

The Challenges of Tourism in the Mediterranean Region

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The Arab revolutions have badly hit the tourism sector of Southern and Eastern Mediterranean Countries (SEMCs)¹, which have all met with declining arrivals – over 20% in losses on average for the entire sub-region.² These unprecedented protest movements, combined with other, highly worrisome regional episodes (the terrorist attack in Mراكهش, war in Libya, the Syrian crisis) have alarmed European tourists, many of whom have retreated to the north shore of the Mediterranean for their holidays. The persistence of trouble in the Middle East and the uncertainties regarding the capacity of the new Egyptian, Tunisian and Libyan governments to ensure a democratic transition may cause tourists to continue to avoid South Mediterranean destinations. In countries where tourism accounts on average for 10% of both the GDP and employment, this crisis seems highly dangerous and makes the recovery of tourist levels an economic priority of the first order.

Yet the recovery of tourism activity is not an end in itself. The revolutions have revealed structural shortcomings in the tourism sector, weakened by years of inadequate governance and incapable of offering renewed development opportunities in the spheres of employment and investment. Although

growth in tourist arrivals had reached a high in recent years, it is the tourism model itself that was called into question by the revolution. The predominance of mass seaside tourism, dependence on the European market and territorial tourism development imbalances constitute the weak points of poorly balanced South Mediterranean tourism. At a time when the majority of SEMCs are undertaking processes of democratisation, said weaknesses represent the key sectoral challenges these countries are facing.

The Weight of Tourism in SEMC Economies

With nearly 300 million international arrivals in 2010, i.e., approximately a third of the total international tourist flow worldwide, the Mediterranean is the world's premiere tourist region. Due to the presence of the tourism giants of the north shore (France, Spain and Italy), the SEMCs account for only a small percentage of the total (50 million). On the other hand, their position in regional tourism is significant on the level of growth. From 2005 to 2010, these countries experienced an average annual growth in number of arrivals of 8%. In comparison, European Mediterranean countries not including Turkey registered an average growth rate of 1% for the same period. The South has emerged in the 2000s as the main area of tourism growth in the Mediterranean Region (see Table 8).

The level of tourism development in the SEMCs remains highly uneven. On the South Mediterranean there are both major tourist countries for which tourism has long been a strategic sector (Tunisia, Mo-

¹ Where SEMC stands for the ensemble of non-European countries along the Mediterranean shoreline, not including Turkey, i.e. Morocco, Algeria, Tunisia, Libya, Egypt, Jordan, Israel, Palestinian Territories, Lebanon and Syria.

² Source: Data from *UNWTO World Tourism Barometer*, Volume 10, January 2012. Calculations by the author.

TABLE 8

The Tourism Sector in the Southern and Eastern Mediterranean Countries (SEMCs)

	International Arrivals ¹ (in thousands)		International Tourism Revenue ¹ (in millions of dollars)				Jobs in the Tourism Sector ² (in thousands, 2010)		Tourism Losses ¹ in 2011	
	2005	2010	AAGR 2005-2010		2005	2010	AAGR 2005-2010		Drop in Arrivals in 2011	Drop in Tourism Revenue in 2011
			2005-2010	2005-2010			Number of Direct Jobs	Number of Indirect Jobs		
Algeria	1,443	1,912	5.79	477	n/a	n/a	354	698	n/a	n/a
Egypt	8,608	14,051	10.3	7,206	12,528	11.7	1,677	3,683	-33.2	-25.7
Jordan	3,200	4,557	7.33	2,004	3,413	11.24	130	321	-15.7	-17.7
Israel	1,916	2,803	7.91	3,427	4,768	6.83	85	259	0.6	n/a
Lebanon	1,140	2,168	13.72	5,531	8,012	7.69	119	426	-24.4	n/a
Libya	n/a	34	n/a	250	60	n/a	27	51	n/a	n/a
Morocco	6,077	9,288	8.85	4,610	6,720	7.83	815	1,806	1.6	4.6
Syria	5,859	8,546	7.84	1,944	6,190	24.92	305	772	-40.7	n/a
Tunisia	6,378	6,902	1.59	2,143	2,645	4.3	256	531	-30.7	-50.7
Palestinian Territories	88	522	n/a	119	522	n/a	n/a	n/a	-11.7	n/a
Total	34,709	50,783	7.91%	27,711	44,858	10.60%	3,768	8,547	-22%	n/a

¹ UN World Tourism Organisation (UNWTO); ² World Travel and Tourism Company (WTTC) and TSA Research (Tourism Satellite Account). AAGR: Average Annual Growth Rate. n/a: not available.

rocco, Egypt and Jordan) and countries closed to tourism (Algeria and Libya). Tourist affluence to countries of the Middle East (Syria, Lebanon, Israel and Palestinian Territories) varies in alternating cycles according to the political crises striking the region, although the general trend is towards growth in the ensemble of these countries. In the 2005-2010 period, it was Morocco, Egypt and Jordan that took the lead in the SEMCs with an average annual growth rate (AAGR) of over 9% in arrivals and over 10% in international tourism revenues. Tunisia, the pioneer of tourism development on the South Mediterranean, has become the country with the poorest performance in the region.

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South Mediterranean tourism is characterised by strong dependence on European flows, which on average account for 60% of international arrivals. These flows nurture an economy that represents an important source of employment and investment,

whether tourism is the object of economic strategies or not. On the eve of the Arab Spring, the sector accounted for 3.8 million direct jobs in the SEMCs, i.e. 7% of total jobs, and 8.5 million indirect jobs, i.e. 15% of total jobs.³ By entailing a drastic fall in tourism activity in the region, the revolutions have endangered one of the most dynamic and strategic economies on the South shore.

The Impact of the Arab Revolutions on Tourism

Considering the cross-cutting nature of economic activity in the tourism sector and its spillover effects on other sectors, the impact of the Arab Spring on South Mediterranean tourism is difficult to evaluate with precision. Nevertheless, the first quantification of declining arrivals and tourism revenues in 2011 suggests the magnitude of losses related to the revolutions. The two revolutionary countries, Tunisia and Egypt, registered a fall in international arrivals of 31% and 33% over 2010, and a drop in international tourism revenues of 51% and 26%, respectively. The Middle East felt the consequences of the Egyptian revolution and the Syrian crisis, with a drop in international arrivals of 41% in Syria, 24% in Lebanon and 16% in Jordan. Israel and Morocco are the only SEMCs having continued to experience growth of international arrivals, though much slower (0.6% and 1.6%, respectively).

³ Source: TSA Research, World Travel and Tourism Company (WTTC).

Apart from the shortage of financial resources they have caused, these losses have also entailed the destruction of thousands of jobs. In the short term, one of the effects of the Arab Spring has been to aggravate the socio-economic situation that motivated it. But the profound impact of these events will be measured by the recovery of tourism in the countries having undergone revolution. In this regard, it seems that resumption of tourism activity in the South will depend more on attitudes on the North shore than measures taken on the South shore, despite the fact that countries having experienced uprisings have not only taken the necessary actions, such as stepping up security in tourist areas and organising public relations campaigns aiming to reassure European tourists, but above all, no hostile acts were registered against tourists during the high season following the revolutions. The hesitation of both tour operators and individual tourists to return to the South shore can most likely be ascribed to the fact that the Arab revolutions, rather than having aroused the empathy and goodwill of European countries, were quickly relegated to the debate on the Islamist threat that supposedly hangs over the Arab world. The global economic crisis and the victory of Islamist parties at Tunisian, Moroccan and Egyptian elections have fuelled a certain distrust of the South, strongly fostered by the European media and by certain local events, such as the kidnapping of tourists in the Sinai in the winter of 2012. The impact of the revolutions on the collective imagination makes the recovery of confidence one of the greatest challenges of the transition.

The Role of the Revolutions in Revealing Shortcomings in the Tourism Model

Well before the revolutions, numerous sectoral analyses had concluded that South Mediterranean tourism had structural defects. Despite the heterogeneity of situations and levels of tourism development in the SEMCs, all of them have a comparable shortcoming: the low diversity of the tourism offer. This shortcoming, which concerns the nature of the supply (types and ranges of products) as well as its geographical distribution, is associated not only with the form of tourism that has been fostered in these

countries, but also the way in which their tourist territories have been structured.

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After decolonisation, the majority of the SEMCs placed tourism at the service of an economic development strategy. In the context of the rise of international tourism in the 1970s, their goal was to foster the creation of jobs in the service sector and attract more foreign currency and investments on their territory. This macroeconomic approach determined the development model for tourism in these countries, whereby priority was given to the creation of major tourist resorts, the range of seaside resorts and marketing via package tours. The orientation towards mass tourism has been a success for countries following that programme, insofar as it has allowed them to capture significant market share in European seaside tourism, as well as contributed to the socioeconomic development of vast coastal regions (the Tunisian Sahel, Agadir, the Red Sea, etc.). Yet the creation of such a specialised supply has likewise entailed negative consequences on the structural level. First of all, the strong seasonality of tourism has resulted in the casualisation of labour, low returns on investments and difficulty in developing real tourism industries (training, expansion of services offered). Secondly, given the absence of differentiation, regional competition has led to a price war between South Mediterranean destinations, which, under pressure from tour operators, seek to continually decrease the sales price of seaside stays. Finally, the products corresponding to this type of tourism are proving increasingly out of step with the evolution of international tourism, where the demand for authenticity is progressively taking the lead over stays at "tourism enclaves."⁴ This lack of adaptation to the times has

⁴ The term "tourism enclave" designates self-contained spaces such as certain hotel-clubs, which are under surveillance in a secure environment and dedicated exclusively to tourists and the employees serving them. Cf. FREITAG TILMAN G. "Enclave Tourism Development: For Whom the Benefits Roll?", *Annals of Tourism Research* 21, 538-554 (1994).

ended up limiting performance and growth potential in the tourism sector (fall in product quality, rise in tourist drain to other destinations, etc.).

The territorial structure of South Mediterranean tourism is likewise problematic. The polarisation of tourism activity in coastal areas has but aggravated the development imbalances to the detriment of the hinterland. Moreover, the need to attract European clientele has led South Mediterranean countries to lend priority to a framework based on “points of entry” to their tourism areas, in which airport development has played a key role. South Mediterranean tourism has been built around major centres dedicated to sedentary tourism (Marrakesh, Djerba, Sharm el-Sheikh), which for a long time attracted nearly all tourist flows and investments. This circumscription of activity, limited to several major destinations, has not allowed countries to take advantage of tourism’s territorial planning function, for in the absence of an integrated offer on the national level, the interstices between major centres of tourism and the hinterland have remained poorly planned areas, unconnected to tourist routes and therefore powerless to attract them. With rare exceptions, the SEMCs have not implemented policies of restructuring, segmentation or upscaling that would allow them to step up their attractiveness for tourism. Recent political changes, however, will certainly give them the opportunity to adopt new strategies.

What Kind of Tourism after the Arab Revolutions?

The crisis of the Arab Spring has revealed the obsolescence of tourism models based on both social authoritarianism and a disconnected territorial offer, where tourists are not faced with the socioeconomic and political conditions experienced by the local populations. The liberalisation of social and cultural forces of South Mediterranean Countries would indicate that this model will not survive the process of democratisation. The main challenge facing the SEMCs in the tourism sector thus resides in the capacity that these countries will have of coupling democratic transition with transition in tourism.

The tourism transition of the SEMCs entails, first and foremost, the transformation and modernisation

of their tourism economy. If we work with the hypothesis that democratic transitions foster economic liberalisation and the adoption of major macroeconomic reforms,⁵ then the Arab revolutions open highly positive perspectives for the advent of sustainable tourism development in these countries in the medium and long terms. This change requires recasting tourism governance, banishing anticompetitive practices (corruption, nepotism) and improving influence sharing among the actors of tourism development (the private and public sectors, civil society, local populations). In certain configurations (in Tunisia and Morocco, for instance), administrative decentralisation can constitute a priority goal. Further liberalisation of certain strategic sectors seems likewise essential. This is the case in particular with air transport, whose deregulation has become indispensable to the increase in tourism flows due to the rise of low-cost transport in the world. The experience of Morocco, which signed an Open Sky agreement with the European Union in 2006, has proven a model of success.

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The desire for emancipation expressed by the middle classes through the revolutions probably reflects the capacity of these populations to enter the leisure society. This is why democratic transition renders the development of domestic tourism in these countries inevitable. This development would allow them to stabilise and consolidate their tourism economy, for domestic tourism, less sensitive to endogenous or exogenous crises, is much less volatile than international tourism. Domestic flows are better distributed over time (less seasonality) and space (return of city dwellers to their regions of origin), and national tourists are generally strong consumers of the local offer, to which they have easier access (language, culture, word of mouth). Moreover, domestic tourism serves the national project insofar as it fos-

⁵ On this topic, see GALAL Ahmed and REIFFERS Jean-Louis (eds.). *Towards a New Med Region: Achieving Fundamental Transitions*, FEMISE Report on the Euro-Mediterranean Partnership, October 2011.

ters the appropriation of tourist areas by local populations, attenuating the tensions associated with occupation of the land by foreign tourism. The same arguments can be used regarding fostering South-South tourism, which would allow diversification of flows and stronger sub-regional integration, in particular in the Maghreb, where millions of Algerian and Libyan tourists already spend their holidays in Tunisia.

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Finally, the social and economic urgency arising from the Arab Spring and the need to support job creation at any cost could relegate the environmental issues of tourism development to the background. However, ecological constraint remains imperative in these countries, where mass tourism has a serious impact on the environment, in particular along the coast (waste, concreting, overconsumption of water resources, threatened ecosystems). Moreover, in the next century, climate change will have grave consequences in the Mediterranean Basin, with a significant rise in temperatures, a fall in precipitation and a rise in sea level. These developments will influence the location and volume of tourist flows, as the

heat waves become more frequent and water resources dwindle, in particular in Egypt and Libya. Under such conditions, the use of green technologies for adaptation to climate change can hardly be avoided in the SEMCs. But in the midst of this crisis in tourism investment, priority short-term issues may limit the capacity of policymakers to opt for these often costly prevention strategies.

Conclusion

The situation arising from the Arab Spring calls for South Mediterranean Countries to develop innovative sectoral strategies aiming to diversify investment, the product range and jobs in tourism, and to better segment their tourism market. Unless unrest and inaction prevail, the fall of the autocratic regimes should signal the opportunity for new governments to upgrade and democratise the tourism sector in their countries by fostering the implementation of good institutional practices and allowing all actors (private and public sectors, local populations and civil society) to make their voices heard and defend their interests. Considering the demands made by Arab populations and the delicate nature of structural changes to be undertaken, it seems that only this type of orientation, based on consensus and appropriation, would allow tourism development to accompany democratic transitions in these countries and vice-versa.