LEBANESE AMERICAN UNIVERSITY

P.O.BOX 13-5053/193

BEIRUT, LEBANON

APPROVAL OF RESEARCH TOPIC

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Date: June, 1995

Degree : MASTER OF SCIENCE IN BUSINESS MANAGEMENT

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Title of research topic: WHAT IS NEEDED TO ATTRACT MORE
TOURIST TO LEBANON BY THE YEAR 2000.

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To those I deeply love

My parents

Gilbert Amine

Lea Torossian

Acknowledgment.

I would like to thank Dr. Lewis Presner for the help and encouragement he accorded to me throughout this project. Thanks to him every single detail was examined and every suggestion was brought in to carry the research to a successful end.

Another acknowledgment goes to Dr. Abdallah Dah for his valuable advices. He gave of his time and labor when he had little of either to spare.

A very special thanks goes to Ms. Manale Yunis. Being patient and ready to extend any help, she also contributed to the completion of this project.

I would like also to thank M. Imad Al Koussa, Mrs. Leila Khattar, Mrs. Youmoushakin Shakeh, and all the MEA team at Beirut International Airport, Ms. Rania Fathallah, and Mr. Jean Khoury.

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CHAPTER I

INTRODUCTION

1.1 The tourism industry balance sheet

Conceived as the crossroads between East and West, north and South, Lebanon, since the dawn of tourism for the masses, was a must on any itinerary touching the region.

Lebanon woke up after 16 years of war to find itself in the middle of a rapidly changing region shaped by a fierce competition. The changes the region is facing are constantly altering the basic rules of the economic environment. All the regional countries are now focusing their efforts on the tourism area in order to improve their economies. It is now becoming evident that the potential in the region, for tourism attraction, would be relative in the post Arab-Israeli peace area to the potential of each and every country in the region on the basis of the degree of development it has achieved and is planning to reach in the near future.

Lebanon found itself also suffering from US\$ 6.4 million worth of losses in the tourism sector because of lost opportunities all over the war period.

Therefore, it is now time for Lebanon to assess its exact actual potential and to direct tremendous efforts towards alleviating its points of weaknesses in order to achieve a balanced dividend from the regional tourism potential.

With some extrapolations based on 1994 figures, a conservative estimate of one million tourists could be safely put forward as a target for the year 1995 that could have been achieved had Lebanon not had the civil war. In planning the future, The Middle East Airlines chairman and president, Mr. A.H. Fakhoury, has insisted that everybody's aim should be to reach that figure of one million tourists by the year 2000 and then double it by the year 2005.

The following balance sheet enumerates on one hand the assets and on the other the liabilities of the tourism industry in Lebanon. It helps drawing a brief assessment of the actual threats and opportunities for this industry.

ASSETS
1- Lebanon is a small and beautiful country. It is at the same time an old and modern country to which tourists may be attracted all the year round.
2- Lebanese people are not new to the field of tourism. They have been in that field for a long time and they are very receptive for adopting its new forms.
3- Lebanon has a unique source of tourism. There is no agreement on the number of Lebanese emigrants in the Diaspora. The figure may be anything between 10 million and 20 million. It is evident that the number of those emigrants who visit Lebanon is only the tip of the iceberg and will drastically increase if the problem is addressed seriously.

LIABILITIES

1- Lebanon is still suffering from a negative image as a result of the war. Lebanon is still remembered more as a country of 16 years of war rather than a country with thousands of years of civilization, a place of sun, snow, and sea.

2- Lebanon is still suffering from the infrastructure constraints that result from the inability to quickly upgrade and modernize old facilities that sustain tourism as well as developing new ones: hotels, roads, transportation, communication...

3-Lebanon is still suffering from the reputation that it is an expensive country which in the long run will reduce the possibility of expanding its tourism industry.

4- Lebanon is still suffering from visa restrictions which makes it difficult for foreigners to acquire one.

In addition, one off-balance sheet item on the assets side is to be stated to complete the overall figure. This item is the membership of Lebanon in the International Advertising association (IAA) which is the only international tripartite association that gathers mainly advertisers, media, and advertising agencies. The association counts more than 3700 members scattered in 80 chapters around the world. The Lebanese chapter founded in 1961 counts a membership of 160 persons which makes it the largest in the Middle East and Africa and among the most important chapters in the world. The Lebanese chapter has been so active that it was elected the best chapter in the world in 1988 and was rewarded with the Golden Tulip Award. As a matter of fact, through the IAA activities, bringing a message of peace and prosperity despite the war that was gripping Lebanon was the major concern of the association.

Therefore, it may be said that the old good image of Lebanon is not totally destroyed, and it could be recapitulated very quickly.

1.2 Improvements

The enumeration of liabilities does not mean that there is no effort being undertaken to revitalize the Lebanese tourism industry. Some hotels have reopened their doors and rooms to customers and many others are refurbishing, upgrading and expanding their capacities, and new hotels are also set to start their operations.

One only has to take a stroll in Beirut, that of course if he/she succeeds in avoiding the traps laid by the public works of the contractors, to realize that Beirut has been transformed into a huge construction sight as the country races to catch up in terms of transportation and communication.

Moreover, the Lebanese Minister of Tourism has elaborated a master plan for the reconstruction and development of the touristic sector. This plan aims at defining medium and long run strategies in the marketing field and in developing the touristic sites. The plan then suggests the adequate measures of improving the efficiency of the sector and increasing the touristic activities. The project was signed in October 28, 1994 under the United Nations development plan (UNDP) which jointly ensure with the Lebanese government the financing of the project. France has also participated in financing the master plan and the World Tourism Organization (WTO) has been designed to carry out the work.

Now that peace has resumed, a greater effort must be done to place Lebanon back in the touristic circuits of the Middle East and the world.

Each item in the balance sheet will be analyzed with minute detail through chapter II, whereas a study of the tourism potential in the Middle East in general and in Lebanon in specific will be covered in chapter III. Chapters IV and V will entail a field survey to assess the aggregate demand in the tourism industry in Lebanon and to compare this aggregate demand with the aggregate supply depicted in chapters II and III. Finally, some recommendations will be stated in chapter VI.

CHAPTER II

ECONOMIC AND MANAGEMENT ASPECTS

2.1 Contribution of the tourism sector to the economy

Since the mid-1970s many developing countries have undertaken the development of their tourism infrastructure in an effort to attract a massive flow of inbound international tourists. In many of these countries, international tourism has been an appropriate way to boost the economy by creating more jobs, a potential solution to foreign debt, and the possibility of successfully implementing regional development plans, especially in peripheral areas.¹

The major impact of tourism on local people over the past twenty-five years can be summarized in one word: Jobs.

However, the incremental gains to the society from transferring land and labor into tourism are rarely equal to the price or wages paid. These resources are typically drawn from other productive activities, and this shift in the use of resources may mean changes in the availability and prices of some goods. Thus, it may have repercussions on the welfare of people who are not directly involved in the tourism sector. Tourists also consume some of the same goods and services that are used by residents. If tourism tends to increase the availability of desired goods this will bring benefits to the local people, but if tourists compete with residents for a limited supply, then the outcome will tend to be negative for the local population as consumers, if not as producers². Even in an open economy where supply is not really limited, the outcome still may be translated into rising costs, rising prices, and inflation.

Particularly in Lebanon, where services used to contribute a 75% to the constitution of the GDP in the year 1975, and specifically, where tourism generated 20% of the GDP, more effort should be channelled into this vital sector.³ It is to be noted that about US\$ 6.4 million worth of losses were recorded in 1994 because of the paralysis that had been hitting the touristic sector all during the war period. According to the last reported statistics, these losses caused by forgone income, exceeded the internal public debt estimated around LP 6,500 billion.⁴ For this reason, the local concerned authorities are trying to rehabilitate and develop the sector in order to reduce the gaps, and to mitigate the resulting disequilibrium in the treasury and the balance of payments for the coming years. The following facts explain clearly the importance and necessity of undertaking immediate steps to treat the illness affecting the most important member in the country's body that is tourism.

- 1- After the commercial sector, tourism ranges second in ensuring 20% of the GDP.
- 2- After the civil war, priorities should be given to the most profitable projects generating quick returns on investments. Such opportunities are available in tourism.
- 3- Tourism is the main key to attract foreign-capital investments: Tourists arrival brings with it confidence in the host country, consequently, foreign people would be searching for investment opportunities and capital influx would occur.
- 4- The government intends to establish a horizontal economy based on developing simultaneously the complementary productive sectors.
- 5- There is a fierce competition in the regional area where many countries have benefited from the absence of Lebanon from the tourism market during the war. Regaining Lebanon's pre-war position is a difficult but necessary task.
- 6- With insufficient external loans and grants for the "Horizon 2000" reconstruction plan, the need for a substitutable financing source arises. Tourism may be a self-financing source for the domestic economy.

7- According to the President of the Syndicate of Hotels Owners in Lebanon, the cost of rehabilitating and equipping 300 hotels out of the 569 hotels that were operating before the war rises to US\$ 500 million. The same source revealed that the sector is actually providing 6,000 beds against an estimated need for 100,000 beds in order to regain the significant 20% contribution of tourism in GDP.⁵ However, this cost remains low as compared to that of rehabilitating other economic and productive sectors. Nevertheless, a very limited budget is available: the break-down of the budgetary allocation for the year 1994 shows a percentage of 0.59 for the ministry of Tourism (Appendix 1).

2.2 Management and marketing aspects of tourism

2.2.1 Strategies and plans

With respect to the management aspects of tourism, the Minister of Tourism gives a priority to the human potential, where a reorientation and training- program agreement has been concluded with the Ministry of Technical Vocation, the Union of Hotels Owners and the Association of Experts and Consultants of Tourism. Until now, three classes have graduated.⁶

Two categories of people appear to benefit particularly from the employment opportunities provided by tourism: Young people from the middle class, and women⁷. These career opportunities may allow drawing some equilibrium between social classes. It is to be recalled in this context that 28% of the Lebanese people live below the absolute level of poverty of which 7% can not satisfy basic needs such as food and lodging.⁸

In other words, since tourism creates employment, people should be adequately skilled to fulfill the jobs requirements which major purpose is to promote the touristic assets. Moreover, tourist trade would not exist if someone were not marketing and selling the services to would-be travelers. Each segment

of the industry depends on marketing to maintain its share of the vacationing population. The hotels must sell their properties to wholesalers who design "packages"; the wholesalers then sell them to the retail travel agencies which market directly to the consumers. Many businesses find that the best marketing approach is a group effort. Travel-related operations such as lodging and food service often join forces to promote tourism in that area.

Many strategies can be used to capture the leisure market, including the following:

- 1- Sell tourism to local civic leaders and politicians by demonstrating its economic significance to the community. Back-up ideas with facts and figures. (The US\$ 6.4 billion of losses in the tourism sector due to forgone opportunities in 1994 is one of these ideas).
- 2- Describe the area's local and regional features to prospective visitors. Use a variety of media channels, including television, radio, newspaper, and magazine advertisements.
- 3- Sponsor special events and festivals to attract different groups and to encourage repeat visits.
- 4- Make tour operators, convention bureaus, and transportation companies aware of the area.
- 5- Become involved in the local Chamber of Commerce and work with it to promote tourist related businesses.⁹

2.2.2 Achievements

Within the framework of planning the tourism revival, and for the first time in Lebanon, a master plan is set with the collaboration of the UNDP (United Nations Development Plan) and the WTO (World Tourism Organization), after which figures and statistics will be available for a more accurate planning.

The adopted approach in the master plan is global. It will examine the entire elements that contribute directly or indirectly to the touristic development. An analysis will be conducted on a sector-based way, and the elaborated recommendations will be attributed to each sector alone to facilitate their execution.

The major areas to be covered are:

- 1- Tourist statistics.
- 2- Organization of the touristic institutions.
- 3- Hostelry and touristic enterprises.
- 4- Regulation of the professions in tourism
- 5- Definition of products in tourism
- 6- Promotion and advertising.
- 7- Development of touristic sites and treatment of the environment.
- 8- Preservation of touristic and archeological sites.
- 9- Infrastructure and transportation.
- 10- Training programs.

This master plan was explained in details in a conference held at the Summerland hotel on May 6, 1995; the theme was the Arab and world travel and tourism exchange.

Furthermore, representative offices for tourism have been opened in Cairo and London, and new ones will be opened at Jeddah, Paris, Frankfurt, and New York.

In addition, local tourism offices have been restored, a hotels' guide has been published, competitions in touristic themes have been organized, conferences and exhibitions in Berlin, London, Geneva, Osaka, Milano and Japan have been successfully established. In parallel, The National Bank for the Industrial and Touristic Development (NBITD) will relaunch its activities and increase its capital to stimulate touristic investments. The private sector will contribute by 80% to the constitution of the bank's capital. In addition, the private sector seems to be gradually increasing its investments in tourism, and international chains are searching to integrate hotels in their groups and are waiting for a fresh outbreak in regional tourism.¹⁰

2.3- The touristic sector assets.

2.3.1- Natural assets.

Lebanon benefits from all necessary and sufficient elements to become a country tourist vocation. Among these elements are the following:

- 1- Privileged geographical location: Lebanon is the gate of the Orient on the Mediterranean and a bridge between three continents, Asia, Africa, and Europe. Lebanon is located at three or four hours flight from major European capitals, and one or two hours flight from Arab capitals.
- 2- A splendid natural environment. Lebanon is adjacent to coastal mountains, and its geography does not refute this identification. Its territory is composed of four distinct parts:
 - A coastal plain, rather narrow, birthplace of the Phoenician civilization of which vestiges remain in several towns such as Tyr, Saida, Beirut, and Byblos.
 - A mountainous mass which covers more than one third of its surface.
 - The Oriental side of the anti-Lebanon and Hermon chain of quasi-desert mountains extending from North to South.

- The Bekaa, a plateau dividing the two chains, 120 km long and 8 to 15 km in wide, extending from North to South and which averages 1000m in altitude.

Thanks to this natural situation, Lebanon is one of the few countries in the world where a day begins on snowy slopes and can end with a sun bath.

3- A Mediterranean climate: Moderate temperature, affording 300 days of sunshine a year, permits the practice of sports and the possibility to devote oneself to full outdoor recreation during the four seasons of the year.

4- An unmatched archeological richness in a small territory of 10,452 sq.km. It is difficult to travel one kilometer in Lebanon without being attracted by traces of the past. The numerous invaders who crowded into this little prosperous area left visible traces of their passage. Phoenician cities, Roman temples, Byzantine churches, convents, castles and foresters from Crusaders' time, Arab edifices, constitute the coastal and mountains landscape.

2.3.2- Region-related assets.

Parallel to all its assets, the Lebanese touristic sector should benefit from two essential factors that are linked with the actual entire context: Lebanon, due to its isolation forced by sixteen years of civil war, appears to have lost its traditional pre-war role of supplier to the area with goods (some agricultural and industrial goods) and services (transit, insurance, and financial intermediary role). The search for a new regional vocation can only turn towards a sector which may not be the victim of competition due to the fact that its strength comes from privileged and non-reproducible natural factors. This sector is tourism.

The Middle East peace process that is rapidly evolving and which, one day, will be brought to a successful conclusion, will place Lebanon in the middle of the region where barriers to population movement will be reduced.

Owing to all considerations mentioned above, it is permitted to think that all investments in the touristic or land field in Lebanon, can only be highly profitable. However, to be prepared with an adequate touristic infrastructure is an indisputable prerequisite for being differentiated in the regional competitive market by the year 2000.

2.4- Touristic infrastructure, and the "Horizon 2000" plan.

Benefiting from the land wide assets, the Lebanese people succeeded in building an impressive touristic infrastructure (hotels, casinos, restaurants, festivals, travel agencies, and welcome services) that contributed strongly to the prosperity of the country in the 1960s and 1970s until the outbreak of the hostilities, in the spring of 1975.

The importance of tourism in Lebanon comes from the fact that this sector attracts several categories of clientele and is not strictly limited to foreign visitors staying for a short period. This sector also interests:

- 1- Lebanese people, themselves, who got used to spending three or four summer-time months at the mountain
- 2- The Lebanese expatriates, whose number exceeds four times the residents and of whom several thousands return each year to spend some leisure time with their relatives.

Unfortunately, war destroyed a great part of the touristic potential of Lebanon, and almost totally suspended the increasing flow of tourists. However, repainting and re-equipment have been performed recently and in short time, in numerous touristic establishments in the capital and in the mountains.

2.4.1- Hotels.

According to the president of the Syndicate of Hotels Owners, the number of tourists who visited Lebanon in the summer season extending from June to September 94 was 850,000, 90 % of whom were Arabs. Moreover, the hotel sector estimates show that tourists spent around US\$ 450 million and that 630,000 tourists stayed in hotels. According to the syndicate, the hotel industry consists of 300 available hotels including four international hotels each with a 900-bed capacity. However, Lebanon needs 1,500 hotels and 75,000 beds for the upcoming phase to cope with the "Horizon 2000" plan and to meet the regional touristic and economic growth.¹¹

The syndicate of the hotels owners states that 569 hotels were operating before the war including:

- 4 international hotels
- 32 hotels 4-stars (category A).
- 52 hotels 4-stars (category B).
- 105 hotels 3-stars.
- 179 hotels 2-stars.
- 197 hotels 1-star.

The hotel distribution in Lebanon shows 116 hotels in Beirut, 268 hotels in Mount-Lebanon, 104 in the North, 48 in the Bekaa and 33 in the south.¹²

(Appendix II).

However, statistics differ between the syndicate of hotels owners and the ministry of tourism. the difference consists in the number of permits accorded to the hotels.

According to the ministry of tourism 173 hotels are actually operating.¹³

- 3 international hotels.
- 6 first-class hotels.
- 13 hotels 4-stars (category A).
- 14 hotels 4-stars (category B).
- 18 hotels 3-stars (category A).
- 20 hotels 3-stars (category B).
- 2 hotels 3-stars (category C).
- 21 hotels 2-stars (category A).
- 16 hotels 2-stars (category B).
- 2 hotels 2-stars (category C).
- 10 hotels 1-star (category A).
- 2 hotels 1-star (category B).
- 36 non-classified hotels.

Total = 173 hotels.

To encourage the hotels owners to be prepared for challenges to the year 2000, the council of ministers has promulgated a law proposal in 1994 with specific decrees concerning the renovation of the hotels that were damaged during the war. The proposal imposes on the owner of a damaged building its rehabilitation, and gives him/her the right to start building an additional two floors within a three-month period. Starting from the date of the implementation of this law, the tenant wishing to extend the life of his leasing contract, must pay 50% of the rehabilitation cost of his occupied space provided that it does not exceed LP.250,000 per square meter. Hotels subject to the decrees of this law benefit from an additional 20% of the exploitation coefficient. This means that they are allowed to build an additional 20% to the actual hotel's occupied zone. They are also given a three-year period to complete all the required repairs.

Nevertheless, if the restoration has not been completed by the fixed deadline, the concerned public institutions or administrations would execute it under the hotel owner's expense.¹⁴ This way, as the country approaches the 21st century, more hotels will be renovated and more touristic supply will be available.

Several hotels are currently undertaking major renovation and reconstruction works in anticipation for important tourist activity during the summer season of 1995. In fact, the upgrading works at the "Commodore" (accommodating 450 rooms) and the "Carlton" (350 rooms) hotels are well underway. In parallel the "Vendôme" (180 rooms) and the "Marriott" (147 rooms) hotels are expected to be completed later this year, while the works on the "Meridien" are due for 1996. In addition, the Middle Eastern Company for Big Hotels, owner of the "Hilton" hotel (450 rooms) awarded the local company Saab & Itani the project entailing the preliminary rehabilitation works at the hotel located in the Zeitounch area.¹⁵

2.4.2.- Sites.

- 1- Byblos: A vast archeological site, including a Crusader castle, a delightful Phoenician temple with a miniature obelisks and a Greco-Roman theater open daily.
- 2- Beit-El-Dine: A palace of the eighth and ninth century along with Mir-Amine new restored place.
- 3- Sidon: Its monuments include an impressive Phoenician built temple, two Crusader castles, a recently renovated thirteen century mosque and historic khans.
- 4- Anjar: A village built as a summer and hunting resort
- 5- Tripoli: A city tracing its Phoenician roots to 8000 B.C.
- 6- Tyr : A city with two archeological sites dominated by Roman ruins.

7- Baalbek: A site containing the most gigantic complex of Roman temples ever built.

At all the above mentioned sites, tourist guides are always available with the majority fluently speaking many foreign languages, moreover, the private and public sectors are merging their efforts to open rest houses at Tyr, Sidon, and Baalbek in order to create a favorable climate to the tourists visiting those touristic sites.

2.4.3- Ski resorts.

Lebanon has, as its origin, an Armenian word "Lebnan" that means "white". The surface exploited by the ski resorts is about 600 hectares covering sixteen ski clubs: one for the Lebanese Army, 13 active private clubs (including Faqra and Zaarour), and two other clubs requesting the membership in the Federation of Ski Resorts.

The ski sector is equipped by forty eight qualified instructors, and nine members of the Ski Patrol. Actually six stations are available with the following visit rates:

Oyoun El-Siman 62%, The Cedars 24%, Laklouk 6%, Zaarour 5%, and Faqra 3%. In general, except for Faqra and Zaarour, the resorts are ready to accommodate the public according to the preferences of each person.¹⁶

These latter resorts opened widely to the public are suffering from many problems. For example, "The Cedars" which enjoys a capacity of 450 beds, is actually witnessing long waiting lines, and thus is in need of financing to increase its capacity. Another example is "Ouyon El-Siman" which recorded losses of US\$ 700,000 in 1994.

For such resorts, the following projection prevails: Converting the field of ski into a real estate company like "Solidère" where property right holders will have shares and, therefore, will cooperate to create and preserve a unique historic and touristic site for the whole region. It is never too late to initiate a plan for the year 2000 for such a sector receiving 40,000 skiers per year. With a group effort, this number may increase considerably, and better services may be provided.

2.4.4- Beach resorts.

About seventy sea-side businesses are spread along the coast of the country, each one representing an investment ranging between US\$ 7 to 8 million, or an overall total of nearly US\$ 600 million.

Many severe problems are facing this particular sector; a major one being the absence of an updated official list that ranks the hotels into definite categories; this is leading to complicated and sometimes illegal pricing procedures. Another problem is the presence of strict governmental rules prohibiting these businesses from expanding and progressing. In fact, the majority of the sea-side resorts are illegal since they have been built during the war on public properties. Because of the two latter problems these businesses are continuously carrying a heavy burden of penalties and cost opportunities.¹⁷

The government is aware of the serious steps the neighboring countries are taking in order to gain the Lion's share in the regional touristic market. A law exempting the resorts from penalties and recognizing them as legal businesses is such an indispensable regulation. This suggestion, if realized, could advance the tourism with almost no cost at all. If this is not done, the Arab investors showing interests in buying or leasing such resorts, may shift their interest to other countries such as Tunisia, Spain, Morocco, and Greece where the public

properties are simply granted to people investing in touristic projects, and the necessary infrastructure is built on the government's expenses.¹⁸

It is to be noted also that in 1994, over than ninety touristic projects including beach resorts have been launched and granted the official permits in Syria, the financing of which has been from Arab sources.

2.4.5- Other elements.

According to the ministry of tourism, an actual scanning is under work to determine the number of restaurants in Lebanon. The preliminary statistics reveals that about 4,000 restaurants are operating¹⁹. Moreover, casinos, exhibitions, conference centers, commercial areas, financial centers, banks, universities, hospitals and many other assets contribute altogether to forming promising elements in attracting tourists to Lebanon in the future.

2.4.6- "HORIZON 2000" Reconstruction plan.

Following the National Emergency Recovery Plan prepared by the Lebanese government in 1992, a long-term perspective was afforded to public recovery programs. This led to the development of a ten-year governmental plan, the objectives and elements of which were disclosed in April 1993. The ten-year plan was called "Horizon 2000", and it was meant to be a vehicle for assessing future needs for facilities and services compatible with a vigorous, competitive, upper middle income country, and for providing a framework for considering anticipated constraints and appropriate actions necessary to meet the reconstruction needs.

The plan actually hinges on three lines of action:

- 1- Comprehensive re-establishment of adequate basic infrastructure as a basis to stimulate the development of the productive sectors.
- 2- Balanced regional distribution of public recovery investment.
- 3- Public support of private-sector development.²⁰

(Appendix III)

The sectorial distribution of the government's public recovery program shows that out of its total expenditures, only 1.6% have been allocated to tourism. This may explain the anxiety of the Minister of Tourism who continuously criticizes the CDR (the Council for Development and Reconstruction) for formulating unbalanced development plans and for excluding tourism from its priorities.

An important evolution has been realized in developing and implementing the government program, there are currently 470 live contracts which value (in addition to contracts already completed) is about US\$ 1.9 billion within the program of work as of January 1995. The total public spending over the first three years has been 44% available in form of foreign grants and loans. In addition, US\$ 400 million were provided by a successful issue of Euro-bonds in October 1994.²¹ This issue has revealed a large confidence in the government and a reduction in the country risk rate. In fact, Lebanon's positioning in the latest country risk rankings has exhibited a significant improvement gaining 49 places in 1994.²²

The CDR has been engaged throughout 1994 in pre qualifications, tendering and negotiations with contractors related to contracts for many new projects in various public sectors. The following is a brief outlook of significant public reconstruction projects launched in 1994 or by the beginning of 1995

1- Beirut International Airport: The project's estimated value is about US\$ 387 million. It includes the renovation of the current building, the erection of a new one comprising 7 floors, a new west runway, a 2000-spot parking lot, an area for transit passengers, a cargo terminal and other subordinate facilities to cater for a targeted annual capacity of 6 million passengers upon the completion of the overall project in 1998.

2- Port of Beirut: With US\$ 550 million worth of projects, the rehabilitation of the port is currently underway, aiming to quintuple the port's capacity during 1995-1997.

3- The telephone system: The rehabilitation and expansion of the system to a capacity of 1.2 million lines is progressing.

4- The electricity sector: Its rehabilitation includes the establishment of additional power plants at Zahrani and Beddawi with a capacity of 435 Mgw each. The completion of the plants will require a period of 30 months, upon completion of which Lebanon will enjoy power 24 hours a day.

5- Major road schemes: Three main highway contracts have been awarded and projects are under way. First, the Jieh-Zahrani highway, extending over a two-year period, consists of building a 19 km highway linking South Lebanon to Beirut. Second, the Arab highway, 61.7 km long, will be a major road independent of the Damascus road, with a starting point at Hadeth. This highway will be extended by two sections of Beirut's future beltway: a section Hadeth-Hazmieh-Beirut's Port (6.5 km), and a section Hadeth-Airport-Sports City (13.8 km). These two sections are intended to facilitate transit and imports/exports movements as well as tourism between international markets and Arab countries through the port.

and airport. Another junction with Zahle is provided for in the project. In addition, the construction of two tunnels in Alley and Bhamdoun, and ten bridges and nine intersections is expected. the achievement of the Arab highway should take four years, and the works have started in 1994. Third, the Nahr-El-Kalb-Dora project consists of enlarging the width of the highway that passes through Nahr-El-Kalb and stretches over five kilometers to handle a capacity of three and four lanes in both directions. It further provides for the construction of a two-lane parallel road and other secondary ways extending over 12 km with a width of 10m.

6- The rehabilitation of the Sports City: This project is to be achieved in June 1996 before the eighth Pan Arabic Sports events which will take place in September 1996. The new complex will house a football field and an athletics stadium that will seat 50,000 spectators. It will also include an Olympic size swimming pool of 13,500 square meters and will have a seating capacity for 2,000 people. There will also be an office administration building of 2,000 square meters, a covered arena of 7,000 square meters to accommodate 4,000 people, and a hotel with 120 rooms.

7- The Pine Forest 35-hectare project: This is expected to be completed in 1995. It includes a botanical garden, a playing area, a rosary, an oasis, and an open air theater.

8- Beirut Conference Center (BCC): It is situated in a prominent location in West Beirut, the new complex project will contribute to regain Beirut's former image as a regional and international business center. The project involves the construction of a top class hotel, a commercial center, and a congress hall providing facilities for conferences, exhibitions and theatrical performances. The construction is expected to take three years.²³

9- Jeita's touristic cavern: It is restored in a buy-operate-transfer contract extending over an 18-month period. The cavern is due to be opened in 1995.

10- Environment: The conservation of three natural sites at Barouk, Ehden and Juzur al Nakhl is the main part of the protected-area project costing about US\$ 3 million. In addition, the CDR will start the tender issue for a diagnosis of the problems affecting the coastal zone, and the identification of priority areas for action.²⁴

11- The Central District's project: Solidère is the company in charge of the reconstruction of the Central District of Beirut. It consists of an association of property right holders and investors, and it involves an overall surface of 1.6 million square meters.

Located at the historical and geographical core of the city, the central district was ravaged by the war that engulfed Lebanon until the 90s, and plans for its rejuvenation will touch on virtually every aspect of the reconstruction and development. In addition to the complete installation of modern infrastructure including roads, utilities, public spaces and marine works, the project gained the approval of the Council of Ministers for the embankment of 608,000 square meters of the sea-zone in front of the central district that is currently a dumping site. This will be transformed into public gardens, recreational, and cultural areas, and office space. The project includes the reconstruction of 4.4 million square meters of built-up space parcelled out to ensure that the area will enjoy a wide variety of activities. In the plans are also a financial and office complex commanding a superb view of the Mediterranean and of Lebanon's mountains, the establishment of commercial centers, hotels, centers for art, and three-lined promenades extending Beirut's famous coastal boulevard.²⁵

By the year 2000, upon the completion of the master plan, all the sectors will be intersecting as vital circles in one focal area that is an incomparable infrastructure and an optimal ground for tourism.

Meanwhile, the private sector will be completing its usual challenging role despite all the difficulties. The result will be a real nation consisting of "land" (touristic infrastructure) and "population" (Touristic assets). The number of tourists coming to the Middle-East, expected to increase by 4% from 1990 to 2000, and by 5% from 2000 to the year 2010; reaching 11 million tourists by the end of the decade and 18 million by the year 2010, will no doubt be settled down in a big part in the rebuilt Lebanon.

2.5- LEGAL AND FISCAL INCENTIVES.

2.5.1- The law 58/67.

The law 58/67 dated July 5, 1967 considered as "touristic" those investment projects related to hotel constructions, restaurants, beach resorts, touristic services, passenger roadways, and others classified as such by virtue of a decree adopted in the Council of Ministers.

By virtue of the same law, craft industries are exempted from revenue taxes under the following conditions:

- 1- That the industry belongs to one natural person.
- 2- That this owner does not have any interest in any other craft industry.
- 3- That the craft industry is solely managed by its owner.
- 4- That the profits made do not exceed a determined amount.²⁶

2.5.2- Decree No.13908.

By virtue of another decree, (No.13908 dated 30th October 1956) some conditions concerning the period of the exploitation and the control of the Ministry of Tourism must be fulfilled in order to allow newly erected hotels and touristic establishments to import hostelry equipment. Among this equipment, the law specifies: Construction materials, sanitary products, heat resistant glass, sliding doors, central heating installations, kitchen materials, audio-visual equipment, safe deposits, design material, incinerators, and paint products. All these must be cleared by the High Customs Council that is empowered to verify the needs of each touristic establishment.²⁷

2.5.3- Customs facilities agreement.

Furthermore, an agreement on customs facilities has been signed between contracting countries (including Lebanon) in order to facilitate the development of international tourism. Every contracting country

- 1- Accepts a temporary exemption from entry taxes and duties for personal belongings;
- 2- Allows the tourist to import in transit, without a document of temporary importation, the travel tickets not destined for commercial purposes;
- 3- Allows the tourist to export, with the exemption from formalities relating to the control of exchange rates and from exportation duties, the travel tickets he/she has brought.²⁸

2.5.4- Lebanese-Syrian agreement.

In accordance with the Lebanese-Syrian Transport , the Syrian Minister of Finance announced on November 1994 that travelers between the two countries are exempted from carrying transit cards and from paying boarder fees.²⁹

2.5.5- The hotel rehabilitation law.

With respect to hotels: A law concerning the rehabilitation of hotels has been agreed on early in 1995. Hotels subject to this new decree are allowed to exploit an additional 20% of their working area and three years to complete all the required repairs.³⁰

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CHAPTER III

THE EFFECT OF THE REGIONAL TOURISM

3.1 The effect of the political security and the instability on inbound tourist flows.

Various potentially negative impacts may arise during the course of a development process in the tourism industry. Thus, guide-lines and plans are required to deal with the constantly changing environment. Being a highly sensitive industry, tourism is to be planned carefully. One of the most destructive impacts is the effect of the security situation on the potential tourist's willingness to visit a given destination, country or region. A turbulent security environment caused by wars, coups d'état, civil unrest and terrorism, has already proved its negative impact on tourism development in many countries around the world. The willingness to visit tourist destinations obviously diminishes once tourists realize that their holiday, and sometimes their lives may be put in danger.¹ The most problematic effect is the decline of inbound international tourist flows to a given affected country and its long lasting results.

The security situation in the Middle East has affected not only the countries of conflict, but in some cases, also the rest of the eastern Mediterranean Basin, including countries that never took an active part in the major regional conflict such as Turkey, Greece, and Cyprus. Parallel to the ongoing conflicts in the Middle East, world tourism arrivals have grown steadily attaining new records every decade although international tourist flows to this region have been periodically affected: During the decade of the 1980's, world tourist arrivals grew by 62%, meaning an annual average growth of 6.2%, while tourism in the Middle East grew by only 52.9% which is an average annual growth of 5.29%.²

A change in the political and security stability of a destination country can paralyze tourism-based economic activities at least until the period of unrest is over. Although serious outcomes have resulted from actual political and security instability in the Middle East, it is the "image" created in the wake of the events that has deterred tourists from traveling to this unstable destination. Image is formed by the interaction of values, attitudes and the individual's comprehension of the real world. This comprehension is strongly shaped by signals communicated from the tourist's own environment. If these signals are channeled through various "media filters," inconsistencies can develop between the actual and the perceived situation.³

The successful development of tourism as a major economic base needs a careful planning process, to be implemented by both public and private sectors. This calls for an understanding of the causal relations between political security, instability, and inbound tourist flows. The majority of security situations that have affected inbound flows of international tourism have resulted from the Arab-Israeli dispute. As a result of this dispute, other countries located in the region have also been affected by a decline in the number of tourists. Thus, the conflicts have had negative impacts on world wide tourism in spite of the fact that the Middle East share in world tourism arrivals was negligible 2.2% in 1990.⁴ This share is expected to increase annually by 4.5% from 1990 till 2010.⁵ Nevertheless, the Middle East is regarded by some major generating countries such as the United States as a relatively unsafe place to visit, and in some studies this situation has been called "the Middle East Factor" (Appendix IV)

Although some changes have taken place, (e.g. Lebanon for example can not be entirely regarded as a war zone) the overall impression today is that the region is a risky place for tourists, and one which should be avoided if travel is not a necessity.

However, the real situation is not as discouraging: Between the terror events of "Chernobyl" in 1986 and the recent Gulf crisis in 1991, the number of tourists visiting the Middle East has risen constantly while revenues generated from tourism have maintained a moderate slow-down trend. This indicates that more people have been visiting the region, but that the length of stay has dropped.⁶ It is to be noted also that Arab tourists, being less sensitive to the regional turmoil, have been less reluctant to visit the Middle East countries compared to non-Arab tourists. In fact, their greater familiarity with the region and the on-going Arab-Israeli conflict, and their ability to assess the risk on the basis of real life facts rather than on the image conveyed by the media, are the major factors behind the survival of tourism in the region.

3.2- THE PEACE PROCESS WITH ISRAEL

3.2.1- "Dar-El-Baydaa' agreement.

A general assembly for the Middle East has been held at Dar-El-Baydaa from October to November 1994. This assembly included Israel, the Arab countries and the North Africa countries. It aimed at establishing the adequate basis for developing the area through a regional joint effort. At Dar-El-Bayadaa, priorities have been reversed, and some clarity has been brought into light concerning the conflict of interests between the regional countries.

A new philosophy has emerged stating the economic integration, interests intersection, and projects interaction among countries constitute the base for building peace. A new Middle Eastern system has been agreed upon. This system starts on establishing an economic partnership and on opening borders for people, ideas, and merchandise.

According to the Israeli Chamber of Commerce, about US\$ 4 billion worth of losses have been recorded in the Israeli economy since 1951, the date of the Arab boycott conclusion. Since 1951 until now, the Israeli economy has been deprived of foreign investment opportunities ranging between US\$ 18 and 27 billion and from exports estimated around US\$ 22 billion. The "black list" prepared by the Boycott office in 1951 included 6300 companies in around 96 countries. The Israeli Chamber of Commerce also reported that American investments in Israel did not exceed US\$ 200 million.⁷

The age of change accompanying the peace process is gradually abolishing all kind of barriers to investment opportunities. Companies such as Toyota, Nissan, Mazda or Mitsubishi are showing interest in the Israeli market

Tourism has been a major point of concern at "Dar El Baydaa". The Israeli ministry of tourism expects that the tourists arrival to the country would double from 2 million to 4 million by the year 2000, it also estimates that profits generated from tourism have reached around US\$ 2 million in 1994, meaning a 25% of the services sector revenues.⁸ Furthermore, Israel regards the regional tourism as:

- 1- A favorable climate for the peace process through which the country will be able to attract foreign capitals before any other neighboring country attempts to.
- 2- A major means to capture billions of dollars that Arab tourists spend at resorts, historical sites, and religious centers in the area.

3- A lower unemployment rate.

4- An opportunity to exploit the Arab tourist assets in marketing them through advanced and specialized Israeli companies or through international Jewish institutions.

3.2.2- Israel strategies for tourism

The peace process may bring with it some advantages to tourism in Lebanon, but it can also have some very serious negative repercussions in the long run, especially because Israel is building its tourism strategies on the following:

1- A relatively stable political situation.

2- An advanced technological capacity differentiating Israel from the rest of the regional countries.

3- World wide channels of communication with foreign economic, financial and tourist companies all over the world. This enables the country to contract and sponsor some large programs in the region. Such programs may include organizing tours from Turkey to Egypt, and from the Mediterranean to the Persian Gulf.

4- A richness in touristic sites such as Jerusalem an ancient city which is sacred to Muslims, Christians, and Jews alike, and an architectural wonder with a history of building that extends over 3,000 years.⁹

5- A possibility of capturing a big share of the future development projects expected to be launched by official multi-national lending facilities (e.g. the International monetary Funds IMF) for developing the region. Such projects will include the building of new coastal highway with palm trees extending from Turkey to Egypt as well as establishing railroads and international air lines

6- The aim of establishing some giant Arab tourist companies is difficult because of the lack of coordination between the Arab countries.¹⁰

For the above mentioned reasons, there are worries that Lebanon will quickly fall prey to a far larger and dynamic Arabic economy when peace will be signed by all the countries in the region. Indeed, the imbalance between the Israeli and the Lebanese economies is unsettling. Moreover, the Lebanon's ability to benefit from the peace depends on its impact on ordinary Lebanese by raising their standard of living. This will require internal reforms and elimination of all forms of administrative corruption and other problems.

3.2.3 Lessons from Jordan

However, it is too early to pass judgment on peace. The Lebanese government is aware of a probably disguised danger that can hit the most promising sector in the economy that is tourism even if it does not play an essential role in the peace process.

Jordan has been the first country to experience the advantages and threats of the peace. Actually the signs on the border between Jordan and Israel in English, Arabic and Hebrew say "welcome to Jordan". People from all over the Jewish state, once Jordan's bitter enemy, are combing the Kingdom historic treasures and shops in search of discoveries and bargains. Shalom is in the streets. Not too far in the past, this was politically and socially unthinkable, but both countries have sought the tangible payoff that tourism can bring to their nations under peace with normalized relations. It is expected that by the end of November 1995, over 2,500 Israelis would have visited the country. Furthermore, Jordan and Israel have more than just cross-border trade envisioned. They have already participated at international meetings for tourism promoting the benefits of their countries to the larger world. The two states have also made strong pitches to the American Society of Travel Agents, to put Israel and Jordan firmly on the American travel map. Expansion of tourism especially will infuse Jordan with tens of millions of dollars worth of hard currency annually.

There are also broader plans for joint tourism ventures between Jordan, Israel, and Egypt. Both Israel and Jordan are moving ahead quickly to realize the economic benefits peace can bring to their countries. By tapping into international confidence and local interest, they should see an increase in visitors in the coming years.¹¹ Jordanian economists say that if the agreement results in a lightning of Jordan's debt, currently hovering around US\$ 8 billion, the Kingdom may yet enjoy the fruits of peace. The United States has already forgiven US\$ 220 million in debts and has promised to forgive twice that amount in the future.¹²

Concerning Lebanon, no one can be sure what would be the peace dividend or the peace invoice, but it is obvious that political changes could benefit the entire region, luring investment and tourism, the results of these changes have to be anticipated and integrated in the development plan for the year 2000 and thereafter to meet the preset objectives with the least cost.

3.3 The Arab Tourism

3.3.1 Lebanon, Syria, and Jordan as one tourist entity (LSJTE):

To attract tourists, Lebanon is embarking upon a regional approach, in combination with Jordan and Syria. Any of these countries on their own do not offer enough touristic attractions, while united they become a superb region to visit. A similar approach is being followed in the Gulf region, where destinations like Abu Dhabi, Dubai, Oman, Doha, Bahrain and until recently Yemen, join forces to attract tourism to the region.¹³ Mr. Roel J. Schalling (previously the Vice President of Operation and Marketing of Kempinski Hotels) has recommended that Lebanon should be promoted (excluding the City of Beirut), until such time that redevelopment has commenced and progress can be shown. In other words "bypass" Beirut for the time being.

According to this same expert, with the "Horizon 2000 Rebuild Lebanon" programs, linked to the stabilizing political factors within the region, both the businessmen and the tourists will surpass the pre-war numbers by the year 2000.¹⁴

Building the LSJTE will contribute to reducing the industry's costs considerably, especially in advertising. The statistics compiled by the Arab Institute for Research and Consultancy Studies indicated that tourism advertising spending in Lebanon recorded during the first semester of 1994, a considerable increase of 59% compared to the spending of the preceding year's corresponding period. This increase amounted to US\$ 102.5 million, against US\$ 64.6 million for the equivalent period in 1993. It is worth mentioning that Lebanon is considered one of the major advertising markets in the Arab world. It ranks actually second after Saudi Arabia in terms of the amount of general expenses allocated to tourism advertising. However, this budget if not merged with other countries', it will remain badly insufficient to face the fierce competition of some powerful countries such as Israel that enjoys of a worldwide marketing capacity.

Many achievements have been realized within the LSJTE :

1- Actually, Lebanon, Syria, and Jordan are witnessing about thirty-two internal tourist tours on a daily basis, and efforts are oriented to attain an average of one tour per hour.¹⁵

2- According to the last reported statistics, the number of Lebanese tourists visiting Syria has increased from 406,000 in 1988, to 462,000 in 1991, and to 531,000 in 1992, representing a 43% of the total 1,237,000 Arab nationals visiting the country during that year. In 1993, the total number of tourists to Syria have been estimated at 1,910,000 of which Lebanese tourists might have represented around 550,000 while total Arab nationals nearly accounted for 1,413,000. Furthermore, the total revenues generated from the tourism industry in 1993 is estimated at US\$ 800 million.¹⁶

The same sources revealed that beside their curiosity to explore the 3,000 historical monuments of the country, the Lebanese visitors to Syria are interested in shopping for the difference in prices, for many items reaches sometimes 100%.

3- A new Syro-Lebanese agreement has also been concluded, involving the elimination of the border tariffs on tourism buses and general transportation vehicles, as well as trucks heading to Lebanon or Syria. In addition, it was decided to reduce the service fees on goods to 2%, which is the minimum rate required.¹⁷

Within this LSJTE, countries should not be reluctant to coordinate with each other, without fearing that a flourishing activity in the tourism industry in one state may be at the expense of another. In fact, entries to Lebanon have risen by 35% in 1994, while exits from the country have grown by only 32%. Ninety two percent of the travelers entering Lebanon were of Arab nationality, of which 87% are Syrians. Currently, 1.3 million Syrians are residing in Lebanon, that is around one-third of the global population.¹⁸

3.3.2 - Damascus International Congress.

The initiative to establish Damascus International Congress (DIC) was taken by the Franco-Arab Chamber of Commerce (FACC) which solicited the collaboration of many concerned organisms such as, the Inter-Arab Union for Hotels and Tourism, the Multilateral Investment Guarantee Agency (MIGA), the Inter-Arab company for the Investment Guarantee, and Al-Iktissad-Wal-Aaml magazine. the DIC discussed the hot issues of the investments opportunities in tourism in the region.

Because the reception structure in Lebanon has been badly damaged by the civil war, the aggregate demand in this field is now exceeding the aggregate available supply. However, it is this need for the reconstruction that brings about many foreign visitors to the country specially businessmen. The organization of DIC, discussing the investment opportunities in the hotel business and in the tourism industry in the Arab world, has been an occasion for drawing up some assessment lists of opportunities, advantages, and threats. In this context, it seems that the International Monetary Fund (IMF) is ready to release in 1995 some considerable amounts for developing the tourist sector in the Mashrek countries (Lebanon, Syria, Jordan, and Egypt).

For the first time, specific themes concerning the hotels industry has been examined in minute detail. In fact, discussions in the plenary assembly at DIC have been about the following main points: The international and Arab positioning of the tourism industry, the international financing sources, the Arab investment sources, the investment opportunities in the Maghreb countries (Algeria, Morocco, Tunisia), the Arab Mashrek countries (Lebanon, Syria, Jordan, Egypt), and the Arab Gulf. A global evaluation has been sketched, demonstrating that the international as well as Arab demands will increase in the coming century, and that there is a shortage in the financing sources. It is a matter of insuring and motivating the investors to undertake projects in the region. There is a lot to do for saturating the ground in the fallow.¹⁹

According to the British Real Estate Consulting Company, about one hundred hotel purchasing deals took place in 1994, forty-eight of which were settled in Asia, thirty-six in North America, and sixteen in Europe. These deals amounted to US\$ 3.2 billion distributed as follows: US\$ 1.6 billion (or 50%) for the Asian market against a US\$ 1.1 billion to the American market and US\$ 530 million to the European market.

The average price per room in Europe reached US\$ 145,000 versus US\$ 149,000 and US\$ 77,000 in Asia and North America respectively.²⁰ It is to be noted that the nature of the market differs from Asia to Europe; while the hotels market in Asia are sustained by an excess of liquidity, the European one is fed up by crises and bankruptcies of hotels. In other words, the major sellers of hotels in Europe are official liquidators and bankers whereas the major buyers or cash-holders are Asian agents looking for bargains.²¹ This fact reveals that money is available, but it needs to be oriented towards the tourism market in the Arab region. Aware of these realities, the participants in DIC have treated the following issues as major points of concern: Management opportunities and franchise, promotion of tourism, the obstacles hindering the development of tourism, privatization in the hotels and tourism industry, and "time sharing". It was concluded that realities should be made concrete to face the stagnant situation, otherwise, there will be a permanent decrease of the Arab share in the international tourist revenues. In fact, only 2% of the world tourism has been obtained representing a US\$ 6.6 billion (of the global amount of US\$ 321 billion). Half of these revenues has been captured by Egypt, Tunisia, and Morocco, the rest being spread over the rest of the Mashrek region.²² In this market, what are the potentials for Lebanon?

Lebanon will profit indubitably from the increase in regional tourism as soon as the peace process is achieved. The country will regain an influx of visitors from the Arab world. Lebanon speaks their language and offers them a certain change in scenery with some "fantasies" of the Occidental world. Furthermore, tourists will be sensitive to the warmth and the hospitality of the country; Lebanon will be representing for the visitors the ideal station to prepare plans for proceeding the rest of their touristic trip in the region. According to the estimates of the World Tourism Organization (located at Madrid), the region should be ready to receive eighteen million people in ten years.

In Lebanon, it will be a matter of creating a large number of middle-class hotels where the overnight stay price should not exceed US\$ 90 in order to encourage a tourism in bulk that suits every budget.²³

According to the Syndicate of the Lebanese Hotels Owners, building such hotels, even with these low-charging tariffs, seems to be a very profitable investment. The syndicate has revealed that the percentage of the variable costs varies between 6.7% and 8.5% of the room tariff. The fixed charges vary between 86% and 88% for an occupancy rate of 30%, and between 25% and 27% for a rate of 80%. The break even point is reached with an occupancy rate ranging between 30% and 35%. The profit percentage covers more than 65% of the total costs for an occupancy rate of 80%. This percentage can never be realized in any other industry.²⁴ (Appendix V)

The variable costs	6.7%-8.5% of	room tariff
The fixed costs	86%-88% for	an occupancy rate: 30%
The fixed costs	25%-27% for	an occupancy rate: 80%
The profit covers	more than 65% of TC for	an occupancy rate: 80%
The break-even	is reached for	an occupancy rate: 30%-50%

Still, to develop tourism, increasing the investments stands as the first prerequisite. Then, the tourist information, the exhibitions, the media, the travel agencies, and tours operators will have to follow. This should be translated into new laws highlighting some supplementary tolerance and reducing the restrictive regulations in the old ones. These laws will create a favorable climate for investments. Even with no major exemptions, the investors would be encouraged to undertake projects in the area when the law governing their businesses is clear.

Moreover, the foreign exchange transactions of the various currencies should be less subject to governmental control. Consequently, a need for establishing a stock exchange market arises.²⁵

Lebanon is the best candidate for filling this role of financial center of the Middle East. According to the "British Invisibles", the British Embassy in Lebanon, and Mr. John Manser (President of Robert Flamming Company), three major factors may help Lebanon to capture this opportunity.²⁶

1- Lebanon's historical background as the fourth international and financial center for the period extending between 1958 and 1974. The British still remember this, and they prefer Lebanon over any other regional country to play this role again.

2-The maintenance of the open-system strategy with the outside world, the adoption of the banking secrecy, and the continuous follow-up of the latest technologies in the banking industry thanks to the numerous branches spread all over the world.

3- The historical uniqueness of the Lebanese skills in attracting funds.

It is to be noted that the secondary market where stocks and bonds can be marketed, as well as the "Bourse of Beirut" will be reactivated and prepared to lay the ground for founding the financial center. When completed, this financial market along with the restored hotels and the rebuilt infrastructure, will contribute to attract more tourists as well as businessmen for the coming century.

3.3.3 Arab World Travel and Tourism Exchange.

The launching of the Arab year of tourism has been made in Beirut at the Summerland hotel from May 4 to May 6, 1995.

The Lebanese, Syrian, Jordanian, and Egyptian ministries of tourism with the collaboration of the Universal Federation of Travel Agents' Association (UFTAA), the International Hotels Association (IHA), the Society of Incentive Travel Executives (SITE), the Middle East Airlines (MEA), and the International Advertising Association (IAA), organized a tourism program called "travel and tourism in the Arab world". The participants discussed in detail the problems facing the Arab industry in attracting tourists, they also highlighted the advantages of the region such as : The accessibility to the world's great travel-originating countries, the cost advantage of the labour supply, the travel product that provides enrichment rather than simply escapism, upscale amenities, and a market niche potential for mid-market chains of hotels where some three star hotels are beginning to burgeon.

The participants also called for the speedy implementation of the transportation agreement covering Lebanon, Syria, and Jordan and to a closer cooperation with Egypt.

The Arab world will sooner or later be facing the challenges of peace. The growth of the tourism industry in the world is progressing at a speedy pace. It is up to Lebanon and the Arab world to get their due share of this growth for the sake of their economies and national interests.

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21- Ibid

22- Ibid

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CHAPTER IV

RESEARCH DESIGN & METHODOLOGY

4.1 Basic approach

A survey has been conducted in the intent of testing the level of satisfaction of the tourists coming to Lebanon and of diagnosing the negative as well as the positive factors influencing their attitudes.

Moreover, the survey has also been conducted to help building a realistic plan for tourism by the year 2000.

4.2 Survey design and methodology

4.2.1 The source of information.

Before testing the hypothesis and conducting the field survey, interviews have been held at the Ministry of Tourism and at Beirut International Airport, whereas the survey includes the point of view of tourists with different nationality, age, and income.

4.2.2 Sample and data collection

The target population of the field survey is composed of 152 subjects representing foreign people. The surveying tool used is a questionnaire including questions related to demographics and attitudes of the subjects versus the actual tourism package in Lebanon.

Respondents were in the majority: People waiting at the airport departure lounges, tourists staying at hotels, and foreigners at the "Teleferique" station at Harissa Jounieh.

4.3 Preparation and construction of the questionnaire.

4.3.1 Prerequisite considerations.

While preparing the questionnaire, attention was directed toward the following major issues.

- 1- No letter of preface was introduced before the set of questions to clarify the objective of the survey. This is because 70% of the respondents were foreigners sitting at the airport departure lounges and waiting with no patience their airplanes. To induce those people to cooperate, a simple introducing sentence, "Dear visitor, please help us serve you better in the future by answering these few simple questions" was stated instead. Thus, they were left to think that maybe it is a request from the airport administration or the ministry of tourism. Nevertheless, being near each respondent, I was ready to clarify the objective of the survey for those who asked for it. Parallel to the airport, people working at the hotels reception were left with the choice of telling their customers that they intend to improve the hotel service level through the respondents cooperation.
- 2- No confidential or parental questions were asked in order not to cause any embarrassment or anxiety while answering.
- 3- Questions 18-19 were left open ended in order to leave a room for the respondents to select their preferred hotels and restaurants. Whereas question 20 was an indirect question to determine whether foreign people admit that Lebanon could be a financial center for the Middle East or at least to detect whether they are interested in the Lebanese banking secrecy.
- 4- The qis somewhat short in size although it should have been longer and wider because of the scope of the issue discussed; however, attention is directed to the ease of use and the time allocated

4.3.2 Types of the questions.

In constructing the questionnaire three types of models were used.

- 1- The forced choice items consisting of objective questions used to know the respondents' opinion about a certain issue or to know something about their background such as items (1,2,3,4,5,8,9,10,11,15,16,17) of the questionnaire.
- 2- The Likert-type scale items of "poor" to "very good" is used in items (12,13,14)
- 3- The open-ended questions such as items (6,7,18,19,20) are adopted because there is no way to limit the answers. Those questions will be analyzed in frequency distributions to assist the survey objective.

4.3.3 Problems in data collection.

The majority of the responsible people at the hotels refused to bother their clients with such questions. About one hundred questionnaires were distributed at the hotels and despite the permanent follow-up efforts, only thirty were filled out.

4.4 Analysis of the variables of the questionnaire.

The questionnaire includes two types of variables: The personal background variables and the attitudinal variables.

4.4.1 The background variables.

The selected background variables of the questionnaire are used to collect personal data about the respondents. These variables cover the following items.

- 1- Sex (item1). This variable has two categories (male and female). Males are usually more oriented toward travelling for business purposes than females especially to a destination like Lebanon that has been long conveyed by international media as a war zone.

- 2- Nationality (item2). The nationality of the respondent is an important factor outlining the effectiveness of the efforts channelled in promoting Lebanon in the Arab as well as in the Non-Arab countries.
- 3- Age (item3). Four categories of age are considered. The older the respondent the more experienced he/she is in the travel industry.
- 4- Income (item4) includes also four categories. In general, the higher the income, the higher the incentive to travel is.
- 5- Stay period (item 5) covers three intervals. This variable shows if the stay period and the purpose of the visit go together.
- 6- Number of people in the group (item6). This variable tends to test whether tourists come in Lebanon in groups or individually.
- 7- Month of visit (item7). According to the last statistics reported by the Ministry of Tourism, June, July, August and September represent the high season for tourist arrivals. However, especially for business people, there is no specific month to visit a given destination.
- 8- Have you visited Lebanon before (item8). A previous visit may influence the perception of the security situation as well as the level of satisfaction.

4.4.2 Attitudinal variables.

To analyze the statement of the problem the following variables have been considered as affecting the tourists' level of satisfaction.

Purpose of the trip (item 9), favorite regions (item 10), ease of obtaining the visa (item 11), the airport situation (item 12), the hotels' service level (item 13), other preferred countries (item 14), peace with Israel (item 16), and the problems preventing the tourist from visiting Lebanon another time (item 17).

4.5 Analysis of the data collected.

The variables of the questionnaire and the answers of the respondents are entered through a data base system in the computer. These data will be statistically interpreted and analyzed using the SPSS statistics computer package.

CHAPTER V

RESEARCH FINDINGS

5.1 General overview

Conducting a survey was very necessary to examine to some extent the demand in the tourism industry. The main purpose of this chapter is to present the findings acquired and to analyze them. It is to be recalled that the hypothesis to be tested is the overall level of satisfaction level of the tourists who came to Lebanon.

5.2 Profile of the respondents.

With reference to the general characteristics of the 152 respondents, the descriptive method was used as a measure means.

Results showed that the majority of the respondents were male, and 80% of the total number and only 20% were female. This may be attributed to the fact that males are usually more oriented toward travelling for business purposes than females, especially to risky destinations like Lebanon.

Table (5-1) Respondent's gender

Gender	Frequency	Percentage	cum.%
Male	31	20	20
Female	121	80	100
Total	152	100	

Table (5-2) shows that 28% of the respondents have the Arab nationality whereas 72% are Non-Arab. This reveals that the Arab people are not very attracted to come to Lebanon as they used to be before the war. Regions, like Aley and Hamana, being destroyed they are no more interested in Lebanon, and they may have chosen other countries now.

Table (5-2) Nationality

Nationality	Frequency	Percentage	cum. %
Arab	43	28	28
Non-Arab	109	72	100
Total	152	100	

The age of the respondents mostly ranged between 31 years and 40 years with a majority of 45%. In fact this interval is the ideal one for business people.

Table (5-3) Age

Age	Frequency	Percentage	cum. %
Less than 30	25	16.4	16.4
31-40	69	45.4	61.8
41-50	25	16.4	78.3
More than 50	33	21.7	100.0
Total	152	100.0	

Table (5-4) shows the frequency distribution of the respondents' annual income. A majority of 48% are earning more than US\$ 50,000 per year. This explains that 48% are people who are not very much sensitive to prices, but who are likely to be sensitive to the services quality.

Table (5-4) Annual Income

Income	Frequency	Percentage	cum. %
Less than \$10,000	6	3.9	3.9
\$11,000-\$30,000	26	17.1	21.1
\$31,000-\$50,000	47	30.9	52.0
More than \$50,000	73	48.0	100.0
Total	152	100.0	

About 59% of the visitors stayed in Lebanon between two days and one week. This might be due to the fact that the main purpose of the visitors was for business and not to spend vacation (see table 5-7). Detailed information are found in the following table (5-5)

Table (5-5) Stay Period

Stay Period	Frequency	Percentage	cum. %
One day	4	2.6	2.6
2 days-1 week	90	59.2	61.8
More than 1 week	58	38.2	100.0
Total	152	100.0	

Table (5-6) shows that about 65% of the respondents visited Lebanon before whereas 35% did not. This may mean that curiosity and interest are factors attracting new visitors to Lebanon. This 35% may be increased in the future if adequate measures are undertaken to satisfy the actual newcomers.

Table (5-6)

Previous visit	Frequency	Percentage	cum. %
Yes	99	65	65
No	53	35	100
Total	152	100	

The visitors' purpose was 65.8% for business and only 16% to spend vacations. This may be the result of 16 years of war, during which the tourists changed of taste and became more demanding and more sophisticated. However the 65.8% of business people may be transformed to real tourists coming to spend some leisure time in the future if caution is taken to satisfy them now as good as possible.

Table (5-7) Purpose of the visit

Purpose	Frequency	Percentage	cum. %
Vacation	24	15.8	15.8
Business	100	65.8	81.6
Convention	14	9.2	90.8
Visit Relatives	14	9.2	100.0
Total	152	100.0	

5.3 Respondents' attitude

Table (5-8) shows the respondents' favorite regions. Since the majority of the visitors came to business purposes, Beirut was to be their preferred region because it best provides the required business facilities relatively to the other regions.

Table (5-8)

Region	Percentage
Beirut	70.4
Broumana	61.0
Jounieh	52.0
North+Bekaa	20.4
Chouf	15.0
Aley	4.0
Hamana	2.6

The airport situation was found fair by 50% of the subjects and poor by about 31% see table (5-9). Until the airport expansion project is completed, the actual services level at the airport needs badly to be improved.

Table (5-9) Airport evaluation

Evaluation	Freq	Percentage	Cum.%
Poor	48	31.5	31.5
Fair	76	50.0	81.5
Good	27	17.8	99.3
Very good	1	0.7	100.0
Total	152	100.0	

The first promising element in creating a favorable climate for the tourist was the good hotels' service level. Table (5-10) shows evidence.

Eventhough Lebanon is not on the international chains of hotels, the service level offered by the Lebanese hotels comes to reveal the private sector's attachment to its usual vocation in preserving the old hospitality image of the country.

Table (5-10) Hotels' service level

Evaluation	Frequency	Percentage	Cum. %
Poor	10	6.6	6.6
Fair	32	21.6	28.2
Good	67	44.0	72.2
Very good	43	27.8	100.0
Total	152	100.0	

Table (5-11) shows that 56% of the respondents had a good level of satisfaction from their visit. In general, this is a good percentage given the multiple problems the respondents were subject to during their stay period.

Table (5-11) Level of satisfaction

Level	Frequency	Percentage	Cum. %
poor	0	0.0	0.0
Fair	38	25.0	25.0
Good	85	55.9	80.9
Very good	29	19.1	100.0
Total	152	100.0	

The tourists' intention to visit another country such as Syria and /or Jordan, and /or Turkey, and /or Cyprus is translated through the following percentages:

Table (5-12)

Country	Percentage
Cyprus	28.9
Turkey	25.7
Syria	24.0
Jordan	19.7
A covering trip	23.0

It is to be noted in this context that according to the Syrian minister of tourism, the number of tourists that visited Syria in 1987 was only 600,000 while it had reached 2 millions in 1994. Syria's objective for the year 2000 is to attract about 3.5 million visitors. The 24% of visitors coming simultaneously to Lebanon and to Syria may be an essential source contributing to fulfilling this target.

The factors that may prevent the respondents from coming another time to Lebanon are the following.

Table (5-13)

Problem	Percentage
Security	25.7
High price level	38.8
Intention to visit another country	22.0
services level	13.2
infrastructure	50.0

The infrastructure problems are very obvious even to the Lebanese residents. As for the high price level, if one compares the hotels price rates in Lebanon with the European ones, one finds that the latter ones are still more expensive. Nevertheless, the global price of goods and services is very high. this is due to the lack of governmental controls, to the limited supply in communication and information services and to the absence of legislations encouraging the tourism related institutions to expand.

The favorite Lebanese hotels have been: Summerland, Riviera, Al-Bustan, Century park, Printania, Mediterannée, and many others.

The favorite Lebanese restaurants have been: Nasr, Fakhr El Dine, Karam, Sultan Ibrahim, and many others of first class restaurants offering Lebanese made dishes.

Concerning the Banks' preferences, 75% of the respondents did not mention any Bank and 25% stated Banks that have branches abroad. It will require some time to regain the financial center Lebanon used to be before the war.

5.4 Cross-Tabulations

In the Chi-Square test of independence, the hypothesis that two variables are independent of each other is tested. If the probability which is also known as the observed significance level is small (less than 0.05), the hypothesis that the two variables are independent is rejected.

5.4.1 Cross-Tabulation of the stay period by the purpose of the visit.

Purpose St.period	Vacation	Business	Convention	Vst.RIts	Raw total
one day		1 1.0	3 21.4		4 2.6
2 days to 1 week	11 45.8	67 67.0	7 50.0	5 35.7	90 59.2
More than 1 week	13 54.2	32 32.0	4 28.6	9 64.3	58 38.2
Col.total	24 15.8	100 65.8	14 9.2	14 9.2	152 100

<u>Chi-Square.</u>	<u>D.F.</u>	<u>Significance</u>
30.46523	6	0.0004

As it could be seen, 67% of the respondents who stayed between two days and one week came to Lebanon for business purposes. The result of the Chi-Square as could be noticed shows complete significance being $0.0004 < 0.05$ the level of significance. This means that there is a variability in the stay period variable along the purpose of the visit factor.

5.4.2 Cross-Tabulation of the stay period by the level of satisfaction

Satisfaction sty.prd	Fair	Good	Very good	Raw total
one day			4 13.8	4 2.6
2 days to one week	19 50.0	53 62.4	18 62.1	90 59.2
more than 1 week	19 50.0	32 37.6	7 24.1	58 38.2
Col. total	38 25.0	85 55.9	29 19.1	152 100

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
23.05982	4	0.0008

62.4% of the people who stayed between two days and one week were well satisfied (good level of satisfaction), whereas this same level of satisfaction was found with only 37.65% of those who stayed more than one week. This can be explained by the cumulative problems (such as infrastructure) the visitor becomes aware of while staying for a longer time in the country, the fact negatively affects his/her level of satisfaction.

5.4.3 Cross- Tabulation of visiting Israel by nationality

Nationality	Non-Arab	Arab	Raw total
Visit Israel			
No	48 44.0	28 65.1	76 50.0
Yes	61 55.9	15 34.9	76 50.0
Col.total	109 71.7	43 28.3	152 100.0

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
6,26357	1	0.0436

As to the respondents' intention to visit Israel if peace process were signed, 56% of the Non-Arab will be interested in such a visit and only 35% of the Arab will go to Israel. With a significance level of $0.0436 < 0.05$, there is a variability in the intention to visit Israel along the nationality factor.

5.4.4 Cross-Tabulation of the level of satisfaction by the purpose of the visit

Purpose Satisfact.	Vacation	Business	Convent- ion	Vst.Rlts	Raw total
Fair	2 8.3	28 28.0	3 21.4	5 35.7	38 25.0
Good	13 54.2	60 60.0	5 35.7	7 50.0	85 55.9
Very good	9 37.5	12 12.0	6 42.9	2 14.3	29 19.1
Col. total	24 15.8	100 65.8	14 9.2	14 9.2	152 100.0

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
16.37429	6	0.0119

With a significance level of 0.0119 it could be said that there is a variability between the level of satisfaction and the purpose of the visit. Most of the respondents who showed a very good level of satisfaction (42.9%) were those who came to convention purposes. This may be attributed to the fact that those respondents have only to stay for two or three days in the country, meaning that their level of exposure to the country's various problems in services and infrastructure is somewhat low. Whereas, the results show that people who came to pass their vacation, deal business, or visit friends or relatives showed a lower level of satisfaction.

5.4.5 Cross-Tabulation of the satisfaction level by the airport situation

Airport Satisfact.	Poor	Fair	Good	Very good	Raw Total
Fair	19 40.0	17 22.4	2 7.4		38 25.0
Good	21 43.75	47 61.8	17 63.0		85 55.9
Very good	8 16.6	12 15.8	8 29.6	1 100.0	29 19.1
Col.Total	48 31.5	76 50.0	27 17.8	1 0.7	152 100

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
17.38461	6	0.026

With a 0.0263 significance level, it could be said that there is a variability in the level of satisfaction along the respondents' opinion about the airport situation. The airport situation is no doubt negatively affecting the level of satisfaction. There was only one respondent who showed a simultaneous very good global level of satisfaction and a very good satisfaction concerning the airport situation.

5.4.6 Cross-Tabulation of the satisfaction level by the perception of the hotels' service level

Hotels ser. Satisfact.	Poor	Fair	Good	Very good	Raw Total
Fair	8 72.7	18 56.3	10 15.2	2 4.7	38 25.0
Good	3 27.3	14 43.8	50 75.8	18 41.9	85 55.9
Very good			6 9.1	23 53.5	29 19.1
Col. Total	11 7.2	32 21.1	66 43.4	43 28.3	152 100.0

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
82.53959	6	0.0000

The hotels' service level is an important factor affecting the level of satisfaction. Significance is zero. This means that the level of satisfaction shows a variability along the perception of the hotels' service level. As it shows 75% of those who found that the hotels' service level as "good" had also a "good" global level of satisfaction. It could be said that human factor in the hospitality market is still good despite the war and its negative effects on the Lebanese people who became somewhat aggressive.

5.4.7 Cross-Tabulation of the satisfaction level by the country's services problem.

Serv.probl. Satisfact.	No	Yes	Raw Total
Fair	24 18.2	14 70.0	38 25.0
Good	82 62.1	3 15.0	85 55.9
Very good	26 19.7	3 15.0	29 19.1
Col. Total	132 86.8	20 13.2	152 100.0

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
25.75171	2	0.0000

The results show that there is a significance variability in the respondents' satisfaction level along their perceptions about the country's services problem.

25% of the respondents had a fair level of satisfaction. Of this percentage, 70% faced problems in the country's services supply. By the same token, 55.9% had a good level of satisfaction. Out of them 62.1% did not encounter such problems. This may be due to the tremendous effort the hotels are exercising to satisfy their clients by ensuring some facilities that are not found outside the hotels like telecommunication services. Those visitors who showed a good level of satisfaction and did not encounter problems in the services may be those who stayed in high class hotels.

5.4.8 Cross-Tabulation of nationality by the interest to visit Jordan

The following test shows that 90% of the Non-Arab of the sample intend to visit Jordan. This may be explained by their curiosity of exploring the country that is attracting the Israelis in big masses.

Jordan Nationality	No	Yes	Raw Total
Non-Arab	81 66.1	27 90.0	108 71.1
Arab	41 33.6	3 10.0	44 28.9
Col. Total	122 80.3	30 19.7	152 100.0

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
6.55402	1	0.0377

This result shows that there is a variability in the respondents' interest to visit Jordan along their nationality.

5.4.9 Cross-Tabulation of the visit purpose by the favorite region (Beirut).

The following 0.0175 significant level reveals that 72% of those who stayed or preferred Beirut came for business purposes. Whereas, only 11.2% of those who came to pass their vacation stayed at Beirut. Relatively to other regions in Lebanon, Beirut is somewhat providing the business people the best facilities and a lot of variability in business opportunities.

Beirut prf. Purpose	No	Yes	Raw Total
Vacation	12 26.7	12 11.2	24 15.8
Business	23 51.1	77 72.0	100 65.8
Convention	3 6.7	11 10.3	14 9.2
Visit Relatives	7 15.6	7 6.5	14 9.2
Col.Total	45 29.6	107 70.4	152 100.0

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
10.12684	3	0.0175

This also shows that there is a variability in the favorite region along the visit purpose to Lebanon.

5.5. Regression Analysis

To check the influence of the various factors on the level of satisfaction, the regression analysis was used in order to build a regression equation that could depict the potential relationship between the dependent variable and the independent variables. The dependent variable is the one which variation is likely to be explained, and the independent variables are used to explain the variation in the dependent variable.

5.5.1 Building a regression equation

The dependent variable was the global level of satisfaction and the independent variables were those that showed a high variability with the dependent variable in the cross-tabulation tests. The following result was found.

There was a high correlation between the following independent variables- The hotels' service level, the stay period, the favorite region (Chouf), the infrastructure problems, and the occurrence of a previous visit to Lebanon- and the dependent variable which is the tourists' overall level of satisfaction. By reading the coefficients of correlation between the two kind of variables, similar explanations can be concluded. A stepwise regression analysis was used to build the regression equation through a forward selection of variables.

The first variable that entered to the regression equation was the hotels' service level. The regression output shows a significance level of 0.05. R^2 the coefficient of determination shows how much the variations in the dependent variable could be explained by the independent variable included. This means that 36% of the variations in the level of satisfaction could be explained by the variations in the hotels' service level.

In step number 2, the stay period was included, then the list of other variables followed with their respective coefficients, beta, the test statistic-T, and the T-significance.

Variable	Beta	T	Sig.T
Hotels serv.	0.40504	8.755	0.0000
Stay period	-0.21699	-2.834	0.0053
Chouf region	0.32489	2.813	0.0056
infrastructure problems.	-0.22148	-2.694	0.0079
previous visit	-0.17031	0.08595	0.0494
(constant)	2.44265	9.658	0.0000

The last step in the regression output derived the following equation.

$$\begin{aligned} \text{Satisfact} = & 2.44265 + 0.40504 \text{ hotlser} - 0.21699 \text{ styprd} + 0.32489 \text{ choufrg} \\ & (0.000) \quad (0.0000) \quad (0.0053) \quad (0.0056) \\ & - 0.22148 \text{ infrprb} - 0.17031 \text{ prvvist.} \\ & (0.0079) \quad (0.0494) \end{aligned}$$

$$R^2 = 0.44905$$

$$F = 23.79965$$

$$\text{Sig.F} = 0.000.$$

5.5.2 Significance of the Regression Equation

The coefficient of determination R^2 is equal to 45%. This implies that only 45% of the variation in the respondents' level of satisfaction could be explained by the above five variables.

However, the regression equation is considered as significant by the F-test.

From the output presented, $F = 23.79965$. and after comparing the sig.F value (0.000) to the value used (0.05), it could be concluded that there is a relationship between the dependent variable and the independent five variables included in the equation.

5.5.3 Interpretation of the equation.

The interpretation of the equation is quite straight forward. As to the hotels' service level, the value of $b = 0.40504$ indicates that for each unit of improvement in the hotels' service level, the satisfaction level will be increased by 0.40504.

The same interpretation method could be applied to the stay period variable. As the stay period increases by one day, the satisfaction level decreases by 0.21699. This could be attributed to the further awareness of the respondents of the existence of many problems and weak points in the tourism package such as the pollution, the lack of an adequate infrastructure and the poor services level as they stay for a longer time.

The positive coefficient of the Chouf region indicates that for each unit added number in the preference of the Chouf region, the satisfaction level increases by 0.32489. This could be explained by the calm and the clean climate this region enjoys.

The coefficient of the infrastructure problems variable is -0.22148 meaning that the infrastructure problems are affecting negatively the level of satisfaction, leading to a decrease of 0.22148 for each added unit to the infrastructure problems.

The last coefficient of the last variable is equal to -0.17031. This implies that people who have visited Lebanon before tend to be less satisfied than those who did not. This could be due to the fact that the major reforming plans are to be realized in the long run, and that the majority of the projects are due to be completed by the year 2000. Accordingly, the visitor is not feeling a progress in the overall situation of the country between two consecutive visits, and this is reflected by a lower level of satisfaction. The travel market is no doubt highly sensitive to the expectations the client draws in his/her mind. The following conclusion may be stated "No expectation, little disappointment".

It is to be noted that no significant regression equation has resulted joining the stay period with the independent variables with which it showed high variability because of the multicollinearity problem. The independent variables were very correlated to each others.

CHAPTER VI

CONCLUSION AND RECOMMENDATIONS

After having assessed the tourism balance sheet as well as enumerated the actions undertaken, a conclusion would be that a great deal has been achieved but that a lot of work still lies ahead to meet the year 2000 challenges.

1- On the governmental level, tourism should be high on the list of priorities, legislation needs to be introduced to encourage investment in the tourist industry. Funds should be provided to enable the Ministry of Tourism to implement its plans.

2- On the private sector level, all the segments should be convinced that tourism, whether directly or indirectly, is beneficial to them and as a result they should contribute morally and financially in the master plan set by the Ministry of Tourism.

3- Rebuilding the tourism industry in Lebanon should be an integral part of the National Reconstruction Plan.

The execution of the plan must be entrusted to an administrative body made up of both public and private sector under the guidance of, and working closely with the Minister of Tourism.

Eventhough the sample size of the field survey was small, it has revealed that 35% of the tourists are people coming to Lebanon for the first time, but as their stay period increases, their satisfaction level decreases because of infrastructure

problems. This inconvenience may be avoided if the horizon 2000 reconstruction plan starts immediately by building the infrastructure of the touristic areas before undertaking any other essential but non-urgent step in the reconstruction process.

4- The BNDIT (Banque Nationale du Developpement Industriel et Touristique) role should be reactivated in order to advance some long term financing facilities to the touristic projects.

5- Eventhough Beirut International Airport expansion project is under work, promising to cater for a targeted annual capacity of 6 million passengers upon its completion in 1998, the quality of service provided at the airport is of a vital importance. We can not expect a tourist to return to a country if he/she is ill-treated on arrival or departure by immigration or customs authorities.

6- On the management level, everyone involved in the tourism industry, from people at the airlines, the taxi drivers, the hotels' receptionists, the check in staff, right away through from the lower levels to top management must understand that there is an incentive quality service: Tourists are not normal visitors. they are people who demand "Champagne" quality service all the way through

7- On the regional level, the Arab world will sooner or later be facing the challenges of the peace, the Arab cooperation is very essential to meet those challenges. However, for this cooperation to be effective, it has to have a framework of policies and studies that are set and articulated.

In the air transportation sector for example, active support should be given to coordination among Arab airlines; this will strengthen their position in an

increasingly competitive environment as well as safeguarding the interests of their countries.

8- Among the basic hurdles in front of the full exploitation of the touristic potential in the region are the access problems. The regular 1995 tours organized by the Lebanese company Nakhal & Cie offering trips starting and ending in Lebanon and covering Syria and Jordan highlight the following limitations to tourism expansion:

- Lebanese citizens need a visa to Jordan
- European citizens need a visa to Syria and a re-entry visa to Lebanon.
- European citizens do not need a visa to Jordan; it can be arranged at borders, but they need re-entry visa to Lebanon and double entry visa to Syria.
- European citizens holding a Lebanese residence permit also need a visa to Syria.

9- According to the estimates of the World Tourism Organization, the region should be ready to receive 18 million people in ten years. In Lebanon, it will be a matter of creating a large number of middle-class hotels where the overnight stay price should not exceed US\$ 90. The BNDIT should ensure the financing facilities for those projects.

10- Tourist institutions like hotels are required to give their prices at the beginning of each year to the foreign travel agencies. However, prices end up each year by fluctuating due to the growing heavy costs burden. Lowering the tax rates may come into help for setting reliable pricing lists, and it may allow these institutions to expand through self-financing.

11- It is through advertising that Lebanon can enhance its own tourism.

Like any other merchandise, tourism needs to be marketed, positioned, advertised, and sold to the tourists who become the customers bringing in solid amounts of good money which in its turn booms the national income.

The Ministry of Tourism must undertake a very sophisticated advertising campaign through international media. Lebanon used to have specialized tourism offices scattered in the large capitals of the world, today, some of the embassies lack even of tourism brochures.

12- The travel companies need to change their communication, and they should help building a corporate image of Lebanon before selling at cut prices some inclusive tours that may bring some tourists to Lebanon.

13- What is needed at most is peace. The volatility of the situation in the region is very critical. Although a peaceful settlement of the Arab-Israeli conflict is put on high gear, yet it remains to be seen whether the current course of action taken by the interested parties can be materialized in an ever-lasting peace. In order to attain civil stability, a proper distribution of wealth has to be adopted with caution.

QUESTIONNAIRE

Dear visitor,

Please help us serve you better in the future by answering these few simple questions:

1- Sex: ☐ Male

☐ Female.

2- Nationality: ☐ Arab

☐ Non-Arab

3- Age: ☐ Less than 30

☐ 31-40

☐ 41-50

☐ More than 50

4- your annual income: ☐ less than \$ 10,000

☐ 11,000-30,000

☐ 31,000-50,000

☐ More than 50,000

5- your stay period: ☐ One day

☐ from 2 days to one week

☐ more than one week

6- Number of people in your group

7- In what month do you visit Lebanon

8- Have you visited Lebanon before?

☐ Yes

☐ No

9- What is the purpose of your trip?

(Please check as many boxes as appropriate)

☐ Vacation

☐ Business

☐ Convention

☐ visit friends/relatives.

10- What are your favorite regions in Lebanon:

(Please rank from 1 to 7)

Beirut----

Aley----

Broumana----

Jounieh----

Hamana----

Chouf----

North+Bekaa----

11- Have you easily obtained your visa to Lebanon?

☐ Yes

☐ No

12- How do you evaluate the Airport situation?

☐poor ☐fair ☐good ☐very good.

13- How do you evaluate the hotel's service level?

☐poor ☐fair ☐good ☐very good.

14- What is your global level of satisfaction?

☐poor ☐fair ☐good ☐very good.

15- If you were to visit another regional country where do you go?

(Please check as many boxes as appropriate)

☐Syria ☐Jordan ☐Turkey ☐Cyprus

☐A trip covering all these countries

16- If peace process were to be signed with Israel would you change your destination and visit that country?

☐ Yes

☐ No

17- What may prevent you from visiting Lebanon another time?

(Please check as many boxes as appropriate)

☐ Security problem

☐ High price level

☐ Intention to visit another country

☐ service level

☐ infrastructure problems

18- What are your favorite Lebanese Hotels?

19- What are your favorite Lebanese restaurants?

20- Which Banks would you like to deal with?

Thank you for your valuable cooperation

APPENDIX I

BREAKDOWN OF BUDGETARY ALLOCATIONS

1993-1994

	<u>Percentage of Total</u>	
	<u>1993</u>	<u>1994</u>
Presidency of the Republic	0.25	0.17
Parliament	2.02	0.72
Prime Ministry	14.51	15.41
Ministry of Justice	0.80	0.64
Ministry of Foreign Affairs	2.43	2.55
Ministry of the Interior	10.59	8.43
Ministry of Finance	1.46	1.19
Ministry of Defense	25.63	19.83
Ministry of Education	9.60	8.59
Ministry of Public Health	5.89	4.53
Ministry of Labor	0.08	0.05
Ministry of Information	0.45	0.46
Ministry of Public works	5.81	6.44
Ministry of Agriculture	1.78	1.35
Ministry of Economy and Commerce	0.63	0.20
Ministry of Communication	0.52	0.35
Ministry of Hydraulic and Electric Resources	1.95	1.18
Ministry of Tourism	0.23	0.59
Ministry of Industry and Oil	0.06	0.06
Ministry of Housing	2.30	0.95
Ministry of Displaced People	0.24	0.22
Ministry of Municipal Affairs	0.68	0.68
Ministry of Vocational Education	0.73	0.93
Ministry of Social Affairs	2.00	1.89
Ministry of the Expatriates	0.03	0.10
Ministry of Transportation	3.25	2.74
Ministry of Culture and Higher Education	3.23	2.95
Ministry of the Environment	0.07	0.27
Payments on Outstanding Debts	-	-
Budgetary Reserves	2.78	16.53
Total in L.L.	100.00	100.00

Source: Ministry of Finance

HOTEL DISTRIBUTION IN LEBANON.

	<i>Beirut</i>	<i>Mount-Lebanon</i>	<i>North</i>	<i>Bekaa</i>	<i>South</i>	<i>Total</i>
<i>International</i>	2	1	0	1	0	4
<i>4-stars A</i>	10	16	5	1	0	32
<i>4-stars B</i>	17	27	6	2	0	52
<i>3-stars</i>	37	46	12	10	0	105
<i>2-stars</i>	19	107	35	13	5	179
<i>1-star</i>	31	71	46	21	28	197
Total	116	268	104	48	33	569

NUMBER OF HOTELS PER CATEGORY

	<i>#</i>
<i>International</i>	4
<i>4-stars A</i>	32
<i>4-stars B</i>	52
<i>3-stars</i>	105
<i>2-stars</i>	179
<i>1-star</i>	197
TOTAL	569

Source: "Le Commerce du Levant" March 30, 1995 No. 5355, pp. 42, 43

Appendix IV

MIDDLE EAST COUNTRIES DESTINATIONS - RISK EVALUATION					
As of 1985					
Country	Terrorism Activity	Degree of Risk to Travellers	Airport Security	No. of Terror Organisations	Terror Methods
Israel	Extreme	Extreme	Excellent	2	Bombing, Assassination
Egypt	High	Moderate	Poor	Multiple	Bombing, Assassination
Jordan	High	High	Poor	4	Bombing, Assassination
Syria	Extreme	Extreme	Poor	5	Bombing, Assassination Arrest Detention
Lebanon	Extreme	Extreme	None	Multiple	War Zone
Cyprus	Moderate	High	Poor	1	Bombing, Assassination Kidnapping
Greece	High	Moderate	Poor	18	Bombing, Assassination
Turkey	High	High	Poor	21	Bombing, Assassination

Source: The Travel Safety Handbook (New York 1990)

Appendix IV

MIDDLE EAST COUNTRIES DESTINATIONS - RISK EVALUATION					
As of 1985					
Country	Terrorism Activity	Degree of Risk to Travellers	Airport Security	No. of Terror Organisations	Terror Methods
Israel	Extreme	Extreme	Excellent	2	Bombing, Assassination
Egypt	High	Moderate	Poor	Multiple	Bombing, Assassination
Jordan	High	High	Poor	4	Bombing, Assassination
Syria	Extreme	Extreme	Poor	5	Bombing, Assassination Arrest, Detention
Lebanon	Extreme	Extreme	None	Multiple	War Zone
Cyprus	Moderate	High	Poor	1	Bombing, Assassination Kidnapping
Greece	High	Moderate	Poor	18	Bombing, Assassination
Turkey	High	High	Poor	21	Bombing, Assassination

Source: The Travel Safety Handbook (New York 1990)

List of Hotels By Location

Location : Beirut

Rating : Intl

Hotel Name	Address	# of Rooms	# of Beds
Summerland Hotel	Jnah	151	199

Rating : ****A

Hotel Name	Address	# of Rooms	# of Beds
Beau Rivage	Ramlet El Baida	110	200
Bristol Hotel	Hamra	162	252
Carlton Hotel	Raoucheh	126	232
Coral Beach	Jnah	95	190
Grand Hotel Versailles	Hamra	90	170
Riviera	Corniche Al Manara	135	193

Rating : ****B

Hotel Name	Address	# of Rooms	# of Beds
Alexandre	Achrafieh	231	300
Cavalier Hotel	Hamra	64	112
Kings	Raoucheh	75	170
Mediterranee	Chouran	106	172
Napoleon	Hamra	84	125
Pavillon	Hamra	85	125
Royal Garden	Hamra	70	125

Rating : ***A

Hotel Name	Address	# of Rooms	# of Beds
Achrafieh	Achrafieh	58	75
Alumni Ass.	Hamra	21	35
Cedarland	Hamra	77	123
Concord	Ras Beirut	56	116
Le Marly	Hamra	50	92
Marble Tower	Ras Beirut	55	80
Mayflower Hotel	Hamra	85	141
Pacific	Rustom Pacho St.	65	103
Wiener House	Hamra	60	91

Rating : ***B

Hotel Name	Address	# of Rooms	# of Beds
Astra	Hamra	58	82
Berkeley Hotel	Hamra	68	109
Charles	Rustom Pacho St.	65	137
Embassy	Hamra	45	80
Lebanon Beach	Khaldeh	71	128
Lord's Hotel	Ras Beirut	46	78
Orient Prince	Hamra	45	65
Regis Hotel	Ain Mreisseh	18	24

List of Hotels By Location

Location : Beirut

Rating : **A

Hotel Name	Address	# of Rooms	# of Beds
Al Mashrek	Hamra	50	142
Flotel	Jal el-Dib	54	135
Mace	Hamra	29	64
New Hamra	Hamra	30	50
Saint Lorenzo	Hamra	37	65

Rating : *A

Hotel Name	Address	# of Rooms	# of Beds
Moonlight		20	35
Parklane	Manara	23	37

Rating : None

Hotel Name	Address	# of Rooms	# of Beds
Atlas	Hamra	70	70
Excelsior	Mina Al Hosn	105	105
Golden Beach	Antelias	165	165
Hilton	Beirut	67	67
Marhaba	Beirut	40	40
Martinez	Beirut	133	133
Triumph	Hamra	42	42

Total Rooms: 3,392

Total Beds: 5,274

List of Hotels By Location

Location : Bega'a

Rating : Intl

Hotel Name	Address	# of Rooms	# of Beds
Chtaura Park Hotel	Chtaura	80	110

Rating : 1st

Hotel Name	Address	# of Rooms	# of Beds
Arabi	Zahle	20	32

Rating : ****A

Hotel Name	Address	# of Rooms	# of Beds
Sunny Land	Zahle	30	60

Rating : ***B

Hotel Name	Address	# of Rooms	# of Beds
Palmyra	Baalbeck	41	75

Rating : **A

Hotel Name	Address	# of Rooms	# of Beds
Khater Chtaura	Chtaura	35	50

Rating : *A

Hotel Name	Address	# of Rooms	# of Beds
America	Zahle	21	55
Trabulsi	Zahle	20	20

Rating : None

Hotel Name	Address	# of Rooms	# of Beds
Al Rihab	Zahle	63	63
Garda	Zahleh	28	28
Hotel Khreizat	Khreizat	45	45
Kadri	Zahle	25	25
Monte Alberto	Zahle	24	48
New Versailles	Zahle	10	10

Total Rooms: 442

Total Beds: 621

List of Hotels By Location

Location : Chouf

Rating : 1st

Hotel Name	Address	# of Rooms	# of Beds
Mir Amine Palace	Beit Eddine	22	39

Rating : ***A

Hotel Name	Address	# of Rooms	# of Beds
Shouf Touristic Center	Baakline	25	45

Total Rooms: 47

Total Beds: 84

List of Hotels By Location

Location : Kesrouan

Rating : ****A

Hotel Name	Address	# of Rooms	# of Beds
Aquarium	Jounieh	60	90
Miami	Sahel Alma	45	55

Rating : ****B

Hotel Name	Address	# of Rooms	# of Beds
Arcada Marina	Jounieh	64	28
Dallas	Jounieh	57	74
West House	Jounieh	60	120

Rating : ***A

Hotel Name	Address	# of Rooms	# of Beds
Blue Beach	Jounieh	72	99
Byblos Sur Mer	Jbeil	39	73
Montemar	Maameltein	48	85
Vanda Hotel	Jounieh	48	100

Rating : ***B

Hotel Name	Address	# of Rooms	# of Beds
Zouk Hotel	Zouk Michael	42	70

Rating : **A

Hotel Name	Address	# of Rooms	# of Beds
Belmar	Sahel Aalma	50	50

Rating : None

Hotel Name	Address	# of Rooms	# of Beds
Al Moukhtar	Enaya	11	11
Richard's	Kfour	21	21
Rockland	Mishmish	17	17

Total Rooms: 634

Total Beds: 893

List of Hotels By Location

Location : Metn

Rating : Intl

Hotel Name	Address	# of Rooms	# of Beds
Al Bustan Hotel	Beit Mery	96	160

Rating : ****A

Hotel Name	Address	# of Rooms	# of Beds
Printania Palace	Broumana	133	246

Rating : ***A

Hotel Name	Address	# of Rooms	# of Beds
Colibri	Baabdat	62	115
Les Suites	Beitmery	60	64
Russli	Broumana	54	100

Rating : ***B

Hotel Name	Address	# of Rooms	# of Beds
Garden	Broumana	42	85
Le Crillon	Broumana	93	160
Primotel	Broumana	55	58

Total Rooms: 595

Total Beds: 988

List of Hotels By Location

Location : Mt Lebanon

Rating : 1st

Hotel Name	Address	# of Rooms	# of Beds
Amwaj	Jounieh	40	80
Auberge de Fakra	Fakra	28	56
Safra Marine	Safra	70	140

Rating : ***

Hotel Name	Address	# of Rooms	# of Beds
Stellamar	Fidar	18	24

Rating : ****A

Hotel Name	Address	# of Rooms	# of Beds
Queen's Land	Jounieh	62	113
Rif Hotel	Samkaniyeh	36	54
Saint Rock	Rayfoun	80	165

Rating : ****B

Hotel Name	Address	# of Rooms	# of Beds
Bel Azur	Jounieh	40	50
Comfort	Hazmieh	70	140
Grand Hotel	Bois de Boulogne	102	200

Rating : ***A

Hotel Name	Address	# of Rooms	# of Beds
Auberge Suisse	Ouyone El Simane	7	14
El Naas	Bikfaya	43	65
High Hill Naas	Bikfaya	58	70
L' Horizon	Jounieh	60	60
Le Mirage	Ghazir	40	60
Saint Giorgio	Faraya	61	72
Saint Paul	Jouret el Termoss	31	50
Shangnila	Laqlouq	57	175

Rating : ***B

Hotel Name	Address	# of Rooms	# of Beds
Ahram Hotel	Jbel	25	50
AJ Amneh Hotel	Bikfaya	100	151
Bzoummar	Bzoummar	40	64
Rabieh Co.	Rabieh	48	96
St. Antonio	Ouyoun El Simane	34	62
Tallet AJ Baida	Zaarour	46	46
Tamer Land A.P.P	Faraya	54	72

Rating : ***C

Hotel Name	Address	# of Rooms	# of Beds
Mirvana	Laqlouq	51	150

List of Hotels By Location

Location : Mt Lebanon

Rating : **A

Hotel Name	Address	# of Rooms	# of Beds
Ain el Jirn	Mairouba	36	36
Al Bader Hotel	Faraya	23	46
Cedar's	Broummana	26	78
Cottage St. Jean	Ain Aar	25	50
Edward V	Jounieh	42	42
Four Seasons	Hallat	30	43
Francis	Ghineh	33	66
Grand Hotel	Mairouba	30	90
Grand Hotel Naas	Bikfaya	32	60
Green Hill	Fanar	40	42
Hafroun	Ehmej	28	37
Merry Land	Bikfaya	51	102
Rivoli	Qartaba	20	38
Saint Michel	Bikfaya	53	106

Rating : **B

Hotel Name	Address	# of Rooms	# of Beds
Belle-Vue Palace	Broummana	36	36
Belvedere Hnoud	Broummana	33	66
Casino Fayad	Baabdat	17	25
Forest	Broummana	36	72
Grand Hotel Faraya	Faraya	27	27
Miramar	Ajaltoun	30	30
Mont Vert	Broummana	40	80
Monte Bello	Ajaltoun	80	122
New Central	Dhour Choueir	32	84
Old Bridge A.P.P	Faraya	26	52
Pax	Broummana	40	40

Rating : **C

Hotel Name	Address	# of Rooms	# of Beds
Akiki Hotel	Rayfoon	20	50
Massaad	Faytroun	30	60

Rating : *A

Hotel Name	Address	# of Rooms	# of Beds
Coin Vert	Faraya	24	40
Moderne Ras el Metn	Falougha	24	60
Villa Mansour	Bikfaya	15	30
Villa l'Auberge	Ghazir	10	20

Rating : *B

Hotel Name	Address	# of Rooms	# of Beds
Al Salwa	Dhour El Choueir	21	37
Mrouje	Mrouje	22	29

List of Hotels By Location

Location : Mt Lebanon

Rating : None

Hotel Name	Address	# of Rooms	# of Beds
Casino Al Jabal	Bhamdoun	63	63
Claridge	Broummana	36	36
Faytroun el Kabir	Faitroun	34	34
Grace	Broummana	24	24
Grand Mzar	Ouyoun El Simane	70	70
Grasshopper	Broumana	25	25
Green Beach	Maameltein	50	50
La Rochelle	Amchit	61	61
Lavalade	Laklouk	16	26
Mawal	Annaya	10	10
Monteverde	Monteverde	64	64
Nova Mare	Amchit	31	31
Palma	Qartaba	19	35
Residence	Maameltein	37	37
Riva Verde	Amchit	97	97
Salameh	Annaya	20	20
Tounist	Falougha	22	22

Total Rooms: 3,012

Total Beds: 4,780

List of Hotels By Location

Location : North

Rating : 1st

Hotel Name	Address	# of Rooms	# of Beds
Al Naoura	Tripoli	24	46

Rating : ***

Hotel Name	Address	# of Rooms	# of Beds
Saint Francois	Chekka	24	24

Rating : ***B

Hotel Name	Address	# of Rooms	# of Beds
Belmont	Ehden	42	73
Chbat	Becharre	34	68

Rating : **A

Hotel Name	Address	# of Rooms	# of Beds
Rancho Grandi	Cedars	55	107

Rating : **B

Hotel Name	Address	# of Rooms	# of Beds
Abshi Hotel	Ehden	60	130
Cortina	Cedar	32	66
Hasroun Palace	Hasroun	22	50
Palace	Tripoli	14	18
Rahmeh	Becharre	30	30

Rating : *A

Hotel Name	Address	# of Rooms	# of Beds
Central	Tripoli	13	93
Grand Hotel Douma	Douma	20	45

Rating : None

Hotel Name	Address	# of Rooms	# of Beds
Kassr Al Sultan	Tripoli	24	24
Saint Antoine	Sahel Alma	18	18
Vieux Cottage	Sahel Aalma	25	25

Total Rooms: 437

Total Beds: 817

List of Hotels By Location

Location : Northh

Rating : ****B

Hotel Name	Address	# of Rooms	# of Beds
La Mairie	Ehden	65	84

Total Rooms: 65

Total Beds: 84

Statistical Analysis of Arrivals Data

Summary Report

January 1994 to December 1994

**Ministry of Tourism
Republic of Lebanon**

Total Arrivals

Jan 94 to Dec 94

Month	Arrivals	Countries
1	16,673	127
2	13,958	131
3	22,380	131
4	22,800	131
5	25,207	131
6	33,601	131
7	52,283	131
8	45,734	131
9	30,887	131
10	25,453	131
11	23,534	131
12	22,702	131

Total: 335,212

Statistics Exclude Syrian Nationals

Total Arrivals of Syrians from Jan 94 to Dec 94: 1,675,101

Distribution Of Arrivals By Continent

Jan 94 to Dec 94

Continent	Arrivals	Countries
Arab World	125,153	19
Europe	117,473	47
Americas	40,561	36
Asia	29,025	32
Oceania	17,170	13
Africa	5,830	45

Statistics exclude Syrian nationals

TOTAL ARRIVALS: 335,212

List of Countries Sorted by Arrivals

Arrivals > 200/month

Jan 94 to Dec 94

Statistics exclude Syrian nationals

Total Arrivals & Departures Jan 92 to Dec 94

Total Arrivals Per Month Jan 92 To Dec 94

Month	1992	1993	1994	93 to 94 %
1	11,339	10,699	16,673	155
2	7,600	10,466	13,958	133
3	8,764	15,872	22,380	141
4	14,670	17,477	22,800	129
5	12,347	19,673	25,207	128
6	19,041	33,932	33,601	99
7	33,854	40,981	52,283	128
8	20,940	34,591	45,734	131
9	16,832	29,151	30,887	106
10	10,570	16,515	25,453	154
11	10,535	13,963	23,534	169
12	11,011	22,390	22,702	101
Total	177,503	265,710	335,212	

Percent Change in Total Arrivals
1993 to 1994

26 %

Statistics Exclude Syrian Nationals

Arrivals By Port of Entry Total 1994

Port of Entry	Arrivals	Departures
airport	228,925	229,101
bekaa	93,807	80,110
harbour	1,274	1,032
north	11,206	12,953