Tourism and Sustainable Development in Egypt

Submitted to: **Plan Blue**

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Chapter (1) To Make Tourism An Economic Force Of Development

1.1 International Tourism Flow To Egypt

1.1.1 Overview

In 2000 the international visitors arrivals in Egypt were almost 5.5 million visitor and bed nights 33 millions night. With an average length of stay 6.9 day per visitor.

1.1.2 Major Problems and Issues :

Marketing and Diversification

Egypt famous historical heritage sites have enabled the Egyptians to carry out simple market promotion for a long time ,but conditions have changed at the onset of the 1990s with the addition of marine resort tourism to the main tourism products in Egypt .Egypt has to compete with its competitor countries in many aspects ,such as service level and price, in the marine resort market from now on. It is therefore important to develop an appropriate market promotion plan.

There is a need to look into diversification of customers (not only group visitor but also free independent visitor) in order to achieve the tourism development target. Considerable and complete services and provision of necessary information for individual visitors will be needed to increase free independent visitors in the future.

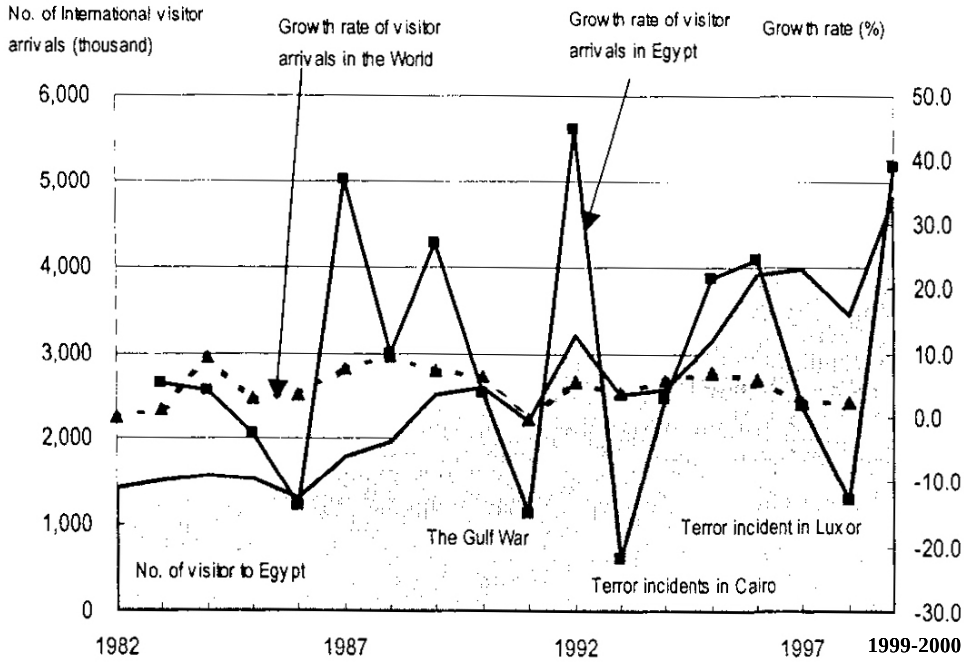
Number of visitors arrivals: Fluctuations and instability

Figure 1.1 shows that the number of visitor arrivals increased from 1.5 million in 1982 to 4.0 million in 1998, and to 5.5 million in 2000. During the first half of the 1982s, the number of visitors stayed in the level of 1.5 million, and exhibited rapid growth during the latter half of the decade only. This is why liberalization policies were implemented in the aspects of exchange system, accommodation charge, deregulation of chartered flights, and development of some airports, upon recommendation by the International Monetary Fund.

In the 1990s the number of visitors registered extreme highs and lows. There were four factors that could explain the increase of tourist numbers, The first was the peace process in the Middle East; second was the aggressive tourism promotion policy by the Egyptian government. The third reason was the trickle-down effect of the improvement of tourist services; and the fourth was the diversification of tourism destinations, especially marine resort tourism.

But international affairs and terrorism involving Muslim fundamentalists pulled down tourist numbers in the 1990s. The growth rate of visitors in 1991 decreased 17.4% because of the Gulf War, but it recovered the following year at 31.0%. In July 1992, a terrorist act, which killed a tourist, brought down the numbers again. The number of visitors increased more than 17% from 1995 to 1996 then decreased 14% due to the terrorist attack in Luxor in November 1997,then recovered again in 1999 and 2000.

Figure: 1.1 Number of International Visitors



Source: Egyptian Tourist by Ministry of Tourism 1996, Egyptian Tourism Figures, annual issues by Ministry of Tourism, Number of worldwide tourists 1982-1999 by WTO.

Changes in bed nights fluctuating and average length of stay

Table 1 presents the number of bed nights and average length of stay. In 1992 the number of bed nights had a high of 22 million after the Gulf War but it dropped to 15 million because of terrorism incidents. From 1995 to 1997, total bed nights grew to 27 million but decreased again in 1998 because of the terrorist in Luxor. The length of stay was in the range of 6.0 to 6.8 until 1997 but went down to 5.8 (in 1998, during the same year, shares of European and Asian visitors dropped, while visitors from the Middle East increased). In 1999 it reached 6.7 and in year 2000 it reached 6.9 per tourist visit.

Table: 1.1 Bed Nights and Average Length of Stay

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000
Bed nights (thousand)	21.836	15.089	15.433	20.451	23.765	26.579	20.151	31.00	32.79
Average Length of Stay (days)	6.8	6.0	6.0	6.5	6.1	6.7	5.8	6.7	6.9

Changes in Regions and Countries of Origin

The following tables show the regions and countries where most visitors to Egypt originate. From the point of regional origin, Europe ranks first with a 60% share in 1997, up from 48% in 1993 (there was decrease in 1998 because of the Luxor incident). Visitors from the Americas and the Asia & Pacific region have also been growing although not as large as Europe. The shares of visitors from Middle East and Africa have been decreasing slightly.

As to country of origin, Western European countries, such as Germany, United Kingdom and France, claimed the top five. Visitors from Italy have been rapidly growing in the 1990s and tourist numbers increased more than double from 1992 to 1998.

Table: 1.2 Shares of Visitors by Region of Origin

(Unit: Percent)

Region	1992	1993	1994	1995	1996	1997	1998	2000
Middle East	28.8	30.6	31.7	23.7	21.3	22.6	28.6	16.16
Africa	6.4	7.4	5.9	4.2	3.0	3.0	3.8	2.68
Americas	7.0	7.5	7.1	7.3	6.6	6.5	6.3	6.19
Europe	51.9	48.1	48.2	57.8	60.1	60.4	56.7	69.11
Asia & Pacific	5.8	6.3	7.0	7.0	7.4	6.6	4.7	5.81
Others	0.0	0.1	0.1	0.1	1.6	0.9	0.1	0.5

Source: Egypt Tourism in Figures, issued by Ministry of Tourism

Table:1. 3 Main Countries of Origin

Year	First	Second	Third	Fourth	Five
1993	Germany	United Kingdom	France	Libya	Saudi Arabia
1994	United Kingdom	Germany	Libya	Saudi Arabia	United States
1995	Germany	Saudi Arabia	United Kingdom	Israel	Libya
1996	Germany	United Kingdom	Israel	Italy	Saudi Arabia
1997	Germany	Italy	United Kingdom	Israel	France
1998	Germany	Italy	United Kingdom	Israel	France
1999	Italy	Israel	Germany	United Kingdom	Saudi Arabia
2000	Germany	Italy	France	United Kingdom	Saudi Arabia

Source: Egypt Tourism in Figures, issued by Ministry of Tourism

Table Shows the bed nights by region of origin. In general, the shares of Middle East and Africa are decreasing, while that of Europe is increasing. In 1997, visitors from Europe generated 63% of bed nights. In 1993, 1994 and 1998 when tourist numbers decreased because of terrorism, the shares of Europe decreased drastically, while that of Middle East increased, but in 2000 the share of Europe reached its peak with 69.11%.

Demand / Product Match Issues

A recent Interview survey of Travel Agents in Europe, Table 1.4 shows their opinions about the current conditions and future prospects for Egyptian tourism.

Table: 1.4 Results of interview of Travel Agents in Europe and Japan (1/2)

Country		Italy	Germany	United Kingdom
Current Condition	Products/Customs/Competitors	• Historical tourism in Nile valley products and marine resort in Red Sea are different products (handled by different agents, different pamphlet in large-scale agent). • For almost customer, "Red Sea" Resorts means "Sinai Peninsula". • Middle-aged people and families is main target segment. • No competitor in aspect of historical tourism.	• Egyptian tourism is booming now. • Competitor in marine resort is Tunisia. • Hurghada is the most favorite marine resort destination for German.	• Historical tourism is dominant in Egyptian Market. Recently adventure (desert) tour and diving tour are getting popular. • Historical tourism products including Nile cruise are most favorite products. • Competitors are Middle East Countries (Israel, Jordan and Syria), which have unstable international relations.
	Problems/Constrains	• Transportation method should be improved, especially international & domestic airlines (Service standard by Egypt air, Jam in airport terminals). • Hygiene standards in hotel, cruising ships and local restaurant should be improved. • Quality and quantity of tourist guide should be improved. • Ratings of hotels and floating hotels are not carried out properly.	• Air transportation services. • Domestic transportation. • Poor infrastructure.	• Service standard in domestic freight (airfare, delay and service standard), and domestic airport terminal. • Hygiene standard.
Future prospecting		• Historical tourism in Egypt will be steady product in the future. • Marine resort tourism and Oasis tourism have potential. • Development of supporting infrastructure will be important. • Publicity campaign such as CF, and advertisement in newspapers and magazines are useful.	-	• Historical tourism will continue to dominate Egyptian market. • Safari (desert) tourism will be getting popular. • Decreasing terrorist incident and price decrease in charter freight would be necessary to keep steady growth of tourist number

Source: Jica study 1999

Table: 1.5 Results of Interview of Travel Agents in Europe and Japan (2/2)

Country		France	Japan
Current Condition	Products/Customs/Competitors	• Main product is historical tourism and cruse in Nile valley • For Marine resort, Tunisia is the most favorite place • Some tour agents prepare for tour products that mixed historical tourism and marine resort tourism. The other companies consider them as different products. • French people prefer FIT to package tour. • Number of young tourist is growing however rich middle-aged people remains target segment. • No competitor in aspect of historical tourism resources	• Historical tourism is dominant in Egyptian market. • Historical tourism that includes Nile cruse was most favorite products for customers before Luxor incident. • Competitors are Turkey and Morocco will be in the future. But Egypt has unique historical tourism resources. • Middle-aged group is major target segment while share of honeymooners and young ladies have decreased after Luxor incident.
	Problems/Constrains	• Service standard of Egypt air (Cancel of freight and delay) should be improved. • Services in airport terminals (Information, signs and jam) should be improved. • Hygiene standard should be improved.	• Price is high than other Middle East destinations (prices for international tourist, pricing without seasonal demand) • International & domestic freight (number of fright & number of seat is limited). • Decrease of tourist number has not recovered yet (Especially Japanese agents cannot prepare for an itinerary with Nile cruise. Recently Japanese Government has admitted it).
Future prospecting		• Nile cruse will be a major tourist product for French people. • Marine resort tourism in Red Sea will develop however it is doubt that French people will go there or not. • Product mix of historical tourism in Nile valley and marine resort tourism in Red Sea will be possible. • Oasis and safari (desert) tourism will have potential to be developed. • Publication by ETA office to tour agents is not enough. Further co-operation between ETA and tour agents would be needed to increase tourist number to Egypt.	• Security assurance is most important to recover tourist number. • Improvement of publicity has to be needed in Japan. ETA is emphasizing on marine resort, but it will not appeal for Japanese mass market since various alternative destinations are located in short haul range.

Source: Jica Study 1999

The opinions on the tourism promotion are summarized below:

- Historical/archeology tourism is a major tourism product for Egypt and will grow steadily in the future;

- Historical/archeology tourism with the Nile cruise is the most popular products in the top five countries of origin of visitors. Japanese travel agents recognize that offering a historical tourism product without the Nile cruise is one of the most important reasons for the limited recovery of Japanese tourist numbers after the Luxor incident in 1997;

- As to historical tourism, Egypt has no competitors because of its unique historical tourism resources;

- Marine resort tourism is a more important product in Italy and Germany than in the United Kingdom and France. On the other hand, marine tourism does not hold any attraction for most Japanese consumers;

- In marine resort tourism, Mediterranean countries will provide stiff competition to Egypt because more than 50% of visitors to marine resorts in the Red Sea area come from Western Europe, which is also a potential market for Mediterranean tourism. Travel agents in Italy and Germany pointed out that Tunisia is a would-be rival because of its competitive pricing;

Frequency of visit

Table 1.6 shows the frequency of visit of individual visitors. About 70% of visitors from the Middle East have visited Egypt more than three times. More than half of visitors from the Americas and other long-haul visitors are on their first visit. Though first timers dominate the European market, those on their second visit have a high percentage share (21.0%). Individual visitors from Europe and the Americas who are visiting for the fourth time or more have a 22% share.

Table: 1.6 Frequency of Visit of Individual Visitors by Region of Origin

(Unit: percent)

Region	Frequency of visit			
	1st time	2nd time	3rd time	4th time & over
Middle East	8.4	10.2	13.2	68.2
Europe	44.2	21.0	12.2	22.6
The Americans	50.0	15.2	11.9	22.8
Others	52.1	26.9	7.6	13.5

Source: A Research on Estimating the Tourist Expenditure in the Arab Republic of Egypt by CAPMS in 1994

1.1.3 Possible Answers

Supporting traditional tourism products
The existing tourism products should be maintained their value and also add new attractions improving facilitation of each tourism resource.

Developing New tourism products
Beside the traditional tourism products, it is required to develop new products in order to promote the tourism of Egypt, such as eco-tourism in desert areas, formulate the newly found ruins in the sea of Alexandria as a product, etc.

Integration of tourism products
As one of the effective diversification methods of the tourism products is to integrate tourism products each of which characteristics is different. To supplement the characteristic each other could be a new products integrating attractiveness of each. While Nile cruise and Historical Archeological tourism have been integrated and become the most essential tourism.

The followings are the possible integration in future:

- History/Archaeology tourism of Cairo Tourism Region and marine resort tourism in South Sinai Region: this integration may be being matured.
- History/Archaeology tourism of Upper Nile Region and marine resort tourism in Red Sea Region: this integration is the potential one to have most effectiveness for each together.
- History/Archaeology tourism of Upper Nile Region and eco-tourism in Desert & Oasis Region: this will have another high potential in near future.
- Eco-tourism in hinterlands of the Red Sea coast and marine resort of red sea
- Eco-tourism in hinterland of the Nasser lake and Nasser lake cruise

Reinforcement of linkage of the destinations each of which has different characteristics is essential to promote the integration of the tourism products improving transportation facilities.

Tourism products in Egypt, which are attractive to international visitors, are represented by historical tourism along the Nile River as well as by marine tourism mainly with diving activities along the Red Sea coast. The activity patterns and the markets of these tourism are definitely different.

The historical tourism takes the form of sightseeing tours, while the marine tourism takes the form of long-term staying. Historical tourism attracts visitors from all over the world irrespective of distances from origin areas (long, medium and short haul market), while the marine tourism attracts visitors mostly from European countries (short and mid haul market). Integrated products, which include both types of tourism destinations, are rare. In most cases, these two products are separated in each sub-region and prepared as optional tours with each other. That is because (a) the market of each tourism is deferent; (b) the domestic transportation system is not adequate to absorb the integrated tourism product; and (c) the capacity of Egyptian tourism industry is not satisfactory developed to supply the services for various needs of visitors. In other words, the capability of the Egyptian tourism industry is not yet matured enough to meet the various requirements from independent international visitors.

The other largest markets of Egyptian tourism are the Arab countries. They enjoy city tourism, staying in Cairo or Alexandria. Most of them are independent visitors, because there is no language barrier in communications.

<u>Developing Scenario and Framework for demand forecast :-</u>

Table 1.7 shows number of international visitor arrivals in Egypt and in the world, their annual growth rate, and the share of Egypt. Annual growth rates in Egypt went up and down, from -21.8% in 1993 to 38.9% although they in the world stayed from 1.2% to 9.1%. The shares of international visitor arrivals of Egypt are from about 0.46% to 0.63% until the first half of 1990s. Since the latter half of 1990s, the share seemed to go up from 0.55% to 0.8%.

In 2000 the share of Egypt was the highest figure, 0.8%. It was brought about the increase of short haul visitor such as Italy and Germany mainly.

Table: 1.7 Number of International visitor arrivals in Egypt and In the World

Year	International visitor arrivals (Egypt, thousands)	Annual growth rate (%)	International visitor arrivals (World, million)	Annual growth rate (%)	Share of Egypt (%)
1982	1423.3		287.6		0.495
1983	1497.9	5.20	291.6	1.40	0.514
1984	1560.5	4.20	318.2	9.10	0.490
1985	1518.4	-2.70	327.9	3.00	0.463
1986	1311.3	-13.60	339	3.40	0.387
1987	1795	36.90	362.3	6.90	0.495
1988	1969.5	9.70	395	9.00	0.499
1989	2503.4	27.10	426.6	8.00	0.587
1990	2600.1	3.90	458.3	7.40	0.567
1991	2214.3	-14.80	463.6	1.20	0.478
1992	3206.9	44.80	503.1	8.50	0.637
1993	2507.8	-21.80	517.9	2.90	0.484
1994	2582	3.00	544.5	5.10	0.474
1995	3133.5	21.40	563.4	3.50	0.556
1996	3895 9	24.30	597	6.00	0.653
1997	3961.4	1.70	611	2.30	0.648
1998	3453.9	-12.80	625	2.30	0.553
1999	4796.5	38.90	657.5	5.20	0.730
2000	5506.6	14.8	657.3	6.0	0.8
Average		7.09		4.90	0.539

Source: Tourism in Figures annual issues by MOT, Tourism 2020 Vision by WTO in 1997

Introduction of Optimum Growth Scenario

It is recommended to set higher level of target in consideration of the following conditions in Egypt, but with much efforts paid by the all agencies concerned.

- Egypt has world-class tourism resources, and the historical tourism products. It will lead historical tourism in the world from now on;
- New tourism developments such as marine resort tourism in South Sinai and Red Sea are booming for short haul and middle haul countries. Economic recovery in eastern European countries and Russia enable to create new market for Egypt;
- Security for tourists is assured recently in accordance with weakening activity of Islamic Fundamentalist in Middle Nile; and
- Egyptian economy developed with satisfactory due to structural adjustment policy in 1990s.

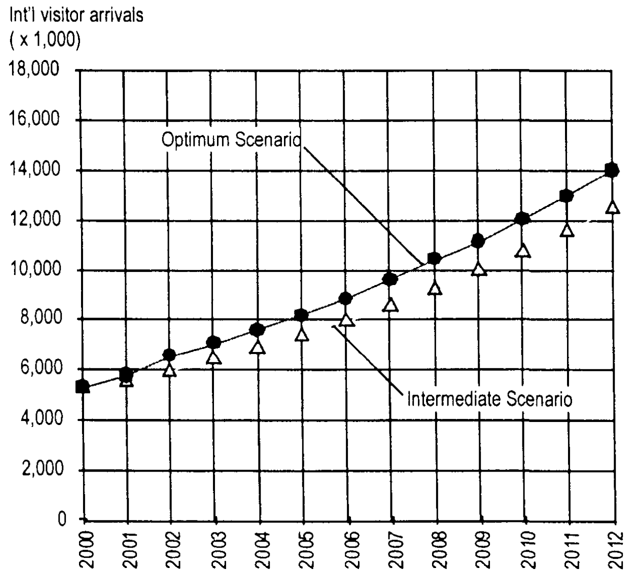
Some studies suggested that for Optimum Scenario international visitor arrivals will be 14 million in 2012 with 8.8% of annual growth rate as set in Figure1.3 and Table 1.11.

Table 1.11 International Visitor Arrivals under Optimum Scenario

Scenario	1997*	2002	2007	2012	average annual growth rate (%)
International tourism in the world	611,000	758,700	932,000	1,139,00 0	4.24
Optimum/recommendable Scenario					
International visitor arrivals (x1000)	3,961.4	6,4.00	9,600.0	14,000,0	8.78
World market share of Egypt (percent)	0.648	0.844	1.030	1.229	
Scenan.o-3: Intermediate growth scenario					
International visitor arrivals (x l,000)	3,961.4	5,969.5	8,572.6	12,512.2	7,97
World market share of Egypt (percent)	0.648	0~787	0.920	1.099	
Difference between Optimum and Scenario-3	0	430.5	1,027.4	1,487.8	

Source: JICA Study 1999

Figure 1. 3 Optimum Scenario and Intermediate Scenario



1.1.4 Main Actors

Egyptian Tourism Authority (ETA)

Organization and Activities

The Egyptian Tourism Authority (ETA) was established in 1981as an autonomous agency for marketing Egypt as a tourist destination both in the international and domestic markets. It has 21 offices overseas providing possible visitors with information about Egypt.

The ETA's publicity and promotional efforts include the following items:

- Working out strategies to attract new markets or weak markets;
- Preparing promotional tools ,such as printed material and audio-visual;
- Setting-up tourism information centers overseas and in Egypt ,and disseminating promotional material, such as brochures;
- Posting web site information ;
- Publicizing Egypt via newspaper and TV ads in major markets ;
- Organization familiarization tours for travel agent and the press;
- Maintaining a presence at vital international travel fairs in the main tourist generating markets (such as in ITB Berlin ,WTM London ,JATA Travel Trade Show Tokyo); and
- Organization travel trade missions to existing, new or possible markets.

1.2 Domestic Tourism

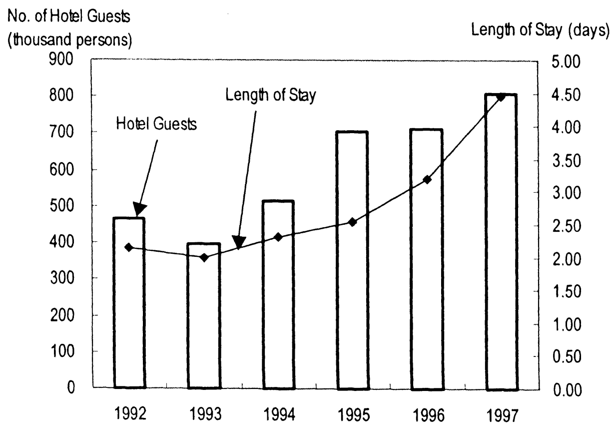
1.2.1 Overview

Data and information about Egyptian market is limited in Egypt. Only the publication "Egypt Tourism in Figures" has the number of hotel guests and number of hotel nights in major six tourist destinations Nonetheless, the following trend could be mentioned:

- There is a steady growth of Egyptian visitors in Egypt after 1993. Average annual growth rate is 11.6%.
- The average length of stay has also increased from 2.0 days in 1993 to 4.5 days in 1997.

- Preferred tourism products by the Egyptian market is beach resort in summer holiday, week end or one-day trip.
- Business trips may share rather large portion of the Egyptian tourism.

Figure Egyptians' number of hotel guests and their average length of stay



Source: Egypt Tourism in Figures, annual issues by Ministry of Tourism

1.2.2 Major Problems and Issues :

Villas and Second Home

Most of domestic tourism flow depends on villas and second homes as an accommodation. The result was a whole tourists areas with jungle of privately owned tourists units in what the owner calls tourist villages, although no tourists activities can be seen. No hotel rooms or activities can be seen, it is only lines of villas, chalets and privately owned apartments. The spending of their residences is minimal in the surrounding area and their contacts with the local people is very limited, even some of such housing compounds in the Mediterranean coast was built in as near antiquities sites or replaced the Bedouins settlements.

Seasonality:

As most of the Egyptian families schedule is tied with the timing of schools and universities vacations, their movements to the tourist areas happens only in the 3 months of summer vacation and the 2 week of midterm vacation with few exceptions in some families using the weekends for short excursions. This situation indicates that domestic market is seasonal. Tourist areas and hotels owners can't depend on this market, so they had to address the international market to sell their products. The international market has more evenly distributed vacations system and more disposable time.

Limitation of Disposable income

The average income of the Egyptian families doesn't permit them to keep the disposable income for spending their vacations in tourists areas. It is estimated that the Egyptian family yearly income falls between 1200-1500 $. The segment of the Egyptians that can afford to use their vacation to go to the North Coast or the Red Sea is estimated to be between 5-10% of the population.

1.2.3 Possible Answers:

In The Egyptian Tourism Authority plans and strategies there is sections about special promotions and packages of specially tailored for domestic tourist trips to the major tourist areas in Egypt. This will be done with the help of local tour operators.

A rehabilitation plan of the state owned tourist centers in the Western-North Coast, namely, Marakia, Marabella and Marina El- Alamin) is under way to add different small and medium size hotels (like the new hotel in Marakia Tourist center managed by Hilton International Management company), and also supporting new outlets and tourist services and attractions specially tailored for the domestic tourist needs.

The effective domestic tourism in Egypt is depending on the increase expected in the Egyptian families disposable income.

1.2.4 Main Actors :

Major participants are: Government of Egypt, the Ministry of Tourism and tourism professional organizations.

Tourism Related Organization in the Government of Egypt

Egyptian government is comprised of 33 organizational units. The Ministry of Tourism (MOT) has responsibility for tourism. The Minister of Tourism works his authority and directorship over three other governmental tourism units, respectively Egyptian Tourist Authority (ETA), Tourism Development Authority (TDA), and Cairo International Conference Center (CICC).

1.3 Tourist Revenues

1.3.1 Overview

Table 1.13 indicates tourist expenditure per night by origin region from "A research on Estimating the Tourist Expenditure in the Arab Republic of Egypt (Tourist Expenditure Survey)" in 1996. This survey is carried out every two years by CAPMS at International Airports in Egypt. In the survey, actual expenditure amount, purpose of visit, length of stay, destination, and evaluation of tourism services in hotels and transportation, etc. are asked to international visitor.

Compared to individual visitors from Europe, visitors traveling in a group from the same origin spend a little more. Because most group visitors stay in accommodation with inclusive terms like marine resorts, where prices are more competitive worldwide, and prices tend to down.

On the other hand, individual visitors from the Americas and other areas, including Asia, spend much less than group visitors. The reason seems that most of them is young back packer

Table 1.13 Tourist Expenditure by Region of Origin

(Unit: US$)

Region	Individuals	Groups	Average
Middle East	94		94
Europe	110	108	109
The Americas	169	177	170
Others	138	173	148
Average	103	119	106

Source: A Research on Estimating the Tourist Expenditure in the Arab Republic of Egypt by CAPMS in 1996

hotels and restaurants Revenues, amounted to LE 3.0 billion at constant price of 1991/92 or 1.9% of the total GDP, while the investment share of tourism was 7.2% in the 2000 budget. Regarding its contribution to foreign currency earnings, the tourism sector was the second earner in 1996/97, with a total of LE 12.4 billion, or 22.5% of the gross receipts of the country, including receipts of merchandise exports (30.5%). Those receipts covered trade balance deficit by 35% in 2000, it is the first earner>

Table 1.14 Current Performance of the Tourism Sector (1998/199)

	Total sector	Tourism [*1]	Share of tourism
GDP (LE billion at constant price of 1991/92)	162	3	1.9%
Investment (LE billion) [*2]	58.2	4.2	7.2 %
Employment (thousand)	15,862	145	0.9 %
Foreign currency earnings (LE billion)	54.9	12.4	0.9%

Note: *1 Tourism includes tourism establishments, hotels and restaurants
*2 Investment plan of 1997/98 in the Fourth Five-Year Development Plan

Source: Egypt, Tourism in Figures, Ministry of Tourism and Fourth Five-Year Development Plan

The historical tourism takes the form of sightseeing tours, while the marine tourism takes the form of long-term staying. Historical tourism attracts visitors from all over the world irrespective of distances from origin areas (long, medium and short haul market), while the marine tourism attracts visitors mostly from European countries (short and mid haul market). Integrated products, which include both types of tourism destinations, are rare. In most cases, these two products are separated in each sub-region and prepared as optional tours with each other. That is because (a) the market of each tourism is deferent; (b) the domestic transportation system is not adequate to absorb the integrated tourism product; and (c) the capacity of Egyptian tourism industry is not satisfactory developed to supply the services for various needs of visitors. In other words, the capability of the Egyptian tourism industry is not yet matured enough to meet the various requirements from independent international visitors.

The other largest markets of Egyptian tourism are the Arab countries. They enjoy city tourism, staying in Cairo or Alexandria. Most of them are independent visitors, because there is no language barrier in communications.

1.3.2 Major Problems

Fluctuation in Revenues

With different external factors taking place in the last decades affecting the international tourist arrivals to Egypt (the police riot in Cairo, in 1986 the gulf war in 1991, accidents in Upper Egypt in 1992, Louxur accident 1997, etc..). The prices of the Egyptian tourist products was getting lower (the hotels and tourists companies tried to regain theirs clients by lowering the prices), so the results was reflected in the fluctuating revenues of Egyptian tourist sector.

Lower prices for the product
The incapability of the government or the professional Tourists organizations to agreed upon pricing system for the tourist product. A war of prices started between hotels owners in the new tourist destinations in the Red Sea and Sinai, and the result was less revenues from tourism sector each year.
Devaluation of the currency
The devaluation value of the Egyptian pound against the American dollar helped also in the confusion of the pricing system of the Egyptian tourist product.

1.3.3 Possible Answers

The Government of Egypt is trying now to increase the Egyptian exports to stabilize the balance of trade and inconsequence value of the Egyptian pound.
The ministry of Tourism is developing a new policy with two major objectives:
First, the upgrading of the tourist services and products quality to get quality.
Second, market for quality product ,the diversification of the product (new marinas, Golf courses, spas ..etc) and diversifying the markets(new markets, like Japan, East Europe, China markets) to guarantee the stabilization of demand and tourist flow to Egypt.

1.3.4 Main Actors

Comprise both the Government of Egypt and the Ministry of Tourism .

1.4 Accommodation

1.4.1 Overview

Classification of accommodation

The categories of tourist accommodation are hotel, tourist village and floating hotel, according to the Ministry of Tourism. Hotels are defined as high buildings, and tourist villages are defined as cottage typed accommodation facilities. In this report hotel means the both of tourist villages and hotels.

Table 1.15 Accommodation in Egypt in 2000

	Number	Rooms	Beds
Hotel and Tourist Village	760	100,220	200,440
Floating Hotels	250	13,391	25,782
Total	1010	113,611	226,222

Source: Egypt Tourism in Figures 2000

Ranks

Hotels and tourist villages are ranked according to quality of facilities and services; the same goes for floating hotel, which has four ranks (from 2 star to 5 Star).

Table 1.16 Distribution of Rooms by Hotel Rank in 2000

5 star	4star	3star	2star	1star	Under classified*	Total
37,118	21,548	18,437	8,223	3,852	24,433	113,611

Source: Egypt Tourism in Figure 2000

Geographical distribution of accommodation

In 1982 and 1993, more than 50% of hotel rooms were distributed in the Cairo Tourism Region but the share decreased to 30% in 1997and to 20% in 2000, as indicated in Table1.17 . The share of the Red Sea Tourism Region rapidly grew to 28% in 2000 from 7.7% in 1993. The number of hotel rooms in the Nile Valley also developed three times as much during the same period while the share increased only 11.8%.

Table 1.17 Number of Hotel Rooms in Tourism Regions

Tourism Region	Number	Share
Cairo	12637	11.1
Giza	7201	6.3
Alex.	4278	3.8
Luxor	3972	3.5
Aswan	2737	2.4
Red Sea	31777	28
South Sinai	27053	23.8
North Sinai	547	0.5
Matrouh	2443	2.1
Others	7585	6.7
Floating Hotels	13391	11.8
Total	113621	100

Source: Egypt Tourism in Figure 2000

1.4.2 Major Problems

Banks
Finance

Most of the banks consider tourism to be a higher risk industry compared to other industries. Some of the banks still continue to finance for tourism sector by project basis. They also indicated that the rate of return on tourism projects is overall what they expect, but this covers a wide range of variation, with some projects paying back capital ahead of schedule, while others fall behind. In times of crisis for the tourism sector, such as after the Luxor incident in 1997, they had to reschedule some of their loans to help their clients overcome this crisis, but some clients were more able to recover than others were.

Accommodation Development Framework

The national accommodation development framework was examined from total bed nights showed in Table 2.18. The following numbers have been set as targets for accommodation development framework at the beginning. All figures are set according to targets by MOT .

Table 2.18 Target Figures for National Accommodation Framework

	Hotel Guest	1997	2002	2007	2012	Source
Average length of stay	International visitor and Egyptians	6.7*	7.0	7.5	8.0	Egypt and 21st Century
Guests per room	International visitor	1.5	1.5	1.5	1.5	The Strategy of Tourism Sector
	Egyptians	1.8	1.8	1.8	1.8	Assumption by the Study team
Occupancy rate	Both	60	60	60		The Strategy of Tourism Sector

Source: TDA studies

According to the Egypt and 21 th Century, the target average length of stay for international tourists would gradually reach 8.6 days in 2017. The Study prepared for the assumption that it will increase 6.7 in 1997 to 8.0 in 2012 from actual result in 1990s and target figure in 2012. The difference of accompany rate between international visitors and Egyptians is shown in Table 2.19. Although the number of international visitors could conform to the national target, it would be difficult for Egyptians because they do not usually stay with families in hotels. Considering the target by MOT and interviews of hotel managers, a 60% occupancy rate is a suitable target. Occupancy rate were less than 60% it would be difficult to continue with hotel operation.

Table 2.19 Target Numbers of National Tourist Nights, Tourists and Rooms Required

Target		1997	2002	2007
Bed nights at hotels (thousands)	International visitors	26,578.8	45,313.0	71, 775.7
	Egyptians	3,591.08	4,754.4	8,477.2
	Total	30,170.6	50,067.4	80, 252.9
	Number of Rooms	76,000	150,000	240,000

Source: TDA studies

Challenges of Distribution of Accommodation

Table 2.20 shows accommodation distribution by Tourism Region/Tourism Sub-region in Egypt.

In Mediterranean Region, trend of accommodation development and land development was rapid in the past, which cause land speculation and over accommodation supply in the latter half of 1990s. Accommodation development in the region will be slow down in order to balancing the demand and supply. After 2007, increased Egyptian visitor will reactivate accommodation development.

In Cairo Region, the share of accommodation rooms will decrease from 30% to 20%, which will be caused by rapid and massive marine tourism development in Red Sea. However, Cairo Region should keep the appropriate accommodation share, which is 20%, and qualities until 2012 to maintain the roles of international gateway, capital and metropolitan functions of Egypt.

In Nile Valley Region, accommodation will be steadily developed by increasing demand of historical tourists on long, mid and short haul markets in the world.

75% of 74,000 rooms of increment accommodation development target for 2002 are strategically distributed into Red Sea Region, which are based on the rapid development trends and the accumulation of on-going projects in the region. The half of 400,000 rooms, which is target accommodation development in 2012, is strategically distributed to Red Sea as international marine resort destination, which is based on the assigned strategic locomotive functions of Red Sea for rapid tourism and economic development in Egypt.

In Desert & Oasis Region, tourism products will to depend on Safari and eco-tourism markets in the world after 2002. However, scale and type of tourism development in the region should take care a fragile eco-system of oasis, capability and availability of water resources and niche market development.

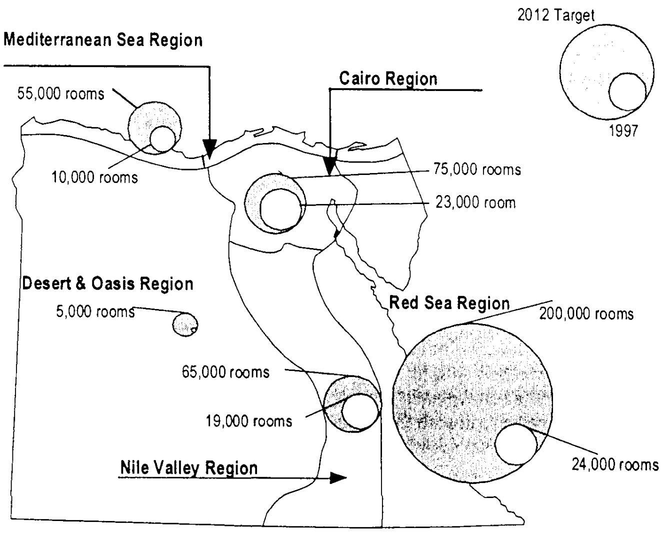
Table 2.20 Distribution of Accommodation by Tourism Region/Tourism Sub-region

(Unit: thousand rooms)

Tourism Regions/ Tourism Sub-regions	1997		2002		2007		2012	
	Number	Share	Number	Share	Number	Share	Number	Share
Cairo	23	30.3	28	18.7	45	18.8	75	18.8
Nile Valley	19	25.0	26	17.3	38	15.8	65	16.3
Red Sea	24	30.6	80	53.3	130	54.2	200	50.0
Mediterranean	10	13.2	15	100	25	10.4	55	13.8
Desert & Oasis	0	0.0	1	0.7	2	0.8	5	1.3
Total	76	100,0	150	100.0	240	100.0	400	100.0

Source: TDA studies

Figure 1.5 National Tourism Development Framework (Accommodation distribution)



Light Future tourism development and contribution to national economy

In the "Egypt and the 21th century” , the target international visitor arrivals are set to increase from 4 million in 1997 to 27 million in 2017, at an average annual growth rate of 10%. The Ministry of Tourism has announced the development strategies of tourism until 2012, as shown in Table 1.21. The target of visitor arrivals is estimated at 15 million in 2012 and 315 thousand rooms are additionally required to accommodate this number. The average expenditure per tourist night is estimated at US$ 130 and gross receipts are approximately US$16.8 billion (LE 57.1 billion). The number of generated jobs is expected to be 1,103 thousand, including direct and indirect employment.

Table 1.21 Development Target in Tourism Sector

Target items	2012	Remarks
Visitor arrivals (million persons)	15	Annual growth rate: 10%
Bed nights (million nights)	129	Average bed nights: 8.6
Accommodation capacity required (thousand rooms)	315	Room occupancy rate: 60% 1.5 guests per room
Foreign currency earnings (billion US$)	16.8	US$130 per tourist night
Employment Opportunity Generation (thousand persons)	1,103	Direct 1.5/room, indirect 2.0/room

Source: The Strategy of the Tourism Sector for the Five-Year Development Plans (4", 5", and 6"), Ministry of Tourism

Matching Tourism investment plan with the financial capabilities of the tourism sector

In line with the national target of tourism development, the Ministry of Tourism has estimated the investment cost, which includes public investment and private investment, until 2012, as shown in Table 1.22. The total investment cost is estimated at LE 76.6 billion from 1997/98 to 2011/12, of which superstructure development amounts to LE 63 billion, or 82% of the total. It includes the development of 315,000 rooms and infrastructure in the tourist areas under TDA's responsibility.

Table 1.22 Total Investment Cost for Tourism Development in 1997/98 to 2011/12

(Unit: LE Million)

Responsible bodies	Fourth Five year plan	Fifth Five year plan	Sixth Five year plan	Total	
MOT [1]	61	61	59	182	0.2%
TDA (Private Investors) [2]	14,608	20,210	28,182	63,000	82.2%
ETA	-	-	-	120	0.2%
CICC	-	-	-	299	0.4%
Infrastructure development [3]	3,015	4,195	5,790	13,000	17.0%
Total	-	-	-	76,601	100.0%

Note: "1 Improvement and development of tourist areas (beautification) and rest houses in tourist areas, '2 Superstructure development including infrastructure development within the tourist projects '3 Infrastructure development: regional infrastructure outside the tourist projects

Source: The Strategy of the Tourism Sector, "The Ministry and Its Affiliates," for the Five-Year Plans, The Central Department for Planning and Follow-up, the Ministry of Tourism

Meanwhile, in the Fourth Five-Year Plan (1997-2002), the investment of tourism sector is estimated at LE 31.8 billion, of which 98% is covered by the private sector.

Guarantees and incentives under Law No.8/1997 encourage private investment in Egypt. For the tourism investment projects, including transportation projects, tax exemption is provided. Usually, tourism projects are exempted from corporate tax for five years and especially development projects aimed at developing tourist desert zones and supplying them with infrastructure are granted corporate tax exemptions for ten years. Moreover, a 20-year exemption is provided for business activities in the New Valley and Kharga, Baris and Farafra oases.

Though the share of public investment in tourism sector is very small, tax revenues from tourism-related industries are also small as the investment incentives are provided for 5-10 years.

1.4.3 Possible Answers

Tourism Development Plans

Tourism development plans, have been prepared by the MOT, and defines the priority areas for tourism development by the MOT

Sequence of Egyptian Tourism Policies and Strategies

Table 1.23 summarizes the tourism development policies of Egypt over the past 30 years. In 1978, the MOT and the German Agency for Technical Cooperation (GTZ) completed the first nationwide plan for tourism development; several plans were prepared afterwards.

Table 1.23 Chronological Events of Tourism Development

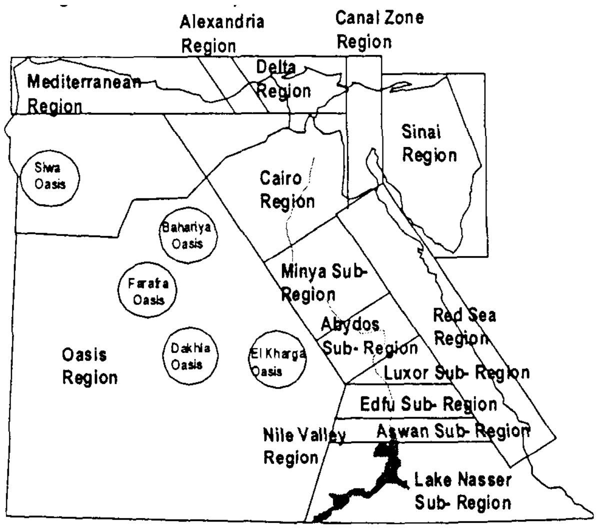
Year	Activity	International Visitors arrivals (thousands)
1965	Establishment of Ministry of Tourism	
1965	Law on tourist establishments (Law No.1)	
1968	Law on creation of chambers (Law No.85) Completion to relocate Abu Simbel temples and other 23 archaeological sites as work progressed on the Aswan High Dam	
1974	Law on foreign investment and zones (Law No.43)	
1978	National Plan for tourism (The first plan for tourism development)	
1979	Indusion of 5 monuments in the World Heritage List	
1981	Law for tourism promotion (Law No.124, superseding Law No.85) Organizing Egyptian Tourism Authority (ETA) (Presidential Decree No.134)	
1982.7	The 1st National Five-Year Plan (1982-1987)	1,423.3
1983	Organizing the system of travel agencies (Law No.188)	1,497.9
1985	Reorganizing the Higher Council for tourism (Presidential Decree No.266)	1,518.4
1987.7	The 2nd National Five-Year Plan (1987-1992)	1,795.0
1989	The Investment Law (Law No.230) Establishment of the Tourism Development Unit in MOT (TDU) Establishment of the Cairo International Conference Center (CICC)	2,503.4
1991	Reestablishment of the Tourism Development Authority (TDA) from TDU	2,214.3
1992.7	The 3rd National Five Year Plan (1992-1997)	3,206.9
1993	Tourism promotion plan	2,507.8
1994	Egypt's tourism development program and investment opportunities by MOTD designation of Tourism development areas by MOT	2,582.0
1996.1	The Supreme Committee for investments approved 80 projects for tourism investment	3,895.9
1996.5	The Cabinet approved resolutions to boost the tourism sector	
1996	Alternative spatial strategy of tourism development The strategy of tourism sector by MOT* Egypt and the 21st Century including tourism development strategy Land Use Plan by the year 2017 including tourism land use scheme	
1997.5	Investment incentives and guarantees law (Law No.8)	3,961.4
1997.7	The 4th National Five-Year Plan (1997-2002)	
1998.6	Development Master Plan of South Egypt until Year 2017 by MHUUC	3,453.9

National Plan for Tourism

The National Plan for Tourism was the first nationwide comprehensive development plan drawn up by MOT with the cooperation of GTZ in 1978. Though 8 tourism development regions were designated, the priority tourism development regions were not set in the plan. The targets of the international visitor arrivals are 1.6 million in 1980, 2.1 million in 1985, and 2.5 million in 1990. About 47% of the international visitor consisted of people of the western countries in the plan.

The requisite number of rooms was concentrated in Cairo (50.2%) and the Nile Valley (31.3%) with the target year of 1990. Target hotel room in 1990 was 21,100

Figure 1.6 Development Areas or the National plan for Tourism



Source: National Plan for Tourism for the Arab Republic of Egypt by GTZ in 1978

Table 1.24 Tourism Regions and Tourism Sub-regions

Region	Sub-region
Cairo	-
Nile Valley	Mm a, Abidos, Luxor, Edfu, Aswan, Lake Nasser
Sinai	-
Red Sea	-
Canal Zone	-
Delta	-
Alexandria	-
Mediterranean	-
Oasis	Siwa Oasis, Bahariya, Farafta, Dakhla, El Kharga

Source: National Plan for Tourism for the Arab Republic of Egypt by GTZ in 1978

Table 1.25 Development Framework of the National Plan for Tourism

	Base year		Targets					
	1976		1980		1985		1990	
International visitor arrivals(thousand persons)	984	100.0	1,564	100.0	2,092	100.0	2,478	100.0
Western	308	31.3	557	35.6	792	37.9	964	38.9
Arab	535	54.4	783	50.1	1,000	47.8	1,159	46.8
Others		141	14.3	224	14.3	300	14.3	355
No. of guests in 5-and 4-star hotels	446		753		1,103		1,322	
No. of bed nights in the above	2,676		4,518		7,721		9,254	
Length ofstay	6		6		7		7	
Requisite number of rooms								
Cairo	2,650	55.2	3,850	44.9	9,400	60.4	10,600	50.2
Alexandria	550	11.5	670	7.8	970	6.2	1,270	6.0
Nile Valley Luxor	650	13.5	910	10.6	1,900	12.2	2,500	11.8
Aswan, Lake Nasser	600	12.5	800	9,3	1,100	7.1	1,400	6.6
Minya, Abbydos, Edfu					300	1.9	850	4.0
Nile cruisers	350	7.3	650	7.6	1,250	8.0	1,850	8.8
Mediterranean coast					300	1.9	1,500	7.1
Red Sea			100	1.2	400	2.6	1,200	5.7
Canal zone			80	0.9	580	3.7	1,080	5.1
Oasis			40	0.5	80	0.5	80	0.4
Total	4,800		8,566		15,553		21,100	

Source: National Plan for Tourism by GTZ in 1978

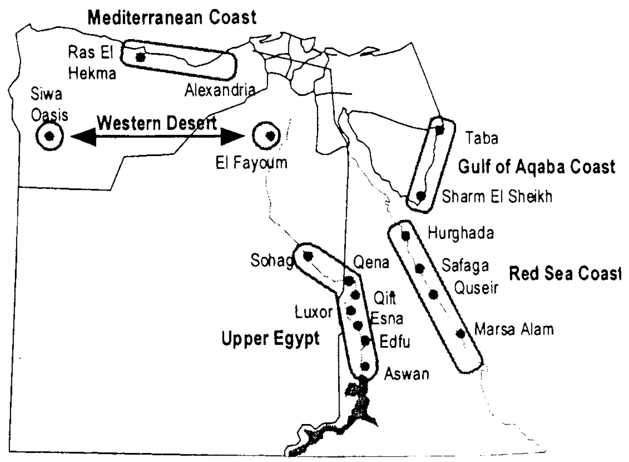
Tourism Development Program and Investment Opportunities

"Tourism Development Program and Investment Opportunities" was prepared by the Ministry of Tourism in 1994. The report reviewed current condition of the tourism sector in Egypt, and set the following five priority zones for tourism development.

- Gulf of Aqaba Coast from Sharm El Sheikh to Taba
- Red Sea Coast from Hurghada to Marsa Alam
- Upper Egypt from Sohag to Aswan
- Mediterranean Coast from Alexandria to Ras El Hekma
- Western Desert, Faiyum and Siwa Oasis

The reports describe current conditions such as access and infrastructures area, and prepare for future 'development plans for each priority area. The report also has privatization program of tourism related public companies.

Figure 1.7 Priority Zones of Tourism Development Program and Investment Opportunities



Source: Egypt's Tourism Development Program and Investment Opportunities by MOT in 1994

Designation of tourism development areas by MOT

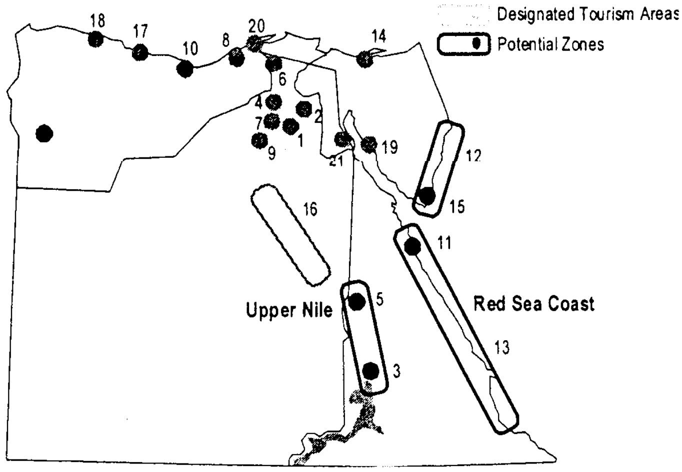
The MOT has specified 22 areas for tourism development in 1994. The following three areas are selected as priority areas in the tourism development areas:

- Gulf of Aqaba Coast;
- Red Sea Coast; and
- Upper Nile.

The MOT used the following criteria for the selection of the priority areas:

- Potential of natural environment as tourism resources and value as tourism products;
- Service capacity of economic and tourism infrastructure;

Figure 1.8 Designation of Tourism Development Areas by MOT



Source: Best Practices for Tourism Center Development along the Red Sea Coast by TDA in 1998

Table 1.26 Name of Tourism Zones/Priority Areas

	Name	Remarks
1	Giza Pyramid	Designated Tourism Areas
2	Cairo Nile Banks	Designated Tourism Areas
3	Aswan	Potential Zones
4	Helwan	Designated Tourism Areas
5	Luxor and El Goma	Potential Zones
6	Central Nile Banks	Designated Tourism Areas
7	khaen El Khariri	Designated Tourism Areas
8	El Montazab	Designated Tourism Areas
9	Faiyum	Designated Tourism Areas
10	Sidi Abdel Rahman	Designated Tourism Areas
11	Hurghada	Potential Zones
12	Gulf of Aqaba	Potential Zones
13	Red Sea	Potential Zones
14	El Arish	Designated Tourism Areas
15	Ras Mohamed	Potential Zones
16	Nile Valley	Designated Tourism Areas
17	Ras El Hekma	Designated Tourism Areas
18	Matruh	Designated Tourism Areas
19	Ras Sidr	Designated Tourism Areas
20	Rashid	Designated Tourism Areas
21	El Am Sukhna	Designated Tourism Areas
22	Siwa	Potential Zones

Source: Best Practices for Tourism Center Development along the Red Sea Coast by TDA in 1998

Alternative Spatial Strategy for Tourism Development

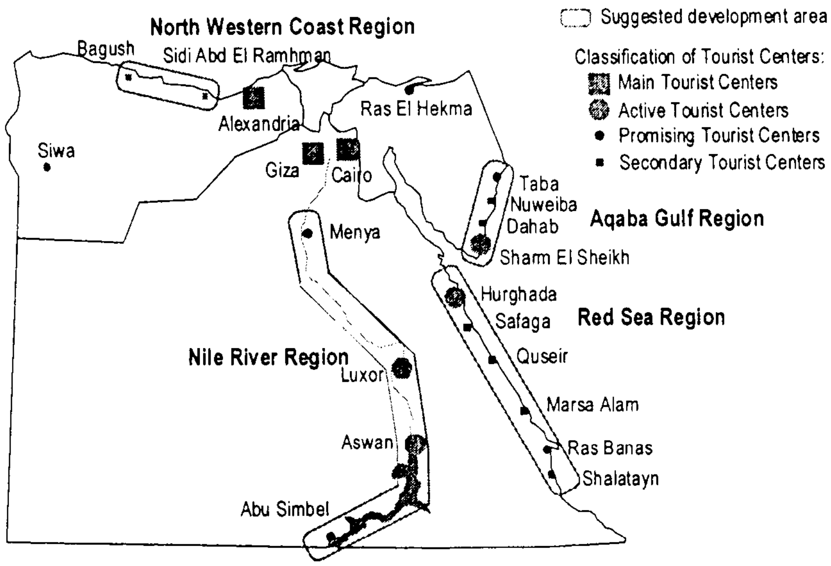
Alternative Spatial Strategy for Tourism Development was prepared by MOT in 1996. The strategies drawn up for tourism development were as follows.

- To control the rapid growth of tourism development with growing numbers of visitors (Cairo region and Alexandria) alongside with raising the level of tourism products;
- To encourage development in the active regions that are internationally well known (Luxor, Aswan, Hurghada, Red Sea, Sharm El Seikh) and to include them in an integrated development plan;
- To develop promising tourist centers that have special potentials (like Ain El Sokhna, St. Catherine, and Ras Sidr); and
- To develop a number of secondary tourist centers in small scale according to the expected tourist demand and the development potentialities of each center.

Priority development areas included the followings:

- Aqaba Gulf region (Sharm El Sheikh, Dahab. Nuweiba, Tab a);
- Red Sea region (Hurghada, Safaga, Quseir, Marsa Alam, Ras Banaas, Shalatayn);
- Nile River region (Qena, Luxor, Aswan, Abu Simbel); and
- North Western Coast region (Sidi Abd El Ramhman, Bagush).

Figure 1.9 Alternative Spatial Strategy for Tourism Development

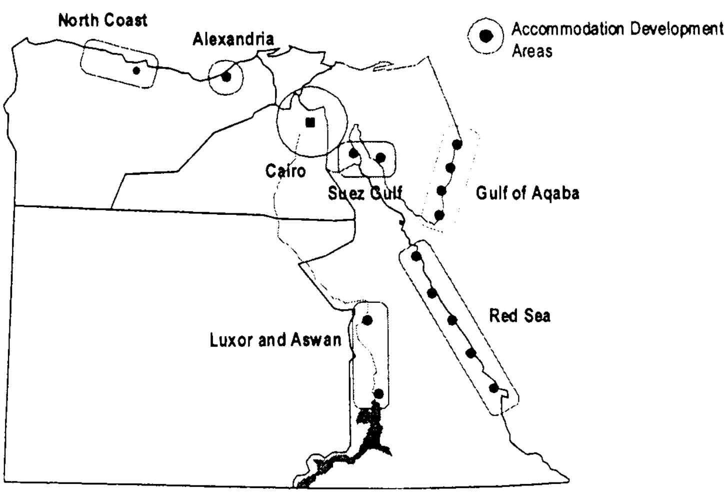


Source: Alternative Spatial Strategy for Tourism Development by MOT in 1996

<u>The Strategy of Tourism Sector</u>

The Strategy of Tourism Sector was prepared by the Ministry of Tourism in 1996, targeting the year 2012. It estimated the additional number of rooms required until 2012 at 315,000, of which 201,000 rooms (63.8%) would be allocated to the Red Sea, as shown in table 1.26.

Figure 1.10 Alternative Spatial Strategy for Tourism Development



Source: The Strategy of The Tourism Sector by Ministry of Tourism in 1996

Table 1.26 Accommodation Capacity which must be added until 2012

Areas	Numbers (room)	Shares (percent)
Cairo	3,500	1.1
Alexandria	2,500	0.8
Red Sea	201,000	63.8
Gulf of Aqaba	26,000	8.3
Luxor and Aswan	25,000	7.9
North Coast	22,000	7.0
Suez Gulf	10,000	3.2
Others	25,000	7.9
Total	315,000	100

Source: The Strategy of The Tourism Sector by Ministry of Tourism in 1996

Tourism Development Strategies of "Egypt and the 21th Century"

Egypt in 21 th Century are prepared by the cabinet of the Egyptian Government in 1997, and it lays out the long-term national development plan in the beginning century. Tourism was positioned as one of major leading industries in the strategy.

Following are the tourism development strategies in the 21th century:

- To increase the number of visitor arrivals to 27 million by the year 2017;
- To extend length of stay from 7 days in 1997 to 9 days by the year 2017, and to increase total bed nights from 26 million in 1997 to 230 million by 2017;
- To raise the accommodation capacity to 618 thousand rooms by the year 2017;
- To focus on tourism development projects in south Egypt;
- To formulate integrated development programs for new tourist areas;
- To establish new tourist camp sites for safaris in the middle of Sinai and in Wadi El Gemal of Red Sea;
- To preserve the ancient Egyptian civilization; and
- To supply new sites for tourism development with all the required facilities like in the Red Sea, Sinai, the New Valley, Luxor and Aswan.

Changes of Priority Areas by Each Plan

Table 1.27 shows changes of priority development area. The National Plan for Tourism is not prepared for the priority tourism development areas. The Nile Valley, Red Sea and Mediterranean Sea region are prioritized in 1990s. In Egypt and 21th Century, the Nile Valley will be strayed off from the priority tourism development area, and the Red Sea, Mediterranean Sea and Western Desert are prioritized.

Table 1.27 Designated Priority Areas by Each Plan

Region Tourism	Tourism Sub-region	Tourism development areas by MOT	Designated priority areas by each Plan				
			(1)	(2)	(3)	(4)	(5)
Cairo	Cairo	2. Cairo Nile Banks					
		1. Giza Pyramid					
		4, Helwan					
		7. khan El Khan'ri					
	Nile Delta	6. Central Nile Banks					
	Faiyum	9. Faiyum					
	Suez Canal						
Nile Valley	Middle Nile	16. Nile Valley					
	Upper Nile	5. Luxor and El Goma					
		3. Aswan					
		(Abu Simbel)					
Red Sea	South Sinai	12. Gulf of Aqaba					
		15. Ras Mohamed					
		19. Ras Sidr					
		21 El Ein Sukhna					
	Red Sea	11. Hurghada					
		13. Red Sea					
Mediterranean Sea	North Sinai	14. El Arish					
	Alexandria	8. El Montazah					
		20. Rashid					
	Matruh	18. Matruh					
		17. Ras El Hekma					
		10. Sidi Abel Rahman					
Desert and Oasis	Siwa	22. Siwa					
	Western Desert						

Source: (1) National Plan for Tourism in 1978, (2) Egypt's Tourism Development Program and Investment Opportunities in 1994, (3) Priority Zones of Tourism Development Areas in 1994, (4) Alterative Spatial Strategy for Tourism Development by MOT in 1996, (5) Land Use Map of Egypt 1997

1.4.4 Main Actors

Tourism Development Authority (TDA)

The TDA comes under the jurisdiction of the Ministry of Tourism (MOT, and was established in1991. TDA has responsibility for planning, coordinating, and promoting new tourism development projects within the framework of the country's general policy and its economic plan.

Chapter (2) To Make Tourism a Social and Human Developing Force

2.1 Impact on society

2.1.1 Overview

The impact of tourism on the society is significant. Direct economic benefits of tourism include generation of employment, increase of foreign exchange earnings, income generation and contribution to government revenues. Tourism also provides indirect impacts on the economic sectors, such as agriculture, fisheries, handicraft manufacturing and construction, which supply the goods and services for tourism sector.

Furthermore, the improvement of transportation and other infrastructure facilities and services encourage the economic and culture development of the community in the regional area.

The impacts of tourism sector in the national economy can usually be examined in the following contents of economic impact:

- Increase of employment opportunities.
- Foreign exchange earnings.
- Contribution to GDP, and
- Increase of government revenues.

Based on the optimum development scenario of tourist arrivals until 2012, the impacts tourism are assumed for the target year of 2012 as follows:

<u>Effects on employment and Jobs</u>

Tourism is a labor-intensive industry and the employment generated by tourism varies widely among sectors. It creates direct employment in accommodation establishments and indirect employment in tourism-related industries, such as restaurants, tour operators, shops and bazaars, guides and transportation. Based on the estimated number of additional rooms of accommodation, new job creation is estimated for direct and indirect employment until 2012 in Table 2.1 under some assumptions. Until 2012, the target year of master plan, employment for 1,14 million workers is estimated in the tourism sectors. On the other hand, 8.25 in whole Egypt in total sectors (Egypt & the 21st century). Tourism sector will provide 14% of the total new jobs required.

In addition to the above, employment is also stimulated by tourist expenditures such as manufacturing or primary sector that supply goods and services to tourism sector, and investment-related employment, such as construction of hotels and infrastructure development.

Table 2.1 Additional Employment of Tourism Sector until 2012

	In 2012	Assumptions
Additional of accommodation until 2012 (thousand rooms)	325	
Additional direct employment (thousand persons)	488	1.5 employment per room
Additional indirect employment (thousand persons)	650	2.0 employment per room
Total additional employment until 2012 (thousand persons)	1,138	
New employment in total sectors until 2012 (thousand persons)	8,250	550 thousand per year
Share of tourism (%)	14	

Note: 1) Based on the estimation in the Strategy of the Tourism sector by Ministry of Tourism 2) based on the estimate in Egypt and the 21st century.

Source: JICA study 1999.

2.1.2 Major Problems and Issues

The general agency for public mobilization and statistics (GAPMAS), in conjunction with the Ministry of Tourism, had conducted a Tourism sample survey once every two years. The survey looked into the factor tourist activities and movement. To analyze the issues on tourism services, the results of tourism sample survey in 1992, 1994 and 1996 were used. In accordance with the survey results, the quality of tourism services of Egypt has been gradually improved, although cleanliness of environment remains as a significant issue in general. And domestic flights and taxi services are also ranked to dissatisfactory level.

Tourism services and human factors

In line with the economic transition and the tourism boom, the role and function of the private sector has become an important and leading factor since the beginning of the 1990s. Tourist establishments considered satisfactory by visitors, such as hotels, tourist villages, floating hotels, restaurants, cafeteria, souvenir shops and banks, are all in the hands of the private sector in alliance with foreign interests like internationally well known hotel management companies.

On the other hand, the tourism element under the public sector evaluated as satisfactory by visitors is the immigration and customs services at the airport and information supply services in town as well as care of security on visitors.

The analysis of the tourist sample surveys also showed that the dissatisfaction of visitors could be traced to two factors. First is the exploitative manner of local business people towards international visitors in restaurants (except those in hotels managed by foreigners), souvenir shops, antique shops, bazaars, taxicabs, horse cart, etc. Second is the inefficiency and shortage of facilities, such as irregular/unreliable operation of railways and domestic flights; mistakes in reservations; acute shortage of public toilets. Low hygiene standard and garbage.

Improvements in the attitude of local business people and cleanliness of the environment cannot be realized easily because of the cooperation required between the public agency concerned and the citizens. Nevertheless, the bigger responsibility rests on the former to lead and educate the people about these issues.

In accordance with the development of the marine resort tourism, Egyptian people will have to compete with their competitor more. In addition to it, marine resort tourism tends to be small profits and quick returns due to the competition with rivals. It is necessary for Egypt not only to improve the service level but also to reduce it.

2.2 Jobs

2.2.1 Overview

From the view point of tourism service improvement, education and training should be focused on personal who provide services directly to the visitors, such as staffs of hotels, restaurants, tour operators and guides. There are many other fields related to tourist services, such as transportation, banks, clinics, that requires training and development from the view point of tourist services.

Although there are many educational institutions of university and secondary levels in Egypt, personnel requirement in the tourism industry covers a wide range of fields. The most significant training, however is practical training with scientific method. The level and type of education / training should be examined to type of work.

The following table 2.2 shows the employment structure of hotels and tourist establishments, together with the required level of education or training. Since it would be impossible to make available to full time education in formal setting, such as university, college, technical training institute and so on short courses, refresher courses, orientation seminars, should be provided and integrated with formal education.

Table 2.2 Employment Structure of Hotels and Tourist Establishments

Type of Work	Accommodation establishment	Tourist establishment	Assumptions
Management & front office	6%	-	2 year college or more
Housekeeping & laundry	17%	-	2 year college or more
Food & beverage	22%	20%	2 year college or more
Kitchen	14%	20%	2 year college or more
Steward	6%	60%	Not specified
Engineering	12%		2 year college or more
Others	23%		Not specified
Total	100%	100%	

The above table does not indicate the type of work in travel agencies, shops and bazaars, because the education requirement involves a wide variety in terms of both levels and types. In addition, there are many institutions providing tourism courses relating to those fields at present. Therefore, this study is targeting specific types of work in accommodation and tourist establishments.
Tour guides are another important service of historical tourism and Eco-tourism. It is a highly professional trade and guides usually work only. Intensive training and rather long– term efforts are required. The education and training are usually provided at the university level. Aside from language skills and knowledge of history and culture, the hospitality of tour guides is a most welcome trait. The importance of hospitality of tour guides is a most welcome trait. The importance of hospitality could be highlighted in orientation seminars for tour guides by tourism training institutes.

2.2.2 Major problems

<u>Training capacity in Egypt</u>
The training capacity on tourism for related industries at the various levels has been examined from the viewpoint of both level of education and number of students.
University level
The enrolment in the faculty of tourism and hotels has been increasing from approximately 2,000 in 1993 to more than 5,000 students in 1997. It is estimated that enrolment would reach almost 9,000 in 2002.
There are only approximately 2,000 tourism and hotel graduates every year. Out of this number, 600 go to the tour guide business, 800 to tourism services and 600 to hotel management.

<u>Technical institutes</u>
There are many Technical institutes that offer tourism – related courses, such as tourism study, hotel management and tour guide. There are three categories of technical institutes. The first one accepts enrolment of students who finish secondary school and the study period is four years. The number of students studying tourism related courses are estimated at over 17,000. The second category of technical institute is similar to the first one, except that the study period is two years. The number of students enrolled in this type of school is estimated at around 4,000.

The third category accepts students who finish preparatory school, and the study period is five years. The number of students enrolled in this kind of institute is about 4,000, too.
There are approximately 2,700 students who graduate from tourism – related courses at the technical institute every year. Out of this, 600 work in tourism services and 2,100 in hotels. Between 400 to 800 students graduate from vocational school every year. In total between 3,000 and 3,500 students graduate from technical institutes.
Comparing to the required training capacity described in the previous section training and education capacity of tourism related personnel in Egypt is summarized as following:

- Training capacity of management class and tour guide is sufficient in terms of number of student's graduate. Improvement of training curriculum and facilities as well as teaching staff to meet with actual ability required by the tourism industry.
- Training capacity for mid-management level in target type of work (accommodation and tourist establishment) is not enough. Expansion of training capacity in terms of both facilities and qualities of teaching method. Especially food and beverage and kitchen are not sufficient in terms of capacity of facilities and teaching staff.

2.2.3 Possible Answers

Tourism Service Improvement

Though Egypt is considered as one of the major international tourism destination the Middle East, the tourism services in Egypt is not vaulted highly except that of accommodation facilities, banks and passport / customs.
Especially cleanliness condition is vaulted as poor, and services of domestic air transport. Taxi, shops and the tour guides are vaulted as dissatisfactory. The services of restaurants, railways, car rental, bus and transport reservations, and hospitality of Egyptians are also not valuated highly. It is required to improve the quality of tourism services in conjunction with the capacity expansion, which meet the quantitative increase of foreign visitors.
The existing organizations for tourism related education and training have provided the personal to meet the increase of foreign tourist arrivals with an average rate of about 7% over the period from 1991 to 1998.
It is targeted that the number of international and Egyptian visitors will increase with an average annual growth rate of over 10% in future. The following answers have been identified in order to expand the training capacity and to improve the quality f personal to meet future rapid expansion of tourism industry:

- Improvement of training curriculum and facilities as well as teaching staff of faculty at university for the training of management class and tour guides.
- Improvement and expansion of capacity of the practical training for middle management class of accommodation and tourist establishment
- Expansion of existing training institutes and retraining of employees.
- Expand the education and training capacity other than formal full-time course. Refresher course, part time course, apprenticeship training with crediting system and so on. Provide wide range of training and education opportunity for all the level of personnel is quite effective for skill improvement.

Especially expansion of capacity of the practical training for middle management class personal is urgently necessary. Besides human resource development described above, the following issues are also identified in order to improve the quality of tourism services.

- Conduct of regular follow-up survey for a continuo approval and ranking of accommodation facilities including hotels and cruise ships by MOT.
- Tourism administration such as retraining system correspondence to the approval system of tour guide in each language.

- Enlightenment of the people to be hospitable in conjunction with the promotion of international tourism.
- Improvement of domestic transportation services including that of domestic air transportation in reservation and operation.
- Development, promotion and improvement of tourism related industry such as souvenir and restaurant industries.

2.3 Distribution of the Tourist Flow

2.3.1 Overview

Tourism Regions in Egypt

Egypt has 5 Tourism Regions and 13 Sub-regions according to tourism products and market conditions. The characteristics of each Tourism Region /Tourism Sub-region are as follows.

Cairo Region

Cairo Region is characterized as historical and urban tourism area. It consists of four sub-regions, namely, Cairo, Nile Delta, Faiyum and Suez Canal.

Cairo Sub-region: This Sub-region functions as a gateway of international visitors. Tourism in the sub-region is characterized historical/cultural/business tourism destination with variety of tourism resources such as ancient heritage (Pyramids of Giza, Saqqara and Dahshur), Coptic/Christian/Islamic heritages, various museums and city life. 1.3 million guest arrivals to hotel/accommodations in the Sub-region were counted the largest Sub-region in Egypt, and the average length of stay of international visitors was comparatively longer compared with other Sub-regions. Most of Arab visitors in Cairo are repeaters enjoying city life, staying much longer than other nationality groups.

Table 2.3 Characteristics of Cairo Sub-region

Number of hotel guests		1,317,015
Average length of stay of international visitors in 1994 (days	Arabian	14.8
	European	7.1
	North American	8.1
	Other countries	5.7
Share of bed nights by nationality (percent)	Arabian	16
	European	30
	Egyptian	13
	Other countries	41

Source: Egyptian Tourism in Figures

Nile Delta Sub-region: Nile Delta has some historical resources such as Monasteries of Wadi Natrun and rich scenery of fertile agricultural field of the delta. Those tourism resources are not well utilized for tourism products yet.

Faiyum Sub-region: This Sub-region has the largest oasis in Egypt, which is an expanded tourism destination from Cairo both for international and Egyptian visitors. There are various species of water birds around Lake Qarun and some historical resources, such as the ruins of Karanis and Meidum Pyramid. The number of hotel guests was about 84,000.

Suez Canal Sub-region: This Sub-region includes some accessible tourism destinations from Cairo, such as Suez Canal, city of Ismailia, and beach resorts in Ain Sukhna, which are attracting Egyptian and Arab visitors.

Nile Valley Region

The Nile Valley Region along the Nile River can be characterized as historical tourism area, which is the classic and matured area of Egyptian tourism. This Region is divided into two Sub-regions of Middle Nile and Upper Nile.

Middle Nile Sub-region: This Sub-region includes valuable archaeological sites, such as Tombs of Beni Hassan and Temples of Seti I and Rameses II. At present, security anxiety has been obstructing its progress as a main and independent destination for international visitors.

Upper Nile Sub-region: This Sub-region includes classic and representative destinations of Egyptian tourism, such as Luxor, Aswan and Abu Simbel. There are numerous archaeological sites including world heritage sites such as Karnak Temple, ancient Thebes and Necropolis on the West Bank of the Nile, which are mainly attracting international visitors. The landscape of the Nile River and riverine islands, and the Aswan High Dam are also main attractions. Visitors in this sub-region take sightseeing tours, so that the average length of stay in each destination is shorter than those of other destinations.

Table 2.4 Characteristics of Upper Nile Sub-region

Number of hotel guests			387,607
Average length of stay of international visitors in 1994 (days	Arabian	2.8	7.3
	European	4.9	2.9
	North American	2.8	2.3
	Other countries	1,8	1.6
Share of bed nights by nationality (percent)	Arabian	10	6
	European	35	32
	Egyptian	14	20
	Other countries	41	42

Source. Egyptian Tourism in Figures

Red Sea Region

The Red Sea Region consists of two Sub-regions, namely, South Sinai and the Red Sea. This Region is a marine resort area, which has newly grown as a main tourism destination in Egypt.

The Red Sea is a world famous destination for divers with its clear waters, colorful coral reefs and rare fishes. Other attractions include various kinds of water sports.

South Sinai Sub-region: This sub-region consists of the coast of Gulf of Aqaba and Gulf of Suez, and the desert and mountains of inland Sinai. The coast of Gulf of Aqaba is a marine resort area, which has newly grown as a main tourism destination in Egypt, mainly for European hokdaymakers and divers. Most of them are repeaters on package tour. Mt. Sinai is another main attraction for international visitors. There are beach resorts, such as Ras Sidr at the coast of Gulf of Suez, mainly attracting Egyptian and Arab visitors.

Table 2.5 Characteristics of South Sinai Sub-region

Number of hotel guests		966.427
Average length of stay of international visitors in 1994 (days	Arabian	5.6
	European	8.1
	North American	5.6
	Other countries	4.4
Share of bed nights by nationality (percent)	Arabian	1
	European	89
	Egyptian	9
	Other countries	1

Source: Egyptian Tourism in Figures

Red Sea Sub-region: The Red Sea is a world famous destination for divers with its clear waters, colorful coral reefs and rare fishes. In recent years, huge beach resort developments have been launched at the Red Sea coast, such as Al Gouna and Abu Soma, as new tourist centers, while Hurghada functions as the gateway of this region. The number of hotel guests was around one million in 1997, which was the second largest in Egypt following Cairo, and the volume is stable throughout the year. A majority of visitors are European holidaymakers. The average length of stay is longer compared with other destinations.

Table 2.6 Characteristics of Red Sea Sub-region

Number of hotel guests		743.832
Average length of stay of international visitors in 1994 (days	Arabian	4.5
	European	5.7
	North American	4.7
	Other countries	3.3
Share of bed nights by nationality (percent)	Arabian	3
	European	65
	Egyptian	23
	Other countries	9

Source. Egyptian Tourism in Figures

Mediterranean Region

The Mediterranean Region consists of three Sub-regions. This region is characterized as coastal resort tourism area.

Alexandria and Matruh.

North Sinai Sub-region: This Sub-region includes some beaches for Egyptian and Arab visitors. Lake Bardawil is a wetland for migrant birds.

Alexandria Sub-region: This Sub-region includes Alexandria City, which is a major recreational tourism destination for Egyptian and Arab holidaymakers with popular beaches and coastal row of buildings. There is good accessibility from Cairo by highway and railway. The volume of visitors is almost same as Luxor, but some of its historical sites are less attractive.

Table 2.7 Characteristics of Alexandria Sub-region

Number of hotel guests		393.255
Average length of stay of international visitors in 1994 (days	Arabian	13.3
	European	6.1
	North American	8.9
	Other countries	5.7
Share of bed nights by nationality (percent)	Arabian	16
	European	18
	Egyptian	53
	Other countries	13

Source. Egyptian Tourism in Figures

Matruh Sub-region: This Sub-region provides beach resorts that attract Egyptian and Arab holidaymakers. Recently, there has been rapid development of tourism villages in this region.

Desert and Oasis Region

This Region covers the Western Desert including the five main oases of Siwa, Bahariyya, Farafra, Kharga, and Dakhla. This Region can be characterized as adventure tourism/eco-tourism area, which is still immature but considered as a new alternative

tourism destination in Egypt. In recent years, the number of visitors has been increasing, though the volume is not yet large. Most of visitors are international visitors.
An overview of each tourism region is shown in Table 2.8.

Table 2.8 Overview of Tourism Regions

		History				Culture			Nature						Cruise					Market		
Tourism Region	Tourism Sub-region	Ancient	Coptic/Christian	Islamic	Modern Monuments	Folklore, Handicraft	City Life	Cultural Facilities	Marine Resort	River Resort	Lake Resort	Landscape	Spa	Fauna & Flora	River Cruise	Lake Cruise	Eco-tourism	Convention Tourism	Urban Tourism	Egyptian	Arabic	European & Others
Cairo	Cairo	●	●	○	○	○	●	●				○			●			●	●	■	■	■
	Nile Delta		○									○										
	Faiyum	○	○									○		○			○			□		□
	Suez Canal				○		○		○			○								■	■	
Nile Valley	Middle Nile	●								○					●							
	Upper Nile	●	○		●	○				●	○	●		○	●	○	○			□		■
Red Sea	South Sinai	○	●			○			●			●	○					○		□	□	■
	Red Sea								●									○		□	□	■
Mediterranean	North Sinai													○						■		
	Alexandria	●					●	●	●									○	●	■	■	
	Matruh																			■	■	
Desert & Oasis	Siwa	○										●	○	○			○					□
	Western Desert	○										●	○				○					□

Note: ● major products, ○ second products, ■ main target, □ second target

2.3.2 Major problems

Travel Pattern

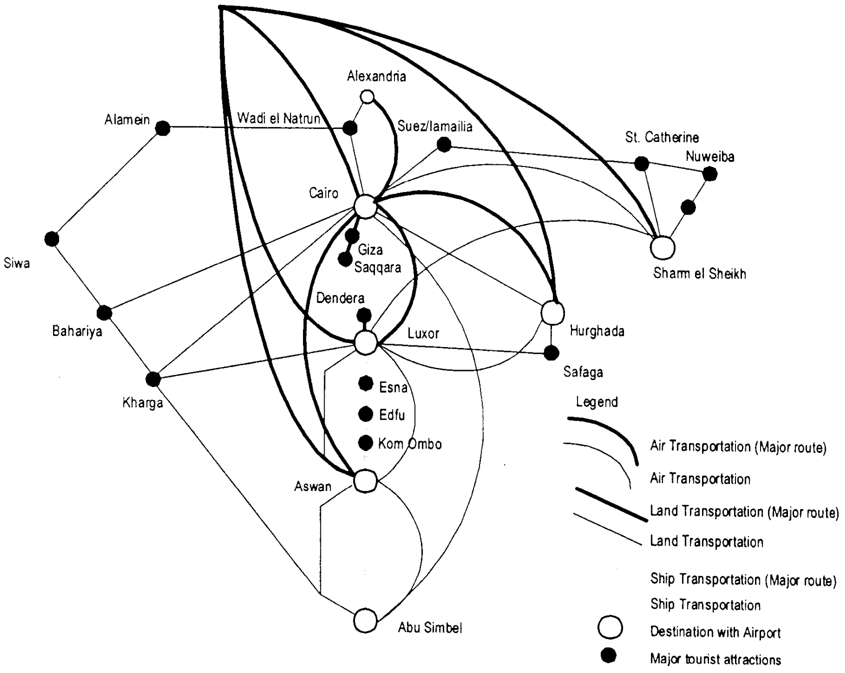
Figure 2.1 to Figure 2.3 shows the travel patterns of visitors of major origin, Italy, Germany, United Kingdom, France, the United States and Japan. These figures are prepared by the analyses of tour pamphlets; therefore travel patterns of free individual visitors are not reflected in the figures. And more, it has to be paid attention that it doesn't reflect the needs of visitors. But these it can show the characteristics of the travel patterns of each country's visitors.

Short haul visitors

Figure 2.1 shows the travel patterns of Italian and German visitor, which can be said short haul countries. They have the following characteristics.

- They enter into Egypt not only at Cairo Airport but also at Luxor, Aswan, Hurghada, Sharrn el Sheikh Airports.
- Nile River Cruise between Luxor to Aswan is a major product in the Upper Nile Sub-region. On the other side Lake Nasser Cruise is not a major product until now.
- Marine resort in South Sinai Sub-region and Red Sea Sub-region is booming.
- Safari & Oasis tour to the Western Desert has not developed enough yet. The access method is limited by only land transport from Cairo Sub-region and Upper Nile Sub-region now.
- Mediterranean Sub-region has not developed as tourist destination for short haul visitors.
- Except for the relation between Cairo Sub-region and Upper Ni]e Sub-region, Movements among Tourism Regions are limited.

Figure 2.1 Travel Pattern of Short Haul Visitors



Mid haul visitors

Figure 2.2 shows the travel pattern of UK and French visitors, which can be said mid haul countries. They have the following characteristics.

- A variety of travel patterns is not shown compared with short haul visitors. They have a few tour program to South Sinai and Red Sea;
- Cairo Airport has an important role as a gateway for visitors, especially for the visitors from UK. For French visitors Luxor Airport also has a role of a gateway;
- As same as short haul countries, Nile River Cruise between Luxor to Aswan is a major product in the Upper Nile Sub-region. On the other side Lake Nasser Cruise is not a major product until now; and
- West Desert, Mediterranean, and Red Sea Sub-region have not developed as tourist destination for middle haul visitors yet. Almost travel pattern run only north and south.

Long haul visitors

Figure 2.3 shows the travel pattern of the US and Japanese visitors, which can be said long haul countries. They have the following characteristics.

- Travel pattern is too simple and destinations are limited. Travel patterns which runs only north and south are seen more clearly than middle haul countries;
- Only Cairo Airport is the only gateway for visitors. They visit Cairo at first and then go to their destinations;
- Cairo Sub-region and Upper Nile Sub-region have developed as destinations for long haul visitors, and South Sinai Sub-region has a little developed. Otherwise other Sub-regions have not developed at all;
- In Upper Nile Sub-region, Nile River Cruise is the popular product for US visitors. Though it is not popular for Japanese visitors until now, it will be popular when Japanese Government permit Japanese tour agent to add it in their tour program.
- Almost methods of movements to another destinations are by airplane.

Figure 2.2 Travel Pattern of Mid Haul Visitors

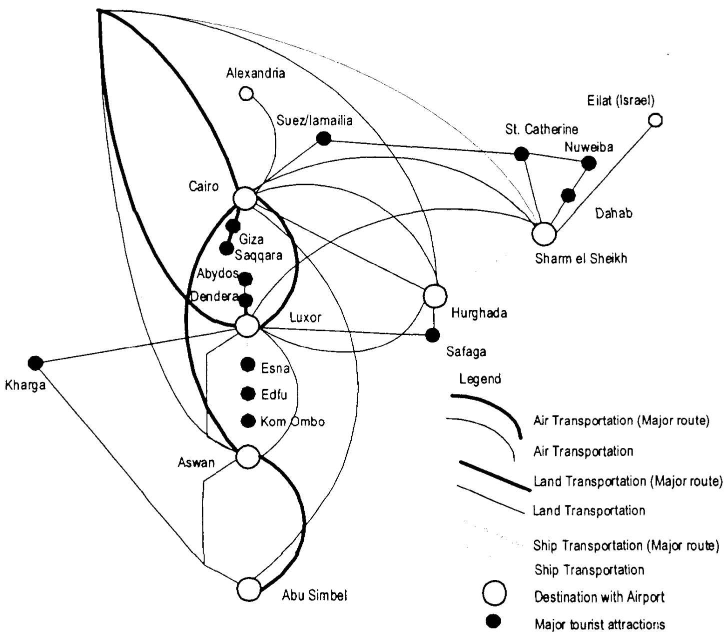
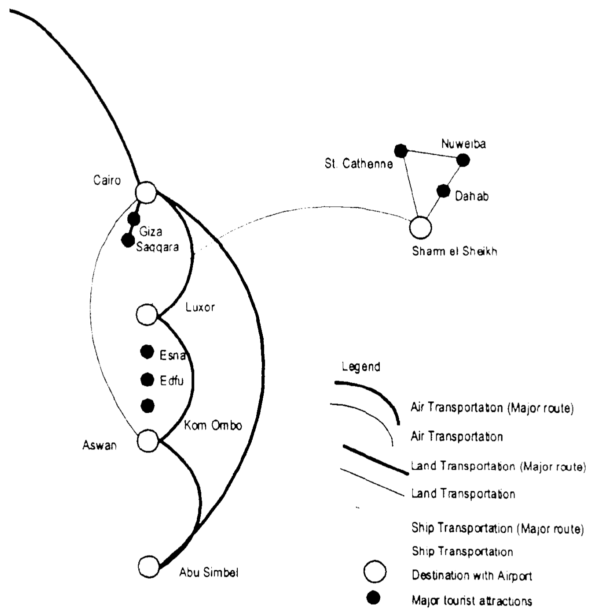


Figure 2.3 Travel Pattern of Long Haul Visitors



2.4 Distribution of Tourism Revenues

2.4.1 Overview

Foreign Exchange Earnings

Tourist expenditure of foreign and domestic tourists in 2012 is estimated to be LE 52,900 million, of which 93.6% and 6.4% are expenditure by international and domestic tourists respectively.

Contribution to Gross Domestic Product

The basic input for estimating the economic impact is tourist expenditure. Table 2.9 shows the estimated tourist expenditure by item in 2012.

Table 2.9 Tourist Expenditure Structure in 2012

Expenditure items	LE million	Share(%)	Remarks
Hotel expenses	17,625	33	Accommodation, food & beverage
Food & beverage outside hotel	5,875	11	
Shopping	9,614	18	
Entertainment	10,148	19	
Transportation & sightseeing	7,477	14	Excluding international transport
Others	2,671	5	
Total	53,410	100	

Note; Share of each expenditure item is referred to the results of Tourism Survey in 1994
Source: JICA Study 1999

Increase of Government Revenues

The contribution to state government revenues is another economic impact of tourism. Government receives revenues in the forms of income taxes on tourism enterprises and workers in the tourism sector, sales tax on tourism expenditures, and import duties on goods and services. Local tax is also imposed on the expenditure of tourists in hotels (2% for accommodation and food & beverage expenditure).

However, under Law No.8, the investment projects in Egypt including hotels and tourist transportation are granted tax holidays for corporate profit, personal income and taxes on dividends, and customs duties. For hotels and tourism projects, tax exemption incentives are given for 5 to 10 years.

TDA, as well as the state government, derives income from tourism in the form of current income by tourism projects. The income of TDA consists of the following incomes from the Integrated and Limited Projects in TDA areas:

- Land sale: US$ 1.00 per 1m^2
- land rent
- Service and activity income, such as A]location Expense (2 % of the gross value of land), Contract Expense (5% of the gross value of land), Preliminary Review Expense (0.1% of investment costs) and Review Expense of Executive (0.25% of investment cost)
- Interest income: 20% of the land price is paid in advance and the rest is paid in 7 equal installments after a 3-year grace period. Annual interest is 5% for the deferred part of the price.

In the 1998/99 fiscal year, TDA received LE 24 million as current activity income from those incomes and LE 15 million was transferred to the state government as surplus. Besides TDA, some authorities and government-owned companies also receive income from tourism activities. Entrance fees for museums and historical sites are collected by the Supreme Council of Antiquities, which amounted to LE 160 million in 1996.

2.4.2 Major problems

To identify major problems of revenue distribution existing conditions for each tourism Region as shown:

- Tourism resources: Geographic condition and characteristics of tourism resources.
- Development maturity: International tourist inflow and number of tourist accommodations;
- Tourism market: Origin of international tourists and distribution of hotel classes;
- Accessibility: International and local airports; and
- Consideration: Population problem, minority, natural and historical environments, and water resources.

<u>Tourism resources:</u>
The regions of Cairo, the Nile Valley and the Mediterranean have a lot of historical resources dating back from ancient Egypt, while urban amenities concentrate in Cairo and Alexandria. The Red Sea and Mediterranean Sea regions are rich in marine resources.

<u>Development maturity:</u>
The Red Sea region receives the highest number of tourist arrivals at 1,740 thousand; coming second was Cairo region at 1,317 thousand. Over the past fifteen years, the increase of tourist accommodation is extremely high in the Red Sea among the five regions Number of rooms increased by almost forty times from 1982 to 1997 at the Red Sea and only doubled for the same period in Cairo.

<u>Tourism market:</u>
Origin of tourists varies among regions. Cairo and the Nile Valley receive middle and long stay tourists from all over the world. In the Red Sea, European tourists share 76% of the total tourist arrivals. The Mediterranean region received domestic tourists and had 53% of total tourist arrivals.
Considering the classification of hotels, 5-star hotels have a share of 48% and 33.5% in Cairo and the Nile Valley regions respectively. On the other hand, 3-star hotels show the highest share in the Mediterranean region.

<u>Accessibility:</u>
Every region except the Desert and Oasis regions has international and domestic airports within the region. In the Desert and Oasis regions, there are three local airports serving scheduled flights.

2.4.3 Possible Answers

The following should be taken into consideration for the selection of priority area:

- Contribution of tourism to population varies from the Nile Valley to the remote areas; Awareness of minority groups such as Bedouins;
- Environmental conservation of marine resources in the Red Sea as well as historical resources in Cairo, the Nile Valley and Mediterranean regions; and
- Capacity of water resources and tourism development.

Designation of tourism development areas by MOT

In 1978 the Ministry of Tourism selected the priority development areas for the first time in the nation-wide tourism development. Thereafter, priority areas have been designated several times by MOT. The tourism potential areas, which have been designated in the latest development plans of MOT, are identified. The Nile Valley, the Red Sea Regions and Matruh Sub-region of Mediterranean region show high development potential in those plans.

Tourism development and infrastructure development

In the 1996 "Alternative Spatial Strategy for Tourism Development," MOT identified Cairo, Giza and Alexandria as "Major Touristic Centers" and Luxor, Aswan, Sharm El Sheik and Hurghada as "Active Touristic Centers." Seven airports such as Cairo, Luxor, Aswan, Sharm El Sheik and Hurghada have been designated as international gateways for tourism development now. The additional international airports in Marsa Alam, which is finished November 2001 by BOT scheme, will provide good accessibility(not officially opened yet).

Tourism accommodation development

Current accommodation establishments concentrate in Cairo including Giza, Upper Nile, the
Red Sea and South Sinai sub-regions, which amount to 19.8 - 18.1-31.7 and 27.1 thousand rooms respectively. These combined numbers account for about 80% of the total rooms in Egypt. In the meantime, the Red Sea is a most promising area under TDA Development.

The Ministry of Tourism is targeting the establishment of 315 thousand rooms of accommodation in long-term perspective in the Strategy of the Tourism Sector. Out of 315 thousand, 201 thousand has been allocated to the target in the Red Sea, followed by Upper Nile, South Sinai and Matruh. MOT has set target numbers of rooms in those sub-regions between 22 thousand and 26 thousand.

Development of such area will help to minimize regional disparities in the level of development and to get better distribution of tourist flow.

2.4.4 Main Actors

Development of such area will help to minimize regional disparities in the level of development and to get better distribution of tourist flow.

- Ministry of Tourism (MOT)
- Tourism Development Authority (TDA)
  (See previously details about both actors)

Chapter 3: To Make Tourism a Force of Protecting and Valorization of the Natural and Cultural Heritage

3.1 Protection of Cultural and Natural Heritage

3.1.1 Overview

The legislative and institutional framework related to environmental protection and environmental impact assessment (FIA) system for tourism development project in Egypt can be briefly summarized as follows.

National constitution
The Egyptian Constitution, which was promulgated on September 11, 1971 and modified in 1980, does not refer directly to the environment. However, it obligates the Government to protect the people's rights to a good living environment and to provide the Egyptian population with welfare services.

Decrees, laws and regulations

Decree No.631/1982
In 1982, Presidential Decree No.631/1982 established an environmental authority. This move demonstrated the government's recognition of the necessity of a cross-sectoral governmental authority in the field of environmental protection, and promoted environmental concerns to the level of national interest.

Law No.4/1994
In 1994, the Egyptian Government promulgated Public Law No.4 to strengthen environmental administration, protection and development activities in Egypt. This is Egypt's first modern and comprehensive law regulating the environment as a whole, including air, water, land, living creators and human activities.
In accordance with this law, the Egyptian Environmental Affairs Authority (EEAA) was established in 1994 as the competent authority in charge of environmental protection in Egypt, replacing the former Environmental Agency established by Presidential Decree No.631. This law calls for the establishment of an environmental protection fund and a system of incentives to encourage the protection of the environment.

Decree No.338/1995

Law No.4/1994 and its executive regulation (Decree no.338/1995) gives the EEAA full authority to implement the environmental impact assessment (EIA) of selected projects.

Others

Table 3.1 is a list of other laws, decrees and regulations related to environment in Egypt.

Table 3.1 List of other Environmental Laws, Decrees and Regulations

Laws, Decrees and Regulations	Contents
Decree No.8/1983	Protection of the Nile River & waterways against pollution
Decree No.108/1983	Implementing some provisions of Law No.102/1983 concerning natural reserves
Decree No.338/1995	The executive statutes of Law on Environment as enacted by Law No.4/1994
Decree No.349/1979	Establishment of Egyptian Organization for Wild Life Protection
Decree No.470/1971	Norms of atmospheric pollution in establishments and industrial subordinated units
Presidential Decree No. 93/1962	Concerning drainage of liquid wastes
Presidential Decree No.748/1957	Management of drinking operations
Ministerial Decree No. 649/1962	The executive regulations of Law No.93/1962 on the drainage of liquid waste
Law No.4/1984 (Article 28)	Prohibiting animal hunting
Law No.12/1984	Irrigation & water circulation
Law No.27/1978	General resources of water suitable for drinking & human use
Law No.48/1982	Re-protection of the River Nile & waterways against pollution
Law No.53/1966	Protection of birds and wild life (Article 3)
Law No.93/1962	Liquid wastes disposal
Law No.101/1985	Fund for environmental and tourism development
Law No.5711978	On elimination of pools and swamps and prevention of digging works

Source: Information and Decision Support Center, in 1999

Natural protectorates

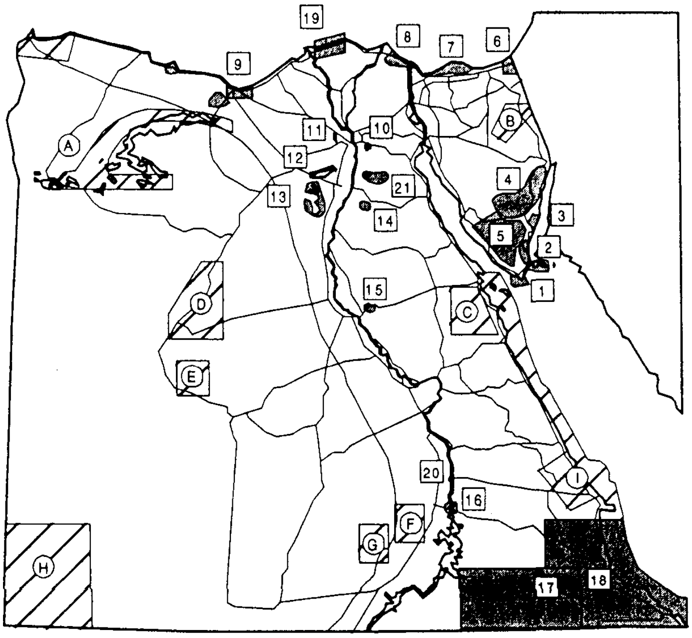
In 1982, the Egyptian Government enacted Law No.102 concerning the establishment and management of natural protectorates. At present, a total of 21 natural protectorates exist and 10 protectorates have been proposed nationwide.

Table 3.2 Existing Natural Protectorates and Proposed Natural Protectorates

	Existing Natural Protectorates		Proposed Natural Protectorates
1	Ras Mohamed National Park	A	El Magharra Protectorate
2	NABQ Protectorate	B	El Cosaiema Protectorates
3	Abu Galum Protectorate	C	Shaieb Albanat Protectorate
4	Taba Protectorate	D	E¼ Farafra Protectorate
5	St. Catherine Protectorate	E	El Dakhara Protectorate
6	Alahrash Protectorate	F	Karkar Protectorate
7	Zaranik Protectorate	G	Donkol Protectorate
8	Astum el Gamil Protectorate	H	El GaIf el Kabir Protectorate
9	Omayed Protectorate	I	Hamata Protectorate
10	El_Maadi Protectorate		
11	Hassana Dome National Monument		
12	Qarun Protectorate		
13	Wadi Alrayan Protectorate		
14	Wadi Sannur Cave		
15	Wadi Asyuty Protectorate		
16	Saluga Ghasal Protectorate		
17	Wadi Alaqi Protectorate		
18	Elba Protectorate		
19	Borollos Protectorate		
20	All Islands in Nile River		
21	Wadi Degla Protectorate		

Note: Marks before each name shows locations in Figure 3.1

Figure 3.1 Location of Natural Protectorates



Note:Figures and characters show name of Protectorate. Refer to 3.2
Source: EEAA in 2000

Environmental impact assessment system in Egypt

Legislative Background

Law No.4/1994 has formulated the official procedures of the EIA system in Egypt. An important aspect of the executive regulations is the new licensing requirement related to the EIA. The executive regulations provide a list of specific companies and establishments which has to obtain an environmental approval as part of the licensing procedures from the related administrative authority to carry out a project which might impact on the environment. The list includes industrial facilities, tourism projects, companies operating in the oil and gas sector, power generating facilities, mines and quarries, infrastructure projects and other projects which could have an impact on the environment. Also included in the list are all establishments or facilities to be constructed on the banks of the Nile River, its branches and canals; in tourist and historical monument areas; in high population density areas; on sea and lake shores, in protected areas, etc.

The Egyptian Environmental Affairs Authority (EEAA) has prepared guidelines on the EIA procedure. Establishments and projects that are required to conduct the EIA are listed in the guidelines as well. As for the coastal area, the EEAA prepared the "Environmental Guidelines for Development in the Coastal Areas" in 1996, the "Environmental Impact Assessment, Guidelines for Development of Ports, Harbors and Marines", etc.

- Review and evaluation of the EIA of private projects submitted to TDA for approval, together with EEAA;
- Environmental awareness program for investors (conferences, publications, discussions, etc.), in cooperation with EEAA; and
- Flood studies and protection works in Gulf of Aqaba (South of Sinai) and the Red Sea Region to help the investors in the development process.

3.1.2 Major Problems

Solid waste

In the tourism areas and historical spots, solid waste is primarily collected using handcarts. Although relatively well managed, an accumulation of solid waste has been observed in those areas, including residential areas.

In the desert, light domestic waste, such as plastic bags, are scattered by the wind and get hooked on shrubs or accumulate in the hollows of a "Wadi". Open burning of solid waste is often practiced in the desert and other places, and this could generate toxic chemical substances, such as PCDDs (Polychlorinated-dibenzo-para-dioxins).

In addition to the domestic waste, industrial waste and construction debris are disposed of and dumped in development areas and the surrounding desert.

Generally, solid wastes from residential areas, industrial facilities, hotels and resorts are managed according to the area where they are generated. To comply with the Environmental Law No.4/1994, most industries are taking some measures to set up solid waste treatment facilities.

A number of private companies have been contracted to collect domestic solid waste. As primary collection, several private individuals collect waste by the use of handcarts. Domestic waste is then sorted, and recyclable waste is segregated. Packaging materials are sold to dealers for further processing and recycling. After sorting, most of the remaining waste is fed to animals.

The Central Government is encouraging the local governorates to set up post-treatment facilities for solid waste. The Government has committed to set up *50* composting plants so far and 30 of them have been constructed in Upper Egypt. The designed treatment capacity of each plant is about 500 tons/day.

Fluctuation of ground water level

In Luxor and Aswan, the rising of ground water level has grown remarkable in recent years. This is a potential environmental hazard from the viewpoint of conserving the ruins and historical assets, and the ecosystem in Luxor and Aswan.

Air pollution

Many large- and middle-sized buses for tourist transportation and travel are operated in the tourism areas and historical spots. Taxicabs are also available but most of them are old models. An increase of visitors will result in the increased use of public transportation, which in turn will raise the level of gas emission, including NO~, SO~, SPM (suspended particulate matter), etc., thereby worsening the quality of the surrounding air.

Most of the ruins and other historical assets are situated in an open environment, without any roof or walls. Consequently, they are directly affected by the negative impacts brought about by the emitted gases and vibrations from vehicular traffic. In addition, there is the natural erosion of ruins and assets, which is caused by wind, humidity, temperature, solar radiation, etc.

Leaded fuel is still used in Egypt. However, the Study Team has observed during one of their field trips a campaign for use of unleaded fuel at a gasoline station. In due course, a positive policy and trend is expected to emerge on the use of unleaded fuel, taking into account the health of the people and the protection of the environment.

Water pollution

According to officials in Aswan and Luxor, a trickling filter and oxidation pond comprise the major wastewater treatment plant in these governorates. Initial observations indicate that the degree of water turbidity of the Nile River along the tourism areas of Luxor and

Aswan is relatively low. No offensive odor is identified from the Nile River along these areas. However, some solid waste and water hyacinth are observed floating on the river around an anchorage for boats. It might be assumed that the water quality in those areas would have high concentrations of BOD (biochemical oxygen demand) load.
On the one hand, in the Red Sea coastal area, some resort hotels operate their own seawater desalination plant for their water consumption, and a wastewater treatment plant for their sewage water. The treated wastewater is then utilized for various purposes, including agricultural use and golf course maintenance, and the treated sludge is used as soil conditioner. However, operation of these activities on a large scale is a potential threat to the ecological balance of the surrounding environment.

Biodata
Red Sea is one of the richest coral habitats on earth, and it has a very diverse ecosystem, especially cyanophyceae, tropical fishes and others. According to a group of scientists at Duke University and others (New Scientist, l, July 1999, UK), the drought in the Sahara Desert has increased the amount of dust in the air, and the dust has scattered all over the world, often serving as the vector of some viruses and fungi which can damage corals (Press release).
Several natural communities of mangrove forest are observed in the surrounding areas of Marsa Alam and the southern part of Sinai Peninsula.
In addition to the coastal area, unique and diverse fauna and flora in the desert area have been reported by a number of publications. As a matter of fact, several interesting birds, lizards, insects, shrub trees and plants have been identified in and around the Wadi' area of the desert.
Generally, the increase in population of divers and visitors, and in construction of tourism facilities would easily bring negative impacts on the marine and desert biota if there were no suitable and appropriate countermeasures for preserving them.

3.2 Impact of Transport

3.2.1 Overview

Major Transportation Mode for International Visitor

Air transportation and ship transportation in the Nile River have important role in visitor’s movement. They run north and south of Egypt, while land transportation has limited role of connecting destinations east and west.

Air transportation
Though there are 18 is classified in 3 kinds of airport (Prime / major international airport, Secondary / other international airport and Domestic airport) by Egyptian Civil Aviation Authority, 14 airports were being operated in 1997 according to its annual statistical report.
In 1997, there were around 73,000 international flights and they carried 8.4 million air passengers from and to Egypt. The counted international air passengers were almost shared by 3.96 million international visitor’s arrivals (7.92 million passenger demands) in the year.
Non-scheduled flights carried 2.64 million passengers, which are one third of passenger demands of total international visitors to Egypt. Scheduled flights carried remaining 5.28 million passenger demands of international visitors to Egypt.

Almost of international flights used the 6 major international flights of Cairo, Alexandria, Hurghada, Luxor, Aswan and Sharm el Sheikh. Around 90% of scheduled international flights used Cairo, Hurghada, Luxor and Sharm el Sheikh international Airports.

Domestic flights and air passengers were also concentrated to the 6 major international airports and Abu Simbel airport.

The Cairo Airport managed and operated by Cairo Airport Authority has been the hub airport Egypt since it opened in 1963. The number of domestic and international passengers who used the airport in 1997 reached 7.73 million or 56% of the total passengers in Egypt. In addition, the number of arrival and departure flights both domestic and international was approximately 93,600. It is the largest airport in the Middle East and has three 3,000 to 4,000 meter runways for international flights and four runways which could accommodate A-300 class airplanes for domestic flights. The airport is not only used for civil aviation. But also for military purpose.

In consideration of the increasing number of visitors in the future, the government is also planning to expand existing airports and build new airports. The government is also planning to expand and build these airports by BOT scheme. Currently 6 new airports are planned and four of them have already been under construction. The other two are looking for investors. In the future additional two airports will be built along the Red Sea by BOT scheme.

- Four airport projects under construction by BOT: Marsa Alam (Red Sea), Farafra (Western Desert), Bahariya (Western Desert, El Alamein (Mediterranean).
- Two airport projects announced by BOT: Ras Sudr (Red Sea), Ain Sukhna (Red Sea)
- Two future airport projects scheduled by BOT (Red Sea), Halaib (Red Sea)

Road Transportation

Road transportation is not used for long distance transportation for international group visitors. Almost road transportation need for them is intra-city transportation and inter-city transportation, which has not a long distance for international visitors.

Generally road condition in Egypt is good, In 1992, Egypt’s inter-city road network was approximately 14,028 Km, of which 1,319 Km, belonged to local governments, and the rest were under the jurisdiction of the Road and bridge authority (RBA). A majority (87%) of inter-city highways was characterized as two – way, two – lane, of which 40% were sub-standard with less than 7.5m widths; 12% and 1% were four – lane and six – lane divided highway respectively. The pavement condition of about 16% of the road network was poor, while 84% was in fair to excellent condition. The condition of the shoulder pavement was poorer than the driveway condition. The condition; 56% was unpaved while 44% was paved, of which only 31% was in good condition.

But traffic congestion occurs in large cities such as Cairo, Alexandria. The shortage of parking space is one of reasons why such traffic congestion’s occurring. Some improvements such as developments of parking spaces and bypass road are required.

When visitors travel from Cairo to Saqqara and from Luxor to Dendera, they are seldom caught in a jam because of narrow road width. In such roads upgrading is needed in accordance with the increase of visitor arrivals. In Red Sea region, in which a large scale of accommodation development is planned, improvement and upgrading are also need in accordance with the increase of visitor arrivals. In the Red Sea Region, in which a large scale of accommodation development is planned, improvement and upgrading are also needed in accordance with the increase of visitor arrivals.

For international independent visitors, long distance but network can offer a good transportation method. It has services network where train transportation has not service such as Western Desert, Eastern Desert and Sinai Peninsula. Although it takes much time compared with another transportation mode such as air transportation, it costs very low.

But for international visitor, it is difficult to use the bus network because of limited information. In accordance with the diversification of tourist products, such a situation has to be resolved.

Railway Transportation

The railway network of Egyptian National Railway (ENR) consists of 43 lines / segments. Total length of lines is approximately 4,401 Km, including 19Km and 1,320 Km of four – track and double – track lines respectively. More than 30% of the lines / segments have been developed as double or four – track lines.

Though train transportation has not developed as transportation mode for international group visitors, express trains and limited express trains, which connect Cairo to Aswan and Cairo to Alexandria, are useful for international indenpent visitors. It costs mush cheaper than air transportation and passenger can enjoy the scenery seen from train windows although it takes more time than air transportation. Wagons lit Egypt, which is foreign owned company, runs limited express train with sleeping cars between Cairo to Aswan.

In general it is difficult to reserve seat or bed of these trains. Information about them is limited and reservation system has not developed enough yet. And more cities in Middle Nile such as Asyut had security problem before.

In order to develop train transportation mode for international visitors, such issues have to be proved.

3.2.2 Major Problems

Transportation network is generally identified one of most important tourism infrastructure, which can be called basic tourism infrastructure such as foods, accommodation and transportation. The expansion of capacities on each transportation facilities and upgrading of transportation service are indispensable measures to release the national tourism development target in 2012.

Airports Development

Developments and expansion of airport facilities have to be implemented to cater a dramatically increasing international; tourist. Details are described below:

- The target of 15 million international visitor arrivals, which is planned by MOT, will require around 500 international flights with more than 120,000 passengers per day. Increases of the capacity of Cairo Airport, Luxor Airport, Aswan airport, Sharm El Sheikh Airport Hurghada Airport are needed in the future.
- Especially more than 65% of total accommodation are distributed in the Red Region, as indicated in the strategy of the tourism sector by MOT. It will generate more than 400 international flights with over 100,000 passenger
- Cairo Airport will continue to work as the only gateway for most of international visitors. The Construction of the third terminal should be implemented in accordance with the development plans.
- Extension of the terminal building at Luxor Airport should be implemented in accordance with the development plan. Though airport facilities at Aswan Airport are new and have enough capacity, a separation of military use has to be considered in the future.

- International visitors will visit more than one Tourism Regions, which will also require a appropriate domestic air transport services and terminal facilities development until target year of 2012.

provide and improve accessibility of destinations and to utilize potential tourism resources. Especially the traffic congestion in Cairo, the most important gateway in Egypt, should be solved. And more, because accommodation development in Red Sea and South Sinai will bring about traffic congestions in city area, developments of bypass road and improvements of junction will be needed there in the future.
When international visitors move to destination by tourist bus they have to form a convoy for security. Social stability and appropriate security measures will be required to realize the national tourism development target.

Railway Transportation

At present, railway could not take major transport function for international visitors for the following reasons,

- Coach train is not so clean and not appropriate for international visitors;
- Security problem in Middle Nile (Asyut);
- Train operation is not so frequent and not clear; and
- Seat reservation system is not appropriately easy for international visitor.

Impact on Cultural Sides

Illegal settlements and minority races have been identified in Egypt. Among them are approximately 13 clans of typical nomads called Bedouin found in the Sinai Peninsula and in Red Sea. They have a unique culture, lifestyle, land ownership, and traditional concept of land use, among other things. From the viewpoint of anthropology, it can be considered that there are several territories among the clans without any physical border lines in the Sinai and other areas of Egypt.
Considering that the Bedouin themselves have the potential as tourism resource, any tourism development plan should include special attention and consideration to mitigate any negative impacts on their lives. For example, Accommodation development in South Sinai caused the down of ground water level, and Bedouin peoples are suffering from water shortage. Additionally, even if there were no physical settlement found in a proposed area for tourism development, the necessary study and survey on the Bedouin should be carried out in accordance with social environmental consideration before the implementation of a specific project. On the other hand, the developments of tourism accommodations enable Bedouin people to be employed as ~guards of hotels. and they can get money.
Therefore, a tourism development project shall be planned and designed to mitigate possible negative impacts on these settlements and minority groups.

Possible Answers

Tourism in Egypt consists of historical tourism utilizing historical and cultural resources along the Nile River, and natural tourism utilizing marine resources at the Red Sea and the Mediterranean Sea, and inland resources of desert and oasis, and urban tourism in Cairo and Alexandria. The environmental conservation and management system as below should be established in order to sustain the tourism development utilizing these resources, to preserve the world and national heritages, and to maintain the balance of preservation and utilization of the historical and natural heritages.

- Reinforcement of zoning system and management system for the preservation and restoration of historical heritages and for the conservation of historical climate around the heritages;

- Reinforcement of zoning system for the conservation of coastal, terrestrial and freshwater environment executed by the environment related agencies
- Establishment of conservation and management system for each natural resource; and
- Reinforcement of EIA enforcement system and its appropriate operation in order to prevent any negative impacts on natural resources, historical heritages and local communities and to promote sustainable and harmonized tourism developments.

3.2.4 Main Actors

Egyptian Environmental Affairs Authority (EEAA): As mentioned above, Law 4/1994 and Decree No.338/1995 have given the EEAA full authority to implement the EIA. Under the Executive Director (Vice Chairman) of the EEAA, this authority consists of the following two sectors:

- Environmental Quality Sector, and
- Environmental Management Sector.

In the Environmental Management Sector, there is the Central Directorate of EIA that has all the responsibility for appraisal of EIA in Egypt.

Environmental Department in TDA: According to Law No.4/1994, all new projects or extensions of existing projects are required to prepare and submit an EIA report, together with an application to the licensing authority, such as Tourism Development Authority or other authorities, ministries and government entities.

The Ministry of Industry, Ministry of Agriculture, General Authority of Investment, General Authority for Agricultural Development, and others, which deal with large- scale projects, have an environmental affairs related office or department to enforce EIA studies.

The office or directorate refers potential investors and developers to the Central Directorate of EIA in the EEAA to conduct the EIA study before they obtain the approval for their project.

The EEAA works closely with the Tourism Development Authority (TDA), developers and design professionals at the conceptual stage of each new tourism development in order to influence and provide technical inputs to design and environmental protection measures.