4. Snapshot report on tourism trends in the region and
Identification of key challenges for 2015
June 2014

A- Overall Assessment

- International tourist arrivals in the Middle East totalled 51 million in 2013, the same volume as in 2012.
- North Africa posted strong growth, with international tourist arrivals growing 6% in 2013 over 2012.
- First months of 2014 show continuation of growth in North Africa; for the Middle East (-4%), data for major destinations is still pending.

1. The Middle East and North Africa (MENA) region welcomed 71 million international tourist arrivals in 2013, up 2% compared to 2012. While North Africa (+6%) showed ongoing rebound in 2013 building on the positive trend of 2012, the Middle East (0%) showed some very mixed trends, reflecting the continued impact of the ongoing political situation in some countries on the overall performance of the region’s tourism sector.

2. Key indicators during the first four months of 2014 show encouraging growth in North Africa, driven by Morocco (+10%) and the ongoing recovery of Tunisia (+3% in the first five months). In the Middle East (-4%), data is still pending for major destinations Saudi Arabia and Dubai (the United Arab Emirates), though Egypt and Lebanon continue to report decreases in arrivals.

3. Due to the volatile environment and the widely varying trends across countries, the UNWTO projects growth in 2014 in a rather wider range of 0% to 5% in the Middle East. North Africa is expected to see sustained growth.

A.1. Full year results - 2013

4. International tourist arrivals in the Middle East remained at 51 million in 2013, corresponding to a share of 5% of the world total. However, the numbers continued to reflect a trend of divergence among different countries in the region.¹

¹ January 2014 edition of the UNWTO World Tourism Barometer
5. The United Arab Emirates (only Dubai) and Palestine (+11% each) grew at a robust pace, while Oman (+8%) also reported solid growth. In contrast, Egypt (-18%) ended the year on a negative note, despite reporting double-digit growth in the first half of the year. Saudi Arabia (-7%) also reported a decline, largely due to the MERS Coronavirus related travel restrictions banning the elderly and children from the annual Haj pilgrimage. Lebanon (-7%) and Jordan (-5%) continued to suffer from the conflict in neighbouring Syria.

6. In contrast, North Africa (+6%) continued to post strong growth supported by Morocco's (+7%) solid results and the further recovery of Tunisia (+5%).

7. Receipts in MENA as a whole remained unchanged in 2013, after a slight recovery (+2%) in 2012 over the previous year. Egypt (-39%) and Kuwait (-29%) were key losers in terms of international tourism receipts, while the main winners were Qatar (+21%), Yemen (+11%), Tunisia (+3%) and Saudi Arabia (+3%).

A.2. Key Indicators for the first months of 2014

8. Tourism demand in Tunisia increased 3% in the first four months of 2014, while Morocco reported 10% growth. Arrivals in Oman rose 28% in Q1 2014, while Egypt (-28%) and Lebanon (-12%) reported negative results in the first quarter of the year, compared to the same period in the previous year. Jordan showed signs of recovery, with overnight visitors increasing by 3% in Q1 2014 compared to the same period in 2013. In Dubai, though firm figures are not yet available, 2014 has started on a similarly firm footing as last year, with rising visitor numbers particularly from India, China and Saudi Arabia.

9. Main highlights of trends in performance of the different sectors in the travel and tourism business in the MENA region in 2013 and the first months of 2014 are presented below:

B. Aviation sector

- Middle East airlines recorded the strongest increase in passenger traffic (+12%) in 2013 over 2012. Demand further soared 14% in Q1 2014.
- African airlines' demand rose 6%, slightly above the global average of 5% in 2013; however, traffic grew just 0.2% in Q1 2014 compared to Q1 2013, the slowest rate of growth for any region.

B.1. Full year results - 2013

10. Air transport data from International Air Transport Association (IATA) shows that Middle East airlines recorded the strongest increase in passenger traffic in 2013, a rise of 12% compared to 2012, though below the 15% growth recorded in 2012 compared to 2011.

11. Carriers in the region have benefitted from the continued strength of regional economies, particularly Saudi Arabia and the United Arab Emirates and solid growth in business-related premium travel, particularly to developing markets such as Africa. However, capacity grew slightly faster at 13% and load factor declined slightly by 0.1 percentage points to 77.3% from 77.4% in 2012.

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2 July 2014 edition of the UNWTO World Tourism Barometer
3 Jordan Ministry of Tourism and Antiquities statistics
12. African airlines’ demand rose 6%, slightly above the global average of 5%, but below 2012 growth of 8%. Capacity expansion of 5% was just below traffic growth. This improved the load factor to 69%, but it was the lowest among all regions. Overall, the demand environment was strong, with robust economic growth of local economies and continued development of internationally trading industries.

B.2. Key Indicators for the first months of 2014

13. Middle East carriers’ demand soared 14% in Q1 2014, far and away the strongest growth for any region. Capacity climbed 13% and load factors rose to 80%, also the highest for any region and above the global average at 78%. The region’s carriers continue to benefit from the strength of regional economies, supported by positive developments in sectors such as trade, transport and tourism.\(^4\)

14. African airlines’ traffic grew 0.2% compared to Q1 2013, the slowest rate of growth for any region, while capacity rose 4%, resulting in a load factor of 66%, the lowest load factor for any region. Results could partly reflect adverse developments in some parts of the continent as well as some moderation in trade volumes.

15. Although IATA has slightly reduced the 2014 profit forecast for Middle Eastern airlines to US$2.2 billion from US$2.4 billion previously forecast, it is much higher than the US$1.6 billion profit recorded in 2013. African airlines are expected to post US$100 million profit in 2014, against the US$100 million loss recorded in 2013.\(^5\)

C. Accommodation sector

- Middle East hotels posted positive results in occupancy (+3%), Average Daily Rate (ADR) (+3%) and Revenue per Available room (RevPAR) (+7%) in 2013. The first four months of 2014 saw sustained growth in all three performance measures.
- Northern Africa hotels experienced 11% decline in occupancy and RevPAR while ADR remained flat in 2013. The first fourth months of 2014 saw negative performance results on all three metrics.

C.1. Full year results - 2013

16. Middle East hotels posted positive results on all three performance measures: occupancy (+3%), ADR (+3%) and RevPAR (+7%). Notably, the RevPAR of US$137.79 was the highest in the world.\(^6\) This achievement was largely a result of impressive performance results in GCC countries.

17. Hotels in Dubai reported the highest profit levels in the region in 2013 for the fourth consecutive year.\(^7\) A combination of stable demand and increased confidence in the market resulted in hoteliers applying more aggressive yielding strategies which resulted in average rates rising 7% to US$324.44 in 2013.\(^8\)

18. Significantly, Dubai’s hotels welcomed more than 11 million guests in 2013 – an increase of over one million on the previous year – in what has been hailed as a positive sign the emirate can

\(^4\) http://www.iata.org/pressroom/pr/Pages/2014-05-06-01.aspx
\(^7\) Survey by TRI Hospitality Consulting
\(^8\) http://www.hotellermiddleeast.com/19357-dubai-hotels-report-top-profits-for-fourth-year/#U0QX5maoxIU
achieve its goal of 20 million visitors annually by 2020. This is the year when it will host the recently won Expo 2020.

19. Three markets reported double-digit occupancy increases: Abu Dhabi (+13%) to 67%; Doha (+11%) to 66%; and Muscat (+10%) to 67%. Jeddah grew 8% in ADR, achieving the largest increase in that metric, due to the rise in leisure demand as Saudi nationals chose to travel within the Kingdom due to ongoing security concerns in Egypt, Lebanon and Syria. The number of domestic tourism trips in Saudi Arabia rose from 19 million in 2012 to about 24 million in 2013.

20. In the Levant, hotels in Beirut (-24%) experienced one of the largest RevPAR decreases for the year. In Egypt, RevPAR was down 26% in Cairo hotels. Hotel performance within the Red Sea destination was more resilient than Cairo due to its distance from the turmoil and the more secure demand provided by pre-booked tour groups.

21. Northern Africa hotels experienced an 11% decline in occupancy to 47%, as also an 11% decrease in RevPAR to US$39.36, while ADR remained flat (+0.3%).

C.2. Key Indicators for the first months of 2014

22. Middle East hotels reported strong performance during the first four months of 2014, with 4% increase in occupancy, 3% increase in ADR and 7% rise in RevPAR. On the other hand, occupancy in North Africa hotels was down 9%, RevPAR declined by 10% and ADR was down 1%.

23. The star performer continues to be Dubai where hotels' profits rose to 53% in Q1 2014, with RevPAR and ADR up 5% and 6% respectively, over Q1 2013. The leisure segment experienced the highest growth in demand as visitors took advantage of holidays such as the Orthodox Christmas and New Year and the extended New Year break in China. In addition, the annual Dubai Shopping Festival in January saw an estimated 5%-10% rise in shoppers. Hosting of part of the Indian Premier League cricket tournament in Dubai boosted tourist inflows from the Indian Subcontinent in April 2014.

24. Manama (+18%) and Abu Dhabi (+13%) posted double-digit occupancy growth in April 2014, while Beirut fell 16% in occupancy to 48%, recording the largest decrease in that metric. Egypt hotels continued to record decline in occupancy (-13%) to 52% in April.

D. Travel distribution

- The GCC travel trade achieved sustained growth in revenues and profitability in 2014 on the back of increase in tourism demand, while the Lebanese and Jordanian travel trade continued to suffer due to the conflict in Syria and internal strife (in Lebanon). Tourism businesses in Egypt struggled to survive.
- A similar trend continued in the first months of 2014, even as Jordan showed some signs of recovery.

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10 http://www.arabnews.com/news/574811
13 http://www.hotelnewsnow.com/article/13390/STR-Global-MEA-results-for-February
D.1. Full year results - 2013

25. The GCC travel trade achieved sustained growth in revenues and profitability due to increase in tourism demand. Not only did they benefit from redistribution of intra-regional tourism from Egypt, Lebanon and Syria to the safety of their destinations, they also catered to increasing inflow of nationals from these turmoil-hit countries looking to relocate families and businesses to the GCC.

26. In the Levant region, incomes of the travel trade in Lebanon and Jordan were severely curtailed as the two countries bore the brunt of the ongoing conflict in Syria and the influx of an increasing number of Syrian refugees, which had a downside effect on tourism.

27. In Egypt, for thousands of Egyptians whose incomes rely on tourism, the lack of tourists hit hard. Several tour operators shut down, and souvenir shops, cafes and street vendors struggled to survive. In Yemen, the security instability continued to devastate the tourism industry, leaving guides, agencies and shop owners without a source of steady income.

D.2. Key Indicators for the first months of 2014

28. The travel trade in the United Arab Emirates and Oman has done well in the first months of 2014, with year-to-date increase in tourist arrivals. Equally, the ongoing recovery in tourism in Bahrain has had a positive effect on the incomes of the local travel trade.

29. Jordan travel businesses note signs of tourism recovery, with increased number of tourists from the Middle East and Asia compared to last year. In Egypt and Lebanon, the travel trade is hopeful of recovery though the first months of 2014 have not been encouraging. In Morocco and Tunisia, the increased inflow of tourism has been to the benefit of the local travel businesses.

E. Tourism segments and products

- Leisure tourism grew in MENA except in conflict-affected countries such as Lebanon, Jordan and Egypt. Qatar, Saudi Arabia and the UAE saw sustained growth in business tourism.
- Religious tourism declined in Saudi Arabia due to Mers-related travel restrictions. Cruise tourism in Egypt continued to be crisis hit. Medical tourism was somewhat more resilient in Lebanon and Jordan.
- Performance in the first months of 2014 remains consistent in the GCC, across tourism segments and products. Lebanon and Egypt continued to see sliding tourist numbers across segments, while demand for leisure and medical tourism in Jordan showed some signs of revival.

E.1. Full year results – 2013

30. Leisure tourism is the mainstay of most destinations in MENA. In North Africa, Morocco posted an impressive 7% growth crossing the 10 million mark in international tourist arrivals in 2013, majority being leisure tourists, while Tunisia posted a modest growth of 5% to 6.3 million on account of revival in European leisure tourists (though still below the pre-revolution level of 6.9 million in 2010). Leisure tourism to Egypt showed signs of improvement in the first half of 2013, but renewed insurgency in the latter half of the year negatively impacted tourist flows to the country.

31. In the Levant, Lebanon and Jordan continued to suffer from reduced tourist inflows, affected by the civil war in neighbouring Syria. The former also suffered due to insurgency within the country. In Lebanon, 200 weddings that had been planned for the summer were cancelled, implying a US$100-million loss.  

32. GCC countries, perceived to be stable and safe, continued to benefit from increased inflow of regional and international leisure visitors. Saudi Arabia reported a decline in religious tourists to 6.9 million in 2013, due to the Mers Coronavirus related travel restrictions banning the elderly and children from the annual Haj pilgrimage.

33. 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. A diverse range of events and activities in Qatar and increased regional and international promotion during 2013 also pushed growth in the leisure sector.

34. Qatar and the UAE, key sports tourism destinations, hosted several sporting events as scheduled. The three-day Formula 1 Grand Prix, one of the vital annual events in Bahrain boosted the tourism industry with occupancies in hotels rising above 70% in four star and five star hotels.

35. Cruise tourism in Egypt continued to be crisis hit. During 2013, much of the Nile cruise fleet lay idle, with only 30 of the 280 cruise ships that usually sail on the Nile operating, and with occupancy at just 4%. On the other hand, in the UAE and Oman more cruise vessels docked in 2013 than in the previous year bringing in around 582,000 and 200,000 cruise tourists respectively to the two countries. Dubai attracted around 400,000 cruise passengers in 2013, which is expected to grow by up to 6% in 2014.

36. Negative impact of the uncertain environment on medical and healthcare tourism in Lebanon, Egypt and Tunisia was significant, although a local survey in Lebanon revealed that 20% of the total patients in Lebanese hospitals were foreign visitors seeking treatment in Lebanon. Medical tourism in Jordan received a boost with over 150,000 overseas patients in 2013, compared to 130,000 in 2012.

E.2. Key Indicators for the first months of 2014

37. Leisure and cruise tourism continued to suffer in Egypt. Falling attendance of archaeological sites exceeds 70%. Of the 350 ships sailing on the Nile before the revolution, only 30 are currently offering a cruise.

38. In Lebanon, along with decline in leisure tourism, medical tourism has also suffered a setback due to lack of patients from Syria and the rest of the Arab world. On the upside, Jordan is seeing a rise in demand in its leisure and medical tourism segments.

39. Bahrain has seen resumption in its leisure, sports and business tourism segments. Performance in other GCC markets remains consistent, across tourism segments and products.

40. Despite the fears caused by the Mers Coronavirus, the number of Umrah pilgrims this year has already seen a 10% rise, and it is set to increase during Ramadan when more than three million foreign pilgrims are expected.

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16 http://english.alarabiya.net/en/business/economy/2013/06/29/Lebanon-tourism-pays-the-price-for-Syria-s-war-.html
18 http://www.kuna.net.kw/ArticleDetails.aspx?id=2371160&Language=en
19 http://www.tourismnews.org/2014/03/24/uae-aims-at-over-600000-cruise-tourists-this-year/
20 A study conducted by Jordan's Private Hospitals Association (PHA)
F. Source markets

- International visitors continued to travel to MENA in 2013, though numbers varied by destination, with arrivals drastically reduced in conflict-affected countries.
- Intra-regional tourism demand was particularly buoyant in GCC destinations, benefiting from reduced tourism demand for Egypt, Lebanon and Syria.
- In the first months of 2014, European tourism to Egypt and Jordan declined, while intra-regional tourism showed signs of revival. In the GCC, tourist traffic from Asia and the Middle East maintained the growth momentum of the previous year.

F.1. Full year results - 2013

41. Jordan witnessed a 13% drop in European arrivals compared to 2012. Arab tourists topped the list of visitors to the Kingdom last year, with the majority being from Saudi Arabia. In Lebanon, there was a major drop in the number of GCC visitors who normally account for two-thirds of the country’s tourists. Many Lebanese living abroad also avoided visiting their homeland due to the uncertain security situation. The decline was somewhat made up by arrivals from Iraq, Jordan and Egypt. Tourists from Iraq grew by 12% to 141,986 and accounted for 35% of total Arab tourists, largely due to the flourishing trade and business activity between Lebanon and emerging cities in Iraq.

42. In Egypt, Western Europe supplied the nation with the most tourists, followed by Eastern Europe and the Middle East. Significantly, the number of nights visiting tourists spent in Egypt decreased by 32% in 2013, falling from 137.8 million nights in 2012 to 94.4 million in 2013.

43. In the GCC, growth in international tourist arrivals from all world regions reflects the results of solid performance particularly in Dubai. Dubai’s top 10 hotel guest source markets were Saudi Arabia, India, UK, USA, Russia, Kuwait, Germany, Oman, Iran and China. 2013 was a record year for Abu Dhabi hotels with 18% more hotel guests compared to 2012, with visitors from India (+27%), UK (+16%) and Germany (+26%) contributing double digit growth in hotel guest arrivals. In Qatar, arrivals from inter-regional destinations increased 13%, with arrivals from Asia showing the biggest increase at 18%.

44. Intra-regional tourism demand was particularly buoyant in GCC destinations, benefiting from reduced tourism demand for Egypt, Lebanon and Syria. Qatar received 20% more visitors from the GCC during the summer of 2013, with the greatest increases from Saudi Arabia and Kuwait. Saudi Arabia, Kuwait and Oman were among the largest source markets for Dubai. Abu Dhabi welcomed more tourists from Kuwait.

45. Morocco attracted more than 47,000 Russian tourists in 2013, an increase of 59% over 2012.

F.2. Key Indicators in the first months of 2014

46. Fifteen European countries issued travel warnings regarding the Sinai Peninsula in mid-February after the bombing of a tourist bus near the Taba border crossing with Israel. European tourism declined, and occupancy levels in South Sinai ranged from 45% to 55% due to the travel warnings, which is low considering that it can exceed 90% in normal conditions.

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22 http://english.alarabiya.net/en/business/economy/2013/06/29/Lebanon-tourism-pays-the-price-for-Syria-s-war-.html
25 http://www.moroccoworldnews.com/2014/06/132394/morocco-seeks-to-attract-russian-tourists/
47. In Lebanon, Arab visitors accounted for 35% of all visitors in the first quarter of 2014, though the numbers were down 19% over the previous year. European visitors, that took the top spot in 2013 due to major deceleration in the number of Arab visitors last year, accounted for one-third of all tourists in Q1 2014, but numbers were down on the previous year. In Jordan, overnight visitors from the Arab world increased by a whopping 66% (albeit on a low base), and from Asia and the Pacific and the Americas by 14% and 4% respectively, in Q1 2014 compared to the same period in the previous year. European tourist arrivals declined by 8%.

48. Tourist traffic from Asia and the Middle East to the GCC has maintained the growth momentum of the previous year. Visitors in Qatar increased from most corners of the globe, with particularly good performance coming from within the GCC countries. Overall, GCC tourists were up by 5% in Q1 2014, with Saudi Arabia the largest single source of visitors and Kuwait the fastest growing with 42% share. Overall visitors from other parts of the world rose by about 26%.26

49. French bookings for Tunisia almost doubled between February 2013 and 2014 (+84%). The French Ministry of Foreign Affairs in recent weeks has relaxed restrictions on tourist areas in the country.27

G. Planned investments

50. The Middle East/Africa hotel development pipeline comprises 589 hotels totalling 137,784 rooms, according to the May 2014 STR Global Construction Pipeline Report. The UAE and Saudi Arabia together account for 70% of the rooms in the region’s pipeline.

51. With the winning of the Expo 2020 bid, Dubai is expected to invest over US$8.1 billion in new infrastructure to host the event. A significant portion of the proposed investments will be for the aviation industry with the airports sector being the top priority.

52. Dubai plans to double its visitor numbers from 10 million to 20 million in seven years. The numbers alone suggest the hotel supply will need to nearly double from the existing 68,000 rooms to 120,000 rooms. To incentivise the hotel industry to develop more 3 and 4 star hotels in Dubai, the Dubai Tourism Board has announced that it will waive the 10% municipality fee.

53. Qatar is also set to become a leading tourism destination in the region, with an investment portfolio of US$17 billion over the next five years, including 130 new hotels, resorts and other leisure facilities, a new international airport, a new port with cruise passenger terminal, some 12 sports stadiums and various cultural iconic centres.

H. Demand recovery/stimulation measures

54. The Egyptian Ministry of Tourism has taken several demand recovery measures over the past 18 months:

   ○ After a sharp decline in the number of tourists to Egypt as a result of a wave of violence that broke out in the country after the ouster of former president Mohamed Morsi in July 2013, the Egyptian Minister of Tourism went around the world, and in cooperation with the Egyptian foreign ministry, began to convince many countries to revise their travel warnings to Egypt. Almost 18

26 https://www.zawya.com/story/9_rise_in_tourist_arrivals-ZAWYA20140527040443/
27 http://www.tourism-review.com/tourism-industry-suffers-over-south-mediterranean-news4115#RCprS872ARHz0Zsz.99
countries eased or lifted their travel alerts on Egypt and allowed their nationals to visit some tourist destinations in the country.

- Egypt's earlier plan to increase the departure tax at passenger airports was postponed so as to facilitate tourism. The planned increase in the price of visas for those arriving at Egyptian ports by USD 10 was also postponed until May 2014.

- The Egyptian Ministry of Tourism announced a 50% reduction in ticket prices of domestic flights as part of a three-week tourist program beginning in September 2013. In an attempt to help diversify Egypt's tourism sector, plans were initiated to start direct flights linking a number of Gulf cities with Egyptian tourist destinations, specifically Hurghada and Sharm El-Sheikh.

- To bypass troubles in Cairo, the Ministry signed a deal with a German tour operator to fly tourists from German cities directly to Luxor, promoting Nile cruises as combination sun and cultural tours.

- The ministry also partnered with the Ministry of Civil Aviation affiliates such as Egypt Air, Egypt Express and Smart Air to offer special airline discounts to stimulate domestic tourism. To boost occupancy in tourist areas, government employees and Egyptian citizens were offered discounts.

- In February 2014, Egypt's interim government unveiled its second stimulus package, which will inject an equivalent of about US$4.87 billion into the economy, with most of that money coming from aid pledged by the United Arab Emirates. The first stimulus package, amounting to about US$4.2 billion, was launched in August.

- The Ministry of Tourism has also put in place a package of measures, including an international public relations campaign, designed to convey what is really happening on the ground as opposed to overblown accounts provided by some media outlets. International air charter companies have been offered incentives to include Egypt as a destination, and efforts are also under way to facilitate the issuance of tourist visas.

- The government has launched a new initiative to attract Gulf tourists, and has also provided promotional videos and pictures to German travel agency websites so tourists can see the places they want to visit before booking. There are plans to tap new tourist markets in India, Indonesia, Thailand and Brazil and to produce promotional video clips of foreign tourists enjoying their time in Egypt.

55. The Jordan Tourism Board (JTB) has undertaken a number of measures to stimulate tourism demand:

- Various marketing, promotion and public relations campaigns targeting traditional as well as new potential markets and segments have been executed. Measures include participation in international travel and tourism fairs, familiarization trips, advertising, organization of major events etc.

- In order to show that Jordan is unaffected by the regional political turbulence, as also to showcase its tourism products, the Jordan Tourism Board, in collaboration with EarthCam, installed tourism webcams, the first country in the Middle East to do so.

- In February 2014, the Jordan Society of Tourism and Travel Agents brought “Meditation Tourism” to the shores of the Dead Sea. Launched in cooperation with the Jordan Meditation Club, the
venture is also benefitting from coordination with Thailand, which has significant experience in the field.

- A Memorandum of Understanding has been signed with USAID, under which it will provide JTB with a series of grants to strengthen the promotion of Jordan as a tourist destination in the European, North American and Mexican markets. The grants will help JTB use social media, as well as online and direct marketing to reach new groups of potential tourists abroad. Marketing efforts will also include revamping the online Jordan Travel Agent Academy to help North American travel agents market Jordan; developing Spanish-language promotional content to reach travellers in Mexico and the US; hosting press trips for travel writers; and increasing Jordan’s exposure with US tour operators.

56. The Lebanese government has also undertaken a series of measures to stimulate tourism demand:

- In an attempt to boost tourism, the Lebanese government started 2013 by advertising and marketing the sector’s services to make up its lost receipts. Lebanon promoted campaigns such as the “50% for 50 Days” in addition to slashing airfares and hotel rates.

- In May 2013, caretaker Tourism Minister Fadi Abboud launched the Zouk Mikael International Festival program to emphasize Lebanon as a cultural hub for the Arab world. Held in July, the festival featured hundreds of performances and attracted thousands of domestic and international spectators. Hoteliers have been shifting away from a focus on luxury and extravagance to smaller, high-quality ventures that target a domestic niche and foreign visitors with security concerns.

I. Outlook for MENA tourism

I.1. Outlook for 2014

57. UNWTO forecasts international tourist arrivals to increase by 4% to 4.5% in 2014, above its long term forecast of 3.8% per annum between 2010 and 2020. Trends in the Middle East are hard to forecast due to the volatile environment and the widely varying trends across countries. Nonetheless, prospects are positive (0% to +5%).

58. Growth in international tourist arrivals in 2014 for Africa is projected at 4% to 6%. Both North Africa and Subsaharan Africa are expected to see sustained growth.

I.2. Long term prospects (horizons 2020 and 2030)

59. Long term prospects for the MENA region are strongly positive, with international tourist arrivals projected to reach 142 million in 2020 and 195 million by 2030.

60. The Middle East will grow from 61 million in 2010 to 101 million and 149 million in 2020 and 2030 respectively, with an average annual growth rate of 4.6% in the period 2010 to 2030. North Africa is also projected to grow at a similar annual rate (4.6%) with international tourist arrivals growing from 19 million in 2010 to 31 million and 46 million in 2020 and 2030 respectively.
J. Major challenges to be addressed

61. Tourism performance in MENA has shown some very mixed trends. While destinations in the Levant and Egypt continue to struggle to get back on track, the region also boasts of emerging/fast growing GCC countries that have been star performers showing sustained tourism growth, and North African destinations Morocco and Tunisia that are strongly bouncing back.

62. 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.

63. Visitors’ perceptions regarding personal safety and security continue to negatively affect tourism demand to major destinations in the Levant (such as Egypt and Lebanon), although several parts of these countries remain fairly isolated and calm.

64. 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.

65. Generally speaking, cumbersome and costly cross border procedures, insufficient transportation services especially by air, limited and relatively narrow tourism products, highly valued and inconsistent levels of tourist facilities and services, insufficient investment infrastructure and facilities, weak marketing and promotional capabilities, branding failure and limited use of new technologies in product marketing are some of the key challenges that are constraining tourism development in the MENA region.

66. In North Africa, although tourist arrivals have shown consistent growth in key destinations such as Tunisia and Morocco, the tourism industry faces many challenges.
   o 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.
   o The lack of diversity of Tunisian - and to lesser extent Moroccan - tourism products also poses a challenge. Tourism promoters largely catering to the market for mass beach (‘sun, sand, and sea’) tourism have been forced to compete with other similar Mediterranean destinations driving down prices and profit margins. This has also impacted negatively on the destination image.
   o Over-reliance on European source markets has meant that these destinations are vulnerable to the impact of economic conditions in Europe which has resulted in drawing price-conscious tourists whose lower level of spending has led to reduced revenues for local tourism suppliers.
   o The challenge now is to attract quality tourism and improve the image of these destinations.

67. 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.

68. Finally, the GCC’s tourism industry faces several specific challenges which, in a sense, at least partly, spring from its rapid and successful development.
   o Massive fleet expansion plans of major GCC-based carriers might lead to overcapacity across the sector, once the new aircraft are delivered.
   o Air space congestion is a key issue that may threaten to hold back the forecast growth of airlines in the region.
   o 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.
o Product development deficiencies and limited appeal of tourist offerings.

o The GCC tourism industry will require an increased number of skilled personnel and staff. Labour supply will be a key issue.

o GCC nations are facing an 'extreme 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.

o The GCC has so far focused 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.

o Mounting economic reliance on tourism increases vulnerability to seasonal aspects of the sector and to shocks, such as pandemics, regional conflicts, terrorism, political or economic instability, global economic recession, and other unexpected events such as ash clouds from volcanic eruptions.

69. Members of the Commission are invited to present short briefs of tourism’s performance, outlook and challenges in their countries, so as to supplement or validate the information contained in this report and in order to identify common priority technical assistance requirements to be included in the Organization’s Regional Programme for the Middle East for the year 2015.