



Study on Outbound Travel to ETC Destinations from Source Markets in the Middle East

Exploration & Evaluation of Secondary Information

April 2002



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Table of Contents

I.	INTRODUCTION	I-III
I.1	Background	I
I.2	Research Objectives	I
I.3	Research Methodology	II
Section 1	Middle East Outbound Travel	
1.1	Overview – Outbound Travel	1
1.2	Outbound Travel to Europe	3
1.3	Outbound Travel to Europe Sub-Regions	4
1.4	Principal Destinations in Europe for Middle East Travellers	5
1.5	Key Tourism Generating Markets from the Middle East to Europe	7
1.6	Future Prospects for Travel to Europe	8
Section 2	Middle East Traveller to Europe – Characteristics and Behaviour	
2.1	Nationality Profile	11
2.2	Demographics	12
2.3	Travel Behaviour	14
2.4	Travel Planning and Research	18
Section 3	Middle East Outbound Travel – by Tourist Generating Country	
3.1	Overview Economic Considerations and Middle East Outbound Travel	19
3.2	Middle East Outbound Travel – by Individual Country	
3.2.1	Saudi Arabia	28
3.2.2	United Arab Emirates	32
3.2.3	Egypt	37
3.2.4	Lebanon	39
3.2.5	Kuwait	42
3.2.6	Syria	45
3.2.7	Iran & Iraq	48
3.2.8	Jordan	49
3.2.9	Qatar & Bahrain	51
3.2.10	Sultanate of Oman	52
3.2.11	Yemen	54

Table of Contents – (continued 2)

Section 4 Middle East Outbound Travel – by Destination Country (Europe)

4.1	Overall Scenario	56
4.2	Middle East as a Source Market	57
4.3	Travel to European Destinations - Individual ETC Member Countries	
4.3.1	Austria	60
4.3.2	Belgium	62
4.3.3	Bulgaria	64
4.3.4	Croatia	65
4.3.5	Cyprus	66
4.3.6	Czech Republic	68
4.3.7	Denmark	70
4.3.8	Estonia	72
4.3.9	Finland	73
4.3.10	France	74
4.3.11	Germany	77
4.3.12	Greece	79
4.3.13	Holland / Netherlands	81
4.3.14	Hungary	83
4.3.15	Iceland	84
4.3.16	Ireland	85
4.3.17	Italy	86
4.3.18	Luxembourg	88
4.3.19	Malta	89
4.3.20	Monaco	91
4.3.21	Norway	92
4.3.22	Poland	94
4.3.23	Portugal	95
4.3.24	Romania	96
4.3.25	Slovakia	97
4.3.26	Slovenia	98
4.3.27	Spain	100
4.3.28	Sweden	101
4.3.29	Switzerland	103

Table of Contents – (continued 3)

4.3.30	Turkey	106
4.3.31	United Kingdom / Britain	107
Section 5	Travel Trade in the Middle East	
5.1	Air Links Between Europe and the Middle East	115
5.2	Tour Operators and Travel Agents	119
5.2.1	Tour Operators	121
5.2.2	Consolidators	123
5.2.3	Retail Travel Agents	124
5.2.4	Use of the Internet	124
5.3	National Tourist Board Representations	125
5.4	Travel Trade Press	126
Section 6	Prognosis / Prospects for Future Tourism from the Middle East	
6.1	Threats to European Destinations	128
6.1.1	Intra-Regional Tourism	128
6.1.2	Domestic Tourism in Saudi Arabia	130
6.1.3	Popular International Destinations outside Europe	132
6.1.4	Emerging International Destinations	136
6.2	Tourism Potential for European Destinations	138
6.3	Key Competitive Advantages of European Destinations	141
Section 7	Factors Important to Promote Outbound Tourism from the Middle East	143
Annexure	Request for Data from ETC Member Nations	

I. INTRODUCTION

I.1 Background

The British Tourist Authority (BTA) on behalf of the European Travel Commission (ETC) commissioned a research study aimed to source secondary market information on the Middle East region with Europe as the outbound travel market.

Market Vision Research & Consulting Services FZ-LLC, based in Dubai, United Arab Emirates, a specialist research and consulting services firm for the tourism and hospitality sector, was commissioned to undertake this assignment.

This report presents the findings of the study conducted during the period March – April 2002.

I.2 Research Objectives

The overall objective of the study was to source secondary market information that would enable ETC/BTA to develop its knowledge data bank on the Middle East region.

Specifically, the research aimed to source as much information as possible to better understand the current and future outbound tourism market from the Middle East region.

The following key information need areas were identified:

- ◆ Overview on Middle East outbound tourism to (a) Europe and (b) Britain
- ◆ Key factors influencing outbound travel
- ◆ Overall market size and developments
- ◆ Characteristics of travellers
- ◆ Motivations for decision making and key sources of information
- ◆ Travel trade structure and distribution
- ◆ Prognosis / prospects for outbound travel in general and to Europe
- ◆ Factors important to promote outbound tourism from the Middle East

The focus was on sourcing information with respect to destination countries in Europe that are members of the ETC.

I.3 Research Methodology

The study was conducted in three stages. The methodology employed to prepare this report was as follows:

Stage 1: Exploration and evaluation of (a) secondary information from published sources and past research studies (b) information obtained from the Tourism Boards of the ETC member countries

The key secondary information sources were as follows:

- Statistical Data on tourist arrivals and tourism trends from the World Tourism Organization's published reports
- IPK International's Arabian Outbound Travel Monitor Study, 2000
- Market Vision's Travel Intent Barometer Study, 2001
- International Passenger Survey Data from UK
- BTA Dubai's 'Attitudes to Britain' Survey 2001 among Local Youth in the UAE

- Arab Travel to United Kingdom 2000 Survey subscribed by BTA
- Other published data, news reports and press articles

A questionnaire was prepared and sent to representatives of the 30 ETC member countries (excluding UK) soliciting information and data on inbound tourism from the Middle East region in general and by individual countries in the Middle East.

In all 12 responses were received, of which four could not provide any data.

UK data was already available with us courtesy BTA.

Stage 2: Primary research among the travel trade in the Middle East region

Primary research was conducted amongst the travel trade to obtain key information on traveller profiles, travel trends and prognosis for the future.

The research was conducted by telephone, email and fax using a structured questionnaire.

In all, some 30 travel agents responded with some data, in addition to others from the airline sector etc.

Stage 3: Analysis of both secondary data and primary research to prepare this report

Both secondary and primary research data was collated and analyzed, along with our understanding and knowledge of the market place to provide a qualitative and quantitative assessment of the Middle East outbound tourism market for the preparation of this report.

Section 1 Middle East Outbound Travel

1.1 Overview – Outbound Travel

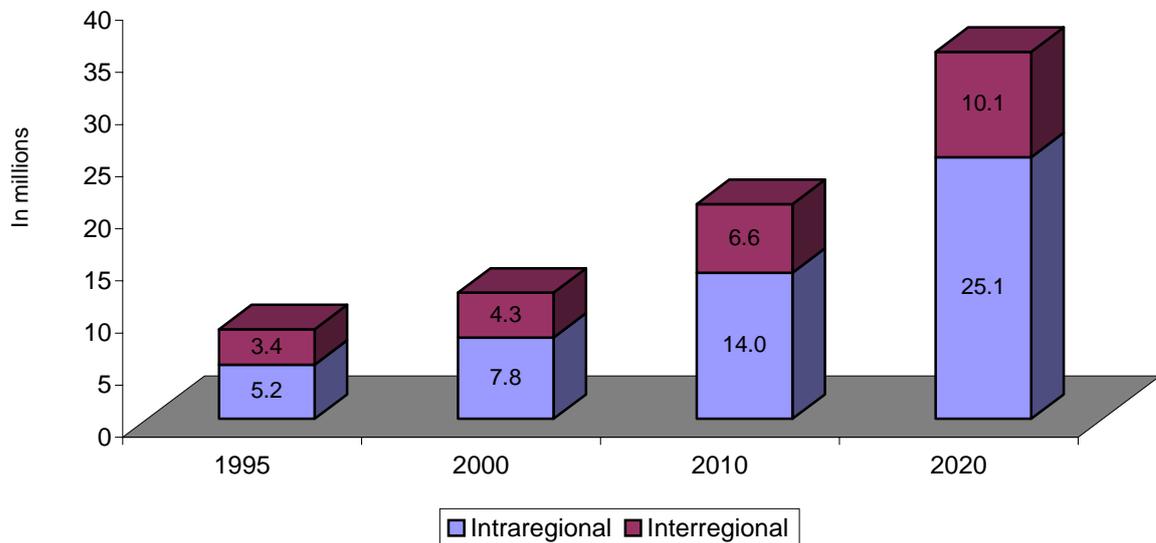
World Tourism Organization (WTO) data indicates that 8.6 million outbound tourist arrivals were generated from the Middle East region in 1995. WTO estimates that there will be 35 million outbound tourist arrivals from the Middle East in the year 2020. This represents an annual growth rate of 5.8% over the period 1995 – 2020, over one-and-a-half percentage points above the global average of 4.1%

While the Middle East will remain one of the world's smallest tourist generating regions, it is gaining worldwide market share. In 1995, 1.5% of all outbound tourists were from the Middle East. In 2000, the Middle East region's share was forecast at 1.8% of all outbound tourists. According to WTO estimates, by 2020, this will increase to 2.2%.

Outbound travel from the Middle East to other Middle East destinations (that is, intra-regional travel) will grow faster than long haul travel during the period 1995 – 2020. By 2020, over 25 million tourists will travel within the region, constituting over 71% of all outbound travel.

Outbound travel from the Middle East to interregional long-haul destinations will record an average growth rate of 4.4% during the period 1995-2020. Rising from 3.4 million in 1995 to 4.3 million in 2000, long-haul tourist numbers are forecast to reach 10 million in 2020.

Middle East Outbound Travel



Source: World Tourism Organization

Saudi Arabia is forecast to be the Middle East's largest tourist generating country, with over 9 million arrivals worldwide in 2020. Other key tourist generating markets would be UAE with about 2 million outbound tourists and Egypt with 1.8 million outbound tourists, followed by Kuwait and Lebanon.

The six GCC nations currently constitute over 70% of all tourist arrivals from the region and will continue to be the key tourist generating regions from within the Middle East. In 2000, outbound tourist arrivals generated from the Middle East region totalled 12.1 million, of which 8.8 million originated from the six GCC nations.

While the GCC countries will continue to dominate outbound travel, led by Saudi Arabia, the outbound tourist numbers and shares of Lebanon and Egypt are likely to increase by 2020.

In terms of tourism spend, the share of GCC nations as a percentage of world tourism receipts is higher than for the rest of the Middle East region. According to the WTO, world tourism receipts in 2000 totalled US\$ 475.8 billion (Euro 518.8 billion).

According to IPK International's Arabian Travel Monitor Study 2000, GCC travellers alone accounted for US\$11.9 billion (Euro 13 billion) - 2.5% of total world tourism receipts. The rest of the Middle East region together is estimated to account for less than 2% of all tourism spends.

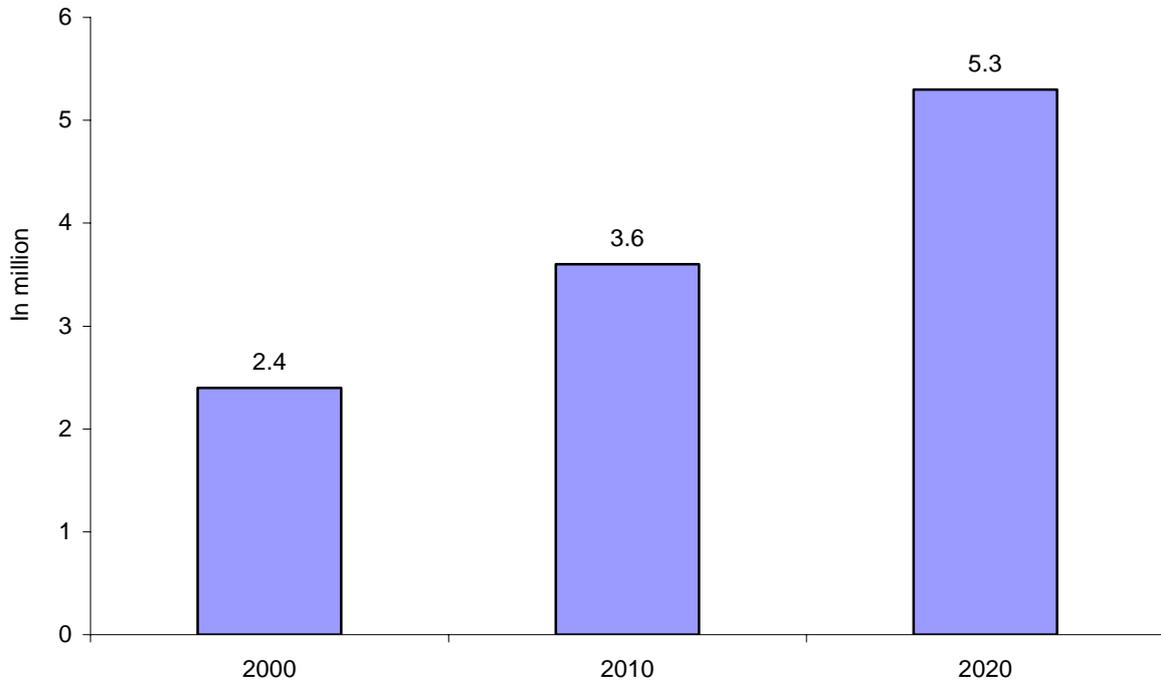
1.2 Outbound Travel to Europe

Europe currently commands a 20% share of all outbound travel from the Middle East region and dominates tourist arrivals from the region to inter-regional destinations. In 1995, of the 3.4 million long-haul outbound tourist arrivals from the Middle East, Europe received 1.9 million accounting for over one-half of all inter-regional tourist arrivals from the Middle East region.

While the market share of all long-haul destinations is expected to decline in the light of intra-regional tourism growth, tourist arrivals to inter-regional destinations will continue to be dominated by Europe.

In 2020, of the total 10 million estimated long-haul tourist arrivals from the Middle East, Europe is expected to maintain its share, receiving a total of 5.3 million tourists followed by Africa with 2.7 million tourist arrivals. However, its average annual growth rate during the period 1995-2020 will be amongst the lowest at 4.1%.

Forecast of Outbound Tourism from Middle East to Europe



Source: World Tourism Organization

According to the IPK Arabian Travel Monitor Study, GCC travellers accounted for 1.0 million trips into Europe in 2000. It is estimated that in 2020, the GCC will contribute over one-half of all trips from the Middle East into Europe.

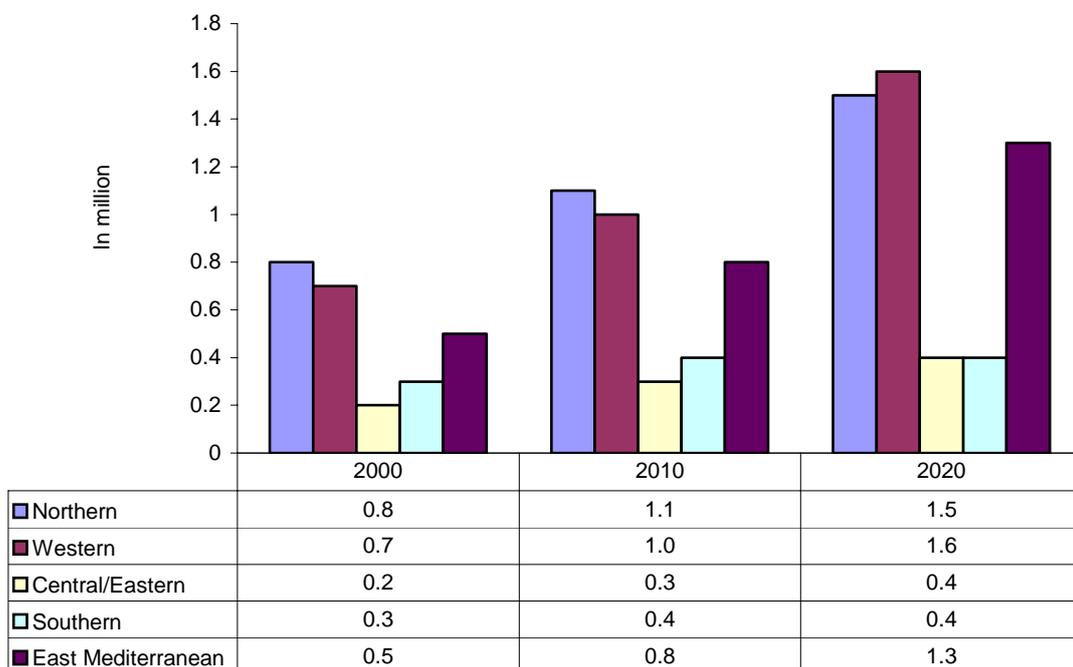
1.3 Outbound Travel to Europe Sub-regions

Northern Europe, followed by Western Europe and East Mediterranean Europe are the main beneficiaries of outbound travel into Europe from the Middle East, accounting for 2 million of the 2.4 million tourist arrivals - a share of 80% of all tourist arrivals into Europe.

In 2020, these three sub-regions are forecast to marginally increase their share of total arrivals from the Middle East into Europe. Of the total 5.3 million tourist arrivals

forecast for 2020, 4.4 million would be accounted for by Western Europe, Northern Europe and East Mediterranean Europe. Western Europe is likely to receive the largest number of tourist arrivals, estimated at 1.6 million.

Forecast of Outbound Tourism from Middle East to Europe Sub-regions



1.4 Principal Destinations in Europe for Middle East Travellers

United Kingdom is the leading European destination for Middle East travellers accounting for about 30% of all tourist arrivals into Europe. Other key destinations are France, Turkey, Italy, Germany, Cyprus, Greece, Switzerland and Spain.

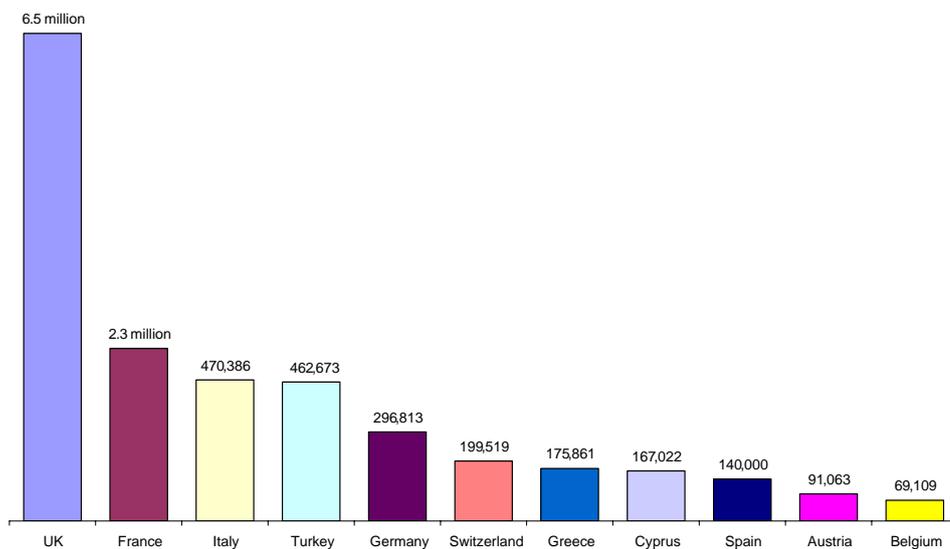
In terms of tourist nights, WTO statistics on nights spent in Europe by travellers from the Middle East in 1999 (the latest year for which complete data is available) shows that UK is the most important destination by far with about 6.5 million tourist nights.

France is a distant second, though with a sizeable 2.3 million nights, followed by Italy, Turkey, Germany and Switzerland.

In the absence of available data, tourist nights in Spain were estimated at 140,000 based on discussions with the travel trade, and nights in Cyprus and Greece estimated on the basis of actual arrivals coupled with average stay data estimated from the travel trade.

A chart showing tourist nights spent in 11 key European destinations by travellers from the Middle East in 1999 is presented below:

Middle East tourist nights in key European destinations



*Source : World Tourism Organisation
Market Vision Estimates for Greece, Cyprus, Spain*

1.5 Key Tourism Generating Markets from the Middle East to Europe

WTO estimated 2.4 million tourist arrivals from the Middle East to Europe in 2000. According to the IPK Arabian Travel Monitor Study 2000, GCC travellers accounted for 1.0 million trips. This is a market share of 42% of all outbound tourism from the region into Europe. It is estimated that in 2020, GCC travellers will contribute over one-half of all trips from the Middle East into Europe.

As per WTO forecasts and Market Vision estimates based on travel trade research, the principal tourism generating markets from the Middle East region to European destinations will be Saudi Arabia, United Arab Emirates, Egypt, Kuwait and Lebanon.

In terms of tourism receipts, GCC travellers are expected to contribute a larger share of total tourism receipts from the region than the rest of the Middle East countries combined.

Though no firm estimates are available, it may be noted that in general, GCC travellers are high spenders, with average spend per trip of € 1,554 in 2000. Within Europe, average spend per trip is likely to be higher, in line with spend levels in UK estimated at € 2701 per trip, placing them in the category of high-spenders along with the Americans and Japanese.

Average duration of outbound trips by GCC travellers is also significant at over 20 nights per trip, understandable due to the very long school summer breaks lasting 10-11 weeks when the long summer holiday is taken. Trips to Europe are estimated to last between 14-20 days, with per night spend of over € 150.

1.6 Future Prospects for Travel to Europe

In early 2001, the Arabian Travel Monitor had noted that the preferred future holiday destinations for Middle East Gulf travellers were Turkey, USA, Spain, UK and Greece.

Post September 11, Market Vision developed the 'Travel Intent Barometer' to gauge Gulf travellers' future travel intentions. The survey, conducted in end-October 2001, found that destination preferences had undergone a shift towards 'safe' destinations where there was perceived to be less threat to personal safety and security as well as where they were less likely to feel 'discriminated against'. The study indicated a shift towards more intra-regional travel and inter-regional travel to South East Asia, Australia / New Zealand and South Asia.

With the ongoing Israeli-Palestinian conflict in the region and current public sentiment against the US, there may be further negative impact on outbound travel to the Western world, specifically the US and generally to Europe. UK may face greater resistance as a holiday destination due to its role as an ally of the US, at least in the short term.

Long-term growth prospects for Europe from the Middle East, as per WTO forecasts, are indicated at an average annual growth rate of 4.1%. Future political events will determine whether these estimates will be achieved. It may well be that Europe may be a beneficiary of a shift away from the US by Middle East travellers.

In the past, Europe's strongest competitor is seen to have been the South East Asian region, accounting for 9.5% of all Gulf outbound travel in 2000, compared with 12% to Europe. These nations are aiming to increase their share further, with focused marketing activities undertaken by several tourism boards in the Middle East markets, specifically the GCC region.

In the future, it is felt that Europe's main competitors for a share of travel from the Middle East will be:

- Intra-regional travel within the Middle Eastern countries

Regional tourism authorities are beginning to cooperate with each other to promote travel within the region as an alternative to inter-regional destinations. The region offers a varied tourism product including winter skiing in Lebanon; a common culture and heritage; familiar food and drink; in 'friendly' Islamic states.

The efforts appear to be paying off already – Lebanon has registered 42% more travellers from the Middle East in January-February 2002 compared with the same period in 2001. Egypt has witnessed a 30% growth in Arab tourism in 2001.

- South East Asia, Australia, New Zealand

These destinations continue to direct marketing efforts on the Middle East for an increased share of the outbound travel market.

- Regional and domestic travel in Saudi Arabia

The newly formed Supreme Commission for Tourism (SCT) was established to develop a program to promote inbound tourism as well as to encourage domestic tourism. Focus for inbound tourism is religious pilgrims staying in to see the rest of the country and visitors from the other Gulf States.

If Gulf visitors are attracted to Saudi Arabia in this manner, it may have an impact on outbound travel to other destinations from the rest of the Gulf.

Major growth in domestic holiday travel in lieu of international travel by Saudi Arabians would be likely to have a strong negative impact on outbound tourist arrivals worldwide from the Middle East region as a whole since Saudi Arabia constitutes the largest outbound tourist generating country in the Middle East.

The fact is that presently over one-half of all long-haul outbound travel from the Middle East is to Europe, distributed across a number of destinations. This clearly indicates a favourable disposition towards Europe. Part of the reason could be historical links between the Middle East and some European countries like the UK, France, leading to a certain degree of familiarity and hence comfort. In recent times, Europe has been a major trading partner as well.

What is new is competition that seeks to attract tourist nights away from Europe. This competition is now making its presence felt with greater vigour, in line with growth in the stature of the tourism industry worldwide and the desire of most governments to attract tourism dollars. Strategies for growth in tourism to Europe from the Middle East region have to take this competitive factor into account.

Section 2 Middle East Traveller to Europe – Characteristics and Behaviour

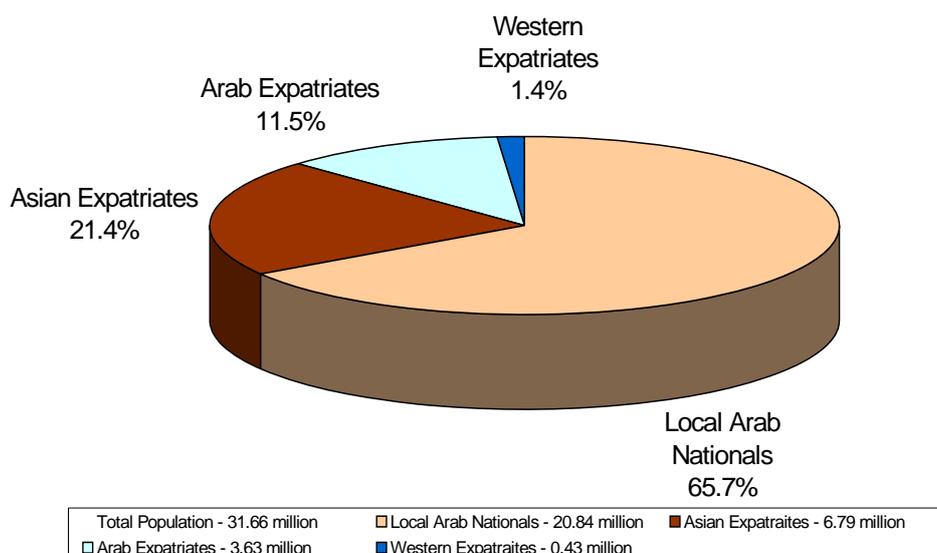
This section of the report presents the overall Middle East traveller profile as gathered and collated on the basis of secondary data and interviews with the travel trade.

As indicated, the GCC nations are the key tourism-generating source markets accounting for about 60% of all outbound travel spend from the Middle East region to European destinations. The characteristics and behaviour of travellers presented here primarily reflect that of the GCC travellers to Europe.

2.1 Nationality Profile

With the exception of the GCC travellers, travellers from other Middle East countries are almost all local nationals. However, the GCC region is characterized by an ethnic distribution constituted of over one-third non-nationals.

GCC POPULATION – BREAKDOWN BY NATIONALITY



While Europeans travelling to their homeland and other European destinations constitute about 10% of total outbound travellers to Europe from the Middle East, Asian and Arab Expatriates contribute about one third of all travel into European destinations.

Nationality	
Local Arab Nationals	60%
Other Arabs	10%
Asians	20%
Westerners/Europeans/Others	10%

It is believed that a fair number of the expatriate community has friends and relatives living and working in various European countries and is motivated to travel to Europe on a VFR combined with holiday trip.

Among the local nationals segment, one of the key motivations to visit specific destinations in Europe is to escape the very hot climate in their own country during the summer months. For some, the motivation is to spend the summer in their own homes/property in various parts of Europe, notably UK/Britain and Spain.

2.2 Demographics

Nearly two thirds of the Middle East travellers to Europe are males, and one-third are females.

Nearly one-half are in the age group of 15-34 years, with a similar proportion belonging to the 35-54 years age group. 70% belong to households with children.

60% of the Middle East tourists are well educated with a graduate or post graduate degree qualification.

Nearly two-thirds belong to upper income households.

70% of the Middle East travellers to Europe are working individuals, comprising males and females.

Gender	
Male	65%
Female	35%
Age	
15-24 years	15%
25-34 years	30%
35-44 years	25%
45-54 years	20%
55+ years	10%
Education	
No school / some school	5%
High school / some college	35%
Graduate / post graduate	60%
Income	
Low	5%
Middle	30%
Upper	65%

Working Status	
Working	70%
Non-working	30%
Children in Household	70%

2.3 Travel Behaviour

55% of the Middle East outbound travel to Europe is estimated to be for holiday purpose, 15% for Other Leisure/Health/VFR and 30% for business reasons.

Visits to Europe are usually single country holidays, though 2 and 3 country visits in a single trip are gaining popularity especially in countries on the Schengen visa.

Purpose of trip	
Holiday	55%
Business	30%
Other Leisure/Health/Education/VFR	15%
Single/multi-country trips	
Single	80%
Multi-country	20%

60% of all holidays are city holidays/sightseeing trips undertaken by the Middle East holiday goers to Europe. Beach/seaside holidays characterize 15% of all holiday trips.

About 10% are touring / driving holidays that are growing in popularity as also visits to leisure parks such as Euro Disney.

Key activities during these trips include sightseeing and excursions, visits to museums and exhibitions, shopping, dining, enjoying the nightlife and visiting parks and gardens. Those with children on the holiday focus on visits to amusement parks, zoos, safaris and other family leisure activity centers.

Type of holiday	
City holiday / sightseeing trip	60%
Beach/seaside holiday	15%
Touring / driving holiday	10%
Visit to Leisure Park	10%
Other	5%
Main activities during holiday	
Sightseeing and excursions	80%
Shopping	80%
Dining, enjoying foods and drinks	65%
Visiting parks and gardens	60%
Enjoying the nightlife	55%
Visiting amusement parks, zoos, family leisure activity centers	50%
Visiting museums and exhibitions	50%

Nearly one half of the Middle East travellers to Europe travel in groups of 3 to 5 people, mainly constituting family members. 40% travel either alone or with an

accompanying person and the balance 15% travel in larger group sizes of 6 or more people

Party size –number of people travelling together	
1 - 2 persons	40%
3 – 5 persons	45%
6 or more persons	15%

70% of the holiday travel to Europe is in the summer months of June, July and August
The balance is fairly evenly distributed over the rest of the year, with marginally higher percentage in December-January and in March-April.

Travel Season	
June - August	70%
October - January	15%
February - May	15%

The average length of stay in Europe varies from 4 - 5 days in closer destinations such as Cyprus, Turkey and Greece going up to 15 - 20 days in farther European destinations such as UK and France. The duration of stay also depends upon the travel season, with longer stays characterizing summer vacation travel and relatively shorter stays constituting trips during other times of the year.

Length of stay	Summer	Rest of year
Up to 3 days	3%	10%
4-7 days	7%	60%
8-14 days	35%	10%
15-21 days	30%	10%
More than 21 days	25%	10%

Almost all travel to Europe is by air. Travel booking is primarily done via trade (travel agents) or direct with the airline and hotel.

Use of package tours is fairly low on account of the limited suppliers of such offerings, mainly restricted to holiday packages from some airlines. Indications are that popularity of package tours is on the increase.

Travel organization	
Package tours	10%
Airline and hotel bookings via travel agency	35%
Direct bookings via airline/ hotel	45%
Other	10%

About one-half of Middle East travellers tend to make their holiday travel arrangements about 3 – 4 weeks in advance. About one fourth book their holiday 1 – 2 weeks in advance and about 15% tend to do so more than a month in advance. 10% of the travellers are last minute or impulse travellers who book their holidays less than a week in advance or travel without advance bookings.

By and large, air tickets are purchased well in advance vis-à-vis hotel bookings.

Advance bookings	
More than 4 weeks in advance	15%
3-4 weeks before travel	50%
1-2 weeks before travel	25%
Upto one week before travel / no advance bookings	10%

2.4 Travel Planning and Research

Majority of the Middle East travellers rely on word of mouth recommendations from friends, colleagues and family during the initial pre-planning phase for destination choices. Holiday brochures and catalogues from travel agencies are procured to research alternative holiday options.

Where available, country information from tourist offices such as the British Tourist Authority is also obtained by some travellers.

Seasonal holiday offers advertised in the mass media encourage pre-disposition to travel to specific countries, particularly for short duration/weekend impulse holidays.

The decision process among families is usually very participative, with all family members involved in the destination selection process.

Those with Internet connectivity tend to scour websites for additional information during the planning stage and thereafter on the specific holiday destination for things to do and see. Currently, there is minimal online travel purchase.

Section 3: Middle East Outbound Travel – by Tourist Generating Country

This section of the report provides a brief overview of the Middle East outbound travel source markets and provides an analysis of the tourism potential of each country for European destinations.

The countries included in this analysis are as follows:

- GCC (Gulf States) – Saudi Arabia, United Arab Emirates, Kuwait, Sultanate of Oman, Bahrain and Qatar.
- Levant States – Jordan, Syria and Lebanon.
- Other Middle Eastern States – Egypt, Iran, Iraq and Yemen.

The data for the analysis has been collated from various local, regional and international sources.

3.1 Overview - Economic Considerations and Middle East Outbound Travel

The Organization for Economic Cooperation and Development (OECD) has predicted US growth of 2.5% in 2002 and 3.5% in 2003 after an estimated 1.2% in 2001; recovery in Europe and Japan eventually pulling out of protracted recession. This should have a positive overall impact on the tourism industry.

Several of the economies in the Middle East – the Gulf States, Iran, Iraq and Yemen are greatly reliant on oil revenues for their sustenance. For these nations, 2000 was a good year after a fairly long bad patch, with oil prices averaging US\$ 27.6 per barrel and rising to a high of US\$ 37.20. The economies were buoyant, and much government spending was routed into infrastructure development and improvement.

However, oil prices crashing once again in 2001 to a year-round average of US\$ 23 per barrel, lowest at US\$ 21 in November, caused a major drop in government revenues, with attendant impact across these economies. Ability to spend reduced greatly. Nonetheless, outbound travel from the region did not reduce to the extent that was witnessed in other regions, possibly reflecting the resilience of this region to the impact of a general economic slowdown.

The combined Arab oil revenues are estimated to have dropped from US\$ 180 billion in 2000 to US\$ 145 billion in 2001. Nevertheless, the economies as a whole have done well in 2001 despite the general slowdown felt across the world, with the Arab economies growing by about 4% overall within which the GCC countries showed GDP growth of 2.5-5% and Egypt and Jordan showed higher growth at about 6%.

Per capita GDP across the nations in the Middle East is among the highest in the world. The spending power of the leisure-travel segment of the population is better understood when it is noted that a large part of the Gulf's population is actually short-term contract employees from the Asian subcontinent.

The following individual country summaries provide a perspective on the potential importance of the Middle East region in the context of outbound travel to Europe. The countries are listed in order of decreasing importance in terms of tourist generating potential.

Country wise general data on geographical, economic factors and population estimates preceded the analysis.

MIDDLE EAST COUNTRIES - LOCATION IN RELATION TO EUROPE



▲ Middle East Countries

General Information on Countries in the Middle East - SET I

Sr. No.	Country	Location	Population	Population % SocioEconomic Class SEC AB+C1	Age break-up of Population
1	Saudi Arabia	1,960,582 sq km land mass. Borders Red Sea to west, Persian Gulf on east. Land borders - Jordan 728 km, Iraq 814 km, Kuwait 222 km, Qatar 60 km, UAE 457 km, Oman 676 km, Yemen 1458 km.	22,757,092 (2001 est.). Local Nationals-75% Arab Expatriates-10% Asian Expatriates-14% Western Expatriates-1.4%	SEC AB+C1-about 60% Labour Force-7 million	Below 14 years-38% Below 30 years-66%
2	United Arab Emirates	82,880 sq km land mass, bordering the Persian Gulf. Land borders with Saudi Arabia 457 km, Oman 410 km.	3,110,000 (2001 est.). Local Nationals-19% Arab Expatriates-23% Asian Expatriates-56% Western Expatriates-1.3%	SEC AB+C1-about 35% Labour Force-1.4 million	Below 14 years-36% Below 30 years-58%
3	Kuwait	17,820 sq km land mass, on the western edge of the Persian Gulf. Land borders with Iraq 242 km, Saudi Arabia 222 km.	2,041,961(2001 est.). Local Nationals-41% Arab Expatriates-18% Asian Expatriates-38% Western Expatriates-2%	SEC AB+C1-about 33% Labour Force-1.3 million Unemployment 1.8% (1996)	Below 14 years-35% Below 30 years-62%
4	Sultanate of Oman	212,460 sq km land mass at the eastern edge of the Middle East on the Arabian Sea, Gulf of Oman and the Persian Gulf. Land borders with Saudi Arabia 676 km, UAE 410 km and Yemen 288 km.	2,360,000 (2001 est.). Local Nationals-73% Arab Expatriates-3% Asian Expatriates-23% Western Expatriates-0.7%	SEC AB+C1-about 30% Labour Force-0.8 million	Below 14 years-30% Below 30 years-59%

Source : Arab Monetary Fund, Arab League, Ministries of Planning, CIA Factbook.

General Information on Countries in the Middle East - SET I (contd.)

Sr. No.	Country	GDP (PPP) Currency Exch.	Main Cities	Form of Government/ Head of State	Main Revenue Source	Religion / Language
1	Saudi Arabia	US\$173 billion (2000 est.). Per Capita US\$7,865 US\$1-3.74 Saudi Riyals	Riyadh, Jeddah, Khobar, Abha, Taif, Makkah, Madina, Yanbu, Dhahran.	Kingdom of Saudi Arabia. Head of State-King and Prime Minister Fahd bin Abd Al-Aziz Al Saud.	Saudi Arabia has largest (26%) proven oil reserves in the world. Oil - 40% of GDP and 90% of exports, Industry 25% of GDP, Agriculture 12% of GDP	Islam. Arabic.
2	United Arab Emirates	US\$68 billion (2001 est.). Per Capita US\$21,273 US\$1-3.67 UAE Dirhams	Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Al Ain, Fujairah, Ras Al Khaimah.	Sheikh Zayed bin Sultan Al Nahyan, President of the UAE and Ruler of Abu Dhabi Emirate.	Oil and Gas - 33% of GDP. Mainly Abu Dhabi Emirate. Other Emirates more diversified. Dubai - revenues from Tourism, Transport and Trading.	Islam. Arabic (official). English widely used in commerce.
3	Kuwait	US\$37.8 billion (2000 est.). Per Capita US\$16,957 US\$1-0.3057 Kuwaiti Dinars	Kuwait City.	State of Kuwait (nominal constitutional monarchy). Head of State-Amir Jabir Al- Ahmed Al-Jabir Al Sabah.	Almost 10% of world's proven oil reserves. Oil - 50% of GDP, 90% of exports.	Islam. Arabic (official). English widely spoken.
4	Sultanate of Oman	US\$19.6 billion (2000 est.). Per Capita US\$8,300 US\$1-0.3845 Omani Riyals	Muscat, Salalah, Sohar, Sur, Nizwa.	Sultanate of Oman (monarchy). Head of State-Sultan Qaboos bin Said Al Said.	Agriculture 3% of GDP, Industry 40%, 80% of export revenues are from oil.	Islam. Arabic (official). English widely spoken.

Source : Arab Monetary Fund, Arab League, Ministries of Planning, CIA Factbook.

General Information on Countries in the Middle East - SET II

Sr. No.	Country	Location	Population	Population % SocioEconomic Class SEC AB+C1	Age break-up of Population
5	Bahrain	620 sq km island state in the Persian Gulf.	645,361 (2001 est.). Local Nationals-62% Arab Expatriates-4.5% Asian Expatriates-32% Western Expatriates-1.4%	SEC AB+C1-about 33% Labour Force-0.3 million Unemployment 15% (1998)	Below 14 years-32% Below 30 years-60%
6	Qatar	11,437 sq km of peninsular land mass, extending into the Persian Gulf off the edge of Saudi Arabia. Land border with Saudi Arabia 60 km.	744,000 (2001 est.). Local Nationals-30% Arab Expatriates-23% Asian Expatriates-46% Western Expatriates-0.8%	SEC AB+C1-about 34% Labour Force-288,000	Below 14 years-29% Below 30 years-54%
7	Jordan	89,213 sq km landmass in the Middle East, with its western tip on the Gulf of Aqaba. Land borders with Saudi Arabia 728 km, Syria 375 km, Israel 238 km, Iraq 181 km.	5,153,378 (2001 est.). Local Nationals-98% Circassian-1% Armenian-1%	SEC AB+C1-about 25% Labour Force-1.15 million Unemployment-15% (1999)	Below 14 years-38%
8	Syria	185,180 sq km landmass bordered by the Mediterranean Sea on its west. Land borders with Turkey 822 km, Iraq 605 km, Lebanon 375 km, Jordan 375 km, Israel 76 km.	16,728,808 (2001 est.). Local Nationals-90.3% Kurds, Armenians and Others-9.7%	SEC AB+C1-about 24% Labour Force-4.7 million Unemployment-20% (2000)	Below 14 years-41%

Source : Arab Monetary Fund, Arab League, Ministries of Planning, CIA Factbook.

General Information on Countries in the Middle East - SET II (contd.)

Sr. No.	Country	GDP (PPP) Currency Exch.	Main Cities	Form of Government/ Head of State	Main Revenue Source	Religion / Language
5	Bahrain	US\$7.97 billion (2000 est.). Per Capita US\$11,600 US\$1-0.3760 Bahraini Dinar	Manama, Muharraq, Riffa, Isa Town, Hamad Town.	Kingdom of Bahrain. Head of State-Amir Hamad bin Isa Al Khalifa.	Oil, contributing 30% of GDP and 60% of all export earnings. Several large financial institutions.	Islam. Arabic (official). English widely used in commerce.
6	Qatar	US\$16.5 billion (2000 est.). Per Capita US\$29,200 US\$1-3.6400Qatari Rial	Doha, Al Rayyan.	State of Qatar (Traditional Monarchy). Head of State-Amir Hamad Bin Khalifa Al Thani.	Oil and gas revenues contribute about 30% of GDP, 80% of all export earnings. Qatar has the 3rd largest proven reserves of natural gas in the world.	Islam. Arabic (official). English widely used in commerce.
7	Jordan	US\$17.3 billion (2000 est.). Per Capita US\$3,350 US\$1-0.7090 Jordanian Dinar	Amman, Aqaba, Petra.	Hashemite Kingdom of Jordan. Head of State-King Abdallah II.	Agriculture and industry. Remittances from overseas Jordanian workers constitute the most important source of foreign exchange earnings in the economy.	Islam. Arabic (official). English fairly widely used in commerce.
8	Syria	US\$50.9 billion (2000 est.). Per Capita US\$3,100 US\$1-46Syrian Pound	Damascus, Homs, Aleppo, Latakia.	Syrian Arab Republic, Republic under military regime. Head of State-Bashar Al-Asad, President.	Agriculture accounts for 29% of GDP, but 80% of agricultural land still depends on rain-fed sources. Some industry.	Islam. Arabic (official). Armenian. Kurdish. English understood by some.

Source : Arab Monetary Fund, Arab League, Ministries of Planning, CIA Factbook.

General Information on Countries in the Middle East - SET III

Sr. No.	Country	Location	Population	Population % SocioEconomic Class SEC AB+C1	Age break-up of Population
9	Lebanon	10,400 sq km landmass, bordering the Mediterranean Sea. Land borders with Syria 379 km, Israel 79 km.	3,627,774 (2001 est.). Local Nationals-95% Armenians-4% Others-1%	SEC AB+C1-about 44%	Below 14 years-29% Below 30 years-58 %
10	Egypt	1,001,450 sq km land mass, bordering the Mediterranean Sea and Red Sea in North Africa. Land borders with Gaza strip 11 km, Israel 255 km, Libya 1,150 km, Sudan 1,273 km.	69,536,644 (2001 est.).	Labour Force-19.9 million 29% in Agriculture, 22% in Industry, 49% in Services Unemployment-11.5% (2000)	Below 14 years-38% Below 49 years-92%
11	Iran	1,648,000 sq km land mass on the Gulf of Oman, Persian Gulf and Caspian Sea. Land borders with Afghanistan 936km, Armenia 35 km, Azerbaijan 611 km, Iraq 1,458 km, Pakistan 909 km, Turkey 499 km, Turkmenistan 992 km	66,128,965 (2001 est.).	Labour Force-17.3 million 33%in Agriculture, 25% in Industry, 42% in Services. Unemployment-14% (1999)	Below 14 years-38% Below 49 years-92 %
12	Iraq	437,072 sq km land mass, bordering the Persian Gulf. Land borders with Iran 1,458 km, Jordan 181 km, Kuwait 242 km, Saudi Arabia 814 km, Syria 605 km, Turkey 331 km.	23,331,985 (2001 est.).	Labour Force-4.4 million.	Below 14 years-38% Below 49 years-92%
13	Yemen	527,970 sq km land mass, bordering the Arabia Sea, Gulf Aden, Red Sea. Land borders with Oman 288 km, Saudi Arabia 1,458 km	18,078,035 (2001 est.).	75% employed in Agriculture & Herding. Unemployment-35% (1995)	Below 14 years-38 % Below 49 years-92 %

Source : Arab Monetary Fund, Arab League, Ministries of Planning, CIA Factbook.

General Information on Countries in the Middle East - SET III (contd.)

Sr. No.	Country	GDP (PPP) Currency Exch.	Main Cities	Form of Government / Head of State	Main Revenue Source	Religion / Language
9	Lebanon	US\$18.2 billion (2000 est.). Per Capita US\$5,000 US\$1-1,507.5Lebanese Pound	Beirut,Tyre, Sidon, Baalbeck.	Lebanese Republic. Head of State-Emile Lahud President.	Agriculture contributes 12% of GDP, industry 27%. The nation is struggling to recover from the damages of the civil war, with need for investments in infrastructure.	Islam, Christian. Arabic, French, English and Armenian widely used.
10	Egypt	US\$95.8 billion (2000 est.). Per Capita US\$1,380 US\$1-3.8400Egyptian Pound	Cairo, Alexandria, Giza, Port Said, Asyut, Hurghada, Sham El Sheikh	Arab Republic of Egypt Head of State- Mohammed Hosni Mubarak, President	Agriculture contributes 17% of GDP, Industry 32%, Oil 8%.	Muslim, others. Arabic. English and French widely used.
11	Iran	US\$79 billion (2000 est.). Per Capita US\$1,136 US\$1-1,754.71Iranian Rial	Tehran, Shiraz, Esfahan, Mashhad.	Islamic Republic of Iran. Head of State-Ayatollah Ali Hoseini Khamenei.	Agriculture contributes 24% of GDP, Industry 28%, Oil 20%.	Muslim,Jewish, Christian. Persian, Turkic, Kurdish, Luri, Balochi, Arabic, Turkish.
12	Iraq	US\$57 billion (2000 est.). Per Capita US\$2,500 US\$1-0.3109Iraqi Dinar	Baghdad, Basra, Mosul.	Republic of Iraq. Head of State-Sadam Husayn, President.	Oil contributes 26% of GDP, Industry 13%, Agriculture 6%.	Muslim, Christain. Arabic, Kurdish, Assyrian, Armenian.
13	Yemen	US\$8.5 billion (2000 est.). Per Capita US\$498 US\$1-164.590Yemeni Rial	Sana, Aden, Hodeida.	Republic of Yemen Head of State- Field Marshall Ali Abdullah Salih, President.	Agriculture contributes 26% of GDP, Industry 42%, Oil 17%.	Muslim, small numbers of Jewish, Christian. Arabic.

Source : Arab Monetary Fund, Arab League, Ministries of Planning, CIA Factbook.

3.2 Middle East Outbound Travel – By Individual Country

3.2.1 Saudi Arabia

Overview

With nearly one-half (46%) of its 22.8 million population in the upper socio-economic strata, Saudi Arabia is a wealthy nation, with the largest GDP in the Middle East region. However, population growth has been faster than the growth in the economy since the early 1980s, resulting in gradual reduction in per capita GDP over the years.

The country has about two-thirds of the total population of all the Gulf States and a significant proportion of all industrial establishments in these states. Overall, the economy is built on a solid base though strongly reliant on oil revenues.

Saudi Arabia has the largest spend of all Middle East nations on outbound travel. In a bid to hold back some of this spend, the Saudi authorities are focusing on developing domestic tourism. Residents are being encouraged to holiday within the country. Infrastructure has been improved in the past 5 years with new hotels, golf courses, amusement parks, development of historical sites, and easing travel within the country.

There is a plan now to tax expatriate incomes by 10 percent, as a new source for non-oil revenues. If the current draft bill becomes reality, it could have a severe impact on expatriates' propensity to spend, including on outbound holiday travel.

Outbound Tourism

Saudi Arabia is the largest tourist generating market in the Middle East accounting for 40% of all outbound travel from the region, totalling some 4.8 million trips in 2000. WTO forecasts that the country will continue to be the Middle East's largest tourist generating country, with over 9 million arrivals worldwide in 2020.

About two-thirds of Saudi outbound travel is intra-regional, and anticipated to grow at a faster rate than inter-regional travel. Other GCC countries, Egypt, Lebanon and Syria are expected to register increasing tourist arrivals from Saudi Arabia.

Among the inter-regional destinations, Europe is a favoured region, with UK accounting for a share of about 20% of all outbound trips from Saudi Arabia to the region. The other key European destinations are France, Germany, Italy, Turkey, Cyprus, Switzerland, Austria and Spain. About 40% of travel to Europe is for business purposes.

Almost 70% of holiday travel takes place in the summer months – June, July, August – when Saudi families take advantage of the school break for a long holiday. The trend for multiple holidays throughout the year that seems to be gaining ground in the UAE is not seen so strongly in Saudi Arabia. Travel through the rest of the year is more for business purposes than for leisure.

Holiday travel is mainly with families and with friends (among males). Saudis show a distinct preference for apartments/villas/homes and first class hotels for accommodation.

Saudis appear to prefer city holidays to touring/driving and countryside holidays. Shopping is a major activity during the vacation, in addition to sightseeing / visiting tourist attractions, dining out, visiting parks and gardens, enjoying the nightlife. Destination selection is led by recommendations from friends and relatives, followed by information gathered from travel agents.

It is to be noted that a number of Saudi nationals own residences / property in Europe particularly in UK and tend to spend the summer months vacationing in UK while staying in their own homes.

Tourism Potential

The country is the largest source market for outbound tourism from the Middle East. It is a major tourist generating market for European destinations.

However, in the aftermath of the 11 September attacks, Saudis displayed reluctance to travel internationally. With the ongoing Israeli-Palestinian conflict, the local Saudi populace is continuing to express angry sentiments through anti-US demonstrations.

There is a strong likelihood that 'Western' travel destinations perceived as 'anti-Arab / anti-Muslim' will be avoided, at least in the short term, in favour of intra-regional holiday options as in Lebanon, Egypt and UAE as well as 'Islam friendly' South East Asian countries. Turkey is also likely to benefit, being an Islamic state in Europe.

According to the travel trade, although the country's focus on developing and encouraging domestic tourism may have some negative impact on overall outbound travel patterns from Saudi Arabia, the social class of tourists who visit 'international' destinations are unlikely to stop doing so.

European destinations, in the short and medium term, may witness a lower growth rate in outbound travel from Saudi Arabia. Over the long term, however, Europe as a whole is anticipated to receive increasing numbers of tourists from the country.

Saudi Arabia has a very young population – while over one-third is below the age of 14 years, one-half of its population is in the 15-44 year age group (30% in the age-group of 15-29 years).

For a majority of the young population, international travel is still an adventure. Classic holiday destinations in Europe such as UK, France, Italy and Switzerland for first time travellers are likely to hold immense appeal.

The attraction of multi-country holidays within Europe, with the ease of a single visa, is likely to motivate the affluent, youth population of Saudi Arabia as also the adult ‘family’ market segment, to experience the collective charm of Europe.

UK, the largest European travel market for Saudi Arabians, may gain from promoting youth oriented travel holidays, while encouraging touring/driving and countryside vacations among the family tourist market segment. History and culture ‘heritage’ holidays are likely to continue to attract the first time traveller to UK.

Education and health-oriented trips, currently accounting for a small share of total arrivals from Saudi Arabia, can also be potential tourism revenue generators, particularly in light of the anti-US sentiment currently prevailing in the country.

About one-fourth of Saudi Arabia’s population is constituted of non-nationals. While majority of the expatriates tend to fly home to their native land on vacations, a small yet wealthy segment routinely travels abroad on holiday. This segment of the population also has the propensity to spend and can be motivated to travel more

frequently to European destinations. The proposed plan to levy a tax on expatriate incomes could gravely impact expatriates' propensity to spend.

3.2.2 United Arab Emirates

Overview

The UAE witnessed a decrease in its GDP by 4% in 2001 to US\$ 68 billion due to sluggish oil prices. Nonetheless, with about the highest per capita GDP of any nation in the Gulf, estimated at US\$ 21,273 in 2001, the UAE enjoys a special position in the region for a number of reasons.

Dubai has established itself as a rapidly growing metropolis over the past 10 years or so, making worldwide news with the development of the '7-star' Burj Al Arab hotel, hosting the world's richest horse race, hosting personalities like Tiger Woods at the PGA circuit Dubai Desert Golf Classic, promoting Emirates as one of the world's premier airlines and Dubai Duty Free as one of the world's best known duty free outlets, setting up the Dubai Internet City in record time. In a very short time, Dubai has established itself as the commercial and tourism hub of the entire region, and has effectively reduced reliance on oil as the engine for its future growth.

On the other hand, Abu Dhabi, the political capital of the country, continues to hold huge oil reserves, and its revenues largely fuel continuing infrastructure development across the country. The UAE today has some of the finest road networks in the world, a good telecommunications network, and these networks are constantly being upgraded. Abu Dhabi is also looking to develop other sectors of the emirate's economy with efforts such as promoting manufacturing industry through an 'Offset Fund', complementing the free zones in Dubai with its own Saadiyat Zone.

Despite its much smaller population base of 3.1 million, UAE outbound travel is second only to Saudi Arabia from the region, both in terms of tourist numbers and tourism spend.

Outbound Tourism

UAE outbound travel accounted for 1.6 million trips in 2000.

Intra-regional travel accounts for a larger share than inter-regional travel from the country. Egypt and Jordan are traditionally popular destinations within the Middle East. Lebanon, Syria and Iran have over the past year recorded increasing demand from UAE residents.

Popular inter-regional destinations are UK, the Australian Gold Coast over the past 2-3 years, Thailand and Malaysia in South East Asia and Europe in general, across nationalities, and the USA specifically with local nationals. South Asia, mainly India, is a key VFR and holiday destination among the Indian expatriate community who tend to travel to their home country at least once in two years.

After UK, the main destinations in Europe that are popular among the UAE traveller are France, Italy, Germany, Switzerland and the Netherlands. Summer 2001 saw a rise in traffic to Istanbul and Brussels - both Turkey and Belgium offer reasonably priced hotels and are well linked by air with the UAE. Belgium is also seeing popularity as part of a 2 center and 3 center holiday destination along with Holland and France.

Travel to Europe is largely on vacation. The countries that see business travel additionally are Germany, Greece, France, Austria, Belgium, Italy, Netherlands and the UK.

Holiday travel to all destinations apparently showed decline in 2001 by 5-10%, when compared with 2000. Post September 11, most European countries registered little or no increase, with the exception of UK and France.

The average UAE traveller is well educated, belongs to an upper income household and is a high spender.

Travellers appear to choose 4-star and 5-star hotels in Cyprus, Greece and Turkey. In other destinations, lower star hotels are preferred. Travel is essentially in the summer months, during the period May to August. Cyprus, France, Greece, Italy, Netherlands, Germany and UK see more balanced travel throughout the year.

The average duration of the long summer holiday is between 2 to 4 weeks depending upon the holiday destination. UAE travellers essentially travel as families though a trend towards some group travel among friends is beginning to gain momentum, particularly among the youth.

The trend towards multi vacations – two/three vacations around the year – is noticeable with increase in outbound tourist numbers especially during the winter.

Destination selection is led by recommendations from friends and relatives, followed by information gathered from travel agents and national tourism brochures. The Internet is becoming an increasingly important source for information and bookings among the UAE residents.

Tourism Potential

One of the greatest benefits for the traveller from the UAE is that the airports are very active, particularly Dubai. Dubai has an open skies policy leading to over 90 airlines

presently using its airport facility. In turn, this has facilitated Dubai becoming the tourism and commercial hub of the region, and has cemented its importance on the world tourism map.

As a result, outbound travel from UAE is the highest after Saudi Arabia, despite its small population base. Post September 11, UAE travellers have continued to travel although the initial six weeks saw reduced outbound travel. Destination choices, however, appear to have undergone a shift towards intra-regional and Asian countries.

Australia and New Zealand also appear to be among the current favoured destinations. With greater connectivity – direct flights to Perth, later in 2002, in addition to Sydney and Melbourne – Australia is likely to be a strong contender for UAE outbound travel tourism receipts in the future. New Zealand is likely to benefit from the growth in traffic to Australia, with tourists combining the long distance trip to Australia with New Zealand in close proximity.

A substantial increase in winter traffic is anticipated this year from the UAE, with vacationers expected to travel in larger numbers during the Eid vacations, as Ramadan will not clash with the winter vacation in 2002.

Leisure travel to Europe may witness some decline in the immediate short term, even while business travel is set to increase with growing trade between a number of European countries and UAE, as well as due to increasing participation in industry/trade fairs and exhibitions, particular to Germany,

Over the long term, however, Europe as a whole is anticipated to receive increasing numbers of tourists from the country.

Understanding that a large majority of the UAE population, as in Saudi Arabia, is young – 60% between 15-44 years of age; 58% below 30 years of age – tourism potential needs to be tapped amongst this segment of the population.

City holidays with promise of diverse entertainment, active nightlife, shopping and diversity in dining options along with sightseeing are potential attractions for the youth. Group holidays, particularly targeted towards males, is likely to hold attraction among the growing ‘travelling with friends’ segment of the youth population.

A reasonable number of people travelling to Europe are married couples. Multi-country, beach/seaside and touring/driving holidays could be options that may capture their interest.

The family segment of the travelling population, with young children, is likely to be motivated to travel to destinations that offer variety in leisure/amusement parks, zoos, safaris etc. Destinations such as Netherlands, France, Spain, Germany and UK would benefit from creating greater awareness of such attractions for the family market. Additionally, family oriented beach/seaside resorts are likely to have good future potential amongst this target segment.

It is important to note that the population of UAE has the unique characteristic of being constituted of a far larger proportion of non-nationals (81%) vis-à-vis local nationals (19%). Most expatriates tend to fly home to their native land on vacations, at least once in two years. Therefore outbound travel is far more insulated from the impact of global events than in other countries. A sizeable segment of the expatriate community travels abroad (other than home country) on holiday. This segment of the population also has the propensity to spend and can be motivated to travel more frequently to European destinations, with value-for-money and value-added holiday options.

By and large, the UAE traveller is well educated, well informed and far more 'international' in outlook vis-à-vis residents of other countries in the region.

3.2.3 Egypt

Overview

At 69.54 million, Egypt has the largest population of all the nations in the Middle East, and GDP second only to Saudi Arabia. However, per capita income is far lower than in the Gulf States.

The country is fairly industrialized, though a substantial portion of the GDP is still contributed by agricultural production. Egypt has begun making strides in new-age industries, as in building up a strong force of software specialists. Political leadership is strong, and Egypt has been better able to recover from economic hits than other countries in the region, as indicated by the swift recovery in tourism receipts following a dramatic decline post 11 September.

Total tourist arrivals from Egypt to outbound destinations are estimated at about 1.1 million in 2000.

Outbound Tourism

A large proportion of outbound travel from Egypt is to other Middle East and North Africa destinations, led by Syria and UAE.

In Europe, maximum travel is to the UK, to the extent of 0.73 million tourist-nights in 1999. About 40% of this travel is estimated to be for business.

Being on the Mediterranean, Egypt's proximity means that travellers can access European destinations through short-haul flights, with attendant lower cost of travel. Other key European destinations are France – large proportion being for holidays, Italy and Germany – visited almost equally for business and for holiday, and to some extent for medical purposes.

Other European destinations also benefit from Egyptian visitors, particularly in the Mediterranean belt – Cyprus with about 5,500 visitors in 2000; Greece with about 25,000 nights representing almost one-half of all Middle Eastern nights in 1999; Italy with over 110,000 nights in 1999; Malta with over 16,000 visitors and Turkey with over 57,000 nights in 1999.

Other non-Mediterranean countries that receive Egyptian visitors are - Finland with about 2,000 nights; Slovakia receiving all its 1,206 recorded Middle East nights from Egypt alone; Switzerland with almost 40,000 nights; Portugal showing consistent growth from 1,460 Egyptian overnights in 1995 to an estimated 6,092 overnights in 2001; Hungary with over 7,500 visitors in 1998. Majority of this travel is understood to be for holiday.

70% of Egyptian travellers are male. 80% of the travellers belong to the 30 - 55 years age group. As most holiday travel is with family, the focus on vacation is on family oriented activities. Travel agents appear to be the most important source of information in the process of destination selection.

Tourism Potential

WTO forecasts about 1.8 million Egyptian outbound tourist arrivals worldwide in 2020. The principal destination markets are likely to be Syria, UAE and the United Kingdom.

Turkey and Greece are expected to register an average annual growth of 3.5% and 2.5% respectively in Egyptian arrivals during the period 2000 to 2020.

With its continuing development to emerge as a strong economy, the sheer size of its population and its proximity, Egypt has the potential to become an important source market for European destinations.

Unlike the Gulf economies, Egypt's population is constituted almost entirely of local nationals and can be effectively targeted through the media. Attractive offers on short holidays in European destinations as well as multi-country packages as an extension of UK trips can be potential opportunities for a number of European destinations.

3.2.4 Lebanon

Overview

Lebanon has a relatively small population of 3.6 million. Its economy is riddled with public debt of US\$ 27.2 billion – 170% of the nation's GDP. Infrastructure development continues to be the focus of government spending. All of this reflects in per capita GDP of US \$1,500, just a little higher than Egypt.

However, the Lebanese have proved to be a resilient people through the long period of the civil war, are considered to be the 'sophisticated' Arabs, and appear to have a taste for the 'good life' surpassing that seen in the rest of the Middle East. This explains the continued volume of outbound travel contributed by Lebanon.

As the nation builds back its economy, the Lebanese market will become more and more important for outbound travel relative to the performance of other Middle

Eastern countries. This process will be greatly accelerated if peace is achieved between the Arabs and the Israelis in the Middle East. It appears to be an important market in the context of potential growth in Middle East outbound travel.

Outbound Tourism

The largest volume of travel to Europe from Lebanon is to France with 190,000 tourist arrivals. Other popular destinations are Italy, Cyprus and UK.

Several other destinations that receive over 30,000 visitors annually are Germany, Greece, Netherlands, Spain and Turkey. Other popular destinations with over 10,000 travellers in 2001 were Austria, the Czech Republic, Hungary, Portugal and Switzerland.

No destination is popular solely for holiday purposes. Travel appears to be led by business visits. The highest proportion of holidays, as a proportion of all travel, is to Malta (90%), Monaco (85%), Turkey (75%), Cyprus, Greece, Czech Republic and Austria (65% each) and France (60%). Other destinations popular for holidays are Belgium, Italy, Portugal, Spain, Switzerland and the UK.

Within business travel, conference and exhibition visits are the most important reason for business travel to France, Germany, Italy, Iceland and Portugal.

Within holiday travel, city breaks is by far the most important type of holiday, followed by beach holidays for which Cyprus, Greece, Malta and Turkey are the preferred destinations. The popular activities are sightseeing, shopping, going to beaches, visiting nightclubs and restaurants. There is some interest in mountainside holidays as well, led by Romania, Switzerland, Austria and Ireland.

Over 60% of travellers belong to the 35-54 years age group. Two-thirds are male.

The Lebanese traveller prefers to stay in 4-star and 5-star hotels. Travel bookings are primarily done through travel agents. Travel agents are also seen as the most important source for information on destinations. Package tours appear to be quite popular, for destinations like Cyprus, Austria, Italy, Bulgaria, Turkey, and to some extent to Greece, France, Spain and the UK.

Over 60% of all travel is in the summer months of May to August. However, some countries like Denmark, Slovakia, Slovenia, France and UK see more distributed travel around the year.

In the wake of the 11 September events, tourist departures from Lebanon to Europe are estimated to have dropped by over 20%. Most destinations showed decline, with the exception of Turkey and Cyprus. Estimates for 2002 outbound travel are a further 10-20% drop against 2001 performance – UK, Germany and Spain are anticipated to register maximum negative impact.

Tourism Potential

Lebanon outbound travel is expected to slowly recover and register an overall growth rate of 3% during the period 2000 – 2020.

The key outbound markets are likely to be other Middle East and European destinations. Within Europe, France, Italy, Cyprus, UK and Turkey are likely to dominate Lebanese outbound travel.

A consortium of travel agents in Lebanon plans to operate charters to Paris, Egypt and Morocco. Hence, along with Africa, France tourism is likely to gain further impetus

from Lebanon. Additionally, LTU has recently been granted rights to operate two scheduled flights from Beirut to Dusseldorf. Traffic to Germany will likely increase, hopefully reducing the decline rate in tourist numbers to the country as currently forecast for 2002.

In terms of future holiday travel, it is learnt that 2 center holidays are becoming increasingly popular among the Lebanese. The preferred combinations are France with Italy, Spain with UK, Austria with Germany, Italy with Czech Republic, Spain with Portugal and Netherlands with Belgium and France. As package tours are popular among the Lebanese, multi-destination package tours within Europe would offer good potential.

Round the year holiday offers targeted towards specific destinations offering sun and beach, mountainside and countryside holiday options, along with cultural / classic city holidays may attract a cross section of customer segments. Superior accommodation facilities need to be included in the package to attract the Lebanese tourist.

3.2.5 Kuwait

Overview

Kuwait has a small population, just over 2 million, with fairly large revenue earning from oil exports. Per capita GDP is US\$ 21,900.

The local population is blessed with a high ability to spend, matched by a propensity to spend, much of which is done outside the country on overseas visits. For example, Dubai benefits greatly within the Middle East from both investments and travel spend by visiting Kuwaitis.

Outbound travel from Kuwait is quite significant both in terms of tourist numbers and tourism spend.

Outbound travel

Kuwait outbound travel accounted for an estimated 1.3 million trips in 2000. It is a significant tourist generating market, higher than all other Middle East countries with the exception of Saudi Arabia and UAE.

Among inter-regional destinations, significant travel has traditionally been to the USA. While Kuwaitis travel to a number of destinations in Europe, in most cases numbers appear to be small and hence not recorded by most national tourism boards. The most popular European destination is the UK, followed by France, Italy and Germany – a pattern followed by other Gulf travellers. About one - third of travel to these destinations is estimated to be for business purposes.

There is some travel to destinations such as Cyprus, Turkey, Switzerland, Austria, and the Scandinavian countries. This is mainly for holiday purposes.

Spain and Portugal are gaining popularity as holiday destinations, with some business travel as well. Some travel to the Czech Republic visiting the spas is also noted.

Though contributing smaller numbers, Kuwaitis are high spenders and tend to stay somewhat longer in a destination than the average Middle East traveller.

Kuwaiti travellers are mainly in the age group of 25 –50 years and comprise almost equal number of males and females.

While holiday travel is mainly with families, travelling as a group of friends is not uncommon.

On business travel, Kuwaitis prefer to stay in superior hotels. Preference is for rented apartments and homes rather than hotels during the longer holiday stays in the summer. In London in particular, Kuwaiti families significantly contribute high occupancies in rented, furnished apartments in the months of June, July and August.

Tourism Potential

The well-educated, affluent Kuwaiti enjoys a modern lifestyle. Kuwaiti nationals like travelling to Europe and have displayed an interest in exploring new travel destinations within the region.

While overall tourist numbers are limited due to the small size of its population, Kuwait's potential as a large generator of tourism revenue receipts is higher than for a number of other countries in the region.

In line with other Gulf countries, a large proportion of the population of Kuwait is young – 62% below the age of 30 years. European destinations need to bear in mind the travel propensities of the Kuwaiti youth and young adults when targeting them for holiday travel.

By and large, lifestyle orientated city holidays with shopping at upscale fashion and home stores, good dining, art expositions and theatre performances are likely to appeal to the Kuwaitis.

As with Saudi Arabia and UAE, Kuwait's population is also characterized by a significant proportion of non-nationals. While majority of the expatriates tend to fly

home to their native land on vacations, a small yet wealthy segment routinely travels abroad on holiday. This segment of the population also has the propensity to spend and can be motivated to travel more frequently to European destinations.

3.2.6 Syria

Overview

Syria has a population of 16.7 million, and per capita GDP of US\$3,100.

Agriculture continues to account for a massive 29% of the nation's GDP. Projections and plans for increased industrialization have not fully materialized, in part due to most enterprises being government controlled.

At the same time, the education system seems to be faltering and human resource development for the future is becoming an issue, so that increasing numbers of Syrians are choosing to seek employment outside the country. Compounding all this is the water shortage that is being felt in the country in recent times, and the escalation of conflict in the Israel-Palestine context.

Outbound travel

Outbound travel from Syria is small in tourist numbers and is primarily limited to intra-regional destinations such as the neighbouring Lebanon and Jordan and to some extent to the UAE.

There is a limited amount of travel to Europe, both for business and leisure. Travel to Greece, Monaco and Portugal is entirely on holiday, while traffic to Germany and Sweden is mainly for business. Other European destinations for Syrian holiday traffic

are Spain (90%) and Turkey (80%). All other countries see more business than holiday traffic – Austria (70%), Belgium (85%), Cyprus (90%), France and Netherlands (50%), Italy (60%), Switzerland (70%) and UK (60%).

In 2001, there appears to have been a reduction in the proportion of holiday travel to Europe, with a proportionate increase in business travel, by 10% each to Cyprus, France, Italy and UK. The only country that has seen an increase in the proportion of holiday travel is Turkey by 10%.

Attending conferences / exhibitions is the most important reason for business travel to Germany, Italy, Sweden and Switzerland.

Among Syrian holiday goers, beach holidays are popular in Malta and Portugal, city holidays in the UK and the Netherlands, and culture / sightseeing trips in Poland, Spain, Italy and Austria. Bulgaria and the Czech Republic are visited almost exclusively for spa treatments.

Cyprus, Germany, Greece, Spain, Turkey and the UK see some family tourism - about 25% of all travellers. Otherwise, travel is essentially as singles or as couples.

The bulk of travel to Greece, Spain and Turkey is in the summer months of May to August. Italy, Germany and the UK see more year-round travel.

Length of stay tends to be highest in Greece, Spain and Portugal at about 6 nights followed by Cyprus, France, Italy and Turkey with 5 nights. Other destinations receive an average stay of 2-3 nights.

Syrians prefer to stay in two / three star and budget hotels in France, Germany, Italy and the UK. Higher class of hotels is used in other destinations. Travel by the

destination airline is usually the preferred option by the Syrians. The most popular countries, combined for a European holiday, appear to be Spain and France.

The destination decision process is most influenced by friends, relatives and travel agents.

Tourism Potential

Despite its fairly large population, Syria is unlikely to become a market of great importance to European destinations in the near future.

Outbound travel growth is likely to be directed primarily towards other Middle East markets such as Lebanon, UAE and Egypt.

It is to be noted that there is a general perception among the travel trade that European nations make no effort to market themselves in Syria. The travel trade believes that Syrian businesses are evolving, business travel has begun to grow, and leisure travel will follow – hence any early marketing efforts made by a / any European destination would likely prove beneficial in the future. Austria appears to have taken the first step in this direction.

3.2.7 Iran & Iraq

Overview

With a population of about 90 million across these two nations, a combined GDP of US\$ 156 billion fed partly by oil export earnings, normally these nations would be of significant interest as potential markets for outbound travel from the Middle East. Iraq has suffered grievously as a result of its attack on Kuwait that led to the 1991 Gulf War. Economic sanctions have crippled the economy and export revenues from oil are allowed only on a controlled basis. As a result, the Iraqi people have remained relatively poor, and it would take a great deal of time before they could become a community of interest for outbound travel.

On the other hand, Iran has developed its industry and economy systematically over the years since the end of its war with Iraq, and the clergy leadership has shown itself to be more and more open to outside influences. One result of this is the increasing number of visitors that Iran is seeing in the past few years. Another is the slowly increasing trade that is apparent with trade partners like the UAE. Both indicate signs of a growing economy.

Outbound travel (Iran)

Iran visitor arrivals worldwide were approximately 0.5 million in 1999. Travel within the Middle East region accounted for 80% of all visitor arrivals from Iran, led by Syria and UAE.

Outside the Middle East, Bulgaria, Hungary, India and China were the main travel markets for the Iranians.

In 2000, Hungary received 12,428 Iranians while Cyprus indicated increasing interest from the Iranians, though numbers in 2000 were just 6000.

Tourism Potential

WTO forecasts a high growth in travel to UAE from Iran, reaching a figure of 1.4 million tourist arrivals in 2020. Syria is forecast to receive about 163,000 Iranians in 2020, down from 199,000 in 1999.

Other regions are expected to benefit negligibly from Iranian outbound travel.

In his recent State of the Union speech, President Bush of the United States identified Iran as one of the trio that he defined as constituting the 'axis of evil', harbouring terrorists and promoting terrorist activities.

Iran can only be of real interest to the world economy, with potential for travel to European destinations, once this matter is resolved. At that time, it is felt that Iran would bear watching, even if only for the sheer size of its population – the largest in the Middle East after Egypt.

3.2.8 Jordan

Overview

Jordan has a population of 5.1 million with per capita GDP of US\$3,350, slightly higher than that of Syria.

Jordan's problems appear to be very similar to those faced by Syria. Owing to lack of opportunities within the country, vast numbers of Jordanians already seek work

outside particularly in the Gulf states, and remittances from overseas Jordanian workers is now the highest contributor of foreign exchange earnings in the economy.

Tourism is the second most important sector bringing foreign exchange to the nation's coffers, and the downswing in travel to Jordan as a result of the 11 September events has hurt the economy badly.

Outbound Travel

Travel out of Jordan is primarily to Syria, Egypt and Lebanon and to some extent to the Gulf states notably Bahrain and UAE.

These countries together attracted about 0.6 million Jordanians in 1999. Travel into the Gulf states is estimated to have increased over the last couple of years.

International travel, specifically leisure travel, is understood not to be significant when compared with Saudi Arabia, UAE, Kuwait and Egypt.

Tourism Potential

Jordan's economy will require efforts in the short term to recover from recent hits. However, there do not appear to be any signs of dramatic economic recovery.

Jordan is felt unlikely to be a major contributor to European destinations in the near future.

3.2.9 Qatar & Bahrain

Overview

Some estimates indicate that Qatar's per capita GDP in 2001 was higher even than that of the UAE, at US\$ 29,278 making it the highest in the Gulf and the Middle East. The main reason for this is recent gas finds, with Qatar now having the 3rd largest proven reserves of natural gas in the world.

At the same time, population has grown by just 3.3% in the past 5 years, while GDP has leapt nearly 100%, reflecting an ever-increasing per capita GDP. With the population continuing to grow at a rate under 2%, Qatar's per capita GDP is expected to remain among the highest in the world for some time to come.

In contrast, Bahrain's per capita GDP is about US\$15,000.

Both nations have small populations – Bahrain 0.6 million and Qatar 0.7 million – and are home to fairly large numbers of well-educated expatriate professionals - Qatar largely in the oil and gas industry and Bahrain mainly in the finance and banking sector.

Outbound Travel

Bahrain and Qatar are estimated to have together accounted for about 0.7 million outbound trips in 2000.

Holiday travel would account for about 60% of all trips, a large proportion being made as VFR trips to their native homelands by the expatriate community in these countries.

Outbound travel to European destinations would be below the 100,000 mark with approximately 40% accounted for by business travel.

Tourism Potential

The overall population base in these countries is small. From this perspective alone, Bahrain and Qatar would be markets of secondary importance in the region, after Saudi Arabia, UAE, Egypt, Kuwait and Lebanon.

However, the well-educated, affluent local nationals in these two countries, particularly in Qatar, are amongst the high spenders in terms of tourism expenditure. As part of the overall tourist generating GCC market, these nations contribute valuable international tourism dollars.

3.2.10 Sultanate of Oman

Overview

Oman's per capita GDP is higher only to that of Saudi Arabia amongst the Gulf States. It needs to be noted, though, that its 2.3 million population is equivalent to just 10% of the population of Saudi Arabia. Notably, its reliance on an expatriate workforce is limited – non-nationals constitute just over fourth of the population.

Significantly, only 5% of Oman's population is in the upper socio-economic strata, less than any other Gulf State. Much of Oman's population continues to reside in the rural belt, unlike in any of the other Gulf States.

In many senses, the economy is also still recovering from the effects of a crash in the Securities Market about 2 years ago. Industry is being expanded, albeit slowly, and

the main task occupying government is the provision of jobs for Omani nationals in an effort to improve their standard of living.

Outbound Travel

Outbound travel from Oman accounted for about 0.4 million trips in 2000.

Holiday travel would account for about 70% of all trips, a very large proportion being made as VFR and holiday trips by the expatriate community resident in Oman.

International travel is not considered to be significant as yet out of Oman.

Tourism Potential

With travel to European destinations estimated at below the 100,000 mark including business and holiday travel, and less than 5% of the total population constituting the upper socio economic strata, Oman is unlikely to be a significant source market for European destinations in the near future.

An opportunity that could be explored is extended business stays with a short holiday by the business travellers.

3.2.11 Yemen

Overview

Yemen has a population of 18 million with a per capita GDP estimated at US\$ 498, paltry in relation to its neighbouring Gulf States.

The country has been unfortunate in that efforts to find oil have not yielded good results in the past 10 years, though many international oil exploration companies continue to have faith in Yemen's potential on this score.

The economy was ravaged by the civil war between South and North Yemen, until unification in the mid-1990s. However, the government has not been able to control tribal chieftains, so that lack of law and order continues to be an issue. There continue to be reports of kidnapping of tourists and resident expatriates, resulting in lack of confidence amongst potential tourists and the economy is further hurt through loss of tourism revenues.

There is now a focus on developing inbound tourism - improving infrastructure including revamp of both international airports in Sana'a and Aden as well as construction of new 5-star hotels.

Outbound Tourism

Outbound tourism is mainly limited to intra-regional travel.

International travel out of Yemen is insignificant.

Tourism Potential

The country has the potential to become an important inbound tourist destination in the Middle East. If that happens, the economy would benefit significantly and Yemeni ability to spend on outbound leisure travel would rise dramatically.

For the present, Yemen can be seen as a secondary market in the region in respect of outbound travel in general.

Section 4: Middle East Outbound Travel – by Destination Country (Europe)

4.1 Overall Scenario

The 31 member countries of the European Travel Commission comprise some of the world's most popular destinations including Spain, France, Germany and the UK.

A large proportion of the ETC member countries' inbound tourism is from within the ETC community.

- 24 countries receive 80% or more of their total tourist-nights from European neighbours.
- 7 countries get a substantial proportion of their tourist-nights from within Europe - Italy (77%), Turkey (77%), Germany (75%), Ireland (75%), Monaco (70%), Norway (70%) and UK (53%).
- For 18 ETC member nations, the top 5 markets are all from within Europe.
- For 8 ETC member nations, the USA is the non-European source market within the top 5 tourist generating markets. These countries are Belgium, Finland, Germany, Iceland, Monaco, Norway, Poland and Switzerland.
- In the case of 4 member nations, one other non-European country in the top 5 markets - Australia for UK, Canada for Ireland, Japan for Italy and Israel for Romania joins the USA. In Malta's case, Libya joins 4 European nations in the list of top 5 source markets.

- The single most important source market for ETC countries is Germany. It is in the top 5 markets for each of the other 30 ETC countries, and is the number one source market for 18 countries.

2001 in general saw lesser travel than in 2000 for a variety of reasons. Slowdown in the US economy and the world economy in general, high-profile failures in the dotcom industry, continued economic problems in Japan, the precarious position of certain airlines all contributed to reduced economic activity even in the first half of the year.

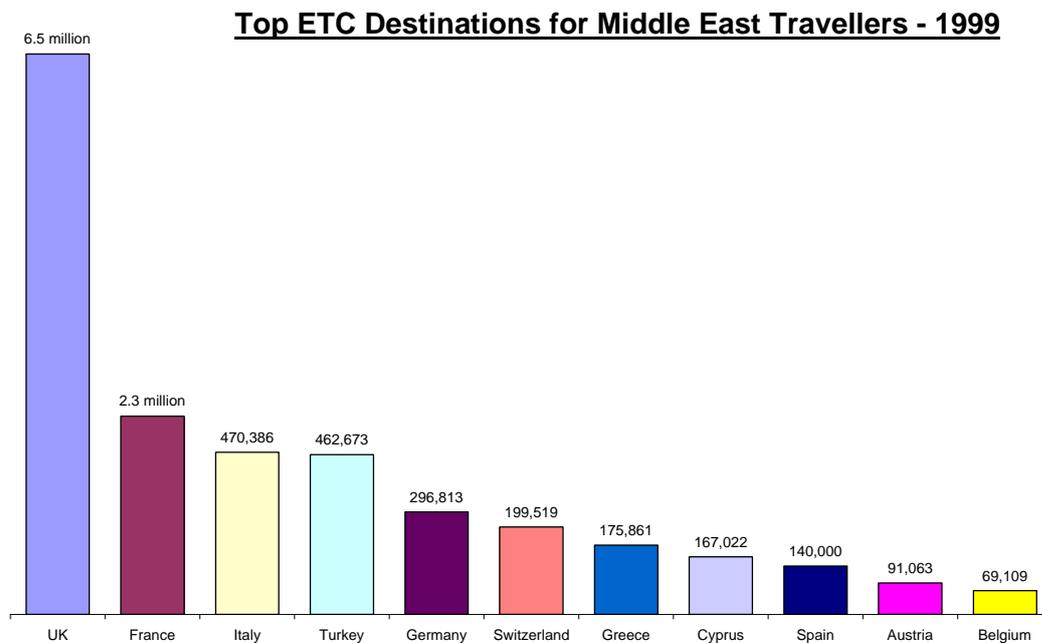
This was then compounded by the terrorist attacks in the USA in September 2001, which resulted in an almost immediate reduction in passenger movements as a 'fear of flying' gripped the world. Movement did however pick up in the later months in the year, but travel advisories caused continued reduction in traffic to certain parts of the world specifically the Middle East.

The most popular destinations for the US traveller have traditionally been UK, France, Germany and Italy. Without doubt, these economies would have suffered a reduction in US traffic in the last 4 months of 2001, compounding the earlier effects of the global slowdown in economic activity, and the effects of 'foot and mouth' disease that had its own impact on tourism to certain European countries including UK.

4.2 Middle East as a Source Market

The role of the Middle East as a source market for ETC destinations appears small in relation to overall tourism numbers in these destinations. Some features are:

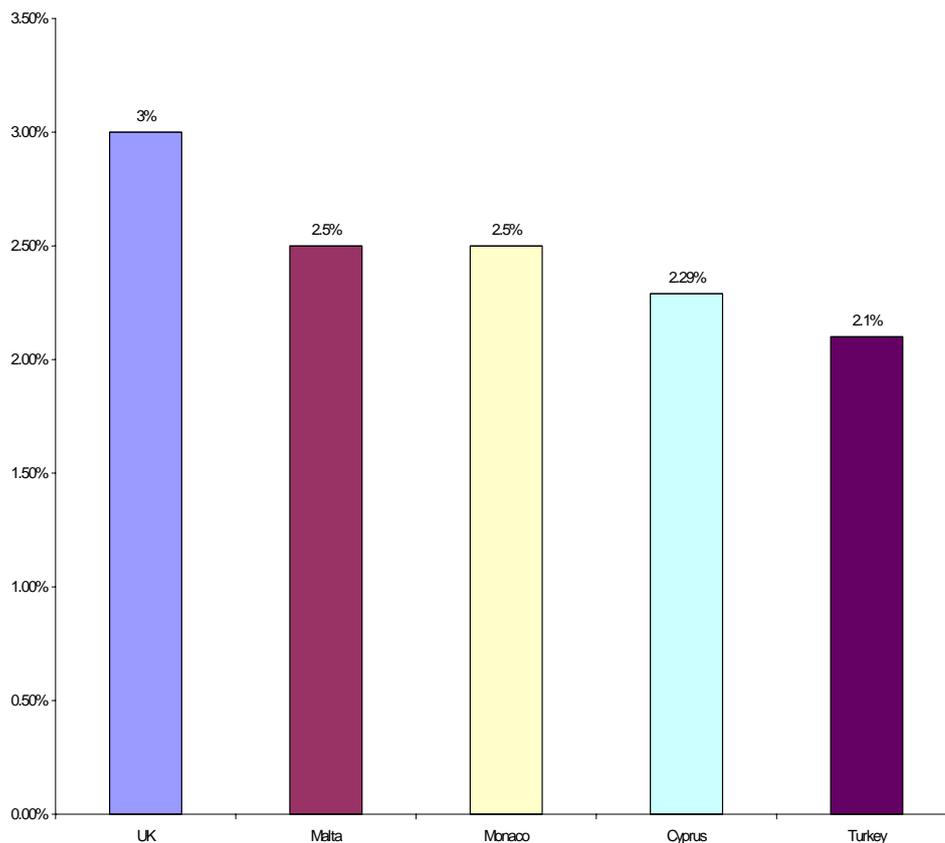
- 11 ETC member nations received over 50,000 tourist-nights in 1999 from the Middle East: Austria – 91,063 nights; Belgium – 69,109 nights; Britain – 6.5 million nights; Cyprus – 55,674 arrivals, average stay 3 nights estimated, 167,022 nights; France – 2,296,600 nights; Germany – 296,813 nights; Greece – 50,246 arrivals, average stay 3.5 nights estimated, 175,861 nights; Italy – 470,386 nights; Spain – estimated 35,000 arrivals, average stay 4 nights, 140,000 nights; Switzerland – 199,519 nights; Turkey – 462,673 nights.



*Source: World Tourism Organization
Market Vision Estimates for Greece, Cyprus, Spain*

- The highest contribution was 3% of all tourist-nights, received by the UK. In actual terms this represented 6.5 million nights, which is significant by any standards. Of this total, it is further estimated that 70% was contributed by Gulf travellers.
- 5 countries received over 1% of their overall tourist-nights in 1999 from source markets in the Middle East. These are the UK as above, Cyprus 2.29% (estimate based on arrivals percentage) with 55,674 nights, Malta 2.5% with 44,968 nights, Monaco 2.5% with 19,795 nights and Turkey 2.1% with 462,673 nights.

Middle East Contribution over 1% of total tourist nights - 1999



Source: World Tourism Organization

4.3 Travel to European Destinations – Individual ETC Member Countries

Data presented in this section has been sourced from a number of secondary information sources, including the World Tourism Organization - Yearbook of Tourism Statistics, 1995-1999; statistics obtained from individual National Tourism Boards, travel trade publications and the local press in the Middle East.

The following pages present a brief interpretation on overall tourism to each ETC member nation, some information on the impact of the 11 September events in the USA and the role of Middle East markets in the overall tourism picture.

4.3.1 Austria

Tourist arrivals to Austria have been more or less static between 1995 and 1999, hovering between 17-17.5 million.

As a region, Europe has been the mainstay of Austria's tourism, accounting for over 88% of all arrivals, led by Western Europe with two thirds of all arrivals. The top 5 markets of relevance, spending tourist-nights, are Germany (a whopping 64% of total nights spent), Netherlands, Italy, UK and Switzerland, together contributing 83% of all tourist-nights in 1999.

Vienna International Airport registered a small 0.7% drop in passenger traffic in 2001 to 11.85 million. This was attributed to the fact that only 7% of traffic is for the USA, Middle and Near East, lower than other major airports in Europe.

The Middle East has traditionally not been a strong market for Austria, contributing only about 0.1% of overall tourist-nights as well as tourist arrivals. However, it is seen as an important market because Arab traffic is largely in the period July-August,

which is Austria's low tourist season. 'Arab countries in Asia' registered 28,858 arrivals and 111,988 bed-nights in 2000; increasing to 33,320 arrivals (15% growth) and 128,804 bed-nights (15% growth) in 2001.

Austria has participated in the Arabian Travel Market trade fair in Dubai since its inception in 1995. Its representative indicated that Middle East visitor arrivals grew by 43% in 2000 when compared with 1999, and that growth continued through 2001. One of the reasons attributed for this growth is the increasing popularity of Austrian spa facilities, albeit within a limited affluent customer segment that can afford the more expensive treatments in Austria as compared to those available in the Czech Republic and Slovakia.

Visa services appear to be available across the Middle East except in Qatar, Bahrain and Iran. Austria also benefits from being a signatory of the Schengen Agreement, allowing visitors' entry to Austria along with entry to 14 other signatory countries on a common Schengen visa.

The Austrian Tourism Board organizes an annual 'fam trip' with tour operators from Saudi Arabia, UAE, Kuwait, Bahrain, Qatar, Lebanon, Jordan and Syria. Separately, an Agent's Educational Tour is also organized every year. In 2002, a media art project by an Austrian artist is also to be promoted in Dubai, with a press conference and other planned activities.

Short-term consequences of the 11 September events have hardly been felt in respect of Middle East visitors, because of the small visitor numbers as also due to the fact that travel is mostly in the summer. However, the Board sees increasing demand in future, and will plan accordingly.

Austrian Airlines already connects Vienna with Cairo, Beirut, Damascus, Dubai and Teheran. Further, since April 2001, Syrian Air flies thrice weekly to Vienna from Damascus and Aleppo, with transit rights to Berlin via Vienna – this could lead to increased Syrian traffic to Austria and Germany in combination trips.

Indications from the travel trade are that Austria may see decline by upto 10% from the Middle East in 2002, almost entirely in terms of holiday travel.

4.3.2 Belgium

Tourist arrivals to Belgium have been growing consistently between 1995 and 1999, rising from 4.14 million to 4.98 million during this 5-year period with annual growth rate of just over 4%.

As a region, Europe has been the mainstay of Belgium's tourism, accounting for 85% of all arrivals, led by Western Europe with about one half of all arrivals. Tourist arrivals from the rest of Europe are better distributed than seen in the case of Austria. The top 5 markets of relevance, spending tourist-nights, are Netherlands, Germany, UK, France and USA, together contributing almost 80% of all tourist-nights in 1999.

Brussels International Airport saw significant growth in passenger traffic into the year 2000, rising to about 22 million from 20 million in 1999 and about 19 million in 1998.

The Middle East has not traditionally been a strong market for Belgium, contributing only about 0.69% of overall tourist-nights and 0.35% of tourist arrivals. Over the last two years, it is beginning to show signs of growth.

Swissair and its sister airline Sabena announced 53% increase in traffic to Belgium from Dubai, and 24% increase from Abu Dhabi in 2000. Trade between Belgium and

the UAE has doubled in the last 3 years with 2001 registering an increase of over 35%. The airlines offer 12 weekly flights from the UAE to Zurich, connecting with 7 daily flights to Brussels.

Visa services appear to be available across the Middle East, except in Qatar, Bahrain and Iran. Belgium also benefits from being a signatory of the Schengen Agreement, allowing visitors entry to Belgium along with entry to 14 other signatory countries on a common Schengen visa.

Belgium is growing in popularity as a leisure destination for travellers from the Middle East, reflected in the fact that almost 60% of all travel is in July-August which is the main holiday period in the region. Of this, 5000 travellers in 2000 were from the UAE, largely local national families many of who own property in Belgium.

The attractions are the wide range of history, culture, art and sport, diamond shopping, in the European Union capital of Brussels and the districts of Antwerp, Flanders and Ardennes. In recent years, medical tourism has seen a sharp increase, for treatments with Belgian doctors who apparently specialize in knee and hip problems – this is cited as the reason why some of the top UAE soccer players travel to Belgium for surgery.

There is a perception that Belgian universities conduct courses in French, and not English. Dispelling this myth could lead to attracting students going elsewhere for higher education. At the same time, promoting Belgian art and culture in the Middle East could potentially lead to further growth in tourism numbers.

S N Brussels does not fly to the Middle East. As a result, travellers need to fly other airlines like Air France, KLM to access Brussels. Under these circumstances, the need is to promote Brussels in multi-center holidays with Amsterdam-Paris.

Indications from the travel trade are that Belgium may see decline by upto 10% from the Middle East in 2002, almost entirely in terms of holiday travel. City breaks are expected to remain the most popular type of holiday, followed by culture / sightseeing holidays and driving / touring holidays.

4.3.3 Bulgaria

Tourist arrivals to Bulgaria have been declining steadily between 1995 and 1999, from 8 million to 5.06 million during this 5-year period reflecting annual decline of 11.6%.

Bulgaria is almost entirely dependent on Europe as its tourism source market. Europe has consistently contributed over 94% of all arrivals since 1995, led by Central European countries at 39% and Southern European countries at 37%. However, a large proportion of this appears to be day visits from Romania, Yugoslavia and Macedonia etc. Where actual tourist-nights spent are concerned, the top 5 markets of relevance are Germany (which alone contributes almost one-half of all tourist-nights spent in Bulgaria), UK, Russia, Sweden and Belgium, together contributing about two thirds of all tourist-nights in 1999.

The country's tourism product is fairly varied – ski resorts, thermal springs and curative mud centers situated along the Black Sea coast attracting visitors for recuperative programmes and stress relief.

The Middle East has a miniscule contribution, with 0.36% of all arrivals and 0.02% of all tourist-nights. Currently, marketing efforts in the region appear to be focused on the expatriate population. Visa services appear to be available across the Middle East, except in Qatar, Oman, Saudi Arabia and Bahrain. It is still not always easy to obtain

a visa – for example, in the UAE, only the Embassy in Abu Dhabi is empowered for this purpose. There are, however, plans to start a consular service in Dubai now.

In the absence of a national airline connecting Bucharest with the Middle East, Bulgaria probably needs to promote itself through multi-center holidays in Europe.

Indications from the travel trade are that Bulgaria may see decline by upto 10% from the Middle East in 2002.

Focus on value-for-money ski holidays and health/spa tourism targeted towards the local national and expatriate population in the Gulf region may prove beneficial in the long term.

4.3.4 Croatia

Tourist arrivals to Croatia have been growing steadily from 1.3 million in 1995 to 3.4 million in 1999, peaking in 1998 at 4.1 million. In the same period, tourist-nights have increased dramatically from 8.5 million to 21.3 million.

Croatia relies heavily on generating tourist-nights from all regions within Europe with the exception of Northern Europe. The top 5 markets of relevance are Germany, Slovenia, Czech Republic, Italy and Austria, together contributing over three fourths of all tourist-nights in 1999.

It is understood that phenomenal growth continued into 2001. Passenger numbers at Dubrovnik Airport shot up to 0.40 million in 2000 and 0.46 million in 2001, when compared with 0.22 million in 1999. Within these numbers, international passengers

numbered 0.28 million in 2000 and 0.33 million in 2001, compared with 0.11 million in 1999.

The Middle East is apparently not a significant market for Croatia's tourism. Awareness as a holiday destination is low. Visas can be difficult to obtain, as the service appears to be available only in Egypt.

In the absence of a national airline connecting the country with the Middle East, Croatia probably needs to promote itself through multi-center holidays in Europe.

Given the small volume of travel, indications from the travel trade are that Croatia will see little or no change from the Middle East in 2002.

4.3.5 Cyprus

Tourist arrivals to Cyprus dipped from 2.1 million in 1995 to 1.95 million in 1996. Since then there has been a steady increase, averaging 6.15% annually to 2.43 million in 1999. 2000 saw an increase to 2.7 million visitors, followed by a small 0.1% increase in 2001.

95% of Cyprus' tourist arrivals are from Europe, with Northern Europe alone contributing about 60% and Western Europe contributing about 20% of all arrivals. The top 5 markets of relevance are UK (accounting for almost one half of all arrivals), followed by Germany, Sweden, Russia and Switzerland, together contributing over 70% of all arrivals in 1999.

The Middle East is a fairly significant market, contributing over 50,000 tourist arrivals every year since 1997. This translates to just under 2.5% of all tourist arrivals. Within the Middle East, the top 5 markets are Lebanon – over 15,000 arrivals in 2000,

as in 1999; Jordan – just under 7,000 arrivals in 2000, below the 8,850 visitors in 1999; Saudi Arabia – 6,843 visitors in 2000, below the 7,500 mark in 1999; Iran – the only market showing consistent growth, from 4,032 arrivals in 1998 to 5,937 arrivals in 2000; Egypt – 5,586 visitors in 2000, though declining consistently from 6,694 in 1998. Other important markets are the United Arab Emirates – 5,317 arrivals in 2000, down from 5,676 in 1999 but significantly higher than the 4,425 visitors in 1998; and Syria – declining to 4,186 visitors in 2000 from 5,377 in 1999.

In all, about 25-30% of visits are for business, the rest for holidays. The proportion of business travel is higher from the UAE, Egypt and Syria, accounting for nearly one half of all visitors. About 80% of visitors are in the age bracket 25-64 years, as recorded by the Cyprus Tourism Authority. About three fourths stay in hotels and similar tourist accommodations.

Average spend per trip was fairly high at US\$ 630 in 2001, but it is noted that length of stay has reduced steadily from almost 12 nights in 1997 to 6.25 nights in 2001. In the same period, the percentage of visitors coming as part of packaged tours has doubled from 17% in 1997 to almost 38% in 2001, strengthening Cyprus' popularity as a holiday destination for residents in the Middle East.

One possible facilitator for this tourism is good flight connections to Larnaca - Egypt Air weekly flight from Cairo; Emirates Airlines 2 flights weekly from Dubai; MEA 5 flights weekly from Beirut; Gulf Air 3 flights weekly from Bahrain; Syrian Arab Airlines 3 flights weekly from Damascus; in addition to the connections provided by Cyprus Airways. Visa service is also available in most Middle East countries; where, it is not, as in the UAE, there are arrangements for visa issuance from the British Embassy.

The island nation has a varied tourism product – beaches, mountains, history, legends, mythical and historical characters, a large number of hotels and resorts catering at different price levels, restaurants and nightlife. All of this makes Cyprus a popular destination for individual, couples and family tourism. Over the years, Cyprus has also developed a reputation as a health and beauty destination, with a number of spas on the island offering a range in treatments. Additionally, the Hala Sultan Tekke in Larnaca, one of the oldest Moslem pilgrimage shrines outside Saudi Arabia, is an added attraction amongst the Muslims.

A number of Western expatriates, particularly British, own villas and apartments in Cyprus. Properties are mostly freehold and can be resold fairly easily. However, the tendency is to see these as ‘retirement’ homes.

Indications are that Cyprus Airways and the Cyprus Tourism Office are stepping up promotions in the Gulf in 2002, in an effort to attract a larger number of tourists from the region this summer. Cyprus Airways is in a good position to attract Middle East travellers for stopover holidays in Cyprus enroute to other destinations in Europe.

The travel trade estimates that Cyprus is one of the few ETC member nations that could see growth, by about 10%, from the Middle East in 2002. This is expected to be almost entirely holiday travel.

4.3.6 Czech Republic

Tourist arrivals to the Czech Republic have grown consistently from 3.38 million in 1995 to 5.61 million in 1999, reflecting average annual growth of over 13%. Day visitors appear to contribute an incredible additional 96 million visits every year, which translates to over a quarter million crossing the border for day visits daily.

Tourist-nights show similar increase, from 10.3 million to 16.9 million over the same 5-year period, averaging about 13 % annual growth. Europe accounts for over 90% of these tourist-nights, with the top 5 markets of relevance being Germany, Poland, Italy, Netherlands and UK, together contributing almost 60% of all tourist-nights in 1999.

Growth continues, with the Czech Airport Authority reporting 5.55 million passengers in 2000 (growth of 20% over 1999), and further to 6.10 million passengers in 2001.

Traffic from the Middle East to the Czech Republic is limited. The most popular reason for visits is medical treatment, and to a lesser degree stress reduction and relaxation, in the health spas in Karlovy Vary. The Balnea Spa and Travel Service in Prague, in fact, states that 60% of their clients are from the Middle East, especially from Saudi Arabia and Kuwait.

It appears that the more medically / treatment oriented and price conscious Arab travellers prefer Karlovy Vary in the Czech Republic for spa treatments than the other more expensive destination options. However, numbers from the Middle East are so small that the Czech Statistical Office does not record individual country arrivals, or even the Middle East region as a whole. Arrivals from the region are clubbed under 'Other Asia'.

Visa services appear to be available only in UAE, Kuwait, Egypt, Lebanon, Syria and Jordan. Czech Air connects only the UAE, Bahrain and Kuwait with flights to Prague. Spa traffic, for one, could probably get a fillip if there were also connections with the larger populations in Saudi Arabia and Egypt. In the absence of such connections presently, the Czech Republic may benefit from aligning itself with other European destinations for multi-center holidays in Europe.

Indications from the travel trade are that the Czech Republic will see little / no change in traffic from the Middle East in 2002.

Czech Republic has limited awareness as a culture / sightseeing tourist destination among the Middle East traveller. Some efforts to highlight its tourist attractions to the average traveller may prove beneficial in the long term.

4.3.7 Denmark

Tourists arriving and using accommodations in Denmark have been fairly static, between 2.0-2.2 million in the period 1995-1999. In the same period, tourist-nights declined from 10.8 million to 10.0 million, indicating a trend towards decreasing length of stay.

Billund Airport statistics indicate that international passenger throughput has declined in recent years, from 1.78 million (1.01 million charters) in 1998 to 1.54 million (0.88 million charters) in 2001. Copenhagen Airport registered 18.14 million passengers in 2001, decline of 1.6% from the numbers in 2000. International travellers on scheduled flights were up by 2.3% but charter travel was down almost 12%. The two reasons attributed to the decline are reduced air travel as a result of the 11 September attacks in the USA, and increased take-up of overland transport from Sweden.

As a region, Europe has been the mainstay of Denmark's tourism, accounting for over 90% of all arrivals, led by Western Europe and Northern Europe with 46% and 39% of all arrivals respectively. The top 5 markets of relevance are Germany, Sweden, Norway, Netherlands and UK together accounting for over 80% of all tourist-nights in 1999.

The Middle East has traditionally contributed negligible arrivals and tourist-nights to Denmark's tourism industry. There appears to be limited promotion in the region to attract larger numbers.

Scandinavian Airlines connects Copenhagen with the UAE and Egypt. It is understood that Maersk Air has applied for rights to operate charter flights between Beirut and Copenhagen.

Visa services appear to be available across the Middle East, except in Qatar. Denmark also benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa.

In the absence of good connections with the rest of the Middle East, Denmark probably needs to promote itself through multi-center holidays in Europe such as a Scandinavian holiday and / or with other popular destinations like London and Paris.

Indications from the travel trade are that Denmark may see decline by upto 10% from the Middle East in 2002, almost entirely in terms of holiday travel.

In the long term, low awareness as a holiday destination vis-à-vis many other European destinations is likely to limit potential, unless efforts are made to highlight its tourist attractions. It is anticipated that in its efforts to increase trade with the Gulf States, the Danish Trade Council will probably also promote tourism from the region into Denmark.

4.3.8 Estonia

Tourist arrivals to Estonia have grown from 2.1 million to 3.2 million in the period 1995-1999, of which 0.33 million in 1995 and 0.70 million in 1999 used tourist accommodations.

In this period, tourist-nights rose from 0.61 million to just over 1 million, reflecting average annual growth of just under 13%. Of these tourist-nights, Europe has contributed almost 95% led by Northern Europe with about three fourths of all nights. The top 5 markets of relevance are Finland, Sweden, Germany, UK and Latvia, together contributing over three fourths of all tourist-nights in 1999.

The Middle East's contribution to Estonia's tourism industry has been negligible during this period. This may be due to the difficulty in accessing Estonia from the Middle East, air connections being poor. Also, all nationalities require a visa to enter Estonia. However, none of the Middle East countries has an embassy – there are two honorary consuls in Egypt and Palestine.

Year 2000 arrivals from the Middle East totalled a mere 604, led by Iran with 136 and Egypt with 128; there was growth in 2001 to 679 arrivals, again led by Iran with 157 and Egypt with 105 arrivals. The Estonian Tourist Board does not anticipate significant increase in the years to come and has no plans to promote Estonia in the Middle East. There are no Estonian Air flights connecting Tallinn with the Middle East, and no stated plans for establishing flights either.

Indications from the travel trade are that Estonia will see marginal change in arrivals from the Middle East in 2002, from a small base.

4.3.9 Finland

The number of tourists using accommodations in Finland has been more or less static between 1995 and 1999, hovering between 1.83-1.87 million.

In the same period, tourist-nights have gradually increased from 3.29 million to 3.77 million, reflecting a slight increase in length of stay. Europe contributes over 80% of these tourist-nights, with arrivals coming from almost all the regions within Europe. The top 5 markets of relevance are Sweden, Germany, Russia, UK and USA, together contributing just over one half of all tourist-nights in 1999.

Use of Finland's airports has consistently risen from 10.1 million passengers in 1991 to 13.8 million in 2001. Within these numbers, international passenger totals have risen from 5.34 million to 7.7 million, over the same period.

The Middle East contributed only about 0.12% of overall tourist nights in 1999, led by Egypt with 2,000 tourist-nights, followed by Saudi Arabia, Jordan, Iraq and Lebanon. In 2001, though, Middle Eastern passengers registered at Finnish airports were 12,181 from the UAE, indicating substantial increase in traffic. However, arrivals from Egypt and Lebanon were recorded at a mere 107 and 103 respectively.

Finnair has no flights connecting Helsinki with the Middle East. At the same time, no significant promotional effort is observed, to attract larger numbers of tourists from the Middle East. Visa services appear to be available across the Middle East, except in Qatar, Bahrain and Lebanon. Finland also benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa.

Indications from the travel trade are that Finland may see decline by about 5% from the Middle East in 2002, almost entirely in terms of holiday travel.

Gulf travellers, in particular UAE residents, are displaying increasing tendency to take multiple holiday trips in the year.

Finland could explore potential for focused winter sports tourism and motor sports safari holidays among the young, activity centered holiday seeker. In the long term, such a positioning may prove beneficial as a large proportion of the population in the Arab Gulf states is very young and likely to have a pre-disposition towards adventure holidays clubbed with an active nightlife.

In the short term, Finland may gain from promoting itself in the Middle East as a summer holiday destination, onwards from the Far East (specifically Bangkok) and possibly Cyprus - countries favoured by the Gulf residents - and from where Finnair has good flight connections into Finland.

4.3.10 France

Tourist arrivals to France, the world's No. 1 destination, increased from 60 million to 73 million between 1995 and 1999, averaging annual growth of 4.3% during this period. In the same period, tourist-nights grew from 491 million to 539 million, reflecting decline in average length of stay from 8.2 nights to 7.4 nights.

As a region, Europe has been the mainstay of France's tourism, accounting for over 88% of all arrivals, led by Western Europe with over two thirds of all arrivals. The top 5 markets of relevance are Germany, Netherlands, Italy, UK and Switzerland, between them contributing 83% of all tourist-nights in 1999.

The adverse effect of the 11 September attacks in the USA is reflected in the 3.5% decline in passenger traffic to the level of 71 million at the two Paris airports in 2001, as reported by the Aeroports de Paris. It is noted that France is the second most visited destination for US travellers, after UK.

Many of France's attractions like the Eiffel Tower, beaches in Southern France, museums in Paris, boat rides on the Seine, the wine belt are well known universally; in recent times the popularity of a film like Moulin Rouge also contributes to immediate interest in the destination.

Another major draw is Disneyland Paris, a magnet for families from the Middle East region, both local nationals and expatriates. 12.2 million visitors arrive at the park annually. In March 2002, the Walt Disney Studios opened alongside the park, and Disney is hoping the new attraction will boost visitor figures to 17 million per year including growth from the Middle East.

The Middle East is a fairly significant market for France, contributing 2,296,600 tourist-nights in 1999, representing 1.4% of all tourist-nights. Tourist arrivals have grown substantially, from 433,132 in 1995 to 479,823 in 1999. Break-up of these numbers from individual Middle East countries was not available, but it is understood that there is travel from practically all the countries, led by Saudi Arabia, UAE, Egypt, Lebanon, Syria, Kuwait, Jordan and Iran.

Visa services are available across the Middle East. France also benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa.

It is estimated that about one third of Middle East travel to France is for business purposes. Holiday travel is primarily families, with some travel as groups of friends.

The tendency is to stay in Paris, much as is seen in the case of UK with London, with day excursions and sightseeing trips to other places of interest. Some visitors do tend to undertake touring / driving holidays with overnight stays in the countryside.

Disneyland Paris corners some share of the family market with overnight stays in the hotels on the premises.

Air France has good connections with the Middle East, covering the Levant countries, Egypt, Saudi Arabia and UAE in the Gulf. Paris is a destination by itself, and also as part of multi-center holidays in Europe with travel to the UK, Holland, Germany, Belgium and other countries as well.

Indications from the travel trade are that France may see decline by upto 10% from the Middle East in 2002, almost entirely in terms of holiday travel. Given that France receives about 2.5 million tourist nights from the region, this decline can be significant.

France has universal appeal as a holiday destination. In the long term, the country is expected to receive increasing number of visitors from the Middle East. Continued presence at Travel Fairs in the region, well developed relationships with the travel trade and seasonal tactical marketing efforts would ensure maintaining / increasing its market share in the key source markets of the Middle East region.

As the Middle East is a significant contributor to France's total receipts in terms of tourist nights and tourism revenues, it may be useful to record arrivals from individual Middle East origin countries. This would help focus future marketing and promotional efforts towards high yield tourist generating economies in the region.

4.3.11 Germany

The number of tourists using accommodations in Germany has been growing consistently between 1995 and 1999, from 14.85 million to 17.12 million, reflecting average annual growth of just over 3%.

In the same period, tourist-nights gradually increased from 35.48 million to 38.65 million, with average annual growth of 1.8% reflecting a slight decline in length of stay from 2.39 nights to 2.25 nights. Europe contributes almost three fourths of these tourist-nights, with arrivals coming from almost all the regions within Europe. The top 5 markets of relevance are Netherlands, USA, UK, Italy and Switzerland, together contributing just under one half of all tourist-nights in 1999.

2001 was a bad year for the travel industry in Germany, reflected by the decline in total passenger traffic at Germany's top ten airports by 2.75% when compared to 2000. Only Munich and Nuremberg airports reflected some positive growth. Specifically, Frankfurt Airport saw a decline of total international travellers from 40.53 million in 2000 to 40.23 million in 2001. It is noted that traditionally Germany has been the No.3 destination for US travellers, after UK and France.

The Middle East contributed just under 300,000 nights in 1999, representing a 0.77% share of overall tourist nights. According to the German National Tourism Board, this figure rose to 372,000 in 2001, representing significant growth of 25.5% over 1999, and a 4.3% growth over 2000. Much of this travel is trade-led, with participation in trade fairs and exhibitions being an important activity for Middle East business travellers to Germany. Germany's largest trading partner in the region is Saudi Arabia followed by the UAE, and travel exchange is similarly led by these two nations.

Germany promotes visits on the planks of culture with changing themes such as romanticism, and the variety of wellness facilities. Visitors from the Middle East like to see and explore the cities and to shop. There are numerous daily flights from the Gulf to various towns within Germany, operated by several different airlines including Lufthansa that has an extensive network connecting Germany with the Middle East.

30% of Middle East visits are for business. About 60% is on holiday. Significant interest is in health-oriented facilities, popular with business travellers who tend to extend their trip to include wellness holidays. Some of the spa facilities are gaining in popularity, though within a limited set of travellers from the Middle East that can afford more expensive treatments in Germany as compared to those available in the Czech Republic and Slovakia. Also, there is talk of further cooperation between health institutions in the UAE and medical centers in Germany – this could serve to boost medical tourism to Germany in the future.

Visa services are available across the Middle East, except in Qatar, Bahrain and Iran. Germany also benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa.

Indications from the travel trade are that Germany is likely to see decline by 5-10% from the Middle East in 2002, almost entirely in terms of holiday travel.

However, recent developments may reduce the decrease in numbers predicted for the year. Emirates Airlines, presently flying daily from Dubai to Dusseldorf, Frankfurt and Munich, has announced plans to double the daily flights to Frankfurt later this year, anticipating expanded tourism and trade links between Germany and the Gulf.

Lufthansa is to add 3 flights per week direct from Dubai to Munich in October 2002, based on research that indicated strong demand and therefore high commercial viability on this sector. Additionally, LTU has been granted rights to operate 2 scheduled flights per week between Beirut and Dusseldorf.

While acknowledging that there has been an encouraging increase in Arab visitors to Germany in recent years, the German Federal Association of Tourism acknowledges that Arab interest could be increased if Germany is better marketed in the Middle East.

In order to encourage leisure tourism from the region, marketing efforts need to focus on the German 'moderate' summer weather, its history, art and cultural heritage, its varied tourist attractions – museums, over 220 leisure parks, theatre, harvest festivals, landscape, over 620 golf courses, forests, variety in shopping and dining, along with the availability of world-class health and sports centers.

4.3.12 Greece

Tourist arrivals to Greece have grown from 10.13 million in 1995 to 12.16 million in 1999, with a dip to 9.2 million in 1996 probably as a result of the conflict in Central Europe at that time.

Greece is almost entirely dependent on Europe for its tourist arrivals, accounting for 95% of all arrivals. European traffic is led by Western Europe with 39% and Northern Europe with about one third of all arrivals. The top 5 markets of relevance are Germany, UK, Italy, Albania and Netherlands, together contributing about 57% of all tourist-nights in 1999.

The Middle East contributed 0.41% of all tourist-nights in 1999 with just over 50,000 arrivals, led by Egypt with almost one-half of all Middle Eastern traffic and Lebanon contributing one-third of all Middle Eastern traffic.

Greece is well served by Olympic Airways with flight connections presently to Cairo, Beirut, Dubai, Jeddah, Kuwait and Tel Aviv in the Middle East. Visa services appear to be available across the Middle East. Greece also benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa.

Indications from the travel trade are that Greece is likely to be one of the few countries in the ETC that could see growth in arrivals from the Middle East in 2002, estimated at about 5% over 2001.

Tourism to Greece is essentially organized leisure tourism that is influenced primarily by the cost of the trip. City breaks and beach / seaside holidays are the most popular types of holidays undertaken in Greece. There is a transition underway from the present massive summer tourism, to year-round activity-based tourism. Sports holidays, for example, are becoming popular, with the availability of several ski resorts, mountain shelters and golf courses. Spa holidays are also receiving increased interest.

Tourism authorities are now looking at alternative ways and means to create new reasons to visit Greece such as the planned Earth Opera to be staged at the ancient stadium of Delphi in summer 2004, while simultaneously promoting Greece in new markets.

With a decrease predicted in arrival numbers from the Middle East to other European countries this year, Greece is likely to benefit from diverted traffic in the short term.

In the long term, however, it would benefit from a focused strategy to promote round-the-year city / culture holidays, beach holidays and new tourism products such as sports tourism, festivals and events, targeted towards the value-for-money holiday seeker.

4.3.13 Holland / Netherlands

Tourist arrivals in the Netherlands and stays in tourist accommodations have seen phenomenal growth, averaging 13.5% annually, from 4.5 million in 1995 to 7.55 million in 1999.

Growth in tourist-nights has been equally significant, from 19.74 million to 27.48 million during the same period, registering an average annual growth rate of about 8%. Average length of stay, however, appears to have declined from 4.38 nights to 3.64 nights through this period.

Europe has been the mainstay of Holland's tourism, accounting for over 85% of all tourist-nights, led by Western Europe with 57% of all arrivals. The top 5 markets of relevance are Germany (alone contributing almost 46% of all tourist-nights), UK, Belgium, France and Italy, together contributing over 70% of all tourist-nights in 1999.

Amsterdam's Schiphol Airport reports a slight increase, 0.1%, in passenger traffic from 39.27 million in 2000 to 39.31 million in 2001. Within this, European traffic has increased by 1.7% to 26.80 million, compensating for the 3.1% drop in international traffic to 12.51 million. The decline is likely an outcome of the 11 September events in the USA and continues to hurt travel. December 2001 saw 4.8% less traffic (9.6% less international traffic) and January 2002 saw 6.1% less traffic (8.2% less international traffic) when compared with the same months in the previous year.

The Middle East does not appear to be a significant source market for tourism into Holland. For this reason, the Netherlands Board of Tourism states that it does not maintain statistics on the Middle East countries, with the sole exception of Israel. However, KLM operates an extensive network of flights between Amsterdam and the Middle East, covering all major source markets, and is reporting growth in visits to Holland, in many cases combined with visits to Belgium and / or France.

Visa services appear to be available across the Middle East. The Netherlands also benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa.

Indications from the travel trade are that Netherlands may see decline by about 5% from the Middle East in 2002, almost entirely in terms of holiday travel.

With its diversified tourism product, Holland certainly has the potential to increase its share of the Middle East outbound travel market.

Creating / increasing awareness of its family oriented tourist attractions - museums and canal cruises in Amsterdam, mini city in Madurodam, bulb fields and the Kukenhof garden, leisure parks and beaches, stays in the countryside - will singularly benefit Holland in the short term and long term. Focus on the ease, charm and flexibility of touring / driving holidays could also be beneficial.

Multi-country holidays along with Belgium, France or other European destinations, already gaining popularity, also have strong growth potential among the local national and expatriate population in the Middle East countries.

Organized cycling tours and holidays, a hitherto unexplored travel product in the region, could catch the imagination of the youth segment. This could have long term potential but needs to be researched.

4.3.14 Hungary

Tourism to Hungary has been fairly static between 1995 and 1999, with tourist-nights just under 10 million though with a peak of 10.67 million in 1996.

Europe contributes almost 92% of these tourist-nights, led by Western Europe with almost 60% of all tourist-nights. The top 5 markets of relevance are Germany (almost 45% of all tourist-nights), Austria, Poland, Netherlands and Italy, together contributing over 60% of all tourist-nights in 1999.

The Middle East has not traditionally been a strong market for Hungary. Total arrivals from the Middle East were a mere 23,000 in 1995, peaked at 39,611 in 1997, and then steadily declined to 32,800 in 2000 according to the Hungarian National Tourist Office and Hungarian Central Statistical Office. Within these numbers, Egypt was the main contributor at the peak with one third of all Middle East arrivals, declining to 16% in 2000. The only country showing consistent growth is Iran with arrivals increasing from 3,431 in 1995 to 12,428 in 2000, representing 38% of all Middle East arrivals in 2000.

One possible source of business could be wellness tourism at the various spas in Hungary. The travel trade indicates that while they do receive enquiries regarding spa facilities in Hungary, travellers finally appear to prefer the Czech Republic and Slovakia because of price and familiarity considerations, and lack of direct flights to Budapest necessitating time consuming transits.

Malev Airlines currently connects Budapest with Damascus, Cairo and Tel Aviv in the Middle East. Visa services appear to be available across the Middle East, except in Saudi Arabia, Oman, Qatar and Bahrain.

Indications from the travel trade are that Hungary will likely see minimal change in its small base of tourist arrivals from the Middle East, in 2002.

Multi-centered holidays with Prague and / or Vienna could take care of the flights issue (lack of direct flights) and could encourage increased tourism from the Middle East.

Hungary has limited awareness as a culture / sightseeing tourist destination among the Middle East traveller. Some efforts to highlight its tourist attractions, its range of cultural and sporting festivals, its lively art, café and music culture, along with its resort-lined lakes and thermal spas, could prove beneficial in the long term.

4.3.15 Iceland

Tourist arrivals to Iceland have been relatively low, but growing at an annual rate of over 7% from 0.19 million in 1995 to 0.26 million in 1999. In the same period, tourist-nights have grown from 0.82 million to 1.1 million, reflecting average length of stay just over 4 days.

Growth appears to be continuing, with the Icelandic Civil Aviation Administration reporting 10.4% more international passengers using Icelandic airports in Keflavik, Reykjavik, Akureyri and Egilsstadir in 2000 when compared with 1999.

86% of Iceland's tourist-nights originate in Europe, led by Western Europe and Northern Europe that together account for over three-fourths of all tourist-nights. The top 5 markets of relevance are Germany, UK, USA, Sweden and France, together contributing almost 60% of all tourist-nights in 1999.

The Middle East does not appear to have significant tourism to Iceland, and almost all travel is for business purposes. Visa services appear to be available only in Jordan, but Iceland benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa.

Indications from the travel trade are that Iceland's small base of arrivals from the Middle East will see neither growth nor decline in 2002.

Iceland has a small tourist base overall. The Middle East provides negligible leisure tourism. Iceland's strategy could be to encourage extended stays by business travellers to enable them to experience its charm as a holiday destination.

4.3.16 Ireland

Tourist arrivals to Ireland have been growing rapidly between 1995 and 1999, from 4.82 million to 6.06 million reflecting annual growth of 5.2% during this period. Length of stay seems to be fairly high at 7.35 nights, reflected in 44.6 million tourist-nights in 1999.

Continuing growth is also reflected in passenger traffic at Cork International Airport which has seen average annual growth over 12%, numbers increasing from 0.97 million in 1995 to 1.68 million in 2000.

Europe accounts for over three fourths of all tourist-nights, led by Northern Europe with almost one half of all tourist-nights. The top 5 markets of relevance are UK, USA, Germany, France and Canada, together contributing almost 80% of all tourist-nights in 1999.

The Middle East does not appear to have significant tourism to Ireland. Sporadic, unsustained promotions are observed as happening from time to time, such as with the Irish Village pub and restaurant in Dubai, or an Irish Ball. Tourism into Ireland, however, is largely VFR related.

However, there would appear to be substantial potential to increase tourist arrivals from the Middle East. This is based on the fact that the major beneficiary of Middle East outbound travel into Europe is the UK, and that the British Tourist Authority now works with the Tourism Board of Northern Ireland to promote travel of tourists out of London into other parts of the British Isles. Visa services for Southern Ireland, though, are available only through Saudi Arabia, Egypt and Jordan.

Indications from the travel trade are that Ireland will see little change in arrivals from the Middle East in 2002.

Promoting Ireland along with UK would appear to be the best way forward for generating tourist arrivals from the Middle East.

4.3.17 Italy

Tourist arrivals to Italy continue to grow systematically, growing from 55.7 million in 1995 to 59.5 million in 1999, with just under 1.5% average annual growth. In the same period, tourist-nights have grown from 113 million to 121.2 million, reflecting average length of stay just over 2 nights.

Italy appears to be somewhat less reliant than other European countries on Europe as its source market, though Europe is still its major contributor with over three fourths of all tourist-nights. The contribution is led by Western Europe with over one half of these nights. The top 5 markets of relevance are Germany, USA, UK, Switzerland and Japan, together contributing just over 60% of all tourist-nights in 1999.

Growth continued into 2000, but there was a distinct drop in 2001 as an outcome of the 11 September attacks in the USA. International passenger traffic at Italian airports dropped by just over 1% to 45.61 million in 2001 against 46.12 million in 2000. It is noted that Italy has traditionally been the No.4 destination for US travellers after UK, France and Germany.

The Middle East contributed 0.5% of overall tourist-nights in hotels and similar establishments in 1999 with 470,386 nights, led by Egypt with 110,381 nights. Italy had its first dedicated incoming tourism fair – Travel Trade Italia – in Turin, April 2001. Among inbound tour operators represented at the show were operators from UAE, reflecting the importance given to Gulf tourism into the country. A large part of travel from the Middle East is trade-led.

Visa services are available across the Middle East. Italy also benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa. However, Alitalia provides limited connections to the country from the Middle East, restricted to Jordan, Lebanon, Egypt, UAE and Iran.

Indications from the travel trade are that Italy may see decline upto 5% from the Middle East in 2002, almost entirely in terms of holiday travel. This is significant, given that the Middle East contributes about half-a-million tourist nights annually.

Italy has universal appeal as a holiday destination. Amongst the Middle East traveller, especially the youth and young couples, marketing the romanticism and leisure avenues that Italy offers, promises increasing growth potential. In the long term, the country is likely to receive an increasing share of such visitors from the Middle East.

As the Middle East is a significant contributor to Italy's total receipts in terms of tourist nights and tourism revenues, it would be useful to record arrivals by individual Middle East origin country. This would help focus marketing and promotional efforts towards high yield tourist generating economies in the region.

4.3.18 Luxembourg

Tourist-nights in Luxembourg are modest compared with its neighbours, and have been fairly static in the range of 2.4 million annually in the period 1995 to 1999.

Of these tourist-nights, Europe accounts for over 90% led by Western Europe that alone contributes 80% of all tourist-nights. The top 5 markets of relevance are Netherlands, Belgium, Germany, France and UK, together contributing over 83% of all tourist-nights in 1999.

The Middle East has traditionally not been a significant market for Luxembourg's tourism industry. Visa service does not appear to be available across the Middle East, but Luxembourg benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa.

Indications from the travel trade are that Luxembourg will see no change from the Middle East in 2002.

Multi-country holidays promoted along with other European destinations, a trend already gaining popularity, could bring Luxembourg on the tourist itinerary of the Middle East traveller to Europe.

4.3.19 Malta

Tourist arrivals to Malta have grown marginally from 1.116 million in 1995 to 1.214 million in 1999, reflecting 1.75% average annual growth. Numbers remained static at about 1.2 million in 2000. Over 90% of arrivals are from within Europe.

In the same period, tourist-nights grew from 10.92 million to 11.66 million, reflecting average length of stay of just under 10 nights. Almost 85% of these nights originate in Europe. The top 5 markets of relevance are UK, Germany, Netherlands, France and Libya, together contributing almost 70% of all tourist-nights in 1999.

It is interesting to note that about 3 million passengers used Malta International Airport in 2000, of which 1 million were charter passengers from within Europe. Of the remaining 1.91 million passengers on scheduled flights, contributions from Middle East and North Africa countries were – Libya 134,522; Morocco 21,496; Egypt 16,352; UAE 9,740; Kuwait 7,702; Bahrain 5,725. This is not an insignificant number.

The Middle East contribution to Malta's tourism numbers has fluctuated in the past 6 years – 40,254 tourist arrivals in 1995; 54,240 in 1996; 42,967 in 1997; 41,992 in 1998; 49,667 in 1999; 47,621 in 2000 and 40,824 in 2001, according to statistics provided by the Malta Tourism Authority, contributing about 2.5% of all tourist-nights in Malta. During this period, average stay was highest at 1.32 nights in 1998, then dropping consistently to 0.86 nights in 2001. 90% of these nights are contributed by Libya. This is probably due to sanctions on Libya, whereby Libyans were forced to

take international connections from nearby Malta in the absence of flights to / from Tripoli.

Statistics also indicate that over 80% of arrivals from the Middle East are male. This would seem to indicate that travel to Malta is largely for business purposes, and appears to be true of travel from most Middle Eastern countries. It is also noted that about 80% of these male travellers are in the age bracket 20 to 49 years in age.

Other than Libya, the only nations to contribute over 500 arrivals to Malta from the Middle East in 2001 were Jordan with 5,776 arrivals (a far greater number than that seen from Jordan in the past 5 years); Egypt with 1,500 arrivals showing a slight decline from arrivals in previous years – typically Egypt has been the largest contributor from the Middle East; Kuwait with 788 arrivals and Lebanon with 648 arrivals.

Air Malta operated an office in Dubai, and operated direct flights from Dubai to Valetta for several years from around 1995. The flights and office were terminated in September 2001 owing to ‘developments in the region, costly operation of the route due to crew layovers and direct on-line competition’.

However, just months prior to the closure, Air Malta and Holiday Malta Company promoted holidays and through brochures tailored to Middle East markets at the Arabian Travel Market Fair 2001, with the understanding that ‘our Middle East markets are growing. A large proportion tend to take longer holidays than do Europeans, but there is a trend towards short breaks also, so that the average duration of stay for travellers from Dubai is 5 days’.

Visa services are currently available in Egypt and Saudi Arabia; earlier the national airline was facilitating visas from their station in Dubai, UAE.

Indications from the travel trade are that Malta will see little change in tourist arrival numbers from the Middle East in 2002.

The Malta Tourism Authority is preparing its strategy to shift tourism focus from the traditional sun and sea holidays to special interest markets in order to attract year-round visitors – teaching English language courses, painting, photography, walking tours, conferences and incentives. The objective is to increase value in the summer high season, and increase both volume and value in the winter low season.

It is possible to consider targeting the Middle East markets as a contributor to these objectives as some awareness of Malta already exists in these markets, particularly in the UAE, through past promotions. Additionally, Malta is accessible for short breaks and its tourism product can cater to families.

4.3.20 Monaco

Tourist-night numbers in Monaco are modest compared with some of its European neighbours, but have shown consistent growth averaging 6% annually, from 0.626 million in 1995 to 0.814 million in 1999.

Only 70% of tourist-nights in Monaco are accounted by European visitors. The top 5 markets of relevance are France, USA, UK, Germany and Switzerland, together contributing almost one half of all tourist-nights in 1999.

In large part, passengers arriving at France's Nice International Airport feed Monaco's tourism industry. Arrivals dropped dramatically after the 11 September attacks in the USA, so that total passenger movement at 193,120 in 2001 was 6.5% lower than in 2000.

The Middle East contributed 19,795 tourist-nights in 1999, accounting for just under 2.5% of overall tourist nights.

Visa services are readily available through French Embassies and Consulates across the Middle East.

Indications from the travel trade are that Monaco may see decline of about 10% from the Middle East in 2002, almost entirely in terms of holiday travel.

Monaco may benefit from some concentrated promotional efforts in the Middle East, focused on beach holidays, city breaks and touring holidays. Likely target market would be affluent couples and groups of friends.

4.3.21 Norway

Tourist-nights in Norway have been growing gradually between 1995 and 1999, from 4.99 million to 5.21 million with just under 1% average annual growth. Average length of stay appears low, just over 1 night.

The main source market is Europe, with Northern and Western Europe accounting for over 70% of all tourist-nights. The top 5 markets of relevance are Germany, Denmark, Sweden, UK and USA, together contributing about two thirds of all tourist-nights in 1999.

The impact of the 11 September attacks are clear from international passenger numbers at Oslo Airport. January to August 2001 saw 4% more traffic than in 2000. Thereafter there was a sharp reduction, resulting in a minor decline in passenger numbers from 6.75 million in 2000 to 6.74 million in 2001.

The Middle East does not appear to be a significant source market for Norway's tourism industry, and therefore traffic from individual Middle East source markets is not recorded and is clubbed under 'Other Asia' and / or 'Other Countries'. It is noted that 'Other Asia' registered 6% growth in bed-nights in 2001 compared with 2000; at the same time 'Other Countries' registered 14% growth in bed-nights in 2001 compared with 2000. In the absence of other data, it could be presumed that Middle East traffic to Norway is likely growing in the above proportions.

No significant advertising or promotional activity is undertaken by Norway in the Middle East markets. Air connections are limited – there is no link provided by Scandinavian Airlines though Norway is accessible through STAR alliance partner Lufthansa. However, visa services appear to be easily available across the Middle East, except in Lebanon, Qatar, Kuwait and Yemen.

Norway also benefits from being a signatory of the Schengen Agreement, allowing visitors entry along with entry to 14 other signatory countries on a common Schengen visa.

It is noted that the high season for tourism in Norway is June to August, and leisure stays are of at least one-week duration. This coincides with the long summer holiday season in the Middle East.

It is also noted that visitors to Norway are high-spend tourists, with a correspondingly high level of education and position at work, favouring Norway as a combination destination along with trips to other Nordic / European destinations. All this fits well with the known profile of the Middle East, particularly Gulf, traveller.

There appears to be an opportunity to increase Middle East traffic to Norway in the long term. However, indications from the travel trade are that Norway will see no change in traffic from the Middle East in 2002.

4.3.22 Poland

Tourist arrivals to Poland have grown from 82.2 million in 1995 to 89.1 million in 1999, reflecting average annual growth of 1.67%. A large proportion of these visitors appear to come to Poland on day visits, as accommodation use is limited to a fraction of all arrivals, between 3.2-4.0 million.

Tourist-nights in Poland has been static at 3.06 million during this period, though with a peak of 3.4 million in 1996. Average length of trip is of the order of a single night stay. Europe accounts for almost 82% of all tourist-nights, well distributed across the various regions but clearly led by Western Europe. The top 5 markets of relevance are Germany, UK, USA, Italy and France, together contributing over one half of all tourist-nights in 1999.

The Middle East does not appear to be a significant contributor to Poland's tourist arrival numbers. Lot Polish Airlines connects Warsaw with only Beirut and Damascus in the Middle East. There are no flights to the Gulf.

Visa services appear to be available across the Middle East, except in Oman, Qatar and Bahrain.

Indications from the travel trade are that Poland will see decline by upto 10% in tourist arrivals from the Middle East in 2002.

In the absence of good air connections at present, Poland would probably benefit by promoting itself as part of a multi-center holiday in Europe.

4.3.23 Portugal

Tourist arrivals to Portugal have been growing steadily between 1995 and 1999, from 9.51 million to 11.63 million, reflecting almost 4.5% average annual growth. In the same period, international tourist-nights show average annual growth of over 3%, from 20.36 million in 1995 to 24.08 million in 2000, according to the National Statistical Institute. This steady growth is reflected in traffic at Portugal's airports, which recorded 18 million passenger movements in 2000, with 6.4% growth over 1999.

However, 2001 saw a drop of 9% to 22.07 million tourist-nights, as a result of the decrease in traffic following the 11 September events. Passenger movement has also dropped, reflected in January 2002 numbers being 5.3% lower than in January 2001. As a region, Europe has been the mainstay of Portugal's tourism, accounting for over 92% of all tourist-nights, led by Western Europe with 41% and Northern Europe with 38% of all nights spent. Top 5 markets of relevance are UK, Germany, Netherlands, Spain and France, together contributing over 70% of all tourist-nights in 1999.

The Middle East has traditionally been a small source market for Portugal. The contribution of the Middle East has not exceeded 0.1% of all tourist-nights spent by visitors to Portugal since 1995. There was consistent increase from 8,000 nights in 1995 to 19,400 nights in 1998, but then there was a sharp drop to 13,800 nights in 1999. In 2001, it contributed fewer than 18,000 tourist-nights.

Air Portugal does not fly into the region. Visa services appear to be available only in Egypt, Saudi Arabia, Bahrain and Jordan.

Indications from the travel trade are that Portugal may see decline by 5-10% in tourist arrivals from the Middle East in 2002.

The Portuguese Tourism Authorities have no plans for any advertising or promotional activity in the Middle East. However, by virtue of being a signatory of the Schengen Agreement, Portugal could possibly benefit from considering joint promotional activities along with other European destinations for multi country visits.

4.3.24 Romania

Tourists using accommodations in Romania have grown in number from 0.766 million in 1995 to 0.795 in 1999, with a peak of 0.833 million in 1997, registering 0.75% average annual growth. Tourist-nights however have declined from 2.38 million to 1.98 million during the same period, reflecting decline in average length of stay from 3.1 nights in 1995 to 2.5 nights in 1999. Tourism is understood not to have been a well-marketed industry under the old regime, but efforts are beginning to be made now.

87% of tourist-nights are accounted by Europe, well distributed from all regions though led by Western Europe with one third of all nights spent. The top 5 markets of relevance are Germany, Italy, Israel, USA and UK, together contributing almost one half of all tourist-nights in 1999.

Romania has been affected strongly by the 11 September attacks in the USA, reflected in considerable drop in international passenger arrivals to the country. Month-to-month comparison shows a 21% decline from 71,650 passengers in January 2001 to 59,227 passengers in January 2002.

The Middle East does not appear to be a significant contributor to Romania's tourist arrival numbers, even though Tarom Airlines provides a good service with the Middle East, connecting Bucharest with Kuwait, Saudi Arabia, UAE, Egypt, Lebanon, Syria

and Jordan. Visa services are also generally available across the Middle East, except in Saudi Arabia, Oman and Bahrain.

Indications from the travel trade are that Romania will see marginal change in tourist arrivals from the Middle East in 2002.

Romania has not been marketed strongly in the Middle East thus far. There could be long term potential for attracting a share of worldwide tourism receipts contributed by the Middle East outbound travel market. With greater political stability in the country, and development of tourist attractions like the US\$ 30 million Dracula Theme Park, Romania may now be in a better position to attract high-yield family tourism from the Middle East.

4.3.25 Slovakia

Tourists using accommodations in Slovakia have grown in number from 0.903 million in 1995 to 0.975 in 1999, registering just over 1.5% average annual growth. Tourist-nights have simultaneously grown from 3.07 million to 3.52 million during the same period, reflecting average annual growth of just under 3%.

Europe has been the mainstay of Slovakia's tourism, accounting for over 95% of all tourist-nights, led by Central Europe with over one half of all nights spent. The top 5 markets of relevance are Czech Republic, Germany, Poland, Hungary and Austria, together contributing almost three fourths of all tourist-nights in 1999.

According to WTO statistics, the Middle East registered 1,206 tourist-nights in 1999, all from Egypt, contributing 0.03% of all tourist nights in Slovakia. There has been encouraging growth in the last two years. For the health oriented, price conscious traveller from the Middle East, Slovakian spa treatment holds appeal second only to

Karlovy Vary in the Czech Republic. One health spa operator in Slovakia alone registered a 15% increase in its business from the Middle East, following deals struck during the Arabian Travel Market Fair in 2000, with 4,220 health spa visitors from the region recorded during the year.

There is therefore reason to believe that the Middle East region is an important source market for spa / wellness tourism, that this market is growing and has potential for further growth, not reflected in official statistics.

Air Slovakia presently flies only to Kuwait in the Middle East. Visa services, on the other hand, are apparently available only in Egypt and Jordan.

Indications from the travel trade are that Slovakia, with its small base of tourism from the Middle East, may see little or no decline in tourist arrivals in 2002.

In the absence of good air connections in the Middle East, Slovakia would need to look at joint promotional strategies with other airlines serving the region or through promotion of onward journeys from traditional holiday markets for Middle East travellers.

Above all, Slovakia would benefit from remaining focused on its wellness / spa tourism product targeted towards the value-for-money health oriented holiday seeker.

4.3.26 Slovenia

Tourists using accommodations in Slovenia have grown in number from 0.732 million in 1995 to 0.884 million in 1999, registering just over 4% average annual growth. Tourist-nights have simultaneously grown from 2.44 million to 2.74 million during

the same period, though with a peak of 3.08 million in 1997, reflecting average annual growth of just under 2.5% and decline in average length of stay from 3.33 nights in 1995 to 3.1 nights in 1999.

Ljubljana Airport has registered consistent growth in passenger numbers from 0.64 million in 1995 to 0.99 million in 2000. Within these numbers, international travellers showed an average annual growth of 4%, up from 0.11 million in 1995 to 0.137 million in 2000.

Europe has been the mainstay of Slovenia's tourism, accounting for over 96% of all tourist-nights, led by Western Europe with 45% and Southern Europe with about one third of all nights spent. The top 5 markets of relevance are Germany, Italy, Austria, Croatia and UK, together contributing almost 70% of all tourist-nights in 1999.

The Middle East does not appear to be a significant contributor to Slovenia's tourism numbers, and no record is maintained of contributions from individual source markets except Israel. In 2001, arrivals from Israel were recorded at 14,372, 32% higher than in 2000 while nights registered were 36,933, 21% higher than in 2000, reflecting growth in tourist arrivals but a small drop in average length of stay.

Visa services appear to be currently available only in Egypt and Jordan.

Indications from the travel trade are that Slovenia may see a small decline of 5% in tourist arrivals from the Middle East in 2002.

Slovenia would need to consider targeting the larger Middle East outbound markets for increased tourism from this region.

4.3.27 Spain

Tourist arrivals to Spain, the world's No. 2 destination, have grown rapidly, up from 34.9 million in 1995 to 46.8 million in 1999, reflecting an average annual growth rate of 6.8%. In the same period, stays in hotels and similar such establishments grew from 101 million to 149 million, with an average annual growth of 9.5%. During the same period, average length of stay increased from 2.89 nights to 3.18 nights.

Europe leads tourism to Spain, accounting for over 93% of all nights spent, led by Western Europe which alone contributes over one half of all tourist-nights. The top 5 markets of relevance are Germany, UK, France, Belgium and Italy, between them contributing over three fourths of all tourist-nights in 1999.

Despite the downturn following the 11 September attacks in the USA, Spain received 49.5 million tourists in 2001, recording a 3.4% growth over 2000. This has continued into the first 2 months in 2002, reflecting 1% rise compared with the same period in 2001. This is despite a reduction in travel from Germany (7.3% lower in 2001) and the US, but helped by more tourists from UK, France, Netherlands and Portugal.

Over the past 10 years, a definite move towards shorter holiday breaks in inland centers like Madrid and away from the long beach holiday in southern Spain, is apparent.

The Middle East does not appear to be a very significant contributor to Spain's tourist arrival numbers. Statistical data was not available to this study, neither for the Middle East region as a whole nor from individual countries. However, it is estimated that Spain receives at least 140,000 tourist-nights annually from the region, led by Egypt, Lebanon, Jordan and Saudi Arabia.

Some Arab nationals also own property / residences in Spain and hence tend to spend their vacations in the country.

The greatest drawback is that Iberian Airways flies only to Cairo and Damascus in the Middle East – there are no connections to the Gulf States, for example. Portugal too does not provide connections to the Middle East. Hence, the nearest major airports that could service Middle East travellers bound for Spain are Rome / Zurich / Paris. Accessibility is, therefore, likely a major factor in Spain not realizing its true potential for visitors from the Middle East.

Visa services appear to be available across the Middle East, except in Qatar, Bahrain and Yemen. Spain also benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa.

Indications from the travel trade are that Spain may see decline by about 5-10% in tourist arrivals from the Middle East in 2002, almost entirely in terms of holiday travel.

It is also known that Spain is a destination of choice for future travels by the Gulf traveller. The attractions are the cities, culture and heritage in general, Islamic history and architecture, its landscape, the countryside and the ‘romanticism’ of Spain. In April, the Warner Brothers Theme Park opened in Madrid – this could be a major attraction for families from the Middle East.

4.3.28 Sweden

Tourist-nights in Sweden have grown from 7.86 million to 8.60 million between 1995 and 1999, averaging annual growth of just under 2%.

Europe has been the mainstay of Sweden's tourism, accounting for over 85% of all nights spent, led by Northern Europe with 44% and Western Europe with 31%. The top 5 markets of relevance are Norway, Germany, Denmark, UK and Finland, together contributing almost two thirds of all tourist-nights in 1999.

The Swedish Civil Aviation Authority reported 6% increase in passenger traffic to 30.85 million in 2000. Domestic and international travellers constitute roughly equal numbers. Growth in international travellers was higher at 8% compared with 5% growth in domestic travellers.

The Middle East does not appear to be a significant contributor to Sweden's tourism numbers.

Srilankan Airlines flies direct from Dubai to Stockholm. Visa services appear to be available across the Middle East, except in Qatar and Yemen. Sweden also benefits from being a signatory of the Schengen Agreement, allowing visitors entry to the country along with entry to 14 other signatory countries on a common Schengen visa.

Indications from the travel trade are that Sweden may see decline by about 10% in tourist arrivals from the Middle East in 2002.

Sweden has the potential to increase its inbound tourism from the Middle East. It has several attractions that could be promoted for family traffic from the Middle East – nature tours through the canal waterways, little towns reflecting an age-old culture, castles, treks and journeys through the forestland, the Midsummer Festival in late June, the midnight sun in Lapland. The country is also blessed with good weather in the months of June, July and August, the major holiday months in the Middle East.

Creating awareness of its varied tourist attractions would be the first step in this direction. Being on the multi-country itinerary of the Europe bound traveller would be advantageous as well.

4.3.29 Switzerland

Tourists using accommodations in Switzerland have grown marginally from 6.95 million in 1995 to 7.15 million in 1999, registering just over 0.5% average annual growth. Tourist-nights have actually declined from 33.98 million to 31.86 million during the same period, reflecting decline in average length of stay from 4.89 nights in 1995 to 4.45 nights in 1999.

Europe has been the mainstay of Switzerland's tourism, accounting for almost 85% of all tourist-nights, led by Western Europe with about two thirds of all nights spent. The top 5 markets of relevance are Germany (alone contributing almost one half of all nights spent), Netherlands, UK, USA and France, together contributing over 70% of all tourist-nights in 1999.

Geneva's international airport showed a 3.6% decline in traffic in 2001 to 7.55 million, from 7.83 million in 2000. This compares favourably with the IATA report that global passenger traffic reduced by 5%. Overall, Swiss airports have shown consistent growth over the years, from 16.3 million passengers in 1996 to 22.7 million in 2000 – within these numbers, international passengers have grown from 9.8 million to 11.1 million.

The Middle East does not appear to be a very significant contributor to Switzerland's tourism numbers yet, but is clearly a growing market. Switzerland Tourism data indicates that guests from the Gulf countries spent 216,569 hotel-nights in Switzerland in 2001, up 15% from 2000. This data is not available by individual Gulf

States. Separately, Egypt also showed growth, up 5.6% to 37,299 hotel-nights in 2001.

The most popular destination within Switzerland is the Geneva Canton area and the Lake Geneva Region visited by two thirds of Gulf visitors and one half of Egyptian visitors. This is followed by Zurich with 17% and 21% of Gulf visitors and Egyptian visitors respectively. Visits to other parts of Switzerland are also growing, particularly to the countryside in Eastern Switzerland.

Gulf travel to Switzerland is year-round, peaking at about 70% in the period June to September, with the balance 30% distributed fairly evenly across the rest of the year. 88% of nights are spent in hotels and similar establishments. 70% of the travel is for leisure purposes, 30% for business. Average daily expenditure is also rising steadily, having increased from US\$ 240 in 1998 to US\$ 275 in 2001.

Travel is largely in family groups, extended families in the case of Arab nationals who prefer residing in apartments and first class hotels. Switzerland Tourism also sees a trend in increased demand from the Middle East for high-value wellness / spa holidays.

Visa services appear to be readily available across the Middle East, except in Qatar.

Focused marketing efforts have been instrumental in increasing tourism into Switzerland from the Middle East. Swissair / Sabena participated in the Arabian Travel Market 2001, when it indicated a change in focus from mostly European customers to also include Arabs from the Middle East. It launched a brochure in Arabic, introduced Arabic-speaking in-flight staff, Arabic newspapers and an Arabic music channel as part of its in-flight services.

Swissair and Sabena have also promoted special holiday packages in the period April - December 2001, such as a value-for-money 6-night package in the Lake Geneva and Matterhorn regions for US\$435, inclusive of accommodations, rail transport and breakfast.

Additionally, the Swiss Consulate arranged for 16 college students in the UAE to visit Switzerland in winter 2001, to learn more of 'the European way to conduct business', and in the process also promoting Switzerland.

From 31 March 2002, the national airline of Switzerland, Swiss, integrating Swissair and Crossair, began operating to 122 destinations in 60 countries, including 8 destinations in 6 Middle East countries – Cairo, Damascus, Abu Dhabi, Dubai, Muscat, Jeddah, Riyadh and Teheran.

Indications from the travel trade are that Switzerland may see decline by about 5% from the Middle East in 2002, almost entirely in terms of holiday travel.

Currently receiving about 1% of its overall 'foreigner' hotel-nights from Gulf outbound travel, the country's long-term prospects are favourable with increasing tourist arrivals from the Middle East.

All in all, the Middle East represents a growing market of high-spending long-stay travellers for Switzerland. The charm of its snow-capped mountains and the 'Swiss' aura is likely to maintain its steady appeal among all categories of travellers, young and old, from the Middle East region.

4.3.30 Turkey

The number of tourists using accommodations in Turkey grew phenomenally from 4.63 million to 9.44 million between 1995 and 1997, and then declined to 4.82 million in 1999. This is also reflected in tourist-nights that have actually declined from 36.17 million in 1997 to 20.43 million in 1999, after having grown from 18.48 million during 1995.

Europe has been the mainstay of Turkey's tourism, accounting for over three fourths of all tourist-nights, led by Western Europe with over one half of all nights spent. The top 5 markets of relevance are Germany (alone contributing over one third of all nights spent), CIS countries, UK, France and Benelux, together contributing about two thirds of overall tourist-nights in 1999.

The Middle East has been a significant contributor to Turkey's tourism, with 462,673 tourist-nights in 1999 accounting for over 2% of all nights spent. The Middle East contribution was led by Iran – 140,092; Saudi Arabia – 80,230; Egypt – 57,181; Lebanon – 48,499; Syria – 36,469 and Jordan – 36,323, followed by the UAE and Kuwait.

There is potential to increase these numbers significantly. Turkey is well connected to the Gulf by air, with Turkish Airlines flying to Istanbul 4 times weekly from Dubai and Jeddah, 2 times weekly from Bahrain and Riyadh, plus flights to Amman, Kuwait, Beirut, Cairo, Damascus, Tripoli and Teheran. It is also noted that visa services are readily available across the Middle East.

In addition to beach / seaside holidays and adventure tourism in the mountains, there is much for families to see and do in Istanbul and the less-traversed Ankara, particularly in respect of the history and culture, the architectural monuments and

relics that dot the countryside, range in cuisine on offer, shopping for traditional carpets and other handicraft items.

Most importantly, in the wake of the 11 September events, there is a distinct move towards increased travel to 'Islam friendly' countries. Turkey is expected to be one of the main beneficiaries of this shift as it is an Islamic nation in Europe, thereby offering the Middle Eastern traveller the best of both worlds.

Strong marketing efforts now could result in the Middle East becoming a significant contributor to Turkey's tourism revenues in the short term and in the long term.

Turkey's high-tourist season is May to October. Since Middle East holiday travel is primarily during this period tourists will likely not benefit from low-season rates when travelling to Turkey in the summer. However, the crash of the Turkish lira in 2001 makes Turkey a cheaper destination now than it was before.

Indications from the travel trade are that Turkey may see growth by about 10-15% from the Middle East in 2002, almost entirely in terms of holiday travel. City breaks and culture / sightseeing tours are expected to remain the most popular type of holiday, followed by beach / seaside holidays.

4.3.31 United Kingdom / Britain

Tourism is an important industry in the UK contributing € 120 billion (UK £ 75 billion) in 2000, inclusive of domestic travel, accounting for 7% of GDP. An estimated 2 million Britons earn their living from the industry.

Visitor arrivals increased from 23.5 million in 1995 to 25.4 million in 1999. Number of tourist-nights in the UK reduced from 220.3 million to 211.7 million during the

same period, with a peak of 230.8 million in 1998. Visitor arrival numbers were more or less stable at 25.2 million in 2000, but reduced again in 2001 to an estimated 23.4 million, a decrease of 7% over 2000. Correspondingly, total tourist spend reduced from € 20.5 billion (UK £ 12.8 billion) in 2000 to € 17.7 billion (UK £ 11 billion) in 2001.

Several factors have contributed to this scenario:

- Worldwide recession, reflected in the large number of jobs lost in the USA in the dotcom businesses as well as in other sectors of the economy. The UK receives 16% of all its visitors from the USA, far more than any other European nation. Slowdown in US travel therefore probably had a more serious effect on UK's tourism industry than on others.
- Slowdown in worldwide travel as other economies also suffered, especially Japan and Argentina.
- Images of floods in the UK in winter 2000, seen on television screens around the world.
- A strong pound making the UK even more expensive than it is generally perceived to be.
- The outbreak of foot-and-mouth disease creating a rural crisis in early spring 2001. This discouraged travellers from visiting the UK despite strong media and other efforts to communicate that it was under control and also to dispel the perception that the disease could affect humans.

- Finally, the 11 September attacks that effectively halted travel overseas by US citizens. Other nationalities also reduced travel to the UK for fear that there could be similar attacks, perhaps even in the UK, which was seen as the closest ally of the US in the aftermath of the attacks.

The extended negative impact of these anxieties caused a downturn in travel to the UK, resulting in lower tourist arrivals and tourist nights. December 2001 visitor arrivals were noted to be 17% lower than in December 2000.

As a proportion of total tourist-nights, the UK appears to have the least reliance on tourism from the rest of Europe, when compared with other ETC member nations. Europe accounted for just over one half of all tourist-nights in 1999, led by Western Europe with one fourth of all tourist nights spent in UK. The top 5 markets of relevance are USA, Germany, France, Italy and Australia, together contributing just over 42% of all tourist-nights in 1999.

The Middle East is a significant contributor to UK's tourism, with 6.5 million Middle Eastern tourist-nights in 1999 representing a share of over 3% of all tourist nights in the country. In terms of tourist arrivals, the Middle East registered 409,000 arrivals in 1999. In 2000, 446,000 visitors were received in UK from the Middle East, recording a growth of 9%. Statistics for 2001 indicate a decline of 4.7% over 2000 with total arrival of 425,000 visitors from the region.

The largest tourist generating source markets in the Middle East for the UK are UAE with 119,000 visitors and Saudi Arabia with 107,000 visitor arrivals in 2000. Together, these two countries accounted for 48% of all visitor arrivals into the UK from the Middle East. Along with the other 4 GCC nations that together contributed 105,000 visitors, the Gulf region as a whole provided over 74% of total visitor arrivals

from the Middle East into UK. Egypt contributed 47,000 visitors and other Middle East countries together accounted for 50,000 visitor arrivals into the country.

According to the IPK Arabian Travel Monitor Study, the GCC region contributed 5.3 million tourist nights in 2000. The Gulf tourists' total spend in UK was estimated at a massive € 0.8 billion, a share of 6% of the total worldwide outbound travel spend of € 13 billion in 2000.

Additionally, per trip spend in UK was a high € 2701 with per night spend of € 152. This is considerably higher than the Gulf travellers' average expenditure per trip of € 1554 and per night expenditure of € 59.

Per the International Passenger Survey data provided by the British Tourist Authority, Saudi visitors spent a total of € 327 million (UK £ 204 million), while the UAE visitors spent € 273 million (UK £ 170 million) in UK in 2000. The rest of the Gulf nations together contributed a total of € 370 million (UK £ 231 million) in terms of expenditure in UK.

Undoubtedly, the Middle East, specifically the GCC, is an important source market for UK, both in terms of tourist nights and tourism receipts.

Trade relations between the UK and Middle East nations are strong. Local chapters of the British Business Group are active and 2001 saw a record number of trade missions visiting the UAE. Efforts are constantly underway to further increase trade, ensuring consistent growth in business travel between the UK and the countries in the Middle East. Business trips accounted for nearly one half of all trips into UK in 2000 from the Gulf region.

Correspondingly, accessibility from the Middle East is excellent, with most major airlines providing good connections. Accessibility is constantly being increased as well – Emirates Airlines now flies to London, Manchester and Birmingham. Visa services are also readily available across the Middle East.

It may be noted that the decline of 4.7% in tourist arrivals from the Middle East region was far lower than the overall decline in total tourist arrivals of 7% into the country in 2001.

The UK government hopes to bring in an additional 1 million visitors in 2002. The cornerstone of the planned effort to achieve this target is a multi-million pound advertising campaign promoting the festivities surrounding the Queen's Golden Jubilee celebrations on 03 and 04 June 2002, which traditionally, is also the highest occupancy month for London hotels. London alone accounts for over one half of all visitors to the UK.

Although the 'UK- OK' advertising campaign focuses on markets in Europe and North America promoting its heritage, countryside and cities, and sport, these themes will be enhanced by the Golden Jubilee celebrations and the Commonwealth Games to be held in Manchester in July 2002. UK will likely expect some increase in tourist arrivals from the Middle East on account of these events.

While the travel trade indicates that UK may see a decline by 10-15% in tourist arrivals from the Middle East in 2002, mainly leisure travellers, the British Tourist Authority (BTA) has set a target of 3% more travellers to the UK from the Middle East in 2002 vis-à-vis 2001.

In line with this objective, BTA has undertaken several actions in the first quarter of 2002:

- ◆ ‘Summer of British Sports’ promotion was launched during the Dubai Shopping Festival, 2002
- ◆ Separate groups of college students, local national girls and boys, from the UAE Higher Colleges of Technology were sponsored and sent on familiarization trips to London and the UK countryside, in conjunction with British Airways 2002.
- ◆ The Britain Visitor Center was opened in Dubai in April 2002, catering to the information requirements of the travelling public and the travel trade, with a range of travel brochures and video monitors highlighting destinations and tourist attractions throughout the country. The Center is staffed with consultants conversant in English and Arabic languages.
- ◆ Launch of an Arabic gateway site of the exhaustive 72,000 page informational www.visitbritain.com website.
- ◆ Launch of BTA’s first Virtual Office at Dnata’s (the largest retail travel agency in the region) new Airline Centre in Dubai. Equipped with live Internet stations to browse the online information resources for travel planning and research, the Virtual Office also provides a wide range of brochures and catalogues for planning a holiday in Britain.
- ◆ A ‘Britain for Families’ brochure has also been produced, targeted towards families and young people.
- ◆ ‘Visit Britain News’, a newsletter promoting British travel and tourism has also been produced.

Additionally, BTA has planned an upscale participation in the Arabian Travel Market Fair in Dubai in May 2002.

Meanwhile, BTA is working closely with the regional tourist boards of England, Scotland, Wales and Northern Ireland to jointly promote tourism across the country.

With several countries around the world looking to attract tourist traffic from the Middle East, as evidenced by the opening of regional tourist offices, increased regional advertising and greater participation in the Arabian Travel Market Fair, the BTA is acutely aware of the need to develop a long-term strategy for protecting and expanding its market share in the Middle East. This is possible on the basis of superior knowledge on the attitudes, needs and travel behaviour patterns of the Middle East traveller in general and the Gulf traveller in specific.

Accordingly, in October 2001, BTA subscribed to the IPK Arabian Travel Monitor study and has some good insights into the overall travel habits and behaviour of the Gulf travellers to Britain. The study, produced in April 2001, is based on outbound travel in 2000.

In December 2001, the BTA office in Dubai conducted a survey on 'Attitudes to Britain' amongst local national college students in the Sharjah (UAE) Women's College and Abu Dhabi (UAE) Men's College. The survey revealed perceptions of Britain amongst the youth, as also intent to visit the country in the future.

Understanding the attitudes, needs and opinions of this segment of the population is seen by BTA as critical to Britain's future positioning as a destination for the youth, since a sizeable proportion of young adults characterizes the Gulf economies.

BTA has now commissioned a large-scale primary research study amongst residents in the two key source markets, Saudi Arabia and UAE. The study aims to identify and profile the best prospect segments of the population that are most likely to visit Britain in the short and medium term in order that promotional efforts be targeted towards them to achieve maximum impact.

These initiatives indicate that the UK / BTA is committed to safeguard its market share in the lucrative Gulf and larger Middle East markets.

Section 5: Travel Trade in the Middle East

5.1 Air Links Between Europe and the Middle East

A number of airlines offer good flight connections between Europe and the Middle East. These include:

- British Airways – connecting London, for example, with Abu Dhabi, Amman, Bahrain, Beirut, Cairo, Doha, Dubai, Damascus, Dammam, Jeddah, Riyadh, Muscat, Kuwait and Teheran
- Lufthansa – connecting Berlin, Frankfurt and Munich, for example, with Dubai, Abu Dhabi, Muscat, Jeddah, Riyadh, Dammam, Kuwait, Amman, Cairo, Sharm El Sheikh, Kuwait, Beirut, Teheran and Sana'a
- KLM – connecting Amsterdam with Abu Dhabi, Amman, Bahrain, Beirut, Cairo, Doha, Dubai, Damascus, Dammam, Kuwait, Sharjah and Tripoli
- Air France – connecting Paris with Abu Dhabi, Amman, Beirut, Cairo, Dubai, Damascus, Jeddah and Riyadh
- Alitalia – connecting Rome with Amman, Beirut, Cairo, Dubai and Teheran
- Swiss / Swissair – connecting Zurich and Geneva with Abu Dhabi, Dubai, Cairo, Damascus, Muscat, Jeddah, Riyadh and Teheran
- Turkish Airlines – connecting Istanbul with Amman, Jeddah, Kuwait, Bahrain, Beirut, Cairo, Damascus, Dubai, Tripoli, Riyadh and Teheran
- Czech Air – connecting Prague with Abu Dhabi, Al Ain, Bahrain, Dubai and Kuwait

- Olympic Airways – connecting Athens with Cairo, Beirut, Dubai, Jeddah and Kuwait
- Cyprus Airways – connecting Larnaca with Amman, Bahrain, Beirut, Cairo, Damascus, Dubai, Jeddah and Riyadh
- Tarom Airlines – connecting Bucharest with Amman, Beirut, Cairo, Damascus, Dubai, Kuwait and Riyadh

A number of local Middle East airlines, Asian and other airlines also provide good flight connections between the Middle East and Europe.

Middle Eastern airlines include Emirates Airlines, Kuwait Airways, Saudi Airlines, Qatar Airways, Iran Air, Middle East Airlines, Gulf Air, Egypt Air, Syrian Airlines, Royal Jordanian. New destinations are being added constantly – Emirates has started Casablanca flights in March 2002, and will start Perth flights in August 2002; Gulf Air plans a Casablanca flight from May 2002 and a Milan flight from June 2002.

Asian airlines connecting Europe with the Middle East include Royal Brunei, Cathay Pacific, Singapore Airlines, Malaysian Airlines and Srilankan Airlines.

It may be concluded that Europe is well connected by air with the Middle East.

Nonetheless, there are several ETC member nations whose national airlines do not have many, or any in some cases, flights to / from the Middle East. These include:

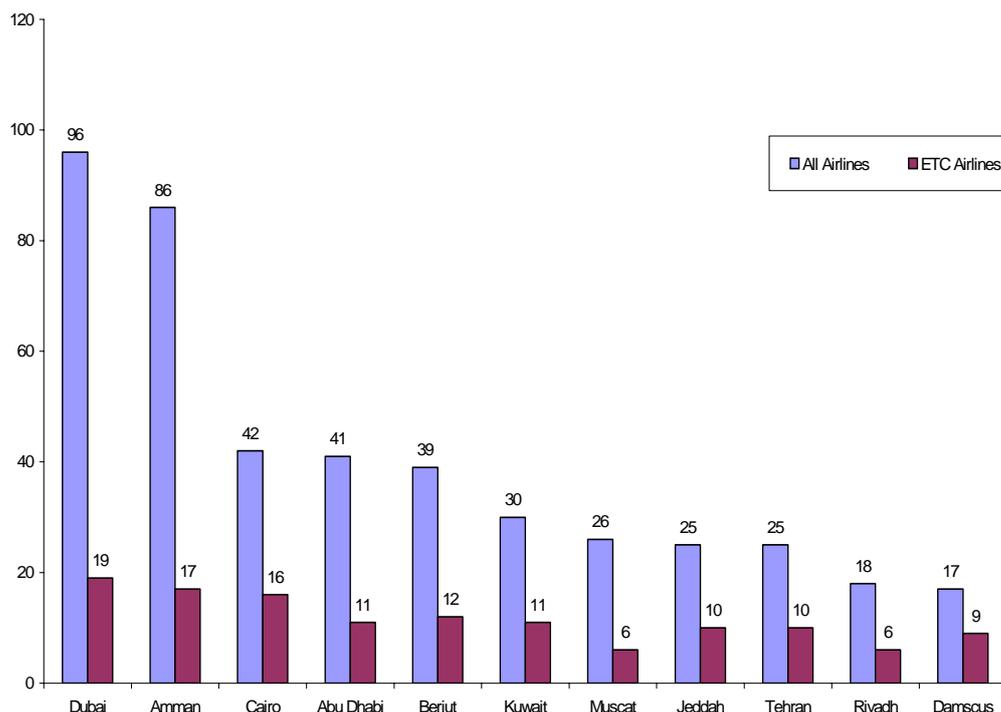
- Iberian Airways – connecting Madrid only with Cairo and Damascus
- Air Slovakia – connecting Bratislava only with Kuwait
- Lot Polish Airlines – connecting Warsaw only with Beirut and Damascus

- Malev Hungarian Airlines – connecting Budapest with Cairo and Damascus
- TAP Air Portugal – no flights connecting Lisbon to the Middle East
- S N Brussels Airlines / Sabena – no flights connecting Brussels to the Middle East
- Lithuanian Airlines – no flights connecting Vilnius to the Gulf
- Estonian Air – no flights connecting Tallinn to the Middle East
- Finnair – no flights connecting Helsinki to the Middle East
- Scandinavian Airlines – no flights to the Middle East

Several destinations, though, are serviced by partnerships such as STAR alliance, whereby Lufthansa services Norway, for example.

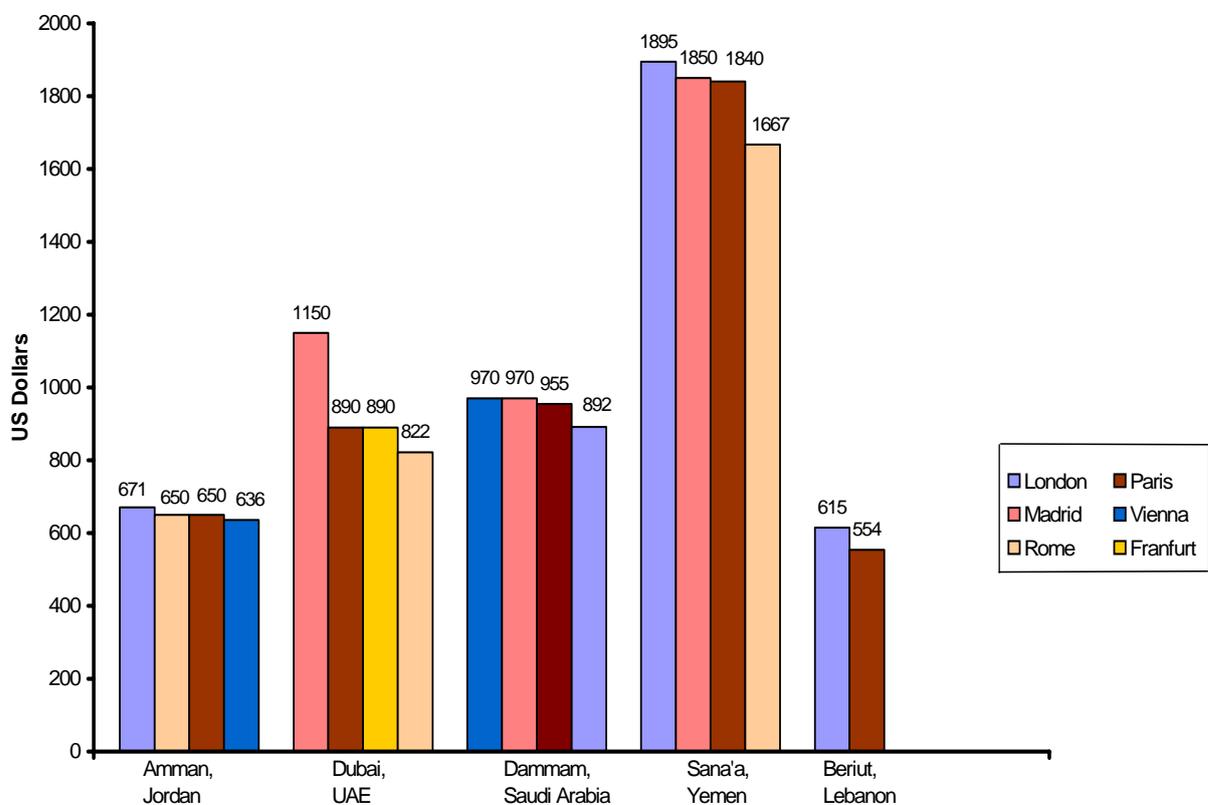
Several other airlines operate from the major airports in the Middle East leading to a fair degree of competition overall. The following chart details the total number of airlines operating from major airports in the Middle East, and the number of airlines that represent ETC member nations.

Number of operating ETC Airlines As A Proportion Of All Airlines
Middle East Airports



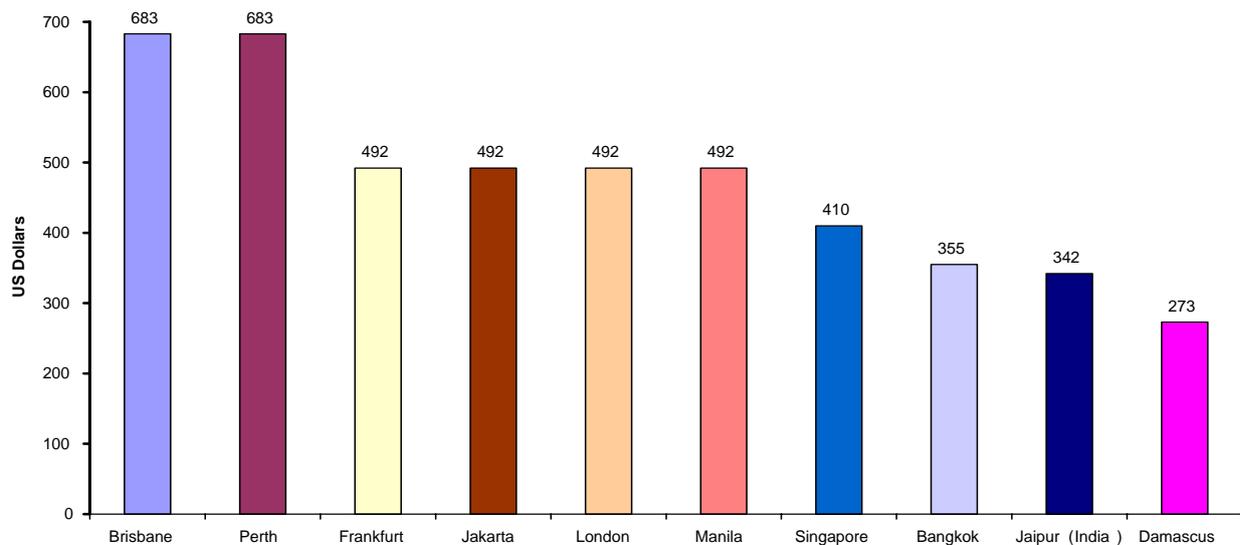
Ticket prices to European destinations vary, largely based on distances, but generally it appears that the highest fares are from Sana'a, Yemen.

Ticket Prices To Europe From Middle East Cities



However, there are promotional fares offered by most airlines presently, valid for the low season till 10 June 2002. A comparison of these fares indicates that South East Asian destinations offer more competitive fares than European destinations, as presented in the chart overleaf.

Promotional Ticket Prices
Dubai To Worldwide Destinations



In addition, several non-European destinations are presently offering value packages for Middle East travellers. These include six night offers in Turkey for US\$ 631; eleven night offers in Thailand for US\$ 1093; two night offers in Oman for US\$ 168: per person prices in the UAE inclusive of return economy air fare, hotel stay with daily breakfast, transfers and all taxes.

5.2 Tour Operators and Travel Agents

The structure of the travel trade in the Middle East is different from that in Europe. This may be because

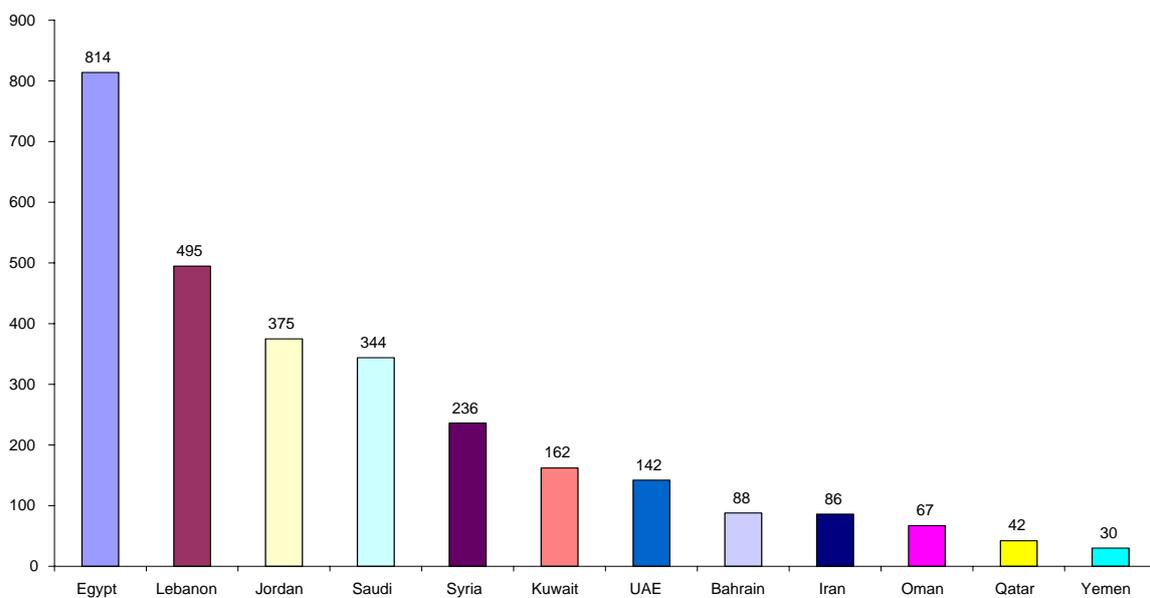
- International leisure travel is a relatively new activity in the region.
- Substantial proportion of the Gulf's population specifically is constituted of transient expatriate personnel, with no roots in the land, on 2-4 year work tenures.

- Travel is mainly on FIT basis – individuals, couples and families travelling on business or for leisure.

There is practically no formal group leisure movement and incentive travel organized by companies is in its infancy. This is true of travel from the Gulf countries, and it is also essentially true of the rest of the Middle East.

Few of the countries have a formal association of travel agents. For example, none of the Gulf countries has any such body with the sole exception of Kuwait. Listing of travel agents was therefore searched through country yellow pages, government sources and Internet directories. On this basis, it was determined that there are 2,881 travel agents across the region distributed as follows:

Travel Agents in the Middle East (Number)



In actual fact, there will be considerably more travel agents in the Middle East region than this number.

5.2.1 Tour Operators

The region has no 'tour operators' as the term is understood in Europe. Tour operators would provide multi-destination brochures backed with marketing and advertising efforts to create destination / brochure awareness among the consumers. Leisure travel in Europe and North America justifies several tour operators owning aircraft and hotels intended solely for facilitation of consumers buying their brochured products.

Middle East tour operators are divisions of national airlines, promoting primarily the destinations that the airline flies. A brochure is produced offering packages with a number of hotels and ground operator services in each destination flown; in a few instances, pushed by consumer demand, additional domestic sectors may also be packaged with another airline. These tour operators include Emirates Holidays, Qatar Holidays, Saudi Holidays, Kuwait Holidays, Gulf Air Holidays and Middle East Airlines Holidays.

In the absence of regular tour operators that would promote their products, several international airlines also promote their destinations and packages in the region with travel brochures and catalogues. These include British Airways, Singapore Airlines, Thai Airways, Malaysian Airlines and Cathay Pacific Airlines. British Airways has recently launched its Holiday Options 2002-2003 with a range of packages for individuals and families, offering accommodations in London hotels at prices from US\$ 35 per person, and in European hotels from US\$ 18 per person.

The largest tour operator of this nature in the region, Emirates Holidays, operates from headquarters in Dubai. Its annual brochure is traditionally launched at a trade

meet just before the Arabian Travel Market Fair in Dubai, held in the month of May each year.

Holidays are sold through Emirates Airlines offices around the world, with a dedicated staff member trained to handle customer enquiries and through retail travel agents across the region. The focus is on promotion through sale points in the Middle East. The effort is successful in that currently only 42% of all sales are finalized in Dubai, the rest being spread across the other offices in the region. Emirates Holidays finds Saudi Arabia to be its next most important market, followed by Kuwait, Lebanon and Egypt.

Marketing to consumers is mainly through advertisements in the consumer press, observed mainly in the period leading up to the summer holidays, in the traditional short break times in winter such as the Eid holidays and in the period leading up to Christmas and New Year. The operator claims year-upon-year growth of 10% since inception in the early 1990s. This is a strong indicator of growth in the leisure travel industry in the region.

Qatar Holidays' 2nd brochure was launched in mid-April 2002, and a new Holidays Centre inaugurated in Dubai. Only 75% of the package holidays offered will be with Qatar Airways; the balance will be through its codeshare partners. Among the destinations offered are Spain, the Czech Republic, Belgium, Hungary and Austria, which airline officials expect to be top-selling destinations among Gulf travellers in summer 2002 as per a survey undertaken by them. As with Emirates Holidays, the Qatar Holidays brochure is distributed through Qatar Airline offices worldwide, and through travel agents across the Middle East.

The Saudi Holidays brochure was initially handed over to a major Saudi travel agent to develop, just as the Gulf Air Holidays brochure was handed over to an Omani

travel agent to promote – indicating somewhat less commitment by these airlines in their promotional efforts.

Tour operators from India also play an active role in the region. Their focus is on the wealthy Non-Resident Indians based in the Gulf. SOTC Tours, now owned by Kuoni Travel, claims 70% market share among Indian tour operators working the region, and proudly states that in 2001, they served 650 travellers for 14-day tours to Europe from UAE alone. SOTC claims this market is growing by 5-10% annually.

Finally, there is some, limited charter movement from the region also, outside the Gulf. A consortium of travel agents in Lebanon will operate charters to Paris in summer 2002, followed with charters to Egypt and Morocco in winter 2002.

5.2.2 Consolidators

Consolidators obtain bulk rates from hotels in destinations they understand to be popular with Middle East travellers. These rates are then marked up for sale through retail travel agents throughout the region. The best known of these consolidators is the Dubai-based Destinations of the World, operating through a number of franchised offices across the region.

Some strong retail agents, 3-4 in each country such as Kanoo Holidays in Saudi Arabia, OUA in Oman and Al Ghanim Travels in Kuwait, also obtain such preferential prices from hotels and / or destination management companies worldwide.

Distribution is through the retail travel trade, which marks up the prices and books with the consolidator on behalf of the consumer. Additionally, these preferential prices are offered to the agents' clients, through direct marketing. With growing

Internet penetration across the Arab world, these communications are increasingly being sent via email.

Typically, this set of travel agents is financially strong, and almost without exception would be the General Sales Agent in their territory for a number of national airlines of destination countries that are popular with Middle East travellers.

5.2.3 Retail Travel Agents

The bulk of the trade is constituted of retail travel agents. As in any economy, while some are big and fairly professional operations, the larger number is constituted of small operations often staffed with ill-trained personnel.

For many in this set, which represent the vast majority of the 2,881+ travel agents in the region, airline ticket sale is the main activity, and travel itinerary planning / advice on destination planning is not a strength. Where the consumer needs a hotel and / or a package deal, the retailer offers the tour operator's brochure products and the consolidators' hotel products, based on pre-agreed commissions and mark-ups.

5.2.4 Use of the Internet

A recent study by the Arab Advisors Group indicates that the UAE has the highest Internet penetration in the Arab world. With overall penetration rate of about 14%, the report states that 30% of households and 45% of businesses have access to the Internet. On the other hand, only 5% of Saudi Arabia's population uses the Internet – the government is to slash Internet rates to encourage use now.

According to the International Telecommunication Union, ratio of Internet use in the Arab world is 101.6 persons per 10,000 population. This is low, and compares with 304.4 in Turkey, 329.8 in Asia, 1365.9 in Europe and 1542.1 in the US.

The Internet is being used more and more for travel planning and research. Travel bookings on the Internet are low, estimated at 1% of all bookings. However, growth rates are high, and the Internet is becoming an important tool in the travel industry. With this in mind, the British Tourism Authority has taken the initiative to launch an Arabic gateway of its 72,000 page www.visitbritain.com website.

5.3 National Tourist Board Representations

In addition to the national airlines, destination promotion efforts are also undertaken by a number of national tourism boards' representative offices in the region. Since Dubai is widely seen as the tourism hub of the region, physical presence of such offices is primarily in Dubai.

The Americas and Africa are not represented in this manner in the Middle East at all. The only European nation with representation in the region is the UK. There has been some talk, though, of Switzerland planning to open an office in Dubai.

The largest representation is of Australasian countries.

It is interesting to note that maximum outbound traffic from the Middle East appears to be directed towards countries represented in the region with an NTO office.

The Government of India Tourist Office and the British Tourist Authority office have both been in operation in Dubai for a number of years, with responsibility for the larger Gulf / Middle East region. The Malaysian Tourism Promotion Board set up a full-fledged office in 2000. Thailand's Tourist Authority operates through a

representative office in Sharjah in the UAE. Singapore's Tourism Board has been content with appointing a mailing house to represent its marketing interests over the past few years.

Turkey has a Tourism Information Office in Kuwait, responsible for information dissemination across the region. The Australian Tourism Commission also has recently set up a representative office in the UAE.

5.4 Travel Trade Press

There are a few dedicated travel trade magazines servicing the entire region. These are:

- Business Traveller magazine's Middle East edition, published in the UK.
- Middle East Travel, headquartered in Lebanon.
- Travel & Tourism News (TTN) Middle East published in Bahrain.
- Travel Trade Gazette (TTG) Middle East & North Africa edition, printed in Cyprus.

The above are English language publications.

The Arab Traveller, published in Bahrain, is a fairly prominent Arabic language publication with a focus on tourism. On a similar platform, Emirates Today is an English language magazine launched in Dubai in mid-2001. Other similar multi-purpose magazines in the region include Egypt Month and Egypt Revealed in Egypt; Arab Business Network in Jordan.

Tourism news is covered fairly regularly in the daily press across the region, reflecting the growing importance of the industry in Middle Eastern economies. Much

of the coverage is devoted to events and ‘happenings’ in the hotels. Some newspapers such as the Khaleej Times and Gulf News, published from Dubai, regularly publish dedicated features and news sections on the Tourism & Aviation industry.

In addition to the travel trade press, each country has a number of English and Arabic newspapers and magazines. In the Gulf nations, the English media is largely aimed at the non Arabic-speaking expatriate population, while the Arabic press is considered the best vehicle to reach the local national and the resident Arab expatriate. Tactical advertising, promoting packages and other value offers intended for the consumer, is largely seen in the daily press concentrated around holiday times. Local television also sees some destination advertising.

Section 6: Prognosis / Prospects for Future Tourism from the Middle East

6.1 Threats to European Destinations

With continuing growth in outbound travel from the Middle East, several countries around the world have begun making serious efforts to attract visitors from the region. As more destinations aim to attract the Middle East traveller, there is bound to be an impact on existing market shares.

The threats of intra-regional and inter-regional tourism development to the future tourism potential of European destinations in the Middle East are highlighted in this section of the report.

6.1.1 Intra-Regional Tourism

Intra-regional tourism within the Middle East is already significant accounting for about two thirds of all outbound travel from the region. According to WTO forecast, intra-regional tourism will continue to grow faster than tourism to any other region over the period 2000 – 2020. Its share of total outbound travel is forecast at 71% in 2020.

According to research undertaken earlier by Market Vision, Dubai received over 1 million visitors from within the region in 2000 while Egypt received 0.75 million intra-regional visitors. In percentage terms, this accounts for 35% of all visitors to Dubai and 15% of all visitors to Egypt.

The percentage of intra-regional visitors is higher in other countries in the region – Bahrain 70%, Kuwait 63%, Jordan 52%, Syria 51% and Lebanon 42%.

Two factors indicate that intra-regional tourism is set to grow:

- Almost all the economies in the Middle East have begun to look at tourism as a means to generate increased foreign exchange earnings and to generate increased employment. At the same time, several oil-producing countries see tourism as an industry that could help reduce reliance on oil revenues.

When focusing on markets from which to attract tourism, these economies have seen that it is easiest to attract regional visitors. There are several reasons for this - the regional visitor would be in familiar surroundings in terms of culture, food and drink, languages spoken, religion; proximity implies that travel cost is lower than if the visitor were to travel elsewhere; and finally, the region offers diverse tourism products that have appeal.

- In the wake of the 11 September events, these economies have become painfully aware that an external event could dramatically impact business, as travel to the Middle East was worse hit than any other region in the immediate aftermath of September 11. In the past few months, there has been a discernible trend to promote more intra-regional travel in an effort to reduce reliance on long haul traffic.

With this objective, several agreements for regional cooperation in tourism have been signed in the recent past. These include agreements between Syria and Jordan, between Yemen and Bahrain, between Iraq and Syria. Tourism Ministers of WTO member nations have met to plan 'recovery' procedures, where an important agenda item has been to develop ways and means to increase regional tourism. On a tactical front, Lebanon's National Council of Tourism has undertaken road shows across the region promoting visits to Lebanon; Dubai's Department of Tourism & Commerce

Marketing has produced its first Arabic brochure, intended to aid the Arab traveller on a visit to Dubai.

Travel patterns during the past six months show that these efforts can be successful. For example, Lebanon tourist arrivals showed 42% growth in Arab traveller arrivals in January – February 2002 compared with the same months in 2001. Egypt registered 30% more intra-regional travellers from the Gulf region in 2001.

In the short term, while there is ‘uncertainty’ in the air, promoted by such factors as talk of an ‘axis of evil’ and the current, unabated escalation in the Israeli-Palestinian conflict, the trend to spend tourism dollars within the region is likely to grow. However, the general focus on tourism as an important sector in the region’s economies suggests that this growth is likely to be sustained in the medium term and long term as well.

The main beneficiaries of this trend in increased regional tourism are likely to be Egypt, Lebanon, Dubai in the United Arab Emirates, Jordan and Oman.

Saudi Arabia too is encouraging Haj and Umrah pilgrims to extend their pilgrimage holiday in the country. An estimated 4 million Muslims visit Saudi Arabia each year for pilgrimage to Mecca and Madinah, a large proportion from within the Middle East. This could impact regional and international tourism, if Saudi Arabia is successful in its endeavour to promote inbound tourism among the Muslim pilgrims.

6.1.2 Domestic Tourism in Saudi Arabia

A recently published economic study estimates average Saudi spending on domestic tourism at € 1.2 billion per annum.

The Supreme Council for Tourism (SCT) in Saudi Arabia has a two-pronged mission: promote inbound tourism, particularly regional tourism and encourage domestic tourism.

The Saudi authorities' focus on developing domestic tourism is an effort to hold back some of the spend that Saudis make on travel abroad. The SCT hopes to encourage Saudis to spend more time travelling and exploring their own country. Domestic tourism has become a priority for the government.

While the country already has a tourism infrastructure in the form of modern hotels and travel facilities, the government has launched a major effort to expand these facilities. Recent investments in developing tourism include new hotels and resorts, golf courses, amusement parks and family entertainment facilities, modern shopping malls and development / restoration of historical and heritage sites.

The SCT hopes to achieve its objective of increasing domestic tourism partly through the education system. For example, field trips, study programs and summer trips will be promoted for students and the general public, to make tourism more appealing within the country.

In the short term, international outbound travel is likely to remain depressed due to global events and the continuing Israeli-Palestinian conflict. Arabs across the region, and Saudis in particular, have expressed strong sentiments through anti-US demonstrations denouncing the role of the US government in the Middle East peace process. There is reluctance to travel overseas to the Western countries, specifically North America and generally in Europe.

In the long term, the success of the Saudi domestic tourism expansion plan could have a major impact on outbound travel from Saudi Arabia, and indeed from the Middle

East as a whole since Saudi Arabia is the largest outbound tourist generating market from the region.

6.1.3 Popular International Destinations outside Europe

Several international destinations have emerged in the past 5-7 years, particularly in the East, that now compete strongly with traffic to European destinations.

- ◆ Australia has been promoting itself strongly as a destination for Middle East tourists since 1998 with great success, seeing visitor arrivals grow 28% to reach 52,000 visitors in 2000. Promotional efforts have been strongest in the UAE resulting in 14,300 visitors compared with 4,300 from Saudi Arabia in 2000. Efforts in Lebanon and other Gulf States are expected to begin paying off from 2002.

The Middle Eastern traveller is seen as a 'long-stay, high-spender' making a significant contribution to tourism receipts. Australia aims to become the number one long-haul destination for the Arab traveller by 2003.

The most popular destination is the Gold Coast, where many Arabs own property. The region is considered safe, has a pleasant climate, theme parks, nightlife, plenty of restaurants and shops, plus furnished apartments. June-August is traditionally low season in the region, and the gap in occupancies is filled with visitors from the Middle East.

The Middle East traveller to Australia has predominantly been the family group.

In addition to an Embassy, Consulate and Trade Commission in the UAE, regional governments also operate support offices – specifically Victoria since 1998, South

Australia since 2000, and now reports of Western Australia opening an office by year-end 2002. The opening is likely to coincide with the Emirates Airlines' inaugural flight to Perth from Dubai in August 2002. The airline will fly 4 times weekly.

Australia's popularity as a destination for Gulf travellers began with the Emirates Airlines' flights to Sydney and Melbourne. It is likely that the new connection to Perth will provide a further boost to Australia tourism from the region.

In March 2002, Gulf Air signed a code-share agreement with Qantas, with obvious benefits for both airlines in marketing the Middle East from Australia, as well as inbound business and leisure traffic to Australia 'from these high-growth source markets'. In 2001, Gulf Air had reported 15% increase in passengers from the Gulf, as compared with 2000.

In 2000, Emirates Airlines had registered 66% growth in traffic from the Middle East to Sydney, while Emirates Holidays registered 53% growth, over 1999 performance.

- ◆ South East Asian and South Asian countries are promoting their varied cultures and attractions in a strong effort to attract larger numbers of visitors from the Middle East:
 - In 1999, Singapore received 80,000 arrivals from the Middle East, led by 23,000 from Saudi Arabia and 20,000 from the UAE. This represented 3% growth over 1998 figures.

The Singapore Tourism Board promotes the entire Asia Pacific region, benefiting from the marketing efforts of other Asean nations, and itself

featuring dual destination holiday suggestions pairing Singapore with Thailand, Malaysia, Bali, Australia.

The island nation is also in the process of rejuvenating its tourism product aimed at families, with a planned revamp of the Sentosa Island complex, including the addition of 800 boutique hotel rooms on the island, improving access with a new light rail system and an indoor theme park with several new interactive museums.

- Hong Kong received 62,000 Middle East visitors in 1999 and anticipates annual increases of 30% through marketing efforts till 2005.

The Hong Kong Tourist Association (HKTA) maintains a database of 700 travel agents and media in the Middle East, who are constantly updated on what Hong Kong has to offer, such as the opening of the new Disney theme park in 2001 and the destination resort on Lantau Island.

The HKTA also participates in mini-exhibitions and road shows in the region, independently and in co-operation with regional partners like Emirates Holidays.

- Malaysia hosted 12.8 million visitors in 2001, a phenomenal 2.5 million more visitors than in 2000.

Almost one-half of the visitor arrivals were from Singapore. However, the Government has noted that the highest per capita spend was from visitors from the Arab countries, a particular focus of promotional efforts over the past few years.

Since late-2000, the Malaysian Tourism Promotion Board also operates an office in Dubai.

- Thailand has maintained a high profile with periodic advertising to attract holiday traffic, promoting the culture, beaches, food and nightlife for which Thailand is well known. It is also generally understood that costs in Thailand tend to be lower than in other Asean countries, and significantly lower than in popular European destinations.
- The Philippines' promotional effort is unique. It recruits Filipinos, resident in the Middle East, to directly promote travel to their homeland, in exchange for earning something for themselves similar to an airline's mileage programme.
- Indonesia participated in the Arabian Travel Market in Dubai for the first time in 2001, and recorded 3,361 arrivals from the region during the year.

Seeing potential for growth in travel to Indonesia, Gulf Air has increased flights on the Jakarta route from 5 to 7 flights per week.

In a press statement, the Indonesian Ambassador to the UAE has stated that 'post 11 September, people are preferring holiday destinations in the East and Indonesia has some very good tourist spots'. It may be relevant to note here that Indonesia has the second largest population of Muslims in the world.

- India is emerging as a strong competitor, having received 111,537 visitors in 1999, representing 20% growth over 1998.

Indian tourism advertising is seen fairly regularly in the Middle East media, promoting the 'exotic' diversity that the country has on offer – the sands and

history of Rajasthan; the hustle and bustle of major cities like Bombay; the myriad forts, palaces and monuments dotting the countryside; the lush green landscape of Kerala that was featured as one of the 50 must-see destinations featured in the 2000 National Geographic Travellers' selection.

India is also easily accessed from the Middle East, with 235 weekly flights from the Gulf alone to 18 airports all over India.

The Government of India Tourist Office based in Dubai spearheads the effort to promote India across the Middle East. The stated objective is to grow tourist arrivals from the region by over 10% annually.

2001 proved a difficult year, with tourist arrivals from the region slipping to 110,631 – close to the 1999 figures. The expectation is that there will be significant growth in 2002, with more eastward travel from the region for 'fear of maltreatment, excessive body searches by airline and airport officials, and the current anti-Arab and anti-Muslim sentiment in the Western world which will deter Middle East travellers from visiting Europe and USA'.

6.1.4 Emerging International Destinations

- ◆ New Zealand participated in the Arabian Travel Market for the first time in 2000, offering mild winters in the destination during the hot, holiday period in the Middle East.

Based on the attraction of its scenic beauty and lush green landscape, New Zealand hopes to wean away some of the Middle East tourist traffic that visits Australia.

Compared with 2000, the country reported 23% growth in visitor arrivals from the UAE during the peak summer season in 2001. The growth trend is expected to continue.

New Zealand tourism authorities have made concerted efforts to promote tourism from the Gulf into their country. They work with local travel agents, host promotional flights, and provide Gulf nationals 3-month visas upon arrival.

The country has a temperate climate with small seasonal variation, has a clean, green and 'safe' image. It is now also being seen as a good choice for education and is becoming increasingly popular for its British-based education system.

Wanderlust and Conde` Nast magazine reader surveys in late-2001 voted New Zealand as the 'safest' holiday destination in the world.

- ◆ In mid-March 2002, the USA and UAE signed an 'open skies' air services agreement, which is expected to encourage the national airlines to commence direct services. At present, airlines of neither country operate direct services between the USA and UAE.

In the medium to long term, once the dust has settled on the issues raised post 11 September, it is likely that the USA could become a significant destination for Middle East outbound travel, attracting increasing traffic for holidays, business, medical and education purpose.

- ◆ New destinations promote themselves every year through the Arabian Travel Market, using the fair as the launching pad for their marketing efforts. Recent years have seen destinations such as Mauritius, Seychelles open their marketing efforts in this manner.

6.2 Tourism Potential for European Destinations

An analysis of Middle East travel to Europe and to individual ETC destinations has been provided in the earlier sections of the report.

The salient points in respect of future travel to key European destinations are as follows:

- UK, France and Italy

Expected to retain their position as the top 3 destinations of choice in Europe.

In the immediate short term, there may be a decrease in tourist arrivals from the Middle East, anticipated to be in the region of 5-10% in 2002. This anticipated decline is attributed mainly to reduced holiday travel, on account of the reluctance of Arabs to travel to Western countries for fear of discrimination and for reasons of personal safety and security.

In the long term, however, these destinations are forecast to receive increasing number of visitors, even while the rate of growth may be lower than for other destinations in Europe. However, with so many new destinations competing for the Middle East traveller's attention, these traditional destinations need to take care of 'fatigue' among existing repeat visitors in order to retain their interest, with new offerings from time to time, while the traditional tourism product continues to pull in the first-time visitor.

- Turkey and Cyprus

Strong growth is anticipated in respect of travel to Turkey in the Eastern Mediterranean region. Cyprus is also expected to benefit from increasing visitor arrivals from the Middle East region, at least in the short term.

In the long term, Turkey and Cyprus are both forecast to receive nearly as many Middle Eastern visitors as the entire Northern Europe Sub-region.

- Austria, Belgium, Germany and Switzerland

These countries are expected to be the main beneficiaries of inbound tourism from the Middle East into Western Europe. In the short term, Northern Europe, led by UK, will retain its number one position as the Sub-region receiving the largest Middle Eastern visitors. In the long term, Western Europe is anticipated to receive the largest share of Middle East outbound travel into Europe.

In the immediate short term, almost all Western European destinations are likely to witness a decline of 5-10% in tourist arrivals from the Middle East region in 2002.

- Southern Europe

Besides Italy, the other key markets in Southern Europe are Spain, Greece and to some extent Malta.

In the short term, Greece is likely to benefit from some increase in visitor arrivals, anticipated to be about 5% higher in 2002 over 2001. Other destinations are likely to witness a decline of 5-10% in tourist arrivals from the Middle East region in 2002.

In the long term, Italy's share of total tourist arrivals in Europe may decline while total number of arrivals may remain stable. Spain is expected to receive increasing number of visitors in the future though its share of total tourist arrivals in Europe is unlikely to be very large. Greece and Malta may witness growth in the long term, if efforts are made to attract Middle East visitors in a consistent manner.

- Central / Eastern Europe

This sub-region currently commands the smallest share of tourist arrivals into Europe.

Bulgaria, Czech Republic and Hungary are witnessing some growth in the spa / wellness holiday segment from the Middle East. This is likely to continue.

However, in the long term travel to Central / Eastern European countries will be led by business tourism. Leisure travel appears to have limited potential unless destinations decide to strategically shift focus towards the Middle East and invest in developing the market.

Overall, the short-term prospects relate to increase or decrease mainly with respect to holiday and other leisure travel. Long term prospects are based on anticipated growth / decline in business and holiday travel taking into account increasing trade between certain countries of Europe and the Middle East region as well as the growing outbound MICE business travel.

It is to be noted that destinations not directly linked by air with key Middle East source markets are likely to see lower growth or even a decline in tourist arrivals from the region in the future.

6.3 Key Competitive Advantages of European Destinations

Europe has certain key competitive advantages that can be leveraged for increasing its tourism potential from the Middle East markets:

- The Schengen Agreement of March 1995 allows cross-border travel across 15 European countries with a common Schengen visa, making multi country travel in Europe cost-effective and convenient.
- There is a very strong cluster effect in Europe where there is always a group of countries that can be visited jointly on single trips, thus making Europe an excellent value-for-money holiday destination within permissible timings.
- The transport network – air, road and rail – is well developed across the Continent allowing flexibility and convenience in travel within and between countries.
- Most European destinations are within a reasonable travel time vis-à-vis many other continents making Europe a preferred ‘general destination’.
- Europe as a whole offers the most complete travel product, with every possible type of holiday imaginable being catered to by one or more European countries.
- While some destinations in Europe have a cold winter, many have a temperate climate round the year. In particular, weather during the traditional summer holiday months in the Middle East is perfect and pleasant in most European countries.
- Europe is the ‘traditional’ holiday destination for the Middle East traveller. At the same time, the Middle East business traveller is seen to look to Europe for much

of his new business needs - attending fairs, exhibitions and conventions. Europe is therefore fortunate in that it already holds a special position in the Middle East traveller's mind.

Section 7: Factors Important for Promoting Tourism from the Middle East

During the course of this study, a number of secondary sources of information have been surveyed to obtain an insight into outbound travel from the Middle East countries to Europe in general, and to individual ETC member states specifically. These include World Tourism Organization publications, information received from a number of Tourist Boards, and travel trade / general interest publications in the Middle East.

Information from these sources was then complemented with some degree of primary research with travel trade organizations across the Middle East. This was necessary owing to the paucity of secondary information available, particularly in respect of individual Middle East countries' contribution in outbound travel to Europe, travel trends etc.

On these bases, this study has concluded that there are several ways and means for an European country to increase its share of travel from the Middle East. These are:

- Increased accessibility

Travel to Europe from the Middle East is essentially by air transport – all nations that benefit with large numbers of visitors from the region such as the UK, France, Italy and Germany have good air connections with several capital cities in the region.

On the other hand, a 'desired' destination like Spain suffers low visitor numbers from the UAE owing to lack of direct flights between Dubai / Abu Dhabi and Madrid / Barcelona.

It is, of course, understood that developing a direct air link is a complicated process involving civil aviation authorities, route planners.

- Offering multi-centered holidays

In the absence of direct flights to an European destination, access could be increased by promoting 2-center and 3-center holidays.

Brussels is seeing encouraging growth in travel from the region by tying in with airlines such as Air France and KLM, offering access to Belgium in conjunction with travel to France and the Netherlands. In a similar manner, Austria benefits by combining access with the well-connected Germany.

Since Europe is overall well connected by air with the Middle East, in instances where direct flights are not available to a particular destination city or state it is possible to fly into any capital city and then take an onward flight to reach that final destination. A traveller would be inclined to do this if the following factors operate, in one or another combination:

- The destination creates awareness of such routings.
- The destination positions itself in a manner that elevates it to ‘desirable’ destination status in the travellers’ minds.
- The destination promotes itself through 2-center or 3-center holidays, in an exciting manner such that the onward flights are not considered as a chore, but rather as part of the overall holiday experience.
- Obtaining visas is an easy and uncomplicated process.

The Schengen visa allows a traveller access to 15 European nations with a common visa. In contrast, other destinations require an extra effort to obtain separate visas for travel. While the common visa would motivate travel to the Schengen partner countries, travel to other destinations may be inhibited especially if procedures for obtaining visas are long and cumbersome.

Non-availability of visa services in a travel source market could have a further detrimental effect on potential travel. It is understood that a Dubai resident would need to send his passport to Saudi Arabia / Egypt for an Irish visa; Croatia similarly has visa services only in Egypt; Portugal offers visa services only in Egypt, Saudi Arabia, Bahrain and Jordan; Estonia has no visa service in the region.

Countries like Lebanon and Thailand, on the other hand, issue most Arab nationals visas upon arrival at the airports.

Some nations have been able to solve this problem through associations – Cyprus visas can be obtained through the British Embassy in the UAE, Singapore visas were available through the Malaysian Embassy in the UAE in the past.

- Participation in regional travel trade shows.

Over the past few years, 4 travel trade shows have become important in the region, to promote travel with the trade and to create awareness with the general public. These are:

- Arabian Travel Market Fair in Dubai, held annually in May.

Now in its ninth year, the Arabian Travel Market event is widely regarded as the most significant travel trade show in the Middle East region. It attracts trade audiences from all over the Gulf, Egypt and the Levant.

The 2002 event will see participation of at least 13 ETC member countries – Austria, Bulgaria, Cyprus, Czech Republic, France, Greece, Germany, Italy, Slovakia, Spain, Switzerland, Turkey and UK.

The importance and efficacy of the event is established by the fact that most of these countries have been represented at this show for the past several years.

- Mediterranean Travel Fair, Cairo, September.

The 2001 event was characterized by hugely increased participation by tourism boards from across the Middle East, seeking increased intra-regional travel in the light of reduced international travel to the region post-11 September.

- Gulf Travel 2002, Jeddah, May.

The 2002 event is the 3rd annual show. It is timed just after the Arabian Travel Market to take advantage of potential participants already having travelled distances to be in Dubai for the Arabian Travel Market.

□ Arab World Travel & Tourism Exchange, Beirut, April

The Arab World Travel & Tourism Exchange 2002 saw greater participation from the Gulf than ever before, and has now established itself as an important regional event.

- Physical presence of the Tourism Authority in the source market.

It is observed that tourism boards of a country / destination that have invested resources into establishing a physical presence in a market have in turn benefited most in terms of numbers of travellers to their country.

Examples are the British Tourist Authority and the Government of India Tourist Office. It may be argued that awareness of these two nations is already high in the Middle East region, because of historical association. This may be true, but the same cannot be said for the South East Asian countries or Australia, that have established a presence in the region.

A physical presence helps develop rapport with the travel trade; generates confidence that local support is available to help answer customer queries – particularly important in the Middle East where ‘personal rapport’ is considered very important; makes it possible to feed the press and the trade with updated destination information all the time helping keep the destination top-of-mind; knowing the market helps stretch the advertising dollar; unpaid publicity in the press is easier to obtain; quick reactions to customer ‘shifts’ are possible; it is easier to develop literature in Arabic, which is an important addition to brochures and catalogues in English; and general confidence is developed in that the representative office is on-the-ground in the region and therefore ‘understands the market’.

- Focused marketing effort.

Even without a representation presence, it is useful to create awareness of the destination and its accessibility using advertising, direct mail and other tools, and direct the customer to sources of information for travel planning and booking. Several ETC bodies do have sustained advertising in regional travel trade magazines. The most prominent of these is Spain, with full-page colour advertisements promoting the destination. Cyprus has invested over 250,000 Pounds in a similar manner over the past 4-5 years.

Singapore and Hong Kong Tourist Boards are understood to keep in touch with the travel trade in the region with mailers from time to time with updates on new developments in the destinations. Of the Asian destinations, Thailand and India are the most prominent with advertising in the consumer and trade press.

Editorial coverage in the local press is seen to be highest in the cases of the British Tourist Authority and the India Tourism Office, both of which entities operate representative offices in Dubai, UAE.

At the same time, there is need to develop the tourism product in line with the needs of the Middle East market. Arab travellers from the region require 'halal' food, like to shop and like to access Arabic newspapers and magazines. Gulf national families prefer to stay in furnished apartments or in first class hotels, and need facilities for family activities. Ability to cater to these needs provides a destination with a competitive edge.

ANNEXURE

REQUEST FOR DATA

Middle East Countries Listing: Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Palestine, Qatar, Saudi Arabia, Syria, United Arab Emirates and Yemen.

The following information, to the extent available, is requested.

1. Middle East Visitor Arrivals by Country (of origin) to your country: 1995 – till date
 - Overall to your country
 - Breakdown by region / state / city in your country

2. Middle East Visitor Arrivals by Country (of origin) to your country: 1995 – till date
 - By purpose of trip (business, holiday, VFR, other)
 - By type of trip (type of business trip – attending meetings/conferences; sales call etc; / type of holiday trip – seaside/beach holiday; holiday in mountains; city break/holiday in city; touring/driving holiday etc)

3. Middle East Visitor Profile & Characteristics by Country (of origin) to your country
 - Demographics: Gender, Age, Nationality / Ethnic Group, Occupation, Income, Family Size, etc
 - Average length of stay (holiday versus business trip)
 - Type of accommodation used (holiday versus business trip)
 - Typical activities undertaken – sightseeing, shopping, dining, enjoying nightlife, enjoying recreation centres (e.g. parks) etc
 - Method of travel within the country (transport used: taxis, rental cars, buses, subway / train etc)
 - Use of local tour operators for sightseeing/touring
 - Seasonality – when visit (time of year / typical months)
 - Party size & composition– number of people and who (family / couples / singles) travel together
 - Method of booking (package tour / FIT)
 - Average amount spent on trip per trip / per person
 - Airline/s most frequently used / preferred
 - Incidence of two centre / three centre vacation amongst visitors to your country (i.e. do visitors usually visit your country as part of a European holiday combined with other destinations?)

4. Planning & Research by Middle East Travellers
 - Key Sources of information used by Middle East travellers prior to visit
 - Type of Information usually sought
 - Trend in use of Internet for information gathering, enquiries, booking

5. Middle East Visitor Arrivals by Country (of Origin) to your country: Projections 2002-2007
 - Overall to your country
 - Breakdown by region / state / city in your country
6. List of 10 Local Tour Operators in your country
 - Key Contact Person: name, designation
 - Contact details: telephone, fax, email, complete address
7. Advertising and Promotion in the Middle East by Tourism Bodies/Airlines/Hotels from your country
 - Any specific efforts made in terms of advertising and promotions since 1995 targeted towards Middle East in general and/or specific Middle East countries
 - History of participation in travel fairs and exhibitions in the Middle East
 - Advertising and promotion strategy targeted towards Middle East in general and/or specific Middle East countries; any planned activities in 2002 and after
 - Examples of past and current advertising and promotions (sample advertisements, promotions etc)
8. Impact of September 11, 2001
 - Trend in visitor arrivals from the Middle East (by country) since September 11
 - Your view on the short term / medium term / long term implications of September 11 on inbound tourism from the Middle East (in general and by country) into Europe as a whole and your country in particular

We realize this is a huge wish list. We would appreciate all information that can be made available – whether it is from airport arrival/immigration/visa issuance statistics, International Passenger Surveys, Border Surveys, your own tourist surveys, hotel guest surveys or from secondary data available with you. Your perceptions and opinions will immensely help where hard data is not available.

This request is being made to all ETC member countries. The purpose is to collate, analyse and present the information in the form of a comprehensive report on outbound tourism from the Middle East to Europe. This report would be made available to all participating ETC member countries.

Thank you in advance for your cooperation. We would appreciate receiving the requested information as early as possible, preferably by Friday, April 12, 2002.