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Reports

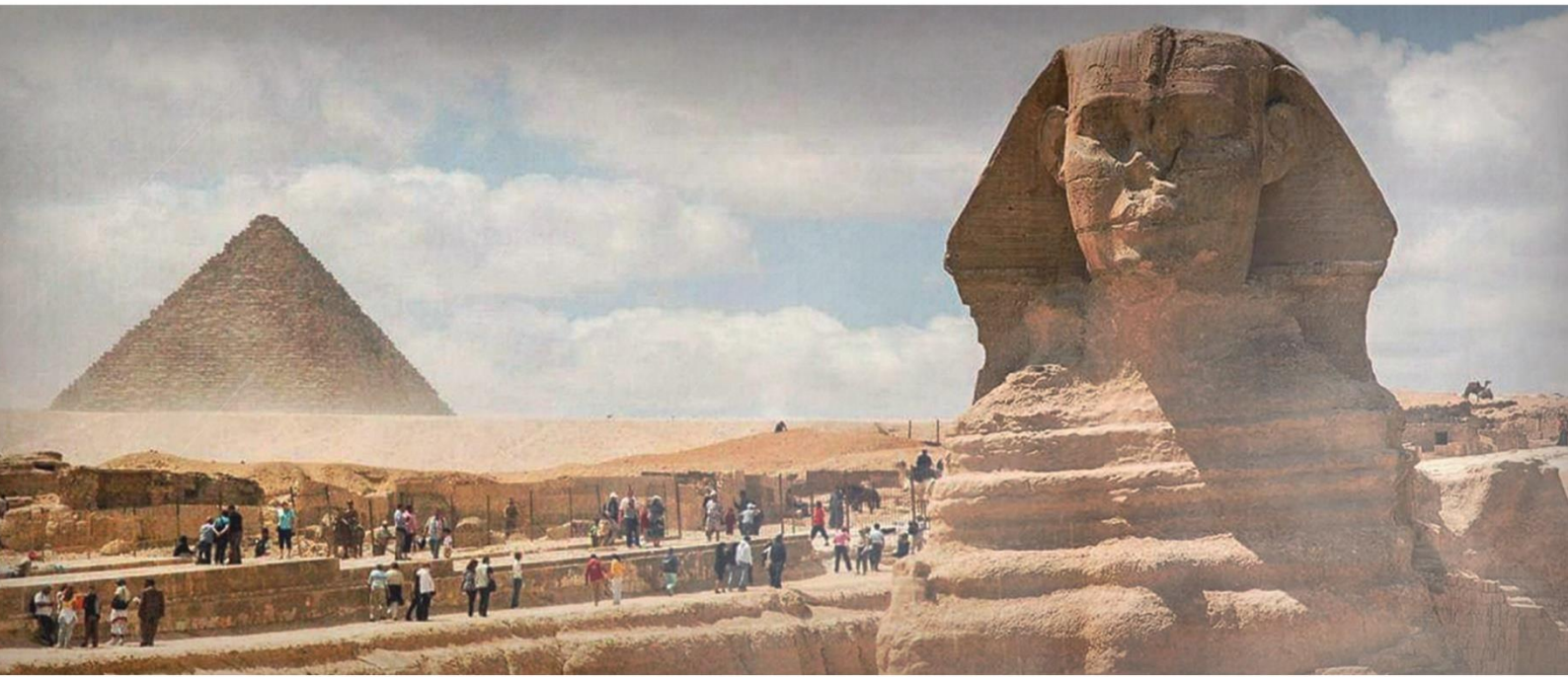
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Tourism plays a significant role in the Egyptian economy, as it represents, according to government reports, more than 15% of GDP during FY2018/2019. According to a report by the World Travel and Tourism Council (WTTC), travel and tourism supported 11.9% of the nation's GDP in 2018. In addition, travel and tourism is responsible for 9.5% of all Egypt's employment, providing 2.5 million jobs.

The reality of tourism in Egypt today suggests that it has begun a phase of recovery; therefore, we will try in this report to explore the reality of this recovery, how far it is consistent with Egyptian history and civilization, and the types of such recovery in terms of the tourism movement, whether it is cultural or recreational. In conclusion, the report will provide a few recommendations that may help achieve a tourist recovery commensurate with Egypt's privileges of various tourist attractions.

First: the reality of tourism in Egypt

Although the government had announced that the FY2018-2019 would be the year of tourism in Egypt, yet, international reports indicated otherwise. According to a Luxembourg Stock Exchange bulletin issued on 11 November about the international bonds denominated in dollars, there is a drop in the number of tourists during FY2018-2019, reaching 8.047 million tourists against 9,777 million in FY2017-2018, which results in a decrease in tourism revenues from \$9.8 billion to \$9.4 billion for the same period. Accordingly, the number of tourist nights spent in Egypt decreased from 102.5 million nights during FY2017-2018 to 87.4 million nights in FY2018-2019.

However, the Ministry of Finance has denied these figures, announcing that tourism revenues in Egypt increased during FY2018-2019 to \$12.5 billion against \$9.8 billion during FY2017-2018, with a growth rate of 28.2%. The ministry said that what was mentioned in the Luxembourg Stock Exchange bulletin was related to the outcome of the first nine months of FY2018-2019 only.

The report of the Ministry of Finance may be correct, especially that there has been a noticeable increase in the number of tourists and an increase in tourism revenues recently; after tourism had been subjected to significant damage in recent years, especially in the aftermath of January 25

revolution (2011) and the July 3 coup (2013), where estimates of tourism bodies concerned indicated that Egypt occupied the 75th. position among world countries in travel and tourism in 2011, while it fell to the 85th. position in 2013. Then it began to gradually recover again, as revenues in 2017 reached about \$7.6 billion due to an increase in number of tourists to 8.3 million. In 2018, according to a report issued by the World Tourism and Travel Council (WTTC), tourism movement to Egypt witnessed a leap by 16.5%, as the largest increase since the end of 2010.

In a report issued by the Arabian Travel Market Expo. (a market leading, international travel and tourism event unlocking business potential within the Middle East, organized annually in Dubai) pointed out that the number of tourists that visited Egypt increased by 14.5% during 2018, reaching 9.5 million tourists against 8.3 million in 2017.

Therefore, the year 2018 constituted a turning point towards recovery of Egyptian tourism, as its revenues increased to \$8.9 billion, after the number of tourists exceeded 11 million and 300 thousand tourists. A report by the World Tourism and Travel Council (WTTC) expected that the number of tourists in Egypt until will reach about 11.7 million tourists by the end of 2019.

This progress encouraged Egypt to target an increase in the number of tourists to 12 million tourists in its plan for the current FY2019-2020, an increase of about 11% compared with FY2018-2019, and increasing the number of tourist nights to 127 million nights against 113 million nights a year ago.

Egypt has also made remarkable progress on the travel and tourism competitiveness index, as it has ranked fourth in growth averages worldwide, according to the Travel and Tourism Competitiveness Report 2019 issued last September. According to the report, Egypt improved nine ranks, leaving the tourism sector at the 65th place after it was in the 74th. position. Also, it advanced from the 60th place to the 5th in the promoting strategy and tourism marketing.

Second: Tourism movement in Egypt, between recovery and weakness

Although the above figures indicate recovery of tourism in Egypt, we still consider it relatively weak, being not commensurate with the number of tourist attractions in Egypt.

The report hereunder will attempt to address the reasons for the recent recovery of tourism movement, and the reasons for the weakness that we see:

1) Reasons for tourism recovery

Egypt has many tourist attractions, most notably the warm, rainy climate in winter and the hot, dry climate in summer; as well as many archaeological, beach, and desert tourist attractions. Also, there are many other reasons that have contributed to the recent improvement in the performance of the tourism sector, including:

a- Some foreign countries have decided to resume tourist trips to Egypt, such as Britain, Sweden and Germany.

b- Organized tourism promotion: The Ministry of Tourism, the Tourism Promotion Authority, and the Chambers of Tourism participated in various international exhibitions and organized promotional campaigns for Egypt in various tourist markets. Over the past two years, the government has developed a promotion plan that has reflected on the progress of its ranking at the World Economic Forum's Competitiveness in Tourism and Travel 2019.

c- Organization of international activities in Egypt, including Egypt's recent organization of the 2019 Total U-23 Africa Cup of Nation, hosting international conferences and media promotion, although most of these conferences are held only in Sharm El-Sheikh; but promoting tourism through conferences must have geographical diversity.

d- Flotation of the Egyptian pound and its impact on the tourism sector: The incoming tourism has benefited so much from the devaluation of the Egyptian local currency, giving high purchasing power to many currencies, which motivated tourists to travel to Egypt.

2) Causes of weakness:

However, despite this remarkable increase in the number of tourists coming to Egypt, it has not yet reached the minimum level that should be; due to several reasons; most notably:

a- The increasing terrorist attacks that occur from time to time, whether in the Sinai or in other Egyptian governorates, which, unfortunately, have not ceased so far.

b- The terrorist operations have targeted tourists themselves, such as the downing of the Russian passenger plane on October 31, 2015, over Sinai, killing 224 passengers and crew on board. This

accident, in particular, had a major impact on the tourism sector, especially that the number of Russian tourists to Egypt had reached 2.3 million tourists before downing the plane in 2015.

c- At the end of 2018, an explosive device targeted a tourist bus in Mariouteya, Giza, killing two tourists and wounding 10 others, which also affected tourism negatively.

d- The daily talk in Egyptian official media about fighting terrorism, which undoubtedly affects the movement of tourists who seek safety and security.

e- The state of emergency imposed in Egypt for years gives tourists and tourist companies a negative message on the security situation in Egypt.

f- The weak preparations for tourism in general, whether cultural or recreational. Hossam El Shaer, head of the Chamber of Tourism and Travel Companies, in November stated that 20% of Egyptian hotels need to be developed to be able to receive tourists and provide high quality services.

Third: Cultural and recreational tourism in Egypt

Cultural tourism:

Cultural tourism, one of the most important and oldest types of tourism in Egypt, is usually motivated by the desire to visit archaeological and historical attractions. Egypt has lots of monuments that belong to various civilizations, including Pharaonic, Greek, Romanian civilizations and others. Cultural tourism arose in Egypt after the deciphering of the Rosetta Stone and knowledge of hieroglyphic writing. Subsequently, Egypt received various foreign scientific missions and travelers; and accordingly, hundreds of books were published addressing the Egyptian antiquities in different languages, attracting tourists from all over the world.

Recreational tourism:

The recreational tourism, done for purposes of entertainment and practice of recreational activities, is the most prevalent type of tourism in Egypt, accounting for more than 76% of the size of tourism. However, it is concentrated in Sharm El Sheikh, Hurghada and other recreational areas, including diving sites. According to Scubatravel.co.uk, Sharm El-Sheikh is a popular site thanks to the existence of diving sites that are extremely popular to tourists. The Thistlegorm website placed the Egyptian Red Sea as the fourth most famous site in the world. Abdel-Fattah Al-Assi, head of the Ministry of

Tourism's hotel control sector, said that the average hotel occupancy in the Red Sea region reached 75%.

Also, according to a report issued by the Arabian Travel Market Expo 2019, the volume of spending on the entertainment sector reached \$13.79 billion and \$16.67 billion in 2017 and 2018 respectively, while total spending on the business sector amounted to \$1.93 billion and \$ 2.36 billion during the same period. According to the report, revenues of the entertainment sector in 2018 constituted 87% of the total spending in the tourism sector.

Russian tourism is mostly recreational; British tourism is recreational tourism as well; even tourism officials in the United Kingdom and Ireland consider the beach areas in Egypt a popular tourist destination for tourists coming from their countries. As for Italian tourism, 42% of Italian tourists coming to Egypt prefer cultural tourism, while 28% prefer recreational tourism.

According to official sources, the German tourist market is one of the most significant markets for the tourist movement to Egypt, especially in Hurghada and Marsa Alam, taking into account that the number of German tourists reached one million and 700 thousand tourists in 2018. According to WTTO statistics for 2018 and the German Embassy in Egypt, Germany is considered one of the largest tourist exporting countries in the world, and that Egypt is among the top ten tourist destinations that Germans love.

Also, Arab tourism, mostly recreational, has increased in Egypt; according to Dr. Rania Al-Mashat, Minister of Tourism, the incoming Arab tourism increased by 57% between 2014 and 2018, an average of about one million Arab tourists.

Fourth: Proposals to revive the tourism movement in Egypt

As we have significant tourism potential that other countries do not have, we must strive to develop it to be commensurate with the history and civilization of Egypt.

Following are some recommendations that can contribute to recovery of tourism in Egypt:

1- The government should pay more attention to cultural tourism, especially that we have the most important archaeological tourist attractions in the world, such as the pyramids, Luxor and Aswan temples, and other archeological sites and museums.

- 2- It is also necessary to pay further attention to recreational tourism, as Egypt has many recreational sites, such as the shores of the Red Sea and the Mediterranean Sea, Sharm El Sheikh, Dahab, Nuweiba, Taba, Hurghada, etc.
- 3- Expanding other fields of tourism, such as religious tourism, as Egypt has many religious monuments that belong to the three religions: Judaism, Christianity, and Islam.
- 4- Paying attention to sport tourism, such as climbing mountains, diving, cycling, running, surfing, and other sports activities.
- 5- We should expand conference tourism, because Egypt possesses the elements that qualify it to host and organize conferences in various fields. In addition, venues of these conferences should be diversified to include various archaeological sites in Giza, Luxor and Aswan, so that conferences would not focus on only Sharm El-Sheikh.
- 6- The need to take care of medical tourism, especially that many tourists come to Egypt for the purpose of treatment, especially in areas that contain mineral and sulfur water, such as al-Wahat in the New Valley Governorate and areas of Sinai, and el-Ain el-Sokhna, Safaga and others.
- 7- Further opening doors for investment in the tourism field and facilitating procedures for serious investors, in addition to enhancing investment in the infrastructure of the tourism sector.
- 8- Activating and promoting tourism through caring for antiquities and museums, holding exhibitions overseas, and conducting extensive international press conferences when discovering new antiquities.
- 9- It is necessary to establish a multi-lingual TV channel or several channels to focus on antiquities and tourism for purposes of further tourism promotion.