



FINAL REPORT

Leveraging the Abraham Accords to Stimulate Tourism Growth



SUBMITTED TO:

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Dear Mr Greenway

Re: Leveraging the Abraham Accords to Stimulate Tourism Growth

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The signing of the Abraham Accords in 2020 has led to an unprecedented opportunity to re-shape the Middle East. For the first time in over seven decades since the foundation of the State of Israel, the region is focused on moving towards the future together in unity, stepping past the conflict that has long divided the region. With the signing of the US brokered Accords, the potential growth for the region has been unlocked through increased regional coordination. Signed between Israel and the United Arab Emirates, the agreement was extended to member nations like Bahrain, Kosovo, Sudan and Morocco adding to the normalised ties between Israel, Egypt and Jordan.

The objective of this report is to identify opportunities, through the growth of tourism that will deepen the relationships and cultural understanding between the people of the countries which are signatories of the Accords and build Tourism's contribution to the GDP of each county. Once successful, this will strengthen the value of the Accords amongst the existing countries and demonstrate concrete benefits to other countries that are considering being part of this historic opportunity.

To prepare this report, we have conducted research, both primary and secondary, to understand:

- (1) the current structure of the tourism markets in each of the Abraham Accord countries;
- (2) the opportunities for growth as a result of the signing of the Accords;
- (3) the barriers or impediments to achieving the potential growth; and
- (4) recommendations to overcome these barriers or impediments and to take advantages of the opportunities for growth.

We begin with an overview of the Global and Middle East tourism industries, then to individually discuss each country participating in the Accords plus Egypt and Jordan. Our recommendations can be found individually for each country and in the last section of the report where we also provide regional recommendations.

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New Delhi	Singapore
Shanghai	Hong Kong
Buenos Aires	São Paulo

We have welcomed the opportunity to prepare this report for Abraham Accords PI and look forward to assisting you in the presentation and implementation of its recommendations.

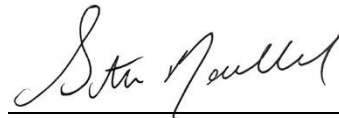
Yours sincerely
HVS - LONDON OFFICE

A handwritten signature in black ink that reads 'Utkarsh Phooli'.

Utkarsh Phooli
Intern

A handwritten signature in black ink that reads 'Russell Kett'.

Russell Kett FRICS
Chairman

A handwritten signature in black ink that reads 'Steve Mendell'.

Steve Mendell
Founder

RK:UP:lp

HVS No: 2022050078

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1. Executive Summary

Background

The signing of the Abraham Accords in 2020 has led to an unprecedented opportunity to re-shape the Middle East. For the first time in over seven decades since the foundation of the State of Israel, the region is focused on moving towards the future together in unity, stepping past the conflict that has long divided the region. With the signing of the US-brokered Accords, the potential growth for the region has been unlocked through increased regional coordination. Signed between Israel and the United Arab Emirates, the agreement was extended to member nations like Bahrain, Kosovo, Sudan and Morocco adding to the normalised ties between Israel, Egypt and Jordan. The global tourism industry has undergone a massive paradigm shift owing to the COVID-19 pandemic. Needless to say, this has impacted the tourism sector and the economy for most of the member nations. However, the sector continues to see positive shoots of recovery aided by the signing of the Accords which have brought strategic focus to key economic areas including trade and tourism.

The economy of a nation and its trends are an important consideration in unearthing opportunities and threats to growth in the tourism sector of a nation. Economic and demographic trends reflect not only the current amount of travel and the source markets, but also help in identification of key areas where a real difference can be made. In this report we have explored, through extensive primary and secondary research, key impediments to tourism growth for each member nation and holistically for the region.

While there is evidence of intra-regional travel between the Middle Eastern and Arab members of the Abraham Accords nations, there exist growth opportunities driving tourism to the region from international markets including Israel. By leveraging the peace bearing benefits of the Abraham Accords for the member nations, growth in tourism-related GDP can be achieved. With strategic focus on tourism and aligned strategies resulting from regional cooperation, significant economic gains could be made along with sociocultural benefits for the people of the region.

Country Challenges & Recommendations

We present the key challenges and recommended action plans for each nation. These plans can further the progress made by each nation individually to sustain growth for its tourism sector by exploring new source markets and leveraging the cooperative benefits made possible with the Abraham Accords.

Israel

The following are the challenges to be overcome for the tourism growth. These include:

1. Except for the visa exemption agreement with UAE's Emirati nationals, Israel is yet to execute similar agreements with other member nations for their nationals. This increases the barriers to entry for tourists from these regions into Israel. Due to the reciprocal nature of these agreements, they would not

only help improve inbound travel to Israel but also open borders for Israeli citizens to visit more freely.

2. The Israeli hospitality industry is yet to catch up with other global destinations in terms of quality of its infrastructure. Unlike modern cities like Dubai and Abu Dhabi, Israel's main destinations, other than Tel Aviv, tend to feature tradition over modern luxury, making it difficult for the industry to meet the needs and expectations of the luxury traveller from these nations, particularly from the UAE.
3. Recent visits to Israel undertaken by Arab nationals have yielded mixed reviews. While general sentiments of safety have largely been positive once in their destination city, airport arrival and departure experiences have been cited as possible deterrents to travel to the country.
4. Adding a layer of complexity to the tangible challenges, the sensitivity perception of the Israel-Palestinian situation poses a potential barrier to entry for Arab travellers to Israel. Such perceptions are created by the disparate content and media coverage of the Israel-Palestinian situation and there have been examples of Arab nationals from the Abraham Accords countries that have been made to feel uncomfortable during their travels, particularly to Jerusalem. Moreover, travellers often consume the disparate content without verification and therefore form perceptions which demotivate their travel to the region.
5. Two years since the signing of the historic Abraham Accords, little has changed in terms of the awareness of Israel as a tourist destination in the newly opened markets of the member nations. This could be attributed to a lack of funding in fuelling growth from these new markets.
6. Even with the markets being in proximity to Israel, connectivity between the region could be significantly improved. While new direct flights are being added to performing routes, they are still being restricted by frequency and capacity constraints.
7. Tour operators and travel agents are currently devoid of any enticing products to sell to the new markets. In some cases, even with interesting itineraries to sell, these organisations do not have the required network and connections to distribute the product efficiently in the new markets.
8. Upon the signing of the Accords, each member nation was introduced to new opportunities. The Arab states each had one additional market to tap into, namely Israel. Since these states already had significant travel between each other, potential growth was represented by the market in Israel. Israel, on the other hand, had little or no official movement with these countries. In order to capitalise on opportunities, Israel has to manage stakeholders in all of the markets, which is potentially a bigger management challenge.

9. The Israel Ministry of Tourism is tasked with spending its budget economically to get the most travellers for every budget allocation. Since the new markets of AA member nation countries represent relatively small source markets compared with other larger, more proven source markets, the budget allocation to attract travellers from these new source markets might feel pressure to be limited. However, this does not consider the strategic importance of building people-to-people connections via tourism with the Abraham Accords member nations.

To address and resolve these challenges, we propose the implementation of the following recommendations that have been categorised by their probable implementation timelines.

Israel Short-Term Actions:

1. Create a special department in the Ministry of Tourism responsible for using the Abraham Accords as a catalyst to (1) grow tourism to Israel from the Abraham Accords member nations, and (2) to create and promote regional initiatives to grow tourism from all the Abraham Accords member nations. The department should be empowered with its own budget recognising the strategic importance of building people-to-people relationships. It should also be responsible for ensuring Abraham Accords member nation initiatives are not delayed and their implementation hurdles are swiftly removed.
2. Recognising the strategic importance of building people-to-people connections via tourism with the Abraham Accords member nations, the Israel Ministry of Tourism should actively seek and welcome participation with private companies and charitable organisations in the private sector to expand its reach.
3. Create a robust marketing plan for all Abraham Accords member nations. Key components of the marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment within each country
 - Leisure specific actions:
 - Establish specific religious, cultural and leisure travel packages within Israel organised by Israeli tour operators that can be promoted within all Abraham Accords member nations;
 - Establish a network of travel agencies in each of the Abraham Accords member nations that will promote the Israeli tour packages;
 - Conduct a specific Abraham Accords member nation tour and travel conference in Israel, and invite all major stakeholders involved in the execution of tour and travel business;
 - Leverage Israeli and other Middle Eastern celebrities and influencers to promote travel to Israel in marketing

- campaigns and social media. Conduct familiarisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, make business deals and enhance cultural understanding;
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
- 4. Allocate VIP accreditation to *bona fide* travellers from Abraham Accord nations to ensure a smooth and safe travel experience.
- 5. Establish an eVisa facility for nations that offer eVisa options to Israeli travellers (Morocco, Bahrain).
- 6. Create two guideline handbooks: (1) for tourism organisations and professionals in Israel addressing the sensitivities of visitors from the Abraham Accords member nations, and (2) for inbound tourists addressing certain cultural sensitivities to be aware of that would enrich their travel experience.
- 7. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from the Abraham Accords member nations.
- 8. Identify certain restaurants in primary destinations and encourage them to procure Halal food certifications.

Israel Medium-Term Actions

1. Initiate a review of the national and local development procedures to reduce the 'red tape' and allow new hospitality developments to come to fruition faster.
2. Improve airport arrival and departure experience through automation of certain security processes and customer handling training for airport staff.
3. Work with appropriate Government officials to open air travel for Israeli carriers over Oman, which would facilitate travel destinations in the Far East. Leverage ties with Dubai for air traffic management best practices.
4. Continue incentivising hospitality investment from both domestic and international investors, and attract more international hotel brands by improving business policies to increase high quality hotel development (for example, initial tax relief).

5. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Through significant work and progress made on implementation of the above listed recommendations and the regional recommendations contained in this report, we anticipate Israel could grow from roughly 27,000 travellers from the Abraham Accords member nations in 2022 to roughly 80,000 in 2025. This would result in growth in tourism related revenue from roughly US\$33 million in 2022 to US\$105 million in 2025, translating to a compound annual growth rate (CAGR) of 47% between 2022 and 2025. This forecast is based on the methodology established later in the report and is a prudent estimate of anticipated tourism growth.

United Arab Emirates

The following are the challenges to be overcome for the tourism growth. These include:

1. The UAE comprises seven Emirates that function independently on most economic functions including, but not limited to, tourism. While this structure has served the country well and enabled Dubai to become arguably one of the leading tourist destinations in the world, this structure may not be optimal as the country matures and each Emirate has its own aspirations for growth in tourism. The UAE recently established a national tourism entity called the Emirates Tourism Council and the challenge will be to create vision alignment and coordination amongst all the Emirates.
2. With the complete redevelopment of the tourism infrastructure in Saudi Arabia and the Kingdom's stated goal of growing tourism under the Vision 2030, Saudi Arabia is expected to become a global tourism destination. As competition catches up with the UAE, it could adversely affect the performance of its tourism sector.
3. The UAE Government has conducted its approach to the Accords in an efficient and exemplary manner. Being ahead of the implementation curve, the Government has devised a growth strategy for the Israeli market, the results of which are already starting to bear fruit. While the UAE has seen early promising results, these need to be nurtured even in the absence of exponential growth. Normalisation is a long-term goal and is difficult to achieve over the space of a few years, and therefore, the UAE may experience some minor setbacks in terms of results observed. In such an instance, the challenge for the UAE would be to keep committing to the Accords, nurture growth and effectively lead by example. The success story of the Israeli-UAE normalisation has the potential to give hope to the wider region.
4. While inbound travel to the UAE from Israel is developing, outbound travel to Israel is still at a nascent stage. This poses a challenge to the UAE not only in terms of lopsided traffic flow which can reduce profit margins for airlines, but also limits the opportunity of increasing cultural tolerance and

improving people-to-people relationships. One of the main reasons emanating from our research was the perception challenges of the UAE traveller towards travel to Israel. These perception challenges stem from disparate media content and unverified beliefs leading to some sections of the population negatively viewing any travel to or relationship with Israel.

To address and resolve these challenges, we propose the implementation of the following recommendations that have been categorised by their probable implementation timelines.

UAE Short-Term Actions

1. Designate a specific person(s) within the Ministry of Tourism to be responsible for using the Abraham Accords as a catalyst to (1) grow tourism from Israel as this represents a new source market that has already grown significantly but has much more potential, and (2) to create and promote regional initiatives to grow tourism from all the Abraham Accords member nations. The department should be empowered with its own budget recognising the strategic importance of building people-to-people relationships. It should also be responsible for ensuring Abraham Accords member nation initiatives are not delayed and their implementation hurdles are swiftly removed.
2. Our research indicates there is significant growth potential to expand travel from Israel to the UAE. To date, most of the Israeli travel has been to Dubai, but the other Emirates should be able to experience strong growth through a well-executed marketing plan. As each Emirate develops its own tourism infrastructure (particularly Abu Dhabi with its development of Sea World, the Museum of Tolerance and the Louvre), there is significant growth potential that can be accommodated by capitalising on the strong Israeli outbound market. There are currently approximately 50 flights per week between Dubai and Tel Aviv. This number will need to be expanded to accommodate future growth as well as additional connectivity to Abu Dhabi.
3. Create a robust marketing plan to attract all segments of travellers from Israel. The marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment;
 - Leisure specific actions:
 - Establish specific religious, cultural and leisure travel packages within the UAE organised by Emirati tour operators that can be promoted within Israel;
 - Establish a network of travel agencies in Israel that will promote the UAE tour packages;
 - Leverage Emirati and Israeli celebrities and influencers to promote travel to the UAE in marketing campaigns and social media. Conduct familiarisation trips for such influencers and travel operators;

- Conduct direct-to-consumer digital marketing campaigns.
- Business specific actions:
 - Cultivate business relationships centred around knowledge and best practice sharing with member nations on key themes such as defence, tourism, manufacturing, industrialisation and entrepreneurship;
 - Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, create business deals and enhance cultural understanding;
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
- 4. Create an effective marketing strategy to increase travel from important source markets for Israel, such as the USA that will consider going to the UAE as a secondary destination in addition to Israel.
- 5. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from Israel.
- 6. Create two guideline handbooks: (1) for tourism organisations on handling guests from Israel, and (2) for inbound tourists on cultural sensitivities for an enriching cross-cultural experience.
- 7. In addition to those already established, identify more restaurants in primary destinations and encourage them to procure Kosher food certifications.
- 8. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Through significant work and progress made on implementation of the above listed recommendations and the regional recommendations contained in this report, we anticipate the UAE could grow from roughly 270,000 travellers from Israel in 2022 to around 450,000 in 2025. This would result in growth in tourism related revenue from approximately US\$325 million in 2022 to around US\$630 million in 2025, translating to a CAGR of 25% between 2022 and 2025. This forecast is based on the methodology established later in the report and is a prudent estimate of anticipated tourism growth.

Bahrain

The following are the challenges to be overcome for tourism growth. These include:

1. While Bahrain and Israel signed a visa exemption agreement in principle following the signing of the Accords, this agreement is yet to come into force. Stricter visa rules prove a barrier to free travel and therefore, to help boost travel, rules need to be relaxed.
2. Bahrain currently receives a significant majority of inbound tourism from its GCC counterparts. In order to truly grow the tourism industry, Bahrain might need to look at diversifying its source markets to fuel long-term growth in its tourism numbers.
3. While safety is not a barrier for entry for the Israeli traveller to Bahrain, tolerance for such travel amongst the host population could become a challenge in the event that such hostility were to develop.
4. While Dubai has already become a popular name in the Israeli traveller's mind, Bahrain has yet to achieve this recognition. While the industry is seeing significant investment targeted at development of tourism infrastructure, creating awareness in the new market is a key to success.
5. While connectivity between the GCC nations is well developed, the same cannot be said for travel between Israel and Bahrain. With only Gulf Air as a direct flight carrier, connectivity between the nations is less than for optimal market development.
6. Tour operators and travel agents are currently devoid of any enticing products to sell to the new markets. Due to the lack of a developed distribution network, new destinations like Bahrain are disadvantaged in terms of popularity in the Israeli market. This lack of distribution can hamper conversion and thereby inflow of traffic.

To address and resolve these challenges, we propose the implementation of the following recommendations that have been categorised by their probable implementation timelines.

Bahrain Short-Term Actions

1. Designate a specific person(s) within the Ministry of Tourism to be responsible for using the Abraham Accords as a catalyst to (1) grow tourism from Israel as this represents a new source market, and (2) to create and promote regional initiatives to grow tourism from all the Abraham Accords member nations. The department should be empowered with its own budget recognising the strategic importance of building people-to-people relationships. It should also be responsible for ensuring Abraham Accords member nation initiatives are not delayed and their implementation hurdles are swiftly removed.

2. Create a robust marketing plan to attract all segments of travellers from Israel. The marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment;
 - Leisure specific actions:
 - Establish specific religious, cultural and leisure travel packages within Bahrain organised by Bahraini tour operators that can be promoted within Israel;
 - Establish a network of travel agencies in Israel that will promote the Bahraini tour packages utilising both commercial and charter airlines;
 - Leverage Bahraini and Israeli celebrities and influencers to promote travel to Bahrain in marketing campaigns and social media. Conduct familiarisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Cultivate business relationships centred around knowledge and best practice sharing with member nations on key themes such as defence, tourism, manufacturing, industrialisation and entrepreneurship;
 - Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, create business deals and enhance cultural understanding;
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
3. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from Israel.
4. Create two guideline handbooks: (1) for tourism organisations on handling guests from Israel, and (2) for inbound tourists on cultural sensitivities for an enriching cross-cultural experience.
5. Identify certain restaurants in primary destinations and encourage them to procure Kosher food certifications.

Bahrain Medium-Term Actions

1. Improve flight connectivity with Israel to enable easier access.
2. Continue incentivising hospitality investment from both domestic and international investors, and attract more international hotel brands by

improving business policies to increase high quality hotel development (for example, initial tax relief).

3. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Through significant work and progress made on implementation of the above listed recommendations and the regional recommendations contained in this report, we anticipate Bahrain could grow from roughly 2,700 travellers from Israel in 2022 to around 20,000 in 2025. This would result in growth in tourism related revenue from approximately US\$3 million in 2022 to around US\$25 million in 2025, translating to a CAGR of 103% between 2022 and 2025. This forecast is based on the methodology established later in the report and is a prudent estimate of anticipated tourism growth.

Morocco

The following are the challenges to be overcome for the tourism growth. These include:

1. In terms of the global profile, Morocco faces mounting competition as a popular tourist destination. With markets around the world investing in tourism projects, the country would have to keep up in order to avoid losing share to its competitors.
2. Traditional source markets like France, the UK and Germany could soon shift to newer destinations near the Red Sea thanks to the development of tourism infrastructure further adding pressure on inbound tourism to Morocco.
3. According to the OECD, the infrastructure of the industry is less modern and digitalised when compared to other competitive destinations. Moreover, the tourism sector is focused on the leisure segment which makes growth through the business segment difficult to pursue.
4. While Morocco is heavily reliant on the tourism industry, retaining the workforce in the sector is becoming an increasingly difficult task post pandemic.
5. Connectivity is a key concern for Morocco in its aim to revive the tourism sector. While the collaboration between El Al and Royal Air Maroc has resulted in a direct travel option between Israel and Morocco, affordable direct travel options are still limited.
6. According to researchers at OECD, regulatory reform is one of the strategic priorities of the Department of Tourism in Morocco. Yet, one of the main challenges for tourism growth remains the restructuring of the tourism sector.

To address and resolve these challenges, we propose the implementation of the following recommendations that have been categorised by their probable implementation timelines.

Morocco Short-Term Actions

1. Create a national tourism strategy with specific and attainable goals. Disseminate this to all tourism organisations in the region.
2. Create a robust marketing plan to attract all segments of travellers from Israel. The marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment;
 - Leisure specific actions:
 - Establish specific religious, cultural and leisure travel packages within Morocco organised by Moroccan tour operators that can be promoted within Israel;
 - Establish a network of travel agencies in Israel that will promote the Moroccan tour packages;
 - Leverage Moroccan and Israeli celebrities and influencers to promote travel to Morocco in marketing campaigns and social media. Conduct incentivisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Cultivate business relationships centred around knowledge and best practice sharing with member nations on key themes such as defence, tourism, manufacturing, incentivisation and entrepreneurship;
 - Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, create business deals and enhance cultural understanding;
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
3. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from Israel.
4. Create two guideline handbooks: (1) for tourism organisations on handling guests from Israel, and (2) for inbound tourists on cultural sensitivities for an enriching cross-cultural experience.

5. Identify certain restaurants in primary destinations and encourage them to procure Kosher food certifications.

Morocco Medium-Term Actions

1. Incentivise hospitality investment from both domestic and international investors and attract more international hotel brands by improving business policies to increase high quality hotel development (for example, initial tax relief).
2. Improve attractiveness of the tourism industry for the employees by providing competitive pay and tax incentives; for businesses, consider incentivisation through subsidies and relief on taxes and duties.
3. Restructure the Ministry of Tourism to improve organisational effectiveness. Appoint key figures as people responsible for growth from Abraham Accords member nations.
4. Improve connectivity with other member nations by opening airspace to private carriers of the region.
5. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Through significant work and progress made on implementation of the above listed recommendations, we anticipate Morocco to gain up to US\$420 million from the source market of Israel by 2025, translating to a CAGR of 19% between 2022 and 2025. This forecast is based on our methodology established later in the report and is a prudent estimate of anticipated tourism growth.

Egypt

The following are the challenges to be overcome for the tourism growth. These include:

1. While considerable efforts have been made to improve safety and security, Egypt's tourism performance has historically been affected by episodes like the 2015 bringing down of a Russian passenger aircraft. Investment in security needs to continue to ensure that the nation provides a safe and fulfilling experience to travellers.
2. In the past, with the demilitarisation of the Sinai Peninsula, Egypt has had to control and monitor domestic and Israeli travellers to the region in order to maintain peace and harmony. While this step has paid off in maintaining stability, it continues to restrict travel flow to the region, leaving performance nonoptimal. As a next step, there is a need to improve tolerance in order to allow free travel to the region, both domestically and internationally.

3. Digitalisation has been a major driver of tourism growth, not only globally but also in the Middle East and North Africa region. Being one of the biggest economies, Egypt has made some efforts; however, in terms of digital infrastructure, there is a long way to go to match the likes of the UAE and other regional powerhouses. In these times of consumer behaviour shifting towards digital e-commerce, a lack of digitalisation could see inflows of tourists to the country dry up.
4. While the hosting of the COP27 showed that Egypt can compete with the likes of the UAE in hosting large-scale MICE events, the current hospitality supply and development pipeline are geared towards the leisure segment. There is a need for diversification of the hospitality products in the form of more MICE hotels and convention centres before Egypt can sustain challenging MICE hotspots for this segment of business.
5. Increased competition in the form of development not only in the Red Sea area but also in the wider region could see a shift in market share from Egypt to other newer developments.
6. Sustainability has been a key focus area for Egypt; however, with an aging supply, significant investment would be needed to bring it up to standards required to meet the SDGs. Saudi Arabian and Emirati development projects, however, aim to combine sustainability, luxury and comfort and are projected to become tourism powerhouses within the region.

To address and resolve these challenges, we propose the implementation of the following recommendations that have been categorised by their probable implementation timelines.

Egypt Short-Term Actions

1. Create a national tourism action plan with specific and attainable goals. Disseminate this to all tourism organisations in the region to ensure that there is no discrepancy in the national and operational visions for the sector.
2. Create a robust marketing plan to attract all segments of travellers from Israel. The marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment;
 - Leisure specific actions:
 - Establish specific religious, cultural and leisure travel packages within Egypt organised by Egyptian tour operators that can be promoted within Israel;
 - Establish a network of travel agencies in Israel that will promote the Egyptian tour packages;
 - Leverage Egyptian and Israeli celebrities and influencers to promote travel to Egypt in marketing campaigns and social

- media. Conduct familiarisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Cultivate business relationships centred around knowledge and best practice sharing with member nations on key themes such as defence, tourism, manufacturing, industrialisation and entrepreneurship;
 - Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, create business deals and enhance cultural understanding;
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
- 3. Create two guideline handbooks: (1) for tourism organisations and professionals in Egypt addressing the sensitivities of visitors from the Abraham Accords member nations, and (2) for inbound tourists addressing certain cultural sensitivities to be aware of that would enrich their travel experience.
- 4. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from the Abraham Accords member nations.
- 5. Identify certain restaurants in primary destinations and encourage them to procure Kosher food certifications.

Egypt Medium-Term Actions

1. Sign up to the Abraham Accords to benefit from the peace halo, improved regional stability and keep pace with regional developments.
2. Incentivise hospitality investment especially in the MICE sector as well as in experience-based tourism facilities for the diversification of the country's tourism profile.
3. Appoint key figures in the Ministry of Tourism as people responsible for growth from Abraham Accords member nations. Dedicate resources to grow the source markets from the Abraham Accords nations. This department should be responsible for ensuring Abraham Accords member nation initiatives are not delayed and their implementation hurdles are removed swiftly.
4. Create co-branded campaigns depicting and promoting peace between Egypt and Israel. Showcase the benefits of this peace in helping Egypt achieve economic prosperity.

5. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Through significant work and progress made on implementation of the above listed recommendations, we anticipate Egypt to gain up to US\$1 billion from the source market of Israel by 2025, translating to a CAGR of 19% between 2022 and 2025. This forecast is based on our methodology established later in the report and is a prudent estimate of anticipated tourism growth.

Jordan

The following are the challenges to be overcome for the tourism growth. These include:

1. While the Kingdom of Jordan is the face of stability in the otherwise contested region, regional instability continues to prevent the image of the destination being seen as a safe tourist hub. While the Royal Family has significantly invested in maintaining peace, with 60% of the population identified to be of Palestinian origin, safety and security would further need to be ramped up in order to position the Kingdom to receive significantly more tourists from Israel.
2. Israeli travellers to Jordan need to enlist themselves with a tourist guide in order to help maintain their safety and passage within the country. This remains a barrier to free travel between the nations.
3. Hospitality infrastructure in the Kingdom is concentrated in the Amman region, leaving the rest of regional Jordan significantly behind in terms of tourism capacity. While the government has invested in developing rural tourism with the help of local communities, infrastructure in regional Jordan needs to be improved through further investment.
4. Identified as a key area to boost modernisation and make the tourism sector attractive, the national strategy highlights the organisational reforms required in relation to tourism ministries, authorities and boards.
5. Digitalisation of tourism services also poses a limitation to attracting inbound travellers to the Kingdom.
6. With massive immigration of refugees from the war-stricken neighbouring region, unemployment levels have been soaring. (The recent earthquakes in neighbouring Syria and Turkey will only serve to exacerbate this further.) The population of the Kingdom having doubled over the last two decades and its effects on resource scarcity have been a major challenge. This has also led to a shortage of skilled workforce for the industry. A lack of skilled workforce dilutes the experience of inbound guests, especially the ones from larger source markets.

7. Processes of obtaining a visa, availability of tour packages and other administrative tasks related to the Ministry and tourism authorities are yet to be digitalised, adding another layer of complexities for travellers choosing Jordan as their destination.
8. Moreover, while the guest experience and reviews of travellers have been very positive concerning the cultural heritage of the nation and the tourism sites, the experience surrounding facilities, accommodation and travel experience falls short of the global industry standards. This has also been recognised by the Ministry of Tourism and Antiquities in their assessment of the industry's competitiveness.

To address and resolve these challenges, we propose the implementation of the following recommendations that have been categorised by their probable implementation timelines.

Jordan Short-Term Actions

1. Update on the national tourism strategy with progress on the decided action plan. Transparency can help in investor and traveller perceptions. Disseminate this to all tourism organisations in the region to ensure that there is no discrepancy in the national and operational visions for the sector.
2. Digitalisation of administrative processes and of distribution of tourism products can greatly improve international uptake.
3. Review existing laws and regulations from a traveller standpoint in order to reduce barriers to entry.
4. Create a robust marketing plan to attract all segments of travellers from Israel. The marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment;
 - Leisure specific actions:
 - Establish specific religious, cultural and leisure travel packages within Jordan organised by Jordanian tour operators that can be promoted within Israel;
 - Establish a network of travel agencies in Israel that will promote the Jordanian tour packages;
 - Leverage Jordanian and Israeli celebrities and influencers to promote travel to Jordan in marketing campaigns and social media. Conduct familiarisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Cultivate business relationships centred around knowledge and best practice sharing with member nations on key

themes such as defence, tourism, manufacturing, industrialisation and entrepreneurship;

- Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, create business deals and enhance cultural understanding.
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
5. Create two guideline handbooks: (1) for tourism organisations and professionals in Jordan addressing the sensitivities of visitors from the Abraham Accords member nations, and (2) for inbound tourists addressing certain cultural sensitivities to be aware of that would enrich their travel experience.
 6. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from the Abraham Accords member nations.
 7. Identify certain restaurants in primary destinations and encourage them to procure Kosher food certifications.

Jordan Medium-Term Actions

1. Sign up to the Abraham Accords to benefit from the peace halo, improved regional stability and keep pace with regional developments.
2. Explore codeshare agreements with airlines in order to improve air traffic connectivity to the Kingdom.
3. With supportive FDI rules, incentivising hospitality investment especially towards regional areas other than Amman.
4. Create a job portal and central workforce repository to match job openings with eligible workforce to help increase employment levels.
5. Appoint key figures in the Ministry of Tourism as people responsible for growth from Abraham Accords member nations. This department should be responsible for ensuring Abraham Accords member nation initiatives are not delayed and their implementation hurdles are removed swiftly.
6. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Through significant work and progress made on implementation of the above listed recommendations, we anticipate Jordan to gain up to US\$200 million from the source market of Israel by 2025, translating to a CAGR of 17% between 2022 and 2025. This forecast is based on our methodology established later in the report and is a prudent estimate of anticipated tourism growth.

Regionwide Initiatives

The importance of stability in the region concerning the Abraham Accords is unprecedented. Being the geographical centre connecting Asia and the Far East to mainland Europe and the West, the Middle East is an important region in global conversations today. Historically, this region has experienced significant instability with wars, revolts, terrorism and political uprisings, thereby seeing growth of the region curtailed. The Abraham Accords provide the region with a new era of hope and stability by not only bringing significant economic gains but also by nurturing relationships and people-to-people connections. Tourism as an activity is paramount in order to deliver on this goal. Being an economic sector of importance, growth in tourism can potentially lead to the growth in economies and fulfil the economic diversification goals that most nations in the region envisage. However, more than that, tourism as a practical activity brings together people and cultures thereby improving relationships and public support to important decisions concerning normalisation in the region. Therefore, it is important that governments of the member nations prioritise tourism development under the Abraham Accords while simultaneously growing trade and commerce. This can potentially lead to the garnering of public support and softening of some of the opposing views held towards normalisation in the region.

In line with the above and transcending the scope of individual countries, our research focuses on certain regional challenges and provides recommendations and actions for the region. These have also been categorised into short-term and long-term recommendations and are as follows.

Short-Term Regional Actions

1. Issue press release announcing regional tourism coordination.
2. Create a platform for tourism related knowledge and data sharing between all Abraham Accords countries.
3. Create a series of high-profile regional events amongst the AA member nations (i.e. sporting events, musical festivals, food festivals, etc.)
4. Establish roadshow presentations to be made at regional tourism trade shows to highlight the Abraham Accords mission, the objective of regional peace through travel and tourism and the ways for trade show delegates to participate.
5. Create two handbooks for: (1) for tourism organisations on guest experience management and cross-cultural trainings, and (2) for inbound tourists on cultural sensitivities for an enriching cross-cultural experience.

6. Create a common regional marketing plan for tourism promotion centred around regional stability, unity and safety, leveraging the peace halo brokered by the Abraham Accords.
7. Create an online B2B platform for travel agents and tour operators from all Abraham Accords countries to distribute tourist itineraries and for MICE coordinators and event planners to distribute conventions and other major events in each country. This will create a network effect to grow tourism.
8. Create and promote a series of specific industry business conferences to introduce business leaders to foster business connections, business deals and cultural understanding.

Medium-Term Regional Actions

1. Facilitate creation of a participative regional tourism council with high level members representing all nations. The council would be responsible for leveraging cooperation in a bid to help all nations achieve their strategic tourism goals.
2. Establish visa exemption bilateral agreements for nationals from Abraham Accords member nations. For as many of the other nationalities represented by expats in the Abraham Accords countries, execute a regional visa scheme allowing travellers to apply for one regional visa encompassing travel to all the Abraham Accords nations.
3. Improve connectivity within the region by opening airspace to private carriers. Identify and develop modes of passenger movement within the region as alternatives to air travel.
4. Create a regional B2B platform for the tourism industry responsible for MICE bulletin board, creation and distribution of tourist itineraries and industry coordination.
5. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing, to bring together people from all nations to improve tolerance and understanding between the populations.

Conclusion

While the Accords have already been successful in boosting bilateral trade, the practical benefits observed by individual populations of these nations are so far limited. Tourism as an economic activity is unique since it adds significant socio-cultural benefits apart from the direct and indirect economic benefits it brings. These benefits are experienced more directly by the population making tourism an activity that can truly help form a new, more united Middle East.

In the two years since the signing of the Accords, estranged ties between Israel and the Arab member nations have started to be repaired. Diplomatic ties have been established and trade and commerce has been boosted between the member nations, in some cases significantly. The Accords have also paved the

Major Events in the Region

way to improved regional cooperation, which has and continues to improve regional stability. Strategically, the Accords provide an opportunity for the region to holistically improve its image with superior economic and socio-cultural potential.

As a part of the promotion of the objectives of the Abraham Accords, it is our belief that participation in major tourism conferences, trade shows and similar events could be a driver for rapid adoption of our recommended actions. Through our research, we can identify the following the drivers of change:

1. **Government** – through their laws, regulations and mandates to support the Abraham Accords, the governments of the nations remain the largest driver of adoption of the Accords and fortification of each agreement’s impact.
2. **Stakeholder groups** – controlling a major stake in the adopted practices and business strategy in the industry, stakeholder groups are a big driver of change as well. Once governmental support for the Accords is obtained, the early adoption of recommended actions and business tactics can be fuelled through key stakeholder groups such as hospitality investors, real estate owners, large scale operators, regulatory boards and authorities and key affiliate players such as trade and commerce partners.
3. **Consumer groups** – consumer support is key to the success of any commercial strategy; however, customer awareness is a key initial step. While this would be critical, securing governmental approval and stakeholder support is key to building consumer buy-in. With the right infrastructure and distribution strategy, consumer support can be a true exponential driver of growth.

While our research thoroughly reviews the tourism industries of the Abraham Accords member nations and highlights key challenges and their probable solutions, the next step in building a viable tourism destination with sustainable growth would be to onboard stakeholder support. Through participation in key regional, international and national conferences and trade shows, this support can be garnered. Moreover, while participation in these events can directly help influence stakeholder groups, they can indirectly increase consumer awareness through media coverage and stakeholder engagement. Our research indicates that Abraham Accords presence in the following listed conferences and trade shows could be a great starting point in the building of sustainable tourism growth for the region.

Table 1-1 overleaf highlights the key conferences, trade shows and similar events, participation in which can potentially help further the tourism progress made possible due to the signing of the Abraham Accords.

Summary of Tourism Projections

Table 1-2, which then follows, summarises the above projections for each country and sets out the historical context and progression towards the goals for

2025. Table 1-3 then presents the expected revenues arising from the projected tourist numbers set out in the previous table.

TABLE 1-1 KEY TOURISM CONFERENCES AND TRADE SHOWS 2023

Conference	Scale	Host City	Key Themes	Dates	Website
ITB Berlin	International	Berlin	Global Travel and Tourism, Change Management, Innovation, Inbound and Outbound Tourism	7-9 March 2023	https://www.itb.com/en/
International Luxury Travel Market Africa	Africa	Cape Town	Travel Sales and Marketing, Luxury Travel Development	31 March-2 April 2023	https://www.iltm.com/africa/en-gb.html
WTM Africa*	Africa	Cape Town	Inbound and Outbound Tourism for Africa, B2B Development and Networking	3-5 April 2023	https://www.wtm.com/africa/en-gb.html
Arabian Travel Market*	Middle East	Dubai	Inbound and Outbound Tourism for Middle East, B2B Development and Networking	1-4 May 2023	https://www.wtm.com/atm/en-gb.html
International Luxury Travel Market Arabia	Middle East	Dubai	Travel Sales and Marketing, Luxury Travel Development	2-3 May 2023	https://www.iltm.com/arabia/en-gb.html
International Hospitality Investment Forum	International	Berlin	Hospitality Investment, Operations and Ownership, Business Development	15-17 May 2023	https://www.ihif.com/
The Hotel Show Dubai	Middle East	Dubai	Hospitality Trade, Investment, Hospitality Product and Technology	23-25 May 2023	https://www.thehotelshow.com/
Future Hospitality Investment Summit	Middle East	Abu Dhabi	Hospitality Investment in Middle East	25-27 September 2023	https://www.futurehospitalitysummit.com/ae
WTM London*	International	London	Inbound and Outbound Tourism, B2B Networking and Business Development	6-8 November 2023	https://www.wtm.com/london/en-gb.html
Israel Hotel Investment Summit	Israel	Tel Aviv	Investment and Development in Hotels and Tourism Infrastructure, Operations and Ownership	TBC	https://www.israelhotelinvest.com
WTTC Global Summit	International	Kigali, Rwanda	Global Travel and Tourism, Inbound and Outbound Tourism	TBC	https://wttc.org/

*Part of the World Travel Market series of events

TABLE 1-2 SUMMARY OF BILATERAL TOURISM WITH ISRAEL

Period	UAE		Bahrain		Morocco		Egypt		Jordan		Total	
	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel
2019 Actual	0	0	0	0	39,900	3,500	530,200	8,000	113,200	19,200	683,300	30,700
2020 Actual	24,600	0	114	0	3,500	800	37,900	600	15,700	3,100	81,814	4,500
2021 Actual	113,000	300	1,792	0	80,000	500	33,200	500	30,200	5,000	258,192	6,300
2022 Estimate	268,000	1,500	2,700	400	200,000	2,900	486,000	5,100	105,000	16,800	1,061,700	26,700
2025 Goal	450,000	30,000	20,000	5,000	300,000	10,000	750,000	10,000	150,000	25,000	1,670,000	80,000

Sources:

- Inbound to Israel sourced from Israel Central Bureau of Statistics for UAE, Bahrain, Morocco, Egypt and Jordan for 2019 to 2021. 2022 estimates based on October YTD data received from Israel Central Bureau of Statistics;
- Outbound from Israel to UAE sourced from Israel Central Bureau of Statistics for 2019 and 2020. 2021 numbers based on information from high level tourism contacts. 2022 data from Dubai and Abu Dhabi Tourism Boards;
- Outbound from Israel to Bahrain sourced from Israel Central Bureau of Statistics for 2019. 2020 and 2021 numbers sourced from Bahrain Tourism Ministry. 2022 estimates based on October YTD data from Bahrain Tourism Ministry;
- Outbound from Israel to Morocco sourced from UNWTO for 2019 and 2020. 2021 and 2022 numbers from online sources ([Link 2021](#), [Link 2022](#));
- Outbound from Israel to Egypt sourced from UNWTO for 2019 to 2022;
- Outbound from Israel to Jordan sourced from UNWTO through the Israel Central Bureau of Statistics. 2022 estimated based on November YTD data received through Israeli management controlling the Jordan River Border Crossing.

TABLE 1-3 SUMMARY OF EXPECTED REVENUE THROUGH BILATERAL TOURISM

Period	UAE		Bahrain		Morocco		Egypt		Jordan		Total	
	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel
Expected Revenue 2022 (US\$ millions)	325	2	3	1	250	5	600	5	125	20	1,303	33
Expected Revenue 2025 (US\$ millions)	630	35	25	10	420	20	1,000	10	200	30	2,275	105
Expected CAGR (%)	25%	160%	103%	115%	19%	59%	19%	26%	17%	14%	20%	47%

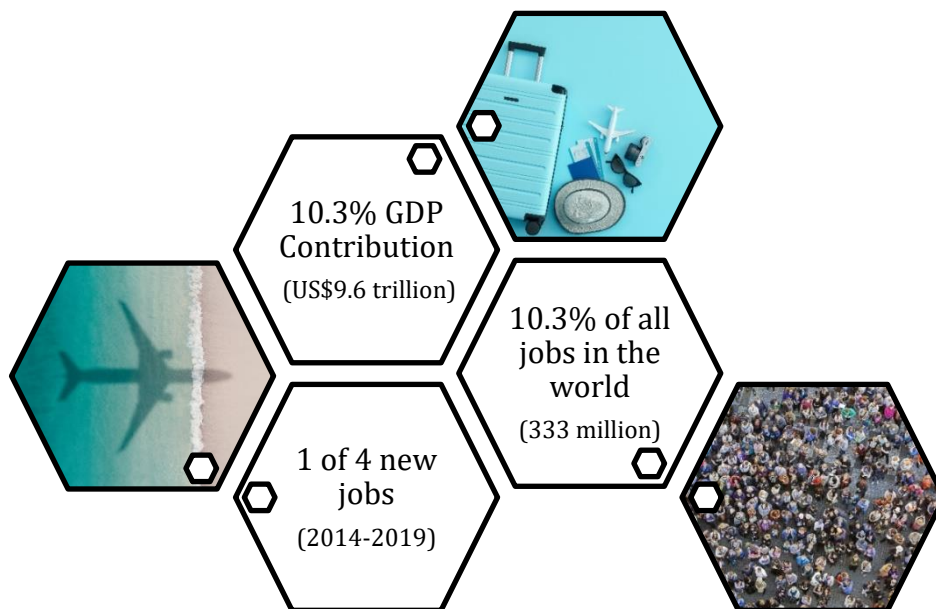
Notes:

- In both of our inbound and outbound methodologies, we have used the outbound expenditure per departure (in US\$) sourced from UNWTO for the year 2019 for each of the countries and applied a global long-term inflation rate of 3.6% (IMF, 2023) to arrive at the expected revenue per departure for each country. Multiplying this derived figure by the 2025 tourism visit targets enabled us to quantify the future financial impact of tourism in the region;
- We have rounded down the estimates for prudence for both 2022 and 2025.

2. Overview – Global Tourism Industry

The global tourism industry has undergone a massive paradigm shift owing to the COVID-19 pandemic. At its peak in 2019, the global tourism industry, in terms of direct, indirect and induced impact, represented 10.3% of total global GDP (US\$9.6 trillion) and a further 10.3% of global jobs (333 million). Moreover, one out of every four new jobs created around the world were created by the tourism sector. Due to its unique nature, the tourism industry is known to facilitate not only economic prosperity but to also have a positive socio-cultural impact on the region. By embracing and highlighting local cultures and communities, tourism has also been a major accelerator for global inclusivity and peace through increased cultural tolerance and globalisation.

GLOBAL TOURISM INDUSTRY – KEY PERFORMANCE INDICATORS 2019

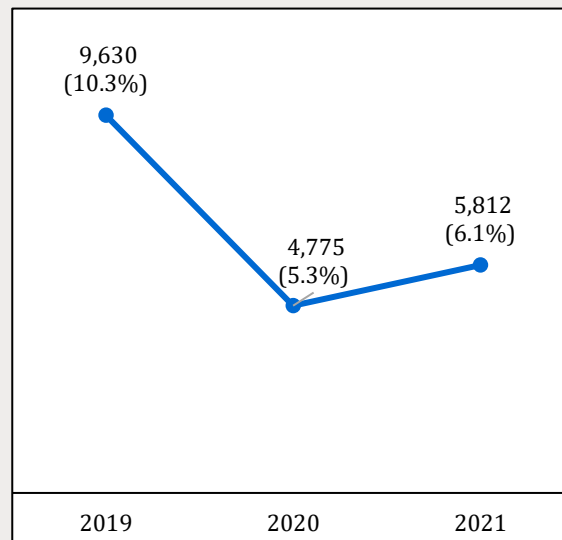


Source: WTTC

The advent of the COVID-19 pandemic in the early months of 2020 brought an abrupt halt to the growth of the tourism industry. With restricted travel, closed international borders and priorities towards containment and vaccination against the pandemic, tourism was one of the most impacted sectors. The pandemic saw a 50.4% loss in the tourism sector's GDP contribution, translating to a US\$4.9 trillion loss for the global economy and a 62 million loss in total employment within the sector. The industry was hit hard and 2020 defined a 'new normal' for the sector. The onset of Q4 2020 was characterised by green shoots of recovery in the sector, albeit marked by a peculiar 'stop-start' nature. The recovery trend continued into 2021 with the year being labelled the

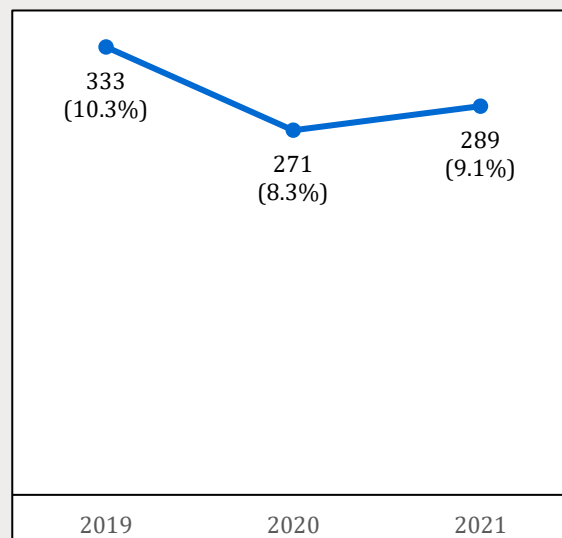
recovery year for the sector. The following graphs show trends related to key indicators of the sector.

GRAPH 2-1 TRAVEL & TOURISM GDP CONTRIBUTION – US\$ BILLIONS (%)



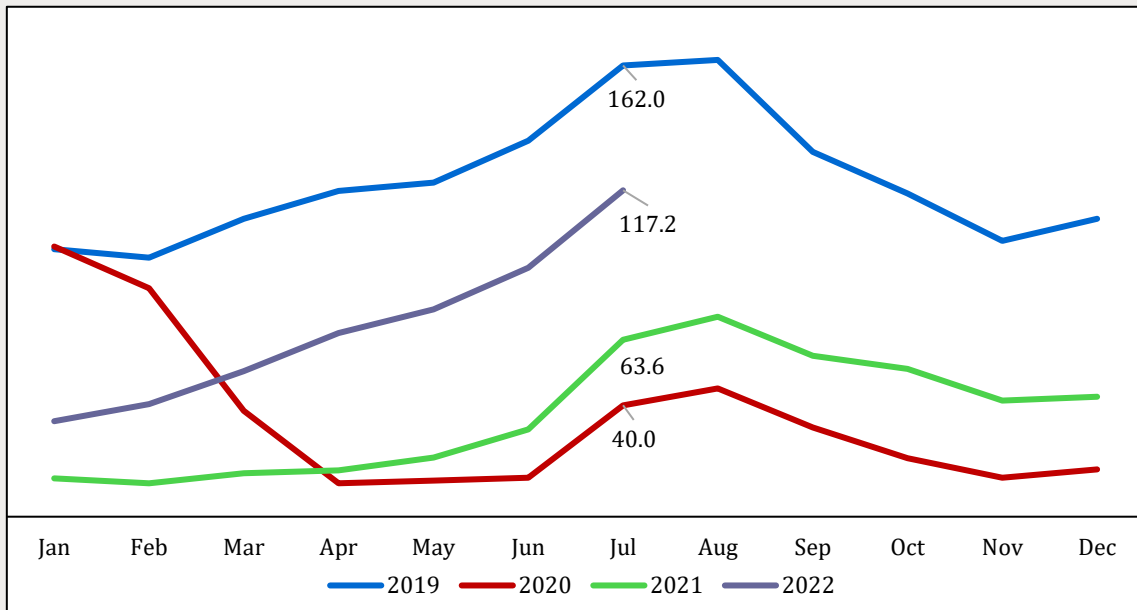
Source: WTTC, 2022

GRAPH 2-2 TOTAL TRAVEL & TOURISM JOBS – MILLIONS (% OF TOTAL)



Source: WTTC, 2022

GRAPH 2-3 INTERNATIONAL TOURISM SEASONALITY (ARRIVALS, MILLIONS)

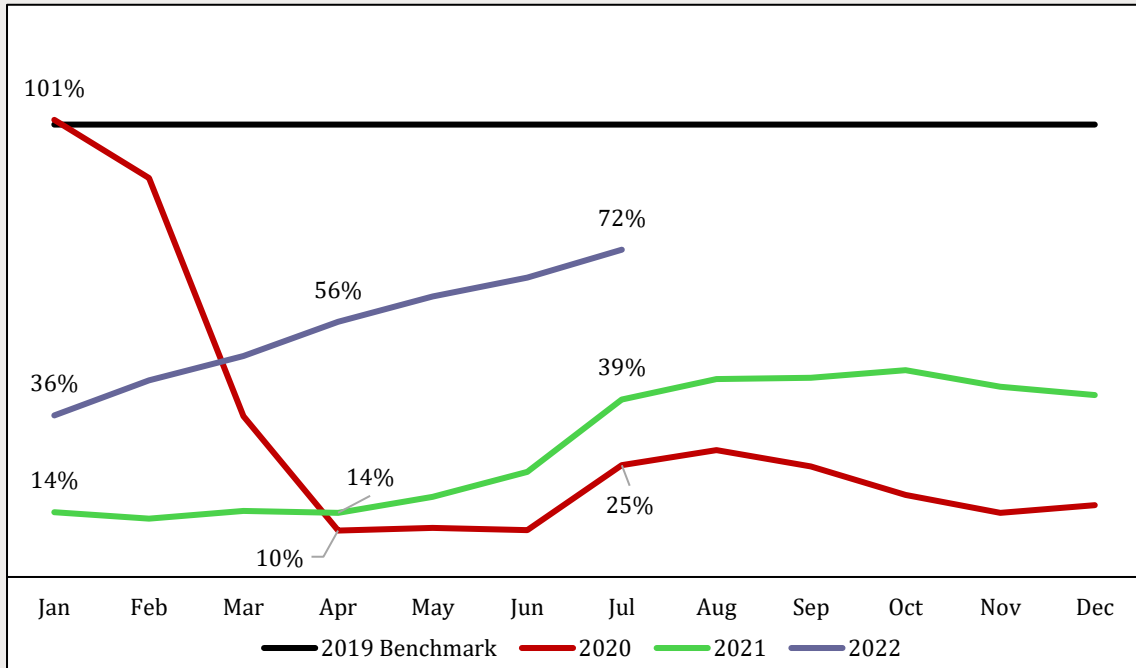


Source: WTTC, 2022

Monthly international arrivals fell from 162 million (July 2019) to 40 million (July 2020) owing to the COVID-19 pandemic. While 2021 showed recovery, arrivals were merely 64 million for the month of July. Data received to July 2022 show that global international tourism recovery is well on the way but still lags behind the numbers achieved in 2019.

In the following chart, we benchmark monthly international tourism arrivals to the pre-pandemic numbers observed in 2019. The start of 2020 showed growth over the same time period in 2019, indicating that the sector should have posted annual growth if not for the pandemic. By April 2020, however, international arrivals fell to 10% compared to that achieved in April 2019. The years 2021 and 2022 saw significant recovery for the industry which, as of July 2022, stands at 72% of the levels in 2019. According to the WTTC, Asia Pacific is set to rebound fully, in tourism terms, by 2023 followed by other regions in 2024. Moreover, the long-term compound annual growth rate (2022-2032) for travel and tourism’s contribution to global GDP is forecast to be around 5.8%, more than double that expected in the global economy (2.7%) for the same period.

GRAPH 2-4 GLOBAL TOURISM RECOVERY (INDEXED TO 2019)

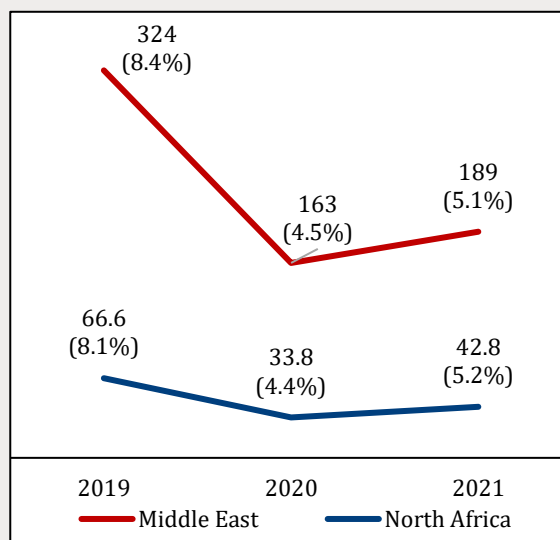


Source: UNWTO, 2022

3. Overview – Middle Eastern Tourism Industry

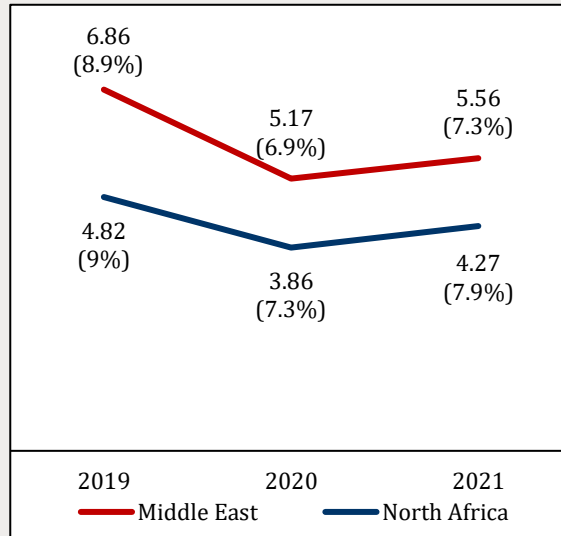
The Middle Eastern tourism economy was not impervious to the impact of the pandemic and virtually disappeared, with international arrivals contracting by 99% in April 2020. Accounting for US\$342 billion (or 8.4% of the economy) and 6.9 million jobs (8.9% of total jobs), the sector shrunk to US\$189 billion (7.3% of economy) and 5.6 million jobs (7.3% of total jobs) in the Middle East (WTTC, 2022). The performance in North Africa mirrored that of the Middle East. The tourism sector contracted to US\$42.8 billion (5.2% of the economy) and accounted for 4.3 million jobs (7.9% of total jobs), falling from the 2019 peak of US\$66.6 billion (8.1% of the economy) in contribution to GDP and 4.8 million (9% of total jobs) in terms of contribution to employment (WTTC, 2022). Both the sub-regions posted significant gains over 2020, which are illustrated in the graphs below. Recovery in terms of contribution to GDP for the Middle Eastern region was slower than the global average (59% vs 61%); however, due to early easing of restrictions and travel friendly policies, recovery in North Africa outpaced the global average (64% vs 61%). The Middle East since then, however, has outpaced global recovery and posted growth over 2019 in July 2022.

GRAPH 3-1 TRAVEL & TOURISM GDP CONTRIBUTION – US\$ BILLIONS (%)



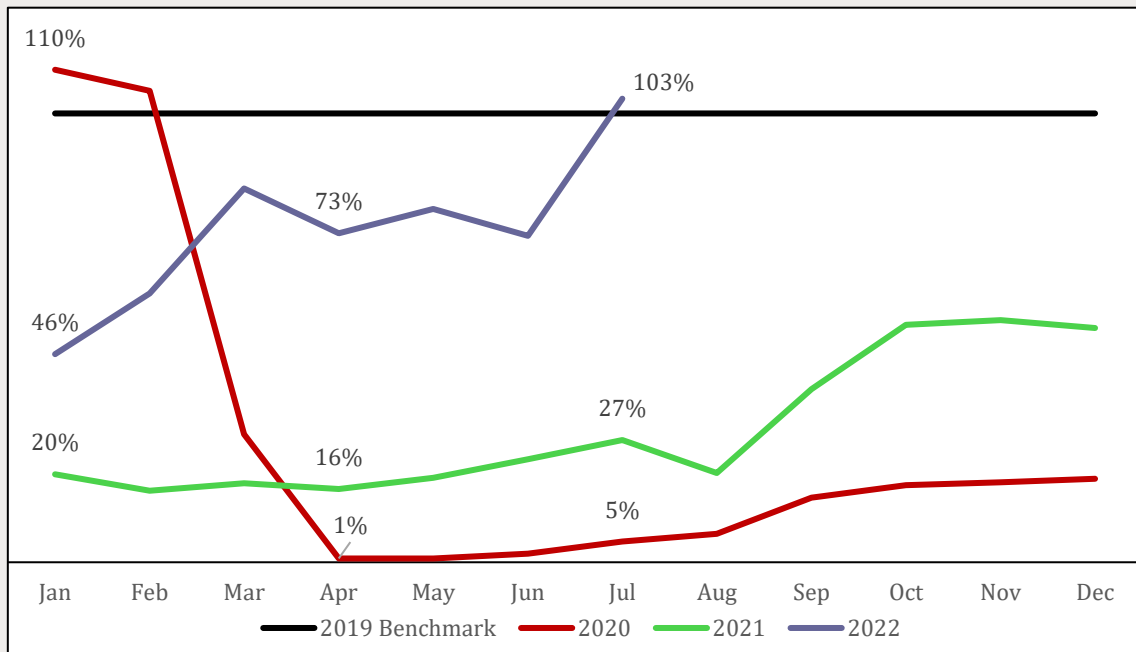
Source: WTTC, 2022

GRAPH 3-2 TOTAL TRAVEL & TOURISM JOBS – MILLIONS (% OF TOTAL)



Source: WTTC, 2022

GRAPH 3-3 MIDDLE EASTERN TOURISM RECOVERY (INDEXED TO 2019)

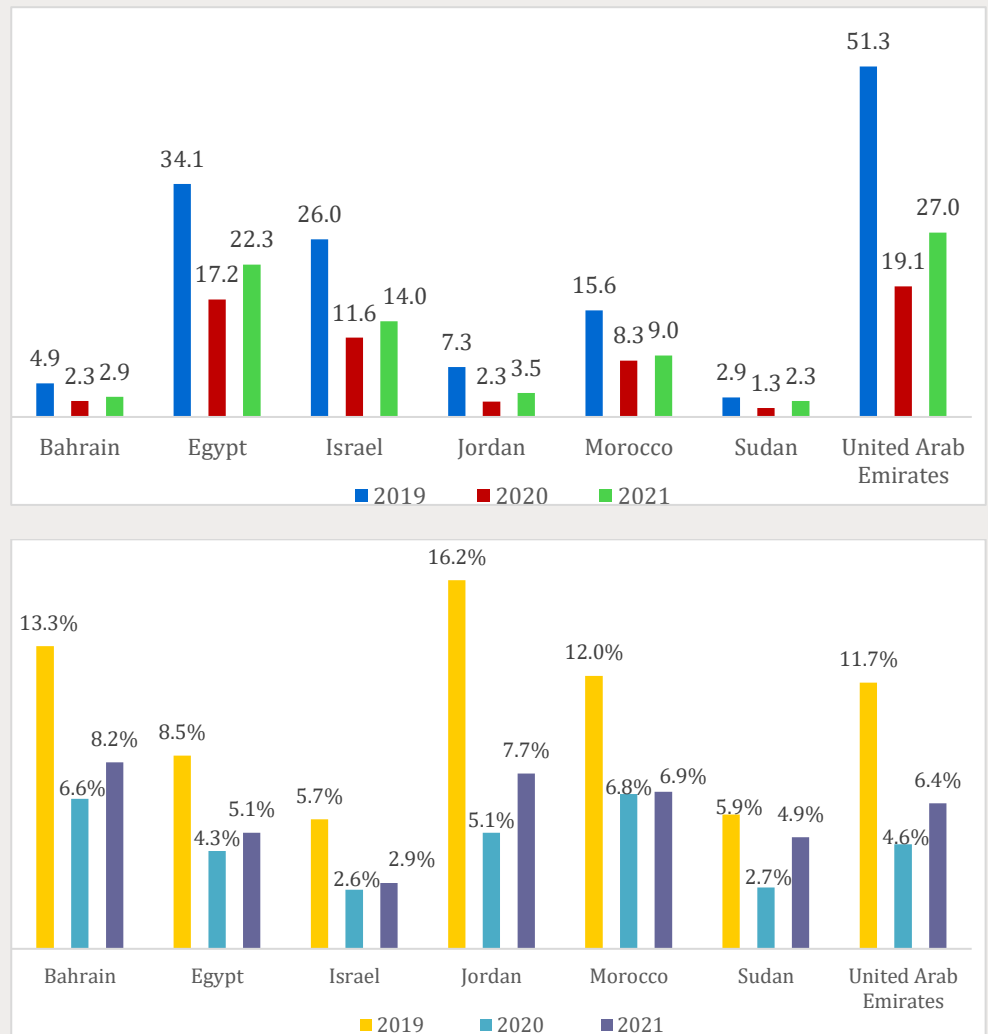


Source: UNWTO, 2022

While the Middle East started 2020 with a growth in January (10%) and February (5%) compared to 2019, the declaration of COVID-19 as a pandemic by the WHO in March 2020 signalled a rapid contraction in international tourism

numbers to the Middle East region. Heavily dependent on expats and international tourists, the region almost totally declined (99%) by April 2020 (compared to April 2019) and could only reach 19% recovery by December 2020 owing to stricter containment rules and travel restrictions in the region. It was only in the last quarter of 2021 that the tourism industry breached the 50% recovery mark, ending December at 52% vs 2019. While 2022 started conservatively in terms of recovery, recovery levels consistently hovered around the 75% threshold, with July achieving a full rebound to the restoration of 2019 levels. The graphs in the following section show for each of the member nations some key tourism indicators, including tourism’s contribution to GDP and employment and international arrivals to the nations.

GRAPH 3-4 TOURISM’S CONTRIBUTION TO TOTAL GDP (US\$ BILLIONS) AND TOURISM’S SHARE IN TOTAL GDP (%)



Source: WTTC, 2022

The UAE is one of the nations which sought GDP diversification earlier than most of its counterparts. Today, with the second largest economy in the Arab world (behind Saudi Arabia), the UAE's economy is still reliant on natural reserves except for the Sheikdom of Dubai which is an international hub for trade and tourism. Development projects have long propelled the UAE's tourism growth and fortification, making tourism one of the largest non-oil revenue sources for the UAE. In terms of tourism's contribution to GDP, the tourism industry represents only 6.4% of total GDP albeit contributing US\$26.9 billion to the economy.

Egypt, the second largest African economy, has a diversified portfolio with contributions from trade of agricultural products, industrial sectors like automobiles, steel and textiles, construction, and financial services, along with tourism. Tourism represents 5.1% of total Egyptian GDP and at US\$22.3 billion, tourism contribution to overall GDP is only behind that of the UAE. Tourism is one of the largest revenue sources and is projected to grow with investment and development in the sector.

Driven by economic sectors like high-technology and industrial manufacturing, the GDP of **Israel** is diversified with sectors such as tourism, agriculture, financial services and energy contributing to the stability of the economy. The Israeli tourism industry represents 2.9% of total GDP which is considerably lower than other Abraham Accords member nations. However, at US\$14 billion, Israel's tourism contribution to overall GDP is still significant.

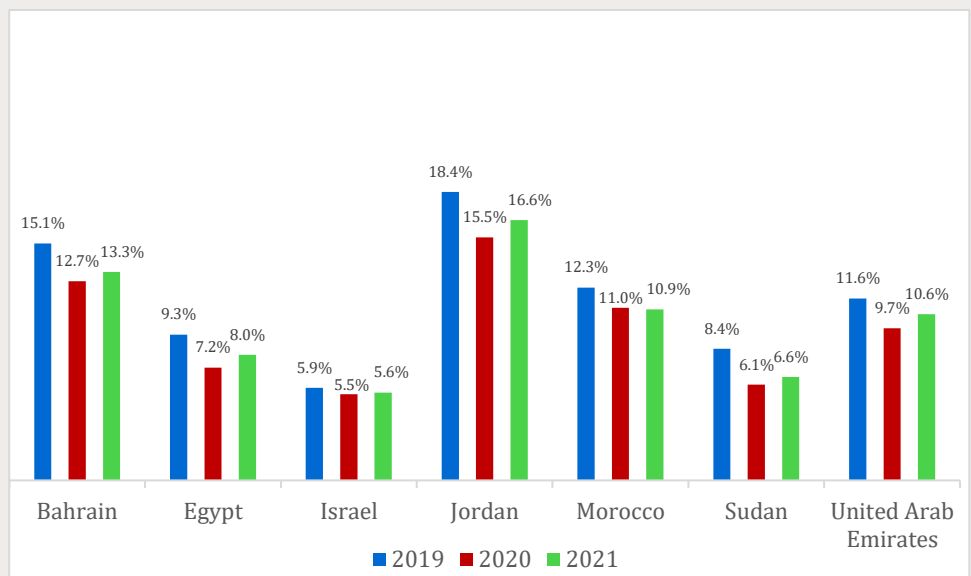
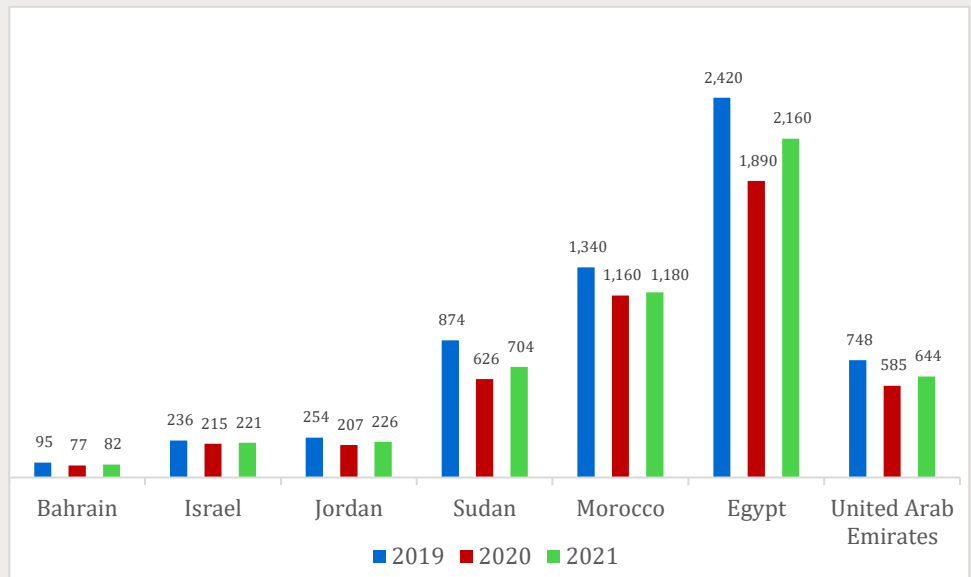
Although the economy of **Morocco** is relatively small, it is the fifth largest economy in Africa. Considered a relatively liberal economy, Morocco's privatisation policies, which came into effect in the early 1990s, have helped the GDP to grow. Agriculture contributes considerably to the GDP of Morocco, with half of the GDP driven by the services sector including tourism, communications, retail and finance. In terms of tourism's contribution to GDP in Morocco, the industry represents a high proportion of 6.9% of total GDP. The dollar contribution of US\$8.9 billion makes tourism one of the largest revenue sources for the Kingdom.

The GDP of **Bahrain** has remained relatively stable in real terms when compared to other nations in the region. In 2015, the Bahraini government enacted GDP diversification strategies to move away from the dependence of its economy on dwindling oil reserves by focusing on expanding its financial services, manufacturing, heavy industries and tourism sectors. In terms of tourism's contribution to GDP, the Bahraini tourism industry represents 8.2% of total GDP which represents the growing importance of the sector to the economy. At US\$2.9 billion, Bahrain's tourism contribution to overall GDP is the lowest of all the countries reviewed except Sudan.

Although the economy of **Jordan** is smaller compared to others in the region, it is well diversified. Scarce in terms of natural resources, including oil and water, Jordan's GDP is driven by exports of minerals, fertilisers, the development in the sectors of transport, travel, construction, communications, and significant flows

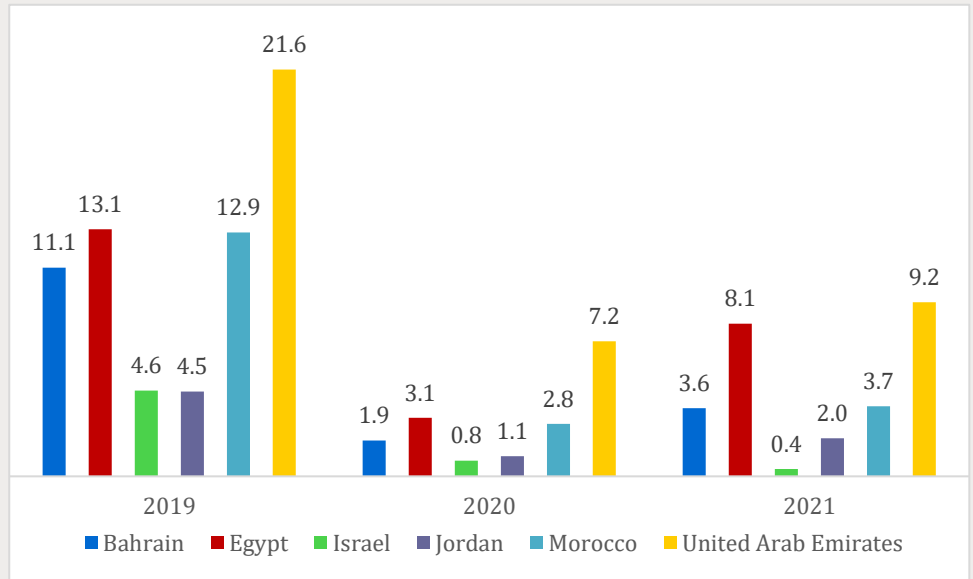
of remittances from nationals settled overseas. The tourism industry in Jordan represents a 7.7% of total GDP, the highest percentage in the region after Bahrain. However, this image is distorted due to the relatively smaller size of the economy. Nonetheless, with a contribution of US\$3.5 billion, tourism is a major revenue source for the Kingdom.

GRAPH 3-5 TOURISM'S CONTRIBUTION TO EMPLOYMENT (THOUSANDS, % OF TOTAL)



Source: WTTC, 2022

GRAPH 3-6 TOTAL INTERNATIONAL ARRIVALS (MILLIONS)



Source: UNWTO, 2022

4. Tourism Goals for 2025

Introduction

An important determinant of economic impact of growing tourism from a new source market is the size of the outbound travel from that source market. With the signing of the Abraham Accords and subsequent opening of travel between the Accords members, economic, social and cultural benefits can be observed contingent to overcoming the challenges highlighted elsewhere in this report. The signing of the Accords has paved the way for travel and tourism to be executed between Israel, the member nations and the wider Middle East and North Africa region. While the Accords have been successful in brokering the first steps of travel, the following section aims at elucidating the key tourism indicators for the nations along with prospective tourism goals for 2025.

Methodology

In order to understand the scope of impact and to set key targets, the following aims to quantify the market opportunity for Israel in attracting travellers from other member nations along with the opportunity present for each of the nations in attracting Israeli travellers. Our methodology for forecasting and setting goals is based on the understanding of outbound and inbound market size for the countries and can be divided into:

1. Inbound arrivals from the countries to Israel
2. Outbound departures from Israel to the countries

In order to arrive at the goals, we start with the key tourism performance for the countries under review historically and especially as of 2019, the last stable year for tourism. The key indicators are presented in the table below.

TABLE 4-1 KEY TOURISM ATTRIBUTES OF COUNTRIES UNDER REVIEW (2019)

Country	Inbound Arrivals ('000s)	Outbound Departures ('000s)	Outbound Expenditure (US\$ millions)	Outbound Expenditure (per departure, US\$)
Israel	4,552	9,179	10,389	1,132
United Arab Emirates	21,561	18,395	18,382	999
Bahrain	3,849	1,550	2,637	1,701
Morocco	12,932	2,009	3,102	1,544
Egypt	12,876	4,290	3,718	867
Jordan	4,488	1,537	1,569	1,021

Sources: UNWTO

Notes:

- Arrivals and departures reflect overnight visits and do not include same day visitors;
- Outbound expenditure is calculated through UNWTO surveys, and the data are processed through their calculation methodology. We use the outbound expenditure per departure in our calculation of expected revenue for 2025.

INBOUND TRAVEL TO ISRAEL

While some of the countries under review had previously existing peace agreements, inbound travel to Israel from these nations was limited. In order to identify the inbound goals, our methodology identifies key source markets for Israel and the percentage share this travel constitutes in relation to all outbound travel from these countries. After identifying the share of travel to Israel with respect to total outbound travel, our methodology includes the allocation of market share weights to the countries under review, reflecting and incorporating the level of travel from these countries to Israel post the signing of the Accords.

TABLE 4-2: TOURISM INFLOWS TO ISRAEL – SELECTED COUNTRIES

Country	Total Outbound in 2019 ('000s)	Outbound to Israel in 2019 ('000s)	Outbound to Israel (% of total)
Austria	11,902	49	0.42%
Belgium	14,191	45	0.31%
Czech Republic	7,346	32	0.44%
France	30,407	367	1.21%
Germany	99,533	289	0.29%
Greece	7,848	42	0.53%
Hungary	9,373	39	0.42%
Italy	34,703	191	0.55%
Netherlands	22,045	91	0.41%
Poland	13,500	157	1.16%
Portugal	3,100	19	0.61%
Russia	45,330	318	0.70%
Spain	19,845	105	0.53%
Turkey	9,651	32	0.33%
United Kingdom	93,086	235	0.25%
United States of America	99,744	969	0.97%
Total	521,604	2,981	0.57%
Total w/o France & USA	391,453	1,644	0.42%

Sources: Israel CBS, UNWTO

As per the population census in 2019, 5.7 million Jewish people resided in the USA while 450,000 were recorded as residents of France. Owing to the higher population density of the Jewish people in these countries, the inbound travel from these nations to Israel is likely to be significantly higher than the other countries illustrated. We have therefore discounted these two source markets in order to arrive at appropriate proportions of outbound travellers for the new source markets represented by the Abraham Accords nations. From the above data, the other countries that share friendly relationships with Israel saw between 0.25% and 1.16% of their total outbound travel depart for Israel in 2019, an average of 0.42%.

Although the UAE and Bahrain did not have any measurable outbound travellers to Israel in 2019, Morocco, Egypt and Jordan did. We present the relevant data in the following table.

TABLE 4-3: TOURISM INFLOWS TO ISRAEL – COUNTRIES UNDER REVIEW

Country	Total Outbound in 2019 ('000s)	Outbound to Israel in 2019 ('000s)	Outbound to Israel in 2019 (% of total)	Outbound to Israel in 2020 ('000s)	Outbound to Israel in 2021 ('000s)	Outbound to Israel in 2022 ('000s, estimate)
United Arab Emirates	18,906	—	0.00%	—	0.3	1.5
Bahrain	1,550	—	0.00%	—	—	0.4
Morocco	2,009	3.5	0.17%	0.8	0.5	2.5
Egypt	4,290	8.0	0.19%	0.6	0.5	6
Jordan	1,537	19.2	1.25%	3.1	5	17
Total	28,292	30.7	0.11%	4.5	6.3	27.4

Sources: Israel CBS, UNWTO

In the following paragraphs we will assess the relevant data for each country along with other considerations from our research to estimate a reasonable target for outbound travellers from each country. In general, due to various challenges and impediments described in this report, the capture Israel can expect from the various countries should be less than the 0.42% average of the countries in Table 4-2.

Travel from UAE

Outbound travel to Israel from the UAE in 2022 was limited to 1,500 visitors. While the signing of the visa exemption agreement was touted to be a tourism driver for inbound travel to Israel, challenges like traveller perception of safety and security, unpleasant arrival and departure experiences at the airport and a general lack of marketing and promotion of Israel as a destination has acted as a major impediment to travel from the UAE. Nevertheless, with the strongest outbound market (18.9 million departures) as of 2019, we anticipate steady growth in tourism inflow from the UAE to Israel by 2025. While 2022 saw a growth of 400% over the numbers observed in 2021, this is largely an effect of the smaller base of travel. Our understanding of the Israeli inbound source markets depicts a range of 0.25% to 1.16% of total outbound travel destined for Israel from mature markets (Table 4-2). Owing to the larger size of the outbound market of the UAE and the fact that many in the expat community would not be travellers to Israel, we anticipate Israel to be able to capture only 0.15% of all total outbound travel from the UAE, translating to 30,000 visits by 2025. We recognise this is below the range in Table 4-2 but believe it is appropriate for a target in 2025.

Travel from Bahrain

While the Bahraini government has put in place an eVisa scheme for potential Israeli travellers to Bahrain, the same has not been done by Israel for prospective Bahraini travellers. Furthermore, challenges like traveller perception of safety and security and a significant lack of marketing and promotion of Israel as a destination can be observed in the resulting travel numbers. As of 2022, more than two years since the signing of the Abraham Accords, fewer than 1,000 Bahraini travellers have visited Israel. Our understanding of the Israeli inbound source markets depicts a range of 0.2% to 0.7% of total outbound travel destined for Israel from mature markets (Table 4-2). While the Bahraini market is the

joint weakest in terms of volume of outbound travel as of 2019, it occupies top spot as the highest spending outbound market per departure (Table 4-1). Post the signing of the Accords, Israel and Bahrain have been somewhat successful in amplifying trade between the nations. This is likely to support business travel between the nations as a gateway to future leisure travel as well. To this effect, we anticipate Israel to be successful in capturing 0.25% of all total outbound travel from Bahrain, translating to 5,000 visits by 2025.

Travel from Morocco

The Moroccan government has also introduced an eVisa scheme for potential Israeli travellers to Morocco; however, without reciprocity observed from Israel. Furthermore, our research indicated that the process of obtaining a visa is long and tedious. Moreover, safety and security concerns stemming from the perceived lack of cultural tolerance have limited inbound numbers to Israel to an estimated 2,500 arrivals as of 2022. Our understanding of the Israeli inbound source markets depicts a range of 0.2% to 0.7% of total outbound travel destined for Israel from mature markets (Table 4-2). With a significant population sharing ancestral history, we anticipate this to be a driver of growth for travel flows between the nations. Keeping the above in mind, we anticipate Israel to be successful in capturing 0.5% of all total outbound travel from Morocco, translating to 10,000 visits by 2025.

Travel from Egypt

Egypt was among the first Arab states to agree to a peace treaty with Israel brokered by the USA in the aftermath of the war in the Sinai Peninsula, nearly 50 years ago. Yet, even after years of existence of this treaty, Egyptian travellers to Israel only numbered 8,000 as of 2019. Following the COVID-19 crisis, Israel is yet to see a full recovery for travel from Egypt with it being estimated to be around 6,000 for 2022. Egyptian citizens not only require a traditional visa but also a clearance from the Israeli government before applying for a visa. This long, tedious and bureaucratic process acts as a major hindrance to travel from Egypt to Israel. Our understanding of the Israeli inbound source markets depicts a range of 0.2% to 0.7% of total outbound travel destined for Israel from mature markets (Table 4-2). Keeping the above in mind, we anticipate Israel to only be able to capture 0.25% of all total outbound travel from Egypt, translating to 10,000 visits by 2025.

Travel from Jordan

Sharing a land border, Jordan and Israel have long retained diplomatic and economic ties since the Israel-Jordan peace treaty of 1994. These relations saw Israel and Jordan, before the signing of the Abraham Accords, enjoying a higher share of total tourism flow amongst them compared to bilateral flow between Israel and other nations in the region. While the pandemic caused a drop of travel from 19,200 (Jordan to Israel) in 2019 to 5,000 in 2021, estimates for 2022 show a recovery to 17,000 Jordanian visitor arrivals in Israel. Travel to Israel also constituted 1.25% of all outbound travel from Jordan in 2019, further reinforcing the potential of increase in travel between the countries. Our understanding of the Israeli inbound source markets depicts a range of 0.2% to 0.7% of total outbound travel destined for Israel from mature markets (Table 4-2). Keeping the peaceful relations and the intentions to improve trade and commerce in mind, we anticipate Israel to be successful in capturing 1.5% of all total outbound travel from Jordan by 2025, translating to 30,000 visits.

To summarise, outbound travel from Israel to each of the countries under review is depicted in Table 4-4 below.

TABLE 4-4: TOURISM INFLOWS FROM ISRAEL AND 2025 TOURISM GOAL

Country	Total Outbound in 2019 ('000s)	Target % 2025	Outbound Visits from Israel 2025 ('000s)
United Arab Emirates	18,906	0.15%	30
Bahrain	1,550	0.25%	5
Morocco	2,009	0.5%	10
Egypt	4,290	0.25%	10
Jordan	1,537	1.5%	25
Total	28,292	0.28%	80

Source: UNWTO, HVS Research Estimates

OUTBOUND FROM ISRAEL

The decision of the Arab nations to not recognise the existence of Israel as a state and banning travel from Israel into their nations served as a major impediment to outbound travel from Israel. To identify the prospective outbound travel from Israel to the other nations, we use the allocation of appropriate growth rates. In the absence of historical data owing to the estranged ties and the stance of the nations on Israel, our methodology focuses on the post-Accords travel and extrapolation of the growth rates obtained through primary research interviews with key tourism stakeholders as well as our secondary research.

To identify the outbound goals for Israelis visiting each country in 2025, our methodology analyses the observed travel since the signing of the Accords. The following table summarises our forecast of the number of Israelis travelling to each country for 2025 and the paragraphs which follow provide an explanation of our assumptions.

TABLE 4-5: TOURISM OUTFLOWS FROM ISRAEL TO COUNTRIES UNDER REVIEW (IN THOUSANDS)

Period	UAE	Bahrain	Morocco	Egypt	Jordan
2019 Actual	—	—	39.9	530.2	113.2
2020 Actual	24.6	0.1	3.5	37.9	15.7
2021 Actual	113.0	1.8	80.0	33.2	30.2
2022 Estimate	268.0	2.7	200	486.0	105.0
2025 Goal	450.0	20.0	300.0	750.0	150.0

Source: Israel CBS, UNWTO, HVS Research Estimates

Travel to UAE

Being a global hub, a unique luxury destination and tourism powerhouse, the UAE has been successful in rapidly attracting demand from Israel. With adequate infrastructural and marketing investments, the UAE has seen exponential growth of travellers from Israel. Within the first three months following the signing of the Accords (Q4 2020), travel to the UAE grew to more than 24,000

visitors, averaging at around 8,000 per month. With strategic focus from all tourism stakeholders on growing Israel as a key source market, the expectation is for the current growth rate (around 230%) to stabilise at approximately 20% per annum for the period to 2025. We use this growth rate to arrive at our goal of 450,000 visits from Israel to the UAE by 2025.

Travel to Bahrain

Being a rapidly advancing economy with strategic focus on non-oil revenue sectors, Bahrain is committed to achieving its strategic vision. However, while Bahrain has implemented an eVisa scheme for Israeli travellers entering the country, it has fallen short in attracting tourist volumes owing to the lack of marketing efforts and general awareness of the destination in the mind of the Israeli traveller. This limited the outbound number for travel from Israel to Bahrain to less than 3,000 for 2022 (50% growth over 2021). We expect this growth to further increase as awareness of Bahrain increases and anticipate 20,000 Israeli arrivals in Bahrain by the end of 2025 (95% CAGR between 2022 and 2025).

Travel to Morocco

While the Moroccan economy has made gains in recovering from recession, tourism is yet to fully rebound from the COVID-19 crisis. However, Morocco has historically been a recipient of travellers from Israel with a major proportion of these travellers tracing their roots back to Morocco. Having received almost 40,000 Israeli visitors in 2019, even before the normalisation agreement took effect, Morocco attracts significant inflows during Israeli holiday periods and holy festivals in March. We expect this nature of travel to further consolidate with a compound annual growth rate of almost 15%, resulting in a target of 300,000 visits from Israel to Morocco by the end of 2025.

Travel to Egypt

The peace agreement between Israel and Egypt was accompanied by a visa exemption for Israeli travellers visiting the Sinai Peninsula using the Taba land border crossing. According to the Israeli Airport Authority (which controls this crossing), more than 1.5 million Israeli travellers crossed the land border in 2019; however, our numbers do not take into consideration this travel owing to a lack of transparency surrounding the nature of these crossings. According to official sources such as the UNWTO, more than half a million (530,200) Israeli travellers made the journey to Egypt in 2019. We expect this nature of travel to further consolidate with a compound annual growth rate of a little over 15% resulting in a target of 750,000 visits from Israel to Egypt by the end of 2025. Clearly, if the numbers referred to above can be satisfactorily confirmed, this goal can be adjusted further upwards.

Travel to Jordan

Not only have the diplomatic ties resulted in travel from Jordan to Israel, but they have also supported tourism outflow from Israel to Jordan. As of 2019, amongst the countries under review, Jordan ranked second behind Egypt in terms of Israeli tourist arrivals (113,200). As of 2022, this number decreased slightly to 105,000 because of the effects of the pandemic. We expect these relations to continue and hopefully solidify further in the future, and therefore we have allocated a compound annual growth rate of just under 15%, resulting in a target of 150,000 visits from Israel to Jordan by the end of 2025.

To summarise, outbound travel from Israel to each of the countries under review is depicted in Table 4-6 below.

TABLE 4-6: TOURISM OUTFLOWS FROM ISRAEL AND 2025 TOURISM GOAL

Country	Outbound from Israel in 2019 ('000s)	Outbound from Israel in 2022 ('000s)	Outbound Visits from Israel 2025 ('000s)	Target Growth % 2022 – 2025 (approx.)
United Arab Emirates	—	268.0	450.0	20%
Bahrain	—	2.7	20.0	95%
Morocco	39.9	200.0	300.0	15%
Egypt	530.2	486.0	750.0	15%
Jordan	113.2	105.0	150.0	15%
Total	683.3	1,061.7	1,670.0	16%

SUMMARY

Israel's outbound travel numbers display a very willing travel base. With the long-standing peace agreements with Egypt and Jordan, Israeli travel to the region has become well developed. With the addition of the Abraham Accords, we anticipate outbound travel from Israel to develop at a faster pace than the inbound travel to Israel. A key prerequisite for the achievement of this goal would be the overcoming of the challenges of all member nations. Our assumptions for the above goals for 2025 include the following.

1. Considerable work is done by the tourism authorities to overcome impediments that currently hinder inbound travel from Israel.
2. The Israel-Palestinian situation remains unchanged. Any change to this, either positive or negative, can materially affect the travel numbers.
3. Visa regulations retain the current *status quo*. While visa exemption between the members of the Accords would positively impact the travel numbers, we remain prudent in our target assumption to maintain the view that visa exemptions would not be universal between the member nations by 2025.
4. In both of our inbound and outbound methodologies, we use the outbound expenditure per departure (in US\$) for each of the countries and apply a global long-term inflation rate of 3.6% (IMF, 2023) to arrive at the expected revenue per departure for each country. Multiplying this derived figure by the 2025 tourism visit targets helps us quantify the future financial impact of tourism in the region.

The following table summarises the above projections for each country and sets out the historical context and progression towards the goals for 2025.

TABLE 4-7 SUMMARY OF BILATERAL TOURISM WITH ISRAEL

Period	UAE		Bahrain		Morocco		Egypt		Jordan		Total	
	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel
2019 Actual	0	0	0	0	39,900	3,500	530,200	8,000	113,200	19,200	683,300	30,700
2020 Actual	24,600	0	114	0	3,500	800	37,900	600	15,700	3,100	81,814	4,500
2021 Actual	113,000	300	1,792	0	80,000	500	33,200	500	30,200	5,000	258,192	6,300
2022 Estimate	268,000	1,500	2,700	400	200,000	2,900	486,000	5,100	105,000	16,800	1,061,700	26,700
2025 Goal	450,000	30,000	20,000	5,000	300,000	10,000	750,000	10,000	150,000	25,000	1,670,000	80,000

Sources:

- Inbound to Israel sourced from Israel Central Bureau of Statistics for UAE, Bahrain, Morocco, Egypt and Jordan for 2019 to 2021. 2022 estimates based on October YTD data received from Israel Central Bureau of Statistics;
- Outbound from Israel to UAE sourced from Israel Central Bureau of Statistics for 2019 & 2020. 2021 numbers based on information from high level tourism contacts. 2022 data from Dubai and Abu Dhabi Tourism Boards;
- Outbound from Israel to Bahrain sourced from Israel Central Bureau of Statistics for 2019. 2020 & 2021 numbers sourced from Bahrain Tourism Ministry. 2022 estimates based on October YTD data from Bahrain Tourism Ministry;
- Outbound from Israel to Morocco sourced from UNWTO for 2019 & 2020. 2021 & 2022 numbers sourced from online sources ([Link 2021](#), [Link 2022](#));
- Outbound from Israel to Egypt sourced from UNWTO for 2019 – 2022;
- Outbound from Israel to Jordan sourced from UNWTO through the Israel Central Bureau of Statistics. 2022 estimated based on November YTD data received through Israeli management controlling the Jordan River Border Crossing.

TABLE 4-8 SUMMARY OF EXPECTED REVENUE THROUGH BILATERAL TOURISM

Period	UAE		Bahrain		Morocco		Egypt		Jordan		Total	
	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel	Outbound from Israel	Inbound to Israel
Expected Revenue 2022 (US\$ millions)	325	2	3	1	250	5	600	5	125	20	1303	33
Expected Revenue 2025 (US\$ millions)	630	35	25	10	420	20	1000	10	200	30	2275	105
Expected CAGR (%)	25%	160%	103%	115%	19%	59%	19%	26%	17%	14%	20%	47%

Notes:

- In both of our inbound and outbound methodologies, we use the outbound expenditure per departure (in US\$) sourced from UNWTO for the year 2019 for each of the countries and apply a global long-term inflation rate of 3.6% (IMF, 2023) to arrive at the expected revenue per departure for each country. Multiplying this derived figure by the 2025 tourism visit targets helps us quantify the future financial impact of tourism in the region;
- We have rounded down the estimates for prudence for both 2022 and 2025.

5. Israel – Country Overview

The economy of a nation and its trends are an important consideration in unearthing opportunities and threats to growth in the tourism sector of the nation. Economic and demographic trends reflect not only the current amount of travel and the source markets, but also help in identification of key areas where a real difference can be made.

The aim of this section of our report is to:

- Identify motivators and impediments to achieving significant growth in tourism in Israel and each of the countries which have signed the Abraham Accords;
- Formulate recommendations to help Israel and each of the Abraham Accords nations to achieve their tourism goals;
- Establish practical ways for Israel and the other nations to leverage the Abraham Accords and cooperate more closely through tourism, thereby unlocking more effective inter-personal relations.

In this country overview we identify the key trends that either facilitate or impede tourism to the region. Doing so should help in the tailoring of customised recommendations for each nation with the aim of imparting a positive and quantifiable impact of tourism related growth in GDP and improved cultural tolerance amongst the members of the region.

Our review indicates that, while there is evidence of intra-regional travel between the Middle Eastern and Arab members of the Abraham Accords nations, there exist growth opportunities driving tourism to the region from international markets including Israel. By leveraging the peace bearing benefits of the Abraham Accords for the member nations, our aim is to fuel growth in tourism-related GDP by growing the contribution from current international source markets in the short term and to improve cultural tolerance by establishing Israel as a new source market for the region. While we understand that this will happen over the longer term, even small movements to and from Arab Nations, although not initially significant in terms of GDP contribution, would be ground-breaking in terms of building and repairing estranged ties between the members of the Accords.

We consider there to be significant potential opportunities for Israel and the other Abraham Accords nations to benefit from increases in tourism, both in terms of tourist volumes and GDP, when the current issues are overcome.

Macroeconomic Overview

Israel's GDP experienced a CAGR of 1.4% in real terms for the 2017-2020 period, only dampened by the performance in the pandemic impacted year of 2020. This real growth rate has been higher, with 3.6% observed between 2010 and 2019

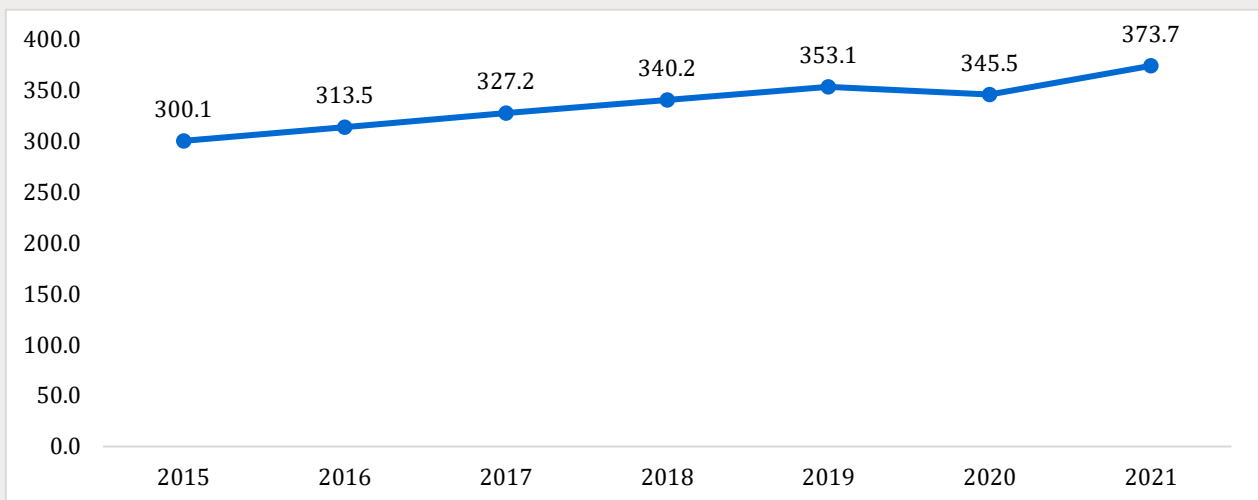
and 2.6% for the more recent period of between 2017 and 2019. While the economy dipped by 2.1% in 2020 compared to 2019, it had already recovered as of 2021 posting a 5.8% growth over 2019 (8.2% growth over 2020). Driven by economic sectors like high-technology and industrial manufacturing, the growth in the GDP is diversified, with sectors such as tourism, agriculture, financial services and energy contributing to the stability of the economy. As per the Central Bureau of Statistics for Israel, the following table shows the composition of the 2021 Israeli GDP.

TABLE 5-1 COMPOSITION OF ISRAELI GDP – 2021

Sectors of Economy	% of 2021 GDP
Local; public and defence administration and social security; education; human health and social work activities	18.2%
Financial and insurance professional, scientific and technical; administrative support services	16.7%
Information and communication	10.8%
Transportation and storage, postal and courier activities	3.1%
Wholesale retail trade repair of vehicles; accommodation and food services	11.4%
Construction (building and civil engineering projects)	6.2%
Manufacturing; mining and quarrying	13.4%
Others	20.2%
Total	100.0%

Source: Central Bureau of Statistics for Israel

GRAPH 5-2 GROSS DOMESTIC PRODUCT (US\$ BILLIONS, 2015 PRICES)



Source: World Bank

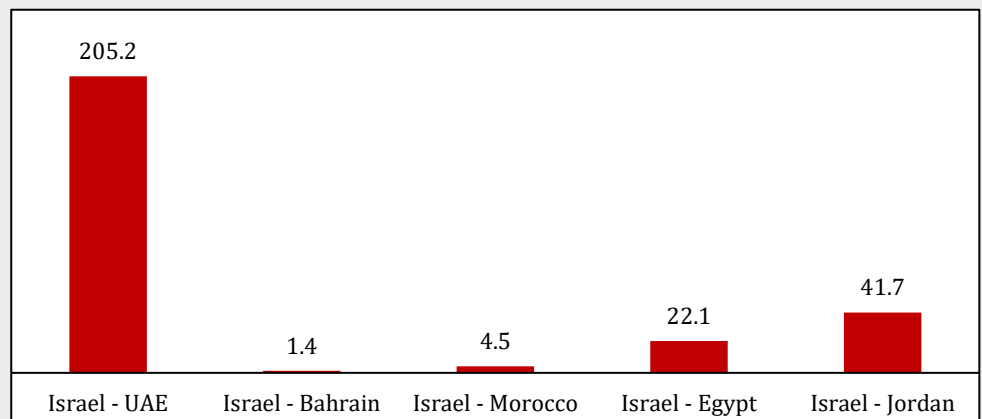
To measure the real growth in GDP, we have used the deflated GDP numbers as of 2015 US\$ prices from the World Bank. In this way, inflationary growth for the

economy can be removed to leave only real GDP growth. According to the OECD, GDP growth is projected to moderate from a strong 6.3% in 2022 to 2.8% in 2023 and 3.4% in 2024. The global slowdown is set to weaken demand from Israel’s trading partners. Elevated inflation will slow disposable income and private consumption. Increasing interest rates and lower stock market valuations will weigh on investment. Growth is projected to pick up towards its potential rate in 2024 as inflation abates.

Ranking 35th on the ‘ease of doing business’ index developed by the World Bank, Israel is the second largest country by number of start-ups (behind the USA) and the third largest in terms of NASDAQ-listed companies, only trailing the USA and China. Additionally, Israel is considered an advanced economy with a strong modern military. Relatively poor in terms of natural resources to exploit, Israel has historically relied on imports of resources like crude oil, uncut diamonds and manufacturing raw materials. However, with the growing influence of the Israeli solar energy industry and the recent discovery of natural gas reserves just off its coastline, the country stands to gain by moving away from its total reliance on energy imports.

The Abraham Accords have played their part in the economic growth of Israel by opening trade between the member nations. This potential is forecast to grow as the relations between member nations deepen.

GRAPH 5-3 BILATERAL TRADE (SEPTEMBER 2022, US\$ MILLIONS)



Source: Israel Central Bureau of Statistics obtained through Abraham Accords Peace Institute, 2022

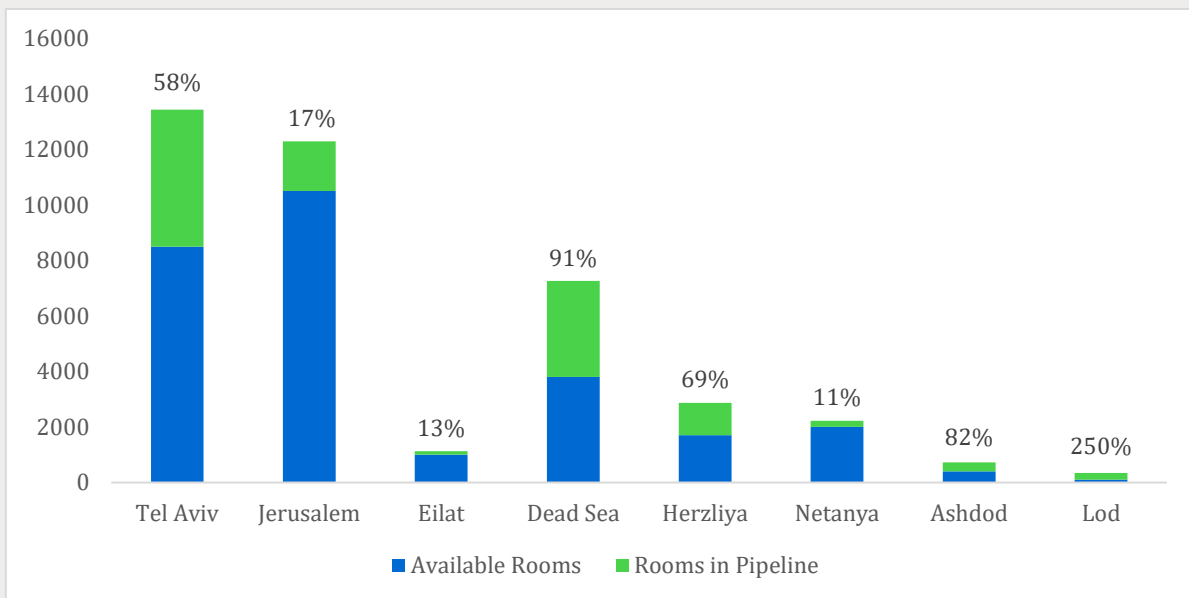
Tourism Overview

Even with a diversified economy with many significant sectors, tourism to Israel is heavily reliant on leisure and religious motivators with many significant destinations including Jerusalem (especially the Old City and the Kotel – its Western Wall), Masada, the Dead Sea region with its resorts, the marine life and beaches of Eilat, and the capital Tel Aviv. Apart from religious and leisure tourism, Israel receives significant contribution from ecotourism thanks to its wineries, natural landscape attractions like hiking trails and diving points, beaches and hot springs, along with infrastructural attractions like museums, national parks, natural reserves and its vivid restaurants and nightlife.

Hotel Supply

According to STR, as of 2022, there are 425 hotels in Israel contributing upwards of 46,000 rooms for travellers to choose from. Jerusalem currently has the largest share of hotel rooms in terms of existing supply; however, with some 58% of the existing supply in active development, Tel Aviv is set to replace Jerusalem as the city with largest room supply. Other prominent areas include Eilat, the Dead Sea and Netanya. The following graph shows the current rooms supply in each main area of the country along with the extent of the pipeline of new rooms in active development.

GRAPH 5-4 HOTEL ROOMS SUPPLY (% OF ACTIVE PIPELINE TO BE ADDED)



Source: STR

Tourism Indicators

In terms of tourism’s contribution to GDP, the Israeli tourism industry represents 2.9% of total GDP, which is considerably lower than other Abraham Accords member nations. However, at US\$14 billion, Israel’s tourism contribution to overall GDP is still quite significant. The lower percentage share of GDP from tourism is a good representation of Israel’s diversified GDP profile which makes the country better positioned to deal with shocks to the economy and potentially grow tourism more compared to other member nations reliant on energy as a major contributor to GDP.

Like other countries around the globe, Israel faced a decline in tourism numbers owing to the pandemic. By 2020, Israel’s tourism sector had contracted 55.6% in terms of its contribution to GDP while the Israeli economy declined by 2.1%. In 2021 however, the industry posted a 21.2% growth compared to the 7.8% growth in the economy. The Abraham Accords have played an important part in the recovery of the economy which now stands 5.5% higher than the 2019 levels thanks to development of trade and commerce between Israel and the Abraham Accords member nations. Tourism employment in Israel also recovered to 94%

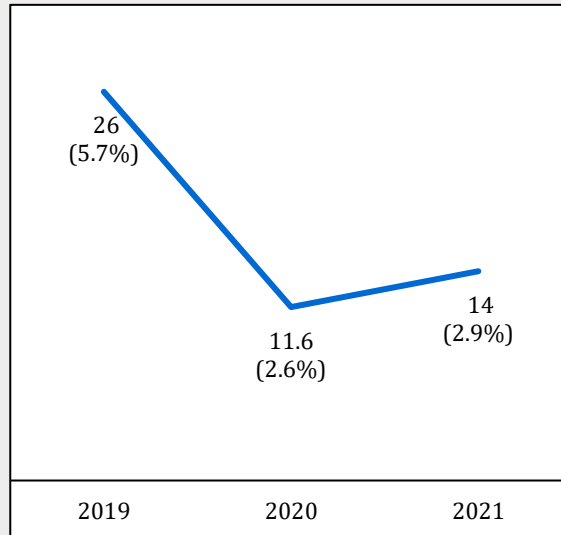
of the 2019 benchmark, accounting for 221,200 jobs in 2021 (compared to 236,000 in 2019).

Finally, according to the UNWTO, as of 2019, Israel had an average of 379,000 international tourist arrivals a month, amounting to around 4.5 million visitors for the year. While the first two months of 2020 outpaced the figures of 2019, the onset of the pandemic brought the industry to a halt. In April 2020, Israel welcomed only 600 international visitors. While recovery was seen towards the end of 2020, it was not until the second half of 2021 that recovery reached double digits. 2021 ended with 396,000 international arrivals, 91% lower than 2019.

The signing of the Abraham Accords in September 2020 brought with it a new era of solidarity for Israel and the Arab states. It signalled the first steps in the formulation of a new and united Middle East. In the last quarter of 2020, Israel received 4,600 visitors from Abraham Accords member states. While this number is low in the context of overall arrivals, it is historic in its precedence. Estimates indicate that Israel will receive around 27,500 visitors from the member nations in 2022. While total visitor recovery in Israel was approximately 48% for January to September 2022 (compared to 2019), markets like the UAE, Bahrain, Egypt, Jordan and Morocco outpaced general market trends with recovery rates well above 60%.

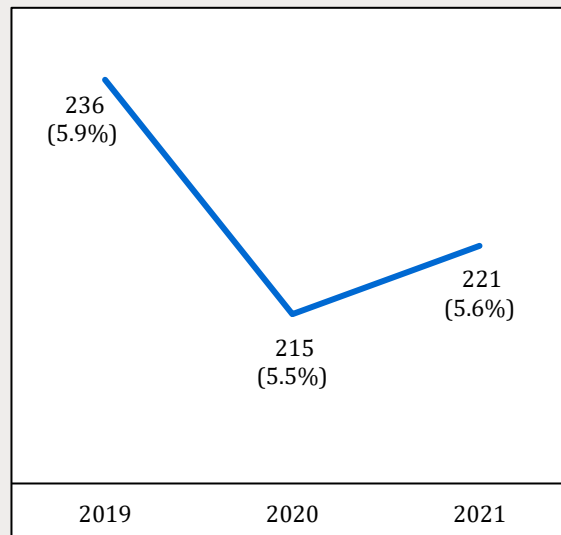
However, in contrast to the lower inbound numbers, Israel's outbound visitor numbers to these markets have exceeded expectations. While 2020 saw 4,600 arrivals into Israel, more than 115,000 departures from Israel were destined for the member states. This outbound number grew to more than half a million (559,000) in 2021 and is expected to have grown further to 804,000 by the end of 2022 with the UAE (especially Dubai) being a major recipient of the tourism flow. The Abraham Accords led to the signing of a reciprocal visa exemption agreement between the UAE and Israel which reduced the barriers to entry for tourists. Furthermore, with aviation giants like FlyDubai and Emirates entering and subsequently expanding in the market thanks to the diplomatic ties established by the Accords, travel has become more accessible and more convenient.

GRAPH 5-5 TOURISM'S CONTRIBUTION TO (US\$ BILLIONS) AND SHARE OF TOTAL GDP (%)



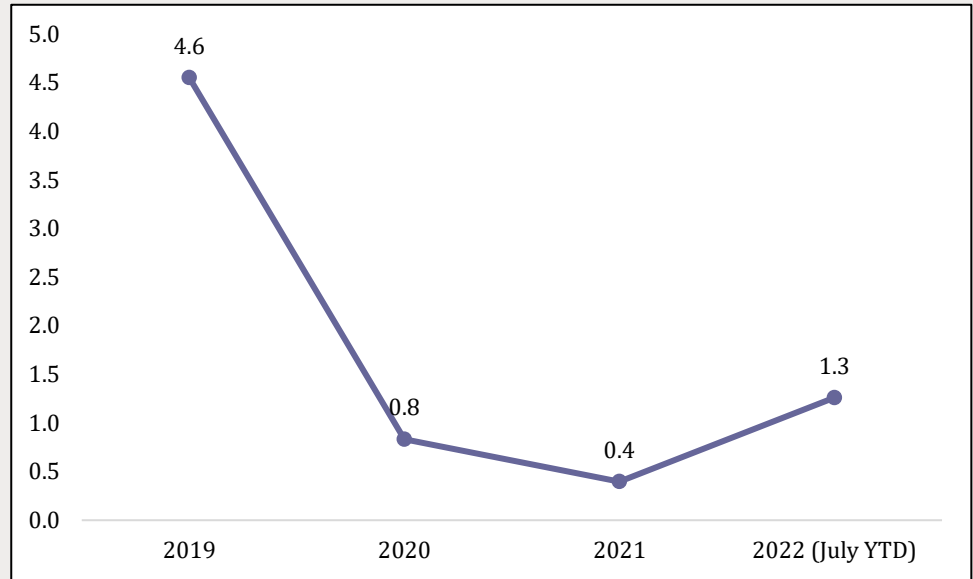
Source: WTTC, 2022

GRAPH 5-6 TOURISM'S CONTRIBUTION TO (IN THOUSANDS) AND SHARE OF TOTAL EMPLOYMENT (%)



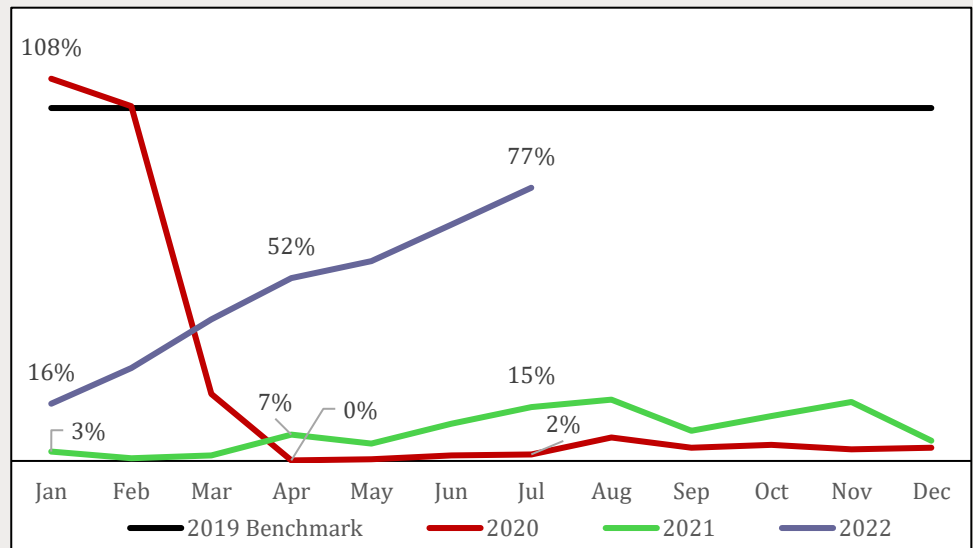
Source: WTTC, 2022

GRAPH 5-7 TOTAL INTERNATIONAL ARRIVALS (MILLIONS)



Source: UNWTO, 2022

GRAPH 5-8 INTERNATIONAL ARRIVAL RECOVERY (INDEXED TO 2019)



Source: UNWTO, 2022

In order to better understand the recovery of tourism from the COVID-19 pandemic, we have benchmarked international arrivals for each year to the pre-pandemic performance of 2019. In the graph above, 2019 international arrival numbers are shown as the 100% benchmark against which subsequent periods are measured.

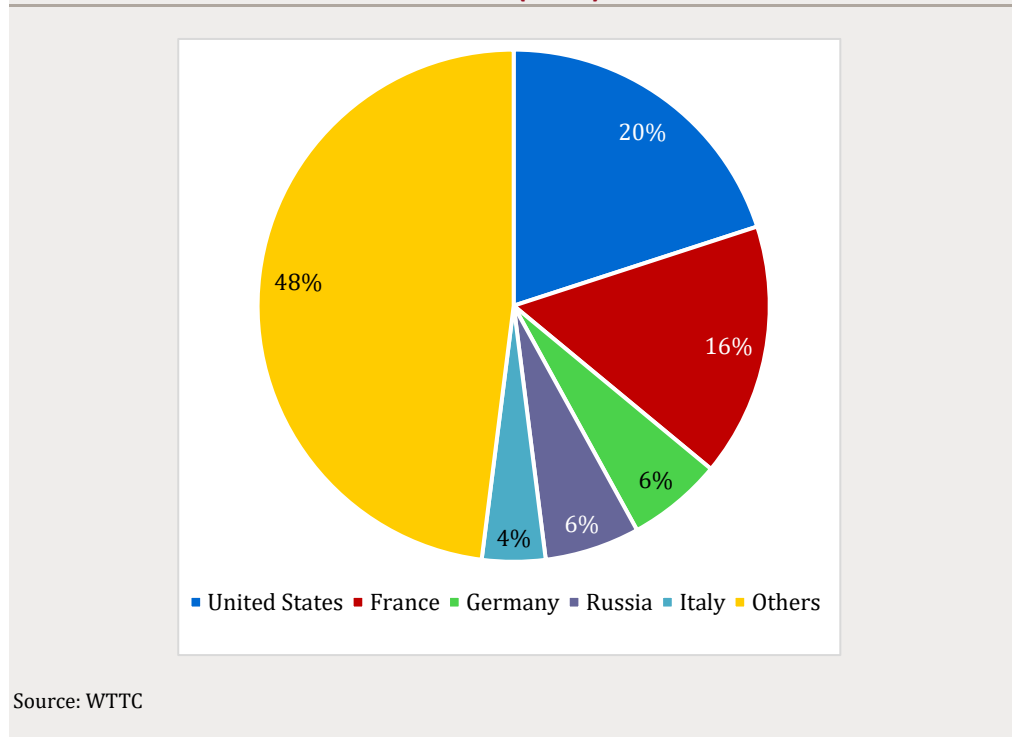
Israel hosted a total of 4.5 million inbound arrivals in 2019, up 11.8% from 2018, which contributed to a CAGR of 9.5% for the 2015 to 2019 period. With only 7.2% of these total visitors being same-day excursionists, the average length of stay observed at hotels and similar establishments in Israel was 2.4 days, with 4.4 million guests being hosted at over 400 such accommodation providers. In terms of the mode of travel, 87.2% of overnight inbound travellers came by air with the remaining arriving by road. Even with Israel being the technology and R&D hub for multiple global organisations, a little under 10.0% of these trips were reportedly for business reasons as the main motivator in 2019, with the vast majority (90.1%) made for leisure and other personal reasons.

As of July 2022, international arrivals to Israel stood at 77% of those observed in 2019. While recovery is well on its way, there remains a lot to do before a full rebound is seen.

Key Source Countries

Graph 5-9 gives key insights into the source countries for Israel. As of 2019, travel originating from the USA made the biggest single contribution to inbound travel to Israel, followed by France, Germany, Russia and Italy, with the majority of travel originating elsewhere signifying the global appeal of Israel as a tourist destination.

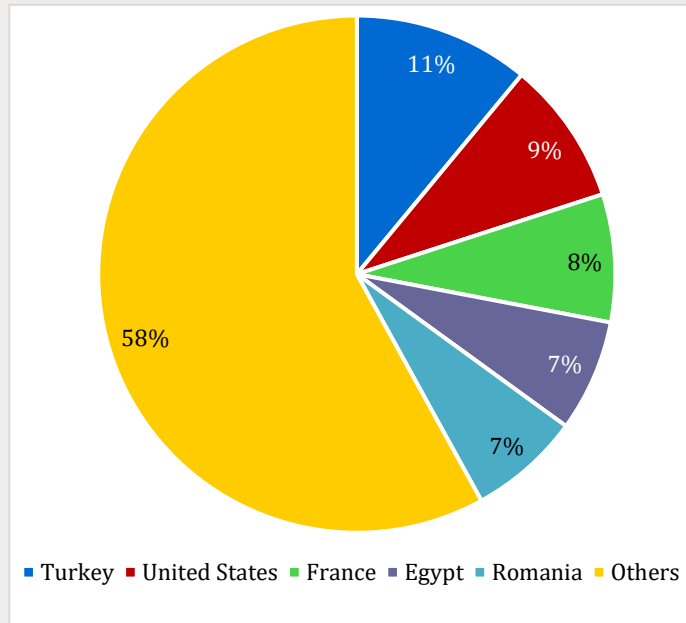
GRAPH 5-9 KEY SOURCE COUNTRIES (2021)



Key Destination Countries

Graph 5-10 gives key insights into the outbound destination countries for those leaving Israel. Turkey and the USA were the two biggest destinations for outbound travel followed by France, Egypt and Romania with other nations attracting a majority (58.0%) of outbound travellers from Israel.

GRAPH 5-10 KEY DESTINATION COUNTRIES (2021)



Source: WTTC

Tourism Growth Plan

Israel’s most recent Minister of Tourism was aiming to welcome 10 million visitors by 2030. While this number is more than double the amount achieved in 2019, it is considered realistic contingent to the overcoming of capacity constraints and easing of some of the ‘red tape’ which often adds considerably to development timetables. To realise this objective, the Ministry aims to expand accommodation capacity by adding 40,000 rooms to the current supply of hotel rooms with a pledge to fund 20% to the costs of construction or expansion of hotels in Israel.

While Israel has already stated its ambitious tourism target for 2030, it currently lacks the infrastructural capacity to sustain this aim. In line with this, the government’s initiative of funding 20% of all construction and expansion costs for hotels in Israel is attracting a lot of interest from investors. This policy, while set to benefit the industry, is also dependent on whether the new government will maintain this focus on tourism as a GDP driver.

Challenges and Recommendations

While the Accords have brought significant gains to Israel in terms of trade between the nation and other members, tourism remains an area of improvement with outbound travel outpacing inbound visitation. The following are some of the travel impediments and barriers that currently hinder tourism progress for Israel and some provisional recommendations which we consider to be pertinent.

Challenge	Description	Recommendation Rationale
Visa Restrictions	<ul style="list-style-type: none"> • Except for the visa exemption agreement with the UAE, Israel is yet to execute similar agreements with other member nations. This increases the barriers to entry for tourists from these regions into Israel. Due to the reciprocal nature of these agreements, they would not only help improve inbound travel to Israel but also open borders for Israeli citizens to visit more freely. • While visa rules have become less strict with the announcement of eVisa schemes with member nations, they are still restrictive and require fulfilment of certain conditions like entry through particular routes, different fee structures and different websites. Moreover, these schemes are in some cases not reciprocated. For instance, an Israeli citizen travelling to Morocco needs an eVisa which is much easier to get; however, a Moroccan citizen to Israel still needs a traditional paper visa which is obtained through the Israeli Embassy. 	<ul style="list-style-type: none"> • Ideally, the visa exemption agreement between Israel and UAE should be replicated with other member nations. Visa exemption can greatly facilitate travel between the nations as observed in the UAE. • In case of challenges observed in implementation of visa exemption, the eVisa scheme should be standardised to all entry points. Furthermore, if Israel aspires to improve inbound travel from these nations, reciprocity of the visa scheme should be considered to remove such barriers to entry. • For the 2022 FIFA World Cup, Qatar issued a Hayya Card for travelling fans. This card could be applied for online and was treated as a substitute of entry visa requirement. Such a scheme could be implemented for major events to boost travel in the short term while eVisa schemes are put in place.
Infrastructure	<ul style="list-style-type: none"> • The Israeli hospitality industry is not known for the quality of its infrastructure. Unlike modern cities like Dubai and Abu Dhabi, Israel's main destinations tend to feature tradition over modern luxury, making it difficult for the industry to meet the needs and expectations of the modern-day traveller from these nations, especially Bahrain and the UAE. Such visitors are used to luxurious and elegant hospitality products. • A less extensive and in many cases old public transport infrastructure (as well as not operating on the Sabbath and Jewish holidays) does not help Israel in its mission to attract more visitors. 	<ul style="list-style-type: none"> • If Israel is to achieve the significant levels of growth in tourists that are currently aspired (10 million by 2030), major expansion of the country's transportation infrastructure will be required (such as the new additional airport which has been suggested for the north of the country, and further railway and light rail projects such as those in Jerusalem and Tel Aviv), plus investment in hotels and other accommodation will be required, along with a significant reduction in the 'red tape' associated with new developments.

Challenge	Description	Recommendation Rationale
Safety and Security	<ul style="list-style-type: none"> Recent visits to Israel undertaken by Arab nationals have yielded mixed reviews. While general sentiments of safety have largely been positive once in their destination city, airport arrival and departure experiences have been cited as possible deterrents to travel to the country. Moreover, these experiences result in negative word of mouth which can be a considerable demotivator in the market development phase that Israel currently is navigating through. The Israeli airport arrival and departure processes for travellers from these nations are cited to be long, time-consuming, uneasy and far from seamless compared to those in international airports of other nations. While a bad arrival experience can be recovered through the moments created in the country, a bad departure experience is often the last memory a traveller will carry with them. More often, this experience is likely to be transmitted to other potential travellers and therefore negatively impact travel to the country. 	<ul style="list-style-type: none"> Due to past relations between the nations, safety concerns are an obvious area of concern that need to be addressed. While cultural tolerance cannot be achieved overnight, improving the experience of the traveller through improved safety is a must to stimulate tourism. Development of travel guidelines for a smooth experience could be a fruitful exercise for Israel. These guidelines could be themed to pave the way for higher cultural understanding and tolerance and need to be drafted in a way that they are not restrictive and disruptive. In terms of airport experiences, companies specialised to assist in process improvement should be consulted while potential outsourcing of the airport operations to experienced international private firms might be considered. A 'charm offensive' involving the country's security services will go a long way to overcoming some of the current experiences which have been cited as 'over-bearing', 'intrusive' or 'overly aggressive'.
Sensitivity	<ul style="list-style-type: none"> Adding a layer of complexity to the tangible challenges, the sensitivity perception of the Israel-Palestinian situation poses a potential barrier to entry for Arab travellers to Israel. Such perceptions are created by the disparate content and media coverage of the Israel-Palestinian situation. Travellers often consume this content without verification and therefore form perceptions which demotivate their travel to the region. Often concerned about their safety, Arab travellers to Israel are also worried about the message their travel could send to their 	<ul style="list-style-type: none"> Since content and media regarding the Israel-Palestinian situation cannot be contained in isolation, the negative perception of many Arab travellers currently poses a threat to growth of tourism in Israel. A recommendation to increase tolerance and reduce this barrier could be to promote content coverage highlighting the normalisation efforts between Israel and other nations to counteract the negative media coverage. The recent construction of the Museum of Tolerance in Jerusalem could be a positive step in reducing this

Challenge	Description	Recommendation Rationale
	<p>peers back home. This situation is not helped by constant refortification of their negative perception due to the lack of coverage of the normalisation efforts of the parties involved.</p>	<p>barrier. The museum will focus on addressing hate, antisemitism and violence, and will focus on promoting unity between all faiths. Using the museum to reinforce the message of normalisation should, in the mid to long term, help address the sensitivity issues and negative perceptions.</p>
<p>Awareness</p>	<ul style="list-style-type: none"> • Two years since the signing of the historic Abraham Accords, little has changed in terms of the awareness of Israel as a tourist destination in the newly opened markets of the member nations. • This could be attributed to a lack of funding in fuelling growth from these new markets. While Israel is a mature destination in terms of awareness amongst European and American travellers, the destination is not at the top of the minds of Arab travellers when they are engaging in travel purchases. • Since the traditional source markets are yet to fully recover, new markets can potentially aid recovery for the tourism industry in Israel. Furthermore, as recovery inches closer to the pre-pandemic peak, these markets can potentially add incremental demand thereby also improving tourism’s GDP contribution. 	<ul style="list-style-type: none"> • Owing to the proximity of these countries, once relevant challenges are overcome, they can become regular feeder markets to Israel. • To create awareness, a targeted regional marketing campaign could be constructed along with country specific promotions distributed through destination marketing organisations, tour operators and travel agents. There are several current examples of successful TV campaigns to boost a country’s awareness to international visitors, which Israel would do well to emulate – such as Turkey and Greece. Using well-known local ‘celebrities’ in such instances can further help – such as Switzerland’s use of Roger Federer. Israel has a number of religious sites of Muslim interest; creating a marketing campaign highlighting these sites could also create awareness and interest for Muslim travellers from the other Abraham Accords nations. • Furthermore, the organisation of familiarisation (fam) trips for major tour operators and travel agents can be encouraged. Once these stakeholders, responsible for distribution of the product, become better versed in the destination, they can create awareness for their clients, promote the destination and sell the product more effectively. • Awareness should be followed by creation of package itineraries

Challenge	Description	Recommendation Rationale
		<p>developed by the tour operators to assist in conversion of sale.</p> <ul style="list-style-type: none"> • With the importance of medical tourism on the rise, Israel can potentially compete with the likes of India as an alternative destination to Arab travellers seeking medical treatments. This should be investigated. • With a wide variety of Muslim religious sites, Israel stands to gain from the signing of the Accords by attracting travellers from the Arab world who are recognised to participate significantly in religious tourism.
<p>Connectivity</p>	<ul style="list-style-type: none"> • Even with the markets being in close proximity to Israel, connectivity to the region is less than optimal. While new direct flights are being added to performing routes, they are still being restricted by frequency and capacity constraints. • Furthermore, alternatives to air travel are less developed and infrastructurally challenged. • While FlyDubai and Emirates have doubled their flight schedules, they await approvals for increasing this frequency even more, restricted by the capacity limitation at Ben Gurion airport. • In terms of other nations in the region, flight schedules are limited and/or not direct. For instance, between Cairo and Tel-Aviv, there is one daily direct flight while others require cumbersome connecting layovers. • The connectivity of Israel to the Gulf area was greatly enhanced by Saudi Arabia’s decision to allow aircraft from Israel to overfly the country. 	<ul style="list-style-type: none"> • Expansion and development of connections and travel alternatives is important to sustain tourism to and from the member nations to Israel. • Collaboration with airline partners, investment in airport capacity, opening the airspace to more private carriers along with more timely approvals of flight frequency increases can greatly help reduce the connectivity barrier. • Development of highways or rail links between certain nations can be explored; however, at this stage, this might be too ambitious except to improve existing border connections (such as with Jordan and Egypt at Eilat). • Building on the recent experience with Saudi Arabia, air travel to the Far East could be further opened up if Oman would permit Israeli carriers to overfly the country.

Challenge	Description	Recommendation Rationale
Ancillary Industries	<ul style="list-style-type: none"> • Tour operators and travel agents are currently devoid of any enticing products to sell to the new markets. In some cases, even with interesting itineraries to sell, these organisations do not have the required network and connections to distribute the product efficiently in the new markets. Even in cases where awareness and purchase intention in the market for Israel as a destination is high, the lack of distribution severely hampers conversion and thereby inflow of traffic into Israel. • Also, lack of strategic focus and cooperation can severely dilute the results of the exercise for all parties involved. 	<ul style="list-style-type: none"> • Coordination between ancillary organisations of different nations needs to be facilitated in order to solve the distribution challenges that exist today. Creation of a common B2B portal for such organisations can help improve network and distributional capabilities. • This can be facilitated by the formation of a regional tourism council, a participative organisation bringing together tourism ministries of each of the nations to improve strategic focus and collaboration. Invitation to this council can be extended to key stakeholders like hotel brands and owners, tour operator or travel agent associations, airline carriers, and so forth, which can provide holistic input and feedback to initiatives and also assist to ease implementation.
Stakeholder Management	<ul style="list-style-type: none"> • Upon the signing of the Accords, each member nation was introduced to new opportunities. The Arab states each had one additional market to tap into, namely Israel. Since these states already had significant travel between each other, potential growth was represented by the market in Israel. • Israel, on the other hand, had little or no official movement with these countries. In order to capitalise on opportunities, Israel has to manage stakeholders in all of the markets which is potentially a bigger management challenge. • While the focus of the Arab members can be fully on Israel, focus of the Israeli ministry is much broader making it difficult to manage stakeholders effectively and efficiently in all nations. 	<ul style="list-style-type: none"> • Israel faces a significant challenge in terms of stakeholder management. To optimise efficiency and potential, Israel has to focus not on one but all markets, albeit not necessarily equally for each country. • While this may be a challenge to overcome with the Tourism Ministry's existing structure, an approach to maximise potential could be to create a sub-division within the tourism ministry responsible for overseeing the coordination and implementation of growth strategies targeted particularly at the Abraham Accords nations. This sub-division can be given special rights in order to facilitate implementation of decisions that will help Israel grow visitation with the Accords nations.

Recommended Actions

Based on the above challenges and their possible solutions, we recommend the implementation of the following actions by Israel to stimulate tourism growth.

To address and resolve these challenges, we propose the implementation of the below recommendations that have been categorised by their probable implementation timelines.

Israel Short-Term Actions:

1. Create a special department in the Ministry of Tourism responsible for using the Abraham Accords as a catalyst to (1) grow tourism to Israel from the Abraham Accords member nations and (2) to create and promote regional initiatives to grow tourism from all the Abraham Accords member nations. The department should be empowered with its own budget recognising the strategic importance of building people-to-people relationships. It should also be responsible to ensure Abraham Accords member nation initiatives are not delayed and their implementation hurdles are swiftly removed.
2. Recognising the strategic importance of building people-to-people connections via tourism with the Abraham Accords member nations, the Israel Ministry of Tourism should actively seek and welcome participation with private companies and charitable organisations in the private sector to expand its reach.
3. Create a robust marketing plan for all Abraham Accords member nations. Key components of the marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment within each country;
 - Leisure specific actions:
 - Establish specific religious, cultural and leisure travel packages within Israel organised by Israeli tour operators that can be promoted within all Abraham Accords member nations;
 - Establish a network of travel agencies in each of the Abraham Accords member nations that will promote the Israeli tour packages;
 - Conduct a specific Abraham Accords member nation tour and travel conference in Israel, and invite all major stakeholders involved in the execution of tour and travel business;
 - Leverage Israeli and other Middle Eastern celebrities and influencers to promote travel to Israel in marketing campaigns and social media. Conduct familiarisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Work within the regional framework to create and promote a series of industry specific business conferences to

introduce business leaders to foster business connections, make business deals and enhance cultural understanding;

- Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
4. Allocate VIP accreditation to *bona fide* travellers from Abraham Accord nations to ensure a smooth and safe travel experience.
 5. Establish an eVisa facility for nations that offer eVisa options to Israeli travellers (Morocco, Bahrain).
 6. Create two guideline handbooks: (1) for tourism organisations and professionals in Israel addressing the sensitivities of visitors from the Abraham Accords member nations and (2) for inbound tourists addressing certain cultural sensitivities to be aware of that would enrich their travel experience.
 7. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from the Abraham Accords member nations.
 8. Identify certain restaurants in primary destinations and encourage them to procure Halal food certifications.

Israel Medium-Term Actions

1. Initiate a review of the national and local development procedures to reduce the 'red tape' and allow new hospitality developments to come to fruition faster.
2. Improve airport arrival and departure experience through automation of certain security processes and customer handling training for airport staff.
3. Work with appropriate Government officials to open air travel for Israeli carriers over Oman, which would facilitate travel destinations in the Far East. Leverage ties with Dubai for air traffic management best practices.
4. Continue incentivising hospitality investment from both domestic and international investors, and attract more international hotel brands by improving business policies to increase high quality hotel development (for example, initial tax relief).
5. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Conclusion

While cultural tolerance continues to be a grey area, amicable relationships along with travel friendly policies can deepen the ties between Israel and the Member Nations, also potentially improving the image of the region as a safer and more peaceful destination. While in the short term, the importance of improving all source markets holistically stands to provide more benefits, there is no denying the potential of the Israel-Arab cooperation in improving socio-cultural and economic ties between the nations.

With a plethora of Muslim religious sites, Israel stands to gain from the signing of the Accords by attracting travellers from the Arab world who are recognised to participate significantly in religious tourism. With the importance of medical tourism on the rise, Israel can potentially compete with the likes of India as an alternative destination to Arab travellers seeking medical treatments.

Currently, it is our understanding that the marketing strategies of Israel are focused on promoting its beaches, natural landscape, and other leisure experience offerings. While this in line with the travel motivations of the current international tourists that visit Israel, including content on the religion centric attractions might appeal more to the travellers from Middle East nations who are known to have religion-related experiences as a main travel motivator.

There is a current lack of co-operation between Israel and the other Abraham Accords nations when it comes to the development of tourism. There are several examples around the world where such co-operation is more formally organised and more significant regional tourism growth is achieved. In Israel's case there are significant obstacles placed before visitors to the country (literally 'barriers to entry') and Israel's success in benefiting significantly from its relationship with other Abraham Accords countries will be directly proportionate to its willingness to find ways of alleviating its border restrictions, albeit without compromising on its broader need towards its security considerations.

6. Bahrain – Country Overview

The economy of a nation and its trends are an important consideration in unearthing opportunities and threats to growth in tourism sector of the nation. Economic and demographic trends reflect not only the current amount of travel and the source markets, but also help in identification of key areas where a real difference can be made.

The aim of this section of the report is to:

- Identify motivators and impediments to achieving significant growth in tourism in Bahrain and each of the countries within the Abraham Accords;
- Formulate recommendations to help Bahrain and each of the nations to achieve their tourism goals;
- Establish practical ways for Bahrain and the other nations to leverage the Abraham Accords and cooperate more closely through tourism, thereby unlocking more effective inter-personal relations.

In this country overview we identify the key trends that either facilitate or impede tourism to the region. Doing so will help in the tailoring of customised recommendations for each of the nations with the aim of imparting a positive and quantifiable impact of tourism related growth in GDP and improved cultural tolerance amongst the members of the region.

Our initial review indicates that, while there is evidence of intra-regional travel between the Middle Eastern and Arab members of the Abraham Accords nations, there exist growth opportunities driving tourism to the region from international markets including Israel.

By leveraging the peace-bearing benefits of the Abraham Accords for the member nations, our aim is to fuel growth in tourism-related GDP by growing the contribution from current international source markets in the short term and to improve cultural tolerance by establishing Israel as a new source market for the region. While we understand that this will happen over the longer term, even small movements to and from Israel, although not initially significant in terms of GDP contribution, would be ground-breaking in terms of building and repairing estranged ties between the members of the Accords.

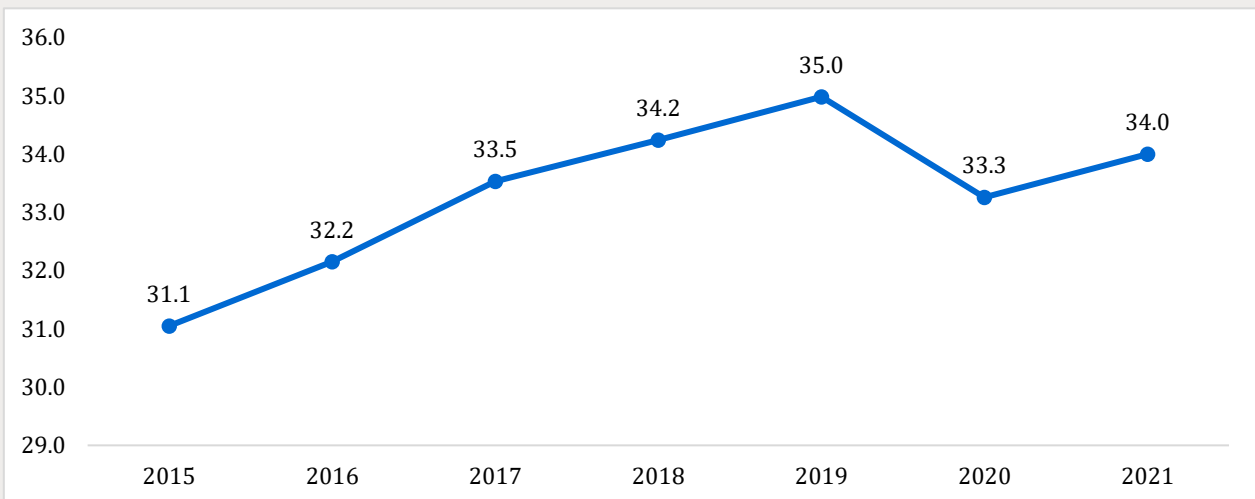
In conclusion, we consider there to be significant potential opportunities for Bahrain and the other Abraham Accords nations to benefit from increases in tourism, both in terms of tourist volumes and GDP, when the current issues are overcome.

Macroeconomic Overview

The Kingdom of Bahrain, an ancient land rich in culture and history, is also characterised by a cosmopolitan outlook and modernisation. An archipelago of 33 islands covering a total area of around 665 km², Bahrain holds a strategic location in the Middle East and provides convenient access to all areas of the world. The Kingdom is connected to Saudi Arabia through the King Fahd Causeway.

Graph 6-1 shows the annual GDP for Bahrain from 2015 to 2021 (in constant 2015 US\$ prices). To measure the real growth in GDP, we have used the deflated GDP numbers as of 2015 US\$ prices from the World Bank. Bahrain’s GDP has remained relatively stable in real terms when compared to other nations in the region. In 2015, when prices of crude oil fell drastically, the GDPs of the oil producing nations shrunk massively and grew again with the recovery in oil prices. During this period, the Bahraini government enacted GDP diversification strategies to move away from the dependence of its economy on dwindling oil reserves by focusing on expanding its financial services, manufacturing, heavy industries and tourism sectors. Oil and gas, which contributed to 42.5% of total economic growth as of 2002, contributes 18.5% to the current Bahraini economy, making the Kingdom one of the most diversified economies of the region.

GRAPH 6-1 GROSS DOMESTIC PRODUCT (US\$ BILLIONS, 2015 PRICES)



Source: World Bank

Launched by King Hamad Bin Isa Al Khalifa, Bahrain’s Economic Vision 2030 is a long-term economic development plan designed to improve living standards by building a competitive, diversified economy. The Kingdom’s focus has been on diversification in non-oil sectors, and the country is currently leading trade negotiations in the Gulf Cooperation Council (GCC) states to increase levels of freedom in business, monetary and financial areas.

In January 2022, a new four-year strategy for a sustainable and digital economy—in line with the objectives of the COVID-19 economic recovery plan—was launched aiming to boost national output and employment and bolster other key sectors in turn.

Tourism Overview

Bahrain has an abundance of natural beauty to provide to travellers. Considered to be a more friendly and receptive state compared to its neighbouring Saudi Arabia, Bahrain enjoys frequent visitation from Middle Eastern natives of stricter regimes. Bahrain's rich trading history is reflected in numerous archaeological sites, the most fascinating of which is the Bahrain Fort site that is registered as a UNESCO World Heritage site. Located in the heart of Adliya, Block 338 is a charming pedestrian quarter crammed with international restaurants, art galleries and small boutiques. As Bahrain's hot dining district, Block 338 offers a wide range of restaurants appealing to all ages and tastes, be it for a fancy meal, traditional Bahraini dish or just a soothing drink. Central to life in Bahrain for centuries, pearl diving is the quintessential Bahraini experience. The beach resort of Al Dar Island offers regular pearl dives and cruises to Jarada Island. Bahrain also hosts mega events like the Formula 1 Grand Prix which attracts tourists from all over the globe. Other tourism sites include Bait al Quran, a distinguished museum showcasing a significant collection of Quranic manuscripts; Suq al Qaisariya; and the Old Houses of Muharraq.

Hotel Supply

According to STR, as of 2022 there are 159 hotels in Bahrain with 151 of them in the capital city of Manama, accounting for 17,350 of the country's 18,100 rooms. The country has a development pipeline of 24 hotels (4,155 rooms) of which 15 (3,198 rooms) are also located in the city of Manama. Manama's hotel supply is concentrated towards the luxury segment with more than 60% of the hotels belonging to the upper midscale to upscale class. Apart from the hub of hotels in Manama, the other hotels are situated in Al Muharraq, the old capital, Juffair and Zallaq.

Tourism Ministry officials are working to encourage investment and the establishment of alternative tourist destinations within the country.

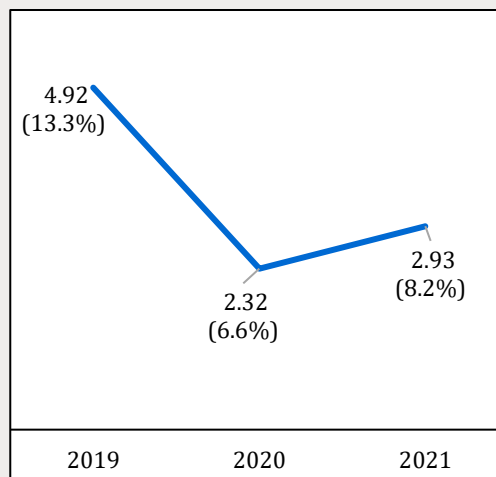
Tourism Indicators

The Bahraini tourism industry represents 8.2% of total GDP as of 2021, compared to the pre-pandemic level of 13.3%. In dollar terms, the sector contributed US\$2.9 billion in 2021 compared to US\$4.9 billion in 2019, down 40.5%, while the total economy contracted by 3.1% in the same period. Bahrain's tourism contribution to overall GDP is the lowest of all the Abraham Accords countries except that of Sudan (US\$2.3 billion). In terms of tourism's contribution to total employment, the sector accounts for one in almost every eight jobs in the Kingdom. Accounting for 82,000 jobs as of 2021 compared to 95,400 in 2019, the sector's contribution to employment decreased marginally owing to the lockdowns imposed due to the COVID-19 pandemic.

According to the UNWTO, Bahrain welcomed just over 11 million inbound arrivals in 2019. However, 7.2 million of these were same-day visits without any overnight stay; 87.8% of these visits used the convenient access provided by the King Fahd Causeway linking Bahrain to Saudi Arabia, while 11.0% of the

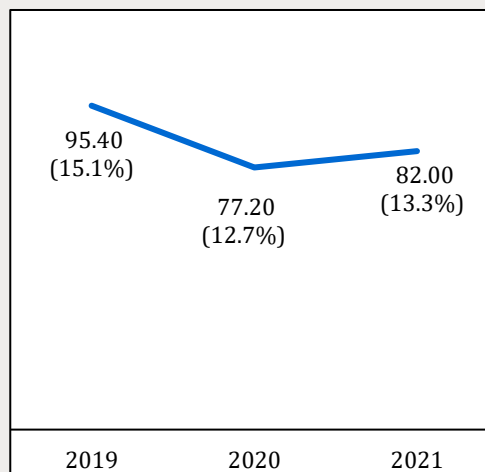
inbound arrivals came by air and 1.2% arrived by sea. Regarding the purpose of travel, some 8.0% of the visits were recorded as serving business or professional needs while the vast majority (82%) were for leisure and other personal reasons. Due to its favourable laws, Bahrain receives the majority of its international tourism from the neighbouring GCC states. Even with a strong banking and financial sector, tourism to Bahrain is heavily leisure driven. The following graphs illustrate the above tourism indicators along with recovery trends for international arrivals.

GRAPH 6-2 TOURISM’S CONTRIBUTION TO (US\$ BILLIONS) AND SHARE OF TOTAL GDP (%)



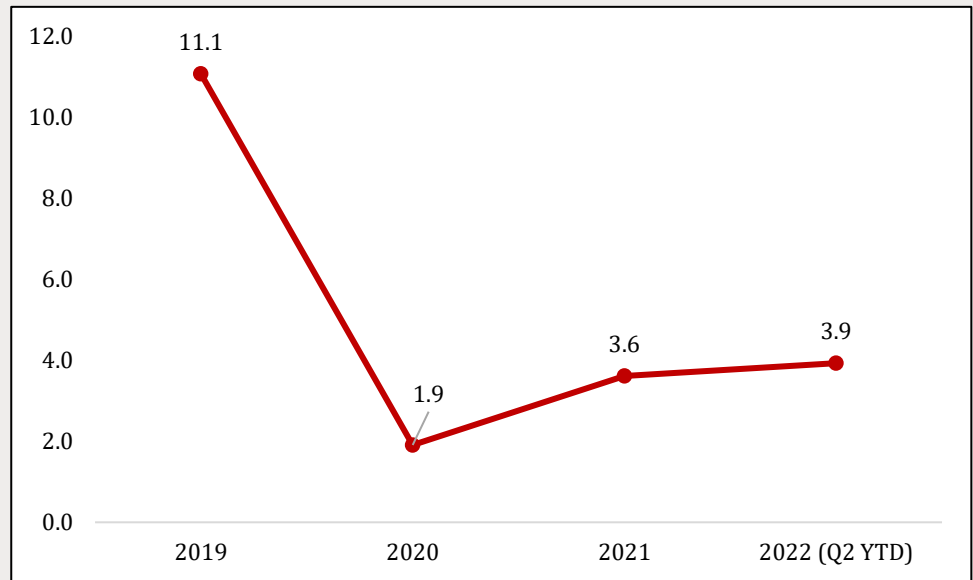
Source: WTTC

GRAPH 6-3 TOURISM’S CONTRIBUTION TO (IN THOUSANDS) AND SHARE OF TOTAL EMPLOYMENT (%)



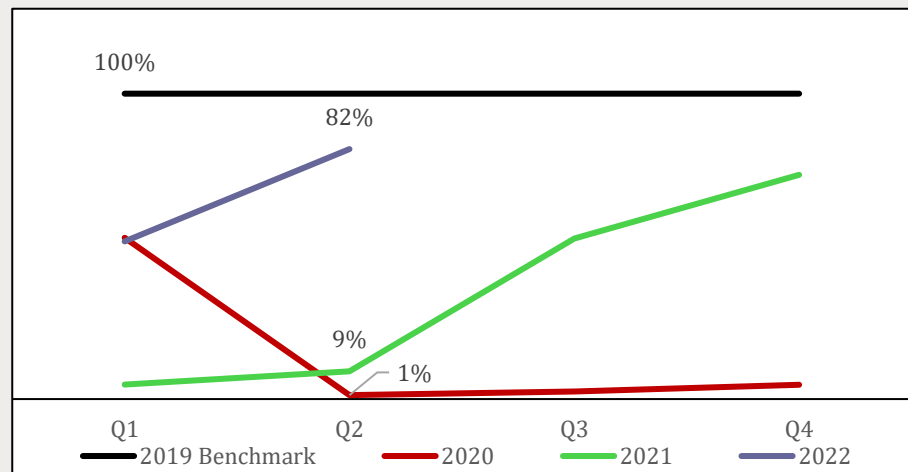
Source: WTTC

GRAPH 6-4 TOTAL INTERNATIONAL ARRIVALS (MILLIONS, SAME-DAY VISITS INCLUDED)



Source: Bahrain Tourism and Exhibition Authority

GRAPH 6-5 INTERNATIONAL ARRIVAL RECOVERY (INDEXED TO 2019)



Source: Bahrain Tourism and Exhibition Authority

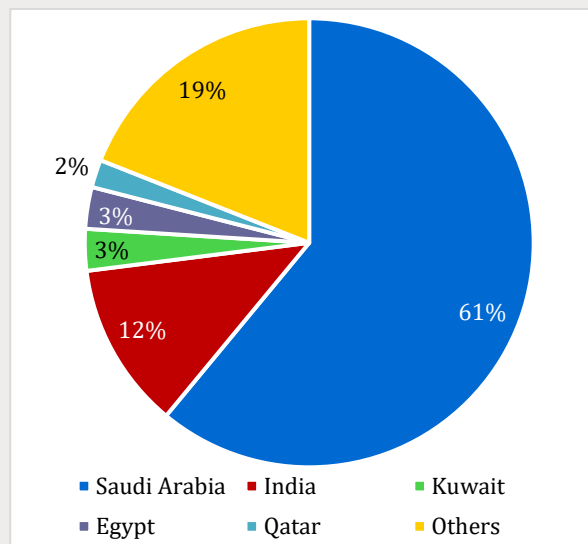
In order to understand the recovery of tourism from the COVID-19 pandemic, we have benchmarked international arrivals of each year to the pre-pandemic performance of 2019. In the graph above, 2019 international arrival numbers are shown as the 100% benchmark against which subsequent periods are measured. According to data from the Bahrain Tourism and Exhibition Authority, recovery of international tourists to Bahrain stands at 82% as of

Q2 2022 compared to the same period in 2019. This result comes after the Q1 2022 performance which stood at 52% recovery compared to the same period in 2019.

Key Source Countries

Graph 6-6 gives key insights into the source countries for Bahrain. Saudi Arabia forms the biggest single contributor to inbound travel, followed by India, Kuwait, Egypt and Qatar. While its physical proximity and accessibility by land account for travellers from Saudi Arabia, travel from other countries is driven by the large proportion of the migrant workforce in Bahrain.

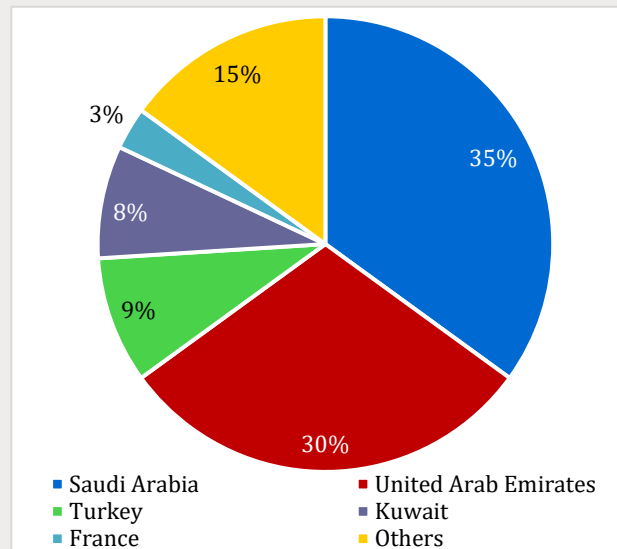
GRAPH 6-6 KEY SOURCE COUNTRIES (2021)



Source: WTTC

Key Destination Countries

Graph 6-7 gives key insights into the outbound destination countries for those leaving Bahrain. Saudi Arabia, owing to its religious importance and physical proximity, accounts for the most travellers from Bahrain, followed by other culturally similar destinations like the United Arab Emirates, Turkey and Kuwait, with France accounting for 3% of the outbound traffic.

GRAPH 6-7 KEY DESTINATION COUNTRIES (2021)

Source: WTTC

Tourism Growth Plan

As a part of the diversification aim, the Bahraini government has invested in various development projects like Bahrain Bay Beach, AlGhous Waterfront, Galali Coast Waterfront, Jumeriah Bahrain Bay Resort, Mantis Hotel and Resort and the Tourist City at Al Jazeera Beach. Moreover, the country has also seen development in meeting space infrastructure in the form of a new exhibition centre under development and the newly completed Al Dana Amphitheatre. With these developments, the country is aiming to not only improve tourism, but also improve its tourism infrastructure which is currently predominantly reliant on leisure business. On the administrative front, the government is planning to enhance travel friendly laws like reduced entry requirements, improved transport facilities and the proposed expansion of the airport both in physical size and in number of carriers serviced.

The government has launched its 2022-2026 Tourism Strategy, which aims to diversify the Kingdom's economic portfolio, contributing to economic growth and creating opportunities for citizens. Bahrain Tourism and Exhibitions Authority specified that the new strategy has four main objectives: to increase the tourism contribution to GDP to 11.4% in 2026; to expand Bahrain's position as a global tourist hub; to diversify source markets to increase the number of tourists; and to improve the tourism product offering. In line with the Kingdom's economic recovery plan, by 2026, the tourism sector will aim to increase the total number of tourists to 14.1 million, the average daily visitor spend to BHD75 (around US\$200) and the average tourist's length of stay to 3.5 days.

This will be achieved by improving the ease of entry into the Kingdom; diversifying upcoming tourist attractions; marketing and promotion via Gulf Air, the Kingdom's national carrier, and the private sector; and enhancing current

hotel supply. Significant investments have already been made to make progress towards this goal. These investment projects include a second causeway with Saudi Arabia (the King Hamad Causeway), the Bahrain Metro project, Bahrain International Exhibition and Convention Centre, Bahrain Bay Beach, Sa'ada West waterfront and the Bahrain Sports City near the Bahrain International Circuit.

Challenges and Recommendations

The following are some of the travel impediments and barriers that currently hinder tourism progress for Bahrain and some provisional recommendations which we consider to be pertinent.

Challenge	Description	Recommendation Rationale
<p>Visa Restrictions</p>	<ul style="list-style-type: none"> • While Bahrain and Israel signed a visa exemption agreement in principle following the signing of the Accords, this agreement is yet to come into force. • Stricter visa rules prove a barrier to free travel and therefore, to help boost travel, rules need to be relaxed. 	<ul style="list-style-type: none"> • Enforcing of the visa exemption agreement should be the priority for Bahrain. If the country wants to improve travel to the nation, it should explore the possibility of signing reciprocal visa exemption or favourable visa schemes (eVisa, visa on arrival, and so forth) with all nations of the Accords. • Bahrain could replicate the GCC visa regulation that allows for free travel between the GCC nations and scale it to other nations as well. • Furthermore, adopting the 'Hayya Card' process, established by Qatar for the 2022 FIFA World Cup, Bahrain could implement a similar requirement for major events to boost travel in the short term while eVisa schemes are put in place.
<p>Diversification</p>	<ul style="list-style-type: none"> • Bahrain is highly dependent on its GCC counterparts for tourism. The King Fahd Causeway provides travellers from Saudi Arabia with easy access to Bahrain. • Saudi Arabia is a major power in the region and applies stricter rules on its citizens, some of whom currently travel to the more liberal Bahrain for entertainment and leisure purposes. The imposition of stricter rules on Saudi Arabia's citizens could lead to a significant disruption to the Bahraini tourism industry – from where around 	<ul style="list-style-type: none"> • Bahrain has stated its goal for GDP diversification which aims to increase the contribution from sectors of the economy other than those associated with oil, gas and natural resources, including tourism. However, with an industry highly dependent on a handful of markets (Saudi Arabia and India constituted 57% of visits in 2019), the need for source market diversification is extremely critical as well. • Higher coordination and cooperation provided by the Abraham Accords could pave the way for the much-

Challenge	Description	Recommendation Rationale
	<p>31% of all international travel originates.</p>	<p>needed market diversification for Bahrain. By making travel regulations favourable for the Accords nations, travel from these countries into Bahrain could be scaled. The Israeli outbound tourism market represented 9.1 million travellers in 2019, some of which could be targeted as potential visitors to Bahrain.</p>
<p>Tolerance</p>	<ul style="list-style-type: none"> While safety is not a barrier for entry for the Israeli traveller to Bahrain, tolerance for such travel amongst the host population could become a challenge in the event that such hostility was to develop. 	<ul style="list-style-type: none"> Due to past relations between the nations, travel from Israel to Bahrain could spark episodes of misconduct. In order to avoid these instances, travel guidelines could be developed for travellers, the host population and the travel and tourism organisations. Since some of the other Arab nations are not yet a member of the Accords, and thus do not recognise Israel, travellers from such nations could be a source of flash points that need to be mitigated. Creation of a helpline or creating awareness amongst travellers for organisations responsible for their safety could help mitigate the occurrence of such events.
<p>Awareness</p>	<ul style="list-style-type: none"> While Dubai has already become a popular name in the Israeli traveller’s mind, Bahrain has yet to achieve this recognition. While the industry is seeing significant investment targeted at the development of tourism infrastructure, creating awareness in the new market is a key to success to capture a larger share of visitors from Israel. From beaches and conference space to natural scenic beauty and sporting mega-events, Bahrain has a lot to offer as a tourist destination; however, the lack of awareness of the destination in Israel is a key barrier to achieving more. 	<ul style="list-style-type: none"> To raise awareness, targeted marketing campaigns and regional promotions could be curated and distributed through relevant partner organisations. Digital marketing campaigns could prove effective in both increasing the reach and leads for Bahrain. Furthermore, organisation of familiarisation trips for major tour operators and travel agents, as well as social media influencers can be encouraged. Once these stakeholders, responsible for distribution of the product, become better versed in the destination, they can create awareness for their clients, promote the destination

Challenge	Description	Recommendation Rationale
		<p>and finally sell the product more effectively.</p> <ul style="list-style-type: none"> Finally, awareness should be followed by creation of package itineraries developed by the tour operators to assist in conversion of sale.
Connectivity	<ul style="list-style-type: none"> While connectivity between the GCC nations is well developed, the same cannot be said for travel between Israel and Bahrain. With only Gulf Air as a direct flight carrier, connectivity between the nations is less than optimal for market development. While there exist other carriers operating indirect flights involving layovers, travel price and time become an impediment to free travel. Additionally, alternatives to air travel do not exist as they require crossing of borders through countries that have no ties with Israel. 	<ul style="list-style-type: none"> Expansion and development of connections and travel alternatives is important to sustain tourism to and from the member nations to Bahrain. Collaboration with airline partners, investment in airport capacity, opening the airspace to more private carriers along with more timely approvals of flight frequency increases can greatly help reduce the connectivity barrier. Bahrain could endeavour to position itself as an alternative to the beaches of Thailand, a popular tourist destination for the Israeli traveller.
Ancillary Industries	<ul style="list-style-type: none"> Tour operators and travel agents are currently devoid of any enticing products to sell to the new markets. Due to the lack of a developed distribution network, new destinations like Bahrain are disadvantaged in terms of popularity in the Israeli market. This lack of distribution can hamper conversion and thereby inflow of traffic. This is further complicated by the inability of the ancillary organisations to effectively connect with stakeholders in Bahrain thereby creating a gap between demand and supply which can minimise the results of all of the positive initiatives between the Accord member nations. 	<ul style="list-style-type: none"> The distribution network and its effectiveness can enhance or diminish the travel potential between source and destination regions. Creation of a common B2B portal for such organisations can help improve network and distributional capabilities for travel agents, tour operators and destination marketing agencies. This can be overarched by the formation of a regional tourism council, a participative organisation bringing together tourism ministries of each of the nations to improve strategic focus and collaboration. Invitation to this council can be extended to key stakeholders like hotel brands and owners, tourist operator or travel agent associations, airline carriers, and so forth, who can provide holistic input and feedback to initiatives and also assist to ease implementation.

Recommended Actions

To address and resolve these challenges, we propose the implementation of the below recommendations that have been categorised by their probable implementation timelines.

Bahrain Short-Term Actions

1. Designate a specific person(s) within the Ministry of Tourism to be responsible for using the Abraham Accords as a catalyst to (1) grow tourism from Israel as this represents a new source market and (2) to create and promote regional initiatives to grow tourism from all the Abraham Accords member nations. The department should be empowered with its own budget recognising the strategic importance of building people-to-people relationships. It should also be responsible for ensuring Abraham Accords member nation initiatives are not delayed and their implementation hurdles are swiftly removed.
2. Create a robust marketing plan to attract all segments of travellers from Israel. The marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment;
 - Leisure specific actions:
 - Establish specific religious, cultural and leisure travel packages within Bahrain organised by Bahraini tour operators that can be promoted within Israel;
 - Establish a network of travel agencies in Israel that will promote the Bahraini tour packages utilising both commercial and charter airlines;
 - Leverage Bahraini and Israeli celebrities and influencers to promote travel to Bahrain in marketing campaigns and social media. Conduct familiarisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Cultivate business relationships centred around knowledge and best practice sharing with member nations on key themes such as defence, tourism, manufacturing, industrialisation and entrepreneurship;
 - Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, create business deals and enhance cultural understanding.
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.

3. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from Israel.
4. Create two guideline handbooks: (1) for tourism organisations on handling guests from Israel and (2) for inbound tourists on cultural sensitivities for an enriching cross-cultural experience.
5. Identify certain restaurants in primary destinations and encourage them to procure Kosher food certifications.

Bahrain Medium-Term Actions

1. Improve flight connectivity with Israel to enable easier access.
2. Continue incentivising hospitality investment from both domestic and international investors, and attract more international hotel brands by improving business policies to increase high quality hotel development (for example, initial tax relief)
3. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Conclusion

Bahrain has already started to address its goal of increasing the contribution to GDP that travel and tourism already makes (11.4% by 2026) through the development of significant infrastructural projects. While tourism inflow to Bahrain should improve with global recovery, the government's focus on the investment into the industry could be supplemented by investment in the development of new markets. With competitive destinations like Saudi Arabia investing hugely in its tourism infrastructure and developing large-scale resorts, a key competitive advantage could be targeting the travellers from Accords member nations through facilitation of free travel. Additionally, opening up the destination to travel friendly rules and all markets could greatly improve the perception of the region and hence improve travel to the region holistically. Adding further attractions to the country should also enable the average length of stay of visitors to the country to be increased. It should also enhance the opportunities for the country to attract greater volumes of visitors from neighbouring countries, including other signatories to the Abraham Accords, as well as those from further afield, as the country becomes more widely recognised for its tourism products internationally.

A united effort on promoting peace through tourism could aid all member nations, helping them achieve their respective economic goals. With the investment cycle improving, market development today could greatly help occupancy rates when new supply enters the Bahraini market. Furthermore, additional opportunities in the form of student and youth exchange programmes, events and conferences, knowledge and business trade can also positively impact inbound tourism for Bahrain.

Establishing greater links with Israel as a result of the signing of the Abraham Accords should have a positive impact on visitation between the two countries providing there is mutual cultural tolerance and adequate provision for respective travellers' needs to be met. All these initiatives should enable the overall contribution of tourism to the country's GDP to be increased in dollar terms and potentially in percentage terms as well.

7. United Arab Emirates – Country Overview

The economy of a nation and its trends are an important consideration in unearthing opportunities and threats to growth in the tourism sector of the nation. Economic and demographic trends reflect not only the current amount of travel and the source markets, but also help in identification of key areas where a real difference can be made.

The aim of this section of the report is to:

- Identify motivators and impediments to achieving significant growth in tourism in the United Arab Emirates (UAE) and each of the countries within the Abraham Accords;
- Formulate recommendations to help the UAE and each of the Abraham Accords nations to achieve their tourism goals;
- Establish practical ways for the UAE and the other nations to leverage the Abraham Accords and cooperate more closely through tourism, thereby unlocking more effective inter-personal relations.

In this country overview we identify the key trends that either facilitate or impede tourism to the region. Doing so would help in the tailoring of customised recommendations for each of the nations with the aim of imparting a positive and quantifiable impact of tourism related growth in GDP and improved cultural tolerance amongst the members of the region.

Our review indicates that, while there is evidence of intra-regional travel between the Middle Eastern and Arab members of the Abraham Accords nations, there exist growth opportunities driving tourism to the region from international markets including Israel. By leveraging the peace bearing benefits of the Abraham Accords for the member nations, our aim is to fuel growth in tourism-related GDP by growing the contribution from current international source markets in the short term and to improve cultural tolerance by establishing Israel as a new source market for the region. While we understand that this will happen over the longer term, even small movements to and from Israel, although not initially significant in terms of GDP contribution, would be ground-breaking in terms of building and repairing estranged ties between the Members of the Accords.

In conclusion, we consider there to be significant potential opportunities for the UAE and the other Abraham Accords nations to benefit from increases in tourism, both in terms of tourist volumes and GDP, when the current issues are overcome.

Macroeconomic Overview

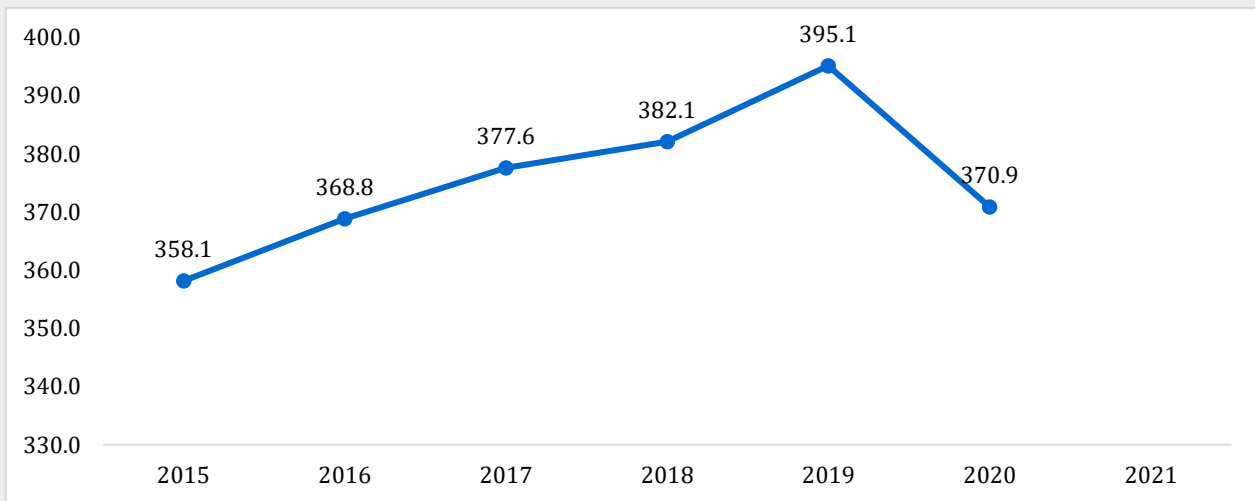
Formed when Emirs from the seven Emirates of Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain joined forces, the United

Arab Emirates, commonly referred to as the Emirates or UAE, has the world's sixth largest oil reserves and the seventh largest natural gas reserves. In principle an elective monarchy where the Sheikhs (rulers) of each of the emirates form the Federal Supreme Council, the UAE has a federal constitutional monarchy spearheaded by the Sheikh of Abu Dhabi as the President and the Sheikh of Dubai as the Vice President and Prime Minister.

'My grandfather rode a camel, my father rode a camel, I drive a Mercedes, my son drives a Land Rover, his son will drive a Land Rover, but his son will ride a camel'. A famous quote, which has always had its origins and authenticity questioned, is commonly attributed to Sheikh Rashid of Dubai, the vice president and second prime minister of UAE. This quote is often used to indicate the foresight of the Emirates, especially of the Sheikhdom of Dubai, concerning the reliance on its natural reserves of oil and gas. With a vision on diversifying the economy, Dubai was one of the first of the Emirates to develop ports, trade centres and tunnels to facilitate trade, transport and travel.

With the second largest economy in the Arab world (behind Saudi Arabia), the UAE's economy is still reliant on natural reserves except for the Sheikhdom of Dubai which is now an international hub for trade and tourism. According to the OPEC, only around 30% of the country's economy is reliant on oil, making it the most diversified economy among the GCC states. Dubai is one of the most economically diversified regions of the country allowing freehold land ownership, tax free status and foreign investment policies. Today, the UAE's economy is considered to be one of the most open around the world.

GRAPH 7-1 GROSS DOMESTIC PRODUCT (US\$ BILLIONS, 2015 PRICES)



Source: World Bank

To measure the real growth in GDP, we have used deflated GDP numbers as of 2015 US\$ prices from the World Bank. The UAE's GDP experienced a CAGR of 0.9% in real terms for 2017-2019. However, owing to the drop in oil revenue and

trade, the GDP shrunk by 6.1% in 2020. This real growth rate has been higher, with 3.2% observed between 2010 and 2019. With tourism being one of the most important non-oil contributors to GDP, the impact of travel restrictions worsened the impact of the pandemic on the GDP of the UAE. Being a main trade partner for countries such as India, Iran and Saudi Arabia, the UAE is the largest consumer market in the Middle East. Apart from being a trade hub, the UAE's investment and business friendly policies make it suitable for many corporations which have opened branch offices and moved regional headquarters to the country. Moreover, investment in real estate has not only resulted in commercial success in the form of the development of the financial hub, it has also put the UAE on the map as a destination for luxury, business and MICE travel.

In terms of future economic growth plans, the UAE is exploring, with each of its Emirates, multifaceted and huge growth plans which include Dubai Industrial Strategy 2030, Dubai Autonomous Transportation Strategy 2030, Surface Transport Master Plan (Abu Dhabi), Abu Dhabi Transportation Mobility Management Strategy 2030, Plan Abu Dhabi 2030, Environment Vision 2030 (Abu Dhabi), Abu Dhabi Economic Vision 2030 and Fujairah 2040, aiming to diversify and grow the UAE economy.

Tourism Overview

Tourism is the one of the largest non-oil revenue sources and it is projected to grow with the UAE's commitment to investing in the sector. Development projects like Yas Islands, Palm Jumeirah, Burj Khalifa and Burj Al Arab, combined with the natural landscape of Al-Hajar mountains in Fujairah and the beaches of Ras Al Khaimah, act as major tourist destinations in the country and more widely in the region. With a major portion of the UAE population being foreign expatriates, the nation attracts a workforce from around the globe, especially the southeast Asian countries like India. Apart from expatriate travel, the enhanced connectivity and accessibility of the region accentuates the appeal of the destination amongst tourists. Furthermore, providing a balance of ultra-luxury hospitality and attractive landscapes coupled with vivid entertainment and high-end shopping malls make the UAE a truly global tourist destination.

Hotel Supply

Hotel supply in the UAE is spread, although unequally, between the major Emirates with Dubai leading the share in both number of hotels and number of rooms. With a supply of 1,044 hotels representing 202,100 rooms, the UAE has the largest hotel supply of all the Abraham Accords nations. Dubai accounts for 687 hotels with more than 139,000 rooms, followed by Abu Dhabi with 138 hotels (30,400 rooms), Sharjah (89 hotels, 9,740 rooms) and Ras Al Khaimah (45 hotels, 7,450 rooms).

With a pipeline of 194 hotels slated to add nearly 56,000 new rooms to the market, a sustained growth in demand will be required in order to not affect hotel occupancy levels. (It should be noted that the country has a proven track record of generating additional demand to meet previous significant supply growth, so this is likely to be achieved based on past experience.)

Tourism Indicators

In terms of tourism's contribution to GDP, the tourism industry represents 6.4% of total GDP (2021), and at US\$27 billion, tourism's contribution to overall GDP

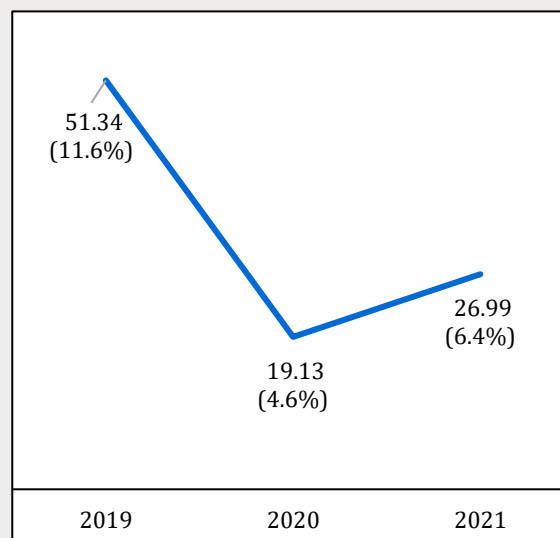
is the highest amongst the Abraham Accords member nations. Notwithstanding this, it falls short of the pre-pandemic contribution of US\$51 billion achieved in 2019 (11.4% of total GDP). The industry however, is expected to fully recover faster than the global average with increased focus on the sector and events like the delayed Expo 2020 which concluded in March.

In terms of jobs, the tourism sector accounts for one in every ten jobs in the Emirates, amounting to 644,300 employees as of 2021. This number has also declined from the level observed in 2019 (748,000 jobs); however, with the development of new supply and increasing investment, this number is forecast to increase.

The UAE welcomed 25.2 million total inbound arrivals in 2019, more than any other nation in the region. Growing by 9.5% from 2018 and with a 5.5% CAGR for the 2015 to 2019 period, inbound arrivals to the country dropped to 8 million in 2020 due to COVID-19. Some 14.7% of the total visitors in 2019 were classified as same-day excursionists while the average length of stay observed at hotels and similar establishments from overnight visitors was 3.7 days. Around 18.6 million of the inbound arrivals stayed in one of the 1,136 hotels and similar establishments in the UAE in 2019 (UNWTO, 2022). In terms of the mode of travel, 69.8% of overnight inbound travellers came by air, with 28.1% arriving by road and 2.1% by sea. Being an international hub and home to many foreign organisations and institutions, 24.1% of all trips to the UAE were motivated by business reasons while a majority were classified as leisure and personal travel.

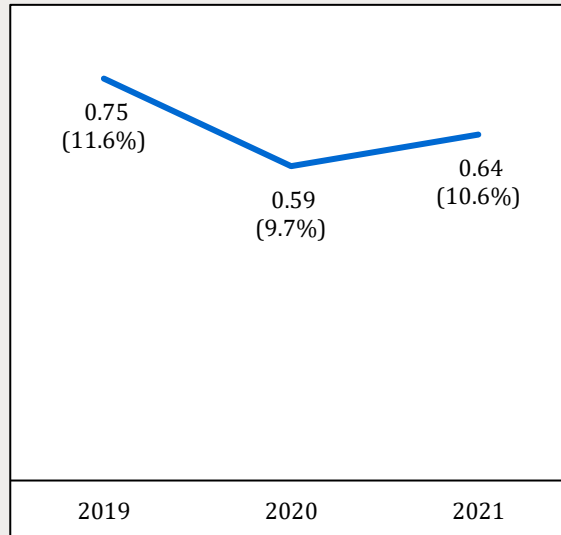
The following graphs illustrate the above tourism indicators along with recovery trends for international arrivals.

GRAPH 7-2 TOURISM’S CONTRIBUTION TO (US\$ BILLIONS) AND SHARE OF TOTAL GDP (%)



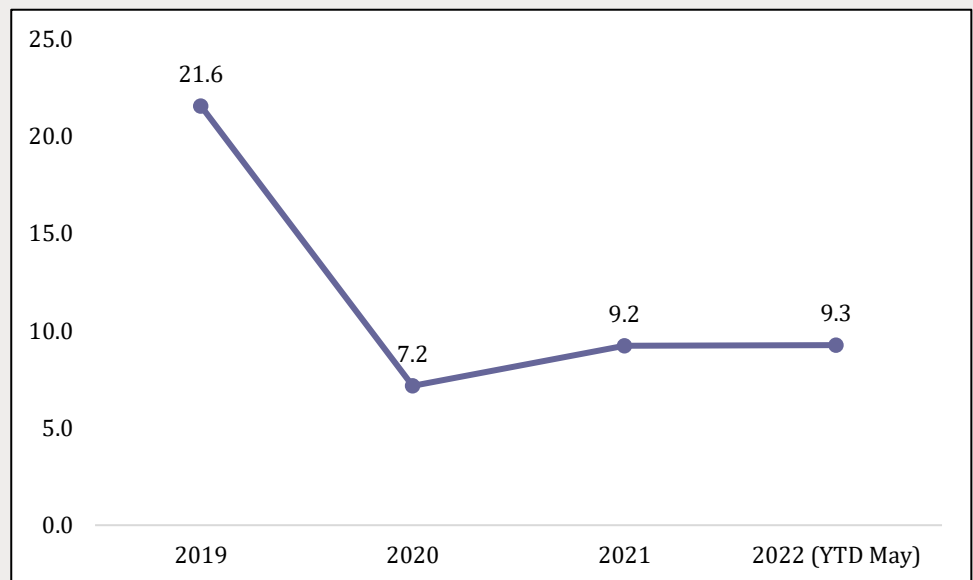
Source: WTTC

GRAPH 7-3 TOURISM'S CONTRIBUTION TO (MILLIONS) AND SHARE OF TOTAL EMPLOYMENT (%)



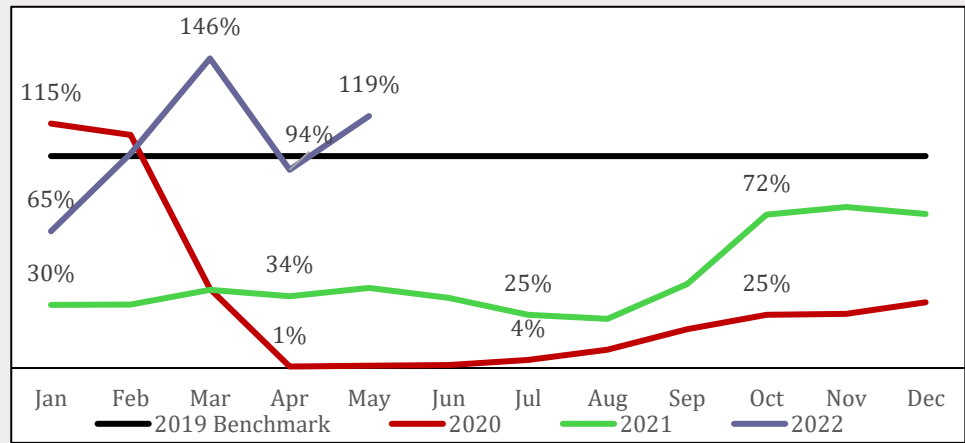
Source: WTTC

GRAPH 7-4 TOTAL INTERNATIONAL ARRIVALS (MILLIONS)



Source: UNWTO

GRAPH 7-5 INTERNATIONAL ARRIVAL RECOVERY (INDEXED TO 2019)



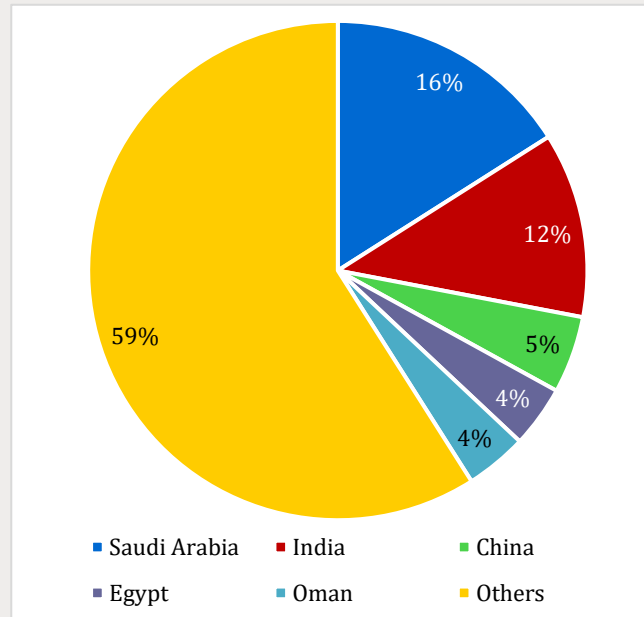
Source: UNWTO

We have benchmarked international arrivals for each year to the pre-pandemic performance of 2019. In the graph above, 2019 international arrivals are shown as the 100% benchmark against which subsequent periods are measured. In terms of tourism recovery, being one of the most important hubs in the world in terms of travel and transport, the United Arab Emirates saw faster recovery in international tourism than other member nations of the Accords. While tourism numbers declined to 1% in April 2020 compared to April 2019, volumes were already trending at a third of the 2019 numbers by the end of Q3 2021 thanks to the reorganised Dubai Expo 2020. While 2022 started slowly (posting a 65% recovery on international tourism arrivals), by the end of Q1 2022 (coinciding with the end of Expo 2020), tourism arrivals had already posted a growth over 2019 numbers. Numbers then decreased following the end of Expo 2020 but still rebounded completely compared to 2019 levels.

Key Source Countries

Graph 7-6 gives key insights into the source countries for the UAE. As of 2021, travel originating from Saudi Arabia was the biggest single contributor to inbound travel, followed by India, China, Egypt and Oman, with 59% of travel originating elsewhere globally.

GRAPH 7-6 KEY SOURCE COUNTRIES (2021)

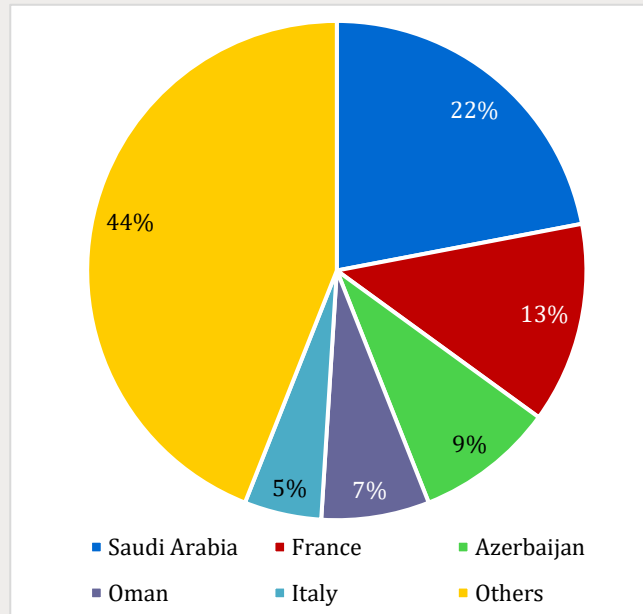


Source: WTTC

Key Destination Countries

Graph 7-7 gives key insights into the outbound destination countries for those leaving the UAE. Saudi Arabia and France are the two biggest destinations for outbound travel followed by Azerbaijan, Oman and Italy. European destinations are seen as aspirational travel for the population of the Middle East motivated by the luxury and cooler climate offered by these destinations as an alternative to the extreme summer heat in the UAE. The other locations around the world attract 44.0% of outbound travellers.

GRAPH 7-7 KEY DESTINATION COUNTRIES (2021)



Source: WTTC

Tourism Growth Plan

The founding of the Emirates Tourism Council in 2021 reaffirms the nation’s strategy to improve tourism and its contribution to the economy. Uniting the tourism bodies and councils of each of the emirates, the Emirates Tourism Council is aiming to improve cooperation between the regions to achieve both regional and national goals. His Excellency Dr Ahmed Belhoul Al Falasi, the Chairman of the Emirates Tourism Council, reiterated in a recent speech the aim of the nation to welcome 40 million visitors and increase tourism’s contribution to GDP to above 15%. Hoping to facilitate international partnerships and integrating luxury and technology, the UAE is committed to transforming itself as the face of Sustainable Tourism by 2030.

Challenges and Recommendations

The UAE attracts the largest number of tourist arrivals to the region and, with recent developments and investments, is on its way to achieving the aim of 40 million arrivals by 2030. With a growing supply of hotels, ambitious real estate projects and increased cooperation between the seven emirates, tourism is expected to continue fortifying its role in the country’s economy. However, to achieve this tourism growth the following challenges need to be overcome.

Challenge	Description	Recommendation Rationale
Stakeholder Management	<ul style="list-style-type: none"> Given the infrastructural capabilities of the UAE, it has rapidly earned the status of one of the most significant connectivity hubs in the world. The tourism structure in the country as a whole is disparate, with individual tourism authorities looking after each of the Emirates, most of which include some significant stakeholders in terms of trade, travel and the economy when compared to the smaller scale of the Abraham Accords nations. Such important internal and external stakeholders will inevitably prevent the other Abraham Accords nations from achieving significant attention either as incoming visitors or in attracting visitors from the UAE. 	<ul style="list-style-type: none"> Structuring separate teams to cater to different stakeholders could be a good way for the UAE to ensure that all stakeholder needs are met. From our conversations with organisations like FlyDubai and Emirates, we know that such structures have helped them in growing business volumes from the new markets. This could be replicated in tourism authorities, boards, ministries, major ancillary organisations and so forth by establishing project teams that would be responsible for the Abraham Accords markets. These project teams could potentially last for a limited number of years, focusing on entering, developing and sustaining growth in the Abraham Accords markets before being ‘retired’. By doing so, the UAE should ensure that new Abraham Accords markets are developed without compromising economic relations with major existing stakeholders.
Vision Alignment	<ul style="list-style-type: none"> The UAE comprises seven Emirates that operate independently on most economic functions including, but not limited to, tourism. Each of the Emirates has its own tourism board which may prevent the UAE as a whole from maximising tourism performance and potential. While it may serve the Emirates better, this structure could be detrimental if there is no vision alignment and coordination. More specifically, if all tourism boards do not work together in growing the Abraham Accords markets, true potential for tourism cannot be unlocked. While tourism would still ebb and flow to each of the Emirates 	<ul style="list-style-type: none"> 2021 saw the formation of the Emirates Tourism Council in order to improve cooperation between the Emirates, to achieve both regional and national goals. The council proposed bringing together all of the individual tourism boards. We applaud this initiative. However, there is little evidence to date to support the adoption and advancement of this initiative. While efforts are being made, the initiative is currently limited in any tangible gains made to boost tourism. We urge those responsible to advance the implementation of this tourism council more rapidly. Under one umbrella, efforts of each of the Emirates could be

Challenge	Description	Recommendation Rationale
	<p>individually, the non-alignment of vision could potentially harm the growth of these markets.</p>	<p>focused on achieving the common tourism goals for the UAE.</p>
<p>Increased Competition</p>	<ul style="list-style-type: none"> • With the announcement of ambitious projects like Neom and the Red Sea development, Saudi Arabia signalled its intent in diversifying its economy and stimulating tourism growth in line with the Saudi Vision 2030. • Boasting a GDP almost twice as high as the UAE's (as of 2021), Saudi's intent, if backed by the delivery of the ambitious projects, could eventually dwarf the achievements of the UAE's tourism industry. As competition catches up with the UAE, it could adversely affect the performance of its tourism sector thereby making it ideal, from a strategic point of view, to continue to find and develop alternative capabilities and restore the UAE's competitive advantages where feasible. 	<ul style="list-style-type: none"> • While financially outmuscling the competition might not be achievable, strategically building a competitive advantage by exploring the new opportunity provided by a deepening of the relationship with the Abraham Accords nations (especially Israel), could help sustain some of the tourism growth for the UAE. • Regional cooperation, relationship building, knowledge and data sharing and easing the access to free travel could be some of the recommendations for the UAE to implement with the tourism ministries of all Abraham Accords nations to leverage the impact of the Accords in boosting tourism and economic growth.
<p>Internal Competition</p>	<ul style="list-style-type: none"> • Apart from potentially leading to a vision disparity, not uniting the tourism boards of the UAE under one umbrella could increase internal competition thereby becoming detrimental to the country's overall tourism sector. • Abu Dhabi and Dubai are two of the biggest tourism hubs for the UAE and often compete for a similar customer base. This competition not only increases customer acquisition costs, but it also reduces the potential multiplier effect resulting in an economic loss for the country. 	<ul style="list-style-type: none"> • The advancement of the Emirate Tourism Council could greatly address this internal competition. Moreover, the creation of a project task force dedicated to the Abraham Accords nations could bring a much-needed strategic focus while also avoiding overlap of efforts and costs. • In the current structural form, coordination between each of the Emirates regarding tourist itineraries and packages could unlock the multiplier effect. With a more coordinated focus, each visitor so acquired could visit several Emirates throughout the UAE thereby increasing the overall tourism spend.
<p>Infrastructural Dependence</p>	<ul style="list-style-type: none"> • The UAE functions in a strategic and swift manner to implement initiatives that can potentially boost the economy. For instance, while the Accords were 	<ul style="list-style-type: none"> • While it might not feature immediately as a direct challenge, the dependence on development of infrastructure in partner nations could limit the growth

Challenge	Description	Recommendation Rationale
	<p>signed simultaneously between the UAE, Israel, Morocco and Bahrain, trade between the UAE and Israel (US\$205.2 million in September 2022) outpaced the same between Bahrain or Morocco and Israel (1.4x and 4.5x, respectively, in the same period). This is also true for its tourism industry, with tourism arrivals from Israel to the UAE projected to exceed 200,000 for 2022.</p> <ul style="list-style-type: none"> • With that said however, the efficiency and speed that the UAE has grown accustomed to might not be replicated in other Abraham Accords nations. While not harmful superficially, this can potentially turn into a challenge when the market needs to be scaled. While the UAE's infrastructural capability and intent could fuel higher growth, its infrastructural dependency for end-to-end solutions could limit growth. For instance, after launching its first flight in November 2020, FlyDubai currently operates four flights to Israel per day. While the company sees demand to increase the number to six flights, it is currently bound by infrastructural limitations and permission requirements of the Israeli Airport Authority. 	<p>potential for tourism between the UAE and the other Abraham Accords nations. Although there is little that the UAE could do directly, it could help partner nations by knowledge sharing.</p> <ul style="list-style-type: none"> • Having undertaken massive capability development in terms of infrastructure, the UAE can, by sharing knowledge in terms of best practices, fast track similar infrastructural growth for member nations. Although on the face of it, the UAE might not seem to gain directly from this knowledge sharing, this would benefit the UAE by bringing partner nations up to speed and capable to supplement the growth the UAE can achieve. • This could be done through the implementation of regional conferences on knowledge sharing. This can potentially boost tourism in the form of travel of participants while simultaneously securing tourism growth in the long term. • Additionally, a network for knowledge sharing should be established between ministries and relevant stakeholders from each country to ensure regular knowledge sharing and progress.
<p>Building Tolerance</p>	<ul style="list-style-type: none"> • While inbound travel to the UAE from Israel is developing, outbound travel to Israel is still at a nascent stage. This poses a challenge to the UAE not only in terms of lopsided traffic flow, which can reduce profit margins for airlines, but it also limits the opportunity of increasing cultural tolerance. • One of the main reasons emanating from our research was the negative perception of the UAE traveller to Israel. Travellers from the UAE are hesitant to go to Israel due to the concerns of fellow nationals. Some 	<ul style="list-style-type: none"> • While this cultural barrier cannot be solved overnight, it will be alleviated through positive reinforcement, communication and public displays of commitment. • Being one of the fastest trend-catching populations, people in the UAE closely follow influencers and other important people. One of the main ways to promote tolerance could be through the organisation of familiarisation trips for influencers, business visitors and governmental delegations. By marketing and communicating

Challenge	Description	Recommendation Rationale
	sections of the population still shun or view negatively any travel to or relationship with Israel.	<p>positively the impact of such a trip, the tourism authority can engender popular support which could reduce the tolerance issues faced by travellers.</p> <ul style="list-style-type: none"> • One other way could be a marketing campaign showcasing the novel experience travel to Israel can provide. With many Muslim religious sites, the UAE could initially focus on promotion of packages and itineraries to these sites to help stimulate travel to Israel

Recommended Actions

To address and resolve these challenges, we propose the implementation of the below recommendations that have been categorised by their probable implementation timelines.

UAE Short Term Actions

1. Designate a specific person(s) within the Ministry of Tourism to be responsible for using the Abraham Accords as a catalyst to (1) grow tourism from Israel as this represents a new source market that has already grown significantly but has much more potential and (2) to create and promote regional initiatives to grow tourism from all the Abraham Accords member nations. The department should be empowered with its own budget recognising the strategic importance of building people-to-people relationships. It should also be responsible for ensuring Abraham Accords member nation initiatives are not delayed and their implementation hurdles are swiftly removed.
2. Our research indicates there is significant growth potential to expand travel from Israel to the UAE. To date, most of the Israeli travel has been to Dubai, but the other Emirates should be able to experience strong growth through a well-executed marketing plan. As each Emirate develops its own tourism infrastructure (particularly Abu Dhabi with its development of Sea World, the Museum of Tolerance and the Louvre), there is significant growth potential that can be accommodated by capitalising on the strong Israeli outbound market. There are currently approximately 50 flights per week between Dubai and Tel Aviv. This number will need to be expanded to accommodate future growth as well as additional connectivity to Abu Dhabi.
3. Create a robust marketing plan to attract all segments of travellers from Israel. The marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment;
 - Leisure specific actions:

- Establish specific religious, cultural and leisure travel packages within the UAE organised by Emirati tour operators that can be promoted within Israel;
 - Establish a network of travel agencies in Israel that will promote the UAE tour packages;
 - Leverage Emirati and Israeli celebrities and influencers to promote travel to the UAE in marketing campaigns and social media. Conduct familiarisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Cultivate business relationships centred around knowledge and best practice sharing with member nations on key themes such as defence, tourism, manufacturing, industrialisation and entrepreneurship;
 - Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, create business deals and enhance cultural understanding.
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
4. Create an effective marketing strategy to increase travel from important source markets for Israel, such as the USA that will consider going to the UAE as a secondary destination in addition to Israel.
 5. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from Israel.
 6. Create two guideline handbooks: (1) for tourism organisations on handling guests from Israel and (2) for inbound tourists on cultural sensitivities for an enriching cross-cultural experience.
 7. In addition to those already established, identify more restaurants in primary destinations and encourage them to procure Kosher food certifications.
 8. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Conclusions

Being a constitutional monarchy and a more 'international' destination compared to its Middle Eastern counterparts, the UAE can benefit from the Abraham Accords in terms of tourist arrivals from Israel. Viewed to be largely

tolerant to cultural diversity, organising travel between the UAE and Israel should be achieved more easily. The UAE is founded on the concepts of unity and cooperation and, thus, the Accords should see significant success in the country.

Saudi Arabia has recently pursued high impact and ambitious tourism projects that, once realised, will significantly increase the competitiveness between the UAE and Saudi Arabia for a share of international travellers. While this competition can be detrimental to the UAE, turning this into tourism cooperation between the countries through the Abraham Accords can potentially benefit the region. As the quantum of tourist arrivals to the region grows holistically, nations could benefit even if their market share does not necessarily grow. Amicable relationships along with travel friendly policies can deepen the ties between the member nations, whilst also potentially improving the image of the region as a safer and more peaceful destination. The potential of Israel-Arab cooperation in improving socio-cultural and economic ties between the Abraham Accords members is considerable.

8. Morocco – Country Overview

The economy of a nation and its trends are an important consideration in unearthing opportunities and threats to growth in the tourism sector of the nation. Economic and demographic trends reflect not only the current amount of travel and the source markets, but also help in identification of key areas where a real difference can be made.

In this country overview we identify the key trends that either facilitate or impede tourism to the region. Doing so would help in the tailoring of customised recommendations for each of the nations with the aim of imparting a positive and quantifiable impact of tourism related growth in GDP and improved cultural tolerance amongst the members of the region.

The aim of this section of the report is to:

- Identify motivators and impediments to achieving significant growth in tourism in Morocco and each of the countries within the Abraham Accords;
- Formulate recommendations to help Morocco and each of the nations to achieve their tourism goals;
- Establish practical ways for Morocco and the other nations to leverage the Abraham Accords and cooperate more closely through tourism, thereby unlocking more effective inter-personal relations.

Our review indicates that, while there is evidence of intra-regional travel between the Middle Eastern and Arab members of the Abraham Accords nations, there exist growth opportunities driving tourism to the region from international markets including Israel. By leveraging the peace bearing benefits of the Abraham Accords for the member nations, our aim is to fuel growth in tourism-related GDP by growing the contribution from current international source markets in the short term and to improve cultural tolerance by establishing Israel as a new source market for the region. While we understand that this will happen over the longer term, even small movements to and from Israel, although not initially significant in terms of GDP contribution, would be ground-breaking in terms of building and repairing estranged ties between the members of the Accords.

In conclusion, we consider there to be significant potential opportunities for Morocco and the other Abraham Accords nations to benefit from increases in tourism, both in terms of tourist volumes and GDP, when the current issues are overcome.

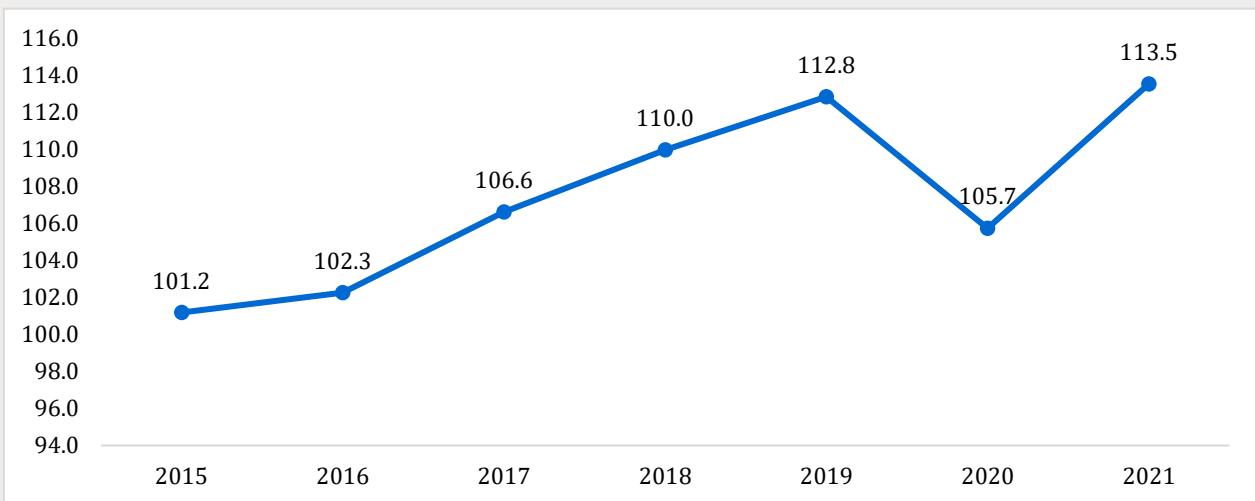
Macroeconomic Overview

Although Morocco's economy is relatively small, it is the fifth largest economy in Africa. Considered a relatively liberal economy, Morocco's privatisation policies which came into effect in the early 1990s, have helped the GDP grow. Given the

richness of Morocco’s soil, the economy is dominated by the agricultural sector, which employs nearly 33.2% of the workforce and contributes to 11.7% of GDP. The services sector, including tourism, communications, retail and finance, is a major contributor to the economy. With little to no oil reserves, the economy is reliant on energy imports making it an impediment to growth. The industrial sector (mining, textiles, automotive) is also important for the economy with Morocco being the world’s third largest producer of phosphates after the USA and China. Apart from the energy imports, other barriers to growth for the economy are the high external debt and unemployment rates in the Kingdom. Financial reforms and the privatisation of the economy helped it to achieve a CAGR of 4.6% between 2000 and 2009; however, the CAGR for the following decade slowed down to 3.1%. The effects of the pandemic pushed the Moroccan economy into its first recession period since 1995, severely impacting its services and more significantly its tourism industry.

Although the Kingdom observed multiple protests during the Arab Spring in the early 2010s, their effects were not as bad as some in other regions. With the King promising and subsequently ushering a constitutional reform, the protests were subdued; however, the effects of the reform are widely debated. Ever since, peaceful protests have been a feature of the political landscape with the country remaining relatively unscathed.

GRAPH 8-1 GROSS DOMESTIC PRODUCT (US\$ BILLIONS, 2015 PRICES)



Source: World Bank

To measure the real growth in GDP, we have used the deflated GDP numbers as of 2015 US\$ prices from the World Bank. After Morocco’s first recession in 20 years, GDP grew at 7.2% in 2021 aided by the low-base effect, export performance and an exceptional 2020/21 agricultural season. The effects of climate change are increasing in Morocco, which the IPCC has identified as a highly vulnerable country. The economy depends on sectors—agriculture, fisheries and tourism—that are highly sensitive to climate change. Morocco is a

water-scarce country with agriculture consuming around 80% of its water resources, as most land is in arid and semi-arid areas. The 2020-30 Green Generation strategy aims to increase agricultural resilience to climate change. In 2019, Morocco published its National Climate Plan 2030 confirming its commitment to the Paris Agreement.

Tourism Overview

Tourism remains one of the most important sectors of the Moroccan economy. With its advantageous location, Morocco is the recipient of travellers from Europe, the Maghreb region and the Middle East. With investments in the sector, tourist arrivals to Morocco achieved a healthy CAGR of 5.5% from 2000 to 2019. 2019 saw a record number of 13 million arrivals to the Kingdom, up 5.0% from 2018. While the CAGR slowed down since the onset of the Arab Spring (3.0% from 2010 to 2019), it picked up more recently thanks to the government's focused investment into the sector (CAGR of 4.5% for 2015 to 2019). Major tourist attractions in Morocco include the cities of Marrakech, Casablanca, Rabat and Fez. The beaches and luxury resorts attract a variety of tourists each year and the country is a relatively cheaper alternative to European destinations during the peak season.

Hotel Supply

According to STR, Morocco's hospitality industry comprises some 537 hotels representing almost 60,000 rooms. Marrakech, with 225 hotels and 21,300 rooms, represents a major proportion of the market, followed by Casablanca (77 hotels with 8,300 rooms), Agadir (47 hotels with 9,730 rooms) and Tangier (26 hotels with 4,270 rooms). The other supply is dispersed throughout the different regions of the Kingdom.

In terms of investment plans, 15 hotels are expected to add 4,650 rooms to the country by the end of 2024, with most development concentrated in Marrakech and in the luxury segment with brands like Fairmont and St. Regis.

Tourism Indicators

In terms of tourism's contribution to GDP, the sector represented 6.9% of total GDP as of 2021, down 42.4% compared to 2019 (12.0%). However, in 2021, the tourism sector posted an 8.8% growth over 2020. The economy of Morocco rebounded completely in 2021 after declining 6.3% in 2020. The role of the agriculture sector and a great harvest season helped the recovery significantly. The dollar contribution of US\$8.9 billion makes tourism one of the largest revenue sources for the Kingdom, albeit that the contribution of the sector was limited by the frequent lockdowns imposed by the government during the pandemic. The advent of the Omicron variant pushed the government to close borders again in November 2021, which lasted until January 2022, further setting back the recovery for the sector.

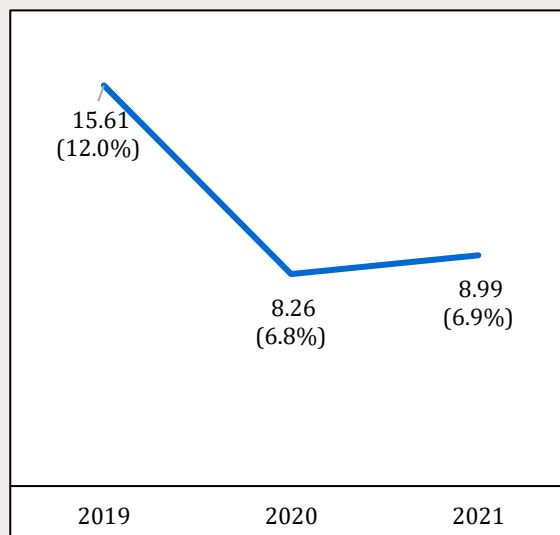
In terms of tourism's contribution to employment, the job market rebounded BY 1.7% in 2021, accounting for 1.18 million jobs, after contracting by 13.0% to 1.16 million in 2020. While recovery in terms of jobs has been seen in total terms, the percentage share of the tourism sector has declined, indicating a higher uptake of jobs in other sectors over the 2019 to 2021 period. This poses a challenge to the recovering tourism market which is highly reliant on the availability of its workforce. The government will need to address this.

2019 saw a record number of 13 million arrivals to the Kingdom, up 5.0% from 2018. Major tourist attractions in Morocco include the cities of Marrakech, Casablanca, Rabat and Fez. The beaches and luxury resorts attract a variety of tourists each year, making the country a relatively cheaper alternative to European destinations during the peak season.

However, the pandemic pushed the sector and the Moroccan economy into its first recession since 1995. Nevertheless, the Kingdom’s commitment to improving tourism remains constant and unwavering. Morocco is predominantly a leisure destination providing affordable luxury to tourists. 89.0% of total visitors travelled to Morocco for leisure and personal reasons, while 11.0% were business tourists, signifying the importance of the services sector to Morocco. The Kingdom is also considered one of the most important outsourcing destinations for corporations from Europe owing to its cost benefits thus attracting significant business visitation as well.

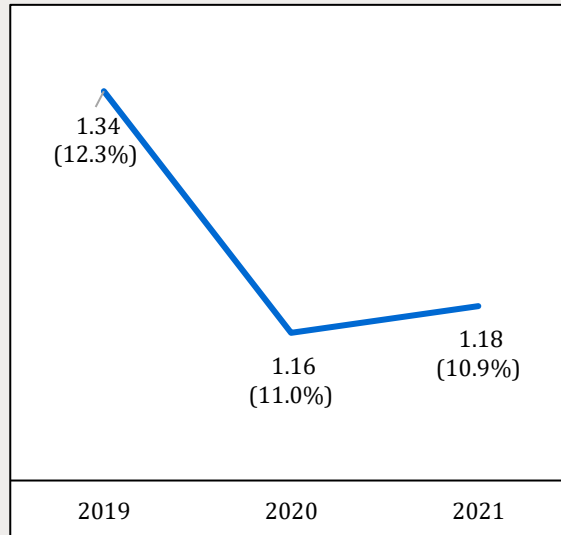
While air routes are the most important mode of entry for tourists (70.2% of total arrivals), cruise ships and ferries are significant in their contribution as well, representing 17.9% of arrivals to the Kingdom, with 11.8% of travellers arriving by road. Some 1.4% of the total visitors in 2019 were classified as same-day excursionists while the rest spent at least one night in the Kingdom. Overnight stays in Morocco amounted to 12.9 million for 2019, hosted at more than 4,200 hotels and similar establishments, many of which are small, independent guest houses (riyads) and not included in the STR data referred to above. The following graphs illustrate the above tourism indicators along with recovery trends for international arrivals.

GRAPH 8-2 TOURISM’S CONTRIBUTION TO (US\$ BILLIONS) AND SHARE OF TOTAL GDP (%)



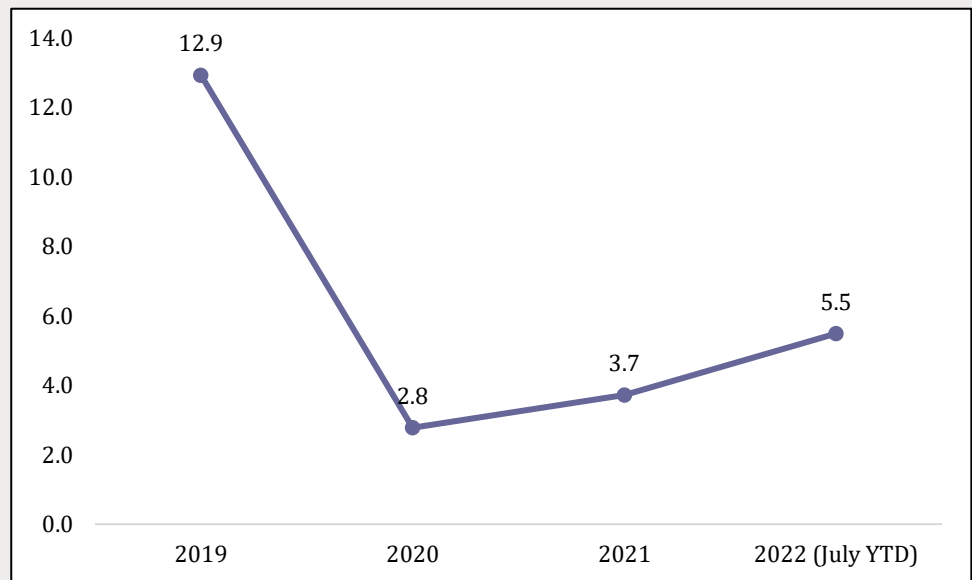
Source: WTTC

GRAPH 8-3 TOURISM’S CONTRIBUTION TO (MILLIONS) AND SHARE OF TOTAL EMPLOYMENT (%)



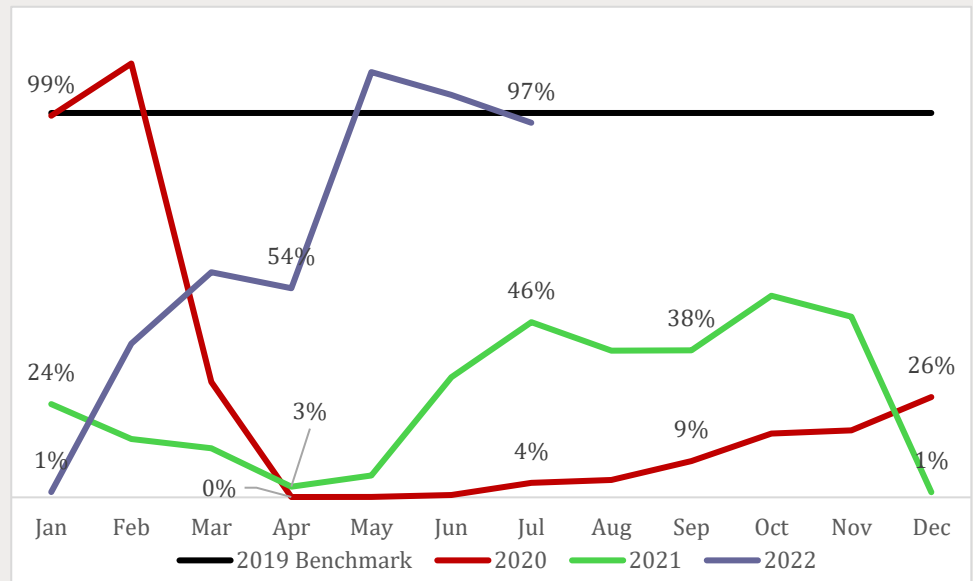
Source: WTTC

GRAPH 8-4 TOTAL INTERNATIONAL ARRIVALS (MILLIONS)



Source: UNWTO

GRAPH 8-5 INTERNATIONAL ARRIVALS RECOVERY (INDEXED TO 2019)



Source: UNWTO

We have benchmarked international arrivals for each year to the pre-pandemic performance of 2019. In the graph above, 2019 international arrival numbers are shown as the 100% benchmark against which subsequent periods are measured.

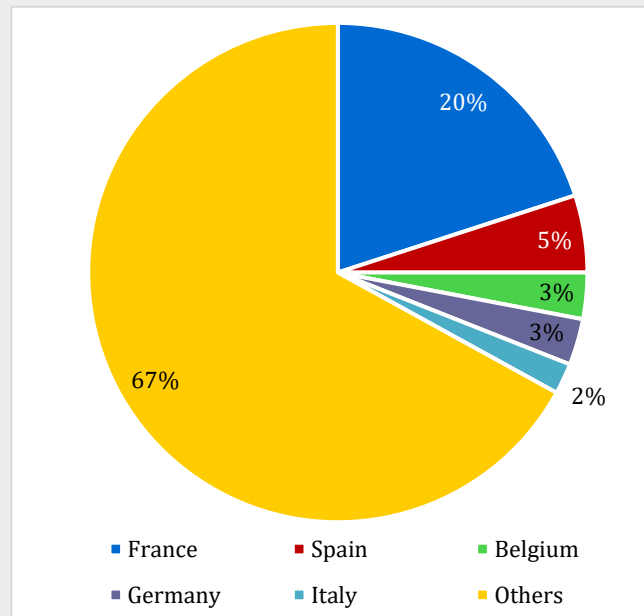
As in most developing countries, tourism receipts in Morocco are driven largely by international tourism. Foreign arrivals accounted for just under 70% of annual tourists before the pandemic. France, Germany and the UK have traditionally been the top source markets. While the start of 2020 outpaced 2019, the pandemic saw arrivals fall to virtually nil for the months of April and May. By the end of 2020, the industry was still deeply impacted, with recovery standing only at 26%. 2021 was a ‘start-stop’ year for the sector with different variants of the virus bringing the tourism industry to a quick standstill, the last being the lockdown resulting from the Omicron variant in late November 2021. Starting 2022 with only 1% recovery in terms of international arrivals in January, the industry has quickly rebounded with the opening of the country posting full or near full recovery for the months of May, June and July. This is an extremely positive sign which could help revive the struggling economy of Morocco.

Key Source Countries

Graph 8-6 gives key insights into the source countries. As of 2021, travel originating from France was the single biggest contributor to inbound travel, followed by other European nations of Spain, Belgium, Germany and Italy. Although the majority of inbound travel originates from other countries, France’s close cultural ties and Spain’s proximity drive tourism to the Kingdom. Before the signing of the Accords, member nations and the wider Middle East did

not feature in the top-five source markets for Morocco, even with the Kingdom being an Arab nation. With the Abraham Accords and its prospective scaling to the wider region, Morocco should benefit significantly in terms of trade and travel with the strengthening of newer source markets from the Abraham Accords member states.

GRAPH 8-6 KEY SOURCE COUNTRIES (2021)

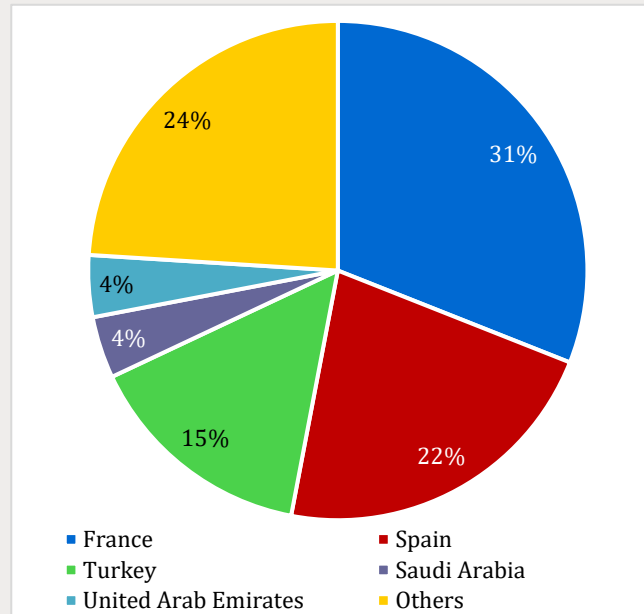


Source: WTTC

Key Destination Countries

Graph 8-7 gives key insights into the outbound destination countries for departures from Morocco. Spain and France are the two biggest destinations for outbound travel from Morocco. Turkey, the UAE and Saudi Arabia form the other top-five destinations. French is an important language in the Kingdom, with Moroccans sharing cultural elements with France. French corporations have historically invested in Morocco and provide Moroccans immigration opportunities. Spain, along with France, controlled the territory of the Kingdom prior to its independence and thereby left a significant impression on the population who now frequent both countries regularly.

GRAPH 8-7 KEY DESTINATION COUNTRIES (2021)



Source: WTTC

Tourism Growth Plan

Tourism has traditionally been a major contributor to the economy, and the Kingdom has mitigated direct implications of conflicts and political unrest, ensuring tourism was a constant driver. Even with the pandemic wreaking havoc on the Kingdom’s economy, recovery is well and truly underway with the government’s focus and commitment to boost travel. According to Mrs Fatima-Zahra Ammor, the Minister of Tourism for Morocco, the Kingdom is aiming to double the number of tourist arrivals by 2030. Although the Kingdom has historically benefitted from stability and European arrivals compared to the wider region of the Middle East, it can fortify its tourism sector with the regional cooperation benefits provided by the Accords.

Challenges and Recommendations

While recovery in the country stood at 97% as of July 2022 compared to July 2019, this has largely been driven by the pent-up leisure demand from historical source markets for Morocco. With rising unrest within the neighbouring country of Algeria, tourism numbers may see a decline. Furthermore, with the announcement of the new government, the focus and commitment to the tourism sector remains to be seen.

Moreover, to achieve its strategic tourism aim, the Kingdom has to overcome key challenges highlighted below.

Challenge	Description	Recommendation Rationale
Destination Competitiveness	<ul style="list-style-type: none"> • While the country is a prominent figure in tourism for the North African region, the performance is overshadowed by neighbouring countries like Egypt and Tunisia. • Moreover, in terms of the global profile, Morocco has a lot to improve for it to remain a popular tourist destination. With markets around the world investing in tourism projects, the country would have to keep up in order to avoid losing share to its competitors. With a new government and a struggling economy, the challenge is made worse with limited investment in the sector. • Traditional source markets like France, the UK and Germany could soon shift to newer destinations near the Red Sea thanks to the development of tourism infrastructure. To retain these markets, Morocco has to improve its competitiveness. 	<ul style="list-style-type: none"> • While investment in the sector seems an obvious solution to improve infrastructure and competitiveness, it is easier said than done. • However, with the signing of the Accords, foreign direct investment could be explored by opening the economy up to relevant parties through the creation of a more favourable investment environment. Additionally, the Tourism ministry could facilitate the knowledge sharing and best practice mapping with other Abraham Accords nations. Learning from the established member nations like the UAE, Morocco could bring its own industry up to the global benchmark. Improvement of the destination would not only help Morocco retain its traditional source markets, but it would also help in development of new markets in the form of the Abraham Accords nations.
Diversification of Infrastructure	<ul style="list-style-type: none"> • The Moroccan tourism industry is dominated by the presence of upscale, upper upscale and luxury hotels and resorts. Additionally, the industry comprises various small guest houses (riyads) that provide alternative accommodation choices. • According to the OECD, the infrastructure of the industry is less modern and digitalised when compared to other competitive destinations. Moreover, the tourism sector is focused on the leisure segment which makes growth through the business segment difficult to pursue. • Digitalisation and modernisation of the infrastructure is a critical success factor for Morocco to improve its tourism performance. 	<ul style="list-style-type: none"> • Opening the sector to private organisations could be a way to fast-track infrastructural development. By leveraging the strong ties formed with the help of the Accords, privatisation could be first opened to these nations. A lot could be learnt through Israel and the UAE in terms of technological, financial and ministerial advancement. • Setting development guidelines and providing a structure to the sector could also be another way to ensure the industry meets modern standards. • Finally, creation of a strategy to revamp the industry and setting SMART goals for the industry stakeholders would promote unilateral growth towards targets ensuring the sustenance of growth in the Kingdom.

Challenge	Description	Recommendation Rationale
Workforce Deficit	<ul style="list-style-type: none"> The COVID-19 pandemic did not just hamper growth of the tourism sector, but also caused various tourism businesses to become non-operational, worsening the unemployment in the Kingdom. With a declining economy, a public health crisis and increasing immigration, unemployment in Morocco is a real challenge that the new government now faces. While Morocco is heavily reliant on the tourism industry, retaining the workforce in the sector is becoming an increasingly difficult task post pandemic. Tourism as a service industry is highly reliant on a skilled workforce to supplement its growth; however, attracting and retaining talent is becoming increasingly difficult thereby limiting growth. Over the past year, more jobs have been created in other industries which has caused a shift from the tourism industry. 	<ul style="list-style-type: none"> Attracting and retaining talent is a critical success factor for tourism growth. With lost businesses, accumulating losses and debts and major layoffs due to the pandemic, the hospitality industry has found it difficult to attract employees post pandemic. Being a key economic source, the tourism sector needs structural and financial support to recover from the pandemic. The leisure segment has performed well since the reopening of borders with strong pent-up demand to its destinations. Morocco, being a leisure dominant destination could, if supported well, capitalise on this demand and see full recovery by 2023. A recommendation to solve the workforce challenge could be to incentivise employees in the sector through competitive pay, tax reliefs and subsidised import duties for businesses to recover. Moreover, apprenticeship and similar early career programmes could be promoted to solve short-term deficits.
Connectivity	<ul style="list-style-type: none"> Connectivity is a key concern for Morocco in its aim to revive the tourism sector. While the collaboration between El Al and Royal Air Maroc has resulted in a direct travel option between Israel and Morocco, affordable direct travel options are still limited. Moreover, the lack of alternative travel routes also poses a challenge to tourism growth. According to the Global Infrastructure Hub (GI Hub), in the years leading up to 2040, Morocco will face an infrastructure investment gap of US\$37 billion. This could seriously limit the growth potential for tourism into the Kingdom. 	<ul style="list-style-type: none"> In 2019, Royal Air Maroc signed a codeshare agreement with American Airlines. With the largest fleet of Boeing 737s in Africa (42), the carrier operates various short-, medium- and long-haul flights. The pandemic however saw the airline reduce its fleet, workforce and flight route. This limits the potential tourism growth if not corrected. A recommendation to improve travel traffic could be to open the airspace to more commercial airlines through codeshare agreements. Moreover, while the Kingdom has garnered significant funding from both its African and Arab partners, it still needs to bridge the investment

Challenge	Description	Recommendation Rationale
	<ul style="list-style-type: none"> Finally, lack of digitalisation is still a recurrent theme for air travel. While the National Airports Office (ONDA) has committed to investing MAD4 billion (US\$ 383 million) in 2023 for the growth of airport infrastructure, this amount is limited to only three of the 24 commercial airports in the country. 	<p>gap projected to be US\$37 billion by 2040. In order to do so, foreign investment rules may have to be looked at again to raise necessary funds.</p>
Industry Structure	<ul style="list-style-type: none"> According to researchers at OECD, regulatory reform is a strategic priority of the Department of Tourism in Morocco. Yet, one of the main challenges for tourism growth remains the restructuring of the tourism sector. Moreover, according to OECD, tourism organisations in Morocco lack support when compared to other tourism reliant nations. With stricter rules and regulations, tourism growth is limited. Finally, the lack of industry oversight could result in unfulfillment of strategic goals and an unaligned tourism sector. 	<ul style="list-style-type: none"> Privatisation of the tourism sector is a key recommendation to improve economic returns. Improving investor relations and incentivising private tourism entities to enter the market could be a way to improve the economic competitiveness of the sector in Morocco. In February 2018, in accordance with existing laws, the Department of Tourism launched a review of licensing relating to city, tour and nature guides. Similar reviews of existing laws are recommended in order to reduce barriers to entry and growth in the sector. Moreover, to bring in strategic focus, restructuring of the departments responsible for tourism might be necessary. In a proposed structure, the Ministry of Tourism could oversee key departments, each responsible for specific areas like economic and investment development, marketing and commercial development, and technological development. This would bring strategic alignment into the sector.

Recommended Actions

To address and resolve these challenges, we propose the implementation of the below recommendations that have been categorised on their probable implementation timelines.

Morocco Short-Term Actions

1. Create a national tourism strategy with specific and attainable goals. Disseminate this to all tourism organisations in the region.
2. Create a robust marketing plan to attract all segments of travellers from Israel. The marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment;
 - Leisure specific actions:
 - Establish specific religious, cultural and leisure travel packages within Morocco organised by Moroccan tour operators that can be promoted within Israel;
 - Establish a network of travel agencies in Israel that will promote the Moroccan tour packages;
 - Leverage Moroccan and Israeli celebrities and influencers to promote travel to Morocco in marketing campaigns and social media. Conduct incentivisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Cultivate business relationships centred around knowledge and best practice sharing with member nations on key themes such as defence, tourism, manufacturing, incentivisation and entrepreneurship;
 - Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, create business deals and enhance cultural understanding;
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
3. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from Israel.
4. Create two guideline handbooks: (1) for tourism organisations on handling guests from Israel and (2) for inbound tourists on cultural sensitivities for an enriching cross-cultural experience.

5. Identify certain restaurants in primary destinations and encourage them to procure Kosher food certifications.

Morocco Medium-Term Actions

1. Incentivise hospitality investment from both domestic and international investors and attract more international hotel brands by improving business policies to increase high quality hotel development (for example, initial tax relief).
2. Improve attractiveness of the tourism industry for the employees by providing competitive pay and tax incentives; for businesses, consider incentivisation through subsidies and relief on taxes and duties.
3. Restructure Ministry of Tourism to improve organisational effectiveness. Appoint key figures as people responsible for growth from Abraham Accords member nations.
4. Improve connectivity with other member nations by opening airspace to private carriers of the region.
5. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Conclusion

Morocco receives its fair share in terms of travellers from Europe, and the signing of the Accords and its adoption by the wider region can help the Kingdom build new source markets. Enhanced regional cooperation can solidify Morocco's image as a destination helping the government achieve its objective of making the country a truly international tourist destination.

While in the short term the importance of improving all source markets holistically stands to provide more benefits, there is no denying the potential of the Israel-Arab cooperation in improving socio-cultural and economic ties between the members.

Further benefit could also be achieved by improving the travel routes to the Kingdom and increasing infrastructural development including the timing and frequency of flights within the region, thereby rendering each country more accessible to international travellers. A wider collaborative environment can propel Morocco to leverage the potential of its tourism offerings and achieve improved global recognition.

9. Egypt – Country Overview

The economy of a nation and its trends are an important consideration in unearthing opportunities and threats to growth in the tourism sector of the nation. Economic and demographic trends reflect not only the current amount of travel and the source markets, but also help in identification of key areas where a real difference can be made.

The aim of this report is to:

- Identify motivators and impediments to achieving significant growth in tourism in Egypt and each of the countries within the Abraham Accords;
- Formulate recommendations to help Egypt and each of the Abraham Accords nations to achieve their tourism goals;
- Establish practical ways for Egypt and the other nations to leverage the Abraham Accords and cooperate more closely through tourism, thereby unlocking more effective inter-personal relations.

In this country overview we identify the key trends that either facilitate or impede tourism to the region. Doing so would help in the tailoring of customised recommendations for each of the nations with the aim of imparting a positive and quantifiable impact of tourism related growth in GDP and improved cultural tolerance amongst the members of the region.

Our review indicates that, while there is enough evidence of intra-regional travel between the Middle Eastern and Arab members of the Abraham Accords nations, and significant other nations such as Egypt, there exist growth opportunities driving tourism to the region from international markets including Israel. By leveraging the peace bearing benefits of the Abraham Accords for the member nations, our aim is to fuel growth in tourism-related GDP by growing the contribution from current international source markets in the short term and to improve cultural tolerance by establishing Israel as a new or more significant source market for the region. While we understand that this will happen over the longer term, even small movements to and from Israel, although not initially significant in terms of GDP contribution, would be ground-breaking in terms of building and repairing estranged ties between the Members of the Accords.

In conclusion, we consider there to be significant potential opportunities for Egypt and the Abraham Accords nations to benefit from increases in tourism, both in terms of tourist volumes and GDP, when the current issues are overcome.

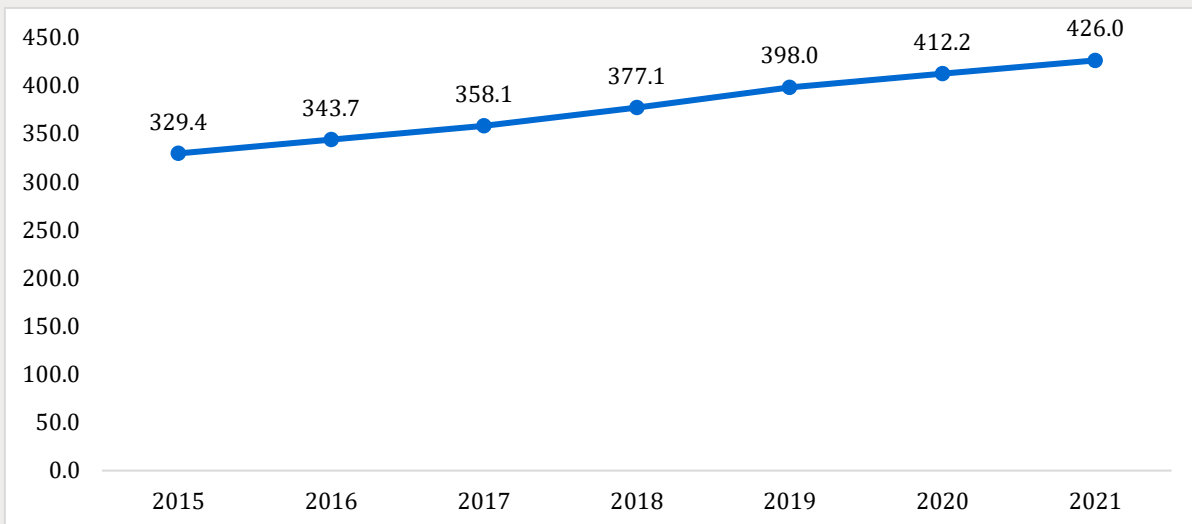
Macroeconomic Overview

Considered one of the most prominent civilisations to shape the history of humanity, Egypt has historically been one of the most important regions in the world. With a population of more than 100 million, Egypt is the world's 14th largest country and has the largest Muslim population amongst the Arab nations.

The country is a regional power in North Africa and the Middle East and is also deemed a middle power worldwide.

With the second largest economy in Africa (behind Nigeria), Egypt’s economy is diversified with contributions from trade of agricultural products, industrial sectors like automobile, steel and textiles, construction and financial services along with tourism. The Suez Canal is an artificial canal built to facilitate trade between Europe and Asia. The canal contributes considerably to economic prosperity for Egypt. Since the early 2000s, the structural changes initiated by the government in the form of monetary and fiscal policies, market privatisation, favourable business environment and a favourable taxation structure, have helped the Egyptian economy prosper and become attractive for foreign direct investment. Moreover, political stability, steady decline in poverty levels and unemployment have aided the sustained growth in the economy.

GRAPH 9-1 GROSS DOMESTIC PRODUCT (US\$ BILLIONS, 2015 PRICES)



Source: World Bank

Egypt’s GDP achieved a CAGR of 3.6% in real terms for 2017-2020. Due to strong performances in its industrial, construction, communication and agricultural sectors, Egypt’s GDP grew by 3.6% in 2020 over 2019, making Egypt the only country in the Middle East and North Africa (MENA) region to avoid a GDP contraction. Even with several political crises and subsequent reforms, Egypt’s real GDP compound annual growth was 3.3% for the 2010-2019 period. This growth was also sustained by strong public and private sector consumption levels. Being one of a handful of economies to not contract due to COVID-19, the Egyptian economy has shown resilience and sustained growth, increasing by 3.3% in 2021 over 2020.

Vision 2030, Egypt’s economic development plan, aims to work on eight main points including quality of life, equality and inclusion, robust economy,

knowledge and innovation, sustainable environment, governance, peace and security and leading stature. The country continues to work towards its Vision 2030, integrating the Sustainable Development Goals (SDGs 2030) into the plan, and to further its progress, having secured a US\$9.8 billion fund from the UN. The recent hosting of the COP27 summit in the country is further proof of the commitment of the plan towards sustainability.

Tourism Overview

While the country's GDP has successfully mitigated the negative impacts of political reforms and terrorist attacks in the past decade, the tourism sector has not shared the same fate. Since 2017, the sector has been on the road to recovery with UNWTO recognising the country as one of the fastest growing around the world. Major tourist attractions in Egypt include ancient sites like the pyramids, temples and monuments dedicated to pharaohs including the Great Sphinx, and ancient ruins in Saqqara, Luxor, Alexandria and Abu Simbel. Additionally, the Red Sea coast city of Hurghada and the Sinai Peninsula attract millions of tourists every year with their beaches, luxury resorts, scuba diving and snorkelling sites. Tourism is one of the largest revenue sources and is projected to grow with investment and development in real estate, with increased focus on sustainable tourism targeted to preserve the marine biology of the Red Sea.

Hotel Supply

According to STR, Egypt's hospitality industry comprises some 648 hotels and 170,000 rooms, with 70% of all supply concentrated in the cities of Hurghada, Sharm El Sheikh and Cairo. Hurghada, a major tourist attraction accounts for 53,480 rooms in 151 hotels, followed by Sharm El Sheikh with 47,242 rooms in 151 hotels, and the capital city of Cairo contributing 18,548 rooms within 75 hotels. The other 30% of hotel rooms is dispersed throughout the different regions of the country including Marsa Alam, Giza, Taba, Luxor and Alexandria.

In terms of investment plans, another 18,900 rooms are expected to be added to the country's supply through the opening of 75 new hotels. This development is concentrated in the city of Cairo with a mix of business and leisure hotels being planned in accordance with the country's efforts to capitalise on the MICE and 'bleisure' segments as showcased by the hosting of the COP27. Sharm El Sheikh and Hurghada are also recipients of a couple of large projects (800+ rooms per hotel) further boosting the supply within the Red Sea region.

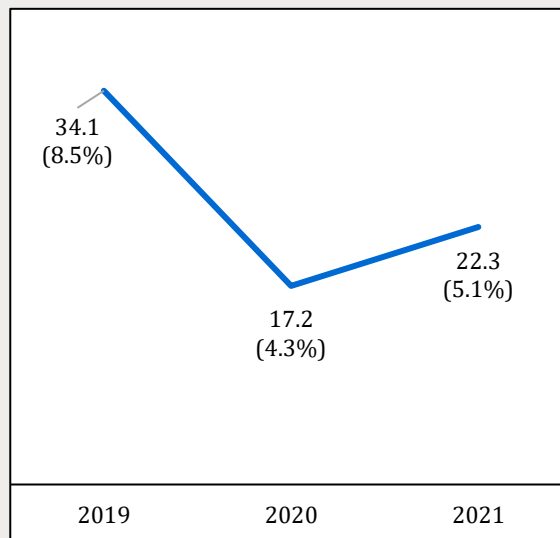
Tourism Indicators

In terms of tourism's contribution to GDP, the sector represented 5.1% of total GDP as of 2021, down by 40.0% from 2019 (8.5%). However, the tourism sector posted an 18.6% increase in 2021 compared to 2020. The dollar contribution of US\$22.3 billion makes tourism one of the largest revenue sources for the country although the sector has declined from its peak of US\$34.1 billion in 2019 owing to the lack of international travel to the region.

In terms of tourism's contribution to employment, the job market rebounded by 14.3% in 2021, accounting for 2.16 million jobs, after reducing by 21.9% to 1.89 million in 2020. While recovery in terms of jobs has been seen, the number lies below the 2019 peak of 2.42 million jobs (9.3% of total jobs). With the industry projected to grow, the sector will provide more employment opportunities in the future.

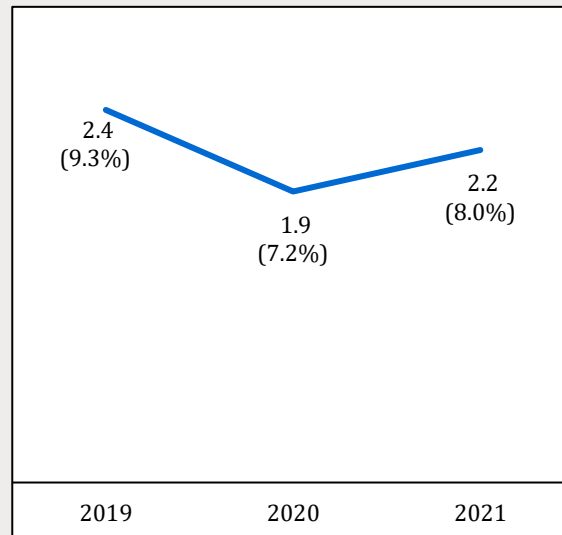
Egypt welcomed a total of 13.0 million inbound arrivals in 2019 as it continued its recovery to the pre-reform peak observed in 2010. Up 14.8% from 2018 and achieving a 6.9% CAGR for 2015 to 2019, inbound arrivals to the country dropped significantly to 3.7 million in the pandemic affected year of 2020. Only 1.2% of total visitors in 2019 were classified as same-day excursionists while the average length of stay observed at hotels and similar establishments from overnight visitors was 10.5 days, signifying the attractiveness of Egypt as a leisure destination. 2019 overnight stays in Egypt amounted to 136.3 million nights at the country’s 1,200+ hotels and similar establishments, according to the UNWTO. The following graphs illustrate the above tourism indicators.

GRAPH 9-2 TOURISM’S CONTRIBUTION TO (US\$ BILLIONS) AND SHARE OF TOTAL GDP (%)



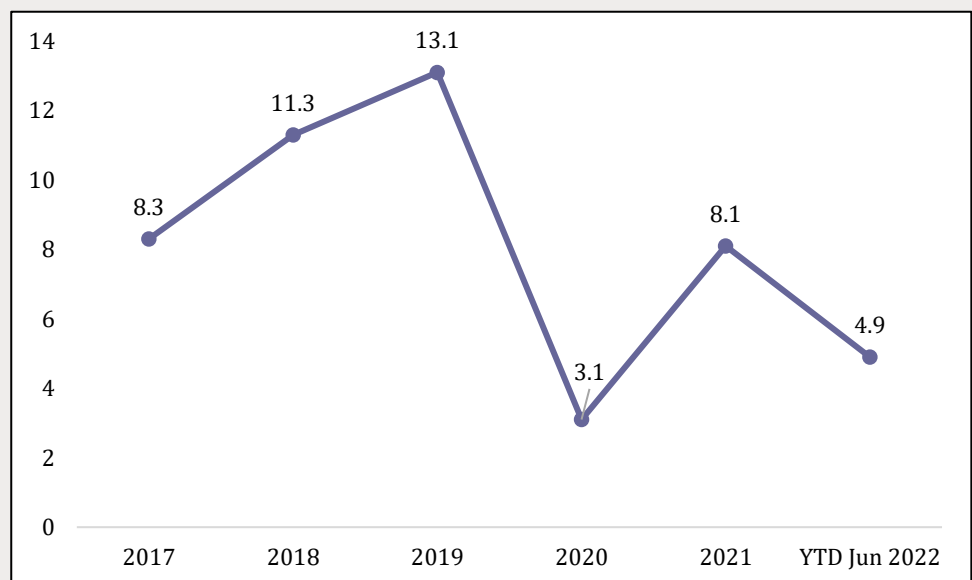
Source: WTTC

GRAPH 9-3 TOURISM’S CONTRIBUTION TO (MILLIONS) AND SHARE OF TOTAL EMPLOYMENT (%)



Source: WTTC

GRAPH 9-4 TOTAL INTERNATIONAL ARRIVALS (MILLIONS)



Source: UNWTO

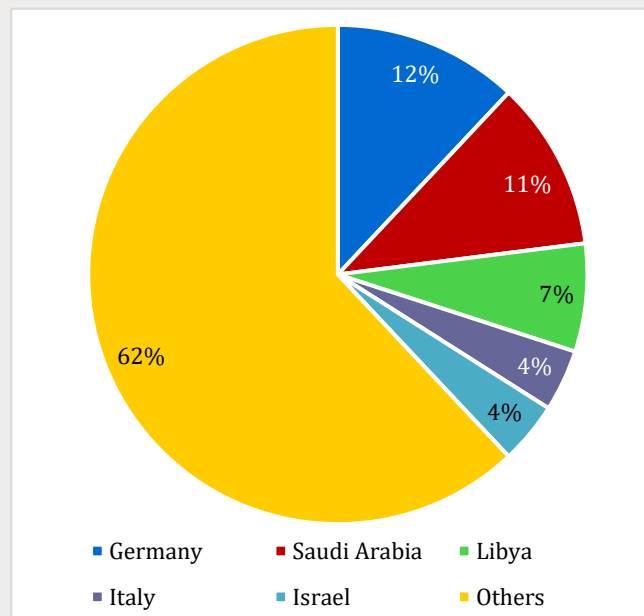
As expected from an international tourist hotspot, tourism receipts in Egypt were driven largely by international tourism. Foreign arrivals accounted for just under 60% (US\$16.7 billion) of all tourism spending in the country; however, with travel bans, lockdowns and various other travel disruptions, international

spending declined significantly to finish at 38% (US\$6.9 billion) of total spending as of 2021. Domestic travel has continued to provide the necessary momentum for the industry, keeping businesses alive throughout the pandemic. Germany, Saudi Arabia and the UK have traditionally been the top source markets for the country. Recovery in terms of international arrivals stood at 24% for 2020, improving to 62% as of 2021. The year-to-June 2022 performance outpaced the same period in 2021 with the country projected to fully recover in terms of international arrivals by 2023.

Key Source Countries

Graph 9-5 gives key insights into the source countries. As of 2021, travel originating from Germany continued to be the single biggest contributor to inbound travel, followed by Saudi Arabia and Libya. The UK, which was traditionally a significant source market, slipped out of the top-five in 2021 owing to the lockdown and travel restrictions. Travel from Israel contributed to 4.0% of total international arrivals making it the fifth largest source market behind Italy. Before the signing of the Accords however, none of the member nations featured in the top-five source markets for Egypt. With the Abraham Accords and its prospective scaling to the wider region, Egypt should benefit significantly in terms of trade and travel with the strengthening of newer source markets from the Abraham Accords member states, especially the fortification of travel from Israel.

GRAPH 9-5 KEY SOURCE COUNTRIES (2021)



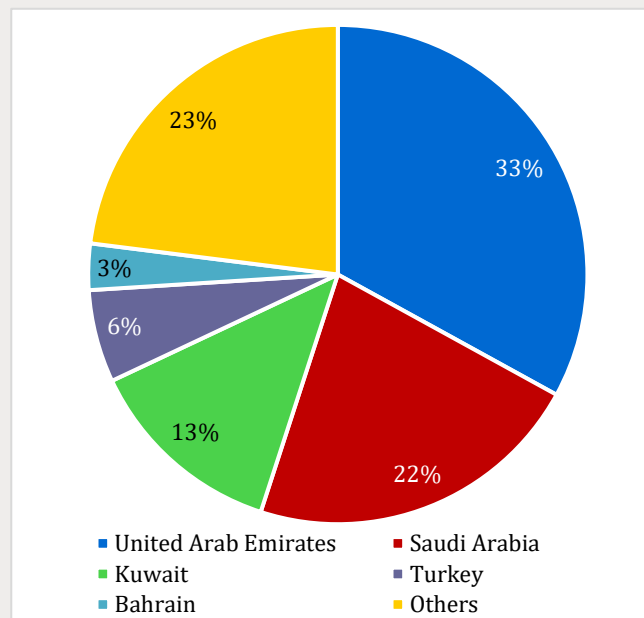
Source: WTTC

Key Destination Countries

Graph 9-6 gives key insights into the outbound destination countries for departures from Egypt. The UAE overtook Saudi Arabia to become the biggest outbound destination. Other Arab nations like Kuwait, Turkey and Bahrain form

the top-five destinations which might hint at the cultural motivation behind travel for the travellers from Egypt. While Saudi Arabia’s Mecca and Medina attracted the largest number of travellers from Egypt in 2019, the UAE’s modern luxury appealed to more Egyptian travellers in 2021. Other major destinations attract the remaining 23% of outbound travellers.

GRAPH 9-6 KEY DESTINATION COUNTRIES (2021)



Source: WTTC

Tourism Growth Plan

As the host of the COP27 summit in 2022, Egypt is keen to diversify its tourism portfolio with the addition of MICE travel with investment in conference facilities. With this, Egypt has the potential to offer itself as the perfect ‘bleisure’ destination. Egypt’s tourism sector is strong and recovering faster from the pandemic compared to other destinations. With the sector set to contribute majorly to the progress made towards achieving the 2030 vision, major investment in the Red Sea Region and the capital city of Cairo has been committed.

Challenges and Recommendations

While recovery in the country still lags behind the numbers observed in 2019, WTTC researchers estimate full international recovery to only happen by 2023. However, significant investment in the wider region from Saudi Arabia can potentially hamper the tourism growth for the country. Sharm El Sheikh has historically dominated the Red Sea region in terms of tourism performance; however, the advent of projects like NEOM and other hotel development in Saudi Arabia are set to offer strong and significant competition to the country.

Moreover, to sustain tourism growth and its contribution to the country’s economy, Egypt has to overcome key challenges highlighted below.

Challenge	Description	Recommendation Rationale
Safety and Security	<ul style="list-style-type: none"> • While the country is a prominent tourism nation for the North African region, the tourism performance has suffered significant shocks due to past safety and security concerns (Arab Spring revolts, terrorist attacks on aeroplanes). • Furthermore, since the Israel-Egypt demilitarisation of the Sinai Peninsula brokered by the USA in the 1970s, the region remains a flashpoint, further impeding tourism growth. • Israelis are allowed to access the south Sinai region visa-free; however, recent times have shown that to maintain peace in the region, the movement of Egyptian tourists into the region has been significantly reduced. Stricter rules to control domestic movement may further hamper tourism growth and prolong cold ties between the governments. 	<ul style="list-style-type: none"> • Safety and security issues have historically brought the Egyptian tourism industry to a halt, with the last occurrence being the downing of a commercial aircraft in 2017. • Transparent communication to domestic travellers as well as international travellers could potentially lead to reduced instability in the country. • Development of travel guidelines for a smooth experience could be a fruitful exercise for Egypt. These guidelines could be themed to pave the way for higher cultural understanding and tolerance between the domestic travellers and Israeli visitors and need to be drafted in a way that they are not seen as restrictive and disruptive.
Digitalisation	<ul style="list-style-type: none"> • While the country has made significant gains on the digitalisation front, its infrastructure still remains below the level observed in countries like the UAE and Bahrain. • Digitalisation and modernisation of the infrastructure is a critical success factor for Egypt to improve its tourism performance. • While the hosting of the COP27 furthered the digitalisation progress, investment in the sector is still needed to bring the region up to leading global standards. 	<ul style="list-style-type: none"> • Opening the sector to private organisations could be a way to fast-track development. By leveraging the strong ties formed with the help of the Accords, technological best practices can be adopted from Israel and the UAE in order to boost the digitalisation of the sector. • Setting developmental guidelines and digital standards could ensure new investment into the region would not only better the current supply standards but emulate global digital norms. • It is worthwhile to note that the government is cognisant of this need and is currently working towards overcoming this challenge.
Infrastructure	<ul style="list-style-type: none"> • The COP27 event was a major success in Egypt's appeal to diversify its 	<ul style="list-style-type: none"> • While the government wants to target 'bleisure' and MICE segments,

Challenge	Description	Recommendation Rationale
	<p>tourism offerings and position itself as a MICE destination as well. However, current hotel supply and a major portion of the development pipeline is geared towards the leisure segment.</p> <ul style="list-style-type: none"> • In order to achieve its diversification vision, Egypt needs to not only focus on hotel development but also the development of world class, industry leading conference facilities and convention centres. • Furthermore, the existing supply needs to realign its focus and retrofit facilities to be able to attract and cater to this new and growing market segment. 	<p>infrastructural growth does not depict the same ambitions.</p> <ul style="list-style-type: none"> • Focus from leisure and all-inclusive business may have to be realigned to chase MICE demand. • Government could assist in retrofitting and reclassification of some current supply through financial contributions towards renovation costs. • Incentivising investment in the MICE sector could help in fast tracking development and building the industry's capabilities in catering to the segment. • The addition of new, experience-based facilities would also assist in this regard, such as for ecotourism (as witnessed in locations such as Dubai and Oman), the development of glamping resorts and offering authentic desert-based experiences.
<p>Increased Competition</p>	<ul style="list-style-type: none"> • The sector has historically been an important revenue source for the country and has attracted investment in more recent times; however, as with development projects elsewhere, increased competition could be detrimental to the industry. • Sustainability has been a key focus area for Egypt; however, with an aging supply, significant investment would be needed to bring it up to standards required to meet the SDGs. Saudi Arabian and Emirati development projects, however, aim to combine sustainability, luxury and comfort and are projected to become tourism powerhouses within the region. 	<ul style="list-style-type: none"> • Privatisation of the tourism sector is a key recommendation to ensure that the sector does not fall behind the development pace in the region. • Improved marketing, creating a sustainable competitive advantage would be key for the country's tourism performance. • Further funds in the form of foreign direct investment can significantly improve the tourism sector.

Recommended Actions

To address and resolve these challenges, we propose the implementation of the below recommendations that have been categorised by their ease and the ownership of implementation.

Egypt Short-Term Actions

1. Create a national tourism action plan with specific and attainable goals. Disseminate this to all tourism organisations in the region to ensure that there is no discrepancy in the national and operational visions for the sector.
2. Create a robust marketing plan to attract all segments of travellers from Israel. The marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment
 - Leisure specific actions:
 - Establish specific religious, cultural and leisure travel packages within Egypt organised by Egyptian tour operators that can be promoted within Israel;
 - Establish a network of travel agencies in Israel that will promote the Egyptian tour packages;
 - Leverage Egyptian and Israeli celebrities and influencers to promote travel to Egypt in marketing campaigns and social media. Conduct familiarisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Cultivate business relationships centred around knowledge and best practice sharing with member nations on key themes such as defence, tourism, manufacturing, industrialisation and entrepreneurship;
 - Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, create business deals and enhance cultural understanding;
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
3. Create two guideline handbooks: (1) for tourism organisations and professionals in Egypt addressing the sensitivities of visitors from the Abraham Accords member nations, and (2) for inbound tourists addressing certain cultural sensitivities to be aware of that would enrich their travel experience.

4. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from the Abraham Accords member nations.
5. Identify certain restaurants in primary destinations and encourage them to procure Kosher food certifications.

Egypt Medium-Term Actions

1. Sign up to the Abraham Accords to benefit from the peace halo, improved regional stability and keep pace with regional developments.
2. Incentivise hospitality investment especially in the MICE sector as well as in experience-based tourism facilities for the diversification of the country's tourism profile.
3. Appoint key figures in the Ministry of Tourism as people responsible for growth from Abraham Accords member nations. Dedicate resources to grow the source markets from the Abraham Accords nations. This department should be responsible for ensuring Abraham Accords member nation initiatives are not delayed and their implementation hurdles are removed swiftly.
4. Create co-branded campaigns depicting and promoting peace between Egypt and Israel. Showcase the benefits of this peace in helping Egypt achieve economic prosperity.
5. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Conclusion

While Egypt is a major stakeholder in the region, it is yet to sign up to the Abraham Accords and currently stands the risk of it being outpaced by the regional development brokered by the Accords. Signing up to the Accords would not only help in image correction, but regional cooperation will also bring peace and address Egypt's long contested issues around security.

Egypt's tourism sector is strong and recovering faster from the pandemic compared to other destinations. However, with the peace bearing benefits of the Abraham Accords, it can only grow stronger having its safety threats addressed. While in the short term the importance of improving all source markets holistically stands to provide more benefits, there is no denying the potential of the Israel-Arab cooperation in improving socio-cultural and economic ties between the members.

10. Jordan – Country Overview

The economy of a nation and its trends are an important consideration in unearthing opportunities and threats to growth in the tourism sector of the nation. Economic and demographic trends reflect not only the current amount of travel and the source markets, but also help in identification of key areas where a real difference can be made.

The aim of this report is to:

- Identify motivators and impediments to achieving significant growth in tourism in Jordan and each of the countries within the Abraham Accords;
- Formulate recommendations to help Jordan and each of the Abraham Accords countries to achieve their tourism goals;
- Establish practical ways for Jordan and the other nations to leverage the Abraham Accords and cooperate more closely through tourism, thereby unlocking more effective inter-personal relations.

In this country overview we identify the key trends that either facilitate or impede tourism to the region. Doing so would help in the tailoring of customised recommendations for each of the nations with the aim of imparting a positive and quantifiable impact of tourism related growth in GDP and improved cultural tolerance amongst the members of the region.

Our review indicates that, while there is enough evidence of intra-regional travel between the Middle Eastern and Arab members of the Abraham Accords nations, and significant other nations such as Jordan, there exist growth opportunities driving tourism to the region from international markets including Israel. By leveraging the peace bearing benefits of the Abraham Accords for the member nations, our aim is to fuel growth in tourism-related GDP by growing the contribution from current international source markets in the short term and to improve cultural tolerance by establishing Israel as a new source market for the region. While we understand that this will happen over the longer term, even small movements to and from Israel, although not initially significant in terms of GDP contribution, would be ground-breaking in terms of building and repairing estranged ties between the members of the Accords and the wider Middle East region.

In conclusion, we consider there to be significant potential opportunities for Jordan and the other Abraham Accords nations to benefit from increases in tourism, both in terms of tourist volumes and GDP, when the current issues are overcome.

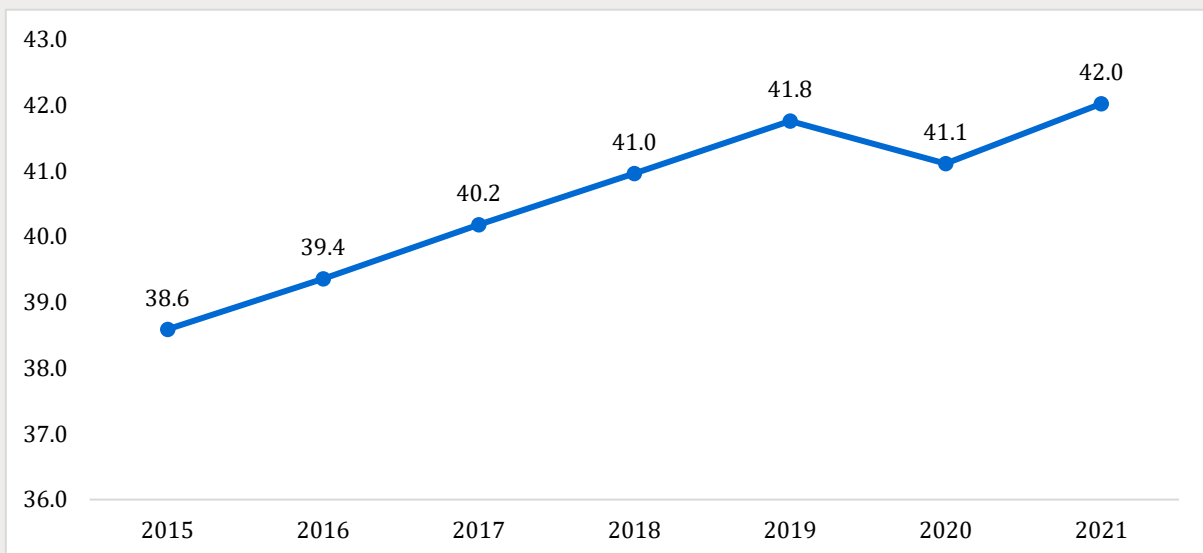
Macroeconomic Overview

Classified as an emerging market, Jordan's economic sectors have shown positive signs of recovery from the economic stress caused by the COVID-19 pandemic. Following the gaining of independence from the United Kingdom in

1946, the Hashemite Kingdom of Jordan, referred to simply as Jordan in this report, continues as a constitutional monarchy under the leadership of King Abdullah II. After a series of transformational economic reforms, the economy of the Kingdom saw significant success up until the Arab reforms of 2011. According to the Heritage foundation, the Jordanian economy is considered the 87th freest economy in the world; however, more importantly the fifth freest economy in the Middle East and North Africa region, ahead of the likes of Morocco, Kuwait, Saudi Arabia and Egypt.

Although relatively small, the economy of the Kingdom is reliant on resource use of potassium, potash, and their fertiliser derivatives, on the industrial and manufacturing sector, as well as on tourism and finally other services. Scarce in terms of natural resources including oil and water, Jordan’s GDP is driven by exports of minerals, fertilisers, development in the sectors of transport, travel, construction, communications, and significant flows of remittances from nationals settled overseas. With little to no oil reserves, the Jordanian economy is heavily reliant on energy imports. This reliance is often cited as one of the major barriers to growth for the Kingdom. As of 2022, Jordan has Free Trade Agreements (FTAs) with multiple nations including the USA, the European Union, Canada, Singapore and Malaysia along with beneficiary agreements in the form of the Greater Arab FTA, Euro-Mediterranean FTA and the Agadir FTA. The World Bank defines Jordan as one of the most water scarce countries in the world with a high dependence on energy imports (more than 90% of its energy consumption is imported). This, coupled with the doubling of the population over the past two decades, majorly due to mass immigration, form a serious threat to the economic prospects of the Kingdom.

GRAPH 10-1 GROSS DOMESTIC PRODUCT (US\$ BILLIONS, 2015 PRICES)



Source: World Bank

Financial and banking reforms, privatisation of the economy and the friendly tax structure helped the economy to achieve a CAGR of 6.0% between 2000 and 2009; however, the growth rate for the following decade was a more limited 2.2%. Jordan's GDP achieved a CAGR of 1.2% in real terms for 2015-2021. However, the country has faced economic challenges due to regional instability, high unemployment rates and a large refugee population. While the country is considered a safe haven, it has observed significant impacts on its economy due to the political instability and conflicts in the region. While largely unaffected during the Arab Spring, an influx of Syrian refugees in the early 2010s added to the refugees from Iraq, Libya, Sudan and Yemen, as well as Palestinians, has increased the pressure on the Jordanian economy. Accommodating refugees has also resulted in increased unemployment rates in the Kingdom which stood at 22.7% as of the end of 2020. The IMF projects this to be around 24.0% in 2022 and 20.0% in 2023. In addition to its effects on unemployment, political unrest and conflicts have severely impacted tourism activity as well. In 2020, due to the COVID-19 pandemic, Jordan's GDP growth rate decreased by 0.8% in real terms as tourism and exports reduced. However, the country has been implementing economic reforms and attracting foreign investment to try to boost growth and improve its economic situation. Bisher al-Khasawneh, appointed as the Prime Minister of the Kingdom by King Abdullah II in October 2020, has been tasked with devising another economic reform to boost the economy. Some of the key reforms discussed include:

- **Attracting foreign investment:** Jordan has been working to create a more favourable business environment to attract foreign investment and create jobs;
- **Developing infrastructure:** The government has been investing in infrastructure development such as transportation, energy and water projects to improve the country's competitiveness and create opportunities for growth;
- **Privatisation:** Jordan has been working to privatise state-owned companies and assets in order to increase efficiency and reduce the burden on the government budget.
- **Supporting Small and Medium Enterprises (SMEs):** The government has been implementing policies to support SMEs, including providing access to finance and training programmes;
- **Diversifying the economy:** Jordan has been working to diversify its economy by developing new sectors such as renewable energy, tourism and technology;
- **Implementation of Fiscal Responsibility Law:** Jordan is implementing Fiscal Responsibility Law to improve public finance management and achieve sustainable fiscal policy;

- Reducing public debt: Jordan is working to reduce its public debt, which has been a major challenge for the country's economic growth.

Tourism Overview

Tourism is an important sector for the economy of Jordan, accounting for a significant portion of the country's GDP and employment. However, the sector has faced challenges in recent years due to regional instability and the COVID-19 pandemic. In the pre-pandemic period, the tourism sector in Jordan had been showing growth. In 2019, the number of tourists to Jordan increased compared to the previous year, reaching a total of 4.5 million visitors. These tourists were received at the main tourist attraction sites such as Petra, Jerash and Wadi Rum, as well as religious sites, such as Mount Nebo, which is believed to be where Moses looked out onto the Promised Land.

However, the COVID-19 pandemic had a significant impact on the tourism sector in Jordan, with the number of tourists dropping dramatically. According to UNWTO, the number of tourists to Jordan dropped by 76.2% in 2020 compared to 2019. This led to a significant decline in revenue from tourism and a negative impact on the country's overall economic growth.

As of 2021, the tourism sector gradually recovered due to the decrease in COVID-19 cases and the implementation of vaccination programmes. The government of Jordan has also been implementing measures to support the tourism sector and attract tourists back to the country, such as promoting domestic tourism, implementing health and safety protocols, and supporting hotels and travel agencies.

Major tourist attractions in Jordan include ancient sites like Petra, Jerash, Umm Qais, Umm el-Jimal and the religious sites of Muwakir, Madaba, Jordan River and Mount Nebo. Additionally, natural landscapes of the Dead Sea and the coastal city of Aqaba attract tourists every year, with the latter's beaches, resorts, diving and snorkelling sites. Amman, the capital, is the largest city and is famous for its shopping districts, luxury hotels and ancient ruins. Vivid nightlife destinations in Amman and Aqaba also aid in the increasing attractiveness of the country. Aqaba is frequented by wealthy Jordanians and is also the host of multiple international music events. A US\$20 billion investment plan for the coastal city is underway to improve tourism, with the city being dubbed the 'New Dubai'.

Hotel Supply

According to STR, Jordan's hospitality industry comprises around 214 hotels accounting for 20,500 rooms. The capital Amman and its sub-market constitutes more than 75% of all hotel supply in Jordan while the remaining quarter is dispersed around the historical sites of Petra, Wadi Rum and Wadi Musa. Amman accounts for 13,500 rooms and is a major hub for travel with its developed infrastructure. In terms of classification of the hotel supply, 45.3% of total Jordanian hotel rooms are in the economy sector, while 7.0% are luxury. In all, the upscale class and above constitute a little over 26.0% of all hotel supply in Jordan. Although rich in cultural history and tourist attractions, Jordan's tourism industry is considered to be underperforming due to a lack of strategic focus.

In terms of investment plans, the pipeline of hotels under development is limited to only three projects, all based in Amman. These projects are expected to add around 850 rooms to the hotel supply in Jordan.

Tourism Indicators

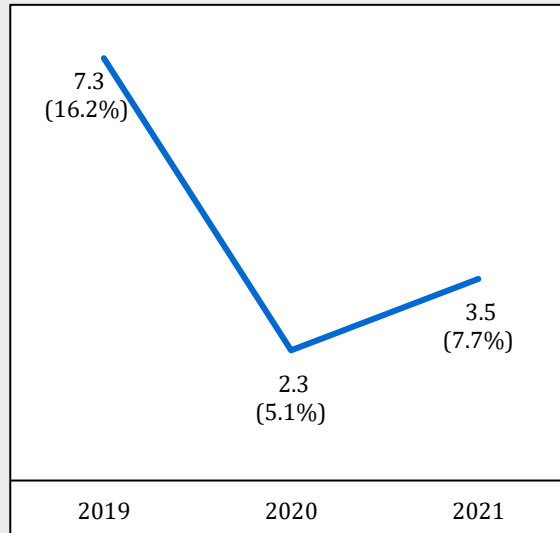
In terms of tourism's contribution to GDP, the sector represented 7.7% of total GDP as of 2021, down by 52% from 2019 (16.2%). However, the tourism sector posted a 54.9% growth in 2021 compared to 2020. The dollar contribution of US\$3.5 billion is relatively small compared to other nations however, as a result of the smaller size of the national economy of Jordan. The sector contracted by half from the recorded contribution of US\$7.3 billion in 2019 owing to the lack of travel and the rise of COVID-19 cases in the Kingdom.

In terms of tourism's contribution to employment, this grew to 16.6% in 2021, accounting for 226,000 jobs compared to 254,000 in 2019. With the government's focus on improving the sector's performance, the industry is projected to grow and is forecast to provide more employment opportunities in the future. The human capital-intensive nature of the industry could also help the Kingdom tackle its rising unemployment levels; however, work needs to be done in attracting tourists and sustaining the growth of the industry before unemployment can be systematically reduced.

Jordan hosted a total of 4.5 million inbound overnight arrivals in 2019 as it continued its recovery from the regional instability and the associated effects of the Syrian war on its tourism industry. Up 16.8% from 2018 and achieving a 3.6% CAGR for 2015 to 2019, overnight inbound arrivals to the country dropped significantly to 1.0 million in the pandemic affected year of 2020. Furthermore, an additional 872,000 visitors arrived in Jordan as same-day excursionists in 2019, translating to 16.3% of total inbound arrivals of 5.3 million. According to STR and UNWTO, the nation has 214 hotels and a further 370 similar accommodation establishments.

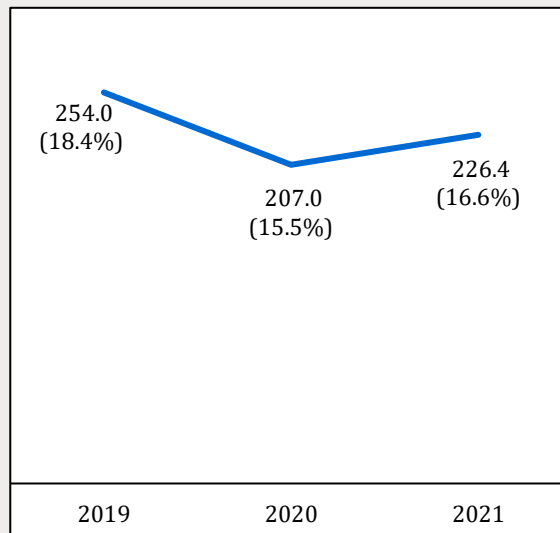
The following graphs illustrate the above tourism indicators.

GRAPH 10-2 TOURISM’S CONTRIBUTION TO (US\$ BILLIONS) AND SHARE OF TOTAL GDP (%)



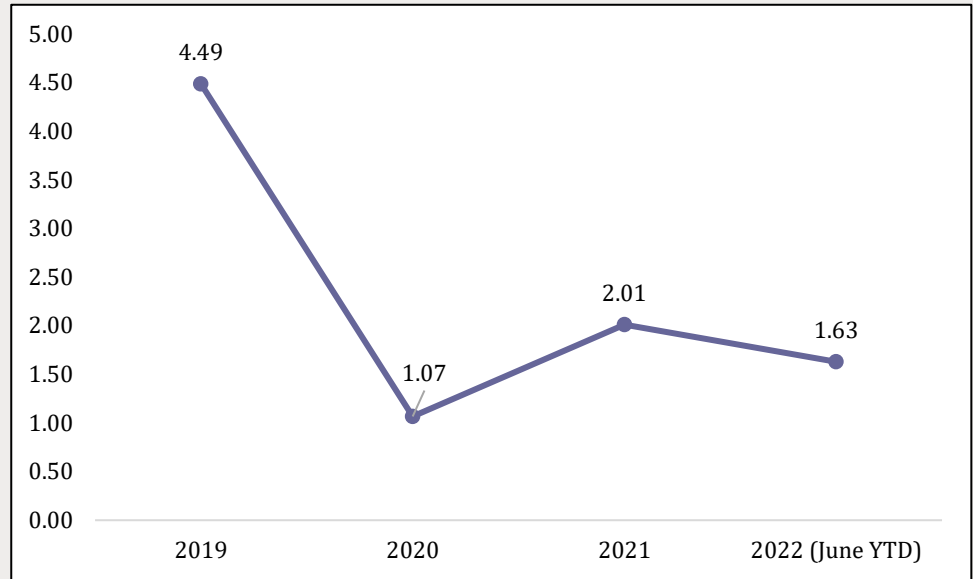
Source: WTTC

GRAPH 10-3 TOURISM’S CONTRIBUTION TO (THOUSANDS) AND SHARE OF TOTAL EMPLOYMENT (%)



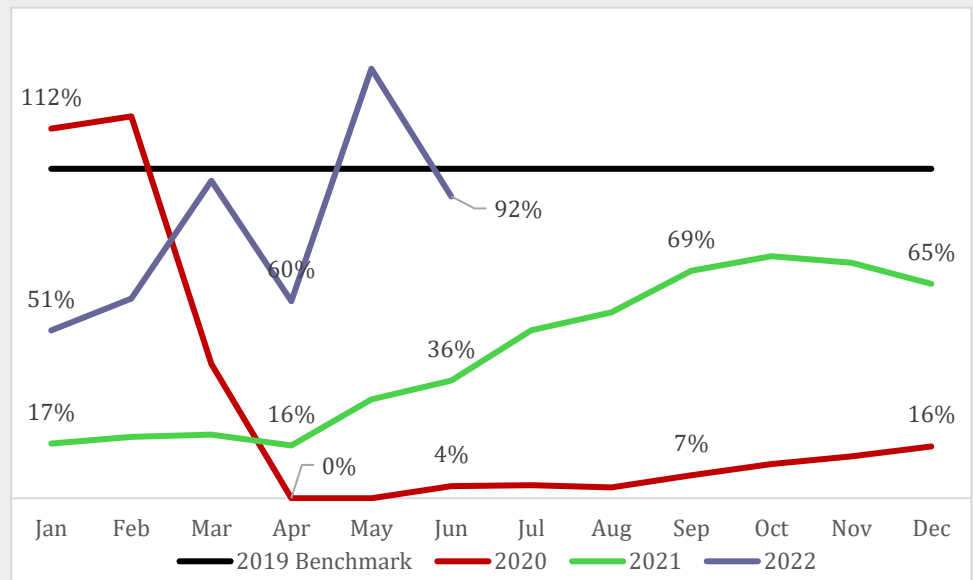
Source: WTTC

GRAPH 10-4 TOTAL INTERNATIONAL ARRIVALS (MILLIONS)



Source: UNWTO

GRAPH 10-5 INTERNATIONAL ARRIVAL RECOVERY (INDEXED TO 2019)



Source: UNWTO

We have benchmarked international arrivals for each year to the pre-pandemic performance of 2019. In the graph above, 2019 international arrivals are shown as the 100% benchmark against which subsequent periods are measured. In terms of tourism recovery, Jordan trailed other leading markets of the region like

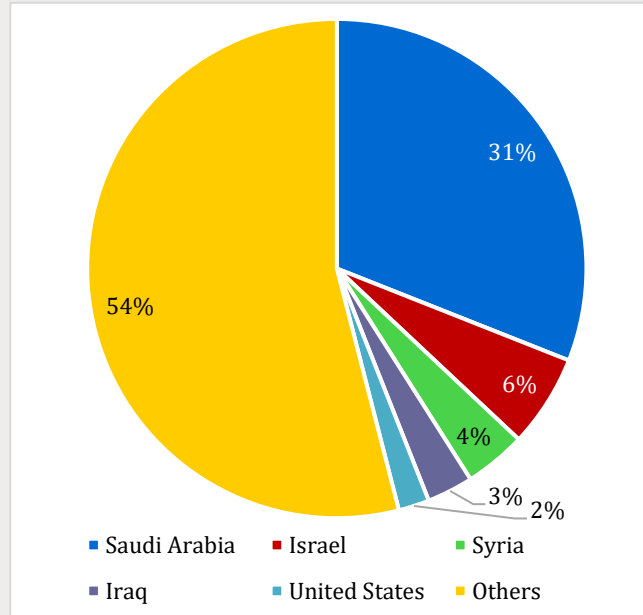
the UAE and ended 2021 achieving 65% of the international travel volumes observed in 2019. While international tourism numbers dropped to zero with no international arrivals observed in the Kingdom in April 2020, 2022 saw positive recovery in numbers albeit still below 2019 levels as of June 2022.

Predominantly an international tourist destination, tourism spending in Jordan is reliant on foreign receipts. Foreign arrivals accounted for 94% (US\$6.6 billion) of all tourism spend recorded in the Kingdom in 2019; however, due to the impact of the pandemic, travel bans, lockdowns and various other disruptions, international spending declined significantly to finish at US\$2.7 billion in 2020. The percentage share of international spending also declined to 91% of total spending as of 2021. Domestic travel has remained less significant in the overall picture of the tourism industry. While the spending generated from domestic travel also decreased by 32% in 2021 vs 2019, it kept many businesses from going bankrupt in the struggling economy. Recovery in terms of international arrivals stood at merely 16% for 2020, improving to 65% in 2021. Year to date performance as of June 2022 is outpacing the same period in 2021; however, it remains below the 2019 benchmark with the country projected to fully recover in terms of international arrivals by 2025.

Key Source Countries

Graph 10-6 gives key insights into the source countries. As of 2021, travel originating from Saudi Arabia continued to be the single biggest contributor to inbound travel, followed by Israel, Syria, Iraq and the USA. Travel from Israel contributed to 6.0% of total international arrivals, making it the second biggest source market. Before the signing of the Abraham Accords in 2019, Israel featured fourth on the list of source markets for the country owing to the longstanding peace treaty between the nations. Nevertheless, the signing of the Abraham Accords has further cemented Israel's position as one of the top source markets for the Kingdom.

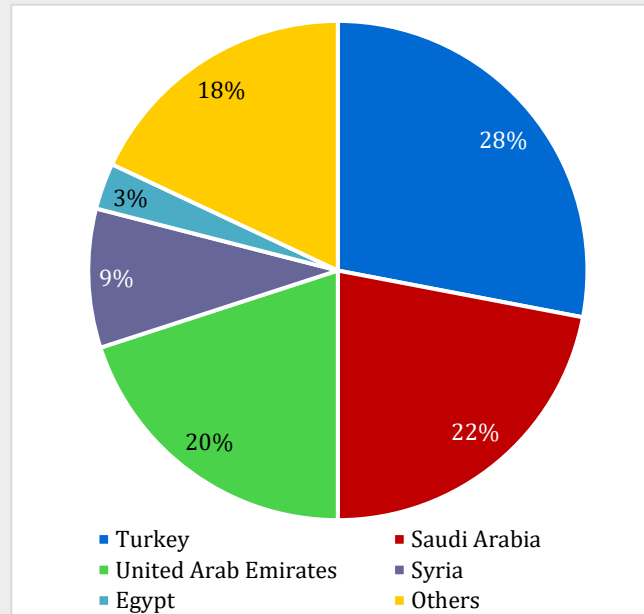
GRAPH 10-6 KEY SOURCE COUNTRIES (2021)



Source: WTTC

Key Destination Countries

Graph 10-7 gives key insights into the outbound destination countries for departures from Jordan. Turkey overtook Saudi Arabia to become the biggest outbound destination while other Arab nations like the UAE, Syria and Egypt form the top-five destinations, hinting at the strong religious and cultural motivation behind outbound travel from the Kingdom. With the rest of the destinations in the world only accounting for 18% of all outbound tourism from Jordan, understanding and promoting religious sites of interest may be the key for any country trying to attract Jordanian visitors to its shores.

GRAPH 10-7 KEY DESTINATION COUNTRIES (2021)

Source: WTTC

Tourism Growth Plan

Jordan's national tourism strategy, announced to reform the sector between 2021 and 2025 calls for an increase in destination competitiveness through improved public-private sector cooperation. Understanding the scope of work required to improve the image of Jordan as a tourism hub, the strategy forecasts a full recovery to pre-pandemic levels, in both tourism volume and revenues, by 2025. Furthermore, like other competing destinations in the region, the focus of the National Tourism Authority is to promote and include sustainable tourism as a key attraction to Jordan. To execute its vision, the strategy envisages key steps including:

1. Highlighting the uniqueness of Jordan's history.
2. Development of products and services in line with global standards to exceed traveller expectations.
3. Empowered Ministry of Tourism and Antiquities to lead public-private cooperation.
4. Tourism experiences centred around sustainability and local communities.
5. Strong focus on preservation of heritage sites.
6. Meaningful reforms to lead new rounds of investment and improved competitiveness for the Kingdom.

Challenges and Recommendations

Recovery in terms of tourism in the Kingdom is still behind the numbers observed in 2019 and is estimated to take a couple of years before the industry fully rebounds. Moreover, growing competition in the form of the development projects in Egypt and Saudi Arabia provide stiff competition to Jordan’s tourism performance in the Dead Sea region. Additionally, to achieve its national tourism strategy by the year 2025, the Kingdom has to contain and overcome key challenges highlighted below.

Challenge	Description	Recommendation Rationale
<p>Safety and Security</p>	<ul style="list-style-type: none"> • While the Kingdom is the face of stability in the otherwise contested region, regional instability continues to plague the image of the destination as a safe tourist hub. • Even though it received a ‘Safe Travels’ stamp from the WTTC, petty crimes have increased marginally. 60% of the population of the Kingdom is identified to be of Palestinian origin. That, coupled with the large portion of refugee immigrants, poses a potential safety threat in the Kingdom. • Furthermore, as a part of the peace treaty between the nations, Israeli travellers to Jordan need to enlist themselves with a tourist guide in order to ensure their safety and stability in the country. This further proves to be a barrier to free travel between the nations. 	<ul style="list-style-type: none"> • The Kingdom and King Abdullah II have historically put extensive focus on national security which has helped the nation retain its image as a safe haven in the region; however, there are registration requirements and a large immigrant population who do not necessarily share the same vision on cooperation with Israel. This is an area which, if not monitored, can hinder the growth of Israel as a source market for Jordan. • Development of travel guidelines for both inbound travellers and the resident population of the Kingdom can lead to improved understanding between the host and the travellers. However, it is important that these guidelines are drafted in a way that they are not seen as restrictive and disruptive.
<p>Infrastructure</p>	<ul style="list-style-type: none"> • With most of the hotel supply concentrated in and around Amman, such infrastructure in the Kingdom is not holistically developed. • The limited supply of good tourism accommodation can prove to be a major impediment to inbound travel in the region. • While the Kingdom has co-developed rural tourism products with the local communities, this is yet to see significant uptake from the international markets. 	<ul style="list-style-type: none"> • While the national strategy already highlights the growing importance of privatisation required to develop the industry further, there exists a need to ensure that all of this infrastructural development is not concentrated in the capital of Amman and also looks after development of other regional areas. • Moreover, infrastructural development also needs to address areas like interregional public transportation, roadways and possibly more domestic railway connections.

Challenge	Description	Recommendation Rationale
	<ul style="list-style-type: none"> • Additionally, while affordability of travel to Jordan is higher when compared to the surrounding regions of the Dead Sea, limited luxury supply and infrastructure can cause leisure demand, which is predisposed to first class services, to deflect to other competing destinations. 	<ul style="list-style-type: none"> • Finally, Jordan needs to follow the lead of Morocco in developing airways and connections to the country.
Organisational Structure	<ul style="list-style-type: none"> • Identified as a key area to boost modernisation and make the tourism sector attractive, the national strategy highlights the organisational reforms required in relation to tourism ministries, authorities and boards. • Digitalisation of tourism services also poses a risk to attracting inbound travellers to the Kingdom. • Finally, laws, such as the registration of Israeli visitors with a tourist guide, have also been cited as a major area of review and reform. 	<ul style="list-style-type: none"> • Another point of the national strategy is the reformation and realignment of the different stakeholders of the sector, the Ministry of Tourism and Antiquities, the Jordan Tourism Board and the Department of Antiquities. • With multiple stakeholders, ownership of key areas and responsibility of strategy execution needs to be defined more clearly in order to ensure timely action and constant progress. • A review of laws and regulations leading to the possible elimination of hindering laws might be a beneficial exercise for the sector. • Finally, a more rapid adoption of digital technology could help in reducing the dependence on labour along with improving the guest experience.
Unemployment and Skilled Workforce	<ul style="list-style-type: none"> • With massive immigration of refugees from the war-stricken neighbouring region, unemployment levels have been rising significantly. • The population of the Kingdom doubling over the last two decades and its effects on resource scarcity have been a major challenge. This has also led to a shortage of skilled workforce for the industry. • A lack of skilled workforce dilutes the experience of inbound guests, especially those from larger source markets. Studies indicate that large brands have resorted to employing 	<ul style="list-style-type: none"> • While the industry needs skilled labour, there remains a dearth of workforce meeting the needs of the sector. • Moreover, even the eligible workforce does not have a central job board or a central pool which makes it difficult to connect the workforce with the employer organisations. • To help address the upskilling challenges, the Ministry could explore educational partnerships and invest in the improvement of the human development index. This would further reduce the require of immigrant

Challenge	Description	Recommendation Rationale
	immigrants from nations like the Philippines in order to cover this shortage in skilled labour.	employees thereby improving the national employment levels.
Guest Experience	<ul style="list-style-type: none"> Processes of obtaining a visa, availability of tour packages and other administrative tasks related to the Ministry and tourism authorities are yet to be digitalised adding another layer of complexity for travellers choosing Jordan as their destination. Moreover, while the guest experience and reviews of travellers has been great concerning the cultural heritage of the nation and the tourism sites, the experience in itself surrounding facilities, accommodation and travel experience falls short of the global industry standards. This has also been recognised by the Ministry in its assessment of the industry's competitiveness. 	<ul style="list-style-type: none"> Ease of booking and conducting a tourism experience is increasingly becoming one of the major decision criteria for tourists. With other competitive destinations working on improving this first aspect, digitalisation and easing of restrictive rules can help Jordan remain attractive. Additionally, improving guest experience through investment in development of experiences and training programmes, like the rural tourism programme, can help retain the cultural aspect while significantly improving experiences for the travellers.

Recommended Actions

To address and resolve these challenges, we propose the implementation of the below recommendations that have been categorised by their ease and the ownership of implementation.

Jordan Short-Term Actions

- Update on the national tourism strategy with progress on the decided action plan. Transparency can help in investor and traveller perceptions. Disseminate this to all tourism organisations in the region to ensure that there is no discrepancy in the national and operational visions for the sector.
- Digitalisation of administrative processes and of distribution of tourism products can greatly improve international uptake.
- Review existing laws and regulations from a traveller standpoint in order to reduce barriers to entry.
- Create a robust marketing plan to attract all segments of travellers from Israel. The marketing plan should include:
 - A strategic vision;
 - Specific, measurable, attainable, realistic and time-bound goals for each market segment;
 - Leisure specific actions:

- Establish specific religious, cultural and leisure travel packages within Jordan organised by Jordanian tour operators that can be promoted within Israel;
 - Establish a network of travel agencies in Israel that will promote the Jordanian tour packages;
 - Leverage Jordanian and Israeli celebrities and influencers to promote travel to Jordan in marketing campaigns and social media. Conduct familiarisation trips for such influencers and travel operators;
 - Conduct direct-to-consumer digital marketing campaigns.
 - Business specific actions:
 - Cultivate business relationships centred around knowledge and best practice sharing with member nations on key themes such as defence, tourism, manufacturing, industrialisation and entrepreneurship;
 - Work within the regional framework to create and promote a series of industry specific business conferences to introduce business leaders to foster business connections, create business deals and enhance cultural understanding;
 - Utilise and promote the online B2B platform (referred to in point 6 of the short-term regional recommendations) to identify specific MICE events that are attractive to Abraham Accords member nations, and promote these events within the appropriate agencies in the Abraham Accords member nations to attract participation.
5. Create two guideline handbooks: (1) for tourism organisations and professionals in Egypt addressing the sensitivities of visitors from the Abraham Accords member nations, and (2) for inbound tourists addressing certain cultural sensitivities to be aware of that would enrich their travel experience.
 6. Promote cross-cultural training for tourism sector employees to focus on the cultural nuances of travellers from the Abraham Accords member nations.
 7. Identify certain restaurants in primary destinations and encourage them to procure Kosher food certifications.

Jordan Medium-Term Actions

1. Sign up to the Abraham Accords to benefit from the peace halo, improved regional stability and keep pace with regional developments.
2. Explore codeshare agreements with airlines in order to improve air traffic connectivity to the Kingdom.
3. With supportive FDI rules, incentivising hospitality investment especially towards regional areas other than Amman.

4. Create a job portal and central workforce repository to match job openings with eligible workforce to help increase employment levels.
5. Appoint key figures in the Ministry of Tourism as people responsible for growth from Abraham Accords member nations. This department should be responsible for ensuring Abraham Accords member nation initiatives are not delayed and their implementation hurdles are removed swiftly.
6. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing. ESSEC Business School could be one of the implementation partners.

Conclusion

While Jordan shares land borders with Israel and occupies a central location in the region, it is yet to sign up to the Abraham Accords and currently stands the risk of it being outpaced by the regional development arising from the Accords. Signing up to the Accords would not only help in ensuring that development in the Kingdom is eased and sustained, but regional cooperation will also bring peace and open new avenues for international development.

Tourism has traditionally been a major contributor to the Jordanian economy. While the Kingdom has mitigated direct implications of conflicts and political crisis by maintaining a stable neutral ground, its economy and tourism industry have been caught in the crossfire with parts of the wider region being deemed unsafe for tourists. However, with the peace bearing benefits of the Abraham Accords, it can only grow stronger having its safety threats addressed. While in the short term, the importance of improving all source markets holistically stands to provide more benefits, there is no denying the potential of the Israel-Arab cooperation in improving socio-cultural and economic ties.

11. Regional Recommendations

Regional cooperation and stability are two of the most important criteria for an economy to thrive. There exist multiple instances and examples of economies driven and hindered by the broader impact of events in its region. For instance, the formation of the European Union has helped member economies grow faster with improved trades, free movement, improved cultural tolerance and regional stability. Alternatively, negative impacts of events ranging from terrorism, political unrest and economic instability have proven to impact not just the country they occur in but also the image of the whole surrounding region. Thus, in addition to having a growing economy, regional stability and cooperation are important for the prosperity of a nation.

Our regional observations indicate that while there is evidence of intra-regional travel between the Middle Eastern and Arab World nations, significant cooperation still has a long way to go to catch up to other areas in the world. There is proof, in the form of the GCC and OPEC, that these nations can efficiently cooperate; however, this cooperation has been limited to diplomatic ties, trade deals and the region's control over natural resources like oil and gas.

In the two years since the signing of the Accords, relationships between Israel and the Arab member nations have started to be repaired. Diplomatic ties have been established, and trade and commerce has been boosted significantly between the member nations. The Accords have also paved the way to improved regional cooperation which has and continues to improve regional stability. Strategically, the Accords provide an opportunity for the region to holistically improve its image with superior economic and socio-cultural potential. Additionally, adoption of the Accords more widely within the Middle East can potentially provide strategic focus to all member states thereby increasing the region's influence on the global stage.

By leveraging the peace bearing benefits of the Abraham Accords for the member nations and other potential signatories, the aim is to fuel growth in tourism-related GDP by growing the contribution from current international source markets in the short term and to improve cultural tolerance by establishing Israel as a new source market for the region. While we understand that this might happen over the longer term, even small movements to and from Israel, although not initially significant in terms of GDP contribution, would be ground-breaking in terms of building and repairing estranged ties between the members of the Accords and the wider Middle East region.

Challenges

While the region has seen significant investment in the tourism sector, before the contribution from the sector can be increased, some of the below impediments need to be addressed and resolved:

- **Safety and security:** conflicts in the region stemming from terrorist organisations, tensions between the nations, political or economic unrest have long hampered the image of the region. Due to the region's strong cultural similarities, issues impacting one nation transcend into a regional concern. Many instances of safety concerns have come to light in the past and continue to plague the region's image. While there has been significant development of peace and prosperity in the region, due to perceptual biases, it is still viewed in a negative light. While there is no immediate solution for some of these issues, regional cooperation brokered by the Abraham Accords countries can help highlight the efforts made by each member nation to ensure safety and security in the region. This can provide confirmation and help in image correction based on regional stability;
- **Estranged ties:** many nations in the region, although being a part of some cooperative organisation, have historically had cold ties with each other. While diplomatic ties exist to maintain the region's dominance over natural resources, ties are not optimised for other aspects of business, trade, knowledge sharing, and so forth. In the recent past, ties between some nations have deteriorated over policy disagreements and support for controversial organisations. Furthermore, these issues have prevented nations from cooperating fully and prevented potential growth for each country's economy;
- **Lack of strategic focus on tourism:** while in recent years, nations in the region have initiated and developed plans for the tourism industry, the sector in itself is underdeveloped in many of the nations, with the exception of countries such as the UAE and Israel. While most of the nations in the region do get a fair share of travellers, travel motivators to the region are largely religious or leisure driven leading to an undiversified tourism sector exposed to risk of changing segmentation. While most countries have drafted major tourism revival and growth plans, they have not seen tangible success as of now. There are examples of tourism projects in the UAE which indeed have boosted tourism; various other projects have been deemed over-ambitious or have been abandoned. For instance, the Gulf Railway project was initially approved in 2009 at the 30th GCC summit in Kuwait. It aimed to link the Middle East through a 2,177 km railway network, envisaged to boost travel and trade alike. Initially slated to be completed by 2018, the project is yet to see the light of the day. The major hurdle the project faced and continues to face is the lack of cooperation and funding. Initially the countries had agreed to start the construction in phases; however, the project continues to be delayed;
- **Tourism policies and infrastructure:** as previously discussed, tourism is not at the forefront of the plans for most of the economies of the region. Apart from being reflected in the lack of investment and delayed projects, tourism's secondary status is also evidenced by the policies of the governments and the commitment to infrastructural development. Most of the nations have limited transportation links and are served by only a handful of national and international carriers, with many flights scheduled

at less convenient times of the day. Even with the strategic location the region enjoys in terms of transportation, its infrastructure in the current state lacks the capacity to achieve the tourism potential. For instance, internationally branded hotel supply in many of the countries is limited which reduces the attraction of the region as an international tourism destination. While in recent years significant investment plans have been announced by international tourism operators, these are concentrated on the bigger economy of the UAE with not enough focus on other member nations.

Recommendations

In order to mitigate the risks posed by the above challenges, key regional recommendations have been developed. The successful implementation of these recommendations depends on the strategic focus of the nations and the regional coordination from key tourism stakeholders.

Theme	Current Impediment	Potential Benefits
Data Sharing	<ul style="list-style-type: none"> There is a lack of data sharing between the nations, preventing countries from understanding how the region is performing. Be it for competition or cooperation, accurate data are required to make better strategic decisions. 	<ul style="list-style-type: none"> Understanding the trends through data and making decisions based on them can be beneficial in growing tourism to the region. By understanding best practices and insights derived from sharing data, the nations can work towards making their initiatives to attract tourists to their country more effective thereby growing tourism's contribution to GDP.
Tourism Board/ Forum	<ul style="list-style-type: none"> There currently does not exist a regional tourism board or forum. This hampers the strategic coordination that can help boost tourism to the region. Other regions of the world benefit immensely from closer cooperation between individual countries from a tourism perspective, such as in the Caribbean and in the Scandinavian/Nordic countries. 	<ul style="list-style-type: none"> Regional coordination on tourism aspects can increase the overall benefit to each country by reducing the impact of competition that exists between nations. It is important to establish that by competing amongst individual countries, the region is losing out on potential revenue. Replacing competition with collaboration (such as in the UAE where each Emirate has its own tourism board, and between the Abraham Accords member nations) should lead to overall growth which will benefit the region as a whole as well as each of the countries.
Marketing	<ul style="list-style-type: none"> Currently, each nation creates and invests in its own marketing strategy. While this helps nations individually, this does very little to solve 	<ul style="list-style-type: none"> With a common marketing strategy for the region (designed to accentuate the individual strategies) a message of cooperation and peace can be sent to travellers around the world, thereby

Theme	Current Impediment	Potential Benefits
	<p>the regional perception and potential challenges of the traveller. Often seen as a region with safety and security concerns, tourism to the nations is therefore restricted.</p>	<p>improving the image of the region and potentially attracting more travellers. Moreover, through the common marketing platform, awareness of lesser-known tourist sites in the region can be raised and travel packages and itineraries covering the region can be disseminated.</p>
<p>Transport Infrastructure</p>	<ul style="list-style-type: none"> • Flight schedules, timings and connectivity remain a challenge for travel within the region. Lack of direct flights/low flight frequency is an impediment to travel. Moreover, there is a lack of coordination between transport service providers and airlines. • For instance, travel from New York via Israel to Dubai is possible with El Al, but the reverse is not. • This reduces the end-to-end travel services that can be provided to the traveller thereby decreasing the attractiveness of the region for inbound travellers. • The recent agreement of Saudi Arabia for flights from Israel to overfly the country is both ground-breaking and welcomed. Similar agreements need to be sought with other countries within the region. 	<ul style="list-style-type: none"> • Improving transportation infrastructure can massively boost travel between the region be it in the form of flights, land or sea travel. The nascent GCC railway project needs to be brought to fruition and also potentially expanded to nations outside the GCC. This has the potential to provide a lower-cost travel alternative for the region and enhance connectivity. • For inbound travel, it is our recommendation that strategic alliance between national carriers/other airline companies be sought. This will enable the easier creation of itineraries without having airlines invest in operating new long-haul routes. • A regional tour operator board would also benefit travel and tourism. Bringing together several tour operators could mobilise and scale travel faster. The board can facilitate the formation of a common digital B2B platform for participating travel agents and operators to access and execute sale of travel services and itineraries for consumers. • Similar overfly agreements with other countries in the region should be pursued as rapidly as possible.

Theme	Current Impediment	Potential Benefits
Tourism Guidelines	<ul style="list-style-type: none"> While an experienced international traveller might find it possible to navigate the region, an Israeli traveller to the Arab nations (or vice versa) needs to follow an extensive set of guidelines (do's and don'ts) to respect the cultural differences. 	<ul style="list-style-type: none"> A coordinated series of guidelines for travel within the region should be developed. This will instil confidence in travellers and help to address any safety concerns. A dedicated helpline to address traveller concerns would also boost confidence. These initiatives in the longer term have the potential of addressing cultural differences and improving tolerance.
Visas	<ul style="list-style-type: none"> Currently the region has various visa/legal restrictions serving as an impediment to free travel. Moreover the process is long (in some cases needs clearance from the government before visa application can be filled) and might also require a visit to an embassy/consulate for a visa interview and biometric data collection. 	<ul style="list-style-type: none"> Creating a regional visa/transit visa (for example, for 30 days) for the whole region could significantly help boost travel to the region. Instead of having the traveller apply for multiple visas from each of the governments, a regional visa could be used in compliance with requirements of each nation. For example, the Schengen region of Europe allows visa free travel to all member nations once a visa for one member state is obtained (see below). Similar practices were put in place in the form of the Hayya card for the FIFA World Cup which allowed regional visa-free travel.
Scaling Up Events	<ul style="list-style-type: none"> Currently, nations of the Accords are host to multiple events that facilitate trade, development, or knowledge sharing. These events, however, are executed by independent organisers or those with a narrower area of focus. This limits the scale of the event thereby reducing its impact on the host and participating nations. 	<ul style="list-style-type: none"> To scale up events, we propose the establishment of a repository of events and their scopes. We recommend that this repository is used to gather details from the organisers and then scale these events by acting as the event marketer. By inviting relevant stakeholders from Abraham Accords nations to these events, we anticipate an enhanced impact not only for the host nation's event and its subsequent success, but also in terms of development of relations between nations.

Regional Best Practice – Euro Schengen Zone

Signed in 1985 and ratified in 1990 in Schengen, Luxembourg, the Schengen Agreement comprises 27 European countries that have, by virtue of their opting in, abolished passport and related border patrol at mutual borders for citizens, residents and valid visa holders of a member state. Mobilised as a common visa policy for the European Union, international travel is promoted, and travellers benefit from 'free' and 'borderless' travel thanks to this demonstration of regional cooperation.

According to the European Parliamentary Research Service, as of 2016, 1.6 million people work in one Schengen country and live in another. Moreover, 3.5 million people cross internal Schengen borders every day. According to the study conducted by Dane Davis in 2014, net bilateral trade between two Schengen member nations increases 0.09% per annum while immigration increases 1.0%, resulting in import increases of 0.09%. In terms of tourism, the agreement's existence facilitates 1.25 billion trips from travellers within the region every year. The research concluded that disbanding the agreement and moving away from free travel could directly cost individual country economies between €5 billion and €18 billion every year, while the cumulative GDP loss for the EU region would be around €471 billion to €1.43 trillion over a ten-year period (Source: European Commission, 2016).

Recommended Actions

We recommend the implementation of the following actions to stimulate tourism growth on a regional basis.

Short-Term Regional Actions

1. Issue press release announcing regional tourism coordination.
2. Create a platform for tourism related knowledge and data sharing between all Abraham Accords countries.
3. Create a series of high-profile regional events amongst the AA member nations (i.e. sporting events, musical festivals, food festivals, etc.)
4. Establish roadshow presentations to be made at regional tourism trade shows to highlight the Abraham Accords mission, the objective of regional peace through travel and tourism and the ways for trade show delegates to participate.
5. Create two handbooks: (1) for tourism organisations on guest experience management and cross-cultural trainings, and (2) for inbound tourists on cultural sensitivities for an enriching cross-cultural experience.
6. Create a common regional marketing plan for tourism promotion centred around regional stability, unity and safety, leveraging the peace halo brokered by the Abraham Accords.
7. Create an online B2B platform for travel agents and tour operators from all Abraham Accords countries to distribute tourist itineraries and for MICE

coordinators and event planners to distribute conventions and other major events in each country. This will create a network effect to grow tourism.

8. Create and promote a series of specific industry business conferences to introduce business leaders to foster business connections, business deals and cultural understanding.

Medium-Term Regional Actions

1. Facilitate creation of a participative regional tourism council with high level members representing all nations. The council would be responsible for leveraging cooperation in a bid to help all nations achieve their strategic tourism goals.
2. Establish visa exemption bilateral agreements for nationals from Abraham Accords member nations. For as many of the other nationalities represented by expats in the Abraham Accords countries, execute a regional visa scheme allowing travellers to apply for one regional visa encompassing travel to all the Abraham Accords nations.
3. Improve connectivity within the region by opening airspace to private carriers. Identify and develop modes of passenger movement within the region as alternatives to air travel.
4. Create a regional B2B platform for the tourism industry responsible for MICE bulletin board, creation and distribution of tourist itineraries and industry coordination.
5. Initiate multidisciplinary student and executive education exchange programmes between member nations for knowledge and best practice sharing, to bring together people from all nations to improve tolerance and understanding between the populations.