and because Russians are leaning more toward all-inclusive package trips, an area in which Egypt specializes.²⁶
54. Tourist traffic from Asia and the Middle East to GCC has maintained the growth momentum of 2013, though India has lost its second position to the UK in 2014 in terms of traveller nationalities visiting **Dubai**. With this support, and the continuing role of Dubai increasingly being a hub for travel across the world, Dubai International Airport toppled London Heathrow as the world's busiest airport for international travellers in 2014, with passenger numbers recorded at 70.47 million.
55. Outbound travel from the U.S. to the Middle East recorded an increase of 16% in January 2015, over the same month in 2014.²⁷

F.3. Intraregional (Arab) market – trends, challenges and opportunities

F.3.1. Major trends

56. Intraregional tourism in the Middle East rose steady from 66% in 1995 to 75% in 2010. However, since the *Arab Spring*, the continuing geopolitical environment has resulted in a massive decline in tourism within the region. Intraregional tourism has a low share (42% of total international arrivals) in comparison to that experienced in other regions such as Europe, Asia and the Americas (which accounts for over 70% of total arrivals).
57. Tourism to traditional leisure destinations such as **Syria, Lebanon, Egypt** and **Jordan** has suffered hugely. Growth today is mainly concentrated in the GCC destinations, led by leisure and business travel to the **United Arab Emirates** and religious travel to **Saudi Arabia**.

F.3.2. General market characteristics

58. Irrespective of the many links and common features that tie Arab countries together, the Arab market segments, whether economic, social, cultural or geographic, dictate variations in attitudes and travel patterns. The combination of business and leisure is perhaps the most common purpose of travel besides visiting relatives and friends.

²⁵ <http://www.morocoworldnews.com/2015/02/152660/number-french-tourists-morocco-decreases-60-january/>

²⁶ http://www.todayzaman.com/business_report-number-of-russian-tourists-to-turkey-to-increase-in-2015_376156.html

²⁷ <http://travel.trade.gov/tinews/archive/tinews2015/20150324.html>

59. The main Middle East travel source markets are the six GCC countries that constitute over 60% of travel volume and 75% of travel spend from the region. Over two-thirds of travel is for leisure and VFR purposes, one-fourth for business and 7% for religious, health and other purposes.
60. 60% of outbound travellers are Arab nationals while 40% are resident expatriates. They are more males than females; one-half are young (18-34 years) and well-educated, and over one-half are married, with children in the household. They have high disposable income. They travel as families, in large travel groups, go on long holidays (20+ nights) and are high spenders.
61. This lucrative travel market is increasingly heading to Asia and the Pacific and Europe, not only due to the existing socio-political situation within the region but also due to certain constraints that inhibit intraregional travel.

F.3.3. Key issues and constraints

62. The main factors generally constraining the development of intraregional tourism in the Arab world are identified as follows:
- Poor cross border access and transportation connectivity
 - Narrow and poorly adapted tourism product base designed to meet the needs of the intraregional market
 - Inadequate marketing and promotions at the country and regional level
 - Poor quality of tourism facilities and services, compared to that offered by competing destinations in other regions
 - Lack of comprehensive, reliable, comparable and timely tourism statistics and economic impact data
 - Limited tourism investment promotion
 - Weak education and training institutional policies and programmes that do not meet the tourism labour market's needs.

F.3.3.1 Cross border access

63. The difficulty of obtaining visas due to cumbersome processing requirements and in some cases high visa fees that discourage intra-Arab travel is a major impediment to intra-regional Arab travel. UNWTO research on visa facilitation found that the most common visa facilitation techniques applied by national authorities fell into the following 5 areas:
- improving delivery of information;
 - facilitating current processes to obtain visas;
 - differentiating treatment to facilitate tourist travel;
 - instituting e-Visa programmes; and
 - establishing regional agreements
64. Other initiatives to facilitate cross border movements for Arab tourists that could be considered include reducing the cost of visas, extending visas on arrival and pre-departure clearance.

F.3.3.2 Transport connectivity

65. Insufficient transportation services—especially air services between generating markets and destinations, exacerbated by passenger processing arrangements at airports and resistance to entry of regional low cost carriers and charter operations are main impediments to the growth of intra-regional Arab tourism.

66. Four key issues need to be addressed in order to facilitate expanded intra-regional air connectivity:
- Adopting a more liberal approach to connectivity and economic regulation;
 - Ensuring that taxes and other levies are balanced and not distorted against the airline industry;
 - Adopting binding rules governing the rights and obligations of tourist consumers and travel organizers;
 - Developing an integrated strategic framework for the facilitation of air transportation connectivity within the region.

F.3.3.3 Product development

67. There are limited and relatively narrow tourism products that are neither inclusive nor designed for intra-Arab regional markets. For example, main leisure tourism products in the region (which comprise the resorts of the North African coast, the Red Sea and the Arabian Gulf; the urban resort areas of the **UAE, Bahrain, Egypt, Lebanon, Morocco and Tunisia**; as well as a limited number of sports, adventure, ecotourism and community-based tourism products), have been tailored to the needs of the Western and Asian markets rather than to the specific needs of the intra-regional Arab market.
68. The development and marketing of short and longer stay vacation products tailored to the needs of the Young-Millennial (Y) and Senior Citizens (X) generations that account for over 40% of the Arab regions' population are currently quite limited and localized mainly in the GCC Arab states.

F.3.3.4 Quality standards

69. There is considerable variation in quality and inconsistency in standards of the regions' accommodation, restaurant, attractions, and tourist shopping facilities and services. A region-wide standards benchmarking approach that takes into account the specific needs of Arab markets would help to lift the overall attractiveness of the region as a destination not only to global markets, but especially to the intra-regional Arab markets.

F.3.3.5 Tourism Statistics and Economic Impact Measurement

70. With few exceptions, most data on international and domestic tourism, and their economic impact is insufficient and unreliable for decision making.
71. Facilitating the collection of sufficient, reliable, and timely tourism statistics and assessing the impact of tourism on the economies of the countries is critical to the effective planning, validating investment in infrastructure and tourist facilities and services, and sustaining national and regional cooperation budgets for marketing and promotion.

F.3.3.6 Tourism Investment Promotion

72. Investment in the tourism sector, although significant in a number of countries, is generally limited and locally driven. The lack of a clearly defined direction for the development of the tourism sector, a well-rounded regime of fiscal and non-fiscal incentives, project investment portfolios, challenging business rules and regulations, and limited investment promotion are some of the main reasons for the poor level of investment in the sector.

F.3.3.7 Marketing and Promotion Capabilities

73. The current level of marketing and promotional activities directed at intra-regional Arab markets remains quite limited at the national and regional level. The lack of knowledge, skills and resources in the public sector, and insufficient partnering with the private sector are some of the main reasons for this situation.
74. It is noted that the highly successful regional trade forums seen in other regions such as Europe and Asia are not in place whilst trade, media and consumer promotion activities for the most part do not factor in the power of social networking and powerful meta-search engines able to link to online-travel-agencies and booking engines such as Agoda, Expedia, among many others.

F.3.3.8 Capacities of National Tourism Administrations

75. A major impediment to the development of intra-Arab tourism is the limited capacities of National Tourism Administrations to undertake regional and sub-regional cooperation programmes in the areas of research and statistics, policy and planning, product development and diversification, marketing and promotion, investment promotion, access and connectivity improvement and quality management.

F.3.3.9 Tourism Education and Training Institutions

76. A key issue for the private sector - especially the accommodation, food and beverage, transportation, and tour operators - in the less developed countries of the region, is that most of the new entrants produced by the existing tourism education and training institutions are not suited to the occupations for which they apply and require extensive remedial on-the-job training to become productive.
77. At the same time, the low skill levels of existing supervisory and rank and file occupations are one of the main causes of the poor quality service experienced in many of the region's tourism establishments.
78. The main challenge to raising the quality of the tourism education and training supply in the region is the absence of, and in many cases, lack of a consistent approach to occupational competency standards coupled with limited participation by the private sector in the formulation and delivery of tourism education and training. This makes it very difficult for tourism education and training institutions to more effectively match the tourism labour markets' needs.

F.3.4. Key opportunities

79. The Middle East region is one of the world's smallest, yet fast growing, tourist generating regions in the world. Outbound travel from the region has more than quadrupled from 9 million in 1995 to over 40 million in 2013, and as per UNWTO's long term forecast Tourism Towards 2030, the region will generate 2 million additional tourist arrivals annually until 2030.
80. Middle East destinations have the opportunity to garner a larger share of this growth by tapping the hidden potential of intraregional tourism. Destinations that align themselves regionally to network and cooperate can strengthen their competitiveness on the tourism front leading to all round economic and social development in their economies.
81. Some of the key benefits of collaboration and cooperation include: leveraging economies of scale and reducing costs by pooling resources, transnational product development, knowledge sharing

and human capital development, and more effective outreach. Lesser known destinations can benefit from the positive image of better known destinations in the region.

F.3.5. Recommendations

82. It is recommended that the following key issues be addressed and actioned over the short-term (i.e. in the next five years) to develop intraregional tourism:
- facilitating visa arrangements, improving air connectivity between generating and receiving countries, and improving key airport facilities including quick-build low-cost airline and charter carrier terminals;
 - diversifying and adapting existing tourism products in selected destinations in the region's receiving countries designed to meet intra-regional Arab travel markets requirements;
 - enhancing marketing and promotions focusing on marketing and promoting key destinations and commercial products likely to attract increased intra-regional travel;
 - improving the quality of tourism facilities and services to meet intra-regional market requirements;
 - enhancing the capacity of tourism education and training institutions to meet the short-term skilled training needs;
 - improving the scope and reliability of tourism statistics and adoption of the TSA, especially enhancing awareness of the importance of good data and marshalling the support and resources of the related Ministries;
 - increasing the level of tourism investment promotion; and
 - using existing and developing new training programmes and processes designed to raise the capacity of national tourism administration officials to undertake the above initiatives in partnership with the private sector.

G. Planned investments

83. The Middle East/North Africa hotel development pipeline comprises 640 hotels totalling 149,799 rooms, according to the February 2015 STR Global Construction Pipeline Report. The **UAE, Saudi Arabia, Qatar** and **Egypt** account for one-third of the rooms in the region's pipeline.
84. **Morocco** has begun a €28 million regeneration of the historic Old Medina of Casablanca, a vital part of the city's history and one of its most appealing tourist attractions. The project is part of a €530 million Casa-Port project, which will transform Casablanca's harbour and port area and help restore the city once known as the jewel of Morocco.
85. **Saudi Arabia** is looking to build on and expand its tourism industry, with US\$11.6 billion tourism development projects underway. The ongoing projects significantly increase the total value of domestic and religious tourism, amounting to a total of US\$45.3 billion. The €6.7 billion (US\$7.19 billion) Haramain High Speed Rail Project that will carry up to half a million Muslim pilgrims each day a distance of 450km between the holy cities of Medina and Mecca, is under development and expected to be completed by December 2016.
86. On the back of tourism recovery in 2014, several tourism projects worth US\$5.3 billion are under development in **Egypt**. Investment into Egypt's cultural heritage is being spearheaded by the Ministry of Antiquities, which is moving forward with its US \$810 million phase three-development plans for the Grand Egyptian Museum.
87. **Qatar** Tourism Authority has announced an allocation of up to US\$45 billion to develop its tourism industry by 2030 as part of the National Tourism Sector Strategy 2030.

88. In the **UAE**, the top ten tourism projects represent a collective investment of just under US\$40 billion. In total, the UAE has earmarked 18 museums and cultural initiatives, 88 retail developments, 24 theme parks, 15 sporting venues, 17 convention centres and 7 theatres for development.²⁸

H. Demand recovery/stimulation measures

89. The **Egyptian** government has endeavoured to improve the performance of the tourism sector in general and especially targeting the Arab tourist. Throughout 2014 and during the first few months of 2015, several tourism marketing campaigns were launched to attract the Arab tourist.

- These campaigns included “Wahshtoonah” (“We have missed you”) campaign, which was launched in April 2014 and targeted tourists from the Kingdom of Saudi Arabia, United Arab Emirates and Kuwait. The campaign resulted in a 150% increase in the number of visiting tourists from these countries, between July and December 2014.
- Another campaign, “Masr Orayeba” (“Egypt is close”), included a five minute song encouraging Arab tourists to visit Egypt, and featured many Egyptian actors and actresses. The campaign was launched earlier this year.
- Furthermore, to stimulate tourism from the Russian Federation, Russian tourists were offered temporary exemptions from entry visa fees, as of January 2015.²⁹

90. The Government of **Jordan** has also taken a series of measures to stimulate demand:

- Fees and travel taxes at the airport in Aqaba have been waived to lure back charter flights and discount airlines.
- The national carrier, Royal Jordanian offered discounts on some fares, targeting potential visitors from Europe and the Gulf Arab states.
- The tourism board, meanwhile, hosted dozens of travel writers and bloggers, with Jordan's Queen Rania welcoming the group.
- In February 2014, the Jordan Society of Tourism and Travel Agents brought “Meditation Tourism” to the shores of the Dead Sea.
- The Jordan Tourism Authority signed a Memorandum of Understanding with USAID, to strengthen the promotion of Jordan as a tourist destination in the European, North American and Mexican markets.

91. As for the **Lebanese** Ministry of Tourism, key measures taken were as follows:

- The launching of the Live, Love, Lebanon campaign, relying on Lebanese citizens to push it and make it go viral on all the social media and across online platforms.³⁰
- The launching of the Lebanese diaspora tourism promotion programme (Ana) which targets 14 million Lebanese abroad and encourages them to visit Lebanon at least once in their lifetime.
- The launching of the Phoenicians’ Route initiative which aims to develop and promote cultural tourism itineraries along 18 Mediterranean countries and more than 80 towns of Phoenician-Punic origin and culture.
- The launching of a 5-year Rural Tourism Strategy to enhance economic opportunities in Lebanese rural areas through improving the competitiveness of specific value chains, including rural tourism and another set of agriculture sectors and food products.

²⁸ <http://www.leadersme.com/numbers-stack-up-for-uae-tourism-sector-as-2020-approaches/>

²⁹ http://www.thecairopost.com/news/133207/inside_egypt/russian-tourists-exempted-from-egypt-entry-visa-fee

³⁰ <http://www.hoteliermiddleeast.com/22874-market-update-lebanon/3/>

- The development of the Lebanon Mountain Trail project as the first long distance hiking trail in Lebanon to discover the hidden beauty of Lebanon and to promote a socially responsible tourism that safeguards natural, cultural and historical heritage on the trailside.
- The reduction by Middle East Airlines of its former fuel surcharge from 15% to 7.5%, after the drop in oil prices.

92. In **Tunisia**, the National Office of Tunisian Tourism (ONTT) initiated and supported several promotion campaigns, relying heavily on social networks in its promotion of the country:

- Many Facebook pages were started, with pictures posted of the most beautiful tourist areas in Tunisia, such as “Je vais en Tunisie” (“This summer I’m going to Tunisia”), an initiative for the return of French tourists in Tunisia.³¹
- ONTT collaborated with the country's new Star Wars fan club to stage its first Star Wars encounter, in which fan clubs from all over Europe took part, with screenings of the Star Wars films taking place at the desert movie sets in the country. The campaign began with Tunisia's own video of Pharrell Williams' 'Happy' featuring Star Wars characters dancing around Tunisian tourist sites and the movie sets. The video has been viewed over two million times since it was first posted in March 2014.³²
- In collaboration with Tunisair Marseille and CTN France, ONTT also hosted an educational tour for the trade and media from March 27th through 30th in Tunis, Hammamet and Monastir, which allowed a visual demonstration of the country's recovery.³³
- In October 2014, a new tourist tax of Dinars 30 (about €13) was announced, payable by all non-residents (regardless of nationality, and with exception to Tunisians residing abroad) upon departure from Tunisia. With this tax, the Tunisian Ministry of Finances hopes to generate 40 million Tunisian dinars (around 17.5 million euros) in revenues in 2014 and 120 million (close to 52.5 million euros) in 2015, thereby helping the country regain its pre-Revolution tourism income levels.³⁴

93. As for **Morocco**, the Government has also taken special measures to promote the country as a tourist destination. These measures include:

- Introducing a new tax of US\$12 per economy-class passenger in 2014 to generate funds to step up the promotion of Morocco abroad
- Earmarking 100 million dirhams (€9.2 million) to implement a plan of short-term actions to strengthen the promotion of Morocco destination in its key source markets and to mitigate the negative impact of the attack against Charlie Hebdo in Paris on its tourism.³⁵
- Launching the 2014 edition of Meet Morocco, the new 92-page guide encapsulating Morocco's unique appeal as a destination for meetings, incentives, conferences and exhibitions, with features on the kingdom's principal regions, the main visitor activities, new infrastructure developments, meetings facilities and a comprehensive list of hotels and local service providers.³⁶
- Holding several events for tour operators and the press in France and in Britain during the World Travel Market to reassure tour operators of tourist safety in Morocco.
- Signing a three-year (2014-2016) deal with the organizers to host the next three editions of the World Travel Awards Grand Final in Marrakech, Fez and Casablanca, seeing it as a great

³¹ <http://www.eturbonews.com/44800/tunisia-promoting-new-image-its-tourism>

³² <http://www.dailymail.co.uk/travel/article-2616758/Tunisia-turns-Star-Wars-boost-tourism.html>

³³ http://www.tourmag.com/Tunisia-Djerba-and-Resort-Clubs-boosters-for-the-recovery-of-the-French-market_a66454.html

³⁴ <http://hospitality-on.com/en/news/2014/08/28/la-tunisie-taxe-les-touristes-sur-le-retour/>

³⁵ <http://www.tourism-review.com/morocco-eur92-million-invested-in-promotion--news4449#JlvMR0lwxiBcuz1T.99>

³⁶ <http://www.visitmorocco.com/index.php/eng/stories/Moroccan-National-Tourist-Office-launch-the-third-edition-of-MEET-Morocco-2014>

opportunity to promote these historical destinations, and further enhance their visibility on a global scale.³⁷

I. Outlook for MENA tourism

I.1. Outlook for 2015

94. UNWTO forecasts international tourist arrivals to increase by 3% to 5% in Africa, and 2% to 5% in the Middle East. The forecast interval is wider in these regions due to higher uncertainty and disruption risks.

I.2. Long term prospects (horizon 2030)

95. Long term prospects for the MENA region are strongly positive, with international tourist arrivals projected to reach 195 million by 2030.

96. The Middle East is projected to grow from 70 million in 2014 to 149 million in 2030, with an average annual growth rate of 4.6%. North Africa is also projected to grow at a similar annual rate, with international tourist arrivals reaching 46 million in 2030 (from 20 million recorded in 2014).

J. Major challenges to be addressed

97. Tourism performance in the MENA region has improved across most destinations this past year, yet the situation is still quite fragile.

98. A disturbed geopolitical environment, negative perceptions concerning safety and security and the 'neighbourhood effect' that results in events in one, even distant, part of the Middle East are impacting tourism flows across a wide, very diverse region.

99. Visitors' perceptions regarding personal safety and security continue to negatively affect tourism demand in some of the major tourist destinations. Negative publicity and cautionary government travel advisories also continue to deter foreign tourists from visiting these destinations, despite several marketing and promotional efforts to restore confidence and revive tourism demand.

100. In North Africa, the main challenges are to improve the quality and diversity of tourism products and boost the image of destinations, while:

- National carriers continue to struggle to compete with much bigger international carriers which carry the bulk of passengers to and from the continent as a whole.
- Tourism promoters largely catering to the market for mass beach ('sun, sand, and sea') tourism are forced to compete with other similar Mediterranean destinations driving down prices and profit margins.
- Over-reliance of major destinations on European source markets resulted in vulnerability to the impact of economic conditions in Europe which in turn has resulted in drawing price-conscious tourists whose lower level of spending has led to reduced revenues for local tourism suppliers.

101. On the other hand, in the fast growing GCC region, growth continues to be driven by the "Gulf Three" airlines – Emirates, Etihad and Qatar Airways, supported by huge investments in infrastructure development including world-class airports, hotels and mega retail, leisure and entertainment projects.

³⁷ <http://www.breakingtravelnews.com/focus/article/morocco-unveils-ambitious-plans-for-global-destinations/>

102. Finally, the GCC's tourism industry faces several specific challenges which, in a sense, at least partly, spring from its rapid and successful development:

- Massive fleet expansion plans of major GCC-based carriers might lead to overcapacity across the sector, once new aircrafts are delivered.
- Air space congestion is a key issue that may threaten to hold back the forecast growth of airlines in the region.
- Adhering to a myriad of environmental norms and policies stipulated by aviation regulators, across the world, may pose a challenge for airline companies in the future.
- Product development deficiencies and limited appeal of tourist offerings.
- The GCC tourism industry will require an increased number of skilled personnel and staff. Labour supply will be a key issue.
- GCC nations are facing the risk of water shortages in the near future (while already being one of the most water scarce countries in the world). This will be a key challenge in tourism development and sustainability.
- The GCC has so far focussed on luxury tourism and hotel development. Upscale and luxury segments dominate the future hotel construction pipeline, which can restrict demand from emerging source markets in Asia and Africa.