



## The Gulf's Booming Tourism Sector

by *Hassan Al Ibrahim*

*It might be key to the region's economic diversification*

**M**uch has changed in the two years since Qatar applied to host the official 2017 World Tourism Day celebrations, which will be held this year under the theme of “Sustainable Tourism – a Tool for Development.” The bid was made in late 2015, when a new economic reality based on sustainable tourism was first being formed in the Gulf, even though its features were not quite clear. This year, with the celebrations upon us, this theme could not be more fitting for Qatar and its neighbors.

### Tourism's growing importance

The Gulf Cooperation Council (GCC) states' active pursuit of sustainable revenue sources began with the advent of the new millennium—these countries knew long before then that they

needed to diversify their economies and invest more in education, health, real estate, transport and media. Tourism only emerged as a priority sector when it proved its resilience in the face of the global economic shockwaves that began in 2008. Today, Gulf countries are competing as fiercely as any other traditional destination for more than one billion tourists who are traveling in search of something new and authentic.

Gulf states have also recognized that tourism is a way of achieving social and cultural sustainability. In particular, tourism provides a way for us to celebrate and perpetuate our culture, and it helps build bridges of understanding in a world that is plagued by misperceptions. If that sounds too idealistic, consider the UNWTO's World Tourism Barometer in 2016, which showed a 3.9 percent growth in international tourist arrivals in a year when security fears worldwide rose dramatically.

Dubai has seen the most success with regards to tourism, nearly crossing the 15 million visitors' threshold last year and eyeing 20 million by 2020. Oman's growth has been slower but more far-sighted, with the Sultanate already working toward a tourism vision and strategy through to 2040. Many had thought that Saudi Arabia would not join this wave due to its more conservative outlook. But in 2016, the kingdom released an ambitious 2030 vision that charts a pathway for stimulating domestic and intra-GCC tourism as part of its economic diversification strategy. Saudi is now even the first country in the region to host a YouTube Festival, which attracted thousands of visitors this year. Meanwhile, in Qatar the government has identified tourism as an important means to diversifying the national economy. While the tourism sector is still nascent there, this commitment to tourism offers exciting opportunities for both Qatari and foreign investors to create cultural products and services that enhance the travel experience.

Nonetheless, it's worth remembering that the process of developing a nation's tourism sector is more nuanced and challenging than it is for many

other sectors. Tourism is unique in that it cannot grow on its own—it relies on ancillary sectors to provide the infrastructure, policies and human capital needed for growth. The tourism industry also requires significant private sector involvement to develop products and services that reflect a country's socio-economic needs, its culture and its heritage.

#### **Private sector challenges and policymaking solutions**

Perhaps the largest and most common complaint in most of the Arab world is at the policy and regulatory level. Red tape adds heavy burdens to an already-risky process of setting up a business. Entrepreneurs who want to venture into tourism often find themselves requiring paperwork from four or five different government entities, because a tourism business can be classified as cultural, educational or any other type from the wide array of fields that tourism overlaps with. In addition, there are the security, immigration and customs permits that are required and often difficult to obtain.

That being said, Gulf states have been among the first in the region to fast-track into the digital and e-government era. They have created one-stop shops that facilitate the licensing and license renewal processes for businesses, which has eliminated the bureaucratic hurdles that prevent investors from considering tourism as a business opportunity.

While recent economic downturns have provided a catalyst for investing in tourism, many prospective products and services still face delays due to the lack of land earmarked for tourism projects. Businesses that do not require land face other roadblocks as well. Gulf policymakers should therefore provide incentives for investors to establish businesses and thus help to scale up the tourism sector. Tax exemptions and lower interest rates from banks would be a good place to start. As would offering exemptions to laws that prohibit 100 percent foreign ownership, which in

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turn would encourage international businesses to open foreign branches. Many tourism sub-sectors require international expertise, and easing restrictions would help attract the needed top-talent.

Once tourism products have been created, it is imperative for government entities to put a spotlight on the products that the private sector has invested in. Promotional entities must recognize that it is not possible to promote a destination without promoting all the myriad components that it is made up of—whether products, services or hospitality establishments.

#### **Planning with the private sector**

The key to addressing all of these tourism-related challenges is to involve the private sector in the most important phase of all: planning. It is not enough for policymakers to make plans with the private sector's needs in mind—they must be fully engaged with from the outset. This will allow their voices to be heard and their challenges—which are specific to each market and field—to be understood. Most critically, it will give the private sector a bigger stake in the industry, which will encourage a better and more efficient partnership with government and policymakers. Working together, the public and private sectors may even help define what each tourism destination will be known for in the decades to come.

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