

ANIMA

Euro-Mediterranean Network
of Investment Promotion Agencies



The tourism sector in the Mediterranean countries

Collective work directed by Fabrice Hatem
with the participation of Imen Mkhinini, Perle Guilloux, Pauline Gautier,
Christophe Saint-Martin and Bénédict de Saint-Laurent

Invest in France Agency



The tourism sector in the Mediterranean countries

Notes and studies

ANIMA n° 17

May 2006

Collective work

directed by Fabrice Hatem

with the participation of Imen Mkhinini, Perle Guilloux, Pauline Gautier,
Christophe Saint-Martin and Bénédict de Saint-Laurent

References

This document has been produced within the context of a mission entrusted by the European Commission to the Invest in France Agency (Agence Française pour les Investissements Internationaux – AFII), assisted by the Istituto Nazionale per il Commercio Estero, ICE (Italy) and the Direction des Investissements, DI (Morocco), to develop a Euro-Mediterranean Network of Mediterranean Investment Promotion Agencies (« ANIMA »). The contract No.: ME8/B7-4100/IB/99/0304.

ISBN: 2-915719-22-5 EAN: 9782915719222

© AFII-ANIMA 2006. Reproduction prohibited without the authorisation of the AFII. All rights reserved

Authors

This document is the fruit of a collective endeavour to which have contributed particularly Perle Guilloux, Pauline Gautier, Imen Mkhinini. The work has been coordinated by Fabrice Hatem. Several persons and organisations have provided precious information including namely the ANIMA team in Marseille (Christophe Saint-Martin, Bénédicte de Saint-Laurent) and the Investment Promotion Agencies of the MEDA area (MEDA IPAs).

The map presented in the summary has been extracted from the *Panorama cartographique de la Méditerranée*. Michèle Joannon - Lucien Tirone, Revue Méditerranée.

Acronyms

- IPA: Investment Promotion Agency
- FDI : Foreign Direct Investment
- MEDA : Group of 10 partner countries of the European Union to the South and East of the Mediterranean
- MIPO : Mediterranean Investment Project Observatory
- WTO : World Tourism Organisation

List of contents

Summary	5
1. Stakes for the development of tourism in the MEDA region	9
An important sector for the region, which nevertheless remains a marginal destination	9
Important activity for MEDA countries	9
Still relatively modest market shares.....	11
Majority of European tourism, with marked seasonality.....	13
Tourism, a major focus of development strategies.....	15
Strengths and weaknesses: assets not always completely exploited.....	16
Opportunities and threats: positive economic impact but with limits and reservations.....	18
Focus of tourist development policies.....	23
2. The challenges of the sector by country	25
Global view	25
Country by country analysis.....	27
Algeria.....	27
Cyprus.....	29
Egypt	31
Israel	32
Jordan	33
Lebanon.....	34
Morocco.....	36
Malta.....	38
Syria.....	40
Palestinian Territories	41
Tunisia	41
Turkey.....	44
3. Towards reinforced partnerships with foreign operators ...	47
A complex sector with numerous players	48
The offer, the strategies and the players.....	49
The suppliers.....	50

The tourism sector in the Mediterranean countries

The producers of trips.....	51
The distributors.....	52
International players whose contribution is necessary in a position of strength	54
Players in a position of strength.....	54
The opening: a necessity.....	55
Overall low level of foreign investment	56
Still-limited foreign presence in MEDA countries.....	56
Recent acceleration in flow of projects	58
4. Recommendations to increase the attractiveness of MEDA countries	63
Improve overall business environment and image of region	63
Implement consistent tourism development policy.....	63
Launch targeted promotion/prospection operations	65
Role of investment promotion agencies	67
Annexes.....	69
Annex 1. Bibliographical indications.....	71
Annex 2. Methodological questions.....	73
What is a tourist?	73
How is tourist activity defined?	73
Annex 3. Typology of international tourists by customer type.....	74
Annex 4. International tourist entries/revenues	76
Annex 5. Strategies of multinational hotel companies.....	77
Annex 6. List of FDI tourist projects for 2003-2005 (MIPO) in MEDA region.....	79
Annex 7. Recommendations of The Blue Plan for development of sustainable tourism	88
Annex 8. Impact of ICTs on organisation of tourism sector	90

Summary

The rapid development of international tourism over the past 50 years has opened up opportunities which the MEDA countries have started to take advantage of. Tourist activity contributes, directly or indirectly, more than 10 % of GDP and employment in this group of countries. However, their share of the world market remains relatively limited: 50 million entries in 2004, that is 6.6 % of the world total¹... Despite the impressive tourist potential of the Mediterranean region, the boom in this activity is in fact hampered by a whole series of factors: political instability, an insufficient accommodation offer and the quality and quantity of services, poor diversity of commodities offered, competitiveness of competing regions such as South East Asia.

The situation does, however, differ a great deal from one country to another. Turkey, for example, is already a major tourist destination. Tourism represents the leading economic sector in Malta and Cyprus. Israel and Lebanon attract high purchasing power tourists to whom they offer a quality range of services. Egypt and Morocco, as well as Tunisia, have already started to diversify their potential (for example, medicalised tourism in Tunisia). The latter does, however, remain widely under-exploited in countries the likes of Algeria, Syria and Palestine, and to a lesser extent in Jordan.

There is a debate in several countries about the opportunity of making tourism a priority development focus. The existence of negative environmental and social impacts, the dependence on a very seasonal entry flow sensitive to political events, and then the heavy investments necessary over the whole sector are often mentioned in this context. Three types of argument lead, however, to the belief that the development of this sector is desirable in the MEDA countries. Firstly, it is an activity with a high service and employment content and could represent an important source of income in strong

1. It should be remembered that France alone, plays host to around 75 million tourists each year, with, it is true, a large part of transit tourism.

currencies. Then, the dynamism of the world market, the proximity of two large regions at the origin of the tourist flows (Europe and the Persian Gulf), the importance of local potential (quality of the climate, diversity of the landscape, cultural heritage, traditions of hospitality), the very positive image of the Mediterranean, represent as many factors for growth. Finally, «sustainable» tourism respectful of the environment and well-integrated into local society, constitutes a structural factor of economic development: the improvement of the quality of the offer of private (accommodation, transport) and collective (health, security, environment and lifestyle...) services, the opening of mentalities, contribute to the international renown of the host country.

The majority of the countries in the region are therefore banking heavily on the development of this activity. Several of them have introduced ambitious development programmes, based upon the modernisation and the extension of the accommodation offer, an improvement in the quality of the services, diversification and an increase in the range of products offered.

These objectives assume, of course, a coordinated mobilisation of the local players in the sector. But they will doubtless not be able to be achieved without the assistance of the international companies in the sector. The latter could especially provide capital and knowhow, contribute to the quantitative growth of the accommodation capacity and the upgrading of the local offer to international standards, play the role of catalyst for the definition of products to suit the expectations of the consumers and market trends, and finally support the promotion of the country by including the products in their catalogues and marketing them through their networks.

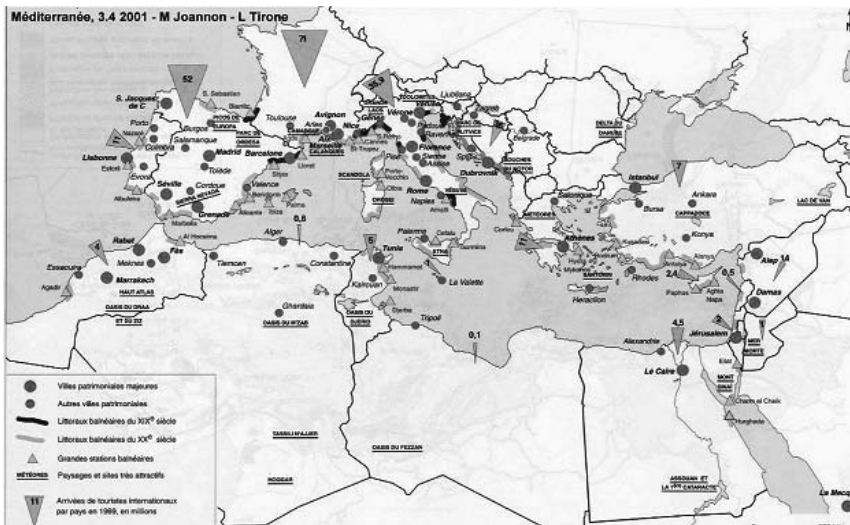
It is, however, more than a truism to say that the MEDA countries do not, for the moment, represent a major priority for a large part of the players in the sector, whether it be hotel chains, distributors or above all tour operators, who, thanks to growing marketing power, play a key role in the definition of tourist products and their commercialisation. Despite a few exceptions, such as Accor or the Club Méditerranée, as well as certain investors of Gulf States

Summary

origins, the large international operators have not for the moment invested massively in the region.

An improvement in the attractiveness of the region for these operators assumes complementary action on three levels: at global level, an improvement in the general business climate and the image of the MEDA countries among investors; on a sectoral level, definition of consistent policy for the development of tourism, incorporated in a wider approach to regional planning, based on an objective evaluation of local potential and market trends and involving all the actors concerned; finally, the implementation of a targeted promotion/prospection policy among the different international players in the sector and intended to exploit the national potential as well as that of the region as a whole. One can thus imagine the creation of a «Mediterranean» brand of circuits associating several countries and joint promotional actions in different areas. The investment promotion agencies could play a significant role in this field.

Main tourist sites around the Mediterranean



Map extracted from Panorama cartographique de la Méditerranée. Michèle Joannon - Lucien Tirone - Sylvie Moro, Revue Méditerranée - 3.4 - 2001



1. Stakes for the development of tourism in the MEDA region

An important sector for the region, which nevertheless remains a marginal destination

Important activity for MEDA countries

Over the past 20 years tourism has experienced rapid growth in most of the MEDA countries. The number of international overnights, for example, has been multiplied by 2.8 between 1980 and 2002, in the 7 countries for which there exist long and exploitable series of figures (Figure 1). Thus this activity has been one of the main driving forces behind economic development in several countries, such as Turkey.

Figure 1. International overnights in a few Mediterranean countries. Source : OMT/WTO

Country ('000s)	1980	1990	2000	2002	Ratio 2002/1980
Spain	62199	68630	233897	220707	3.5
France	254700	387205	585443	588430	2.3
Italy	103265	84720	140357	145560	1.4
Greece	29520	35012	46636	56574	1.9
Malta	9588	9604	10266	10599	1.1
Cyprus	1994	9426	16816	15289	7.7
Turkey	1163	13271	28511	43312	37.2
Israel	7712	6167	10352	2745	0.4
Egypt	8084	19943	29813	32664	4.0
Tunisia	12098	18841	33168	25897	2.1
Morocco	12071	18720	21152	18478	1.5
MEDA7	82230	130984	196714	205558	2.8

Tourism has today become one of the main sectors of activity in a good number of the countries of the region (Figure 2) :

The tourism sector in the Mediterranean countries

Figure 2. Macro-economic weight of the tourism sector. Source WTTC

2005	% exports	% Productive Invest.	% GDP (direct)	% GDP (indir.)	Rank contrib. to GDP (ou of 174 countries)
Algeria	9.3	5.9	1.8	6.4	147
Cyprus	45.3	21.4	10.4	22.7	29
Egypt	31.8	17.5	8.5	15.4	48
Israel	7.2	13.3	2.4	7.1	138
Jordan	22.8	18.5	6.3	16.1	45
Lebanon	52.1	11.1	3.6	12.8	63
Palestine A.	N/A	N/A	N/A	N/A	N/A
Morocco	29.6	13.5	9.5	17.0	42
Malta	22.2	33.1	14.7	28.4	20
Syria	24.1	7.0	2.1	6.0	149
Turkey	22.1	8.2	5.5	11.4	75
Tunisia	20.9	17.0	8.8	17.7	39
N. Africa	19.9	13.2	6.2	13.1	3/13
M. East	13.1	10.4	2.7	9.7	8/13

- Considered in the strict sense (transport and accommodation), it represents around 6 % of the GDP of the countries of North Africa and 3 % of those in the Middle East. By including its indirect effects (suppliers and related customer expenses), these figures climb respectively to around 13 % and 9 %². Several MEDA countries, especially in the Mediterranean islands and North Africa, as a result are to be found among the 50 countries in the world where the weight of tourist activity in the GDP is the highest.
- Tourist income represents a large part of exports: 19.9 % for the countries of North Africa and 13.1 % for the Middle Eastern countries.
- The activity absorbs a substantial part of the productive investment effort of the countries of the region: 17 % in Tunisia and 13.2 % in the whole of the countries of the North Africa, for example.

2. Data calculated by the World Travel & Tourism Council (WTTC) using the methodology of satellite tourism accounts.

Stakes for the development of tourism in the MEDA region

- As for employment, it is estimated that tourist activity mobilises directly 4 million employees in the MEDA region, a figure to which should be added 4 million indirect jobs (Figure 3).

Figure 3. Contribution of tourism to employment. Source : WTTC

2005	Direct employment ('000s)	Indirect Employment ('000s)	% Employment stricto sensu	% Employment overall
Algeria	0.2	0.5	1.7	5.6
Cyprus	0.05	0.1	1.6	28.9
Egypt	1.8	3.3	7.1	13.0
Israel	0.1	0.2	3.4	8.3
Jordan	0.1	0.2	6.0	14.7
Lebanon	0.05	0.2	3.7	12.4
Palestine	N/A	N/A	N/A	N/A
Morocco	0.9	1.5	8.3	14.7
Malta	0.03	0.05	20.6	35
Syria	0.1	0.3	2.4	6.1
Turkey	0.8	1.7	3.7	7.7
Tunisia	0.3	0.5	8.6	16.5
N. Africa	3.1	6.0	6.5	12.4
M.-East	1.4	4.0	3.2	9.1

By country, it is on Malta and Cyprus where the role of tourism in the local economy is the most important (more than 20 % of GDP including the indirect effects). Then follow Tunisia, Jordan and Egypt (15 % to 20 %), Morocco, Lebanon and Turkey (10 % to 15 %). On the other hand, the contribution of tourism is lower (less than 10 % of GDP) in Algeria, Israel and Syria.

Still relatively modest market shares

Tourist activity in the MEDA countries remains, however, relatively modest compared with the rest of the world. Certainly, the growth in flows of international tourists has been more rapid towards this region than towards the rest of the world. While its market share has progressed considerably, rising from 4.5 % in 1995 to 6.6 % in 2004, the level still remains fairly low. Even within the Mediterranean region – the main world host zone, with nearly one third of international entries, their share of entries is fairly low (Figure 4 and Annex 4). Overall, the MEDA region only receives 50 million foreign

The tourism sector in the Mediterranean countries

tourists per annum, that is a little more than half of that of France³ alone. This is far from corresponding to the exceptional potential of the Mediterranean...

Figure 4. World tourist flows in the Mediterranean. Sources : WTO 2006

Country	Entries of tourists ('000)				Tourist income (M€)			
	1995	2000	2003	2004	1995	2000	2003	2004
Total MEDA +Libya	25 022	35 274	40 922	50 335	14 206	27 382	27 214	30 201
% World	4.5%	5.1%	5.9%	6.6%	4.5%	5.3%	5.9%	6.0%
Total EU Med.	145 616	191 462	192 158	189 839	69 413	111 384	110 324	114 484
% World	26.5%	27.8%	27.6%	24.8%	22.1%	21.6%	23.8%	22.9%
Total Balkans	1 900	6 497	8 254	8 889	1 128	3 732	6 607	6 907
% World	0.3%	0.9%	1.2%	1.2%	0.4%	0.7%	1.4%	1.4%
Total Mediterranean	172 538	233 233	241 334	249 063	84 747	142 498	144 145	151 592
% World	31.3%	33.9%	34.6%	32.5%	27.0%	27.6%	31.1%	30.3%
Total World	550 400	689 000	697 000	766 000	314 100	515 800	463 400	500 000

Figure 5. Trends in world tourism

The tourist industry has experienced extremely rapid growth over the past fifty years. The number of international arrivals has thus passed from 25 million in 1950 to 766 million in 2004, with a total turnover of 500 billion dollars. In 2002, the flow of foreign currency linked to international tourism represented around 7 % of world exports of goods and services, in fourth place after chemical products, automobiles and the fuels. After a flat spell in 2003, currently a spectacular recovery is to be observed in international tourism, which profits all the regions in the world.

In 2003, Europe received more than 50 % of international tourist income, the remainder being split into almost equal shares between Asia and the Americas. The MEDA countries, however, at the same date only represented 5.9 % of entries and income (Figure 6)

Figure 6. International tourist income in 2003. Source : WTO

	Arrivals (%)	Incomes (%)
Americas	16,4	21,8
Europe	57,8	54,4
Africa	4,5	2,7

3. The year 2004 was, however, well oriented after three poor years, with a marked recovery in the flows to the Mediterranean destinations of North Africa and the Middle East, such as Egypt, Tunisia and Morocco, and a rise in the number of tourists from the Arab countries themselves (the Gulf States, Lebanon...).

Stakes for the development of tourism in the MEDA region

	Arrivals (%)	Incomes (%)
M.East	4,2	2,7
Asia	17,3	18,4
Total	100	100
MEDA	5,9	5,9

Figure 7. *Clientele and income from international tourism in 2004 (Source: OMT/UNWTO)*

Country	Entries ('000s)	% World	Income (millions of euros)	% World	Income/Entries
Algeria	1 234	0.2	105	0.0	0.09
Cyprus	2 349	0.3	1 685	0.3	0.72
Egypt	8 000	1.0	4 924	1.0	0.62
Israel	1 506	0.2	1 918	0.4	1.27
Jordan	2 853	0.4	664	0.1	0.23
Lebanon	1 278	0.2	1 027	0.2	0.84
Malta	1 156	0.2	626	0.1	0.54
Morocco	5 501	0.7	3 152	0.6	0.57
Pal.Aut	102	0.0	N/A	N/A	N/A
Syria	3 032	0.4	1 785	0.4	0.59
Tunisia	5 998	0.8	1 536	0.3	0.26
Turkey	16 826	2.2	12 773	2.6	0.76
Libya	500	0.1	6	0.0	0.01
MEDA +Libya	50 335	6.6	30 201	6.0	0.60
Total World	766 000	100.0	500 000	100.0	0.65

By country, it is Turkey which achieves by far the best performance, followed by Egypt and Morocco. Tunisia, which receives a high number of tourists, only profits from a limited flow of foreign currency, as a result of the low level of per capita expenses (Figure 7).

Majority of European tourism, with marked seasonality

Important role of West European tourism

Two thirds of the inputs in the Mediterranean countries are coming from European tourists. They are followed by those of Central Europe and the CES (around 10 %), from the Mediterranean countries⁴ themselves, the Middle East and North America. The Europeans are

4. Year 1999. See national data (UNDP, 2005, page 6).

more present in the Maghreb (70 % of entries), the Americans being relatively more numerous to visit Israel, Jordan, Morocco, Turkey and Egypt. The tourists coming from the CEECs, and the CES provide more than one fifth of entries into Turkey and 7 % into Israel but still represent a marginal clientele to the Maghreb. As for tourists originating from Middle Eastern countries, they above all visit Egypt, Lebanon and Jordan. Finally, intra-regional tourism remains limited (a few Libyan visitors to Tunisia...).

Dominant role of international leisure tourism

The flow of tourists may be classified according to their motivations (leisure, health, family, business...) and their origin (domestic, intra-regional, international long distance tourism). The MEDA countries are characterised by a predominance of long-distance leisure tourists:

- Domestic and intra-regional tourist flows remain low, despite some exceptions (domestic tourism in Egypt and Turkey, Libyan tourism in Tunisia). Indeed, the still limited development of the middle class has as a consequence a poor level of tourist expenses per capita of the resident population (Figure 8).

Figure 8. Tourist expenses as a % of total consumption of residents, 2005.

Source: WTTC

Country	Part of tourist expenses (%)
France	12.7
Jordan	9.3
Lebanon	8.9
Cyprus	8.3
Turkey	7.9
Israel	7.7
Malta	7.1
Morocco	6.6
Egypt	6.1
Tunisia	5.9
Algeria	4.8
Syria	4.5

- The «business», «family» and «religious tourism» categories are overall hardly significant, especially in terms of income, despite an important

seasonal return of migrant workers in the Maghreb countries and a flow of religious tourists in Israel and to a lesser extent in Syria⁵.

Overall a relatively marked seasonality

The seasonality of the flows is overall rather marked given the role of summer beach tourism. It is particularly true in Turkey (where more than 40 % of the entries take place during the third quarter), and in Tunisia, a little less in Egypt, in Jordan or Morocco. But these differences tend to fade away as the countries seek to diversify their offer. Thus, Tunisia is attempting currently to promote an alternative to the summer sea resort tourism while Morocco, on the contrary, is investing in this niche⁶.

By mode of transport

The entries by mode of transport are characterised by a particularly large contribution of air transport, which may be explained by obvious material reasons: low level local regional tourism, dominant role of European tourism which may not be conveyed in bulk by road or rail. It should however be noted that there is a development of arrivals by sea (cruises...), with a contribution which still remains, however, marginal⁷.

Tourism, a major focus of development strategies

The relatively poor market share of the MEDA countries in the flow of international tourists may be explained by a certain number of handicaps: insufficient quality and diversity of the local offer, political instability, etc. Despite the risks and uncertainties, the development of the tourist sector is likely to have a strong positive impact on the host country economies. That is why the majority

5. See national data in (UNDP, 2005), page 11.

6. See national data in (Chaponnières, 2005), page 7.

7. See national data in (UNDP, 2005), page 61.

The tourism sector in the Mediterranean countries

of the MEDA countries have implemented ambitious policies to develop their potential. A strategic analysis of the stakes of tourism in the MEDA region is to be found below (Figure 9).

Figure 9. Matrix of the tourism stakes in the MEDA countries MEDA

Threats	Secondary negative effects of tourism (too much concrete, saturation, destabilisation of local societies, rise in prices...) Competitiveness of competing destinations Dependency on European tourist flows
Opportunities	Rapid growth of the market New forms of tourism (health, the elderly...) The development of ICTs may favour direct access to the clientele
Weaknesses	Quality of services to be improved Diversity of the offer insufficient Dependence on international operators Regional political instability
Strengths	Important potential (climate, landscape...) Competitive prices Proximity of Europe and the Persian Gulf Positive image of the Mediterranean/ tradition of hospitality
Actions	Diversification of the offer Improvement in the quality of services/protection of sites Modernisation/extension of infrastructure Institutional reforms

Strengths and weaknesses: assets not always completely exploited

The assets of the MEDA countries in tourism terms are considerable: wealth and diversity of the region's potential (sea resorts, boating, culture, nature discovery, etc.⁸); quality of the climate and the beauty of the landscapes; traditions of Mediterranean hospitality; competitive price compared with competing European destinations; proximity of two areas with a very solvent clientele (Europe and the Gulf States). However, a certain number of weaknesses, at different stages of the process, hamper the enhancement of this important potential:

8. Among the sites presenting a still under-exploited potential, may be cited, among others: the coast of Tabarka in Tunisia, large tracts of the Moroccan coast, the Algerian interior, etc.

- The quasi-absence of tour operators and travel agencies of national origin makes the local tourist offer depend upon foreign operators for its marketing (see below);
- The political instability of the region and the fear of terrorism hamper the development of international tourism and give rise to a marked instability in the entry flows (impact of terrorist attacks⁹). The weakness of intra-national tourist flows (except in Turkey) aggravates this phenomenon of dependence on unstable external flows.
- The vacation offer is at times insufficiently diversified (e.g.: Tunisian offer is centred on low price beach tourism). This fact has as a corollary, a marked seasonality in the entries, which itself has as a mechanical consequence a low annual fill rate level which harms the profitability of the investments (UNDP, 2005). Furthermore, on the standard beach resort products, the MEDA countries are exposed to strong competition from other destinations such as South East Asia and of course their own neighbours on the shores of the Mediterranean.
- The air transport sector, which plays a key role in the conveying tourists to the MEDA countries, is still insufficiently modernised (liberalisation, drop in prices, increase in frequencies, improvement in services, safety/security).
- The hotel sector with local capital presents a dual structure opposing a rather dissipated private offer without always the means necessary for its modernisation¹⁰ and a public offer, still important in certain countries (Algeria, Syria...), and whose services are at times relatively uncompetitive. Problems of service quality and the qualitative and quantitative suitability of the accommodation offer for the foreign demand arise for this reason in a number of countries. Despite strong growth, the number of beds available in the international category hotels, for example, remains very much below those in the countries north of the Mediterranean (Figure 10). In several countries, the training and professionalisation of the personnel remain insufficient (UNDP, 2005, page 42).

9. See (UNDP, 2005), page 8

10. Despite the emergence of some private chains (Turkey...), sometimes deriving from the privatisation of public groups

The tourism sector in the Mediterranean countries

Figure 10. Number of beds in hotels and assimilated establishments in 2002.
Source: OMT/UNWTO

Country	Beds in '000s
Spain	1395.4
France	1207.2
Italy	1929.5
Morocco	137.8
Algeria	72.6
Tunisia	214.3
Libya	21
Egypt	264.2
Israel	1147
Palestine A.	119
Lebanon	30.4
Syria	35.3
Turkey	408
Cyprus	90.1
Greece	606.3
Malta	40.6

Opportunities and threats: positive economic impact but with limits and reservations

To develop their important tourist potential, the MEDA countries therefore have to make an effort of modernisation. But is this development desirable? Will the anticipated upon profits exceed the costs and the risks that they involve (over-investment, negative environmental impacts...)? The debate exists in several countries. The existence of very promising market perspectives and the potentially very positive impact of well-conceived tourism have, however, led the majority of governments in the region to make this activity one of their development priorities.

A potentially buoyant sector of development

A well-oriented market

The long term forecasts foresee the prospect of a sustainably dynamic world market, with annual growth rates in tourist entries in excess of 4 % between now and the year 2020 according to the study *Tourism : vision 2020*

Stakes for the development of tourism in the MEDA region

of the UNWTO (Figure 11). The number of international arrivals should thus reach 1.6 billion in 2020, that is more than double compared with 2002. This progression would be particularly marked for long distance trips (intercontinental), the share of which should progress from 18 % in 1995 to 24 % in 2020.

Figure 11. Forecasts for tourist entries per region, 1995-2020 (Source: UNWTO)

Host region	Market share (%)		Annual growth rate 1995-2002 (%)
	1995	2002	
Europe	59,8	45,9	3,1
East Asia/ Pacific	14,4	25,4	6,5
Americas	19,3	18,1	3,8
Africa	3,6	5	5,5
Middle-East	2,2	4,4	6,7
Southern Asia	0,7	1,2	6,2
Total	100	100	4,1

These perspectives foresee a strong boost of international tourist flows into the MEDA region during the course of the years to come. According to the latest projections of the UNWTO, the latter could practically double between now and 2025 (UNDP, 2005). Moreover, the rise in living standards and the development of a middle class in the MEDA countries should also lead to a boom in domestic tourist flows.

Potentially positive economic and social impacts

Among the potentially positive impacts of tourist development, may be mentioned:

- Direct economic impacts: entry of foreign currencies contributing to the balance of external accounts; the development of service activities with a high employment content and low import content;
- Indirect economic impacts: development of infrastructure (transports, utilities...) which may also be used for other purposes; the incentive to modernise the local service offer and consumer durables; contribution to a positive image of the country and a better knowledge of it by the visitors, which is likely to facilitate the ultimate development of the flow of business opportunities.

- Social impacts: modernisation of mentalities, opening up to different cultures and life styles.

The risks of ill-conceived tourist development

A debate exists in certain countries on the opportunity of the massive development of tourist activities, given the dissapointments recorded and certain negative secondary effects. Among the risks the most frequently raised, should be mentioned:

- The uncertainty of the effective evolution of the market. The impact of the ageing of Western populations on the demand for international trips is, for example, difficult to anticipate. As for the European clientele, which makes up the majority of the entries into the MEDA countries, it is not indefinitely extensible. Too optimistic a gamble on the dynamism of the demand could then lead to over-investment difficult subsequently to provide profit, and a waste of financial resources in an activity which is relatively capital-intensive.
- The effects of dependence. A hypertrophy of the tourist sector threatens to enclose the economy concerned in a situation of dependence in the face of external flows which fluctuate brutally in relation to political events and with strong competition from other destinations (Asia, etc.).
- The negative environmental and social impacts of mass tourism highly concentrated on certain regions especially coastal (e.g. : Hammamet, Monastir in Tunisia): degradation of the most highly visited sites, seasonal congestion linked to the concentration of holiday makers, strong pressure on the local ecosystems (problems of allocation of water in the summer period; proliferation of illegal building practices (see the UNEP, 2005 on these questions);
- The disturbing effect of tourism on local societies likely to lead to phenomena of rejection: differences in mentality, local increase in prices linked to the influx of tourist clientele, non desirable causal effects on manners and life styles, etc., mediocre quality of the jobs generated by tourist activity, often low level of qualification, precarious and seasonal;
- Finally, the risk of dependence on the large international tourist operators (tour operators, hotel chains, air lines, etc.) who in the absence of a structured national offer, could capture a large share of tourist income (see below).

Need to adapt to qualitative changes in market

Whether it is trends in demand or technologies used at different stages of the sector, the tourist market is currently affected by important changes which represent both challenges and opportunities for the MEDA countries.

The qualitative trends in tourist demand

For the tourists originating in developed¹¹ countries, the following trends may be observed:

- An increasing demand for quality and diversity in the services offered on «traditional» beach vacations: demand for a diversified, personalised and enriched offer, involving the development of distractions¹², the modernisation of the installations and an increased effort in the quality of services.
- A growing demand for «alternative» forms of tourism on a human scale, satisfying a need for authenticity, discovery (culture, nature, populations) adventure and life experiences in the respect of the local environment.
- The demographic ageing and the development of a category of «young pensioners» with high financial resources, travelling a great deal and in search of opportunities for personal development. These trends have as a consequence the growth of the «senior» tourist market to the detriment of that of families with children and young people. They could also result in the development of a market for long term accommodation for older people.
- The increase in leisure time in Europe. This trend results in a fractioning of vacations, a development of short and very short stays, as well as the appearance of «impulse tourism».
- The democratisation of certain products once reserved for a privileged clientele (e.g.: cruises, thermalism, thalassotherapy (sea water

11. See the segmentation of the market in Annex 3. It should also be noted that the different tourist populations of developed countries each express specific expectations: top of the range services for American tourists, entertainment for the Latins, standards of hygiene for the tourists from Northern Europe, shopping for the Asians, etc.

12. The latter may take different forms: sport and keep fit, social life, creative activities, education and discovery, self-discovery, tranquillity and adventure.

The tourism sector in the Mediterranean countries

therapy), hydrotherapy, development of «low cost» holidays of the «Easy cruise» type).

- The very strong growth of tourist activities linked to professional life (incentives, conferences, seminars etc.¹³).
- The possible development of health tourism (small operations, dentistry) and fitness (thalassotherapy), activities for which the MEDA countries possess a strong potential (see AFD, 2005).

As for the tourism coming from the new regions of origine (Asia, Eastern Europe), it is currently experiencing strong growth, with two very distinct segments: one initially very limited segment of consumers with high incomes, seeking de luxe services; and a very large segment of consumers with low purchasing power demanding « bottom of the range », standardised tourism products.

The impact of technological innovations

These particularly affect two domains: transport and the diffusion of new information technologies (Internet).

In the transport domain, several trends should lead to a new drop in prices and/or a reduction in the cost of the trips: larger and quicker planes, the development of high speed trains, larger and more comfortable cruise liners (the liner American World City can carry 6,200 passengers), the deregulation of air ways and the multiplication of low cost air lines should lead to a new drop in rates. The only trend to the contrary is linked to the possible rise in fuel prices.

These trends rather represent opportunities for the MEDA countries, if they manage to accelerate the institutional reforms and the modernisation of the air and maritime transport sectors.

As for the accelerated spread of ICTs (see Annex 8), it provides for growth in the accessibility of the destinations and a reduction in the costs of travel products, while bolstering the competition between

13. Until now called MICE (Meeting, Incentive, Congress, Event – or even Meeting, Incentive, Convention, Exhibition), this high added value activity is henceforth called the «Meeting Industry».

tourist sites. The MEDA countries must absolutely adapt to these new technologies so as to grasp the opportunities that they offer and avoid, *a contrario*, the risk of marginalisation.

Focus of tourist development policies

The major part of the MEDA countries is currently oriented towards ambitious development programmes based especially on the diversification of the offer, the modernisation of the local tourist sector, and an enlarged opening to the private sector and to foreign investors. Among the axes for priority action, the most frequently chosen adopted, should be mentioned:

- The consolidation of what exists by an improvement in the quality of standards of hospitality and a modernisation/rehabilitation of the installations in all the areas of the sector, an effort in personnel capacity building and a modernisation of enterprises. In Morocco, for example, the tourist sector should be one of the main beneficiaries of the PRO-TIC programme, which plans to equip 80,000 SMEs in ADSL between now and 2009.
- The creation of new hospitality capacities (hotel offer, vacation villages, the resorts, transport chain) where there is "development potential". Tunisia is, for example, seeking to diversify its tourist offer towards the inland areas and certain portions of its Northern coast; Morocco, on the other hand, is seeking to exploit its beach resort offer, up until now under-exploited; Algeria has launched a programme aimed at exploiting 174 areas of tourist interest; Egypt is looking to exploit the sites on the Red Sea and Sinai.
- The diversification of the offer towards products better suited to the demand of the developed countries and providing an increase in per capita expenses: health and fitness (thalassotherapy), welcoming of elderly people in medicalised residences for "long term" stays; professional tourism (conferences, incentive holidays, work at the waterside in the « business resorts ».); cultural tourism, discovery, sportive, nature or adventure; water sports activities (cruises, pleasure boating, other water sports); development of a short stay offer ("weekend formula"). Tunisia is, for example, seeking to develop the offer of diving holidays at Tabarka, and the « discovery of the desert » tourist circuits; Morocco the «top of the range» residences for tourists from the Gulf States.

The tourism sector in the Mediterranean countries

- The introduction of a legal and institutional framework conducive to private initiative and the development of foreign investments: privatisation of public hotel companies, air transport companies... The weight of the public sector and the administrative framework nevertheless remains important, especially in Syria and Algeria...
- The reinforcement of regulations in terms of the quality of service, safety, town planning and the environment, of respect for consumers' rights (see below examples of Cyprus and Malta).

2. The challenges of the sector by country

Global view

The different countries of the region present strong specificities concerning as much the place of tourism in their economy (see above) as the type of services proposed and thus the type of clientele (see figure 12) :

- Cyprus and Malta, which already have a highly-developed tourist industry, are specialists in bottom of the range beach resort tourism, very much focused on the summer season (with a few low season products in Malta such as linguistic stays), which causes big problems of saturation in the high season and a mediocre rate of customer satisfaction.
- Tunisia, where tourism already represents an important part of the economy, is positioned on the low end sea resort tourism, with very low per capita costs. It is suffering from a certain erosion of its market share.
- Turkey, which is already an important tourist destination, proposes an offer centred on the low level/middle of the range beach resort holiday, as well as cultural and discovery tourism (Cappadoce, Istanbul).
- Israel offers « middle/top of the range » fairly diversified beach resort and cultural tourism services to a high purchasing power Western clientele. The country does, however, suffer from poor competitiveness and regional political instability.
- Jordan proposes essentially historic and cultural products. The development of its tourist industry is, however, handicapped by the weakness of its hotel offer and by a difficult regional context.
- Lebanon receives high purchasing power clientele coming especially from the Gulf States, with high per capita expenses.

The tourism sector in the Mediterranean countries

- Egypt and Morocco, who initially founded their tourist boom on the exploitation of their historic and cultural sites¹⁴, are currently seeking to develop their beach resort offer (see below).
- For various reasons (absence of political determination, weakness of private initiative, regional instability), tourist flows remain limited in Algeria, Syria and in the Palestinian territories, despite a large potential¹⁵.

Figure 12. Assets and challenges of the MEDA countries to receive foreign investments in the tourism domain

Country	Strength - opportunities	Weakness-threats-challenges
Algeria	Tourism potential. Existence of means of financing. Political determination to develop the sector.	Current offer insufficient in quality and quantity. Training of the labour force. Problems of image and security. Institutional reforms to be completed (privatisation, regulation liberalisation).
Cyprus	Tourist industry already fairly well developed.	Saturation of sites. Quality/price ratio of local offer.
Egypt	Considerable tourist potential. Already large flow of entries. Call for foreign capital.	Problem of image and security. Quality of services. Profitability of new projects.
Israel	Good quality infrastructure and services. Opening to foreign investments.	Political context. Saturation of the offer. High price destination.
Jordan	Opportunities in cultural and historical tourism.	Political and security context. Limited reception/ accommodation capacity and infrastructure.
Lebanon	Specialisation on the niche of Arab clientele with high purchasing power. Quality of services. Opportunities in cultural tourism. Opening for foreign investments.	Regional political problems. High price destination.
Malta	Tourist industry already well-developed.	Saturation of sites. Quality/price ratio of local offer.
Morocco	Cultural and discovery tourism already well developed. Important potential, especially in the sea resort tourism. Desire for development. Opening to foreign investments.	Problems of suitability of accommodation offer to the demand (beach resort). Land availability. Financing. Training.

14. However, also with significant mass beach resort tourism on the Mediterranean coast of Egypt (Alexandria). Within one and the same country, the motivations of visitors vary depending on their nationality. Thus, Egypt and Turkey are the beach resort destinations for the Germans and tourists from the Middle East and more cultural destinations for the English and French.

15. The apparently high level of flows to Syria may be explained by an important share of transit tourism. A large part of the flows to Algeria is linked to the seasonal return home of migrant workers.

The challenges of the sector by country

Country	Strength - opportunities	Weakness-threats-challenges
Palestine A.	Opportunities in cultural and religious tourism; existence of a diaspora abroad.	Political and security context. Extreme weakness of reception infrastructure and accommodation.
Syria	Strong tourist potential	Current accommodation offer insufficient in quality and quantity. Sector still regulated and administered. Weakness of private initiative
Tunisia	Already well-developed tourist industry in beach resort tourism. Opportunities in cultural tourism and discovery. Political determination for development. Opening for foreign investments	Image of «low price» destination. Quality of services to be improved. Insufficient diversification in the offer. Instability of levels of activity.
Turkey	Very important tourist destination. Important potential. Existence of a domestic tourism market. Dynamism of the economy. Opening for foreign investments.	The macro-economic instability of the country is a dissuasive element to international investment.

Country by country analysis

Algeria

Algeria is the MEDA country whose tourist activity is the weakest, for reasons going back to the civil war of the 1990s, but also because of the absence of development policy of the sector. Thus, in 2004 only 1.23 million international arrivals were identified (essentially from Western Europe and adjacent countries), with very low income, around 100 million dollars (this being explained by the important weight of Algerians living abroad: nearly $\frac{3}{4}$ of total entries).

The number of foreign tourists, however, increased by more than 20 % in 2004 to give a figure of almost 370,000... The tourists come mainly from Europe (more than 69 %), the Maghreb, Libya, Syria and Egypt¹⁶.

As the political and economic situation of the country improves, the authorities seek to exploit its important tourist potential. To this end, they have introduced an ambitious strategy of expansion (Figure 13). This is based upon the exploitation of 174 ZET (Zone d'expansion touristique), situated for $\frac{3}{4}$ of them along the coastline. They are also privatising public enterprises linked to tourism and the hotel

16. Furthermore, more than 1.4 million Algerians travelled abroad in 2004.

industry (SGP). They are seeking to encourage private investment, especially foreign, through fiscal incentives and promotional work.

Figure 13. The strategy of the sustainable development of tourism in Algeria between now and 2013

The strategy 2013 centres on the following points:

Choice of tourist products to develop. In the context of a strategy of the diversification of the offer, it is encouraging particularly Sahara tourism, beach resorts, business and conference tourism, thermalism, thalassotherapy and hydrotherapy, cultural, sporting, leisure and relaxation.

Fixing of objectives to be reached. The quantitative objective is 3,100,000 tourists, including 1,900,000 foreigners by 2013. The accommodation capacity should rise from 92,000 to 187,000 beds. The qualitative objectives concern an improvement of services and the rehabilitation of the establishments, the protection of natural spaces and the successful insertion of tourist activity in its local environment.

Actions programmed. The efforts should be concentrated on financial investment support (creation of a financing fund granting assisted and reduced rate loans), the harmonisation and the simplification of legal texts, the preparation of a master plan for the development of tourism to provide scope for the control of land for tourism (definition of areas of tourist expansion, development studies, etc.), the promotion of tourist activities (reinforcement of the means of the National Office of Tourism), capacity building, support for quality (system of certification/ standardisation/ control), protection of the environment, the facilitation of entry and departure procedures, the adaptation of transport modes to tourist demand.

Region and sectors of activity

Given the country's assets, (favourable climate, immense diversified and preserved spaces...), the possible forms of tourism are numerous: sea resorts, archaeological, cultural, sportive, hiking, hunting, fishing, health, rallies, thermalism and climatism.

Local offer

The deficiency of accommodation infrastructures (hotels especially) constitutes a handicap for the development of tourism in the country. Algeria can in fact only offer a capacity of 81,000 beds¹⁷ (36,000 of which are publicly owned), for the most part low category¹⁸. The opening of the new airport of Alger 2006 and the return of the large international air lines will facilitate the servicing of the country.

Foreign investors

They are not very present for the moment in the country. However, a movement of interest would seem to be showing signs recently, as the projects announced by the groups Star Wood, Marriott, Eddar-Sidar, Al Hamed would bear witness.

Cyprus

General information

Tourism plays a vital role in the Cypriot economy, generating around 2 billion dollars of foreign currency income, that is 45.3 % of exports of goods and services. It contributes directly to the formation of 10.4 % of the GDP and the employment of 14.6 % of the working population (that is around 32,000 persons employed). The island, taking advantage of its geographical situation, its landscapes, its climate, its architectural and archeological heritage, has become, in just a few years, one of the main tourist centres of the oriental Mediterranean basin.

Tourism does, however, suffer from the macroeconomic instability of the island, of its dependence on the international economic situation and the political conditions engendered by the partition in 1983.

The dependence of the Cypriot economy on tourism is moreover perceived as excessive and the risks of such an evolution are frequently mentioned in the press and in political circles.

17. 72,000 in 2002 according to WTO estimations.

18. According to the authorities themselves, 90 % of the existing hotel stock does not satisfy international standards and should be subjected to modernisation. This stock is split between 1004 hotel establishments (872 private and 73 public) and 59 local authorities.

Finally, the island has also to cope with strong competition from the other Mediterranean countries where the overnight costs of are on average 20 % lower than those practiced on Cyprus. For this reason, the traditional clientele is tending to abandon Cyprus to the benefit of other more exotic and more or less expensive destinations.

Regions and sectors of activity

Tourism on Cyprus has three main features: there is holiday tourism (with hardly 7 % of business trips), family (the share of the 20-30 year olds is 16 %) and with strong British domination (57 % of the total).

The tourists stay mainly in apartment hotels (approx. 30 %) and in classic hotels (approx. 60 %). The latter are essentially 3/4 star hotels (75 % of the market). Paphos (34.5 %) is the leading area of destination, followed by Protaras (16.4 %) and Limassol (16.3 %).

The authorities are making an effort to renew the sector offer so as to encourage customer loyalty and attract new clientele: real estate projects (marinas, golf courses), opening of casinos and theme parks, the creation of sports grounds, the development of rural homestays. They are seeking to improve the quality of services (projects of improvement, renovation or change of category of the establishments, repression of the abuses observed against tourists), to actively prospect the traditional markets (Europe) and open up to new markets (Japan, United States), diversify the hotel offer towards new activities (thalassotherapy), and to manage an increase in the average duration of stay (from 10.7 days currently to 11.6 days in the years to come). Finally, in order to cope with the congestion which harms the quality of the stay, the construction of new establishments is extremely regulated, especially along the shoreline, where new installations are almost banned. The annual ceiling of entries has been fixed at 3.5 million.

Egypt

Second tourist destination of the MEDA region, Egypt played host to 8 million foreign tourists in 2004, generating income in the region of 4.9 billion euros¹⁹. The tourism sector is fundamental for the Egyptian economy. It represents, with the associated services, more than 15 % of its GDP, provides more than 30 % of its foreign currency income and employs 3.3 million people, that is 10 % of the working population.

65 % of tourists are of European origin whereas the tourism of Arab origin, making strong progress, represents 20 % of the total (1.6 million people).

The average duration of a stay in Egypt has grown regularly over the past three years. Hence, in 2004, the average number of overnights per person amounted to 10 against 9.2 in 2003.

The sector is, however, very vulnerable to the political ups and downs, which can lead to a strong fluctuation in the flow of arrivals (between 4 and 8 million visitors depending on the year). For a number of years, Egypt has had a policy of low prices to counter these difficulties.

Regions and sectors of activity

Tourism in Egypt is currently split between the cultural activities in the Nile valley (tourism essentially of European origin) and beach resort tourism (Mediterranean Sea and the Red Sea, Sinai, etc.).

The Egyptian government has launched an ambitious programme of tourist development, the « Tourism 2015 » plan, aiming to reach 18 million entries in 2015. This programme comprises notably the development of 500 kilometres of shoreline, as well as the construction and rehabilitation of several airports. It is in particular granting plots of land and tax advantages to investors²⁰. A number of projects for holiday villages and hotel complexes are being studied

19. With strong progression in 2005.

20. The plots of land are conceded on the basis of 1 dollar per square metre, with the official obligation, for the investors, to build within a period of 2 years.

The tourism sector in the Mediterranean countries

or under construction. The priority development regions are the Red Sea, the Gulf of Aqaba and Taba, as well as the Mediterranean.

Local offer

The accommodation capacity has grown impressively during the past 15 years to reach 264,000 beds in 2002, a figure which does, however, remain modest compared with the tourist potential of the country. The changes in demand place a very heavy risk on the profitability of hotel investments and give rise to the sometimes brutal incidence of situations of over-occupation and low fill rates.

Related sectors

The public works and hotel equipment sectors are relatively well developed in the country, even if the needs exist in terms of technology transfer and know-how.

Foreign presence

All the big international hotel chains are present in Egypt. The French groups are fairly well represented in the country. Accor was established in Egypt in 1981 and has become the No.1 hotel operator there. It possesses and/or manages 20 hotels (3,225 rooms), 2 cruise liners, employs 4,140 people and has invested more than 102 million euros through the company Macor in which it has 47 % of the action. It has just opened in Cairo a new Sofitel Hotel. The Club Méditerranée has 3 installations and 3 cruise liners. In 2002, Concorde signed a management contract with the company El Shams (Sharm El Cheik). Jet Tours is also present in the country. Among the other foreign firms, may be mentioned the signing of an agreement between TUI and the Egyptian government for the development of the Mediterranean coast.

Israel

Despite an unfavourable political context, in 2004, Israel received 1.5 million foreign tourists (+ 29,4 % compared with 2003), generating 1.9 billion euros of foreign currency inputs. This is, however, far from the record of the 3.5 billion dollars recorded in 1999. This sector

contributes, directly or indirectly to 7.1 % of the GDP and 8.3 % of the employment.

In 2004, 25 % of the foreign tourists were of American nationality, followed by the French (17 %) and the British (10 %).

Despite its small size, the country proposes a highly diversified tourist offer: cultural tourism, beach resort, medical (thalassotherapy at Eilat), religious, etc. The hotel offer is modern and of good quality. Foreign investors (especially Americans) are already very present in the country.

The Israeli Ministry of Tourism has given itself the objective of achieving 3 million tourists in 2006 and 5 millions in 2008.

Jordan

General information

With 2.9 million entries and 0.7 billion euros of income in 2004, tourism constitutes an important sector of activity for the country: 16.1 % of the GDP and 14.7 % of employment including the ancillary activities. Jordanian tourism is, however, affected by the climate of regional instability, even if tourism of Arab origin remains very dynamic. The tourists originate mainly from Europe and neighbouring countries (the Persian Gulf especially).

Regions and sectors of activity

Jordan offers several types of tourism: cultural (the archaeological sites of Petra, Jerash...), sporting (diving), green, religious (Mont Nebo, site of the baptism of Christ...) or health (care and thalassotherapy centres). The development potential is very large. The tour operators often offer combined circuits with Lebanon, Israel and Syria so as to increase the attractiveness of the product.

Tourism offer

The local accommodation capacity for foreign customers has been showing signs of saturation since 1998. The international offer only exists on 4 sites (Amman, Dead Sea, Petra, Aqaba). The country

lacks hotels of intermediate capacity and has not developed until now formulae of accommodation of the homestay type (B&B) or self catering. On the other hand, certain camps provide accommodation in the desert (Wadi Rum and several nature reserves) in the good season.

Among recent foreign investments, may be mentioned Cham Hotels and the Omnix Group. According to the Ministry of Tourism, from 1996 to 2005, there were in Jordan, 1.8 billion dollars of FDI in the sector.

Tourism development policy

The Ministry of Tourism has fixed as objective to attract 12 million tourists between now and 2010, so as to reach 1.8 billion dollars of income at this date and create 50,000 extra jobs. For that it is seeking to develop and diversify the offer of tourist products (religious tourism, honeymoons, « meeting industries »), to favour foreign investments and public/private partnerships. A ten year tourism development plan at Aqaba has been drawn up by the Aqaba Tourism Development Corporation (ADC), in collaboration with the European Union.

Lebanon

With a very wide and diversified tourist offer (sea, mountain, cultural and archaeological heritage), Lebanon received 1.3 million foreign tourists in 2004, generating 1.28 billion dollars in foreign currency income and contributing, including indirect effects, to nearly 13 % of GDP. It especially welcomes regional tourists (Persian Gulf) and Lebanese expatriates, a well-off clientele with high purchasing power.

The development of tourism in certain regions with strong potential (South...) is however, made, difficult by the political situation.

Sectors of activity

Tourism is currently very much centred on Beirut and the coastal area. However, Lebanon offers big cultural and architectural

potential which is today the subject of an operation of rehabilitation and enhancement (Baalbeck, Sidon, etc.).

Figure 14. Profile of a hotel investor in Lebanon: the Emir El Waleed Ben Talal Ben Abdel Aziz

The Saudi Emir, present in the financial sectors and the Media, is also one of the largest hotel investors in the country. Nephew of King Fahd of Saudi Arabia, with a Lebanese mother and grandson of the former Lebanese Prime Minister Riad El Solh (mandate 1941-1951), he has held Lebanese nationality since 1994.

Estimated at more than \$450 million US, the Prince's tourism investments are located in Outer Beirut. They are the Mövenpick Resort and Marina and the Four Seasons hotel, both managed by the Saudi company Kingdom Holding, established in Ryad.

The Mövenpick Resort and Marina of Beirut is the third beach complex built in the Middle East by the Mövenpick international chain, after that of Sharm El Sheikh and Amman, inaugurated in 2002, it is 100 % in the hands of Prince El Waleed. Situated at Ram let El Baïda, on the Southern coast of Beirut, this important \$200 million US project spreads over a surface area of 40,000 m² and comprises a 300 room 5 star hotel, 70 apartments and studios, 1000 cloakrooms, four Olympic swimming pools, seven restaurants, a 4.000 m² sports, club a shopping mall with forty or so boutiques, conference rooms, a marina capable of mooring 140 pleasure boats and a car park for 800 vehicles.

The Four Seasons Hotel is situated in the heart of the downtown area of Beirut, opposite the West marina and in the vicinity of the Marina Towers project (one of three most important complexes in which the Prince El Waleed has an interest).

Local offer

Lebanon, after the reconstruction of Beirut, has a large top of the range accommodation offer, often the property of foreign investors (see below).

Foreign investment

The tourism sector receives a significant flow of foreign investments, notably for the construction of luxury hotels. The Gulf States and European enterprises are to be found among the main investors (Figure 19). There exist investment opportunities in the health, business, cultural, resort and trekking tourism sectors, as well as entertainment parks.

Among recent investors, may be quoted Metropolitan City Center, Shakirat, Al Kharafi, Leisure Hill...

Morocco

General information

The sector occupies a central place in the economy of the country: the second provider of foreign currency with nearly 30 % of exports, it generates 600,000 direct jobs and contributes to the tune of 17 % to the formation of the kingdom's GDP (including indirect effects). After a drop in 2001-2002 and a stabilisation in 2003, the tourist flows have significantly increased in 2004 to exceed the level of 5.5 million (of which however, only 2.4 million were foreign tourists, the remainder being linked to holidays of Moroccans resident abroad).

European residents represent the biggest share of the arrivals (74 % in 2003 of which 41.2 % coming from France, 10.4 % from Spain and 5.8 % from Germany). The share of tourists from the Arab world (6.4 %) and North America (4.1 %) is, on the other hand, much reduced.

Regions and sectors of activity

The main regions of tourist destination are those of Marrakesh and Agadir, then Casablanca, followed by Ouarzazate, Fez, Rabat and Tangiers. Morocco possesses considerable tourist assets: two long sea coasts with an important coastal tourism development potential, towns and cities marked by history and culture, still virgin mountains and deserts which could be conducive to adventure tourism.

Local offer

Different studies undertaken for the account of the Moroccan authorities have led to the identification of the existence of several handicaps which penalise the development of the tourist sector, notably in the following domains: real estate, hotel, finance, professional training.

The unsuitability of the hotel infrastructure to the demand represents a particularly worrying challenge. Morocco only currently has a

capacity of 130,000 beds²¹, the geographical distribution further poses a problem. Indeed, 80 % of the visitors seek a stay on the coast while nearly two thirds of the hotel capacity is to be found in other regions.

It is for this reason that the kingdom has committed itself to a policy («Vision 2010») to attempt to remedy it. The objective is to figure, at this date, among the top 20 world destinations with 10 million tourist entries (Morocco is today only occupying 39th place). This should enable the creation of 600,000 extra jobs in the sector, whereas the hotel capacity would go to 600,000 beds.

Based on fiscal incentives, privileged financing (Hassan II Fund, Renovotel), a liberalisation of the regulations and an opening to foreign investors, this policy is mainly centred on coastal development (six new large resorts²², consolidation of the existing) without neglecting rural and cultural tourism.

It has already resulted in an important investment effort. In 2002 for example, 7 investment agreements were signed concerning a capacity of 3,300 beds and the creation of 450 jobs. In 2003, this figure amounted to 11 agreements, for a capacity of 4,800 beds.

Related sectors

The liberalisation underway in the air sector (agreements with charter companies and tour operators) should facilitate access to the Moroccan territory and reduce transport costs.

Foreign investment

The French groups are to be found among the main investors in Morocco. Installed since 1993, Accor has made the country one of its priority objectives. It possesses here 19 hotels, covering the whole range of the offer, for a total of 3,000 rooms (see Figure 20). The Club Méditerranée possesses 6 villages employing more than 20,000 staffs and is currently developing new investments. Nouvelles Frontières

21. 137,000 in 2002 according to the UNWTO

22. Among others, the resorts of Larache and Essaouira.

has three hotels. The Fram group has been an operator in Morocco since 1981 through three subsidiaries: Fram Orange Tours (logistics), International Tourism Cars, and Framotel Morocco which owns 5 hotels.

Numerous projects have been announced in the country over recent years, among which may be cited: Fadesa (development of the beach resort Saïdia), Thomas & Piron/TPF L'atelier (development of the resort Mogador/ Essaouira), Kerzner/Somed (Resort of Mazagan), Lucien Barrière group Ghandoute CGD, Aga Founty Investment, Hercules International Sports, Accros, Fram, Club Mediterranean, Ibis, Sofitel, Domina Hotels, Sab, etc.

Malta

General information

With 1.1 million visitors in 2004²³ generating more than 600 million euros of income, tourism represents the major economic activity of the island: 28.4 % of the GDP and 28 % of jobs, including the indirect effects.

The visitors are essentially Europeans (73 %), coming mainly from the United Kingdom (41 %), Germany, Italy, France (7 %) and the Benelux. The remaining 27 % coming from Russia, Eastern Europe, the United States of America, Australia.

Maltese tourism is mass tourism. Malta presents, in the high season, one of the highest densities in the world, with more than 1,700 inhabitants per km² during the summer. Students and young couples are more present in the summer, whereas senior groups are more numerous during the winter months²⁴. Organised trips constitute the dominant mode of tourism (77.1 % of visitors in 2002). The average number of overnights amounts to 9.5.

23. For a population of 400,000 inhabitants

24. In 2003, 82.5% of the visitors were aged between 25 and 65. The age range 25-44 represented 34.3% of the tourists.

Sectors of activity

Tourism on Malta should remain mass tourism, fed by the membership of the island to the European Union (drop in transport prices, affirmation of the European identity of the island...). Some new marketing niches have however been developed, notably: motivation trips for enterprises, conferences, underwater diving, language courses (English), cruise liner stopover calls.

Local offer

Malta has a large number of hotels spread over a small portion of territory. At the beginning modest in quality, the accommodation offer has developed and modernised so as to satisfy a demand progressing rapidly. Today, there are on the island, 12 x 5* hotels (2,463 beds), 45 x 4* hotels (7,145 beds), 49 x 3* hotels (4,430 beds), 23 x 2* hotels (782 beds), 7x 4* appart-hotels with 361 apartments, 12 x 3* appart-hotels with 783 apartments and 13 x 2* appart-hotels with 621 apartments. In total, Malta offered an accommodation capacity exceeding 41,000 beds in 2003, with new constructions programmed.

Overall, these establishments suffer from certain failings, notably as concerns the quality of the services. The 5* hotels are not always of the same standing as those on the continent and the personnel has not always followed an appropriate training. Furthermore, there is fierce competition between all these establishments. Indeed, the accommodation capacity exceeds the level of the demand, which leads certain establishments to drop prices and the quality of the services proposed is directly affected. This provokes dissatisfaction among visitors and harms customer loyalty. As for the road transport infrastructure, it is often saturated in peak periods of summer tourism.

Among recent foreign investors, may be mentioned Rezidor.

Syria

General information

In 2004, Syria played host to more than 3 million foreign tourists, a good number of them in transit to other destinations. The tourism sector only represents, however, a relatively limited contribution to GDP, in the order of 6 % including indirect effects. The efforts displayed to develop this sector with strong potential have for the moment only met with very limited success.

The countries of the region (Arab countries and Turkey) represent the majority of the entries, with a rise in the number of visitors in the course of recent years. The tourist arrivals coming from developed countries (mainly from Europe) have, however, dropped sharply over the past 4 years as a result of political events. The tourist flows are concentrated on the period from April to October. But there exists a constant flow of religious pilgrimages thanks to the presence in Damascus of a number of Chi-ite holy places.

The government displays the determination to develop the national tourist offer, by facilitating access to credit for the enterprises in the sector, by liberalising a still very tightly controlled and protectionist legislation and by increasing the promotional effort. During the year 2005, a large number of foreign delegations, notably from the Gulf States, came to Syria, either to reactivate former projects (Amrit, resort at Lake Assad), or to initiate new very ambitious sites (new apartment buildings in the suburbs of Damascus). In the same way, a certain number of luxury hotels have opened their doors both in Damascus (Al Mamlouka and Talisman) and in Alep (Al Mansouri).

Regions and sectors of activity

Syria attracts, for the moment, an essentially cultural tourism and transit tourism towards other destinations. It has, however, a prestigious cultural and archaeological heritage, which remains largely under-exploited. Alep is the destination which attracted most tourists in 2003 with 263,000 people, followed by Bosra (97,000

people) and Palmyra. Some agreements have been signed with Jordan, Lebanon, Turkey, as well as Italy, Spain and Greece with a view to the launching common tourist products.

Local offer

The hotel sector is insufficiently developed, with a limited accommodation capacity (around 35,000 beds, the major part of which of low or medium category). The sector remains highly controlled by the public powers, opening up very few margins of autonomy for private investors. The possibilities for local financing are limited. Some hotel projects are underway at Aleppo, Tartous, Latakiet. In these last two towns, the Syrian coast will thus profit from an international level offer, which hardly exists at all elsewhere currently.

Foreign investors

They are very scarcely present in this country and concentrated on Damascus (Four Seasons, Sheraton, the Méridien, Safir...) and to a lesser extent, Latakiet and Aleppo. Among recent projects, to be noted are those of the Bin Laden Group, Four Seasons and Antrados.

Palestinian Territories

The existence of an important archaeological, cultural and historical heritage makes the region a natural for hosting tourism. In fact, it is estimated that nearly 1 million foreign tourists visited the territories in 2000, generating approximatively 450 million dollars of income. But since then, this flow has collapsed because of the political situation. The hotel infrastructure is very little developed. Foreign investments are still poor.

Tunisia

General information

From the 1960s, the Tunisian authorities have made tourism one of major axes for the development of the country. With 6.4 million international entries in 2005 (against 6.0 in 2004), this activity

today represents one of the main economic sectors of the country. It contributes, directly or indirectly, to the employment of nearly 16.5 % of the active population of the country (that is around 300,000 jobs) and to the formation of 17.0 % of GDP. With 1.5 billion euros of income in 2004, it covers more than three quarters of the country's trade deficit. It moreover acts as a driving force for the whole of the country's economy (construction, hotels, catering, commerce, craft industries...).

But Tunisian tourism is also going through a critical phase. The poor fill rate and the drop in income observed since 2001 may certainly be explained by the political situation (attacks of 11 September and at Djerba, conflict in the Near East...), as well as the initial positioning of Tunisia as a cheap beach resort destination which no longer corresponds to the current trends in the demand and does not provide for the generation of a very large average overnight expense. The disaffection of West European tourists has in fact not been compensated by an increase in the flow from the Maghreb (Libya) and Eastern Europe, and internal tourism remain poor. A pick-up was nevertheless observed in 2004²⁵.

Region and sectors of activity

The country offers the image of a low cost destination, with a beach resort centred tourism around certain coastal sites. But it is seeking to diversify its offer towards new types of product and regions (cultural tourism and discovery towards the interior of the country) and to enrich the offer of the beach resort sites by the development of entertainment and connected activities. The orientations adopted in the context of the Xth Plan (2002-2006) privilege, in a concern for sustainable development, the re-equilibration of the tourist areas, the rehabilitation and diversification of the offer: thalassotherapy²⁶, golf, pleasure boating, cruises, desert²⁷ (Figure 15). Elsewhere,

25. For a more profound analysis of the Tunisian case, see especially (Chaponières, 2005).

26. The Tunisian government wants to go from 9 golf courses currently to 20 in 2016

27. The objective is to increase the duration of Sahara tourism, which was only 1.5 days in 2005, but 5.7 days for the rest of the country

15 new tourist areas, predominantly beach resorts, have been defined (including Hergla, Selloum, Bekalta, Cap Gammarth, Lella Hadhria...) and are the subject of a master development plan.

With this aim in mind, means have notably been mobilised in the framework of the promotion of tourism, a fund for the development of competitiveness and fund for the protection of tourist areas. The call to investors also constitutes one of the tools of this policy.

Figure 15. The tourist projects in the 10th Tunisian plan

The Xth plan provides for the creation 15 new tourist areas classified according to the following products: 1) beach resort tourism, which remains a priority (5 areas); 2) ecological tourism, with services which put the accent on respect for the environment (2 areas); cultural tourism (5 areas); infranational tourism (3 areas). The Plan also envisages investments in high class real estate projects to which would be coupled golf course projects.

These choices assume the implementation of a tourism policy more focused on quality than the quantitative development of mass tourism, increased coordination of the intervening parties, increased flexibility if the regulations and a better targeted promotion of the activity.

The plan also envisages increased effort in promotion and training.

Local offer

The hotel capacity has increased strongly during the course of the past ten years: from 116,500 to 222,000 beds between 1990 and 2003, almost doubling.

Thalassotherapy constitutes a strong point of the country: with 36 centres and 140,000 clients in 2004, Tunisia is the second world destination behind France. The country is also a destination for pleasure boat tourism, with 16 marinas and ports of call.

However, the offer presents deficiencies in terms of the quality of the premises and the services. The local enterprises, hardly profitable, are heavily indebted.

Foreign investments

Tourism represents one of the main sectors of foreign investment in the country. The international groups have for this reason contributed in a significant way, through direct installations and franchises, to the reinforcement of the Tunisian offer. Currently, there are 157 subsidiaries of foreign enterprises in the sector, employing 17,000 people. Among them, the French investors are very present. Thus, the groups Accor, Club Mediterranean and Fram total nearly 14,000 beds between the three of them.

Among recent foreign investments, may be mentioned those of Accor and Compass.

Turkey

General information

The tourism sector has experienced remarkable growth during the past fifteen years, with a multiplication by 2.8 of the arrivals and by 3.8 of income between 1990 and 2003. It occupies an important place in the country's economy, representing around 11.4 % of GDP and contributing directly or indirectly to 7.7 % of jobs.

With a an income of 13.9 billion euros and 21.1 million entries in 2005 (against 16.8 million in 2004) Turkey is today by far the main host country of the MEDA region, situated at 11th place in the world, in terms of foreign visitors and 9th place in terms of income linked to tourism. The growth in the number of tourists is impressive (1 million visitors in 1981, more than 20 times more today!).

The country receives essentially tourists from the OECD countries (for more than 60 % Europeans²⁸), as well as Russians (9.2 % of the total tourists). The European pre-eminence has been accentuated in recent years, as a result of the rarefaction of American tourists (which has also translated into a drop of per capita expenses). The existence of quite a high level of domestic tourism is an exceptional fact in the MEDA region. Moreover, the year 2004 was marked by a strong progression of the flows.

28. Especially Germans (22.7%), and to a lesser extent British (7.9%).

Sectors and regions

More than 90 % of the tourist influx is oriented towards the western regions of the country. The Mediterranean coast around the town of Antalya constitutes the main destination, followed by the regions of Marmara (City of Istanbul) and the Aegean.

Turkish tourism is strongly oriented towards the beach resorts (outside Istanbul), which engenders a marked phenomenon of seasonality and a concentration of activities on the coastal areas.

The staging of conferences, trade shows and commercial tourism is, however, undergoing marked development. The country was classified in 21st place in the world in 2004 of the conference host countries, for a total expense of around 400 million dollars. Conferences are strongly concentrated on Istanbul, which welcomes 31,000 out of the 39,000 participants at the 48 conferences held in the country in 2004. After a successful year with mainly the European Urology Congress (10,000 participants), the Union of International Architects' World Congress (7,000 participants) and the European Association of Nuclear Medicine Congress (5,000 participants), the events programmed for 2006 confirm the continuity of the rise in power of Istanbul as a conference city (International Congress of Accountants, European Society for Medical Oncology Congress...).

Also to be observed is a differentiation effort towards cultural tourism, as well as towards water sports, a field considered as a priority by the Turkish Ministry of Tourism. Indeed, the Turkish Ministry of Tourism has noticed the lack of diversity in the tourist offer, which leads to strong seasonality (40 % of Turkish tourism takes place between July and September) as well as a regional disequilibrium. The authorities are becoming especially interested in religious tourism, hunting and fishing.

In the context of the 2010 objectives, Turkey forecasts playing host to 32 million tourists, at this date, who will spend 27 billion dollars. The hotel capacity, expressed in international standards, should by this date be 1 million beds.

Local offer

Turkey currently offers an accommodation capacity of around 240,000 beds, essentially in 4 or 5 star hotels and in holiday villages of the first category, very concentrated in the West of the country (Mediterranean facade notably).

The main Turkish investors are: Dedeman, with 15 x 5 star hotels and a capacity of nearly 8,000 beds spread throughout the country; Alarko, with 3 x 5 star hotels; Sabanco, with 4 hotels.

An effort of modernisation of the hotel offer and the construction of new infrastructures (golf courses and conference centre at Antalya) is underway.

Related sectors

The expansion of the hotel sector has had positive consequences on the demand for installations. This is, for example, the case for the large kitchens for luxury hotels, a very dynamic sector is today strongly involved in exporting.

Foreign presence

Foreign investment, a strong development up until 1997, has dropped off for a few years. Faced with an unstable economic climate, foreign companies prefer initially to limit their investment by developing partnerships with local companies and only become more involved in the event of a positive result.

German companies are the most active in the sector (Steigenberger, TUI, Necker Mann, Club Robinson...), followed by the Russians, the Swiss (Kuni), the French (Accor, Club Méditerranée...) and the Anglo-Saxons (Sheraton, Hilton, Ramada, Four Seasons, Conrad).

Among recent projects, those of the companies Radisson Hotels and Sehr should be mentioned

3. Towards reinforced partnerships with foreign operators

Given the deficiencies of the local offer, the call for foreign enterprises would appear indispensable to achieve the ambitious tourist development objectives which a number of the countries of the MEDA region have fixed. These firms may in fact bring capital and know-how, play the role of catalyst and contribute to the promotion of the countries concerned through the commercialisation of their own tourist products.

But, for the moment, these firms remain relatively little present in the region. While a few groups, such as Accor, Club Méditerranée which have already heavily invested in the MEDA countries, the majority of them have made the region a priority for development. Furthermore, the MEDA countries would seem to occupy a rather modest place in the world direct investment stocks of the sector, even if locally foreign firms already at times control a significant share of the offer. An analysis of the data available for 2003 and 2005 does, however, show the existence of a significant flow of projects, which seems to have grown in 2005.

An improvement in the attractiveness of the MEDA countries in the tourism sector firstly requires attention to conditions of a general order: a calming of regional conflicts, an improvement in the image of the region, modernisation of regulations and technical upgrading... It then assumes an internal effort to exploit the enormous local tourist potential: identification of strengths and weaknesses, introduction of an integrated development plan, mobilisation of all the local players around these objectives. On these bases, a well-targeted action of promotion/prospection aimed at investors and potential partners can be undertaken, of course at a national level, but also, in part, in a coordinated way between the different countries of the region.

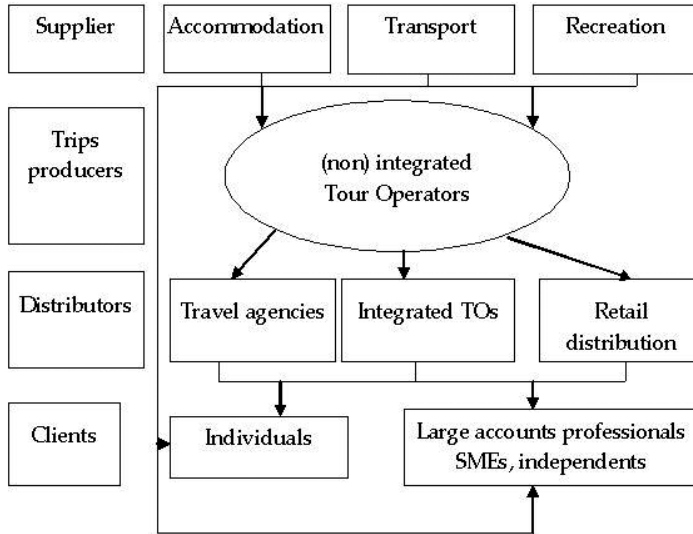
A complex sector with numerous players

The «tourism» sector constitutes a complex activity involving the intervention of a large number of players: travel agencies, tour operators, transport companies, accommodation suppliers, service providers... The tourist, whether he travels independently or not, calls upon a multitude of service providers, whose activity may be represented in the form of a segment or «value chain» (see Figure 16):

- Upstream, are to be found the accommodation service providers (hotel chains), transport providers (air line companies), restaurants and on-site recreation providers.
- The « tour operators » take care of the integration of these elementary services in the form of a complete «package» travelling/stay/recreation (e.g.: vacation clubs, organised circuits)²⁹.
- Finally, downstream, are to be found the distribution networks which commercialise the transport and overnight offer, in an integrated form or not, to the end consumer (private or professional customers). They may be traditional specialist travel agencies, generalist distributors (e.g.: supermarkets), or even new types of distributors (e.g.: Internet).

29. The tourists referred to as « independent» are those individuals who themselves proceed with this integration without using the services of tour operators.

Figure 16. The tourism sector



At each stage of the process, the large international operators have a considerable market force, further increased by the current movement of horizontal and vertical concentration (TUI...). This places the MEDA countries without effective structures of promotion/commercialisation, in a position of weakness compared with these players which almost all originate in developed countries.

The offer, the strategies and the players

The offer in the tourism sector, which initially comes from players which are very diverse and dissipated, is currently marked by a phenomenon of internationalisation, of concentration and vertical integration leading to the appearance of powerful multinational firms. Simultaneously, far-reaching innovations can be observed, not only in the products offered, but also in the modes of distribution (impact of Internet, see Annex 8).

The suppliers

Upstream of the tourism value chain, are to be found the «suppliers» who commercialise their offers to tour operators or sell them directly to the final consumer: service providers of accommodation, restaurant facilities, transport and recreation. Here, only the tourist accommodation segment will be reviewed in detail, but with reference also to the case of air transport.

Tourist accommodation

It includes the collective and individual establishments: hotels (for example, the Accor chain), vacation villages (Club Méditerranée), self catering facilities or homestays, camping. The first two categories are by far the most widespread in the MEDA countries.

Since the 1980s there has been a strong movement of concentration in the hotel and accommodation sector: operating in a capital-intensive sector, with high fixed costs, the firms seek to make economies of scale and increase their market power (Annex 5). This movement involves merger-acquisitions as well as partnership agreements and alliances. It is thus that Accor and the Club Méditerranée decided at the end of 2004 to share their commercial networks: reciprocal linkage of their Web sites; extension of the Accor loyalty programme to the customers of Club Med; mobilisation of the network of the 6,000 agencies linked to Accor to the benefit of the Club and its subsidiary Jet Tours; adoption to the colours of the Club and Jet Tours by twenty agencies of the Accor network.

The competition in this sector opposes increasingly the megastructures deriving from alliances between companies. Elsewhere, these companies are seeking to internationalise themselves so as to profit especially from the growth opportunities in the emerging countries.

International and air transport sector

In the past, placed in a monopoly situation, the airline companies and national shipping lines have today to face up to the competition

from foreign companies, charter firms and now the low cost airlines. This situation presents both opportunities and a risk³⁰ :

- The competition, by allowing a drop in transport prices, plays favourably on price competitiveness of the destination which interests the customers;
- The introduction of new international and domestic transport lines reinforces the accessibility of local destinations, thus enabling a better exploitation of the tourist potential;
- On the contrary, the national airline companies should operate rapid modernisation if they do not wish to see the essential part of the foreign clientele escape, which would mean for the country concerned a situation of dependence on the foreign service providers.

Local service providers (recreation, catering, domestic land transport)

These are essentially firms of local origin, with a relatively diffuse offer and placed in a situation of «order takers» for the tour operators and the large hotel chains. The modernisation of the local offer (e.g.: certification to European standards of the producers of food products to enable them to access the international hotel market and the airline companies...) and the increase in the number of service providers with a sufficient «critical mass» would appear to be a priority.

The producers of trips

Also referred to as «tour operators», they package the offer of the «suppliers » in the form of tourist products (trips, organised or semi-organised overnights). They may be large generalist groups such as Club Med or Fram, or specialist travel companies (e.g.: Marmara, specialising in Turkey). Many of them are vertically integrated and / or seek to develop this integration:

30. For more detailed analysis concerning the question of transport services and infrastructure, see the ANIMA study No.18, Review of the logistics and infrastructure sector in MEDA, to appear in 2006

The tourism sector in the Mediterranean countries

- Downstream, to distribute their products themselves (e.g.: Nouvelles Frontières³¹, Figure 17).
- Upstream, by owning their own accommodation and recreational capacity (e.g.: Club Méditerranée).

The distributors

The travel distributors are responsible for the distribution of the products (tickets, fixed price trips, associated products such as car rental and insurance...) and advice. They are remunerated by commission.

Four main groups may be distinguished:

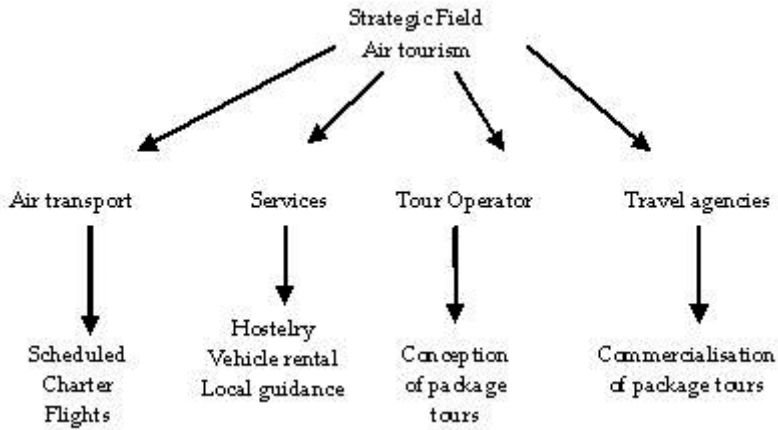
- 1) the traditional travel agencies (independent and chains) whose market shares are rather being eroded, even if they remain a major distribution channel;
- 2) the integrated tour operators who depend upon good knowledge of their product and their brand image to increase their market share;
- 3) retail distribution (Carrefour, Auchan, Leclerc) who seek to take a share of the market by proposing, above all for the moment, fixed price bottom of the range products;
- 4) finally the virtual travel agencies who use Internet (e.g.: Degriftour), whose irruption has modified in depth the functioning of the market (see the example of the “dynamic packages”, the most recent of the Internet functionalities, in Annex 8).

Figure 17. Nouvelles Frontières, an integrated operator

Created in 1967, Nouvelles Frontières has had as its initial strategic field air tourism. It is present over the whole chain (Travel agencies, tour operator, services and transport, as described below:

31. Itself recently taken over by TUI

Towards reinforced partnerships with foreign operators



With an always high fill rate, air transport still today represents its most profitable activity. Moreover, Nouvelles Frontières is also a *services provider*: accommodation in varied installations (hotels, vacation villages), vehicle rental and local accompaniment. As for its *Tour Operator activity*, it has evolved a great deal since 1968. Its offer has gradually extended by presenting cultural, sporting and family dimensions. Nouvelles Frontières also possesses a network of agencies which commercialise its brand products. Nouvelles Frontières was recently taken over by the German operator TUI.

There is a concentration movement to be observed in the distribution sector, more obvious, however, in Northern Europe than the South or in France. This movement is taking place notably through the acquisition of tour operators and independent agencies by their competitors.

Figure 18. The leading ten European travel distributors in 2001. (Income in billions of euros). Source: FVW

TUI	German	12.8 (*)
Air Tours	GB	8.2
Thomas Cook	German	7.9
Rewe touristic	German	4.7

The tourism sector in the Mediterranean countries

First Choice	GB	3.9
Kuoni	Sweden	2.7
Club Med	France	2
Hotelpian	Sweden	1.5
Alpitour	Italy	1.1
Alltours	Germany	1.1

(*) 14 billion with Nouvelles Frontières

International players whose contribution is necessary in a position of strength

Players in a position of strength

The players of foreign origin have a major influence on the tourist activity in the MEDA countries and this at every stage of the process:

- The tour operators, increasingly integrated and internationalised, conceive their catalogue on an already global basis, with poor loyalty towards a particular destination. Not one of the main protagonists, moreover, has its origins in the MEDA countries (Figure 18). Their market power compared to the host countries, increased even further by the current concentration movement and by the growing preference of consumers for known brands with large advertising budgets, enables them to put pressure on the prices of local offerors of services by profiting from the competition with other destinations.
- The travel agencies play the important role of prescriber to the public through their policy of an off-the-shelf service for the different national offers³². The main agencies almost all originated from the OECD countries, non-specialists in the Mediterranean region (the Marmara agency, specialising on Turkey, making one of the rare exceptions). This absence of a specialist promotion/distribution structure makes commercial promotion of the MEDA country in the hands of players who know the local offer badly and not particularly attached to its enhancement.

32. The development of reservations by Internet represents a double-edged evolution for the MEDA countries. On the one hand, it opens to them a wider possibility of direct access to the final consumer if the MEDA countries manage to master the access to computer technology, but on the other hand, it increases the competition between destinations and is likely to contribute to increase pressure on prices and margins.

Towards reinforced partnerships with foreign operators

- The gradual liberalisation of air transport exposes the national companies to growing competition from foreign operators and makes MEDA destinations dependent of the strategies of the commercial offer of the latter. When they do not have their own company, the tour operators frequently fall back upon the services of sub-contracting charter companies, placed in a position of order taker vis-à-vis themselves.
- Finally, the accommodation providers of foreign origin (hotels, villas...) control a large part of the offer of international standards in the MEDA countries (the local offer being shared among the public sector faced with management problems and a local private sector often diffuse, sometimes in crisis and badly adapted to the demand of foreign visitors). The distribution of income drawn from tourism towards the local economy remains poor, especially from the vacation villages, even if the situation is a little better for the hotels (UNDP, 2005).

Figure 19. Structure of the cost of a fixed price Mediterranean trip leaving from Great Britain and the share of the international operators for each item

	Structure (%)	% of MEDA firms
Profits	3	Low
Travel agents	10	Low or nil
Admin. & promotion	9	Low or nil
Services (transfer)	3	Low or nil
Accommodation	35	Average of high
Air transport	40	Low or sub-contracted

Source: according to Lickorish, 1997 (quoted in UNDP, 2005, page 36)

MEDA tourism is therefore overall placed in a situation dependence on the strategies of the offer of international operators at the different stages of the process. The latter are also in a position to appropriate an important part of the income linked to tourist activity (transporters, tour operators notably) which thus escapes from the local players (Figure 19).

The opening: a necessity

The opening up to foreign investors nevertheless constitutes a necessity for the MEDA countries, for several reasons: overall financing of tourist activities relatively capital intensive (infrastructure, buildings for accommodation, Internet technology, etc.); transfers of know-how

and technology; the causal effect on the modernisation of the local service providers, suppliers and sub-contractors. But this opening should be conceived in a partnership logic in such a way as to avoid the effects of domination and dependence (see recommendation below).

Overall low level of foreign investment

The development of foreign investments in the region is, however, held back by a certain number of unfavourable factors, some of which are of a general type (business climate, legal and administrative environment, geopolitical uncertainty ...) and others specific to the sector of tourism (see above). With a few exceptions (Accor, Club Méditerranée...), the international operators have not made the region a development priority even if the data available would seem to show certain acceleration in flows in 2005.

Still-limited foreign presence in MEDA countries

The region does not, for the moment, represent an investment priority for the large international hotel chains. This is particularly true for those of American origin (except for Turkey and Israel). European presence (notably French) is, however, a little more marked (especially Accor, see box in Figure 20). There also exist large investments of Persian Gulf origin (e.g.: Emir El Waleed Ben Talal, see above).

Figure 20. A major player in tourism in the MEDA countries: the Accor group

A French hotel and services group Accor has imposed itself as *European leader in the hotel industry* and rivals the biggest groups in the world. Present in 140 countries with a workforce of 168,000, the group owns a stock of nearly 4,000 hotels with a total of more than 440,000 beds. The group is positioned on *the economic, mid range and top of their range segments* with world renowned brands: Red Roof, Motel 6 (economy hotels in the USA), ETAP Hôtel, Formule 1, Ibis (rest of the World), Sofitel, Novotel or Mercure. It is also developing the services dimension which includes both the *operation of casinos* (Accor Casinos, European leader), *catering and travel agencies* (Carlson Wagon-lits, Frantour, Accor Tour).

Towards reinforced partnerships with foreign operators

Accor is relatively active in the MEDA region, where it manages a stock of 12,000 beds, that is around 2.5 % of its global offer (Figure 21). It is present in 9 of the MEDA countries, and especially in Morocco and Egypt, where it has made a priority of international development.

In Morocco, Accor operates twenty or so hotels (around 3,000 rooms) and employs 1,600 people. It is active in all the ranges of hotel: economy (Ibis Moussafir), de luxe (Sofitel Palais de Jamaï at Fez), clubs (Coralia Club) and business hotels (Relais Mercure). In Egypt, Accor also operates nearly 20 hotels, including the particularly famous Old Winter Palace, luxurious Victorian hotel on the site of Luxor. The group is also very present in Israel and Tunisia. As for Algeria, it is considered, by the group, which currently operates two hotels there, (250 employees) as a country with strong potential. Accor plans to develop 10 new hotels in the years to come.

Accor is at the origin of numerous recent investments in the MEDA region. As an example, in October 2005, in Tunisia it took over the Saphir Yasmine (Yasmine Hammamet) under the Sofitel banner. The group has since announced the management takeover of 4 hotels in the Abou Nawas chain: Gammarth, El Mechtel (Tunis), Sfax and Diar El Andalous (Port El Kantaoui). These 4 sites will be operated from January 2006 under the Mercure banner. Moreover, discussions are underway for the takeover of the Golden Tulip (Gammarth) under the Sofitel banner.

Similarly, in Egypt, two new hotels situated on the Nile, in the centre of the capital, are to open their doors in 2006. As an example, the Sofitel El Gezirah, which comprises 440 rooms, seven bars and restaurants, six meeting rooms, a sport and a leisure centre. Accor is to manage this hotel establishment for the account of the Saudi Arabian Investing Company.

In Morocco, ACCOR is planning to invest, between now and 2009, 1.8 billion dirhams in the opening of 20 extra hotel units, in the framework of an agreement signed with the Moroccan government.

Figure 21. The Accor hotels in the MEDA region. Source: Accor

	Hotels	Rooms	Mercure	Sofitel	Coralia club	Ibis	Novotel	Etap	Others
Morocco	21	2 976	4	6	2	9			
Egypt	17	3 591	5	8	1		3		
Israel	9	1 994	6				2	1	
Tunisia	8	1 952		2	5				1
Turkey	3	776	2		1				
Jordan	2	238	1	1					
Malta	2	448	2						
Algeria	2	-	1	1					
Lebanon	1	74		1					
Total	65	12 049	21	19	9	9	5	1	1

The subsidiaries of foreign firms do, however, already play an important role in the structuring of the local tourism offer. The vacation villages, for example, are almost exclusively managed by foreign firms, often in partnership with local interests (see the example of the Club Méditerranée, Figure 22).

Figure 22. The Club Méditerranée in MEDA countries

Club Med is the European leader in vacation villages. It is present in three MEDA countries including: Morocco (6 destinations) with a very diversified offer (villages with family bungalows or more festive, higher class villas...); Tunisia (5 destinations) with an equally fairly diversified offer (villages of family bungalows or more devoted to festive activities...); Israel (Coral Beach on the Red Sea). Club Med also proposes via Jet Tours hotel stay options, à la carte trips, week-ends and short stays, thalassotherapy activities and even honeymoons.

Recent acceleration in flow of projects

A rough exploitation of the MIPO data base for the years 2003-2005 shows the existence of 147 investment projects destined for the MEDA region, with one year, 2005 marked by a relatively strong progression (Annex 6). Morocco alone would have captured 35.4 % of the projects, followed by Lebanon (15 %) and Jordan (10.9 %). The rest of the MEDA countries received a more modest influx: 5 to 10 projects depending on the country (Figure 23).

Figure 23. Projects by year and country of destination (MIPO)

Country of destination	Year			Total	
	2003	2004	2005	Number	%
Palestinian A.			2	2	1.4
Algeria		3	3	6	4.1
Egypt		2	9	11	7.5
Israel			6	6	4.1
Jordan		7	9	16	10.9
Lebanon	6	4	12	22	15.0
Malta		1		1	0.7
Morocco	14	17	21	52	35.4
Syria	1	2	11	14	9.5
Tunisia	2	3	3	8	5.4
Turkey		4	5	9	6.1
Total	23	43	81	147	100.0

An analysis by origin (Figure 24) reveals the strong presence of European and Arab investors (MENA countries) with respectively 65 and 60 projects (44.2 % and 40.8 % of the total).

Figure 24. Projects by year and regions of origin

Country	Year			Total	
	2003	2004	2005	Number	%
Canada	1		3	4	2.7
United States		4	10	14	9.5
Total North America	1	4	13	18	12.2
South Africa		1	1	2	1.4
Others		1		1	0.7
Malaysia		1		1	0.7
Total others		3	1	4	2.7
Germany	1	1	3	5	3.4
Belgium		4	1	5	3.4
Cyprus		1		1	0.7
Spain	1	1	9	11	7.5
France	6	13	12	31	21.1
Italy	2			2	1.4
Luxembourg			1	1	0.7
United Kingdom	2	1	2	5	3.4
Switzerland		2	2	4	2.7
Total Europe	12	23	30	65	44.2
Saudi Arabia	2	5	10	17	11.6
Bahrein		1		1	0.7
Egypt			1	1	0.7
United Arab Emirates	4	6	12	22	15.0
Iraq	2			2	1.4
Kuwait	2		8	10	6.8
Lebanon			1	1	0.7
Qatar			4	4	2.7
Syria		1		1	0.7
Total MENA	10	13	37	60	40.8
Total	23	43	81	147	100.0

French firms constitute the leading investors in terms of numbers of projects, followed by those of Saudi Arabian origin and the United Arab Emirates. The contribution of North American companies remains marginal despite a strong progression in 2005.

Finally, a predilection of the West European investors for the Maghreb is to be noted (especially the French) and those from the

The tourism sector in the Mediterranean countries

Gulf States for Lebanon (Figure 25). This configuration is directly linked to that of the tourist flows (see above).

Figure 25. Projects by region of origin and country of destination

Destination	North America	Others	Europe	MENA	Total	%
Palest. A.	1			1	2	1.4
Algeria	1		3	2	6	4.1
Egypt	1		4	6	11	7.5
Israel	6				6	4.1
Jordan	2	1	3	10	16	10.9
Lebanon	3	1	2	16	22	15.0
Malta			1		1	0.7
Morocco	1	2	35	14	52	35.4
Syria	1		3	10	14	9.5
Tunisia			8		8	5.4
Turkey	2		6	1	9	6.1
Total	18	4	65	60	147	100.0
%	12,2	2,7	44,2	40,8	100,0	

It should be noted that only two investors (Accor and Four Seasons) have announced more than 3 projects in the region (Figure 26). The majority of the large international operators thus remain relatively prudent.

Figure 26. Number of projects per investor firm 2003-2005

Firm	Number of projects	Number cumul.	% Cumul.
Accor	14	14	9.5
Four Seasons	4	18	12.2
Al Habtoor Properties	3	21	14.3
Intercontinental	3	24	16.3
Radisson Hotels & Resorts	3	27	18.4
Al-Foutouh	2	29	19.7
Al-Kharafi	2	31	21.1
Barceló	2	33	22.4
Bin Laden	2	35	23.8
Club Méditerranée	2	37	25.2
Emaar Properties	2	39	26.5
FADESA	2	41	27.9
Fram	2	43	29.3
Rotana	2	45	30.6
Others	102	147	100

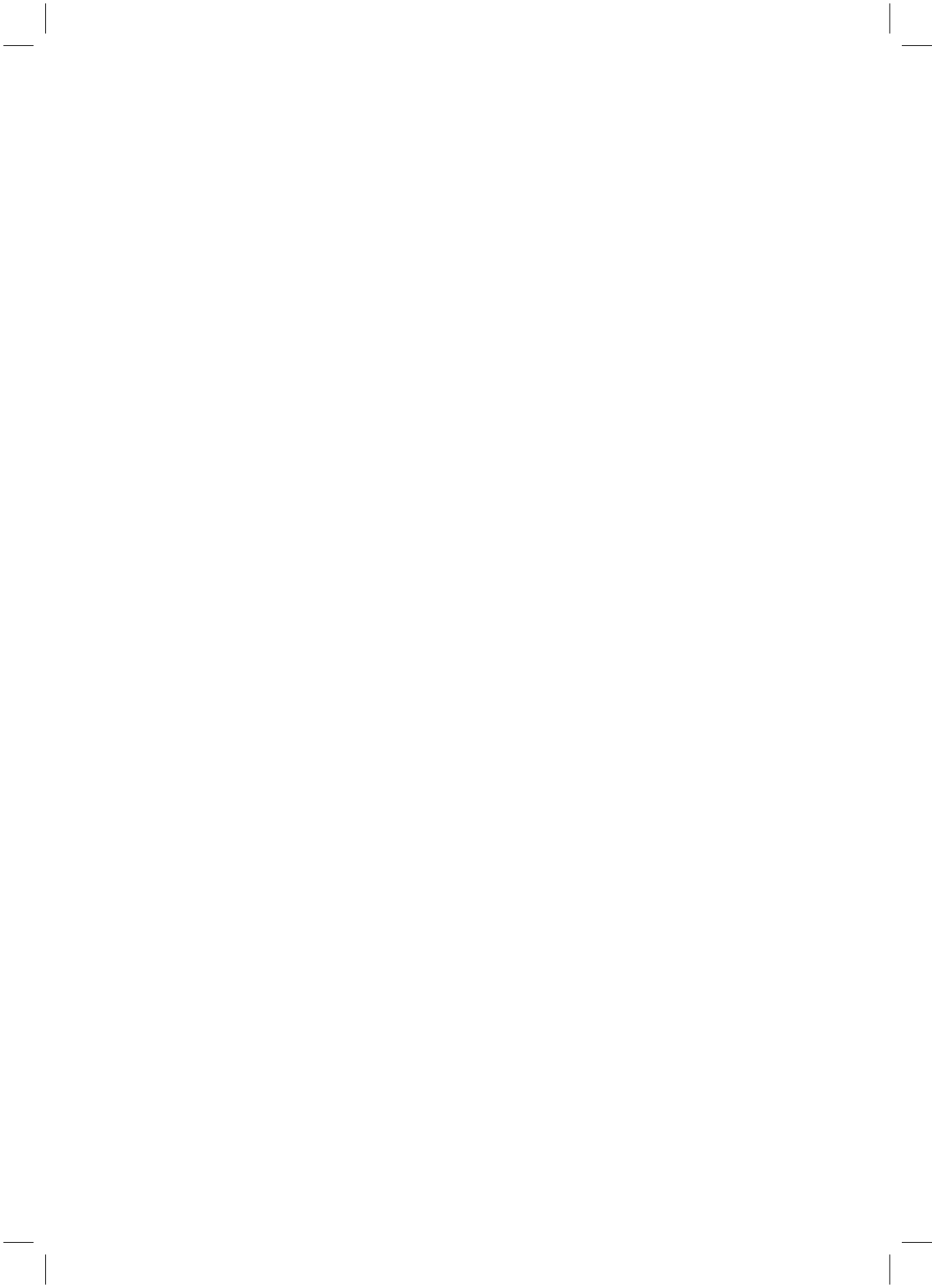
Towards reinforced partnerships with foreign operators



Hotel in Petra (Jordan)



The Bou Regreg river in Rabat (Morocco)



4. Recommendations to increase the attractiveness of MEDA countries

The improvement in the attractiveness of the MEDA countries for tourist investments depends upon three series of complementary measures: overall action for the improvement of the business environment and the image of the MEDA countries; the implementation of a consistent policy of national tourist development; finally targeted promotion/prospection operations with hotel chains, tour operators and distributors (direct investments and partnerships). The investment promotion agencies can play a significant role in these different domains.

Improve overall business environment and image of region

As much, perhaps even more, than in other activities, the development of foreign investment in the tourism sector assumes an improvement in the image of the MEDA region (security, stability), a modernisation of the local business environment (simplification of regulations, the transparency/effectiveness of administrative action, liberalisation, etc.) and the start of a real regional development dynamic (facilitation of commercial and human exchanges, launch of joint projects, technical and regulatory harmonisation...)³³.

Implement consistent tourism development policy

Define objectives for development of tourism

- Introduce, in the different countries master plans for the development of tourism, defined with the participation of all the interested public and private players, which determines the objectives, the prio-

33. On these questions of a general type, which shall not be explored in depth, please see the different ANIMA publications, and especially (Debrinski, de Saint-Laurent 2005; Perez, de Saint-Laurent 2005).

The tourism sector in the Mediterranean countries

rity actions, the means to be mobilised and the evaluation systems to be used.

- Identify operational priorities in terms of the management of land reserves/stocks and the allocation of plots for tourism use.
- Define, in liaison with the private players, the tourist products likely to best exploit local potential by taking into account the trends in demand: eco-tourism, health tourism (see Lautier, 2005), long stay residences for the elderly, «top of the range» tourism and discovery tourism, MICE (meeting, incentive, congress, event), tourism linked to shopping (see Dubaï), etc.
- Integrate the concept of «sustainable» tourism: protection of sites, management of rare resources (water, coastal areas), compatibility with the existing traditional activities, mutual respect between indigenous and tourist populations (see also Annex 7). This assumes the introduction of systems for coordination between tourist policies, environmental protection and land use planning. (Figure 27).

Figure 27. The methods for the tourism/environment coordination in the MEDA countries

The tourism-environment relationship has been the subject of several initiatives in the MEDA countries. On Cyprus, a mixed working party (public authorities and professionals) has drawn up a «Code of Environmental Behaviour in Tourism». A set of very restrictive regulations for the construction of new hotel rooms on the coast has been adopted. On Malta, the development of certain large projects (e.g. golf courses) is the subject of joint studies between the administration in charge of tourism, planning and the environment. In Turkey, a protocol of agreement has been signed between the different ministries concerned for the application of the National Environmental Action Plan in the tourism domain. In Tunisia, impact studies on tourist activities are undertaken jointly by the National Environmental Protection Agency and the Tourist Development Department. In Morocco, tourism is considered as a major lever for development in the rural environment. Strategies for the development of protected areas and sites of ecological interest have also been prepared. In Israel, tourist projects which do not comply with planning legislation have been rejected. In Algeria, the tourism/environment relationship is managed by intersectoral commissions; however, it remains limited and requires encouragement. Generally, the evaluation methods are, however, defective and the coordination mechanisms need to be strengthened still. (According to UNEP/CMDD, 1999 and 2005)

- Coordinate all the players in the local tourism chain to improve the quality of the «global» experience lived by the customer: protection of

Recommendations to increase the attractiveness of MEDA countries

the environment and the landscape (Littoral Conservation Agency); health and safety of the consumer, comfort and punctuality of the transport, quality of accommodation services, recreation and catering, tourist craft industries, etc....

Develop basic tourist infrastructure

- Modernise and rehabilitate the local hotel offer (real estate and management of the establishments).
- Prepare the plots of land for the construction of the new accommodation sites in areas for priority tourist development. This begs the question of the management of the land stocks and their availability for new constructions.
- Introduce specific financing circuits for the development of tourist facilities.

Modernise local personnel and related services offer

- Train personnel: develop the training of hotel professions, catering, tourism and leisure activities.
- Air transport: modernise the local companies and attract foreign companies. Favour the introduction of new regular and charter lines; develop the international and secondary airport offer (see ANIMA study n°18 « Transport and Logistics» to appear summer 2006).
- Domestic road transport (essentially controlled by local companies): increase the effort of the modernisation of local firms. Modernise and develop road infrastructure to facilitate access to new destinations.
- Leisure services, recreation, catering: modernise the local service providers so as to be able to satisfy the specifications of the large hotel chains and the foreign tour operators.

Launch targeted promotion/prospection operations

The contribution of foreign firms to the development of the tourist sector does not only depend on investments on site, but also on actions of partnership for the commercialisation of tourist products and the development of new offers. This results in different stakes and different forms of action according to the type of players concerned: distributors, service providers, tour operators.

Improve presence with the distributors on end-user markets

Whether traditional or Internet travel agencies, integrated tour operators or retail distribution, these players act as prescribers to the customer. The current concentration movement reinforces the market power of the largest groups (see above). The stakes for the MEDA countries are the following:

- Increase the visibility of their offer in the distributors' networks. Undertake an active policy of promotion and partnership with these operators in such a way as to incite them to conceive and/or commercialise tourist products which enhance the local offer.
- Reinforce direct access of customers through attractive web sites.
- Encourage distributors to locate in the country. This presence may in fact contribute to a better familiarisation of these players with the national tourist offer, the conception of new products and the modernisation of the local offer.

Create attractive conditions for hotel chains

The large international hotel chains may play a fundamental role in the structuring of the local tourist offer (modernisation, management, extension). The stakes for the MEDA countries consist in interesting the large hotel chains and other accommodation providers in the region:

- By making the firms aware of the importance of local potential, particularly through the priorities identified by the tourist development master plan.
- By developing the opportunities for investment (privatisations, liberalisation of the foreign investment regime...).
- By facilitating operations of installations without investment (franchising, concession of the management of existing establishments ...).
- By developing a partnership approach vis-à-vis firms which wish to locate: assistance in the project definition, aid to investors at the moment of location, identification and modernisation of local suppliers...

Make binding partnership relationships with tour operators

These are players not to be avoided, as much for their power of prescription with the final consumer as for their potential role in structuring the local offer. The stakes for the MEDA countries are the following:

- Make a partnership relationship with these players so as to identify together axes for flourishing tourist development and design attractive products.
- Facilitate the accomplishment of the tour operator projects by mobilising all the local players (public and private).

All these actions may be carried out, not only at the national level, but also in cooperation between several countries in the region through joint offers and promotion operations enabling the promotion of the image of the Mediterranean area as a whole: offer international «products» (tourist circuits involving several countries), organise a regular Euromed Tourism event ...

Role of investment promotion agencies

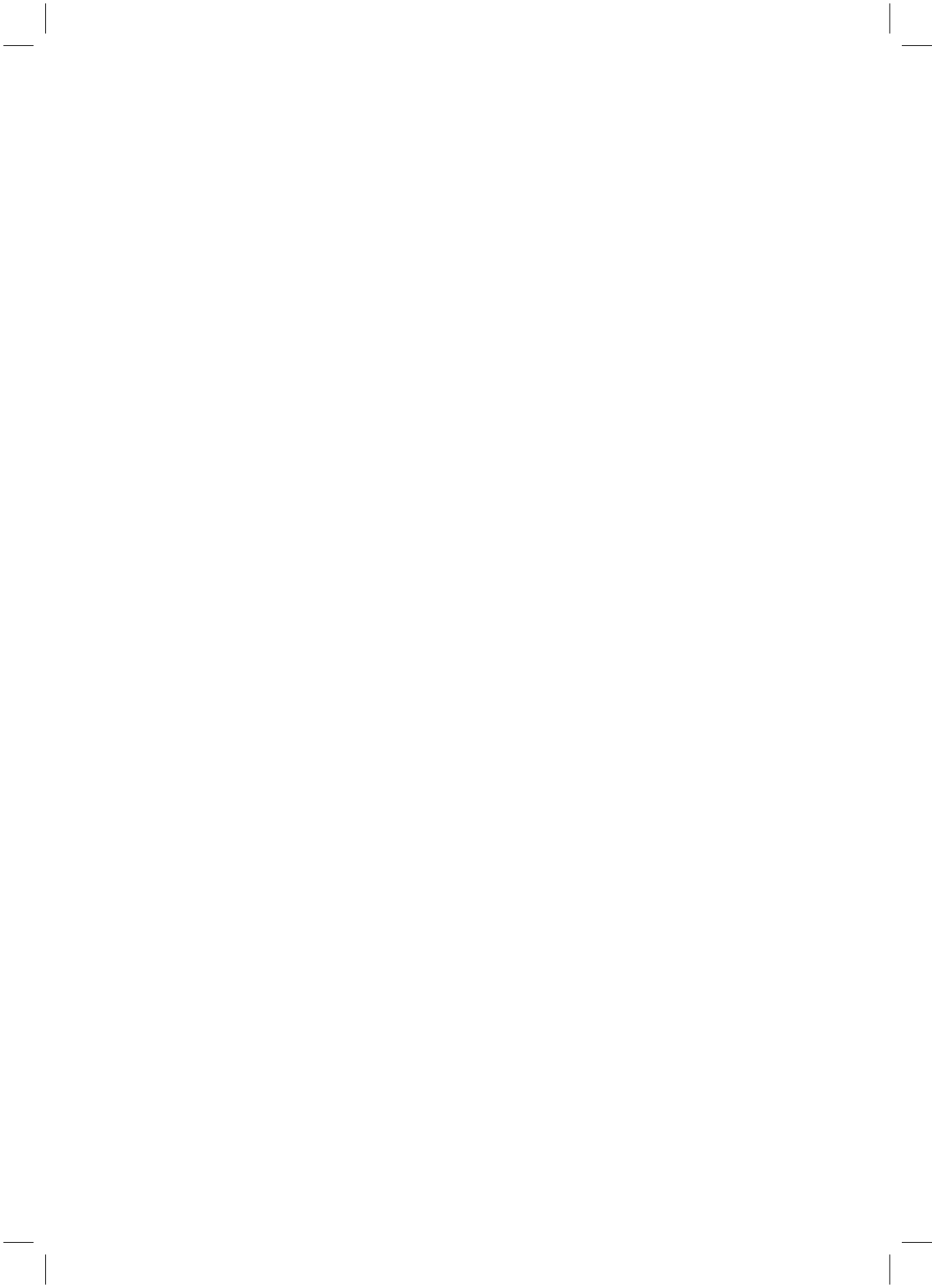
The IPAs may play an important role in the majority of the previous domains of action, in liaison with the organisations responsible for tourist development. Their specific competence may notably enable them to make a useful contribution on the following points:

- Advise the national authorities to take initiatives to improve the attractiveness of the whole of the country for the investors;
- Make them aware of the potential that the tourism sector represents in terms of income and the modernisation of the infrastructure (in the countries where it is still scarcely developed);
- Contribute to the analysis of the promising high added value tourism segments and the identification of those domains where the national offer possesses significant assets. For example, on the MICE niche (conferences, incentives...), no Southern metropolitan area profits from a clientele comparable with that of cities the likes of Milan or Barcelona. Whereas Tangiers, Beirut or Alexandria, for example, would be well placed to host business conventions;
- Participate on this basis in the building of targeted promotion/prospection operations with the international operators of the tourism sector, exploiting the local tourist offer;

The tourism sector in the Mediterranean countries

- Work on the quality of tourist investments, by insisting on the sustainable aspect, in the knowledge that the Mediterranean (and in particular its northern shore) has often succumbed to the errors of mega-projects, which destroy almost irremediably the attractiveness of the sites in the long term;
- Make known the diversity of the opportunities of location offered by the country: classic «greenfields» investments, but also the concession of certain tourist development programmes, partnerships with local players in the context of predefined operations, concessions for the exploitation of sites, franchises, delegated management of hotels or vacation villages, privatisations... ; the medium of the franchise, often used by ANIMA as an example, could thus represent an interesting direction to distribute throughout MEDA tourist products which have proved themselves efficient elsewhere (the South African example would be interesting to study from this point of view);
- Contribute, through the intermediary of the Mediterranean IPA network introduced by ANIMA, to the launching of initiatives involving several countries in the region: organisation of seminars and trade shows, collective presence at existing events, etc.

Annexes



Annex 1. Bibliographical indications

- Acherki S., 2005, *Le tourisme au Maroc* (Tourism in Morocco), Seminar of FDI economists-ANIMA, Marseille, 4-7th April
- Chaponnières, J.R, 2002, *Le tourisme, enjeu économique en Méditerranée* (Tourism, economic stake in the Mediterranean) Fiche de synthèse DREE, January
- Chaponnière J.R, Lautier M., 2005, *La Tunisie et le marché euro-Méditerranée du tourisme* (Tunisia and the Euro-Mediterranean market), AFD working document No.7, September
- Debrinski J.P. 2005, de Saint-Laurent B. *Country attractiveness and investment charte*, ANIMA Study No.14
- El Ghanmi F. 2005, *Tourisme, Agro-alimentaire, Infrastructure : le cas de la Tunisie* (Tourism, Agro-food, Infrastructure : the case of Tunisia) ANIMA FDI economists seminar, Marseille, 4-7 April
- Lautier M., 2005, *les exportations des services de santé des pays en développement* (the exports of health services from developing countries), AFD notes and documents No.25, December
- Maeght M., 2004, « Les voyages se portent bien dans les grandes surfaces (travelling is in finer sharper in the supermarkets) », *Les Echos*, Monday 23rd August, No. 19 22
- Economic mission to Algeria, 2005, *Le secteur du tourisme en Algérie* (The tourism sector in Algeria), fiche de synthèse DREE, 4th March
- Economic mission to Egypt, 2004, *Le secteur du tourisme en Egypte* (The tourism sector in Egypt), Fiche de synthèse DREE, October
- Mission économique au Maroc, 2004, *Le tourisme, secteur vital de l'économie marocaine*, Fiche de Synthèse DREE, 21 octobre
- Mission économique en Syrie, 2004, *Le tourisme en Syrie*, Fiche de synthèse DREE, 8 janvier
- Economic mission to Tunisia, 2004, *Le secteur du tourisme en Tunisie* (Then tourism sector in Tunisia), fiche de synthèse DREE, 13th December
- Economic mission to Turkey, 2005, *Le tourisme en Turquie* (Tourism in Turkey), Fiche de synthèse DREE, 5th January
- International Labour Organisation, 2001, *La mise en valeur des ressources humaines, l'emploi et la mondialisation dans le secteur de la restauration et*

The tourism sector in the Mediterranean countries

du tourisme (The exploitation of human resources, employment and globalisation in the catering and tourism sector), Geneva

- Palierse C. 2004, «Hôtellerie restauration (Hotels and catering) », *Les Echos*, Monday 19th July, No. 19 202
- Palierse C., 2004, « Accor », *Les Echos*, Wednesday 1st September, No. 19234
- Palierse C. 2004 « Nouvelles frontières veut lutter contre les prix bas sur Internet (Nouvelles frontières wants to fight against the low prices on Internet)», *Les Echos*, Wednesday 15th September, No. 19244
- Palierse C., 2004, « Le marché français du voyage à forfait retrouve des couleurs (The French package deal trip is looking good again)», *Les Echos*, Thursday 30th September, No. 19255
- Palierse C. 2004, « L'essor des ventes en ligne amène les TO à réviser leur modèle (The boom in on-line sales leads the TOs to revise their model)», *Les Echos*, Thursday 30th September, No.19255
- Perez P., de Saint-Laurent B. 2005, *Image of the MEDA region for the investor*, ANIMA study No.4
- PNUE/CMDD, 1999, *Rapport sur le tourisme et le développement durable en Méditerranée* (Report on tourism and sustainable development in the Mediterranean) , MAP technical report series No.126
- PNUE/CMDD, 2005, *Dossier sur le tourisme et le développement durable en Méditerranée* (Document on tourism and development in the Mediterranean), MAP technical report series No.159
- Senges G. 2004, *Les opérateurs à bas coûts bousculent la donne et les défis de l'e-tourisme* (Low cost operators upset the situation and the challenges of E-tourism), *Les Échos*, Thursday 30th September, No. 19255
- Weiermar K, 2000, *Un nouveau modèle de croissance pour les pays touristiques traditionnels* (A new model of growth for the traditional tourist countries), *The summits of tourism*, University of Innsbruck, Austria

Annex 2. Methodological questions

What is a tourist?

The World Tourism Organization (UNWTO) defines the tourist as «any person travelling outside his usual environment for a duration of at least one overnight stay and for activities not linked to an activity remunerated in the place visited». As for international tourism, it is defined as the « arrival in a given country of tourists not resident in this country and coming for at least one overnight stay». It should therefore be noted that according to these definitions, the notion of tourist englobes a part of the migrant workers who come to spend their vacations in their country of origin (e.g.: Algeria), as well as travellers in transit towards a final destination (e.g.: Syria).

How is tourist activity defined?

The economic weight of tourism goes well beyond the direct services of accommodation and transport alone. On the occasion of his stay, the tourist, in fact, consumes a large variety of services and products, classified in very varied sectors: transport, catering, health services or telecommunications, consumer durables (craft products, clothing...). As well as that, the tourist service providers themselves call upon a very large number of suppliers. To measure this activity, in the widest sense (that is to say, including the indirect impacts of tourism), a methodology of the « satellite accounts of tourism” has been introduced. It is applied at the international level, by the World Travel and Tourism Council whose statistics have been widely used in this report.

Annex 3. Typology of international tourists by customer type

The tourist clientele may be segmented in relation to three main parameters: the level of income, the positioning on the life cycle (entry into professional life, children in charge...), available free time and autonomy (knowledge of foreign languages, physical health, familiarity with travelling, enabling them to handle packaged deals).

Figure 28. A typology of tourist clientele (according to Eurostaf)

Segment	Spare time	Available income	Autonomy abroad
Students	(+)	(-)	(++)
Young adults	(=)	(+)	(++)
Families	(-)	(-)	(-)
Baby boomers	(=)	(++)	(=)
Retired	(++)	(++)	(-)
Business	(-)	(++)	(=)

These parameters lead to the proposal of the following segmentation of the West European tourist clientele (see also Figure 28):

- *Young people and students*: aged between 15-24 years of age, they are very autonomous, have a great deal of spare time, but few means. They are great travellers but use organised holidays very little and, above all, consume straight flights and sporting holidays. They also seek to explore new spaces. With little loyalty to one travel agency, they frequently use Internet to find low price offers.
- *Young adults without children*: from 24 to 30 years of age, they are differentiated from the previous category by their larger incomes which enable them to widen their choice of consumption and profit from more sophisticated products. They may depart in the off-peak season. The types of products consumed are straight flights, short stays and sporting holidays.
- *Young families*: from 30 to 45 years of age, they generally prefer national trips and seek products which correspond both to the expectations of the children and the parents. The large retail travel agencies orient

Annex 3. Typology of international tourists by customer type

their offers towards this type of clientele. The types of product consumed are holidays in vacation villages or in clubs.

- *Senior adults*: from 45 to 60 years old: they are looking for more sophisticated offers and generally overall fixed prices. They consumer rather organised circuits, make trips off season in greater number. Their demand is oriented especially towards tourist residences, the eco villages, short stays and the circuits in small groups. This category is rather in decline because of demographic evolutions.
- *Retired people*: over 60 years of age, they represent a growing share of the tourist population of the developed countries. More and more autonomous, they have a comfortable income and a great deal of free time. They demand particularly organised trips, cruises, holidays in beach resort tourist areas and thalassotherapy hotels... This category should experience great expansion in the course of the next few years.
- *Business tourists*: they may be distinguished from private individuals by their high financial means, by the brevity of the stays and by a demand for a customised “top of the range” approach. The types of product consumed are short stays in hotels, cruises, well-organised sporting, health tourism and evasion (nature).

Annex 4. International tourist entries/revenues

Figure 29. International tourist entries (source : WTO/DGPTE)

Country	Tourist entries ('000)				Tourist income (M€)			
	1995	2000	2003	2004	1995	2000	2003	2004
Algeria	520	866	1 166	1 234	25	104	99	105
Cyprus	2 100	2 686	2 303	2 349	1 374	2 098	1 734	1 685
Egypt	2 871	5 116	5 746	8 000	2 053	4 704	4 052	4 924
Israel	2 215	2 417	1 063	1 506	2 288	4 411	1 827	1 918
Jordan	1 074	1 427	2 353	2 853	505	783	750	664
Lebanon	450	742	1 016	1 278	543	803	898	1 027
Malta	1 116	1 216	1 089	1 156	505	660	613	626
Morocco	2 602	4 240	4 761	5 501	989	2 208	2 851	3 152
Palest. Auth..	-	330	40	102	-	245	4	-
Syria	815	1 416	2 788	3 032	962	1 171	1 245	1 785
Tunisia	4 120	5 058	5 114	5 998	1 170	1 822	1 399	1 536
Turkey	7 083	9 586	13 341	16 826	3 790	8 268	11 672	12 773
Libya	56	174	142	500	2	105	70	6
MEDA +Libya	25 022	35 274	40 922	50 335	14 206	27 382	27 214	30 201
% World	4.5%	5.1%	5.9%	6.6%	4.5%	5.3%	5.9%	6.0%
Spain	34 920	47 898	51 830	53 600	19 503	32 416	35 067	36 376
France	60 003	77 190	75 048	75 121	21 091	33 543	32 349	32 834
Greece	10 130	13 096	13 969	11 700	3 161	9 981	9 495	10 348
Italy	31 052	41 181	39 604	37 701	21 965	29 767	27 601	28 665
Portugal	9 511	12 097	11 707	11 717	3 693	5 677	5 812	6 261
Total EU Med.	145 616	191 462	192 158	189 839	69 413	111 384	110 324	114 484
% World	26.5%	27.8%	27.6%	24.8%	22.1%	21.6%	23.8%	22.9%
Albania	40	32	41	42	50	421	461	591
Croatia	1 485	5 831	7 409	7 912	1 031	2 986	5 636	5 687
Bosnia	-	171	165	190	-	252	327	394
Macedonia	147	224	158	165	15	41	50	58
Serbia/Montenegro	228	239	481	580	32	32	133	177
Total Balkans	1 900	6 497	8 254	8 889	1 128	3 732	6 607	6 907
% World	0.3%	0.9%	1.2%	1.2%	0.4%	0.7%	1.4%	1.4%
Tot. Mediterranean	172 538	233 233	241 334	249 063	84 747	142 498	144 145	151 592
% World	31.3%	33.9%	34.6%	32.5%	27.0%	27.6%	31.1%	30.3%
Total World	550 400	689 000	697 000	766 000	314 100	515 800	463 400	500 000

Annex 5. Strategies of multinational hotel companies

(According to WTO, 2001, updated in 2005 by the author)

In 2002, the twenty largest hotel companies controlled one third of the world supply, the proportion was even higher on the international tourism segment. American companies dominate the world hotel market with 6 groups in the top 9 and with *Cédant* and *Choice* in the first 2 places. Also to be noted is the presence of a large French chain: Accor which, in third place, represents 15 % of the stock of establishments and 14 % of the number of bedrooms. These 9 groups represented more than 25,100 establishments in 2002 against 24,948 in 2001 (figure 30).

Figure 30. The world nine top integrated hotel chains. Source : Revue HCR CHD expert, 2002 data)

Company	Rank	Country	Hotels	Rooms ('000s)
Cédant	1	EU	6624	553.8
Choice	2	EU	4545	409.5
Accor	3	France	3829	440.8
Six Continents	4	GB	3234	507.1
Marriott International	5	EU	2333	427.5
Hilton	6	EU	2058	334.7
Envergnre/ Soc. du Louvre	7	France	910	69.1
Starwood	8	EU	795	225.7
Carlson Hospitality	9	EU	751	135.4

The internationalisation of the firms, the development of new information technology and the concentration of the offer constitute some of the major current trends.

« The practice of *mergers and alliances* aims both at a reduction in costs, growth in market power and an improvement in the quality and the diversity of the products and services offered.

Management contracts are also much used by the international companies. Nikko Hotels International, which acquired 21 management contracts in 1998 by means of its expansion in Croatia, offers a good example of this. Certain well-established international companies offer their competence by renting out management teams to manage local firms. The contracting company profits from the knowledge and the experience of the interna-

tional company, as well as its reputation in terms of service quality and excellence.

Franchising – a contractual agreement by which a company authorises another company to sell or use its products in exchange for the payment of a fee – offers a certain number of advantages upon which a large number of multinational hotel companies depend for their growth and their development. From the point of view of local human resources, franchising has the advantage that the management and employees are recruited at local level. This method has the favour of certain international hotel companies. Their international reputation guarantees the franchises a market. In Europe, for example, franchising represents 1.5 million jobs, the majority of which in France, Germany and the United Kingdom. A number of franchising contracts have been signed over the past five years. Furthermore, companies, which in the past did not fall back upon franchising as the tool of expansion have started to use it extensively.

Brand importance: With the sector evolving towards an increasingly customer-oriented service, it is the brand more than the company which assumes importance. In the United Kingdom, for example, the operators are increasingly aware of the contribution of the brands to profits. The brand proves to be a fundamental element for the definition of the market, to such an extent that it is the brand under which the hotel exercises its commercial activities which counts, rather than the capital which owns it and management structure. The appearance of a multitude of new brands during the course of recent years – Wingate Inn for Cendant, Studio 6 for Accor, Garden Inn for Hilton, etc. – attests to the growing importance of the phenomenon. This shows the importance that international hotel companies attach to new products and services – including new methods and technologies centred on the customers mentioned above – to keep their competitive advantage.

Vertical integration is another strategy which plays a major role in certain segments of the tourism sector. The upstream integration targets hotels and charter flight companies. These operators also control all the stages of the process by means of integration downstream of the retail distributors and the travel agencies, of the commercialisation and the sales of organised holidays. It is also true of airlines which are extending their level of integration far into the domain of tourism and services linked to travelling through the intermediary of the charter flight companies which have interests in travel operators, retailers and travel agencies. On the other hand, the hotels and hotel chains hardly have any strategies of vertical integration ».

Annex 6. List of FDI tourist projects for 2003-2005 (MIPO) in MEDA region

Welcoming country	Origin	Investor	Project	Type	FDI (€m)	Year
Palestine Auth.	USA	Radisson Hotels & Resorts	Radisson chain mulls a hotel in Gaza	Greenfield		2005
Palestine Auth.	United Arab Emirates	Emaar Properties	Emaar has decided to establish a new company — Emaar Palestine — in the Palestinian Authority	Branch		2005
Algeria	France	Accor	Creation of «Siyaha», a joint stock company owned with Mehri Group (50%) and €270 millions investment	Joint-venture	219.4	2005
Algeria	Saudi Arabia	Eddar-Sidar	Eddar-Sidar to build 3 big tourist resorts at a total investment cost of €280 million	Greenfield	281	2005
Algeria	Kuwait	Faki	Faki buys part of the capital of the hotel management company El-Aurassi	Portfolio investment		2005
Algeria	France	Accor	Accor will build 36 hotels in partnership with the Mehri group	Joint-venture		2004
Algeria	Switzerland	Marriot	The hotel company invests in Algeria and will open in 2007 near Alger a 274 bedrooms hotel	Greenfield		2004
Algeria	USA	Starwood	Starwood in partnership with Libyan investors will open a Sheraton in Oran in June 2005	Joint-venture	90.0	2004
Egypt	Kuwait	Al-Kharafi	The Kuwaiti group Al Kharafi invests over USD 310 million in a tourist resort and marina in Port Ghalib	Greenfield	249.2	2005
Egypt	Saudi Arabia	Dallah Al Baraka	The firm launches largest tourism project in the Egyptian North Coast	Greenfield		2005
Egypt	Saudi Arabia	Elian for Finance company	Setting up a joint investment company between the Egyptian Orascom company, the Saudi Elian for Finance company and the UAE Majed al-Fateem company at a total capital of \$ 150 million	Joint-venture	120.6	2005
Egypt	Kuwait	Al-Manar Financing and Leasing	Purchase of real estate assets owned by Tabarak Group in Egypt	Portfolio investment		2005
Egypt	Canada	Four Seasons	A second Four Seasons hotel opens in Cairo at Nile Plaza	Greenfield		2005

The tourism sector in the Mediterranean countries

Welcoming country	Origin	Investor	Project	Type	FDI (€m)	Year
Egypt	Switzer-land	Moven-pick	The company has opened the first luxury five-star resort and spa on the Mediterranean coast of Egypt at El Alamein	Greenfield		2005
Egypt	Saudi Arabia	Al-Moqbel Company	The company unveils plans for an estimated US\$64 million residential development in Cairo	Greenfield	51.6	2005
Egypt	France	Accor	Accor to open a hotel in a Cairo suburb with two others planned in 2006	Greenfield	160.8	2005
Egypt	Germany	TUI	International project tourism on the Mediterranean coast	Greenfield	60.0	2004
Egypt	France	Quarare	The Oh ! Poivrier ! Restaurants just signed a master-franchise with the Royal Yamama group	Greenfield		2004
Israel	USA	Henry Moskowitz	Henry Moskowitz buys Jerusalem's Windmill Hotel outright	Portfolio investment		2005
Israel	USA	Inconnu	Tirat Bat-Sheva hotel sold to US investors for \$11.2m	Portfolio investment	8.9	2005
Israel	USA	Leon Charney	Nissan Khakshouri signed an agreement yesterday to sell his half of the Club Hotel group for \$144 million	Portfolio investment	115.8	2005
Israel	USA	Radisson Hotels & Resorts	Radisson chain mulls a hotel in Tiberias	Greenfield		2005
Israel	USA	Isaac Katan	US consortium buys Elite's Ramat Gan site for US\$ 44 million	Greenfield	35.5	2005
Israel	USA	Lauder	Beer Sheva's mayor announces that Ronald Lauder will spend tens of millions of euros on tens of properties	Portfolio investment	8.0	2005
Jordan	Germany	Kempinski	Building of an hotel for 100 million US\$	Greenfield	80.0	2005
Jordan	Germany	Kempinski	Building of a 3rd Jordanian hotel in Aqaba	Rep. office		2005
Jordan	Spain	Andalucia Resorts	The firm has acquired 44% of Al Quds Readymix Company	Portfolio investment	11.7	2005
Jordan	United Arab Emirates	Asteco	A Dubai-based company to develop by 2008 a resort near Aqaba with six five-star hotels, shops, offices, recreational facilities, housing and a traditional souk	Greenfield	291.0	2005
Jordan	United Arab Emirates	Ittihad tourism company	Agreement to establish 12m euros hotel at Dead Sea signed	Greenfield	12.0	2005
Jordan	USA	InterContinental	Opening of the Aqaba InterContinental Hotel	Greenfield	56.3	2005

Annex 6. List of FDI tourist projects for 2003-2005 (MIPO) in MEDA region

Welcoming country	Origin	Investor	Project	Type	FDI (€m)	Year
Jordan	Qatar	Unknown	Creation of tourist resort to be set at the Dead Sea area and a massive commercial complex	Rep. office		2005
Jordan	Egypt	Golden Coast Invest-ment	The firm will establish a 250 room hotel in Aqaba special economic zone	Greenfield	28.8	2005
Jordan	Qatar	Al Qamar Invest-ment	The firm will establish a 320 room hotel in Aqaba special economic zone	Greenfield	28.8	2005
Jordan	Switzer-land	Kempinski Hotels & Resorts	The firm prepares the opening this year of a second Jordanian property, the Kempinski Ishtar Resort Hotel & Spa at the Dead Sea	Greenfield		2005
Jordan	Saudi Arabia	Al-Mawarid	JV between the Saudi Oger company and the public company al-Mawarid for Amman downtown development	Joint-venture	803.9	2004
Jordan	Bahrain	Gulf Finance House	GFH plans to invest over US\$1 billion in a landmark real estate project in Jordan	Greenfield	803.9	2004
Jordan	United Arab Emirates	Emaar	Emaar Properties has struck a deal to invest in residential projects in Jordan with Mawared	Joint-venture		2004
Jordan	Syria	Cham Hotel	Cham Hotels has recently announced the opening of two new hotels in Jordan in 2005	Greenfield		2004
Jordan	United Arab Emirates	Omnix Group	Omnix Group will invest \$140 million in a recreational facility on the shores of the Dead Sea in 2005	Greenfield	112.5	2004
Jordan	Others	Hofmann Partner	Mawared signed a partnership agreement with Hofmann Partner for a 150 million euros investment	Joint-venture	150.0	2004
Jordan	USA	Intercontinental	New Dead Sea resort to be opened in Spring 2005	Greenfield		2004
Lebanon	Kuweit	Landmark	Building of a 5-star hotel for US\$149 million	Greenfield	119.8	2005
Lebanon	USA	InterContinental	The hotel brand will launch its new brand « Express by Holiday Inn » with a Lebanese partner	Rep. office		2005
Lebanon	Kuweit	IFA Hotels & Resorts	IFA plans a resorts in Lebanon	Greenfield		2005
Lebanon	Saudi Arabia	Gulf Finance Invest-ment Co	Creation of the Sannine Zenith winter sport resort for 1,4 billion US\$	Greenfield	1 125	2005
Lebanon	Kuweit	Rafad	Rafad buys the Emilton touristic resort in Maameltein for 6 million US\$	Portfolio investment	4.8	2005
Lebanon	Saudi Arabia	Fahd el Adel	A group of Saudi investors bought Beyrouth Carleton Hotel for 41 million US\$ and will invest 15 more million US\$	Portfolio investment	45.0	2005

The tourism sector in the Mediterranean countries

Welcoming country	Origin	Investor	Project	Type	FDI (€m)	Year
Lebanon	United Arab Emirates	Al Habtoor Properties	The group to invest US\$ 400m in tourism in Lebanon	Rep. office	353.6	2005
Lebanon	Canada	Four Seasons	Four Seasons to invest 80 million euros and employ 300 people	Greenfield	80.0	2005
Lebanon	United Arab Emirates	Al Habtoor Properties	Al Habtoor to open the leisure park Habtoorland	Greenfield	32.2	2005
Lebanon	Germany	Bavaria Hotels Int'l	Creation of a hotel joint venture in Dubai and Beirut	Joint-venture		2005
Lebanon	France	Alain Ducasse	In partnership with Patchi, Alain Ducasse has launched the first Lebanese dessert restaurant in Beirut	Joint-venture	0	2005
Lebanon	USA	Starwood	2 new Four-Points hotels, belonging to the international firm Starwood, open in Beyrouth	Greenfield	0	2005
Lebanon	United Arab Emirates	Al Habtoor Properties	Building of the Metropolitan City Center, a mall and housing complex in Beirut	Greenfield	120.6	2004
Lebanon	Saudi Arabia	Cheikh Saleh Kamel	Cheikh Saleh Kamel will become shareholder of the al-Mechref project	Portfolio investment		2004
Lebanon	Malaysia	Rusd Investment Bank	Works on Marina City Liban, the main Lebanese real estate project, to start early 2005	Greenfield	262.1	2004
Lebanon	United Arab Emirates	Rotana	A new 4 stars hotel launched in Hazmieh, and an other hotel in Beirut to be opened at the end of 2004	Greenfield	56.3	2004
Lebanon	Saudi Arabia	Société Générale d'entreprises touristiques	Opening of a Summerland Hotel Resort	Greenfield	61.9	2003
Lebanon	Iraq	Sharikat Ikarat wa Abriah sal	Opening of a Hilton resort in Beirut	Greenfield	37.1	2003
Lebanon	United Arab Emirates	Metropolitan City Center sal	Opening of a resort	Greenfield	75.1	2003
Lebanon	Iraq	Leisure Hill sal	Investment in Sinbad's World (hotel and leisure park)	Portfolio investment	119.3	2003
Lebanon	Saudi Arabia	Kingdom Beirut sal	Opening of a Four Seasons Hotel	Greenfield	88.4	2003
Lebanon	Kuwait	Al-Kharafi	Opening of a Sheraton 4 points resort	Greenfield		2003
Malta	Belgium	Rezidor	Opening of a big 300-room resort	Greenfield		2004
Morocco	United Arab Emirates	Emaar Properties	Emaar and the Moroccan ONA will invest € 272 million through their JV	Greenfield	272.0	2005
Morocco	France	Relais de Paris	Relais de Paris will soon open its third restaurant in Morocco	Greenfield		2005

Annex 6. List of FDI tourist projects for 2003-2005 (MIPO) in MEDA region

Welcoming country	Origin	Investor	Project	Type	FDI (€m)	Year
Morocco	France	Accor	Accor Maroc to Pump \$180 million in New Investments in Morocco's Tourism Industry to build 15 new hotels	Rep. office	144.0	2005
Morocco	Qatar	Diar Real Estate Investment	Qatar will invest 170 million US\$ in tourist project in Tanger-Tétouan area	Greenfield	136.0	2005
Morocco	United Arab Emirates	Dubai International Properties	The division of Dubai Holding announced the launch of a \$2 billion tourism development in Morocco	Greenfield	1 608	2005
Morocco	Spain	Tasa Inversiones	Fadesa sells lands to Tasa inversiones for 15 million euros	Portfolio investment	15.0	2005
Morocco	Spain	Gilmar Consulting Inmobiliario	The Spanish group GILMAR wishes to invest in Tangier 400 million euros in a tourist resort	Rep. office	400	2005
Morocco	Spain	Emteyco / Samaniego	Tourism resort in Bouznika with marina, housing, commercial and leisure hub and hotel	Greenfield	140.2	2005
Morocco	Qatar	Al-Diyar Al-Qatariyah Real Estate Investment	The firm plans to set up a tourist resort in the Moroccan north-western port city of Tangier	Rep. office	320.0	2005
Morocco	South Africa	Kerzner	In 2004, the Company with SOMED and CDG, announced the creation of a joint venture that will own a casino resort	Greenfield		2005
Morocco	Tunisia	Cyber Tour & Travel	The group has started a joint venture with the travel agency Ulysse Voyages	Joint-venture		2005
Morocco	Spain	Renta Corporacion	Construction of half a dozen resorts and 2 golf courses on the Atlantic coast for a budget of €370 million	Greenfield	340	2005
Morocco	Spain	Barceló	Barceló invests €15 million in Morocco with the opening of 3 hotels by 2007	Greenfield	15.0	2005
Morocco	Spain	Fadesa	Fadesa Maroc/ Anjoca and Martin Casillas/BCN Med Land are chosen to realise the Tangier City Center project	Greenfield	65.4	2005
Morocco	Belgium	Samog	Samog begins the construction of the Mogador resort at a cost of €120 million	Greenfield	113.1	2005
Morocco	Spain	Grupo Husa	Grupo Husa looking to invest in real estate projects in Saidia and Bouznika	Rep. office		2005
Morocco	United Arab Emirates	Unknown	€20 million investment in construction of a luxury hotel, the Royal Mirage Hotel, in Marrakech	Greenfield	20.2	2005

The tourism sector in the Mediterranean countries

Welcoming country	Origin	Investor	Project	Type	FDI (€m)	Year
Morocco	Canada	Four Seasons	Construction of a top quality tourist resort in Marrakech worth €70 million	Greenfield	65.4	2005
Morocco	UK	Marmara	Signature of an agreement with Marmara, subsidiary of First Choice, worth €21 million	Greenfield	21.0	2005
Morocco	Germany	Robinson Club	Signing of an agreement by Robinson Club, subsidiary of TUI, worth €49.7 million	Greenfield	49.7	2005
Morocco	France	Accor	Accor wants to build an Ibis and a Mercure hotel in Ouarzazate at a cost of €7 million and opens its 10th Moroccan Ibis hotel	Greenfield	7.5	2005
Morocco	Belgium	Eden Développement	Construction of the real estate project, les Parcs de l'Agdal, at a cost of €20 million	Greenfield	20.0	2004
Morocco	South Africa	Kerzner	Construction of the Mazagan tourist station for a €500 million budget	Greenfield	500.0	2004
Morocco	Belgium	Thomas & Piron /l'Atelier /Orco	Signature of a contract for the development of the Lixus (Larache) resort of Plan Azur	Greenfield	125.6	2004
Morocco	France	Accor	Accor will open an academy in Agadir in 1st half 2005 and invests on 20 other hotels in the same city	Greenfield	21.0	2004
Morocco	France	Vernet Immobilier	After Marrakech, Vernet Immobilier opens an office in Casablanca	Greenfield		2004
Morocco	Saudi Arabia	Malabata	Construction of an important conference center in Tanger	Greenfield	14.5	2004
Morocco	United Arab Emirates	Inconnu	UAE will invest in the commercialisation of free trade zones in Tanger-Méditerranée	Greenfield		2004
Morocco	France	Accor	Moussafir Ibis hotel will open next spring and will employ 35 people	Greenfield	4.0	2004
Morocco	France	Accor	The Sofitel Marrakech builds 87 new rooms	Greenfield		2004
Morocco	France	Club Méditerranée	Opening of the Club Méditerranée Palmeraie in Marrakech	Greenfield		2004
Morocco	United Arab Emirates	National Corporation for Tourism & Hotels	Abu Dhabi-based National Corporation for Tourism & Hotels buys 15% of Hilton Rabat in Morocco	Portfolio investment		2004
Morocco	France	Accor	Huge project in Casablanca for 2007 with the construction of a tourist complex of 3 hotels with a total of 7,600 beds	Greenfield	120.0	2004
Morocco	France	Sefipar	Construction of an hotel and an aquapark	Greenfield	9.0	2004
Morocco	France	Hotel Sqala	Construction of an hotel	Greenfield	1.2	2004

Annex 6. List of FDI tourist projects for 2003-2005 (MIPO) in MEDA region

Welcoming country	Origin	Investor	Project	Type	FDI (€m)	Year
Morocco	Saudi Arabia	Groupe-ment SAB	Construction of an hotel and an aquapark	Greenfield	128.6	2004
Morocco	France	Fram	Opening of a third Fram hotel in Marrakech forecasted early 2006	Greenfield	25.0	2004
Morocco	Belgium	Atelier d'Art Urbain	Sea resort in Essaouira	Greenfield	1 000.0	2004
Morocco	France	Lucien Barrière	The group Lucien Barrière invests in the seraglio of Marrakech	Greenfield	36.8	2003
Morocco	Kuwait	Liwa Int'al	Extension of the Sheraton hotels in Marrakech and Fes	Greenfield	18.4	2003
Morocco	United Arab Emirates	Hercules Int'al Sports Tanger	Project HIST In Tangier	Greenfield	18.7	2003
Morocco	France	Groupe Tikida	Tourist project of Tikida Beach, Garden Dunes	Greenfield	81.0	2003
Morocco	France	Fram	The tour operator Fram invests in hotels in Ouarzazate and Zagora	Greenfield	49.7	2003
Morocco	Italy	Ettore Bianchi	Project of Luna Rossa hotel in Nador	Greenfield	25.9	2003
Morocco	UK	Britannic Hotels Company	Millenium Palace Hotel in Agadir	Greenfield	46.0	2003
Morocco	France	Banque Populaire du Val de France	The French Banque Populaire invests in Marrakech Country Club	Portfolio investment	37.2	2003
Morocco	Germany	AGA Founty Invest	Project Thomas Cook In Agadir	Greenfield	25.8	2003
Morocco	United Arab Emirates	ABS Hôtel Properties Ltd	Project of hotel in Marrakech by ABS Hotel Properties Limited Morocco	Greenfield	63.5	2003
Morocco	France	CDG	Creation of a holiday resort in Marrakech	Portfolio investment		2003
Morocco	Italy	Soipa	Soipa to invest 50 million euros in the tourist resort of Asilah marina	Greenfield	49.5	2003
Morocco	United Arab Emirates	Ghantoute	A company from UAE invests in tourism in Marrakech	Greenfield	20.2	2003
Morocco	Spain	FADESA	Creation of a tourist mega-resort with 8 hotels	Greenfield	1 500.0	2003
Syria	Kuwait	Al-Foutouh	Kuwaiti firm launches major tourist project in Syria's Eastern provinces	Rep. office	48	2005
Syria	Kuwait	Al-Foutouh	The firm should build 2 tourist village on the right bank of Assad lake	Rep. office		2005
Syria	Lebanon	Unknown	Lebanese investors will start investment in two new tourist sites in Syria with a capital estimated at \$ 100 million	Rep. office	80	2005
Syria	Saudi Arabia	Int'al Chain Restaurants Company	ICRC is to start investment in Syria next September with \$ 10 millions	Greenfield	8.0	2005

The tourism sector in the Mediterranean countries

Welcoming country	Origin	Investor	Project	Type	FDI (€m)	Year
Syria	United Arab Emirates	Rotana	The Damascus Rotana hotel will be the newest addition to this regional chain when it opens during Summer 2005	Greenfield		2005
Syria	France	Accor	Construction of a 230 room Sofitel in Syria which will be opened by 2008	Greenfield		2005
Syria	United Arab Emirates	Majid Al Futtaim	The Dubai firm, Majid Al Futaim, to invest \$1 billion in Syrian tourism project	Rep. office	804	2005
Syria	Saudi Arabia	Bin Laden	The BinLaden group will build a new tourist resort, Palm Village, in the western suburb of Damascus	Greenfield		2005
Syria	Saudi Arabia	Aqar	Aqar launch the construction of the Souk al-Hijaz commercial resort in Damascus at a cost of 40 million euros	Greenfield	40.2	2005
Syria	United Arab Emirates	Unknown	Emirates investors are building a tourist resort in Lattaquié	Greenfield		2005
Syria	UK	Carwood Investment	Construction of a €160 million tourist resort in Tartous to be financed by British investors	Greenfield	56.3	2005
Syria	Saudi Arabia	Bin Laden	The Binladin group invests in a touristic resort	Greenfield		2004
Syria	UK	Antrados Développement Touris-tique	Important tourism project on the Syrian coast	Greenfield	160.8	2004
Syria	Canada	Four Seasons	Opening of a Four Seasons Hotel in Damascus	Greenfield	100.0	2003
Tunisia	France	Accor	Accor starts the construction of 4 new resorts for € 62 million	Greenfield	21.0	2005
Tunisia	France	Club Méditerranée	Opening of a new resort in the south of Agadir in 2004	Greenfield		2005
Tunisia	France	Eurest	Eurest, the specialised catering company, to invest 15 million euros	Greenfield	15.0	2005
Tunisia	Switzer-land	Le Must Air Marin	The travel agency Le Must Air Marin opens office in Tunis	Greenfield		2004
Tunisia	France	Accor	Accor to open a down town hotel in Tunis	Greenfield	22.0	2004
Tunisia	France	Accor	Accor announced a large investment plan for 2005 in Tunisia of nearly €70 million	Greenfield	70.0	2004
Tunisia	UK	Compass	The n°1 catering company wins the contract to modernize Tunisian airport restaurants	Greenfield		2003
Tunisia	France	Accor	Building of a 250 bedrooms hotel	Greenfield		2003
Turkey	United Arab Emirates	Dubai Int'l Properties	The firm to invest five billion dollars in projects in Istanbul	Greenfield	4.2	2005

Annex 6. List of FDI tourist projects for 2003-2005 (MIPO) in MEDA region

Welcoming country	Origin	Investor	Project	Type	FDI (€m)	Year
Turkey	Spain	Barceló	The Spanish hotel chain Barcelo will invest 75 million euros in Turkey within two years	Rep. office	72.0	2005
Turkey	France	Concorde Hotel	The Concorde Resort-Spa Hotel in the Kundu region in Antalya, southern Turkey, will open in the summer of 2005	Greenfield		2005
Turkey	France	Inconnu	The French to build a thermal resort in Turkey at a cost of €28.5 million	Greenfield	28.5	2005
Turkey	Luxem-burg	UnitInvest	Unitinvest buys Genel Enerji for 0.6 million euros and invest €8 million in 2004	Greenfield	0.6	2005
Turkey	Spain	Serhs	Joint venture with Russian counterpart Natalie Tours to buy Turkish travel agency Casio Tours	Joint-venture		2004
Turkey	Cyprus	Kaya	A Cypriot company has planned the building of 12 hotels in Turkey	Greenfield		2004
Turkey	USA	Radisson Hotels & Resorts	Opening of 3 new hotels planned by the end of 2005	Greenfield		2004

Annex 7. Recommendations of The Blue Plan for development of sustainable tourism

The recommendations of the Blue Plan (UNDP, 1998; UNDP, 2005) notably cover the following points.

Introduction of Mediterranean networks of cooperation

- Bring together a network of the main tourism professionals in the Mediterranean (tour operators, travel agencies, hotel companies and transporters) in order that they undertake, in liaison with the representatives of the CMDD group (Mediterranean Commission for Sustainable Development), a strong and coordinated action of reflection and awareness building on a Mediterranean scale.
- Draw up and distribute guides and manuals on good environmental practices in the tourist sector, based upon existing experience and promote useful information for awareness building in tourists themselves.
- Organise and develop networks for the observation of the impact of tourism on the economy, society, the environment and the cultural heritage, based upon harmonised information bases and distribute the results periodically in collaboration with the European Commission services concerned.

Introduction of a sustainable tourism guidance tool

The integration of tourism necessitates an important reinforcement of the institutional tools adapted to the different stakes and situations highlighted. The group has notably placed the accent on the following points:

- Introduce methods of in-depth confrontation/negotiation between tourism authorities, environmental authorities and the players concerned to define and manage policies for the integration of tourism.
- Involve the players concerned, especially the local populations, in the definition of the objectives for the development of tourist destinations.

Annex 7. Recommendations of The Blue Plan for development of sustainable tourism

- Develop the technical assistance capacities (studies and coordination) to provide a better integration of tourism within sustainable development by the public, professional and local players.
- Reinforce land use planning policies and institutional, legislative, technical and financial tools to better reconcile tourism and the environment and adapted to the diversity of the situations (perspectives, planning, protection of the natural heritage, environmental impact studies, rehabilitation, diversification, support for local players...).
- The seasonal character inherent to tourism is one of the major problems for the tourist destinations. The tourist organisations should promote the implementation of policies to extend the tourist season over the year.

Creation or reinforcement of coordination mechanisms between development, the environment and tourism

- Define clearly the objectives underlying the tourist development strategy drawn up from clearly defined objectives.
- Monitor their accomplishment.
- Carry out impact studies upstream of the objectives and projects (in Tunisia, the impact study is a prior condition to the development study and should be approved by the Ministry of the Environment and Town and Country Planning).

Appreciation of specific problems linked to insularity

- Diversify the insular economies too dependent on tourism so as to spread the tourist frequentation throughout the year and promote new sources of endogenous development.
- Systematically study the cross-border repercussions which the activities carried out in Mediterranean countries cause in the insular regions. Do not finance projects, when it appears that the latter are likely to have negative consequences for the environment of an insular region.

Annex 8. Impact of ICTs on organisation of tourism sector

The accelerated spread of information and communication technologies has led to profound changes in the organisation and management of the sector. In particular, Internet contributes to an increase in the accessibility and a reduction in costs of travel products (growing competition between suppliers, absence of transaction costs and intermediaries). For the suppliers, it is a radical evolution which lowers the access costs to the end user but also increases the competitive pressures. They therefore devote a growing amount of their commercial efforts to Internet (web sites). The direct contact between supplier and consumer also modifies the way in which business is handled (direct sales and negotiations, information made available to customers about rates and products available, speedier supply of services, reduction of cycle lengths, greater reactivity of the market...).

Hotel reservations are the domain where the use of Internet is the most widespread today. This technology therefore creates a marked interest among the large chains which see in it a means of creating customer loyalty, of offering more personalised and better quality products and increasing their market share. This introduces further inequality when compared with the small structures which do not possess the human and financial means necessary for the development of these tools.

By facilitating the direct access of the supplier to the end user, Internet has moreover provoked a process of "disintermediation", making life difficult for the traditional intermediaries, gradually put under competition from new types of intermediary (site, server, market place managers) and causing a general re-definition of the relationships between all the players in the sector (Figure 31).

Figure 31. The rise of the dynamic package deal

This formula of marketing on Internet, which offers, in a single package, diverse and personalised services (flight, hotel, car rental...), was initiated in France by pioneers such as Go-Voyages or even Voyages-sncf.com, which initially depended on the technology of its partner Expédia. The number of French and European sites offering this new functionality has not stopped increasing in recent years. Among others: Lastminute, eBookers, Opodo, Thomas Cook, Anyway....

Its development was doubtless encouraged by the very marked development of impulse buying. The bookings made more than two days before departure represent 5 % of the dynamic packages sold by Go Voyages, and those made less than seven days before, 16 %. These figures are very much greater than those observed in the classic booking circuits. The dynamic package deals have brought flexibility and reactivity to the commercial process.





Printed in May 2006.
Dépôt légal 2nd trimestre 2006.
Printed in the EU.



ANIMA is a European project devoted to helping 10 Southern Mediterranean and Middle Eastern countries partners of the EU ("MEDA" countries: Algeria, Palestinian Authority, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia, Turkey), plus Cyprus and Malta (now EU members), to acquire strategies and tools to attract foreign investments. The Invest in France Agency (AFII), assisted by the ICE (Italy) and the Direction des Investissements (Morocco), is running this project, which is financed by the European Union, MEDA Programme. The City of Marseille, the Region Provence-Alpes-Côte d'Azur and the Invest in France Agency also contributed to the publishing of this study.

The tourism sector in the Mediterranean countries

NOTES & STUDIES N° 17

May 2006

The rapid development of the tourist influx offers the MEDA countries opportunities which until now, depending on the countries, have only partially and unequally been exploited. But in this field, the region possesses an immense potential on the basis of which it is possible to build a tourist activity within the respect of the environment, integrating social life and likely to play a constructive role in the development process.

This prospect has led several countries in the region to introduce ambitious tourism development programmes. To attain these objectives, the contribution of foreign companies will be decisive, whether it concerns a contribution in capital and technical know-how or the conception and commercialisation of tourist products.

So as to encourage these firms (hotel companies, tour operators, retailers) to take a greater interest in the MEDA countries, three channels of complementary action should be implemented: an improvement of the general business environment and the overall image of the region, the mobilisation of all the national players around a tourism development policy with clear and shared objectives, a policy of targeted promotion/prospection with the different categories of international players.

• *Fabrice Hatem, Head of Studies for the ANIMA programme within the Invest in France Agency (AFII) has coordinated this collective effort, undertaken with the participation of Imen Mkhinini, Perle Guilloux, Pauline Gautier, Christophe Saint-Martin, Bénédicte de Saint-Laurent and the MEDA IPAs.*