

# Invest In Egypt

# Tourism

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## Tourism

### Sector Overview

Egypt's tourism industry is among the most diverse and vibrant in the world. Beyond the pristine beaches and year-round sunshine, Egypt's long and varied history, rich cultural heritage and unique geographic features make it a popular destination for adventure, eco, sailing, diving, health and cultural tourism — and for religious tourism to sites of importance to Christians and Muslims alike.

Although well-served by five-star properties, there is considerable room for investment in the three- and four-star hospitality segments. Other highly promising sectors include residential tourism, operating therapeutic tours, nature/desert safari, eco-tourism adventures and the like.

Tourism currently accounts for 11.3% of Egypt's GDP directly and indirectly, which provides the country with a share of 21.4% of foreign currency and a share of 44.1% of the non-tradable exports. In 2008/09, tourism generated receipts worth in excess of USD 10.5 billion and revenues are expected to increase substantially in the coming years as both the number of tourists and the average duration of stay are on the rise. Tourism also contributes with 4% of total investment and 13% of the total investments of production services, where the private sector investments play a major role with around 73% of these investments.

A labor-intensive industry, tourism employs nearly 12.6% of total employed population both directly and indirectly, generating income in supporting sectors including financial services, construction, security, handicrafts, food and beverages.

Though leisure tourism remains the largest market segment, business and conference tourism is on the rise, as is health tourism, with Cairo as an ascendant healthcare hub within the region. Egypt alone accounts for 25% of all visitors to the Middle East and 33% of visitors to North Africa.

Europe is the primary tourist-exporting market for Egypt, with Russian tourists accounting for the largest share of arrivals from a single country at 14%, followed by the United Kingdom and Germany at 9%. Rising prosperity in the Gulf has spurred growth in Arab tourist arrivals, and a growing number of Egyptians are vacationing within the country each year.

The Ministry of Tourism has set ambitious goals for the next seven years. By 2020, Egypt intends to double the current inflow of tourists to 25 million from 12.5 million in 2009. Additionally, the Ministry is targeting to achieve 240000 room to accommodate 14 million visitor by 2011.

Egypt is currently among the top 25 destinations worldwide, accounting for approximately 1% of the global tourism market. The goal is to increase Egypt's share of global tourism to 2.2%.

## Competitive Strengths and Capabilities

**Core Areas for Investment:** Hotels, residential tourism, therapeutic tours, nature/desert safari, eco-tourism adventures, medical/health tourism

**Natural Variety and Climate.** The diverse nature of Egypt's terrain, which includes beaches, oases, world-famous deserts, mountains, both the Mediterranean and Red seas (with a coastline that resembles that of Southern Italy and Spain) and the Nile River Valley, creates a significant draw. The country's mild climate allows for tourism 12 months out of the year — and makes it a particularly popular winter destination for tourists from cold-weather locales including Russia and Northern Europe.

**History, Culture and Religion.** Egypt is home to countless well-preserved historical, cultural and religious sites. These sites span all corners of the country. Popular stops include sites along the path that was followed by the Holy Family, as well as ancient Pharaonic, Roman, Greek, Coptic and Muslim monuments.

**Infrastructure.** The country's well-developed physical infrastructure includes major roadways, railways, river navigation, and ports, as well as a network of world-class airports in all major urban centers. The airport network provides ease of travel within country, and ready access to major European cities.

**Labor Force.** Egypt has a large and educated labor force. Annually, more than 22,000 students graduate from Egyptian universities with European language skills, including English, French, German, Italian and Spanish. Many of these students have studied their second language since primary school. Further, the Egyptian accent is neutral and easy to understand.

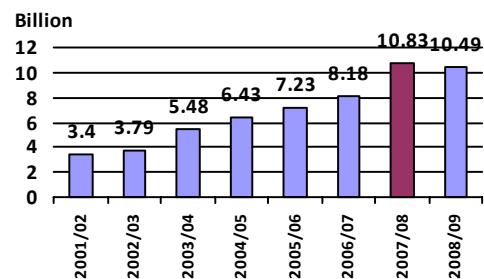
**Government Support.** Significant government backing for a sector that should expand to 25 million arrivals by 2020.

## Tourism Destinations

**Beaches and Resorts:** Celebrated for its year-long sunny weather, Egypt also boasts a vibrant undersea life, with the closest coral reefs to Europe located off the Sinai Peninsula in the Red Sea. The North Coast attracts both Arab and European tourists with an environment resembling Southern Italy and Spain. From the resort towns along the Red Sea coastline to diving and snorkeling excursions off the shores of the Gulf of Aqaba, Egypt provides tourists a unique selection of vacation destinations.

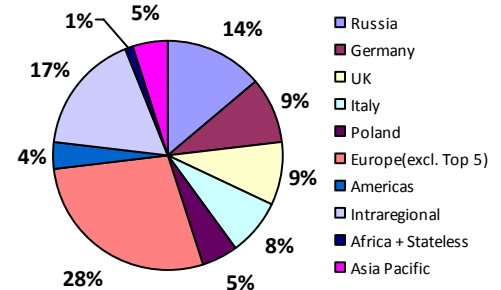
**Historical Sites:** The remnants of Egypt's long and varied past can still be visited today along the banks of the Nile River, from Upper Egypt at Abu Simbel near the Sudanese border, through the Greater Cairo Area and on to Alexandria. Sites in Upper Egypt, including Abu Simbel, Aswan and Luxor, serve as links to Egypt's pharaonic past. In Greater Cairo, tourists may visit Egypt's most iconic destination: the pyramids of Giza and the Sphinx. A new Grand Egyptian Museum on the Giza Plateau will soon house some of Egypt's top treasures of antiquities, allowing the Egyptian Museum in Downtown Cairo to showcase some of the hundreds of thousands of valuable pieces that are not currently on display. Roman ruins in the northern port city of Alexandria are reminiscent of Egypt's diverse background. Medieval architecture is visible throughout Cairo, and Khan El-Khalili is one of the world's oldest outdoor bazaars. Excavation sites throughout the country continue to uncover clues to Egypt's rich

Tourism Revenues



Source: Egyptian Tourist Authority

Origin of Tourists 2008



Source: Egyptian Tourist Authority

heritage.

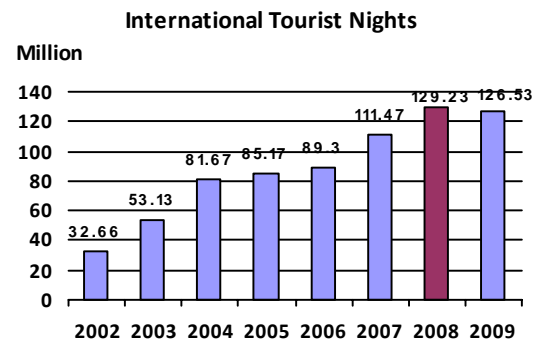
**Religious Sites:** Religious tourism has steadily increased over the past several years. One of the most popular destinations is St. Catherine's Monastery in the Sinai, the site of the Biblical burning bush. Tourists can also trace the route of the Holy Family in Egypt. The Saint Virgin Monastery was built close to a cave where it is believed the Holy Family stopped. Monks still organize daily visits to the cave and celebrations near the site. Back in the capital, tourists can visit Coptic Cairo, where they can visit some of Egypt's oldest Christian and Muslim religious sites, including the Hanging Church. The capital city is also home to important mosques dating to the earliest days of the Umayyid period (661-750 CE).

**Eco Sites:** Egypt has striking natural sites in addition to sunny beaches, including desert landscapes, oases, canyons and falls. Egypt's unique Eastern and Western deserts offer some of the most popular desert safari excursions in the world, while treks through the sands and mountains of Sinai are a chance to explore wildlife and unique eco sites, including icy lakes and olive groves. Oases to the west of the Nile offer quiet respites from busy Cairo.

**Health and Rejuvenation:** Egypt provides the luxury of restorative oases at Siwa and Dakhla. Just a few hours from the bustle of Cairo is the relaxing atmosphere of Siwa, where rivers and quiet gardens mix with traditional local culture. Surrounded by incredible fruit plantations and gardens, Dakhla dates back to the time of the Pharaohs. These and other selected sites in Egypt promote wellness and renewal through therapeutic sand and mineral-rich water for skin and body care. In a less traditional vein, Egypt has become an increasingly popular venue for medical tourism, with Arabs and Europeans seeking high-quality, affordably priced cosmetic and other clinical procedures.



Source : Egyptian Tourist Authority



Source : Egyptian Tourist Authority

Sector Drivers	Egypt's Value Proposition	Investor Benefits
Labor Force	Egypt has a substantial labor force, with tourism directly and indirectly employing 12.6% of the working population, providing a total of nearly 2.7 million jobs. Jobs in tourism are highly sought-after, from entry-level service positions to top management posts. The Ministry of Tourism expects the creation of 1.2 million new jobs by 2015.	Labor force in Egypt is both readily available and highly affordable by global standards, particularly in entry to mid-level positions.
Diversity	Egypt has a diverse tourism portfolio beyond the beach and resort culture, including historical, religious, eco, and health tourism. Business tourism is on the rise.	Diversified tourism sector promotes repeat business.
Language Skills	Egyptians have an accomplished command of European languages and speak with a neutral, easily understood accent.	Large potential supply of talent with the language skills to thrive at all levels of the tourism industry, particularly useful in the restaurant and hotel sectors.
Built-in Markets	Egypt's long-standing appeal to tourists from the United Kingdom, Italy, Germany and Russia has created significant brand-equity, helping to ensure a perpetual flow of tourists.	Mass market appeal promotes both leisure and business investment.
Large Domestic Market	Recent growth trends have seen an increase not only in the number of foreign visitors, but also the number of Egyptian nationals traveling within the country.  Egypt's large population base includes more than 5 million citizens who can easily afford to take high-priced vacations. Even lower-income earners try to travel within Egypt at least once per year.	Burgeoning upper and middle classes provide a stable tourism base and promote internal investment.
Infrastructure	Roadways, international ports and utilities are all customized to the needs of the tourism industry. The country also has an extensive rail system and globally ranked airports, facilitating travel within the country and to overseas destinations.	Ease of transport and excellent infrastructure to support mass transit within the country.
Supporting Industries	Egypt's tourism industry thrives in large part due to its supporting industries, including food services, construction, laundry services, destination management, training, and car rentals.	Highly integrated economic sectors promote efficiency and mutual profitability.

## New Ventures

Egypt has prepared a set of projects to increase the appeal of Egypt as a tourism destination, as follow:

### Integrated tourism project in the City of Luxor

Project Description: Establishing an integrated touristic model that has several hotels, entertainment and commercial areas as well as a huge port by The Nile that will serve the floating hotels.

The site is near:

- Luxor, which is considered one of the most important touristic areas in Egypt
- Luxor bridge, that ties the east to the west of the Nile to ease transportation
- Good weather all year round
- The land has a Nile front of 2.4 km long

Sponsor: Higher counsel for Luxor and Ministry Of Investment

Investment Cost: 1600 Million pounds

Status: A Committee has been established to manage the developer selection process

### Ras El Hekma project in Marsa Matruh

Project Description:

- Project's Total Area is 10.5 Million m2.
- The target is to establish 3000 different levels of hotel rooms

Sponsor: Ministry of Tourism

Investment Cost: 12000 Million EGP (phase one)

Status: A SPV for the project has been established to acquire the project land manage the development process.

### Qarun Lake (Fayum Governorate)

Project Description:

- Offering land area of 2760 Feddan for tourism investment in the region north of Lake Qarun for 25 year concession period

Sponsor: Ministry of Tourism

Investment Cost: 1000 Million EGP

### Integrated Touristic Project in the Northern Coast (Marsa Matruh Governorate)

Project Description:

- Establish an investment zone to design, build and operate an entertainment city with international standards.
- Located on the North Coast, the land is only 750 meters away from the sea. The land lies between Amed district and Hamam and Borg el Arab Cities.

Sponsor: Ministry of Tourism

Investment Cost: 10000 Million EGP

## Success Stories

**Orascom Hotels & Development** is a global town developer that specializes in planning, building and operating integrated leisure and residential towns around the globe. The Red Sea port town development of El Gouna was the company's flagship enterprise. Established nearly 20 years ago, El Gouna is now a thriving residential and vacation spot, with nearly 15,000 inhabitants and a continual stream of hotel guests. The town offers first-class amenities, including 15 hotels, with two 6-star hotels under development. There is also an international school, private landing strip, two marinas, and a European-standard hospital. OrascomHD has extended its business internationally and is currently active in Oman, Jordan, UAE, Switzerland, Mauritius, and Morocco, with plans to expand further. OrascomHD is one of four companies operating under the banner of Orascom, one of the largest and most successful groups of companies in the Middle East and Africa.

**Travco Group** has provided a full suite of integrated tourism services to the Egyptian market, covering both inbound and outbound trades, for more than 30 years. The group owns and operates hotels and resorts as well as Egypt's largest fleet of Nile cruisers. The group's brands include Sol Y Mar, Iberotel and JAZ Hotels and Resorts, Travco Air, Prestige Limousines and the Imperial Restaurant Ship, among others.

**Adrere Amellal**, is an ecolodge just 16 kilometers from the center of Siwa, located right on the oasis shore with enviable access to the Sand Sea. Adrere Amellal, a 39-room ecolodge constructed in the local architectural style using locally available materials, is a telephone- and electricity-free environment. It boasts high quality local cuisine, where traditional dishes are cooked in honey glazed pots. Adrere Amellal offers a unique experience that allows visitors to escape the stress of everyday life. Furthermore, it serves as a gateway for desert tours and visits to the Oracle of Zeus Amon, whose visitors have included such famous historical figures as Alexander the Great. It is exactly this kind of specialized and strategically placed ecolodge that will set Egypt's tourism industry apart from its rivals.

**Emeco**, established in 1976, is a premiere travel agency and destination management company operating travel services, cruises, transportation and airlines divisions. Emeco Travel is general sales agent for leading airlines including American Airlines, Air Malta, Korean Air, Malev Hungarian Airlines, South African Airways and TAP Portugal. Emeco also offers a diversified transportation group offering solutions ranging from 5-passenger vehicles to 50-person buses.

## Leading Tourism Firms Operating in Egypt

Abercrombie and Kent Tours

[www.abercrombiekent.com](http://www.abercrombiekent.com)

EgyptAir

[www.egyptair.com](http://www.egyptair.com)

Egypt Tours

[www.egyptours.com](http://www.egyptours.com)

Emeco

[www.emeco.com](http://www.emeco.com)

Four Seasons Hotel

[www.fourseasons.com](http://www.fourseasons.com)

Hilton Hotels

[www.hilton.com](http://www.hilton.com)

Hyatt Hotels

[www.hyatt.com](http://www.hyatt.com)

Intercontinental Hotels

[www.ichotelsgroup.com](http://www.ichotelsgroup.com)

Le Meridien Hotels

[www.starwoodhotels.com](http://www.starwoodhotels.com)

Marriott Hotels

[www.marriott.com](http://www.marriott.com)

Mercure Hotels

[www.mercure.com](http://www.mercure.com)

Mövenpick Hotels

[www.movenpick-hotels.com](http://www.movenpick-hotels.com)

Orascom Hotels and Development

[www.orascomhd.com](http://www.orascomhd.com)

Radisson Hotels

[www.radisson.com](http://www.radisson.com)

Sheraton Hotels

[www.starwoodhotels.com](http://www.starwoodhotels.com)

Sofitel Hotels

[www.sofitel.com](http://www.sofitel.com)

Thomas Cook

[www.thomascookegypt.com](http://www.thomascookegypt.com)

Travco

[www.travco.com](http://www.travco.com)