The Future of Travel and Tourism in the Middle East - A Vision to 2020
A global perspective on the industry’s challenges in the region

Global Futures and Foresight
May 2007

Bahrain Egypt Iran Jordan Kuwait Lebanon Oman Qatar Saudi Arabia Syria Turkey UAE Yemen

“This study is a ground breaking project for the Middle East and will provide a truly international perspective on how travel in the region could develop and what the implications might be. Being associated with this leading work is a demonstration of our commitment to contributing to the sustainable development of travel in the region.”

Richard Mortimore, Chief Executive,
Reed Travel Exhibitions

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Global Futures and Foresight
The Future of Travel and Tourism in the Middle East

Going for Growth - Across the region, countries, states and cities are embarking on an unparalleled program of investment and development to increase capacity, improve infrastructures and grow tourist numbers and revenues. Current estimates suggest that over the next 20 years, upwards of $3 trillion is going directly into leisure and tourism and indirectly into the supporting infrastructure. Through projects announced to date, by 2020 the region will add airport capacity for 300M extra passengers, build over 200 new hotels, add 100,000 additional rooms, grow visitor numbers to 150M, and increase the size of its aircraft fleet by over 150% by 2025.

To explore the potential implications of such explosive growth and development, Global Futures and Foresight has launched a major program of study into the future of travel and tourism in the Middle East to 2020. The aim of the study is to identify the drivers and barriers which could sustain, accelerate or curtail the forecast boom in travel and tourism in the region. The study will identify key global, regional and local security, political, economic, social, technological, environmental and legislative trends, examine consumer behaviours and explore potential ‘wild cards’ and discontinuous changes. It will then develop scenarios highlighting their possible impact on the region’s plans.

Uncertain Future - In studying the future one thing becomes clear, there is not one certain future that we are inexorably moving towards but many possible futures. The future that ultimately emerges will be formed by our own plans and by changes and forces in our external environment including trends, new ideas, discontinuous change and ‘wild card’ low probability, high impact events. The current plans of countries, states, cities and individual developers and operators are underpinned by a strong growth-orientated ‘preferred future’. Any analysis of history shows that the outcome at the end of any five, ten or twenty year time period rarely resembles what was forecast at the start. Hence, treating the future as a single certain outcome is a high risk strategy. By considering a range of possible futures, the study aims to help minimise risks and surface opportunities for everyone engaged in the industry. Reed Travel Exhibitions and the Arabian Travel Market are the Platinum and launch sponsors of this study. We invite other parties who are interested in better understanding the future of the travel and tourism market in the Middle East region to join us in this exciting project.

Issues – How broad are the scenarios you have considered? How willing is your organisation to ‘discuss the undiscussable’ and think about those factors that may challenge your current growth assumptions? What if growth differs significantly from current forecasts?

This Report - In this section we explore some of the key challenges for the region in delivering its current travel and tourism strategies. In the second section we explore some of the critical global trends and drivers of change which could have the greatest bearing on the sector. In the centre pages of the report, we present a timeline that outlines many of the most interesting landmark developments, targets and issues arising on the path to 2020 and beyond. In the final section we provide a short summary of some of the key plans and developments across the region and a table that enables us to compare the countries of the region at a glance.

Vision and Viability - An analysis of the country strategies on pages 11-13 highlights that the region has the ambition, resources and commitment to turn vision into reality.

The challenge is to ensure the long term viability of those strategies. Going all out to deliver 10M, 15M or 20M visitors presents one set of challenges, sustaining those numbers represents a very different issue set.

Issues - How will we find future customers to sustain our visitor targets? How will we maintain the price premium required to deliver our desired rate of return? What will it cost to update amenities and infrastructure to ensure we stay competitive with other planned and future developments in the region and further afield? How will we respond if visitor numbers don’t meet our business plan targets?

Information Reliability - In our research we found huge variation between the visitor forecasts coming from different sources such as the national tourist agencies, the WTTC and independent research houses (figure 1). In Turkey the variation in expected tourist numbers by 2010 is between 22m and 30m. Investors, developers, facility operators, governments and infrastructure planners need reliable and up to date forecast data on which to base their assumptions and plans. More importantly, those developing tourist and leisure facilities need to see that infrastructure planners are working to the same set of growth assumptions to ensure adequate provision of water, sanitation, power, transportation and telecommunications.

Issue – is there the potential for a central regional agency which defines standards, collects data and generates forecasts on a consistent basis so the outputs can then be used by everyone?

Figure 1

Tourist Number Forecasts by Country
(Dates shown are Countries tourist forecast for that year)

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**Note:** Figures for 2025 and beyond are estimates.
Innovation - A wave of innovation has swept the sector and is creating developments like the Palms, the Pearl, the Louvre, Hydropolis underwater hotel, and the world’s largest buildings, hotels and airports are all in the pipeline. However, many are international in nature and could equally have been located in Shanghai, Stockholm or Sharjah. The region’s challenge now is to drive the next wave of innovation that emphasises, celebrates and promotes Middle Eastern cultures, heritage and tradition.

Issue - What aspects of your culture, heritage or tradition will you emphasise in tourist developments and promotion in the future?

Competition and Co-operation – Average length of stay in some destinations is currently as low as 1.5 days. To achieve the desired returns, destinations and attractions will need to drive up average length of stay and consider collaboration. Jordan, Turkey, Egypt and Israel are already exploring the potential for marketing multi-center visits. The key to success will be to ensure a seamless experience for the traveller and minimise the time spent in airports and customs clearance – possibly making road and rail options more attractive. Clear differentiation will also be required of the attractions on offer from one destination to the next. Simply swapping from one luxury five star hotel to the next may not be enough.

Issues – Can the region’s players get beyond competition to achieve win-win collaboration? How do we create a seamless and hassle-free experience for the multi-center visitor across the region and possibly with destinations in Asia?

Sustainability / Protection of Culture and Heritage / Volume vs. Value

A key dimension to consider is the social, economic and environmental sustainability of the region’s travel ambitions. Figure 2 uses WTTC figures for income per tourist, the number of visitors per citizen in 2006 and the forecasts for 2016. The diagram highlights clear positioning choices – for example in 2016 Qatar is targeting tourist income of over $US11,000 per citizen, it is seeking to do this at a level of just over two tourists per citizen. In contrast, Jordan, Saudi and Oman expect visitor to citizen ratios of between 0.75 and 1.5 - but with only $1,000 to $1,700 tourist income per citizen. Given that irrespective of spend, each visitor places roughly the same demand per day on resources and on use of the infrastructure, water and other services, the chart highlights clear choices in where countries position their tourist proposition. High tourist numbers, with shorter stays put undue pressure on transit facilities and airline capacities. This also raises the issue of how far down countries are willing to chase prices in order to utilise capacity once built and may place an even stronger emphasis on more phased and flexible development approaches.

Issues – Given the growing concern over the region’s supply of fresh water and the demands placed on infrastructure, will this inevitably force players to move upmarket and focus on attracting smaller numbers of longer staying, higher spending visitors?

Differentiation and Target Market – The region will have no shortage of high end luxury developments and international standard attractions. The issue is how effectively the promoters can identify and target the market segments who will be the most ready users of these facilities. Longer term, there will be a growing need for differentiation between facilities within a destination and between destinations.

Issues: Will you target older or younger, Americans, Europeans, locals or Asians? Will you emphasise activity, sport, cultural or health tourism and in what mix? What do you want your location to be famous for?
Service Standards - Figure 3 highlights a massive variation in the expected number of visitors per travel and tourism sector employee. To provide a consistent benchmark this model assumes an average length of stay of one night. Given the desire of many destinations to achieve premium positioning, service ratio will be a critical determinant of the visitor experience.

Issues – What is the optimum service ratio for your desired market positioning? How do you currently compare with other destinations and attractions? Can you use a more favourable service ratio as part of the marketing proposition? Is the region prepared to start investing in tertiary, secondary, primary and even nursery education facilities in Asia and Africa to educate the next two generations of service staff required to meet the future staffing needs of the region’s travel and tourism sector?

Flexibility - The construction of a temporary facility at Doha airport to handle 30M passengers for the Asian games demonstrates that more flexible and modular approaches can be adopted to meet temporary demand spikes.vii For the region, given the uncertainties around security and climate change, flexibility may be critical to avoid over-capacity. Concepts such as flatpack temporary hotels, floating hotels, and low-environmental footprint solutions may all need to be considered to mitigate the risks of demand lagging supply.

Issue – are players in the region willing to consider such flexible alternatives given the current focus on large showpiece developments?

Safety - The issues of terrorism and inter-state conflict are well rehearsed and don’t need revisiting here. However, other challenges cannot be ignored – for example, could the region’s reclaimed islands be at major risk from rising sea levels? Other weather related events such as tsunamis and hurricanes are expected to increase in ferocity and frequency. The 1918 influenza pandemic killed over 40m people, and there have been two since then.vii The risk is rising of global pandemics through the spread of diseases such as SARS and Avian Flu.

Issue - What impact might just one climate disaster or disease outbreak have on regional tourist numbers?

Resources - Some forecasts suggest water availability could halve across the region within 50 yearsix – and these may not fully account for anticipated tourism growth. At the same time the construction of hotel, airport and leisure facilities will create major demand for steel, glass, concrete and other construction materials.

Issue - The lack of water could become a major constraint on the region’s ability to attract and sustain the desired levels of tourists. Rising raw material prices may affect the viability and payback period of projects.
Global Drivers of Change - Understanding a Changing World

The future is not a single destination. As we look ahead to 2020, there are a number of different possible outcomes and some key factors that will have the greatest influence on which path we take and where we end up in 2020. The future of travel and tourism in the Middle East will both influence and be influenced by these critical global drivers of change. These key political, economic, social, demographic, technological and environmental factors will influence everything from social attitudes and consumer demand to resource availability; they will shape confidence in the sector and drive government policy and regulation around the world. In this section we explore these global drivers, highlight potential futures they make possible and identify key questions raised for decision makers in business and government.

Economic Power Shift - China is now the fourth largest global economy and India the 9th. Rising populations, growing industrialisation, the opening up of markets and globalisation of industries are helping to accelerate economic shifts and the rise of Asia. By 2050, countries like Bangladesh, the Philippines and Vietnam could all be among the top 20. From the region, Turkey, Egypt and Iran could rank 17th, 19th and 21st. These shifts are creating new trading relationships, opening up new opportunities and creating whole new target markets for inbound visitors and investors.

Impact – The world is discovering these new economies and the competition for their attention and markets is intensifying.

Issue – How can the region position itself to maximise visitor flows from these rapidly growing economies?

Growth and Ageing of the Global Population - The world’s population rose from 3bn in 1960 to 6bn in 2000, and is forecast to reach 7.6bn by 2020 and 9bn by 2050. While Europe is expected to shrink by over 100M by 2050, most regions will grow and Asia, the Middle East and Africa will experience the most dramatic increases. At the same time, many nations are experiencing rapid ageing of their populations through a combination of dramatically falling birth rates and increasing life expectancy. Globally, the proportion of those over 60 will rise from 10% today to 13.6% in 2020 and 20% by 2050. The spread will range from 50% in some European countries to 5% in Africa. Life expectancy in developed economies has increased from 58 years in 1950 to an estimated 83 years in 2050.

Impact – These changes will significantly impact the level of disposable income, who holds the wealth, where future customers will come from, how old they will be and from where we recruit future staff. Extended lifespans could see funds being switched from travel and leisure to cover living and health expenses.

Issue – Do our marketing plans reflect global population change? How can we ensure the region is an attractive destination for older visitors? How can we ensure a continuous flow of suitably educated and motivated staff?

Wealthier - Wealth levels are rising globally and the rapid rise of Asia is generating a new class of wealthy citizens with the desire to travel. MasterCard suggest that by 2014 there will be over 650M Middle Class households in Asia earning above US$5,000 a year – the threshold above which people tend to travel abroad. They estimate China will have 293M and India 102M earning at this level. China’s Government estimates that by 2020 at least 100M tourists will visit foreign destinations and generate US$948bn in tourist revenues. In developed countries, property values rose by US$30 trillion from 2001 to 2005. This new wealth is driving demand for second properties overseas and increasing travel flows.

Impact – Could demand for travel and for second homes ever outstrip the available supply in the region?

Issue – Given rising numbers at every wealth level, the region’s players will need to make critical decisions on which sectors of the market they target. Are airlines, hotels and leisure services gearing up to serve the needs of the new Asian traveller?

“Over the past few years, the world’s population has continued on its remarkable transition path from a state of high birth and death rates to one characterized by low birth and death rates. At the heart of that transition has been the growth in the number and proportion of older persons. Such a rapid, large and ubiquitous growth has never been seen in the history of civilization.”


Healthier - The quest for longevity and healthier lifestyles will be major drivers of travel demand. Medical tourism in India is forecast to reach $28bn by 2012. Thailand – a popular market with Asians and Americans - earns over $850M a year from this market - forecast to reach $18bn by 2008. Many countries in the Middle East are planning to compete in this growing market. General interest in outdoor and ‘working holidays’ is rising fast. 43% of travellers are likely to go hiking, up from 24% one year ago, and 39% plan adventure activities like para-sailing and white-water rafting, up from 29% last year.

Impact – Regular health related visits could increase the duration and frequency of visits if the quality and cost compare favourably with other health tourism destinations. The region may be able to offer more high quality hotel facilities and better infrastructure than many other destinations.

Issue – Given the cost of equipping and maintaining health facilities and the competition from other forms of tourism, the region’s players will need to decide where to focus their development efforts to maximise the returns.
**Future Competition** - Alongside existing popular destinations, a number of new travel alternatives will emerge to compete for the attention of visitors to and from the region. The world economic map will look very different in 2020 and by 2050, nations such as Pakistan, Indonesia and Nigeria all have the potential to be amongst the 20 largest. Luxury travel and tourism forms a key part of each of these nation’s development plans. India and China have already established themselves as competitor destinations - China could receive more visitors than Spain by 2010, becoming the second most popular destination globally.

Impact – Tourists will have increasing levels of choice. Many of the emerging destinations will place a strong emphasis on local culture to differentiate their propositions and low wages may enable them to maintain high staff to customer ratios.

**Issue** – The region’s destinations will need to identify clear target market segments and have differentiated propositions.

**Sustainable Tourism** - The 2007 intergovernmental Panel on Climate Change (IPCC) report confirmed a 90% likelihood that human actions are warming the planet and thereby increasing the risk of future flooding and climate related disasters. At the same time, concerns are increasing over consumption levels – between three and five planets’ worth of resources could be required if global consumption levels rose to match those in Europe and the USA. Water demand is also a growing concern - The World Bank estimates that water availability per person in the Middle East and North Africa is set to drop by half by 2050. Rising tourist numbers will increase these pressures. Every US state has passed legislation to reduce the production of greenhouse gasses and to move towards more sustainable manufacturing and consumption. Governments are beginning to impose ‘carbon taxes’ on flights emanating from their countries. While emissions per passenger mile may be lower than other transport modes, a lot of air travel is considered discretionary and hence an easy way to target emission reductions.

Impact – The attention being paid to climate change and sustainability issues is rising fast. A tipping point could soon be hit where carbon allowances and reduction targets are imposed on firms and individuals. Future visitor forecasts and development plans may need to be scaled back and greater focus put on the environmental footprint of existing and new developments.

**Issue** – Can the region respond by establishing global best practice standards on emissions, energy efficiency and waste?

**Human Resources** - Over the next 10 years, it is estimated that across the region over 1.5M new jobs will need to be created in travel and tourism – possibly more if all current development plans and proposals are executed. Global competition is rising both for experienced management and junior service personnel as both established and emerging economies compete for this scarce resource.

Impact – The industry will need long term thinking about how it will recruit, train, reward and train personnel. Partnerships may be required with developing nations to establish educational facilities that act as feeder programmes for future staff.

**Issue** – Guest workers may find the rewards on offer at home begin to match those available in the region.

**Service Innovation and Excellence** - Rising customer expectations and industry competition are driving up service benchmarks particularly in high end luxury categories. Increasingly, standards are being set by developing nations looking to differentiate themselves. For example Asiana Airlines of Korea has won Global Traveller’s award for Best Onboard Service and Flight Attendants for three years running and Korea’s Incheon Airport has won the Airport Council International’s Service Quality award for the last two years.

Impact – Competition for the high end leisure traveller will be intense and customer expectations will be of excellent service throughout their stay. With most visits to the region lasting less than five days, the potential for recovery from service lapses will be limited and the chances of repeat visits will decline.

**Issue** – How can the Middle East define and sustain new standards of service in the face of intense global competition?
Information Communications Technology (ICT) -
Between 2006 and 2012, the cost of processing power is anticipated to fall sixteen-fold. Technology will increasingly be leveraged to enhance the customer experience before, during and after a trip. Integrated systems between airports, airlines and hotels will enable travellers to provide their data once only during a visit, eliminate check-in and enhance security. Multilingual ‘digital concierges’ could provide a personalised single customer interface across multiple providers throughout the travel experience\textsuperscript{13}. Virtual reality and gaming technologies will enable travellers to see and experience a travel destination prior to purchase. Wearable technologies - Chip implants and RFID will allow the tracking of people and luggage. Robotic assistants are already being used in caring for the elderly in Japan and could increasingly be used for everything from hotel butlers to service staff on low cost carriers. Additionally, 3D virtual technology has the capacity to provide a substitute for travel for meetings and leisure, particularly if sustainability concerns begin to curtail discretionary travel. The impact will be most notable in the business sector.

Impact – ICT will transform the travel experience and shape user expectations. Advanced technology solutions will be considered an essential component of any high end offering.

Issue – Is the region developing a sufficiently strong ICT education and service sector to meet future demand?

Aviation Efficiency and Performance - IATA claims new aircraft are 70% more efficient than 40 years ago and 20% better than a decade ago. The industry has set a goal of increasing fuel efficiency by a further 50% by 2020.\textsuperscript{15} Boeing’s Dreamliner and the Airbus A380 will make high and low volume non-stop long-haul flights feasible to any destination. Supersonic technology could reduce flight times from Dubai to London to 4 hours by 2015 and hypersonic flight could reduce it to under 2 hours by 2020. Many manufacturers are working on hypersonic propositions and Virgin Galactic believes it would take ten years and cost at least $2Bn to develop.\textsuperscript{26}

Impact – The region’s combined buying power could be leveraged to drive even higher standards of performance and efficiency from suppliers. Supersonic and hypersonic travel will create new ‘weekend break’ markets. Shorter term developments with the Dreamliner and A380 may challenge the viability of hub strategies.

Issue – Will aviation developments enhance or challenge the region’s positioning as a gateway to Asia?

Security - On security matters, the region suffers from a collective identity in a way that others don’t. For example, the tensions in Myanmar, Thailand and the Philippines have not led to discussions of ‘security issues in Asia’ or resulted in visitors staying away from other countries in Asia.

Impact – The region will need concerted action to address the risk of adverse travel advisories and deal with security anxieties over terrorism, inter-state conflict and personal safety.

Issue – Should the region shift its focus towards markets which take a more balanced view of threats in the region
The Future of Travel and Tourism in the Middle East - A Vision to 2020

Global Tourism Industry is 10% of world GDP

Approximately $1 trillion of infrastructure investment in pipeline in GCC.

Bus services could link Dubai, Oman, Bahrain, Saudi Arabia and Jordan, Qatar, Kuwait, Egypt and Syria.

Completion of world’s largest building Burj Dubai

Dubai tourists: 6m in 2006

Number of airline visitors grew by 7% during 2006 to 26 million.

BAHRAIN PASSENGER TRAFFIC UP 21%

20M CHINESE OUTBOUND TOURISTS IN 2003, 31M IN 2005

SAUDI BEGINS $5.3BN WATER BANK PROJECT

Qatar, The Pearl is a US $27 billion man-made island covering 985 acres of reclaimed land offshore. Open in 2007

EasyHotel.com to open first budget hotel in Kuwait

Up to 80 new hotels on Arabian peninsula by 2008

Syria visitors from The Gulf rise 12%

BAHRAIN 80m Regional Tourists

2007

Middle East forecast to have 6 of the 20 countries with the highest projected passenger growth

Lebanon 2006 tourist losses estimated at $1Bn

2007

LAUNCH OF NAS AND SAMA BUDGET AIRLINES IN SAUDI ARABIA.

Retaj Al Rayyan Hotel opens in Dafna, Qatar

Completion of Hydropolis Undersea Hotel in Dubai 2007

Dubai announces $80bn+ aerospace investment program

Turkey announces plans to launch tourist submarine by 2009

Lebanon 2006 tourist losses estimated at $1Bn

2007

IPCC announces 90% chance humans causing global warming
Dubai Metro opens 2009

OPENING OF NEW 20M PASSENGER ABU DHABI AIRPORT

Completion of The World development in Dubai 2010

Dubai government forecast 15 million tourists/year

QATAR TO COMPLETE $130BN INFRASTRUCTURE INVESTMENT

$27BN BAWADI HOSPITALITY AND TOURISM DEVELOPMENT TO OPEN BY 2010

Up to $3 Trillion GCC Infrastructure investment underway by 2010

ABU DHABI TO INTRODUCE GREEN DIESEL

First phase of Bahrain International Airport expansion to complete by 2010 - raising capacity to 15M passengers

Regional hotel bed nights are forecast to increase by 35% to 387 million by 2010

OPENING OF KUWAIT'S $3.3Bn FAILAKA ISLAND RESORT

40 ABU DHABI HOTELS AND RESORTS TO BE BUILT

UAE will add 55,000 more hotel rooms by 2012

COMPLETION OF FUJAIARAH PARADISE AND RAS-AL-KHAIMAH'S AL MARJAN ISLAND DEVELOPMENTS

RAS-AL-KHAIMAH TOURIST NUMBERS 100,000

Syria targets 7M visitors by 2010

QATAR TO COMPLETE $130BN INFRASTRUCTURE INVESTMENT

$27BN BAWADI HOSPITALITY AND TOURISM DEVELOPMENT TO OPEN BY 2010

Up to $3 Trillion GCC Infrastructure investment underway by 2010

COMPLETIONS OF THE THREE PALMS DEVELOPMENTS BY 2009

Qatar takes delivery of first A380 and opens 1st phase of New Doha International Airport

DUBAI TOURISM SECTOR COULD EMPLOY 100,000 BY 2010

Turkey's 2010 Vision to increase tourists from 14 to 30 million, income from 12 to 30 billion (US$) and to double employment to 3M people

Up to 320M ADDITIONAL PASSENGERS IN ME BY 2012.

Abu Dhabi's Louvre branch is expected to open in 2012.

The Iran government plans to build 100 more hotels by 2010.

The $350 million Grand Egyptian Museum - the world's largest - will open in 2010 and attract up to 5M visitors annually

2010
Virtual Travel

**Opening of Bahrain-Qatar Express Link.**

World economy to grow 80% by 2020.

Abu Dhabi, The Emirates Pearl Island Project US $27Bn man made island, 1 is 7*, completes 2018

Egypt plans to double number of tourists by 2014.

Egypt’s $16Bn Gamsha Bay development to complete by 2017

DoHA International Airport Completed

200 Spa Locations in Dubai

**Abu Dhabi Targets 3M Visitors by 2015**

Opening of Dubai Jebel Ali as World’s Largest Airport - 70M Passengers by 2016, expected to be operational 2017 and ultimately capable of handling 120M passengers

Ras-al-Khaimah 2.7BN Waterfront Development Complete

Airbus predicts ME passenger traffic to grow 7.1% annually to 2015 and then 5.2% until 2025.

Larger than Monaco, Dubailand completed in 2020. Opening in 2010 it will employ 300,000 people in the various joylands, servicing 15 million visitors.

Yemenia Airways to start taking delivery of 6 new Airbus A350’s in 2012.

Digital concierges could manage our entire travel experience by 2015
A Vision to 2020

Global POPULATION TO REACH 8Bn

NUMBER OF TOURISTS EXPECTED TO REACH 150 MILLION BY 2020

By 2027 Middle East Airlines will buy 870 aircraft.

Dubai International Airport projected to be handling up to 100M passengers per year by 2025

OMAN TARGETS OMANISATION RATE (NO. OF LOCALS EMPLOYED) OF 50% BY 2020 IN TOURISM SECTOR

AIRCRAFT 50% MORE FUEL EFFICIENT

GLOBAL TOURIST ARRIVALS TO REACH OVER 1.56BN BY 2020.

I 100M CHINESE OUTBOUND TOURISTS

By 2027 Global Tourism Arrivals will reach over 1.56BN.

By 2050 humans will need at least two planets’ worth of natural resources to live as they do now.

Dubai forecast to double number of tourists by 2022

Hypersonic Travel by 2020

ME PASSENGER FLEET COULD RISE TO 1195 AIRCRAFT BY 2025.

IRAN TARGETS 25M VISITORS

FLOODING RESULTING FROM CLIMATE CHANGE COULD DISPLACE 200M.

WATER AVAILABILITY IN MIDDLE EAST AND NORTH AFRICA TO DROP BY HALF BY 2050.

Dubai forecast to double number of tourists by 2022

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OMAN’S 2M tourist capacity $15Bn Blue City development to be completed by 2026.

MUTILINGUAL, CONVERSATIONAL INTERFACES COULD REPLACE KEYBOARDS.

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WORLD TOURISM MARKET COULD TRIPLE
Travel and Tourism plans across the region to 2020

The Region's forecasts suggest annual travel and tourism revenues could increase 89% over the next ten years. The Personal and Business Travel sectors are both set to double in size. At the same time, capital investment of over S$ Trillion will fund a massive growth in infrastructure and accommodation. The regions airlines will buy 870 aircraft by 2027. Travel and tourism is expected to create over 1.5m new jobs, equivalent to 60% of the total United Arab Emirates' population.

The World Tourism & Travel Council estimate World Travel & Tourism Demand at US$6,477bn for 2006 and forecast growth to US$12,119bn by 2016. Travel & Tourism in the Middle East is estimated at US$148bn in 2006 and forecast to rise to US$2798bn by 2016. Middle East Personal Travel & Tourism is estimated to account for US$42bn or 9.4% of total personal consumption in 2006 and to rise to US$92.7bn - 10.2% of total consumption by 2016. Business Travel is expected to rise from US$13.7bn in 2006 to US$28.4bn by 2016.

Bahrain plans to double tourism income over the next seven years under an ambitious plan which aims to generate 10% of GDP from the sector by 2014. The strategy position's Bahrain as a 'boutique' destination in the Gulf, showcasing its unique history, culture and heritage, focusing on family and business tourism and hosting major events. Last year's Formula One race alone generated almost $400 million in direct income to the kingdom's businesses and traders, almost three per cent of GDP. The first phase of Bahrain International Airport's planned expansion ending in 2010 will raise capacity to 15 million passengers. Key developments include a US$34m health resort for elderly people and the $1bn Amwaj Islands due for completion by the end of 2007.

Egypt attracted 9.1m visitors in 2006 and is targeting 16m by 2014. Egypt and Turkey have developed a project to jointly host tourists from various countries and US$60 million has been allocated to promote Egypt in other countries, with US$40 million of this for advertising. Key developments include the US$350 million Grand Egyptian Museum - the world's largest with around 150,000 artefacts and expected to attract five million visitors annually when it opens in 2010. The US$16.3bn Gamsha Bay project will be built over ten years to provide hotels, 15,000 residential units and villas, townhouses, an 18-hole golf course and a marina.

Iran had the highest regional GDP from the T&T sector in 2005 with US$ 8,380M. It received 1.5 million visitors in 2005 and has a target of 5m by 2010 and 25m by 2025. Government plans to invest 50bn Rials ($5.4M) and the private sector 250,000bn Rials in tourism covering the development of 100 hotels including 7 star offerings. Qeshm International Airport is to be extended to handle 1 million passengers by 2015. Iran plans to use its cost advantages to build up health tourism from other Arab states.

Jordan's National Tourism strategy is designed to increase tourism receipts from JD570 million in 2003 to JD 1.3bn (US$ 1.84bn) by 2010 - creating over 51,000 new jobs. The government will focus on several niche markets including cultural tourism, MICE and adventure and religious travel. Key developments include the 32,000 sq. m. Amman Exhibitions Park. The US$1bn Ayla Oasis project on the Dead Sea will include 5 upmarket hotels, a marina and golf course.

The airline market is being opened up to competition and Royal Jordanian Airlines aims to start taking delivery of 8 new 787-8 Dreamliners in 2010.

Kuwait's 20-year tourism strategy includes the aim of driving 5% growth in employment in the hotel, travel and tourism sector. Part of Kuwait's 2020 tourism master plan is the creation of a major tourist resort on Failaka Island, 20 km off the coast of Kuwait City, in the Persian Gulf. Important archaeological sites have been uncovered on the island, including the Ikarus and Azuk temple sites, which will be open to visitors. The island's 24 miles of coastline will consist of US$3.3bn of hotels, shops, residences, a golf course and restaurants.

Lebanon was anticipating record growth and over US$4bn in tourism revenue and investment in 2006 but now estimates losses at US$1bn. Visitor numbers in January 2007 were down 39%. Actions being considered by government include long term loans and tax relief for tourism operators and a fund to help pay workers' wages.

Oman's Vision 2020 includes delivering $1bn of tourism revenues by 2020 (3-5% of GDP), a new marketing strategy, mobilising the private and foreign sector to develop and promote sustainable tourism and an Omanisation rate of 50% within the industry. Oman plans to grow markets such as adventure tourism. As part of regional expansion, Oman Air will add new Boeing 737-800s and start flights from Muscat to Damascus, Lucknow and Jaipur in 2007. Key projects include 'The Wave' – a US$1bn 6 km beachfront tourism and residential project to be completed by 2012 and the US$15-20bn 'Blue City' 34 sq km development at Al Sawadi that will absorb and serve up to two million tourists a year. In September last year, Oman made public its intention to build the Gulf's biggest dam.
Qatar is investing US$15bn in hotels, museums and theme parks and aims to triple tourist arrivals per year to 1.4 million by 2010 and increase the average stay from 1.5 to four days. Qatar’s strategy is to excel in niche market tourism, so as to make the sector sustainable in Qatar’s overall economy.

Hence it wants to become state-of-the-art in medical tourism and position Doha as a luxury short-stay, leisure and business travel destination. Qatar will have 40 new hotels by 2009 – including the Hotel Khalifa, a palatial building designed to look like a French chateau and a 360 room environmentally friendly hotel in Dafna, North of Doha.

The US$2.5bn ‘Pearl’ man-made 985 acre island development will include three deluxe hotels.

Phase 1 of the New Doha International Airport will open in 2009 – with a capacity of 12M passengers at a cost of US$2.5bn. By 2015 a $5.5bn extension will increase the airport’s capacity to 50M passengers. Qatar Airways will be an A380 launch customer – taking delivery of the first of its four A380s in 2009 and will also buy 80 Airbus A350XWB wide bodied jets.

Saudi Arabia’s Supreme Commission for Tourism plans a tourist development fund to provide loans for tourist projects. This will focus on opportunities for the family tourist, cultural heritage, environmental attractions, health, shopping and adventure sports. The aim is to attract up to US$50bn in investment including foreign funds. Two private airlines Sama and National Air Services (NAS) are entering the low-cost domestic airline sector estimated to number at least 10 million people. Saudi Arabia is investing US$4.8bn to build more terminals at Jeddah’s King Abdul Aziz Airport.

Syria aims to double annual visitors to 7m by 2010 and generate an income of US$5bn. Government will open offices abroad to promote tourism and attract sector investment. Investment levels are being raised to US$1bn for 2007, with multiple projects in progress including a US$200M resort and a range of service quality improvements.

Turkey’s Vision 2010 aims to increase tourists from 14M in 2003 to 30M million by 2010, raise tourist income from US$11.9bn to US$30bn and double tourism employment from 1.5M to 3M. The tourist ministry’s new strategy “aims to attract upscale tourists who have a higher potential for spending” – with particular emphasis on US visitors. The Ministry of Culture and Tourism has announced 150 planned restoration and conservation-oriented projects to restore the “lifeblood” of dozens of historical sites across Turkey. Plans have been announced to launch a US$1.3M tourist submarine within 2 years capable of carrying 50,000 passengers annually.
**United Arab Emirates**

**Abu Dhabi**'s US $136bn investment in developing business and tourism assets is intended to help increase visitor numbers from 1.35M in 2006 to 3M by 2015. Tourism investment worth US$11bn is expected in the next 10 years. The total value of announced and on-going projects in Abu Dhabi is close to Dh1 trillion ($272bn). A US$230M project to transform Abu Dhabi International Airport into a Middle Eastern hub and handle 20 million passengers a year will complete by 2010. Etihad is positioning itself as a top end airline and won the World Travel Award for the world's leading new airline. 40 private sector hotels and resorts will be built by 2010.

Government estimates that available rooms will rise to 25,000 by 2015 from 11,500 in 2006. A focus on cultural tourism will create four museums including a Guggenheim, Art Centre and a Louvre branch due to open in 2012.

**Ajman** has a 10 year investment program to boost the economy and tourism and build roads, transport infrastructure and a metro link to Dubai. A private sector development partner has been appointed and work has begun on new sewage infrastructure. After initiating US$7bn of investments in 2004 and 2005, the emirate plans four major property projects including the US$2bn 'Ajman Marina'.

**Dubai**'s Strategic Plan 2015 aims to maintain double-digit GDP growth, to deliver US$108bn and per capita GDP of US$44,000 by 2015. By 2010, the aim is for 15M business and leisure visitors to contribute 20% of GDP. Developments in the pipeline stretch out to 2020 and should deliver 80,000 hotel rooms by 2010 with 100,000 people employed in the sector. Major developments underway include the Crescent Hydropolis Resort - the world's first luxury underwater hotel – due to open in 2007 and the US$1.8bn World project – a collection of 300 man-made islands modelled on the continents and due for completion in 2010.

The Burj Dubai opens in 2008 and will be the world’s tallest building. The US$14bn Palms developments will complete in 2009 to create three man-made palm-shaped islands offering residential and tourism developments. The Dubailand leisure park will offer entertainment and hospitality on a site bigger than Singapore. The US$27bn Bawadi hospitality and tourism project will create a 10Km strip running through Dubai including construction of the world’s largest hotel.

Expansion plans for Dubai International Airport could see it handle 70-100M passengers by 2025. The new Jebel Ali Airport is planned to handle up to 120M passengers and to become the world’s largest airport. Emirates plans to take delivery of up to 45 Airbus A380s.

**Fujairah** is investing around Dh3bn over five years to grow visitor numbers. Key developments include the Radisson Al Aqah Beach Resort and the Fujairah Paradise residential and tourism complex – both due to open in 2009.

**Ras-al-Khaimah** plans to attract leisure and industrial sector investment of Dh50bn (US$14bn) to quadruple tourists by 2010 to 100,000. Key developments include the Dh2.9bn Al Marjan Island - a hotel, marina and luxury villa complex due to complete by 2011.

**Sharjah** has grown tourism from 400,000 to over 1M over three years and is keen to drive it higher. A major contributor is Air Arabia – the region's first low cost carrier that flew 1.76M passengers in 2006 to deliver a 222% increase in net profits to US$27.5M. A USS62M expansion project is designed to increase the capacity of Sharjah airport to 8M passengers a year. The USS18bn Al Nujoom 'Stars' Islands project will complete in five phases by 2010 to deliver hotel resorts, a golf course, shopping complexes and residential areas.

**Umm Al Quwain**'s development plan includes selected tourism growth and building an airport to receive all airlines operating in the region. The Imar Spa offers Overnight Spa Escape packages aimed at Dubai's female residents.

The US$3.3bn Umm Al Quwain Marina project will provide over 8,000 homes, boutique hotels, retail and leisure facilities in a marina-themed environment.

**Yemen** attracts 350,000 tourists annually and more than 10 world-class hotels and resorts are being built to keep pace with tourism demand. Yemenia Airways has announced plans to buy six Airbus A350s with options on four more with deliveries starting in 2012.
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The future of Travel and Tourism in the Middle East - A vision to 2020

An Arabian Travel Market and Global Futures and Foresight study

This ground breaking project for the Middle East will provide a truly international perspective on how travel and tourism in the region could develop and what the implications might be. The study is using a combination of a global survey of industry professionals and travellers, in-depth desk research and expert interviews to provide critical insights on the future of travel in the Middle East. The study is designed to help the region take a consolidated view on the development of travel and tourism in the region and the implications and challenges for building and sustaining the industry. The study will explore what the drivers of change are, identify potential ‘wild card’ events that could blow growth off-course or accelerate it and examine the overall outlook in five, ten and twenty years’ time.

The study will factor in the forecasts, perspectives and opinions of key industry bodies and commentators. It will examine potential discontinuous drivers such as political, economic, social, demographic, environmental, technological, legislative and consumer behavioural changes which could influence the plans of this key sector for the Middle East. There will be three reports produced through this study. This short ‘Pathfinder’ report, a full report later in 2007 and a ‘Response from the Region’ which will be launched at ATM 2008.

How to be involved

The full report will be distributed to all 20,000+ attendees at the World Travel Market in London in November 2007 and distributed electronically to over 150,000 travel industry professionals worldwide – providing an excellent opportunity for brand exposure to any potential sponsors. Being associated with this leading work will help reinforce any participant’s position as a leading, insightful and strategic player in the Travel and Tourism Industry in the Middle East. Please contact the authors to discuss the opportunities to become involved in this ground breaking series of reports and to understand the benefits to you.

About Arabian Travel Market

‘Arabian Travel Market’ (ATM) has become the first Platinum Sponsor of this study series on behalf of Reed Travel Exhibitions and welcomes other leading organisations to join them in this venture. ATM is the industry’s leading travel and tourism exhibition dedicated to unlocking the business potential within the Middle East and Pan Arab region. Uniting key market players from six continents, Arabian Travel Market is four days of intensive meetings, seminars, press conferences and social networking opportunities.

About Global Futures and Foresight

The aim of Global Futures and Foresight (GFF) is to harness the views of global experts to provide foresight to organizations so that they can be more successful and less exposed to risk by better understanding the opportunities and threats the future may bring. GFF is a strategic futures think tank that draws on a global network of business, academic and future thinkers from across the world committed to helping business and government better prepare for the future. It does this through collaborative projects and through undertaking its own research, gathering thought leaders’ views of the future and forming composite ideas of what our future could look like. It helps business and government factor these views into their strategic thinking and by so doing become better prepared for the future.

About the Authors

David Smith is joint head of GFF and an experienced businessman, authority on futures issues and international speaker. In his 30 year business career he has held senior management positions in a number of global organizations and has been involved in public sector, commercial and financial markets. He has advised the UK, Australian, South African and European Union governments on strategic research investment decisions. Since founding GFF five years ago he has worked with many government, commercial and academic organisations including the Association of Event Organisers, where he gave the keynote address at their 2006 conference. He leads the GFF Pulse annual research project which highlights issues likely to impact business in the next five years.

Rohit Talwar is joint head of GFF and an internationally renowned futures researcher and award winning speaker. He has conducted major futures studies, developed research methodologies and undertaken consulting assignments for clients in the private sector and government and worked with global clients in over 25 countries. Rohit is a specialist on the future of travel and tourism and the long term development of Asia and the Middle East. He has just completed a major study on the Future of China – the Path to 2020. Rohit is a regular speaker in Dubai on global trends. He chaired and delivered a keynote speech at both the recent Dubai Middle East Travel Trends conference and the World CEO Forum in February 2006. He has delivered keynote presentations on Vision 2020 for Dubai Chamber of Commerce and Investment and the Dubai Human Resources Forum.

Presented at Arabian Travel Market 2007

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