Invest In Egypt

Tourism
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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 niche experiences as residential tourism, health and medical tourism, therapeutic tours, providing nature and desert safaris, eco-tourism, and adventures travel.

Tourism sector contributed USD5.8 Million to the economy directly or 3.2% of GDP at Q1+Q2+Q3 of 2011/2012 and employed one in every seven Egyptians or 12% of the labor force such that it offers 2.5 million direct and indirect jobs, 10.9% of total employment. In 2010, Egypt’s tourism sector is the largest in North Africa. Tourist accounted for USD 4.4 billion of direct and in direct capital investment (2010), 11.5% of total investment. Revenues are expected to recover and increase substantially in the coming years as both the number of tourists and the average duration of stay are expected to recover.

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 41% of visitors to North Africa.

Europe is the primary tourist-exporting market for Egypt accounting for 75.8% of tourists visiting Egypt, with Russian tourists accounting for the largest share of arrivals from a single country at 19.8%, followed by the United Kingdom and Germany at around 8.7%. 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 2020 the Ministry was targeting to achieve 300000 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%.

Expectations for the year 2020 include direct industry GDP to reach USD 41.3 billion, direct industry employment to increase at a rate of 2.5% annually while economy employment to grow at 3% annually. Moreover, tourism overall economic impact is expected to be USD 79.6 billion, capital investment to be at USD 14.6 billion and government investment to be at USD 4.4 billion.
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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.


Tourism Destinations

Beaches and Resorts: Celebrated for its year-long sunny weather, Egypt also boasts a vibrant underwater 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 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 best medical tourism location with the healthy and natural materials in Safaga and 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.
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<th>Sector Drivers</th>
<th>Egypt’s Value Proposition</th>
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<td>Labor Force</td>
<td>Egypt has a substantial labor force, with tourism directly and indirectly employing 12.6% of the working population, providing a total of nearly 3 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.</td>
<td>Labor force in Egypt is both readily available and highly affordable by global standards, particularly in entry to mid-level positions.</td>
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<td>Diversity</td>
<td>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.</td>
<td>Diversified tourism sector promotes repeat business.</td>
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<td>Language Skills</td>
<td>Egyptians have an accomplished command of European languages and speak with a neutral, easily understood accent.</td>
<td>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.</td>
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<td>Built-in Markets</td>
<td>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.</td>
<td>Mass market appeal promotes both leisure and business investment.</td>
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<td>Large Domestic Market</td>
<td>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.</td>
<td>Burgeoning upper and middle classes provide a stable tourism base and promote internal investment.</td>
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<td>Infrastructure</td>
<td>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.</td>
<td>Ease of transport and excellent infrastructure to support mass transit within the country.</td>
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<td>Supporting Industries</td>
<td>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.</td>
<td>Highly integrated economic sectors promote efficiency and mutual profitability.</td>
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**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. Orascom HD 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 ecologe 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 ecologe 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 ecologe 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.

**Egyptian General Company For Tourism And Hotels (EGOTH)**, belongs to the Egyptian government through 100% ownership by the Holding Company for Tourism, Hotels & Cinemas (HOTAC). Among the company’s hotel business are branded international establishments such as Marriott, Oberoi Hotels, Sofitel and Mercure. In Q311, EGOTH property included 14 hotels throughout the country (Luxor, Cairo, Giza, Alexandria and the Red Sea) and one Nile cruiser. The group's hotel capacity amounts to approximately 3,750 rooms. The company shares in 18 joint ventures operating in the fields of tourism, hotels and tourist development. EGOTH also owns plots of land at
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prime locations in Cairo, Luxor and Hurghada, allocated for hotel and tourism development projects.

In November 2005, the former government announced plans to partially privatise five hotels owned by EGOTH, following EGP407mn worth of upgrade and renovation work to make them more attractive to potential investors. The sale of stakes in the Marriott Cairo, Mena House Oberoi, Sofitel Cataract Aswan, Winter Palace Luxor and Helnan Palestine Alexandria will not affect management contracts for the hotels.

**Leading Tourism Firms Operating in Egypt**

Abercrombie and Kent Tours, [www.abercrombiekent.com](http://www.abercrombiekent.com)

Egypt Air, [www.egytair.com](http://www.egytair.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)