

A New Agenda for Tourism Development in the Arab World¹

Waleed Hazbun
Department of Political Science
Johns Hopkins University
Baltimore, MD 21218

¹ This text is based on a paper prepared for “The New Agenda: The Arab World in the 21st Century” conference League of Arab States, Cairo, Egypt, March 2003.

International tourism has become one of the largest and most important economic sectors of the global economy driving vast flows of people, commodities, and capital. It literally operates on the leading edge of globalization as it continually transfers consumer tastes, cultural practices, business people, and capital into new spaces across the globe. Thus it is with some concern that we should note that the Arab world attracts only 3% of international tourism arrivals and receipts and with the exception of a few enclaves the Arab region remains highly marginalized from the global tourism economy.²

This fact stands in stark contrast to the vast historical, cultural, and natural resources the region offers for tourism development and which could certainly attract far more robust flows of tourists from across the Arab world as well as from outside it. As the birthplace of ancient civilizations and world religions the region possesses one of the densest collections of archeological monuments and ruins including the Egyptian pyramids and the rock-carved city of Petra in Jordan. The spread of Islam and Arab civilization helped to produce a shared cultural heritage for the people of the region. Built up over the centuries Arab civilization has developed a rich tradition of urban culture in cities from Fez to Baghdad possessing unique architectural forms, urban markets, and artisan workshops. Moreover, the geography of the region includes a diverse range of natural forms including North African beaches, spectacular rock formations such as in Jordan's Wadi Rum, underwater sea life and coral reefs in the Red Sea, and diverse wildlife increasingly being protected in nature reserves across the region.

While several states such as Egypt, Tunisia, Morocco and more recently the United Arab Emirates have been successful in promoting tourism development, tourism flows to these locations and the rest of the region have long been hampered by regional political instability, negative external perceptions of the region, and patterns of development which fail to exploit the full potential of tourism as a catalyst for sustainable economic development.

² See World Tourism Organization, *Tourism Highlights 2002*, available from www.world-tourism.org.

Overcoming these obstacles is a pressing need for the Arab world. It will require creative investment, entrepreneurial talent, and proper government support guided by a new agenda. If Arab economies are to become better integrated into the expanding transnational flows of people, capital, and ideas driven by globalization, the development of diverse but integrated tourism industries can provide them their most feasible avenue to do so.

The careful expansion of tourism sectors across the Arab world can offer the prospect of providing critically needed employment opportunities and foreign currency to these economies. The improved transportation systems, commercial services, and cultural facilities resulting from investment in the tourism sector can also help provide an infrastructure for regional and global economic integration by encouraging flows of people, investment, and communications. Furthermore, tourism can provide a platform for diverse forms of cultural expression, artistic creativity, and national heritage directed both at Arab visitors as well as peoples across the globe.

The Arab region is ripe for the expansion of its tourism industries across a number of tourism segments. These include heritage and nature-based tourism, business travel and conferencing, beach and sports-oriented leisure activities, and family-oriented vacations. This diverse range of activities should be able to draw both long-haul tourists from high-income advanced industrial states as well as regional Arab and expatriate visitors. To achieve this goal, however, will require future-oriented investments, careful management, and expanded public-private cooperation.

A survey of travel and tourism industries in the region

The Arab region has long been a destination for leisure travelers, pilgrims, and adventurers. The practice of organized popular tourism was developed in the latter half of the 19th Century by the British firm Thomas Cook and Sons which brought tourists up the Nile river and across Palestine. In those days before the development of sovereign Arab states, tourism development often overlapped with European empire building and tourist experiences were generally shaped by Orientalist images which

emphasize aspects of exoticism and “timelessness” in the traditional culture of the region.

While many of those images have continued to shape the external image of international tourism to the Arab world, independent Arab states have been able to guide tourism development to serve national interests, in particular to promote economic growth. In the early postcolonial era the tourism sector often functioned as a refuge for private investment escaping increasing state control over private capital. However, states across the region soon began planning and promoting tourism development as an adjunct to their industrialization efforts. In Egypt, Tunisia, and Morocco major expansions in tourism investment, hotel capacities, and tourism arrivals coincided with their efforts to liberalize trade and capital flows in the 1970s. Tourism investment was further fueled by the oil boom of the 1970s and 1980s which also led to the expansion of regional tourism flows originating from the Gulf states. The decline in oil incomes and labor remittances in the late 1980s led to another wave of tourism development as states sought to find new sources of income and global tourism flows expanded due to declines in energy costs.

In Tunisia, Egypt, Morocco, Jordan and increasingly Syria, state-led efforts have encouraged private investment in the sector while privatizing many state-owned hotel assets. Along the coasts of Morocco and Tunisia tourism development has revolved around beach resorts geared to European vacationers with increasing efforts to also attract cultural tourism exploring urban heritage. Egypt, with a long history of antiquities-oriented tourism, has successfully developed leisure-oriented tourism in a number of Red Sea resorts. Tourism promoters across the region have also developed nature-oriented tourism projects exploring the Tunisian desert, Jordanian geological formations and wild life, and the underwater life of the Red Sea. Across these states tourism revenues amount to from 3% to 8% of their gross domestic product and account for up to 10% of formal sector employment, while the indirect impact of tourism spending is certainly much greater.³

³ For an attempt to estimate the indirect impact of tourism spending using statistics methods and input-output tables for the case of Egypt, see Sahar Tohamy and Adrian Swinscoe, “The Economic Impact of Tourism in Egypt,” *The Egyptian Center for Economic Studies Working Paper No. 40* (June 2000). Extensive

Meanwhile, the decline of oil incomes has led many oil-exporting states to expand their efforts to diversify their economies through the development of tourism industries. Leading the way in this regard is the Emirate of Dubai which has developed many high quality luxury hotels, night clubs, and family-oriented leisure activities. Building on its access to capital and status as a trade and finance entrepôt, Dubai now is home to the world's tallest hotel, an annual "Shopping Festival," and world class sporting events. Standing in the shadows of the booming expansion of tourism development in Dubai, other Gulf states such as Bahrain and Oman have also entered the market and Saudi Arabia has considered doing so. Bahrain's tourism sector developed in the wake of the opening of the causeway to Saudi Arabia which has facilitated the travel of visitors from other Gulf state, including many expatriates, drawn to the more liberal social atmosphere in Bahrain. In recent years Bahrain has sought to expand and transform its tourism economy by promoting more family-oriented tourism as well as high-class leisure tourism, including the Hawar Island resort which supports water based sports and boating activities. Such projects in particular allow Bahrain to draw more European tourists. Bahraini tourism is also aided by adherence to an "open skies" policy that has brought more flights and greater competition through its international airport leading to increased passenger and cargo traffic. Oman has been slower to enter the international tourism economy, beginning with efforts to liberalize its visa policies, upgrade its airport, and develop a marketing master plan geared to attracting middle to up-market tourists as well as regional Arab visitors. Less commercially developed than Dubai and Bahrain, Oman has greater potential in developing nature and culture based tourism, usually organized through small group tours. In addition to developing cultural attractions, such as remodeled forts, it is developing some luxury resort complexes. The limiting factor in most cases is the need for capital but there is also concern to control the social impact of tourism. Saudi Arabia's efforts have been more cautious, but recognizing the need for job creation and the potential to redirect outward tourists flows inwards, the Kingdom has commissioned a tourism master plan. But as of yet, they have allowed only a very limited number of small highly controlled group tours as well as sought to expand religious-based tourism through granting "umra" or lesser

estimates of the economic impact of tourism across the region are provided by the World Travel and

pilgrimage visa seeking to attract off-season pilgrims who stay longer than the standard Hajj visitors.

Most other Arab states have also had an interest in prompting tourism. For example, Libya and Iraq have been able to attract trickles of international tourists, but their tourism sectors have been severely hampered by a lack of air service and private investment, and strained relations with western states. Tourism development efforts in these states and others across the region continue to face a number of constraints--from political instability, negative external images, and limited tourism facilities--which limit tourism flows and create disincentives for investment. In recent years, however, Lebanon, and to a lesser degree, Syria have sought to turn the corner on their way towards developing thriving tourism sectors.

Lebanon's urban redevelopment efforts and varied geography, which range from the ruins of Baalbak to the ski slopes of Mt. Lebanon, could one day allow it to regain its status as a regional tourism hub. Beirut's urban redevelopment efforts have anchored the redevelopment and expansion of its hotel, commercial, and nightlife sectors. These facilities have drawn regional Arab tourism flows, many having redirected their trips outside the region towards Beirut. While such facilities are usually needed to sustain any international tourism hub (such as European cities), European and North American tourist are less likely to be drawn to Beirut for these facilities and the overall urban redevelopment efforts have not sustained the drive towards attracting more international tourists which has been damped by a still negative external image, fears of regional instability, and possibly its high prices. Lebanon will likely only be able to exploit its cultural and archeological heritage as when its external image improves, regional conflict declines, and access across Syria and the rest of the region becomes easier.

Next door, Syria has sought to improve its tourism facilities to exploit its well developed urban heritage and its spectacular antiquities sites such as Palmyra. Syria has been slow in expanding its tourism facilities as foreign investment and real estate

Tourism Council and can be found on their web site, <http://www.wttc.org>.

remains highly controlled, but new incentives include tax exemptions and concessions on land purchases. Progress has been made through a number of joint ventures which have begun, for the first time in a long while, to build new international class hotels in Syria. Syria has also moved to develop better tourism statistics and a marketing board. These steps similar to ones most other states had begun decades ago. Syria has also helped promote tourism through the tourism of archeological artifacts in European and North America.

The Palestinian economy, with a rich tradition of hosting tourists and pilgrims, has suffered greatly from the failure of the peace process and the re-imposition of military occupation which has not only cut off tourist flows but destroyed much of the tourism infrastructure. The Palestinian people await independence and sovereign control over their territory at which point tourism will likely become one of its leading economic sectors.

Towards a new agenda

Where is Arab tourism heading? As in the past, the future of Arab tourism will be highly dependent on international tourism demand and the regional political situation, but Arab governments, private firms, and other organizations have a role to play in shaping patterns of tourism development. The World Tourism Organization's long term forecast, *Tourism 2020 Vision*, projected that the Middle East region (which excludes North Africa) would have the highest regional growth rate of tourist arrivals at 7.1%, doubling its world market share from 2.2% in 1995 to 4.4% in 2020. And from 1995 to 2000 Middle East tourism arrivals grew at a rate of 12.2% outpacing the WTO's projected rate of 8.1%. But like much of the rest of the world, tourism flows to the Arab world were sharply depressed in the aftermath of September 11, 2001. They have also suffered due to the on-going Palestinian intifada and the crisis in Iraq. As I note below, however, tourism across the region has rebounded in the years since. The tourism sector in the Arab world is at a turning point where new strategies need to be developed to create patterns of tourism development which can generate tourism product and project a tourist image which can mitigate the negative impact of past

events and take advantage of new opportunities. Below I outline five complementary elements of a new agenda for tourism development.

1. Mitigating the negative, enhancing the positive

Efforts to promote tourism development in the region must consider up-front the possible risks, negative impacts, and externalities that tourism development and increased tourist flows generate. These range from increased use of resources (such as water), environmental degradation, conflicts with indigenous groups over land use, the distortion of the local economy, and negative cultural impacts. While heavy handed state planning can often stifle entrepreneurial creativity, public authorities should work with private firms and international organizations to develop best practice standards and procedures. One place to start is to require sophisticated feasibility and environmental impact studies which are carefully reviewed by tourism development authorities.

Unregulated tourism development often leads to the unsustainable over-commodification of the tourism landscape. This pattern occurs when local entrepreneurs find that creating tourist products (such as hotel rooms, handicrafts, and cultural experiences) is easier than efforts to procure and coordinate demand for such products. This proves to be a short-sighted strategy as many developers compete for short term gains. Hotel feasibility studies should be based not simply on projected tourism demand to the destination, but also on the marketing and promotion capacities of the tourism firm. Hotel developers thus would be required to have management and marketing skills or develop relationships with firms that do, such as brand-name hotel management companies. Tourism development in the Arab world should not be a matter of seeking investment to increase tourism capacity (with more hotel rooms, tourist buses, etc..) but “development” should mean that firms are learning how to increase the quality of their services and the richness of experiences they provide. The actual mechanisms needed for achieving this sort of learning vary by firm and by activity, but in general firms should learn to innovate and not simply imitate what another successful firm has done before them. This requires both knowledge of the production of tourism services as well as a good understanding of the possible markets.

Public authorities and professional organizations can assist by developing training schools, marketing agencies, and tourism studies institutes geared to the needs of local firms. Most of the states with well-developed tourism facilities (such as Egypt, Morocco, Tunisia, Jordan) have training schools and marketing agencies. Training schools across the region provide tourism-related instruction in skills ranging from food preparation to tourism marketing. Most of these were begun decades ago to provide basic skills for hotel workers. They tended to be state built and managed. Some universities across the region, usually private ones, offer training programs focusing on language acquisition and hospitality management skills oriented towards students interested in working in the tourism industry. The new trend is towards public-private partnership (such as the hotel school in Amman run by the Jordan Hotel Association) or private ownership and management (such as the International Higher Institute for Hotel and Tourism Management in Hurghada, Egypt). Most tourism marketing agencies are run directly out of state ministries or run as parastatals with close ties to business interests and chambers of commerce. The task of such agencies usually include data collection and analysis required to help target marketing campaigns as well as know better what sort of tourist image likely visitors will best respond to. Most of the actual promotion work is contracted out to advertising firms in the originating destinations. One of the most critical tasks of such agencies is to work damage control responding quickly to events which negatively impact tourism flows and the country's tourism image, such as outbreaks of violence and attacks on tourist target. This often includes press releases and contacts with journalists in efforts "to spin" (or de-spin) the news. Rebuilding the destination's image will often include bringing journalists, travel writers, and managers of tourism firms on familiarization tours.

We need to keep in mind that for most firms, produce and service quality is highly dependent on local market conditions and potential costs and rewards of investment in higher quality skills and facilities. Multinational hotel management firms often operate based on globally competitive quality standards which are defined and monitored by their own head quarters. Local firms often have tighter cash flow and are subject to less monitoring of the their quality standards. In either case, firms will not seek to provide better service if it is not clear that such an effort will lead to increased revenues and

profits. Pressure of these firms to maintain quality standards can be increased by increased monitoring and measurement of their service quality standards. Where these tasks are not undertaken by the firms themselves, they should be assigned to professional associations (such as hotel associations), government agencies, and/or private sector-based ratings systems such as conducted by travel writers and guide books. With such monitoring generating better information on quality performance it is more likely that competitive pressures will encourage at least some firms will seek to compete based not on price but on quality and product differentiation.

The benefits gained from successful tourism development need not be limited to the economic sphere. For example, the tourism sector and relevant non-government organizations (NGOs) could team up to promote both cost cutting as well as environmental sustainability by installing water saving devices and promoting awareness of water conservation. Environmental impact studies can help insure that each development will have, for example, proper water supply and sewage systems and follow accepted architectural guidelines for the region. While such studies increase the cost of development they help protect the long term value of investments. Projects which fail to insure proper services will devalue the tourism product, such as when a series of hotels built in a haphazard manner scars the visual landscape of the built environment. In many cases these studies should also consider the effects developments will have on local populations in terms of cultural impacts and economic opportunities.⁴ This process should constitute a form of information sharing between developers, the local community, and public authorities.

Moreover, there are a range of local and international NGO's which can assist in efforts to shape and promote tourism development in the Arab world. Each has its own agenda and vision. Some international ones include The *International Institute for Peace Through Tourism*, which held one of its global summits in Amman. The UK-based *Tourism Concern* and the US-based *Partners in Responsible Tourism* have sought to promote guidelines for sustainable tourism. It is also important for tourism developers

⁴ One model to draw upon are the studies conducted by UNESCO concerning their World Heritage Sites. See, for example, UNESCO, *Jordan: Petra National Park Management Plan* (Paris: UNESCO, Cultural Heritage Division and Société d'Eco-Aménagement, 1994).

to incorporate and encourage the development of local NGO's. These groups might have rival objects, but they can help shape tourism development to reflect the long term interest of the wider population. In Jordan, the *Friends of Archeology* has promoted awareness and appreciating of Jordan's archeological ruins within the local and expatriate community. Another example is the *Jordan Royal Ecological Diving Society* which has helped expand environmental awareness which is critical to promoting sustainable tourism development by, for example, increasing awareness of threats to coral reefs and promoting water-saving strategies on the part of local hotels.

2. Getting beyond the enclave

A primary goal of tourism development should be the production of a unique sense of place rooted in local cultural, historical, and environmental features. But driven by developers seeking to maximize their own returns in an often volatile market, tourism development projects in recent years have been increasingly shaped as self-contained enclaves in the form of coastal resort complexes, all-inclusive packaged tours, or urban hotel complexes providing a range of on-site services.⁵ One drawback of enclave tourism is that it generally produces tourism experiences which are devoid of a strong sense of place and local culture, making the experience interchangeable with tourism to other destinations. The result is that often such tourism destinations are required to compete on price (rather than on quality) against other similarly generic destinations. Tourism enclaves also limit the forms of social and economic interaction between tourists and host societies. This development pattern limits the nature of cultural experiences for most tourists and also limits the contribution of tourist spending to the local economy when tourists, for example, do not visit local shops and restaurants outside the tourism enclave.

For tourism spending to have a larger positive impact on local economic development there needs to be greater overlap between tourism and non-tourism activities where, for example, tourists and local middle class residents enjoy the same set of restaurants and cultural facilities. One means through which this shift can be achieved is by the

promotion of urban tourism. Arab cities across the region have rich cultural traditions and architectural forms which can provide unique tourism experiences. But to sustain tourist interest, better public authorities working with private developers and other organizations need to plan and develop higher quality tourism facilities and activities that can draw pedestrian visitors out of their enclaves. Such facilities range from better maps and sidewalks to cultural centers such as Amman's *Darat al Fanun* which help visitors better understand contemporary Arab culture and arts. Urban tourism can also be sustained by efforts to encourage more domestic and regional Arab tourism.

In general, Arab states have not developed agencies responsible for urban tourism as tourism is generally governed by national institutions which, for example, staff information booths in urban areas, print maps of urban areas, and operate national tourism sites in urban area. Urban development, if subject to planning and governance, is usually guided by municipal agencies which are often closely guided by central state authorities. Tourism related urban-based agencies exist as regards heritage preservation, such as Tunisia's *L'Association de sauvegarde de la médina de Tunis*. On a wider scale the Aga Khan Trust for Culture and its various programs have sought to promote the physical, cultural, and economic revitalization of urban communities in the Muslim world.⁶

Urban tourism need not be governed by a single agency, but institutional mechanism should be developed to create dialogue between the tourism industry, state agencies, and local residents. It is critical to have institutional mechanisms to represent urban stakeholders through various neighbor associations, professional guilds (such as for artisans, tour guides), and religious institutions. One model to consider to is the European Union's "Sustainable Urban Tourism Governance" project that seeks to develop multi-stakeholder partnerships and effective governance of sustainable urban tourism.⁷

⁵ Timothy Mitchell, "Worlds Apart: An Egyptian Village and the International Tourism Industry," *Middle East Report* No. 196 (September-October 1995), p. 10.

⁶ For information about its projects, see <http://www.akdn.org/agency/aktc.html>.

⁷ The project has been run out of Germany's Karlsruhe Research Center of the Institute for Technology Assessment and Systems Analysis. See Krassimira Paskaleva-Shapira, "Innovative Partnerships for Effective Governance Of Sustainable Urban Tourism: Framework Approach" *SUT-Governance Project Working Paper*. Available at: <http://sut.itas.fzk.de/>.

3. Promoting cultural heritage

As tourism is a cultural experience of place, tourism development in many ways can be thought of as a form of story telling in which experiences of place are given meaning in terms of their references to narratives already familiar to the tourist. Too often, however, international tourism to the Arab world is driven by a narrow set of Orientalist-inspired themes revolving around the exoticisation of the culture and limited to a few basic reference such as *A Thousand and One Nights*, the activities of T.E. Lawrence, and images of biblical and ancient Egyptian times generated more often than not by Hollywood movies. In this regard, tourism to the Arab region is still largely shaped by patterns of tourism and inter-cultural exchange formed in the colonial era. Arab culture, however, possesses a far richer range of potential references and it is incumbent on tourism promoters to not only exploit the narrative themes dominant in European and North American cultures, but to help propagate a new, more complex set of stories. Rather than focusing on Hollywood-based figures such as Indiana Jones, tourism developers can draw from Arab history and figures such as Ibn Batuta or themes such as the spread of Adalusian culture and Islamic science. One means to develop alternative narrative possibilities is to explore the rich material culture of the Arab region found in archaeological ruins, built monuments, and vernacular architecture. To do this Arab states need to support the work of local and international experts in fields such as archeology, architecture, urban design, and cultural heritage preservation.⁸ More critically, Arab society should also be viewed as possessing a contemporary modern culture driven by cosmopolitan artists, musicians, and filmmakers who draw on aspects of traditional Arab culture as well as regional and international influences. In particular, the development of museums, monuments, films and guide books which focus on aspects of national cultural heritage which resonate within Arab populations can also help integrate the international tourism sector with domestic and regional Arab tourism.

⁸ See The World Bank, *Cultural Heritage and Development: A Framework for Action in the Middle East and North Africa* (Washington DC: The World Bank, 2001)

Another trend is the development of what some refer to as “Islamic tourism.” This form of tourism is not simply based on the commercialization of forms of religious pilgrimage, though this may be an element. The idea is to give more local and regional cultural context to cultures of travel. As Al-Hamarneh and Steiner note, “Part of the vision includes reorienting tourist destinations towards less consumption and ‘western-culture loaded’ sites and towards more Islamic historical religious and cultural sites... A special place in this concept is held by the new ‘touristic’ interpretations of pilgrimage and efforts to merge religious and leisure tourism in joint programs.”⁹

4. Encouraging regional tourism flows

Until quite recently most large-scale tourism investment and promotion has focused almost exclusively on the long-haul markets from advanced industrial countries. These tourism flows, often managed in groups by tour operators, correspond to internationally standardized patterns of tourism consumption generating the bulk of demand for tourist hotels. But these tourist flows are also highly vulnerable to political events and other factors generating negative external images of the region. In recent years many Arab tourism economies have seen a growing flow of regional Arab tourists, mostly from the Gulf states. These tourists, though, do not generally stay at tourist hotels, go to tourist restaurants, and visit tourist sights typically popular with non-Arab international tourists (such as Roman ruins). In contrast to international tourists, Arab tourists generally travel in the summer months, rent long term apartments, and engage in family-oriented activities such as visiting amusement parks and shopping. These consumer patterns have generally made them of less interest to large-scale tourism promoters and public agencies, such as national tourism boards.

With the fluctuations in international tourist flows throughout the 1990s, more and more tourism promoters have looked to the Arab market to make up for the decline of international tourist flows to the region. Arab states should seek to expand regional tourism flows not only through increased marketing but also by facilitating transportation networks and border crossing. Such efforts are already underway. The

⁹ Ibid., 25.

Gulf states are developing a common visa, while as a consequence of the 2001 Arab summit in Amman, Jordan and Egypt have been discussing measures to remove the financial and administrative obstacles impeding the flow of passengers and goods between their countries. This agenda includes “unifying transportation and transit fees’ and even “reinstating the use of the Triptych, a regional transport document to facilitate cross-border travel among Arab states.”¹⁰ If regional travel was made easier and cheaper for international tourists as well, this would encourage more visits to multiple countries and extended stays in the region. Increased regional flows can also spur new forms of tourism development as regional tourism firms branch out to serve tourism in multiple locations thus exploiting increased economies of scale.

5. Ending the Arab-Israeli conflict

The realization of a full and just Israeli-Palestinian peace agreement (which could then lead to regional peace) would likely do more to increase North American and European tourism to the Middle East than most any other event or policy choice undertaken by Arab states and private firms. With the absence of conflict and the possibly the normalization of Arab-Israeli relations, increased regional stability will encourage both more cross border tourism flows and investment. But this does not seem to be in the cards at the moment or in the near future. Worse, the experience of the failure of the Oslo peace process (which raised the expectations of many in and outside the region) might have a dampening effect on the response to any limited positive steps in such a direction in the future as much investment went into the sector in Jordan and Palestine which now is underused, destroyed, or deteriorating.

At minimum, an easing of the occupation and a cession of violent conflict might help begin bringing back tourist flows which have been practically cut off, but the impact of any future moves towards peace is likely to be shaped by the nature of current trends towards Israeli/Palestinian separation and isolation. While post-1967 access across the green line allowed tourists to fly into Tel Aviv and then tour Jerusalem and the West

¹⁰ Saad G. Hattar, “Jordan, Egypt hold meeting to facilitate cross-border travel” *Jordan Times*, May 7, 2001.

Bank, much of this traffic was dominated by Israeli tourism firms. It is possible that now Israeli tourism firms will seek to develop alternatives to Palestinian controlled tourism sites (with maybe limited visits to Bethlehem). This trend will be sustained by the deteriorated state of the Palestinian tourist and commercial infrastructure which leaves international tourism operators with few options for high quality tours based in the Palestinian areas. Until and unless an international airport is built in Palestinian control territory, the Palestinian tourism economy will be dependent on Israeli control over tourist access to its facilities.

Thus the nature of any Israeli-Palestinian agreement should emphasize the need for guaranteed facilitated tourist access to Palestinians sites from Israel and Jordan as well as East Jerusalem. Palestinian authorities will also need to develop sites in order to attract tourists. In particular, this should include well-run accommodations and restaurants as well as cultural attractions such as museums, artisan workshops, movie theaters, and urban pedestrian areas. The region has much to offer. Tourism development could be used as means to help project a sense of national identity and rootedness in the territory. But the Palestinian economy could also look to other tourists markets, such as Arab, Muslim, and Palestinian visitors from the Middle East and elsewhere.

The dynamics of tourism in the Middle East in the wake of 9/11

In the wake of September 11, the US war in Afghanistan and series of bombing targeting tourists locations in Bali, Tunisia, and Morocco international tourism to the Middle East suffered a major shocks. Many destinations were already suffering from the ongoing al Aqsa *intifada* and in 2003 the US invasion of Iraq further shattered most of the traditional international tourism markets for Middle Eastern destinations. But, as Al-Hamarneh and Steiner note, “the predicted wide-ranging collapse of the tourism industry in the Arab countries after the attacks did not take place.”¹¹ In fact, when the

¹¹ Ala al-Hamarneh and Christian Steiner, “Islamic Tourism: Rethinking the Strategies of Tourism Development in the Arab World after September 11, 2001,” *Comparative Studies of South Asia, Africa and the Middle East* 24:1 (Spring 2004).

2003 World Tourism Organization report was released, the *New York Times* noted “After the triple shocks of Sept. 11, the war in Iraq and the SARS outbreak, the patterns of tourism around the world shifted last year...The biggest loser was the United States. And one of the few winners, unusually, was the Middle East.”¹² The revival of Middle East tourism did not come from increasing numbers of American, European, and Japanese visitors and investors but mainly from regional Middle East sources. As Al-Hamarneh and Steiner explain “The spontaneous reaction of Arab and Muslim tourists, who spent their holidays in the region and avoided European and North American destinations, saved many national tourism industries from collapse.”¹³ In the years since, tourism has continued to expand across the region. These flows have sustained the Egyptian tourism economy, led to the rebirth of Beirut as regional cultural capital, and put Dubai on the world tourism map as one of the fastest growing destinations in a region rapidly promoting tourism as a new engine of economic growth and vehicle for globalization and transnational integration.

With the fluctuations in international tourist flows throughout the 1990s more and more regional tourism promoters looked to the Arab market to make up for the decline of international tourist flows to the region. In the wake of September 11 this shift became much more pronounced as international tourism flows to many destinations dropped off sharply and many Arab tourists avoided traveling to Europe and North America. This shift includes an increased promotion of tourism in Arab markets, increased emphasis on services generally demanded by these tourists, and efforts to shift their consumption patterns towards services originally targeted to international tourists. Moreover, with the recent rise of oil prices and reluctance on part of many Arab investors to expand their holding in the United States much of this capital has been massive hotel development projects in the Gulf and other Arab states.

As a result of this new shift in regional tourism, destinations like Beirut are seeing expanding tourist flows while Egypt has been able to sustain its tourism market. Most notably, in the years since 2001 Dubai has developed as a major international tourist destination. Building on its access to capital and status as a trade and finance entrepôt Dubai had developed a major tourism sector with many high quality luxury

¹² Alan Cowell, “Tourism Report Finds U.S. A Big Loser,” *New York Times*, March 7 2004.

¹³ al-Hamarneh and Steiner, “Islamic Tourism: Rethinking the Strategies of Tourism Development in the Arab World after September 11, 2001,” 18.

hotels, night clubs, and family-oriented leisure activities. These trends are reflected in the World Tourism Organization's *Tourism Highlights 2005*:

In the Middle East tourism continues to be one of the most dynamic economic sectors. The support of most governments, the permanent development of tourism infrastructures and significant public and private sector investment in tourism, the low-cost airline phenomenon and the increasing cooperation regarding border facilities among the countries in the region are all reinforcing intraregional as well as domestic traffic. Arrivals grew by an estimated 18% to a total of over 35 million. All countries with data available show positive results without exception. The biggest increase in absolute terms was recorded by Egypt, which saw visitor arrivals increase by more than 2 million arrivals (+34%) to over 8 million (including some 5% of same-day visitors). Furthermore, Lebanon enjoyed a considerable increase (+26%) on the already positive trend experienced in 2003, while Jordan (+21%) rebounded convincingly on the losses of 2003. Saudi Arabia reported an increase of 17%, in line with the regional average.¹⁴

¹⁴ World Tourism Organization, *Tourism Highlights 2005*, 9. Available from <http://www.world-tourism.org>