

A 21ST CENTURY TOURISTIC PERSPECTIVE ON UNITED ARAB EMIRATES, QATAR AND SULTANATE OF OMAN

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Abstract: *Tourism is one of the most powerful ways towards a sustainable economy and economic development. United Arab Emirates (UAE), Qatar and Oman have started on this road and there is still a long ride ahead. This research makes a comparative analysis between these countries and come with practical suggestions for further developments. UAE has become a major attraction for tourists all over the world, so analyzing its situation we will have a sustainable way for tourism in GCC. The research utilizes a case study approach to analyze and evaluate the tourism in the above mentioned countries.*

Keywords: *Economic growth, Gulf tourism, United Arab Emirates, Qatar, Oman, comparative analysis.*

1. INTRODUCTION

1.1. Background to the Study

The growth model of the Gulf Cooperation Council (GCC) countries has delivered strong social and economic outcomes over a number of decades. The economy of these countries relies heavily on oil as the main source of fiscal and export revenues. GCC governments have helped to raise the living standards of regions through increased public sector spending and employment. However, the economic growth model of the region has various weaknesses making economic diversification important. Economic diversification in the GCC countries would lower exposure to uncertainties and volatility in the global oil market, increase productivity, create more jobs and establish a non-oil economy, which will be necessary for the future (when revenue from oil start to reduce). For that reason, the study carries out a comparative analysis of the tourism development across GCC countries, as one way of attaining economic diversification in the region and sustainability.

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Conceptual Frameworks

Even though political instability brought about by the emergence of terrorist organizations (such as ISIL) and Arab Spring have led to uncertainty in the region, GCC countries have continued to develop their tourism sector as one of the futuristic economic pillars. The hospitality industry in the region is set to reach \$ 35.9 billion by the year 2018, which represent 9.5% annual growth from 2013 (in 2013 the hospitality industry in GCC region was valued at \$22.8 billion). The sustainable growth of tourism industry is fueled by a rise in the level of leisure travel, increased international tourists' arrivals (especially from Asia). MICE tourism (Meetings, Incentives, Conferences and Exhibition tourism) is the leading segment of tourism in the region (Fasano and Iqbal, 2015).

Governments in the region have made various efforts to develop the tourism industry, for example; Dubai undertook Dh117.5 million investment in Al Maktoum International Airport development and Saudi Arabia funding of 11 new sports stadia. Also Oman and especially Qatar have undertaken various projects aimed at attracting more tourists. It seems to bear fruits with countries such as Saudi Arabia getting 7.4 million visitors in the first half of 2015 (which was 25% increase from 2014). Kuwait and Bahrain registered 66% of the total number of visitors in GCC, followed by Qatar and then UAE (Hertog, 2015). The statistics shows that despite various political and social challenges that have affected the stability of the regional tourism industry, efforts made to develop the industry in the entire GCC economic and political union has born some fruits, but much need to be done if the region is to achieve its economic diversification objectives.

A strong point in Qatari sustainable touristic development is their national airline called Qatar Airlines. Nowadays, from Hamad International airport from Doha, one can have excellent flights and connection all over the world. Qatar and its touristic attractions are promoted onboard of Qatar Airlines, fact which contributes to attraction of new visitors and promoting in a sustainable way the destination.

Table 1
Classification of GCC countries from touristic point of view

<i>GCC Country</i>	<i>Regional ranking (for 2015)</i>	<i>Travel and tourism competitiveness ranking (for 2015)</i>
UAE	1	24
Qatar	2	43
Bahrein	3	60
Saudi Arabia	4	64
Oman	5	65
Kuwait	6	103

Source: (World Economic Forum, 2015)

1.2 Relevance of Research

The finding of the study reveals competitive and efficient strategies for promoting tourism in the GCC region. The information is vital to the regional policy makers. Ensuring economic stability and improvement of living standards are the key goals of GCC governments. Given the uncertainty in the oil industry and likely drying up of oil reserves, adopting alternative economic development policies is critical for the future of the region's prosperity.

The research provides recommendations on the projects, strategies, and plans that can be implemented to nurture tourism industry and ensure it helps to cushion the region from economic uncertainty. On addition, findings from the study provides illustration and analysis of the tourism development over the years and projected future development, which helps to identify challenges facing the industry and how different governments are dealing with them.

1.3 Statement of the Problem

The fall in oil prices has dealt a big blow to oil dependent countries with GCC countries bearing much brunt. Given increasing oil price volatility, and fear of oil reserve drying up in the future, GCC countries are faced with a task of ensuring that they secure economic stability for future generations. As a result, tourism has emerged as one of the most promising industries that can anchor the economy of these countries during oil price volatility periods.

According to Ernst and Young (2016), tourism development is the promising strategy for hedging GCC economy. GCC countries have invested massive wealth in expanding infrastructure, improving tourist sites and creating new attraction sites, as a way of giving the region a competitive position in the global tourism industry. Given the critical economic period that GCC countries experienced, the study seeks to answer the question, which strategies are used to promote tourism in the GCC region and how can the strategies be improved to ensure that the region has attained its economic diversification objectives?

2. LITERATURE REVIEW

Literature review focuses on looking into detail what other researchers have done in investigating the oil prices and tourism in the Gulf Cooperation Council (GCC). Among the member states of GCC are Kuwait, Saudi Arabia, Qatar, Bahrain, Oman, and the United Arab Emirates (Fasano, and Iqbal, 2003). The section has explored the GCC oil price in GCC economy; it has also provided an overview of global tourism and GCC tourism strategies.

2.1 GCC Economy and Oil Prices

GCC economy has been facing the challenge to look for an alternative source of income due to volatility in oil prices. There has been a sharp decline in oil price because of political risk. Political wrangle among the GCC members has contributed to lower growth rate. It has also caused the financials such as IMF, and U.S withdraw their support, which consequently makes the economy shrink. Studies show that between 2014 and 2015 the oil prices in GCC economy declined by 50%. The barrel of oil in 2015 was costing \$58. The GCC countries have tried to put in place measures to minimize the impact of the sharp decline in oil prices by hedging oil prices in derivatives. The study further shows that the growth of oil in GCC countries was anticipated to be 3.4% however, due to a sharp decline in oil prices the growth decreased by 1 percent (Nusair, 2016).

Research shows that the rate of Growth among the GCC countries is anticipated to decline due to sharp fall in oil prices. For example, in 2015 the United Arab Emirates project an economic growth of 3.4% while Saudi Arabia projected growth was 3%. However, in 2016, the projected economic growth for UAE and Saudi Arabia declined by 3.2% and 1.5% respectively (Basher, and Alkhatir, 2014). The International Monetary Fund projected that the GCC countries would continue experiencing a sharp decline oil prices because of an oversupply of oil from other economies. The IMF further suggested that the GCC economies would be having problems in maintaining a significant market share of oil in the future due to increase in global oil supply from other countries. IMF projected that United States would apply strict monetary measures when availing funding to GCC economies because they are perceived as high-risk borrowers. The GCC countries have identified tourism as an alternative investment opportunity other than oil. They have realized that overreliance on oil production may adversely affect the economy due to volatility in oil price (Arouri, Jouini, and Nguyen, 2013).

2.2 Global Tourism Overview

The global tourism data by Nation World Tourism Organization (UNWTO) shows that international tourism grew by 4.4 percent in 2015 which amounted to a total of 1184 million tourists. The study further shows that in 2016, the international tourism arrival will increase by 4%. The rate of tourism growth in 2016 is slightly lower as compared to the previous periods. The UNWTO shows that tourism growth regarding region will vary. For example, in the Middle East, the projected tourism growth will be between 2 to 5 percent while in Europe it will be 4.5% while in Asia and America tourism growth will be between 4% and 5% (UNWTO, 2016).

The UNWTO shows that the growth of tourism across the world has grown faster than other sectors of the economy. The number of tourist destination across

the world has been increasing over the years. On the contrary, the total volume of oil export across the world tends to be surpassed by the volume of tourist activities. Research further shows that tourism is a leading economic player in the international business. It is a source of revenue in most developing countries. The global contribution of tourism from 2006 to 2015 reached \$7.17 trillion. Besides, the number of world tourist arrival amounted to 1087 million people between 1995 and 2015. Such statistic indicates that investing in tourism by GCC economy is not in vain; more revenues will be obtained which will consequently help to improve the state of the GCC economy (UNWTO, 2016).

2.3 GCC Tourism Strategies

GCC have been put forth strategies to promote the growth of tourism among the GCC countries. According to a meeting chaired by the Doha tourism, minister Selman Bin Sultan the strategies to improve growth of tourism were discussed. Some of the strategies that discussed include integration of tourism among the GCC member's states, provision of programs that attract tourist, and promotion of bilateral agreements among member's states. The integration strategy focused on ensuring that there is proper coordination among the GCC countries such that tourist can be able to tour any of the GCC countries freely without restriction. Integration strategy is also aimed at ensuring that member's states work together in developing tourist destination (Pirani, and Arafat, 2016).

Tourism promotion programs include campaigns to promote tourism and construction of an eco-system that fosters the growth of tourism. The bilateral tourism agreements focus on ensuring that member's states have a legal guideline that they may follow when carrying out tourist activities together. The agreements also concentrate on increasing the cohesiveness of future tourism business relationship among the GCC countries. The GCC member's states put forth policies that aimed at improving the tourism situation in the member countries (Alhawaish, 2016).

Another research, (Pauceanu, 2014) which analyze the way firms activating in Oman tourism industry can improve their performance, concludes that qualified workforce and frequent training, innovative services, diversity regarding touristic products and more facilitating policies can lead to a sustainable development of tourism.

2.4 Summary of the Literature Review

It can be observed that there has been a sharp decrease in the prices of oil among the GCC members' states. The decline is attributed to the global increase of oil suppliers. The number of countries that produces oil has been increasing

significantly, which consequently lowers down the prices of oil. In addition, the political instability among the GCC member's states has made it difficult for the GCC member's States to continue relying on oil. Research indicates that the production of oil in among the GCC member countries is anticipated to decline as their mining areas are becoming exhausted making it difficult to mine large barrels of oil. Such decline in production of oil among the GCC members' is a precautionary sign that GCC countries should look for an alternative source of income. Among the alternative source of revenues that the GCC countries focused on investing in is tourism (Alhowaish, 2016).

Research shows that tourism has emerged as the leading sector of the economy that has high potential growth than oil production. Investing in tourism is not in vain, because the economic benefits attributed to travel outweighs the cost. Global Statistics on tourism shows that between 1995 and 2015 tourist sector managed to bring an income of approximate 7.17 trillion dollars. Besides, more than 1087 million tourists were received in various tourist destinations across the world (Pirani, and Arafat, 2016).

3. METHODOLOGY

The section provides information on the scientific techniques used to carry out the research and how the data was collected and how analysis was performed. Some of the important parts under, methodology that was discussed include research design, data collection, and analysis.

3.1 Research Design

The research employed a case study design where GCC countries were the scope of the study. The countries we will focus on in this study are Qatar, UAE and Oman. Case study design was found to be appropriate because it helps to avoid generalization and ensure that detail information is obtained from the target population. It also allows the researcher to do a comprehensive, and comparative analysis of the information gathered (Taylor, Bogdan, and DeVault, 2015).

3.2 Data collection

Secondary data will be used because most of the information needed to carry out a comparative analysis of tourism in the GCC countries was available via e-resources. Some of the sources of data utilized include the United Nation World Tourism Organization. The quantitative data will also be collected especially on the global performance of tourism about GCC countries. The data on some tourists visiting the GCC and the revenues obtain as well as projected growth were some

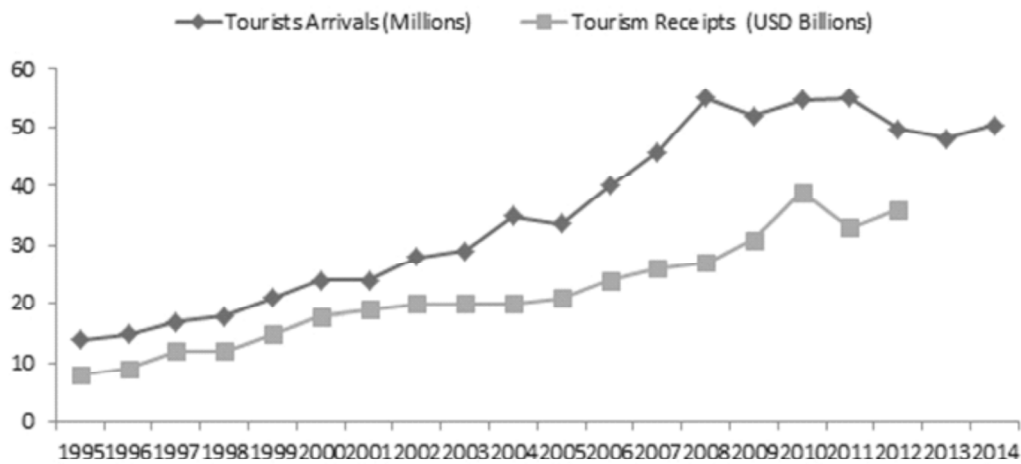


Figure 1: International tourism receipts and tourists' arrivals from 1995 through 2014 (UNWTO, 2014).

of the data collected for carrying out a comparative analysis of tourism performance in GCC countries. Global data on tourism was selected; it acted as a benchmark for comparing GCC tourism performance with global performance (Taylor, Bogdan, and DeVault, 2015).

4.0 RESULT AND DISCUSSION

4.1 Tourist Trends in GCC

GCC attracts tourists from different regions throughout the year for its archeological and cultural sites, beautiful beaches, and religious and nature tourism. The arrival of international tourists registered no change between 2012 and 2013 (compared to 4.7% global tourism growth between 2011 and 2012) but it grew by 4% in 2014. GCC region attracts 4.5% of the total global tourists' arrivals. Table 1 illustrates the international tours arrivals and the tourism receipts in GCC region from 1995 to 2014.

Table 2 below shows the total receipts of GCC countries from 2008 to 2020. As illustrated in the table the total tourism receipt is projected to \$187.18 billion in 2020.

Tourism visa openness score is used to evaluate the extent to which a given destination is facilitating tourism. The emerging and advanced economies have an average tourism visa openness score of 32 and 27 respectively. On the other hand, GCC has a score of 18, which indicates that the region lags behind in facilitating tourism. The effect is illustrated in Figure 2 below.

Table 2
GCC tourism receipts from 2008 to 2020 (UNWTO, 2014)

Countries	Years			
	2008	2010	2015	2020
Bahrain (US Billion)	3.06	3.31	4.23	5.23
Kuwait (US Billion)	7.46	7.85	11	15.02
Qatar (US Billion)	3.79	4.35	7.28	11.8
Saudi Arabia (US Billion)	26.71	29.11	49.69	72.88
Oman (US Billion)	5.07	4.21	6.18	8.55
United Arab Emirates (US Billion)	37.87	38.45	53.14	73.59
GCC (US Billion)	83.96	87.28	131.52	187.07

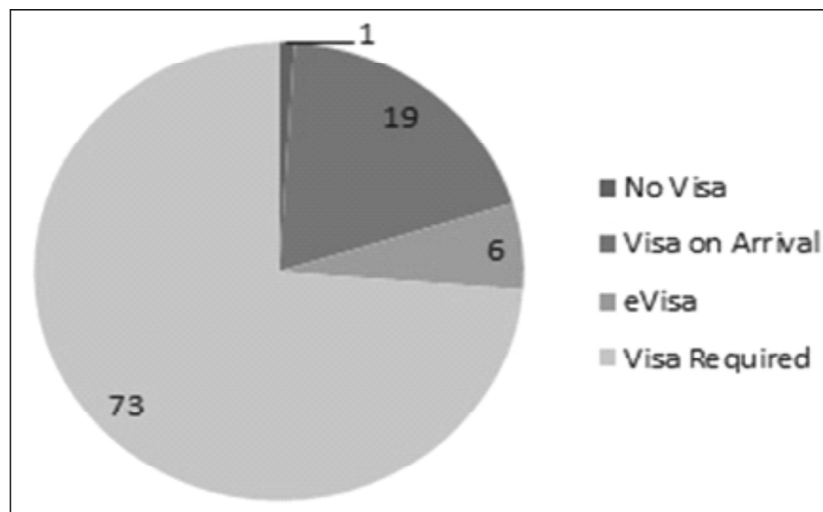


Figure 2: GCC-visa requirements for the world tourists (UNWTO, 2014)

The figure shows that on average GCC region has highest number of people in the world that can apply for *e*Visa. However, compared to other regions around the world, GCC region has the lowest abolishment of any visa, where only 1% of the world population is not required to get any kind of visa.

According to World Tourism Organization (UNWTO), UAE has the highest visa openness among the GCC countries. Between 2010 and 2013, UAE relaxed its visa requirements and procedures for about 20 countries. Citizens from 39 countries that include all GCC members can present visa-on-arrival in UAE. The country has also adopted efficient systems like E-Visa processing for citizens who are member of these 39 countries. To boost tourism, Bahrain launched a 3 or 7 days e-Visa for nationals with GCC Resident Permit, if they will travel via the Bahrain International Airport. Table 3 below shows visa openness by GCC countries (UNWTO, 2016).

Table 3
Tourismopenness in GCC (Visa Openness Report (UNWTO), 2014)

<i>Country</i>	<i>Tourism visa openness</i>
Bahrain	24- 39
Kuwait	11 - 23
Oman	11 - 23
Qatar	0 - 10
Saudi Arabia	0 - 10
UAE	40-69

Estimates indicate that tourism industry in GCC region accounted for 5.7% of the total GDP in 2014. Figure 3 below shows changes in tourism contribution to GDP over the years among the GCC countries.

4.1 Tourism in Specific GCC Countries

Table 4 below indicates the competitiveness index rankings of the GCC countries. The table presents a comparative for the countries both in MENA region and in ranking of 140 economies. The GCC region has 3.92 average index score in the MENA region.

The table indicates that UAE leads MENA region, and it is position 28 in overall. The country has compensated its deficit in natural resources with cultural resources, which plays a critical role in attracting both business and leisure travelers. The country is the main hub for the international air travel, giving it an edge over the

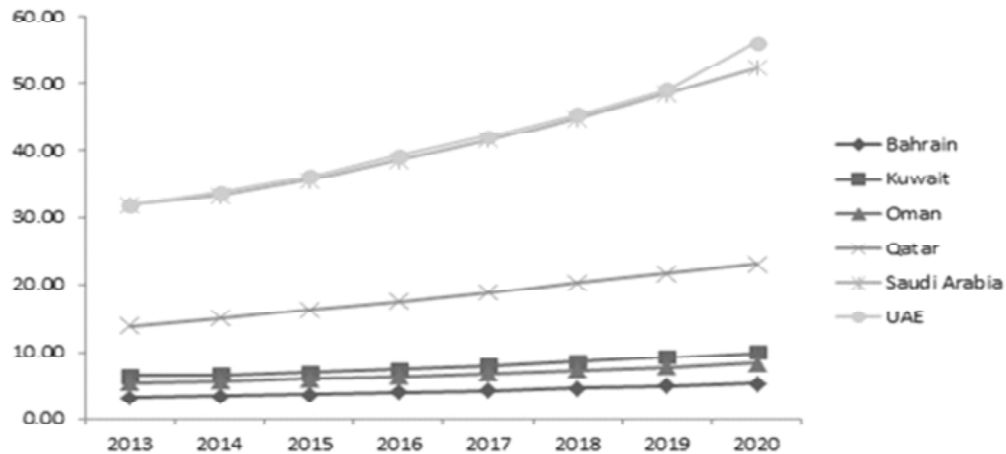


Figure 3: Historical contributions of tourism and Travel to GDP (USD Billions) (UNWTO, 2015)

The figure shows that tourism has continued to improve its importance in the GCC GDP.

Table 4
GCC countries tourism competitiveness ranking (World Economic Forum, 2015)

<i>Country</i>	<i>Index Score</i>	<i>Rank in the MENA region</i>	<i>Overall rank among 140 countries</i>
UAE	4.86	1	28
Qatar	4.49	2	41
Bahrain	4.3	4	55
Oman	4.29	5	57
Saudi Arabia	4.17	7	62
Kuwait	3.61	12	101

other. UAE has held various international exhibitions and fairs, implemented a marketing campaign, and have embarked regulations, rules and policy that help in the tourism sector development. It is projected that tourism will make USD 56.1 billion contributions to the country's GDP by 2020. The country is expected to gain a lot of revenue through Exports in 2020, which will bring about 25 million visitors from all over the world and will have an opportunity of discovering other parts of the country. On addition, the country organizes Dubai shopping festival, which is the biggest entertainment, and shopping extravaganza in the Middle East, which as a good technique for marketing the country. In last few years, the festivals attracted about 4 million visitors, the figure that is expected to increase annually by 5 to 10% (Mohanty et al., 2015).

Qatar is the second GCC country in the MENA region and 41st based on tourism competitiveness index. The country benefits from good tourism and ICT infrastructure, secure and safe environment, and a good air transport infrastructure. The country acts as the air transport hub. The expatriate's rules in the country are simple giving the country easiness of hiring the foreign labor, which coupled with good education facilitates the ability of the country to find the competitive human resource. Tourism is placed as a strategic pillar for sustainable development in Qatar's Vision 2030. The country recognizes that tourism is important in diversifying the economic base, boosting country's image, and driving a more sustainable country. The government has ensured that it has adopted all the measures to promote sustainable tourism by investing in infrastructural development and developing tourist attractions such as Cultural Village and Museum of Islamic Art. The country won a bid to host 2022 FIFA World Cup, which could boost the country's image, economy and further development. The authority plans to use \$ 20 billion in developing tourism infrastructure as it expects the visitors to increase to about 3.7 million by 2022.

Bahrain is 55th in overall and 4th in the region. Some of the strengths that help the country to get more tourists include price competitiveness and high-quality human resource. However, the country is facing low health and hygiene and weakening infrastructure that supports tourism due to population growth (Arouri

et al., 2015). On addition, poor environmental sustainability and limited resources weakens tourism in the country. In 2013, the country hosted UNWTO international conference that was aimed at exploring the new cultural horizons for tourism. The conference identified various ways in which the country can improve cultural heritage assets, and both are living and intangible heritages to attract more tourists.

Saudi Arabia has invested massively in tourism infrastructure. Some of the strategies used to the market country include Jeddah Summer Festivals that attracted more than 2 million visitors in 2015. The country benefits from a high number of people who perform Hajj so it has increased religious tourism in the country.

Oman is redeveloping its tourism strategies. For example, in 2013, the country started 'tourism Challenge' a program that was aimed at enabling young people to expand tourism sector through various projects and innovation. Yet, a long run ahead but the country is focusing in the right directions and results will be shown soon.

6. CONCLUSION AND RECOMMENDATIONS

The volatility in the price of oil has wreaked havoc the GCC economy. This is because the economy of the region revolves around exploration, drilling, and exportation of oil. To ensure future economic stability and competitiveness in the global arena, leaders in the region have embarked of economic diversification measures. Tourism is single out as one of the most promising industries that can anchor the future economic prosperity in the region. The comparative analysis of the regions tourism performance shows that while countries like Saudi Arabia and Qatar are experiencing high tourism growth, countries like Bahrain are performing dismally.

Based on the analysis it is recommended for GCC countries to carry out marketing and host global events such as Olympics or world cup so that they can promote tourism in their country. It is recommended that GCC countries amend their laws and policies so that they avoid being inclined more on Islamic based laws and ensure that they accommodate other members of the society. The amendment of legislation will holistically include the needs of different tourist across the world and hence, making the GCC countries become a global hub for tourist attraction. GCC member countries should foster a good relationship with other countries. This can be achieved through such ways as entering into bilateral trade agreements, and cooperating with other countries in dealing with major global threats such as terrorism. Countries such as Bahrain should improve their tourism infrastructure. Most of the GCC countries do not have much natural tourism resources endowment. They can compensate this by creating more new attraction sites, like UAE did.

Innovation and diversity of touristic products will be able to propel ahead the GCC area. Investing in human resource and train it properly, learning the lesson of tourism and how to add value through touristic services could be a strong point for sustainability.

Also it would be of great help to create a standard for workers in tourism industry and regular specialized training would be of great help.

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