



TOURISM

OIC/COMCEC/30-14/ D(22)



CCO BRIEF ON TOURISM

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Tourism is one of the significant sectors in the global economy as it contributes not only to sustainable economic growth but also to poverty alleviation and income generation in both developing and developed countries. Recognizing its benefits to national economies, the growth of tourism sector has gained a momentum in recent years. Accordingly, tourist arrivals as well as tourism receipts have demonstrated an upward trend since 1950s. International tourist arrivals increased from 25.3 million in 1950 to 1.087 billion in 2013 and international tourism receipts increased from USD 2.1 billion in 1950 to USD 1,159 billion in 2013.¹

Recent Trends in International Tourism

Tourism sector has continued to increase in the world economy particularly in the last decade. As shown in Table 1, except for the year 2009, in which a decrease was recorded in both tourist arrivals and tourism receipts due to the global economic crisis, the sector has maintained its growth in the global economy. Afterwards, the sector has compensated the losses resulting from the crisis.

According to the UNWTO, international tourist arrivals grew by 5% in 2013 and reached 1,087 million arrivals. The number of international tourism arrivals is expected to be 1,135 million arrivals at the end of 2014. Moreover, according to UNWTO's long-term outlook and assessment of future tourism trends, the number of international tourist arrivals is expected to reach 1.4 billion by 2020, 1.5 billion by 2023 and 1.8 billion by 2030.

International tourism receipts have also demonstrated an upward trend. According to the UNWTO, during the 1980-2013 period, international tourism receipts increased from US\$ 125 billion in 1980 to US\$ 1,159 billion in 2013. This corresponds to 4 percent annual average growth.

Table 1: International Tourism Arrivals and Tourism Receipts in the Last Decade

| | 2000 | 2005 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014* |
|------------------------------------------------|------|------|------|------|------|-------|-------|-------|--------|
| Number of tourists (millions of people) | 678 | 807 | 927 | 891 | 949 | 995 | 1,035 | 1,087 | 1,135 |
| Annual change (%) | 8.1 | 5.9 | 2.0 | -3.9 | 6.5 | 4.9 | 4.0 | 5.0 | 4- 4.5 |
| Tourism receipts (USD billion) | 476 | 681 | 944 | 856 | 931 | 1,042 | 1,078 | 1,159 | - |
| Annual change (%) | - | 7.3 | 6.3 | -4.1 | 8.2 | 7.7 | 4.8 | 4.0 | - |

* Forecast

Source: World Tourism Organization

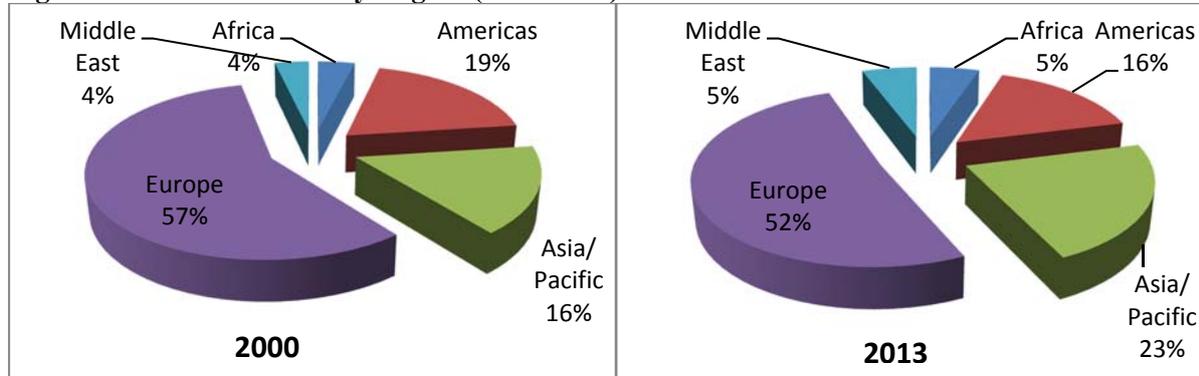
The Share of International Tourism by Regions

In recent decades, international tourism activity has demonstrated continuing geographical spread and diversification of tourist destinations. New tourist-receiving markets have been emerging in the developing regions of Asia, the Pacific, the Middle East and Africa. This rapid expansion of new markets has increased the competition in the tourism sector. As

¹World Tourism Organization, http://www.unwto.org/facts/eng/pdf/historical/ITR_1950_2005.pdf

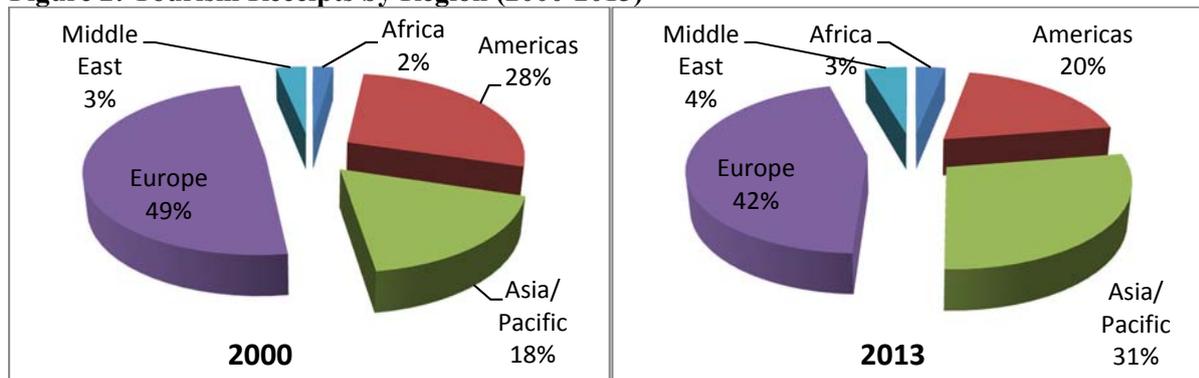
demonstrated in Figure 1 and 2, the share of traditional popular destinations such as the Americas and Europe in tourism sector has been declining in favor of the Middle East, Africa and the Asia Pacific regions in terms of tourist arrivals as well as tourism receipts.

Figure 1: Tourist Arrivals by Region (2000-2013)



Source: UNWTO, 2014

Figure 2: Tourism Receipts by Region (2000-2013)



Source: UNWTO, Tourism Highlights 2013 Edition & Tourism Barometer, Volume 12 April 2014

Tourism Sector in the OIC Member Countries

International tourism activity has demonstrated an upward trend in terms of both tourist arrivals and tourism receipts in the OIC Member Countries in the last decade. As shown in Table 2, tourism sector in the Member Countries made a remarkable progress between 2007 and 2010 in terms of tourist arrivals and tourism receipts. In addition, the share of the Member States in global tourism sector has increased. However, tourist arrivals and tourism receipts in the Member Countries were in decline in 2011 and 2012.

Table 2: Tourist Arrivals and Tourism Receipts in the OIC Member Countries

| Tourism in the OIC Member Countries | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------------|-------|-------|-------|-------|-------|-------|
| OIC Tourist Arrivals (million) | 137,4 | 155,6 | 155,9 | 170,2 | 166,0 | 157,3 |
| Share in World Arrivals (%) | 15,26 | 16,93 | 17,71 | 17,93 | 16,69 | 15,20 |
| OIC Tourism Receipts (billion) | 107,9 | 124,2 | 121,5 | 134,0 | 126,6 | 132,3 |
| Share in World Receipts (%) | 12,57 | 13,18 | 14,26 | 14,41 | 12,15 | 12,30 |

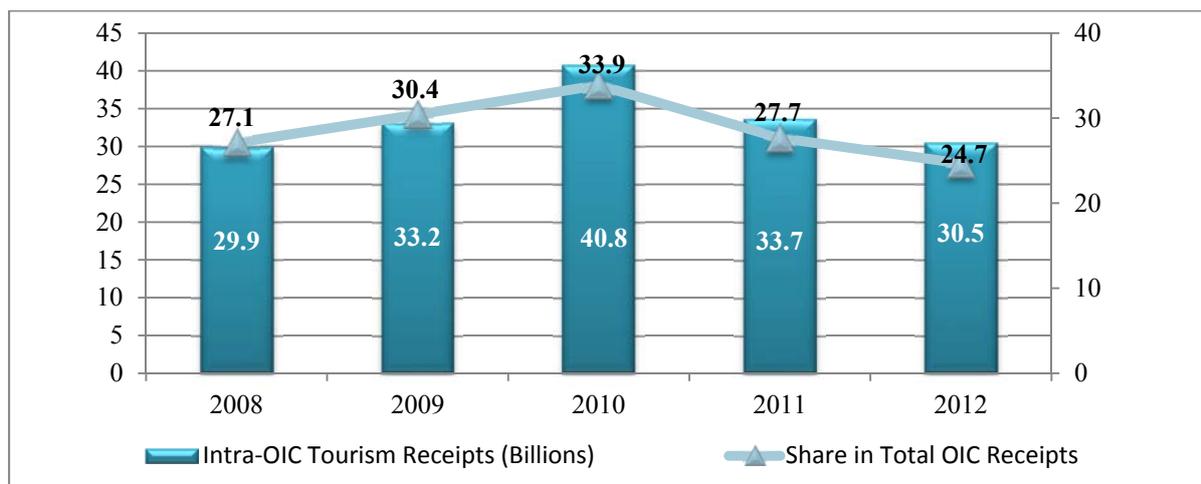
Source: SESRIC, 2014

Similar trend in tourism sector of the Member Countries can also be witnessed in terms of intra-OIC tourist arrivals and tourism receipts. As shown in Figure 3, intra-OIC tourist arrivals increased from 46.9 million in 2008 to 57 million in 2011. In 2011, tourist arrivals accounted for 35.6 percent of the total tourists arrivals in the OIC Member Countries. On the other hand, according to the available data from 27 OIC Member Countries, intra-OIC tourist arrivals were 46.3 million and its share in total OIC tourist arrivals was 30.8 percent in 2012.

Figure 3: Intra-OIC Tourist Arrivals 2005-2011

Source: SESRIC, 2014

Regarding the intra-OIC tourism receipts demonstrated in Figure 4, there had been a considerable increase from 2008 to 2010. Intra-OIC tourism receipts increased from US\$ 29.9 billion in 2008 to US\$ 40.8 billion in 2010. Moreover, according to the data available from 24 OIC Member Countries, the amount of intra-OIC tourism receipts was US\$ 33.7 billion in 2011 and US\$ 30.5 billion in 2012.

Figure 4: Intra-OIC Tourism Receipts (2005-2010)

Source: SESRIC, 2014

According to a recent study of World Economic Forum, entitled “Travel and Tourism (T&T) Competitiveness Index 2013²”, there are only 4 Member Countries in the first 50 countries on the index. As shown in Annex 1, the United Arab Emirates has the highest rank (28) and is followed by Malaysia (34), Qatar (41) and Turkey (46). In the next 50 countries of the T&T Competitiveness Index, there are 15 Member Countries while in the last 40 countries of the Index there are 21 OIC Member Countries. The comparison of the OIC Member Countries in terms of the sub-indexes (i.e. T&T regulatory framework; T&T business environment and infrastructure; and T&T human, cultural, and natural resources) reveals that while the United Arab Emirates is very strong at T&T business environment and infrastructure, Malaysia and Turkey have strength at T&T human, cultural, and natural resources. This study has shown the necessity of increasing tourism competitiveness in the Member Countries.

Main Challenges in the Tourism Sector of the OIC Member Countries

The share of the Member Countries in the global tourism sector is behind its potential. There are many challenges faced by the Member Countries for developing their tourism sector and making it internationally competitive.

First of all, in many Member Countries, tourism related infrastructure such as transportation and communications networks or accommodation facilities are insufficient and below international standards. In addition, there are serious deficiencies in terms of qualified human resources.

Moreover, bureaucratic and lengthy visa procedures restrain the movement of people across the Member Countries. Weak public institutions and cumbersome bureaucratic process hinder tourism investments.

²It is published by World Economic Forum and covers 140 economies in the world. 40 out of 140 economies are OIC Member Countries. This study analyses tourism sector in the countries in terms of regulatory framework, business environment and infrastructure and human, cultural and natural resources.

Since tourism sector is mainly driven by public sector, the potential of relevant stakeholders such as private sector and local communities remains underutilized in the OIC Member Countries. Furthermore, deficiencies in tourism product diversification and lack of effective marketing strategies impede raising awareness of the existing tourism destinations of the OIC Member Countries.

COMCEC Tourism Cooperation

Tourism is defined by COMCEC Strategy as one of its cooperation areas. The Strategic Objective defined by the COMCEC Strategy is “Developing a sustainable and competitive tourism sector in the OIC Member Countries.” With a view to achieving this objective, the Strategy envisages five output areas, namely regulatory framework; training and capacity building programs; private sector involvement; community based tourism programs and marketing strategies.

Within the framework of the operationalization of COMCEC Strategy, Tourism Working Group was established. It has convened four times till now.

The 1st Meeting of the COMCEC Tourism Working Group was held on April 25th, 2013 in Ankara, Turkey with the theme of “*A New Trend in Sustainable Tourism Development: Community Based Tourism (CBT) in the OIC Member Countries.*” An analytical study on the theme of the Meeting and the COMCEC Tourism Outlook were prepared to enrich the discussions during the Meeting. The tourism experts of the Member Countries had the chance of elaborating the CBT practices thoroughly and shared their experiences, achievements and challenges in implementing the CBT Programs in their respective countries. The Meeting highlighted the importance of CBT in the Member Countries as a crucial instrument for poverty alleviation as well as cultural interaction. It was also highlighted that implementing the CBT programs and projects required careful design and planning, ownership of the local community, effective collaboration among different stakeholders and a sustainable financing mechanism. The Proceedings of the 1st Meeting of the Tourism Working Group was published on the COMCEC Website (www.comcec.org).

The 2nd Meeting of the Tourism Working Group was held on October 3rd, 2013 in Ankara with the theme of “*Tourism Product Development and Marketing Strategies in the OIC Member Countries.*” The COMCEC Tourism Outlook and the analytical study namely “Tourism Product Development and Marketing Strategies” were prepared and submitted to the Meeting. The representatives of the Member States shared their experiences, achievements and challenges in tourism product development and marketing strategies in their respective countries as well as explored cooperation potential in this regard. During the Meeting, it was highlighted that tourism product development and marketing requires effective collaboration among different stakeholders. It was also stressed that because of its competitive nature, effective marketing requires utilization of the full range of tools available including among others PR activities, e-marketing, social media, etc. Some recommendations were made for enhancing cooperation among the Member Countries in the field of product development and marketing. These were, among others, introducing award programmes, conducting joint

exhibitions, developing joint tourism products, organizing exchange programs for experts and developing joint data base for tourism products among the Member Countries. The Proceedings of the above-mentioned Meeting, which reflect the outcomes of the Meeting, was published on the COMCEC Website. The analytical studies prepared specifically for the Meeting and presentations made during the Session are also available on the COMCEC Website. (www.comcec.org).

The 3rd Meeting of the COMCEC Tourism Working Group was held on March 4th, 2014 in Ankara, Turkey with the theme of “*Enabling Tourism Investment Climate in the OIC Member Countries.*” The Studies entitled “Enabling Tourism Investment Climate: Challenges and Prospects for Tourism Investments in the OIC Member Countries” commissioned by the COMCEC Coordination Office and the “COMCEC Tourism Outlook 2014” prepared by the COMCEC Coordination Office were the main inputs for enriching the discussions during the Meeting. It was highlighted that governments play a crucial role for creating an enabling investment climate for tourism investors. It was also stressed that creating an enabling tourism investment climate requires utilization of the full range of tools and strategies including among others, provision of clear, updated information and prompt responses to investor inquiries, updated investment promotion websites, effective coordination among relevant stakeholders, providing infrastructure (including road networks, electricity, etc.), allocation of land for specific tourism projects, effective incentive packages, easy procedures and financial support for the local tourism SMEs as well as foreign entrepreneurs and utilization of alternative investment financing options such as crowdfunding.

Lastly, the 4th Meeting of the COMCEC Tourism Working Group was held on September 4th, 2014 with the theme of “*Enhancing the Capacity of Tourism Workforce in the OIC Member Countries for Improved Tourism Service Quality.*” The analytical study on the theme of the Meeting and “Tourism Outlook 2014- Revised Version” were presented during the Meeting. Besides these studies, the answers of the Member Countries to the policy questions as well as the capacity inventory questionnaire sent to the Member States by the COMCEC Coordination Office provided the main inputs for the discussions. During the Meeting, Tourism Working Group made deliberations on the tourism workforce development in the Member Countries and discussed the policy options for enhancing cooperation in this important field. In this framework, the Working Group came up with the following policy advices:

1. Developing Tourism Workforce Development Strategies in the Member Countries and supporting the effective implementation of the existing ones,
2. Enhancing the capacity of tourism workforce in the Member Countries.

Regarding the schedule of the subsequent meetings of the Tourism Working Group, the 5th Meeting of the Tourism Working Group will be held on February 5th, 2015 with the theme of “*Travel Facilitation for Enhancing Mobility in the OIC Member Countries.*” Furthermore, the 6th Meeting of the Tourism Working Group will be held on September 3rd, 2015 with the theme of “*Effective Marketing Strategies: ICT-Based Solutions for the Member Countries.*”

Furthermore, the member countries having registered to the Tourism Working Group have the chance to propose multilateral cooperation projects within the framework of the COMCEC Project Funding, which is another important implementation instrument of the Strategy. The projects to be financed under the COMCEC Project Funding need to serve multilateral cooperation and be designed in accordance with the objectives and the expected outcomes defined by the Strategy in its tourism section.

The 1st Project Call under the COMCEC Project Funding was made in September 2013. Within the framework of the first project call, the projects entitled “Cities of Common Cultural Heritage” proposed by Azerbaijan and “Improving Statistical Capacities of Tourism Sector in COMCEC Mediterranean and Gulf Region” proposed by SESRIC are being implemented successfully and will be completed in December 2014.

Moreover, the 2nd Project Call was made in September 2014 and members of the Tourism Working Group submitted 9 projects to the COMCEC Coordination Office in this regard. Five of these projects have been announced as short-listed.

The other important activities carried out under the COMCEC in the field of tourism sector can be summarized as follows:

- The 4th Conference on Health Tourism was held on 26-27 November 2013 in Mashhad, Islamic Republic of Iran. The meeting highlighted the enormous potential of OIC Member States in the field of health tourism and its role in spurring sustainable economic growth among countries.
- Till now, eight Ministerial Meetings have been held in the field of tourism. The 8th Session of the Islamic Conference of Tourism Ministers (ICTM) was held on 3-5 December 2013 in Banjul, Gambia. The meeting approved the mechanisms and criteria for the Selection of OIC City of Tourism as well as for the Award of OIC Seal of Excellence for Handicrafts. The meeting also agreed on the members of the Coordination Committee for the implementation of the Framework on Tourism adopted by the 6th Meeting of the Tourism Ministers in 2008. The Meeting also welcomed the offer by the Government of the Republic of Niger to host the 9th Session of ICTM in 2015.
- Furthermore, the 4th Coordination Committee Meeting on Tourism was held in Jakarta, Republic of Indonesia, on June 3rd, 2014. The Meeting decided on the selection of the two winning awards for the OIC City of Tourism namely Al-Quds Al-Sherif (2015) and Konya, Republic of Turkey (2016) respectively.
- The 1st OIC International Forum on Islamic Tourism took place in Jakarta, Republic of Indonesia, on 2-3 June 2014.

- With a view to providing a regular communication channel for the Private Sector Representatives of the Member States to share their experiences and knowledge, the OIC/COMCEC Private Sector Tourism Forum was established in December 2011. The Forum has convened two times till now. The 2nd Meeting of the OIC/COMCEC Private Sector Tourism Forum was held on 16-17 December 2013 in İstanbul with the theme of “Effective Marketing Strategies for Promoting Tourism Destinations in the Member Countries.” The Forum highlighted that effective marketing requires utilization of full range of tools available including social media and e-marketing. It also stressed the need for training and exchange programs, B2B Meetings and workshops for the private sector representatives. On the sideline of the Forum, the private sector representatives of the Member Countries had the opportunity to conduct B2B Meetings with their counterparts.
- The 3rd Meeting of the OIC/COMCEC Private Sector Tourism Forum will be held on 29-30 January 2015 in İstanbul with the theme of “International Promotion, Marketing and Branding of Tourism Destinations.”
- The 2nd Tourism Fair of the OIC Member States will be held in Sharjah, United Arab Emirates on 19-21 October 2015.

ANNEX 1: T&T Competitiveness Index 2013 for OIC Member Countries³

| The T&T Competitiveness Index 2013 | | | |
|------------------------------------|------|-------|-------------------|
| ECONOMY | RANK | SCORE | CHANGE SINCE 2011 |
| United Arab Emirates | 28 | 4,86 | 2 |
| Malaysia | 34 | 4,70 | 1 |
| Qatar | 41 | 4,49 | 1 |
| Turkey | 46 | 4,44 | 4 |
| Bahrain | 55 | 4,30 | -15 |
| Oman | 57 | 4,29 | 4 |
| Jordan | 60 | 4,18 | 4 |
| Saudi Arabia | 62 | 4,17 | 0 |
| Lebanon | 69 | 4,04 | 1 |
| Indonesia | 70 | 4,03 | 4 |
| Morocco | 71 | 4,03 | 7 |
| Brunei Darussalam | 72 | 4,01 | -5 |
| Albania | 77 | 3,97 | -6 |
| Azerbaijan | 78 | 3,97 | 5 |
| Egypt | 85 | 3,88 | -10 |
| Kazakhstan | 88 | 3,82 | 5 |
| Gambia, The | 92 | 3,73 | 0 |
| Iran, Islamic Rep. | 98 | 3,64 | 16 |
| Suriname | 100 | 3,63 | n/a |
| Kuwait | 101 | 3,61 | -6 |
| Guyana | 103 | 3,60 | -5 |
| Senegal | 107 | 3,49 | -3 |
| Kyrgyz Republic | 111 | 3,45 | -4 |
| Tajikistan | 114 | 3,41 | 4 |
| Uganda | 116 | 3,39 | -1 |
| Cameroon | 121 | 3,27 | 5 |
| Pakistan | 122 | 3,25 | 3 |
| Bangladesh | 123 | 3,24 | 6 |
| Mozambique | 125 | 3,17 | 3 |
| Côte d'Ivoire | 126 | 3,15 | 5 |
| Nigeria | 127 | 3,14 | 3 |
| Burkina Faso | 128 | 3,12 | 4 |
| Mali | 129 | 3,11 | 4 |
| Benin | 130 | 3,09 | -10 |
| Algeria | 132 | 3,07 | -19 |
| Yemen | 133 | 2,96 | n/a |
| Mauritania | 134 | 2,91 | 2 |
| Guinea | 136 | 2,88 | n/a |
| Sierra Leone | 137 | 2,87 | n/a |
| Chad | 139 | 2,61 | 0 |

Source: World Economic Forum, *The Travel & Tourism Competitiveness Report 2013*

³ COMCEC Tourism Outlook 2014.