
Tourism Sector Report
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ABC 
Investments

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1.0 INTRODUCTION

As globalisation opens up markets, increasing mobility of people, information, and capital on a global scale, the world has seen strong growth in tourist flows, foreign direct investment, and collaborations between regions. Governments are becoming increasingly aware of the positive benefits of tourism in terms of generating foreign exchange revenues, attracting foreign investment, creating employment opportunities, not to mention the spillover benefits to other segments of the economy. As global competition heightens, countries, particularly developing countries, are working hard to promote tourism as a driver of sustainable economic development.

Tourism is being promoted as a driver of sustainable economic development

In contrast to its neighbours, Jordan has relatively limited natural resources to support its economic development, leading it to search for other sources of income, of which tourism has become an essential player. Jordan has, to date, managed to capitalise on its strategic central location in the area, its relative stability and security, along with its pleasant climate, to establish a reputation for being a safe tourist destination. Numerous events came into play which directly and indirectly boosted the growth of tourism in the Kingdom; Jordan's support of Iraq in 1990 during the first gulf war led to a cut in foreign aids granted to the Kingdom, which drove a need to generate alternative revenues, triggering a desire by the Government to boost tourism. The signing of the peace treaty with Israel in 1994 restored some confidence of safety in the region, and the Investment Promotion Law of 1995 helped attract investment to the Kingdom. During the period 2001-2007, tourism projects to the value of JD 24 million applied to benefit from the Law, while a further JD 53.87 million related to projects for the development of meetings and exhibitions centres. Since 1996, the number of hotels across the Kingdom has trebled from 161 to 470 hotels in 2007.

New Projects that Applied to Benefit from the Investment Promotion Law

(in Jordanian Dinars)	2001	2002	2003	2004	2005	2006	2007
Meetings & Exhibition Centres	-	6,300,000	-	-	20,580,000	20,000,000	6,990,351
Tourism	3,050,000	3,000,000	90,000	5,930,000	11,725,000	-	200,000
Total	3,050,000	9,300,000	90,000	5,930,000	32,305,000	20,000,000	7,190,351

Source: Jordan Investment Board

The September 11th terrorist attack on the United States prompted Arabs to redirect their funds, investments and tourist destinations closer to home, and this led to a sharp rise in intraregional tourism in the Middle East. In 2003, Jordan's tourism traffic deteriorated in response to the U.S.-led war on Iraq, which, the following year became a primary driver of tourism arrivals, as journalists, UN representatives, not-for-profit organisations, alongside businessmen interested in the reconstruction of Iraq, set up shop in Jordan due to its close proximity to it, not to mention the hundreds of thousands of Iraqi refugees that entered Jordan in search of an asylum from the war.

Regional factors have impacted significantly on the growth of arrivals to Jordan, with the war on Iraq being a prime contributor to the boost in arrivals

The turbulence in the region was to benefit Jordan further in 2005, as instability in its neighbours, Lebanon and Syria continued to mount, positioning Jordan as a more attractive destination. Later that year, however, Jordan fell at the mercy of terrorism, with bombings taking place in three of its prominent hotels. This led to a dip in tourist arrivals towards the end of 2005 and into 2006. However, Jordan's tourism was resilient, recovering promptly, with 2006 marking the sector's best performance yet in terms of number of arrivals, which reached 6.71 million.

Up until recently, the Kingdom has, however, lacked the major components essential in the development of the sector, still requiring a significant amount of investment and funds to reach its targeted potential. In response, the Jordan National Tourism Strategy 2004-2010 was established, with a primary goal of doubling tourism receipts in the Kingdom by 2010, through emphasising private-public partnerships. The Strategy focuses on increasing employment within the industry,

The establishment of the National Tourism Strategy is intended to promote tourism in Jordan further, with the aim of doubling tourism receipts by 2010

as well as creating new investment opportunities, in order to boost the sector's receipts to JD 1.3 billion by the year 2010, a figure the sector has already successfully surpassed.

Recently, the Country has been witness to several enormous development projects in Aqaba and the Dead Sea area, two of Jordan's key tourist attractions, which are hoped, along with the continuous efforts of the Jordan Tourism Board, to help market Jordan as a prime tourist destination on an international level. Moreover, the United Nations for International Development (USAID) established the Jordan Tourism Development Project (Siyaha), a public-private partnership with a funding of USD 17 million, to facilitate the implementation of the National Tourism Strategy. The project supports the private sector in developing tourism products and services, and works hand-in-hand with the Jordanian Government to develop the entire tourism industry in the Kingdom and expand employment.

2.0 WORLD TOURISM

Tourism has been one of the fastest growing economic sectors across the globe, with international arrivals growing at an average rate of 4% a year during the period 1995 through 2007, according to the World Tourism Organization (UNWTO). This impressive growth comes despite declines in travel activity on the back of terrorist attacks, outbreaks of SARS and bird flu, natural disasters such as tsunamis and hurricanes, and the global economic downturn of late.

Growth in tourism arrivals has been a world-wide phenomenon...

In 2007, international tourist arrivals grew by 6.6% compared to 2006, registering a new record of over 900 million arrivals. During the same year, all regions across the world recorded levels of growth in excess of expected levels, with the Middle East ranking in top position in terms of growth, registering a 16% increase with around 48 million international tourist arrivals. Of the arrivals to the Middle East in 2007, 3.4 million meant Jordan as their travel destination, thereby positioning Jordan in fourth place in the region, after Egypt, Saudi Arabia, and Syria.

International Tourist Arrivals (Millions)							
	1990	1995	2000	2005	2006	2007	% Change 06/07
Europe	262.6	311.3	393.5	440.3	462.2	484.4	4.8%
Asia and the Pacific	55.8	81.8	109.3	154.6	167.0	184.3	10.4%
America	92.8	109.0	128.2	133.4	135.8	142.5	4.9%
Africa	15.2	20.1	27.9	37.3	41.4	44.4	7.4%
Middle East	9.6	13.7	24.4	37.8	40.9	47.6	16.4%
World	436	536	683	803	847	903	6.6%

... with international arrivals rising by 6.6% in 2007 to 903 million

Figures exclude same day visitors
Source: World Tourism Organization (UNWTO)

Asia and the Pacific registered the next highest level of growth at 10.4%, followed by Africa with 7.4%. Usually a prime tourist attraction, Europe, surprisingly, registered the lowest growth at 4.8% in the 2006/2007 period, due mainly to the appreciation of the Euro against the Dollar, rendering travel to the region more expensive relative to other areas in the world.

In the first eight months of 2008, tourist arrivals grew by 4% compared to the same period of 2007 to reach 641 million, with the Middle East sustaining its position as star performer with a growth of 17%. However, the second half of the year has been exhibiting signs of deterioration in tourism activity as a result of poor consumer confidence in response to the economic downturn and market volatility, coupled with soaring costs of travel as a result of the record-high prices of oil reached earlier this year. Therefore, UNWTO's projection for next year is a growth of 0%-2% in tourist arrivals.

Long-term estimates project tourist arrivals reaching 1.6 billion by year 2020, with the bulk of the

tourism activity going to Europe. However, Europe is also expected to lose out on its market share to areas such as Asia and the Pacific, Africa, and the Middle East, as they continue to gain market share at Europe's expense.

Tourism Arrivals Forecast

	Base Year (millions)	Arrivals Forecast (million)	Market Share (%)		Average Annual Growth Rate (%)
			1995	2020	
Europe	336	717	59.8%	45.9%	3.1%
East Asia and the Pacific	81	397	14.4%	25.4%	6.5%
South Asia	4	19	0.7%	1.2%	6.2%
America	110	282	19.3%	18.1%	3.8%
Africa	20	77	3.6%	5.0%	5.5%
Middle East	14	69	2.2%	4.4%	6.7%
World	565	1,561	100%	100%	4.1%
Intra-regional	464	1,183	82.1%	75.8%	3.8%
Long-haul	101	378	17.9%	24.2%	5.4%

Source: World Tourism Organization (UNWTO)

Moreover, long-haul travel is expected to outpace intra-regional travel, at growth of 5.4% against 3.8%, respectively.

World tourism receipts grew at a faster pace than arrivals, reaching USD 856 billion in 2007, registering an increase at current prices of 15.4%. In absolute terms, this represents a USD 114 billion increase in receipts in US dollars, but when considered in terms of Euros, the increase amounts to a mere EUR 34 billion due to the devaluation of the Dollar against the Euro. In real terms, adjusting for differences in exchange rates and inflation, growth in receipts amounted to 5.6%, up from 2006's 5.1%.

Tourism arrivals are estimated to reach 1.6 billion by 2020, with Europe losing out on market share to other less developed parts of the world

Tourism receipts grew at a faster 15.4% over the same period to USD 856 billion

International Tourism Receipts (USD Billions)				
	2005	2006	2007	% Change 06/07
Europe	350,282	376,945	433,404	15.0%
Asia and the Pacific	134,964	156,537	188,934	20.7%
America	145,321	154,104	171,137	11.1%
Africa	21,820	24,602	28,292	15.0%
Middle East	27,250	29,881	34,212	14.5%
World	680	742	856	15.4%

Source: World Tourism Organization (UNWTO)

Asia and the Pacific registered the highest growth in receipts during 2007, with receipts rising by 20.7% to USD 188.9 billion. America, on the other hand, experienced the least increase, though still recording a sizeable 11.1% growth.

In terms of market share, Europe claimed the lion's share of the tourism receipts, at 50.6% of the total. Asia and the Pacific followed with 22.1%, while America claimed 20.0%. Strikingly, notwithstanding the strong growth in tourism arrivals for both the Middle East and Africa, the two regions combined accounted for a mere 7.3% of the total tourism receipts.

Europe leads the market in terms of tourism receipts

2.1 Tourism in the Middle East

In recent years, the Middle East has taken the tourism industry by a storm, registering outstanding figures with regards tourist arrivals to the region. In 2007, tourist arrivals grew by 16% compared

to the prior year, exceeding the growth of all other regions in the world, with arrivals to the region falling just short of 50 million.

Destination	International Tourist Arrivals						International Tourism Receipts		
	'000			Change (%)		Share (%)	USD Millions		
	2005	2006	2007	05/06	06/07	2007	2005	2006	2007
Bahrain	3,914	4,519	N/A	15.5%	N/A	N/A	920	1,048	1,105
Egypt	8,244	8,646	10,610	4.9%	22.7%	22.3%	6,851	7,591	9,303
Jordan	2,987	3,547	3,431	18.8%	(3.3%)	7.2%	1,441	2,060	2,312
Lebanon	1,140	1,063	1,017	(6.7%)	(4.3%)	2.1%	5,532	5,015	N/A
Qatar	913	946	964	3.6%	1.9%	2.0%	760	874	N/A
Saudi Arabia	8,037	8,620	11,531	7.3%	33.8%	24.2%	5,418	4,961	5,228
Syria	3,368	4,422	4,566	31.3%	3.3%	9.6%	1,944	2,025	N/A
United Arab Emirates	7,126	N/A	N/A	N/A	N/A	N/A	3,218	4,972	N/A
Yemen	336	382	379	13.8%	(0.8%)	0.8%	181	181	N/A
Middle East	37,842	40,930	47,633	8.2%	16.4%	100%	27,250	29,881	34,212

Data excludes same day arrivals

Source: World Tourism Organization (UNWTO)

Tourist arrivals to the Middle East increased by 16% in 2007...

A closer look indicates that Saudi Arabia was the primary recipient of tourism activity in 2007, with 11.53 million visitors entering the country. Saudi Arabia's primary boost to its tourism is the huge influx of Muslims that go to Mecca for the pilgrimage of 'oumrah' or 'hajj'. Egypt and Syria followed with arrivals of 10.61 million and 4.56 million respectively. Jordan came in fourth, in spite of the drop in arrivals compared to 2006, outperforming Lebanon. Worth mentioning is that Lebanon, a key competitor in the attractor of tourism within the entire region, has been losing out on its tourists to other neighbouring countries ever since the Israeli-Lebanese hostilities broke out in 2006. Nonetheless, despite attracting less than one third of the tourists attracted by Jordan, Lebanon's tourism receipts register at almost 150% greater than Jordan's receipts.

Average Occupancy Rates in the Capital Cities of Middle Eastern Countries

	January		February		March		April		May		June		July	
	07	08	07	08	07	08	07	08	07	08	07	08	07	08
Amman	46%	55%	59%	66%	58%	78%	64%	79%	64%	70%	73%	66%	66%	71%
Bahrain	65%	62%	87%	87%	78%	75%	80%	87%	76%	77%	72%	69%	70%	68%
Cairo-City	71%	73%	83%	88%	83%	87%	79%	85%	72%	77%	65%	71%	69%	70%
Kuwait	61%	59%	64%	64%	71%	65%	66%	74%	68%	65%	61%	64%	52%	71%
Beirut	27%	43%	29%	32%	41%	34%	54%	44%	45%	29%	21%	61%	29%	69%
Doha	74%	72%	86%	82%	88%	83%	81%	87%	81%	79%	70%	77%	67%	65%
Riyadh	69%	80%	87%	82%	86%	89%	85%	84%	83%	83%	80%	82%	68%	67%
Abu Dhabi	82%	85%	89%	89%	84%	90%	86%	88%	79%	81%	78%	81%	72%	72%
Dubai-City	88%	87%	93%	91%	90%	90%	86%	87%	82%	82%	79%	79%	75%	78%

Source: Ernst & Young Middle East Benchmark Survey - based on performance of a sample of selected 5-star hotels

... with Amman ranking in fourth position in terms of number of arrivals

While Amman has maintained relatively high occupancy rates, these have tended to register below those recorded in the capitals of other regional countries, with Dubai, Riyadh and Abu Dhabi having the highest consistent occupancy levels. However, the instability in Lebanon meant that Amman's level of occupancy was higher than that of Beirut, the favoured capital in the Levant region, and it also outperformed Kuwait City.

3.0 JORDAN TOURISM

Tourism is a vital organ in the Jordanian economy contributing substantially to the Kingdom's GDP, with hotels and restaurants alone adding JD 179.1 million to Jordan's real GDP at market prices. Due to a lack of publicly available information related specifically to the tourism sector as a

Tourism is a key contributor to GDP in Jordan ...

whole, the true added value of the sector to the economy cannot, however, be determined here.

JD Millions	2003	2004	2005	2006	2007	2008*
Contribution to GDP at Market Prices of:						
Trade, Hotels & Restaurants	652.7	746.5	835.9	1,025.6	1,157.8	1,097.4
% of GDP	9.0%	9.2%	9.3%	9.7%	9.9%	10.5%
Hotels & Restaurants	93.9	129.2	141.3	159.2	177.3	179.1
% of GDP	1.3%	1.6%	1.6%	1.5%	1.5%	1.7%
Facilities Granted to the Tourism Sector	172.8	154.9	181.2	195.1	255.8	354.7**
Growth in Facilities	(0.4%)	(10.4%)	17.0%	7.7%	31.1%	38.7%

* Up to September 2008, unless indicated otherwise

** Outstanding facilities balance granted by licensed banks as of November 2008

Source: Department of Statistics, Central Bank of Jordan

Tourism is the fastest growing sector in the Kingdom, growing at a CAGR of 15.4% during the period 2003-2007, and is the second largest producer of foreign exchange. It also employs in excess of 35,000 workers and is a reservoir of industrial development projects. Facilities granted by licensed banks to the sector have grown substantially in recent years to reach JD 354.7 million at the end of November 2008, up a whopping 39% compared to 2007.

At the end of October 2008 the total tourism income reached JD 1.77 billion compared to JD 1.41 billion over the same period of last year, registering an increase of 25%.

Key Tourism Sector Statistics

Sector's Key Statistics	2003	2004	2005	2006	2007	Jan-Sept 2008
Number of Arrivals	4,599,709	5,586,655	5,817,369	6,712,804	6,528,625	5,391,456
Number of Overnight Visitors	2,353,088	2,852,807	2,986,585	3,546,990	3,430,959	2,842,224
Number of Same Day Visitors	2,246,618	2,733,849	2,830,784	3,165,814	3,097,666	2,549,232
Tourism Receipts (Millions)	752.6	943.0	1,021.6	1,460.8	1,638.9	1,576.8
Packaged Tourism	145,601	254,145	338,787	278,329	359,625	314,590
Tourism Employment	22,110	23,544	29,384	31,063	34,405	36,406
Length of Stay in Days (Package Tours)	4.4	5.0	4.5	4.2	4.4	4.3

Source: The Ministry of Tourism and Antiquities

Jordan has a competitive advantage compared to other countries in the region; it is home to three world attractions, Petra, one of the new seven wonders of the world, the Dead Sea, the lowest point on earth, and the Baptism Site of Jesus. Ever since Petra was declared one of the new wonders of the world, it has been playing a larger part in attracting tourists to the Kingdom. The number of tourists visiting the rose city reached 566.05 thousand during the first nine months of 2008, up from 389.51 thousand for the same period in 2007, with the number of foreign visitors growing by 72.3%, making Petra the most visited attraction in the Kingdom. The Baptism site has also been a popular tourist attraction, with the number of visitors rising by 56% in the first three quarters of 2008 compared to the same period of 2007.

For the past few years, the Kingdom has been witnessing a vast number of touristic developments in specific areas of the Country, with particular emphasis on Aqaba, with Tala Bay, Saraya Aqaba and Ayla Oasis being some of the larger development projects in Aqaba, and the Dead Sea area, being a prime destination for both health and religious tourism. Jordan has an abundance of other sites that are considered touristic hotspots, such as Ajloun, Jerash, Salt and Karak, however, these remain somewhat undeveloped, with no hotels or tourist lodgings to cater to the visitors of these areas. In a bid to transform the Kingdom from a transit point to a world class travel destination, the Ministry of Tourism launched a USD 70 million program in 2007 to restore cities across the Kingdom, ensuring that facilities and accommodation are up to international standards. The Jordan Tourism Board, the marketing arm of the Ministry, meanwhile, has also been working on

... employs over 35 thousand workers and is a key producer of foreign exchange

Jordan is home to numerous tourism hotspots, including one of the new wonders of the world, Petra...

promoting Jordan as a first class destination in terms of services offered. Several grants have been offered in that concern, the latest of which is a USD 143.25 thousand grant from the USAID for the purpose of promoting Jordan through enhanced research and communications capacities. The Ministry of Tourism signed a number of agreements in 2008, executing the first phase of the third tourism development project. The project is intended to develop and rehabilitate Jordan's historical cities.

However, despite efforts to enhance and extend tourism services, the Travel and Tourism Competitiveness Report, produced by the World Economic Forum, ranked Jordan in position 53 out of 130 countries on the Travel and Tourism Competitive Index and in position 60 and 64 in the categories of "business environment and infrastructure" and "human, cultural and natural resources" respectively, while it was ranked in position 36 in the "tourism and travel regulatory framework".

Travel & Tourism Competitiveness Index

	Rank (out of 130 countries)	Score (1-7)
2008 Index	53	4.2
T&T Regulatory Framework	36	5.1
Policy Rules & Regulations	78	4.1
Environmental Sustainability	38	4.9
Safety & Security	15	6.0
Health & Hygiene	58	4.8
Prioritisation of Travel & Tourism	16	5.5
T&T Business Environment and Infrastructure	60	3.6
Air Transport Infrastructure	60	3.1
Ground Transport Infrastructure	56	3.8
Tourism Infrastructure	56	3.8
Price Competitiveness in the T&T Industry	37	5.0
T&T Human, Cultural, and Natural Resources	64	3.9
Human Resources	70	4.9
Education and Training	51	4.8
Availability of Qualified Labour	94	5.1
Affinity for Travel & Tourism	9	6.1
Natural Resources	87	2.8
Cultural Resources	91	1.8

Source: Travel and Tourism Competitiveness Report

Officials in the tourism sector, however, have claimed that the Index does not properly reflect Jordan's progress, after its position in the Index dropped seven places compared to 2007. This decline comes after significant investments in the sector were made, improvements to legislation and regulations were put into place, and strong emphasis was made on training and developing the local human resources. On a positive note, Jordan ranked in fifth position compared to other countries in the MENA region, ahead of Egypt, Turkey, Morocco and Oman.

3.1 Tourist Arrivals

Jordan has become increasingly appealing to tourists as a safe haven in a turbulent region. The number of arrivals to the Kingdom has been on the rise since 2003, registering an average annual growth rate (AAGR) of 9.5%, with the largest growth being registered in 2004 as arrivals grew by an impressive 21.7% compared to the previous year. This notable increase was a by-product of the war on Iraq, which caused thousands of refugees to flood into Jordan, raising the number of Iraqi arrivals that year by 49.2%. The war also brought about a 44.8% increase in the number of American visitors who entered the country on route to Iraq. In 2005, growth in arrivals decelerated sharply to 4.1% from over 20% the year prior, before spiking to 15.4% in 2006 on the back of the

... but faces an issue of inadequate available services in these sites

Jordan ranked in position 53 on the Travel and Tourism Competitive Index...

... down from position 46 in 2007

Arrivals to the Kingdom have been on the rise since 2003, with year 2004 registering a high 21.7% increase in the number of arrivals

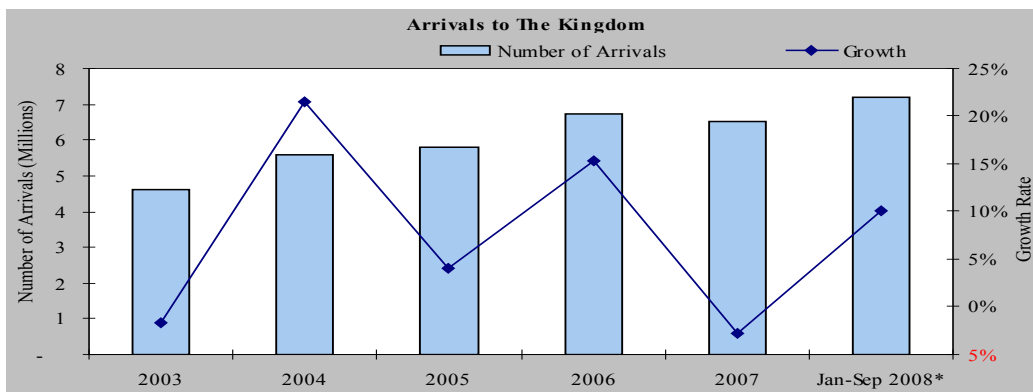
Lebanon-Israel conflict, which had a double impact on Jordan's tourism; many Lebanese citizens came to Jordan to escape the fighting in Lebanon. Moreover, continued troubled waters in the Levant's cosmopolitan country prompted eyes to turn towards Jordan as an alternative holiday destination.

Strikingly, when terror found a way to penetrate the Kingdom's defences at the end of 2005, tourists remained relatively undeterred, even after three bombs were set off in three major hotels in Jordan's capital, Amman, with tourist arrivals to Jordan in 2006 outperforming prior years. This sustained growth in tourists resulted from the remarkable efforts of the tourism bodies in the Kingdom who continued to aggressively market Jordan as a safe destination.

In 2007 the number of visitors declined by 2.7% primarily due to a decrease in arrivals from Arab countries, particularly Iraqis, who witnessed a 48.3% drop in their number compared to the previous year. The Iraqi Governments' issue of stipends to encourage the return of Iraqi citizens to Iraq, alongside tightening residency-granting regulations by the Jordanian Government, reduced the number of Iraqis entering Jordan and increased the number of Iraqis returning home.

Jordan received record numbers of arrivals in 2006 despite the terrorist bombings in the Capital in late 2005

Percentage of Arab tourists to the Kingdom dropped by 2.7% in 2007...

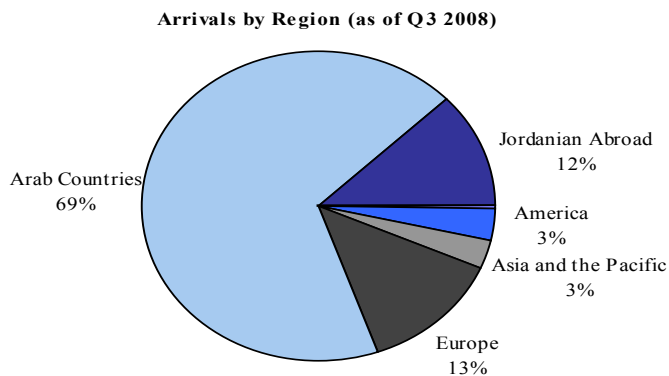


* Figure represents annualised third quarter arrivals
Source: The Ministry of Tourism and Antiquities

The slump in Arab tourists was offset by a 35% increase in European visitors at a time when the Euro appreciated strongly against the Dollar and therefore the Jordanian Dinar, making Jordan a relatively cheap destination.

... while the number of European visitors rose by 35%

By the end of the third quarter of 2008 the number of arrivals to Jordan reached 5.40 million. Annualising this figure gives an estimated figure of arrivals for the entirety of 2008 of over 7 million.



Source: The Ministry of Tourism and Antiquities

Developments in the constituents of Jordan's tourist arrivals did not offset the weight played by Arabs as a percentage of total arrivals, which accounted for almost 68.7% in the first nine months of 2008, with Syrians registering a total of 1.55 million visitors out of the 3.71 million visitors from Arab countries. Meanwhile, European visitors, despite demonstrating the strongest growth

in arrivals to the Kingdom, made up only 13.3% of the total, albeit rising from 9.6% the previous year.

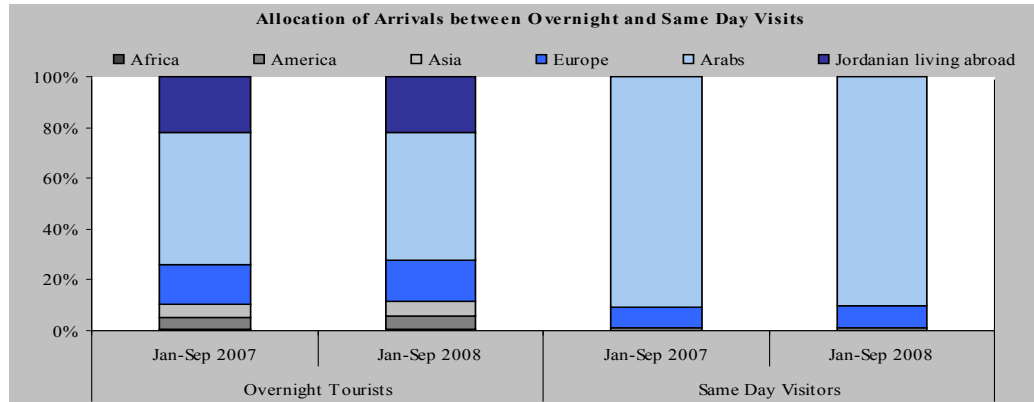
Visitors in Jordan are divided into two segments, overnight tourists and same day visitors. Both segments have been growing hand-in-hand with the overall growth in arrivals. Same day arrivals represent almost 50% of total arrivals, which has prompted the industry to put into place strategies to help encourage longer stays in the Country, in order to maximise the volume of revenues that can be generated. The results of these efforts have been evident in recent years, with the percentage of overnight visitors rising from 51.2% of total arrivals in 2003 to 52.7% at the end of the third quarter of 2008.

	Same Day Visitors	Growth Rate	Overnight Tourists	Growth Rate	Overnight Tourists as % of Total
2003	2,246,618	(0.0%)	2,353,088	(1.3%)	51.2%
2004	2,733,849	21.7%	2,852,807	21.2%	51.0%
2005	2,830,784	3.5%	2,986,586	4.7%	51.3%
2006	3,165,814	11.8%	3,546,990	18.8%	52.8%
2007	3,097,666	(2.2%)	3,430,960	(3.3%)	52.6%
Jan-Sep 2008	2,549,235	3.2%*	2,842,226	4.2%*	52.7%

* Compared to same period in 2007

Source: Ministry of Tourism and Antiquities

Arabs made up 90% of the total same day visitors during the first nine months of 2008, registering a total of 2.29 million compared to 2.23 million over the same period in 2007. Syrian nationals make up the bulk of these same day visitors, at 1.31 million visitors in the first three quarters of 2008, due primarily to the proximity of Jordan to Syria, and the relative ease of entry to the Kingdom.



Source: The Ministry of Tourism and Antiquities

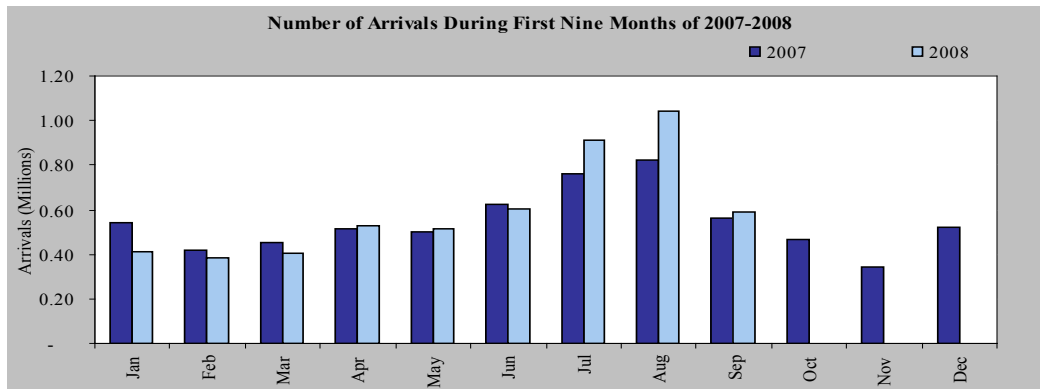
In terms of overnight tourists, Arabs also made up the bulk, reaching 1.42 million visitors during the same period, as highlighted in the chart below.

The chart indicates that Europe represents a target market for boosting tourism receipts, as they have shown an inclination for longer-stay packages. In 2008, the average length of stay for Europeans was 5 days, the highest length of stay according to region, with Israeli nationals constituting 40% of overnight European visitors.

The tourism sector in Jordan is considered highly seasonal, with the larger part of arrivals concentrated in the summer season, particularly the months of July and August, coinciding with academic holidays and Jordan's pleasant summer weather. Arrivals during these two months contribute to almost 25% of total arrivals to the Country throughout the year. Interestingly, a sizeable portion of the growth in tourist arrivals in 2008 compared to 2007 is attributed to the growth in arrivals during these two months.

Arabs make up the bulk of overnight and same day visitors...

... while Europe represents a viable target market for increasing the average length of stay in the Kingdom



Source: Ministry of Tourism and Antiquities

Arrivals to Jordan increase during the summer season, with July and August claiming almost one-quarter of total arrivals

3.2 Tourist Receipts

Corresponding to the increase in tourist arrivals, tourism receipts have been on the rise, surging by 118% since 2003 till 2007 and reaching JD 1.58 billion by the end of the third quarter of 2008 and JD 1.77 billion at the end of October 2008. Year 2006 saw the sharpest increase in revenues, registering a 43% increase compared to the previous year.

Tourism receipts grew by 118% since 2003, reaching JD 1.77 billion at the end of the first ten months of 2008



* Based on Annualised Q3 2008 results
Source: The Ministry of Tourism and Antiquities

Despite the decline in the number of arrivals to the Kingdom in 2007, this was not mirrored in the sectors receipts, which leaped 12.2% to JD 1.64 billion compared to JD 1.46 billion in 2006, highlighting a rise in tourist spending power. Again, this growth owes to the rise in number of European arrivals, who tend to spend more money than Arab tourists, particularly after the advantageous strengthening of the Euro.

The 2007 drop in arrivals did not affect tourism receipts, which grew by 12.2%

Tourism Revenues by Nationality

Month	Jan-Sep 2007		Jan-Sep 2008		% Change in Revenues	
	Arab Visitors (JD Million)	Foreign Visitors (JD Million)	Arab Visitors (JD Million)	Foreign Visitors (JD Million)	Arab Visitors	Foreign Visitors
January	101.72	37.48	81.86	30.05	(19.5%)	(19.8%)
February	78.61	28.10	77.01	33.84	(2.0%)	20.4%
March	82.52	35.41	79.05	46.78	(4.2%)	32.1%
April	92.4	44.12	103.94	54.94	12.5%	24.5%
May	88.89	32.61	100.77	50.77	13.4%	55.7%
June	116.95	30.40	131.8	44.10	12.7%	45.1%
July	141.74	38.36	207.06	57.29	46.1%	49.4%
August	160.76	46.80	241.77	67.43	50.4%	44.1%
September	97.51	37.42	122.52	45.92	25.6%	22.7%
Total	961.1	330.70	1,145.78	431.12	19.2%	30.4%

Source: The Ministry of Tourism and Antiquities

Spending of non-Arab tourists in the Kingdom rose substantially in the first three quarters of 2008, with their total spending amounting to JD 431.1 million compared to JD 330.7 million the year prior. The plummet in number of Arab visitors, meanwhile, had an insignificant effect on Arab spending, which managed to register a JD 184.7 million increase to JD 1,145.8 million compared to JD 961.1 million over the same period of 2007.

3.3 Tourist Lodging

The rising number of arrivals to the Kingdom increased the demand for accommodation and hotels. The number of hotels in Jordan increased from 177 in 1998 to 473 at the end of the third quarter of 2008, increasing the number of rooms and beds to 21,865 rooms and 42,617 respectively as of September 2008.

Number of Hotels by Category

	# Hotels	# Rooms	# Beds
5-Stars	23	5,753	10,066
4-Stars	21	2,493	4,673
3-Stars	45	3,203	6,326
2-Stars	53	2,054	4,267
1-Star	56	1,319	2,754
Total Classified Hotels	198	14,822	28,086
Apartments	112	3,851	7,345
Suites	23	900	1,744
Total Apartments & Suites	135	4,751	9,089
Unclassified Hotels	125	1,638	3,961
Motels & Hostels	3	25	54
Camping	12	629	1,427
Total Lodgings	473	21,865	42,617

Source: Ministry of Tourism & Antiquities

Amman, Jordan's capital, is home to the majority of hotels at 321 hotels, followed by Aqaba with 45, Petra with 38 and the Dead Sea with 5 hotels. However, despite the fast increase in developing new hotels across the Kingdom, the uprise has been insufficient to cover the increasing demand. This shortage of supply has spurred a number of new projects across the Country, with touristic resorts, hotels and tourism services, concentrated primarily in Aqaba and the Dead Sea. The four new hotels under establishment in Aqaba in early 2008 were to increase the hotel room availability by 1,000 rooms from the existing 2,300 hotel rooms. The Aqaba Special Economic Zone Authority is aiming to increase the room availability to 5,000 by 2009, in addition to increasing the total number of hotels in Aqaba to 67 hotels by 2015 and raising the number of available rooms to 8,245. As compared to Israel's equivalent city to Aqaba, Eilat, Aqaba's number of rooms is less than half of those currently available in Eilat, which stood at 10,821 rooms as of September 2008, according to the Israel Hotel Association.

Tourists visiting Jordan prefer making Amman their main lodging destination, since more services are available, and its location is convenient for movement to other areas of the Kingdom. Nights spent in Amman during the first nine months of 2008 reached 2.80 million, while Aqaba, which is considered the second highest city in regards to the number of lodgers, registered 466.10 thousand nights. This, again, falls severely short of the 4.90 million nights spent in Eilat over the same period.

473 hotels are found across the Kingdom...

... with 5-star hotels making up the larger part of rooms and beds offered...

... and Amman being home to bulk of the hotels

The ASEZA hopes to raise the number of rooms in Aqaba to 5,000 by the end of 2009 and to 8,245 rooms by 2015

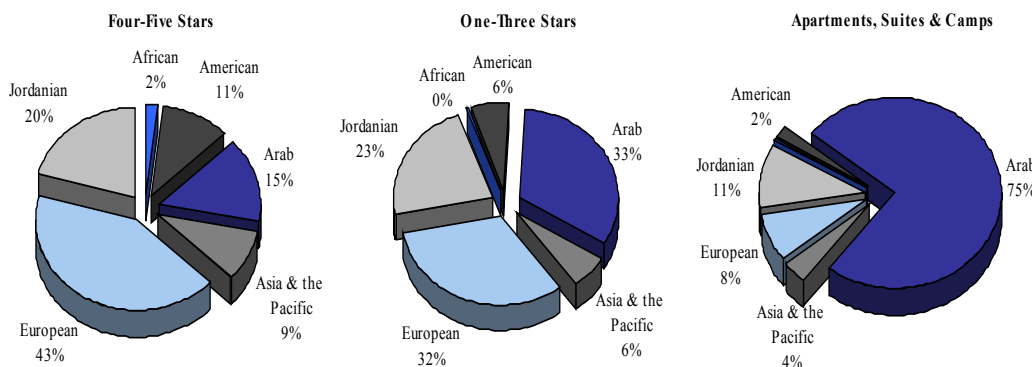
Nights Spent by Location			Nights Spent by Category		
	Jan-Sep 2007	Jan-Sep 2008		Jan-Sep 2007	Jan-Sep 2008
Amman	2,750,423	2,798,050	Five-Stars	1,308,176	1,515,968
Aqaba	454,469	466,104	Four-Stars	646,439	705,124
Petra	312,463	385,076	Three-Stars	609,080	715,704
Madaba	19,934	23,886	One & Two-Stars	496,682	392,176
Dead Sea	238,350	311,150	Apartments	620,998	572,744
Irbid	13,779	16,649	Suites	124,867	113,649
Jarash	6,170	5,011	Camping	27,137	27,377

Source: The Ministry of Tourism and Antiquities

Amman is the primary lodging destination for tourists, claiming 2.80 million nights in the first three quarters of 2008

Five star hotels are the most popular type of accommodation, accounting for 37.5% of total nights spent in the Kingdom. Europeans and Americans tend to lodge in four and five star hotels, in contrast to Arab visitors, who have a stronger preference for suites and apartments.

Percentage of Number of Nights according to Nationality and Type of Lodging



Source: Ministry of Tourism and Antiquities

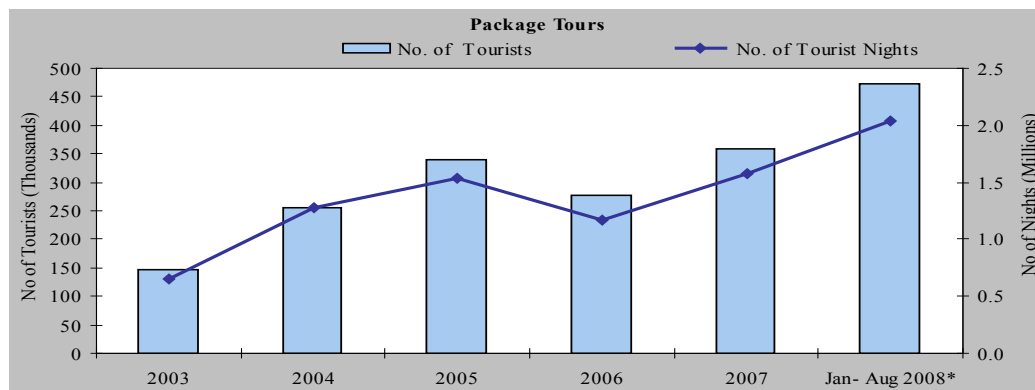
Europeans have a preference for 4- and 5-star hotels, while Arabs prefer apartments and suites

3.4 Package Tourism

Jordan's tourism bodies have been promoting package holidays in Jordan as a means to increasing the sector's overall revenues and to raise the average length of stay in the Kingdom. The average length of stay in the Kingdom for the first eight months of 2008 stood at 4.3 days.

Package tourism is being targeted as a means to increasing tourism revenues

Package tours to the Kingdom have been growing over the past five years, with the number of tourists on package tours doubling from 145.6 thousand in 2003 to 314.6 thousand for the first eight months of 2008, which, when annualised gives 471.89 thousand for the year. In terms of number of nights, the first eight months of 2008 registered 1.36 million nights, or 2.04 million annualised, compared to 1.57 million nights in 2007 and 0.65 million nights back in 2003.



* Annualised 2008 Third Quarter results
Source: Ministry of Tourism and Antiquities

The figure above illustrates that package tours took a hit in 2006, resulting from fears about lack of safety in the region in response to the Israeli-Lebanon conflict, alongside the hotel bombings in Amman, both of which led to a cancellation of tours that had Jordan in their itinerary. The number of package arrivals dropped to 278.33 thousand compared to 338.79 thousand the previous year.

Detailed analysis of the make-up of package tour arrivals highlights Europeans as the primary purchasers of package holidays to Jordan. In the first eight months of 2008, package tours taken by Europeans amounted to 207.4 thousand, giving them a weighting of 65.9% of total package tourists. Year-on-year, European package tourists registered a rise of 49.9% from 133.3 thousand tourists for the same period of 2007. Meanwhile, the number of package tourists from the USA deteriorated in response to fears of turmoil in the region, a sentiment the Jordan Tourism Board has tried to reverse through a “travel mart” in 2008, intended to connect tour operators, buyers and travel writers from the USA with representatives from local hotels, tour operators and travel services.

Europeans are the main purchasers of package tours

Tourists, Tourist Nights, & Length of Stay for Package Tours by Country Groups (January-August)

	# of Tourists			# of Tourist Nights			Average Length of Stay (Days)	
	2007	2008	% Change	2007	2008	% Change	2007	2008
Africa	1,879	2,546	35.5%	4,022	5,545	37.9%	2.1	2.2
Americas	20,633	38,214	85.2%	60,378	120,632	99.8%	2.9	3.2
Asia & Pacific	32,894	46,289	40.7%	70,665	114,834	62.5%	2.1	2.5
Europe	133,296	207,443	55.6%	670,322	1,032,762	54.1%	5.0	5.0
Arabs	21,155	20,098	(5.0%)	88,931	86,269	(3.0%)	4.2	4.3
Total	209,857	314,590	49.9%	894,318	1,360,042	52.1%	4.3	4.3

Source: Ministry of Tourism and Antiquities

The three top destinations for package tours are the Capital, Amman, Petra and Aqaba, which combined constitute 86.2% of total package tours. However, it is the Dead Sea that attracts longer staying visitors, primarily due to it being a prime therapeutic healing location, and its relative proximity to the tourist attractions in Madaba and the baptism site.

Distribution of Package Tours by Location (Jan-Aug 2008)

	% Share of Nights	Average Length of Stay (Days)	# of Tourist Nights	# of Tourists
Amman	47.6%	2.55	646,810	253,254
Petra	25.4%	1.87	345,203	184,800
Aqaba	13.3%	2.13	180,850	84,724
Dead Sea	9.3%	2.66	126,394	47,500
Wadi Rum	2.8%	1.35	38,222	28,273
Madaba	0.7%	1.59	10,087	6,363
Others	0.9%	1.36	12,476	9,207

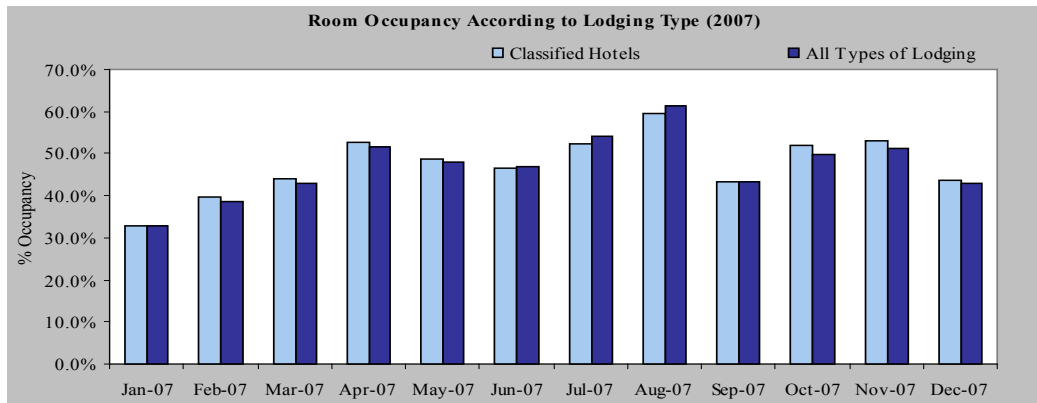
Source: Ministry of Tourism and Antiquities

Amman, Petra and Aqaba are the top destinations for package holidays in the Kingdom

3.5 Hotel Occupancy

The average occupancy level in Jordan has been around 45% since 2004, with 2007 registering the highest rate of 47.1%. As mentioned, tourism in Jordan is largely seasonal, and during the peak months of June, July and August, which claim over a third of total arrivals, occupancy levels rose to over 50%. Considering Amman alone, during July and August, occupancy levels in 5-star hotels rose to between 60% and 70%, while in 4-star hotels, occupancy soared to over 85%.

Hotel occupancy levels have maintained a relatively high 45% across all forms of lodgings in the Kingdom...



... with occupancy levels soaring in the summer months of July and August

Sources: Ministry of Tourism and Antiquities

In other parts of the Kingdom, the Dead Sea has one of the highest sustained occupancy rates throughout the year, largely due to the limited available accommodation and the year-round pleasant weather. Moreover, the Dead Sea is located in close proximity to Amman, making it accessible for locals for weekend trips, and it attracts a wide span of tourists seeking therapeutic, historical, religious and leisure attractions.

Occupancy Rates in Key Areas of Jordan in 2007

	Amman		Aqaba		Petra		Dead Sea	
	5-Stars	Total	5-Stars	Total	5-Stars	Total	5-Stars	Total
Rooms	59.4%	53.4%	76.3%	46.0%	53.6%	38.2%	70.7%	71.5%
Beds	44.0%	42.1%	82.2%	44.0%	59.9%	40.5%	63.7%	61.8%

Shortage of rooms supply in Aqaba and the Dead Sea maintains the occupancy at high levels throughout the year

Sources: Ministry of Tourism and Antiquities

Aqaba also retains a high occupancy rate throughout the year in five-star hotels, with occupancy levels registering higher than 90% for several months of the year. Aqaba is arguably the Kingdom's most "under-development" area, with several large-scale projects underway, which entail the construction of many hotels.

3.6 Tourism Employment

The total number of employees working in the tourism industry reached 36,406 employees at the end of the third quarter of 2008, up from 22,110 employees back in 2003. This 65% increase is attributable to the overall growth in the hospitality industry. Despite this impressive growth, the number of people working in the sector remains substantially below the targeted 61,719 employees set in the National Tourism Strategy. The large number of projects under construction is expected to help generate a large number of additional job opportunities in the Kingdom.

Number of employees working in the tourism sector grew by 65% since 2003

Employment	2003	2004	2005	2006	2007	Jan-Sep 2008
Hotels	10,499	10,708	12,884	13,450	13,193	13,568
Travel Agencies	2,621	2,826	2,774	2,903	3,408	3,625
Tourism Restaurants	6,367	6,719	9,950	10,720	13,472	14,548
Rent a Car Offices	928	1,287	1,357	1,289	1,417	1,488
Tourist Shops	296	310	385	530	637	687
Tourist Guides	547	601	672	646	686	831
Horses Guides	353	493	613	613	613	613
Tourist Transportation Comp.	499	483	620	758	814	881
Diving Centres	0	28	32	43	45	45
Water Sports	0	89	97	111	120	120
Total	22,110	23,544	29,384	31,063	34,405	36,406

Sources: Ministry of Tourism and Antiquities

Up until 2005, the majority of employees working in the tourism sector were concentrated in the hotel business, however since 2006 the figures have begun to change and tourism restaurants began to claim a larger portion of the industry workforce, at around 39% of the total. Approximately 87% of the tourism sector employees are Jordanian nationals, and the bulk are located in Amman.

Employment in hotels ranked in top position until 2006, replaced in 2007 and 2008 by employment in tourism restaurants

The tourism industry is highly reliant on the quality of service and hospitality of the host country. Therefore, investing in the employees in such an industry is vital for its success, and locating and developing skilled and qualified workers will improve the standard of services that can be offered. The Siyaha Project has embarked on a number of training programs, including the development of the Amman Hospitality College, which provides students with the opportunity to perfect their hospitality skills and join reputable hotels after graduation. Moreover, there are sixteen vocational centres offering training in hospitality and ten universities that offer bachelor degrees in this sector.

4.0 TOURISM BODIES

4.1 Ministry of Tourism and Antiquities

The Ministry of Tourism and Antiquities has a mission statement of “Sustainable Tourism Development Towards Economic Prosperity”. To that end, the Ministry has been working on enhancing Jordan’s image as a unique destination, increasing the contribution made by the tourism industry to the national economy by attracting foreign exchange revenues, in addition to developing and expanding the role of the private sector in tourism investment and attracting of capital.

Ministry of Tourism and Antiquities aims at enhancing Jordan’s image as a unique and safe tourist destination

The Ministry is responsible for upgrading the standard of tourism services offered in the Kingdom to international standards, as well as working on strengthening the tourism sector institutional setup by upgrading legislation, laws, and regulations. The Ministry aims to provide quality infrastructure, a key ingredient in attracting investment to the sector, and more recently, it has focused on developing archaeological and touristic sites across the Kingdom, in addition to emphasising the importance of boosting the quality of the sector’s human resources.

4.2 Jordan Tourism Board (JTB)

The Jordan Tourism Board is the marketing arm of the Ministry of Tourism and Antiquities. It was established in 1998 as a public-private partnership to brand and promote tourism in Jordan and the tourism product worldwide. JTB has ten offices abroad to help in marketing Jordan as a prime touristic destination, located in America, Europe and the Middle East.

The Jordan Tourism Board’s main responsibilities include marketing Jordan’s products worldwide, offering competitive products to place Jordan on the international tourism map, providing attractive products to increase the tourist length of stay, and implementing strategies in order to increase the number of tourists arriving in the Kingdom.

4.3 USAID Jordan Tourism Development Project /Siyaha

Siyaha is a project designed by the USAID to work alongside the Jordanian Government, NGOs, and the private sector, to develop a dynamic tourism industry in Jordan and to support the implementation of the National Tourism Strategy. The three-year USD 17 million project was launched in 2005, and is funded by the USAID.

Siyaha project works on developing the tourism sector alongside the Jordan government and other tourism bodies

Siyaha concentrates on developing touristic sites and products, in addition to supporting the sector’s human resources and improving the quality of services offered in addition to developing laws and sector reforms.

5.0 NATIONAL TOURISM STRATEGY (NTS)

The National Tourism Strategy was launched in 2004 in a bid to double the Kingdom's tourism economy by 2010 through attracting private investors and creating public-private partnerships.

The strategy focuses on increasing the tourism revenues from JD 570 million in 2003 to JD 1.3 billion in 2010, in addition to increasing the number of employees in the sector to 61,719 over the same period and to realize tax revenues of in excess of JD 455 million.

Jordan concentrates on small specified markets, mostly known as niche marketing, due to the limited number of available rooms across the Kingdom. The Country's current infrastructure cannot accommodate the large number of tourists that would arrive if it were a mass tourism destination. Moreover, compared to some of its neighbouring countries, Jordan is relatively more expensive, therefore the National Tourism Strategy focuses on increasing tourism receipts and the sector's contribution to GDP as apposed to attracting larger numbers of visitors.

The National Tourism Strategy focuses on six marketing segments, all of which still require enhancement and development. These niche markets are:

1. Cultural, Heritage Tourism
2. Religion Tourism
3. Eco-Tourism
4. Health and Wellness
5. Adventure
6. MICE (Meetings, Incentives, Conference and Events)

The Strategy's main aim is to attract high yield tourists to the Country and to transform Jordan to a five star destination. It seeks to position Jordan as a boutique destination enhancing its image among other countries. The private-public partnerships created are hoped to effectively allocate the required resources and attract more investors to the Country, with the government providing the required infrastructure for the available tourist sites, and the private sector working on attracting and developing these sites as touristic destinations.

Since the development of the Strategy, the sector players' efforts resulted in achieving the first target set out in the Strategy to increase the sector's revenues to JD 1.30 billion by 2010, with revenues at the end of the third quarter of 2008 surpassing that, at JD 1.58 billion.

6.0 TOURISM NICHE MARKETS

Jordan has a unique tourism market compared to other parts of the region; it is home to several breathtaking attractions, and can accommodate different touristic preferences and needs.

6.1 Cultural, Heritage Tourism

Culture, heritage, biblical and historical sites can be found across the Kingdom, the most popular of which are Petra, Jordan's national treasure and the legacy left by the Nabateens, Jarash, which represents the Romans, and is the second most visited destination after Petra, Ajloun, where medieval Arab architecture can be found, and Um Al Rassas, a Roman military camp, with several Byzantin churches, to name a few. Travellers visiting these sites can enjoy the history of Jordan's ancestors and some of the world's great civilisations. During 2007, Petra was named as one of the new wonders of the world, and in the past year, the UNESCO listed Petra and Um Al Rassas as one of the world heritage sites due to their significant culture.

The National Tourism Strategy was launched in 2004 as a collaboration between the private and public sector

Petra, Jerash, Ajloul and Um Al Rassas are famous areas of cultural, heritage tourism

In terms of culture tourism, annual festivals take place each summer, with the Jerash festival being the most popular, replaced now by the Jordan Festival, where the ancient city is transformed to one of the liveliest cultural events, with local folklore dancing and concerts in addition to traditional hand crafts.

6.2 Religious Tourism

Jordan has a unique position in regards to religious tourism; it is the birthplace of the two religions, Christianity and Judaism. Mount Nebo, the mountain where Moses was shown the promised land and where he died, is located in Madaba. Mount Nebo was declared a pilgrimage place by the Vatican following the Pope's visit in 2000. Another holy site visited by Christians from over the world is Bethany Beyond the Jordan, the place where Jesus was baptised and the birthplace of Christianity. It was also chosen as a pilgrimage site and one of the most holy places by the Vatican. Foreigners visiting the Mount Nebo site have been on the rise, growing by 94% during the first nine months of 2008 compared to the same period in 2007.

Mount Nebo, Bethany beyond the Jordan are pilgrimage places visited by Christians from all over the world

6.3 Eco-Tourism

Jordan, with its numerous eco-tourism sites, has a lot to offer in terms of such a market, including activities such as wildlife viewing, hiking, interpretive learning and plant identification. Wadi Rum provides the experience of desert life and mountain viewing, Mujab Reserve, one of the lowest nature reserve in the world has one of the most interesting wildlife in the Middle East, and Dana Natural Reserve provides diverse wildlife including a variety of rare plants and animals.

Wadi Rum, Mujeb reserve, Dana Natural reserve, and Shawmari are popular eco-tourism sites

Recently, Jordanian companies have realized the importance of eco-tourism and have started to specialize in eco-tourism, providing the required facilities for tourists to enjoy the sites. In 2008, the Royal Society for the Conservation of Nature and the Ministry of Environment signed a JD 250 thousand agreement for the renovation and maintenance of the Kingdom's wildlife reserve, the Shawmari, which is home to some of the most rare wildlife in the Middle East.

6.4 Health and Wellness Tourism

Medical tourism is defined as travelling abroad to receive medical treatment, and this type of tourism has been booming in different areas of the world, with over 100 countries offering and wanting to offer such services.

Jordan is a market leader in the region in terms of medical tourism

Jordan leads the region in terms of medical tourism, where low cost of surgeries, and highly qualified professional doctors give medical tourism in the Kingdom a competitive advantage compared to other parts of the world, the offer of first class treatment in a third world country.

In recent years, medical tourism in Jordan has been a large contributor to the tourism sector's income, reaching JD 1.9 billion in 2008 and registering a 25% increase compared to 2007. The average daily expenditure of a medical tourist is estimated at JD 83 in 2008, while the total number of patients visiting and being treated in Jordanian hospital in 2007 reached approximately 250,000 patients from around the world. To cater for this, the total number of hospitals across the Kingdom has been on the rise, reaching 103 hospitals with 11,043 beds in 2007 compared to 97 hospital with 9,743 bed in 2003.

The average expenditure of a medical tourist in 2008 reached JD 83 per day

The majority of foreign patients come from Iraq with a total of 45,000 visiting in 2007, accounting for 17% of total medical tourists, alongside patients from Palestine, Sudan and Libya. Furthermore a total of 1,800 American patients were treated in Jordan last year, while a further 1,200 and 400 came from the United Kingdom and Canada to be treated.

Patients benefiting from medical tourism services in the Kingdom are mostly from Iraq and Palestine

Another advantage of medical tourism is that patients rarely travel alone, therefore the expenditure

from visitors accompanying patients will also add value to tourism income.

Medical tourism does not only represent hospitals and medications, it includes physical therapy and relaxation. Jordan is home to the biggest spa in the world, the Dead Sea, with its therapeutic waters, in addition to the hot springs of Ma'in, to which travellers from over the world come.

6.5 Adventure Tourism

For those who appreciate the nature and the thrill of the outdoors, Jordan is the place to be. Adventure tourism is growing at a fast rate in Jordan. Having a pleasant climate all year long gives the Country, in general, and adventure tourism, specifically, a competitive advantage compared to other destinations. Travellers can visit sites such as Petra, Wadi Rum, Aqaba, Mujib, and Al Azraq and enjoy different types of adventures, from camping and mountain climbing, to hiking and diving, as well as relaxing and soaking in soothing waters.

Jordan has a competitive advantage in regards to adventure tourism compared to other destinations

Furthermore, sleeping under millions of stars and camping at Wadi Rum has been popular among Jordanians. According to statistics issued by the Ministry of Tourism and Antiquities, the number of Jordanians visiting Wadi Rum during the first nine months of 2008 grew by almost 200% compared to the same period of 2007, boosted by the "Distant Heat", a dance festival that takes place in Wadi Rum in the summer, while the number of foreign visitors rose by 97.6% over the same period.

6.6 MICE (Meeting, Incentives, Conference and Exhibitions)

Jordan has been witnessing a steady increase in the MICE market, with numerous workshops, seminars and conferences being held in the Kingdom. These tend to be concentrated in the Convention Centre in the Dead Sea, the Zara Expo complex and five star hotels distributed across Amman, the Dead Sea and Aqaba. Conferences such as the World Economic Forum, which has been taking place in the Dead Sea for the past couple of years, provide good exposure for Jordan's MICE tourism and the quality of services and locations it has on hand. Tourism authorities have been working on expanding the MICE market further and are working hard on attracting prosperous and influential individuals.

Several conferences have been taking place in the Kingdom place through out the year

Total Number of Arrivals to Key Tourist Hotspots

	Jan-Sep 2007 Number of Visitors	Jan-Sep 2008 Number of Visitors
Petra	389,510	566,051
Jerash	152,075	242,558
Ajloun	95,499	105,223
Mount Nebo	118,177	229,011
Baptism Site	63,894	99,620
Wadi Rum	69,203	138,905

Source Ministry of Tourism and Antiquities

7.0 SECTOR SWOT ANALYSIS

Strength	Weakness
Economic stability and political security	Short length of stay
Diversified tourism products	Perception of Western countries that Jordan is an unsafe destination
Moderate climate all year round	Low budget for marketing tourism products abroad in comparison with other countries in the region
Most major airlines fly to Jordan	High cost of airway tickets to Jordan compared to other destinations
Strategic location in the heart of the Middle East	Lack of qualified human resources
Home to several world attractions	Sea resorts more expensive than the region
Pleasant and friendly population	Shortage of supply of rooms and beds
	Insufficient facilities and services at many of Jordan's tourism hotspots

Opportunities	Threats
Economic crisis resulting in more short-haul and intraregional travel, increasing number of tourists from Arab countries	Economic crisis resulting in a decrease in the number of tourists from Europe and North America
The Royal family's role in promoting Jordan as a prime touristic and investment destination	Terrorist attacks and natural disasters
Using electronic marketing to promote Jordan worldwide	Instability in the region
Capitalising on Petra as a new world wonder and emphasizing Jordan as the home of Petra	Continued appreciation of the dollar against major currencies positioning Jordan as a more expensive destination
Strong demand for rooms and beds	High inflation rates leading to increased hotel rack rates
Lodging in Amman cheaper than capital cities of regional countries	Recurrence of oil price hikes making air travel more expensive
	Cheaper labour from abroad reducing employment opportunities for Jordanians

8.0 OUTLOOK

While huge steps have already been taken by Jordanian authorities to promote the sustainable development of the tourism sector, internal and external factors have been coming into play to have a dampening effect on tourism in the Kingdom. Since 2007, global oil prices have been steadily climbing to reach around USD 150 per barrel in mid-2008. Commodity and food prices have moved in parallel with oil price hikes, the combined effect of which has spilled over into prices of goods and services on a global scale, pushing up global inflation to new levels. In Jordan, year 2008 saw inflation peak at 19.9% in September compared to the consumer price index in September 2007. The upward pressure on prices forced hotels and travel agents to amend their prices to maintain profit margins, pushing up hotel room rates, leading to a hike in the cost of accommodation and packages. Furthermore, aviation costs soared corresponding to high oil prices, an expense passed along by aviation carriers to the consumer. These factors combined to deter travel on a global scale.

Jordan did, however, have a key factor going for it during this time of rising prices; the peg of the Jordanian Dinar to the U.S. Dollar at a time when the Dollar had devalued dramatically against other major currencies meant that to Japan and countries in Europe, Jordan remained comparatively inexpensive, despite its soaring inflation levels.

Developments in the final quarter of 2008 have shaken countries worldwide, with the plunge in prices of oil and commodities, the onset of a global economic deceleration, capital market crashes,

Global hikes in prices of oil and food witnessed in early 2008 applied pressure on the tourism sector

the liquidity crunch, and the financial market crisis all chipping away at consumer confidence. Fears of a global recession and high uncertainty are leading to reduced consumer spending as they favour holding onto cash during these turbulent times. Therefore, we would expect to see tourism on a global scale decelerate sharply for Q4 2008 and throughout 2009. While Jordan should benefit from the more recent drops in oil prices which should eventually feed through to hotel costs, the more recent appreciation of the dollar against the Euro and the British Pound will render Jordan a relatively more expensive destination. Furthermore, the expected drop in demand for hotels is likely to prompt hotels to raise rack rates in order to maintain their levels of revPAR (revenue per available room). Compared to countries in the region, particularly the GCC countries, Jordan is one of the less expensive destinations, despite the shortage of supply of hotel accommodation which enables Jordanian hotels to maintain high price levels.

City	Occupancy			Average Room Rate			Rooms Yield		
	July 2008	2007	2006	July 2008	2007	2006	July 2008	2007	2006
	%			USD			USD		
Manama	68.0%	66.0%	65.0%	196	195	163	134	130	106
Cairo - City	70.0%	77.0%	70.0%	128	127	103	90	99	73
Sharm El Shaikh	82.0%	76.0%	59.0%	57	56	47	47	43	28
Amman	71.0%	59.0%	52.0%	132	119	104	94	72	55
Kuwait	53.0%	53.0%	61.0%	237	237	228	127	127	140
Beirut	69.0%	47.0%	27.0%	177	158	133	122	75	37
Muscat	56.0%	N/A	N/A	317	N/A	N/A	179	N/A	N/A
Doha	65.0%	57.0%	75.0%	237	322	370	155	186	280
Jeddah	79.0%	70.0%	63.0%	183	131	105	146	93	67
Riyadh	67.0%	64.0%	69.0%	183	147	143	123	95	100
Abu Dhabi	72.0%	81.0%	78.0%	233	224	223	170	182	174
Dubai - City	78.0%	82.0%	86.0%	161	230	204	127	189	176

Source: Ernst & Young Middle East Hotel Benchmark Survey - based on performance of a sample of selected 5-star hotels

However, comparing the rates of rooms in Aqaba and the Dead Sea, which reach in excess of USD 200 per room per night in peak seasons for regular 5-star hotels, to other luxury resorts such as those in Sharm El Shaikh, highlights Jordan's sea resorts as relatively uncompetitive in the region. The ongoing projects in the Kingdom entailing the establishment of huge resorts in Aqaba and the Dead Sea should increase the room capacity in the medium term and help drive competition prompting a decrease in room rates.

The Jordan Tourism Board is planning to intensify its marketing campaigns to continue to boost tourism in the Kingdom, however, true sustainable growth can only be achieved if the necessary infrastructure and workforce are in place to accommodate it. Year 2009 will provide a challenge for Jordan's tourism industry as the global economic downturn begins to take effect. Spending will be cut, both on the public and private front, and negative consumer confidence will deter unnecessary travel. However, as the global economy begins to recover, we expect Jordan's tourism sector to flourish once again.

Amman's average room rates is one of the lowest in the region...

... but Jordan's sea resorts are considered very expensive compared to neighbouring sea resorts

The global economic downturn will affect the Jordan tourism sector in the coming year, but steps are in place to continue to boost the sector in the medium- to long-term

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