ELSEVIER

A Systematic Approach to Tourism Policy

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The Middle East is the cradle of civilization and the birthplace of the three major religions practiced today. As such, most countries in the Middle East have a natural competitive advantage in the global tourism industry. However, for many of these countries the potential of this competitive advantage has not been reached. This research is designed to provide policy makers with a systematic approach toward restructuring their tourism strategies. Based on the results of this study, some significant policy implications are identified. While the methodology presented in this study is not without some weakness, it can be easily applied to other countries and regions. In this context, four Middle Eastern countries are used to illustrate the approach proposed in this study. J BUSN RES 2000. 48.147–156.

The Middle East is the cradle of civilization and the birthplace of the world's three major religions. The Middle East has witnessed the wax and wane of civilizations. More often than not, these civilizations managed to leave vivid testimony of their cultural achievements. The region of the Middle East which includes Iran, Jordan, the West Bank, Syria, Israel and Egypt, among others, is a living legacy to the history of the human race. When one visits Persepolis in Iran, Patra in Jordan, the Pyramids in Egypt, Tadmore in Syria, or Bethlehem in the West Bank, one not only experiences history but lives it. However, tourism in this region of the world has not reached its potential.

In recent years, the growth of the different facets of the global hospitality service sector has been significant. In this context, the global tourism industry is no exception. Yet, many countries which have the potential to capitalize on this trend are lagging behind. Nowhere is this more true than in the case of countries in the Middle East. An examination of Table 1 (Statistical Yearbook, 1992) confirms this observation. The four leading Middle Eastern countries in terms of tourism revenue badly trail the neighboring countries in Europe; Italy, Spain, and Greece. As noted in Table 1, Spain and Italy by far have the highest revenues from tourism relative to any other country in the table. On the other hand, in terms of tourism revenue as percentage of export, Egypt ranks the highest. In 1992, Egypt's tourism revenue amounted to 89% of Egypt's total export. This fact underscores the importance of tourism to the Egyptian economy. Therefore, Egypt stands to benefit greatly from investing in its tourism industry (The Middle East, 1994). Such an investment should make it feasible for Egypt to better capitalize on its competitive advantage by attracting more tourists from different regions of the world.

Before Egypt and other countries in the Middle East region can claim a significant share of the global tourism industry's $350 billion annual revenue, systematic tourism policies and efforts will be needed. In this context, some traditional problems which in the past hindered tourism in this region of the world have to be overcome. One such important problem has been the political instability of the region (The Israel Commercial Economic Newsletter, 1991). However, the recent trend toward promoting regional peace and cooperation is promising (The Middle East, 1995; Middle East Economic Digest, 1995; Israel Business Today, 1995). In this context, the willingness of policy makers in this region to promote tourism is also encouraging. For example, recently, Egypt invested $40 million to promote tourism and to ease tourists' safety concerns (Kelly, 1994). Similarly, Jordan has invested heavily in updating its tourism-related facilities (Hoch, 1993).

There is no doubt that the countries of the Middle East are facing some serious challenges which have a direct impact on their abilities to utilize tourism as an effective economic development tool. However, challenges withstanding, these countries have tremendous potential for economic growth, as they are very rich in terms of their human capital and entrepreneurship tradition (Yasin, 1996). The peace process, currently underway, should reduce regional conflict and enhance the political stability. This will no doubt make economic growth in the region more feasible than ever before. However, for such economic growth to become a reality, policy makers

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Table 1. Tourist Revenue by Country, 1988–1992 in Millions of Dollars

Country	1988	1989	1990	1991	1992
Egypt					
Tourism revenue	1785	2058	1994	2029	2730
Exports of merchandise	2120	2565	2582	3618	3071
Tourist revenue as percentage of export	84	80	77	56	89
Israel					
Tourism revenue	1347	1468	1382	1306	1876
Exports of merchandise	9445	10669	12080	11891	13082
Tourist revenue as percentage of export	14	14	11	11	14
Jordan					
Tourism revenue	615	547	512	317	462
Exports of merchandise	1036	1098	1063	1131	1220
Tourist revenue as percentage of export	59	50	48	28	38
Syria					
Tourism revenue	266	374	320	410	600
Exports of merchandise	1345	3006	4062	3143	3093
Tourist revenue as percentage of export	17	12	8	13	19
Greece					
Tourism revenue	2396	1976	2587	2571	3268
Exports of merchandise	4307	7543	8019	8648	9488
Tourist revenue as percentage of export	45	26	32	30	34
Italy					
Tourism revenue	12255	11938	20016	18342	21577
Exports of merchandise	127927	138503	169265	169397	178471
Tourist revenue as percentage of export	10	9	12	11	12
Spain					
Tourism revenue	16686	16174	18593	19004	22181
Exports of merchandise	40067	44467	55640	59610	64329
Tourist revenue as percentage of export	42	36	33	32	35

Source: Statistical Yearbook, 40th Issue. United Nations, Department for Economic and Social Information and Policy Analysis, Statistical Division, 1993.

in this region must craft systematic economic strategies. The cornerstone of such strategies must be the promotion of tourism and related industries. In this context, tourism policies modeled after strategies of countries like Italy and Spain may prove to be very valuable.

The objective of this study is to provide policy makers in the Middle East with a systematic approach toward managing their tourism efforts and activities. The approach proposed in this study provides some insights into the role of the competitive advantage in shaping the tourism policy. In the process, the utility of the shift-share technique toward that end is explored. It is to be kept in mind that while the analysis in this study focuses on the Middle East, similar analysis can be performed for other regions of the world. Thus, the approach described in this study is general in nature.

Model

This study uses the shift-share technique, founded on Creamer's (1943) "locational shifts" in manufacturing, which is a tool that partitions the growth in an economic variable (i.e., income, output, employment, etc.) in a particular area (i.e., state, region, city) into various components. While this technique has been applied in regional economic studies, it has been applied in other settings as well. Examples of such applications include Alavi (1987/88), Bartholomew and Peck (1989), Bellenger and Yavas (1973), Yavas et al. (1992), Cahill and Cromwell-Cain (1979), Franklin and Hughes (1973), Hale (1971), Hellman (1976), Herzog and Olsen (1997), Miller (1974), and Stevens and Moore (1980). However, this technique has received very little attention from international

economists in terms of applying it to the different facets of the service sector, such as the tourism industry.

A typical shift-share analysis is performed by taking measurements on a given variable of interest (such as employment) for various groups (such as industries) in various regions at the beginning and end of a specified period of analysis, then compare them to a benchmark. The resulting growth during the period is then decomposed into national growth, industry mix, and competitive position effects. The basic premise of the technique is that growth in industry (I) in area (j) over a specified period of time is due to: (1) growth in the reference/benchmark economy; (2) growth in that particular industry; and (3) improvement in the competitive position of that area (j) in attracting industry (I).

This study employs the Esteban-Marquillas (1972) version of the shift-share technique to decompose the growth in tourist arrivals to four countries in the Middle East (Egypt, Israel, Jordan, and Syria) from six different regions of the world (Africa, Americas, Eastern Asia, Europe, Southern Asia, and Western Asia) (See Appendix A). Many countries in the Middle East share some significant cultural similarities. However, for the purpose of this study, Egypt, Israel, Jordan, and Syria are chosen to collectively formulate the benchmark economy (Area, competing group). The choice of this competing group is relative rather than absolute in nature. Other countries can be easily added to this group, as the utility of the technique proposed in this study is not dependent on the size of the competing group. The rationale for choosing these countries is based on the strong similarities they have, not only in terms of their cultures, but also in terms of their potential to attract tourist flow. These countries have similar tourism attractions which have religious and historical appeal rather than recreational appeal. They also have similar geography and climate. In addition, because of their proximity to each other, they tend to formulate a natural geographical domain competing group. Thus, each country's performance can be compared to the collective performance of the four countries (the benchmark).

The equation for the tourism industry in country (j), receiving tourists from region (I) can be expressed as:

$$T_{ij}^{1} - T_{ij}^{0} = T_{ij}^{0}(G_{AREA}) + T_{ij}^{0}(G_{iAREA} - G_{AREA}) + \hat{T}_{ij}(G_{ij} - G_{iAREA}) + (T_{ij}^{0} - \hat{T}_{ij})(G_{ij} - G_{iAREA})$$

where:

$$G_{ij} = \frac{T_{ij}^{1} - T_{ij}^{0}}{T_{ij}^{0}}$$

$$G_{AREA} = \frac{T_{AREA}^{1} - T_{AREA}^{0}}{T_{AREA}^{0}}$$

$$G_{iAREA} = \frac{T_{iAREA}^{1} - T_{iAREA}^{0}}{T_{iAREA}^{0}}$$

$$\hat{T}_{ij} = T_{j}^{0}\frac{T_{iAREA}^{0}}{T_{AREA}^{0}}$$

The terms in the above equations are defined as:

T_{ij}^{1} = Tourist arrivals to country (j) from region (I) at period 1 (i.e., the end of the period).

T_{ij}^{0} = Tourist arrivals to country (j) from region (I) at period 0 (i.e., the beginning of the period).

G_{AREA} = Overall growth rate in total tourist arrival from all regions to the area from period 0 to 1.

T_{j}^{0} = Total tourist arrivals from all regions to country (j) at period 0.

T_{iAREA}^{0} = Total tourist arrivals from region (I) to the area at period 0.

T_{iAREA}^{1} = Total tourist arrivals from region (I) to the area at period 1.

T_{AREA}^{0} = Total tourist arrivals from all regions to the area at period 0.

T_{AREA}^{1} = Total tourist arrivals from all regions to the area at period 1.

G_{iAREA} = Growth rate in tourist arrivals from region (I) to the area from period 0 to 1.

G_{ij} = Growth rate in tourist arrivals to country (j) from region (I) from period 0 to 1.

$\hat{T}_{ij}$ = $\hat{T}_{ij}$ represents what the tourist arrivals to country (j) from region (I) would be if the structure and pattern of tourist arrivals from region (I) were equal to the benchmark.

Under this formulation, the actual growth in tourist arrivals to country (j) from Region (I) over a time span is decomposed into four components (effects). These are:

Area-Wide Effect

1) $T_{ij}^{0}(G_{AREA})$-measures the change in tourist arrivals a country would have experienced, if it had a growth rate equal to the benchmark (Area). In other words, this effect represent the country's "market share" of tourism relative to the area. In comparing the value of this effect relative to the actual growth, there are three possibilities which need to be examined. (1) If this effect is the same as the actual growth that was experienced by the country in question, then the country maintained its share of the tourism market in the area. In this case, the value of the other effects will equal zero. (2) If this effect is larger than the actual growth, this means that the number of tourist arrivals was below the expected share. In this case, the examination of the other three effects is called for. (3) Finally, this effect may be smaller than the actual growth, thus indicat-

		COMPETITIVE ADVANTAGE	
		(+) Advantage	(-) Disadvantage
SPECIALIZATION	(-) Not Specialized	II $(G_{ij}-G_{iAREA})>0$ $(T^0_{ij}-\hat{T}_{ij})<0$ A,N -	I $(G_{ij}-G_{iAREA})<0$ $(T^0_{ij}-\hat{T}_{ij})<0$ D,N +
	(+) Specialized	III $(G_{ij}-G_{iAREA})>0$ $(T^0_{ij}-\hat{T}_{ij})>0$ A,S +	IV $(G_{ij}-G_{iAREA})<0$ $(T^0_{ij}-\hat{T}_{ij})>0$ D,S -

Figure 1. Possible allocation effects. The signs under the codes in each quadrant indicate the sign of the allocation effect which depends on the nature of interaction between competitive advantage and specialization.

ing that the country attracted more than its share when compared to the area. Again, further examination of the other three effect should shed some light as to why that is the case.

Region-Mix Effect

2) $T^0_{ij}(G_{iAREA} - G_{AREA})$-measures the difference between the growth rate of tourism from region (I) to the area and the overall growth of tourism from all regions to the area. This component becomes positive if the growth rate in tourism from region (I) to the area is larger than the overall growth rate from all regions to the area, otherwise it will be negative. If this component is positive, then the country is concentrating on attracting tourists from regions with higher than average growth rate (i.e., $G_{iAREA} > G_{AREA}$). On the other hand, a negative effect indicates a concentration of efforts on regions with lower than average growth rate (i.e., $G_{iAREA} < G_{AREA}$).

Competitive Effect

3) $\hat{T}_{ij}(G_{ij} - G_{iAREA})$-measures the difference between the growth rate in tourism from region (I) into country (j) and the growth rate in tourism from region (I) into the benchmark economy (Area). A positive competitive effect indicates that the growth in tourism from region (I) into country (j) has surpassed the corresponding benchmark. The competitive effects becomes positive when a country's tourism from a region is increasing at a faster rate than that of the benchmark economy, otherwise it will be negative. The competitive effect looks at that growth of tourism from each region to the county in question compared to the growth of each region to the area as a whole. As such, a positive effect (i.e., $G_{ij} > G_{iAREA}$) indicates a competitive advantage, and a negative effect (i.e.,$G_{ij} < G_{iAREA}$) indicates a competitive disadvantage.

The Allocation Effect

4) $(T^0_{ij} - \hat{T}_{ij})(G_{ij} - G_{iAREA})$,-also referred to as the interaction effect, measures the growth in tourist arrivals that is attributed to the interaction of the region-mix effect and the competitive effect.

The allocation effect is unique to the Esteban-Marquillas (1972) formulation of shift-share analysis. It shows if a country is specialized in attracting tourists from regions in which she enjoys a competitive advantage. Thus, for a given country, the magnitude of the allocation effect shows how well that country is doing in terms of attracting tourists from different regions according to her competitive advantage. As Herzog and Olsen (1997), Alavi (1987), and Yavas et al. (1992) cogently demonstrated that four possible combinations of specialization-competitive advantage exist. In this context, a country may either "specialize" or "not specialize" and may either have a "competitive advantage" or "disadvantage" in terms of attracting tourists from region (I). Figure 1 presents these four possibilities.

Results and Discussion

This study analyzes the growth in tourist arrivals (1988 to 1992) to four Middle Eastern countries from six regions of the world (Africa, Americas, Eastern Asia, Europe, Southern Asia, and Western Asia). These countries are Egypt, Israel, Jordan, and Syria. Table 2 shows the actual number of tourist arrivals from the six regions to the four countries for the time frames under study. This time frame includes the Gulf War. Therefore, it is logical to assume that influx of tourists during this time frame would be lower than otherwise. This withstanding, the decline of tourist flow would affect the area as a whole, and would not limit the utility of the technique used in this study to measure the relative competitiveness of countries in the benchmark (Area). In this context, the utility of the technique used here is not time frame dependent. While the results of the analysis may be time dependent, the applicability of the technique is not, since the technique measures relative competitiveness at a given time.

Table 2. Tourist Arrivals by Region of Origin, 1988, 1992

	Africa	Americas	Eastern Asia	Europe	Southern Asia	Western Asia	Total
Egypt							
1988	204848	164141	98529	1011687	20638	469007	1968850
1992	204138	224479	162156	1664906	25148	924897	3205724
Israel							
1988	27795	325433	37994	720030	4864	47560	1163676
1992	40307	439957	57113	912911	3830	47338	1501456
Jordan							
1998	14293	47590	27194	204988	19388	2054894	2368347
1992	69927	39250	25930	284032	25872	279236	3238247
Syria							
1988	30221	9227	5434	187056	173429	845110	1250477
1992	32075	15739	6246	293780	160249	1184427	1692516
Total							
1988	277157	546391	169151	2123761	218319	3416571	6751350
1992	346447	719425	251445	3155629	215099	4949898	9637943

Source: Same as Table 1.

Based on Table 2, Egypt and Jordan have the largest number of tourist arrivals among these four countries. The largest contributor to Egypt's tourism is Europe which in 1992 contributed about 1.6 million visitors. The largest contributing region to Jordan's tourism in 1992 was Western Asia, which includes Jordan's neighboring countries. Western Asia accounted for about 85% (2.8 million tourists) of all tourist arrivals to Jordan. An examination of Table 2 further reveals that the largest number of tourist arrivals to Israel was from Europe with close to one million tourists in 1992. However, for Syria the largest contributing region was Western Asia with close to 1.2 million tourists. Thus, in general the neighboring countries (Western Asia) were the main contributor of tourism to both Jordan and Syria. Whereas, for Egypt and Israel the European countries were the main source of tourism.

Figure 2 shows the shift-share analysis results for tourist arrivals from Europe to Egypt from 1988 to 1992. These results show that tourist arrivals from Europe to Egypt increased from 1,011,687 in 1988 to 1,664,906 in 1992. This amounted to an actual growth of 653,219 tourists which can be attributed to the following four effects. The area-wide effect accounted for 432,557 tourist arrivals. This effect represents the expected market share of Egypt, had Egypt's growth rate been the same as the growth rate of the benchmark (Area). Since the actual growth is higher than the area-wide effect, the positive difference is attributed to the other three effects. In this context, the positive region-mix effect of 58,991 indicates that the growth rate in tourist arrivals from Europe to the benchmark (Area) was higher than the overall growth rate (i.e., $G_{iAREA} > G_{AREA}$). This implies that Europe is a strong contributor of tourism to the benchmark (Area), and Egypt absorbed about 60,000 more tourists from Europe than her share. The positive competitive effect of 98,970 indicates that Egypt's growth rate in terms of tourist arrivals from Europe has been more than the growth rate from Europe to the area as a whole (i.e., $G_{ij} > G_{iAREA}$). This implies that tourists from Europe visited Egypt at a higher rate relative to other countries in the area. Therefore, this is considered a competitive advantage for Egypt. Finally, the positive allocation effect of 62,697 indicates that Egypt not only had an advantage in terms of attracting tourists from Europe (i.e., $G_{ij} > G_{iAREA}$), but also that it was also specialized in this region (i.e., $T^0_{ij} > \hat{T}_{ij}$). Thus, Egypt is specialized in a region (i.e., Europe) where it has a competitive advantage.

Table 3 presents the results of the shift-share analysis for all the four countries in this study. This table shows that in terms of the total actual growth, Egypt and Jordan outperformed Syria and Israel. Of the four countries studied, only Egypt had actual growth beyond its "market share" (i.e., the actual growth is larger than the area-wide effect). Therefore, the results for Egypt merit a more detailed examination.

Egypt: Results and Discussion

Table 3 reveals that during the period under study, the overall actual growth in Egyptian tourism was better than the other three countries. The result of the shift-share analysis for Egypt indicates that overall, the growth in tourism for Egypt during this period was about 50% more than her expected market share (actual growth of 1,236,874 was more than the area-wide effect of 841,801). The main contributor to this growth is Egypt's competitive advantage. This is evident by the sign and magnitude of the competitive effect (i.e., a positive 630,639 tourist arrivals). This competitiveness may be attributed to the extensive marketing and promotional efforts undertaken by Egypt in recent years. However, the sign of the

	EGYPT		AREA	
Year	EUROPE	Total	EUROPE	Total
1988	1011687	1968850	2123761	6751350
1992	1664906	3205724	3155629	9637943

Component	Formula	Calculation
Actual Growth	$T_{ij}^1 - T_{ij}^0$	1664906 - 1011687 = 653219
AREA - Wide Effect	$T_{ij}^0 G_{AREA}$	(1011687)(0.42756) = 432557
Region-Mix Effect	$T_{ij}^0 (G_{iAREA} - G_{AREA})$	(1011687)(0.48587 - 0.42756) = 58991
Competitive Effect	$\hat{T}_{ij}(G_{ij} - G_{iAREA})$	(619338)(0.64567 - 0.48587) = 98970
Allocation Effect	$(T_{ij}^0 - \hat{T}_{ij})(G_{ij} - G_{iAREA})$	(1011687 - 619338)(0.64567 - 0.48587) = 62697

$$G_{ij} = \frac{T_{ij}^1 - T_{ij}^0}{T_{ij}^0} = \frac{1664906 - 1011687}{1011687} = 0.64567$$

$$G_{AREA} = \frac{T_{AREA}^1 - T_{AREA}^0}{T_{AREA}^0} = \frac{9637943 - 6751350}{6751350} = 0.42756$$

$$G_{iAREA} = \frac{T_{iAREA}^1 - T_{iAREA}^0}{T_{iAREA}^0} = \frac{3155629 - 2123761}{2123761} = 0.48587$$

$$\hat{T}_{ij} = T_j^0 \frac{T_{iAREA}^0}{T_{AREA}^0} = 1968850 \frac{2123761}{6751350} = 619338$$

Figure 2. Shift-share analysis illustration for tourist arrivals from Europe to Egypt.

allocation effect indicates that while Egypt has an overall competitive advantage in tourism, she is not effectively specialized (i.e., Code: A,N). This leads one to conclude that if Egypt is to effectively specialize, it would achieve an even larger share of the tourism market in this area of the world.

Examining the contribution of individual regions to the overall tourist arrivals to Egypt reveals that the highest growth in Egyptian tourism is attributed to the European and Western Asian regions with the actual growth of 653,219, and 455,890 tourist arrivals, respectively. The actual growth of tourist arrivals from Eastern Asia and the Americas are both positive but not as significant as in the case of the European and Western Asian regions. Southern Asia region contribution to Egypt's tourism growth is positive but small, while in the case of Africa it is actually negative.

The results of the shift-share analysis for tourist arrivals from Europe to Egypt were presented as an illustration of the model (see Figure 2). Second to Europe, Western Asia appears to be the most promising source of tourists to Egypt. As shown in Table 3, Western Asia was the second major region in terms of contributing to Egypt's tourism growth with 455,890 tourists. This amount is more than twice the area-wide effect of 200,529 which is the expected share for Egypt from that region. The positive difference between the actual growth and the expected share is explained by the other three effects. First, the positive region-mix effect shows that due to Egypt's concentration on attracting tourists from this faster than average growing region, Egypt gained an additional 9958 tourists. Second, the positive competitive effect of 521,332 tourist arrivals shows that the main reason for the large actual growth is the competitive advantage that Egypt has in attracting tourists from the Western Asian countries. Western Asia includes, in large part, Middle East countries neighboring Egypt. These countries share with Egypt common cultural and religious values. Finally, the negative allocation effect of −275,928 shows that although Egypt enjoys a competitive advantage in attracting tourists from Western Asia, Egypt is not specialized in this region. Perhaps Egypt needs to concentrate some of its marketing and promotion efforts to the Western Asia region in order to attract more of its tourists.

Table 3. Shift-share Analysis of Tourist Arrivals, 1988, 1992

To From	Actual Growth	Area-wide Effect	Region-mix Effect	Competitive Effect	Allocation Effect	Code
Egypt						
Africa[a]	−710	87585	−36372	−20487	−31436	D,S
Americas	60338	70180	−18199	8113	244	A,S
Eastern Asia	63627	42127	5808	7856	7836	A,S
Europe	653219	432557	58990	98973	62699	A,S
Southern Asia	4510	8823	−9128	14852	−10037	A,N
Western Asia	455890	200529	9958	521332	−275928	A,N
Total	1236874	841801	11057	630639	−275928	A,N
Israel						
Africa	12512	11884	−4935	9561	−3998	A,N
Americas	114524	139142	−36082	3318	8147	A,S
Eastern Asia	19119	16245	2240	487	148	A,S
Europe	192881	307856	41984	−78796	−77163	D,S
Southern Asia	−1034	2080	−2151	−7444	6482	D,N
Western Asia	−222	20334	1010	−267036	245470	D,N
Total	337780	497541	2066	−340910	179086	D,N
Jordan						
Africa	55634	6111	−2538	354134	−302073	A,N
Americas	−8340	20348	−5277	−94289	70878	D,N
Eastern Asia	−1264	11627	1603	−31626	17132	D,N
Europe	79044	87645	11952	−74698	54145	D,N
Southern Asia	6484	8290	−8575	26742	−19972	A,N
Western Asia	738342	878590	43628	−107246	−76630	D,S
Total	869900	1012611	40793	73017	−256520	A,N
Syria						
Africa	1854	12921	−5366	−9685	3983	D,N
Americas	6512	3945	−1036	39375	−35785	A,N
Eastern Asia	812	2323	320	−10561	8729	D,N
Europe	106724	79978	10907	33309	−17469	A,N
Southern Asia	−13180	74151	−76709	−2477	−8145	D,S
Western Asia	339317	361335	17946	−29922	−10038	D,S
Total	442039	534653	−53928	20039	−58725	A,N

Source: Statistical Year, 40th Issue, United Nations, Department for Economic and Social Information and Policy Analysis, Statistical Division, 1993.
[a] See Appendix A for the name of countries in each region.

Comparing the actual growth with the area-wide effect shows that Egypt did better than its expected market share in terms of attracting tourists from Eastern Asia. Also, the other three effects are all positive. The code of A,S indicates that Egypt has a competitive advantage in attracting tourists from Eastern Asia, furthermore it is also specialized in that region. Results of the analysis for the Americas shows that the actual growth of tourism from that region to Egypt was lower than its expected share. The explanation for this is shown by the negative region-mix effect, which basically indicates the growth in tourism from the Americas to the area was slower than the overall growth. The code of A,S for the Americas, however, shows that Egypt enjoys a competitive advantage over the other countries in the area in terms of attracting tourists from the Americas, and also that Egypt has specialization in the Americas region.

The Southern Asia region contribution to Egypt's tourism was not very significant with actual growth of only 4,510. The Africa region, however, is of particular interest, partly because of the fact the Egypt is located in Africa, but more importantly due to the results. Table 3 shows that the actual growth in tourist arrivals from Africa was a negative 710. This value compares with the area-wide effect of 87,585 which is Egypt's expected share from the Africa, indicates a major problem which needs to be addressed by the policy makers in Egypt. It appears that Egypt completely neglected the Africa region.

Implications

The results of this study have some significant policy implications to Middle Eastern decision makers trusted with the formulation and implementation of tourism strategies for their countries and area. Based on the results of this study, the following policies and the action plans are advanced.

Policy 1: Preparation for Growth

Create an environment which is conducive to tourism.

ACTION PLANS REQUIRED:

A. Invest in educating and training tourism related human resources.
B. Invest in improving tourism related infrastructure.
C. Invest in increasing the quality and efficiency of tourism related governmental agencies.
D. Encourage tourism related investments by the private sector.
E. Invest in tourism related information and planning systems.
F. Integrate tourism related strategies with other economic strategies to ensure internal consistency.

Policy 2: Promote Tourism

Communicate the competitive advantage of the country to current and potential markets.

ACTION PLANS REQUIRED:

A. Invest in marketing research which is targeted toward understanding the profile of existing and potential customers.
B. Invest in coordinated and targeted promotion strategies and activities.
C. Invest in benchmarking competitors (competitive benchmarking) and other successful tourism efforts (external benchmarking).

Policy 3: Area-Wide Joint Ventures

Work with other countries in the area to jointly promote tourism to the area.

ACTION PLAN REQUIRED:

A. Invest in joint area-wide promotion activities.
B. Invest in joint area-wide planning activities and systems.
C. Invest in promoting area-wide political stability.

It is to be noted that these policies and their associated action plans are not mutually exclusive. For example, the area-wide joint ventures policy is designed to increase tourist flow to the benchmark (Area). While the tourism promotion policy is designed to promote the competitive advantage of a given country. In this context, both of these policies may lead to an increase in tourist flow to a given country. Therefore, whether the growth in tourism for a given country is due to the Area-Wide-Effect, or the competitive advantage, the growth policy would be required. While these policies are not mutually exclusive, the tourism promotion and growth policies should take precedent over the joint ventures policy, as their potential benefits are greater to a given country.

Conclusions

For Middle Eastern countries, the road to economic growth and prosperity is not without serious challenges. However, tremendous opportunities also exist for these countries. These countries can and should capitalize on their rich history and tradition to ensure a bright economic future. Tourism, as a part of a systematic economic growth strategy, has the potential to contribute significantly to the social and economic aspirations of these countries. However, for this potential to be achieved policy makers in these countries must carefully and systematically craft tourism policies which promote employment and economic growth. Toward that end, this study offers an analytical approach which can be used by decision makers to understand the role of the competitive advantage and specialization in tourism. This approach should not be viewed in isolation, rather it should be utilized within the context of a well coordinated overall tourism strategy. In this context, the technique proposed here is only a building block. It is a diagnostic tool which offers a snapshot of the performance of the tourism strategy in a given time frame. Therefore, it should be used as part of an on-going continuous performance improvement tourism strategy. The usefulness of this technique is somewhat limited, as it is not designed to recommend the optimal competing group (benchmark), nor is it able to forecast the future. While the approach presented in this study has its limitations, the analysis, findings, and implications presented are both feasible and useful toward formulating a systematic tourism strategy.

The technique proposed here allows policy makers in a given country to assess their competitiveness against others in the competing group. This is particularly useful when it comes to deciding how to allocate tourism promotion resources and how to measure the return on these resources. Toward that end, a modification of the methodology presented here, where revenues generated from tourism rather than tourist flow may be useful. Overall, the approach advanced in this study forces policy makers to approach their tourism efforts systematically and strategically. In this context, this approach has broad utility and applicability, as it can be easily applied to other countries, competing groups and regions of the world.

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Appendix A. Countries in Each Region

AFRICA
Northern Africa
Algeria
Egypt
Libyan Arab. Jamahiriya
Morocco
Sudan
Tunisia
Western Sahara
Sub-Saharan Africa
British Indian Ocean Territory
Burundi
Comoros
Djibouti
Ethiopia
Kenya
Madagascar
Malawi
Mauritius
Mozambique
Reunion
Rwanda
Seychelles
Somalia
Uganda
United Republic of Tanzania
Zambia
Zimbabwe
Middle Africa
Angola
Cameroon
Central African Republic
Chad
Congo
Equatorial Guinea
Gabon
Sao Tome and Principe
Zaire
Southern Africa
Botswana
Lesotho
Namibia
South Africa
Swaziland
Western Africa
Benin
Burkina Faso
Cape Verde
Côte d'Ivoire
Gambia
Ghana
Guinea
Guinea-Bissau
Liberia
Mali
Mauritania
Niger
Nigeria
St. Helena
Senegal
Sierra Leone
Togo

AMERICAS
Northern America
Bermuda
Canada
Greenland
St. Pierre and Miquelon
United States of America
Latin America and Caribbean
Anguilla
Antigua and Barbuda
Aruba
Bahamas
Barbados
British Virgin Islands
Cayman Islands
Cuba
Dominica
Dominican Republic
Grenada
Guadeloupe
Haiti
Jamaica
Martinique
Montserrat
Netherlands Antilles
Puerto Rico
St. Kitts and Nevis
St. Lucia
St. Vincent/Grenadines
Trinidad and Tobago
Turks and Caicos Islands
U.S. Virgin Islands
Central America
Belize
Costa Rica
El Salvador
Guatemala
Honduras
Mexico
Nicaragua
Panama
South America
Argentina
Bolivia
Brazil
Chile
Colombia
Equador
Falkland Islands (Malvinas)
French Guiana
Guyana
Paraguay
Peru
Suriname
Uruguay
Venezuela

ASIA
Eastern Asia
China
Hong Kong
Japan
Korea Democratic People's Republic
Korea Republic of
Macau
Mongolia
Southeastern Asia
Brunei Darussalam
Cambodia
East Timor
Indonesia
Lao People's Democratic Republic
Malaysia
Myanmar
Philippines
Singapore
Thailand
Viet Nam
Southern Asia
Afghanistan
Bangladesh
Bhutan
India
Iran (Islamic Republic of)
Maldives
Nepal
Pakistan
Sri Lanka
Western Asia
Armenia
Azerbaijan
Bahrain
Cyprus
Georgia
Gaza Strip (Palestine)
Iraq
Israel
Jordan
Kuwait
Lebanon
Oman
Qatar
Saudi Arabia
Syrian Arab Republic
Turkey
United Arab Emirates
Yemen

EUROPE
Eastern Europe
Belarus
Bulgaria
Czech Republic
Germany (former German Democratic Republic)
Hungary
Poland
Republic of Maldova
Romania
Russian Federation
Slovakia
Ukraine
Western Europe
Austria
Belgium
France
Germany (Federal Republic of Germany)
Liechtenstein
Luxembourg
Monaco
Netherlands
Switzerlands
Northern Europe
Channel Islands
Denmark
Estonia
Faeroe Islands
Finland
Iceland
Ireland
Isle of Man
Latvia
Lithuania
Norway
Svalbard and Jan Mayen Islands
Sweden
United Kingdom
Southern Europe
Albania
Andorra
Bosnia and Herzegovina
Croatia
Gibraltar
Greece
Holy See
Italy
Malta
Portugal
San Marino
Slovenia
Spain
The Former Yougoslav Rep. of Macedonia
Yugoslavia