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Shaping Israel's Tourism Policy to Encourage Regional Cooperation

Policy Recommendations

Over the last two years, the Peres Center has facilitated a joint forum of key figures from the Israeli and Palestinian tourism industries (including representatives of the Jordanian and Egyptian industries when possible), with the goal of strengthening the dialogue and ties in the regional tourism industries, advancing the solution of common problems, and discussing possibilities for cooperation to encourage tourism to the region.

In this framework, the forum members have met with representatives from governmental authorities and other bodies to put forward joint recommendations. In addition, professional tours for travel agents and hoteliers, vocational trainings, and public conferences have been held, with the participation of Israeli, Palestinian, Jordanian and Egyptian representatives (see further details at end of document).

As a result of the Forum's many discussions and the joint regional activities, a number of general conclusions for shaping Israel's tourism policy have been formulated. These are presented below, and take into account the importance of regional cooperation for the promotion of tourism to the region:

- **The tourism industry plays a vital role in contributing not only to local economies, but to economic cooperation across borders.** Besides serving as a catalyst for local economic growth, it is a means to increasing Israel's bilateral economic ties with the Palestinians and other neighboring countries, and therefore has the potential to contribute to **regional stability**.
- **There are many points of interface between the Israeli and Palestinian tourism industries**, as both industries face joint difficulties and obstacles, as well as similar goals, which serve as an incentive for cooperation. **Joint marketing, both on the Israeli-Palestinian level and on the broader regional level, can increase the attractiveness of Israel as a tourist destination, as well as the region as a whole. Therefore, joint marketing initiatives should be resumed, whether on the governmental level or led by the private sector.**
- **Harming the Palestinian tourism industry damages Israel's image in the world as well as affecting the Israeli tourism industry.** Presently, Christian pilgrims who come to visit the "Holy Land" comprise a significant percentage of tourism to Israel. These pilgrims are interested in visiting both Israel and areas of the Palestinian Authority, with free access to the holy sites, mainly in Bethlehem and Jericho. Therefore, **distinction should not be made between areas of the Palestinian Authority and Israel in terms of Christian tourism, considering that the two destinations are regarded by them as one tourism product. Israel's world image is severely damaged by tourists' impressions when**

traveling through checkpoints (for example, the checkpoint at the entrance to Bethlehem) which reflects poorly on both the Israeli and Palestinian tourism industries.

- **It is important to help the Palestinian private sector maintain a certain level of employment in view of the worsening humanitarian crisis in the Palestinian Authority** (as of December 2005, there were 1,318 workers in Palestinian hotels, of which 500 are in East Jerusalem). Continued economic ties with Israel can contribute to maintaining the basic subsistence level in the Palestinian Authority, and creating jobs that provide a livelihood to Palestinians, thereby reducing the cycle of poverty. **Hotels and other businesses related to the tourism industry (travel agents, restaurants, manufacturers and dealers of handicraft products), that can continue operating and increasing the volume of their work, are instrumental to providing vital jobs in the Palestinian Authority.**
- **The Palestinian private sector is crucial for maintaining the "moderate voice" in the Palestinian public.** The Palestinian business sector has always held moderate political positions, and accordingly, provided the "sane voice" among the Palestinian public, the voice that Israel had hoped would lead to change, and to the ousting of Hamas from the positions of power it has won. While, in the short term, the harming of the business sector will have damaging economic implications, what is being forgotten, is that in the long term, such harm will lead to the weakening of Hamas' political opposition, and consequently, the lost potential for a future change of government. Therefore, **a distinction has to be made between different sectors of the Palestinian public, and relations with moderate sectors must be maintained.**
- **Specifically, the Palestinian tourism sector is characterized by Western standards, openness to the world, and a desire to continue economic ties and normalization with Israel.**

In light of the above, the Government of Israel must work to shape Israel's tourism policy, in line with recognition of the importance of regional cooperation for the promotion of tourism. The Government of Israel must act to specifically address the following main obstacles to tourism:

1. **The problem of access to holy sites, and the difficulties that tourists face regarding freedom of movement through the checkpoints:** Since Bethlehem and Jericho are key destinations for the Christian tourists coming to Israel, the areas of the Palestinian Authority and Israel can not be separated as tourist destinations. Checkpoints such as the one at the entrance to Bethlehem, through which tourists pass, severely harm tourism, affecting both the Israeli and Palestinian industries, and especially the hotels in Bethlehem. A solution must be found, taking into consideration Israel's security concerns. **Therefore, the existing checkpoints must be made suitable to movement of tourists, and special passages for tourists must be planned for future border crossings. An effort must be made to instruct Israeli military forces who man the checkpoints, as their current approach to tourists harms Israel's image.**
2. **Restrictions on the freedom of movement of Palestinian businesspeople in the tourism industry (hotel managers, travel agents and tour guides):** Palestinian

hotel managers and travel agents have difficulty obtaining entrance permits into Israel for regular business meetings, vital to the promotion of their work. Palestinian travel agents and tour guides, even those from East Jerusalem, have limited access to the airport and border crossings and can not adequately receive their clients on arrival to the country. Likewise, Palestinian tour guides are not permitted to guide their groups in Israel, and vice versa. **The special status of the tourism industry, and its dependence on client relations and freedom of movement, must be recognized, and therefore Palestinian tourism workers must be afforded maximum freedom of movement.**

3. **Work permits for Palestinians from the West Bank in Jerusalem hotels:** Most Jerusalem hotels rely on skilled and professional workers from the Palestinian territories, who require work permits. Even in cases when the quota of permits has been increased, these permits were provided with many restrictions (limited hours not suitable to the hospitality industry, restrictions on age and family status, and so on) and the problem has not been solved. Tourism is a service industry that depends on ongoing investment in quality manpower, and accordingly, it is hard to find replacements for experienced and professional workers that don't receive appropriate permits. **The matter of issuing work permits to West Bank residents for work in Jerusalem hotels must be resolved.**
4. **Entrance visas to Israel for Jordanian and Egyptian tourists:** It is especially difficult for Jordanian and Egyptian tourists to receive entrance visas to Israel, with the visa-issuing process often taking months and involving cumbersome and sometimes offensive bureaucracy. This hinders the potential of regional cooperation in tourism, and the arrival of tourists from such countries. **This problem seriously harms the economic and political relations with Jordan and Egypt, and accordingly, a quicker and more effective mechanism for issuing visas must be established together with the Israeli security authority.**
5. **The development of Jerusalem: Tourism sites and infrastructures in Jerusalem, and in particular, in East Jerusalem, are neglected and do not receive appropriate budget allocations. Such sites are not properly maintained, and do not offer a suitable level of personal security for residents and tourists against theft, pick-pocketing and so on. Tourism infrastructures must be urgently upgraded, through the addition of parking lots for buses, development of access routes, improvement in the level of cleanliness, and so on. The level of personal security must also be considerably raised, and the establishment of a tourist police force in these areas should be considered.**
6. **Difficulties at international border crossings:** Tourists going through Ben Gurion Airport are sometimes subject to offensive questioning by security personnel, and especially Christian tourists who during their visit, have spent time in the Palestinian Authority or stayed in East Jerusalem hotels. Tourists going through the Allenby border crossing must waste precious time in long queues in poor physical conditions. Palestinian buses and travel agents can not enter the terminal to pick up their groups and must wait for the tourists outside the crossing. **These conditions make it difficult for tourists to enter through the international border crossings, especially tourists coming from Jordan. The long wait at the Allenby crossing harms Israel's image, and serves to discourage regional tourism packages that include transit between Israel and Jordan.**

Summary of the Economic Data:

The tourism industry, both in Israel and the Palestinian Authority, is directly affected by fluctuations in the political and security situation in the region.

Since the second quarter of 2003, as a result of the improvement in the security situation, **a gradual recovery of incoming tourism to Israel has been recorded**, as has corresponding revenue. This trend strengthened in 2004 and 2005, and a similar increase was noted in the first quarter of 2006. Meanwhile, **the Palestinian tourism industry has also experienced significant growth in the number of tourists.**

In 2005, more than 1.9 million tourists entered Israel¹, and more than 130,000 tourists visited the Palestinian Authority² (this figure only reflects the number of tourists who stayed in Palestinian hotels, and therefore does not include all tourists, such as those that visited tourist and holy sites within the Palestinian Authority, but did not stay in Palestinian hotels).

According to Ministry of Tourism figures, 800,000 of the tourists who came to Israel in 2005 were Christian tourists (60% more than the number of Christian tourists in 2004). Furthermore, it is clear that the potential growth of Christian pilgrim tourism has not yet been exhausted. Evidence of this can be seen in the events of the millennium celebrations in 2000, which drew an unprecedented number of Christian pilgrims and created high expectations, which were thwarted only by the effect of the *Intifada* that broke out shortly thereafter.

The Palestinian Tourism Industry³:

The Palestinian tourism industry has the potential to make a significant and substantial contribution to the Palestinian economy. However, the tourism industry is directly affected by the political situation in the region, and therefore, has not realized its great potential.

The Palestinian tourism industry began flourishing towards the millennium celebrations in 2000, but was severely affected by the outbreak of the *Intifada* in September 2000. The number of visitors to the Palestinian areas in 2000 exceeded 355,000 people, dropped in 2001 to approximately 60,000 visitors, and in 2002 reached a low of 51,000 visitors.

Revenues from tourism dropped sharply from \$226 million in 2000 to \$6.27 million in 2001, to less than \$1 million in 2002. The losses to the tourist industry in the period between September 2000 and December 2003 are estimated at \$910 million.

Since 2003, there has been a gradual rise in the number of tourists: from 62,000 visitors in 2003, to more than 100,000 tourists in 2004, and more than 131,000 tourists in 2005.

The average occupancy of all Palestinian hotels in 2005 was 16%. In East Jerusalem hotels, occupancy was 21% in 2005, and reached 36% in the first quarter of 2006.

¹ From summary of 2005 and tourism goals for 2006, Israeli Ministry of Tourism

² From the Palestinian Central Bureau of Statistics, based on number of nights in hotels

³ The numbers are taken from the Palestinian Central Bureau of Statistics

Despite signs of recovery in the economic indicators, the Palestinian tourism industry still faces **many difficulties** as a result of the long crisis it has suffered:

- Many of the hotels in East Jerusalem are in poor condition and urgently need renovations and repairs to draw tourists and raise their occupancy.
- A high portion of tourist activity in the city has moved to Israeli hotels, partly as the result of the closing down of 19 of the 39 Palestinian hotels in East Jerusalem. Before the outbreak of the *Intifada*, the Palestinian hotels offered 2,000 rooms, while today, the supply has shrunk to only 1,166 rooms.
- The hotels suffer from a shortage of skilled and professional personnel. Many of the hotels are family-owned and managed, and there is a shortage of both professional labor and vocational training and courses.
- The West Bank hotels suffer as a result of closures and movement restrictions placed by the Israeli military establishment, which effect tourists and tourism industry workers. Most of the hotels have major debts to banks.

Activities in the Field of Tourism facilitated by the Peres Center for Peace:

The following activities have been initiated and facilitated by the Peres Center for Peace over the last two years:

- **A joint forum of prominent Israeli and Palestinian tourism and businesspeople** has been established, and has been meeting regularly for two years to promote solutions to common problems, and examine avenues for cooperation to encourage tourism to the region. The forum meetings are comprised of representatives of the main tourism organizations, Israeli and Palestinian hotel managers and travel agents, as well as representatives of the Israeli Ministry of Tourism who participate as observers.
- **Representatives of the forum have met with official authorities and representatives** to promote the solution of specific problems. Among others, they have met with the management of the Ministry of Tourism, previous ministers of tourism, Gideon Ezra and Avraham Hirschson, representatives of the Israeli Army, representatives of the Airports Authority and the Allenby Bridge border terminal, and others.
- **Professional tours for Israeli travel agents** in East Jerusalem, which have included visits to hotels, restaurants and main tourist and pilgrim sites. These study tours are an opportunity to create and renew business ties with the hotels and businesses in East Jerusalem, for the benefit of both sides, after the low level of contact and interaction over the last few years. Industry figures are very interested in having similar tours to Bethlehem and Jericho, should the political situation allow.
- **Joint professional seminars and workshops for Israeli and Palestinian hoteliers**, and promotion of vocational training for Palestinian hotel workers. In such framework, the Peres Center has held workshops for hoteliers from both sides, focusing on common issues such as marketing, preparing a business plan, Internet-marketing, and more. Also, as a result of the forum's initiative, several vocational training courses have been held for Palestinian hotel workers, with the assistance of the Israeli Ministry of Tourism. There is much interest in expanding the training courses to other topics and additional target groups.
- **Activity on the broader regional level** – parallel to activity on the Israeli-Palestinian level, the Peres Center has also held meetings and conferences with the participation of senior representatives from Jordan and Egypt. Such cooperation has revived past initiatives that have been frozen over the last years. The inclusion of representatives from Egypt and Jordan is crucial to regional tourism advancement, especially in light of the great potential of marketing the Middle East as a single tourist destination.

For further information:

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