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Knowledge for All



# GCC

## TOURISM INDUSTRY OUTLOOK

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## TOURISM SECTOR OUTLOOK

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# 1. Executive Summary

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Tourism has gained significant traction among policymakers in the Gulf Cooperation Council (GCC) countries as a promising avenue for fostering economic diversification. In the UAE, Dubai has emerged as the top destination for international travelers, with a strong focus on tourism. The city has set ambitious targets, aiming to attract approximately 25 million visitors annually by 2025. Similarly, Abu Dhabi also has its sights set on its Tourism Strategy 2030, aiming to attract approximately 23 million tourists annually by 2030, with a focus on leisure, MICE (Meetings, Incentives, Conferences and Exhibitions) events, and sports tourism. Both cities have prioritized travel safety and health measures, further enhancing their reputation in the tourism industry.

The Kingdom of Saudi Arabia is actively working towards expanding its tourism industry in various aspects, including religious, adventure, cultural, and traditional tourism. As part of its reform agenda, known as Saudi Arabia's Vision 2030, the country has set a target of attracting 100 million visitors by 2030. In 2019, Saudi Arabia opened its doors to international leisure tourism for the first time, providing opportunities to explore unexplored destinations alongside its well-established religious tourism market. The goal for Saudi Arabia's travel and tourism sector is to contribute over 10% to the annual GDP by 2030. Moreover, the tourism ecosystem is expected to attract a total investment of USD 213 billion by 2030, aiming to create 1 million new jobs. Saudi Arabia's efforts in the tourism sector are further highlighted by its active global engagement, participating in tourism events, and utilizing social media advertising. Similarly, Saudi Arabia has also been recognized among the international tourists due to its cultural sites recognized by UNESCO. The country is continuously working to develop its infrastructure such as luxury hotels, residential villas, estate homes, the red sea project and AMAALA. Neom Smart City Project in Saudi Arabia is another major project which is US\$500 billion including 4 major sub-projects named as The Line, Trojena, Oxagon and Sindalah. This smart city project will attract corporate tourists in the country by offering them advanced technologically enabled infrastructure.

The FIFA World Cup has generated significant excitement in the region, particularly in the host city Qatar, which hosted visitors from around the globe. Bahrain has set a target of attracting 14.1 million tourists by 2026, while Oman and Kuwait have also initiated extensive redevelopment projects. The country hosted over 80 athletic events and world-class tournaments across various sports disciplines yearly. As the first Middle Eastern country to secure the rights to host the World Championships in Athletics (2019), World Corporate Games (2019), FIFA World Cup Qatar (2022), and FINA World Swimming Championships (2023), the country is gaining immense popularity in hosting sports events.

The success in the tourism sector can be attributed to a targeted approach and a comprehensive global communication program that supports strong infrastructure, specialized programs, and initiatives, as well as a strategic vision for tourism. The implementation of national strategies



and agendas by most GCC countries presents lucrative opportunities for businesses to expand their offerings in the region. With a supportive environment and appropriate legislation in place, the tourism sector provides a favorable platform for business growth. The emphasis on private sector participation by governments in the GCC has been a significant driver of expansion. GCC governments are actively promoting the business events industry, hosting key events such as LEAP and FII in Saudi Arabia, Expo 2020 and the COP28 in the UAE. Coupled with a relatively safe geopolitical environment that discourages discrimination, the GCC is poised to become a preferred destination for business travelers.



## 2. GCC Region

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### 2.1 Key Initiatives to Promote Tourism in GCC

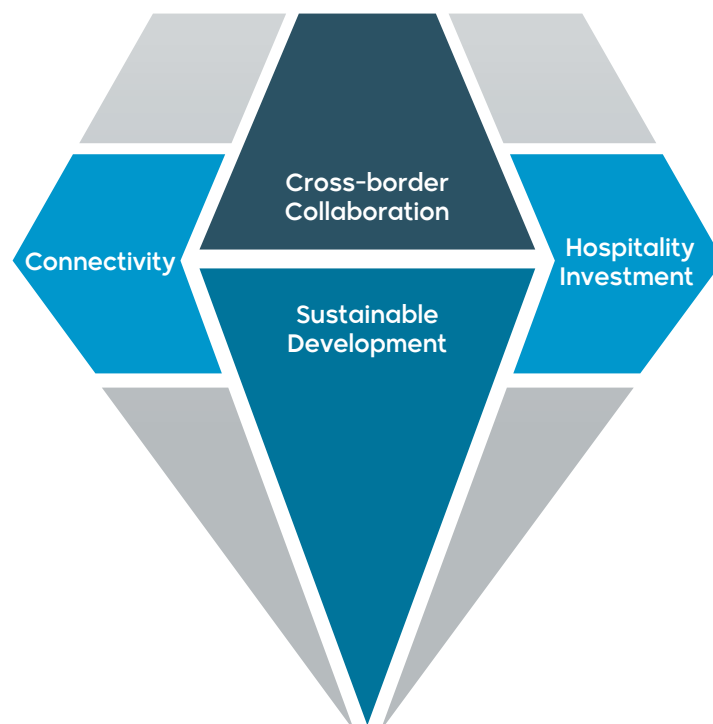
#### 2.1.1 Introduction

In the last few years GCC governments have started giving importance to tourism and have included it as a part of the long-term strategy. However, with the hit of COVID-19, along with other countries of the world. Within GCC, tourism revenue declined up to US\$ 17 billion which was a drop of approximately 30%.

Similar to other countries, GCC governments also took important steps to revive the travel and tourism industry. Further the government efforts to incentivize this sector are also helping enterprises in the tourism sector to set up shops, hotels, restaurants, and other facilities.

Furthermore, cross border collaboration is another opportunity for GCC countries to grow regional tourism. Collaboration of various organizations framework such as airports, public transport facilities and leisure operators is also creating new opportunities for tourism sector to increase potential earning options.

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The GCC countries are using their many advantages to boost their tourism sector. These advantages include their strategic location, well-connected infrastructure, world-class theme parks, tallest buildings, cultural and heritage sites, natural wonders, and islands. These attractions





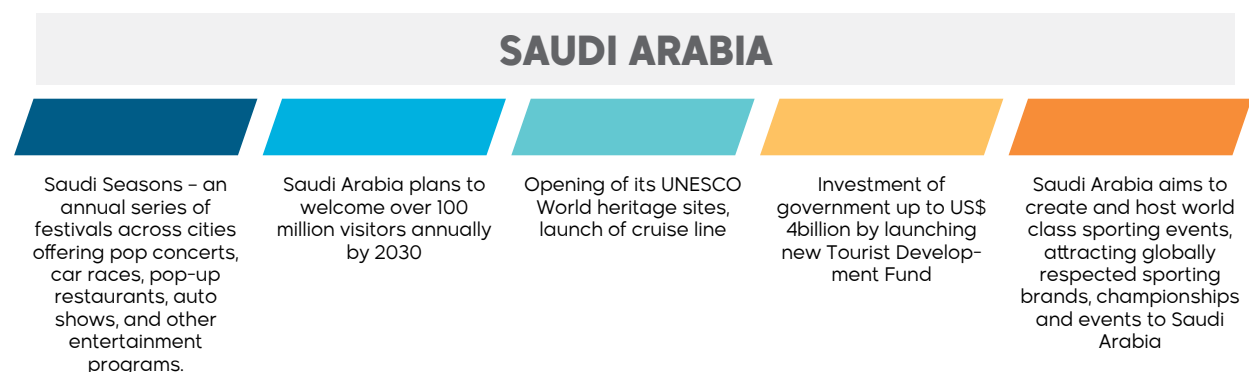
draw visitors from all over the world. Further, GCC countries are promoting their countries as multi-visit destination for instance UAE promoted themselves as a country with connectivity, well connected infrastructure, multiple entertainment venues, international events organizer and hospitality investment place.

### Key Initiatives to Promote Tourism in UAE

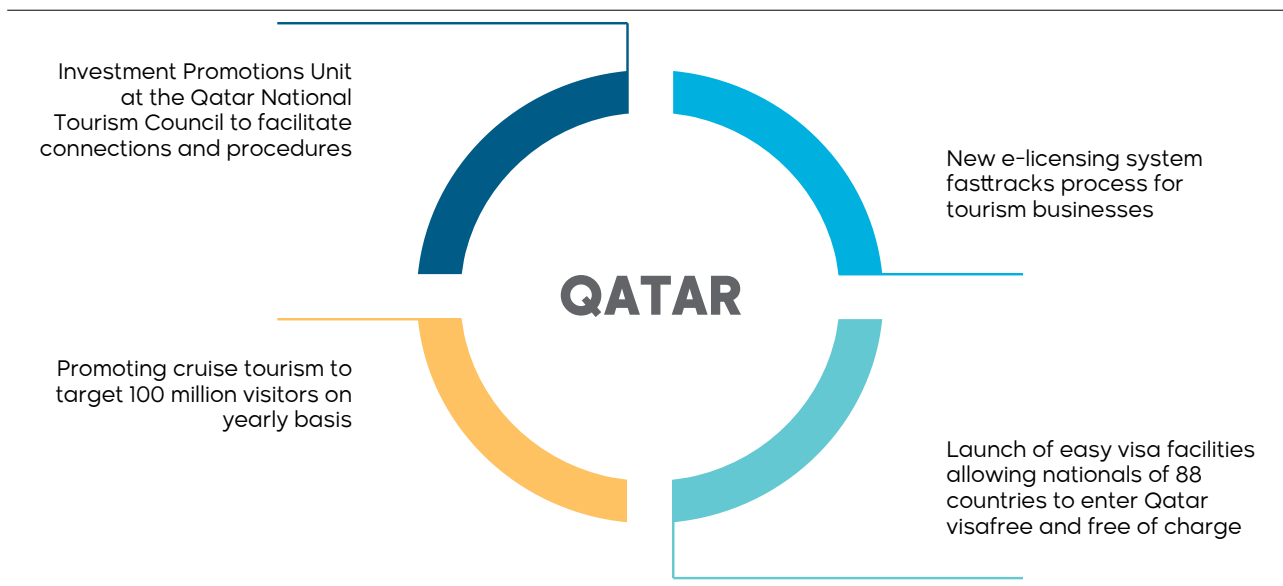


Source: [Dubaitourism.gov](http://Dubaitourism.gov)

**Saudi Arabia, Oman, and Bahrain** are all investing in tourism to boost their economies. Saudi Arabia is promoting its natural beauty, cultural heritage, and religious sites, such as Mecca and Medina. Oman is highlighting its coastlines, unique geography, and cultural heritage. Bahrain is known for organizing Formula 1 Grand Prix and is working to attract more tourists to its other attractions.



Source: [International Trade Administration](http://International Trade Administration)



Source: Qatar Government Communication Office

**Qatar** has also been well known among international tourists for hosting FIFA world cup. Additionally, the country is looking to increase its tourism contribution to GDP up to 10% by 2030 with the help of promotional strategies such as launch of a two-year 'World Class Chefs' project, to host renowned chefs from around the world.

Meanwhile **Kuwait** has also strategized its redevelopment plans for 11 major projects to improve domestic as well as international tourism. Kuwait has set up its objective for 2035 to develop tourism, entertainment and shopping industry to enhance overall economic development. The country is targeting to improve medical tourism to enhance its positioning on the global level as a medical center.

## 2.2 Potential Future Outlook of GCC

Tourism in GCC countries has gained a strong momentum at international level due to the combined aim of GCC countries to promote themselves as a destination for Leisure and entertainment. For instance, during the FIFA world cup in Qatar, there has been significant rise in the number of international visitors in Qatar itself, UAE and Saudi Arabia. All the six countries are coordinating in cross-border tourism, investments in major sectors along with mutually agreed tourism plan.

The Gulf tourism strategy was planned and adopted during the 6<sup>th</sup> meeting of GCC countries in November 2022 organized by Saudi Arabia. The main objective of this strategy was to boost sustainable tourism, enhancement of quality of services, investments in neighboring countries, exchange of best practices, sharing of resources and developing joint ventures for tourism industry.

Furthermore, connectivity between Dubai and Doha has strengthened with the improvement in national flag carrier networks. The UAE and Qatar having extensive fleets in the region with 257 and 200 aircrafts followed by Saudi Arabia with 144. This helps these countries by providing good connectivity to international tourists.



### 2.3 Key Investment Opportunities

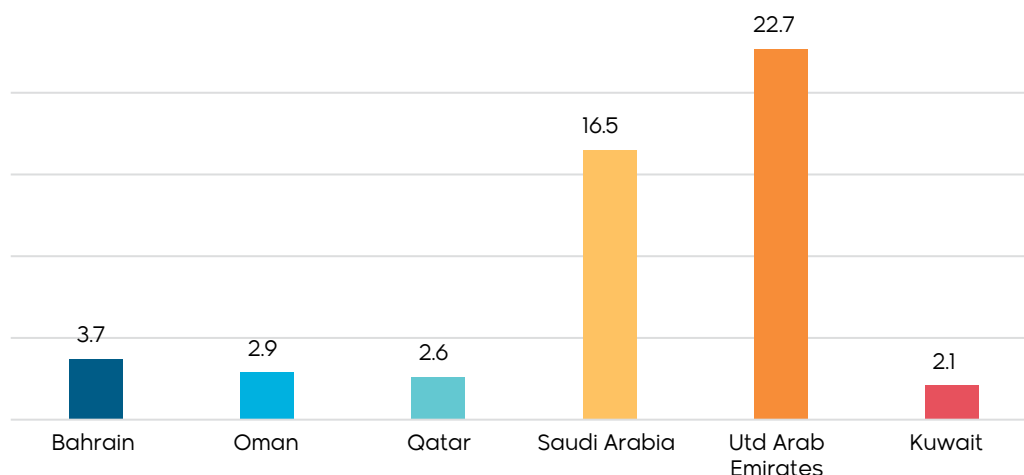
GCC countries have strong investments and economic advantage due to their oil-based economy. However, countries in GCC are now looking to explore other opportunities to improve non-oil-based sectors and to reduce dependency on oil and gas sector for their country's growth. The tourism sector is one of the majorly focused sectors for GCC countries due to the availability of cultural heritage sites, medical tourism facilities, deserts, adventure tourism and religious tourism. Further, GCC countries have added advantage of offering multi-visit destination for instance, UAE has top quality infrastructure and connectivity, multiple entertainment venues with organizing international events. Saudi Arabia has promoted itself as a destination for natural, cultural and religious place along with cruise tourism in the red sea area. Similarly, Oman is also gaining publicity due to its geographic location, cultural heritage and coastlines. Further Bahrain has also gained popularity among international travelers by organizing first formula 1 grand prix in Middle East region.

GCC countries are taking collaborative actions to make GCC a destination of choice for tourists. The strategy is designed to enhance the competitiveness of the region from a tourism perspective and promote its sustainable development, in addition to improving the sector's infrastructure and the quality of services. GCC countries are including tourist safety as one of their major strategies. The countries in GCC are making policies for Safety and security to promote safe national tourism environment, integrated tourism services, and a developed infrastructure for the tourism sector.

The GCC region is close to enabling domestic or intra-regional travel without borders for its citizens. This feature, particularly for GCC nationals, will continue to drive growth in short trips and weekend travel, in terms of both sheer numbers as well as frequency. Currently, these include nation-level simplification and reduction of travel formalities for a larger global base, facilitation of seamless travel through deployment of e-borders and customs pre-clearance, and the waiver of visas for key travel destinations as well as the region-level initiative towards a unified GCC visa.

These strategies will see an increase in the level of inbound and outbound tourism. Inbound leisure and business travellers will benefit from multiple-entry visas and increase the number of repeat visits. Meanwhile, the convenience of hassle-free travel to different parts of the world will improve the region's position as an attractive tourist and trading location, attracting a greater number of business and leisure tourists travelling from all over the world.

#### 2.3.1 Number of Tourist Arrivals in GCC Countries (Millions) in 2022



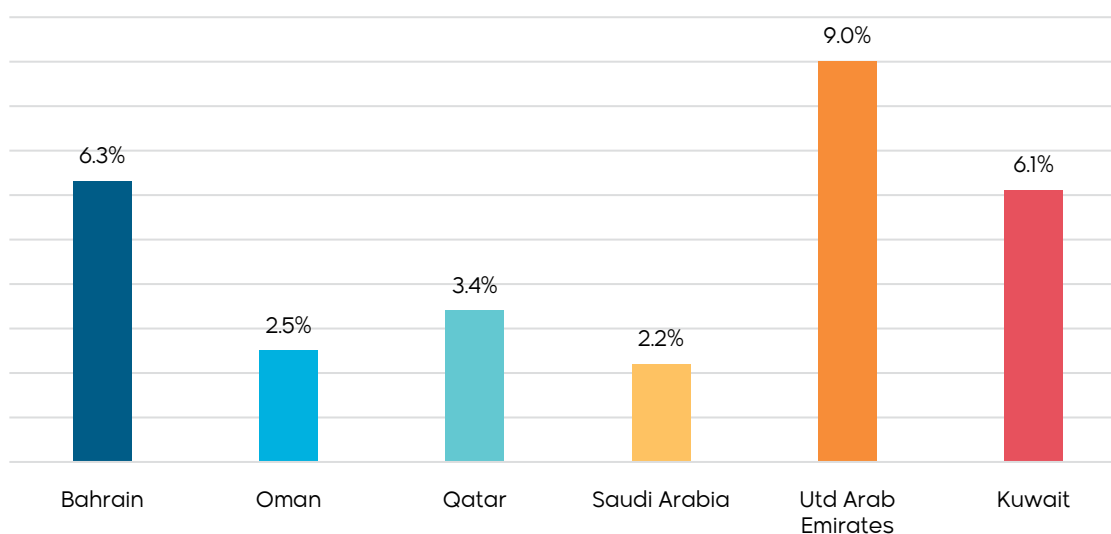
Source: UNWTO

Note: Kuwait's number of tourist arrival data is of 2020



The above-mentioned graph showcases the total number of tourist arrivals in the GCC countries. Among the mentioned countries, UAE is having advantage over other countries due to its heavy investment in infrastructure, tourist attractions such as Burj Khalifa, The Dubai Mall, and Ain Dubai promoting leisure tourism in the country. Similarly, Saudi Arabia has also been recognized among the international tourists due to its cultural sites recognized by UNESCO. The country is continuously working to develop its infrastructure such as luxury hotels, residential villas, estate homes, The red sea project and AMAALA.

### 2.3.2 Tourism Sector Contribution in GDP of GCC Countries (%) in 2022



Source : UNWTO

Note: Kuwait and UAE GDP contribution is of 2021

GCC countries are promoting tourism by launching various campaign, investments in hospitality sector, online marketing, developing marine attractions, business tourism, sports tourism, recreational tourism, medical tourism, cultural tourism, and media tourism. The countries such as Bahrain, Qatar are having major contribution of tourism sector in their overall country's GDP growth.

## 2.4 Overview and Key industry Trends

### 2.4.1 GCC Region Tourism Sector Overview

The Gulf Cooperation Council (GCC) has intentionally transformed the discourse surrounding tourism by developing luxurious projects, showcasing desert landscapes, and creating large-scale destinations that are either currently open to visitors or in the process of being built. As a result, the region's reputation as a top tourist destination is gradually gaining momentum and recognition.

The GCC region is emphasizing tourism as part of their ongoing efforts to diversify their economies. To enhance the tourism industry, the GCC nations have advantages such as their strategic location and a well-connected infrastructure, which has been developed over the years through significant investment and a clear vision. For instance, Dubai has utilized its exceptional



infrastructure and connectivity, investments in local hospitality, numerous entertainment options, and world-renowned events to make a name for itself in the global tourism industry. Saudi Arabia has capitalized on its natural, cultural, and spiritual attractions, as well as its strategic location on the Red Sea and the development of new mega-projects, to enhance its tourism sector. Oman has been gaining increasing recognition and popularity for its focus on leveraging its distinct geography, coastline, and cultural heritage. Lastly, Bahrain has gained global recognition for notable achievements such as hosting the first Formula 1 Grand Prix in the Middle East.

The third edition of the Saudi Arabian Grand Prix held in March 2023. Authorities have even gone so far as to declare an official holiday for students and school employees in Jeddah, highlighting the palpable excitement surrounding the event. To gauge the impact of previous F1 races in Saudi Arabia on public interest in the sport and how Formula 1 could contribute to the country's tourism goals, officials fetched the insights from YouGov data. According to YouGov data, Saudi Arabia views the Saudi Arabian Grand Prix as a crucial component of its broader efforts to open up the country to the international community. The growth of tourism plays a central role in the Kingdom's 'Vision 2030' plan, and Formula 1 has the potential to contribute significantly to achieving these ambitions.

The partnership between the Saudi Tourism Authority (STA) and the TATA Indian Premier League (IPL) has strengthened the bond between Saudi Arabia and India, leveraging the power of sport and tourism to foster connection. Saudi Arabia is expecting to receive two million visitors from India this year, and it is projected that India will become its leading tourism source market by 2030. The support that Saudi Arabia has provided to India's sports sector exemplifies the fruitful collaboration between markets. The STA is tapping into the vast fan base of the IPL to raise awareness about Saudi Arabia as an exciting year-round destination, particularly for young Indian travelers. This strategic partnership is facilitating engagement between India and Saudi Arabia, both of which have predominantly youthful populations, with more than half of their respective populations being under 30 years old. In addition to the IPL partnership, Saudi Arabia is making it easier for millions of Indian visitors to access the country, inspiring them to explore the authentic essence of Arabian region. Saudi Arabia has established nine VFS Tasheel offices in various Indian cities such as Hyderabad, Mumbai, Chennai, Kochi, Ahmedabad, and Bangalore, providing practical assistance to Indian travelers interested in visiting Saudi Arabia. Indian tourists are eligible for the new Stopover Visa, which was introduced earlier this year.

This visa allows passengers traveling to their final destination on SAUDIA or Flynas to spend up to 96 hours in Saudi Arabia, including a complimentary hotel night for passengers flying with Saudia. Additionally, Indian passport holders who possess UK, US, and Schengen visas that have been utilized at least once can now apply for a Saudi e-visa online.

The UAE has made significant strides in its economic transformation journey, positioning itself as an ideal tourist destination. By prioritizing the tourism sector and offering a plethora of attractions, Dubai has become synonymous with iconic landmarks such as the Burj Khalifa and The Dubai Mall among others. To further bolster its tourism industry, Dubai announced a tourism strategy aimed at attracting 25 million visitors annually by 2025. The Tourism Strategy 2030 involves expansion of leisure, Meetings, Incentives, Conferences and Exhibitions (MICE) events, and sports tourism, with the ultimate goal of attracting 23 million tourists annually by 2030. This represents more than twice the number of visitors in 2019.



Similarly, by 2030, Saudi Arabia aims to construct 50 resorts spanning 22 islands and six inland sites, offering a total of 8,000 hotel rooms and around 1,000 residential properties. AMAALA, which covers an area of 4,155 sq. km, will feature 2,800 hotel rooms and over 900 private residential villas, apartments, and estate homes. As the region's economies are undergoing transformation, other GCC nations are also presenting promising prospects. For instance, in 2021, Qatar Tourism launched a promotional campaign aimed at 17 visitor source markets as part of a broader strategy to increase tourism's contribution to the GDP to 10% by 2030 and attract six million visitors. Qatar Tourism also revealed plans for a two-year "World Class Chefs" initiative, which will feature renowned chefs from across the world. Bahrain has set a target of drawing 14.1 million tourists by 2026, as it seeks to diversify its economy through a new strategy. The Kingdom aims to raise the average daily visitor spend to US\$ 198 and extend the average tourist stay to 3.5 days by 2026. The tourism strategy rests on seven main pillars—development of marine attractions, business tourism, sports tourism, recreational tourism, medical tourism, cultural tourism, and media tourism and cinematography.

### **2.4.2 GCC Region Key Future Trends**

#### **2.4.2.1 Ease of Visa Regulations**

The Gulf Cooperation Council will soon offer travelers and businesspeople from 35 foreign and Arab nations a single, Schengen-style visa. Nationals from the 35 countries will be able to travel to the UAE, Saudi Arabia, Bahrain, Kuwait, Qatar, and Oman with just one visa once the system is implemented. The UAE government recently announced a 10-year cultural visa in addition to the Golden Residence Visa to attract and retain top talent from across the world. The Saudi Arabia Tourist eVisa is an online visa for Saudi Arabia available to 100 eligible countries. It permits several entries, each lasting up to 90 days in total, and is valid for a year. Visa on arrival is now available in Qatar for visitors from more than 80 different nations.

The UAE's enhanced visa security measures will have a positive impact on attracting skilled professionals across various industries. These reforms not only reduce dependence on a single employer but also encourage individuals to take a long-term approach, leading to increased growth in the real estate sector and bolstering the financial industry. As a result, investors will recognize the stability and commitment of the workforce, leading to greater investment in employees. These measures also contribute to long-term returns and lower staff turnover. Furthermore, the UAE may become an appealing retirement destination, which would further boost the country's GDP. The relaxed visa reforms in the UAE will have widespread benefits, particularly for industries such as travel and tourism. With the influx of more visitors, there will be a rise in job opportunities within the leisure and hospitality sectors.

Similarly, Oman has announced an immediate implementation of a new visa-free entry policy for travelers from 103 countries. The primary aim of this policy is to promote tourism and simplify the process for visitors to explore the country. Under this new arrangement, citizens of these 103 countries can enter Oman without a visa and stay for a period of up to 10 days. This includes popular countries like the United States, the United Kingdom, Canada, Australia, China, Japan, and several others. Travelers will be required to possess a valid passport, return ticket, and hotel reservation as part of the entry requirements. This new visa-free policy is expected to provide a significant boost to Oman's tourism industry, which has been heavily impacted by the challenges posed by the COVID-19 pandemic. It will also offer greater convenience for travelers to discover Oman's breathtaking natural landscapes, vibrant culture, and rich historical heritage. Visitors will



have the opportunity to explore the majestic mountains, serene deserts, and pristine beaches that Oman is renowned for. They can also visit historical landmarks such as forts, castles, and mosques, while experiencing the warm hospitality extended by the Omani people.

#### **2.4.2.2 Religious Tourism**

As emerging markets around the world diversify their tourism offerings, faith-based tourism is expected to emerge as a significant segment. This type of tourism includes pilgrimages and visits to historical and religious sites throughout the year. Beyond creating job opportunities and supporting local economies, religious tourism is also driving investment in logistics infrastructure, preservation efforts, and broader recreational offerings around the globe. In areas that already witness significant influxes of religious tourists, new strategies and infrastructure projects are being implemented to prevent over-tourism while paving the way for growth.

Saudi Arabia gains a lot from pilgrimage, especially to Mecca and Medina. The tourism industry's biggest economic contributor is still religious tourism. The government wants to improve its ability to host more Hajj and Umrah pilgrims, from over 10 million visitors per year in 2019 to over 30 million by 2030, to generate revenue as a result of religious pilgrimages. The demand for hotels and other tourist services in Mecca and Medina is subsequently anticipated to rise. For worshippers who had received vaccinations or immunizations, the Kingdom relaxed COVID-19 restrictions and reopened pilgrimage sites in 2021. According to information provided by the Hajj and Umrah Committee at the Makkah Chamber, during the 2023 Ramadan season, the hotel occupancy rate in Makkah increased significantly, reaching 80%, the highest level in three years.

According to TRT World statistics, the nation welcomed nearly 19 million Umrah and 2.5 million Hajj pilgrims in 2019. Together, they made up about US\$ 12 billion, or 7% of the world economy overall and 20% of the non-oil GDP of Saudi Arabia.

To enhance the visitor experience and address concerns related to over-tourism, various construction initiatives are underway. For instance, the redevelopment of King Abdulaziz International Airport, with an estimated cost of \$35 billion, will include a dedicated Hajj terminal. This expansion project, slated for completion by the fourth quarter of 2026, aims to improve local capacity to accommodate arrivals. Moreover, Saudi Arabia is actively promoting the Umrah pilgrimage, which can be performed throughout the year, to alleviate issues associated with overcrowding. The Saudi Arabia Tourism and Research Centre has reported a threefold increase in foreign Umrah arrivals since 2005. Starting from mid-2022, visitors who obtain a tourist visa through the country's newly launched e-visa program will be allowed to perform the Umrah. The digital transformation brought about by the pandemic is also influencing the development of religious tourism. Technological advancements are now both supporting and shaping this sector.

In September 2022, Saudi Arabia's Ministry of Hajj and Umrah introduced Nusuk, an official digital platform designed to facilitate the planning of visits to Makkah and Medina for religious purposes. This initiative aligns with the Vision 2030 Pilgrim Experience Programme.

Additionally, in early 2023, the telecom provider installed 92 broadcast and seven communication towers in the Holy Mosque in Makkah, aiming to improve the digital infrastructure in the city and provide better connectivity for pilgrims.

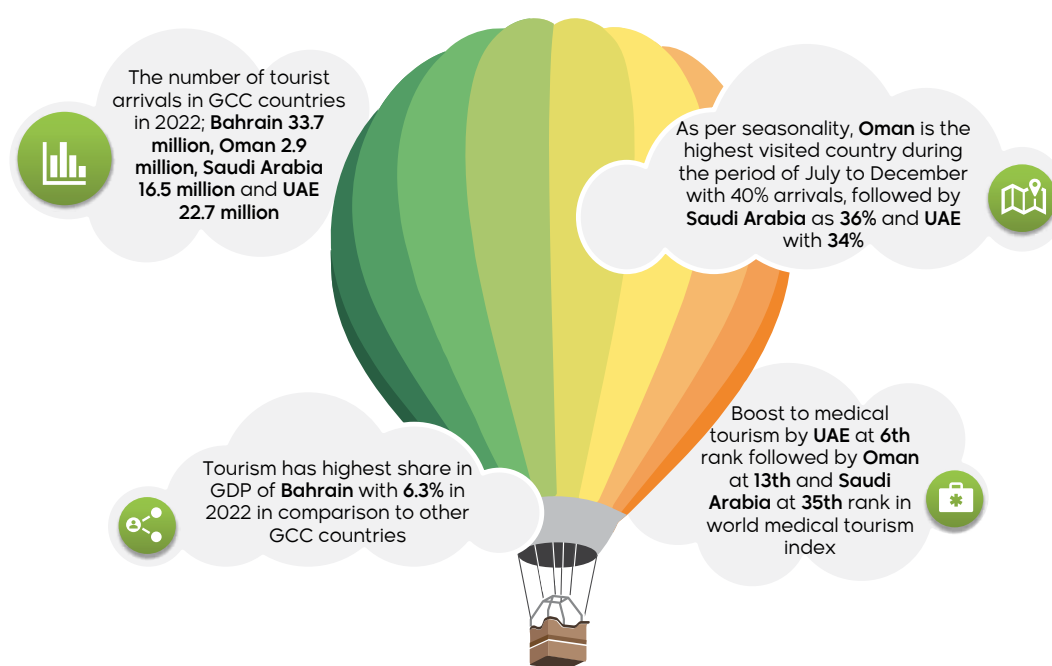




### 2.4.2.3 Luxury Hotels and International Brands for Shopping

The luxury market in the Middle East is thriving, particularly in the Gulf Cooperation Council (GCC) countries. With a projected growth of 15%, the luxury market in the region is expected to reach US\$11 billion by 2023. This growth can be attributed to a young and affluent consumer base that is attracting international luxury brands. The GCC countries benefit from a unique combination of high government spending and low taxes, due to the profits generated by state-run oil companies. This provides individuals with more disposable income to spend on luxury goods. Additionally, the GCC countries are actively diversifying and upgrading their economies, recognizing the potential of tourism as a lucrative source of revenue. Traditional luxury destinations in the Middle East, such as the United Arab Emirates, Saudi Arabia, and Qatar, have been popular for years. While Dubai has traditionally been considered the luxury hub, Saudi Arabia is gaining prominence with its luxury hotel projects, pleasant climate, and rich cultural heritage. In terms of the luxury goods market in the GCC, watches and jewelry are the primary drivers. However, tourism and the development of large-scale hotel complexes and infrastructure also play a significant role in attracting tourists and investors. Initiatives like the high-tech city of Neom, hosting sports competitions, and adopting more liberal values demonstrate the commitment of GCC nations to development. The GCC countries are well-known for their opulent malls, premium brands, and duty-free shopping. Saudi Arabia, in particular, has seen an increase in luxury retail with the opening of luxurious hotels and lifestyle projects. Dubai, with its developed retail infrastructure, has also experienced a substantial uptick in tourism, with Expo 2020 attracting millions of visitors from around the world. Overall, offering personalized packages, opulent tours, and shopping experiences to tourists in the GCC countries represents a lucrative business opportunity in the luxury market.

### 2.4.3 Key Facts & Figures



Key Facts and Figures for GCC



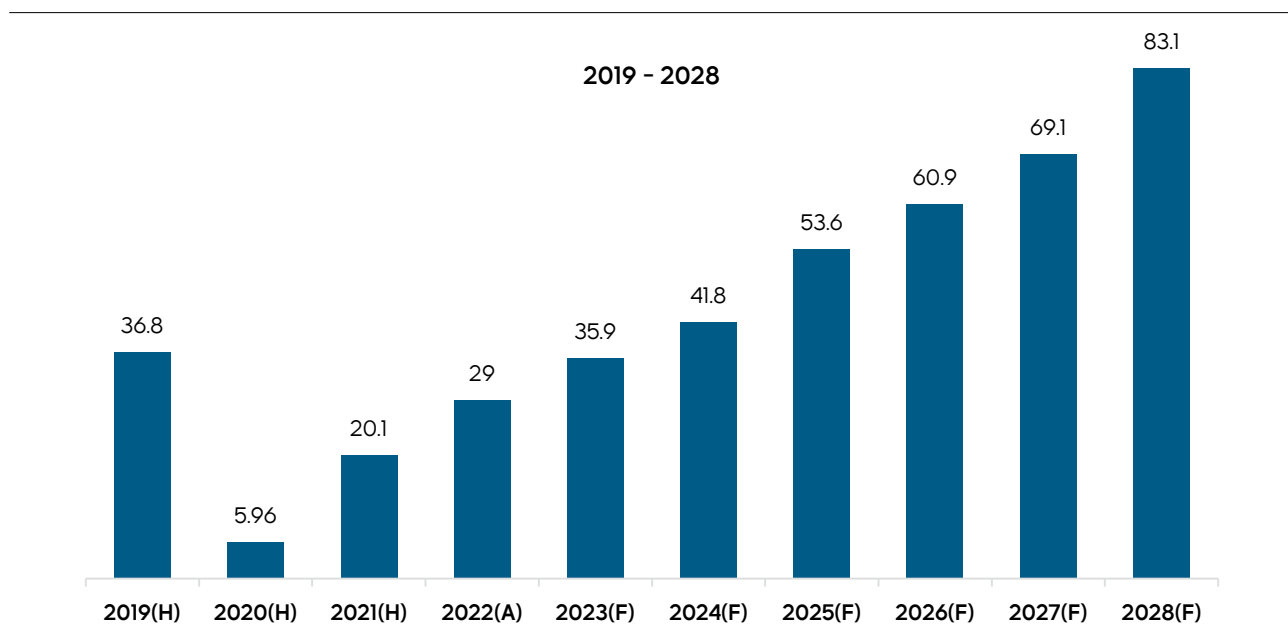


## 2.5 Tourism Market Size and Forecasts (2019 – 2028)

### 2.5.1 Saudi Arabia Market Overview

Saudi Arabia's Vision 2030 economic diversification initiative has prioritized travel, tourism, and entertainment as a major sector. The government aims to boost domestic household spending on leisure activities and entertainment and transform the country into a leading global travel destination. By 2030, it hopes to attract more than 100 million visitors annually. To attain this goal, Saudi Arabia has implemented several initiatives, including an e-visa system for citizens of 49 countries, the opening of UNESCO World Heritage sites, constructing resorts on the Red Sea coast, and launching a cruise line. In 2020, the Ministry of Tourism announced a US\$ 4 billion investment in the Tourism Development Fund to support the industry. The Ministry is also working with private sector investors to capitalize on new growth opportunities in the post-COVID pandemic rebound phase.

**Figure 1. Saudi Arabia Tourism Sector Market Size and Forecasts (USD Bn)**



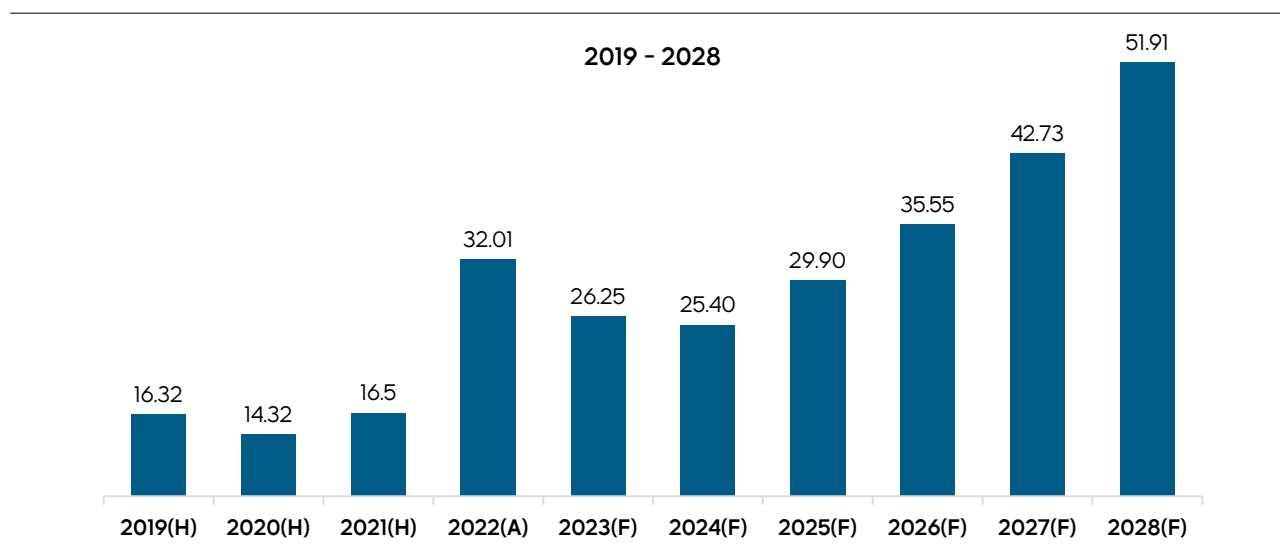
Source: World Data, Analyst Team

### 2.5.2 Qatar Market Overview

Qatar's tourism industry is experiencing rapid growth owing to milestones such as hosting the FIFA World Cup 2022. Guided by the Qatar National Tourism Sector Strategy 2030, Qatar Tourism is collaborating with various entities to enhance the business environment, expand the country's tourism portfolio, and increase visitor traffic and spending. Qatar is determined to be recognized as a top leisure and MICE tourism destination. The country's tailored visitor offerings are highlighted through strong offline representation in Asia Pacific and European countries, as well as widespread marketing campaigns.



**Figure 2. Qatar Tourism Sector Market Size and Forecasts (USD Bn)**

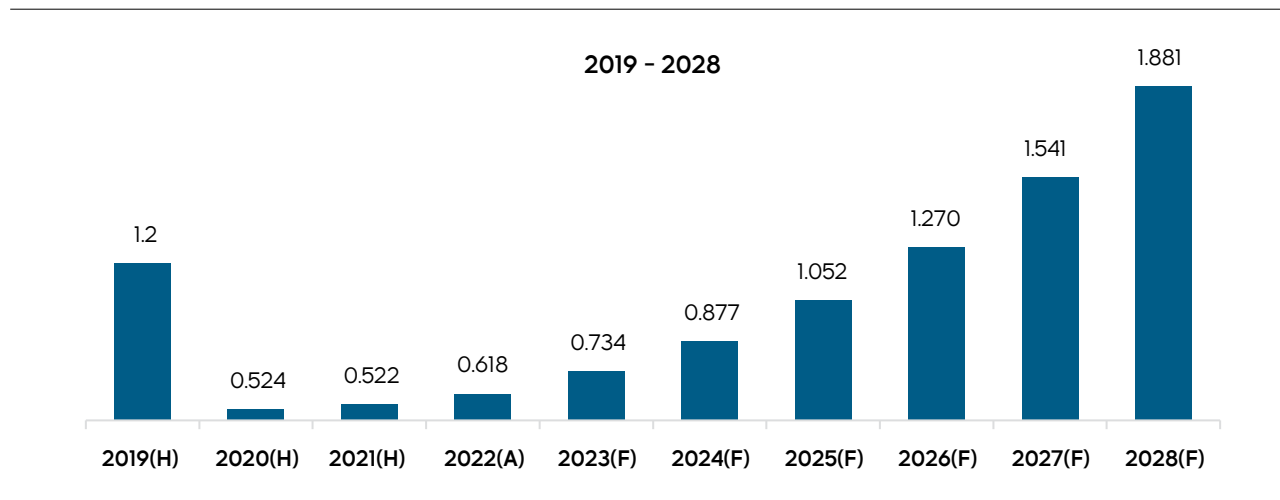


Source: Qatar Tourism, World Data, Invest.qa, CEIC Data, Analyst Team

### 2.5.3 Kuwait Market Overview

The Kuwaiti government has initiated large-scale projects aimed at transforming the country into a regional tourist hub. These projects encompass sports, entertainment, and leisure activities and are not only expected to benefit the local population but also attract tourists, particularly from the GCC region. Kuwait has announced a capital investment of US\$ 830 million through the Kuwait Investment Authority to redevelop its tourism sector. The Tourism Enterprises Company (TEC) unveiled its plans to modernize and redevelop the existing tourism facilities. With the aim of providing new world-class experiences for visitors, the TEC's plans align with the New Kuwait 2035 vision. Despite the decline in hotel occupancy rates and room income rates in 2019 and 2020, Kuwait's tourism sector saw a significant recovery in the third quarter of 2021.

**Figure 3. Kuwait Tourism Sector Market Size and Forecasts (USD Bn)**



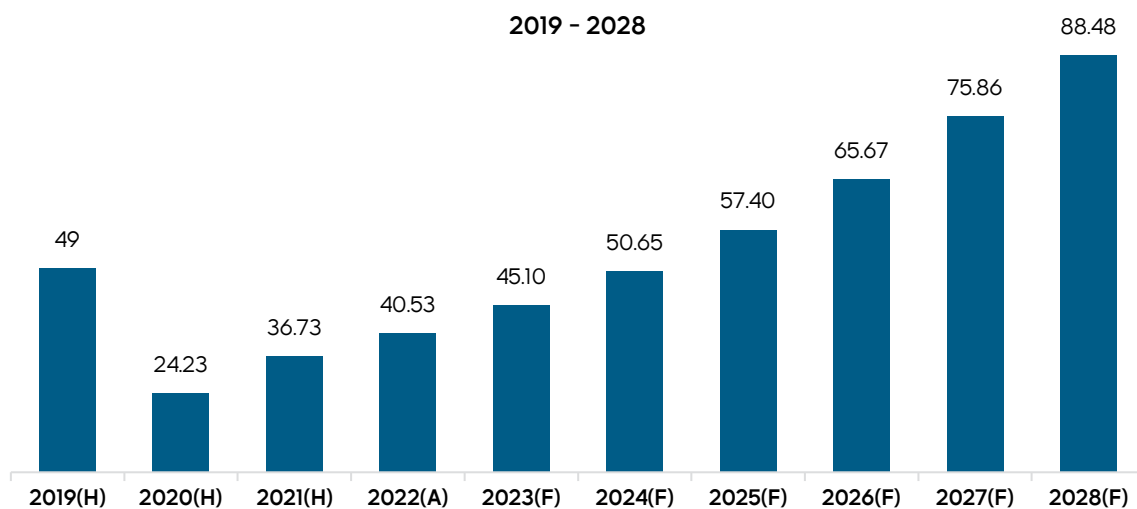
Source: kdipa.gov.kw, wtcc.org, CEIC Data, World Data, Analyst Team



#### 2.5.4 UAE Market Overview

The UAE government launched the National Tourism Strategy 2031, which is a part of the 'Projects of the 50' initiative. The strategy's goal is to strengthen the UAE's position as one of the best global tourism destinations by enhancing the unified tourism identity and supporting the country's well-established tourism ecosystem. The strategy aims to increase the tourism sector's contribution to the GDP to US\$ 122.5 billion by attracting US\$ 27.23 billion in new investments to the tourism industry and welcoming 40 million hotel guests annually. The strategy involves partnerships between federal and local tourism authorities, national airlines, and international entities. The UAE's National Tourism Strategy 2031 encompasses 25 policies and initiatives that aim to foster the growth of the country's tourism industry. The strategy is focused on four critical areas—strengthening the national tourism identity, enhancing the diversity and specialization of tourism offerings, building tourism capabilities, and promoting the participation of Emiratis in the tourism sector. Additionally, the strategy aims to attract more investments across all tourism sectors.

**Figure 4. UAE Tourism Sector Market Size and Forecasts (USD Bn)**



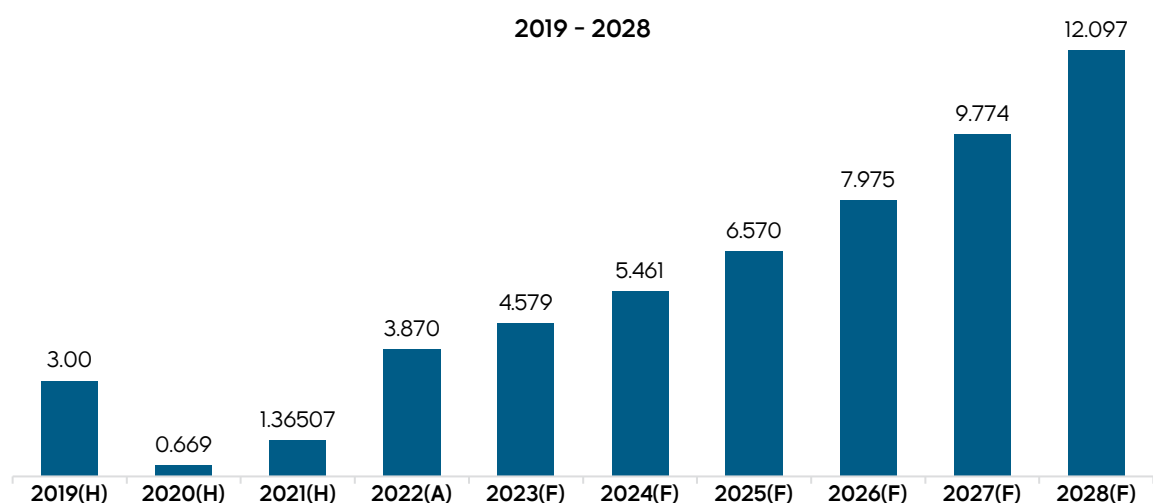
Source: MOEC.gov.ae, CEIC Data, Analyst Team

#### 2.5.5 Oman Market Overview

As a part of Oman Vision 2040, the Ministry of Heritage and Tourism is devoted to revitalizing the tourism sector in the upcoming years. Encouraging tourism investments, expanding tourism representation offices, and enhancing tourism promotion plans in target countries are a few measures currently undertaken by the Ministry. Moreover, diplomatic missions are being given a significant role in promoting trade exchange and positioning Oman as an attractive investment destination and tourist hotspot. By 2030, Oman aims to increase the tourism sector's contribution to GDP to 5%, which is expected to double to nearly 10% by 2040.



**Figure 5. Oman Tourism Sector Market Size and Forecasts (USD Bn)**

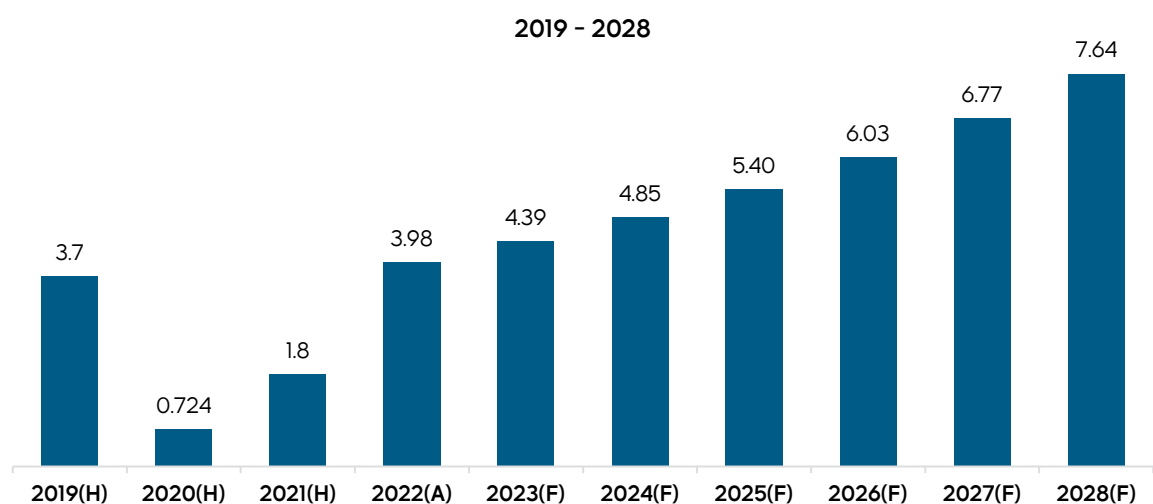


Source: World Data, eeas.europa.eu, CEIC Data, Invest Oman, Analyst Team

## 2.5.6 Bahrain Market Overview

Bahrain has identified the tourism sector as a crucial driver of growth and diversification for its economy. Being the only island nation in the Middle East hosting major events such as the Formula 1 Bahrain Grand Prix, the country is in a prime position to draw tourist attention. While Saudi Arabian tourists have been attracted to Bahrain's entertainment, dining, and shopping options, officials are now seeking to broaden their offerings and source markets. To this end, the government has initiated several measures and projects, investing over US\$ 10 billion in tourism infrastructure, including new hotels and museums. These initiatives aim to provide a robust foundation for public and private investments, enabling enhanced customer services and facilities to further support exploration and tourism in Bahrain.

**Figure 6. Bahrain Tourism Sector Market Size and Forecasts (USD Bn)**



Source: World Data, Analyst Team



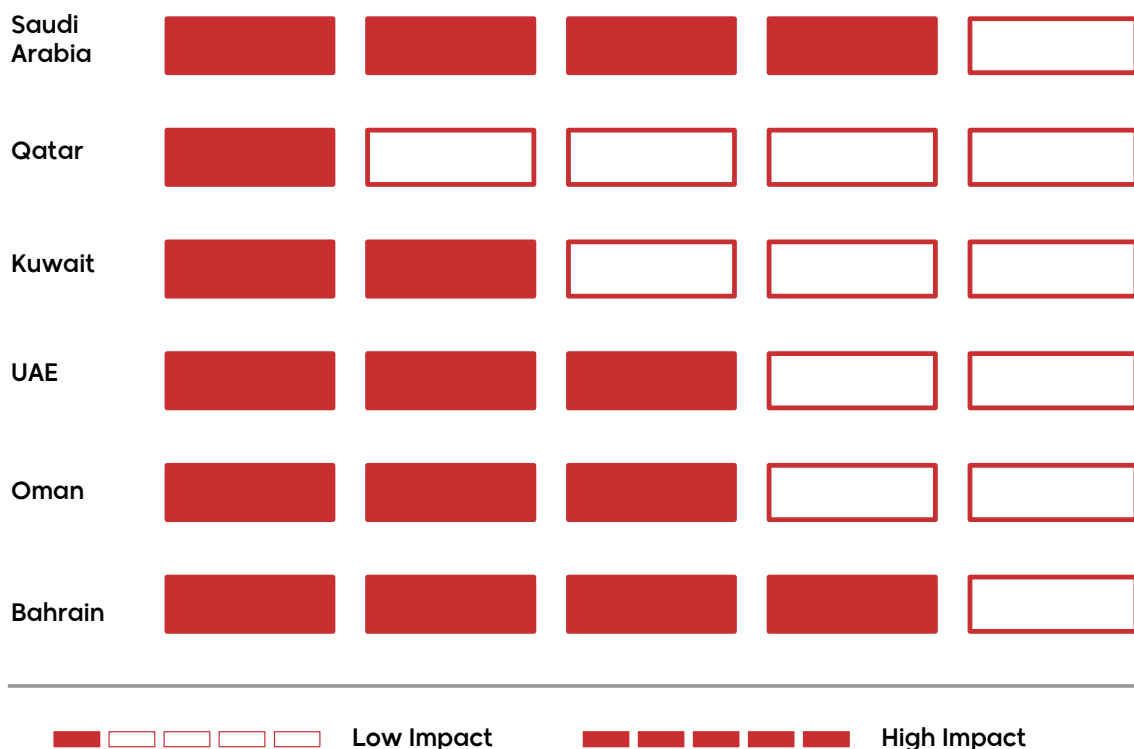
## 2.6 GCC Region COVID-19 Impact on Tourism Sector

The COVID-19 pandemic dealt a significant blow to the tourism industry, which is a crucial contributor to the economies of the GCC countries. However, the situation seems to improve as the countries gradually reopen and prepare to host major events such as the Dubai Expo, Indian Premier League, and Qatar's FIFA World Cup. According to the World Travel and Tourism Council, the tourism sector suffered greatly due to the pandemic, with its contribution to the global GDP dropping from 10% in 2019 to 5.5% in 2020. This labor-intensive sector also experienced a massive loss of jobs. Neither the GCC nations, including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE, nor the tourism sector was spared from the pandemic.

Although the sector was heavily impacted, there is a promising outlook for the revival of regular tourism in the GCC countries in the near future. Further, the planned mega events are expected to significantly improve tourism in a few countries. It is anticipated that travel and tourism will become a significant contributor to the GDP of GCC countries.

**Figure 7. Assessment of COVID-19 Impact on GCC Region Tourism Sector**

### Assessment of GCC Region COVID - 19 Impact



Note – Impact has been analyzed based on the industry performance, hotel bookings, travelers statistics, etc. during COVID



## 2.7 Type of Tourism in GCC Region

GCC Countries offers various type of holidays to visitors such as:



GCC countries with their diverse offerings in tourism, help visitors to explore various type of holidays. Among these above-mentioned tourism types, Adventure, Cultural, Sun & Beach have major market shares of 25-30% and 35-38% respectively.

In GCC, Oman is experiencing large number of tourists visiting country as a sun and beaches destination for tourist visiting from Eastern European countries and other Asian countries. Apart from Europe, within MEA region, Oman is considered as beaches destination due to the availability of luxury sea resorts, less costly compared to European countries and easy travel visa facility.

Saudi Arabia and UAE are also experiencing high growth in the adventure and sports related tourism activities due to the facilities and supporting climate in the countries. In Dubai, adventure sports such as Desert Safari, Mountain Climbing, Scuba Diving, Dune Bashing, Sand Skiing, Go Karting and other sporting activities are the major tourist attractions that are promoting adventure tourism in the country. Similarly, in Saudi Arabia, due to its topography, promotes Dune hiking, Camel riding, Red Sea scuba diving and other sports activities.

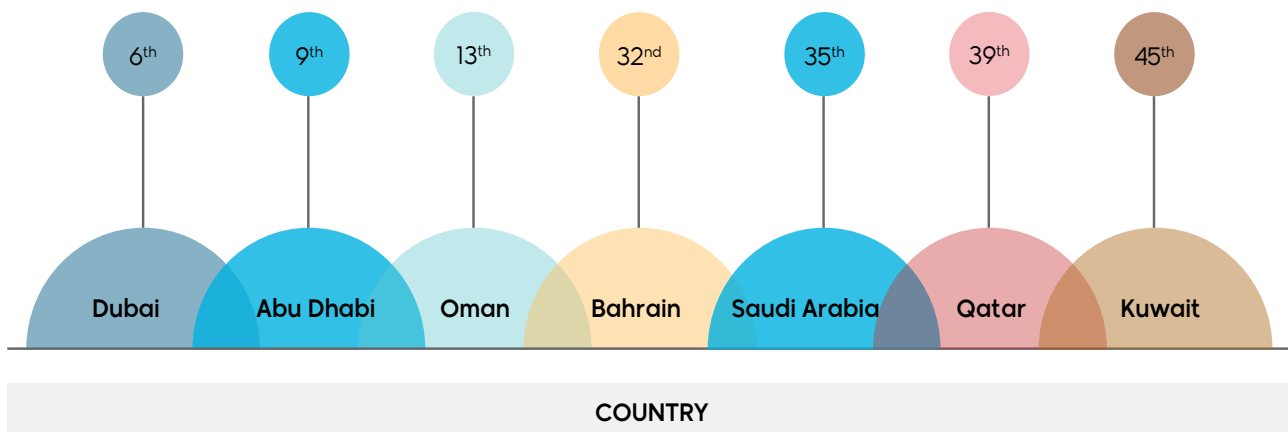
**Cultural tourism** is another major type of tourism famous in GCC countries. UAE is promoting its culture and Arts sector through initiatives named as Year of Cultural Authenticity and Heritage in 2021. The major objective of this initiative is to boost local talent and artists to increasing international tourism in the country. Saudi Arabia is also focusing to improve cultural tourism by investments in development of museum from 155 to 214, World Heritage Sites from 4 to 10 and archeological heritage sites from 75 to 155 till 2030.



Similar methods are being followed by other GCC countries such as Oman, Qatar, Kuwait and Bahrain are developing heritage sites, organizing cultural and traditional events, museums and other sites to boost cultural tourism among the domestic and international travelers.

**Medical tourism** is quite popular type of tourism popular in GCC countries. UAE, Saudi Arabia, Oman are being ranked high in Medical Tourism index due to less cost of treatment and surgeries, quality services by public health facilities and large number of international travelers visiting country yearly basis.

Overall Medical Tourism Index Ranking 2020 - 2021



Source: Medical Tourism Index

In GCC countries religious tourism is a major contributor in the tourism sector. Mecca and Madina in Saudi Arabia represents most religious tourist place with significant effect on development of holy cities and local economic developments. Religious tourism in the region has a significant impact on economic development and increase in the investments by neighboring countries.

**Cruise and Work-related holidays;** GCC countries such as UAE and Saudi Arabia are promoting cruise tourism by introducing entry visas for cruise tourists. UAE is a home port for five major global cruise lines: Costa Cruises, Aida Cruises, Royal Caribbean International, TUI Cruises and FTI Cruises. The visa can help tourists visiting UAE to sail to other countries in the region such as Oman, Qatar, Bahrain and Kuwait which will further boost regional tourism along with collaboration among the GCC countries.

In recent years, GCC countries has increased their investments in tourism sector considerably such as in 2021, Qatar was ranked highest in the GCC region in terms of tourism revenue with sector contributing upto 10% in GDP followed by Bahrain with 8.2%, Saudi Arabia with 6.5% and UAE with 6.4% followed by Kuwait and Oman with 4.3% and 3.5%.



### GCC Tourism Footfall Comparison (Mn)

COUNTRY	2021	2022
Oman	0.46	2.9
Qatar	0.61	2.56
Bahrain	2.17	3.71
Kuwait	1.61	1.61
Saudi Arabia	3.48	16.51
UAE	11.48	22.65

Source: UNWTO

### GCC Medical Tourism Ranking

COUNTRY	2021 (Out of 46 countries analysed)
Dubai	6
Abu Dhabi	9
Oman	13
Bahrain	32
Saudi Arabia	35
Qatar	39
Kuwait	45

Source: Medical Tourism Index

UAE and Saudi Arabia are closely working with UN, World Bank, and other organizations that invest in infrastructure facilities and transportation to increase tourism in these countries. Qatar hosted FIFA World Cup in 2022, one of the major tournaments, which helped significantly increase the number of visitors.

### Seasonality

Bahrain	July – December
Oman	July – September, November-December
Qatar	October-December
Saudi Arabia	August-December
UAE	March, August – December

Source: UNWTO

GCC countries witness high surge in the tourist footfall during the July-September period due to the favorable climate and large number of tourists visiting from western countries due to holiday season.





## 2.8 Economic Contribution

### UAE:

The tourism sector is helping the economy to boost in UAE by supporting 317,500 jobs in the country which is 5.4 % of total employment. This is expected to rise by 2.4 % per annum to 410,000 jobs which would be 5.9 % of total employment in 2027.

The tourism sector is expected to increase GDP contribution up to 12.4% by 2027 due to the rising investments, government initiatives and increasing tourist attraction points. For instance, The re-scheduled Expo 2020, and international cricket events such as the Indian Premier League and the ICC T20 Cricket World Cup – all of which were staged in Dubai – helped boost the number of inbound arrivals from 11.3 million in 2020 to 12.9 million in 2021.

### Saudi Arabia:

Saudi Arabia Tourism sector is contributing 5-6% in the overall GDP of the country. Further, the country has planned to increase number of tourists by 100 million by 2030 for which the country is taking various initiatives such as e-visa system for citizens of 49 countries, the opening of its UNESCO World Heritage sites, the construction of resorts on its Red Sea coast, and the launch of a cruise line.

The tourism sector in Saudi generated approximately 820 thousand jobs in 2021 and is expected to increase number of jobs approximately 1 million by 2030, which is supported by rising investments in hospitality industry, government initiatives, restoration of heritage sites and launch of e-visa facilities.

### Qatar:

In 2021, the tourism sector contributed 6-7% in GDP, which is expected to increase up to 11-12% by the end of 2023 with the rising government support for visa facilitation, growth in hotel industry and improvement in diversified tourism options.

### Bahrain:

Within Bahrain, regional tourism has been increased post COVID-19 which includes inbound tourism increment by 175% which includes tourist visited mostly for leisure and shopping as a reason to visit. The country is focusing on increasing the number of tourists up to 14 million by 2026.

The country is planning to invest in the hospitality sector to boost employment opportunities up to 1090 jobs in coming 2-2-3 years.

Other countries such as Oman is also investing heavily in the tourism sector; with 12 integrated tourism complexes currently being implemented. These complexes have a total investment value of ~US\$ 8.0 billion, with ~US\$ 2.77 billion to be invested in the 2021-2025 period. Additionally, preparations are underway for another package of integrated tourism complexes in Muscat, Musandam, and South Sharqiyah, of an estimated value of ~US\$ 6.5 billion.

In Oman, it is expected that tourism sector will create 500,000 more jobs by the end of 2040 by investing in hospitality sector, domestic tourism, museums and heritage sites.

Oman plans to raise it to 5% by 2030 and 10% by 2040 from the 2.4% contribution the tourist sector made to the GDP in 2021.



## 2.9 Government Initiatives (Pointers, Objectives)

### UAE :

**Sustainable tourism development** in Abu Dhabi to promote green tourism and hotel initiatives and increasing environment friendly exhibitions. Concept of green tourism is rapidly evolving as tourism challenges grow, travelers habits change, socio-economic challenges expand and new technologies emerge. The increase rate of climate change is also fueling new initiatives in green tourism. For example, Sir Bani Yas Island have been developed by the government, primarily to boost UAE's tourism industry.

**Dubai Tourism Strategy 2020** which was aimed to attract more than 20 million visitors per year and to promote international leisure and business travel support. This strategy includes initiatives for organizing events, development of new tourist points, infrastructure development and to encourage repeat visit of tourists.

**Sharjah Tourism Vision 2021** was planned to increase the tourist footfall by promoting Sharjah as a place for family tourism, offering high quality facilities and promoting cultural heritage sites.

**The National Tourism Strategy 2031**, is a cooperation between Ministry of Economy and various local and federal concerned entities and institutions, including the Ministry of Foreign Affairs and International Cooperation, the Federal Authority for Identity, Citizenship, Customs and Port Security, the UAE Central Bank, the General Civil Aviation Authority, the UAE airlines, the World Tourism Organization, international companies and the Federal Competitiveness and Statistics Centre. The strategy includes 25 initiatives to promote tourism, building specialized tourism products, improving tourism capabilities and others.

### Saudi Arabia:

In 2020, the Ministry of Tourism invested up to \$4 billion into bolstering the tourism industry by launching the new **Tourism Development Fund**. The government is also working with private sector investors to capitalize on new growth opportunities over the coming years to improve tourism sector within the country post COVID-19.

Further, the government is also working to transform Al Ula, a UNESCO world heritage site, into the cultural tourism destination along with offering recreational activities option such as sightseeing, hiking, camping, and other desert-friendly sports.

Similarly to attract large number of tourists, **Qiddiya** has been planned as largest entertainment city at global level to offer visitors more than 300 leisure and entertainment facilities, including a 20,000-seat clifftop stadium, motorsports facilities, the world's largest Six Flags theme park, a world-class waterpark, golf courses, cinemas, and a performing arts theatre. Qiddiya aims to attract over 14 million visitors per year.

### Qatar:

The country has tourism strategy named as "**Qatar National Tourism Sector Strategy 2030**" is a strategy to improve tourism in the country with the enhancement in visa facilitation policies, offering various type of tourism opportunities, diversifying tourist accommodation options, streamlining regulatory policies.



### Bahrain:

The country has been ranked in the top GCC countries that are attracting high tourism investments, Bahrain secured US\$492 million of tourism capital investment in 2020, mainly made up of investments from global investors. The country has grown its portfolio of five-star hotels constructed around 9,300 rooms by 2022.

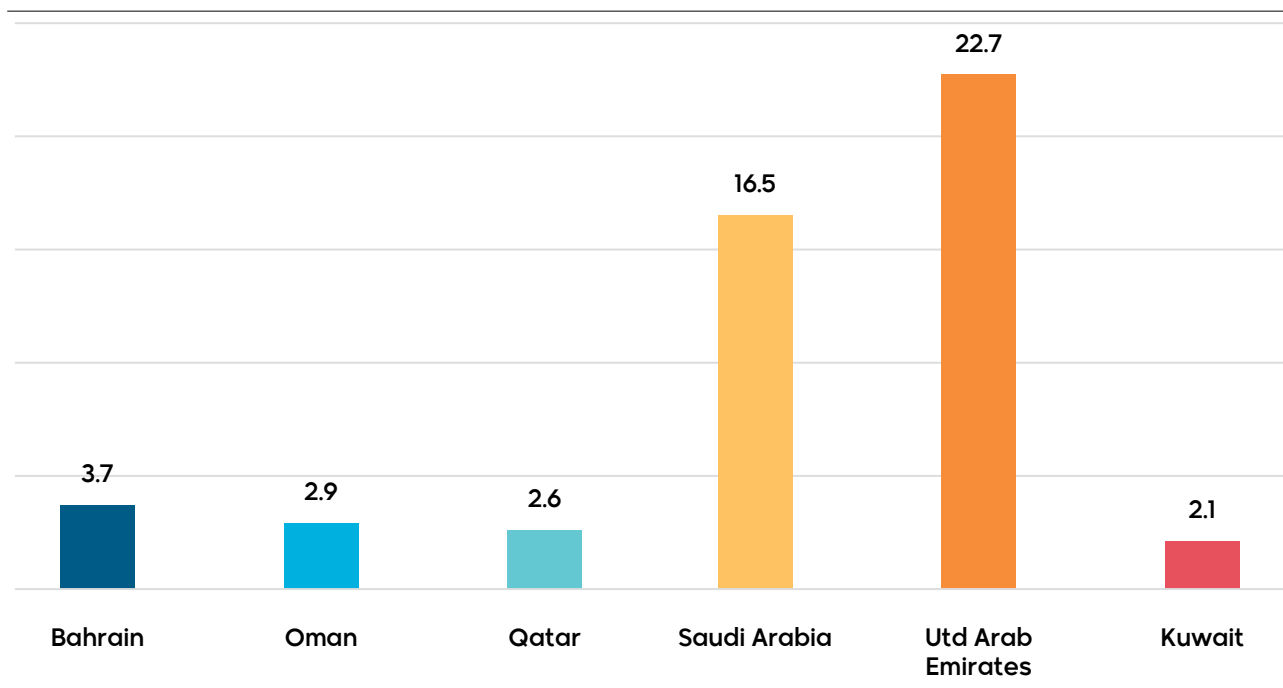
### Kuwait:

Kuwait is also developing its tourism strategy to increase share of tourism sector in GDP by 2035 vision. The country is planning to develop sustainable cities, improvement in hospitality sector, public private cooperation and investment planning for Green Middle East Initiative. In 2021, Kuwait tourism sector received US\$ 1 billion to boost capital for tourism sector. The government has planned 95 projects worth of US\$ 12.40 billion in next 10 years which will help in economic diversification and human capital development in tourism sector.

### Oman:

Oman has objective to boost domestic as well as international investment in tourism sector to increase tourists up to 11 million yearly bases by 2040. The tourism industry has witnessed high growth with 363 projects of US\$ 5.9 billion and 127 new projects in hotel industry followed by 14 projects to develop and renovate heritage sites.

**Figure 8. Tourist Footfall in Million (receipt for each country)**



Source: UNWTO

Note: Kuwait's tourists' footfall is of 2020

Tourist footfall in the GCC countries has increased post COVID-19 due to their tourism promotion policies, government initiatives, medical tourism facilities and leisure tourism option for nearby



countries. Among GCC countries UAE and Saudi Arabia has seen high number of tourists visiting in 2022 due to their promotional activities such as organizing international events, easy visa policies and foreign investments.

### 2.10 Capital Investments and Major Investors

**UAE:** In 2021, the Government invested US\$ 272 Billion in improving airport infrastructure and related development projects to increase the number of international tourists in the country. For instance, a leading hotel group has recently invested in UAE to develop world's tallest hotel upon completion, offering premium guest rooms and high-class facilities.

**Saudi Arabia:** Saudi Arabia is planning to invest US\$ 58.66 billion in its tourism sector by end of 2023. The country is investing strongly in its tourism sector as part of its Vision 2030 strategy. The tourism sector contributes 4% of the total employment in Saudi Arabia and constitutes 5-6% of the total gross domestic product (GDP) in the Kingdom – with plans to raise it to 10%.

**Qatar:** Qatar similar to other GCC countries is inviting international investors to develop its tourism sector. To support foreign investments in the tourism sector, there is an Investment Promotions Unit which works to liaise between investors, local and international talent, as well as government authorities.

In addition, there is a new, electronic licensing system that fast-tracks the licensing process of tourism businesses. This system will soon be integrated into the broader Single Window initiative, which ties together all government services required by an investor in a one-stop-shop.

**In Oman,** in 2022, country signed seven legal contracts for various tourism projects. The usufruct pacts were made to encourage investment in the tourism industry and to meet the demand for hotel rooms and other infrastructure in that industry.

In January 2023, a leading Omani tourism development company inaugurated a unique 'Walk In' creative art gallery at the Oman Convention and Exhibition Centre (OCEC). It was part of the Group's 2021 envisioned 'Creatourism' program to promote Oman's rich and diverse art, culture, and heritage. This was the first permanent platform of the program and will showcase the works of prominent Omani artists.

**In Kuwait,** tourism sector authority received US\$ 1 billion capital to undertake new strategies for promoting tourism in Kuwait and redevelopment of 11 facilities such as park and family entertainment, hospitality, recreational clubs, highways rest areas and waterfront marinas.

As a part of new development strategy, Kuwait is expanding and redeveloping its existing facilities and diversifying its assets to provide better experience to foreign and domestic travelers.

**Bahrain:** the tourism sector had attracted approximately US\$40m new investment in the first three quarters of 2022, which would help create more than 260 jobs over the subsequent three years.



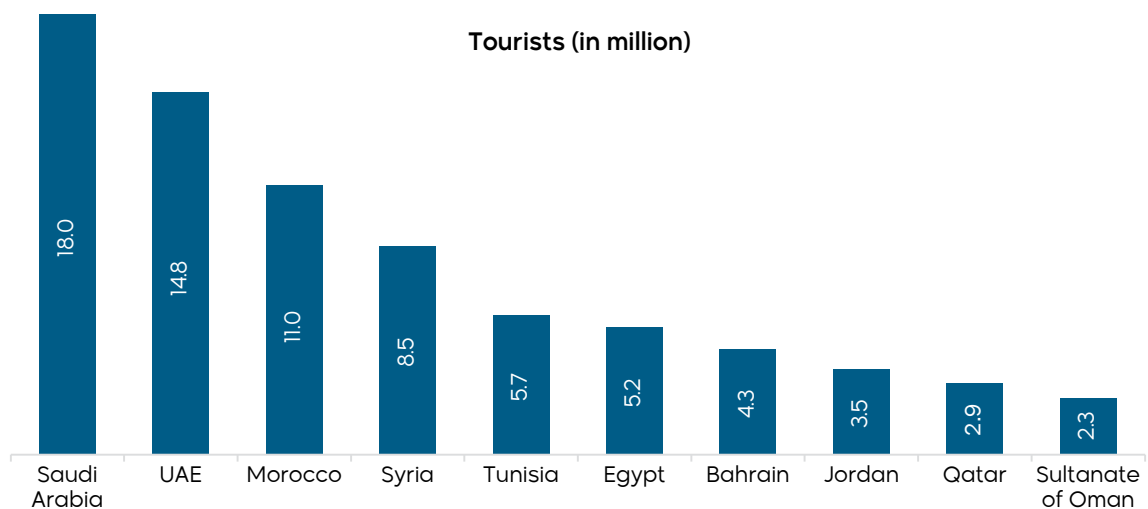
## 2.11 GCC Region Key Industry Drivers



### 2.11.1 Government Initiatives and Strategic Vision

The governments of the GCC nations have developed long-term strategic objectives to promote tourism as a driver of their economies. They have initiated large-scale initiatives like Saudi Arabia's Vision 2030, which intends to modernize the travel and tourism sector, attract more foreign visitors, and enhance the overall experience. Saudi Arabia will set up attractions that satisfy the highest international standards in the tourism and leisure industries, as well as prepare and develop historical and heritage sites. Qatar National Vision 2030, another GCC initiative, aims to offer a variety of travel choices in six categories—beach and desert tourism, cultural tourism, sports tourism, corporate events, urban and family entertainment, and cruise tourism. According to the United Nations World Tourism Organization, Saudi Arabia welcomed more than 18 million tourists in the first three quarters of 2022, followed by Morocco with 11 million visitors and the UAE with 14.8 million.

**Figure 9. Number of tourists in GCC Countries**



Source: UNWTO



### **2.11.2 The Rise of Sports in Gulf States**

Holding international athletic events has been one of the major drivers of tourism in the Gulf Cooperation Council. According to Arabian Business, Formula 1 Grand Prix races found a new home in the desert with the Bahrain International Circuit (BIC) opening in 2004. It was a historic moment, and ever since, the region welcomed more races, such as the Abu Dhabi Grand Prix (GP) in 2009 and the first Qatar GP at Losail International Circuit in 2021. Mixed Martial Arts (MMA) is a recent addition to the Gulf States' sports line-up. The UAE became a member of the International Mixed Martial Arts Federation (IMMAF) in 2021 and has hosted major MMA events for over a decade. The Emirates hosted over 7,000 competitors from 100 countries as part of the Jiu-jitsu World Championship in 2022. Apart from hosting Formula 1 Grand Prix races, Qatar is also benefited economically from the FIFA World Cup 2022, as the country's GDP increased with the retail and hotel industry expansion. Qatar hosts over 80 athletic events and world-class tournaments across various sports disciplines yearly. As the first Middle Eastern country to secure the rights to host the World Championships in Athletics (2019), World Corporate Games (2019), FIFA World Cup Qatar (2022), and FINA World Swimming Championships (2023), the country is gaining immense popularity in hosting sports events.

### **2.11.3 Air Connectivity and Transportation Infrastructure**

The GCC nations have made significant investments in enhancing air connectivity and modernizing their airports. Emirates, Qatar Airways, Etihad Airways, Saudi Airlines, and Gulf Air are among the major airlines operating in the GCC. Dubai Foreign Airport (DXB), which attracted 66 million passengers in 2022 (a 127% increase over 2021), remained the busiest airport for foreign travelers, according to research by Airports Council International (ACI). The General Authority for Statistics (GASTAT) also reported that 88 million passengers passed through Saudi Arabian airports in 2022, an 82% increase from 2021. In 2022, 5.94 average daily flights arrived and departed from domestic airports, compared to 131.29 daily flights that arrived and departed from foreign airports for domestic and international flights.

Travel within the GCC has been facilitated and made more accessible for tourists owing to the growth of an international airport and the expansion of airline routes. IATA reports that because of the FIFA World Cup 2022, reservations to Qatar soared by more than 87% in November 2022 compared to October.

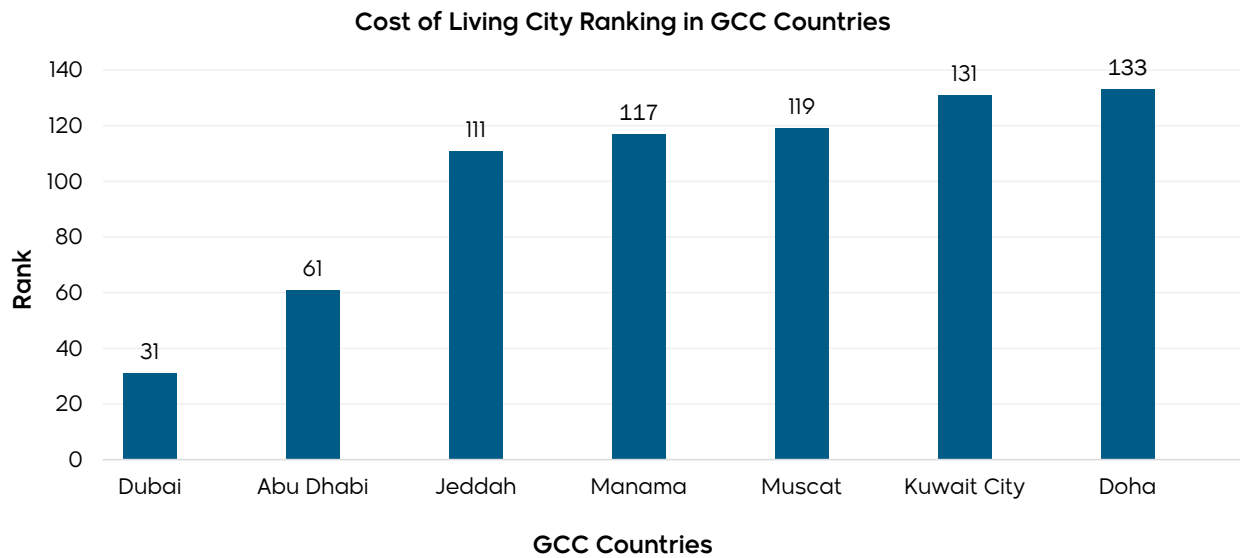
## **2.12 GCC Region Key Industry Challenges and Sustainability Issues**

### **2.12.1 High Cost of Living**

Living expenses can be quite high in the GCC nations, especially in well-known tourist areas such as Dubai or Doha. It might limit a region's appeal to a particular segment of the tourism market and present difficulties for travelers on a tight budget. According to Gulf Insider, Kuwait was the 131st-ranked GCC nation in 2022, followed by Qatar (Doha) at position 133. The costliest cities in the GCC are Dubai (31), Abu Dhabi (61), Jeddah (111), Manama (117), and Muscat (119).

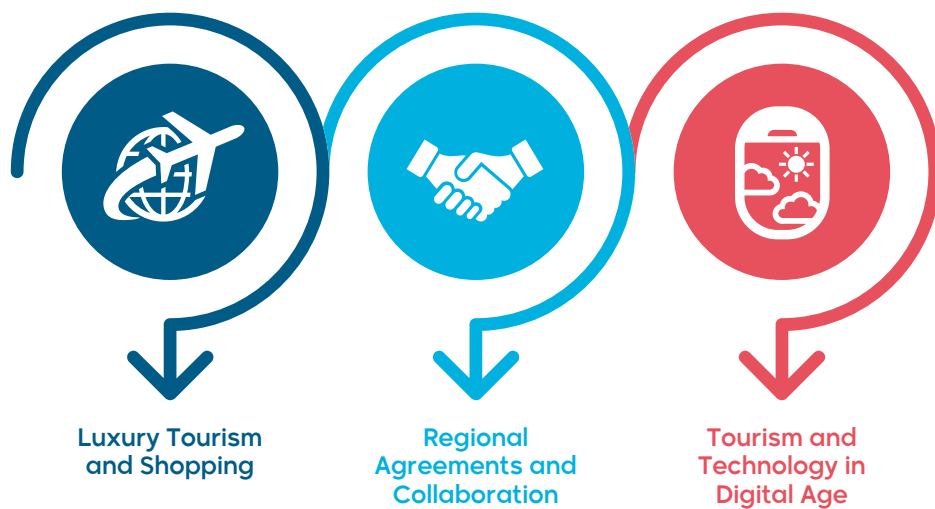


**Figure 10. Cost of living city rankings in GCC countries**



Source: WorldData

### 2.13 GCC Region Key Industry Opportunities



#### 2.13.1 Luxury Tourism and Shopping

The luxury market in the Middle East, spanning from tourism to retail, is experiencing significant growth. According to the leading company for luxury in the region, the luxury market in the



GCC is predicted to reach US\$11 billion by 2023, showing a 15% increase from the current US\$9.7 billion. This growth is fueled by a young, affluent, and discerning consumer base, attracting international luxury brands to the region. One key driver of the luxury sector in the GCC is the unique combination of high government spending and low taxes. The region benefits from the substantial profits of state-run oil companies, which provide individuals with more disposable income to spend on luxury goods. GCC leaders are actively diversifying and upgrading their economies, recognizing the potential of tourism as a lucrative source of revenue. As a result, they have been implementing reforms and strategies to attract tourists and promote social progress. Traditional luxury destinations in the Middle East, such as the United Arab Emirates, Saudi Arabia, and Qatar, have been popular for years. While Dubai has long been considered the luxury hub, Saudi Arabia is gaining prominence. With numerous luxury hotel projects, a pleasant year-round climate, and rich cultural and heritage sites, Saudi Arabia is attracting a growing share of the high-end tourism market.

In the GCC, the luxury goods market is primarily driven by watches and jewelry. However, tourism, along with the development of large-scale hotel complexes and other infrastructure, plays a crucial role in attracting both tourists and investors. Initiatives like the high-tech city of Neom, hosting sports competitions, and adopting more liberal values demonstrate its commitment to development.

The GCC nations are well known for their opulent malls, premium brands, and duty-free shopping. There has been an increase in luxury retail in Saudi Arabia. This growth is attributed to the opening of several opulent hotels, including St. Regis, EDITION, Raffles, Fairmont, Intercontinental, Grand Hyatt, and Jumeirah, as well as renowned lifestyle projects such as AMAALA and The Red Sea Project. Dubai has a developed retail infrastructure and has experienced a substantial uptick in tourism. In 2020, over 24 million people from 178 different nations visited the successful hosting of Expo 2020 throughout its brief six-month duration. Offering personalized packages, opulent tours, and shopping experiences to tourists may be a lucrative business.

### **2.13.2 Regional Agreements and Collaboration**

As the GCC region develops into a popular leisure and entertainment hub, tourism in the region has seen substantial growth on a global scale. International occasions such as the 2022 FIFA World Cup, which brought 2.5 million tourists to the area and benefited Qatar, the UAE, and Saudi Arabia in particular, served as catalysts for this tendency. Gulf nations are collaborating to increase cross-border collaboration in travel, tourism, and hospitality sectors to develop distinctive yet complementary offers that meet changing customer tastes and market trends. A mutually agreed-upon tourism development strategy guides the investment and marketing initiatives of all six GCC members. These plans cover heritage sites, retail establishments, and entertainment options in addition to present and future luxury hotels and resorts. A regional tourism plan has been developed to market regional offerings, create new platforms, and improve service quality as a result of cooperation between federal and municipal agencies, national airlines, and private organizations.





According to the 2023 Numbeo Safety Index, which gauges the degree of crime in a nation, Qatar was accredited the safest nation in the world, followed by the UAE, Oman, and Bahrain in the GCC. The GCC has gained a reputation as a shelter for travelers worried about their safety in the post-pandemic environment and as a secure location for tourism investment owing to exceptional security. Further, owing to strategic location of the GCC at the junction of important supply markets in Europe, Asia, and Africa, the cost of long-haul flights and time can be minimized significantly.

### **2.13.3 Tourism and Technology in Digital Age**







According to the latest GCC E-Performance Index 2022, all GCC countries have excelled in five major global indicators, demonstrating remarkable progress in the field of digital transformation. The GCC E-Performance Index evaluates the member countries based on various parameters that reflect growth and highlights the increasing investment in cutting-edge technological solutions across sectors like healthcare, technology, food services, aviation, and education. The UAE showed significant improvement in the Index, achieving an average score of 66.22, followed by Saudi Arabia with an average rating of 59.26 and Qatar with 57.63. Oman, Bahrain, and Kuwait obtained average ratings of 54.02, 53.43, and 51.36, respectively.

The tourism industry utilizes digital technologies and internet platforms to improve the guest experience. The GCC governments are more conscious of the critical role that digital experiences play at every stage of a traveler's journey as they employ a methodical approach to tourism. The pandemic brought home crucial digital technologies to facilitate easier and safer travel. The Gulf Tourism Platform was proposed in November 2022 as a digital gateway that offers travelers a one-stop shop for organizing and booking their travels while keeping with the GCC policy. Apart from booking lodging, flights, and tours, this platform offers a range of services, along with helpful advice and information on tourist attractions and activities, to improve visitors' travel experiences. It also uses digital technologies such as artificial intelligence and big data analytics. The UAE has set an exceptional example in tourism development by employing sustainable strategies and emphasizing the role of innovation and modern technologies in enhancing tourism services and products.

In March 2022, The Ministry of Economy, in collaboration with the UNWTO, organized the 'Innovation and Digitization in Tourism' Forum. This event aimed to explore ways to enhance the development of the Middle East's tourism sector. The forum focused on cooperation frameworks, knowledge sharing, and anticipating future trends to boost the contribution of the tourism industry to regional and global economic growth. The event took place at the Museum of the Future in Dubai and was attended by officials, experts, decision-makers, and representatives from the private sector in the tourism field. The discussion was towards developing tourism sector and bolstering its resilience against challenges, setting a new model for building effective tourism strategies. The region focuses on innovative initiatives that elevate tourism services and products by harnessing the power of technology and digital solutions in the sector.



## 2.14 GCC Region Macro-Economic Factors Impacting the Sector

<b>GOVERNMENT</b>		GCC Countries are working together to improve cross-border cooperation in major sectors such as tourism, travel and hospitality. These GCC countries coordinates among themselves in terms of investment, marketing to develop mutually agreed tourism development agenda. These plans will help in improving strong relations among GCC countries which will further help in bringing economic stability.
<b>ECONOMICAL</b>		Countries in GCC are economically strong due to the Oil based economy. However, the countries are working mutually to improve their tourism strategy. The Gulf Tourism Strategy was adopted at the end of the sixth meeting of GCC ministers of tourism in November 2022 in Al Ula governorate in Saudi Arabia. It is a joint initiative among members of the bloc that outlines a roadmap for developing the tourism sector in the region
<b>SOCIAL</b>		The GCC Countries are having major strategies to improve existing and upcoming heritage sites, resorts, entertainment industry and hotel and food industry. According to the 2023 Numbeo Safety Index, which measures the level of crime in a country, Qatar was the safest country in the world, followed by the UAE, while Oman and Bahrain ranked fifth and 10th, respectively. These high-level security helps in increasing tourism investments by the major investors including UN based organizations.
<b>TECHNOLOGICAL</b>		With the pandemic, the GCC countries have also implemented digital technologies for security and safety of international tourists. In line with the GCC strategy, the Gulf Tourism Platform was proposed in November 2022 as a digital gateway that provides tourists with a one-stop shop for planning and booking their trips to the region. This platform will use digital technologies, such as artificial intelligence and big data analytics, to offer a range of services, including booking accommodations, flights and tours, as well as provide practical tips and information on tourist attractions and activities, all of which aim to facilitate and enhance visitors' travel experiences.
<b>ENVIRONMENTAL</b>		GCC has various religious and cultural sites which sees large number of tourists visiting countries. These countries are working to alter national policies to achieve sustainability. Decision makers in government and state-owned enterprises seeking opportunities to increase operational efficiency, cut costs, and capture the growth by green tourism concept.
<b>LEGAL</b>		Policymakers are considering tourism as new sector for economic development of the country due to which laws are amended in the field of tourism to boost international visitors.



## 3. GCC Tourism Outlook

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### 3.1 GCC Region Challenges and Possible Solutions

**Conservativeness:** GCC countries are quite conservative in socio cultural level. Along the lines of lifestyle, ethnic and religious traditions, and various permutations associated with national and regional forms of citizenship. However, to uplift their position, GCC countries have started providing various types of tourism such as Leisure tourism, beach and sun tourism and organizing various international level concerts and events.

**Environmental issues:** Environmental challenges are prevalent in the Gulf Cooperation Council (GCC) countries, given their location with limited water resources. Issues such as the construction of artificial coastlines and pollution affecting delicate desert environments have raised concerns. To address these challenges, GCC countries are adopting a tourism strategy focused on promoting green and sustainable practices. This approach not only addresses environmental issues but also serves as a unique selling point for their tourism products.

In addition to the emphasis on sustainable tourism, heavy investments in infrastructure development play a pivotal role in attracting a significant number of tourists. Despite having limited resources compared to Western and European countries, the GCC nations have strategically invested in creating modern and appealing amenities. This commitment to infrastructure development enhances the overall tourism experience, contributing to the sustained growth of the tourism sector in the region.

**Rising fuel prices and shortage of Labour** has been one of the major challenges faced by the GCC countries in the tourism industry. Due to COVID-19, many of the foreigners working in the hospitality industry moved back to their origin country, which led to the workforce issue in major hotels, restaurants as the GCC countries witnessed large number of visitors after relaxation in restrictions. Similarly, due to global inflation, the countries faced rise in the price of fuel and related commodities, which led to the hike in the overall pricing of food, beverages, services. However, with the rising investments by foreign companies and government initiatives in the tourism sector, the hospitality industry, food industry is experiencing growth in terms of visitors, foreign currency, and Labour.

### 3.2 Top Upcoming Projects for GCC

- Arabian Travel Market is one of the leading, international travel and tourism event, which is organized in Dubai annually, has witnessed the growth opportunities with more than 2,000 exhibitors, 34,000 attendees from all over the globe participating in the trade show.
- Projects, including Marsa Al Arab, US\$1.7 billion mega tourist resort near the Burj Al Arab, the new IMG Worlds of Legends theme park, a Formula One theme park at Dubai's Motor



City, Six Flags at Dubai Parks and Resorts, in addition to a number of planned shopping malls and cultural venues.

- Saudi Arabia's tourism project named as The Red Sea Development Co (TRSDC), plans to have 16 hotels complete by the end of 2023, the project aims to attract 300,000 visitors annually. The project is set in a 28,000-square-kilometre area that includes an archipelago of 92 islands, 50 dormant volcanoes, mountain ranges and sand dunes.
- Neom Smart City Project in Saudi Arabia is another major objective of 2030 strategy. This is a US\$500 billion project including 4 major sub-projects named as The Line, Trojena, Oxagon and Sindalah.
- Another project in Saudi Arabi named as Amaala, which is focused to yachting and wellness activities, The first phase of development, Triple Bay, is set for completion in 2024 and will consist of six hotels and more than 1,000 rooms. When fully complete in 2027, it will offer about 3,000 rooms in about 25 hotels, as well as 200 high-end retail establishments, fine dining, and wellness and recreational amenities, set across three communities.
- West Bay North Beach Project in QATAR: This project will include 1 public beach, 12 private beaches, restaurants, cafes, places for sports activities, waterfront location for tourists. It will also connect to West Bay, extending north to the Corniche waterfront.
- Al Maha Island: This major project in Qatar will offer tourists as a leisure hub which will include Doha Winter Wonderland, International music festival venues, restaurants, cafes and others.
- Along with the leisure projects in Qatar, the country has also developed stadiums such as Khalifa International Stadium, Al Janoub Stadium, Al Rayyan Stadium, and other sports projects since organizing the FIFA world cup.
- mega project in Messilah Beach, Kuwait, the project aims to develop Messilah Beach into an integrated facility covering an area of 70,000 square meters, containing recreational and sports activities to attract visitors of all age groups throughout the year. As a center of attraction for families, the development of the project includes the provision of water games for all ages, in addition to swimming pools, sports and marine games, restaurants, cafes, shops and others.
- Bahrain has introduced its new tourism strategy which aims at improving domestic as well as international tourism. This strategy includes various projects such as Bahrain International Exhibition and Convention Centre in Sakhir, AlGhous waterfront (on-going), Bahrain Bay beach, Qalali Waterfront, Sa'ada project, Aljazeera Beachfront development, Jumairah Gulf of Bahrain resort and others.
- In Oman as well, more than 80 tourism projects are being planned for tourism industry including Oman Plant and Trees Garden to boost domestic tourism.



## 4. Appendix

### 4.1 List of Abbreviation/Glossary

Abbreviation	Expansion
GCC	Gulf Cooperation Council
TEC	Tourism Enterprises Company
BIC	Bahrain International Circuit
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GP	Grand Prix
MMA	Mixed Martial Arts
IMMAF	International Mixed Martial Arts Federation
DXB	Dubai Foreign Airport
GASTAT	General Authority for Statistics
GNP	Gross National Product
TGA	Tourist Development Agency
UN	United Nations
UAE	United Arab Emirates



**Gulf Research Center**  
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## About the Gulf Research Center

The Gulf Research Center is an independent research institution, whose motto is "Knowledge for All." Its work serves the issues and goals of the peoples and countries of the Gulf region. The center was established in July 2000, and its headquarters are in Jeddah, Saudi Arabia. It has branches in Riyadh, Saudi Arabia, Cambridge University, United Kingdom, and Geneva, Switzerland.

Since its establishment, the Center has been committed to actively contributing to issues in the Gulf region, through all its activities, which include: conducting research and studies, organizing conferences, forums and workshops, media dissemination on security issues, politics, economy, military affairs, education and environment, media and others. The Center has also translated and published more than 500 major books, dictionaries and dictionaries specialized in politics, security, economics, international relations, strategic thought, environment, media, regional and international balance... etc.

For the twelfth consecutive year, the Gulf Research Center maintained its presence among the most prominent think tanks and civil society organizations in the world, and as one of the major independent think tanks in the Middle East and out of 8,162 organizations from all continents of the world, according to what was announced by the International Relations Program at the University of Pennsylvania on 30 January 2020, as a part of the program's annual classification of think tanks in the world. In addition, the Gulf Research Center was cited as one of the most prominent think tanks interested in foreign political and international affairs, and among the best institutions within the classification of institutional cooperation.





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