



MARKET INSIGHTS

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MARKET INTELLIGENCE GROUP

UNITED ARAB EMIRATES

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This Market Insight is one of an ongoing series of market profiles produced by the Market Intelligence Group [MIG] of the European Travel Commission [ETC]. New market profiles will be added to the series and updated at regular intervals.

The members of the MIG comprise the Research Directors of the 38 National Tourist Offices (NTOs) that are members of ETC. The group regularly commissions and publishes market intelligence studies, handbooks on methodologies and best practice, and facilitates the exchange of European tourism statistics on the 'TourMIS' web platform.

More information on ETC's programme of market intelligence activities - including links to studies and sources of European tourism statistics - can be found on the organisation's corporate website: <http://www.etc-corporate.org>.

OVERVIEW

- The United Arab Emirates (UAE) is a small market, with a population of just 4.3 million, but one which is unusually prosperous (with GDP per head well up to OECD standards) and which has a very high propensity to travel. Dubai is emerging as a major international tourism destination and world airline hub.
- High international oil prices have boosted regional prosperity in recent years. In 2001-06 the UAE sustained an average growth in real GDP of 8.3% a year. In current dirham or US dollar terms (which takes into account the additional income brought by the surge in international oil prices), GDP increased by 19% a year in 2001-06.
- Total outbound trips are estimated, roughly, at 4.4 mn in 2006. They increased by an estimated average of 18% a year in 2001-06 (and much faster in 2004-06).
- Outbound travel expenditure was assessed at US\$8.8 bn in 2006. On this basis, the UNWTO ranks the UAE 21st in the world.
- Europe accounted for about 510,000 (11.6%) of the 4.4 mn outbound trips made in 2006. The leading European destinations are the UK, France, Germany, Switzerland, Italy, Greece and Turkey.
- Europe's market share has been declining. About 70% of trips are to Middle East destinations, 15% to Asia Pacific, 12% to Europe, just 2% to the Americas (trips to the USA fell heavily after 2001), and 1% to Africa.
- Careful distinction needs to be made, in terms of the different segments of the market, between UAE nationals (who represent just 20% of the population), 'other Arabs' and Iranians, and professional expatriates. The 45% of the population represented by contract labourers are virtually excluded from the travel market, except to their home countries.

COUNTRY PROFILE

Structure of the United Arab Emirates

- The UAE is a federation of seven emirates in the Arabian peninsula. Saudi Arabia, the UAE, Kuwait, Bahrain, Qatar and Oman together form the Gulf Cooperation Council (GCC).
- Abu Dhabi is the largest and wealthiest of the seven emirates, accounting for 60% of UAE GDP and 90% of crude oil and natural gas production. By convention the Emir (H. E. Khalifa bin Zayed al Nahayan) is President of the UAE.
- Dubai is the commercial dynamo of the UAE – indeed of the whole region. It accounts for 28% of UAE GDP. Its Emir (H. E. Mohammad bin Rashid al Maktoum) is by convention Prime Minister of the UAE.
- The other emirates, collectively known as the Northern Emirates, are much less important. Sharjah is almost a suburb of Dubai but has some natural gas and light industry. Fujairah has a fertile coastal plain and a mountainous hinterland. Ras al Khaimah has a little oil and natural gas, but Ajman and Umm al Quwan are small and have few resources.

Emirate	Area		Population (2005)		GDP (2006)	
	km ²	%	'000	%	Dh bn	%
Abu Dhabi	67,600	87	1,292	34	359	60
Dubai	3,900	5	1,200	32	169	28
Sharjah	2,600	3	725	19	43	7
Ajman	250	0	190	5	8	1
Umm al Quwain	750	1	46	1	2	0
Ras al Khaimah	1,690	2	198	5	11	2
Fujairah	1,150	2	119	3	7	1

- The individual emirates are very much the autonomous fiefdoms of the Emirs, and the normal range of national statistical information is often inexistent or slow to emerge. Indeed, information of any sort may be scarce or uncertain. It is important, in reading this *Market Insight*, to be clear about whether information relates to the UAE as a whole or to individual emirates.
- It is also important to distinguish, in terms of demand, between UAE nationals (often called 'Emiris', 'Emirians' or 'Emirati'), other Arabs and Iranians, migrant workers, professional expatriates and transients of many nationalities.

Currency

- UAE dirham (Dh) €1 = Dh4.64 (2006)
- The dirham has been pegged to the US dollar at US\$1 = Dh3.6725 since November 1997.
- The dirham therefore tended to slip against the euro (and, usually, sterling) in 2001-05, but to rise slightly in 2006. In 2007, with some minor fluctuations, it has fallen steadily from €1 = Dh4.85 at the beginning of January to €1 = Dh5.38 at the beginning of December (It averaged €1 = Dh5.01 over the first 11 months of the year).
- In December 2007 there are persistent rumours that the dirham will soon be revalued, and/or pegged to a basket of currencies instead of to the US dollar.

Population

- 4.5 mn (2007^e). The UN Population Division, in its 2006 Revision, put the total population in 2005 at 4,105,000, in line with the 2005 Census, growing by 2.9% a year. This includes annual net immigration of 14 per thousand population (down from 40 per thousand in 1995-2000). However, these growth and immigration rates are not compatible with the population increases recently reported by Dubai and Abu Dhabi. The IMF World Economic Outlook team seems to be working with an annual population increase of 6.1% a year.
- Only about 20% of the population are UAE nationals, according to the 2005 Census. Very roughly (recent figures are not available) 25% are 'other Arabs' and Iranians, 45% are migrant workers employed as labourers and 10% are 'professional expatriates' – foreigners who have high-salaried employment in the UAE or who have settled there temporarily.

- In a country that is mainly desert, 77% of the population is held to be urban. The only cities with populations of over a quarter of a million are Dubai (1,272,000 in 2004), Abu Dhabi (578,000), Ash Shariqah (Sharjah, 556,000) and Al 'Ain (in the interior of Abu Dhabi, 369,000). Dubai and Abu Dhabi are growing extraordinarily rapidly.
- The UN puts the fertility rate (the average number of children per female) at 2.3, with an annual birth rate of 16.2 per thousand population and a death rate of 1.4 per thousand.
- Life expectancy is 78.7 years – not far short of the Western European and North American averages.

Age & Gender

- According to the preliminary results of the 2005 Census, 68% of the total population are male and 32% female. The proportions of old people in the population are extremely low. In simpler terms than the table shown below, 36.5% of the population are 0-24 years old, 60% are 25-54 and 3.5% are over 55. (The figures in these breakdowns are slightly distorted by the use of rounded data and by the absence of data for 336,000 residents).

Breakdown of the total population by age, 2005 (%)

	Male	Female	Total
0-4	5.4	10.6	7.1
5-14	10.2	19.4	13.2
15-24	14.0	20.5	16.1
25-34	33.2	25.4	30.7
35-44	23.2	14.6	20.4
45-54	10.4	6.3	9.1
55-64	2.8	1.9	2.4
65-74	0.6	0.7	0.7
75+	0.2	0.5	0.3

- The breakdown of UAE nationals by gender is of course more normal: 50.7% are male and 49.3% female. But because of the large families, high birth rates and low death rates in the last 40 years, the proportions of children and young people are extremely high, and the proportions of old people are still extremely low. In simpler terms, 64% of UAE nationals are 0-24 years old, 31% are 25-54 and 6% are over 55. Altogether there were about 825,000 UAE nationals in 2005, and perhaps 925,000 in 2007.

Breakdown of the population of UAE nationals by age, 2005 (%)

	Male	Female	Total
0-4	13.2	12.8	13.0
5-14	25.6	24.6	25.1
15-24	25.4	25.7	25.5
25-34	15.5	16.6	16.1
35-44	8.3	9.3	8.8
45-54	5.5	5.8	5.6
55-64	3.4	2.7	3.0
65-74	2.2	1.5	1.8
75+	0.9	0.7	0.8

- The breakdown of non-nationals is rather less certain, because most of the 336,000 missing from the census were non-nationals. About 72% of non-nationals are male and only 28% female. 29% are 0-24 years old, 69% are 25-54 and 3% are over 55. Many of the females, and most of the children and old people, are 'other Arabs' (including Palestinians) and Iranians.
- Relatively few migrant labourers are female, and only a minority of professional expatriates bring their families to the UAE. Even those expatriates who have settled in the new resorts in Dubai are, under present rules, obliged to leave the country when they reach retirement age.

Breakdown of the non-nationals in the UAE population by age, 2005 (%)

	Male	Female	Total
0-4	3.9	9.5	5.5
5-14	7.1	16.7	9.8
15-24	11.8	17.9	13.5
25-34	36.6	29.7	34.8
35-44	26.1	17.4	23.7
45-54	11.3	6.5	10.0
55-64	2.6	1.4	2.3
65-74	0.3	0.4	0.3
75+	0.1	0.3	0.1

- According to the UN, the numbers of children and young people (aged 0-24 years) in the UAE will increase by a quarter between 2005 and 2020 (from 1.5 mn to 1.9 mn); those aged 25-54 will increase by nearly a half (from 2.5 mn to 3.5 mn); and those aged over 55 will increase one-and-a-half times, from 151,000 to 389,000.

Ancestry & Migration

- Until the 1960s, the population of what is now the UAE was less than 100,000 – a scattering of semi-nomadic tribes and settlements, among which Dubai was a small but thriving port and trading centre. The country is therefore largely a product of recent immigration.
- A recent breakdown of the population by origin is not available. According to the 1982 Census, 19% of the total population were UAE nationals, 23% 'other Arabs' and Iranians, 50% South Asians (mostly Indians, Pakistanis and Bangladeshis), and 8% others. The 'others' include a wide variety of nationalities from Western and Eastern Europe, Africa, East and Southeast Asia and the Americas.
- In relation to its population, the UAE (mainly Dubai) receives very large numbers of tourists (8 mn/year) and day visitors.

Language & Religion

- The official national language is Arabic. Persian, English, Hindi and Urdu are also *linguae francae* among large sections of the population.
- Nearly all UAE nationals are Muslims. According to the US State Department, approximately 85% are Sunni and 15% Shi'a.
- The US State Department reports that local observers estimate that about 55% of the foreign population are Muslim, 25% Hindu, 10% Christian, 5% Buddhist and 5% belong to other religions, including Parsi, Baha'i, and Sikh.
- The government permits non-Muslims to practice their religions freely, but not to proselytise. While visitors to the country should be careful to respect Muslim religious and social sensibilities, the country is generally regarded as one of the most tolerant in the region.

Economic Data

	2002	2003	2004	2005	2006
GDP (US\$ mn)	75,285	88,579	103,784	133,000	163,296
Real GDP growth (%)	2.6	11.9	9.7	8.2	9.4
GDP per capita (US\$)	22,480	24,945	27,595	32,392	38,613
Inflation (%)	2.9	3.2	5.0	6.2	9.3

The UAE's Economy 2006-07

- Abu Dhabi has the world's sixth-largest proven petroleum reserves, and most of the economic activity in the emirate is directly or indirectly related to oil and gas production. However, it has also been pouring investment into service industries in emulation of Dubai, and huge investments in tourism infrastructure are planned over the next few years.

- Dubai has long been a very successful trading centre, with a particular role in providing a gateway between Persia and Arabia (and the wider world) – a role which has been sustained in recent decades by the isolation of Iran. The emirate has created a highly competitive, internationalist economy based on commercial, financial and tourism services. It is one of the world's fastest-growing city states.
- The Northern Emirates are to a great extent financially dependent on Abu Dhabi and commercially dependent on Dubai. But a feature of the UAE is the degree to which all the emirates compete with one another in creating modern economies.
- In 2001-06 the UAE sustained an average growth in real GDP of 8.3% a year – apart from the additional income brought by the surge in international oil prices in recent years. In current dirham or US dollar terms, GDP increased by 19% a year in 2001-06.
- In October 2007 the IMF predicted real GDP growth of 7.7% in 2007 and 6.6% in 2008.
- The surge in oil prices has brought GDP per capita back up to OECD levels – a little higher than that in Japan, the UK, Germany and France, but well short of that in Norway and Switzerland, for instance. This wealth is concentrated among the UAE nationals, 'other Arabs', Iranians and professional expatriates.
- GDP per person varies from about Dh250,000 (US\$68,000) in Abu Dhabi to Dh125,000 (US\$33,000) in Dubai and roughly Dh50,000 (US\$13,000) in the Northern Emirates.
- The peg of the dirham to the US dollar has brought a degree of inflation in imported consumer goods prices as the dollar has slipped. Inflation increased steadily from 1.4% in 2000 to 9.3% in 2006, but the IMF expects it to fall back a little in 2007 and 2008.

TRAVEL PROFILE

Outbound Trips from the UAE

- Information on outbound trips from the UAE is scarce, and the following figures must be regarded as 'best effort' rough estimates, based on the available arrivals data gathered by UNWTO, estimates for 2002 and 2004 prepared by Market Vision, and other indicators.

Estimated outbound trips from the UAE

	2001	2002	2003	2004	2005	2006
Total trips ('000)	1,800	1,800	2,000	2,600	3,600	4,400
% annual change	13	0	11	30	38	22
Trips to Europe ('000)	325	320	340	425	400	510
% annual change	-7	-2	6	25	-6	28
% share	18.1	17.8	17.0	16.3	11.1	11.6

- Most of the 925,000 UAE nationals take at least one extended family holiday abroad a year (usually in July-August). Most of the 250,000 adult males take several other business or leisure trips during the year. We are therefore talking of, very roughly, 1.75 mn to 2 mn trips a year by UAE nationals. They go to a wide range of destinations, but many families have a 'home from home' abroad.
- Many of the 1,125,000 Iranians and 'other Arabs' are also in a position to take family holidays and the occasional business trip – perhaps 1.5 mn trips a year in all, predominantly, but by no means exclusively, to Iran, Arabian and Eastern Mediterranean destinations.
- The 400,000 professional expatriates usually have an annual leave entitlement which allows them to take a trip home (or elsewhere if they choose). Some also have contracts which allow them to take additional weeks away, usually quarterly or every six months, although many expatriates recruited locally do not benefit. Most foreigners living in the UAE do take regular short trips or business trips to regional destinations, resulting in an estimated total of up to 1.5 mn trips a year.
- The 1,800,000 contract labourers (most of whom are on modest wages and remitting as much of these as possible) are rarely allowed, and even more rarely choose, to travel. The few that do (some of them 'between contracts') generally travel home.
- The 4.4 mn trips made in 2006 were almost equivalent to the total population – a very high gross outbound travel intensity (higher than Hong Kong's for instance, but lower than Singapore's).

- From 2000 to 2006 trips seem to have risen by an average of 18% a year. With the regional affluence brought by higher oil prices, and the fading of the '9/11 effect', they increased particularly rapidly in 2004, 2005 and 2006.
- Very roughly, 70% of trips are to Middle East destinations, 15% to Asia Pacific and 12% to Europe. The share of the Americas is just 2% – not much higher than Africa's 1% (Trips to the USA fell heavily after 2001, and the Caribbean and Latin America have tiny shares of the market). Europe is also losing market share (mainly to Asian and Middle East destinations), but the decline shown in the figures above is exaggerated by the extraordinary increase in reported arrivals in Saudi Arabia in 2005.

International Travel Expenditure (excl. transport)

	2001	2002	2003	2004	2005	2006
Total (US\$ mn)	3,319	3,651	3,956	4,472	6,185	8,826
% annual change	10.0	10.0	8.4	13.0	38.3	42.7
Spend per trip (US\$) ^e	1,850	2,025	1,975	1,725	1,725	2,000

- Official estimates of international travel expenditure have been revised upwards to US\$8.8 bn in 2006. On this basis, UNWTO ranks the UAE 21st in the world by travel expenditure in 2006.
- Expenditure per trip was (very roughly, given the uncertainty surrounding trip numbers) US\$2,000 (€1,600) in 2006. VisitBritain reports an expenditure per trip of £1,200 (US\$2,200 or €1,750) for trips to the UK.

Leading Destinations

- Because so many important destinations (particularly in Europe) do not measure arrivals from the UAE, the following table is not a comprehensive ranking of the principal destinations. Note also that, in a market in which 80% of residents are foreigners, the distinction between arrivals by nationality and arrivals by country of residence is unusually important (see notes).

Arrivals from the UAE in selected destinations ('000)

	Measure	2002	2003	2004	2005	2006
Saudi Arabia	*TF	178	189	239	1,043	na
UK	VF	109	113	147	134	170
Oman	*THS	78	87	103	75	na
Thailand	TF	44	39	61	65	na
Bahrain	*VF	38	37	42	44	52
Egypt	*VF	29	32	32	35	43
Malaysia	TF	14	6	21	30	35
Syria	*VF	19	24	31	28	26
Singapore	VF	21	16	25	28	34
USA	TF	19	18	23	27	33
India	*TF	22	21	23	25	na
Australia	VF	13	15	20	22	25
Kuwait	*VF	14	13	17	21	na
Lebanon	*TF	14	20	27	17	16
Canada	TF	8	9	11	12	14
Jordan	*TF	9	8	9	11	18
Turkey	TF	5	7	7	9	12
Hong Kong	TF	8	5	7	8	10
Morocco	*TF	6	6	6	7	na
Cyprus	TF	6	6	6	7	8
Pakistan	*TF	5	4	4	5	5
New Zealand	VF	3	3	4	4	4
Belgium	TCE	3	3	2	4	7
South Africa	TF	1	2	2	2	3
China	*VF	1	1	2	2	na

Notes: These figures represent arrivals as reported by the destinations according to standard UNWTO definitions – TF = tourists at frontiers; VF = visitors at frontiers; TCE = international tourists at all forms of commercial accommodation; THS = international tourists at hotels and similar establishments. Arrivals by country of residence, except * by nationality. The table is ranked by arrivals in 2005.

- The huge reported increase in arrivals in Saudi Arabia in 2005 remains unexplained.
- Among the major European destinations, only the UK and Turkey measure arrivals from the UAE. However, the following rough estimates of arrivals in 2006 can be made with some confidence:

>150,000	UK
50,000-150,000	France, Switzerland
25,000-50,000	Germany, Italy
10,000-15,000	Austria, Spain, Netherlands, Greece, Turkey
5,000-10,000	Ireland, Cyprus, Belgium
2,500-5,000	Portugal
1,000-2,500	Croatia, Czech Republic, Romania, Slovenia,
<1,000	Albania, Bosnia-Herzegovina, Bulgaria, Denmark, Estonia, Iceland, Finland, Hungary, Poland, Latvia, Lithuania, Liechtenstein, Luxembourg, Malta, Macedonia FYR, Monaco, Norway, Serbia & Montenegro, Slovakia, Sweden, Russia and all countries of the former USSR.

Purpose of Trip

- Market Vision estimated that, in 2004, 69% of trips (and 87% of nights) were made for holiday and VFR purposes. Business accounted for a 26% share and a much lower 9% share of nights spent abroad. Average length of stay was 18 nights – 22 nights for leisure trips and 6 nights for business travel.

Estimated breakdown of outbound trips, 2004

	Trips		Nights		Av. stay
	('000)	% share	('000)	% share	(nights)
Holiday & VFR	1,800	69	40,400	87	22
Business	670	26	4,200	9	6
Other	130	5	1,900	4	15
Total	2,600	100	46,500	100	18

- The figures for individual destinations are certain to vary enormously. The shares for arrivals in the UK in 2000-05, however, match Market Vision's estimates for all destinations fairly closely: 32% of visits and 34% of nights were for holiday, 33% of visits and 42% of nights were for VFR, 21% of visits and 9% of nights were for business, 1% of visits and 3% of nights were for study, and 13% of visits and 12% of nights were 'miscellaneous'.
- Dubai's commercial relations with its neighbours are very strong. This reinforces the importance of Middle East destinations for business trips, and for the social and leisure trips that grow out of such commercial relationships.

Seasonality

- Relief from the summer heat is an important reason for outbound travel, or for the timing of outbound travel, from the Arabian Gulf. From the end of June until the beginning of September, the vast majority of the Arabic community leave Dubai to escape the harsh summer temperatures. Although the head of the family often has to return to work during the three months, his wife and children frequently spend the whole summer abroad.
- There are also two short Eid holidays. These are linked to Ramadan, so the dates vary. In 2007, Ramadan began on 13 September.
- **Public holidays, 2008**
 1 Jan, 10 Jan*, 20 Mar*, 30 Jul*, 2 Oct*, 2 Dec, 9 Dec*, 29 Dec*
 * Muslim festivals are started by local sightings of lunar events, so the dates given above are approximations. They also occur, according to the Gregorian calendar, about 12 days earlier each succeeding year. The length of each festival varies according to local custom. The month of Ramadan in 2008 is expected to begin about 1 September.

- **Holiday entitlement**
Professional expatriates can expect 25-30 days leave per year; some are allowed an additional week for each three- or six-month period.
- **School holidays**
Schools take very long summer holidays, from mid-June to mid-September, to avoid the summer heat. They also take about three weeks from mid-December and a week around the beginning of April.

Accommodation

- Arabs tend to go for luxury accommodation, usually in city centres. Those travelling with their families prefer hotel accommodation with suites or inter-connecting rooms. High-quality, serviced apartments are also popular.
- Hotels and guesthouses catering for Arab visitors need to be aware of Muslim social and dietary requirements. Recreational and sports facilities may need to set aside special periods of the day for women, for instance. Notices showing the direction of Mecca and prayer times in the rooms are appreciated.
- VisitBritain reports that 42% of visitors to the UK stayed in hotels/guesthouses in 2005. The breakdown of nights was 57% non-paying accommodation (i.e. with family or friends), 16% hotel/guesthouse, 1% bed & breakfast, 1% hostel/university/school, 11% rented house, 11% own home, 2% other. The high proportion of visitors staying in rented houses (5%) perhaps reflects the importance of large family groups among UAE visitors.

Leisure / Recreational Activities

- On holiday, UAE nationals tend to be rather more outgoing than their Saudi neighbours. On the whole, they are said to prefer city environments and activities – especially young Arabs travelling with male friends – but family groups also enjoy the countryside and many rural pursuits.
- VisitBritain reckons 'product fits' include landscape, history and culture, shopping, city breaks, sightseeing and spas. It believes families are looking mainly for city-based entertainment, shopping, sightseeing and leisure pursuits. Coming from a desert country, they also find countryside and gardens very attractive. Shopping is a key activity for UAE nationals abroad. Culturally, they are expected to buy gifts for members of their close and extended family.
- However, although Arab travellers in general have a reputation for being keen shoppers, Dubai's status as one of the world's shopping havens may mean that shopping is less important for UAE nationals on their travels. This would also apply, more emphatically, to expatriates.
- Horse and camel racing are exceptionally important in Arab culture. Football, golf, tennis, cricket, 'Formula 1' racing and falconry are also popular in the UAE.

PROFILE OF TRAVELLERS

Nature of Overseas Travellers

- Market Vision suggests the following profile of UAE outbound travellers:
 - 60% male, 40% female;
 - Average age: 35 years;
 - 25% single, 75% married;
 - Average household size: 5 persons;
 - Multi-cultural and multi-ethnic, on middle-to-high incomes.
- The profile will clearly vary widely from one destination to another. As an example, in 2005, 51% of visitors from the UAE to the UK were British, 15% Indians and only 11% UAE nationals. 58% were male and 42% female (a higher proportion than in previous years). Few were younger than 24 or older than 55. 85% had visited the UK within the last ten years.
- VisitBritain stresses the importance, among the UAE nationals visiting the UK, of large family groups (of up to 30 people). They tend to be wealthy, high-spending, and to take long holidays. Many see Britain as a second home.

- According to 2007 *World Wealth Report* from Merrill Lynch and Capgemini, the UAE had 68,000 'high net-worth individuals' (people with net financial assets exceeding US\$1 mn) in 2006 – 15.4% more than in 2005. This is comparable with the 67,000 in Singapore (in a population of 4.4 mn, equal to the UAE's) and the 87,000 in Hong Kong (with a population of 6.9 mn). These represent the highest densities of 'millionaires' among the 17 countries listed in the report. The UAE has a higher density of millionaires than the USA, the world's richest nation.

Travel Companions

- A characteristic of Arab (including UAE nationals) travel is the annual family holiday – and family groups can be quite large.
- Young Arab males travel in groups of friends, as well as alone (usually for business rather than leisure) and with family members.
- VisitBritain reports that, in 2003, of arrivals in the UK from the UAE (including the many who are British expatriates living in the UAE), 54% were travelling alone. 11% were travelling as a couple, 29% with family, 1% with friends and 4% with business colleagues.
- Almost all travel (Arab, Iranian and professional expatriate) is on a FIT basis – families, couples and individuals travelling for leisure or business. Organised group travel is rare.
- However, Market Vision reports that the UAE is seeing the beginnings of incentive travel and group travel for exhibitions.

AIR TRANSPORT

Airports

- The UAE has 39 airports (22 with paved runways), including six international airports:
 - Dubai International Airport (DXB), which handled 28.8 mn passengers in 2006. An ongoing upgrading and expansion programme, costing an estimated US\$4.1 bn, will double current capacity to 60 mn passengers/year by 2010, thanks to a third terminal, two new concourses, a cargo facility and an additional runway.

To complement DXB, a vast new airport city is being built southwest of Dubai at a cost of US\$8.1 bn. Initially known as Jebel Ali or Dubai World Central International Airport, it was renamed Al Maktoum International Airport (JXB) in November 2007. With 2 terminals, 7 concourses and 6 runways, it is intended to cater for up to 120 mn passengers a year by 2017. Terminal 1 is scheduled to become operational with a capacity of 7 mn passengers/year by the end of 2008. The longer-term plan is for DXB to be devoted exclusively to Emirates Airways; all foreign carriers will be shifted to JXB.
 - Abu Dhabi International Airport (AUH) was opened in 1982, enlarged in the 1990s and refurbished in 2005. It handled about 5.5 mn passengers in 2006, and with third terminal will have a capacity of 20 mn passengers a year by 2010. Abu Dhabi Bateen Airport (AZI), close to the city centre, now handles only domestic and regional traffic.
 - Sharjah International Airport (SHJ) handled 3 mn passengers in 2006 (three times as many as in 2002).
 - Ras al Khaima International Airport (RKT): Recent information seems scarce, but in 2003 RKT handled 167,000 passengers and boasted an impressive list of airlines.
 - Fujairah International Airport (FJR) is much smaller, serving only 36,000 passengers in 2006, mostly on South Asian routes.
 - Al 'Ain International Airport (AAN) is used by a small number of carriers serving local and South Asian routes.
- As many as 31 airports in Europe are served by direct flights from the UAE: Amsterdam (AMS), Athens (ATH), Birmingham (BHX), Brussels (BRU), Bucharest (OTP), Budapest (BUD), Dublin (DUB), Düsseldorf (DUS), Frankfurt (FRA), Geneva (GVA), Glasgow (GLA), Hamburg (HAM), Helsinki (HEL), Istanbul (IST), Kiev (KBP and IEV), Larnaca (LCA), London Heathrow (LHR) and Gatwick (LGW), Manchester (MAN), Milan Malpensa (MXP), Moscow Sheremetyevo (SVO) and Domodedovo (DME), Munich (MUC), Newcastle (NCL), Paris (CDG), Rome Fiumicino (FCO), Venice (VCE), Vienna (VIE), Zurich (ZRH) and, normally but apparently not in October 2007, Prague (PRG).

- This is an exceptionally large number of destinations for such a small market; it reflects Dubai's success as a tourist destination and as a long-haul hub. Notable for their absence, however, are any airports in the Nordic countries (except for a single flight to Helsinki) or in the Iberian peninsula.

Airline Traffic / Capacity

- In October 2007 there were 404 direct scheduled flights a week from the UAE to Europe, offering 113,367 seats each way. The corresponding numbers last year were 411 flights and 107,552 seats. The number of flights has therefore fallen by 2%, but the number of seats has increased by 5%.
- In 1985, Dubai established its airline Emirates, which is one of the largest and fastest growing airlines in the world and is helping to transform Dubai into a major long-haul aviation hub.
- The national airline of Abu Dhabi was formerly Gulf Air, operated jointly with Bahrain and Oman. In September 2005, Abu Dhabi announced that it was withdrawing from Gulf Air to concentrate on Etihad Airways, which had been established in November 2003.
- Air Arabia was established by Sharjah in 2003 specifically as a low-cost carrier. It is initially concentrating mainly on flights to Middle East, North African, Central Asian and South Asian destinations.
- Ras al Khaima is setting up RAK Airways in 2007, along the same lines as Air Arabia. The UAE also has several small charter, regional and luxury carriers.

Airlines operating direct services from the UAE to Europe, October 2007

Airline	Alliance	Flights	Seats	Origins	Destinations
Emirates	-	225	69,975	DXB 225	See notes below
Etihad	-	37	8,917	AUH 37	See notes below
Air Arabia	-	2	298	SHJ 2	IST 2
British Airways	OneWorld	21	5,775	DXB 14, AUH 7	LHR 21
KLM	Sky Team	13	4,023	DXB 10, AUH 3	AMS 13
Air France	Sky Team	12	2,985	DXB 12	CDG 12
Lufthansa	Star Alliance	7	2,730	DXB 7	FRA 7
Singapore Airlines	Star Alliance	7	2,192	DXB 7	IST 4, DME 3
Virgin Atlantic	-	7	2,177	DXB 7	LHR 7
Swiss	Star Alliance	7	1,869	DXB 7	ZRH 7
Royal Brunei	-	7	1,743	DXB 7	LHR 7
Turkish Airlines	-	10	1,605	DXB 7, AUH 3	IST 10
Alitalia	Sky Team	6	1,284	DXB 6	MXP 6
Biman Airlines	-	5	1,211	DXB 5	LHR 5
Aeroflot	Sky Team	7	980	DXB 7	SVO 7
China Airlines	-	3	867	AUH 3	VIE 3
Aer Lingus	-	3	834	DXB 3	DUB 3
Austrian	-	6	816	DXB 6	VIE 6
Aerosvit	-	4	604	DXB 4	KBP 4
Siberian Airlines	-	2	412	DXB 2	DME 2
Tarom	-	3	405	DXB 3	OTP 3
PIA	-	2	368	DXB 2	LHR 2
Donbass Aero	-	2	298	DXB 2	KBP 2
Olympic	-	2	292	DXB 2	ATH 2
Condor	-	1	252	DXB 1	FRA 1
Finnair	OneWorld	1	219	DXB 1	HEL 1
Cyprus Airways	-	1	124	DXB 1	LCA 1
Smart Wings	-	1	112	DXB 1	BUD 1

Notes: For airport codes, see above (under 'Airports'). Weekly flights and seat capacities shown. Numbers of flights are also shown against the originating and destination airports. Emirates has flights to ATH 7, BHX 14, CDG 14, DME 7, DUS 14, FCO 5, FRA 14, GLA 7, HAM 7, IST 7, LCA 5, LGW 21, LHR 35, MAN 14, MUC 14, MXP 5, NCL 7, VCE 7, VIE 7 and ZRH 14. Etihad has flights to BRU 3, CDG 10, DUB 4, FRA 7, GVA 3, LHR 14, MAN 7, MUC 7, MXP 3. Air Arabia and Smart Wings are low-cost carriers.

- Several other European airlines have recently tried scheduled services to the UAE, but were not listed in October 2007. They include CSA Czech Airlines (to Prague), Aeroflot Don (to Rostov), Transaero (to Leningrad), Ukraine International Airlines (to Kiev), Hemus Air (to Sofia) and Martinair (to Amsterdam).
- Indirect flights to Europe are also available from Gulf Air (via Bahrain), Middle East Airlines (via Beirut) and Saudi Airlines (through Riyadh, Jeddah or Dahrn).

TRAVEL PLANNING & BOOKING

Travel Formalities

- Visas are required of UAE nationals for almost all European destinations (Turkey is an important exception).
- Travellers are advised to allow up to three weeks for a Schengen visa, but single-entry and 10-year visas for the UK can be issued within 24 hours, according to VisitBritain – which it asserts gives the UK a strong competitive advantage given the preference among Arab travellers for taking travel decisions at the last moment.
- However, many travellers from the UAE are not UAE nationals, and some have dual nationality. For instance, the UK issued 48,000 visas in the UAE in 2004/5 which, compared with 140,000 arrivals per year, suggests that two thirds of visitors from the UAE do not need visas. Allowing for the fact that half of the arrivals from the UAE are British, it also suggests that a quarter of non-British arrivals from the UAE do not need visas.
- A significant proportion of UAE residents are Palestinians, 'other Arabs', Iranians and other nationalities who may have difficulties satisfying visa requirements for some destinations.

Travel Decisions

- Travel decisions among Arabs involve the whole family, but the father (who funds the journey) usually takes the final decision.
- Trips tend to be planned well in advance. VisitBritain found that, in 2005 (for a sample of all visitors from the UAE), two thirds of decisions to travel to the UK were taken at least one month in advance, and over one third at least three months in advance.
- However, the Gulf markets have a reputation for being 'late bookers'. Market Vision, for instance, says that four fifths of Saudi bookings are made within four weeks of travel, and one third within two weeks. The UAE is probably no different.

Booking Methods

- Although precise figures do not seem to be available, the overwhelming majority of outbound trips are booked through travel agents or airlines. And over two thirds of air tickets and accommodation bookings are paid for with cash.
- Market Vision, reporting in 2004, reckoned that about 20% of travellers had used the internet for travel bookings at one time or another. However, face-to-face bookings were (and are) still more usual.

Information Sources

- The general impression is that, as travel information sources, word-of-mouth and sightings on TV and in consumer publications are by far the most important for Arab travellers. Movies and soap operas are also said to have a powerful influence. Travel agents (many of whom are said to be poorly informed), airlines, publications and advertising (in broadcast and published media) and the internet are more marginal.
- Among professional expatriates, the internet is more important, but word-of-mouth and TV and other media sightings are still very important.

Internet & Media

- The UAE has one of the more dynamic and open media industries in the Middle East. Much activity is centred on the Dubai Media City.
- The principal Arabic newspapers are *Al Bayan*, *Alittihad*, *Akhbar al-Arab*, and *Al Khaleej* (and international Arab dailies such as *Asharq Alawsat* and *Al Quds al Arabi* are of course available). The leading English-language newspapers based in the UAE include the broadsheets *Gulf News* and *Khaleej Times*, the tabloid *7DAYS*, *Emirates Today* (a government-owned newspaper) and *Xpress* (a weekly tabloid published by Gulf News). The international editions of *The Times* and *The Sunday Times* are printed in Dubai for local distribution.
- There are numerous business, consumer and lifestyle magazines. Travel and travel trade magazines include *Assiyaha*, *Asfar*, *Al Musafir Al Arabi*, *Al Siyahi* and, in English, *Middle East Traveller*, *Middle East Travel* (published in Lebanon), and the Middle East editions of *Business Traveller* (published in London), *Travel & Tourism News (TTN)*, published in Bahrein, and *Travel Trade Gazette (TTG)*, published in Cyprus.
- Satellite TV reception is almost universal, and there are plenty of Arabic, English and other foreign language channels. The ITU reports that there were 1.3 mn main telephone lines (28 per 100 inhabitants) in the UAE in 2006, and 5.5 mn mobile cellular subscriptions (118 per 100 inhabitants). VOIP (voice over internet protocol) telephony is not enabled.
- The ITU reports that, in 2006, there were 638,000 internet subscribers (15 per 100 inhabitants), of which 241,000 were broadband. This reportedly translated to some 1.7 mn internet users (36.7% of the population). These are low internet penetration rates by world standards, taking into account the UAE's GDP per capita, but high rates by Middle East standards. It is said that the rates are much higher among professional expatriates than among UAE nationals. Broadband access is very expensive, and for most users internet access is filtered over an official proxy server.

TRAVEL TRADE PROFILE

Structure of the Travel Trade

- The Dubai Department of Tourism & Commerce Marketing (DCTM) and the Abu Dhabi Tourism Authority (ADTA) and their counterparts in the Northern Emirates are principally concerned with promoting their tourism industries and with local licensing and regulatory issues, and are not officially responsible for monitoring outbound tourism.
- There are said to be about 1,000 travel agencies in the UAE, but few are significant (VisitBritain, for instance, works with about 20 only). Most are run by Asians, and have a highly entrepreneurial, competitive approach. However, most are reported to have little product knowledge, acting simply as ticketing agents.
- There are very few tour operators – companies providing single- and multi-destination packages backed with brochures, marketing and advertising – in the UAE. By far the most important is Emirates Holidays (a subsidiary of Emirates Airways). Other airlines (including Etihad, Qatar Airways, British Airways, Singapore Airlines, Thai Airways, Malaysian Airlines and Cathay Pacific) also offer tour packages to destinations in their route network.
- UAE-based travel agencies act as general sales agents (GSAs) for these airlines, onselling their tour products.
- Major international consolidators are also well established in the UAE, including Destinations of the World, and Gulliver's Travel Agency; Unique Choice is based in Riyadh. Strong retail agents like Kanoo Holidays and Alpha Tours also obtain preferential rates from hotels and/or destination management companies worldwide.
- Businesses are often advised that it may be difficult to do business in the Middle East for extensive periods during the year, including the summer months (July through September), and including Ramadan. The working week is Saturday through Wednesday, and sometimes all or part of Thursday.
- The Arabian Travel Market (held annually in Dubai in May) is recognised as the key travel industry event for the Middle East and the Pan-Arab world.

Retail Travel Agencies / Tour Operators

- There are about 1,000 travel agents in the UAE. There appears to be no formal association of travel agents, but many are listed in the local telephone yellow pages and internet directories.
- A subsidiary of Emirates Airlines, Emirates Holidays (EH) is the largest tour operator in the Gulf region. In fiscal 2004/05 (year ended 30 March 2005), EH recorded 99,000 clients, up 14% over the previous year, although slightly below target due to the impact of the Indian Ocean tsunami. This was followed by an estimated 20-25% growth in fiscal 2005/06.

Major outbound players in Dubai

Emirates Holidays	www.emirates-holidays.com
Gulliver's Travels	www.gulliversfl.com
DNATA Holidays	www.dnata.com
Alshamel Holidays	www.alshamel.ae
Alpha Holidays	www.alphatoursdubai.com
Sharaf Holidays	www.sharaftravel.com
Kanoo Holidays	www.kanoogroup.com
Al Rostamani Travel (which is no longer associated with Thomas Cook)	www.alrostamanitravel.com
Al Tayer Travel	www.altayer-travel.com
Destinations of the World	www.dotw.com

KEY TRENDS AND FORECASTS

Key Characteristics of Outbound Travellers from the UAE

- Although the international climate of tension has perhaps eased, Arabs travelling beyond the Middle East remain concerned about anti-Arab and anti-Muslim feelings and security risks. In unfamiliar environments, they need constant reassurance.
- More generally, catering for Arab tourists requires an extra degree of specialisation. Staff need to be aware of cultural and religious requirements and susceptibilities, and facilities and programmes need to be designed with these factors in mind. Arab travellers are usually affluent and tend to demand a very high standard of service.
- UAE nationals often travel in family groups (which can be quite large) or in groups of male friends. To the extent that they have 'second homes' abroad (actually or metaphorically), the principal destination for the annual family holiday may be fixed – Lebanon and Egypt are traditionally very popular, for example – and competition is for a part of the annual holiday, or for second or third holidays.
- They tend to prefer city environments, but (coming from a desert country) also enjoy visiting the countryside.
- For many destinations, expatriates and contract labourers returning on home leave account for a significant proportion of arrivals from the UAE. In the case of the UK, British passport holders account for a half of all arrivals.
- Almost all travel (Arab, Iranian and professional expatriate) is on a FIT basis – families, couples and individuals travelling for leisure or business. Organised group travel is rare.

Short-term Prospects

- Current thinking is that international oil prices are likely to remain high for the foreseeable future, in spite of any slowdown in OECD economies, because of the increase in demand from China and other emerging markets, and because of the difficulty of raising output significantly in the short term. If this proves an accurate forecast, it implies that the prosperity, and appetite for travel, in the UAE will also be sustained.
- Moreover, Dubai has built up a momentum as an international hub for tourism and commerce. People who are so heavily exposed to travellers are naturally inclined to travel themselves, if they can afford to. This is compounded by the fact that four-fifths of the population are non-UAE-nationals (i.e. immigrants, and usually temporary immigrants), for whom travel is part of their way of life. And the Arabs themselves have a strong cultural tradition of travel.

- Over two thirds of outbound trips are to Middle East destinations. UAE commercial relations with its neighbours are very strong, which reinforces the importance of Middle East destinations for business trips. However, in the context of the international situation, the concept of the *Ummah* – the Islamic community – has become very attractive for Arab travellers, and is expected to sustain the focus on Middle East destinations for leisure travel as well.
- The role of affluent Western Europeans and North Americans as professional expatriates in the UAE is tending to diminish, while that of Indians and other nationalities from Asia and Eastern Europe increases.

NOTES

- a Multiple responses possible/percentages add up to more than 100%
- e Estimates
- f Forecasts

SOURCES OF INFORMATION

Principal statistical sources (by section):

- **Country Profile:** International Monetary Fund (IMF); United Nations Department of Economic & Social Affairs Population Division; UAE Ministry of Economy.
- **Travel Profile:** World Tourism Organization (UNWTO); Market Vision Research & Consulting Services, Dubai (Market Vision); The Travel Business Partnership (TBP); VisitBritain.
- **Profile of Travellers:** Market Vision; Merryll Lynch/Capgemini; VisitBritain; TBP.
- **Air transport/Airlines:** SRS Analyser; various websites.
- **Travel Planning and Booking:** International Telecommunications Union (ITU); Market Vision; VisitBritain; *ETC Media Review*; TBP.
- **Travel Trade Profile:** Market Vision; VisitBritain; TBP.

FURTHER INFORMATION

Dubai Department of Tourism & Commerce Marketing (DTCM):	www.dubaitourism.ae
Abu Dhabi Tourism Authority (ADTA):	www.abudhabitourism.ae
UAE Government portal	www.moew.gov.ae
VisitBritain	www.tourismtrade.org.uk
Market Vision	www.market-vision.com

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