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MARKET ASSESSMENT AND DEMAND FORECAST FOR THE JORDAN DEAD SEA DEVELOPMENT ZONE

Final Report

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FINAL REPORT

USAID JORDAN ECONOMIC DEVELOPMENT PROGRAM

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BACKGROUND AND APPROACH

1. INTRODUCTION

VISION AND OBJECTIVES

The Dead Sea Development Zone will transform Jordan's dramatic Rift Valley landscape and unique properties of the Dead Sea into a premier global tourism destination. Already a popular attraction and leisure getaway for Jordanians and foreign visitors, the declaration of the Dead Sea as a development zone will significantly enhance the development prospects and tourism revenue generated by this natural wonder.

Specifically, a development zone will:

- Bring Dead Sea developments under a single master plan, preventing unregulated tourism development and the commodification of Jordan's Dead Sea tourism product. This will prevent developers from competing for short-term gains, and increase the overall *quality* of tourism services
- Allow one or more master developers to tourism and community-related infrastructure
- Offer a streamlined business operating environment for investors and business owners
- Create synergies between individual resorts and attractions through common zoning, signage, architectural guidelines, and pedestrian, cycling, and road transportation linkages between properties and through parks and other attractions
- Foster a unified and comprehensive tourism experience, which in part will solidify the Dead Sea as a global tourism destination.
- Nurture local culture in the Dead Sea region, increasing the interaction between tourists and the local communities, thus allowing Dead Sea Jordan to compete with other Middle Eastern tourist destinations on factors other than just price.
- Generate a greater amount of employment and tourism exports than in the absence of a zone

PROCESS

The process for designating the Dead Sea a development zone requires that a demand forecast be presented to the Council of Ministers, which holds the authority to approve such a designation. The demand forecast assures that sufficient demand by both investors and tourists exists to warrant the extra government and social resources to enhance development at the Dead Sea.

In cooperation with the Development Zones Commission, the Jordan Economic Development Program (SABEQ) has prepared this Market Assessment and Demand Forecast for the Dead Sea Development Zone.

REPORT

This report presents the Dead Sea Development Zone Market Assessment and Demand Forecast, and is organized in the following sections:

- Introduction- Background, history of Dead Sea development initiatives, and approach taken in the demand forecast for the Dead Sea Development Zone
- Market Analysis- Regional and international trends in tourism investments and tourist arrivals that drive demand for investment and tourism products at the Dead Sea

- Demand Forecast: Methodology for undertaking demand forecast, and presentation of estimates of the following variables over a 20-year period:
 - Land Uptake: Square meters of land utilized for tourism and community-related developments
 - Building Space: Square meters of built-up space
 - Employment: Number of persons employed at Dead Sea tourism and community developments
 - Hotel Rooms: Numbers of 3, 4, and 5-star hotel rooms created
 - Investment: Amount of Jordanian dinar invested in tourism and community-related developments
 - Tourists: Number of tourist arrivals

DEAD SEA PLANNING—ANALYSIS TO DATE

In 1994, Sigma Consulting prepared a master plan for the Sweimeh and Zara areas of the Dead Sea, identifying numerous promising sites for investment. Since the time of that study, the Jordan Valley Authority (JVA) has offered most of these sites for individual concession. These concessions constitute hotels currently operating along the northeast shore of the Dead Sea, as well as those under construction and projects in the pipeline.



Photograph by Andrea Erdmann

While identifying sites for concession, Sigma's plan did not provide a framework for comprehensive land use that would serve to guide future development or issues of land resource management of the larger Dead Sea region. In 2004, the Ministry of Water and Irrigation and the JVA prepared a preliminary Land Use Master Plan for the entire Jordan Valley, supported by USAID.

Figure 1. Northeast shoreline of the Dead Sea in Jordan. Hotel developments under construction in the background.

To address the need of the government of Jordan to guide sustainable land use in the northeast tourism corridor of the Dead Sea, the USAID Jordan Economic Development Program (SABEQ) developed a Land Use Plan for North East Dead Sea Basin in 2008 for the Ministry of Planning. That Plan covered over 13,000 hectares of land that had been previously listed as proposed investment lands+discussed in the original Sigma study. The Land Use Plan further designated and described 16 land use areas between Sweimeh and Wadi Mujib along the shore and hills of the Dead Sea. The Plan recommended preservation and protection of important cultural, religious, archaeological, and natural resources of the Dead Sea. It also highlighted important community development, training, infrastructure, and job creation benefits associated with enhancing tourism development at the Dead Sea.

DEVELOPMENT ZONES COMMISSION INVOLVEMENT

In early 2009, the newly formed Development Zones Commission (DZC) took an interest in declaring the Dead Sea as a "development zone". SABEQ lent its support to the DZC in preparing the requisite demand forecast for the designation request to be tabled before the Council of Ministers.

DEVELOPMENT PHASES

The DZC envisions three phase of development at the Dead Sea, described in Figure 2 below. Phase 1 includes operating properties and already concessioned lands. It also includes additional properties in the northern and eastern (Sweimeh and Zara) areas that could be developed in the near to medium term. The DZC envisions that Phase II and III developments will commence at a later date, but could also run concurrently with some developments in Phase I. At the request of the DZC, the demand forecast presented in this report covers the concessioned pipeline developments not yet operational, and roughly 6,178 hectares of Dead Sea land that have not yet been offered for concession.

Figure 2: Estimated Potential Land Areas for Development (Hectares)

	Phase I—Existing developments and concessions from northern coast to Zara	Phase II—Sweimeh Village Community Development and touristic development of upland areas	Phase III—Touristic development of mountain areas
Existing Concessions- Operational, Under Construction, or in Pipeline	1,144.7	0	0
Unconcessioned- North Dead Sea	408	0	0
Unconcessioned- Sweimeh and Zara Areas	898.7	1,239.7	4,039.5
Sub-Total for Unconcessioned Lands	898.7	1,239.7	4,039.5
Total	2,043.4	1,239.7	4,039.5

APPROACH

When preparing the demand forecast, SABEQ considered a wide array of data and information useful for estimating both the future amount of tourism *investment* and the growth in the number of *tourists*. Our approach utilized case studies, benchmarks against other tourism developments, data on the current and anticipated future liquidity available for tourism investments, and regional and international growth trends of major tourism and travel segments.

CASE STUDIES

Tourism developments elsewhere in the region provided useful insight into the visions, costs, employment, investment, and growth in tourists experienced by other regional tourist

destinations. The case studies focus on areas where the government made concerted efforts to establish a master plan for the area development.

Case studies were examined for Ein Bokek (Israel) and Sharm el Sheikh (Egypt). Each case study examined the strengths and weaknesses of each tourism development, including lessons learned. The history of the development and participation of both the public and private sectors was also examined.

ASSESSMENT OF MIDDLE EAST TOURISM INVESTMENT

Drivers of tourism investment include financial liquidity, availability of human and environmental resources, and general trends in the growth of local, regional, and international tourism. In preparing the demand forecast, the SABEQ team analyzed the strong growth of business and leisure tourism in the Middle East. The team also analyzed recent changes in liquidity available for tourism investments in the near term, given recent downturns in financial markets.

ASSESSMENT OF GROWTH IN TOURIST ARRIVALS

Tourist arrivals are generally a function of the growing supply of hotel and other tourist attractions, as well as general confidence in the economy. The SABEQ team assessed the growth of tourist arrivals to Jordan and other regional tourist centers. Indicators and predictors of tourist confidence, such as growing or declining rates of GDP in major tourist source markets were also examined.

ANALYSIS OF MAJOR MARKET SEGMENTS

Major tourism market segments were also examined so that the demand forecast could include estimates on how the number of tourist arrivals in each segment might grow over time. This includes spa and wellness, sun and sand, cultural, religious, meetings, incentives, conferences, and exhibitions (MICE), and ecological tourists. Each of these segments is expected to impact growth at the Dead Sea.

REGIONAL AND INTERNATIONAL TRENDS IN TOURISM AND INVESTMENT

2. MARKET ANALYSIS

Trends in both the breadth of tourism *investment* and *tourist arrivals* are important determinants for understanding the speed at which hotels and other tourist attractions will develop at the Dead Sea, and the subsequent tourists they will generate.

In general, the decision to invest in tourism infrastructure—hotels, restaurants, recreational facilities, beaches—is driven by 1) Access to financing; 2) Human resources to operate project; 3) Natural environment capable of sustaining operations; and 4) Regional growth in tourist arrivals. This chapter examines these important elements that will drive tourism-related investments in the Dead Sea Development Zone. This chapter also analyzes the drivers behind growth in tourist arrivals, which is generally a function of 1) Number of hotel rooms and other tourism facilities; 2) Consumer confidence; and 3) Reputation and publicity of a tourist location.

The trends and data discussed below provide the basis for forecasting demand for future investments and tourist arrivals at the Dead Sea over a 20-year period, presented in Chapter 3.

TRENDS IN TOURISM INVESTMENT

Investments in hotels generally runs in seven to ten-year cycles, with four to five years of growth, followed by four to five years of contractions. Contractions in investment are driven by supply and demand of tourists and financial liquidity, both of which are affected by the economy as a whole.

FINANCIAL LIQUIDITY FOR TOURISM INVESTMENT

The primary forces behind the growth of the recent boom in tourism investments in the Middle East is the high levels of liquidity within the region. This is fueled by sustained rises in petroleum-related incomes and regional spending of petro-dollars. Trends toward regional government-to government cooperation and facilitation of regional networks has helped facilitate the transfer of capital and investment across borders in the Middle East.

The Middle East, however, has not yet seen significant amounts of *international* capital available for tourism-related investments. International tourism investors tend to favor smaller investments in diversified regional investment funds—where the risk return is built into the portfolio—rather than larger investments in single properties.

Recent decreases in financial lending, however, have seriously impacted the development of high-end resorts in the region. Twenty-one percent of tourism projects in Europe, Middle East, and North Africa were cancelled or postponed in the fourth quarter of 2008. Smaller and medium-sized projects have been less affected, however, because they have been able to secure funding.¹

There was a rush between the fourth quarter of 2007 and third quarter 2008 in the Middle East to get tourism projects on the ground before available lending was reduced. Recent

¹ %Construction Pipeline Summary: Europe, Middle East, and North Africa+; *Lodging Econometrics*, Q4, 2008.

withdrawal of cross-border banks is having a major impact on tourism project starts, especially in the Middle East. As a result, tourism project pipeline counts will continue to decline more rapidly in the near future.

Most hotel projects range in size from JD 140,000 to JD 630,000. The size of newly announced tourism projects, however, is declining. The mid-sector accommodation bracket (4-star and 3-star hotels) guarantees good returns and a solid long-term investment. This is particularly seen in the urban accommodation segment in the Middle East. As liquidity levels fall in the region, and as Arab tourists become more budget-conscious, this type of investment has become more attractive. The budget hotel market works well when it can position itself as a particular quality brand in a market that has become crowded with higher end resorts. The Dead Sea, and Middle East, in general, provide fertile ground for these types of three and four-star hotel investments.

MIDDLE EAST PROJECT PIPELINE

The current global hotel construction pipeline cycle peaked in the second quarter of 2008, and then decreased by six percent. In the Middle East, the peak occurred slightly later, in the third or fourth quarter of 2008. Guest room demand has become negative, which has further served to decrease the growth of new tourism projects in the pipeline.

Middle East tourism pipeline projects are currently down 10 percent from their cyclical peak in 2008. There are 503 pipeline projects, including 226 under construction, 113 scheduled to begin construction within 12 months, and 124 in the early planning stages. New hotel openings will reach cyclical highs in 2009 and 2010 as projects under construction open.² With 53 percent of the Middle East pipeline already under construction, new construction starts will trend down through 2010. At the same time, fewer new projects are expected to be added to the pipeline, and the delay rate for projects due in 2015 may be as high as 40 percent.³

SIGNIFICANCE FOR DEMAND FORECAST

Migration of tourism projects up the pipeline has slowed due to lack of available financing. This has caused a build-up of projects in the %scheduled starts+ category over next 12 months. Stalled projects will not migrate forward until financial liquidity returns to markets. This trend has been evident in some of the pipeline investments at the Dead Sea, with several projects delayed or postponed due to lack of financing.

It is anticipated that there will be a series of new Dead Sea hotel openings between 2009 and 2010 for those projects currently under construction. This will be followed by a one to four-year delay in some projects currently in the pipeline, and a slowing of new project growth in some scenarios over the next two to four years. The demand forecast presented in Chapter 3 reflects a cyclical upswing in project development beginning in three to four years time. The Base Case and Aggressive Scenario acknowledge the possibility that international investment in Dead Sea hotel projects could increase through capital raised in diversified venture capital portfolios.

² Source: www.lodgingeconomics.com

³ %Construction Pipeline Summary: Europe, Middle East, and North Africa+, *Lodging Econometrics*, Q4, 2008.

The Dead Sea will also likely experience a greater number of smaller and branded budget hotels for several reasons. Firstly, the budget portion of the Middle East and Dead Sea tourist market is currently underserved. Secondly, it is currently easier to raise capital for smaller hotel ventures, and at lower rates. Finally, unbranded operators are being squeezed out of the current market because of the difficulty for independent ventures to raise capital.

With all the recent announcements in new investments in the Middle East, the region does risk over-capacity. Many question whether the region can attract sufficiently skilled human resources to service planned developments. Throughout the Middle East, there will be a need for 1.5 million staff in the tourism sector, who must be able to maintain a high quality of tourism services. The availability of resources such as power and water also remain in doubt. The lack of water has affected tourism developments on the western shore of the Dead Sea⁴, and no comprehensive plan is yet in place to assure continued availability for Jordanian Dead Sea developments. In the Status Quo and Conservative Scenarios, these factors act to slow Dead Sea investments.

TRENDS IN TOURIST ARRIVALS

Examination of tourist arrival trends served two purposes for the demand forecast: 1) General arrival trends signal market growth or stagnation for potential tourism project investors; and 2) The data provide clues to future tourist arrivals in the Middle East and specifically Dead Sea.

GENERAL TRENDS

Between 2007 and 2008, hotels stays in Jordan increased by nearly 18 percent, from 2.198 million arrivals to 2.593 million arrivals. During the same time period, however, hotel stays at the Dead Sea increased by 31 percent, to 205,116 arrivals. This increase is due to several factors, including the growing popularity caused by the opening of additional hotels at the Dead Sea,⁵ and greater overall tourist arrivals in Jordan.

The World Travel and Tourism Council (WTTTC) has projected tourist arrivals in Jordan over the next ten years. These projections are displayed in Figure 4 on the next page. By 2019, the contribution of tourism to Jordan's GDP is expected to rise from 18 percent (JD

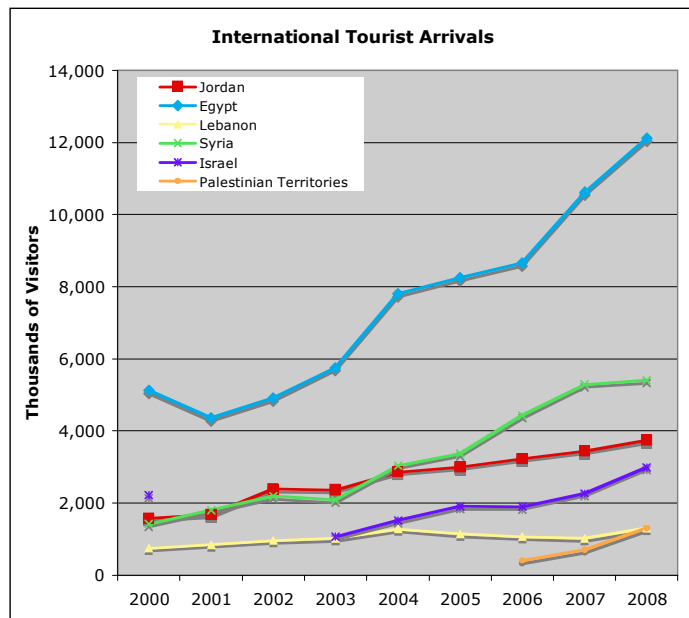


Figure 3. International tourist arrivals have steadily grown throughout the Middle East, with large growth in Egypt.
Source: World Travel and Tourism Council and Department of Statistics, Israel.

⁴ See the Ein Bokek Case Study in the Annex of this report.

⁵ Supply of hotel rooms is one of the main drivers of tourism growth.

2,819.8 million) in 2009 to 19.8 percent (JD 6,143.7 million) in 2019. Real GDP growth from tourism is expected to average 4.9 percent each year over the next decade, after declining by 5.5 percent in 2009 due to the economic crisis.⁶ The projections shown serve as one important basis for Dead Sea tourism growth, as described in the Methodology+section that follows in Chapter 3. Downturns in GDP, for instance, signal a loss of consumer confidence, which temporarily causes falls in tourist arrivals.

EFFECTS OF THE GLOBAL ECONOMIC CRISIS

In 2008, Middle East tourism increased by 11 percent, compared to a 5 percent overall increase internationally. However, during the second half of 2008, international tourism actually declined by 1 percent, due to the onslaught of the global economic crisis. Thus far in 2009, hotels in the region have experienced a 30 percent drop in hotel bookings over 2008 during the first quarter of 2009. In an effort to cushion losses for hotels, Egypt has responded to the downturn by exempting hotels from paying tourism promotion fees.⁷

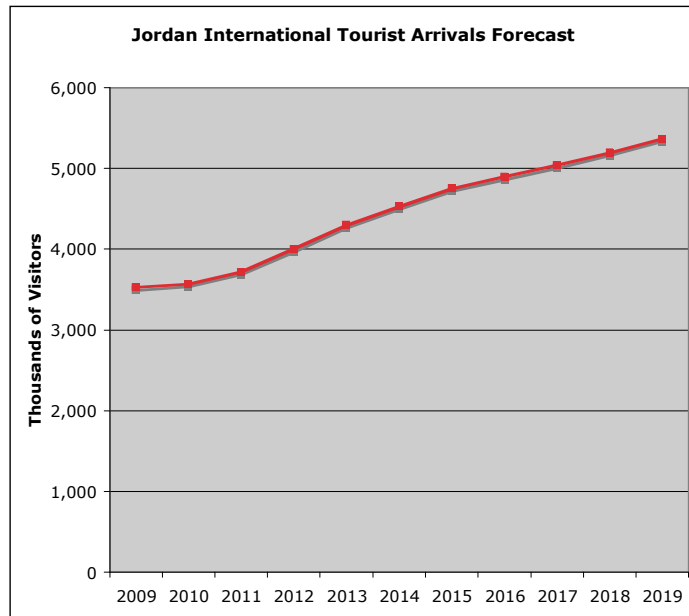


Figure 4. Tourist arrivals in Jordan are predicted to increase by over 45 percent over the next ten years
Source: World Travel and Tourism Council

TOURISM MARKET S

The Middle East is rapidly becoming an attractive tourist destination for new markets, including Poland, Hungary, Russia, Czech Republic, Turkey, Spain, Iran, China, and Korea. Like other countries in the region, Jordan is at times adversely affected by political instability and conflict outside its borders. As illustrated in Figure 3, Jordan, Syria, and Israel all experienced a loss or plateau in tourist arrivals in 2003 due to the war in Iraq. At such times, however, Jordan, Egypt, and other countries in the region compensate for the loss of European and North American visitors by marketing to Arabs.

Between 2003 to 2004, 40 percent of international arrivals in the Middle East were from within the region.⁸ Syria and Lebanon were the major destinations of intra-Arab tourism at that time. Intra-regional tourism has effectively softened the effects of political crisis in Jordan and other countries.

⁶ *Travel and Tourism Economic Impact 2009: Jordan*. World Travel and Tourism Council, London, UK, 2009.

⁷ "Egyptians Expect Tourism to Grow Despite the Crisis," *Tourism Review*, January 20, 2009.

⁸ Arab World Travel and Tourism Exchange

SIGNIFICANCE FOR DEMAND FORECAST

Overall tourist arrivals to Jordan are predicted to steadily increase. This will affect the demand forecast in two ways: 1) It signals continuous growth potential for possible investors; and 2) It indicates a reliable pool of future tourists who can include the Dead Sea in their Jordan vacations.

Consumer confidence, which can be gauged by GDP growth, is a key indicator of travel demand. World economic growth is projected to decrease to 0.9 percent in 2009, and growth in Europe is expected to be negative, at -0.6 percent, rising to 1.6 percent in 2010.⁹ The demand forecast will reflect this dip in tourists for the initial one or two years of the forecast.

Recent increases in intra-regional tourism by Arabs presents interesting things for the demand forecast in terms of anticipating the types of facilities demanded by regional tourists. Jordan, Syria, and Lebanon have eliminated visa requirements for Gulf residents, which has spurred regional tourism. Instability in the region actually increased disposable incomes, and caused a new wave of Arab consumerism and regional tourism spending.¹⁰

Arab tourism is family-oriented, long-term, and seasonal. Families tend to rent apartments or apartment hotels in cities, near parks, recreation centers, entertainment, and shopping venues. Tourists from Gulf countries are less likely, however, to rent apartments or villas in more remote locations such as Aqaba or the Dead Sea, away from population centers. Currently, for visitors from Gulf countries, Aqaba does not offer attractions that visitors can find in their own countries.¹¹ By contrast, the Dead Sea can play on the growing interest in spa tourism in the Gulf, at least for high-end, short-stay tourists. Longer-stay tourists from the Gulf are still expected to prefer apartment rentals in Amman in the near and medium terms.

By 2019, one in every 5.5 jobs in Jordan will be in the tourism sector.¹² This presents a challenge to develop the necessary workforce skills by that time. This growth in the tourism workforce comes at a time when other growing service sectors—such as business process outsourcing—will compete for the same types of skilled workers. The absence of appropriately skilled employees could stymie both tourism investment and tourist arrivals if the quality of service deteriorates at Dead Sea tourism facilities.

TRENDS BY TOURISM SEGMENT

The tourism attraction of the Dead Sea cuts across numerous tourism segments. These are discussed below, along with the implications for the demand forecast.

SPA AND WELLNESS TOURISM

Along with sun and sand tourism, the spa and wellness sector will likely remain one of the largest segments of tourist arrivals at the Dead Sea. The spa business is currently growing at 12 to 15 percent per year, with 11 percent of room nights at the Dead Sea currently

⁹ *Global Economic Prospects*, World Bank, 2009.

¹⁰ Hazbun, Waleed. "Explaining the Arab Middle East Tourism Paradox," *Arab World Geographer*, Volume 9, No. 3. 2006, pp. 206-218.

¹¹ Interview, Mr. Peter Hoesli, Manager, Movenpick Hotel, Aqaba, Jordan, March 30, 2009.

¹² *Travel and Tourism Economic Impact 2009: Jordan*. World Travel and Tourism Council, London, UK, 2009.

derived from spa and wellness visits. That market is expected to grow 10 percent per year over the next 10 years.¹³

SPA SECTOR

Thalassic and spa-related tourism is growing rapidly in Jordan, Tunisia, Turkey, Egypt, and the UAE. In the UAE, spas are expected to experience 34 percent growth between 2008 and 2010.¹⁴ Turkish hamams, inspired by those in Jordan, are also growing in popularity throughout the region. Experts anticipate huge investments in medical and wellness facilities, such as the Dubai Healthcare City and Khalifa Healthcare City in Abu Dhabi. Half of the services at the Dubai Healthcare City, for instance, are devoted to wellness, nutrition, spa, and health resorts.

There are new types of spa programs emerging in the Middle East, including medical spas, boot camp+ (fitness) spas, detoxification/smoking cessation programs, and child-friendly spas catering to families. Spa services in the Middle East are often more affordable than elsewhere in the world.

Consumption of spa services and spa-related products is also rapidly growing in the region. Middle Easterners place a premium on appearance and beauty, and have begun to travel to spas in Turkey.

MEDICAL AND WELLNESS SECTOR

Worldwide, the medical and wellness tourism sector was estimated to generate JD 42 billion in 2008, and expected to grow to JD 70 billion by 2010. Over one million medical tourists are served in over 35 countries each year.¹⁵

Jordan's Dead Sea Development Zone is likely to cater to medical tourists seeking treatment for dermatological, rheumatological, and lung conditions. Patients—particularly Germans—have sought treatment at resorts and clinics on Israel's Dead Sea shore since the 1960s.¹⁶ Germany and other European countries pay for heliotherapy through their state-run health insurance systems. No U.S. health insurers are known to pay for such treatments, however.¹⁷ The distance and expense is the biggest deterrent for non-Europeans. Recommended treatments last 28 days, and that is often prohibitive for individuals who must pay out of their own pocket, especially for North Americans who do not enjoy as much paid vacation from work as Europeans.

Each travel agent that specializes in Dead Sea travel typically arranges trips for 10 to 20 North Americans traveling to the Dead Sea for medical treatments each year. Currently, most continue to visit Ein Bokek in Israel for treatments, rather than Jordan¹⁸

MEETINGS, INCENTIVES, CONFERENCES, AND EXHIBITIONS (MICE)

A location typically normally establishes itself as a leisure travel destination before the MICE market can establish itself. This has certainly becoming the case in Jordan and the rest of

¹³ *Jordan Valley Master Plan Baseline Report*, SABEQ, USAID, Jordan, 2008

¹⁴ *Intelligent Spas*, United Arab Emirates Spa Benchmark Report

¹⁵ Deloitte Center for Health Solutions, 2008.

¹⁶ See Ein Bokek Case Study in the Annex of this report.

¹⁷ Interview, Ms. Amy Bosland, Health Educator, National Psoriasis Foundation, United States, May 7, 2009.

¹⁸ Interviews, Bound to Travel, Kings Bay Travel, Sun World Tours, Mirabel Dead Sea Travel, United States and Canada, May 7 to 8, 2009.

the Middle East. The MICE segment is often influenced by the boom in spa tourism. Business meetings often include a spa element, either in participants' leisure time or things like express massage breaks scheduled into the agenda. Adventure and culture-based eco-tourism also features prominently in the Middle East MICE segment. Activities for MICE participants include visits to historic mosques or forts, water sports, nature tours, and Bedouin dinners, and team-building activities such as rock climbing and spelunking.

WORLDWIDE TRENDS

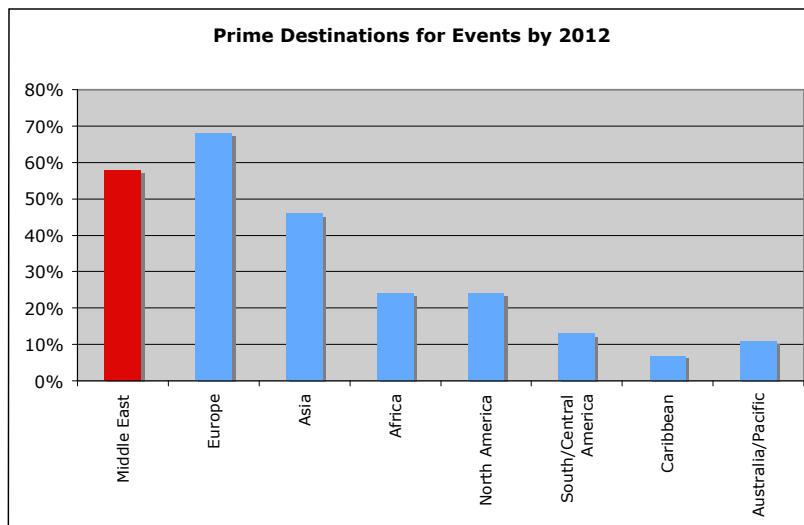


Figure 4. Fifty percent of respondents stated that they would hold a MICE event in the Middle East by 2012.

Source: Reed Travel Exhibitions

The world had 27.6 million square meters of exhibition space in 2006, with an estimated 3.5 million square meters additional space to be created before 2010. There are currently 181 MICE-related project investments underway, worth JD 13.09 billion in investment. Worldwide, the most popular MICE destinations are 1) U.S.; 2) Germany; 3) Spain; 4) U.K.; 5)

France; 6) Italy; 7) Japan; 8) Brazil; 9) Austria; and 10) Canada.¹⁹ The size of MICE venues varies, from an average of 30,000 square meters in Europe and Asia to 20,000 to 25,000 square meters in the Middle East.²⁰

MIDDLE EAST GROWTH

The Middle East is now a key emerging region for the meetings, incentives, conferences, and exhibitions (MICE) tourism sector. In 2006, there were 568 trade fairs and exhibitions held in 30 cities across 13 Middle Eastern countries.²¹ Top five destinations in coming years will be Dubai, Abu Dhabi, Egypt, Morocco, and Oman, according to the Gulf Incentives, Business Travel, and Meetings Association.²² There are 34 purpose-built exhibition venues in the Middle East, totaling 633,206 square meters of exhibition space. Iran, Saudi Arabia, and UAE have six such venues each.

Seven percent of worldwide investment in exhibition space is in the Middle East, with 10 projects currently underway. These are mainly in the UAE, which is increasing its exhibition space by 115 percent, to 147,000 square meters. Eighty percent of tourists in Abu Dhabi are business tourists, and 10 percent of business tourists in Abu Dhabi are in the MICE

¹⁹ International Congress and Convention Association, 2007.

²⁰ Global Association of Exhibition Industry (UFI). October 2007.

²¹ Big MICE Players in Africa and Middle East?+ *Tourism Review*. December 4, 2007.

²² Tourism Promotion Agencies in Middle East Tap MICE Potential+, *www.miceinasia.com*, June 1, 2007.

segment. Between 2010 to 2011, it is estimated that 7 to 12 percent of new hotels in Abu Dhabi and Dubai will be devoted to MICE activities.

Other Middle Eastern countries are also heavily investing in the MICE segment. Qatar is investing JD 10.5 billion to promote specialized tourism, including MICE, with 40 hotels and a new convention center under construction. Bahrain has a new Tourism Development Board, and is promoting its Convention and Exhibition Center and Oman is also building up massive MICE infrastructure.

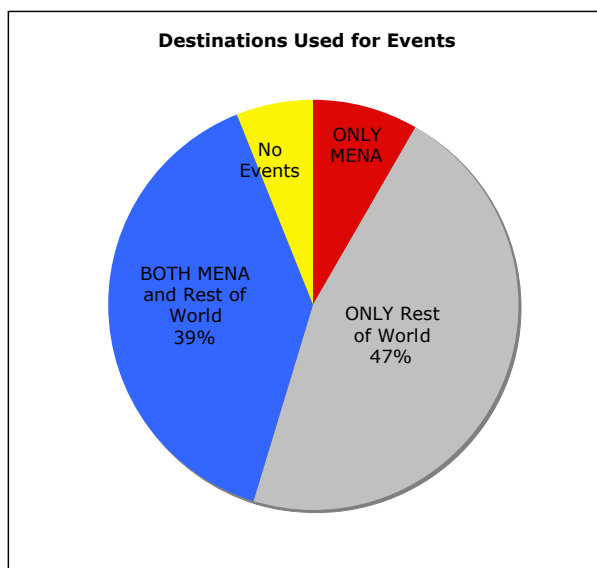


Figure 5. Proportion of respondents who hold events in the Middle East and North Africa (MENA)
Source: Reed Travel Exhibitions

According to a global survey by Reed Travel Exhibitions, 46 percent of buyer respondents (Reed clients) had organized events in the Middle East during the past year, compared to 35 percent the previous year. Seventy-four percent plan to organize events during the next 12 months, and 45 percent of Reed buyer clients currently do not organize anything in the Middle East.²³

Reasons for greater interest in Middle East include more awareness of quality of hotels and facilities, better flight connections, excellent service, and high levels of advertising by countries and cities. Top determining factors regarding where to hold an event in the Middle East are cost, quality of accommodation, availability of hotel rooms and venues,

quality of service, and international air routes.²⁴

JORDAN AND THE DEAD SEA

Jordan and the Dead Sea offer a lot for the MICE market, including prominent religious sites, modern hotels, beaches, and adventure tourism. The meetings market currently comprises 37 percent of occupied room nights at the Dead Sea.²⁵

The Dead Sea will likely compete with Amman for tourists in the MICE segment, but can also complement it. The Dead Sea can easily figure into day excursions for MICE tourists based in Amman. Amman currently offers more hotel rooms than the Dead Sea, and Dead Sea MICE participants often need to be booked into Amman hotels and make the daily drive to the Dead Sea. The Dead Sea does enjoy the advantage of the King Hussein bin Talal Convention Center, which has 2,000 square meters of exhibition space, and can accommodate more than 3,000 guests at one time. By contrast, Le Meridien Hotel in

²³ Second Middle East Meetings Industry Research Report 2008+, Gulf Incentives, Business Travel, and Meetings Exhibition (GIBTM), March 2008.

²⁴ Second Middle East Meetings Industry Research Report 2008+, Gulf Incentives, Business Travel, and Meetings Exhibition (GIBTM), March 2008.

²⁵ Jordan Valley Master Plan Baseline Report, SABEQ, USAID, Jordan, 2008.

Amman can seat up to 1,200 guests, and the Zara Expo at the Hyatt in Amman can seat 2,000 guests.

RELIGIOUS AND HISTORICAL TOURISM

The Dead Sea presents an ideal base location for religious tourists to sites on both the eastern and western shores of the greater Dead Sea region. Tourist arrivals to religious sites is generally increasing, but the flow of visitors is heavily influenced by publicity generated by papal visits and perceived security threats. Since many package tourist visits to Jordanian religious sites are bundled with visits to Jerusalem, conflicts in neighboring countries and territories can dampen the overall *additional* tourist arrivals generated by religious tourism.

TYPES OF RELIGIOUS TOURISM

Religious tourism is traditionally often seen as a niche market for senior travelers on pilgrimage. However, there are a growing number of variations in religious travel. They include:

- Pilgrimage- Religious visits to holy sites within one's faith
- Mixed religious tourism- Visits to religious or historical sites *and* including leisure vacation activities such as beach holidays and sporting or eco-tourism activities. The top three destinations for this type of ~~mixed~~ religious tourism are Greece, Italy, and Israel.
- Retreats or spiritual tourism- Leisure vacations often organized by religious groups. The destination need not have any religious significance, just a pleasant place for people to gather for spiritual renewal or fellowship. This can almost resemble a type of religious MICE. The Caribbean attracts numerous such visitors from North America for this type of travel.
- Volunteerism- Mission work, including building houses and disaster relief and reconstruction.

GLOBAL AND REGIONAL TRENDS

The UN World Tourism Organization estimates there to be 300 to 330 million religious travelers worldwide in what has become a JD 12.6 billion industry.²⁶ Religious vacations are predicted to grow by 50 percent between 2008 and 2010- both for Christians and Muslims.²⁷

One third of adults in the U.S. say they are likely to take part in some religious-based trip in the future. Ten percent already have taken some sort of religious trip.²⁸ Russia is experiencing a huge re-birth of Christianity, and is expected to add to the worldwide ranks of religious tourists.

In the Middle East, popular destinations for religious tourists include Saudi Arabia, Jordan, Turkey, Israel, and the Palestinian Territories. Italy and Greece also compete for religious tourists.

Religious sites in Jordan have recently experienced large increases in visitors. The Baptism site at Bethany saw a 53.7 percent increase to 142,419 visitors between 2007 and 2008. Visitors to Madaba Museum increased by 68.6 percent, to 17,892 in 2008.²⁹

²⁶ Faith-Based Travel Industry Attracts More Tourism Boards+, *Religious Tourism News*, June 27, 2007.

²⁷ The Religious or Not So Religious Tourist in 2030+, Ian Yeoman, *www.hospitality.net*, May 22, 2008.

²⁸ Boost in Religious Tourism+, *Tourism Review*, November 27, 2007.

²⁹ Ministry of Tourism and Antiquities, Jordan, 2008.

ECO-TOURISM

Eco-tourism focuses on travel to destinations where flora, fauna, and cultural heritage are the primary attractions. Activities typically include wilderness adventures, volunteering, outdoor activities, personal growth, and appreciation of local communities who use protected resources.

Eco-tourism makes up only three to four percent of worldwide tourism activity,³⁰ and Jordan leads the Arab Middle East in eco-tourism. In 2008, 66,000 (nearly 2 percent) of Jordan's 3.4 million tourists in 2008 were eco-tourists.³¹ Of the 30,610 visitors to RSCN-operated guesthouses and reserves, the top nationalities in 2008 were: 1) Jordanian (10,088); 2) French (3,057); 3) British (2,837); 4) U.S. (2,097), and German (1,994). Along the Dead Sea, there were a total of 10,642 visitors to Mujib Reserve in 2008.³² The peak months for eco-tourism in Jordan are between May and August, with increased numbers in October as well.

Israel has long maintained numerous rural guesthouses focusing on organic farming and waste-free living, with numerous national parks and outdoor nature activities. Eco-tourism activities are often included as part of Israel's Dead Sea experience. Such activities are not directly available within the Ein Bokek resort development along the western shore of the Dead Sea, but are advertised as options for tourists during or after their stay at resort hotels.³³

Other countries in the Middle East are following Jordan's eco-tourism lead. The UAE is promoting desert safaris, and boasts its dune-rippled Desert Conservation Reserve. Yemen is promoting its Socotra Island, full of abundant plant and animal wildlife. Lebanon attracts eco-tourists to its 440-kilometer Mountain Trail, as well as Eco Village in the Dnith Valley, which focuses on organic farming.

SIGNIFICANCE FOR DEMAND FORECAST

SPA AND WELLNESS

The spa tourism segment will grow from approximately 11 percent of total tourists to 26 percent over the next twenty years. The growth will be driven by an increased recognition of Dead Sea Jordan as a quality reputable spa brand. Growth will also be driven by an increase in tourists from the Middle East region.

Though the overall numbers of medical and wellness tourists will increase, the percentage of overall Dead Sea tourists seeking medical—mostly dermatological—treatments will decline from 20 percent to approximately 4 percent by 2029. Though Jordan will become globally known for its Dead Sea wellness treatments, growth in this segment should not be overestimated. While travel to the Dead Sea remains popular for many Europeans suffering various dermatological ailments, there is a declining willingness of European insurance

³⁰ Source: UN World Tourism Organization

³¹ "Jordan Capitalizing on Its Eco Riches," *Tourism Review*, March 9, 2009.

³² Source: Royal Society for the Conservation of Nature, Jordan.

³³ See Ein Bokek Case Study in the Annex of this report.

companies to cover such treatments.³⁴ This will slow growth in the medical/wellness segment.

MICE

With an expected downturn in the leisure tourism market over the next one or two years, many destinations in the Middle East, such as Dubai, Abu Dhabi, and Sharm el Sheik are looking at increasing their MICE offerings to make up for projected lost revenues. That will also always remain a marketing option for the Dead Sea Development Zone.

The MICE tourism segment will likely account for approximately 35 percent of Dead Sea tourists for the first ten years, and then decline to about 20 percent by 2029. The decline in the overall percentage of MICE visitors will be due to the firm establishment of the Dead Sea as a world-class spa and leisure destination.

The demand forecast assumes that the average length of stay at the Dead Sea will be between 2.17 and 3.0 days, depending on the particular forecast scenario. A greater focus on MICE, however, could serve to lengthen the average stay to an even greater number of days. Currently, the duration of 53 percent of MICE events in the Middle East is from four to seven days. In the Middle East, the average event size is 143 persons. (Approximately 3 percent of meetings have more than 2000 attendees.) Events in the Middle East tend to be smaller than the worldwide average. Mean total expenditure worldwide is JD 1.505 million, but in the Middle East it is just JD 353,500.

RELIGIOUS AND HISTORICAL TOURISM

Religious and historical tourists will likely maintain a steady five to eight percent share of visitors to the Dead Sea. Overall numbers will increase over 20 years due to an increase in religious pilgrims from Eastern Europe and Russia, and possibly greater numbers of visits from religious tourists who now limit their Holy Land visits to Israel and the Palestinian Territories.

ECO-TOURISM

Eco-tourism currently has a two percent share of Jordan's tourism market. The demand forecast assumes that eco-tourists to the Dead Sea will account for one to eight percent of visitors over the course of twenty years. Much of the variation in Demand will depend upon the construction of nature reserves, camping facilities, and other ecological and adventure opportunities made available through hotels and travel agents. In the absence of a well-integrated tourism zone development, eco-tourism will remain marginal in the Status Quo and Conservative demand forecast scenarios.

³⁴ The Ein Bokek hotels and spas on the western shore of the Dead Sea, which originally catered to the spa and wellness market, have had to reinvent themselves as a family destination in order to account for declines in medical tourism.

TWENTY-YEAR ESTIMATES OF DEMAND FOR TOURISM INVESTMENT AND TOURIST ARRIVALS

3. DEMAND FORECAST

This chapter describes the manner in which future growth of tourism investment and tourist arrivals at the Dead Sea in Jordan was forecasted. The following describes the vision for Dead Sea development, methodology employed by the team, various growth scenarios, and the results of the demand forecast exercise.

VISION FOR THE DEAD SEA DEVELOPMENT ZONE

The Dead Sea Development Zone has the potential to become a fully integrated global *destination* vacation location, enticing international visits of up to five days, *and* encouraging daylong and weekend visits by Jordanians through enhanced recreational offerings. Both objectives can only be achieved through an enhancement of leisure and recreational activities outside 5-star resorts, and connecting these developments through physical and virtual infrastructure.

ENHANCED ACTIVITIES

Middle East tourism developments can be characterized by physical insulation of tourism spaces through development of fully integrated tourist complexes and tourist gated communities. Throughout the region, hotels, beaches, and tourist sights have confined tourists to enclave spaces well protected by security measures. This is a common problem faced by developments on both on the Jordanian and Israeli sides of the Dead Sea include a lack of activities outside hotels. This is a challenge that the Ein Bokek development, on the Dead Sea's western shore, has not been able to overcome in its 15 to 20-year existence.³⁵

The challenge for Jordan's Dead Sea Development Zone will thus be to create the types of activities in demand by a growing number of tourists. This is particularly salient since many developers are now jumping on the budget accommodation bandwagon. Such 3 and 4-star developments can only be successful if there are attractions *outside* hotels within reasonable distance.

The Dead Sea is well poised to attract more MICE tourism, particularly in the %meetings+and %conferences+ segments of the spectrum, where participants are generally kept busy throughout the day and evening by planned events. It is in the %incentives+and %exhibitions+ segments of MICE, however, where the Dead Sea will need to excel in more generous tourist activities.

Additional tourism investments in immediate demand include the following:

- Budget accommodation- 3 and 4-star branded hotels catering to budget-minded package tourists and %frequent independent travelers+
- Restaurants- Various types of restaurants including 1) High-end restaurants outside hotels catering to resort and 3 and 4-star hotel tourists, capturing the local flavors, cuisines, and regional architecture, attractive to tourists from outside the Middle East; 2) High-end restaurants in modern style with innovative cuisine, attractive to all international guests staying at area hotels; 3) Low to medium-end restaurants catering to local and

³⁵ See Ein Bokek Case Study in the Annex of this report.

budget-minded tourists; and 4) Daytime snack bars and low-end restaurants catering to day visitors and beachgoers.

- Nighttime entertainment- Creation of theater activities, including music performances, light shows, movies, playgrounds, and other leisure activities that can be enjoyed by couples, families, and single MICE travelers at the Dead Sea.
- Central tourist information- Creation of a central tourism office within walking or cycling distance of the major hotel developments in the Sweimeh area, including information and tourist guide services for surrounding attractions in the greater Dead Sea region.
- Parks, picnicking, and day use areas- These areas should comfortably cater to both local day-use visitors *and* tourists (particularly frequent independent travelers+) venturing beyond their hotels on foot, bicycle, car, or bus.
- Transportation network- Resorts, hotels, and other attractions within the main hotel clusters should be linked by pedestrian and cycling pathways that are well-lit and well-maintained for safety. A shuttle or bus service- with handicapped accessibility- should be created to link resorts, hotels, restaurants, and other attractions to one another.

SYNERGIES

The growth of tourist arrivals is a function of the following:

- Supply of tourism facilities- Hotels and other facilities generate their own demand by virtue of their presence
- Consumer confidence- Reflected in overall estimates of tourist growth
- Destination premium- Attractiveness of the location as a destination

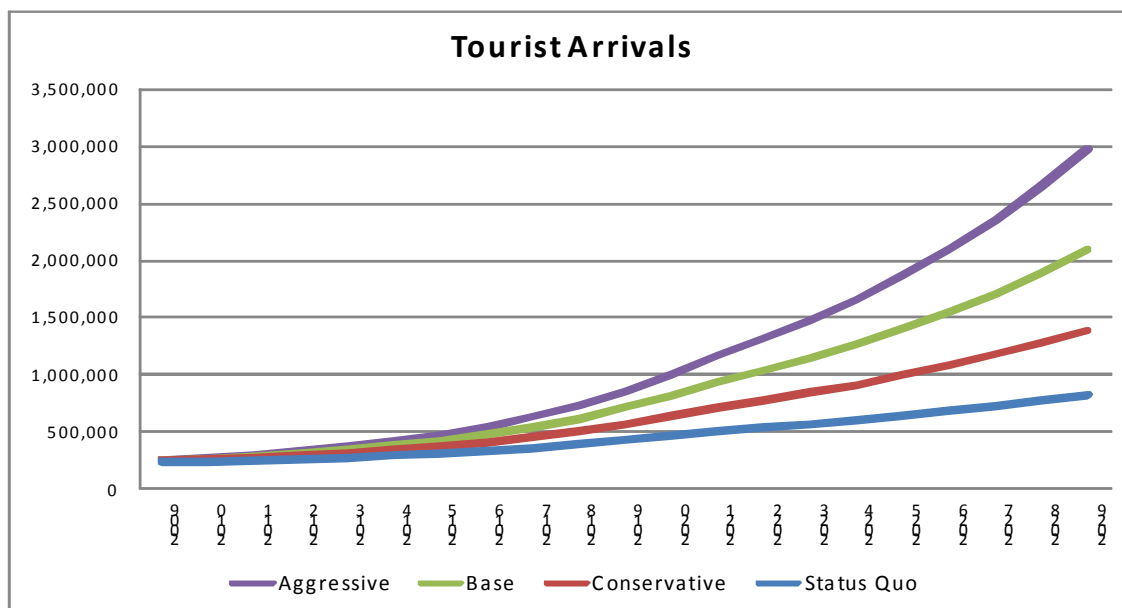
The demand forecast assumes that the Dead Sea Development Zone will create synergies between hotels and leisure activities in the immediate vicinity and beyond. It is these synergies that will help transform the Dead Sea into a *destination* location, rather than one of many stops on a package tour. The demand forecast has quantified the effects of these synergies through a *destination premium+*, defined as the additional tourist arrivals generated by a cohesive and integrated Dead Sea tourism product.

The synergies that create the destination premium will be generated through the following:

- Transportation corridors- Pedestrian pathways, cycling lanes, and bus and shuttle service between developments
- Signage- Uniformity in signage design, language, and direction
- Guidance- Uniformity in presentation of cultural, religious, and natural attractions
- Zoning and architecture- Common themes generated throughout Dead Sea Development Zone
- Security- Safety of travel during day and night between tourism attractions
- Environmental protection- Preservation of the natural landscape that makes the Dead Sea unique as a destination attraction

Figure 6 depicts the destination premium that the demand forecast model applies in each of four development scenarios. As the Dead Sea is developed over time, it is assumed that the area will hold additional appeal as a destination vacation. In the Base Case Scenario, the destination premium will generate 60 percent more tourist arrivals by year 10 than is currently projected under the Status Quo Scenario. In subsequent years, however, the premium jumps to 150 percent additional arrivals in the Base Case, and even more in the Aggressive Scenario.

Figure 6:



The destination premium will also translate into a greater number of room nights demanded by tourists, as the development zone provides a wider range of activities in which tourists may engage and encourages longer lengths of stay. Under the Status Quo scenario, the Dead Sea does not become a choice for a *destination* vacation, and the average length of tourist stay remains at the current 1.6 room nights. The Base Case Scenario assumes that the current average length of stay at the Dead Sea increases from the current 1.6 room nights to 2.0 room nights, as visitors are encouraged to further explore tourist offerings in the Greater Dead Sea area. Growth in tourists to the Dead Sea will surpass the status quo growth rate due to synergies between individual tourism developments and surrounding religious, cultural, historical, and natural attractions. The Aggressive Scenario assumes that the current average length of stay at the Dead Sea increases from the current 1.6 room nights to 2.2 room nights, as visitors are encouraged to further explore tourist offerings in the Greater Dead Sea area.

METHODOLOGY

The factors that determine the growth of tourism project *investments* and the factors that determine the growth of *tourists* are different, but related. This section describes the methodology used to project the growth of each in the Dead Sea Development Zone over the next 20 years.

DETERMINANTS OF TOURISM INVESTMENT GROWTH

The factors that affect the development of hotels and other tourism projects include the following:

- **Financing-** Availability of liquidity in local, regional, and international capital markets
- **Human resources-** Extent to which hotels and other tourist developments can recruit and retain appropriately skilled staff

- Natural Environment- Extent to which hotels and other tourist developments can sustainably access water, process waste, and not denigrate the natural environment that served as the original attraction of the location
- General tourism trends- Regional growth in tourist arrivals.

The Dead Sea Development Zone demand forecast used these principles in forecasting pipeline project completions and new project developments. There is a cyclical downturn in both liquidity available for tourism projects *and* tourist arrivals. The former prevents or stalls pipeline and new projects; the latter sends signals to prospective investors that now is not a good time to start new project. The demand forecast takes these factors into consideration in all scenarios.

The Base Case Scenario assumes a slowdown of pipeline projects over the next 5 to 10 years of about 20 to 30 percent, in line with projected global and regional trends. In the Aggressive Scenario, however, pipeline projects slow in the near term, but then grow to levels greater than previously seen at the Dead Sea, due to better than expected availability of regional and international capital for tourism projects, *and* greater growth in tourist arrivals, which signal the growing demand for Dead Sea accommodation and tourist products. In the Conservative Scenario, a lack of human resources and environmental resources such as water act to slow new investments.

DEMAND FORECAST SCENARIOS

The Dead Sea Development Zone demand forecast was undertaken for four different scenarios, all representing plausible outcomes based on different assumptions. These scenarios and assumptions are described below. The scenarios cover a 20-year time period.



Figure 7. Hotel under construction on Jordan's Dead Sea shore.

All scenarios assume a general slowdown in tourism-related investment during the current global financial crisis. That downturn is felt less in the Base Case and Aggressive Scenarios, however. All scenarios also envision that future hotel developments are more likely to be 3 or 4-star developments. This is in line with trends throughout the Middle East, suggesting that Arab (and international) tourists are seeking more value for money, but still at branded+ quality with known names like Holiday Inn+, Marriott Courtyard+, and others.

Photograph by Andrea Erdmann

BASE CASE SCENARIO

The Base Case Scenario assumes that most, but not all, projects in the current concessionaire pipeline are constructed. This is based on information provided by the Jordan Valley Authority indicating that several investors are experiencing liquidity problems, and may cancel their investments. The Scenario also assumes that the northern portion of the Dead Sea Development Zone is constructed and developed in a manner that links together these tourist projects in a well-zoned and stylistic manner, creating a %branded+ tourism area, linked by pedestrian and cycling paths, with a shopping facility and restaurants interspersed throughout the hotel developments. The Base Case Scenario, however, envisions less development in the Zara region over the next 10 years. The development that will be there will be more isolated, unlike the northern coastal area.

Sweimeh community development is a Phase 2 feature of the Base Case Scenario, with facilities constructed for both community and tourist use in an integrated fashion. In keeping with regional trends, the Base Case assumes that the majority of new hotel developments will be in the 3 and 4-star category (some within the Sweimeh community itself), balancing out the existing offering of large 5-star resorts currently under construction or in the pipeline. These smaller hotels, however, will require a greater integration with surrounding restaurants and other attractions, as budget hotels generally do not provide the same all-inclusive facilities and activities as larger resorts. In the Base Case, additional restaurants and attractions are constructed, particularly along the shore in the Sweimeh area, but not to the same degree envisioned in the Aggressive Scenario.

CONSERVATIVE SCENARIO

The Conservative Scenario assumes that more pipeline projects will be delayed or canceled than in the Base Case. It also assumes that fewer new projects will enter the pipeline, due to liquidity restraints, lower tourist growth, and environmental and human resource constraints in the Dead Sea Development Zone. The Scenario assumes there will be a small community development project in the Sweimeh area, but it will be limited in scope, and not well integrated with the development of resorts in the area. It also assumes that there is very little synergy created by the developments, as most will remain enclave resorts with little few tourist attractions within walkable distance outside major resorts.

AGGRESSIVE SCENARIO

The Aggressive Scenario is characterized by dynamic interaction among hotel properties and surrounding tourist attractions. Tourism development at the Dead Sea takes on a unified character, and the interconnectedness—both physical and virtual—of recreation, accommodation, and cultural and religious attractions lends itself to the Dead Sea becoming a global tourist *destination*, rather than just a short stop on a larger tour of Jordan. The %destination premium+resulting from the integrated synergy of development in this scenario could result in up to 70 percent more tourist arrivals than the expected trends would suggest.

In the Aggressive Scenario, nearly all projects in the current pipeline are developed. Additionally, the Zara area is expected to develop in a cohesive integrated fashion, much like the area around the northern coast in the Base Case Scenario. This lends itself to the creation of more 5-star and 4-star developments, including several eco-lodges and camping facilities within a 10-year timeframe.

The Scenario also features an enhanced Sweimeh Community development as part of the DZC's envisioned Phase 2 of the Dead Sea Development Zone, featuring a number of 3-star hotels, restaurants, and other attractions that are well-integrated into the overall character and tourism infrastructure of the greater Dead Sea area.

STATUS QUO SCENARIO

The creation of a Development Zone will enhance the breadth and depth of development and tourist arrivals at the Dead Sea by offering a simplified and consistent business operating environment, development guided by a common master plan, and synergies created between individual hotel developments. The SABEQ team modeled a scenario to represent growth at the Dead Sea in the absence of a "development zone". In the Status Quo Scenario, growth continues to occur at the Dead Sea, but at a much slower rate than would be expected within the framework of a "development zone". With no common master plan to guide development, there is no additional "destination premium" for the Dead Sea during the first ten years of development.

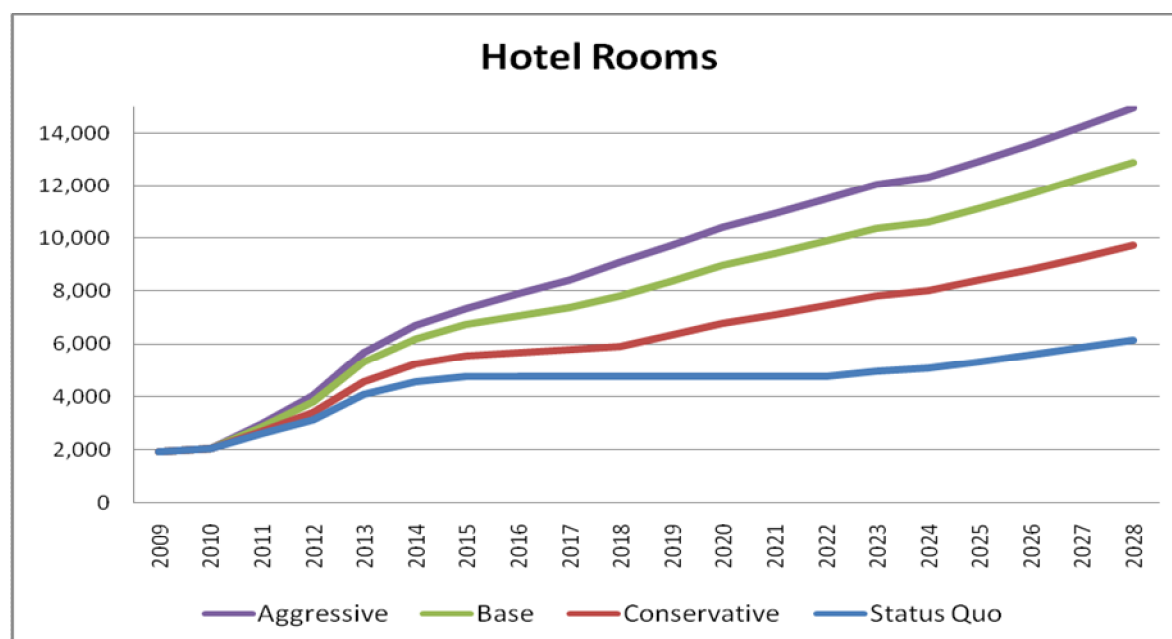
DEMAND FORECAST RESULTS

Based on the pattern of Dead Sea land concessions, regional tourism development trends, tourist arrivals, and other factors described in the methodology, the number of 5-star, 4-star, and 3-star hotels, villas, restaurants, outdoor camps, and other recreational facilities were forecasted over a period of 20 years. Land uptake, built-up space, employment, and other variables were then calculated based on these initial projections.

FORECAST PROJECTIONS

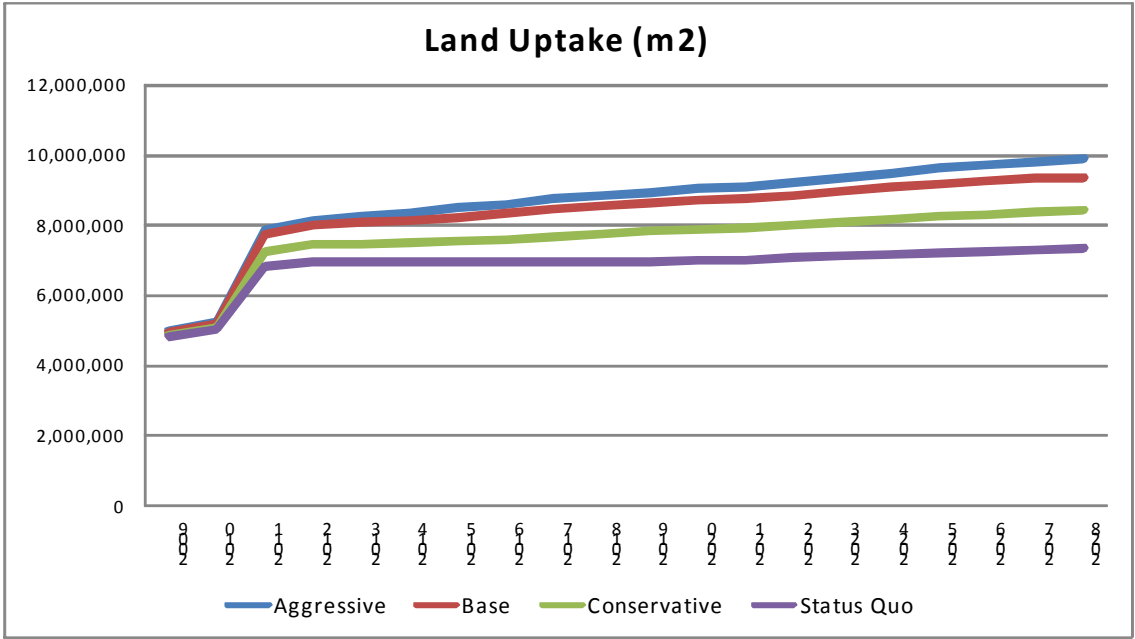
As the Dead Sea development generates increasing flows of tourists and longer stays, it is expected that the number of hotel rooms demanded will increase substantially over the Status Quo scenario (5,855 rooms), to 12,260 rooms under the Base Case Scenario and 14,250 under the Aggressive Scenario, above and beyond the additional rooms that will be supplied through the existing pipeline.

Figure 8:



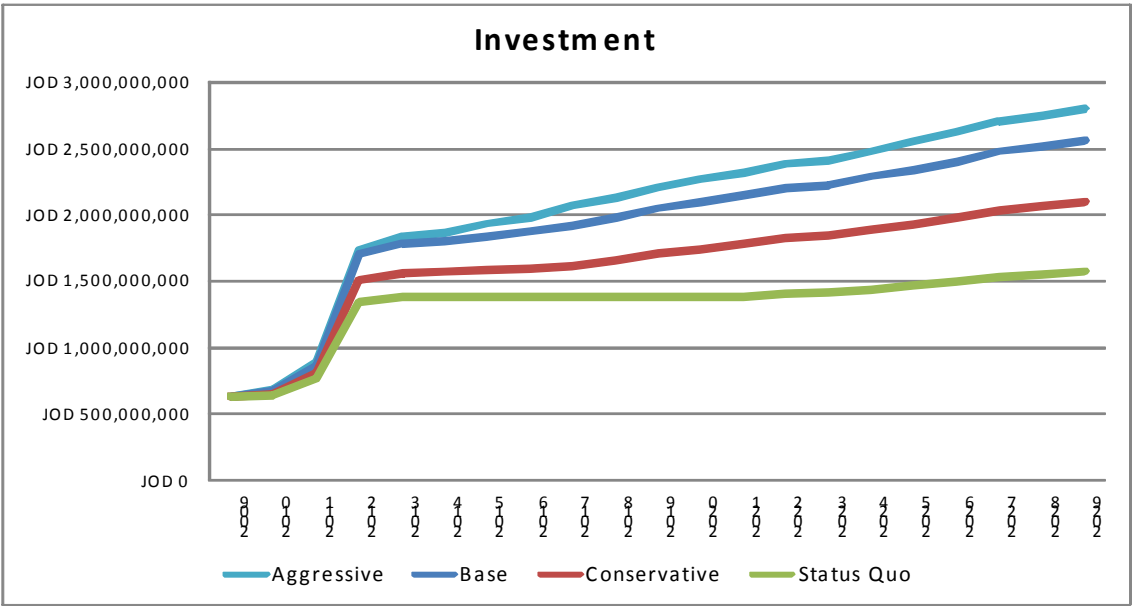
In terms of new land uptake, given the greater scope for development of 3 and 4-star hotels, compared to 5-star resorts, such development is expected to be more dense than that current level of development. Consequently, land uptake is expected to generate a 27 to 34 percent increase in new development activity, under the Base and Aggressive Cases, respectively, over the Status Quo Scenario.

Figure 4:



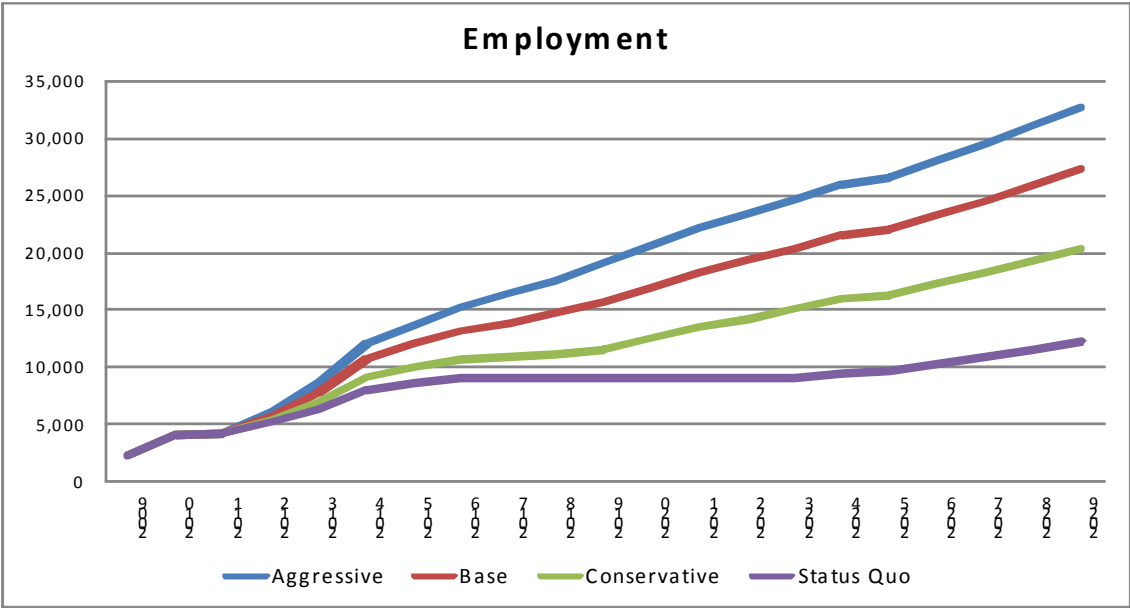
Similarly, in terms of investment activity, under the Base and Aggressive cases, respectively, the Dead Sea Development Zone is expected to generate JD1.0 to JD1.2 billion in additional investment over the Status Quo case (JD 1.6 billion).

Figure 9:



In turn, this projected level investment activity is expected to generate almost 15,700 new jobs in the first ten years of development in the case of the Base Case scenario, and over 19,200 new jobs under the Aggressive Case scenario, compared to under 9,100 under the Status Quo. By year 20, it is expected that between 27,000 and 33,000 jobs can be generated in the Dead Sea Development Zone, compared to only 12,300 under the Status Quo.

Figure 10:



Based on current gender ratios in Dead Sea and other Jordanian hotels, this translates into a minimum of 1,700 to 2,100 more jobs for women by year 10 and 3,000 to 3,600 by year 20. It is expected that the actual number will be higher as establishments outside the hotels are likely to provide more job opportunities to women than the hotel sector traditionally provides.

GOVERNMENT-SUBSIDIZED TOURISM DEVELOPMENT ON THE WESTERN SHORE OF THE DEAD SEA

APPENDIX 1. EIN BOKEK, ISRAEL

INTRODUCTION

Ein Bokek is a government-planned touristic development on the western coast of the Dead Sea in Israel. The development is located along Israel's Highway 90 near the village of Neve Zohar, roughly due west of Jordan's Wadi Asal and the city of Karak. The Ein Bokek development consists of 14 hotels (approximately 4,000 hotel rooms) that are actually situated on the shore of a Dead Sea Works industrial evaporation pond. The area was primarily developed between 1993 and 1999, with the government of Israel shouldering 38 percent of hotel development costs.

The area is well known as a center for therapy for sufferers of skin ailments, but is trying to re-brand itself to be more attractive to younger tourists and families. Ein Bokek consists of three, four, and five-star hotels and spa clinics, which will compete with Dead Sea developments in Jordan—particularly for international tourists in the health and wellness, religious, and sun and sand tourist classifications.

DESCRIPTION OF EIN BOKEK DEVELOPMENT

Ein Bokek's 14 hotels create a tourist zone along a meandering boulevard that channels tourist traffic away from—but parallel to—Highway 90. (See Figure A1-2 at right). Hotels are situated on both sides of the road, some with their own private beaches. Public beaches, several restaurants and two small single-story shopping areas

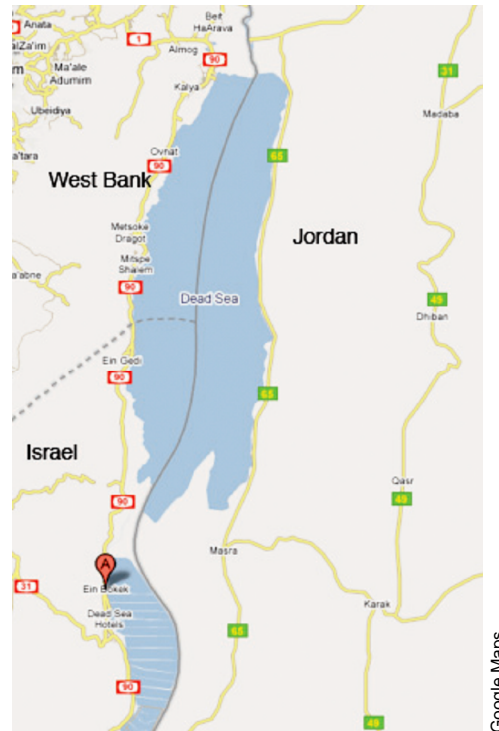


Figure A1-1. Ein Bokek (denoted by the letter 'A') lies on the western shore of the Dead Sea Works industrial evaporation pond in Israel, roughly due west of Karak.



Figure A1-2. Aerial view of Ein Bokek's 14 hotels.



Figure A1-3. Buses frequently serve stops up and down the boulevard that runs through the Ein Bokek tourist zone.



Figure A1-4. The centrally located Dead Sea Tourist Information Center provides multilingual information about activities available to tourists in Ein Bokek and the surrounding area.

also make up the Ein Bokek tourist zone.

The boulevard that runs through Ein Bokek provides easy access among hotels and beaches, and pedestrian sidewalks line both sides of the road. Local buses ply the route up and down the boulevard providing guests with easy access to various hotels and beaches along the five-kilometer corridor.

Sitting at 400 meters below sea level, Ein Bokek attracts a cross-section of visitors in the sun-and-sand, spa and wellness, adventure, cultural, and religious tourism strata. The resorts have traditionally marketed themselves as centers for health and wellness; all but two have in-house spas, and eight employ doctors on the premises.³⁶ Patients, particularly from Europe, stay at the Dead Sea for periods of three or four weeks for treatments for psoriasis and other dermatological ailments. Most visitors, however, visit Ein Bokek for relaxation in the sun, or spa treatments.

The tourist experience in Ein Bokek is not limited solely to sun and spa activities. Hotels and individual tour companies organize day trips to nearby sites of interest. A centralized Tourist Information Center also disseminates information about local and regional attractions outside the hotel zone.

HISTORICAL, ARCHAEOLOGICAL, AND RELIGIOUS SITES

The greater Dead Sea region boasts numerous historical sites and religious sites· many within one or two hours drive from Ein Bokek.

- Nabatean Incense Route (Petra-Gaza Road)· Archaeological remains from the Nabateans through Petra, and onward through the Negev Desert to Mediterranean ports in Gaza. (Petra-Gaza Road)³⁷
- Boqeq Fortress· Roman fortress at the site of a natural spring and gorge (wadi)
- Ein Gedi Archaeological National Park· Mosaics describing the ancient art of perfumery and medicinal plant use at this natural springs site
- Masada National Park· Archaeological preservation of Herod's mountain fortress, including ruins of palaces, frescos, and mosaics. Site of collective suicide among rebels of Roman rule. Open theater and camping facilities

³⁶ Dead Sea Hotel Association, Israel. <http://www.deadsea-hotels.com>.

³⁷ Negev Tourism Forum. <http://www.negev-tour.co.il>

- Qumran National Park (West Bank)- Site of ascetic sect of Hebrews known as the Essenes, who likely authored the Dead Sea Scrolls discovered in caves by Bedouins in 1947³⁸
- Arad Visitors Center- Provides a model of the Judean desert, archaeological finds, and a sound and light show

NATURE TOURISM SITES

Nature is a prized element in Dead Sea tourism in Israel. Signs in the Ein Bokek hotel zone describe various migrating birds, and the sea is marketed as pure and natural. Excursions to nearby nature parks are also available to tourists.

- Ein Gedi Nature Reserve and Botanical Gardens- Yearly flowing river and waterfalls surrounded by tropical vegetation.
- Wadi David Nature Reserve
- Einot Tzukim Nature Reserve (West Bank)- Site of natural springs, oasis, and archaeological site
- Ahava+Dead Sea Health Products Visitors Center (West Bank)- Site of the production of Ahava brand of Dead Sea mineral bath and beauty products

RURAL AND AGRICULTURAL TOURISM

The majority of tourists to Ein Bokek are Israeli, many of whom do not agricultural or rural routes. These city-dwellers are often interested in a type of rural tourism+that allows them to camp and experience life of working farms. Rural tourism activities are typically targeted to families, and often organized by collectively operated villages known as kibbutzim+or moshavim+.

Typical rural tourism activities include the following.

- Pick-your-own vegetables
- Walking tours
- Bird watching
- Camping in Bedouin tents
- Jeep drives in the desert
- Camel, horse, and donkey rides
- Mountain biking and road cycling
- Yoga and meditation
- Arts and crafts- Pottery and glass and metal sculpting

ISOLATED HOTEL RESORTS

Despite the interconnected and pedestrian-friendly nature of Ein Bokek, hotels generally remain all-inclusive isolated resorts. Most activities remain hotel-based, with only two or three restaurants located outside hotels. One hotel features a cinema, while another includes an in-house bowling alley. Municipal leaders would like to see the creation of additional restaurants and upscale restaurants not dependent on hotels, but that has not yet materialized.³⁹

³⁸ Operated under the authority of the Israel Nature and Parks Authority

³⁹ Interview, Ms. Ofra Gazit, Representative, Tamar Regional Council, Israel. April 2, 2009.



Figure A1-5. Several small shopping centers house small eateries, souvenir shops, and stores selling Dead Sea cosmetics. Despite visions of municipal leaders, upscale shopping centers have not been developed in Ein Bokek.

Several factors have contributed to the isolated nature of tourist facilities in Ein Bokek. Firstly, Ein Bokek was developed in the early to mid-1990s when the mindset of individual hotel developers was to keep tourists occupied *within* hotels.⁴⁰ Secondly, the land management company hired to oversee public infrastructure and development never fully realized the master plan vision of developing secondary attractions outside hotels.⁴¹ Finally, the harsh hot climate—particularly during summertime—contributes to tourists wanting to remain inside hotels.

CULTURAL CONSIDERATIONS

Many facilities in Ein Bokek have been developed keeping cultural considerations of visitors in mind. Strict adherents to both Islam and Judaism, for instance, will not sunbathe in the presence of the opposite gender. To accommodate, Ein Bokek was developed with a gender-segregated sun-bathing %olarium+ on the beach, with high barriers allowing for modesty and privacy. Many hotels have now followed suit, with gender-segregated solaria facilities on their roof-tops.⁴²

EIN BOKEK—SUMMARY OF DETAILS

The following summarizes information on the Ein Bokek development such as numbers of hotels, visitors, employees, and typical lengths of stay for tourists.

HOTELS

NUMBER OF HOTELS

There are 15 hotels along Israel's Dead Sea shore, 14 of which are located in the Ein Bokek hotel zone. They are primarily a mix of four and five-star all-inclusive resorts, with several three-star hotels in the mix.

ROOM RATES

The cost of a double room for two adults, including breakfast, averages US\$ 339 for five-star hotel rooms, and US\$ 290 per night for four-star hotels.⁴³

HOTEL REVENUES

Revenue per person night at Dead Sea hotels is slightly higher for international visitors than for Israelis. Whereas Israelis spend US\$ 87.38 per room-night, international tourists spend

⁴⁰ Interview, Ms. Ofra Gazit, Representative, Tamar Regional Council, Israel. April 2, 2009.

⁴¹ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009.

⁴² Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009.

⁴³ Based on rates quoted by <http://www.hotels-in-israel.com> for a double room for two adults (breakfast included) for a weekend night in May 2009.

US\$ 92.73.⁴⁴ Slight differences may arise from international tourists purchasing more spa and wellness services than local visitors.

ROOM OCCUPANCY

Room occupancy in Ein Bokek averaged 70 percent in 2007, up from 61.6 percent and 57.9 percent in 2002 and 2003, respectively.⁴⁵

EMPLOYMENT

NUMBER OF HOTEL STAFF



Figure A1-6. Employment at Dead Sea hotels during 2002-2003 and 2007-2008. Source: Central Bureau of Statistics, Israel

Hotels on Israel's Dead Sea shore employ an average of 2,608 staff.⁴⁶ This is a ratio of 1 hotel staff per 1.53 hotel rooms, lower than many other resort developments in the Middle East, due to the higher cost of wages in Israel.⁴⁷ Hotel employment has increased, however, since 2002, as illustrated in Figure A1-6. This is likely due to an increase in visitors to the Dead Sea following the Second Intifada, September 11, and other episodes of political instability in the early 2000s.

WORKER HOUSING

Some hotel staff reside within Ein Bokek's hotels. However, most make long daily commutes from towns in the Negev such as Beer Shiva. Organized public transportation exists to transport workers to and from their towns of residence.⁴⁸

WORKER WAGES

Monthly wages for hotel workers at the Dead Sea averaged US\$ 1,543 in 2008, up from US\$ 1,449 in 2007.

TOURISTS

COMPOSITION OF VISITORS

The large majority—approximately 80 percent—of visitors to Ein Bokek are Israeli. Though the overall numbers of tourists has continued to rise in Ein Bokek, the balance between domestic and international arrivals has largely remained constant.⁴⁹ International visitors

⁴⁴ Central Bureau of Statistics, Israel. Based on data for 15 hotels along Israel's Dead Sea shore, including 14 in Ein Bokek. Data are for 2007.

⁴⁵ Central Bureau of Statistics, Israel. Based on data for 15 hotels along Israel's Dead Sea shore, including 14 in Ein Bokek.

⁴⁶ Central Bureau of Statistics, Israel. Based on monthly average of employees in 15 hotels along Israel's Dead Sea shore, including 14 hotels in Ein Bokek.

⁴⁷ Interview, Ms. Ofra Gazit, Spokesperson, Tamar Regional Council, Israel. April 2, 2009.

⁴⁸ Interview, Ms. Ofra Gazit, Spokesperson, Tamar Regional Council, Israel. April 2, 2009.

⁴⁹ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009.

largely hail from Russia, Germany, United States, France, Italy, Scandinavia, and India.⁵⁰ Israeli visitors tend to visit Ein Bokek throughout the year, while international tourists tend to arrive in the cooler spring and autumn months.

LENGTH OF STAY

The average length of stay for Israeli visitors to Ein Bokek is between 2.5 and 2.7 nights. International tourists typically stay longer, averaging visits between 3.9 and 5.1 nights.⁵¹

NUMBER OF PERSON NIGHTS

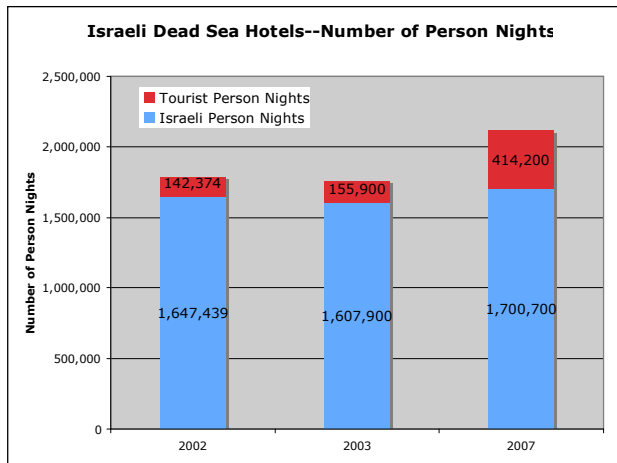


Figure A1-7. Number of person-nights at Dead Sea hotels during 2002-2003 and 2007. Source: Central Bureau of Statistics, Israel.

The number of person nights at Dead Sea hotels has increased since 2002. Figure A1-7, at left, shows the breakdown in person nights between Israelis and international visitors (i.e. tourists+). Visits by Israelis have remained rather constant throughout the decade, but international visits have increased due to a greater willingness of tourists to vacation in the Middle East.

ROLES OF GOVERNMENT AND PRIVATE SECTOR

The government of Israel has played an active role in the development of tourism along the Dead Sea. This

includes development of a master plan, subsidization of hotel construction costs, formulation of a special purpose vehicle for infrastructure development, and research into the ecology, geographic stability, and safety of development of the Dead Sea shore.

Land in Ein Bokek is government-owned, but leased to developers. Developments occur in one of two ways: 1) A government tender is issued for specific tourism projects; or 2) Ministry of Tourism has the authority to provide land for large developments without use of a tendering process.⁵²

SUBSIDIZED DEVELOPMENT

Ein Bokek hotels were constructed in the 1990s under a government program that subsidized 38 percent of construction costs. A twenty-four percent subsidy was available for Dead Sea tourism development, in general. An additional 14 percent was available since Ein Bokek is within the Negev region, which the government was interested in further developing.⁵³

⁵⁰ Interview. Ms. Ofra Gazit, Spokesperson, Tamar Regional Council, Israel. April 2, 2009.

⁵¹ Central Bureau of Statistics, Israel. Data is based on visits to 15 hotels located on the Dead Sea, including 14 in Ein Bokek.

⁵² Interview. Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009.

⁵³ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009.

DEAD SEA MASTER PLAN (1999)

A tourism master plan for the western shore of the Dead Sea was developed in 1999. The plan has served as development policy for the Israeli and West Bank shores of the Dead Sea, and has remained largely unchanged over the past decade. The 1999 plan calls for the construction of 18,000 hotel rooms in three distinct tourist zones: Ein Bokek and Mazor (Israel), and Megilot (West Bank).⁵⁴

EIN BOKEK

The 1999 master plan called for the construction of 6,000 hotel rooms in Ein Bokek. To date, only 4,000 rooms have been constructed. The additional 2,000 rooms have not yet been developed for several reasons. Firstly, the subsidy for hotel development was reduced, making it less attractive for developers to initiate new projects.⁵⁵ Secondly, the future water level of the evaporation pond on which Ein Bokek hotels sit remains unclear.

The Dead Sea Works has a license for the pond until 2030, and will likely get an extension after that. However, some Ein Bokek projects have not come to fruition due to *rising* levels of water in the industrial pond. The rising water has also threatened existing hotel and commercial developments, especially those located closer to the water.⁵⁶

Plans were approved for 6,000 rooms, but only 4,000 have been developed. An additional 2,000 were not developed because the subsidy for development was reduced. Also, the future of the area is not clear due to the evaporation pond. The Dead Sea Works has a license for the pond until 2030, and will likely get an extension after that.

MAZOR

The 1999 master plan also called for the construction of 6,000 hotel rooms in Mazor, on the Dead Sea shore at the foot of the archaeological ruins of Herod's Palace, Masada. Because of its historical, religious, and archaeological importance, Masada receives approximately 400,000 to 500,000 visitors per year.⁵⁷ When a geographical survey company, however, warned of imminent sinkholes in the area, all potential hotel developers withdrew from the plan to construct hotels along the shoreline.⁵⁸ Construction in the Mazor area is now nearly impossible for geological reasons.

MEGILOT

The Dead Sea master plan specified that 6,000 hotel rooms be constructed in the Megilot District, along the northwest shore of the Dead Sea. Megilot is the Israeli regional district on the Dead Sea that lies within the West Bank. It is currently classified as Area C1+ under the Oslo accords, with both administrative and military control held by Israel.⁵⁹ Ten years ago, the Ministry of Tourism invested in tourism infrastructure in the Megilot District, including

⁵⁴ A new Dead Sea master plan is currently under development. As part of the Interior Ministry's updated national master plan, a 30-member steering committee is currently advising on a process to deal with issues of preservation at the Dead Sea. The new master plan will cover all uses at the Dead Sea, including agriculture, tourism, and residential. The new national master plan will include specifications for landscaping, roads, lighting, street signs, beaches, street benches, shade, etc. It is scheduled to be completed in one and a half years.

⁵⁵ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009.

⁵⁶ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009 and Interview, Ms. Ofra Gazit, Spokesperson, Tamar Regional Council, Israel. April 2, 2009.

⁵⁷ Interview, Ms. Gura Berger, Spokesperson, Megilot Regional Council. April 1, 2009.

⁵⁸ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009.

⁵⁹ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel, April 1, 2009.

roads and sewage treatment facilities. A 24 percent subsidy was offered for hotel developments. Four hotels were granted this subsidy, but none was constructed.⁶⁰

Hotel developments according to the master plan were never realized for several reasons. Firstly, developers have not been willing to make the costly risk of constructing hotels on land with an uncertain political future. Secondly, the shoreline is rapidly receding eastward in that area as the sea level drops each year. There have been discussions about constructing artificial lagoons as a way of preserving shorelines near hotels that would be constructed. However, these ponds would be very costly to construct and maintain.⁶¹ Finally, the threat of sinkholes along the western Dead Sea shore has dissuaded some from pursuing hotel developments there.⁶²

One of the major attractions of the northern Dead Sea area is Qumran- site of the discovery of the Dead Sea Scrolls, which receives 400,000 to 500,000 visitors per year.⁶³ Many of the tourists to the northwest Dead Sea area are Israelis seeking outdoor adventure tourism- moon viewing, desert hiking, and camping. Visitor accommodations include Bedouin tents for camping and small country lodges, mostly located within Israeli *kibbutzim* or *moshavim* village settlements. Several public beaches are available along the northwest Dead Sea shore. The area used to have a water park and go-kart track, but these closed due to the second Intifada.⁶⁴

CREATION OF A SPECIAL PURPOSE VEHICLE FOR INFRASTRUCTURE DEVELOPMENT

In the 1990s, a special purpose vehicle (SPV) was created to interface between the Ministry of Tourism and private sector hotel developers in Ein Bokek. That quasi-public company was hired to do the planning and public infrastructure engineering work for the Ein Bokek development. SPV revenues were borne out of taxes levied on hotels in Ein Bokek, and reinvested into tourism-related infrastructure within the hotel zone.

The SPV ultimately failed four to five years ago. There are two primary reasons for failure. Firstly, SPV revenues were projected based on 6,000 hotel rooms. Ultimately, however, only 4,000 were constructed in Ein Bokek⁶⁵ resulting in lower than expected tax revenues for the SPV. Secondly, the SPV was not well managed, and never achieved the desired mix of hotel and commercial developments.⁶⁶

The role of infrastructure development in Ein Bokek now lies with the local municipality, which is small and has limited funding. The government has invested US\$ 100 million in Dead Sea development, some of which was designated for public infrastructure. However, *protection* has become a much larger priority than infrastructure development.

⁶⁰ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel, April 1, 2009.

⁶¹ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel, April 1, 2009.

⁶² Interview, Ms. Gura Berger, Spokesperson, Megilot Regional Council, Israel. April 1, 2009 and Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009. According to Mr. Ergas, a geological survey company has identified at least 2,000 areas of sinkholes or potential sinkholes along the western shore of the Dead Sea, where construction is dangerous and ill-advised.

⁶³ Interview, Ms. Gura Berger, Spokesperson, Megilot Regional Council, Israel. April 1, 2009.

⁶⁴ Interview, Ms. Ofra Gazit, Spokesperson, Tamar Regional Council, Israel. April 2, 2009.

⁶⁵ Rising water levels in the industrial pond on which Ein Bokek sits have resulted in cancellation of some developments, according to the Ministry of Tourism, Israel.

⁶⁶ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009.

MARKETING AND PROMOTION



Figure A1-8. Nature's Four Elements is the primary marketing theme for Ein Bokek.

focuses on nature, with the theme, "The Dead Sea. Where Nature's Four Elements Beckon" (See Figure A1-8.)

Ein Bokek also markets the hospitality and "exotic" characteristics of Bedouin culture, with images of camels, Bedouin tents, and hospitable service. While visitors will not experience these qualities in the ambience or service of hotels themselves, the surrounding desert areas are portrayed in a colorful-

almost mystic manner.

The Dead Sea is also promoted as a place of prophets of the Old Testament, New Testament, and Quran. The appeal of the Dead Sea is extended to religious tourists by promoting sites such as Qumran, Masada, Jesus' baptism site, Jerusalem, and others. Ein Bokek is also marketed as being nearby major and minor archaeological sites, as well as near the Nabatean Incense Route from Petra to Gaza. Tourism promoters appear keen to extend the religious and historical aspects of a Dead Sea visit to include religious and historical sites in Jordan.⁶⁷

The Dead Sea in Israel had come to be seen as a place where the infirm come to recuperate. In an effort to counter this, the marketing focus of the Ein Bokek has changed over the past seven years to appeal more to families, honeymooners, and singles wishing to

Dead Sea tourism is jointly promoted by the Ministry of Tourism, Tamar Regional Council, Dead Sea Hotel Association, and Megilot Dead Sea Regional Council.⁶⁷ The Negev Development Authority also publishes materials that market the Dead Sea as one of many attractions in the Negev desert region.

The Dead Sea is promoted by calling up images of nature, hospitality, relaxation, and history steeped with historical and religious importance.

NATURE

The current joint marketing campaign for by the Tamar Regional Council and Dead Sea Hotel Association for Ein Bokek



Figure 1-10. Dead Sea health and beauty products are available in multiple outlets in Ein Bokek.

⁶⁷ The Tamar Regional Council and Dead Sea Hotel Association promote tourism in Ein Bokek. The Megilot Dead Sea Regional Council is responsible for promotion of tourism along the northwest shore of the Dead Sea in the West Bank.

⁶⁸ Interview, Ms. Gura Berger, Spokesperson, Megilot Regional Council, Israel. April 1, 2009.

experience a fun and pampering getaway. Individual hotels have made changes to appeal to a broader visitor base by adding fresh water swimming pools, children's clubs, and promoting natural, historical, and adventurous opportunities as day trips from the hotel.

Dead Sea health and beauty products are also heavily marketed in Ein Bokek, with several outlets featuring popular Israeli brands. The Ahava Dead Sea Health Products Visitors Center is located in the West Bank, and promoted as a stop for Dead Sea tourists.

Since Ein Bokek is isolated relative to any large towns or cities, night life and entertainment have not been hallmarks of this resort area. Nonetheless, promoters have organized seasonal shows and events to draw both new and repeat visitors. An art festival is held each year, and the area hosts an international sporting event twice per year. In June 2009, an international jet festival will be held at the small airport in Ein Gedi to the north, and the area will host the opera, Nabuko, from the Scala Theater in Milan in June 2010. Ein Bokek is also building an 800-seat air conditioned tent in which the show %Salt+ will play each evening. They will market this show to travel agents, who will be able to include this as part of a Dead Sea hotel package.⁶⁹

SUMMARY OF STRENGTHS AND WEAKNESSES

This section summarizes the strengths and weaknesses of tourism development and potential on the western shore of the Dead Sea, and in Ein Bokek, in particular.

STRENGTHS



Figure A1-11. Ein Bokek employs consistent signage throughout the hotel zone.

MASTER PLAN

Ein Bokek was developed with a common uniform master plan, providing uniform guidance for hotel and commercial development. This has resulted in a cluster of hotel properties that can all take advantage of the Dead Sea Works industrial ponds.

Multilingual informational, safety, and directional signage is prevalent throughout Ein Bokek. This includes street signs indicating hotels, signs describing habits of migrating birds, and signs alerting beach users to rules and safety information.

Sidewalks line both sides of the boulevard that bisects the Ein Bokek hotel zone, making it easy and safe for tourists to walk throughout the area. Bus stops are located on nearly every block.

ACTIVITIES OUTSIDE HOTEL ZONE

It is easy for tourists to bundle their Dead Sea visit with historical, religious, wilderness, and/or adventure activities beyond the confines of the Ein Bokek hotel zone. Hotels and tour promoters realize the benefits of making these available to visitors.

⁶⁹ Interview, Ms. Ofra Gazit, Spokesperson, Tamar Regional Council, Israel. April 2, 2009.

WEAKNESSES

SHORELINE AND GEOLOGICAL INSTABILITY

The water level of the Dead Sea one meter per year, resulting in an estimated US\$ 90 million worth of damage. The shallow bottom profile along the western shore of the Dead Sea has resulted in a rapidly receding shoreline. In some places along the northwest coast, the sea is now three kilometers east of the historical shoreline. The only resort on the main body of the Dead Sea is in Ein Gedi (noted on the map in Figure 1), where the water has receded so far that a shuttle is necessary to take visitors to the actual sea.

Construction along the Dead Sea is no longer allowed below 405 meters below sea level, in anticipation that remedial measures may once again bring higher water levels. Officials hope for coordination with Jordan on this standard, and fear that if this standard is not in place in Jordan, hotels may lobby against an eventual rise in sea level.⁷⁰

Hotels in Ein Bokek experience the opposite problem as developments on the Dead Sea main body. Because Ein Bokek sits on an industrial pond, the water level is actually rising, threatening several of the hotel developments. The pond is filled by pumping water from the main body of the Dead Sea in the north through a canal feeding the evaporation ponds. Some of the hotels might eventually have to be moved because of the rising pond water levels. Several of the intended developments in Ein Bokek were never constructed because of the rising pond level.

The Dead Sea experiences geological challenges such as earthquakes and sinkholes, particularly along the southern half of the western shore. The ground in the area is unstable, sinking about eight centimeters per year. There is a three-year program from 2008 to 2010 to research and deal with these problems. Authorities may extend the program, but the budget is currently not sufficient to do so.⁷¹

ISOLATED RESORTS

Within the hotel zone, there are few attractions outside hotels themselves. The master plan designated plots for commercial and other attractions, but demand for those plots has remained low. Commercial centers in Ein Bokek have not been well developed, and little new infrastructure has been built.

WATER SHORTAGE

The shortage of water is a challenge for hotel developments along the Dead Sea. Gray water from waste treatment plants in Jerusalem is now used for agricultural irrigation in the area. This has freed up water from springs for other uses, such as hotels. Most springs along the western shore no longer flow into the Dead Sea. The tourism industry is working with researchers to solve the water shortage problem. There are plans for five or six desalination plants along the Mediterranean Sea. Hotels are currently exploring the option of importing water in tankers from Turkey, which costs less than desalination.

FAILURE OF SPECIAL PURPOSE VEHICLE

Ein Bokek only grew to two-thirds the size envisioned by the original master plan. This resulted in lower than expected revenues for the quasi-public company established to

⁷⁰ Interview, Ms. Gura Berger, Spokesperson, Megilot Regional Council, Israel. April 1, 2009.

⁷¹ Interview, Mr. Yaron Ergas, Director, Tourism Planning, Ministry of Tourism, Israel. April 1, 2009.

oversee development in the area, and ultimately led to failure of the SPV. Though parks, upscale commercial developments, and outdoor theaters are still planned, there is little municipal funding to do carry these out, and much of this infrastructure has been neglected.

POLITICAL INSTABILITY AND UNCERTAINTY

The Dead Sea experiences a big fluctuation in tourist demand due to conflict and violence that periodically erupts in Israel and throughout the Middle East. Figure 7 depicts how foreign visits to Ein Bokek eventually rebounded after 2001. Political uncertainty over the eventual status of the West Bank, has prevented developers from risking their investments along the northwest shore, despite attractive subsidy offers from the government of Israel.

In times when tourists go down, special cut rates are offered to encourage more Israeli visitors.

GOVERNMENT INITIATIVE TO DEVELOP SHARM EL SHEIKH OF EGYPT

APPENDIX 2. SHARM EL SHEIKH, EGYPT

INTRODUCTION

Sharm el Sheikh is a city situated on the southern tip of the Sinai Peninsula, in Janub Sina', Egypt, on the coastal strip between the Red Sea and Mount Sinai. Sharm el-Sheikh is the administrative hub of Egypt's Southern Sinai province which includes the smaller coastal towns of Dahab and Nuweiba as well as the mountainous interior, Saint Catherine's Monastery and Mount Sinai.

Sharm el-Sheikh (27°51 N 34°17 E) is on a promontory overlooking the Straits of Tiran at the mouth of the Gulf of Aqaba. Its strategic importance led to its transformation from a fishing village into a major port, naval base for the Egyptian Navy and a major tourist attraction.

Sharm el-sheik touristic attractions covers a variety of activities which include water activities such as scuba diving, snorkeling, windsurfing and many others; also horse and camel riding, desert safaris and antiquities attractions. The city has been named the 'City of Peace' because of the various peace conferences held in the city and attended by world leaders. Sharm also has all the amenities of a touristic location including casinos, nightclubs, golf courses and health facilities.

Sharm el-Sheikh is similar in many ways to the Dead Sea area in Jordan as they both are unique in having the wide variety of attractions, as they both have the significant natural attraction, the sea and the mountains surrounding the area. Adventure, eco-tourism, health and wellness, culture and history in addition to hosting conferences such as the World Economic Forum; both cities offer the diverse experience to tourists that could satisfy different needs.

DESCRIPTION OF SHARM EL SHEIKH DEVELOPMENT

Sharm el-Sheikh was formerly a port, but commercial shipping has been greatly reduced as the result of strict environmental laws introduced in the 1990s. Until 1982, there was only a military port in Sharm el-Sheikh, on the northern part of Marsa Bareka. The civilian port development started in the mid 1980s when the Sharem-al-Maya bay became the city's main yacht and service port.

Sharm el-Sheikh's major industry is foreign and domestic tourism, owing to its dramatic landscape, year-round dry and temperate climate and long stretches of natural beaches. Its waters are clear and calm for most of the year and have become popular for various water sports, particularly recreational scuba diving and snorkelling which some consider to be among the best in the world. Coral reefs, under water and marine life offer a spectacular and

dazzling time for divers. There is wide room for scientific tourism with diversity in marine life species; 250 different coral reefs and 1000 species of fish.

These natural resources, together with its proximity to European tourism markets, have stimulated the rapid growth of tourism that the region is currently experiencing. Guest nights also increased in that period of time from 16 thousands to 5.1 million. The total number of resorts increased from 3 in 1982 to 91 in 2000. Highly reputable management companies have been attracted to invest in this city such as Hyatt Regency, Le Méridien, Four Seasons, Ritz-Carlton, and others, with categories from three to five stars. Franchises like Starbucks, Hard Rock Cafe, McDonalds and Kentucky Fried Chicken can be found in Sharm el-Sheikh.

Sharm is also the home of a state of the art congress center, where many political meetings have been held of international tenure. Peace conferences, ministerial meetings, World Bank meetings, Arab League conferences for mentioning a few. It is rightly located along peace road and have been lately re-branded to be a Maritim outlet. The Maritim Sharm el Sheikh International Congress Centre can host events and congresses for up to 4,700 participants.

The nightlife of Sharm El-Sheikh is modern and developed. In 2005, Little Buddha, a sushi bar, nightclub, and bar, took the title of having the longest continuous bar in the Middle East. Other popular bars include the Camel Bar, The Tavern, Pirate's Bar, Movenpick Beach, and The Mexican. Dance club franchise Pacha has one of its three African clubs in Sharm (the other two are in Morocco and Nigeria). These nightclubs and restaurants contribute greatly to the lifestyle led by Sharm el-Sheikh's visitors each year.

The colorful handicraft stands of the local Bedouin culture are a popular attraction. Ras Mohammed, at the southern-most tip of the peninsula, has been designated a national park, serving to protect the area's wildlife as well as its natural landscape, shoreline and coral reef. A number of international hotels and noted restaurants are clustered around the centre of Sharm, known as Naama Bay, with golf courses and other leisure facilities further up the coast.

GROWING TOURISM INDUSTRY – SHARM EL SHEIKH

The tourism industry plays a vital role in boosting Egypt's economy. It will continue in the future, to be a key contributor to GNP, foreign exchange, employment generation, regional development, and population redistribution. Over the longer term, it may have additional ancillary impacts, such as promoting environmental improvement, infrastructure development, modernization, and workforce expansion.

The city has turned to a hub of activities to meet the promising investment prospects. New beaches were expanded and tourist villages were established to accommodate the flow of tourists who flock to enjoy the unique environmental facilities.

The increase in tourist influx and tourist nights was tremendous. The number of tourist arrivals increased from eight thousands in 1982 to 1.2 million in 2000.⁷²

Guest nights also increased in that period of time from 16 thousands to 5.1 million. The total number of resorts was increased from 3 in 1982 to 91 in year 2000.⁷³

⁷² Egypt State Information Service Website.

⁷³ Egypt State Information Service Website

HOTELS

The total number of hotels at Sharm El Sheikh is 188. The categories vary between unclassified to 5 star hotels. The highest number ranges between 3, 4 and 5 stars hotels.

Number of Hotels	Category
2	*
21	**
53	***
64	****
44	*****
4	unclassified

Source: Egyptian Hotels Association

HISTORY OF THE DEVELOPMENT

Before 1967, Sharm el-Sheikh was little more than an occasional base of operations for local fishermen; the nearest permanent settlement was in Nabk, north of Ras el-Nasrani ("The Tiran Straits"). Commercial development of the area began during the Israeli presence in the area. The Israelis built the town of Ofira overlooking Sharm el-Maya Bay, and the Nesima area, and opened the first tourist-oriented establishments in the area six kilometers north at Naama Bay. These included a marina hotel on the southern side of the bay, a nature field school on the northern side, diving clubs, a now well-known promenade, and the Naama Bay Hotel.

After the Sinai was restored to Egypt in 1982, the Egyptian government embarked on an initiative to encourage continued development of the city. Foreign investors - some of whom had discovered the potential of the locality during the Israeli occupation - contributed to a spate of building projects. Environmental zoning laws currently limit the height of buildings in Sharm el-Sheikh so as to avoid obscuring the natural beauty of the surroundings; In addition to protection laws to preservation of nature.

A hierarchical planning approach was adopted, whereby their components were evaluated and subdivided into zones, cities and centers. In accordance with this approach, the zone was subdivided into four cities: Taba, Nuweiba, Dahab and Sharm El-Sheikh. Sharm El-Sheikh city has been subdivided into five homogeneous centers namely: Nabq, Ras Nusrani, Naama Bay, Umm Sid and Sharm El Maya. Sharm El-Sheikh city together with Naama Bay, Hay el Nour, Hadaba, Rowaysat, Montazah and Shark's Bay form a metropolitan area.

The land plan shows that the total area of Sharm El-Sheikh is expected to be about 42 km², in the year 2017. This area is designed to include⁷⁴:

- Tourism resorts 8.4%

⁷⁴ Egypt State Information Service Website.

- Tourism Facilities 40.9%
- Green & Open areas 12.3%
- Social Services 9.9%
- Roads 12.2%
- Urban Housing 13.7%
- Bedouin Housing 1.6%
- Hand crafts & small industries 1.0%

GOVERNMENT ROLE

The government exerts laborious effort to improve the development of Sharm el Shiekh area; a strong contribution to the infrastructure. This includes the road network, thereby making the area more accessible for tourists. At present the roads are connecting Sharm El-Sheikh with the different cities of Sinai and the Nile Valley.

Sharm El-Sheikh International Airport has been developed and expanded to receive big aircraft and the steady increase in the number of flights; it is accommodating now 1200 passenger/hour.

The port of Sharm El-Sheikh, which can accommodate different types of vessels, played an essential role in connecting the city with the world, besides smaller local ports for diving boats.

Substantial increase in the capacity of infrastructure components can be depicted: ⁷⁵

- * The capacity of telecommunications has increased to 10000-telephone line.
- * The capacity of electricity has been increased to 202 mw.
- * The capacity of potable water has been increased to 28500 m3/day.
- * The capacity of sewage disposal has been increased to 22380m3 / day.

The city also includes a variety of services and facilities (health, educational, cultural, commercial, food courts, shopping centers, cinema, casinos, schools ...etc.), which serve both tourists and residents. Environmental zoning laws were implemented to protect the development of the area. The law included a limit to the height of buildings in Sharm el-Sheikh so as to avoid obscuring the natural beauty of the surroundings; In addition to protection laws to preservation of nature.

STRENGTHS OF THE LOCATION

Sharm El Sheikh is probably the best-known city of the Red Sea coast; it locates on the south of Sinai. For so many reasons this city became so famous: 1st Sharm-el-Sheikh gave the Red Sea an international reputation as one of the world's most extraordinary diving destinations. Second the city has so many resorts and hotels and all possibilities for tourists. And the 3rd - the city is too clean and considered to be a piece of paradise.

⁷⁵ Egypt State information Service website

LESSONS LEARNED

Sharm El Sheikh marketed itself by its unique natural attraction, it has the coral reefs of Ras Mohammed, Tiran and the Aqaba coast, on which Sharm built its legendary reputation. The government gives the city much importance and almost all Egyptian politic conferences are held in Sharm-el- sheikh. Today, however, diving is not the only part of attraction, many visitors arrive simply to enjoy the sun, to parasail and windsurf and bicycle, or to explore the magical desert landscape of the southern Sinai.

Since the mid-1980 Sharm-el-Sheikh area has come into its own as a world-class resort destination, with the construction of almost forty hotels and resorts. Accordingly, the last several years have witnessed strong efforts by the Sharm-el-Sheikh community to protect and to preserve the fragile environment of this region. The creation of Ras Mohammed National Park in 1983 marked the first great step in this effort and today a full 52% of the Egyptian shoreline along the Gulf of Aqaba is under protection. Before 1967, Sharm-el-Sheikh didn't even appear on most maps and it was politics, rather than diving, that first brought the world's attention to this port.

INDIVIDUALS CONSULTED FOR THIS STUDY

APPENDIX 3. INTERVIEWS

The following individuals were consulted in person or by telephone in preparation of this study. Their patience and participation, and invaluable insights, are much appreciated.

Figure A5-1. Interviews
Individuals Consulted for This Study

Name	Position	Organization
Ms. Souad H. Abdelhamid	Lead, Special Projects Solution	Jordan Economic Development Program (SABEQ)
Mr. Bashar Abu Rumman	CEO, Legal Affairs and Manager, Real Estate Investment and Development	Aqaba Development Corporation, Jordan
Mr. Jaacov Akrish	Head	Tamar Dead Sea Regional Council, Israel
Mr. Nayef. H. Al-Fayez	Managing Director	Jordan Tourism Board
H.E. Mr. Samer Asfour	Commissioner, Investor Services and Development	Development Zones Commission, Jordan
Ms. Gura Berger	Spokesperson	Megilot Dead Sea Regional Council, Israel and partner in Liebovitz-Berger, tourism and marketing of Dead Sea (West Bank) to tour operators
Ms. Amy Bosland	Health Educator	National Psoriasis Foundation, United States
Mr. Yazan Busban	Senior Officer- Business Development Division	Development Zones Commission, Jordan
Ms. Ruby Elayan	Officer, Business Development Division	Development Zones Commission, Jordan
Mr. Yaron Ergas	Director, Tourism Planning	Ministry of Tourism, Israel
Ms. Ofra Gazit	Spokesperson	Tamar Dead Sea Regional Council, Israel
Ms. Mona Hawa	Director, Marketing and Tourism	Aqaba Special Economic Zones Authority, Jordan
Ms. Huda Hijazi	Division Head, Communication and Media	Development Zones Commission, Jordan
Mr. Peter Hoesli	Manager	Movenpick Hotel, Aqaba, Jordan
Mr. Ayman Jabr	Executive	Aquamarina Hotels, Aqaba, Jordan
Ms. Isabelle Jacob	Resident Manager	Golden Tulip Hotel, Aqaba, Jordan

Figure A5-1. Interviews
Individuals Consulted for This Study

Name	Position	Organization
Mr. Khamis Kazzaz	Executive Assistant Manager	Radisson SAS Hotel, Aqaba, Jordan
Mr. Jayiz F. Khouri	Deputy Managing Director	Jordan Tourism Board
Kings Bay Travel	Owner	Kings Bay Travel Travel Agency, United States
Ms. Hebah Maqaytah	Officer, Communication and Media Division	Development Zones Commission, Jordan
Mr. Niall Millar	Component Leader, Tourism Product Development and Destination Marketing	Jordan Tourism Development Project II (SIYAHA)
Mr. Ghassan Raja Nasser	Operations Manager	The Red Sea Institute of Cinematic Arts, Aqaba, Jordan
Mr. Ibrahim Osta	Chief of Party	Jordan Tourism Development Project II (SIYAHA)
Mr. Nadim Qusous	Division Head, Business Development	Development Zones Commission, Jordan
Mr. Joseph Ruddy	Component Leader, Human Resources, Quality Assurance, and Industry Development	Jordan Tourism Development Project II (SIYAHA)
Mr. Martin Russ	General Manager	Marina Plaza Hotel, Aqaba, Jordan
Ms. Irina Shichor	Owner	Bound to Travel, Travel Agency, United States
Sun World Tours	Owner	Sun World Tours Travel Agency, Canada
Ms. Bethany Walford	Manager, Health Policy	National Psoriasis Foundation, United States

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