

Assessing Travel & Tourism Competitiveness in the Arab World

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There is a growing consensus among policymakers and analysts that a very effective means by which Arab countries can achieve sustainable growth is the promotion of trade in services. The Arab world largely missed out on the surge in global trade and investment experienced by developing nations during the 1980s and 1990s, and, to date, the region's integration in world trade remains low. By modernizing key services such as transport, telecommunications, power, and financial services, countries in the region can tap into the growing global trade in services, the fastest-growing area of international trade.

In this regard, Travel and Tourism (T&T) has become an important focal point for policymakers in the Arab world. Over the past several decades, the T&T sector has risen significantly worldwide, becoming an important driver of growth and employment. In 1950, international tourism arrivals totaled 25.3 million; this had grown to 806.8 million by 2005, a nearly 32-fold increase.

Many countries in the Arab region have a natural competitive advantage in the T&T sector. The many cultural heritage sites, natural beauty, and warm climate make it an attractive destination for tourists from around the world. Furthermore, its strategic location between Asia and Europe provides a natural stopover point for international travelers and transport vessels. T&T services in the Middle East and North Africa promise to be a major driver of regional economies in the future.

Travel & Tourism in the Arab region

The T&T industry has taken on a growing importance in the Arab world, which has experienced a significant increase in tourism over the past decade. According to the World Tourism Organization (UNWTO), the Middle East's average annual increase in tourist arrivals between 2000 and 2004 was 9.5 percent, the fastest growth of any region and comparable with worldwide T&T growth of 2.7 percent during the same period.¹ Importantly, the T&T sector in the Arab world has proven resilient to regional conflict and security concerns. Most recently, the Israel-Lebanon conflict of 2006 saw the tourism industry rebound rapidly after a short-lived decline. Similarly, although the United States experienced a significant decline in tourism following September 11, 2001, this was not the case in the Arab world. Tourism remained strong due in large part to an increase in intraregional tourism.²

Table 1a provides a historical perspective of the industry's growth in the region over the past decade, showing the evolution of international tourist arrivals and receipts between 1995 and 2005. The table shows the impressive growth in tourism over the decade. Arrivals more than doubled over the period. Specifically, countries such as Algeria, Egypt, Libya, and Saudi Arabia saw a tripling of arrivals and the increase was even more

impressive in countries such as Oman, Syria, and Yemen (albeit in these three cases rising from a low level). In parallel with the arrivals, tourism receipts have also developed positively, especially in Bahrain, Morocco, and the United Arab Emirates, and even more strikingly in Algeria, Libya, and Yemen.

The T&T sector is now an important employer in many Arab countries, providing many jobs particularly in the countries of North Africa, Bahrain, Jordan, and Syria. At the regional level, the World Travel & Tourism Council (WTTC) estimates that the T&T sector accounts for 3.7 percent of total employment in the Middle East and 6.3 percent of total employment in North Africa. Both of these figures are expected to rise in the coming decade.³

Table 1b provides information on employment and GDP generated by the T&T industry in 2006 as well as forecasts for these indicators over the coming decade.

The table shows that the T&T industry is an important employer in many countries, especially in Bahrain, Jordan, Morocco and Tunisia. The sector's contribution to employment creation is expected to increase in coming years, particularly in countries that are starting from a low base. In more than half of the countries the predicted rate of employment creation lies above the overall employment growth in the MENA region between 2000 and 2005, which averaged 4.0 percent (see Chapter 1.3 by Dyer and Yousef in this volume). The table also shows the importance of the T&T industry for economic activity, especially in countries such as Bahrain, Egypt, Jordan, Morocco and Tunisia. As the forecast numbers show it is expected to contribute increasingly to overall GDP in coming years across the region.

Despite the excellent growth numbers and the positive outlook, there remains significant untapped potential, given the extraordinary growth in world tourism over the same period. In 1990, the Middle East's 9.6 million arrivals accounted for just 2.2 percent of international tourist arrivals. In the same year, tourist arrivals in all of Africa, including North Africa, were just 15.2 million.⁴ Today, Travel & Tourism in the Arab world still accounts for only about 6 percent of international tourist arrivals showing the growth opportunities that remain for the sector.

The potential for Travel & Tourism in the region should not be underestimated. Within the Arab world, the T&T industry helps to reduce dependency on oil revenues and attracts foreign currency while providing employment opportunities and lowering unemployment. In this context, it is not surprising that many governments in the region have recognized the importance of Travel & Tourism for diversifying and growing their economies and have placed the T&T sector increasingly at the center of regional policymaking. This has led many of them to pursue tourism-friendly strategies, such as improvements in border facilities and an easing of visa requirements. Many countries have embarked on important destination-

Table 1a: Selected Travel & Tourism indicators for Arab world countries: Tourist arrivals and tourism receipts

Country	International tourist arrivals (thousands)		International tourism receipts (US\$ millions)	
	1995	2005	1995	2005
Algeria	520	1,443	33	178*
Bahrain	1,396	3,914	247	920
Egypt	2,871	8,244	2,684	6,851
Jordan	1,075	2,987	660	1,441
Kuwait	72	91*	121	164
Lebanon	450	1,140	n/a	n/a
Libya	56	149*	2	218*
Mauritania	n/a	n/a	11	n/a
Morocco	2,602	5,843	1,296	4,617
Oman	279	1,195*	n/a	481
Qatar	309	732*	n/a	760
Saudi Arabia	3,325	9,100	n/a	6,111
Syria	815	3,368	1,258	2,175
Tunisia	4,120	6,378	1,530	2,063
United Arab Emirates	2,315	5,871**	632	2,200
Yemen	61	336	50	262

Source: UNWTO, various years.

*2004

**2003

marketing and promotion campaigns in an effort to better communicate to potential travelers their traditional attributes and emerging offerings. In these efforts, Arab policymakers have increasingly targeted new markets, particularly in Asia and "untapped" parts of Europe.⁵

The increasing importance of the T&T sector in the region has been accompanied by significant levels of private and public investment in tourism-related infrastructure in recent years, including accommodation, transportation, theme parks, and resorts. This investment has been facilitated in many countries, particularly in the Gulf, by sustained high oil prices.⁶ The air transport infrastructure in the Middle East is developing rapidly—the number of passengers increased fourfold between 1999 and 2005. To support this demand, airlines are placing substantial aircraft orders, adopting modern reservation and commercial technologies, and investing heavily in primary and secondary airports.⁷

Overall, it is estimated that capital investment in Travel & Tourism-related infrastructure accounts for more than 10 percent of total investment in the Arab world.⁸ As well as supporting T&T development, many of the infrastructure improvements resulting from this investment will have important spillover effects, improving overall productivity and economic competitiveness. Given the importance of T&T investment for the Arab world, and the related strategies that many countries have adopted to develop the industry's potential, an analysis of the factors and policies driving the sector's competitiveness is highly relevant. This chapter intends to provide such an analysis, focusing on results from the recently launched Travel & Tourism Competitiveness Index.

Table 1b: Selected Travel & Tourism indicators for Arab world countries: Travel & Tourism industry employment and GDP

Country	T&T industry employment			T&T industry GDP		
	Jobs (thousands) 2006 estimates	Percent of total 2006 estimates	Annual growth in percent 2007–16 (forecast)	In US\$ millions 2006 estimates	Percent of total 2006 estimates	Annual growth in percent 2007–16 (forecast)
Algeria	121	1.4	5.2	1,581	1.5	7.0
Bahrain	38	11.0	3.8	1,137	8.3	5.8
Egypt	1,313	6.7	1.8	8,374	7.9	5.0
Jordan	147	8.7	2.6	1,250	9.2	4.2
Kuwait	22	1.9	7.0	923	1.3	5.9
Lebanon	52	3.1	5.5	690	3.0	6.7
Libya	50	3.5	4.1	1,092	2.5	7.4
Mauritania	n/a	n/a	n/a	n/a	n/a	n/a
Morocco	1,036	8.8	3.3	5,601	10.1	4.6
Oman	28	3.6	4.3	723	2.6	5.1
Qatar	7	2.0	2.8	524	1.4	5.2
Saudi Arabia	90	2.8	3.9	6,805	2.0	4.1
Syria	417	7.3	5.1	1,556	6.4	3.9
Tunisia	271	9.0	2.2	2,760	9.2	4.7
United Arab Emirates	40	1.6	5.3	1,483	1.1	8.7
Yemen	85	1.5	4.9	308	1.8	4.6

Source: WTTC, 2006c.

The Travel & Tourism Competitiveness Index

The World Economic Forum launched the first Travel & Tourism Competitiveness Index (TTCI) in March 2007. The TTCI aims to measure the factors and policies that make it attractive to develop the T&T sector in different countries. The goal of the Index is twofold. First, by providing a cross-country analysis of the drivers of T&T competitiveness, the study provides the industry with useful comparative information and an important benchmarking tool for making decisions related to business and industry development. Second and more importantly, the analysis provides an opportunity for the T&T industry to highlight to national policymakers the obstacles to T&T competitiveness that require policy attention, enabling dialogue between the private and public sectors about improving the T&T environment at the national level.⁹

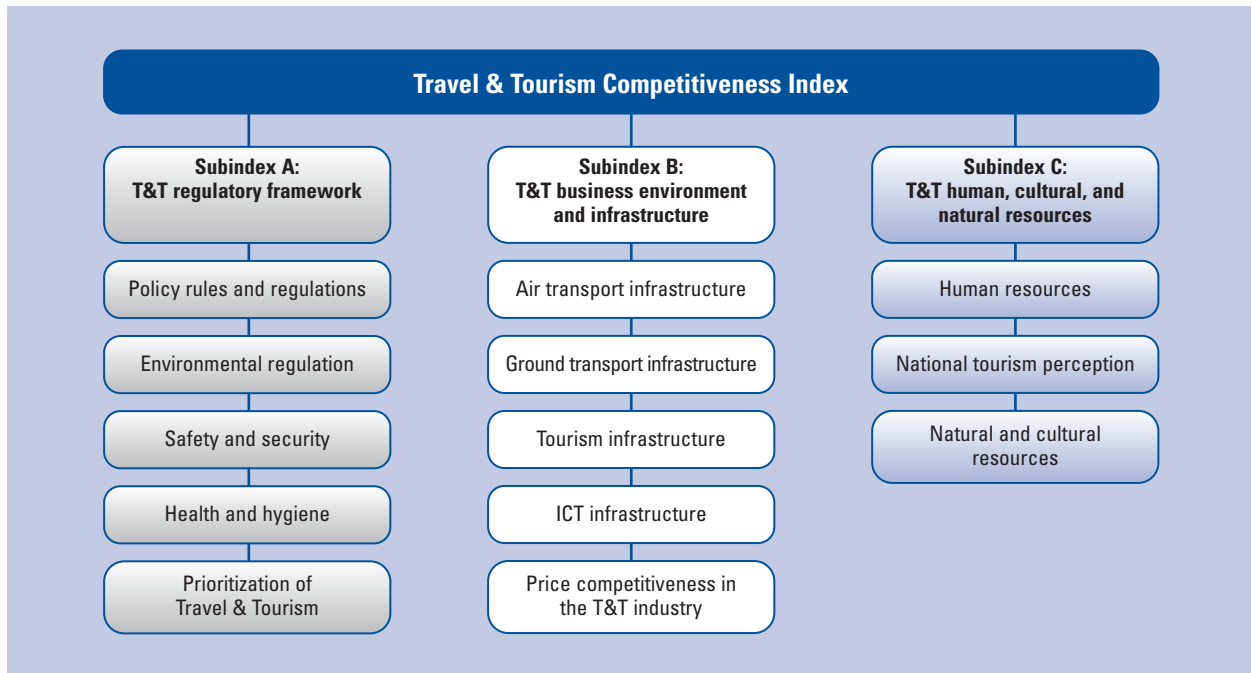
The TTCI measures the T&T competitiveness of 124 economies covering all the world's regions. It is based on three broad categories of variables that facilitate or drive T&T competitiveness. These categories are summarized into the three subindexes: (1) the T&T regulatory framework subindex, (2) the T&T business environment and infrastructure subindex, and (3) the T&T human, cultural, and natural resources subindex. The first subindex captures those elements that are policy-related and generally under the purview of the government, the second subindex captures elements of the business environment and the “hard” infrastructure of each economy, and the third subindex captures the “softer” human and cultural elements of each country's resource endowments.

In turn, each of these three subindexes is composed of a number of “pillars” of T&T competitiveness, of which there are 13 in all. These are:

1. *Policy rules and regulations*
2. *Environmental regulation*
3. *Safety and security*
4. *Health and hygiene*
5. *Prioritization of Travel & Tourism*
6. *Air transport infrastructure*
7. *Ground transport infrastructure*
8. *Tourism infrastructure*
9. *ICT infrastructure*
10. *Price competitiveness in the T&T industry*
11. *Human resources*
12. *National tourism perception*
13. *Natural and cultural resources*

Figure 1 summarizes the structure of the overall Index, showing how the 13 component pillars are allocated within the three subindexes.

Each of the pillars is, in turn, made up of a number of individual variables. The underlying dataset includes both hard data and Survey data from the World Economic Forum's annual Executive Opinion Survey. The hard data were obtained from publicly available sources, international T&T institutions, and T&T experts (for example, IATA, the International Civil Aviation Organization, UNWTO, WTTC, and UNESCO). The Survey is carried out among CEOs and top business leaders in all of the economies covered by our research. Since these are the people making the investment

Figure 1: Composition of the three subindexes of the Travel & Tourism Competitiveness Index

decisions in their respective economies, the Survey provides unique data on many qualitative institutional and business environment issues.

The overall score for each country is derived as an unweighted average of the three subindexes. The details of the specific variables included in the TTCI are shown in the appendix to this chapter. For further details on the construction and composition of the Index, see Chapter 1.1 in *The Travel & Tourism Competitiveness Report 2007*.

The TTCI 2007 results for the Arab world: A regional snapshot

Tables 2, 3, 4, and 5 show the rankings and scores of the 10 Arab countries included in this year's assessment (based on data availability). They include Algeria, Bahrain, Egypt, Jordan, Kuwait, Mauritania, Morocco, Qatar, Tunisia, and the United Arab Emirates (UAE). Scores are on a scale of 1 to 7, with higher scores reflecting stronger performance. For comparison, we also include the top performers from each region, as well as a number of countries that offer interesting comparisons for the region because of size or development level. These comparisons provide an international context to the regional ranking.¹⁰

Table 6 displays the best performer in the region for each of the 13 pillars composing the TTCI. For reference, the last line of the table shows the global leader in each pillar out of all 124 economies covered.

The regional picture emerging from these results is rather mixed, reflecting heterogeneous T&T performances.

These range from the world-class T&T competitiveness of the top regional performer, the United Arab Emirates (18th), to the much weaker performances of Mauritania (92nd) and Algeria (93rd). The remaining Arab world countries are scattered between these extremes. It is worth noting how the T&T industry impacts the different economies in the region in different ways, as shown in Tables 1a and 1b. For example, annual international tourist arrivals differ significantly from country to country, from the large numbers entering Saudi Arabia (9.1 million) and Egypt (8.2 million) to the much fewer arrivals for smaller countries such as Qatar (732 thousand) and Kuwait (91 thousand). Similarly, the industry's contribution to national GDP varies from 9 to 10 percent in the cases of Jordan, Morocco, and Tunisia, to as low as 1 to 1.5 percent in the cases of Algeria, Kuwait, Qatar, and the United Arab Emirates. Likewise, the T&T industry has a varied impact on national levels of employment, accounting for nearly 10 percent of total employment in countries such as Bahrain and Tunisia to around 1.5 percent for Algeria and the United Arab Emirates.

Moreover, Table 6 allows for some interesting cross-regional analysis at the pillar level. Starting with the *T&T regulatory framework*, the region has an overall average ranking of 69.4, but individual countries present rather diverse performances. Jordan (29th) and, to a certain extent, Tunisia (42nd) and Morocco (48th) have policy rules and regulations that are quite conducive to T&T industry development, including visa requirements that are not very restrictive, policies that encourage

Table 2. The Travel & Tourism Competitiveness Index 2007: Arab world and selected comparators

Country/Economy	SUBINDEXES							
	OVERALL INDEX		Regulatory framework		Business environment and infrastructure		Human, cultural, and natural resources	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Switzerland	1	5.66	2	5.80	2	5.36	2	5.81
Hong Kong SAR	6	5.33	4	5.75	14	4.81	14	5.44
France	12	5.23	13	5.34	5	5.10	28	5.27
Spain	15	5.18	25	5.15	7	5.05	19	5.34
United Arab Emirates	18	5.09	18	5.28	19	4.68	24	5.31
Cyprus	20	5.07	29	5.09	23	4.50	3	5.62
Estonia	28	4.90	32	5.07	25	4.45	34	5.18
Barbados	29	4.86	31	5.08	36	4.14	17	5.38
Malaysia	31	4.80	27	5.12	27	4.44	57	4.84
Israel	32	4.80	36	4.93	33	4.28	35	5.18
Tunisia	34	4.76	12	5.34	47	3.77	37	5.15
Qatar	36	4.71	34	5.04	39	4.10	49	4.99
Croatia	38	4.66	58	4.37	40	4.06	11	5.55
Mauritius	39	4.63	35	4.96	46	3.77	39	5.15
Costa Rica	41	4.60	39	4.80	52	3.66	20	5.34
Jordan	46	4.52	30	5.09	54	3.65	58	4.82
Bahrain	47	4.45	61	4.24	34	4.24	54	4.86
Turkey	52	4.32	53	4.45	63	3.49	48	5.00
Morocco	57	4.27	47	4.60	72	3.27	52	4.93
Egypt	58	4.24	50	4.52	60	3.51	68	4.70
South Africa	62	4.18	59	4.35	44	3.81	96	4.37
Kuwait	67	4.08	71	4.07	50	3.71	86	4.46
Mauritania	92	3.71	95	3.68	97	2.80	74	4.67
Algeria	93	3.67	89	3.81	93	2.82	97	4.37

Table 3. The Travel & Tourism Competitiveness Index 2007: Regulatory framework subindex

Country/Economy	PILLARS											
	Regulatory framework		Policy rules and regulations		Environmental regulation		Safety and security		Health and hygiene		Prioritization of Travel & Tourism	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Algeria	89	3.81	113	3.37	82	3.66	74	4.18	53	4.91	109	2.92
Bahrain	61	4.24	62	4.71	77	3.74	61	4.55	61	4.76	81	3.46
Barbados	31	5.08	27	5.24	42	4.43	35	5.13	42	5.40	11	5.19
Costa Rica	39	4.80	17	5.40	35	4.63	67	4.40	50	5.05	34	4.54
Croatia	58	4.37	72	4.55	52	4.26	63	4.54	66	4.59	57	3.89
Cyprus	29	5.09	49	4.87	53	4.26	34	5.17	36	5.69	4	5.49
Egypt	50	4.52	69	4.59	75	3.79	64	4.54	69	4.50	12	5.18
Estonia	32	5.07	47	4.92	32	4.78	28	5.25	30	5.75	28	4.67
France	13	5.34	40	5.00	15	5.50	29	5.22	9	6.27	27	4.69
Hong Kong SAR	4	5.75	2	5.76	24	5.11	6	6.07	1	6.62	13	5.18
Israel	36	4.93	30	5.18	30	4.86	69	4.34	7	6.31	53	3.93
Jordan	30	5.09	29	5.18	56	4.21	19	5.53	41	5.41	17	5.10
Kuwait	71	4.07	100	3.69	96	3.35	22	5.38	37	5.67	120	2.28
Malaysia	27	5.12	26	5.25	20	5.31	26	5.30	62	4.75	21	4.98
Mauritania	95	3.68	112	3.38	98	3.34	54	4.71	115	3.05	55	3.90
Mauritius	35	4.96	63	4.67	34	4.67	40	4.95	46	5.25	9	5.24
Morocco	47	4.60	48	4.90	64	3.97	43	4.88	81	4.11	15	5.16
Qatar	34	5.04	65	4.66	29	4.89	17	5.61	24	5.88	40	4.17
South Africa	59	4.35	46	4.94	28	4.97	95	3.77	82	4.10	51	3.99
Spain	25	5.15	45	4.95	40	4.51	46	4.84	21	5.93	3	5.54
Switzerland	2	5.80	21	5.33	4	6.04	5	6.08	8	6.29	8	5.28
Tunisia	12	5.34	42	4.98	16	5.47	14	5.64	52	5.02	1	5.59
Turkey	53	4.45	51	4.82	61	4.04	56	4.61	54	4.90	54	3.91
United Arab Emirates	18	5.28	54	4.78	25	5.07	10	5.83	25	5.84	23	4.85

Table 4. The Travel & Tourism Competitiveness Index 2007: Business environment and infrastructure subindex

Country/Economy	PILLARS											
	Business environment and infrastructure		Air transport infrastructure		Ground transport infrastructure		Tourism infrastructure		ICT infrastructure		Price competitiveness in T&T industry	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Algeria	93	2.82	101	2.25	78	3.00	114	1.69	118	1.63	9	5.52
Bahrain	34	4.24	27	3.95	39	4.21	31	4.18	52	3.00	3	5.84
Barbados	36	4.14	53	3.22	41	4.14	42	3.78	25	4.62	33	4.93
Costa Rica	52	3.66	44	3.49	93	2.59	36	4.10	45	3.32	42	4.83
Croatia	40	4.06	80	2.71	46	3.98	11	5.73	34	3.79	96	4.09
Cyprus	23	4.50	34	3.83	51	3.84	5	6.10	31	4.26	72	4.48
Egypt	60	3.51	49	3.35	58	3.73	85	2.39	74	2.39	5	5.68
Estonia	25	4.45	56	3.17	31	4.48	21	4.84	19	4.86	34	4.92
France	5	5.10	4	5.45	4	6.44	15	5.40	21	4.83	118	3.35
Hong Kong SAR	14	4.81	12	4.83	2	6.46	70	2.79	16	4.98	31	4.98
Israel	33	4.28	40	3.59	24	4.94	41	3.79	23	4.78	78	4.32
Jordan	54	3.65	67	2.88	47	3.95	49	3.56	72	2.44	12	5.42
Kuwait	50	3.71	62	3.06	43	4.02	52	3.49	53	2.98	29	5.01
Malaysia	27	4.44	31	3.91	15	5.58	60	3.14	37	3.69	2	5.89
Mauritania	97	2.80	111	2.03	99	2.47	72	2.71	96	1.90	38	4.88
Mauritius	46	3.77	60	3.12	53	3.79	38	3.99	59	2.75	20	5.23
Morocco	72	3.27	83	2.66	54	3.78	62	3.11	92	2.02	46	4.76
Qatar	39	4.10	29	3.93	48	3.94	26	4.40	49	3.12	25	5.12
South Africa	44	3.81	30	3.92	35	4.34	48	3.58	70	2.46	48	4.74
Spain	7	5.05	7	5.17	18	5.42	2	6.80	32	3.93	105	3.93
Switzerland	2	5.36	9	4.97	5	6.36	4	6.48	9	5.54	115	3.46
Tunisia	47	3.77	78	2.74	27	4.78	45	3.70	69	2.46	23	5.17
Turkey	63	3.49	51	3.34	59	3.66	55	3.30	54	2.95	86	4.21
United Arab Emirates	19	4.68	8	5.05	26	4.82	24	4.47	42	3.53	8	5.53

Table 5. The Travel & Tourism Competitiveness Index 2007: Human, cultural, and natural resources subindex

Country/Economy	PILLARS							
	Human, cultural, and natural resources		Human resources		National tourism perception		Natural and cultural resources	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Algeria	97	4.37	86	4.82	114	4.01	65	4.28
Bahrain	54	4.86	79	4.94	36	5.37	66	4.27
Barbados	17	5.38	42	5.32	2	6.56	68	4.25
Costa Rica	20	5.34	28	5.49	39	5.30	28	5.22
Croatia	11	5.55	54	5.22	4	6.52	36	4.90
Cyprus	3	5.62	49	5.24	5	6.48	31	5.15
Egypt	68	4.70	69	5.06	85	4.55	55	4.49
Estonia	34	5.18	30	5.45	31	5.54	49	4.54
France	28	5.27	32	5.42	96	4.42	9	5.95
Hong Kong SAR	14	5.44	7	5.93	27	5.60	39	4.78
Israel	35	5.18	13	5.69	78	4.61	27	5.23
Jordan	58	4.82	63	5.13	34	5.51	86	3.83
Kuwait	86	4.46	16	5.64	117	3.94	89	3.80
Malaysia	57	4.84	34	5.38	26	5.64	101	3.52
Mauritania	74	4.67	101	4.19	1	6.58	110	3.23
Mauritius	39	5.15	89	4.80	14	6.10	50	4.54
Morocco	52	4.93	72	5.04	45	5.24	52	4.50
Qatar	49	4.99	19	5.60	41	5.28	75	4.08
South Africa	96	4.37	111	3.64	56	5.08	59	4.40
Spain	19	5.34	45	5.30	55	5.09	17	5.62
Switzerland	2	5.81	1	6.25	62	4.88	6	6.30
Tunisia	37	5.15	22	5.54	50	5.17	40	4.75
Turkey	48	5.00	65	5.09	43	5.28	47	4.63
United Arab Emirates	24	5.31	29	5.47	3	6.53	80	3.92

Table 6. The Travel & Tourism Competitiveness Index 2007: Top performer per pillar

Country/ Economy	Policy rules and regulations	Environmental regulations	Safety and security	Health and Hygiene	Prioritization of T&T strategies	Air transport infrastructure	Ground transport infrastructure	Tourism infrastructure	ICT infrastructure	Price competitiveness of the T&T industry	Human resources	National tourism perception	Natural and cultural resources
Algeria	113	82	74	53	109	101	78	114	118	9	86	114	65
Bahrain	62	77	61	61	81	27	39	31	52	3	79	36	66
Egypt	69	75	64	69	12	49	58	85	74	5	69	85	55
Kuwait	100	96	22	37	120	62	43	52	53	29	16	117	89
Jordan	29	56	19	41	17	67	47	49	72	12	63	34	86
Mauritania	112	98	54	115	55	111	99	72	96	38	101	1	110
Morocco	48	64	43	81	15	83	54	62	92	46	72	45	52
Qatar	65	29	17	24	40	29	48	26	49	25	19	41	75
Tunisia	42	16	14	52	1	78	27	45	69	23	22	50	40
UAE	54	25	10	25	23	8	26	24	42	8	29	3	80
Global top performer	Singapore	Denmark	Finland	Hong Kong SAR	Tunisia	United States	Germany	Austria	Sweden	Indonesia	Switzerland	Mauritania	Germany

FDI and foreign ownership, and open bilateral air service agreements. On the other hand, Algeria (113th), Mauritania (112th), and Kuwait (100th) maintain regulations that are among the least Travel & Tourism friendly of all countries assessed.

In the related issue of *environmental regulations*, the Arab world as a whole registers an average ranking of 61.8. Countries such as Tunisia (16th), the United Arab Emirates (25th), and Qatar (29th) have strong levels of environmental protection and are prioritizing the sustainable development of the T&T industry. The rest of the countries are distributed rather uniformly between the 64th rank of Morocco and the 98th rank of Mauritania. This suggests that although sustainable tourism is increasingly finding its place in the policy agendas of countries in the region, it does not yet seem to be a priority for some, such as Algeria (82nd), Kuwait (96th), or Mauritania (98th).

The region ranks well with regard to the *safety and security* environment (a regional average rank of 37.8, the second best among the 13 pillars). Indeed, 7 out of the 10 countries covered are in the top half of the ranking, with the United Arab Emirates (10th), Tunisia (14th), Qatar (17th), and Jordan (19th) having achieved safety and security levels that are among the best in the world. In particular, a number of Arab world countries stand out for their efficient and reliable police services, the negligible business cost of crime and violence, and, in some cases, the low or moderate terrorism risk. This reflects the effectiveness of efforts made by some governments and national actors throughout the region to combat terrorism and increase levels of security.

With an average ranking of 55.8, regional *health and hygiene* standards show some margin for improvement. Aside from Qatar (24th), the United Arab Emirates

(25th), and, to a certain extent, Kuwait (37th), many countries in the region are characterized by limited access to improved drinking water and sanitation and by a rather low physician density. Mauritania, ranked 115th, lags way behind the second-worst performer, Morocco (81st). Improving the regional health and hygiene levels must be considered a priority to increase the region's T&T competitiveness.

With regard to the *prioritization of the T&T sector*, the overall regional ranking of 47.3 conceals a large variety in country-specific policies and achievements. Outcomes range from that of Tunisia—ranked 1st out of all 124 countries due to its effective, targeted destination-marketing strategies—to Kuwait, which at 120th seems to attach little priority to the T&T sector in its national agenda. Predictably, the largest tourist destinations in the region, Egypt and Morocco, rank quite highly in this category, at 12th and 15th respectively. They are followed by Jordan (17th) and the United Arab Emirates (23rd). The high rankings of these countries demonstrate that there are strong regional examples to be emulated by those countries lagging behind in this area.

Looking at the four pillars assessing the state of T&T infrastructure in the region, the average rankings are somewhat mediocre (61.5, 51.9, 56.0, and 71.7 for air transport, ground transport, tourism, and ICT infrastructure respectively). In terms of quality of the *air transport infrastructure*, there seems to be a clear divide between a few Gulf states, such as United Arab Emirates (8th), Bahrain (27th), and Qatar (29th), which have established themselves into major regional hubs, and the others, particularly Mauritania (111th) and Algeria (101st). These Gulf states have developed high-quality air transport infrastructures, a large number of operating airlines given their size, significant numbers of aircraft

departures, and international air transport networks that link them to key markets overseas. This demonstrates the potential for the region in the growing air transport sector, which is so critical to overall T&T competitiveness.

The *ground transport infrastructure* presents less regional variance, with the United Arab Emirates (26th), Tunisia (27th), and Bahrain (39th) presenting the most developed and efficient roads, ports, and railways in the Arab world. Most other countries lie in the middle of the rankings, although Mauritania (99th) and Algeria (78th) lag behind the rest. Although most countries are in the top half of the rankings in this area, it is clear that some upgrading of the ground transport infrastructure is warranted to bring the region up to world-class levels. Similarly, the *tourism infrastructure* is especially well developed in the United Arab Emirates (24th), Qatar (26th), and Bahrain (31st), with good hotel infrastructure, extensive car rental facilities, and ATM networks. On the other hand, Algeria (114th) and, to a lesser extent, Egypt (85th) and Mauritania (72nd) would be well served by upgrading and extending their respective tourism infrastructures.

ICT infrastructure is one of the two areas of T&T competitiveness in which the region demonstrates the weakest performance. Indeed, the best regional performers in this pillar are the United Arab Emirates and Qatar, at a mediocre 42nd and 45th position, respectively. The other countries are distributed at the bottom half of the global rankings, and Algeria (118th), Mauritania (96th), and Morocco (92nd) display particularly discouraging standings. Given the importance of ICT adoption—not only for the T&T sector, but for all industries and the economy’s productivity as a whole—a special effort should be made to enhance regional levels of ICT readiness and to upgrade the regional ICT infrastructure. The United Arab Emirates has been in the forefront of ICT progress in the region, investing heavily in ICT infrastructure and launching several cluster initiatives in this sense, including the Dubai Media City, the Dubai Internet City, and the Knowledge Village.¹¹

The *price competitiveness of the T&T industry*, with an average regional score of 19.8, is the area in which the region is most strongly assessed. Notwithstanding rather high price levels in a number of countries in the region, they are assessed well as a result of low comparative fuel prices and overall tax rates, as well as low ticket taxes and airport charges. Bahrain (3rd), Egypt (5th), the United Arab Emirates (8th), and Algeria (9th) are ranked among the top 10 globally, while the lowest-ranked regional performer, Morocco, still places at a moderately high 46th position.

The region ranks 55.6 on average for the quality of its *human resources*. Once again, we see a large variation in the regional rankings, with 4 out of the 10 countries covered (Kuwait, Qatar, Tunisia, and the United Arab Emirates at 16th, 19th, 22nd, and 29th respectively) in the top 30 and all other countries among the bottom

half of the global rankings. Mauritania lags behind the rest of the Arab world at 101st. It is important to note that education, at all levels, is a particularly problematic area for all countries, including the Gulf states. Tackling this problem will require significant investment in improving the quality of teaching, ensuring that educational institutions perform at international standards and that school curricula reflect the demands of rapidly changing modern economies. On a positive note, a number of national initiatives have been launched to this end.

The pillar assessing national *tourism perception*—with an average regional ranking of 71.8—shows a high degree of diversity among the 10 countries covered. The populations of Mauritania (1st) and the United Arab Emirates (3rd) demonstrate an extremely welcoming attitude toward tourists and international travelers, as well as high degrees of tourism openness. On the other side of the spectrum, tourism perceptions in Kuwait (117th) and Algeria (114th) receive among the weakest assessments of all countries covered, with a perceived lack of openness toward visitors and tourism as a whole. The rather low tourism perception of the latter countries mirrors a similar lack of prioritization of the sector by the respective governments. Improvements in these areas would help them to more fully leverage the enormous opportunities offered by the T&T industry.

Finally, the region registers an average rank of 71.8 for its *natural and cultural resources*. This can be attributed to the relatively few UNESCO World Heritage sites in some countries and to the low percentages of nationally protected land areas throughout the region. Even the best regional performers (Tunisia, Morocco, and Egypt) receive rankings of 40th, 52nd, and 55th respectively. The remaining countries are all in the bottom half of the global rankings. While this demonstrates that for some countries it may be a bit more difficult to attract tourists, it is by no means an obstacle that cannot be overcome given sufficient strengths in the other critical areas of T&T competitiveness, as the T&T success of the United Arab Emirates shows.

The T&T competitiveness of individual Arab countries

Having looked at the general picture for the region’s T&T competitiveness, the rest of this chapter will focus on the country-specific T&T performances. The analysis below details particular areas of strength or weakness for each assessed country on the level of subindex, pillar, and individual indicator.

United Arab Emirates

The United Arab Emirates, ranked 18th and with an overall score of 5.09 (out of seven), is the highest-ranked country in the region, well ahead of the second-best regional performer, Tunisia (34th), and performing better than most international comparators. The country

demonstrates a rather even performance in all the three TTCI subindexes (18th in the T&T regulatory framework, 19th in the T&T business and infrastructure, and 24th in T&T human, cultural, and natural resources).

The United Arab Emirates is characterized by excellent safety and security (ranked 14th), notably for the reliability of the police to protect from crime and the negligible business cost of crime and violence. The country's air transport infrastructure also gets good marks (8th) due to a well-developed and high-quality air transport network. Indeed, the United Arab Emirates has been at the forefront of the extraordinary growth experienced by the Middle Eastern air transport sector in recent years, with the Dubai airport establishing itself as a primary regional hub. The United Arab Emirates is also rated strongly for its overall price competitiveness (8th), notwithstanding a high price level (the country's high price level places it 101st), which is offset by extremely low ticket taxes and airport charges, low comparative fuel prices, and low taxation more generally.

The country's tourism perception is strongly rated (3rd), which is explained by the welcoming attitude toward tourists and travelers (5th) and an eagerness of business executives to recommend that important business contacts extend their business trips for leisure tourism in the country (7th). This perception is mirrored by a strong prioritization of the T&T sector in the government agenda (ranked 4th). The country maintains an important presence at the main T&T fairs and events worldwide, and has carried out effective destination-marketing campaigns (ranked 1st out of all countries covered).

Our data show that the United Arab Emirates could strengthen its performance further by focusing on a few remaining obstacles to T&T competitiveness. For example, the country's regulatory environment (ranked 54th) is not fully conducive to T&T sector development. Regulations limit foreign ownership (93rd), bilateral air service agreements are not assessed as being extremely open (44th), and visa rules remain somewhat restrictive (42nd). We also note inadequate levels of education and training, with extremely low primary (73rd) and secondary (115th) education enrollment. Significant investment will be necessary to improve the quality of teaching and to ensure that educational institutions meet international standards and schools prepare students for rapidly changing modern economies. On a positive note, the United Arab Emirates has started moving toward improving training, with Abu Dhabi establishing an alliance with Singapore's National Institute of Education for the provision of training services.¹²

Although the T&T industry does not currently account for a large portion of the UAE economy, it is bound to become increasingly important. Its development has been prioritized by the government, and there has been massive investment in upgrading the tourism infrastructure. The country now enjoys all the facilities

needed to attract and host different types of tourism (cultural, health, and sport).¹³ The WTTC projects 8.7 percent annual growth of the T&T industry in the United Arab Emirates from 2007 to 2016.

Tunisia

One of the most popular tourism destinations in North Africa, Tunisia ranked 34th in the international ranking and has a score of 4.76. It is the second-best performer within the Arab world after the United Arab Emirates. Tunisia is endowed with rich natural and cultural resources (it is ranked 24th for the number of World Heritage sites, for example). These endowments are boosted by a friendly regulatory framework (ranked 12th), clear and stable environmental regulations (16th), and low levels of crime and violence, including terrorism. Moreover, Tunisia is ranked 1st worldwide for the prioritization of T&T strategies, with high government spending on the sector (7.2 percent of GDP in 2006), highly effective and innovative destination-marketing campaigns, and representation at all the main international T&T fairs and events. This level of prioritization is perhaps not surprising given the importance of the T&T industry for the country's economy, which accounts for 9.2 percent of GDP, 9 percent of total employment, and 20.2 percent of total exports in 2006.¹⁴

Tunisia is assessed as having good ground infrastructure (27th) and hotel facilities (17th). In this respect, recent national programs for upgrading the tourism sector have focused on raising hotel standards, with a pilot project involving 40 hotel units.¹⁵ The country also benefits from satisfactory levels of overall price competitiveness (23rd) due to a relatively low cost of living (32nd in purchasing power parity), relatively inexpensive fuel (21st), and taxation that is not distortionary (18th). The country is also endowed with high-quality human resources (22nd) and universal enrollment at the primary school level. It receives excellent marks for the quality of the educational system (11th).

On the other hand, Tunisia's overall T&T performance is hindered by a few elements that, if addressed, could help the country realize its immense T&T potential. In particular, the air transport and the ICT infrastructures ranked 78th and 69th, respectively. These could be upgraded and extended to support a further expansion of the T&T industry. Another competitive disadvantage is health and hygiene, in which Tunisia ranked 52nd. This remains an area of concern, particularly linked to a lack of access to improved drinking water (78th) and a low physician density (66th). Finally, with regard to price competitiveness, the level of ticket taxes and airport charges is extremely high (ranked 103rd) compared with the other countries in the region and most of the 124 countries covered by the Index.

Qatar

Qatar ranked 36th internationally, with a score of 4.7. It follows closely behind Tunisia, with a somewhat similar assessment in the first two pillars of the Index (34th in T&T regulatory framework and 39th in T&T business environment and infrastructure) and demonstrating a slightly weaker performance in the area of T&T human, cultural, and natural resources (49th).

Qatar is perceived to be a safe country with regard to crime and violence (13th), with reliable police services (21st). The country also demonstrates satisfactory health and hygiene conditions (24th), and the access to improved sanitation and drinking water is second to none. Qatar ranks well for human resources (ranked 19th overall), with universal enrollment at the primary level, an educational system that gets good marks for quality (20th), available qualified labor in the country (22nd), and relatively flexible labor markets (23rd).

The country is also assessed as having good-quality air transport infrastructure, with many aircraft departures (ranked 8th)—reflecting, in large part, the increase in travelers from Europe, Asia, and Australia in recent years. The overall tourism infrastructure is ranked a reasonably high 26th, due to the prevalence of car rental companies and the network of ATMs (23rd). Qatar also demonstrates good price competitiveness (25th), notwithstanding having one of the highest comparative price levels in the world (115th). This is attributable to its low ticket taxes and airport charges (4th), comparatively low fuel prices (4th), and low taxation (5th).

Finally, the Qatari government is seen to be prioritizing the sector (ranked 24th), which is reflected in the high level of government expenditure on the T&T industry (5.5 percent of GDP). In addition to investing in infrastructure, the government has focused its attention on the development of niche markets, including sports, wellness, and educational tourism.¹⁶

On a less positive note, policy rules and regulations (65th) are not totally conducive to the development of the T&T sector. In particular, rules on foreign ownership (91st) and visa requirements (85th) are restrictive. There is room for improvement in the quality of ground transport infrastructure, including roads (48th) and ports (42nd). In this context, the government's focus in recent years on developing and improving roads should be commended.¹⁷

Jordan

Jordan ranked 46th in the international ranking, scoring 4.52 out of 7. Its performance across the three subindexes is somewhat uneven. It is assessed as doing quite well with regard to the T&T regulatory framework (30th), but does less well in the T&T business environment and infrastructure (54th) and T&T human, cultural, and natural resources (58th). In particular, Jordan is characterized by excellent safety and security levels. Notwithstanding the 2005 terrorist attacks in

Amman, which are reflected in a high business cost of terrorism (96th), Jordan is perceived as one of the safest destinations in the region, with minor levels of crime and violence (10th) and a reliable police force (10th). Another of Jordan's strengths is the T&T industry's price competitiveness, with low comparative fuel prices (7th) and relatively low ticket taxes and airport charges (24th).

Considering the importance of the T&T industry for the country, accounting for 9.2 percent of GDP and 8.7 percent of total employment in 2006, it is not surprising that the sector is given top priority in the government's agenda. This is demonstrated by a number of indicators, such as the government prioritization of the T&T industry (22nd), the considerable level of government T&T expenditure (10.7 percent of total spending)—ranked 7th worldwide and the highest in the region—and the country's liberal visa requirements (15th). Furthermore, the few restrictions on foreign ownership (20th) and favorable FDI policies represent a conducive regulatory framework for the development of the T&T sector and its openness to foreign investors.

Turning our attention to Jordan's main T&T competitive weaknesses, we find the lack of qualified labor (92nd) to be a major hindrance. Indeed, primary and, to a lesser extent, secondary education enrollment levels (92nd and 59th) are low by international standards. The lack of flexibility of the labor market (90th) and the difficulty in hiring foreign labor (83rd) provide further difficulties to securing a sufficient pool of qualified labor. Another obstacle can be found in the quality of the tourism-enabling infrastructure, which could be upgraded to improve the country's T&T competitiveness. This is particularly the case for the air transport infrastructure (67th), the railroad infrastructure (75th), and the ICT infrastructure (72nd).

Last, there is room for improvement in the area of environmental protection. Jordan's environmental regulations are not perceived as sufficiently stringent (58th) nor clear and consistent (58th) enough to ensure that the sector develops on a sustainable basis. This concern is echoed by the high level of carbon dioxide damage (96th) and the limited number of nationally protected areas (92nd).

The government is actively working toward improving in a number of these areas. It adopted a six-year National Tourism Strategy in 2004, and created a Strategy Implementation Unit at the Ministry of Tourism and Antiquities, which is based on private-public partnership. This strategy stresses the importance of upgrading tourism infrastructure to international standards and places an emphasis on human resources development.¹⁸

Bahrain

Bahrain is ranked 47th in the TTCI, just behind Jordan, and receives a total score of 4.45 out of 7. As in the case of Jordan, the T&T sector accounts for a significant

percentage of Bahrain's economy—on the order of 8.3 percent of GDP and 11 percent of total employment. This is captured by the high degree of tourism openness in the country (where it is ranked 11th). Overall, Bahrain's competitive strengths are to be found more in the area of T&T business environment and infrastructure (34th) than in its human, cultural, and natural resources (54th) or the T&T regulatory framework (47th).

More specifically, Bahrain possesses a rather developed air transport (27th) and tourism infrastructure (31st) with a large number of aircraft departures (9th), a relatively extensive international air transport network (28th), ample hotel availability (18th), and relatively widespread car rental facilities (35th). Moreover, the country has good-quality port (26th) and road (29th) infrastructure. Price competitiveness is another notable advantage (3rd), with low taxation, cheap comparative fuel prices (7th), and low ticket taxes and airport charges (5th). Bahrain also performs well in selected education and health and hygiene indicators, with excellent access to improved sanitation and universal primary enrollment.

With regard to competitive disadvantages, Bahrain's T&T competitiveness is pulled down by weakness in two main areas: a lack of prioritization of the T&T industry (81st) and the quality of human resources (79th). With respect to the first issue, Bahrain is represented at few T&T fairs and events (70th) and is assessed as having ineffective destination marketing and branding (107th). The lack of prioritization is also reflected by aspects of the policy environment that are not supportive of Travel & Tourism, such as the country's relatively onerous visa requirements (85th). This is mirrored by what is perceived as a lack of openness of its citizens toward tourists and travelers (89th).

In terms of the country's human resource base, there is a perceived lack of qualified workers (115th). This is a major hindrance not only for the T&T industry's growth potential but also for the country's overall competitiveness. Indeed, relevant reforms and policies could be undertaken to liberalize the labor market, currently assessed as very rigid (104th); to improve the local availability of training (96th); to upgrade the quality of the educational system (ranked at 79th); and to facilitate the hiring of foreign workers (107th) in order to enhance the local pool of talent available in the country.

Morocco

Morocco, which together with Tunisia is one of the two main tourism destinations in North Africa (attracting approximately 5.8 million tourists in 2005), ranks 57th overall in the TTCI (with a score of 4.3). The country demonstrates a rather even performance in the T&T regulatory framework (47th) and human, cultural, and natural resources (52nd), while receiving a comparatively weak assessment for the T&T business environment and infrastructure (72nd).

Morocco is characterized by a rich cultural heritage (ranked 24th for the number of World Heritage sites) and a comparatively open and positive attitude toward tourists (35th). These measures of attractiveness are coupled with a favorable policy environment. In this regard, the country gets superior marks in the prioritization of the T&T strategies pillar (15th), with effective destination-marketing campaigns (19th), strong representation at main international T&T fairs and events (23rd), government prioritization of sustainable development in the T&T sector (18th), and tourism-friendly visa regulations (15th).

However, Morocco displays competitive weaknesses in a number of areas. There are some concerns related to health and hygiene (ranked 81st), with a low physician density (93rd) and limited access to improved drinking water (83rd) and improved sanitation (74th). Security is also of concern, particularly the threat of terrorism (88th). With regard to environmental protection, the clarity and stringency of government environmental regulation gets poor marks, although the government seems to be making efforts to develop the industry in a sustainable way. Businesses are not assessed as demonstrating great concern for environmental protection (97th).

In terms of moving around the country, the transport infrastructure is somewhat underdeveloped, particularly air transport infrastructure. There are few airports (103rd) and aircraft departures (67th). Some weaknesses can also be found in the ICT infrastructure (92nd), especially the extent of business usage of the Internet (109th), one of the weakest assessments in the region.

With regard to human resources, secondary education enrollment rates are low (100th) and the quality of the educational system is assessed as quite poor (91st). On a more positive note, labor markets in Morocco are assessed as more flexible than those in a number of other countries in the region.

Considering the importance of the T&T sector for Morocco (accounting for 10.1 percent of GDP and 8.8 percent of total employment in 2006), it would seem that removing some of these obstacles to T&T competitiveness would be extremely important for the country's economic prospects going forward.

Egypt

Egypt, a country rich in cultural heritage (with 7 World Heritage sites), ranks a low 58th in the TTCI. This is despite a number of clear strengths beyond its cultural richness. For example, Egypt has excellent price competitiveness, where it is ranked 5th overall with low comparative prices generally, including fuel prices, as well as relatively low ticket taxes and airport charges. Furthermore, the government is seen to be prioritizing the T&T industry, with high government spending on the sector (19th). Also, the government has ensured the country's presence at major tourism fairs (4th). This level of prioritization is also reflected in policy areas such as

the favorable policy on visa requirements (15th) as well as the government's efforts to develop the T&T industry in a sustainable way (36th). It should be noted, however, that environmental regulations are still not seen as sufficiently stringent and ranked 92nd.

Egypt also has some strengths with regard to human resources, particularly the country's universal primary school enrollment and the relative ease with which companies can hire foreign labor compared with many other countries in the region (27th). However, secondary enrollment remains relatively low by international standards (60th), and the overall quality of the educational system rates poorly (104th). There is also limited on-the-job training provided in the economy (83rd).

Other weaknesses include Egypt's infrastructure, which is somewhat underdeveloped, particularly the tourism infrastructure (85th), with limited hotel room availability (70th), few ATMs for withdrawing cash (87th), and limited rental car choices (66th). Also of concern is the country's ICT infrastructure (74th), which displays low telephone and Internet penetration rates. In this light, a further upgrading of the quality of the country's human resources available to work in this sector, as well as the country's "hard" infrastructure, should be a priority.

seems to be a lack of prioritization of the industry within the government strategy. Indeed, Kuwait ranks among those countries where the government is seen as prioritizing the sector the least (119th). The country has ineffective destination-marketing and branding strategies (116th), low levels of government T&T expenditure (1.2 percent of total spending, ranked 103rd), and limited participation in international T&T fairs to promote the country for tourism (90th).

The lack of prioritization of the sector can also be seen in specific tourism-related policies. For example, Kuwait has among the most restrictive foreign ownership (124th) and FDI (122nd) regulations, and it demonstrates a lack of openness with regard to bilateral air service agreements (119th). Furthermore, the government is not seen to be prioritizing the development of the sector in a sustainable way (111th), with environmental regulations that are seen as neither stringent (81st) nor clear (73rd). The approach of Kuwait's citizens vis-à-vis tourism is also perceived as quite lukewarm, as indicated by the rank given to their attitude toward foreign travelers (124th—the lowest ranking).

The scarcity of clear cultural and natural resources (ranked 107th and 100th respectively for the number of World Heritage sites and nationally protected land areas) might have prevented tourism from featuring as an obvious priority area in Kuwait's development strategies. This is indicated by a limited contribution of the T&T sector to GDP and total employment (1.3 percent and 1.9 percent respectively in 2006). However, as discussed above, a further expansion of the T&T sector could help the country diversify away from oil dependency and toward a more balanced economic structure, as it is the case in a number of other countries in the region.

Mauritania

The overall T&T competitiveness picture for Mauritania is quite discouraging, with an overall ranking of 92 and low standing in all the three subindexes of the TTCI: it ranks 95th in the T&T regulatory framework, 97th in the business environment and infrastructure, and a slightly more positive 74th position for human, cultural, and natural resources.

The country is among the top half of all assessed with regard to safety and security issues (ranked 54th), especially concerning perceived terrorism threats (37th). Mauritania has rather competitive price levels (38th), with low comparative fuel prices (3rd) and low taxes (13th). Moreover, the government and civil society alike show a high degree of openness and interest in developing tourism. Indeed, the T&T sector occupies an important place in the public agenda (33rd), and it is fairly efficiently branded and marketed (31st). Mauritians appear to value tourism highly. They express an eagerness to recommend visiting business counterparts to extend their trips to get to know the country better (3rd) and have a generally welcoming attitude toward foreign

Kuwait

Last among the Gulf states is Kuwait, which is ranked 67th overall and received a score of 4.1 out of 7. Kuwait is assessed as performing better in the areas measured within the T&T business environment and infrastructure (50th), with more apparent weaknesses in the T&T regulatory environment (71st) and especially in the human, cultural, and natural resources pillar (86th).

Kuwait's T&T performance presents several bright spots associated with good health and hygiene indicators, such as excellent access to improved sanitation and drinking water, as well as extremely low rates of diseases such as HIV. The country is also perceived as extremely safe overall (22nd) despite concerns about the risk of terrorism (71st). Kuwait also has a relatively developed T&T infrastructure, with a satisfactory number of aircraft departures (35th) and airlines operating in the country (43rd), quality roads (27th), and one of the world's most comprehensive car rental networks. With regard to human resources, Kuwait is assessed as having an extremely flexible labor market. Moreover, the country has strong price competitiveness in the T&T sector (29th overall), with among the lowest levels of ticket taxes and airport charges in the world, coupled with comparatively inexpensive fuel prices (10th) and low taxation more generally (4th).

Despite the encouraging picture that emerges from the above analysis, a few serious weaknesses remain to be addressed before Kuwait is able to fully leverage the potential of Travel & Tourism for its overall competitiveness and economic development. A major difficulty

travelers (13th). The country also has an extremely flexible labor market, characterized by flexibility in hiring and firing (3rd) as well as a relative ease of hiring foreign labor (22nd).

These trends bode well for the country's potential to increasingly attract tourism and investments in the T&T sector, but they will need to be complemented by concrete measures and remedial steps in several other Travel & Tourism-related dimensions. To begin, although tourism is seen as a priority area, this is not supported by the regulatory environment. Mauritania has a stringent visa regime (113th) and strict FDI regulations (96th). Also, environmental regulations do not get good marks for their stringency (104th) or their clarity (94th). Furthermore, Mauritania's T&T infrastructure lags behind the rest of the region and is in serious need of upgrading. This is particularly true for the air transport (111th) and ground transport (99th) infrastructure, as well as the ICT infrastructure (96th).

The country also has weak health and hygiene indicators, such as low life expectancy (101st), a lack of physicians (110th), and difficult access to improved drinking water (104th) and sanitation (95th). Furthermore, there are strong prevalence rates of diseases such as malaria (111th) and tuberculosis (109th).

The quality of human resources in Mauritania, critical not only for T&T competitiveness but also for the country's overall development prospects, is poor (101st). Of particular concern is the level and quality of education and training, with extremely low primary (108th) and secondary (115th) enrollment rates, an educational system that is assessed as highly inefficient (110th), and little on-the-job training (121st).

Algeria

Algeria, ranked 93rd in the TTCI, closes the rankings for the Arab world countries, with weak assessments in the T&T regulatory framework (89th), business environment and infrastructure (93rd), and cultural, human, and natural resources (97th) subindexes. Although the country displays a few competitive advantages for the flourishing of a healthy tourism industry, the TTCI's overall assessment is rather negative and points to the necessity of urgent reforms and measures to set the basis for a competitive T&T sector.

In terms of competitive advantages, Algeria is well endowed in cultural and natural beauty (ranked 30th for the number of World Heritage sites), demonstrating that along with its North African neighbors, it has the basis for developing a strong T&T industry. It also benefits from competitive prices in the T&T sector (9th), notably fuel prices (3rd) and taxation levels (32nd). In terms of security, the police force is seen as reliable for protecting from crime. In the area of human resources, Algeria has attained universal primary education enrollment.

On the other hand, the development of the T&T sector is scarcely prioritized by the government (82nd),

with a low level of public expenditures allocated to the sector (105th, corresponding to 1.1 percent of total spending). Furthermore, the country has rather ineffective marketing and branding strategies for its T&T sector. This lack of prioritization is also reflected in the general regulatory framework, which is characterized by tight visa regulations (113th), restrictions on FDI (91st), and foreign ownership (84th). The lack of priority given to Travel & Tourism in the public agenda is mirrored by what is perceived to be a comparatively unwelcoming attitude of the society toward foreign visitors (107th).

Moving forward, the T&T infrastructure would require important investments to be upgraded and extended, in particular the air transport network (101st), the tourism infrastructure (114th), and the ICT infrastructure (118th). Also, with regard to security, the turbulent recent history of Algeria continues to resonate in the country, with concerns about terrorism (114th) and crime and violence (80th) remaining high.

Finally, the labor market in Algeria is assessed as lacking flexibility (the country is ranked 117th for the ease of hiring foreign labor and 100th for rules on hiring and firing workers). With regard to training, secondary enrollment rates remain low (73rd), the formal educational system gets poor marks for quality (92nd), and companies provide limited staff training (98th).

Although the contribution of T&T to GDP and total employment is almost negligible (1.5 percent and 1.4 percent respectively), the WTTC forecasts that its contribution will increase dramatically in the coming decade, with an estimated 7 percent and 5.2 percent annual growth in these respective indicators. The great progress made in political stabilization has started to bear fruit in terms of a tourism recovery, with 1.4 million tourists recorded in 2005. Increased attention is being paid by the government to the sector.¹⁹ However, as evident from the above discussion, many challenges remain for the country to achieve truly sustainable T&T competitiveness.

Conclusions

This chapter has analyzed the Travel & Tourism competitiveness of countries in the Arab world, based upon the results of the World Economic Forum's new Travel & Tourism Competitiveness Index (TTCI). The analysis has placed the region's performance in a global context, benchmarking individual countries' performances against the 124 economies included in the Index, spanning all regions of the world.

While the discussion has shown that much still remains to be achieved in order to improve the T&T competitiveness of many countries in the Arab world, there is also reason for optimism. We have seen that some countries within the region have environments that are quite attractive for developing the T&T sector, as measured by the TTCI. These include the United

Arab Emirates, Tunisia, and Qatar in particular. These countries can serve as benchmarks for other countries in the region in their efforts to increase their T&T competitiveness.

Given the growing importance of the T&T sector for the region as a vehicle for diversifying economies, attracting foreign currency, and easing unemployment, improving the industry's competitiveness is critical. By highlighting specific success factors and obstacles to T&T competitiveness in the region's countries, we hope that the TTCI will serve as a useful tool for the business community and for national policymakers to work together to improve the T&T competitiveness of their economies and contribute to improving the growth prospects and prosperity of citizens within the region.

Notes

- 1 See UNWTO (2006).
- 2 See Al-Hammarnah and Steiner (2001).
- 3 See WTTC (2006 a, b).
- 4 See UNWTO, *Historical Perspective of World Tourism*. Available at www.unwto.org/facts/menu.html.
- 5 See UNWTO (2005).
- 6 See UNWTO (2005).
- 7 See Majali and Weston (2007).
- 8 See WTTC (2006a, b).
- 9 The TTCI was developed in close collaboration with Booz Allen Hamilton, the International Air Transport Association (IATA), the UNWTO, and the WTTC. Important feedback was also provided by a number of key companies that are industry partners in the effort: Bombardier, Carlson, Emirates Group, Qatar Airways, Royal Jordanian Airlines, Silversea Cruises Group, Swiss International Airlines, and Visa International.
- 10 The TTCI includes a more limited number of countries than this *Report* because of the unavailability of the data at the time of its computation. In this sense, Libya, Syria, and Oman are not assessed in this chapter.
- 11 See Chapter 2.3 by Dutta, Shalhoub, and Samuels in this *Report* for a more detailed discussion of the United Arab Emirates' ICT initiatives.
- 12 See UNWTO (2005).
- 13 For an extensive review of the many projects undertaken recently, see UNWTO (2005), page 96-97.
- 14 See WTTC (2006).
- 15 See UNWTO (2005).
- 16 See UNWTO (2005).
- 17 See UNWTO (2005).
- 18 See UNWTO (2005).
- 19 For an extensive review of the projects/measures recently undertaken, see UNWTO (2005, pp. 105-07).

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Appendix A: Composition of the Travel & Tourism Competitiveness Index

This appendix provides details about the construction of the Travel & Tourism Competitiveness Index (TTCI). The TTCI is composed of three subindexes: the T&T regulatory framework subindex, the T&T business environment and infrastructure subindex, and the T&T human, cultural, and natural resources subindex. These subindexes are, in turn, composed of the 13 pillars of T&T competitiveness shown below: namely, policy rules and regulations, environmental regulation, safety and security, health and hygiene, prioritization of Travel & Tourism, air transport infrastructure, ground transport infrastructure, tourism infrastructure, ICT infrastructure, price competitiveness in the T&T industry, human resources, national tourism perception, and natural and cultural resources. These pillars are calculated on the basis of both “hard data” and “survey data.”

The survey data comprise the responses to the World Economic Forum’s Executive Opinion Survey and range from 1 to 7; the hard data were collected from various sources.

The standard formula for converting each hard data variable to the 1-to-7 scale is

$$6 \times \left(\frac{\text{country value} - \text{sample minimum}}{\text{sample maximum} - \text{sample minimum}} \right) + 1$$

The sample minimum and sample maximum are the lowest and highest values of the overall sample, respectively. For some variables, a higher value indicates a worse outcome. For example, higher carbon dioxide damage is bad. In this case we “reverse” the series by subtracting the newly created variable from 8. In some instances, adjustments were made to account for extreme outliers in the data.

All of the data used in the calculation of the TTCI can be found in the Data Tables section of the *Travel & Tourism Competitiveness Report 2007*, available online at <http://www.weforum.org/en/initiatives/gcp/TravelandTourismReport/index.htm>.

Each of the pillars has been calculated as an unweighted average of the individual component variables. The subindexes are then calculated as unweighted averages of the included pillars. In the case of the human resources pillar, which is itself composed of three subpillars (education and training, availability of qualified labor, and workforce wellness), the overall pillar is the unweighted average of the three subpillars. The overall TTCI is then the unweighted average of the three subindexes.

The variables of each pillar and subpillar are described below. If a variable is one of hard data, this is indicated in parentheses after the description.

Subindex A: T&T regulatory framework

Pillar 1: Policy rules and regulations

- 1.01 Foreign ownership restrictions
- 1.02 Property rights
- 1.03 Rules governing foreign direct investment
- 1.04 Visa requirements (hard data)
- 1.05 Openness of bilateral Air Service Agreements (hard data)

Pillar 2: Environmental regulation

- 2.01 Stringency of environmental regulation
- 2.02 Clarity and stability of environmental regulations
- 2.03 Government prioritization of sustainable Travel & Tourism

Pillar 3: Safety and security

- 3.01 Business costs of terrorism
- 3.02 Reliability of police services
- 3.03 Business costs of crime and violence

Pillar 4: Health and hygiene

- 4.01 Government efforts to reduce health risks from pandemics
- 4.02 Physician density (hard data)
- 4.03 Access to improved sanitation (hard data)
- 4.04 Access to improved drinking water (hard data)

Pillar 5: Prioritization of Travel & Tourism

- 5.01 Government prioritization of the T&T industry
- 5.02 T&T government expenditure (hard data)
- 5.03 Effectiveness of marketing and branding to attract tourists
- 5.04 T&T fair attendance (hard data)

Subindex B: T&T business environment and infrastructure

Pillar 6: Air transport infrastructure

- 6.01 Quality of air transport infrastructure
- 6.02 Available seat kilometers (hard data)
- 6.03 Departures per 1,000 population (hard data)
- 6.04 Airport density (hard data)
- 6.05 Number of operating airlines (hard data)
- 6.06 International air transport network

Pillar 7: Ground transport infrastructure

- 7.01 Road infrastructure
- 7.02 Railroad infrastructure
- 7.03 Port infrastructure
- 7.04 Domestic transport network

(cont'd.)

Appendix A: Composition of the Travel & Tourism Competitiveness Index (cont'd.)

Pillar 8: Tourism infrastructure

- 8.01 Hotel rooms (hard data)
- 8.02 Presence of major car rental companies (hard data)
- 8.03 ATMs accepting Visa cards (hard data)

Pillar 9: ICT infrastructure

- 9.01 Extent of business Internet use
- 9.02 Internet users (hard data)
- 9.03 Telephone lines (hard data)

Pillar 10: Price competitiveness in the T&T industry

- 10.01 Ticket taxes and airport charges (hard data)
- 10.02 Purchasing power parity (hard data)
- 10.03 Extent and effect of taxation
- 10.04 Fuel price levels (hard data)

Subindex C: T&T human, cultural, and natural resources

Pillar 11: Human resources

Education and training

- 11.01 Primary education enrollment (hard data)
- 11.02 Secondary education enrollment (hard data)
- 11.03 Quality of the educational system
- 11.04 Local availability of specialized research and training services
- 11.05 Extent of staff training

Availability of qualified labor

- 11.06 Hiring and firing practices
- 11.07 Ease of hiring foreign labor

Workforce wellness

- 11.08 HIV prevalence (hard data)
- 11.09 Malaria incidence (hard data)
- 11.10 Tuberculosis incidence (hard data)
- 11.11 Life expectancy (hard data)

Pillar 12: National tourism perception

- 12.01 Tourism openness (hard data)
- 12.02 Attitude toward tourists
- 12.03 Recommendation to extend business trips

Pillar 13: Natural and cultural resources

- 13.01 Number of World Heritage sites (hard data)
- 13.02 Carbon dioxide damage (hard data)
- 13.03 Nationally protected areas (hard data)
- 13.04 Business concern for ecosystems
- 13.05 Risk of malaria and yellow fever (hard data)