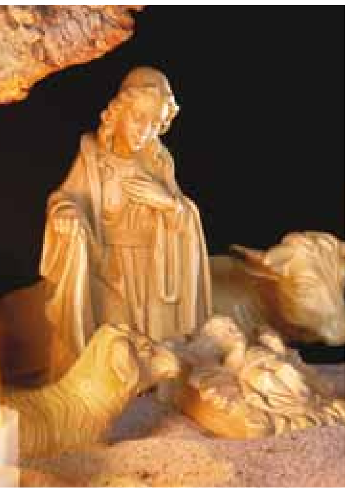
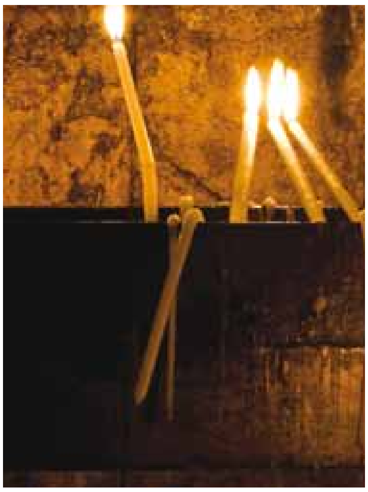
DESTINATION PALESTINE
2010 OVERVIEW



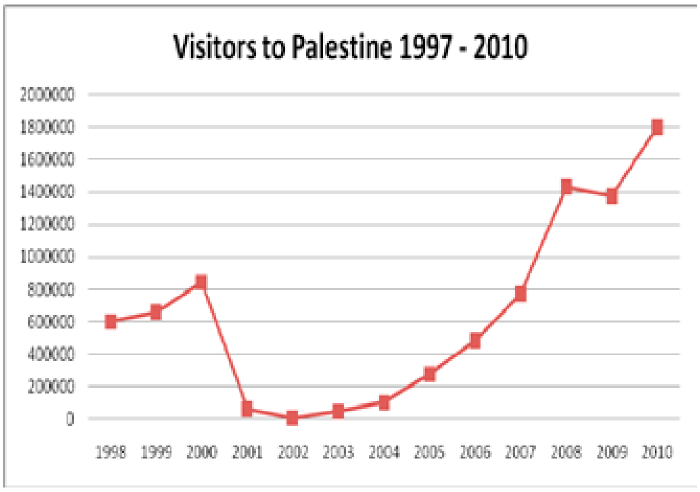


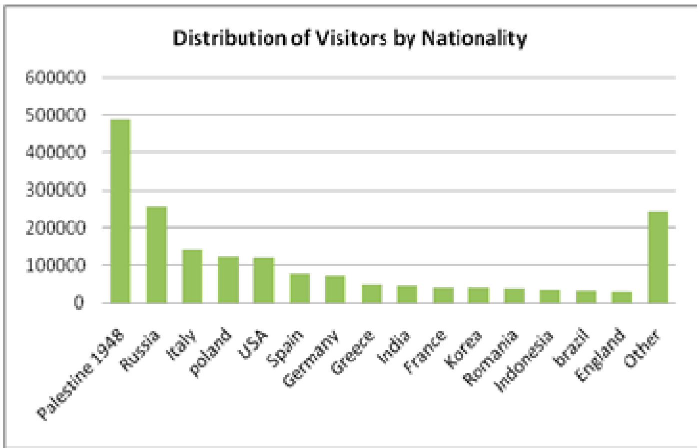
Palestine

MINISTRY OF TOURISM & ANTIQUITIES

DESTINATION PALESTINE 2010 OVERVIEW

For another consecutive year in a row, the tourism industry has continued to show full signs of recovery and growth. The number of foreign visitors to Palestine reach a record high with around 2 million foreign tourists visiting Palestine. Overnight stays in Palestinian hotels increased by 40% in 2010 with a record high around 1,400,000 (up from 1,000,000 overnight stays in 2009).





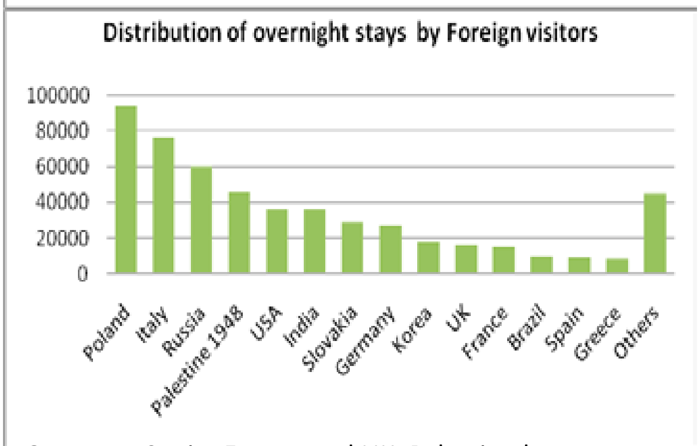


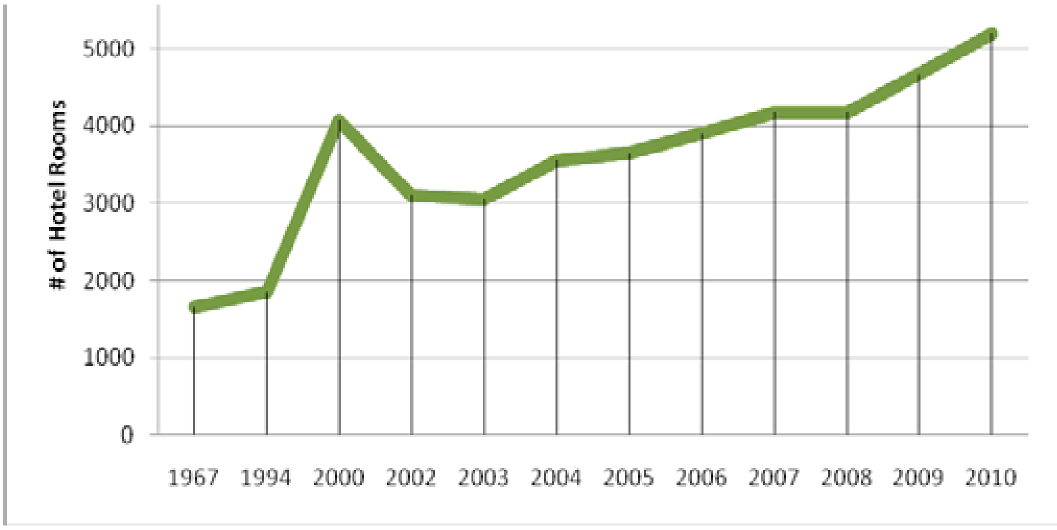
Figure 1 illustrates this steady recovery of visitor flow to both Palestine & Israel. In Palestine's case, this recovery began around 2005 and steadily continued reaching a record 2 million visitors in 2010. Overnight by foreign visitors increased by 51%. This growth and raise in visitors demand is being met with a constant increase and upgrade of the tourism infrastructure. New hotels, restaurants, and cultural centers, museums and resorts are opening up across the West Bank and East Jerusalem.

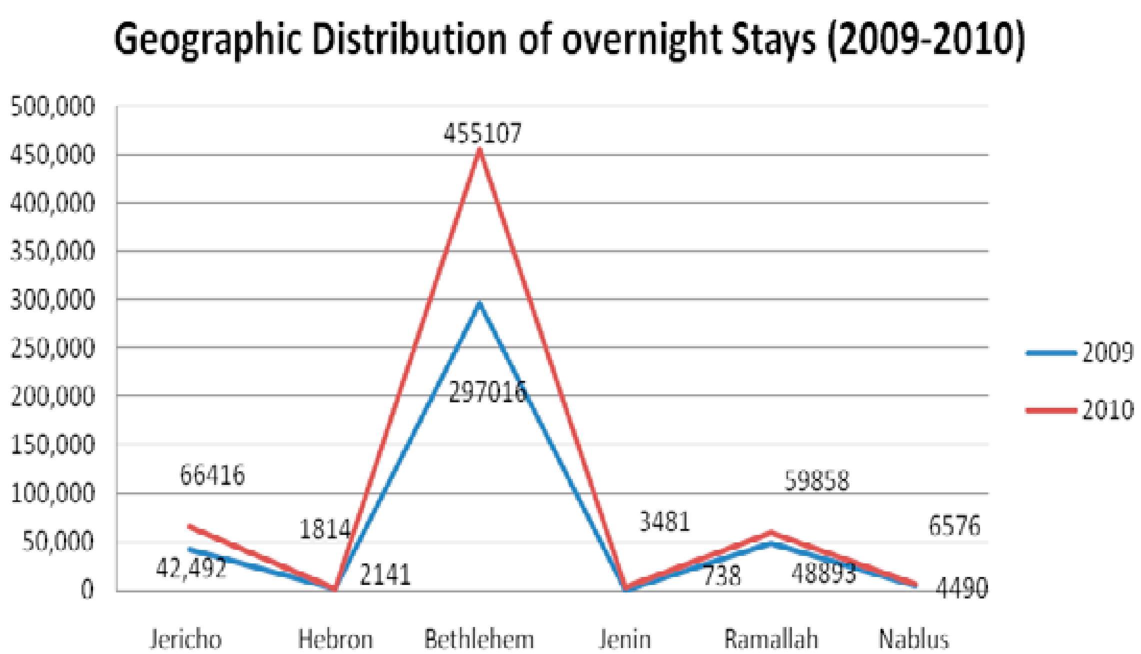
Russia, Italy and Poland were the top three source destination for foreign visitors to Palestine.

In addition to the other traditional markets such as Germany, Spain, France and UK, Palestine has seen an increase in visitors from new markets such as Indonesia, India and Brazil. In terms of overnight stays by foreign visitors, Poland, Russia and Italy top the list again.

Both the public and private sector are investing millions in developing, restoring and upgrading the industry. The overall tourism offer in Palestine has diversified and expanded its offering. Between 2000-2009 the private sector re-invested close to USD 300 million into the sector. Hotel were upgraded, new hotels opened and continue to open. Recreational parks and resorts, restaurants, cultural centers, new transportation fleet were all among the key investment over the past 5 years.

The growth is the accommodation sector is a clear indicator of this recovery and investment/re-investment into the sector. Today, there are just over 5,200 rooms spread across the country (nearly 35% higher than in 2007).
There are also several new hotels under various stages of planning and development with a combined additional 1,500 rooms. The overall goal of the industry is to double the number of rooms to around 10,000 in the next 7-10 years.





All of the main governorats showed increasing numbers in overnight visitors with Bethlehem reaching a record high 455,107 overnight stays. Overnights in jericho also increased by 56% with 66,416 overnght stays by october 2010.

NATIONAL TOURISM STRATEGY

For Palestine to successfully compete and get its share of regional tourism arrivals, we need to diversify our tourism offerings and promote the richness in cultural, historical and natural resources. While religious tourism will remain the backbone of our tourism offer, there is a clear and identified need to develop and diversify our offer to be able to attract more regional visitors to spend more time and money in Palestine. More importantly, Palestine needs to promote itself as an independent destination that is not only an integral part of any visit to the Holy Land, but also to the region at large.

This shift in strategic focus will not be easy, as Palestine is faced with numerous challenges and threats that continue to hinder efforts to develop a sustainable tourism industry. The Occupation, with all its facets, is the biggest obstacle. The restrictions on movement and access (on both tourists and Palestinian service providers) make managing tourist flow and developing themed routes very difficult. Israel's refusal to allow Palestinians to renovate, restore and manage key sites located in Areas C, such as Sebastiya, the Jordan Valley, and the coast of the Dead Sea hinder our abilities to develop a comprehensive tourism offer, and the overall lack of control over borders and points of entry makes managing and developing a tourism sector extremely challenging.

In terms of developing the overall tourism offer, the Ministry of Tourism has been actively renovating and restoring key sites such as Hisham's Palace and Tell Al-Sultan in Jericho. Tell Balata site development is also underway and includes developing paths, a small museum, and an information centre to cater to visitors. Several new museums are also being developed, including the Samaritan Museum in cooperation with UNESCO, Dura near Hebron, Al-Bad in Bethlehem, and the Al Riwaya Museum in Bethlehem's Peace Center.

Together with other stakeholders, we are also developing alternative tourism through creating experiential programs and non-traditional itineraries. There is a strong focus on developing alternative tourism to Palestine since it is the perfect platform to showcase Palestine's diverse range of religious, historical, cultural and natural sites. Biking, hiking, and birdwatching activities are only a few of the initiatives underway. Cultural celebrations are another key component of enriching the visitor experience. Across Palestine, there are regular cultural festivals that attract both local and international visitors. From the olive harvest and the Taybeh Oktoberfest to the Sebastiya Festival, the Artas Lettuce festival and the Christmas activities in Bethlehem, we are working to promote and integrate these activities and festivals into the overall visitor experience.

VISION: *"To strengthen the Tourism industry's brand leadership position and to promote the national image of Palestine as a safe, hospitable, independent destination, rich in religious, cultural, historical and natural resources"*

OBJECTIVES: The overarching goal of the tourism cluster strategy is to develop and strengthen the economic value-added achieved through tourism.

- To increase the length of stay of visitors
- To increase the number of visitors to Palestine
- To increase visitors in off seasons
- To diversify the types of visitors to Palestine
- To increase per capita tourism expenditures
- To reduce the level of leakage along the value chain

STRATEGIC APPROACH:

- Building on our Comparative Advantage ...the Pilgrimage market
- Developing our competitive edge and gradually integrating into the regional Tourism offer
- Diversifying & repackaging the tourism offer
- Target new / existing niche markets from new / existing source markets

IDENTIFIED REGIONAL TRAVELER SEGMENT:

While Christian pilgrimage will remain the core of Palestine's tourism offer, the industry has identified the following other segments as potential opportunities to target.

- Religious Pilgrimage (Christian & Muslim)
- Cultural Heritage Tourism
- Eco-tourism
- Business Tourism
- Domestic Tourism
- Palestinian Diaspora
- Alternative / Solidarity Tourism
- Foreign Individual Travelers

STRATEGIC PILLARS:

PILLAR 1: PRODUCT / OFFER DEVELOPMENT:

A key component of Palestine's tourism strategy is to further develop and enhance the overall tourism offer. From developing supporting infrastructure in the main cities to renovating and restoring key sites that can add to the diversification and range of the overall offer, the Ministry of Tourism & Antiquities in close coordination with the private sector is gradually implementing development initiatives in key areas across the West Bank.

Palestine possesses an abundance of sites of antiquity, the majority of which have yet to be excavated, as well as historic buildings of major historic importance. The Department of Antiquities and Cultural Heritage at the

Ministry of Tourism and Antiquities has identified around 1994 main archeological sites (Khirbeh, Tell, Old Town), nearly 10,000 archeological features (caves, churches, Maqams, Monasteries etc…) more than 60,000 traditional buildings and a total of 520 excavated sites throughout the West Bank and Gaza.

On the private sector level, the strategy calls for proactive private sector involvement and investment in building and upgrading the services facilities. In the accommodation sector alone, the goal is more than double the current # of rooms to reach 10,000 within the next 5-7 years. In addition to hotels, there is a demand to develop recreational resort and parks (to cater primarily for the local market) in addition to restaurants, cultural centers, museums, transportation and the like.

PILLAR II: POLICY REFORM & INDUSTRY REGULATIONS:

At the Policy making and Regulatory levels, there are various public / private / Civil initiatives underway. One of the main activities is the ongoing work to establish the Palestine Tourism Board in the form of a public/private partnership which will lead the marketing and promotion of destination Palestine. Licensing and hotel classifications are among the other areas where the public & private sector are collaborating.

PILLAR III: PRIVATE SECTOR SUPPORT & CAPACITY BUILDING:

Ensuring a healthy and vibrant private sector is key to the national economic strategy. The private sector resilience has been evident throughout the year as they have carried the industry throughout the period before 1994. Strengthening the private sector institutions (especially those in East Jerusalem) is a key component of the national strategy. From providing technical assistance and organizational development, the private sector has been working to strengthen their institutional capacity to be better service clients membership base in specific the wider sector in general.

Training and upgrading the human resource capacity is also a key area of focus. As a service oriented industry, tourism relies heavily on providing high quality services to visitors. There are multiple capacity building and training program underway and in planning to train and upgrade the capacities of the tourism workforce (public, private & civil) across the value chain.

PILLAR IV: MARKETING & PROMOTION: PALESTINE AS A TOURISM DESTINATION:

Until the Palestine Tourism Board is established, it is the Ministry of Tourism & Antiquities (in close cooperation with the private sector) that is taking the lead in Palestine's destination marketing and promotion. A comprehensive and integrated marketing and communication plan is being developed together with the private sector and key stakeholders. The strategy includes positioning Palestine as a viable and attractive tourism destination that is rich in religious, cultural, historical and natural treasures.

A diverse mix of activities are underway and planned for the coming year including participation in key international exhibition, hosting of familiarization tours (travel agents, religious leaders and media). Online marketing and promotion is another key component of the mix.

There are also several campaigns that are being prepared such as the Jericho 10,000 celebrations, the Dead Sea nomination to the 7 Wonders of Nature, as well as many cultural and musical festivals throughout the year.

Palestine

Ministry of Tourism and Antiquities

www.travelpalestine.ps