

Annexes: Selected Issues

Annex 1. Tourism Sector Developments and Challenges in Brunei⁵⁴

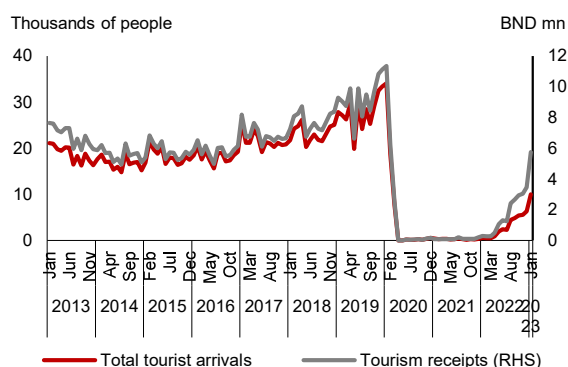
Introduction

1. **Brunei’s tourism sector holds promise not only in drawing a greater number of foreign visitors, but also fostering the development of related industries, job creation, while showcasing the country’s rich cultural and natural heritage.** The industry has been stipulated as one of the five priority sectors under the Wawasan Brunei 2035—the national development plan that aims to reduce the reliance on the O&G sector. This Selected Issue discusses the recent developments in Brunei’s tourism sector, offers some cross-country comparisons, identifies the key challenges, and provides some policy suggestions.

Recent Developments

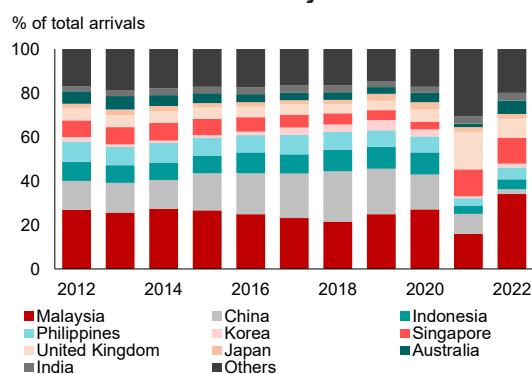
2. **Brunei’s tourist arrivals achieved record highs leading up to the COVID-19 pandemic.** In 2019, total international arrivals peaked at 333,244, representing a growth of nearly 20 percent (Figure A1.1). Most arrivals were from Malaysia, accounting for 24.9 percent of total arrivals, followed by China (20.7 percent), and Indonesia (10.1 percent) (Figure A1.2). In tandem, tourism receipts rose by around 20 percent to BND111 million in 2019 (Figure A1.1). Key factors contributing to the jump in 2019 tourist arrivals were an improvement in air connectivity from Far East markets (i.e., China, Hong Kong, Korea, Japan), and rising travel demand from ASEAN, Europe and Far East markets (Ministry of Primary Resources and Tourism, 2019).

Figure A1.1. Tourist Arrivals and Tourism Receipts



Source: Ministry of Primary Resources and Tourism (MPRT)

Figure A1.2. Share of Tourist Arrivals to by Country



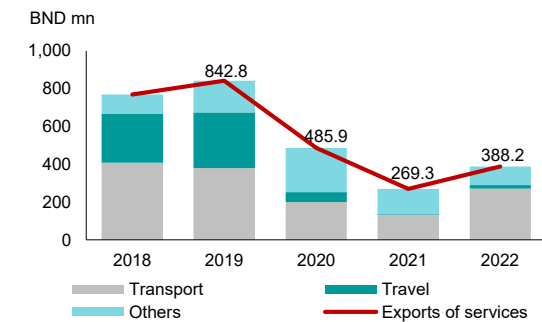
Source: MPRT; AMRO staff calculations

3. **With the onset of the COVID-19 pandemic, Brunei’s tourism sector was disproportionately affected, as widespread travel restrictions and border closures disrupted hospitality services.** The country closed its borders due to the first wave of COVID-19 in March 2020 and only fully reopened its economy in August 2022. While borders were closed, Brunei’s exports of services fell sharply, as travel and transport services receipts fell to BND252.3 million in 2020 and BND135.9 million in 2021, from BND674.6 million in 2019 (Figure A1.3). The collapse in the travel and tourism industry resulted in high job losses, with sectoral employment contracting by 22.1 percent (yoy) in 2020, while the sector’s value-added also declined markedly by 43.8 percent during the same period (Figure A1.4). The headwinds

⁵⁴ Prepared by Vanne Khut, Economist.

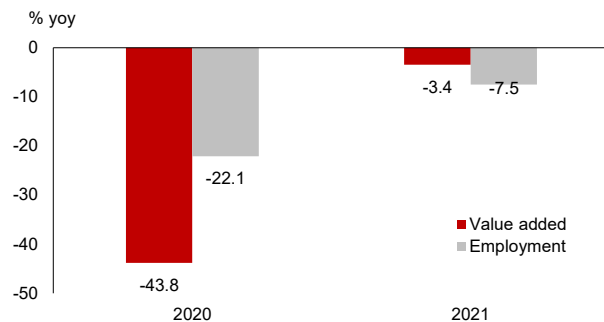
continued in 2021 amid a second wave of infections, driven by the Delta variant, resulting in a partial lockdown from 7 August to 3 October 2021 (Figure A1.4).

Figure A1.3. Exports of Services



Source: DEPS; AMRO staff calculations

Figure A1.4. Changes in Value-added and Employment in the Travel and Tourism Industry

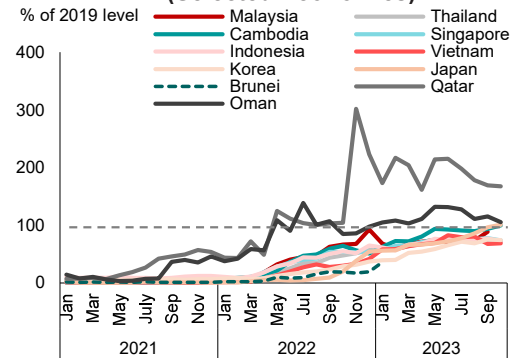


Source: World Travel and Tourism Council (WTTC); AMRO staff calculations

Note: The data are compiled from 2023 WTTC report for Brunei.

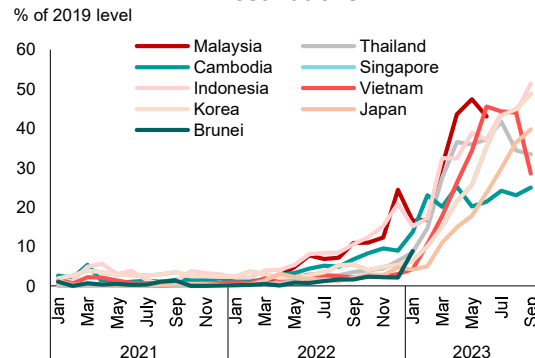
4. While the latest rebound in the number of foreign visitors to the Sultanate is encouraging, the recovery of the tourism industry appears to be lagging behind that of other regional peers. According to the MPRT’s estimates/targets, the number of tourist arrivals are likely to reach 53,850 in 2023 and 362,596 in 2024—slightly higher than the pre-pandemic level (333,244 in 2019). However, the latest data indicate that the country’s tourist arrivals reached 35.9 percent of the pre-pandemic level, lagging far behind other peer countries (Figure A1.5). A notable development is the absence of a strong recovery in Chinese visitors—an important market for most regional economies, including Brunei (Figure A1.6). In 2019, Chinese visitors ranked second in the total arrivals in Brunei. However, on 1 July 2023, Brunei welcomed the first Chinese tourist group of 110 visitors in three years since the pandemic.⁵⁵

Figure A1.5. Monthly Tourist Arrivals (Selected Economies)



Source: National authorities; AMRO staff calculations

Figure A1.6. Chinese Tourists to Select ASEAN+3 Destinations



Source: National authorities; AMRO staff calculations

Key Structural Challenges

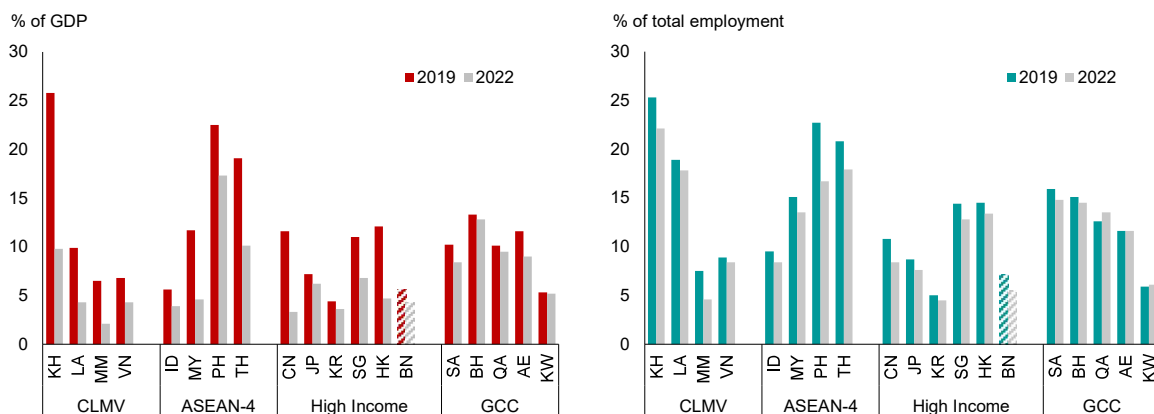
Domestic Challenges

5. Until recently, the dominance of the hydrocarbon sector has led to limited diversification into other industries, including tourism. Brunei’s O&G value added accounted for nearly half of the country’s GDP in 2022. Moreover, revenue from the energy sector, making up 87.1 percent of government revenue in FY2022, has traditionally played a dominant role in national income, potentially leading to less emphasis on developing

⁵⁵ Source: [Xinhua](#)

alternative sectors like tourism, until recently. As a result, the country’s travel and tourism industry continues to make a small contribution to GDP and employment. According to the World Travel and Tourism Council, the tourism and travel sector constituted 5.6 percent and 7.1 percent of Brunei’s total value-added and employment, respectively, in 2019 (Figure A1.7). When compared to many countries in the ASEAN+3 and GCC regions, the share of Brunei’s travel and tourism industry remains relatively modest.

Figure A1.7. Travel and Tourism: Share of GDP and Employment (Selected Economies)
Share of GDP Share of Employment



Source: WTTC
 Note: The data were manually keyed in from 2023 WTTC report of each individual country, in which the data are only available in 2019 and 2022. Long time series data are available on the TCdata360 database by World Bank, but with some discrepancies relative to those in the latest published reports and are therefore not used. AE = United Arab Emirates; BH = Bahrain; BN = Brunei Darussalam; CN = China; HK = Hong Kong, China; ID = Indonesia; JP = Japan; KH = Cambodia; KR = Korea; KW = Kuwait; LA = Lao PDR; MM = Myanmar; MY = Malaysia; PH = The Philippines; QA = Qatar; SA = Saudi Arabia; SG = Singapore; TH = Thailand; VN = Vietnam

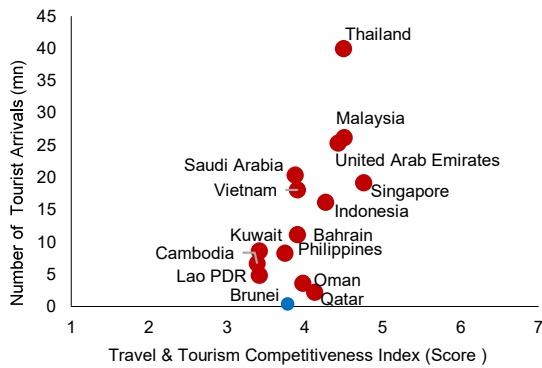
6. Limited tourism infrastructure continues to constrain the development of Brunei’s tourism sector. The importance of both hard and soft tourism infrastructure for fostering growth in the tourism sector has been well-documented in both academic literature and industry reports, which is a key contributor to the sector’s competitiveness (Yan and others, 2022; Chan and others, 2022; Seetanah and Khadaroo, 2023). According to the Travel and Tourism Competitiveness Index 2019, Brunei scores 3.8 (out of 7.0; 7.0 being the highest), or ranks 72nd out of 136 economies, in terms of its overall level of travel and tourism competitiveness. At this level of competitiveness, Brunei trails behind most of its ASEAN peers, as well as those GCC countries with similar income levels, which have managed to attract a relatively higher number of tourist arrivals (Figure A1.8). The insufficiency of hard infrastructure (for example, air transport connectivity, ground infrastructure (such as a public transportation network), and tourist service infrastructure (such as accommodation and car rentals)) is reflected in the lower comparative ranking of Brunei (Figure A1.9).⁵⁶ Regarding soft infrastructure, Brunei is also trailing behind regional peers in terms of human resources and labor market conditions, reflecting challenges in attracting and retaining talents in the sector (Figure A1.10).

7. While Brunei places an emphasis on preserving its cultural/religious and environmental heritage, which is generally positive, there may be challenges or drawbacks for the development of the tourism sector. Brunei’s cautious approach to tourism development mitigates the negative impact on the country’s cultural heritage, religious values, and natural environment. However, it could potentially limit the scale of tourism

⁵⁶ The number of registered taxis and public buses in Brunei remains extremely low, having reached only 223 and 143 in 2022, respectively, as the country’s most preferred mode of transport is private cars. These may not be sufficient to meet foreign visitors’ transport demand. As for port infrastructure, Brunei’s port facilities are mainly to cater to industrial activities, which are therefore less suitable for cruise ships (Oxford Business Group, 2015).

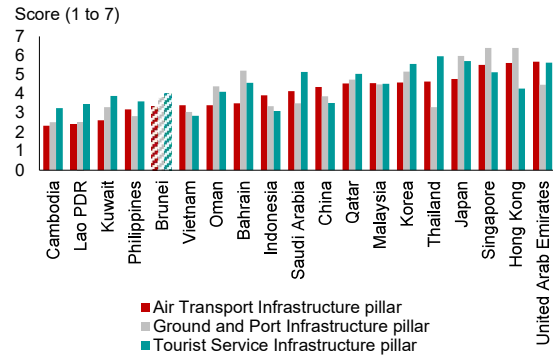
activities.⁵⁷ Showcasing Brunei’s rich cultural/religious heritage would appeal to certain niche markets, but the availability of guided tours and interpretive materials remain a challenge and ought to be addressed (Sim & Abdullah, 2023).

Figure A1.8. Travel and Tourism Competitiveness Index (TTCI) vs. Number of Tourist Arrivals (Selected Economies)



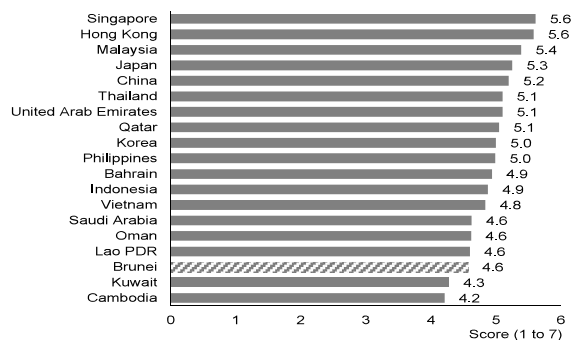
Source: World Economic Forum (WEF) via TCdata360
Note: The travel and tourism competitiveness score is from 1 to 7; 7 being the highest. The latest TTCI is 2019. The TTCI comprises 14 pillars,⁵⁸ calculated using data derived from the Executive Opinion Survey and quantitative data from other sources. Seven is the best score. Brunei data are not available in the Travel and Tourism Development Index (2021), and therefore the TTCI 2019 is used for the analysis and cross-country comparison. To avoid distortion, the data point used for the number of arrivals is 2019.

Figure A1.9. Infrastructure Subindex of the TTCI by Type (Selected Economies)



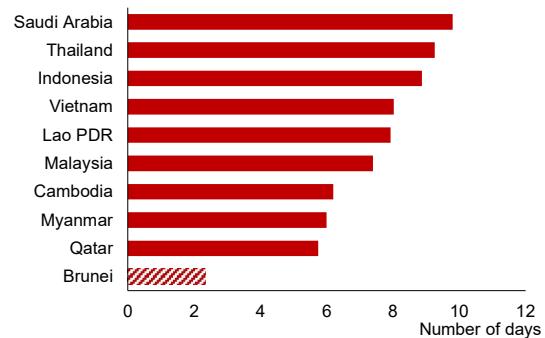
Source: WEF via TCdata360
Note: The infrastructure subindex score is from 1 to 7; 7 being the highest. The latest TTCI is 2019. Seven is the best score. Brunei data are not available in the Travel and Tourism Development Index (2021), and therefore the TTCI 2019 is used for the analysis and cross-country comparison. To avoid distortion, the data point used for the number of arrivals is 2019.

Figure A1.10. Human Resources and Labor Market Pillar under TTCI (Selected Economies)



Source: WEF via TCdata360
Note: The latest TTCI is 2019. Brunei data are not available in the Travel and Tourism Development Index (2021), and therefore the TTCI 2019 is used for the analysis and cross-country comparison.

Figure A1.11. Tourist Arrivals’ Average Length of Stay (Selected Economies)



Source: National authorities
Note: Average length of stay for Qatar is the simple average of length of stay in hotels, hotel apartments and standard apartments.

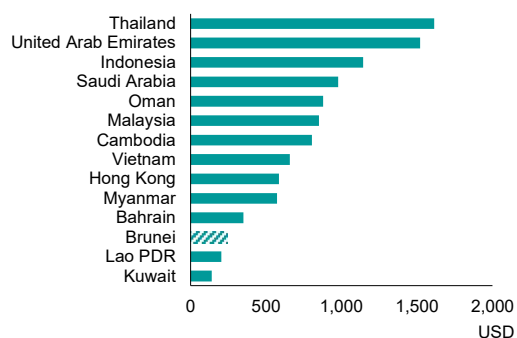
8. Inadequate tourism products, marketing, and promotion also present hurdles for the sector’s growth. As compared to ASEAN peers, Brunei has a limited number of tourist attractions including entertainment establishments (such as amusement parks, sporting arena). This, combined with limited tourism marketing efforts (Sim & Abdullah, 2023), makes

⁵⁷ For instance, the public consumption of alcohols, including in restaurants, is strictly prohibited in Brunei (Source: [Blue Lotus Immigration Consulting Inc.](#)). However, in some other Gulf cities, the restrictions on alcohol consumption are less stringent. Dubai, in particular, has allowed the alcohol consumption for non-Muslim residents and foreign tourists in designated areas, including licensed hotels, restaurants, and bars (Source: [Exploring Emirates](#)), while also having removed the 30-percent municipality tax on alcohol sales as well as fees for personal alcohol licenses for consumption at home, in an effort to further attract foreign visitors and achieve its goal as the world’s most popular tourist destination (Collingridge, 2023) (Akinyi, 2023). In Qatar, alcoholic beverages can also be served at licensed bars, clubs, and restaurants inside hotels for non-Muslim residents and tourists, while non-Muslim residents are allowed to purchase alcohols for private consumption from a state-controlled distributor through a permit system (Doha Guides, 2023).

⁵⁸ The 14 pillars are 1) Business environment; 2) safety and security; 3) health and hygiene; 4) human resources and labor market; 5) ICT readiness; 6) prioritization of travel and tourism; 7) international openness; 8) price competitiveness; 9) environmental sustainability; 10) air transport infrastructure; 11) ground and port infrastructure; 12) tourist service infrastructure; 13) natural resources; and 14) cultural resources and business travel.

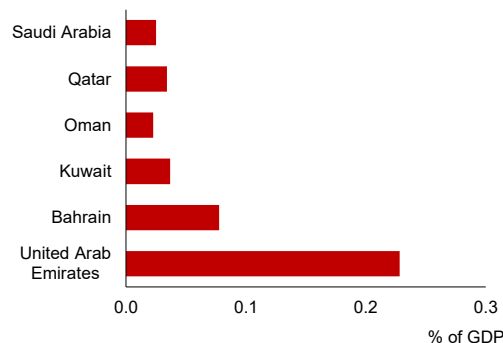
it more challenging for tourist attraction and retention. As a result, visitors have a short stay in Brunei of around two days on average and hence spend less, much lower compared to other countries in the region (Figures A1.11, A1.12). To develop the tourism sector, the Brunei government has budgeted around BND580,000 (equivalent to 0.003 percent of GDP) for FY2023.⁵⁹ Other countries with similar income levels, however, have spent more on the travel and tourism service, according to statistics from the World Travel and Tourism Council (WTTC) (Figure A1.13).

Figure A1.12. Tourism Receipts Per Tourist (Selected Economies, 2019)



Source: National authorities; The World Bank; AMRO staff calculations

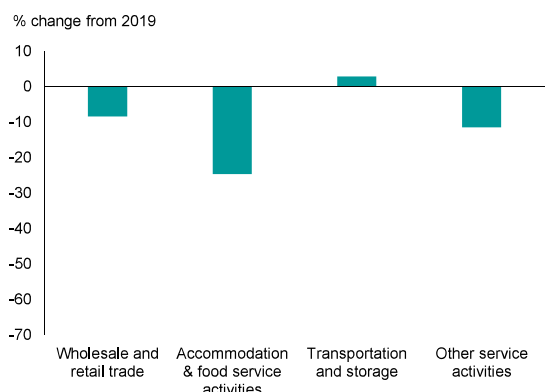
Figure A1.13. Government Spending on Travel and Tourism Service (GCC Countries, 2022)



Source: WTTC; IMF; AMRO staff calculations
Note: This WTTC data were extracted from the TCdata360 database by World Bank.

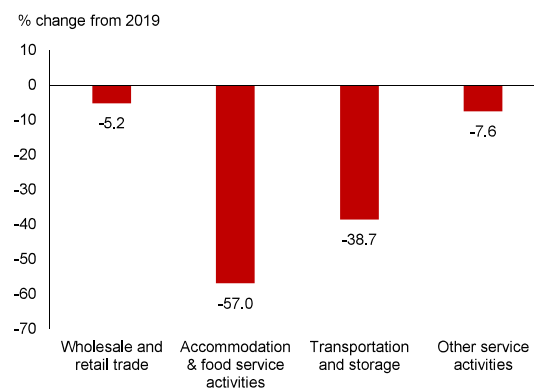
9. The pandemic further contributed to the shrinkage of the sector’s share in GDP and employment in 2022, underscoring the potential scarring effects from the COVID-19 pandemic. According to the WTTC, Brunei’s travel and tourism sector’s share to GDP and employment decreased to 4.2 percent and 5.5 percent, respectively (Figure A1.7). Even after the full reopening of borders of other countries, Brunei’s tourist arrivals have yet to reach pre-pandemic levels. Existing challenges in the industry, especially on the labor market front, could be amongst major contributors to this sluggish recovery. Across many regional economies, the full return of migrant workers has been slow to materialize, impeding the recovery of contact-intensive industries, such as tourism. The latest data suggest that non-local employment in tourism-related industries has yet to return to pre-pandemic levels (Figures 14, 15). However, it is encouraging to note that the authorities have been putting more efforts into facilitating the return of migrant workers.

Figure A1.14. Total Employment (Tourism-related Industries, 2022)



Source: DEPS; AMRO staff calculations

Figure A1.15. Non-local Employment (Tourism-related Industries, 2022)



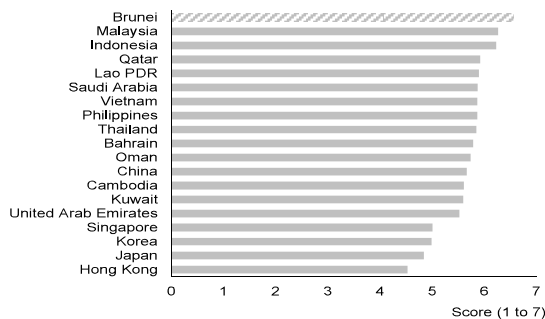
Source: DEPS; AMRO staff calculations

⁵⁹ Source: [The Scoop](#)

External Challenges

10. Global competition and the strength of the local currency can influence tourists' decision to visit the country. Brunei faces strong competition from neighboring countries that have aggressively developed their tourism sector, presenting a formidable challenge. This heightened competition is reflected in more varied and integrated tourism products and services, as well as more competitive pricing and packages to appeal to international visitors (Box A1.1). In terms of pricing, it is encouraging to note that Brunei remains competitive with respect to taxes on airfares, airport charges, hotel rates, and fuel prices, as reflected in its high score of the price competitiveness pillar under the TTCI 2019 (Figure A1.16). Moreover, the strength of Brunei's currency (vis-a-vis regional peers) can make the country more expensive for foreign tourists, weaken travel demand, and encourage more outbound than inbound travel (Figure A1.17).

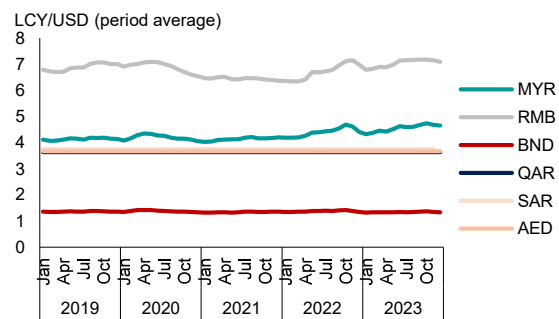
Figure A1.16. Price Competitiveness Pillar under TTCI 2019



Source: TTCI 2019 Database by WEF

Note: The price competitiveness score is from 1 to 7; 7 being the highest. Components of price competitiveness pillar are ticket taxes, airport charges, hotel price, purchasing power parity, fuel price, and short-term rental price (WEF, 2022).

Figure A1.17. Local Currencies Against U.S. Dollar (Selected Economies)



Source: National authorities

Note: MYR = Malaysian Ringgit, RMB = Chinese Yuan, BND = Brunei Dollar, QAR = Qatari Riyal, SAR = Saudi Arabian Riyal, AED = United Arab Emirates Dirham

Policy Suggestions

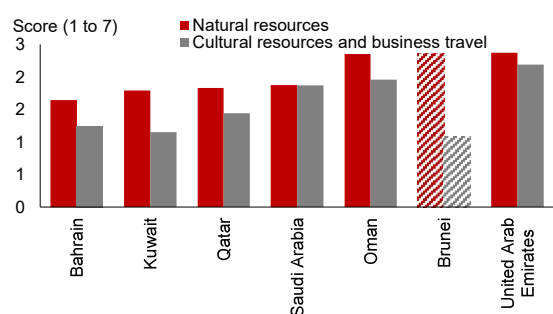
11. Further investment to improve hard and soft infrastructure is desirable to foster an enabling environment for the travel and tourism industry to grow. The government's recent initiative to conduct a survey to understand public transport needs is a step in the right direction.⁶⁰ With a good and reliable public transport system, tourists may find it easier to access tourist attractions across the country. The government is encouraged to improve its air connectivity, especially through establishing more direct and long-haul flights to attract tourists, especially from Europe and the US, who are generally perceived to be high value-added tourists with strong preference for eco-tourism and community-based tourism (CBT). The planned establishment of a new Brunei-based airline is a welcome initiative. The new airline is expected to help enhance Brunei's connectivity with several cities in China and the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA) region through direct flights⁶¹ and could potentially increase tourists from the region to Brunei in the near term. The upgrading of soft infrastructures such as equipping hotels and resorts with better facilities and internet connection would be desirable. Brunei can benefit from drawing lessons/experiences from the Gulf countries, which have developed their own valuable and unique tourism products; destination branding; and innovative tourism services to attract foreign visitors (Box A1.1).

⁶⁰ The authorities launched a series of surveys—open to the public from 20 December 2023 to 12 January 2024—to understand the need of public transportation to improve the current bus system (Source: [Borneo Bulletin](#)).

⁶¹ Source: [The Scoop](#)

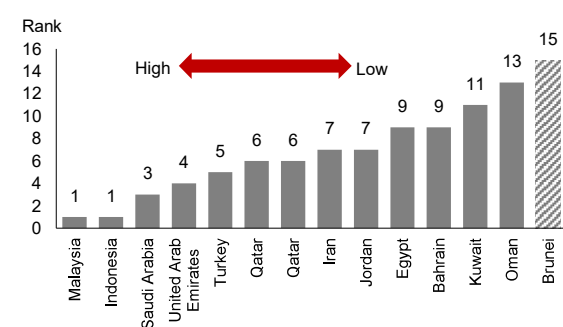
12. Given the competitive nature of global and regional mass tourism, and the tendency for the domestic currency to appreciate over time, establishing a key niche market for its tourism sector is key for sustainable tourism development in Brunei. The country can leverage its rich culture and biodiversity to develop potential niche areas for tourism activities (such as eco-tourism, CBT, and Islamic tourism). By focusing on these niche areas, Brunei can offer higher value-added product offerings, instead of competing with other regional peers in the mass tourism segment (Figure A1.18). The Sultanate has an abundance of pristine rainforest, covering roughly 70 percent of the country’s land area⁶² and is home to several dozen species which can only be found within its boundary.⁶³ Brunei can therefore capitalize on these natural endowments (such as Jerudong Park, Ulu Temburong National Park, and Mangrove Resort).⁶⁴ In addition, with plenty of non-urban communities, Brunei can enhance the development of its CBT. At present, there are over 30 CBT establishments in the country, operating as lodges, cultural centers, and homestays throughout the country (Noorashid & Chin, 2021). This, combined with eco-tourism, has the potential to attract more foreign visitors to the country, allowing local communities to benefit directly from such tourism activities.

Figure A1.18. Natural and Cultural Resources Travel Pillars under TCCI (Selected Economies)



Source: TCCI 2019 Database by WEF
Note: The natural and cultural resources travel score is from 1 to 7; 7 being the highest.

Figure A1.19. Global Muslim Travel Index (GMTI) (Selected Economies, 2023)



Source: GMTI 2023 by Crescent Rating

13. Another viable option to support growth in the travel and tourism industry is to enhance Brunei’s destination as the premier hub for Islamic tourism. Brunei fares well in the Global Muslim Travel Index (GMTI) 2023 by Crescent Rating, coming in 15th place out of 138 economies, but lags behind the GCC countries (Figure A1.19). Brunei has the potential to further develop its Islamic tourism, considering its strengths in key areas, including faith restrictions and prayer places—securing full mark, and Halal dining scoring around 90, according to the GMTI 2023 (Figure A1.20). At the same time, more efforts should be put into improving its weak areas indicated in the GMTI 2023 (Figure A1.21). Strengthening the Muslim-Friendly Tourism destination in Brunei could be done through further developing its Halal food industry, building more Muslim-friendly hotels and resorts, organizing more Muslim related events, among others, in response to the rapid growth of global Islamic tourism. This is reflected in the rapid growth of Muslim visitors globally, reaching 110 million in 2022, or equivalent to around 12 percent of all international arrivals (Crescent Rating, 2023). Muslim travelers are projected to rise to 140 million in 2023 and 230 million in 2028 with an estimated

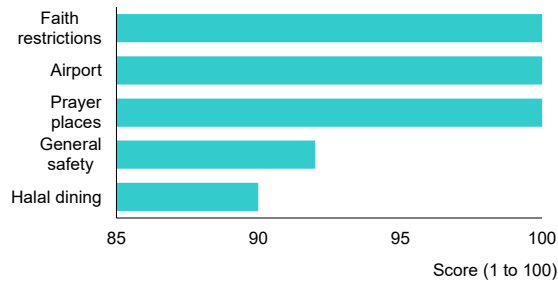
⁶² Source: CNN

⁶³ Source: Living National Treasures

⁶⁴ Brunei has been cooperating with Sundaland Resorts Pte Ltd (registered in Brunei as Mandai Global Pte Ltd)⁶⁴ to establish a luxury resort at Ulu Temburong National Park, to be managed by an international hotel chain (Source: Borneo Bulletin). A separate PPP contract to build a luxury restaurant—estimated at BND45 million on a 48-acre area in Bukit Patoi Recreational Park, has been signed by the MPRT. A groundbreaking ceremony of the restaurant took place on 23 July 2022 (Source: BruDirect).

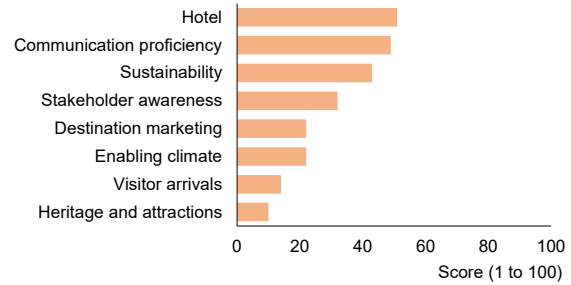
expenditure of roughly USD225 billion, offering the window of opportunity for Brunei to expand its Islamic tourism market.

Figure A1.20. Brunei: Strong Areas in GMTI (2023)



Source: GMTI 2023 by Crescent Rating
Note: 100 is the best score.

Figure A1.21. Brunei: Weak Areas in GMTI (2023)

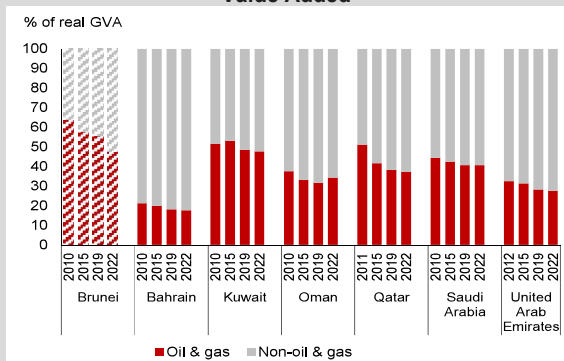


Source: GMTI 2023 by Crescent Rating
Note: 100 is the best score.

Box A1.1. Tourism Development Strategy: The Case of GCC Countries

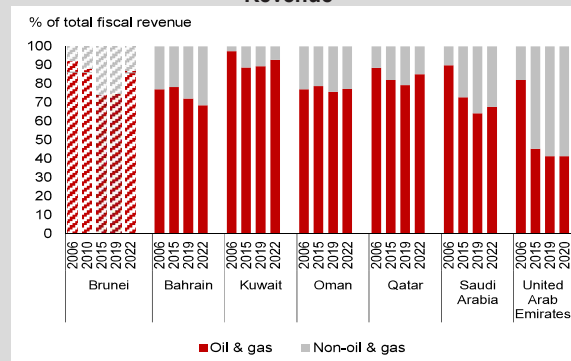
Economic diversification has been a priority in the Gulf countries' economic agenda to reduce their heavy reliance on the volatile hydrocarbon sector. Thus far, the region's economic diversification efforts have been paying off, as evidenced by the gradual reduction in the share of O&G output in both GDP and fiscal revenue (Figures A1.1.1, A1.1.2). Tourism is among key priority sectors⁶⁵ into which the Gulf countries have been trying to diversify, in order to transform its economic structure. According to WTTC report, the travel and tourism industry accounted for roughly 10 percent of the region's GDP, having generated around 3.46 million jobs or 13 percent of total in the year prior to the pandemic. This box looks at tourism development strategies implemented by select GCC countries, which could be beneficial for Brunei as a new entrant to the market.

Figure A1.1.1. Brunei vs. GCC Countries: Real Gross Value Added



Source: National authorities; AMRO staff calculations

Figure A1.1.2. Brunei vs. GCC Countries: Fiscal Revenue



Source: National authorities; AMRO staff calculations

United Arab Emirates (UAE)

As the most successful country in the Gulf region, the UAE has formulated its tourism development strategy focusing on the improvement of hard and soft infrastructure; entertainment and attractions; and hospitality. The UAE outperformed its regional peers—having attracted the highest number of arrivals (25.3 million in 2019), with Dubai ranked as the fourth most visited city in the world with approximately 15.93 million visitors in 2019 (Travelness, 2023) (Figure A1.6).⁶⁶ Part of the success is owing to the country's endeavors to build entertainment and tourist attractions, including iconic buildings; luxury hotels⁶⁷ and shopping malls; theme/ amusement parks;

⁶⁵ Key priority sectors include tourism, transport, financial services, petrochemicals, manufacturing, food, construction, and real estate sectors (Kasem & Alawin, 2019) (S&P Global Commodity Insights, 2021).

⁶⁶ Based on Euromonitor's Top 100 City Destinations Index 2023, Dubai is ranked second among the top 20 cities (Source: CNN).

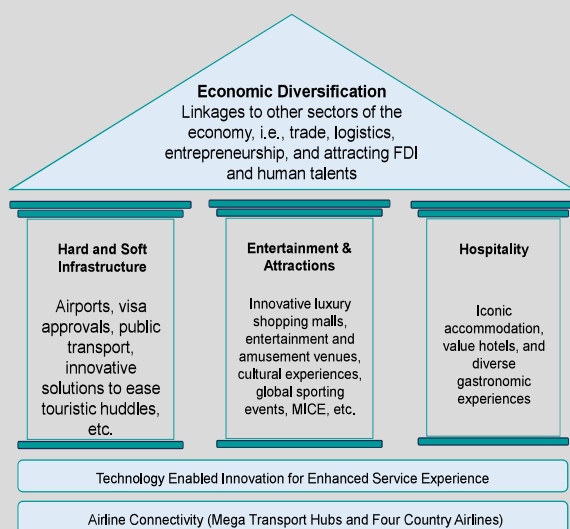
⁶⁷ According to the Global Five Star Index 2022, UAE's Abu Dhabi ranks 3rd with five-star hotels accounting for 28.43 percent of total hotels. (Source: LUXURYHOTEL)

international sports events; among others (Figure A1.1.5). In terms of hard infrastructure, the government has been investing considerably in developing modern and highly efficient international airports, while owning many international and budget airlines which offer extensive global access, convenient for tourists to visit the country (Mahate & Parahoo, 2023). The 900-km Etihad Railway—the country’s national rail network completed in March 2023—connects all seven emirates and helps facilitate domestic travels.⁶⁸ Facilitating entry visa and deploying innovative services to strengthen tourists’ experiences are commendable strategies to attract foreign tourists.⁶⁹ To turn the country into a leading tourism hub, the UAE launched multiple-entry tourist visas with 5-year validity in May 2021 for all nationalities to stay up to 90 days on each visit.⁷⁰ In November 2022, the UAE also launched its Tourism Strategy 2031, which includes 25 initiatives and policies to support its tourism sector development, with the aim of raising the sector’s GDP contribution to AED450 billion.⁷¹

Saudi Arabia

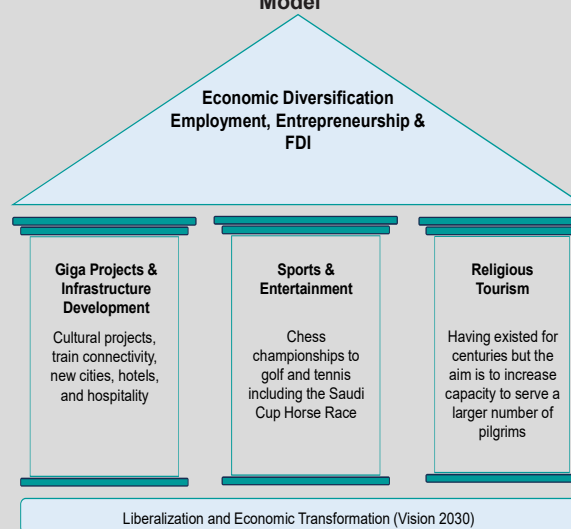
Despite being a late entrant in the GCC tourism scene, Saudi Arabia has a great ambition to transform its tourism sector. The Kingdom aims to attract 100 million tourists per annum. The main focuses of Saudi Arabia’s tourism development model involve hosting of sporting events; large investment in entertainment venues and tourist attractions; coupled with huge Giga⁷² development projects (Figure A1.1.6). The country’s massive sovereign wealth fund allows it to heavily invest in its key development projects.⁷³ At the same time, Saudi Arabia continues to strengthen its religious tourism, by maintaining its mandatory requirement for all Muslims to perform *haj* or pilgrimage, while providing the option of the non-mandatory lesser pilgrimage so called *umrah* (Mahate & Parahoo, 2023). The number of haj and Umrah pilgrims stood at 2.5 million and 19.1 million, respectively, in 2019 (General Authority for Statistics, 2019). Overall, the Kingdom plans to invest around USD800 billion in the tourism industry, aimed at raising the sector’s contribution to GDP to 10 percent by 2030 (Vasseux, 2023).

Figure A1.1.5. UAE: Tourism Development Model



Source: (Mahate & Parahoo, 2023); AMRO staff illustration

Figure A1.1.6. Saudi Arabia: Tourism Development Model



Source: (Mahate & Parahoo, 2023); AMRO staff illustration

⁶⁸ Source: [Etihad Railways](#)

⁶⁹ The UAE has built a system of visa-free or on-entry visas for the bulk of tourists, and electronic visas for the rest (Mahate & Parahoo, 2023).

⁷⁰ Source: [United Arab Emirates Ministry of Economy](#)

⁷¹ Source: [Emirates News Agency-WAM](#)

⁷² Giga projects consist of five mega projects, such as (1) [Neom](#) (a community for entrepreneurship and innovation and a [mega-city of the future](#), to be powered by 100-percent renewable energy); (2) [Red Sea](#) (building a luxury tourism destination along the west coast of the country); (3) [Qiddiya](#) (A Capital of Entertainment, Sports and the Arts); (4) [ROSHN](#) (project that changes the urban landscape by building quality homes, green spaces, pedestrian-friendly streets, attractive public areas, etc.); and (5) [Diriyah](#) (building unique cultural, historical and tourism landmarks and making the country the world’s greatest gathering place) (Source: [Public Investment Fund](#)).

⁷³ According to the [Los Angeles Times](#), Saudi Arabia’s sovereign Public Investment Fund is worth around USD600 billion.

Qatar

Qatar’s tourism development strategy is more sports-based than that of its regional peers.

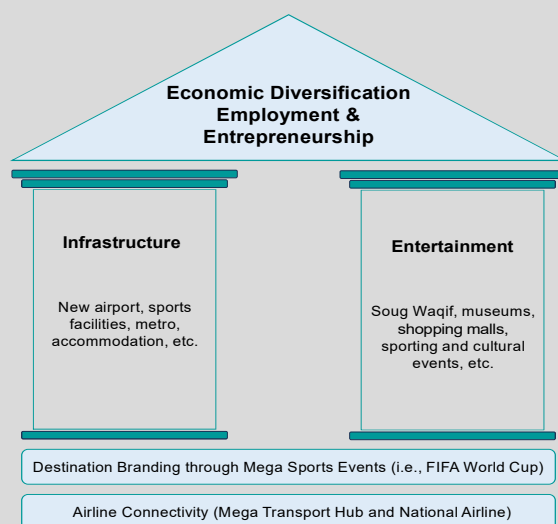
The country has made sports a core enabler to attract visitors by organizing mega global sports events, i.e., FIFA World Cup 2022. Qatar also strives to develop its infrastructure ranging from international airlines and metro stations to accommodation (Figure A1.1.7). As for entertainment, the country has been developing its cultural sites, i.e., Souq Waqif, so that tourists can get insights into Arab culture, museums, shopping malls, among others. Introduced in 2014 by Qatar Tourism Authority, the Qatar National Tourism Sector Strategy 2030 envisions the country as a world class tourism hub with deep cultural roots. The strategy has outlined comprehensive plans, KPIs, and estimated budget for all eight priority areas, such as culture, urban, MICE (meetings, incentives, conferences and exhibitions), sports, sun & beach, health & wellness, nature, and education— together requiring an investment of around USD11.5 billion, of which 49.6 percent is for the development of multicultural events and markets.⁷⁴ Overall, according to the authority’s estimate, the total investment in Qatar’s tourism from 2013 to 2030 amounts to USD40-45 billion.

Bahrain and Oman

In Bahrain and Oman, eco-tourism has come to the fore in their tourism development strategy.

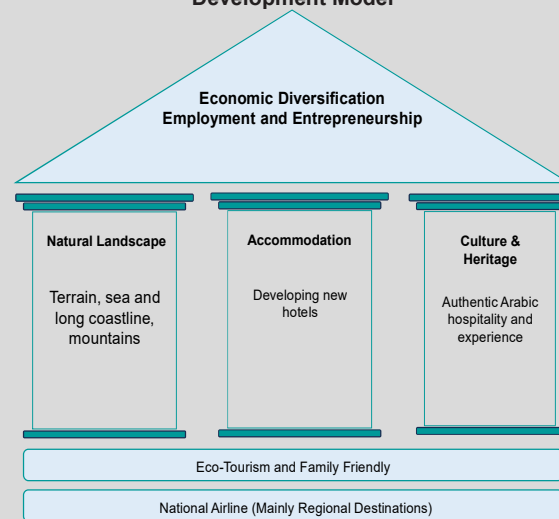
Both countries have been pursuing tourism development mainly in areas, such as eco-tourism (baches, resorts, archaeological sites), authentic Arabic culture/ history, and accommodation, rather than focusing on iconic buildings, international events, entertainment establishments, as prioritized by other GCC countries (Figure A1.1.8). Oman, in particular, has developed clusters of tourist attractions outside the capital city (Mahate & Parahoo, 2023). In Bahrain, the world’s largest underwater theme park called Dive Bahrain⁷⁵ has been open to diving enthusiasts since 2019, making the country become a global leader in eco-tourism and marine wildlife preservation.⁷⁶ Nonetheless, Bahrain and Oman, continue to focus on attracting regional tourists, partly attributed to their airline connectivity that is limited to regional destinations (Mahate & Parahoo, 2023).

Figure A1.1.7. Qatar: Tourism Development Model



Source: (Mahate & Parahoo, 2023); AMRO staff illustration

Figure A1.1.8. Bahrain and Oman: Tourism Development Model



Source: (Mahate & Parahoo, 2023); AMRO staff illustration

⁷⁴ Source: [Qatar National Tourism Sector Strategy 2030](#)

⁷⁵ The theme park spans an area of 100,000 square meters, showcasing a sunken Boeing 747, artificial coral reefs, a replica of a traditional Bahraini pearl merchant’s house, while providing information on marine ecologies and raising awareness on marine life preservation. (Source: [Gulf News](#))

⁷⁶ Source: [Bahrainweek](#)

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