Tourism Update: Development of Civil Aviation and Promotion of Regional Tourism

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More access by global and regional carriers to domestic airports would encourage development of the tourism industry in the Middle East. But such a move must be accompanied or even preceded by the development of tourism infrastructure, ranging from hotels near key destinations to airport expansion. Those conclusions emerged as the consensus among a panel of industry experts.

The session addressed the practical issues facing the tourism and airline industries, albeit within the confines of other obvious challenges to the region. "The political situation is more difficult than perhaps it has ever been," admitted Thomas R. Pickering, Senior Vice President, International Relations, The Boeing Company, USA. But Pickering added quickly that potential exists in several niches of the travel market, including outbound tourism (for the airlines); increased interest in historical and archaeological sites; and the emerging "sun, fun and shopping" attractions in the southern Gulf. As said moderator Geoffrey Lipman, Special Adviser to Secretary General, World Tourism Organization (WTO), Spain: "We are all here because we are realistic optimists about this sector of the economy. Aviation and tourism, if allowed to grow, can be catalysts. And though tourism cannot bring peace, it can help solidify peace once it is established."

Only recently have oil producing nations begun to recognize and develop their potential as tourism destinations, said Akbar Al Baker, Chief Executive Officer, Qatar Airways, Qatar. "The second most important resource after natural reserves is tourism," he said. "Tourism in our region is always perceived as plagued by terrorism and upheaval, but that comes more from the media than from reality."

Countries in the region find themselves at different stages of development in terms of the strengths of their national carriers and tourism infrastructure, said Dan Lewis, President, Booz Allen Hamilton, USA. Therefore countries should move at varying speeds toward opening their markets. "Uniformly, in the long run, an open skies policy (free access by all carriers to domestic airports) is desirable," he said. "But if the basic infrastructure is not in place, you need to start building it first and liberalize later."

As a general rule, added Pickering, "The states with the strongest airlines have less tourism infrastructure and potential, and those with more tourism potential have airlines that are less able to anticipate changes in the (air transportation) market."

Given different national objectives and different degrees of liberalization to date, many countries may start forging bilateral agreements to selectively open up their airports to foreigners, said Samer A. Majali, President and CEO, Royal Jordanian, Jordan. Majali said his country will fully open domestic competition in 2010, and liberalization of access to international carriers is moving even more quickly. "As we move to open skies, we must weigh the benefits to Jordan versus the risks," he pointed out. "We need to ensure fair play so that everyone is operating under the same conditions, without subsidies. Initially we will need to start with bilateral agreements between like minded states and like minded airlines."

Al Baker applauded Lebanon's recent decision to adopt an open skies policy, despite protests from its national carrier. He cited statistics from India showing that during the duration of a brief four month open skies policy, both air traffic and tourism revenues jumped considerably. Lipman cited a US study showing that for every airline job saved by protectionism, four jobs are lost in the tourism sector.

China is an example of a country that is liberalizing its airport access policy, according to Augustus K. W. Tang, Director, Corporate Planning, Cathay Pacific Airways, Hong Kong SAR. "It is looking at the overall importance to

the economy," he said. Still, a strong domestic carrier is important to most countries. "If you look at the big cities that are major network hubs, all are served by important national carriers," he said. "You cannot underestimate the importance of a strong local carrier."

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