

Current Status and Prospects for Development of International Tourism in the Arab Republic of Egypt

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Abstract. Currently, international tourism is a significant factor of sustainable socioeconomic development for most countries of the world, including Egypt. It ensures growth of the GDP, exports, investment, including foreign investment, and less unemployment. It also activates private entrepreneurial initiative. The article provides an analysis into the current status and prospects of the Arab Republic of Egypt in the sphere of international tourism.

1. Introduction

Global tourism has always been considered a "bridge" between different cultures and civilizations, promoted development of relations between countries and peoples, played a crucial role in strengthening peace and friendship, stimulated development of economic and trade relations.

Western and Russian economic literature contains numerous publications dedicated to the research of international tourism development due to growing significance of this segment of global economy for a growing number of countries.

Scientific literature contains definitions that, in our opinion, fully describe the economic essence of this type of activity. For instance, according to Professor N. Leiper (Meissen University, Oakland), tourism is a combination of several components: food, service, tourist attractions and ??? offered to individual consumers or groups of consumers temporarily leaving their place of residence and traveling to certain tourist destinations (Leiper 1979). We may say that N. Leiper used a systemic approach to study tourism, according whereto tourism as a system is based on the interaction of 3 elements: geographic, personal (tourist) and economic (tourism industry).

The factors affecting development of tourism around the world, including Egypt, are verstaile and multifaceted. Favorable factors lead to the leadership in the international tourism market, whereas adverse factors reduce the flow of tourists.

According to scientific research, the XX century in Egypt was marked by phenomenal development not only of incoming, but also of outbound tourism. The level of development of both international and local airline systems considerable affects the number of outbound tourists (Yakubova, El Din, 2017). However, the issues of development of international tourism as a form of external economic relations of the Arab Republic of Egypt in the global economy in 2010-2016 (in crisis conditions) have not been thoroughly studied yet.

2. Materials and method

Export and import volumes, turnover, trade balance, and commodity trade pattern are characterizing indicators of international exchange of goods. We applied the same approach to the tourism services

provided by Egypt to the international tourism market. That is why it appears relevant to identify strong and weak points of the Republic of Egypt in the global market of tourism services. We used methods of analysis, synthesis and induction to identify distinctive features of the Egypt's position in the global market of tourism services.

3. Results

Evaluation of development of international tourism of any country in the global market of tourism services, including the Arab Republic of Egypt, depends on the quantitative indicators of its development based on statistical data. International tourism statistics consists of 2 main parts: statistics of tourist flows and statistics of tourism revenue. The most important indicators of tourist flows are the number of arrivals (departures) and the duration of stay of tourists in a given country (number of nights). Modern tourism around the world, including Egypt, is characterized by numerous types of tourism within one tour package.

Table 1. Arrivals of international tourists by regions of the world in 2010-2018 (in mn people).

Region	2010	2012	2014	2016	2018
World total	949	1 035	1 134	1 240	1 400
Europe	486	534	580	616	713
Asia-Pacific	205	234	264	308	343
Americas	150.4	163.1	181.7	192.7	217
Africa	50.4	52.4	54.9	57.8	67
Middle East	54.7	54.2	52.4	53.6	64

Source: compiled by the author according to the UNWTO data.

According to the analysis of the provided statistical data, the period under study was characterized by a sustainable demand growth in the market of tourism services both around the world and in separate regions (except for the Middle East in 2016). The growth was rather high and amounted to 451 mn people around the world, i.e. the number of arrivals around the world in the period under study grew by more than 30% (table 1). Such a growth may be explained by the following factors: favorable economic situation, high demand of the main market components, recovery of the key destinations affected by crises, improved communications in the global market of tourism services, simplification of the visa regime.

Africa and Middle East demonstrated the lowest number of arrivals in the period under study. In 2011, the number of tourist arrivals to the Middle East dropped significantly during the Arab Spring, and subsequently grew in 2014 and 2015. However, by now (taking into account the drop in 2016 due to the military conflict in Syria that started in 2011 and a Russian aircraft crash over the Sinai Peninsula in 2015), the figures of 2010 - 54.7 mn arrivals, recovered only in 2017 and amounted to 58 mn people.

The limited data on Africa indicate growth in the number of international tourist visits by 11% - the 2nd place in the world in this matter in 2016 after Asia-Pacific.

Egypt is characterized by a more or less pronounced drop in international tourist flows. According to the analysis of the provided data, in 2016, Egypt ranked 7th in the rating (in 2010 - 3rd, in 2014 - 4th (among the countries under consideration), and it was outrun not only by Turkey and Greece, but also by Saudi Arabia, UAE, Morocco, and Tunisia.

At the same time, international tourist activity provides significant incoming cash flow to the country's economy and is the main source of foreign currency supply. Tourism traditionally forms ca. 11.5% of the Egypt's GDP and involves 15% of employed persons. The tourism sphere remained one of the fastest growing and most profitable sectors of Egypt's economy for a long time. Efficient activity in this sphere promoted development of the national economy, including a range of adjacent sectors, and creation of new job opportunities. In 2016, tourism also considerably affected the national economy and the social sphere both directly and indirectly.

Direct effect of international tourist activity on the Egypt's GDP primarily reflects economic activity of such organizations as hotels, travel agents, air companies and other passenger services (excluding suburban public transportation), but also of, for instance, restaurants and companies involved in the leisure industry, which are directly supported by tourists. In 2016, Egypt ranked 39th in the world in this parameter.

Indirect and induced contribution of international tourist activity to the Egypt's GDP is even higher.

However, the 2016 figures were the lowest throughout the period under study, whereas the best result was observed in 2007 (24 bn dollars). The trend started in 2011 due to well-known political events in the country; however, stabilization of the situation may allow Egypt to achieve the expected parameters.

This is due to a drop in the tourist flow to Egypt. According to Bloomberg, the Egypt's travel industry lost ca. 41% of the tourist flow in 2014, when the country was visited by only 1 mn tourists in 2 months, which is fewer than the same figure 10 years before. As a result, international tourists turned their attention to safer directions, such as Spain. According to our estimates, the problems in Tunisia and Egypt resulted in 4-6 mn additional tourists going to Spain.

The direct loss of the Egypt's travel sector as a result of all internal and international (regional) shocks in the past 6 years is estimated at more than 6 bn dollars (UNWTO, 2017). As a result, the country's revenue also had a decreasing trend (Fig. 1).

As a result, Egypt ranked 74th out of 136 countries. It ought to be mentioned that the worst indicators are favorability of conditions (96th place), safety (136th), and infrastructure (86th). Altogether, these indicators explain why foreign tourists decide against visiting the Arab Republic of Egypt. There are numerous cases of car accidents in Egypt when tourists die, which is why Egypt ranks very low in land transport services. That is why the number of road police officers is growing to ensure tourist safety, as well as the number of tourist police officers and licensed guides, and penalties are upgraded in order to better protect rights of tourists.

Tourism in Egypt is affected by a systemic crisis since 2011-2018; this reflects on the country's economy. For the first time in many years, export of goods became the primary source of foreign currency in the country having overcome travel export and money transfers by Egyptian migrant workers.

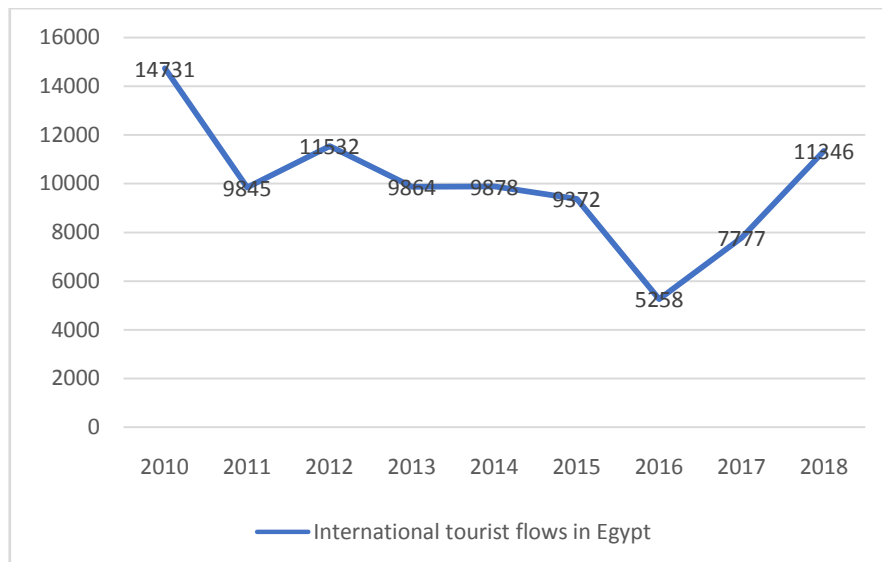


Figure 1. Dynamics of revenue from international tourist arrivals to Egypt in 2010-2018.

Source: compiled by the authors according to the UNWTO data (2017).

According to the analysis of the provided data, the revenue from international tourist arrivals to Egypt in 2010-2018 has a decreasing tendency due to an unstable political situation in the country af-

ter the revolutions of 2011 and 2013 and acts of terrorism in 2015.

However, the causes of the drop in activity in the tourism sector in Egypt are either purely external or political, and not in any way connected with loss of quality of the national travel product, which is why, according to estimates, in 2027, the number of international tourist arrivals to Egypt will amount to 12 487 thousand, and the export will grow up to 13 bn dollars, i.e. by 10% (UNWTO, 2017).

That is why in 2017-2018 we see a trend for rapid growth. This confirms our conclusion. Also, according to UNWTO experts (2017), this trend will continue through 2019 due to the news of a forthcoming return of Russian tourists to Egypt, and the market will grow by 9%.

The Egyptian government ought to make more effort to develop the country's travel industry. To do that, the country's development strategy must involve division of the country into three types of governorates: touristic, potentially touristic and non-touristic. For instance, Egypt ought to make an effort to develop such touristic governorates, as the Red Sea, Sinai, Luxor, Marsa Matruh, and Giza Governorates. To do that, local tourist authorities ought to be formed and developed as a local office for tourism development around the Red Sea. That is why the Office for tourism development of the Red Sea Governorate was formed; the effort it made helped Egypt to enter the Serbian tourism market.

At the same time, we may assert that Egypt does not utilize 100% of its large travel and natural potential of the Sun, sea and cultural heritage to attract tourists from Great Britain, Russia, Germany, Benelux countries, and Scandinavia. The trend analysis we performed demonstrates that the number of arrivals and tourism revenue in Egypt may increase.

Egypt is one of the countries of North Africa where tourism rapidly developed, and travel industry became one of the leading spheres of the national economy. Therefore, the country's economy growth plans have been tightly connected with the development of the travel industry. That is why the rather complex situation that has recently developed in economies of both Egypt and Russia characterized first and foremost by low economic growth, devaluation of national currencies, erosion of purchasing power of the population negatively affected the sphere of tourism in both countries. The drop in the flow of Russian tourists is primarily connected with the ruble's devaluation, steep erosion of purchasing power of the national currency in whole and, therefore, steep drop in the demand for outbound tours. The reduction in the Russian tourist flow in the setting of an unfavorable trend of the Egyptian pound to US dollar ratio extremely negatively affects the condition of the sphere of tourism.

It ought to be mentioned that, currently, trade balance between countries does not reflect a contribution of one country to another country's economy by means of tourist money. This could only be done by using the current account balance (the current account balance reflects not individual, but aggregate transactions between one country and other countries), which involves such items as invisible exports and imports, including tourism revenue.

Economic and social situation of any country in terms of tourism is defined primarily by the tourist activity balance. Prevalence of incoming tourism over the outbound one and high rates of domestic tourism development help to form an active tourism balance positively affecting a country's economy. Indispensable prerequisites of an active tourism balance are, first and foremost, functioning of tourism as a key sphere of the economy and development of a national strategy of the country's tourism potential development. Such a strategy ought to be implemented via national projects, as it ensures health of the nation and its comprehensive development.

However, according to the author, in order to evaluate countries by international tourism, such an indicator as the tourist flow balance ought to be considered along with the aforementioned indicators. The number of tourist arrivals and calculation of the number of nights of tourist stay are not enough for a broad and objective evaluation of a country's position in the international tourism market.

That is why the author proposed such an indicator of international tourism development as the tourist flow balance defined as a sum of the incoming tourist flow on the one hand and the difference between the domestic and outbound tourist flows.

4. Discussion

Several scientists (Sokol, 2006; Birzhakov, 2007; Aleksandrova, 2016) used a systemic approach to

define the international market of tourism services as relations between subjects of different states associated with production, sale and consumption of the national travel product on the international level. Therefore, there is, on the one hand, a state that makes a travel product (offer) and states that consume it (demand), a thus a system of relations between them forms on the international level.

Unlike them, Archer (1977), Gartner (1996), etc. advocate a subject approach. They defined the international market of tourism services as a system of actualizing interests of subjects of different countries via creation, sale and consumption of the travel product in the international sphere.

Many researchers and the author support this point of view, acknowledge an important role of the state in the formation of the situation developing in a country - member of the international tourism market (Adashova, Kreidenko, 2017). At the same time, according to the world practice, there is no ideal formula that would give a state an ability to create an optimal structure of regulating tourist activity.

5. Conclusion

According to the author, international tourism as a type of tourism covering trips of travelers with touristic purposes abroad may be defined as a social, cultural, and economic activity ensure socioeconomic development of certain countries and the global economy in whole. This way we go outside the bounds of understanding tourism as simply an active type of leisure, as international tourism positively affects the economy by bearing positive effect on current account balances of host countries, foreign currency supply to the state budget, development of companies in the sphere of tourism itself and in adjacent spheres and types of activity, creation of job opportunities.

On the basis of the study of approaches to the definition of essence, contents and results of functioning of the international market of tourism services (tourism) existing in the scientific literature, the author proposes the following definition: The international market of tourism services (tourism) is a combination of business relations and relations of production based on the integrated use of the territorial potential and factors of production of different countries making the travel product. The Egypt's travel product is among the most attractive not only in Africa, but in the entire world.

Having studied Egypt's situation and position in the international tourism market in 2010-2016 in different indicators, including the authors' Tourist flow balance index, we may conclude that Egypt has lost its position in the international market. We may also note, that the today's improvement of Egypt's position and ranking in different Indices is due to the stability of political and economic situation in the country.

The study demonstrated that international tourism has a considerable impact on the Egypt's economy in almost all spheres of life. International tourism is also a major catalyst of economic growth for many rapidly developing countries, including the Arab Republic of Egypt, because it is a channel of redistribution of the gross national product between countries that is not accompanied by export (import) of goods and services.

In fact, the primary factors affecting Egypt's efficiency are increased state support of the travel industry and improved norms of state regulation to improve marketability of the Egyptian travel industry in the global market. The main measures to improve marketability should promote formation of a country's favorable image and brand in the international tourism market.

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