

# TUNISIA AND EGYPT: TOURISM SECTOR ENDS SEVEN YEARS OF FRUSTRATION



Since 2017, both Tunisia and Egypt experience strong increases in foreign arrivals. This year has also been quite successful for the tourism sector.

“It has been a very positive summer. The figures are excellent, and we look towards the future with optimism,” says Adel Masry, interim president of the Egyptian Chamber of Commerce. Until last June, **Egypt saw the arrival of 5 million visitors who spent 4.8 billion dollars (about 4.13 billion euros), a 77% increase.** Tunisia was visited by 7 million foreigners and many coastal hotels have hung the ‘sold out’ sign for the first time.

After three years of absence, groups of European pedestrians walk again on the sidewalks of the central Avenue Bouguiba in Tunisia, always carrying with them a camera or a mobile phone to snap the occasional selfie. It is an unequivocal sign of the recovery of the tourism sector in the Maghrebi country. A similar trend has taken place in Egypt, a country that already recorded the largest annual increase in tourists in 2017, according to data from the World Tourism Organization (WTO). For these two economies, this activity accounts for 10% of GDP.

This success partly explains the decline experienced by the Spanish tourism sector this summer. Among the hotels in the various countries of the Mediterranean coast, there is a clear relationship of communicating vessels: if some countries gain tourists, others lose them. Last July, 9.98 million foreign visitors arrived to Spain. The number is higher than Egypt’s and Tunisia’s for the whole year, but it represents a 4.9% decrease compared to 2017, the biggest drop since April 2010.

Meanwhile, Egypt experienced a 2017 increase in arrivals (increasing by 55% over the previous year) and the figures through June are excellent. Masry explained that he has no doubt about the reason for this remarkable improvement. “The reason is stability. The country is more stable than in recent years”. Rania Mashat, Minister of Tourism, highlighted another reason: the support to the sector by the Government and the strengthening of its relations with other countries.

Mashat believes that the tourism sector can continue to grow thanks to a ministerial plan to improve the quality of the services offered. Additionally, the Government bets on the new Egyptian Museum, whose inauguration is scheduled for 2020 as a way to attract new tourists.

Since the Egyptian Revolution of 2011, the efforts of the tourism sector to recover its old numbers proved to be insufficient. After a few months of calm that gave hope to hoteliers, the country reverted to political instability, facing a coup d'état, or a terrorist attack that would set back all the work done so far. Without a doubt, the hardest hit came in the fall of 2015, with the catastrophe of the Russian plane crash in Sinai, in which 225 civilians died. The Islamic State (commonly known as ISIS) claimed it as a terrorist attack. The following year was an authentic ‘annus horribilis’ for the Egyptian tourist sector, which received only 5.2 million tourists, a third of what was registered in 2010.

The earnings of the tourism sector have managed to increase by large numbers, up to 40%, as a result of the sharp currency depreciation of the Tunisian dinar. In Tunisia, the strong winds from the Arab Spring on tourism did not have the dramatic effect as seen in Egypt. In 2011, tourist arrivals collapsed, but in the following three years, numbers were not far from reaching the 7.8 million arrivals registered before the Revolution. The Tunisian political transition was evolving along a more peaceful and successful path than the Egyptian one, something that became clear in the hotel occupancy rates. But in 2015, the worst blow came. Two brutal terrorist attacks, one in the Bardo Museum and another against beach tourists in the city of Sousse, both claimed by ISIS, leaving a long trail of blood: more than 50 tourist fatalities.

The next year, at least 70 hotels closed their doors. Since then, security forces have noticeably increased their capabilities, and terrorist activity has been restricted to a distant mountainous area near the border with Algeria. In the last three years, there has not been another attack in tourist resorts.

The sector was able to ride out the storm by dramatically reducing prices and thanks to the massive arrival of tourists from Algeria. **With the loss of Westerners, Russian tourists saved the season.** That year, more than half a million Russians visited the country, almost tripling the figure of the previous year. This was due to Tunisia replacing Egypt, a traditional destination for Russian tour operators, after the flights connecting Russia and Egypt were suspended following the Sinai bombing.

Today, the hotel entrepreneurs of both countries look towards the future with optimism. And its governors breathe a sigh of relief because of what this activity represents for small diversified economies.

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