

## THE ROLE OF THE TOURISM SECTOR IN SUPPORTING THE PERFORMANCE OF THE ALGERIAN ECONOMY (THE UNITED ARAB EMIRATES AS A MODEL)

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### Abstract:

The importance of this study lies in attempting to evaluate the reality of the tourism sector in the Algerian economy and the ways to activate it as an alternative strategic sector, while addressing the situation of tourism in the United Arab Emirates and the possibility of benefiting from it as an experience in developing the local tourism industry in Algeria. It was found that the inefficient exploitation of tourism resources in Algeria does not allow it to rise as an alternative strategic sector, and that, with its various tourism activities, it remains far from the required level, if we take into account the available potentials that the Algerian economy possesses. In contrast, the United Arab Emirates has been able to respond to all the changes occurring in the international tourism market and to achieve through it a qualitative leap in its tourism capacities by applying a set of policies and advantages that enabled it to increase tourism investment shares and establish a flexible tourism infrastructure that responds to the constantly changing requirements of tourists. This confirms that advancing the tourism sector in the Algerian economy is not impossible if a flexible and integrated model is adopted that takes on a character of continuity and sustainability rather than a temporary approach, meaning that it should be addressed within long-term planned frameworks.

**Keywords:** Tourism sector; tourism investment; United Arab Emirates; Algerian economy;

**JEL Classification Codes :** L83 ; Z30 ; Z33

### Introduction:

Countries compete to diversify their sources of income and benefit from their resources in various ways. The tourism sector has been among the priorities of many countries in recent years through investment in the sector and the planning of tourism programs, with a focus on infrastructure and tourist requirements such as transportation and catering in order to make the country a preferred tourist destination. Tourism has become one of the most important economic, social, and cultural phenomena, occupying an important position in the economies of many developed and developing countries, and representing one of the pillars of most of their economies due to its effective contribution to national income and to the level of national and international investments in tourist areas.

Many oil-producing countries have given special attention to the tourism sector compared to other sectors by adopting policies and programs for its development and by providing the necessary support. Among them is Algeria, which since independence has sought to develop the tourism sector, exploit it, and strengthen its contribution to the comprehensive development of the national economy through the implementation of a series of reforms and development programs, and by establishing the Tourism Development Master Plan 2030 aimed at advancing the tourism sector, promoting it, and enhancing its competitiveness at the international level. However, despite the efforts made by the Algerian government, this sector continues to face problems and still records significant delays. In contrast, the United Arab Emirates has experienced a qualitative transformation, where the tourism sector has become an important resource for the entire country and for each emirate individually. Thanks to its successful tourism strategy, it has become the most important tourist destination in the Middle East region, and the Emirate of Dubai has become the fourth largest tourist destination in the

world in terms of international tourists, surpassing long-established tourist cities. It has also topped tourism competitiveness indicators regionally and globally in recent years. From this perspective, the research problem can be formulated as follows:

What is the role of the tourism sector in supporting the performance of the Algerian economy? And how can the experience of the United Arab Emirates be utilized to advance this sector?

**Sub-questions:** In order to answer this main question, the following sub-questions are raised:

- What is the current state of the tourism sector in Algeria? And what is its position among countries?
- What are the ways to promote tourism activity in Algeria?
- What are the main factors behind the success of the tourism sector in the United Arab Emirates?
- Can the steps of the United Arab Emirates be followed to develop the tourism sector in Algeria?

**Study hypotheses:** Based on the previous sub-questions, the hypotheses can be formulated as follows:

- There is a significant weakness in Algeria's attractiveness to global tourism flows and revenues; the tourism sector in Algeria is still in its early stages of catching up with Arab countries.
- Algeria possesses diverse potentials in the tourism sector that could make it a leader in this field if they are properly exploited.
- The success of the tourism sector in the United Arab Emirates is the result of a series of integrated decisions aimed at achieving the objective, and the combined efforts of various institutions and the strict implementation of different plans have led to the success of the various strategies adopted.
- Algeria can benefit from the experience of the United Arab Emirates, which ranks first in the Arab world in the tourism sector, based on the shared factors between the two countries.

**Importance of the study:** The importance of this topic stems from the importance of the tourism sector itself, as it is considered a supportive factor especially in the field of economic infrastructure, and due to its contribution to the economic, social, cultural, and environmental development of the country. It also aims to identify the efforts of the United Arab Emirates in the field of sustainable tourism and the possibility for Algeria to benefit from this experience by focusing on diagnosing the tourism sector and proposing solutions that may help Algeria advance tourism.

**Study structure:** To address this study, it has been divided into the following sections:

- **First axis:** Basic concepts about tourism and tourism investment.
- **Second axis:** Evaluation of the reality and potentials of the tourism sector in Algeria.
- **Third axis:** The components of the tourism sector in the United Arab Emirates.

**First Axis: Basic Concepts about Tourism and Tourism Investment**

**1. The concept of the tourism sector:**

The definitions of tourism have varied and multiplied due to the evolution of its concept from one period to another and the differences in perspectives among researchers, institutions, and international organizations. Some consider it a social phenomenon, while others view it as an economic phenomenon.

From a terminological perspective, the concepts presented for this term have varied and multiplied both in Arabic and foreign languages, although they all converge on the enjoyment of travel. A large number of experts, researchers, and those interested in tourism have defined it and addressed its concept according to their different perspectives. The first to provide a specific definition of tourism was the German scholar "Guyer Freuler", who considered tourism as "a phenomenon of our time arising from our increasing need for rest and change of environment, and generating a pleasant feeling of the beauty of nature and the sense of joy and pleasure through staying in areas that have their own special nature." (Al-Assali, 2016, p. 10).

The Austrian economist Schullernschraten defined it as: "the term applied to any economic process related to the movement, residence, and spread of foreigners within and outside a specific region or any country directly connected with it." (Saliha, 2011, p. 31).

The World Tourism Organization affiliated with the United Nations defined it as: "the activity of travel for the purpose of leisure and the provision of services related to this activity, and the tourist is the person who travels for tourism purposes for a distance of at least eight kilometers from his home." (Hafedh, 2010, p. 21).

The International Academy of Tourism defines it as: "a term applied to recreational trips, and on this basis it is a set of basic activities organized to achieve this type of recreational trip, and it is an industry that cooperates to meet the needs of the tourist." (Alia, 2009, p. 74).

The United Nations Conference on Tourism and International Travel defines it as: "a social and human phenomenon based on the movement of an individual from one place to another for a temporary period of not less than 24 hours and not exceeding 12 months for the purpose of recreational, medical, or historical tourism, and tourism is like a bird with two wings represented by domestic tourism and international tourism." (Ouinan, 2013, pp. 19–20).

From the previous definitions, it can be said that tourism is one of the most important pillar sectors, as it represents a source of income for some countries and an important factor in strengthening various types of relations, especially political and economic relations.

## **2. The Importance of Tourism:**

Tourism helps attract many visitors from all over the world to tourist countries, and the importance of tourism can be summarized in the following points: (Teamwork, 2019)

- **Achieving economic progress:** Tourism helps support foreign currency reserves and contributes to generating foreign currency in the country. The total contribution of the tourism sector to the gross domestic product of the United Arab Emirates reached about 11.1%, equivalent to 164.7 billion dirhams during 2018. Tourism contribution to GDP is expected to increase by 3% during 2019, with an annual increase until 2029 of 3.9%, according to data issued by the World Travel and Tourism Council in 2019.
- **Developing infrastructure:** Tourism contributes to the development of infrastructure fields such as building dams and roads, developing airports and hotels, and connecting them with others, in addition to other activities that help tourists reach their destinations more easily.
- **Achieving social progress:** Tourism contributes to cultural exchange between peoples, as it encourages social progress. Tourists learn how to express feelings of love, respect, and tolerance and spread them among one another when visiting new places.
- **Promoting cultural heritage:** Tourism helps highlight the cultural, artistic, historical, and aesthetic aspects of the host country. It also helps tourists carry some cultural concepts, local skills, language, and arts and transfer them to other places they may visit in the future.

## **3. The Nature of Tourism Investment:**

Tourism investments are among the most important economic activities experiencing growth in the world. They play an important role in increasing national income, improving the balance of payments, providing a source of foreign currency, creating employment opportunities, and achieving and promoting the dimensions of sustainable development. Opinions among economists have varied regarding the definition of tourism investment. Among them are the following:

- Tourism investment is considered the base or solid foundation for the existence of developed tourism because it provides the basic conditions necessary for the development of this sector. It complements a high-quality tourism product that attracts a significant number of tourists. Therefore, tourism investment is a direct physical investment represented by the establishment of tourism facilities whose main function is to provide services to tourists (accommodation, food, lodging, etc.) within the framework of local and international laws in exchange for a specified fee.

- It is also defined as "the sacrifice of a current benefit that can be achieved through present consumption satisfaction in order to obtain a future benefit from greater future consumption." (Moufaq and Al-Hamiri, 2008, p. 19).
- The World Tourism Organization defined tourism investment as: "the investment development of tourism that meets the needs of tourists and host sites while protecting and providing opportunities for the future. It represents guiding principles in managing resources in a way that meets economic, social, and cultural requirements, while ensuring cultural integration, environmental factors, biodiversity, and the support of life systems." (Raad, 2008, p. 19).

**Second Axis: Evaluation of the Reality and Potentials of the Tourism Sector in Algeria**

**1. Tourism potentials and resources in Algeria:** The Algerian economy possesses a set of tourism potentials and resources, among which are the following:

**1.1 The Algerian coast:** The Algerian coast extends over a distance of 1200 km. It is characterized by its elevation and rocky formation and contains several rare tourist spaces. Among the most important tourist areas along this coast are: Sidi Fredj, Tigzirt, El Kala, Jijel, Tipaza, Beni Saf, etc. Algeria's beaches have varied and diversified along its coastal strip, some of which are authorized for swimming while others are prohibited, as shown in the following table:

**Table (01): Statistics on the development of the summer season between the years (2017–2019).**

Summer Season 2017	Summer Season 2018	Summer Season 2019
Total number of beaches	608	611
Number of beaches authorized for swimming	398	404
Number of beaches not authorized for swimming	210	207

It can be observed from the table that the total number of beaches decreased in 2019 to reach 581 beaches after being 611 in 2018 and 608 in 2017. We also note that the number of beaches authorized for swimming represents the majority of the total number and shows annual development, reaching 426 in 2019. As for the beaches not authorized for swimming, they experienced a decline from 210 beaches in 2017 to 155 beaches in 2019, due to the closure of many of them.

**1.2 Desert regions:** The area of the Algerian desert is about 2 million km<sup>2</sup>, and most of its formations consist of ancient volcanic rocks. It is composed of mountains represented by the Hoggar and Tassili massifs, where the highest peak is located (Mount Tahat 2918 m), which is considered the first desert reserve classified internationally. In addition, there are tourist sites distinguished by their architectural style such as El Oued, the capital of Oued Mzab, Ghardaia, and the most beautiful oases: Timimoun, Beni Abbas, and the capital of El Guerara. The Algerian desert tourism has witnessed an increase in the number of tourists and visitors during the past year 2019 compared to 2017, as shown in the following table:

**Table (02): Bar charts of the number of tourists in the desert tourism season up to April 2019.**

Year	Residents	Foreigners	Total
2017	112837	17502	130339
2018	300143	25871	326014
2019	240927	23501	264428

It is clear from Table (02) that most of the tourists during the desert tourism season are Algerian residents, where an increase was recorded in 2019 compared to 2017 for both residents and foreigners.

**1.3 Hotel capacity:** It is considered one of the most important indicators that determine the level of development of the tourism sector in a country, as it helps attract tourists and provides them with many services, as shown in the following tables:

**Table (03): Evolution of the number of hotels and beds in Algeria from (2014–2019).**

Description /Years.	2014	2015	2016	2017	2018	2019
Hotels	1185	1195	1231	1289	1368	1417
Beds	99605	102244	107420	112264	119155	125676

Those who follow the developments of the national hotel stock in Algeria find that it experienced a shortage in reception structures in the years 2014 and 2015. This is due to the marginalization of the sector and the lack of interest from the supervising ministry, as it was considered a non-vital or secondary sector because of the presence of the hydrocarbons sector. However, with the new reforms starting in 2016, we observed an increase in the number of tourist accommodation establishments of various categories. We also note a significant increase in both hotels and beds, reaching very high figures of 1417 and 125676 respectively.

**Table (04): Classification of Algerian hotels for the year 2019.**

Number of Beds	Number of Hotels	Classification
7234	14	5-star hotels
6161	29	4-star hotels
6427	65	3-star hotels
5381	55	2-star hotels
12612	182	1-star hotels
9456	173	Unclassified hotels

It is clear from the previous table that most Algerian hotels are unclassified, numbering 173 hotels, followed closely by those classified with one star at 182 hotels. Five-star hotels occupy the last position with 14 hotels. This is due to the lack of attention given by Algeria to the tourism sector and its improvement.

## **2. Analysis and evaluation of the contribution of the tourism sector to the Algerian economy**

### **2.1 Evaluation of the contribution of the tourism sector to the Gross Domestic Product (GDP)**

**of the Algerian economy:** The tourism sector contributes significantly to the gross domestic product of many countries, which has led most countries to give great importance to this activity in various development plans. In contrast, in Algeria the tourism sector has not yet managed to play an important role in the national economy. The following table shows this:

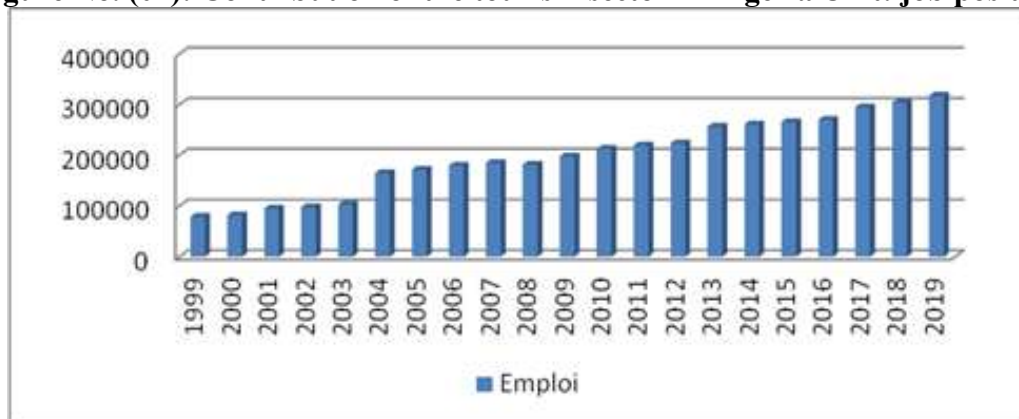
**Table No. (05): Contribution of the tourism sector to the Gross Domestic Product (GDP) in Algeria. Unit: %.**

Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tourism contribution to GDP	3.14	3.24	3.33	3.40	3.64	3.88	3.30	3.23	3.11	3.66
Years	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tourism contribution to GDP	3.39	3.28	3.28	3.54	3.29	3.48	3.30	3.25	3.20	3.25

From the above table, it can be observed that the percentage of the contribution of the tourism sector to the gross domestic product was weak during the period from 2000 to 2012. The lowest percentage reached 3.11% in 2008 and the highest percentage reached 3.88% in 2005. This is due to the focus on the hydrocarbons sector and the neglect of the tourism sector, like other sectors such as industry and agriculture. It rose again during the period from 2013 to 2019, reaching the highest percentage estimated at 3.48% in 2015. This is due to the decline in the contribution of the hydrocarbons sector to the gross domestic product, which led to the emergence of the contribution of the tourism sector.

**2.2 Contribution of the tourism sector to employment in the Algerian economy:** The tourism sector is characterized as one of the industries that require intensive labor, distributed across travel and tourism agencies, airlines, hotels, tourist guiding, cafés, restaurants, and others. Tourism is also linked to other fields of life such as transportation and communications, traditional industries, telephone and internet services. This makes it capable of creating direct and indirect job opportunities, supporting employment, reducing unemployment, and consequently improving the living standards of individuals. The following figure shows the role of the tourism sector in providing job positions during the period from 1999 to 2019, as follows:

**Figure No. (01): Contribution of the tourism sector in Algeria Unit: job position.**

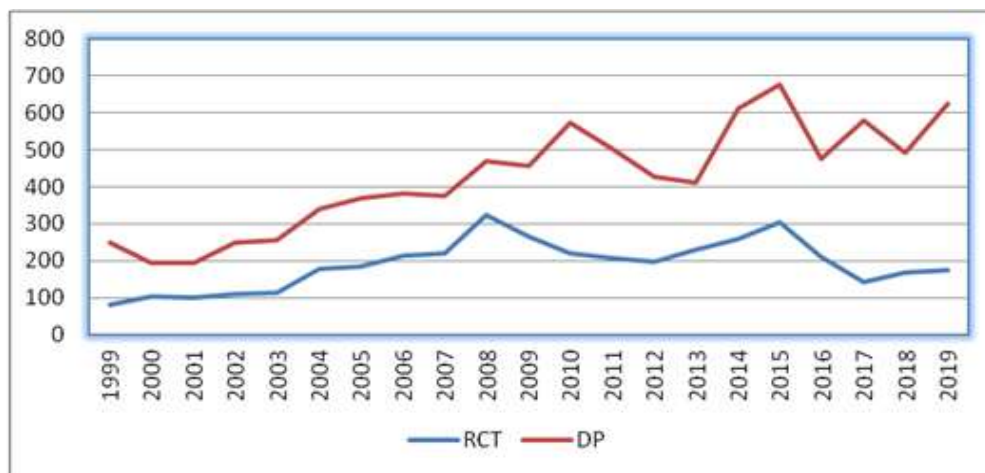


From the above figure, the major role of the tourism sector in reducing the unemployment rate in Algeria appears through the continuous creation of new job positions. These jobs increased from

82000 positions in 2000 to 318050 positions in 2019. The years 2004 and 2008 also recorded the highest growth rates in employment, reaching 60.19% and 56.6% respectively. Employment continued to increase steadily, especially during the period from 2013 to 2019, due to the effects of the reforms introduced by the new law established in 1999 concerning hotels and travel and tourism agencies, the investment projects related to this sector, and the Tourism Development Master Plan.

**3.2 Revenues and exports of the tourism sector in Algeria:** The revenues and exports of the tourism sector represent the tourism balance, meaning movements from and to the country abroad. The following figure illustrates this:

**Figure No. (02): Evolution of revenues and exports of the tourism sector in Algeria.**



From the above figure, the large deficit in the tourism balance becomes clear. This is due to the large expenditures made by Algerian tourists abroad, which are not covered by the revenues obtained from tourists arriving at the Algerian tourist destination. This situation is the result of the deficiencies suffered by the tourism sector in Algeria, foremost among them the absence of an integrated promotional and marketing policy based mainly on information and communication technologies, through which the real image of the tourism potentials of the Algerian destination can be conveyed to both local and foreign tourists alike.

**3.Obstacles of the tourism sector in Algeria:** The tourism sector in Algeria faces a number of challenges and obstacles, which include the following: (Belhamri and Bounbaou, 2017, p. 219)

- Accommodation capacity is insufficient and of poor quality, not meeting international standards, with very high prices.
- Lack of competence and qualification among human resource managers in the tourism sector.
- Weak information and communication technology in the tourism sector, making it difficult to adapt to the increasing importance of ICT in tourism activities.
- Tourism services lack complementary services such as transportation services, whether by land or air, due to the absence of international airports, especially in southern regions.
- Weak performance of tourism and travel agencies due to their inability to adapt to changes in the international tourism market and the lack of use of electronic methods for transportation and booking various services.
- Banks and financial services are not adapted to modern electronic payment methods, and existing laws do not allow the localization of operations whether for receiving or sending tourists abroad.
- High tax rates imposed on hotels and other tourism activities.

### **Third Axis: Components of the Tourism Sector in the United Arab Emirates**

The United Arab Emirates is considered one of the vital regions in the world, distinguished by its nature and real estate investments. It enjoys attractive facilities and distinguished services that qualify

it to host prestigious events. It also possesses all the components of the tourism industry, which can be summarized as follows: (Sobhi, 2017, p. 42)

**1.Natural components:** The United Arab Emirates is located in West Asia on the eastern coast of the Arabian Peninsula. The area of the UAE is 83,600 km<sup>2</sup>, and it is described as a federal state consisting of seven emirates: Ajman, Abu Dhabi, Fujairah, Sharjah, Dubai, Ras Al Khaimah, and Umm Al Quwain. The Emirate of Abu Dhabi constitutes the largest part of the country’s territory, representing 86.77% of the total area. The UAE coastline extends for 644 kilometers along the southern coast of the Arabian Gulf. The population is 5,628,805 inhabitants (July 2014 estimates), with a growth rate estimated at 2.71%. Citizens represent 16% of the total population. The topography of most of the UAE territory consists of deserts interspersed with oases and forms a natural extension of the Empty Quarter desert in Saudi Arabia. It is also called the “lowland region” and rises only about 300 meters above sea level. Off the coast, the UAE possesses hundreds of small islands scattered in the Gulf, about 200 of which belong to the Emirate of Abu Dhabi alone. Among the most important of these is Sir Bani Yas Island, which has been transformed into an oasis and a natural reserve for animals and birds.

**2.Tourism infrastructure:** In recent years, the United Arab Emirates has shown great interest in the tourism sector by developing its infrastructure and facilities that meet the requirements of foreign tourists, in addition to improving the level of services in the hotel sector and comfortable transportation, including airports, ports, road networks, communication and transportation systems, and other services, especially after technological developments in information and communication technologies that supported this progress. The most important features of the infrastructure in the UAE include the following:

- Free project system.
- Highly developed infrastructure, especially in transportation services.
- Modern wired and wireless communications.
- A developed sector of financial services and transactions.
- Dedicated venues for organizing international exhibitions and conferences.
- Administrative offices and high-quality residential facilities.
- Reliable energy and utility services, in addition to other services.
- First-class hospitals, schools, and commercial centers.

**3.Material components:** In addition to the natural components and tourism infrastructure enjoyed by the United Arab Emirates, it also benefits from material components that are no less important than the others. These are represented in hotel capacity, and the following table shows the distribution of the number of hotels of different categories.

**Table No. (06): Distribution of hotel capacities in the United Arab Emirates according to categories during the period (2010–2018).**

Years	5-star	4-star	3-star – 1-star	Hotel apartments
2010	91	108	323	295
2011	106	122	331	316
2012	120	130	311	327
2013	133	135	324	347
2014	143	165	352	367

Years	5-star	4-star	3-star – 1-star	Hotel apartments
2015	157	172	355	372
2016	166	178	358	358
2017	175	196	355	332
2018	195	222	355	334
Total	1286	1428	2965	3048

From the data presented in the table, it can be observed that the highest proportion of the total accommodation capacity during the period (2010–2018) belonged to hotel apartments. As for hotel units classified between 3–1 stars, they are large compared to the total capacities classified as 4 stars. It is also noted that the share of 5-star hotels is small compared with 4-star and 3–1-star hotels.

#### 4. Types of tourism in the United Arab Emirates:

From the desert landscapes that extend as far as the eye can see and the calm waters of the Arabian Gulf, to the bustle of traditional markets and the shining skyscrapers, the United Arab Emirates is a destination unlike any other in the world. Through these features we can explore the most important tourism patterns that distinguish the United Arab Emirates and understand why the UAE has become one of the most preferred tourist destinations worldwide in a short time. Among the most important types of tourism available in the United Arab Emirates are the following: (The UAE Economy in Numbers)

- **Shopping tourism:** Dubai is the unique retail capital in the Middle East region, attracting millions of shoppers each year to its huge shopping centers and historic markets from every corner of the world. In addition to Dubai Mall, the newest tourist destination in the country, and Mall of the Emirates, which includes Ski Dubai, Dubai hosts more than 70 shopping centers that meet all modern lifestyle needs. The United Arab Emirates also contains many traditional open-air markets such as the Dubai Gold Souk, the Central Market in Sharjah which offers a distinguished selection of goods and products from different parts of the world, and shopping centers in Abu Dhabi.
- **Adventure tourism:** Whether skydiving above Palm Jumeirah Island, hiking across the Hatta Mountains, or participating in desert car races, visitors to the UAE will not find a single moment without excitement and enjoyment. Visitors who prefer calmer atmospheres can enjoy hot air balloon tours over some of the most beautiful natural landscapes in the region, in addition to desert safari experiences and diving in the beautiful waters of the Arabian Gulf and the dunes of the Empty Quarter in the Liwa region.
- **Sports tourism:** For sports lovers and those interested in watching major sporting events, the UAE hosts many distinguished international sports events such as the Abu Dhabi Formula 1 Grand Prix, the Dubai Tennis Championship, the Abu Dhabi Golf Championship, the Dubai Gold Cup Polo Tournament, and the richest horse race in the world, the Dubai World Cup.
- **Cultural tourism:** Discover the rich history and culture of the United Arab Emirates through historical sites and museums across the emirates. Heritage and archaeological sites include Heritage Village in Abu Dhabi, Al Jahili Fort in Al Ain, Al Fahidi Fort and Museum in Dubai, traditional dhow boat-building workshops in Fujairah and Ajman, and the museums of Ajman, Ras Al Khaimah, and Umm Al Quwain. In addition to museums and historic forts, the UAE has become an exceptional destination for the arts of various kinds, hosting art exhibitions, music

festivals, and theatrical performances throughout the year, including the “Million’s Poet” competition and the Liwa Music Festival.

- **Educational tourism:** Whether seeking an advanced academic degree, learning a new language, or discovering the rich culture of the Middle East through study at one of its universities, the United Arab Emirates offers students from around the world opportunities for higher education in more than 60 internationally recognized colleges and universities.
- **Medical tourism:** The United Arab Emirates is considered an ideal destination for patients seeking treatment abroad due to short waiting times, competitive prices, and unprecedented quality of healthcare. In addition to routine and cosmetic surgeries, the UAE hosts specialized centers for the treatment of cancer, genetic disorders, and diabetes, as well as new facilities for rehabilitation, pediatrics, and comprehensive medicine.
- **Exhibition and conference tourism:** As a strategic bridge between East and West, the UAE has emerged as one of the world’s leading destinations for meetings, incentives, conferences, and exhibitions. The International Congress and Convention Association based in Amsterdam recently ranked Dubai among the top cities worldwide in business and event organization, alongside cities such as Singapore, Hong Kong, New York, and Melbourne. In the capital Abu Dhabi, the Abu Dhabi National Exhibition Company “ADNEC” inaugurated the largest exhibition facility in the Middle East, the Abu Dhabi National Exhibition Center. Sharjah also hosts Expo Sharjah. The country also includes facilities dedicated to exhibition tourism such as the Dubai Exhibition and Convention Center and Expo Sharjah.
- **Marine tourism:** Marine tourism has emerged as one of the rapidly growing types of tourism in the UAE, particularly at Port Rashid in Dubai, which was planned to make Dubai a regional destination and hub for cruise tourism. In 2011, plans were announced by DP World to expand the port to strengthen its position as the largest cruise hub in the Middle East. The new terminal, the largest in the region, will increase marine tourism movement in Dubai and will include entertainment facilities and restaurants serving travelers and residents. The terminal also includes a special building for receiving cruise ships operated by Dubai’s Department of Tourism and Commerce Marketing and equipped with all facilities and services to provide the best services for travelers.

## **5. The situation of tourism in the United Arab Emirates**

In this axis, we address the reality of encouraging tourism investment and the reality of tourism indicators in the United Arab Emirates and its position in international tourism:

### **5.1 The reality of encouraging tourism investment in the United Arab Emirates and its components (Bin Saliman ,2017 pp. 269–271)**

The tourism sector in the economic structure of the United Arab Emirates enjoys top priority compared with other sectors. The federal government works to develop, manage, and support investment initiatives for both the public and private sectors to organize high-level heritage, cultural, sports, and entertainment events, which contributes to increasing the efficiency and attractiveness of investment in the tourism sector.

**The United Arab Emirates consists of seven emirates:** Abu Dhabi (the capital), Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah, and Fujairah. Despite the diversity of the emirates and their varied tourism potentials, the UAE economy is dominated by Abu Dhabi and Dubai, which together account for about 90 percent of the gross domestic product and 66 percent of the population. Dubai has adopted a dynamic strategy based on economic diversification in major sectors including tourism, services, trade, and finance. As an evaluation of this strategy, Dubai has succeeded in attracting increasing amounts of foreign investment and has achieved a long real estate boom. Abu Dhabi, although oil dominates its economy, has recently followed the same path as Dubai by developing large real estate projects and focusing on tourism, particularly cultural tourism.

As for the other emirates (Sharjah, Ras Al Khaimah, Ajman, Umm Al Quwain, and Fujairah), they also recognize the importance of the tourism sector. They are preparing economic plans based on strengthening infrastructure and activating the real estate and tourism sectors while promoting tourism through strong campaigns to attract more visitors. Attractions include heritage, architecture, landscapes, entertainment, sports, and conference and exhibition facilities. According to the World Trade Organization report of 2012 concerning the review of the UAE trade policy, Dubai contributes two-thirds of the tourism revenues of the United Arab Emirates, followed by Abu Dhabi with 16 percent, Sharjah with 10 percent, while Fujairah and Ras Al Khaimah obtain the remaining share.

### **5.2 Components of tourism investment in the United Arab Emirates:**

The United Arab Emirates possesses several factors that play a major role in stimulating tourism investment. It is distinguished by a flourishing retail trade center in the Gulf region and low customs restrictions and taxes, which helped make Dubai a prominent port and commercial city in the region. Commodity prices are relatively low, attracting both retail and wholesale traders from various regions, which increases demand for accommodation in hotels and hotel apartments and stimulates tourism investment through the construction of new hotels to meet growing demand.

The UAE also enjoys political stability, a developed economic legislative environment, and a strategic geographical location. In addition, it has adopted electronic and smart administrative services and eliminated routine administrative procedures, which facilitates and accelerates procedures for investors and encourages them to invest and reside in the country.

The UAE has become a preferred destination for tourists, particularly for shopping tourism, especially during the Dubai Shopping Festival held annually in March. This has led the country to remove restrictions related to tourist visas in order to absorb the demand for visas and facilitate obtaining them at air, sea, and land ports.

To transform the country into a major tourist destination, the UAE has also established airlines characterized by high quality and diverse services, in addition to coordination between the government and travel agencies abroad, which has led to a large influx of tourists spending holidays in the UAE.

One of the most important factors improving the investment environment in the UAE is the establishment of free zones. The country contains 36 free zones specialized in different fields. Among the most important related to tourism are service free zones specializing in activities such as finance and communications. For example, more than 450 tourism-related companies operate in the information industry in Dubai, which is considered the first comprehensive center for communications and information technologies. Tourism companies operating there receive special treatment to stimulate tourism investment. The decision to establish a free trade zone for e-commerce and technology was taken in February 2002.

The establishment of free zones aims to attract investors in various sectors through advantages including:

- 100 percent foreign ownership of projects.
- No restrictions on work permits.
- Full transfer of profits abroad.
- Exemption from business or corporate taxes depending on the free zone, sometimes for up to 50 years.
- Exemption from customs duties and other advantages such as exemption from personal income tax.
- Availability of physical and social infrastructure facilities including roads, bridges, tunnels, airports, ports, public utilities, and ready infrastructure for transportation, communications, and information technology.

In addition, the UAE is characterized by:

- Wide accommodation options suitable for different demands and budgets.

- Religious and cultural tolerance, as the UAE hosts about 200 nationalities from various religious and cultural backgrounds.
- Low crime rates; in 2015 it ranked seventh globally among countries with the lowest crime rates and fourth regarding assault crimes in general.

All these factors have significantly contributed to the flow of foreign investment into the United Arab Emirates in various industrial, commercial, and service sectors, due to the UAE government's realistic vision of encouraging foreign tourism investment and adopting policies that provide the necessary mechanisms to achieve this objective.

**6. The reality of tourism indicators in the United Arab Emirates and its position in international tourism:**

Many studies and reports indicate that tourism in the United Arab Emirates is experiencing remarkable growth compared with other countries, ranking thirty-third globally. This is reflected in the contribution of the sector to several indicators, including:

**6.1 Indicator of the development of the number of tourists in the United Arab Emirates:**

Reports indicate that the share of the UAE in international tourism has achieved record levels by the end of 2018, with tourism flows growing by more than 10 percent. This can be illustrated through the following table:

**Table No. (07): Development of the number of tourists in the United Arab Emirates during the period (2010–2018).**

Year	Number of foreign tourists	Number of Emiratis residing abroad
2010	8082282	1500249
2011	9317579	1698100
2012	10490219	1986822
2013	11731631	2187935
2014	16232488	3336213
2015	16303120	3640858
2016	17883066	3628440
2017	18935353	3933136
2018	21242497	4306469
Total	130218235	26218222

**6.2 Indicator of the share of tourism in the United Arab Emirates from international tourism revenues:** This indicator can be illustrated through the following table:

**Table No. (08): Development of the volume of tourism revenues in Turkey (US dollars).**

Year	Development of revenue volume	Change rate %
2005	3,218,000,000.0	
2006	4,972,000,000.0	54.51%
2007	6,072,000,000.0	22.12%
2008	7,162,000,000.0	17.95%
2009	7,352,000,000.0	2.65%
2010	8,577,000,000.0	16.66%
2011	9,204,000,000.0	7.31%
2012	10,924,000,000.0	18.69%
2013	12,389,000,000.0	13.41%
2014	15,221,000,000.0	22.86%
2015	17,481,000,000.0	14.85%
2016	19,496,000,000.0	11.53%
2017	21,048,000,000	7.96%

From the table, it can be observed that tourism revenues in the United Arab Emirates increased from 3218 million US dollars in 2005 to 21048 million US dollars in 2017, with an average annual growth rate of 17.54%. This shows the remarkable growth in the expenditures of international visitors arriving in the United Arab Emirates.

### **6.3 Indicator of the contribution of tourism in the United Arab Emirates to the Gross Domestic Product: (The UAE.. A Promising Global Investment Hub)**

The total contribution of the tourism sector to the country's Gross Domestic Product reached about 11.3% during 2017, equivalent to 154.1 billion dirhams, according to the latest data issued by the World Travel and Tourism Council report in 2018.

According to the report data, the tourism sector accounted for 9.5% of the total labor market in the country during 2017, equivalent to 585.5 thousand job opportunities. This percentage is expected to increase by 3.2% during 2018, bringing the total number of opportunities provided by the sector to 604.5 thousand jobs in 2018. The report indicated that visitor spending during 2017 recorded 123.5 billion dirhams, equivalent to 8.7% of the country's total exports, and it is expected to increase by 5.3% during 2018 and reach 202.6 billion dirhams in 2028, equivalent to 6.5% of total exports in the country at that time.

Tourism investments in the country reached about 25.4 billion dirhams, equivalent to 8% of the total investments in the country during 2017, and are expected to reach 62.1 billion dirhams by 2028, equivalent to 11.2% of the total investments in the country. The report also expected that the number of international visitors would reach 33.5 million visitors by 2028.

#### **6.4 Indicator of the contribution of tourism in the United Arab Emirates to employment: (The UAE. A Promising Global Investment Hub)**

The sector directly provides 317,500 job opportunities in the country, equivalent to 5.4% of total jobs. In 2017 this rate increased by 2.3%, and is expected to grow by 2.4% annually to provide 410,000 jobs, equivalent to 5.9% of total jobs in 2027.

The total contribution of the travel and tourism sector to job creation, including jobs indirectly supported by the sector, reached 10.4% of total job opportunities, amounting to 617,500 jobs. This rate was expected to increase by 1.8% in 2017 to reach 628,500 jobs and to grow by 2% annually to reach 770,000 jobs in 2027, equivalent to 11.1% of total employment.

#### **Conclusion:**

Despite the important tourism resources and potentials that Algeria possesses, including historical, civilizational, and archaeological landmarks as well as geographical diversity, and despite the efforts made by the state to activate the tourism sector through a new strategy, Algeria has not been able to elevate this sector, which remains far below the value and importance of the tourism resources available in the country. The study confirmed that although Algeria has significant natural, human, and tourism potentials, the tourism sector still contributes weakly to economic growth.

The qualitative leap achieved by the tourism sector in the United Arab Emirates, despite the relatively short experience, initially relied on oil revenues but focused on investment in several sectors, among which the tourism sector was one of the most important. From this experience and the study of the reality of the tourism sector in the Algerian economy, several conclusions can be drawn:

- Tourism is a global phenomenon and a promising industry when the necessary resources are provided, and it is one of the most important and dynamic sectors for achieving comprehensive development.
- The tourism sector can be an alternative for diversifying sources of income and achieving economic development away from economic dependence on hydrocarbons. This can only be achieved through collective efforts, genuine determination to develop the sector, strict implementation of planned projects, and avoidance of previous mistakes.
- The tourism sector has not yet emerged as a fundamental and effective sector in Algeria because the country relies primarily on the hydrocarbons sector.
- Algeria possesses a vast area characterized by rich natural and cultural environments and historical heritage that could place it among leading tourist destinations, but this requires infrastructure such as air, sea, and land transport, roads, and tourism service infrastructure including transport facilities and the development of electronic payment systems.
- The Emirati experience has a particular character as a federal state, which is one of the main factors that contributed to its success in various fields, especially the tourism sector. It adopted decentralization in managing the country, which gave the emirates greater space for decision-making, movement, development, and competition, reflecting positively on the state.
- Security stability is a fundamental condition for attracting tourists, which the UAE enjoys, as demonstrated by its ability to host multiple nationalities for work, investment, or tourism and attract international companies that contributed to the growth of the tourism sector.
- The United Arab Emirates possesses a comprehensive strategic vision for development, focusing particularly on trade and re-export.
- The UAE focused on tourism investment through large budgets consistent with its objectives, making it one of the most investing countries in the tourism industry in the region and placing it among the most investing countries worldwide in this field.

- Generous investments in the UAE enabled the establishment of many museums, hotels, resorts, entertainment facilities, and shopping centers, in addition to infrastructure such as roads, bridges, airports, ports, transport systems, and modern communications, along with diversification of tourism services to include natural tourism and shopping tourism.

### **Recommendations:**

The results achieved by the United Arab Emirates in the tourism sector are the outcome of major efforts that made it one of the most attractive destinations for tourists in the Arab world and among the leading destinations globally. This encourages consideration of how Algeria can benefit from this successful experience, especially since Algeria ranks relatively low in global tourism and travel competitiveness indicators. The following recommendations can therefore be proposed:

- Promoting tourism exchange, developing investments, and exchanging expertise between Algeria and the United Arab Emirates, while benefiting from the Emirati experience in maximizing the value of the tourism product.
- Providing all necessary facilities for investors and businesspeople inside and outside Algeria and adopting legislation that attracts capital and foreign investment in the tourism sector.
- Encouraging investment in tourism and hotel industries by establishing systems to promote tourism investment across Algerian regions and diversifying incentives such as tax exemptions, especially at the beginning of projects, facilitating customs procedures for equipment, and providing long-term loans for local tourism and hotel investment companies.
- Organizing visits for officials, managers of research centers, and administrative leaders from various sectors to observe the Emirati tourism experience through field visits and meetings with academics and researchers in this field.
- Developing winter tourism in Algeria by establishing tourist centers for skiing in places such as the Chréa reserve in Blida.
- Adopting business tourism services including exhibitions, conferences, meetings, and workshops to attract visitors and participants.
- Establishing an accredited healthcare institution in cooperation with the UAE to promote medical tourism.
- Providing trained tourist guides with professional competence and good ethics to represent the country in the best way.
- Paying greater attention to the tourism sector by allocating appropriate budgets and increasing the annual budget dedicated to managing and developing tourism in Algeria.
- Reducing the gap between academics and professionals working in tourism by encouraging partnerships and cooperation.
- Focusing on creativity and innovation in electronic marketing of tourist destinations.
- Activating financing mechanisms for tourism investments by establishing banks and financial systems specialized in tourism.
- The future of tourism depends on developing mineral spas, desert tourism, and identifying areas with special natural characteristics.

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