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Created vulnerabilities: political economy of tourism development in Sharm El Sheikh

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CREATED VULNERABILITIES: POLITICAL ECONOMY OF

TOURISM DEVELOPMENT IN SHARM EL SHEIKH

A Thesis Submitted to
The Department of Political Science

In partial fulfillment of the requirements for
The degree of Master of Arts

By Catherine Walsh

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ABSTRACT

The American University in Cairo

**CREATED VULNERABILITIES: POLITICAL ECONOMY OF
TOURISM DEVELOPMENT IN SHARM El SHEIKH**

Catherine Walsh

Sharm El Sheikh represents the typical tourism enclave: removed from the local
culture and environment, homogenous with other destinations in the global south,
and designed to serve the vacationing needs of mass tourism. This form of
tourism development is dated and set to fail, particularly when challenged with
political instability and violence. Literature on mass tourism to the global south
focuses on structural dependency of resorts, but often fail to complicate this
relationship with internal political decision making. This qualitative case study
examines the development of the resort to cater to the desires of the mass tourism
model. The socio-economic dependency of the space on the state and global
tourism dynamics, the exclusion of the local population, and the complicated
security crisis in the peninsula are analyzed as they remain significant challenges
to future recovery of this resort.

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1. INTRODUCTION

The downing of Russian Metrojet flight 9268 caused a fracture in the tourism sector of Egypt, unprecedented in recent history. The largest attack targeting tourists within the state, occurred on October 31, 2015, where shortly after the flight departed Sharm el Sheikh, an explosion brought down the aircraft killing 224 passengers and crew members. This tragedy caused the immediate and long term halting of international flights into the resort resulting in industry losses for Egypt, totaling $5.5 billion dollars from 2015 – 2016. This represents the largest percentage of tourism lost due to political instability since 1990. While this dramatic loss in tourism can be explained through a cause and effect relationship of terrorism and tourism decline, there are additional factors related to the industry's development, which has laid the foundation for potential long term crisis within the tourism industry.

The Mubarak regime viewed tourism as a method of resisting outside economic influence and maintaining regime stability. The regime utilized rapid developments of tourism spaces in the Sinai as a vehicle for generating revenues, representing a diversification of the tourism sector when violence threatened its stability. Diversification of tourism was a necessary step when the industry was destabilized by terrorist violence and the regime simultaneously faced economic structural changes which threatened its support throughout Egyptian society. On one hand, the active encouragement of tourism development, through legal changes and patrimonial based policies, allowed the regime to strengthen support among the economic elite of the state. This diversification into sun and sand tourism represented a resistance to looming neoliberal changes, whose swift

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implementation had the potential to negatively affect the working class of the state. The development of the tourism space in the South Sinai was rapid and uncontrolled, relied on externally based and controlled demand, expanded beyond actual demand creating oversupply, and disenfranchised the existing local populations. The short-sighted nature of this development policy created several vulnerabilities within the economic and political spheres of the country: over-reliance on externally controlled demand, inability to remain competitive globally, creation of extreme internal competition, decline in image of the destination, and overuse of the space leading to ecological degradation. Development policies pursued by the Mubarak regime in the South Sinai have created a vulnerability to decline which has been exacerbated by political instability following the revolution and the terrorist attack of the Metrojet bombing of 2015.

Sharm el Sheikh, and the wider South Sinai, represent an entirely different tourist space from other historically tourist spaces in Egypt, such as Giza and Luxor. This new tourism space in the South Sinai has provided large growth in the tourism sector over the past two decades through the targeting of a specific kind of tourist. The South Sinai tourist industry embodied 30% of the overall tourism within the country by 2014.[1] Mass based sun/sand tourism is only beginning to return to the country, and has yet to fully return to the struggling economy of the South Sinai. The exclusive reliance on the consumption of these spaces by the mass beach tourist created conditions where the loss of these tourists could significantly impact the tourism sector of the state. While Egypt

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[1] CAPMAS, *Annual Tourism*, 2003 – 2016; *Number of Tourists Arriving Annually*, 2005 – 2016

sets it sights on building alternate beach based tourist spaces, the South Sinai and Sharm el Sheikh may never regain the levels of tourism once propping up these resort enclaves.

1.1 Notes on Sharm El Sheikh: A Once Booming Ghost Town

Sharm El Sheikh, a resort city in the South Sinai, was rapidly developed following instability in the national tourism sector due to terrorism in the mid-1990s. By 2003, the resort had 221 hotels and contained 88% of five star hotels in the South Sinai. [2] This resort was highly important to the national tourism sector, as foreign tourism into the South Sinai rose from 1 million visitors in 2000 to 3.7 million tourists in 2010.[3] In 2010, the tourist arrivals into the South Sinai accounted for 25% of all tourist arrivals into Egypt and 2.8 million tourists into the South Sinai came from Europe.[4] The national tourism sector has faced significant challenges due to political instability, however the South Sinai remained a strong contributor to the national sector. The South Sinai accounted for 2 million European tourists in 2014, 2.78 million tourists overall and represented 28% of the 9.87 million tourists arrivals into Egypt in 2014.[5] The South Sinai, and the resort of Sharm el Sheikh, became an integral part of the national tourism sector over these two decades, however the largest terrorist attack against tourists effectively halted tourism into Sharm for almost 2 years.

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[2] Sims, David and Miniawy. *South Sinai Development Profile.* South Sinai Governorate Environmental Action Plan. (Nov 2003). 2.1.4

[3] CAPMAS, *Annual Tourism,* 2003 – 2016; *Hotel Activity and Touristic Villages,* 2013 - 2015

[4] CAPMAS, *Annual Tourism*, 2003 – 2016; *Nights by Nationality,* 2006 - 2015

[5] CAPMAS, *Annual Tourism,* 2003 – 2016; *Hotel Activity and Touristic Villages,* 2013 – 2015; *Nights by Nationality,* 2006 - 2015

The downing of Metrojet flight 9268 in Fall 2015 effectively created a ghost town out of the formerly booming tourist resort of Sharm el Sheikh. The crippling conditions within the area created a sense of despair for local businesses and informal workers. Closed shops and empty streets relay the lack of tourism within the resort. Like a sardonic joke, billboards plastered with the smiling face of al-Sisi are scattered throughout Sharm el Sheikh, hailing it as a 'City of Peace' in Arabic, Russian and English. This marketing campaign within the city is wholly detached from the depressing situation and illuminates the government's inability to actively engage with the actuality of the problem. This lack of engagement on the part of the government is mirrored in the continually dashed hopes of the informal workers, who actively monitor news regarding resuming direct flights into the city. This distinct feeling of loss, observations of closed businesses and informal interviews with workers who have persevered through this devastation have implanted the budding ideas for this project.

As a tourist to the city, there is a palpable desperation for business which indicates the struggling nature of the local tourism industry. Following the downing of Metrojet flight 9268, the two main countries of origin for tourism to Sharm el Sheikh immediately ceased direct flights into the city due to security concerns. The UK and Russia provided 4 million tourists to Egypt in 2014, about 40% of all tourist arrivals. This long term loss is apparent within the resort. When visiting beaches, cafes and restaurants during several trips to Sharm el Sheikh over 2016, I was often the only customer. This distinct lack of patrons contrasts sharply to the formerly year round hotel occupancy rates of 70%.[6] Naama Bay, once the downtown for local nightlife, was characterized by

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[6] CAPMAS, *Nights by Nationality,* 2006 - 2015

bouncers and café employees waiting for customers who never come. These establishments often closed without selling a single drink. In discussing these depressing circumstances, locals often mentioned that they were waiting for flights into the city to resume, for the return of British and Russian tourists. Russian tourism being especially important, workers often stated that it was nearly impossible to make a living in the city without learning Russian. Driving through the city, there were more abandoned small hotels than those still open and the once thriving open air mall of Mercato seemed vacant because of the numerous empty store fronts. The 'Old City', a manufactured space dating to the mid-1990s, was fashioned after historic markets in other cities. This market, created for tourism, featured vendors nervously smoking, while they carefully watched the few tourists walking through the area.

This study flows from my informal discussions of the hardships faced by informal workers in the resort to the regional and national levels through an exploration of how the halting of direct flights from Russia and the UK, an unprecedented action, crippled the local economy. As a tourist, the human impact left a lasting impression, while as an academic, it was natural to think about why this attack devastated the local economy. The development and maintenance of the space as a tourist enclave is undeniable when the space is compared to other locations within Egypt. Other resorts along the Red Sea and the South Sinai cater to domestic tourism, like El Gouna and Dahab, or are functioning cities, like Hurghada, which rely on a mix of foreign and domestic tourism from all class levels.

El Gouna, another manufactured tourist space on the Red Sea coast, was carefully planned and built with the targeting of domestic elites in mind through the building of

luxury villas and flats sold to national and international clientele. Hotels, the marina and surrounding areas of the city were zoned to support summer homes and tourism facilities together, preventing an oversupply of hotels. Hurghada, which offers facilities with multi-tiered price points suitable for international guests and domestic middle class tourism, has gone beyond the resort enclave model to become a more complete city with resident locals. This model contrasts with Sharm el Sheikh, which forced out the locals and destroyed the original village. Other South Sinai locations, like Dahab, Nuweiba and Ras Mohamed, are famous for the natural coral reefs and cater to domestic and foreign tourism for different class levels: specifically there are budget accommodations attracting backpacking tourists from Egypt, Israel and other foreign countries.

Sharm el Sheikh is unique in conceptualized development seeking the mass tourism beach market from the European middle class. The perpetuation of the space for this specific tourist consumption has inevitably created the conditions for this long term crisis in the tourism industry. In focusing efforts of development for the middle class of more wealthy countries, the space became oversupplied in luxury hotels without control over demand for these facilities. When the space lost the ability to compete against other destinations, through the shock of the terrorist attack, the over reliance on mass beach tourism contributed to the crisis of tourism faced by Sharm el Sheikh.

1.2 Problems with Stunted Tourism Development: Mass Tourism, Power and the Tourism Enclave

1.2.1 Theory, Power and Tourism Development

The research questions driving this endeavor focus on the role of power in the development of the tourism industry. Structural power in development broadly describes tensions between the international economic system, the state and society. [7] This power dynamic, the international on the state economy, has led scholars of tourism to use development theories in their attempt to ascertain economic benefits of tourism, utilizing modernization through macroeconomic analysis, then critiquing this application with dependency based arguments complicating the relationship of development and domestic tourism industries. This section outlines the development based approaches to the study of tourism, especially in regard to power dynamics in the resort enclave model. While development theorists once argued that tourism modernized economies and provided an avenue for development , critics of this idea argued that tourism often created an unequal relationship between the global north and south, especially in the case of resort enclaves.

The process of globalization creates an increasingly interconnected world through shortened distances, instant communication and spread of information. Globalization expressed through tourism has expanded and deepened the dependency of the local on the worldwide economy.[8] The globalization process increases worldwide tourism by making distances smaller and creating more interconnected markets, as well as allowing the

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[7] Farah, Nadia. "Introduction". *Egypt's Political Economy: Power Relations in Development.* American University in Cairo Press. (1990).

[8] Edelman, Marc, and Angelique Haugerud. *The Anthropology of Development and Globalization: from Classical Political Economy to Contemporary Neoliberalism*. Blackwell, (2010).pp 3

tourist access to travel large distances.[9] Globalization influences local tourism culture through the creation of homogenous, inauthentic spaces for consumption by the mass tourist.[10] The economic benefits of mass tourism to the state encourage the state to develop their tourism industries to cater to this demand. Political globalization impacts the sovereignty of nation states through an erosion process which heavily encourages compliance to a worldwide standard of creating and operating these tourism markets domestically.[11] Globalization in economics, politics and culture is inevitable as the world shrinks, the local must necessarily make contact with the global, but differing development theories emerged to help explain the power dynamics and the benefits of this process.

Modernization theory was the earliest attempt at a theoretical understanding of the process of development. Modernization theory begins with the assumption that cultures and societies follow a linear progression and the connection between cultures will bring about faster development in the more traditional societies. 'Traditional' societies will inevitably become like the 'modern' societies of the West. Starting from an economic perspective, modernization theory expanded to a perspective which includes politics, anthropology, and psychology.[12] Thus the transition from the traditional to the modern, for modernization theorists, included a shift from the rural to the urban, less emphasis on family ties, and a move towards modern values and institutions.[13] The evolutionary move

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[9] Allen, John, and Doreen Barbara Massey. *Geographical Worlds*. Oxford University Press, 1995.
[10] Mowforth, Martin, and Ian Munt. *Tourism and Sustainability: New Tourism in the Third World*. Routledge, 1998. p 12.
[11] *Ibid*
[12] Tefler, David. "The Evolution of Tourism and Development Theory." *Tourism and Development: Concepts and Issues*, edited by Richard Sharpley and David Tefler, Channel View Publications, 2015., p 40
[13] *Ibid*

from traditional to modern within a country can be helped by the tourism sector within the domestic economy. From a modernization perspective tourism could be a development strategy which can 'transfer new technology, increase employment, generate foreign exchange, increase GDP and attract development capital'.[14] The tourism industry was theorized as an economic alternative for states which had not developed industrialization, with the mass tourism model being especially helpful in stimulating development.[15] The mass tourism model could easily help develop states with naturally beautiful settings, appealing climates and a surplus of cheap labor.[16] ####Modernization based approaches to development underpinned integration into the international economy through supranational institutions. Tourism was theorized as a method for development of global south states who lacked industrialization. Globalization, and the integration of the global south into the worldwide economy, was manifested through international institutions which granted loans to newly independent states to aid in the development of their tourism sectors for mass tourism.[17]

Within states, modernization approaches to development inspired tourism industry growth as a means to create a modern state in the absence of democratization; this ideology was adopted in Egypt, Greece, the Philippines, Spain and Tunisia.[18] For cultural development, tourism promotes a modern way of life with western values, and it

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[14] Tefler, David. "The Evolution of Tourism and Development Theory." *Tourism and Development: Concepts and Issues*, edited by Richard Sharpley and David Tefler, Channel View Publications, 2015.p 52
[15] Bond, M. and Ladman, J. "International Tourism an instrument for Third World Development" *Dialectics of Third World Development.* 1980.
[16] Bianchi, R. "Towards a new political economy of global tourism" *Tourism and Development: Concepts and Issues.* edited by Richard Sharpley and David Tefler, Channel View Publications, 2015. p 90
[17] Dekadt, E. *Tourism: Passport to Development? Perspectives on the Social and Cultural Effects of Tourism in Developing Countries*. Oxford University Press. 1979
[18] Bianchi, R. "The Political Economy of Tourism Development: A Critical Review" *Annals of Tourism Research.* 70 (2018) 88-102.

can generate rural transformations of traditional societies.[19] Not only would tourism promote a healthier and faster growing domestic economy, the tourist areas would give locals employment and access to understanding the world through interaction with new populations. For early studies focused on macro-level development indicators impacted by tourism, modernization helped categorize the move between the poles of traditional and modern within a destination country and seemingly stimulated growth in economies lacking industrialization.

Critics of modernization theory insisted that its linear progression model based on western experience was unable to be replicated in the global south. Dependency theorists view the macro-economic benefits of mass tourism as inconsequential, as the state will never fully develop and integrate internationally through tourism because the tourist space is necessarily subjugated to the needs, desires, and whims of the west. Modernization theory has been condemned as being a justification for continued exploitation of the developing world by western economies.[20] Western domination, for dependency theorists, is perpetuated because of external and internal political, economic and institutional structures within developing countries which keep them in a dependent status.[21] Theorists within this varied discourse move Marxist critiques of western oriented capitalist economics to a more nuanced examination of the characteristics of persistent underdevelopment in the global south.[22]

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[19] Tefler, David. "The Evolution of Tourism and Development Theory." *Tourism and Development: Concepts and Issues*, edited by Richard Sharpley and David Tefler, Channel View Publications, 2015. quoting the work of Matheison & Wall, 1982; Harrison, 1992; Pi-Sunyer, 1989
[20] Tefler, David. "The Evolution of Tourism and Development Theory." *Tourism and Development: Concepts and Issues*, edited by Richard Sharpley and David Tefler, Channel View Publications, 2015. p 41
[21] Todaro, Michael P. *Economic Development*. Pearson Education, 2003.
[22] Tefler, David. "The Evolution of Tourism and Development Theory." *Tourism and Development: Concepts and Issues*, edited by Richard Sharpley and David Tefler, Channel View Publications, 2015, p 42

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The core-periphery model of the world, within dependency literature, asserts an unequal relationship between the developed and the developing world. The core represents the economic center, where demand and supply originate, which perpetually increases power while causing the global south increased dependence on the centralized world economy. The core exploits the periphery's resources in its pursuit of more economic power. Supply is taken through exploitation of the periphery, which is never able to share in the benefits of the goods and services. Tourism within the periphery has been compared to a plantation economy: the needs of the center are met by developing countries who are never able to keep the generated wealth.[23] The process of globalization in tourism, between powerful and dependent states, necessarily creates uneven and unequal development within the global south. The first world receives the most income from tourism, are the most often visited and essentially create the demand for tourism.[24] Through the mass tourism model, global south destinations become controlled through comprehensive marketing systems and standardized packages created in the core.[25] When a country is deemed unsafe for travel, global north countries circulate this notion and can virtually destroy the tourism industry within the country. Global South countries rely on the patronage of the global north, as they have very little other choice in alternative tourism markets.[26] This unequal power dynamic stems from global north countries providing the majority of the worldwide demand for leisure tourism. In this way, these

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[23] Tefler, David. "The Evolution of Tourism and Development Theory." *Tourism and Development: Concepts and Issues*, edited by Richard Sharpley and David Tefler, Channel View Publications, 2015. p 54
[24] Mowforth, Martin, and Ian Munt. *Tourism and Sustainability: New Tourism in the Third World*. Routledge, 1998. P 17
[25] Britton, Stephen G. "The Political Economy of Tourism in the Third World." *Annals of Tourism Research*, 9.3 (1982) pp. 331–358.
[26] Mowforth, Martin, and Ian Munt. *Tourism and Sustainability: New Tourism in the Third World*. Routledge, 1998. P 16-17

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countries hold both the political and economic power in relation to global south destinations.

The unequal power relationship in politics and economic structural conditions between the global north and south led some scholars examining tourism in the global south to reject the view that tourism aids in developing host countries.[27] Case studies focused on small island economies heavily dependent on tourism cite specific examples of unequal economic and social impacts of global north tourism on global south states.[28] These studies set the stage for theorists to begin to connect tourism and perpetual underdevelopment. Britton's research on Fiji applies the concepts of dependency to this case study and critiques the notion of tourism creating development.[29] While tourism is believed to be a strategy to generate foreign exchange, increase domestic employment, attract outside development capital, and create economic independence for a global south state, this is a flawed analysis of the benefits of tourism for the state. The structure of the international industry of tourism creates a relationship where the global south state remains in a development mode due to commercial power remaining in the hands of foreign enterprises.[30] Britton demonstrates his conclusions through a three tiered model of global south tourism: headquarters, branch offices, and small-scale tourist enterprises.

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[27] Turner, Louis. "The International Division of Leisure: Tourism and the Third World." *World Development*, 4.3 (1976) pp. 253–260.

[28] Bryden, John M. *Tourism and Development: a Case Study of the Commonwealth Caribbean*. Cambridge University Press, 1973.
  --- Hills, Theo L., and Jan Lundgren. "The Impact of Tourism in the Caribbean." *Annals of Tourism Research*, 4.5 (1977) pp. 248–267.
  --- Perez, L. "Aspects of Underdevelopment in the West Indies." *Science and Society* 37 (1974) pp. 473–80.

[29] Britton, Stephen G. "The Political Economy of Tourism in the Third World." *Annals of Tourism Research*, vol. 9, no. 3, 1982, pp. 331–358.

[30] *Ibid*; Britton, S. "The Spatial Organization of Tourism in a Neo-Colonial Economy: A Fiji Case Study" *Pacific Viewpoint* 21 (1981) 144-65.

Global south tourism destinations become controlled by comprehensive marketing systems and standardized packages created in the core. This dynamic reinforces the states dependency on the core and creates a vulnerability towards the developed countries. Commercial gains from domestic tourism go to foreign enterprises and contribute to the continued underdeveloped nature of the peripheral state.[31]

The dependency perspective on tourism development is furthered through a structural example which perpetuates dependence through the expression of economic ideals through political institutions. For dependency purists, the structure of the international system promotes dependence through forced liberalization by supranational institutions and the manifestation of these openings in the tourism sector. The European Union, the International Monetary Fund, the World Bank, and the World Trade Organization are among the international community of supranational institutions which have the power to directly impact the economies and political decisions of countries in the global south. One major example are the structural adjustment programs enforced by the IMF and the World Bank after dispensing a loan to a global south country. This necessarily changes the economic structure of the state through neoliberal economic principles demanding de-nationalization, privatization, and reduction in state services.[32] These changes are externally mandated through the necessity of paying back the loans, but make the living conditions within the state harsher for the population.[33] Structural Adjustment, the means of influence of the international over domestic economies,

[31] Britton, Stephen G. "The Political Economy of Tourism in the Third World." *Annals of Tourism Research*, vol. 9, no. 3, 1982, pp. 331–358.
[32] Mowforth, Martin, and Ian Munt. *Tourism and Sustainability: New Tourism in the Third World. Routledge*, 1998. P 32- 35
[33] *Ibid*, 291

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demanded the liberalization of these economies furthering the economic power of the transnational and domestic elite.[34] Gaining power often occurs due to increased power of transnational corporations within the state, with the tourism industry being a prime example of this process due to enforced liberalization and privatization.[35] This hegemonic relationship is often cemented through the active promotion of tourism as a means of development, the necessity of building infrastructure to facilitate tourism, receiving another loan to pay for this infrastructure, and the application of another round of structural adjustments to national fiscal policy to repay this loan.[36] This cyclical dynamic exemplifies international coercion which perpetuates dependency of the state through the promise of development.

Structural adjustments affected the political decision making in tourism development within Egypt. Contrary to the straightforward relationship between forced liberalization and heavily increased foreign domination in the tourism sector, Egypt maintained control under the liberalization of the economy partially through the revenues generated from the tourism. Under pressure to meet structural adjustments required by loans from the IMF in the 1990s, the Mubarak regime resisted quick, sweeping change due to the generation of extra revenues from the tourism sector to maintain balance of payments and fill in the gaps within the national budget.[37] This strategy allowed the

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[34] Dieke, Peter. "Tourism and Structural Adjustment Programmes in the African Economy." *Tourism Economics*, 1.1 (1995) pp. 71–93.

[35] Mowforth, Martin, and Ian Munt. *Tourism and Sustainability: New Tourism in the Third World. Routledge*, 1998. p 291

[36] Mowforth, Martin, and Ian Munt. *Tourism and Sustainability: New Tourism in the Third World. Routledge*, 1998

[37] Richter, Thomas and Christian Steiner. "Politics, Economics and Tourism Development in Egypt: Sectoral Transformations of a Neo-patrimonial rentier state" *Third World Quarterly* 29.5 (2008): 939 – 959.

regime to make changes along its own schedule. Enjoying the benefits from the industry, the regime sought to increase revenues through diversifying sources for tourism.[38] Conceptualization of resort development on the Red Sea and Sinai emanated from the desire to increase revenues, with mass package tourism identified as the most profitable market to target. Privatization of tourist facilities was required by the IMF, but had been planned a decade prior, as the regime recognized that the industry would experience growth and higher efficiency under the private sector. While conceptualizing the future resorts of the South Sinai, Egypt concurrently implemented planned privatization of the industry.

1.2.2 Mass Tourism and the Dependent Resort Enclave

The rejection of modernization as applicable in the global south and the critiques of neoliberalism as perpetuating dependency allow for a more nuanced understanding of the inequality in power between the developing state and globalizing forces, one which perpetuates chronic underdevelopment. The examination of power relationships between the global north and global south have extended to the application of concepts of colonialist and imperialist forms of domination to the area of tourism. Early theoretical models of the developed world vacationing in the developing world describe the 'pleasure periphery', sun and sea locations short flights away from the industrialized core, built to serve the needs of the new emerging middle class.[39] Tourism turns global

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[38] *Ibid*; Brown, Frances and Derek Hall "Tourism and Development in the Global South: The Issues" *Third World Quarterly* 29.5 (2008) 839-849.
[39] Turner, Louis, and John Ash. *The Golden Hordes: International Tourism and the Pleasure Periphery*. St. Martin's Press, 1976.

south cultures into commodities and these spaces become a 'hedonistic playground' for the comparatively wealthy foreigner.[40] Tourism as imperialism arguments insist that power remains in the core: the core creates the tourist demand and the tourists themselves.[41] Tourism is an expression of colonialism in the sense that it promotes the dynamic of domination/subjugation[42] and recreates the master-slave relationship between the tourist and the host society.[43]

Cultural dependency, as theorized through these writings on imperialism and colonialism, is epitomized by the mass tourism model. This form of tourism creates a homogenized package for the tourist desiring a specific kind of holiday. Mass tourism represents an older style of tourism characterized by Fordism (economic and social systems based on mass production and mass consumption), packaged, standardized, and irresponsible. Globalization influences local tourism culture through the creation of homogenous, inauthentic spaces for consumption by the mass tourist.[44] Internal political processes are impacted through an erosion of sovereignty and the necessary compliance with worldwide standards of operating these spaces.[45] This form of tourism seeks the sand, sea, sun and usually sex with a disregard for what is culturally, socially and environmentally responsible.[46]

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[40] Van den Abbeele, G. "Sightseers: The Tourist as Theorist ." *Diacritics* 10 (1980) pp. 3–14.
[41] Nash, D. "Tourism as a Form of Imperialism." *Hosts and Guests: the Anthropology of Tourism*, edited by Valene L. Smith, Oxford: Blackwell, 1989.
[42] Chung, H. "People's Spirituality and Tourism." *Contours* 6.7/8 (1994) pp. 19–24.
[43] Gonslaves, P. "Divergent Views: Convergent Paths: towards a Third World Critique of Tourism." *Contours* 6.3/4 (1993) pp. 8–14.
[44]Mowforth, Martin, and Ian Munt. *Tourism and Sustainability: New Tourism in the Third World*. Routledge, (1998). pp 12
[45] *Ibid* p 12
[46] *Ibid* p 53

Resort development in the Middle East during the 1970s was characterized by mass production to meet the mass consumption of the era.[47] Twenty years later, the development of Sharm el Sheikh followed the models of other resort development which occurred on the Mediterranean Coast in North Africa. Diverging from the traditional dependency relationship espoused by theorists examining global south resorts, domestic business elite invested in tourism facilities within Sharm el Sheikh and retain ownership due to legal regulations in the Sinai. This heavy investment was encouraged by government policies designed for rapid development. The government and domestic elites exercised agency in the building of these resorts along the projected future demand of European clientele. Despite this major difference in the models of dependency in other states tourism sectors, the mass tourism model and the inherent dependency on the needs and desires of the western tourist characterize the tourism space of Sharm el Sheikh.

Sharm el Sheikh embodies the resort enclave meant to serve the needs of mass tourism. The remote city is contained by natural borders of the sea and a mountain range with checkpoint controlled entry along the two roads into the space. The shoreline was bought early by domestic businessmen, zoned for tourism and developed as closed beached for numerous luxury hotels, with local workers needing to travel outside the city to visit public beaches. The entirety of the Naama Bay shoreline is contained as private beaches for hotels, and a manufactured city center was developed behind the hotels, with clubs, restaurants and open air cafes. Three additional manufactured spaces were created for shopping, the 'Old City' designed to emulate historic markets, Soho Square and

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[47] Hazbun, Waleed. "Fordism on the Beach." *Beaches, Ruins, Resorts: the Politics of Tourism in the Arab World*. University of Minnesota Press, (2008). pp8

Mercato were private developments attached to hotels offering several shopping and dining options. Private residences are few and lack beach access, with Delta Sharm being predominately rented to individual tourists. The city proper contains only residents who work within the tourism industry, as the original local population was moved out of the area and Bedouins are restricted from entering the city. Within the enclave, tourists arrive to the destination and are transported directly to the closed off area created for them.[48] Separate from the host community and not meant to benefit the local community.[49] The foreign tourist is unlikely to move outside of the walls of the enclave area. Segregation between the tourist and the local population occurs, which represents a form of neo-colonialization.[50] The city was conceptualized for the mass beach tourist, and relied heavily upon tours organized from European markets. Although the resort's ownership largely remains with domestic businessmen, a unique feature against other resort enclaves, the space was built to serve the desires of mass beach tourism.

Resort enclave development occurs to meet a demand and experiences an eventual decline due to the inability to continue to meet that need.[51] This process of development, stagnation and decline was conceptualized by Richard Butler in 1980 as the 'resort cycle', modeled after the classic writings within business on life cycles of a product.[52] Several characteristics of Sharm el Sheikh before the bombing of Metrojet

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[48] Britton, Stephen G. "The Political Economy of Tourism in the Third World." *Annals of Tourism Research*, 9.3 (1982): 331–358.

[49] Jenkins, C.l. "The Effects of Scale in Tourism Projects in Developing Countries." *Annals of Tourism Research*, 9.2 (1982): 229–249.

[50] Hall, Colin Michael, and Hazel Tucker. *Tourism and Postcolonialism: Contested Discourses, Identities, and Representations*. Routledge, (2014).

[51] Travis, Anthony Selwyn. *Planning for Tourism, Leisure and Sustainability: International Case Studies*. CAB International, (2015). pp 279

[52] Butler, Richard W. *The Tourism Area Life Cycle. Vol. 1: Applications and Modifications*. Channel View. (2006).

flight 9268 coincide with the stagnation phase of Butler's model: large spaces were specifically built to cater towards tourism activities, these facilities were characterized by inauthenticity, a decline in image from fashionable to outdated occurred, the resort heavily relied on repeat visitation coming from mass based tourism, and Bedouin locals were excluded from the development process.[53] Oversupply ensued, surpassing demand and local capacity. With exceeded capacity, the quality of experience degrades causing decline in visitation, lending less resources to maintenance of the resort.[54] The resort cycle has highly influenced the understanding of the process of resort development and decline, and has been applied in many differing contexts.[55] Within the context of Sharm el Sheikh, this modeling demonstrates the extent to which the space is dependent on tourism stemming from the mass beach tourism market, with inevitable decline without diversification away from this reliance.[56] Sharm el Sheikh met several required features for the consolidation and stagnation phases according to Butler, warning potential decline without intervention.

The mass tourism model, and the resort enclave it creates in the global south, represents an outdated modern form of tourism. A shift is occurring between this modern form to a postmodern model of tourism which is individualized, post-fordist, flexible (unpackaged), real and more responsible to the local community.[57] This shift allows for

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[53] Butler, Richard. 'The Concept of the Tourist Area Life Cycle of Evolution: Implications for Management of Resources'. *Canadian Geographer*. 24.1 (1980).

[54] Butler, Richard. "Tourism in the Future: Cycles, Waves or Wheels?" *Futures* 41 (2009): 346–352. pp348

[55] Travis, Anthony Selwyn. *Planning for Tourism, Leisure and Sustainability: International Case Studies*. CAB International, (2015). pp 282

[56] Butler, Richard. 'The Concept of the Tourist Area Life Cycle of Evolution: Implications for Management of Resources'. *Canadian Geographer*. 24.1 (1980).

[57] Mowforth, Martin, and Ian Munt. *Tourism and Sustainability: New Tourism in the Third World*. Routledge, 1998. p 53

tourism to be less of a commoditizing force to a destination, as the homogenous resort is replaced by a tourist space which is not divorced from the local community and environment. The mass tourist, in new tourism, is exchanged with the individual seeking understanding of local cultures and authenticity of experience.[58] This shift is not relevant to the current state of the resort of Sharm el Sheikh, which epitomizes the mass tourist model of the resort enclave and is unlikely to develop into a space catering to new forms of authentic, sustainable tourism.

1.2.3 Contextualizing the Tourism Sector in Egypt

Integral to the structure of the Egyptian economy, tourism represents a means of gaining foreign currency, maintaining balance of payments in trade, and providing employment for 2.1 million Egyptians in 2014 (over 8% of total employment nationally).[59] The Mubarak regime recognized the benefits of the tourism industry and sought to encourage growth within the sector while pursuing measured privatization required by the International Monetary Fund. While neoliberalism based economics backed the changes pushed by the international community, Mubarak scheduled privatization of state owned industry, including publicly held hotels, tourism companies and the state airline, in a three stage approach. While this process of privatization had little effects on the South Sinai, as it had barely begun its development journey at this

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[58] Poon, A. *Tourism, Technology and Competitive Strategies*. CAB International. 1993.
[59] Egypt Country Report and Data. *World Travel and Tourism Council*. 2018.

time, it laid the foundations for the government's approach toward development in the territory.

There are divergent opinions on the government's role in development in the tourism sector. Matthew Gray and the work of Thomas Richter and Christian Steiner complicate the traditional understanding of neoliberalism in Egypt through their insertion of national politics into the changes made during the structural adjustment reforms. For Gray, the dual processes of privatization and liberalization are evident within Egypt's tourism sector, and were largely successful until the late 1990s when his study was published. Privatization pushed profitable enterprises out of the hands of the public sector, which resulted in negligible financial benefits for the state.[60] Liberalization within the tourism industry pursued by the Mubarak government sought rapid expansion with the perception that this development would provide much more benefits than harms for the state.

Gray assessed that that the tourism sector in Egypt, once a sector with exponential growth, illuminates the dangers of widespread privatization with little strategic planning on the part of the government. Grays' study, published in 1998, warns of a possible collapse in the tourist sector through unrestrained growth, lack of strategy, and loss of control by the government. Gray warns of the dangers of the 'Tourist Cycle': 'where a destination becomes destroyed or damaged by tourism to such an extent that tourists no longer want to visit it'.[61] This process occurs due to a lack of planning creating damage to the environment, dissatisfaction from locals, rapid social and economic change, an

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[60] Gray, Matthew. "Economic Reform, Privatization and Tourism in Egypt", *Middle Eastern Studies*, 34.2 (April, 1998): 91-112. pp 108.
[61] *Ibid*

inequity in economic distribution, and an over-supply in the sector leading to unemployment and loss in investments.[62] This work illuminates a burgeoning problem within the tourist sector due to unplanned and unrestrained growth.

Gray's observations, following his chronological study of privatization and liberalization within Egypt's national tourism industry, are updated by this present study. His warning of the dangers of collapse due to lack of planning and oversupply within the industry did not come into fruition nationally, but when evaluating the current crisis of Sharm el Sheikh, the dangers of the tourist cycle are evident. Sharm el Sheikh developed in a wholly different way, is reliant upon one form of tourism, and the building of facilities had a trajectory unmatched in the development of facilities in other cities. While the target market for the space was conceptualized by the government, it was left to the private sector to carve out tourism facilities without central planning or control.

Richter and Steiner's work characterize the Egyptian state as a neo-patrimonial rentier state, which actively chose development strategies in the midst of neoliberal economic reforms. Opposing traditional understandings of neoliberalism in its ability to reduce reliance on rentier style economics, Egypt offers an example of a maintenance of rentier economics stemming from the privatization of the tourism industry. Liberalization in Egypt occurred alongside the encouragement of development and investment in tourism capabilities leading to a continuation of rentier economics.[63] This important observation on tourism development lends itself to the overarching understanding of the

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[62] *Ibid*

[63] Richter, Thomas and Christian Steiner. "Politics, Economics and Tourism Development in Egypt: Sectoral Transformations of a Neo-patrimonial rentier state" *Third World Quarterly* 29:5 (2008) 939 – 959. p 956.

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mentality of the government: in place of encouraging development in multiple domestic industries, the tourism sector was emphasized as a means of gaining foreign exchange earnings and overcoming balance of payment issues which originally ushered in the need for neoliberal economic reforms. This emphasis on rapid development is demonstrated by the selling of publically owned land in the South Sinai to the domestic elite and the encouragement of quickly creating tourism capacities in the space.

Tourism policies of the Mubarak regime centered upon maximizing Egypt's abilities to attract visitors and investments, ensuring the continued reliance on the sector for economic stability. Privatization and liberalization of tourism in Egypt occurred alongside the fledgling conceptualization of the tourism space of the South Sinai. While neoliberalism influenced the changes made by the regime, it is important to insert domestic politics and the choices made internally. The government slowly privatized the industry, chose to diversify tourism through development of beach resorts, and strategically encouraged private investment in tourism as a way to stabilize the national economy and resist rapid neoliberal change.

1.2.4 Complicating the Connection: Tourism after Terrorism

Tourism in Egypt has produced substantial economic benefits to the state, but has been subject to fluctuations due to the threat of political violence. The impact of political violence on tourism has been heavily studied, both in the Egyptian context and in other international cases to conclude that political violence and terrorist attacks have a significant ability to harm tourism within a state. Tourism in Egypt has historically

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recovered from political violence quicker than other destinations in the Middle East.[64]
The case of the downing of Metrojet flight 9268 stands as an outlier to this trend.

Studies exploring the connection between tourism and terrorism within the recent
history of Egypt demonstrate an inverse relationship between terrorist attacks and tourism
while complicating this relationship. In looking at the interconnected nature of economics
and politics in Egypt in the mid-1990s, Cassandra emphasizes the danger of political
violence specifically for employment and income distribution due to the increasing
reliance on tourism as a means of generating revenues within the state.[65] This concern for
internal dynamics was important during the time of writing, but the tourism industry
experienced growth following these fluctuations. The current case examined within this
work can relate to those early fears due to the significant loss of business experienced,
especially in the South Sinai.

Potential tourists engage in destination substitution when faced with unstable
conditions in a possible holiday destination. Other locations are visited in response to
violent attacks on tourists (but not to local tensions) and European guests are extremely
sensitive to Egyptian government crackdown on Islamist opposition, which has a further
impact on these tourist's decision making.[66] This surprising assertion indicates that both
terrorist violence and government response combine to prolong the loss in tourism
experienced by the state. In the case of Sharm el Sheikh, this indicates that the
government must be extremely careful, while it historically pursued strong tactics to

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[64] Basu, Kaushik and Vikram Sarabhai Marg, *Impact of Political Instability and Terrorism in the Tourism Industry of Three Middle East Countries: An Econometric Exploration,* Proceedings in the International Conference of Tourism, Transport and Logistics, (2013): 387-402.

[65] Cassandra, *"The impending Crisis in Egypt"*, *Middle East Journal*, 49.1 (Winter, 1995): 9-27. Pg 19.

[66] Cassandra, *"The impending Crisis in Egypt"*, *Middle East Journal*, 49.1 (Winter, 1995): 9-27.

decrease terrorist violence, it must acknowledge tourist perceptions of these strategies. This research also partially explains, along with the attack itself, why the loss in tourism has lasted this long. Not only was this one of the largest attacks against tourists, encouraging them to choose other destinations in the future, but the violent response by the government also turned European tourists away.

Adding to this assertion, that violent government reaction affects tourism arrivals alongside terrorist attacks, a quantitative study conducted by Neumayer demonstrates that the political system itself affects tourism. Autocracies in general receive less foreign tourists against their more democratic competitors, even without widespread crackdowns and politically motivated violence. The addition of human rights violations and active conflict further compounds the loss in tourism experienced by the state. Substantial increases in political violence lower tourist arrivals by one fourth globally, while if the country manages to end politically motivated violence and changes their perception within the international media, then tourism can regain previous momentum.[67] These works demonstrate that government actions also affect tourism indicators, complicating the notion that terrorism alone negatively impact tourism.

Long term political instability can have more significant effects on a country's tourism industry than single incident terrorist attacks. Furthermore, countries that experience high levels of political risk endure significant reductions in tourism.[68] The political environment within Egypt can be considered a high risk political atmosphere

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[67] Neumayer, E. "The impact of political violence on tourism: dynamic econometric estimation in a cross-national panel", *Journal of Conflict Resolution*, 48.2 (2004): 259–281. pp. 278

[68] Saha, S., Yap, G., "The Moderation Effects of Political Instability and Terrorism on Tourism Development: A Cross-Country Panel Analysis", *Journal of Travel Research*, 53.4 (2014): 509–521. pp. 509–521.

within the parameters of this study due to political repression, continual terrorism incidents and violent political change within the last five years. This atmosphere of political instability, coupled with the terrorist attack in Sharm el Sheikh, should have produced a decline in the tourist sector nationally and within the city itself.

The resort enclave model presents several challenges when coupled with long term political instability and violence. This is due to the high possibility for tourists to engage in destination substitution due to the highly substitutable features of resorts. Before diversification of tourism in Egypt, the destination held competitive advantages against other destinations due to its unique features. If the destination holds unique characteristics (such as Egyptian pharaonic history), then tourists are unlikely to substitute this destination for another despite political violence. However, if a destination's characteristics are able to be substituted easily (such as sunny, warm beaches and nice nightlife) then it is particularly vulnerable to substitution by tourists if they are faced with political violence and risk.[69] Tourists choose alternate destinations when political conditions appear to be unstable.[70] Additionally following terrorist attacks, tourists prefer to spend 25% less on vacations to the destination.[71] Following these conditions, Egypt's characteristics are not easily substituted, so tourism as a whole should recover following political violence. However, when discussing a tourist enclave such as Sharm el Sheikh, where visitors fly in to enjoy a beach holiday without excursions into Cairo or Luxor, political violence should have a different effect. These features of the

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[69] Neumayer, E. "The impact of political violence on tourism: dynamic econometric estimation in a cross-national panel", *Journal of Conflict Resolution*, 48.2 (2004): 259–281. pp. 278

[70] Lancaster, Kelvin John. *Consumer Demand: A New Approach.* New York: Columbia University Press, 1971.

[71] Arana, Jorge, and Carmelo Leon. "The Impact of Terrorism on Tourism Demand". *Annals of Tourism Research,* 35.2 (2008): 299-315.

resort enclave are easily substituted with safer destinations where European tourists can enjoy the beach without fear of terrorism or other forms of political violence. Crisis management for resort enclaves is critical following the destabilizing forces of political violence and instability.

Crisis management following political violence in tourism destinations presents an alternate place where states lack control. Domestic tourism is affected by the spillover effect, especially with western tourism in the Middle East. This effect shows decline in western tourism in the region with incidents of political violence, which is attributed to the conflated idea of risk in the region.[72] The perception of instability within a destination, can persuade tourists to choose other destinations, while foreign governments and media can perpetuate the idea of danger in a global south destination.[73] External negative images of the liberation struggles and subsequent coups in African states severely damaged their burgeoning tourism sectors.[74] The media coverage of crisis and violence in destinations have been shown to be sensationalized and highly negative, while the viewers interpretation of events is more incoherent with further distance to the destination country.[75] The issuing of security advisories against travel to certain countries allows the first world to determine where tourists should travel. These advisories are highly political in nature, dependent upon the relationships between states: states with

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[72] Hazbun, Waleed. 'Explaining the Arab Middle East Tourism Paradox' *Arab World Geographer* 9(3) (2006) 201-214. p 203
[73] Mowforth, Martin, and Ian Munt. *Tourism and Sustainability: New Tourism in the Third World*. Routledge, (1998). p 282.
[74] Teye, V. 'Liberation Wars and Tourism Development in Africa: The Case of Zambia' *Annals of Tourism Research* 13 (1986) 589 - 608
[75] Ritchie, Brent et al. "Tourism Crises and Disasters: Moving the Research Agenda Forward" *The Wiley Blackwell Companion to Tourism* (2014)

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better relations with a first world country have a higher threshold of danger to tourists to warrant formal warnings.[76]

These studies problematize what would otherwise be a straightforward relationship between terrorism and decline in tourism. Government reaction and government type, along with human rights violations and political violence, work alongside single acts of terror to dissuade vacation goers from choosing a destination, with European tourists being especially sensitive to violence perpetrated by the government. If the country is experiencing heightened political risk through consecutive acts of violence, the loss of tourism is prolonged. Destinations which do not have unique features, are particularly vulnerable following political violence because vacationers are highly likely to engage in destination substitution.

1.3 Research Questions

This project seeks to explore the creation of the tourism space of the Sharm El Sheikh: the purpose of the space, the policies implemented to stimulate tourism in the area, and the contribution of this development to future instability of the tourism sector in the area. This project broadly views government development policies as the independent variable and the vulnerability to crisis within the tourism sector as the dependent variable. To explore the relationship between these variables, four research questions have been developed. The research questions driving this inquiry focus on the relationship of

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[76] Richter, L. "The Political Fragility of Tourism in Developing Nations" *Contours* 6.7/8 (1994) 32-8.

government policy and development and seek to understand the vulnerabilities which emerged from the dual forces of development policy and political instability.

Research Question A. Why did the Mubarak Regime and economic elites seek to develop tourism in the South Sinai? What were the economic benefits of the design and rapid development of this tourism space?

Hypothesis A. Tourism development in the South Sinai provided the state with macroeconomic benefits, at a time when mainland tourism faced instability due to terrorism. This development was an opportunity to entrench the regime through patronage, job creation and economic stability. Tourism Revenues have proven to be an extremely important source of foreign currency for the state, providing stability in hard currency necessary to maintain a positive balance of payments. This extra revenue provided the state with leeway within national budgets, allowing the Mubarak regime to choose the timing of the implementation of harsh economic reforms required by the IMF during the 1990s. The regime resisted outside pressure for fiscal change, despite the fluctuations in tourism revenues throughout the decade due to terrorist violence. The policies of diversification of tourism into the sun/sand resorts of the Sinai was an effective strategy to gain stability in tourism revenues through a space removed from terrorist activity. The regime encouraged rapid development of these new tourism spaces to regain stability in tourism revenues, thus maintaining the overall political stability of the regime itself.

Research Question B.   How did the planned target market for tourism create an initial vulnerability to changing external demand?

Hypothesis B. The early planning for the resort spaces of the South Sinai deliberately target the European mass tourism market. This market was targeted due to the perceived growth of demand, the relative wealth and proximity, and the perceived stability in this form of tourism. However, this targeting ultimately led to several problems in the later development of the South Sinai according to the stages of the Tourism Area Life Cycle modeled by the work of Richard Butler.[77] This highly influential model of resort development outlines the linear stages of growth and decline of a tourism space, with several criteria for each of the models five stages. Sharm El Sheikh developed in line with this model and exemplified the stagnation point, the stage before decline. Supply outgrew demand, internal and external competition drove down prices which led to a lower level of tourist frequenting the resort. Overuse and poor planning has begun to cause ecological damage and the design of the tourism spaces have led to a resort model which is divorced from the local environment. The degradation of the space and the level of tourist, coupled with current political instability has threatened this territory's ability to remain globally competitive.

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[77] Butler, Richard. 'The Concept of the Tourist Area Life Cycle of Evolution: Implications for Management of Resources'. *Canadian Geographer*. 24.1 (1980).

Research Question C. What is the relationship between the created tourism space and local populations?

The South Sinai is populated with Bedouin whose livelihoods required full range of the environment along with access to the coast for fishing. These small communities were pushed away from the coast through the demarcation of these spaces for tourism and the eventual building of the resorts. These populations were excluded from the planning process and the ability to gain revenues through the sale of the land to elites and the control of the territory by security forces (especially in the case of Sharm El Sheikh). They are systematically excluded from tourism related activities and are not employed formally in the tourism sector. This exclusion of local populations has created distrust and deepened social isolation between the Sinai and mainland Egypt.

Research Question D. Has recent political instability changed tourism dynamics in the South Sinai?

Hypothesis D. Terrorist actions have impacted tourism arrivals and revenues through the 1990s and early 2000s in Egypt. Tourism to Egypt has also been subjected to instability through the spillover effect: instability in neighboring countries leading to drops in tourism domestically; as well as negative image transfer following the long-term instability created by the 2011 uprising. Following the regime change, central control over the Sinai deteriorated, creating a space for the entrenchment of terrorist elements within the territory. The heavy handed security policy of the state, in the attempt to both regain control and punish terrorists responsible for the downing of Metrojet flight 9268,

has created a protracted conflict in the North and has perpetrated the negative image of instability of the Sinai peninsula. Further impacting the recovery of tourism, external governments and travel agents remain in almost total control of image repair in the placement of travel warnings (from governments) and decreased bookings (agents).

These four research questions seek to understand the active creation and development of the tourism industry of the South Sinai in terms of benefits to the government and the economic elites within the country. Question A focuses on the conceptualization of the tourism space and locates this vision in the context of the political climate in Egypt in the 1990s. This question attempts to ascertain how the regime used tourism development to resist neoliberal economic changes, which were viewed as a potential destabilizing force within society during the period. This question also seeks to map the policies implemented by the regime which encouraged rapid development through the investments of private elites in multiple ways. Question B forwards the overarching hypothesis of this work through the specific analysis of the targeted market of the mass beach tourism for this envisioned tourism space in the South Sinai. The current vulnerability witnessed in the tourism industry is found in the specific targeting of the European mass based tourism market, due to a lack of control over demand for Sharm El Sheikh as a destination. This lack control in demand stems from economic conditions, the inability to compete with other similar destinations, and political conditions, the lack of power to change the perception of risk to tourists in the South Sinai.

Question C focuses on the government's policies of both exclusion of the Bedouin population in seizing the land for tourism and in encouraging migration of workers to the newly created space from the main Egyptian population. This dynamic has impoverished the Bedouin, encouraging sedentarization while severely limiting their ability to sustain themselves through tourism based endeavors. This question also attempts to distinguish between the extreme disparity in development between the North and South Sinai, which is often cited as a main cause of the continued conflict on the peninsula and the entrenchment of terrorist organizations within the territory. This dynamic can be considered a vulnerability created through early planning for tourism.

Question D places the current climate of instability on the peninsula in relation to the crisis in tourism faced by Sharm El Sheikh. Following the revolution and the degradation of control of the central government over the Sinai, the tourism industry was inevitably impacted. Additionally, the bombing of Metrojet flight 9268 effectively halted tourism to the area, with the distinct lack of control by the central Egyptian government over regaining tourism to the region. This lack of control in regaining tourism is due to external governments halting flights, the placement of security warnings for travel to the Sinai, and ultimately cost/benefit decision making on the part of potential tourists and tourism agents in Europe.

1.4 Methodology

This qualitative case study analyzes government policy related decision making in historic context and illuminates problems in the developmental foundation of the tourism

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sector in the South Sinai. As previously mentioned, the independent variable of this project is tourism development policy with the dependent variable as the vulnerability to instability created by this policy. Different facets of the independent variable are operationalized through each of the research questions.

Research Question A necessitates a case study of specific development plans in the beginning stages of resort building in the territory. Several documents are used in sketching the history of policy. The first major wave of planning occurred with the Sinai Development Study from USAID- a 1985 analysis of resources, potential population relocation from central Egypt to the Sinai, proposed tourism sites, and necessary infrastructure for future development. This report sets the tone for development and illuminates the driving vision for the reacquired peninsula. The historic evidence for tourism policy is furthered with the next report commissioned by The South Sinai Governorate Environmental Action Plan in 2003. This development profile allows a look at the rapid expansion of tourist facilities and creates an opportunity for comparison between the early planning and the actual policies implemented by the state. Additional points of comparison between actual development and early planning is provided by the Sustainable Tourism Development Plan for the South Sinai commissioned by EuropeAid in 2008 and the Assessment of the Tourism Sector in Egypt, a study conducted by USAID in 2012.

These points of reference for policy and development require political context to further the assertion that these policies were deliberately planned in relation to the political climate in the 1990s and early 2000s. In the effort to provide this context, a survey of the Middle East Economic Digest was conducted. This weekly digest

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chronicles political changes, economic conditions and advertises tenders for new projects throughout the region. This digest is utilized to show specific economic and political conditions faced by the Mubarak regime and the political choices made to quickly develop the capacities for tourism in the South Sinai.

This method of tracing the development of the space utilizes government studies alongside the weekly Middle East Economic Digest in the effort to create an unbiased economic history of the space, while attempting to understand motivations of the government's plans through detailed reporting on development planning and future targets. This data is more reliable than informant interviews, as it does not rely on memory and is not sourced from economic elites who might be biased in interviews. This method also provides data on hotel numbers, occupancy, and tourist arrivals, while providing snapshots of developmental challenges facing the resort. This form of data collection is better for analysis seeking to cover two decades, which could not be accurately gathered through informant interviewing.

Research Question B focuses on the problematic targeting of the mass beach tourism in the planned resorts of the South Sinai. This section relies on the criteria of the Tourism Area Life Cycle proposed by the work of Butler and expanded upon by tourism literature. This model shows the development and decline of tourism spaces through distinct phases. This model exposes the problematic targeting of mass tourism, with the phase associated with this market as being the final point before decline. The evidence for this research question relies upon the literature associated with this model paired with descriptions of problems facing Sharm El Sheikh and the South Sinai before the terrorist attack of 2015. The evidence of the emerging problems within the tourism space comes

from the reports detailed in Research Question A, conducted by EuropeAid in 2008 and USAID in 2012 with the addition of a 2009 report from the Egyptian Center for Economic Studies entitled, *Tourism in Egypt: An Unfinished Business*. Selected statistics from CAPMAS (Central Agency for Public Mobilization and Statistics) and the Egyptian Ministry of Tourism are used to show changing tourism arrivals and changing hotel occupancy within the South Sinai in the last fifteen years.

This portion relies on several of the same studies utilized to create the economic history for Research Question A. The addition of the Tourism Area Life Cycle as a means to understand the development path of the resort, along with selected statistics from the Egyptian government creates the analysis of vulnerabilities in the resort. The use of the Tourism Area Life Cycle has precedence in many studies on tourism development, although it has been critiqued as being linear, and altered by Butler. This application also relies on the conceptualization of Sharm el Sheikh as a resort city, however, this chapter will present the argument for this classification for this tourism space. The use of tourism statistics from the Egyptian state is notoriously problematic in some reports are missing numbers, the classifications within some reports are vague, and in a few cases there are discrepancies between different reports. These challenges limit the ability to do strong quantitative work with these figures. However, almost all of the literature on tourism in Egypt cites these government statistics, as there are no alternatives to this data.

Social Divisions created through tourism development policy are the focus of Research Question C. This portion of the independent variable is operationalized through a survey of anthropological studies of the Bedouin of the South Sinai. Hilary Gilbert, an anthropologist studying the changing social dynamics of this population, published two

works, *Nature=Life Environmental Identity as Resistance in South Sinai* and *'This is Not Our Life, It's Just a Copy of Other People's': Bedu and the Price of 'Development' in the South Sinai*, which allow the present research to survey ethnographic perspectives on the changing social and physical landscape due to tourism development. Goodman's book, *Contesting Identities in South Sinai: Development, Transformation and the Articulation of a 'Bedouin' Identity under Egyptian Rule,* Karbaki's article *Lifestyle Migration in South Sinai, Egypt: Nationalism, Privileged Citizenship and Indigenous Rights*, and Yasmine Ramadan's literary analysis, *National or Not?: Tal'it al-badan and the Bedouins of Sinai,* all come together to enrich the present projects' understanding of the tensions between nationalism and identity in the state's development project in the South Sinai. This survey of ethnographies on the South Sinai Bedouin contextualize the changing economic conditions faced by the population, the impacts of government policy making in development and the social changes endured as the population contends with the 'modernizing' force of the state's economic vision for the territory.

Research Question D shifts the focus from development to examine security policy and its relationship to the stability of the tourism sector. The terrorism threatening the strength of tourism in Egypt during the 1990s will be analyzed using reporting in the Middle East Economic Digest and through case study literature on the impact of this violence on tourism indicators. The security policies pursued by the Mubarak Regime will be discussed, as they stand as an important counterpart to the strategy of tourism diversification examined through Research Question A. The threat of terrorism targeting the tourism industry changed focus to the Sinai and intensified from the 1990s to the 2000s, and a renewal of conflict occurred with the regime change which occurred after

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the 2011 Uprising. The evidence for these changing policies and the escalation of violence are detailed using news reports from the New York Times, The Economist and the Washington Post. Conflict analysis from the Council of Foreign Relations, the Middle East Institute and the International Crisis Group add analytic perspectives on the changing nature of policy and conflict in the Sinai.

The quantitative data for this portion relies on figures from the Ministry of Tourism and CAPMAS, which present some challenges discussed above: missing figures, discrepancies and unclear classifications. This limitation is faced by every study looking at tourism in Egypt, as there are no alternatives to this official data. This section examines political instability and violence, however these terms present a further limitation to our study: it is very difficult to operationalize 'political risk', 'violence', or 'instability' with quantitative figures due to missing information to create these variables. Furthermore, the successive points of political change and violence lessen the ability to make causal connections between specific periods and change in consumer demand, change in tourism and change in competitiveness of the destination. This limitation lessons the ability to draw specific causal connections of individual acts of violence or moments of instability, however this project views the political climate and the conflict in the Sinai holistically, which allows for conclusions on the vulnerability of the tourism space.

2. SHARM EL SHEIKH AS A DEPENDENT RESORT

This chapter addresses the first two research questions: Why did the Mubarak Regime and economic elites seek to develop tourism in the South Sinai? What were the economic benefits of the design and rapid development of this tourism space? How did the planned target market for tourism create an initial vulnerability to changing external demand? These questions center on the motivations of the Mubarak regime and the economic elite in designing and rapidly building tourism spaces in the South Sinai. This development sought economic stability when terrorism threatened the security of the industry in Mainland Egypt, while allowing the regime to resist rapid structural adjustments mandated by the International Monetary Fund. This chapter narrates the economic history of the rise of the resort, and the almost inevitable decline of the space. The diversification into mass beach tourism significantly bolstered Egyptian tourism for a time, however, the reliance on the mass beach tourism model presented a vulnerability to changing external demand, a process which is modeled by Butler's Tourism Area Lifecycle. This process of stagnation and decline within the South Sinai has been accelerated by terrorism and political instability, a point which will be further expanded upon within the chapter 'Political Instability and Managing Tourism: Creation and Compromise of the New Tourism Space'.

The next section, 'Designing for the Mass Beach Tourism' outlines the initial planning for tourism development of the reacquired Sinai. This section contextualizes this planning with the economic environment which motivated diversification in the tourism industry and begins the assertion that Sharm el Sheikh was designed for the mass tourism

market. 'Fordist Momentum' traces the exponential growth in tourism capabilities of the resort over the 1990s and early 2000s, while highlighting some of the emerging problems facing Sharm el Sheikh as a result of specifically building for the mass tourism market. 'Structuralism on the Resort' focuses on the economic and public policies which have contributed to the creation and maintenance of this resort. 'Choosing Dependency and the Life Cycle of Sharm el Sheikh' acts as a concluding section for this chapter which draws on the data presented in the proceeding sections to argue for the classification of this tourism space as a resort enclave. It seeks to compare the dependency theorist's critiques of resort development in the global south with the case of Sharm el Sheikh and utilizes Butler's Tourist Area Life Cycle to highlight vulnerabilities present in the resort.

2.1 Designing for the Mass Beach Tourist

The privatization of the tourism industry in the early 1980s led to a general rethinking of this industry. The government sought to expand revenues by transferring costs to the private sector and reorienting future investment into resort development, an expansion into a new kind of tourism apart from the traditional focus on historical sites.[78] Ushering in this diversification, fifteen tourist villages were planned on the Red Sea coast, to be constructed by international companies and to be financed through forty year leases by outside companies.[79] This new emphasis on other forms of tourism had the

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[78] Middle East Economic Digest. 10 OCT 1980. p 29
[79] Middle East Economic Digest. 5 DEC 1980. p 26

Ministry focused on the Sinai before negotiations were complete on the handover from Israel.[80]

Under Israeli control until 1979, the Sinai was part of negotiations for peace in the treaty between Israel and Egypt. Egypt gained control over the area in six stages, with Sharm el Sheikh as part of the final turnover in April 1982.[81] Sharm el Sheikh was a small, underdeveloped fishing community with very few hotels and attractions. This space represented an economic opportunity in diversifying tourism in Egypt beyond archeological attractions. During the transition of the Sinai, development consultants from USAID and government officials were optimistic about the huge potential of the tourism industry in the south.[82]

One recommendation that was made at this stage was tapping into the emerging market of 'Warm Water Beach Tourism' defined as relatively high income visitors from Europe seeking year round warm beaches.[83] Identified as the fastest growing tourist market, figures from this period estimated a future 200 million holiday trips from top European markets. European tour operators projected that the Sinai could reasonably expect capture 4 to 6 percent market share by 1990. This assessment forecasted 8 to 12 million holidays to the South Sinai. Consultants from USAID promoted a more conservative estimate of .6 to 1.7 million visitor days in 1990.

This market share, whether looking at the optimistic potential or the more conservative estimate promoted by the report, hinged on the ability to develop the

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[80] Middle East Economic Digest. 19 DEC 1980. p 45
[81] "Israel Completes Pullout Leaving Sinai to Egypt" *The New York Times.* 26 APR 1982.
[82] Sinai Development Study. *An Economic Development and Investment Plan.* USAID, MAR 1985. 4.3.2
[83] *Ibid*

physical infrastructure to cater to future tourist demand. Facilities needed to be constructed on time and run efficiently to meet expectations of foreign visitors. Consultants writing about these potentials in 1983 recognized that further feasibility studies needed to be conducted along with detailed market planning and investigation of private sector partners. However, they proposed the high potential of catering to warm water tourism and recommended that resorts planned in the area be large scaled, ascetically pleasing, and have the ability to command respect because of the highly competitive nature of the industry. The resort emphasizes that anything less than the best in resorts and other facilities would be a short term gain for the country, while sacrificing its long term interests.[84]

This report of the potentials of development of the reacquired territory represents the foundations of the vision leading to the development of Sharm el Sheikh as a destination city filled predominately with self-sustaining resort complexes. This vision sought to capitalize on the emerging demand for beach tourism from European markets and sought to competitively position itself against other destinations offering sun and sand such as the Canary Islands, the Caribbean, the Seychelles, Thailand, Malaysia and Bali. One competitive advantage noted by this report was the comparative savings in airfare for potential travelers originating in Europe.[85] Early conceptualizing of the South Sinai as a beach destination catering predominantly to the European market influenced the development of Sharm el Sheikh and promoted a rapid development to meet the demand in a timely manner.

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[84] *Ibid*, 4-41
[85] *Ibid*, 4-37

The development of the South Sinai had to be coordinated between the public and the private sectors for an effective and rapid expansion of tourist facilities. Consultants on the projected tourist market recommended the building of 50 international-class hotels with about 5,600 rooms by the year 2000.[86] This expansion required an active tourism planning and marketing program to plan the facilities by reserving the best locations along the coast, to develop the tourism spaces, and to maintain these spaces to cater to the potential requirements of the tourism industry. This organization required coordination between government institutions such as the Ministry of Development, its sub-ministry the Sinai Development Authority and private enterprises, which at the time of this report in 1983, had not emerged to handle large scale development. The Sinai Development Authority was created in 1974, and by the time of the consultation conducted by USAID, it had the largest budget of any of the Ministry of Development's implementing agencies.[87]   Consultants from USAID asserted that private enterprises needed to be organized from outside the Sinai utilizing financial assistance, partnership agreements and active support from the government in order to undertake largescale development of the peninsula.[88] During the time of this study, the government of Egypt was using public enterprise units to manage economic and social development. This model was being implemented in the Sinai as a very successful company, the Suez Canal Authority.[89]

In the effort to create a favorable environment for foreign investment, the Tourism and Aviation Ministry allowed access to all of the feasibility studies completed on tourism potential and stressed its commitment to solve any problems outside investors

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[86] Sinai Development Study. *Managing Sinai's Development.* USAID, MAR 1985. 2-4
[87] *Ibid*, 3-9
[88] *Ibid*, 3-1
[89] *Ibid*

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may face, especially in the acquisition of land for building new tourism facilities.[90] The Ministry sought to build as quickly as possible in the effort to generate 11% increases in tourism per year.[91] Focus shifted to areas outside of Cairo with efforts concentrated on building luxury hotels and attracting the patronage of wealthier tourists.[92]

The National Plan for 1982 – 1987 budgeted 378 million LE for direct tourism development throughout Egypt, but the government also expected a significant investment from the private sector. Projected investments originating from the private sector were to grow from 30 million to 50 million.[93] The total planned private investment for this period aimed for 140 million LE.[94] The South Sinai was of particular interest for this overall tourism development strategy, which sought to raise the number of hotel rooms from 450 during 1982 to 850 at the end of 1987.[95] Furthermore, the strategy for growth until the year 2000 sought to capture .6 – 1.7 million visitor days during 1990 and 1 – 3.7 million visitor days in the year 2000. While the government sought to double the hotel rooms in the area by 1987, by 1990 they aimed to have between 1120 – 3480 hotel rooms. Even more ambitiously, by the year 2000, there should be 2000 – 7420 hotel rooms available in the South Sinai.[96]

With the return of the Sinai to Egypt, the potential for development of the territory was recognized by Egyptian officials and international consultants. Tourism particularly in the South Sinai was identified as a very important feature of development,

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[90] Middle East Economic Digest. 28 OCT 1982. p 16
[91] *Ibid*
[92] Middle East Economic Digest. 22 APR 1983. p 32 -33
[93] Sinai Development Study, *An Economic Development and Investment Plan.* USAID, MAR 1985. 4-36
[94] Middle East Economic Digest. Special Report, Egypt. JUL 1983
[95] *Ibid*
[96] *Ibid*, p 4-39

which if effectively planned could generate many additional tourists nights within the country. Sun and sand tourism catering to European mass package tourism was identified as a growing market for which the South Sinai could pose an advantage over competing destinations in lower travel costs and closer proximity to Europe. The initial planning for tourism development sought to capture part of this market by planning resorts around the desires of the European tourist.

2.2 Fordist Momentum

Revitalized focus on tourism nationwide and the newly emerging plan for development in the Sinai sparked beneficial changes in policy for the territory.[97] In 1985, the Egyptian government began selling land to local investors for tourism development, this land sold for $6 – 12 dollars per square meter.[98] The government also placed stringent conditions on the land: investors must establish the seriousness of their plan along with a deposit of 20% of the lands worth in the effort to promote fast development and to prevent investors from waiting for price increases on the land.[99] Airline rules were also liberalized, meaning charter services were now allowed to bypass Cairo and fly directly to resort locations.[100] The new tourism Minister also chose to further privatization of state run hotels which were running poorly. More international firms were allowed to manage and operate these hotels through 25 year contracts providing

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[97] Middle East Economic Digest. Review 1985.
[98] Middle East Economic Digest. 22 MAR 1985. p 12
[99] Middle East Economic Digest. 5 SEPT 1987. p 8
[100] Gray, Matthew. "Economic Reform, Privatization and Tourism in Egypt", *Middle Eastern Studies*, 34.2 (April, 1998): 91-112. pp 97

unprecedented autonomy for these companies.[101] Infrastructure in support of tourism developments outside Cairo received a pledge of $600 million in loans from the World Bank, neighboring Arab states, and the Kuwait-based Arab Fund for Social and Economic Development.[102] Increased private investment in the sector, especially in resort tourism, stemmed from policy changes nationally and plans for increased infrastructure supporting tourism outside Cairo.[103]

The late 1980s witnessed an increase in tourism developments in beachside locations, including a slow beginning to building in Sharm El Sheikh. Developments in Hurghada dominated this period, highlighting some potential struggles for investing in the South Sinai. The new facilities in Hurghada were planned haphazardly, facing problems in logistics in terms of water sewage and power, ultimately falling short of international standards.[104] These challenges posed a warning for increased investments in the Sinai, causing investors to create provisions for proper standards, infrastructure services, and the maintenance of the eco-system of the Red Sea. Simultaneously, although slowly, international firms began building hotels using foreign companies to construct and supply the tourist facilities within Sharm el Sheikh. This included a large complex at Tiger Bay in 1987 (built by Badr Investment Company and a firm in Singapore), and a tourist village backed by Abu Dhabi Tourism Investment Company.[105]

The tension between structural adjustments and the deliberately piecemeal approach taken by the Mubarak government laid a foundation for the planned

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[101] *Ibid*
[102] Middle East Economic Digest. 14 JUL 1989. p 15
[103] *Ibid*
[104] Middle East Economic Digest. Special report, Egypt. 8 JUN 1990. p 18
[105] Middle East Economic Digest. 18 APR 1987. p 5, 21 APR 1989. p 11

privatization taking place in the early to mid-1990s. In 1991, Citibank and the UK's Coopers and Lybrand conducted a study about the privatization of tourism facilities which was financed by the World Bank's contribution to the infrastructure fund set up in support of tourism.[106] Among the first public companies to be opened to private capital was the Misr Hotels Company and several assets of the holding company Egyptian General Company for Tourism and Hotels.[107] Part of the sale of the Misr Hotels Company's shares included its investment in the Sinai Company for Hotels and Sub-Aqua clubs, which owned several of the hotels in Sharm el Sheikh at that time.[108] In 1993, the Misr Company for Touristic Villages, owner of the Fayruz Hilton in Sharm el Sheikh, was privatized.

The mid-1990s there was an increase in the development Sharm el Sheikh. Tourist sector assets were being privatized nationally, including the South Sinai's facilities. This created a new environment encouraging investment and inspired domestic and foreign companies to cooperate in largescale joint ventures within the city. Making the area even more attractive, the South Sinai had been immune to the tourism declines nationwide due to terrorist attacks. In 1994, the three five star hotels in the area were operating at 100% occupancy.[109] Shaikh Coast, an Italian company which owned a 75% stake in a national company controlling 340,000 meters of land in Sharm el Sheikh, began work on a massive five star resort complex offering 300 beds, 150 apartments and 60 villas.[110] Raja Travel and Hotels, a domestic company, sought to build a $30 million

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[106] Middle East Economic Digest. 3 MAY 1991
[107] Middle East Economic Digest. 26 FEB 1992 p 5; 10 APR 1992 p 12
[108] Middle East Economic Digest. 20 MAR 1992. p 35
[109] Middle East Economic Digest. 9 DEC 1994. p 17
[110] Middle East Economic Digest. 16 APR 1993. p 9 - 10

dollar hotel in 1994. Two additional luxury hotels, Marriot and Inter-Continental, opened their doors in 1995.[111]

The national declines in tourism due to terrorist attacks in the early 1990s were not replicated in the burgeoning tourism spaces in the South Sinai. After a short period of terrorist activity decline and subsequent feeling of security produced by returning tourists, the Luxor Massacre in 1997 reinforced the need for diversification of the tourism sector. This surprising terrorist attack cost the Egyptian economy $205 in tourism revenue and significantly decreased monthly tourism arrivals for the six month period following the massacre. This act of violence and the downturn within the tourism industry created an increased sense of urgency in the building of alternative tourism spaces in the South Sinai. The regime regarded the new resorts as a safeguard to the fragile national industry and, to economic elites, the new developments seemed to be safe investments as occupancy rates in hotels were significantly higher than national average. The loss in tourism coincides with an exponential increase in building new hotels in the Sinai, which experienced a growth rate of over 300% over the next decade.[112]

The late 1990s showed an exponential growth in hotels in Sharm el Sheikh, among the new developments were huge luxury hotels. In 1996, 12 hotels were located in the Naama Bay area mostly owned by private Egyptian interests.[113] Hyatt International undertook a contract to manage a new hotel developed domestically in the Naama Bay area to be opened in 1997.[114] The Moevenpick was set to expand its facilities through $20

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[111] Middle East Economic Digest. 9 DEC 1994. p 17
[112] Vignal, Leila. "The new territories in of tourism in Egypt: a local-global frontier?' *Cybergeo: European Journal of Geography.* 509 (2010). 16.
[113] Middle East Economic Digest. Special Report: Egypt. 19 APR 1996. p 36
[114] Middle East Economic Digest. 2 JUN 1995. p 11

million dollars of bonds for new villas and a golf course.[115] Saudi backed Nesco Egypt for Tourism Developments sought to construct a $15 million dollar four star hotel in 1995 and a $60 million Four Seasons resort began construction in 1997, backed by Prince Alwaleed Bin Tawal Bin Abdulaziz and a local contractor.[116] At the beginning of 1998, Arab Contractors (Osman Ahmed Osman & Company) signed a contract to build the $8 million dollar Shalalat Hilton for the Arab International Hotels Company.[117] The Arab Contractors were also commissioned to build the first stage of a five star resort at Nabaq Bay for Oriental Resorts Company, in a contract valued at $20 million.[118] The Nabaq Bay resort was part of a larger tourism complex, which this 300 room and 60 chalet hotel marked the beginning of the development. This complex was commissioned by the Charming Sharm Company, a venture owned by 28 local business groups set to build hotels within the complex.[119]

Unlike the hasty and unplanned development in Hurghada, which left the area with major infrastructural challenges, fractured planning in between resorts, and ecological threats, the planning in Sharm el Sheikh was an attempt to avoid the same mistakes. In the Naama Bay area, a boardwalk connects the major luxury hotels and offers a sense of community, although manufactured.[120] Construction on new facilities was controlled by building permits limiting how close new developments could be to the sea and limiting building to two stories.[121] Several resorts also attempted to avoid

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[115] Middle East Economic Digest. 24 MAR 1995. p 30
[116] Middle East Economic Digest. 7 APR 1995. p 12; 11 JUL 1997. p 16
[117] Middle East Economic Digest. 2 JAN 1998. p 16
[118] Middle East Economic Digest. 23 JAN 1998. p 20
[119] Middle East Economic Digest. 26 MAR 1999. p 25
[120] *Ibid*, p 38
[121] *Ibid*

infrastructural problems by building their own desalination, power, and sewage systems. The land within the Sharm el Sheikh coast had been set aside for tourism development, sold to Egyptian private investors, and then allowed to be developed rapidly and individually by these private interests. Projects had to be approved by local authorities, but were largely uncontrolled in what kind of facilities were built on private land. Sharm el Sheikh was able to avoid many of the mistakes made by developers in Hurghada, however the rapid and individualized nature of building created a problem of oversupply in the market.

The early study conducted by USAID consultants, which looked at a possible comprehensive development strategy for the entire Sinai Peninsula, promoted the importance of capturing mass tourism emanating from the European market. Another study conducted in the early 2000's allows an examination of the government's response to the early recommendations of USAID. USAID stressed the potential for rapid growth and expansive tourism for sun and sand, with the development of the South Sinai reflecting an adherence to this development strategy.

The projections of the tourism capacities of the South Sinai by the USAID consultants made in 1983 were surpassed by the year 2000, the actual capacity more than doubled the projected 2000 – 7480 hotel rooms. The rapid development of the area took place between 1996 and 2003, coinciding with the crisis in the national industry posed by continuing terrorist violence. South Sinai tourism accommodations grew from 88 total tourist establishments with 6979 rooms in 1996 to 221 establishments and 35782 rooms

by the year 2003.[122] This expansion averages 27% increases in capacities year over year, with some years showing a growth of around 40%. The average growth in South Sinai hotel rooms between 1996 and 2003 was especially high for four and five star accommodations: five star hotels saw an average of 44.6% growth and four star rooms grew by 32.7%. This growth in capacities within the South Sinai was heavily concentrated in Sharm el Sheikh which held 73% of available accommodations, 88% of the five star hotels in the South Sinai.[123] The particular emphasis on the highest end establishments reflects the types of tourists visiting the area, the priorities of developers, and the projected increase in affluent tourism.

Resorts and tourist villages dominated the hotel landscape of the South Sinai, and because they were a highly profitable venture, remained an active area for private investment. Investors sought to build as quickly as possible because the construction costs for hotels often paid for themselves within a few years.[124] These establishments were often 4 to 5 star establishments, in the effort to capture the European market, and strategically attempted to keep guests within the resort by catering to most of their needs. These resorts also often had their own source of power generation and their own desalination plants, which aided in efficient functioning of individual resorts and curtailing ecological threats to the environment. Although the development of Sharm el Sheikh attempted to create a sense of an integrated city, the individualized resort enclaves

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[122] Sims, David and Miniawy. *South Sinai Development Profile.* South Sinai Governorate Environmental Action Plan. (Nov 2003). 2.4
[123] *Ibid*, 2.1.4
[124] Richter, Thomas and Christian Steiner. "Politics, Economics and Tourism Development in Egypt: Sectoral Transformations of a Neo-patrimonial rentier state" *Third World Quarterly* 29.5 (2008): 939 – 959.

not only supported themselves but retained a large percentage of profits due to the lack of incentive for the resort goer to venture outside.

The study conducted in 2003 of the history of development of the South Sinai commissioned by the Egyptian Environmental Affairs Agency noted the rapid growth of tourism capacities in the area and discussed potential future issues in development of this sector. It is noted that at the time of the report, in less than 20 years, the South Sinai represented more than 20% of the overall tourism capacity of Egypt and generated around 25% of tourism's contribution to the gross domestic product. Consultants writing in 2003 projected that this region could be responsible for 40% of Egyptian tourism by 2013.[125] This report expects that the success in the South Sinai will continue and grow, however, there were a few issues outlined to address to ensure the continued success.

The issues with the growth of the tourism capacities in the South Sinai were identified as: threats posed by outside regional and world events, environmental destruction, undiversified tourist economy, and internal competition.[126] While overall tourism in Egypt is very sensitive to world and regional events, this study noted that tourism to Sharm el Sheikh seemed to be less affected by outside events. However, many tourist establishments could fail if long term crisis happens to impact tourism to the area. Consultants noted the possibility for the deterioration of the environment, specifically to the coral reef systems and marine life, both of which are highly unique draws to the Sinai. At the time of this study, there was an observed beginning of deterioration due to

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[125] Sims, David and Miniawy. *South Sinai Development Profile.* South Sinai Governorate Environmental Action Plan. (Nov 2003). 8.1
[126] Sims, David and Miniawy. *South Sinai Development Profile.* South Sinai Governorate Environmental Action Plan. (Nov 2003). 8.1

pollution, unregulated fishing, and tourism activities. This was and remains a serious issue for the South Sinai, as the period of 1987 – 1996 sustained a 20 – 30% decrease in live coral cover.[127]

The tourism market within the area was noted at this time as highly undiversified and susceptible to price cuts due to internal competition. The undiversified nature of tourism occurred because the overwhelming majority of tourists visiting the area seek resort activities. This was described as problematic for consultants in 2003 due to the potential inability of the tourist industry to sustain fluctuations in consumer demand.[128] Consultants recommended a diversification through religious sites, eco-tourism, and desert treks. Marketing for the area should not only attempt to offer these additional activities to the resort and sea tourist, but also attempt to attract visitors specifically for these other attractions in the South Sinai. It is noted that Sharm el Sheikh, in this period, was already expanding its offerings through hosting national and international conferences.[129] An additional challenge requiring diversification was the amount of high end establishments within Sharm el Sheikh and the broader South Sinai. As discussed above, high end tourist accommodations witnessed disproportional growth between 1996 and 2003. One final note on the potential dangers within the tourism market was the tendency of competitors to significantly undercut each other in pricing, which both threatened the economic viability of establishments and had the potential to halt further property investments.[130]

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[127] *Ibid*
[128] *Ibid*
[129] *Ibid*
[130] *Ibid*

The consultation in 2003 speaks to the projections offered by the Sinai Development plan drafted by international consultants in 1983. The earlier development plan emphasized the capacity for success within a tourist industry focused on the growing market of European guests seeking sun and sand vacations. In line with this early vision, the South Sinai almost exclusively focused on resort developments catering to this market. The high end resort developments grew substantially year after year, far surpassing the early projected numbers of accommodations in the area. While consultants examining South Sinai development warned of the potential dangers of an undiversified tourism market in the region, their assessment was optimistic about the continued growth and success of resort tourism in the South Sinai. The 1990s was a period of exponential growth for the tourism capacities of the South Sinai. Tourism facilities outgrew early projections, as a result of government policies encouraging rapid growth and creating an attractive environment for private investment. For the Mubarak Regime, the rapid development of this new resort presented an opportunity to stabilize the national tourist sector when challenged by terrorism. Although problems began to emerge from this rapid development, the regime continued to promote further development of tourism facilities in the resort.

2.3 Structuralism on the Resort

Since the 1980s beach tourism in Egypt attracted the majority of new and repeat visitors to the county. Beach tourism represented 82% of arrivals and about 90% of

private investment in the tourism industry by the year 2012.[131] There was a conscious decision by the central government to develop the South Sinai to cater to the growing industry of mass beach tourism. The central government recognized several fiscal benefits nationally through the venture into sun and sand tourism, such as gaining foreign currency, expanding employment opportunities and generating revenues which offset budget deficits. The economic importance of this diversification of the tourism sector was emphasized with the instability created by terrorism in the 1990s. The regime was emboldened by the Luxor Massacre to rapidly develop tourism capacities removed from terrorist activity in mainland Egypt. The government implemented liberalization policies alongside privatization to encourage private investment in the new resort areas of the South Sinai.

Under Sadat in the 1970s, the overall management of the tourism sector was transferred Ministry of Tourism, allowing the ministry the ability to regulate the sector.[132] The ministry gained the power to set standards and pricing for hotels. Shortly after, the ministry gained the exclusive ability to designate territory for tourism development and expansion.[133] Foreign investment was incentivized in the early 1970s through the new ability to build joint ventures with domestic partners, tax exemptions of 15 years and a new guarantee of property rights for real-estate holdings and capital investments.[134] Foreign investors were given the ability to repatriate profits overseas and to withdraw

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[131] Butterfield, William *et al. Assessment of the Tourism Sector in Egypt.* USAID. June 2012. p 9
[132] Gray, Matthew. "Economic Reform, Privatization and Tourism in Egypt", *Middle Eastern Studies*, 34.2 (April, 1998): 91-112. pp *94*
[133] *Ibid*
[134] Richter, Thomas and Christian Steiner. "Politics, Economics and Tourism Development in Egypt: Sectoral Transformations of a Neo-patrimonial rentier state" *Third World Quarterly* 29.5 (2008): 939 – 959.p 947

their investment without obstacles.[135] Further liberalization of the tourism sector occurred in the 1980s. Among these opening polices was the canceling of import restrictions on products related to the tourism sector, reducing the prices of land along the Red Sea to encourage private investment, approving foreign management of public hotels, and the expansion of Egypt Air's operations to underserviced destinations.[136] This incremental opening of the sector started before major investment in the Sinai, but demonstrated the willingness of the government to encourage foreign involvement, support foreign and domestic private investment, and laid the foundations for future development of the Sinai.

The 1990s presented a period of fluctuation in tourism, which the Sinai was largely immune. This stability in the market along with the potential for large return on new investments peaked investor interest in the territory. The Ministry of Tourism focused on building infrastructural capabilities to support expanding areas such as the South Sinai Coast. The creation of the Tourism Development Authority (TDA) centralized fragmented planning and created a comprehensive plan for tourism development.[137] Following the creation of this authority, private investment grew rapidly in the South Sinai.

The TDA created the framework controlling development in the South Sinai. It quickly sold remote coastal land to private domestic investors, who reaped substantial benefits in these sales. This land was valueless public land, turned private assets through

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[135] Gray, Matthew. "Economic Reform, Privatization and Tourism in Egypt", *Middle Eastern Studies*, 34.2 (April, 1998): 91-112.

[136] Sakr, Mohamed et al. *Tourism in Egypt: An Unfinished Business*. The Egyptian Center for Economic Studies. (May 2009).

[137] Richter, Thomas and Christian Steiner. "Politics, Economics and Tourism Development in Egypt: Sectoral Transformations of a Neo-patrimonial rentier state" *Third World Quarterly* 29.5 (2008): 939 – 959. pp *951*

sales and then became exponentially valuable through their exclusive designation as tourism development areas.[138] Land sold and then deemed tourism development areas exceeded its original price in some cases by almost 10000% after signing contracts with the TDA. This artificial inflation in land prices exemplifies regime patronage to elites willing to invest in the early stages of development in the Sinai. Early investors in the South Sinai gained huge profits over night, and investments in developing the land not only recouped their investments extremely quickly, but continued to turn huge profits year after year. The building of tourism complexes often paid for themselves within two years and only needed an occupancy rate of 30% to remain open.[139] The design and construction of these large resorts in Sharm el Sheikh was handled by both foreign and domestic companies. The ownership of the complexes often remained with Egyptian investors due to the legal framework in the Sinai requiring at least 51% Egyptian ownership. The management of these resorts were contracted out to international hoteliers, who usually received 2% turnover and 10% of the profits.[140] The potential for high return on investment, coupled with the South Sinai's perceived immunity from tourism fluctuations experienced by the rest of the country, created extremely favorable conditions for private investors in the late 1990s.

The profitable private investor environment, the government's emphasis on rapid expansion, and the perception of exponentially growing demand from European mass beach tourism quickly produced conditions of over-supply. While liberalization and legal reforms favoring privatization have been profitable for the Egyptian elite investors, the

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[138] *Ibid* pp 955
[139] *Ibid* pp 955
[140] *Ibid* pp *951*

sector lacked specified planning and coordination which has led to several negative and undesirable economic, social, environmental and cultural impacts. Lack of planning damaged the environment, created dissatisfaction from local communities, and oversupply in the sector led to reduction in prices and devaluation of investments.

The unique aspect of Sharm el Sheikh is the large and diverse coral reefs, which separates the location from other sun and sand destinations. This coastline houses 200 species of corals exclusive to Egypt.[141] There are a large number of species of fish and turtles living in the coast, which are also unique to the ecosystem. Several activities related to tourism affect the lifespan of this special feature of the South Sinai. Tourism facilities (hotels, marinas, golf courses and infrastructure), generation of waste, and tourist activities threaten to deteriorate the environment. Facilities built very close to the sea impact the reefs and species of aquatic life, while golf courses and marinas change the shoreline, destroy reefs and cause sedimentation. Resorts in Sharm el Sheikh often include their own marinas and golf courses to try to remain competitive.[142] Tourism activities also impact the reefs as tourists may intentionally damage them for souvenirs and throw waste into the sea.[143] The overemphasis on quantity of tourism rather than quality contributes to the deteriorating environment around the city and threatens future tourism. While Egypt has a sufficient number of environment related institutions and regulations, the institutions do not function effectively and fail in their ability to effectively implement these policies.[144] This inability to properly enforce environmental

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[141] Shalaan, Ihab Mohamed. "Sustainable Tourism Development in the Red Sea of Egypt threats and opportunities" *Journal of Cleaner Production* 13 (2005) 83 - 87. p 84.
[142] *Ibid*, p 85
[143] *Ibid*
[144] Ibrahim, Zainub. *Tourism Development and the Environment on the Egyptian Red Sea Coast*. University of Waterloo Environmental Studies Department, (2009).. iii

regulations has been observed by international consultants seeking to evaluate the environmental impacts of rapid tourism development in the South Sinai.[145]

The rapid expansion of tourism accommodations in the area and the high price points for a majority of the hotels has led to an oversupply of luxury resorts. This poses a new challenge to tourism in the area because of the elastic demand for the kind of holiday offered in Sharm el Sheikh. Sun and sand tourism is homogeneous in the sense that the destinations are easily substitutable.[146] Assessments of the tourism sector warns of the danger in this fickle form of tourism in that it is dangerously price-sensitive and creates cut throat competition to offer the lowest prices in the market among resorts.[147] The intense competition keeping prices low attracts budget holiday makers further deteriorating the social class of visiting tourists. The Red Sea has begun to be perceived as a low-price and low quality destination. The types of tourists historically which visited Sharm el Sheikh were the most budget constrained overall and consumed the least amount of domestic services. Russian tourists mainly purchase all-inclusive packages which allowed very small profits for domestic profits.[148] These all-inclusive packages drive down prices and allow very little profits for business and services outside the resort.

Several problems had emerged within Sharm el Sheikh due to government encouragement of rapid growth, a lack of oversight for spatial planning and the rush to develop the space by economic elites. International consultants evaluating structural problems in Sharm el Sheikh have identified an increase in competition both within the

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[145] *Ibid*

[146] Butterfield, William *et al. Assessment of the Tourism Sector in Egypt.* USAID. June 2012. p 10

[147] *Ibid*

[148] Butterfield, William *et al. Assessment of the Tourism Sector in Egypt.* USAID. June 2012. p 9

resort and against competing destinations, a decline in price points and reputation and the beginning of ecological decline. These emerging vulnerabilities to decline can be used to analyze the resort's similarities with other global south resorts and apply the model of the Tourism Area Life Cycle.

2.4 Stagnation in the Life Cycle of Sharm el Sheikh

This section argues that following the rapid development of Sharm el Sheikh, the resort was in a critical stage of development according to the model of the Tourism Area Life Cycle. Because of this critical stage, the resort was especially vulnerable to decline. Sharm el Sheikh and the wider South Sinai experienced rapid development according to perceived demand coming from the European market. This momentum of development is seen in other tourism destinations, which experience a period of decline following the rapid development phase. This connection between development and decline has been theorized by the work of Butler in his Tourist Area Life which presents a linear evolution of a space based on the product cycle concept.[149] The figure below illustrates the theorized linear development of tourist areas.

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[149] Butler, Richard. 'The Concept of the Tourist Area Life Cycle of Evolution: Implications for Management of Resources'. *Canadian Geographer*. 24(1) (1980).
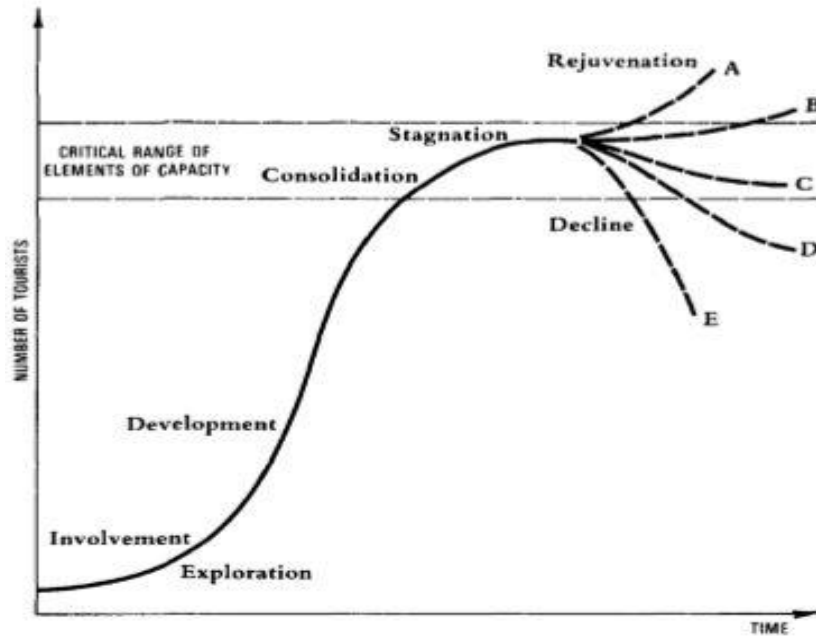
Figure 1: The Tourist Area Life Cycle of Evolution (Butler, 1980)

This process begins with a small number of visitors as the space is restricted by access and lack of awareness, followed by growing facilities and awareness. Popularity spreads through the introduction of marketing and the quick expansion of facilities. The development stage is the point where local businesses are replaced by international business, the landscape of the area changes to suit tourism, and the type of tourists visiting changing from individual adventure based to institutionalized, seeking homogeneous experiences.[150] Following the development stage, periods of consolidation and stagnation occur characterized by major international franchises represented in the area, well defined tourism business districts, capacity levels being exceeded, and a decline in image from fashionable to well-known and outdated. Stagnation also manifests in imported and artificial facilities, surplus in accommodation, and a heavy reliance on

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[150] *ibid*

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repeat visitation. The type of visitor also moves from individual to mass based tourism.[151] The stagnation of the destination occurs when visitor numbers drop as the capacity of the place begins to decline. Butler identified reasons for the decrease in capacity as environmental factors, logistic factors, and societal factors, such as crowding and resentment towards tourists visiting the area.[152] For Butler, the period of stagnation is critical, as it can lead either to decline, where the destination can no longer compete with other attractions, or renewal, through which a destination must reorient its tourism aims and attractions.

Putra and Hitchcock apply the Tourism Area Life Cycle to the experience of Bali following the bombings of 2012. These bombings produced the worst downturn faced by Bali tourism; while the government implemented several national and local initiatives to revive the tourism industry, this explanation alone cannot account for the resurgence in tourism to the destination.[153] Utilizing the Tourism Area Life Cycle, Putra and Hitchcock assert that the strong growth in tourism following the stabilization of the security situation on the island can be accounted for the underlying development phase of the area. Bali had not yet reached the point of consolidation within Butler's model, which means the development continued and led to a strong recovery and growth.[154] This study utilizes Butler's model to explain the recovery of tourism in Bali, while for the case examined in our project, the model can explain the opposite effect.

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[151] *Ibid*

[152] *Ibid*

[153]Putra, Nyoman Darma, and Michael Hitchcock. "The Bali Bombs and the Tourism Development Cycle." *Progress in Development Studies*, 6.2 (2006): 157–166., pp. 157–166
[154] *Ibid*

If we apply the Tourism Area Life Cycle to the case of Sharm el Sheikh, there are several features which align with the periods of consolidation and stagnation described by Butler. Before the crash, which ushered in the extreme decline in tourism, many of the successful hotels in the city were franchises of large hotel chains. These hotels were experiencing fierce competition amongst themselves to secure business through the predominantly mass tourism based guests coming into the city. Mass beach tourism was becoming responsible for the majority of visitors, which is described in Butler's model as part of the stagnation phase of development. The city itself was largely built to cater towards tourism activities, had developed inauthentic facilities for hosting tourists and the space had excluded the Bedouin locals once living on the coast. The exclusion of local populations will be covered within the next chapter, although it is noted here that this is part of the classification of stagnation. With these features of stagnation, the city had reached its capacity for accommodations through an oversupply. This oversupply is evident in the trends in changing number of hotels before the crash. In 2003, there were 221 hotels in the South Sinai, which fell to 187 by 2006 and rose briefly to 196 in 2009. Since 2009, hotel numbers have declined: 181 in 2010, 175 in 2012, 158 in 2014, and 111 in 2015.[155] The last year that CAPMAS counted hotels in the South Sinai was the 2015 figure at 111. This was a significant decline from 221 twelve years earlier. This hotel loss could be partially due to the decline in tourism since 2011, but this trend had begun 8 years prior. The falling hotel numbers and the reliance on tourists coming from mass tourism indicate that Sharm el Sheikh had entered the stagnation phase of Butler's model, implying that any external shock to tourism would make recovery very difficult without a

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[155] CAPMAS, *Nights by Nationality.* 2005-2014; Ministry of Tourism, *Tourism in Figures.* 2000 – 2005.

substantive reorientation in the attractions within the region and the type of tourist coming to the destination.

Sharm el Sheikh sped through the linear development modeled by the Tourism Area Life Cycle because of government policies encouraging rapid development. Although the quick development of this resort held many economic benefits for the regime and elites, the two and a half decades of development for the mass tourism market has brought Sharm el Sheikh to a critical point, according to Butler's model. This critical point could lead to rejuvenation or decline, based on policy choices, but due to political violence and insecurity, the resort is experiencing a decline. The race towards stagnation was partially due to the marketing towards mass beach tourism, a key feature of stagnation within the Tourism Area Life Cycle model. The next section will discuss theoretical implications of the focus on mass beach tourism and will compare the experience of Sharm el Sheikh to other destinations in the global south.

2.5 Choosing Dependency and Problems with the Mass Tourism Model

Capturing the mass tourism market emerging from Europe was the expressed goal of the regime in the development of Sharm el Sheikh. Previous sections have discussed the motivations for this model of development and the last section framed this goal as one component of the critical point in resort development. This section will expand on the vulnerability of Sharm el Sheikh in this critical moment by applying dependency theory and comparing the experience of Sharm el Sheikh to other global south resort enclaves.

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Tourism literature utilizing the dependency discourse aids in our understanding of the development of Sharm el Sheikh, but the case study poses important deviations to this view of global south tourism. Dependency theorists examining global south tourism see the exploitation and consumption of the destination through profit leakages, foreign management and ownership of tourist facilities, and the conceptualization and development of the space as homogeneous and interchangeable. The role of government policies creates a major distinction in the case study of Sharm el Sheikh. The next subsection, 'Deviations from the Dependency Model', expands on the ways Sharm el Sheikh deviates from the standard resort characterized by dependency. Sharm el Sheikh proves divergent in several ways: demonstrated agency in planning by the central government, large profit margins for local elites, and the maintenance of profits of large hotels due to structural frameworks of management contracts. Following the discussion of these differences, 'Similarities with the Dependency Model' examines how Sharm el Sheikh aligns with dependency theory related critiques of destinations in the global south. The similarities of the case study with other global south destinations characterized by dependency are many: designed as resort enclave, Fordism created demand and influenced growth, homogenization of the destination, ecological damage, little revenue for local small business, lack of control over demand, and loss of control when external shocks threaten the numbers of tourists.

2.5.1 Deviations from the Dependency Model

One major critique of the tenants of dependency is the over emphasis on the external factors in the development of internal tourism industries. While the desires and

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needs of the west drove the nature and style of development in the wider South Sinai, we cannot ignore the collective agency in planning for this development. It is important to note that when the government sought a plan of development for the area, they specifically marked Sharm el Sheikh as having a unique ability to tap into the mass package tourism coming out of Europe, which was a fast growing portion of the international tourism industry. In this vein, Sharm el Sheikh capitalized on its sand and sea features and the government attempted to grow the accommodations of the area very quickly to capture a share of the demand. The initial planning strategy and subsequent studies warned the government about the over reliance on the sun/sea features of the area, recommending a diversification of the offerings of the territory. The government miscalculated continued demand for more luxury all-inclusive resorts at the same price points, and expressed its agency in encouraging rapid development of the area to suit the needs of projected future tourism from the European middle class.

Unlike other destinations in the global south, Sharm el Sheikh expanded using different contractual policies which impacted control over profits. The Sinai's land was sold to domestic business elites, and was designated as tourism development sites which exponentially grew the value of the land. This land was either developed by initial investors or was sold to other domestic owners who could develop the sites. The government policies for the Sinai stipulate that ownership must be at least 51% Egyptian. This creates conditions where the land and constructed resorts remain in control of elites, but are contracted out to international operators. The provisions of these contracts favor domestic investors as the average contract allows for the operators to gain 2% turnover and 10% of profits. In other cases, ownership or a large amount of the profits on resorts

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are considered 'leakages', or they return to the international operators and permanently leave the country. This is a very important distinction in the dependency argument. Theorists argue that because destinations lose a significant portion of proceeds through these 'leakages', the international community exploits the global south destination. This is not the case in Sharm el Sheikh as a majority of the profits remain with the business elite, but the profits do not benefit the government or the vast majority of the population.

This subsection has discussed several key differences between Sharm el Sheikh and the typical dependent resort in the global south. These differences stem from government decision making, such as the policies related to ownership of resort facilities. Government decision making specifically sought to build this resort as an enclave for mass tourism, which aligns Sharm el Sheikh with other dependent resorts, despite ownership remaining with the domestic elite. The next subsection will outline the characteristics which classify Sharm el Sheikh as a dependent resort, despite the major difference of government decision making.

2.5.2 Similarities with the Dependency Model

Sharm el Sheikh possesses characteristics which are similar to dependent resorts in the global south. This resort was designed as a resort enclave, demand and growth has been influenced by Fordism, it is homogenous with other destinations, and it has suffered ecological damage as a result of tourism activities. Furthermore, there is little revenue for small businesses. Control over the resort is limited in fundamental ways: there is a lack of control over demand and a loss of control when external shocks threaten the number of

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tourists. These characteristics will be presented in this subsection, followed by a conclusion concerning this lack of power in maintaining demand for mass tourism.

The resort enclave model is fundamentally connected to fordist demand and design, which manifests in homogenized tourism spaces. The classification of a tourism space as a resort enclave is an important component of the argument of this project, and Sharm el Sheikh shares many features with this model. The main tenants of dependency theory used by scholars looking at tourism in the global south contend that tourist enclaves are built for western interests, maintained by western entities, and necessarily exploit the host country within the periphery. This theorized structure is the basis for the argument of dependency in the reliance on outside demand, outside tour operators and hotel operators, and the use (and sometimes destruction) of the destination until more preferable destinations gain traction. The combination of these assertions results in the conclusion that this system perpetuates chronic underdevelopment in host countries. The tourist enclave perfectly illuminates the argument of dependency theorists looking at the global south.

The tourism enclave is a strategy for development of a territory attempting to serve the needs of mass tourism. The tourism enclave provides a closed area created for tourists, who often are taken directly to their resort upon arrival.[156] Jenkins describes the enclave structure as being detached from the host community and one whose purpose is not to benefit the local community.[157] These created spaces are used entirely by tourists

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[156] Britton, Stephen G. "The Political Economy of Tourism in the Third World." *Annals of Tourism Research*, 9.3 (1982): 331–358.pp. 331–358.

[157] Jenkins, C.l. "The Effects of Scale in Tourism Projects in Developing Countries." *Annals of Tourism Research*, 9.2 (1982): 229–249., pp. 229–249.

and are built and managed by international corporations. This kind of resort discourages the movement of the foreign tourist outside of the walls of the enclave area. Separation between the tourist and the local population occurs, which embodies a form of neo-colonialization.[158] The development of tourism enclaves occurs when circumstances are controlled by multinational corporations or other external actors and are often a manifestation of power inequalities.[159] This understanding of enclave tourism fits the structure of Sharm el Sheikh, although some areas were designed to generate a sense of community. The all-inclusive resorts deter the need to move beyond the walls and assessments of the tourism industry there have found that many tourists never leave the compound. These homogenized resorts are fabricated for the needs of the tourist and are divorced from the surrounding community. The case of Sharm el Sheikh deviates from the standard dependency model of profit leakages from destination countries to multinational corporations. The control of multinational corporations in Sharm el Sheikh is limited by policies restricting foreign ownership. However, the majority of the profits from the resort remain with the domestic elite which are not connected to the population in the Sinai, a point which will be heavily expanded upon in the following chapter.

The previous paragraphs have classified Sharm el Sheikh as a resort enclave and expanded upon the ways in which this model fits dependency theory based critiques of mass tourism. The next major point where Sharm el Sheikh complies with the dependency model of tourism development is the design and development ultimately

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[158] Hall, Colin Michael, and Hazel Tucker. *Tourism and Postcolonialism: Contested Discourses, Identities, and Representations*. Routledge, (2014).

stemming from Fordism. This economic system is characterized by mass production and mass consumption, which can be expressed through mass tourism. Mowforth and Munt view mass tourism as an expression of cultural dependency. Locations seeking to attract the mass tourist market result in creating a homogenized package, divorced from the surrounding economic, cultural and physical environment. For these researchers, this older form of tourism is characterized by Fordism and is designed in the west specifically for western interests.[160] Waleed Hazbun was the first to apply Fordism to resort development in the Mediterranean through his in depth look at the Tunisian tourism industry.[161] This work by Hazbun illuminates several important similarities in the creation of the tourism space for the mass package tourist.

Hazbun asserts the Tunisian beach economy was directly influenced by the demand of industrialized Europe's growing middle class and it supplied a standardized product which was place substitutable.[162] For Hazbun, Fordism characterized both the growing demand for mass beach tourism, through growing consumerism and its ability to sustain expanding destinations in the Mediterranean, and the incorporation of Tunisia into this supply-demand structure.[163] Like other destinations in the region, the early growth of the Tunisian beach industry was marked by standardization, reliance on strategies of international hotel chains, little control over the demand, and the desire to build supply with little capital to make sure their product remained competitive.[164] The standardization

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[160] Mowforth, Martin, and Ian Munt. *Tourism and Sustainability: New Tourism in the Third World.* Routledge, (1998).p 53

[161] Hazbun, Waleed. "Fordism on the Beach." *Beaches, Ruins, Resorts: the Politics of Tourism in the Arab World.* University of Minnesota Press, (2008). pp3

[162] *Ibid*

[163] *Ibid*

[164] *Ibid*, p8

of the product created highly interchangeable destinations which eventually had to fight

for the business of international tour companies who sought the cheapest rates. Although

the development of Sharm el Sheikh occurred over two decades after the Tunisian model,

there are important similarities between the cases. The initial strategies of both

governments was to create as much supply as possible according to the projected

demands and desires of the European middle class. In Egypt, private investment in this

budding area of the tourist sector was highly attractive because of policy changes,

perceived growth in demand, and the probability of gaining huge profits. The tourist

industry in Tunisia in the early 1970s was characterized by highly homogenized hotels

offering all-inclusive amenities which resulted in the majority of bookings coming

through tour operators outside of the country, with the tourist experience being limited to

the confines of the resort.[165] Sharm el Sheikh faced the same problem, a majority of the

tourism into the city was confined to the five star resorts and was dominated by package

tourism from Russia, Eastern Europe and Great Britain. When Tunisia faced its initial

crisis in occupancy and arrivals, combined with the pressure to drop rates to stay

competitive, the government responded with a tighter control of the industry. Specifically

the government continued to grow the hotels and amenities but instituted price ceilings

resulting in the continued building of accommodations at lower price points. The

government in Egypt has yet to tighten control over the industry in Sharm el Sheikh. The

accommodations in the city have grown very quickly, are unregulated in terms of price

range, and heavily rely on the demand from mass package tourism. Furthermore, as the

last major study over South Sinai tourism mentions, the many government bodies

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[165] *Ibid*, p30

involved in tourism in the region contribute to the lack of oversight in development and the lack of central planning necessary to gain control in the way the Tunisian government did in the in the late 1970s.

The model of the resort enclave fits the case of Sharm el Sheikh, and the resort matches several key characteristics of fordist development in tourism as advanced by the work of Hazbun. One major characteristic is the homogenization of the tourist space. This feature is very important to our case, as it makes the resort highly substitutable which contributes to destination substitution for a variety of reasons. . For Mowforth and Munt, this homogenization of vacation spaces is a manifestation of cultural globalization, created by a standardized form of consumerism.[166] Consumers within the mass tourism model perpetuate the homogenized nature of beach resorts through their indiscriminate consumption based on low prices and a disregard for the local culture of the destination. For Hazbun, the homogenized nature of mass tourism beach destinations produces a form of deterritorialization, where a complete disregard for specific unique aspects of a destination and local culture occurs, which further contributes to the interchangeability of the destination.[167] Our case study exemplifies the deterritorialization discussed by Hazbun and the homogenized nature of the resort enclave. The enclaves of the city are built as standard versions of international hotels. They were built to be consumed by European holiday makers seeking year round warm water beaches and because of the manifestation of that consumer preference, the destination has become interchangeable.

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[166] Mowforth, Martin, and Ian Munt. Tourism and Sustainability: New Tourism in the Third World. Routledge, (1998).
[167] Hazbun, Waleed. "Globalisation, Reterritorialisation, and the Political Economy of Tourism Development in the Middle East" *Geopolitics*, 9.2 (2004). pp 312

This interchangeability generates several problems currently faced by the city: extreme competition over pricing in the space, lack of control over pricing due to external tour operators seeking the best prices between destinations, and the ability for external shocks to impact the amount of tourists visiting the space.

Pricing and control over profit are issues faced by these homogenized tourist spaces and can be illuminated through the example of Sharm el Sheikh. It is a necessity that these spaces remain competitive against international competitors offering similar holidays. This drives the pricing very low, and in a space like Sharm el Sheikh, whose market was facing oversupply due to unrestrained growth, the need to remain competitive was pressing. Analysis in the early 2000s comments upon the fierce competition among resorts to book the tourists coming into the city. This drove prices very low and as a result threatened private investments and the overall quality of the resort. The perception of tourists is altered as a result because the lower prices coupled with a higher number of visitors drive away the higher end clientele, who begin see the destination as low quality. This creates a cycle which is difficult to recover from as it continually lowers prices as it exclusively captures the lower end of holiday makers. Besides the domestic competition for resort occupancy, the space must contend with international competition. International tour agencies dealing with mass tourism based packages have a significant amount of leverage in setting prices for destinations. These companies pursue the cheapest destinations to expand their profit margins and to gain the most clients. This dynamic impacted Sharm el Sheikh because of its reliance upon these mass tourism packages. A significant number of visitors to the city came through these channels, which further drives down resort prices. This structure demonstrates the argument that resort enclaves

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in the global south have a distinct lack of control over the pricing of the destination and lose a significant amount of profits because of the extremely low pricing. Homogenization of the tourism space contributes to higher competition for the mass tourism market. This higher competition creates a race to the bottom, were destinations lower prices against internal competitors and against alternate destinations.

The final similarity between the present case study and other resort destinations in the global south is the threat of ecological damage to the site. This is particularly important for Sharm el Sheikh because it boasts a large and diverse coral reef system housing unique forms of plant and animal life. This feature of the space, although not the main driving factor in tourism, can be used to generate higher numbers of tourists. Mass tourism necessarily emphasizes quantity over quality, which stretches the ability for the area to sustainably handle this large amount of traffic. The effects of this form of tourism is evident in the beginning of the destruction of the reefs through infrastructural problems and tourism activities. Other destinations have faced this degradation, and this process is described as a part of the life cycle of a destination described by Butler (as discussed in the previous section).[168] Butler's model describes the process of the rise and fall of destinations, and ecological damage of the space is a main feature of the point of stagnation or decline. As the environment is damaged, from exceeding the inherent capacity of the site, there is a decline in the quality of visitors and experience which leads to less money to rejuvenate the space.[169] Ecological damage from mass tourism is a

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[168] Butler, Richard W. The Tourism Area Life Cycle. Vol. 1: Applications and Modifications. Channel View. (2006).
[169] Butler, Richard. "Tourism in the Future: Cycles, Waves or Wheels?" *Futures* 41 (2009): 346–352. pp 348.

feature shared by many destinations in the global south and this process ultimately permanently degrades the tourism space.

2.5.3 Vulnerabilities in Relying on the Mass Beach Tourist

The previous subsection outlined the major ways that Sharm el Sheikh's features align with the model of the dependent resort. These were the enclave design, fordist development, homogenization of the space and ecological damage. The last major similarity between our case and other destinations in the global south lies in the inherently unequal power dynamic between countries of origin and the destination. This chapter has focused on economic development of the tourism space, the next will cover social dynamics in the South Sinai and the final chapter examines political vulnerabilities in the created space. The following conclusions regarding power dynamics are limited to the economics of development, as the political and security factors will be examined in 'Political Instability and Managing Tourism: Creation and Compromise of the New Tourism Space'.

The Mubarak regime sought to design and develop South Sinai resorts as a means of economic stability, although the target market of mass beach tourism held potential weaknesses. The resort was designed based on a resort enclave model: based on the needs of the European tourist, removed from the surrounding environment and easily substitutable with other resorts around the world. Largescale tourism and a lack of planning has created environmental damage to the area, which degrades the quality of vacations and leads to lowered pricing for the space. Oversupply of tourism facilities has

emerged within Sharm el Sheikh, leading to increased competition among hoteliers. The lowered pricing to gain business has brought lower income tourists and has negatively impacted the reputation of the resort. These economic conditions within Sharm el Sheikh reflect the stagnation phase of Butler's Tourism Area Life Cycle, which is the critical point before potential decline. The irony in this development is that government policies have created this vulnerability to natural decline, according to Butler's model. The specific targeting of European mass beach tourism has accelerated the potential for decline while laying the foundation for another expression of inequality in power between Egypt and tourist countries of origin.

One feature of the dependency model of tourism area development which particularly speaks to the present moment in Sharm el Sheikh is the potential for sharp decline of tourism in the case of political instability or the general perception of the area being unsafe for travel. The heavy reliance on first world patronage is extremely apparent with this example. Global south destinations face heavy decline and potential collapse based on the perception of risk by the first worlds' gaze. When a country is deemed unsafe for travel, first world countries circulate this notion and can virtually destroy the tourism industry within the destination. This final feature of dependence fits our case study of Sharm el Sheikh. When faced with terrorism, the area was no longer a desirable place to visit in relation to other, safer and similar locations. The standardization and lack of diversification within the industry of the city contributed to the interchangeable nature of the destination and its ultimate decline. As Sharm el Sheikh gained most of its income and visitors through this form of tourism, it was a devastating blow to the city when mass

tourism packages halted. The political and security challenges related to this decline will

be further expanded upon in the final chapter.

3. EXCLUSION AND ALIENATION OF THE SOUTH SINAI BEDOUIN

While the Mubarak Regime planned to diversify the national tourism sector through the development of the South Sinai, planning for this development ignored the Bedouin community located on the peninsula. As development intensified and mainland Egyptian investors increased their wealth, the poverty increased in the Bedouin community. The progressive impoverishment of the Bedouin was due to the dual forces of coercive sedentarization and exclusion from the economic benefits of increased tourism. The Bedouin were effectively excluded from the planning and development process of tourism spaces and facilities, which impacted their lifestyle, livelihoods, local environment, and ultimately, their identity.

The contestation of the Sinai Peninsula ended in 1982, when Egypt's peace treaty with Israel mandated the complete turnover of the space to Egyptian authorities following 15 years of Israeli occupation. The Camp David Accords mandated that Egypt limit its security forces in the territory, which hindered the state's ability to fully incorporate the peninsula.[170] Despite this initial security limitation, an economic analysis of the space commenced, with the goal of ascertaining opportunities presented by the newly reacquired territory. The South Sinai was inhabited by several varied Bedouin tribes, which had historical roots to the space for well before the Islamic period, with current estimates of the population totaling 40,000 people organized into eight tribes.[171] These

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[170] Karbaki, Nadine. 'Lifestyle Migration in South Sinai, Egypt: Nationalism, Privileged Citizenship and Indigenous Rights'. *International Review of Social Research* 3.1 (FEB 2013): 49 - 66, 54

[171] Gilbert, Hilary. "'Bedouin Overgrazing' and Conservation Politics: Challenging Ideas of Pastoral Destruction in South Sinai". *Biological Conservation* 160 (2013): 59-69, 60.

tribes have varied means of livelihoods, lifestyles and social organizations and have been challenged by varied state economic policies.

Among the tribes affected by tourism development in the Sinai are the Mzeina, Al Tarabin and Jebeliya, who have all had unique economic histories dependent on their inhabited territory. Distinctive effects on these communities were produced by the different state-led development strategies. The Saint Katherine Monastery and surrounding area represent one attempt at the creation of a national protection area, while Sharm El Sheikh exemplifies a resort enclave characterized by exclusion. Dahab's slow pace of development has created a reluctant inclusion of Bedouin on the periphery of the tourism space, although the state seeks to further marginalize their informal tourism activities. The development policies pursued by the government has presented distinctive challenges in economic exclusion and growing dependence on tourism within the South Sinai Bedouin communities.

This chapter examines the economic and social changes within the Bedouin tribes inhabiting the South Sinai. It begins with highlighting the relationship of the Bedouin to the land and the government policies which formally removed their rights to ownership. The next section, 'Altered Bedouin Livelihoods' illuminates the economic changes resulting from the changed relationship between the Bedouin and their land. The next portion looks at the failed attempt of the Egyptian government to incorporate the Bedouin in the tourism space surrounding the Saint Katherine Monastery. This chapter concludes with a discussion of the inherent problems of the exclusion of the Bedouin from participating in the newly created tourism space and sets up the final chapter on the deteriorating security situation in the Sinai Peninsula.

3.1 Divorced from the Local Environment

The central dominating force for Bedouin life is the land. With their highly specific knowledge of flora and fauna, seasonal weather patterns and the delicate balance of resources in the territory, the Bedouin lifestyle was built upon the use and maintenance of this space. While attempting to avoid essentializing or romanticizing the community, it is imperative to understand the communities' conceptualization of land use and ownership.

The relationship between the Bedouin and the land has been historically dominated by customary law. Inter-tribal agreements segmented the land between 'developed' and common property. Land used for grazing and the coastline were considered public or common land, as they were indispensable to the tribes because of pastoral activities.[172] Tribes along the coast did not cultivate the land, which maintained the space for community use, people were allowed to move through spaces inhabited by other tribes.[173] The Mzeina tribe historically lived on the coast between Sharm El Sheikh and the city of Dahab, however other tribes were allowed access to the sea.[174] Ethnographic studies of the Bedu tribes show a cultural emphasis on material equality,

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[172] Ali, Dina. 'Case Study of Development of the Peripheral Coastal Area of South Sinai in Relation to its Bedouin Community'. Masters Thesis (Virginia State University, 1998). 66.
[173] *Ibid*
[174] Goodman, Joshua. *Contesting Identities in South Sinai: Development, Transformation and the Articulation of a 'Bedouin' Identity under Egyptian Rule*. Tel Aviv University Press (2013). 31

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which has been produced by the impermanence of wealth gained through pastoralism and a common use of land and resources.[175]

Under occupation, the Israeli Nature Preserves Authority proclaimed that 98% of the South Sinai coast was a protected land preserve.[176] This protection had a dual effect: it limited physical development of the land by the authorities and controlled the building on the land by local Bedouin. The Israeli government constructed one major roadway along the coastline in 1972, and two semi-cooperative farms with adjoining small holiday villages.[177] The tourism developments built by the Israeli occupiers were limited to a township at Sharm el Sheikh, a low-scale resort area near the township and one large luxury hotel at Taba.[178] The mandate of protection curbed largescale physical changes to the land, however this decree effectively hampered local Bedouin construction. During this time, no Bedouin was allowed to undertake new construction of buildings other than wooden shacks despite their traditional use of seasonal homes on the coast which were better constructed.[179] This limitation on building by the Bedouin would later obstruct their claims to ownership of the land when Israel turned control of the space over to Egyptian Authorities.

According to the traditions of the Mzeina tribe, there were three main ways a family could stake their claim to a piece of land. The planting of fruit trees was one major signifier of land claim. Second, the building of a permanent dwelling is one mark of

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[175] Gilbert, Hilary. 'Nature = Life: Environmental Identity as Resistance in South Sinai'. *Nomadic Peoples* 17.2 (2013): 40 – 67, 44

[176] Gardner, Ann. 'At Home in South Sinai'. *Nomadic Peoples,* Special Issue: Employment and Unemployment Among Bedouin (2000): 48 – 67, 51

[177] *Ibid*

[178] *Ibid*

[179] Gardner, Ann. 'At Home in South Sinai'. *Nomadic Peoples,* Special Issue: Employment and Unemployment Among Bedouin (2000): 48 – 67, 51

development, which separates itself from the construction of palm huts which through customary law could be constructed on any piece of land whether claimed or unclaimed.[180] The third method of displaying to the community the claims over a piece of land was the construction of a well.[181] Although these spatial identifiers signaled to others the 'ownership' of the land within the Mzeina tribe, land has been considered corporate: the tribes have a right to all land use as long as the land remains undestroyed.[182]

The demarcation of land for common use was essential to the economic structures of the Bedu lifestyle. The lack of largescale tourism development or urbanization of the South Sinai under Israeli administration did not prepare the Bedouin for the rapid changes awaiting the territory under the Egyptian state project. While the Israelis attempted to prevent major changes to the land, while recognizing the inherent claims of the Bedouin, the Egyptian policies viewed the land as free and subject to the economic needs of the state. The major force in the nationalization of the land by the Egyptian state occurred with Law 143 of 1981, which placed the entire peninsula under the ownership of the state, with the implication that the land could be used, leased or sold to any other interested party.[183] This legal nationalization fundamentally altered the Bedouin relationship to the land, formally moving its governance away from tribal affiliations and Bedouin customary law.[184] The state attempted to partially honor the moral claim of the Bedouins through a forced division of the land, which was formally collectively used

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[180] Goodman, Joshua. *Contesting Identities in South Sinai: Development, Transformation and the Articulation of a 'Bedouin' Identity under Egyptian Rule*. Tel Aviv University Press (2013). 99
[181] *Ibid*
[182] *Ibid,* 100
[183] Karbaki, Nadine. 'Lifestyle Migration in South Sinai, Egypt: Nationalism, Privileged Citizenship and Indigenous Rights'. *International Review of Social Research* 3.1 (FEB 2013): 49 - 66, 55
[184] *Ibid*

through pastoral migration. This political attempt discriminated against the local community by forcing families to lay claim to one plot of land, which was required to be registered with local authorities through the payment of a onetime fee.[185] This fee was often too expensive for most Bedouins to pay, and in the case of especially desirable land, the state chose to ignore the choices of the locals and instead sold the land to Egyptian investors.[186]

In the effort to secure government deeds to land not marked for tourism investment, some families scrambled to lay permanent cinder block homes or beach cafes, although these efforts were often met with the government bulldozing the unauthorized structures.[187] The desperate attempts to claim land rights led to a cyclical process where Bedouin claimed land, sold it cheaply out of fear of confiscation, and then settled on the outskirts of tourist areas where they tried to reclaim 'state-owned' lands.[188] This fear of confiscation drove the Bedouin to sell their claimed plots for only 35-50 EGP per square meter.[189]

The coastal areas were of particular interest to Egyptian authorities who saw the unique opportunity to develop enclave-style tourist resorts on the sea. After the economic assessment of the peninsula, the seaside areas were declared strictly for tourism use under the Ministry of Tourism in 1988 through Prime Ministerial decree no 993.[190] Two years

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[185] *Ibid*

[186] *Ibid*

[187] Gardner, Ann. 'At Home in South Sinai'. *Nomadic Peoples,* Special Issue: Employment and Unemployment Among Bedouin (2000): 48 – 67, 49

[188] Karbaki, Nadine. 'Lifestyle Migration in South Sinai, Egypt: Nationalism, Privileged Citizenship and Indigenous Rights'. *International Review of Social Research* 3.1 (FEB 2013): 49 - 56

[189] *Ibid,* 57

[190] Richter, Thomas and Christian Steiner. "Politics, Economics and Tourism Development in Egypt: Sectoral Transformations of a Neo-patrimonial rentier state" *Third World Quarterly* 29.5 (2008): 939 – 959, 948

later, under Law no 7, the Tourism Development Authority was established with the mandate to consolidate tourism planning and building activities; this change divided the coast into development sectors and commenced both the beginning of tourism infrastructure building by the state and the auction of the land to private investors.[191] This law allowed the state's plan of tourism development to begin promptly, while effectively disenfranchising tribes who relied on access to the coast. In the effort to physically remove Bedouins from the most highly appraised areas, the government offered land in the interior of the peninsula for permanent settlement: 200 square meters of desert land in exchange for moving off of the coastline.[192]

The acquisition of the Sinai by the Egyptian State ushered in the current period with a swift dispossession of the land for the Bedouin tribes. The fundamental difference in the conceptualization of land ownership was evident with these changes: the most essential land could not be possessed by a single tribe or family according to customary law, the Egyptian state viewed the land as subject to its economic needs. This change relegated the tribes to certain portions of the space, which impaired their ability to maintain the economic activities underpinning their nomadic lifestyle. The sedentarization of the Bedouin, caused by the new limitations of space, altered the economic activities of the population.

[191] *Ibid*

[192] Goodman, Joshua. Contesting Identities in South Sinai: Development, Transformation and the Articulation of a 'Bedouin' Identity under Egyptian Rule. Tel Aviv University Press (2013). p 100 - 101

3.2 Altered Bedouin Livelihoods

As state development projects commenced on the coast of the South Sinai, the Bedouin were forced to the margins of these new tourist spaces. Increasing urbanization and construction of tourist facilities limited the former economic endeavors of the Bedouin tribes. While the Sinai Development Plan emphasized the areas growing employment opportunities for mainland low-skilled young Egyptians in the developing tourism industry, the Bedouins were largely excluded from formal jobs. Along with the decreasing access to resources needed to sustain their economic way of life, the Bedouin were relegated to informal, but highly limited, work in the tourism sector. The socio-economic changes taking place within these communities are differentiated by the tourism models presented by the Saint Katherine Protectorate, the resort city of Sharm El Sheikh, and the town of Dahab.

Among the Jebeliya tribes inhabiting the mountains near the Saint Katherine Monastery, the primary economic activities centered on herding and horticulture prior to 1967. Each family owned an average flock size of 50 goats and sheep, which were relied upon for essential staples of milk, cheese, wool and hides.[193] These tribes grew tobacco, various vegetables and fruits, such as dates, apricots, apples and figs, along with wheat to make bread.[194] The coastal tribe of the Mzeina also heavily supplemented their diet and income with fishing off of the coast, while the plains inhabited by the Tiyaha tribes allowed them to keep larger herds of animals.[195] One extinct practice noted by travelers

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[193] Gilbert, Hilary. 'This is Not Our Life, Its Just a Copy of Other People's: Bedu and the Price of 'Development' in the South Sinai' *Nomadic Peoples* 15.2 (2011): 7- 32. 11
[194] *Ibid*
[195] Rabinowitz, Dan. 'Themes in the Economy of the Bedouin of South Sinai in the Nineteenth and Twentieth Centuries' *International Journal of Middle Eastern* Studies 17.2 (MAY 1985) 211-228. 216

to the Sinai in the late 19th and early 20th century was the production and trade of charcoal for other goods and modest sums in Cairo.[196] Additional means of gaining currency in the early 19th century was the leveraging of protection money from the monastery and renting caravan services to travelers moving through the territory.[197]

The economics of the Bedouin tribes before the changes implemented by the state were already shifting under Israeli Occupation. Members of the Bedu began to make money from the occupiers through wage labor to construct infrastructure in the area. This change marked a distinct shift from semi-nomadic pastoralism, horticulture, hunting and fishing.[198] As the Bedu began to settle and accept paid work from the Israeli development efforts, average flock size for each family reduced from 80 to 13 and higher elevation orchards were typically abandoned.[199]   With the nationalization of the land by the Egyptian state and the swift undertaking of tourism development, the economic opportunities of the Bedouin in the area became limited to subsistence level informal work.

Development of the Sinai under Egyptian rule has increased poverty and has contributed to an extensive decline in the former livelihoods sustaining these tribes. Increased poverty stems from forced sedentarization and a simultaneous limitation on income generating activities with tourists. Several structural conditions contribute to the changing livelihoods of these groups such as limited education, prejudice of employers in

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[196] *Ibid,* 218

[197] *Ibid,* 219

[198] Gilbert, Hilary. 'This is Not Our Life, Its Just a Copy of Other People's: Bedu and the Price of 'Development' in the South Sinai' *Nomadic Peoples* 15.2 (2011): 7- 32. 8

[199] Gilbert, Hilary. 'Nature = Life: Environmental Identity as Resistance in South Sinai'. *Nomadic Peoples* 17.2 (2013): 40 – 67, 46

the position to provide secure work, limited access to tourism spaces and political processes dominating tourism spaces.[200] As mentioned above, the tribes along the coast experienced divergent economic constraints because of the potential value of the land for tourism development.

Under Israeli occupation, the Sharm El Sheikh area began developing in early 1972 as a town named Ophira.[201] The population was relatively small in 1974, with about 400 Israelis involved in tourism and supporting military facilities with about 300 to 400 Bedouin.[202] During this period, these Bedouin were living in a shantytown made of scrap metals while attempting to secure employment opportunities offered by Israeli developers.[203] These Bedouin men had left their families among their tribes to pursue these opportunities, but the Israeli administrators had future plans to construct permanent housing for this population suitable for family life.[204] Permanent housing for the Bedouin were to be built by the Israeli state within the town of Ophira. Ophira was developing faster than other locations in the final years before the Egyptian takeover of the space, as the Israelis began building a major resort on Naama bay and began to improve the facilities at the airport nearby.[205] Although development of tourism facilities began during Israeli occupation, the planning incorporated the Bedouin of the area, a stark contrast to the development model implemented by the Egyptians. The Israelis sought to formally employ the Bedouin, alongside the creation of adequate housing, evidenced by

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[200] *Ibid,* 48
[201] Glassner, Martin, Ira. "The Bedouin of Southern Sinai under Israeli Administration". *Geographical Review* 64.1 (JAN 1974) 31-60: 45
[202] *Ibid*
[203] *Ibid*
[204] Glassner, Martin, Ira. "The Bedouin of Southern Sinai under Israeli Administration". *Geographical Review* 64.1 (JAN 1974) 31-60: 45
[205] *Ibid,* 50

community training programs in lifesaving, restaurant service and construction.[206] These training programs were located in the burgeoning towns of Sharm el Sheikh and Dahab.

The actual development of Sharm el Sheikh and the current relationship of the Bedouin to the tourism space has widely differed from the planning and nascent programs offered under Israeli occupation. Bedu around the city of Sharm El Sheikh face highly limited access to work with tourism and must settle outside the city proper, with the tourism space itself contained by a wall which limits access and security checkpoints on the roadways entering the city. Construction on this highly contested wall began in 2005 and symbolizes the final push to control the tourism space and limit the local population's access.[207] In 2002, the one hundred hotels in this resort enclave were estimated to have created between ten to thirty thousand direct jobs, which largely excluded the Bedouin population; in informal activities such as events like desert safaris, the work was strictly limited to Egyptian operators creating simulations of Bedouin life outside of the resort.[208] Limitations on informal employment have increased in the last fifteen years, as the governor of Sharm el Sheikh began banning the Bedouin from interacting with tourists in the form of offering camel rides, mountain treks and holding tent parties at night.[209]

Opportunities in the town of Dahab are higher for the Bedouin, and although their work is highly controlled, they have more interactions with the tourism in this area. Dahab is a wholly different tourism space than the resort enclave of Sharm el Sheikh,

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[206] *Ibid,* 52

[207] 'Egypt's Sinai Question' *International Crisis Group* 30 JAN 2007

[208] Gilbert, Hilary. 'This is Not Our Life, Its Just a Copy of Other People's: Bedu and the Price of 'Development' in the South Sinai' *Nomadic Peoples* 15.2 (2011): 7- 32.

[209] 'Egypt's Sinai Question' *International Crisis Group* 30 JAN 2007

which positively impacts the ability for Bedouin to maintain a presence in this town. This town has been the center for low budget tourism for backpackers, originally young Israelis, but now caters to domestic tourism and other foreign nationalities. While Dahab currently remains a low budget and laid-back destination, the state plans to incorporate Dahab into the Egyptian Riviera planning- seeking to build five-star resorts and turning this tourism space into one which mirrors Sharm el Sheikh. This different form of tourism space allows for the Mzeina Bedouin to interact with tourism and in some cases maintain their own tourism based small businesses.

For the Mzeina settled around the Dahab tourism space, this interaction has fundamentally changed their internal social hierarchy and their yearly migration patterns. They began to migrate to Dahab during the Israeli administration to pursue opportunities offered by tourism, but these opportunities created disparate degrees of family wealth for the Bedu. Income activities related to tourism varied: selling land, owning coffee shops, or driving taxis, leading desert treks and selling drugs to foreigners.[210] These formal and informal opportunities slowly began to form the basis of their economy, rather than subsidy, fundamentally changing their desire and need to engage in nomadic migration patterns or former income generating activities.[211]

The increasing presence of international visitors to Dahab, has produced a change in the types of souvenirs and goods sold by the Bedouin settled in the space. Moving from selling cotton pants and pitta bread to Israeli soldiers to producing goods aimed at the desires of young backpackers, the youth around Dahab now create different goods.

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[210] Aziz, Heba. 'Employment in a Bedouin Community: The Case of the Town of Dahab in South Sinai' *Nomadic Peoples* 4.2 Special Issue: Employment and Unemployment Among Bedouin (2000): 28 - 47, 34
[211] *Ibid*, 34

Tye-dye shirts and woven friendship bracelets have replaced the traditional Bedouin arts of beadwork and carpet weaving, which are time consuming and lack demand in the tourism market.[212]

Bedouin beachfront establishments in this town have increasingly changed into Egyptian-owned businesses since the 1970s.[213] Since the rapid development phase of the late 1990s, the Egyptian authorities perceived the Bedouin run informal camps as a hindrance to formal development and tolerance for the spaces changed.[214] In the face of changing official policy, a consultant for the Tourism Development Authority attempted to aid the local Bedouin in adequately complying with government regulations regarding these camps.[215] By the year 2000, the pace of tourism development and the resulting outside interest in the potential of the coastline outmatched the economic interests of the Bedouin. This led to forceful removal of camps and cafes owned by Bedouin by the Tourism Development Authority using Egyptian soldiers.[216] The government excused the actions through citing code violations, however, the space was technically marked for formal hotel development. The changing face of Dahab, a move from Bedouin ownership to Egyptian illuminates the tension at play: while the settled Bedouin of the area increasingly rely on tourism to sustain themselves, they are systematically

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[212] *Ibid*, 38
[213] Gardner, Ann. 'At Home in South Sinai'. *Nomadic Peoples,* Special Issue: Employment and Unemployment Among Bedouin (2000): 48 – 67. p 52
[214] Homa, David. "Touristic development in Sinai, Egypt: Bedouin, Visitors, and Government Interaction" *Tourism in the Middle East: Continuity, Change and Transformation*. Eds Rami Dahar. Channel View Publications. (2007). p 248 - 249
[215] Homa, David. "Touristic development in Sinai, Egypt: Bedouin, Visitors, and Government Interaction" *Tourism in the Middle East: Continuity, Change and Transformation*. Eds Rami Dahar. Channel View Publications. (2007). p 248 - 249
[216] *Ibid*

disenfranchised in favor of formal development projects and transplanted ownership of the few businesses in the town.

3.3 Failure of 'Sustainable' Tourism Initiatives

One tourism space which stands apart from the experiences faced by Bedouin in Dahab and Sharm el Sheikh is that of the Jelebiyya surrounding the St. Katherine monastery. This tourism space is differentiated in the protected status of the area, which attempted to preserve the land, causing a unique experience for the tribe. Although this protected status in practice has changed significantly since its inception, the experience of the land and the Bedouin necessitate examination.

The designation of the St. Katherine Protectorate represents an acknowledgement by the state that tourism development presents potential harms to the environment. This acknowledgement came under pressure by local conservation scientists and international environmental organizations.[217] The government under Mubarak classified almost forty percent of the South Sinai as different protected areas.[218] These protected areas, when created in 1996, were conceptualized as sustainable development initiatives which could offer alternative means of livelihood and originally involved the Bedu in their planning.[219] Although this policy committed to create development while providing for the local community, the pace of development left the intent of the initiative behind.

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[217] Sowers, Jeannie. "Nature Reserves and Authoritarian Rule in Egypt: Embedded Autonomy Revisited" *The Journal of Environment & Development* 16.4 (December 2007) 375-397.
[218] Gilbert, Hilary. 'Nature = Life: Environmental Identity as Resistance in South Sinai'. *Nomadic Peoples* 17.2 (2013): 40 – 67. p 43
[219] *Ibid*

Upon the inception of the St. Katherine Protected area, the conservation efforts were backed by a seven year development programme funded by the EU's aid program at 7.5 million Euros.[220] Although funded by outside the state, the area was under the official management of the Egyptian Environmental Affairs Agency, but control was decentralized to the Protectorate's administration working under the South Sinai's Governorate.[221] This decentralized control weakened the capacity for conservation of the protectorate's administration. Funding by the EU in the beginning stages allowed for the consultation and employment of the Bedouin, while social services for the group were evaluated and delivered.[222] By the early 2000s, a majority of the St Katherine Protectorate employees were from the Bedouin and the organization had set up a veterinary clinic, mobile health services and created a co-owned eco-lodge with 27 Bedouin families participating in the ownership.[223] With the vision of empowering the local community, the EU also helped establish a handicraft collective employing 300 women.[224] This respectful and mutually beneficial relationship between the local Bedouin and the administration of the Protectorate degraded with the ceased external funding, which deteriorated the services provided to the group.[225]

Gilbert argues that the community relations of the space weakened through the replacement of development discourse: external conceptualizations recognized the knowledge and rights of indigenous populations, while the state inherently viewed the

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[220] *Ibid*, 57
[221] *Ibid*, 57
[222] *Ibid*, 58
[223] Sowers, Jeannie. "Nature Reserves and Authoritarian Rule in Egypt: Embedded Autonomy Revisited" *The Journal of Environment & Development* 16.4 (December 2007) 375-397. p 389
[224] *Ibid*
[225] Gilbert, Hilary. 'Nature = Life: Environmental Identity as Resistance in South Sinai'. *Nomadic Peoples* 17.2 (2013): 40 – 67. p 58

population as a burden and sought to change their lifestyle to fit the necessities of the state's tourism project.[226] This shift in perspective on the population is evidenced in the protectorate's project of attempting to 're-educate' the Bedouin on environmental protection. The protectorate also claims that the population over-grazes the area, essentially inferring that the practices of this community are destructive.[227]

The preservation of the land around the St. Katherine monastery has been severely compromised by the building of tourism facilities around the site and the construction of infrastructure to support other tourism projects. The tourism facilities around the monastery now include stucco apartments, a pharaonic gatehouse and bus facilities.[228] This creation of the tourist space stands apart from the original buildings of the Bedouin, which were few stone houses built into the mountain side.[229] Among the disfigurements of the land is a landfill built to support Sharm el Sheikh, a roadway through the heavily relied upon wadi next to the site, and the construction of a railway up Mount Sinai itself.[230]

3.4 Shifting identities and Increased Resistance to the State

Several tensions have become inherent to the interactions of development, state policy and conceptualization of the indigenous community of the South Sinai. These tensions stem from both categorization of the Bedu by state policy and self-

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[226] *Ibid*

[227] *Ibid*

[228] *Ibid*, 47

[229] Gilbert, Hilary. 'Nature = Life: Environmental Identity as Resistance in South Sinai'. *Nomadic Peoples* 17.2 (2013): 40 – 67. p 47

[230] *Ibid*, 43

conceptualization of the community in relation to the nation state. The rapid development

of tourism in the territory, along with the exclusionary policies of the state, have hindered

any fostering of Egyptian nationalism within the community while promoting the

perception of the Bedouin as outside the realms of citizenship within the state. The

tensions emerging from this relationship have contributed to the alienation of the

community and their rising resistance to the Egyptian state

Bedouin conceptualization of their self and relationship to outsiders began to

change with the beginnings of tourism under the Israeli occupation. Tourist stereotypes of

Bedouin life and culture, as promoted by guides, challenged the self-categorization of the

Bedu.[231] As Bedouin life was represented artificially to outsiders, the community

recognized their move away from the stereotype presented. Folk narratives described a

lifestyle withering away with the increase in financial opportunities in tourism, further

challenging the notions of what it meant to be Bedouin.[232] While the identity of the

Bedouin was challenged with the burgeoning tourism industry under the Israelis,

structural impediments to the maintenance of their nomadic lifestyle under the Egyptian

state challenged their identity and fostered alienation from mainland Egypt. Tourism

development in the South Sinai has fundamentally changed the Bedouins relationship to

the land, their means of economic sustenance and ultimately their self-conceptualization.

These social changes, forced from development policies outside of their community, bred

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[231] Lavie, Smadar. *The Poetics of Military Occupation: Mzeina Allegories of Bedouin Identity Under Israeli and Egyptian Rule.* University of California Press (1990). p 72
[232] Lavie, Smadar. *The Poetics of Military Occupation: Mzeina Allegories of Bedouin Identity Under Israeli and Egyptian Rule.* University of California Press (1990).

resentment through both exclusion from planning and heightened competition for the few economic opportunities in the form of economic migration from mainland Egypt.

The forceful divorce of the Bedouin from the land in the South Sinai remains a wound felt deeply due to their cultural conceptualization of nature itself. 'The environment' housing the Bedouin is often called simply 'life'. This linguistic category illuminates that for the Bedouin, there is no separation between themselves and their environment, that the collective system within which they live is their life.[233] The Bedouin take what they need from their local environment and do not see themselves as separate or above their land. The tribes regard themselves as part of an interdependent cycle as evidenced by both their entitlement and responsibility towards natural resources.[234] The Bedouin view of nature is fundamentally different than the 'modern' conceptualization of the environment by the state: the difference between viewing the environment as an interdependent system, versus as an object to generate material gains.[235] This fundamentally different view of the environment has produced a policy towards the coast of bending the natural environment to the needs of tourism development, while divorcing the Bedouin from their interdependent system of livelihood.

Removal from the land has fundamentally threatened the Bedouin system of livelihood. Before the carving of the land for tourism development, a diverse economic system allowed for the Bedouin to live off the land in various ways through herding,

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[233] Gilbert, Hilary. 'Nature = Life: Environmental Identity as Resistance in South Sinai'. *Nomadic Peoples* 17.2 (2013): 40 – 67. p 55
[234] *Ibid*, 56
[235] Gilbert, Hilary. 'Nature = Life: Environmental Identity as Resistance in South Sinai'. *Nomadic Peoples* 17.2 (2013): 40 – 67. p 57

fishing, planting crops, all based on seasonal migration. With the cutting off of the coast and the forced settlement in many cases of this population, the means of livelihood has inevitably changed and become highly dependent on access to paid work which allows for families to sustain themselves throughout the year. This reliance on paid work is complicated by the competition for employment from economic migration stemming from Mainland Egypt.

This removal from their environmental system has created a sense of inherent responsibility within the Bedouin community of fierce protection of the land against the encroachment of a disregarding developmental process. This removal speaks to the reinvented identity within the Bedouin community, as the community foremost identifies itself with the natural world and the pre-development livelihoods which are now limited.[236] This reconstitution of identity is challenged by outsider encroachment on Bedouin land, as it stands as a fundamental undercutting of a cherished aspect of self-identity. Growing feelings of the necessity of guarding nature against the state is one form of resistance practiced by the Bedu.[237] This places the Bedouin community in contention with the state mandated authorities formally charged with protecting the land, further alienating the Bedouin community from the state which attempts to 'modernize' them.[238] Furthermore, state narratives of the Bedouin further remove them from the perceived ability to 'protect' the land. This contentious relationship between the state

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[236] *Ibid*, 55
[237] Gilbert, Hilary. 'Nature = Life: Environmental Identity as Resistance in South Sinai'. *Nomadic Peoples* 17.2 (2013): 40 – 67. p 61
[238] *Ibid*

authorities and the Bedu dominates the current alienation experienced around the St. Katherine Protectorate.

Formally the protectorate is mandated with environmental protection, stemming from the assumption that Bedouin activities damage the environment.[239] The control of Bedouin is a more achievable goal than countering tourism development projects; so the protectorate focuses on 'adjustments in patterns of Bedouin resource use'.[240] The state narrative claims that Bedouin 'overgrazing' causes serious declines in vegetation threatening the biodiversity of the area.[241] This perception insists that the uneducated Bedouin do not engage in real conservation and do not understand the balance necessary to protect the biodiversity of the area.[242] The perpetrated stereotype feeds the states self-imposed mandate of protection and the idea that the Bedouin must be modernized through education concerning their own land. The activities of the Mainland Egyptians in the territory, have created distrust over the idea of protection.

The policies of tourism development from the Egyptian state has further entrenched the ethnic cleavages present between mainland Egypt and Sinai Bedouin. The connections between nationality, citizenship and the land in the Sinai under Egypt create the tension between being a 'national' and being a 'citizen', both categories are a requirement to land rights.[243] Early in the modern state project, Egyptian officials labels

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[239] Gilbert, Hilary. "'Bedouin Overgrazing' and Conservation Politics: Challenging Ideas of Pastoral Destruction in South Sinai". *Biological Conservation* 160 (2013): 59-69. p 62
[240] *Ibid*; and Hobbs, Joseph et al., " Inception of the Bedouin Support Programme in the St. Katherine Natural Protectorate, Sinai, Egypt" *Mountain Research and Development* 18.3 (August 1998) 235 – 248.
[241] Gilbert, Hilary. "'Bedouin Overgrazing' and Conservation Politics: Challenging Ideas of Pastoral Destruction in South Sinai". *Biological Conservation* 160 (2013): 59-69. p 62
[242] *Ibid*
[243] Ramadan, Yasmine "National or Not?: Tal'it al-badan and the Bedouins of Sinai" *Journal of Comparative Poetics* No. 33 The Desert: Human Geography and Symbolic Economy (2013) 63-87. p 69

the Bedu as inhabitants of the Sinai, excluding them from the category of citizen, while their government issued paperwork formally limited their movements.[244] Formal citizenship, and the rights inherent, are demarcated by the state and necessarily impact the formally created right to land ownership.[245] They have created a highly negative view of Egyptian state and society among the Bedouin population.

Development in the South Sinai, and the increasing 'modernizing' force this process creates has brought increasing access to material goods which changes the identity of the Bedu. The changing identity of these groups is doubly affected by better access to material goods through an internal assessment of people as modern or primitive, while the acquisition of modern goods makes people consider themselves and others as less Bedu.[246] This is a process of dispossession: access to modernity forces the Bedu to leave their indigenous notions of prosperity.[247] This diversion between bedu norms and the emergence of consumerism and individualism has eroded community cohesion, where once generosity and communal resource sharing dominated.[248]

The policy choices by the Egyptian government in their pursuit of tourism development have created higher alienation of the Bedouin in the South Sinai. This has led to a significant vulnerability within the territory due to the perceptions among the population of an outsider who encroaches on their land, destroying this highly valued source of life. While the Egyptian government sought to improve state economics

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[244] *Ibid*, 70
[245] *Ibid*, 72
[246] Gilbert, Hilary. 'Nature = Life: Environmental Identity as Resistance in South Sinai'. *Nomadic Peoples* 17.2 (2013): 40 – 67. p 49
[247] *Ibid*
[248] Gilbert, Hilary. 'Nature = Life: Environmental Identity as Resistance in South Sinai'. *Nomadic Peoples* 17.2 (2013): 40 – 67. p 49

through this development, it failed to consult and incorporate the local community, removing them from the benefits and successes of the newly built space and also preventing any inherent feeling of responsibility to protect the growing tourism industry. From the beginnings of acquiring the land, the government authorities have alienated the local Bedouin and have sought to fully exclude them from the tourism rewards. This method of exclusion represents a distinct vulnerability of the tourism space through the active creation of outsiders with no reason to work towards promoting and protecting this new means of economic stability for the state.

This relationship between the outsiders and the local community fits within our overarching discourse of dependency, although it is a narrative of the state creating a space it can dominate and use for its own gains. The state seeks to modernize itself through the building of the tourism industry, and requires the effective modernization of the Bedu through forcing the community into the structural frameworks perpetrated by the state. Through the modernizing forces of tourism development, it has effectively excluded the local population while creating a relationship of dependency. The destruction of the Bedouin lifestyle came about with the building of the tourism space, obliging the population to support themselves with meager informal work on the periphery of the tourism space. Mainland Egyptian elite gained a majority of the profits and opportunities from the new tourism developments, while relegating the local community to the least profitable endeavors. Furthermore the structural disadvantage of the Bedouin in relation to the space has deepened social tensions with Mainland Egypt, as the Bedouin recognize the destruction of their lifestyle along with their isolation from gaining economic benefits from the industry. These factors have contributed to the

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deteriorating security conditions currently facing the Sinai Peninsula, which are discussed thoroughly in the following chapter.

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4. POLITICAL INSTABILITY AND MANAGING TOURISM: CREATION AND COMPROMISE OF THE NEW TOURISM SPACE

Linear development of the tourism industry necessitates political stability, which presents a challenge to the Egyptian state. The development of tourism capabilities in the South Sinai was an attempt by the Mubarak regime to grow the tourism sector away from the violence destabilizing the sector in the 1990s. This tactic was initially successful: the new tourism developments in the Sinai did not suffer from the effects of a negative image transfer from the political violence occurring in mainland Egypt. Despite terrorists targeting the new tourism developments in the early 2000s, the industry continued its overall upward trend. Many disrupting forces have threatened this exponential growth, however, the most deadly attack on tourists in Egypt's history crippled the tourism industry in the South Sinai. Although national tourism is currently experiencing an upswing, it is unclear when tourism will reach previous numbers in the South Sinai.

In the effort to understand the relationship of political instability and tourism in the South Sinai several components of this relationship necessitate examination. This chapter seeks to outline how political violence shaped the tourism vision for the South Sinai as a destination removed from the terrorism experienced in mainland Egypt. As terrorists began to target the new tourism space, how did the industry react? As political instability peaked with the Revolution, sparking a security vacuum in the peninsula, what were the interactions of security forces, terrorist elements and the tourism industry? Along with this assessment, the constraints on political control within the tourism industry will be discussed, as external influences on the perceptions and choices of tourists inevitably impacts the ability for the tourist space to recover. This chapter seeks

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to broadly discuss the vulnerabilities of the tourism industry in the face of political instability, and in what ways policy choices have contributed to this growing vulnerability in the sector.

4.1 Attempted Destabilization of the Regime: Terrorism and Tourism in the 1990s

Discontents towards the regime had little power to affect change during the 1990s, which led these actors to deploy methods of terrorism in their attempt to affect the political climate. Simultaneously, the regime sought to establish economic stability in the effort to maintain political dominance. As discussed within the economic section of this study, one of the major methods to preserve itself when faced with externally mandated structural adjustment was the attempt to grow tourism as a means to promote employment, generate hard currency reserves, and maintain the balance of payments in trade. Tourism was growing in the 1990s, despite setbacks sustained through terrorist attacks. Diversification of the sector into sun/sand on the Red Sea and in the South Sinai represented an important avenue to foster growth and to provide stability when mainland tourism was challenged.

Terrorist actors have historically targeted tourism within Egypt due to the government's economic reliance on tourism as an important part of the GDP and a major source of foreign currency. Politically, tourism has entrenched the regime by providing these macroeconomic benefits and by perpetuating neo-patrimonial support through selective privatization of the industry and the selling of facilities and land to domestic

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elites.[249] These twin benefits to the regime has led to the targeting of this sector, while socially, terrorist organizations have viewed the presence of foreigners as having a negative impact on Egyptian culture through the introduction of western values.

The shift from specifically aiming at security targets to soft targets was a long process of political exclusion of certain actors from state building and consolidation. Following exclusion from the political process after the revolution of the 1950s, marginalized Islamist groups have deployed acts of terror for various aims, with increased intensity since the late 1970s.[250] Beginning with inter-community violence, terrorist actors moved to targeting the regime through attacks on police, riots and assassination attempts during the era of Sadat.[251] With the successful assassination of Sadat by *al-Gama'a al-Islamiyya*, the newly appointed Mubarak regime quickly cracked down on these groups through mass arrests and other forms of repression. Government crackdown on Islamist organizations renewed their commitment to further harm the regime in the late 1980s, contributing to a shift of focus to soft targets in the 1990s.[252]

Terrorism against tourists significantly impacted tourism indicators in the early to mid-1990s, the impacts within the sector are illustrated in figure 2 below. Between August 1992 and March 1995, 25 attacks against tourists occurred ranging from sniper shootings at cruise ships, buses and trains and bombings of cafes and restaurants.[253]

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[249] Richter, Thomas and Christian Steiner. "Politics, Economics and Tourism Development in Egypt: Sectoral Transformations of a Neo-patrimonial rentier state" *Third World Quarterly* 29.5 (2008): 939 – 959.
[250] Fielding, David and Anja Shortland. *'An Eye for an Eye, a Tooth for a Tooth': Political Violence and Counter-Insurgency in Egypt'. Journal of Peace Research*, 47(4) (July 2010): 433-447
[251] *Ibid*
[252] *Ibid*
[253] Fielding, David and Anja Shortland. *'An Eye for an Eye, a Tooth for a Tooth': Political Violence and Counter-Insurgency in Egypt'. Journal of Peace Research*, 47(4) (July 2010): 433-447

These frequent acts of terrorism contributed to lowered monthly arrivals of foreigners between 1992 and 1995. This impacted revenues from tourism for three years, dropping from 2.45 billion USD to 2.07 billion USD in 1993, with 1994 showing a further decline to 2.04 billion USD.[254]
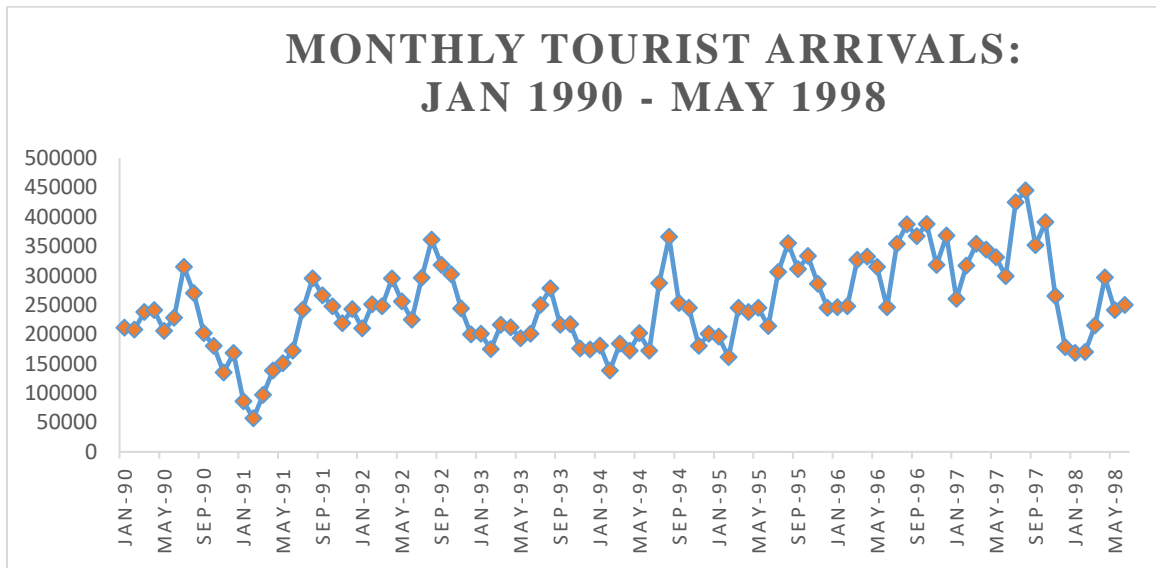

Figure 2. Monthly Tourist Arrivals Jan 1990 - May 1998

Tourism indicators recovered significantly following this stagnation, as terrorist attacks stalled and the government pursued heavy handed tactics including mass arrests, increased control over mosques, mass trials, and increased political repression within the formal party system.[255] This recovery period, which provided a 43% increase in revenue between 1995 and 1996, was significantly challenged by the Luxor massacre, where shooters killed 70 tourists at the Temple of Hatshepsut.[256] This massacre, representing the largest killing of tourists to this point, impacted the tourism sector through slashing

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[254] Egypt Country Report and Data. *World Travel and Tourism Council*. 2018.

[255] Fielding, David and Anja Shortland. 'An Eye for an Eye, a Tooth for a Tooth': Political Violence and Counter-Insurgency in Egypt'. *Journal of Peace Research*, 47(4) (July 2010): 433-447

[256] Fielding, David and Anja Shortland. 'How do Tourists React to Political Violence? An Empirical Analysis of Tourism in Egypt', *Defense and Peace Economics* 22(2) (April 2011): 217-243.

arrivals in half and creating a loss of over $200 million dollars. Figure 3 below demonstrates the impact of this attack on monthly tourist arrivals.
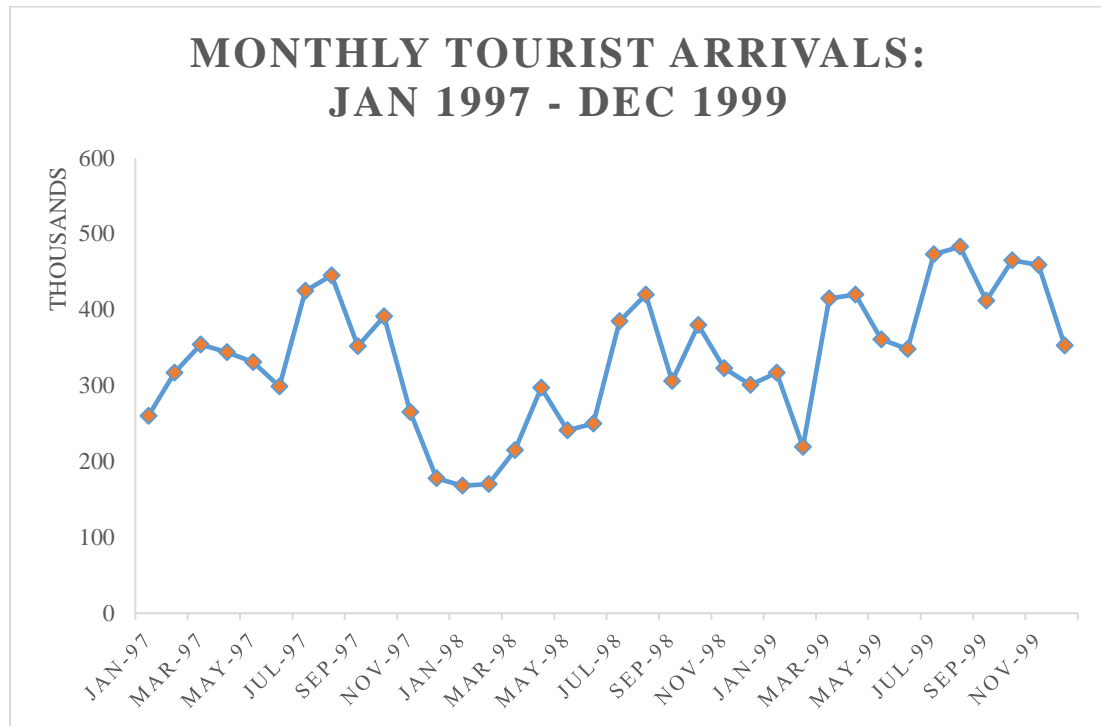

Figure 3.. Monthly Tourist Arrivals Jan 1997 - Dec 1999

The Luxor shooting was the largest attack in the mid to late 1990s, a component of a broader movement of violence against the state by *al-Gama'a al-Islamiyya*. The ultimate goal was the establishment of an Islamic state in Egypt through the fall of the secularized regime of Mubarak.[257] Challenging the legitimacy of the regime, terrorism against tourists provided an exceptionally destabilizing impact economically through a decline in foreign receipts, a disruption of the balance of payments within the national budget, and a loss of revenue for the state. The impact of this political instability on yearly tourism revenues is illustrated in figure 4 below. This instability created by terrorism prompted

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[257] Sinha, P.B. 'Threat of Islamic Terrorism in Egypt'. *Strategic Analysis* 22(8) (1998): 1193-1213

the Mubarak regime to pursue alternative strategies in stabilizing tourism through the creation of resorts in the South Sinai.
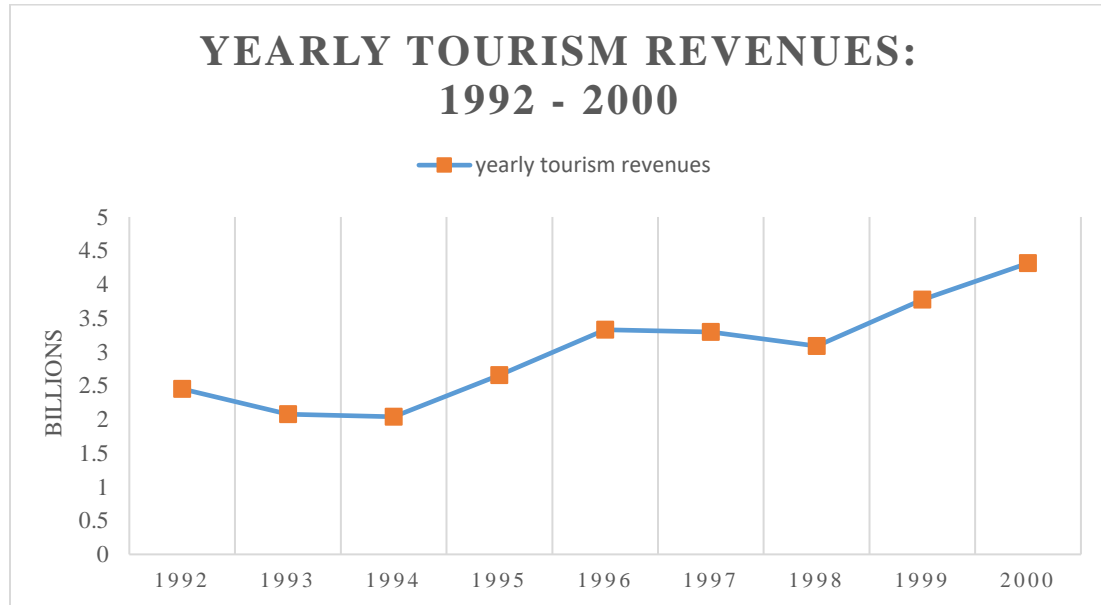

Figure 4. Yearly Tourism Revenues 1992 - 2000

This act of terrorism surprised the Mubarak regime, who hoped that the previous period of tranquility signified a weakened radical Islamist organization within the country.[258] The Interior Minister was fired for essentially allowing the attack through a lack of security.[259] The newly appointed Interior Minister vowed to tighten security to prevent another similar attack, while Mubarak himself attempted to assure the international community that this kind of attack could potentially occur anywhere in the world.[260] The government replaced its strategy of mass arrests and mass trials leading to death penalty sentences, with an even tougher anti-terrorism campaign. Simultaneously, the strategy for the tourism sector emphasized diversification through a focus on

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[258] Middle East Economic Digest, 28 NOV 1997, p 5
[259] Middle East Economic Digest, 28 NOV 1997, p 5
[260] *ibid*

development of Red Sea resorts.[261] The remote locations of these spaces and active

branding as being detached from the turmoil of central Egypt, led the burgeoning Red

Sea resorts to be immune to the national decline of 1997-1998.[262] This immunity of the

new tourism spaces emboldened the regime to intensify the building of tourism capacities

in those spaces as a means to stabilize revenues within the national tourism sector. This

diversification into sand and sea based tourism, along with the intensive building of these

capacities, was a direct result of the violence focused on the heritage sites. While this

strategy provided stabilized tourism arrivals and revenues throughout the early 2000s,

terrorist actors met this success with a changed focus towards the newly profitably tourist

resorts.

4.2 Building Threat from the Unsecured Sinai

Conflict and contestation has characterized the history of the Sinai, while the local

population has never been adequately integrated into any state building process of its

occupiers. Israeli forces controlled the peninsula since the mid-1950s, except for a brief

takeover by Egypt. This inter-state conflict concluded with the 1979 peace treaty between

Egypt and Israel which negotiated demilitarization of the territory and a structured

withdrawal of Israeli forces over a three year period. Following this formal conclusion of

inter-state conflict, remnants of this contestation persist in the North and societal

cleavages have emerged from the failure of integration of the territory with mainland

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[261] *ibid*
[262] Hazbun, Waleed. 'Explaining the Arab Middle East Tourism Paradox' *Arab World Geographer* 9(3) (2006) 201-214 p 211

Egypt. Intra-state conflict now dominates the territory stemming from historical ties with Palestine, political exclusion of the Bedouin, and government security policy; this conflict escalated during the mid-2000s and has become protracted from cyclical violence.

Intra-state conflict emerged from the historical exclusion of the essentially stateless populations of the North: the Bedouin tribes and the former Palestinians. *Tawhid wa Jihad,* an Islamist organization sourcing members from these disenfranchised populations, pursued a campaign of violence against civilians in the South Sinai resorts during the mid-2000s. Political reasons for these attacks point to the contentious nature of politics near the crossing into Gaza, disenfranchisement and disconnection of the territory with mainland Egypt, and the relationship of the poor Upper Sinai with the more wealthy and better supported South Sinai (because of development of resorts and unequal access to donor aid).[263] Following a seven year stagnation in terrorist activity, a period of cyclical political violence began with intensifying conflict: escalation of heavy handed security tactics on the part of the state, increased capabilities of terrorist organizations with renewed commitment to target tourism, and a widening socio-political disconnection between the Sinai and Cairo.

The first major terrorist attack on tourists during this period was in Taba, a border resort city between Israel and Egypt, where a car bombing in 2004 killed 34 vacationers and wounded almost 160 others (mostly Egyptian and Israeli). [264] This attack occurred following the Egyptian national holiday of 6th of October, an anniversary of the Egyptian

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[263] 'Egypt's Sinai Question' *International Crisis Group* 30 JAN 2007. p 4 -5
[264] 'Egypt: Devastating Sinai Blasts'. *Africa Research Bulletin*, 43(4) 2006.

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Army's crossing of the Suez in the 1973 war.[265] The specific motivations for this violence   was thought to extend from the Palestinian conflict, due to the location of the resort Taba, its popularity among Israeli vacationers, and date itself representing a point of extreme pride for the Egyptian state.

This surprising attack left the state scrambling to understand who perpetrated this attack. A severe crackdown in the North ensued, with the government mass arresting 3000 people and holding hostage women and children until suspects surrendered.[266] These almost desperate mass arrests were followed by brutal torture in the effort to extract information related to the terrorist attack.[267] This crackdown and the close control of the Northern Sinai by Egyptian security forces contributed to the strong desire of *Tawhid wa Jihad* to retaliate.

The second attack occurred in Sharm El Sheikh, a city often used by then President Mubarak for international summits, coincided with the anniversary of the 1952 Revolution.[268] This retaliatory attack utilized three separate bombs to kill almost 70 vacationers, the vast majority being Egyptian.[269] This attack was claimed by *Tawhid wa Jihad* and was met with additional security crackdowns by the regime, with additional mass arrests of suspects along with their neighbors and relatives.[270] An additional retaliation occurred against the Egyptian state in the resort town of Dahab during the Egyptian holiday of Sham en-Nessim 2006, on the eve of the anniversary of Israel's 1982

[265] 'Egypt's Sinai Question' *International Crisis Group* 30 JAN 2007. Introduction.
[266] Ashour, Omar. 'Jihadists and post jihadists in the Sinai', *Foreign Policy*. 5 SEPT 2012.
[267] Human Rights Watch. 'Egypt: Mass Arrests and Torture in Sinai'. FEB 2005.
[268] 'Egypt's Sinai Question' *International Crisis Group* 30 JAN 2007. Introduction.
[269] 'Bomb Kills Scores in Egyptian resort Town' *CNN*. 25 JULY 2005.
[270] Ashour, Omar. 'Jihadists and post jihadists in the Sinai', *Foreign Policy*. 5 SEPT 2012.

withdrawal from the territory.[271] This final large attack killed 19 and injured 90 mostly Egyptian tourists.[272] Following this third terrorist attack against the resorts in the South, the Regime increased its harsh tactics of widespread arrests and torture in the effort to disrupt terrorist networks in the Sinai.

The cluster of terrorist attacks in October 2004, July 2005 and April 2006 were a new development in the tactics of Sinai based terrorist organizations. Previously focused on small infrequent guerilla attacks on police and military installations in the North Sinai, the resort bombings in this era represented an escalation in the abilities and aims of *Tawhid wa Jihad*. These bombings coincided with Egyptian national holidays and were designed to kill Egyptians.[273] All of these attacks were obviously meant to target the resort industry, to expose the government's security failings, and to cause maximum possible damage to the sector.[274] Even though this series of bombings directly targeted the tourism industry, the effects on tourism were short-lived and did not significantly affect the overall tourism sector of the state. Figure 5 below displays the yearly tourism revenues over the decade while figure 6 illustrates the trend in yearly tourist arrivals for the decade.

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[271] 'Egypt's Sinai Question' *International Crisis Group* 30 JAN 2007.
[272] *Ibid*
[273] *Ibid*
[274] 'Egypt: Devastating Sinai Blasts'. *Africa Research Bulletin*, 43(4) 2006.
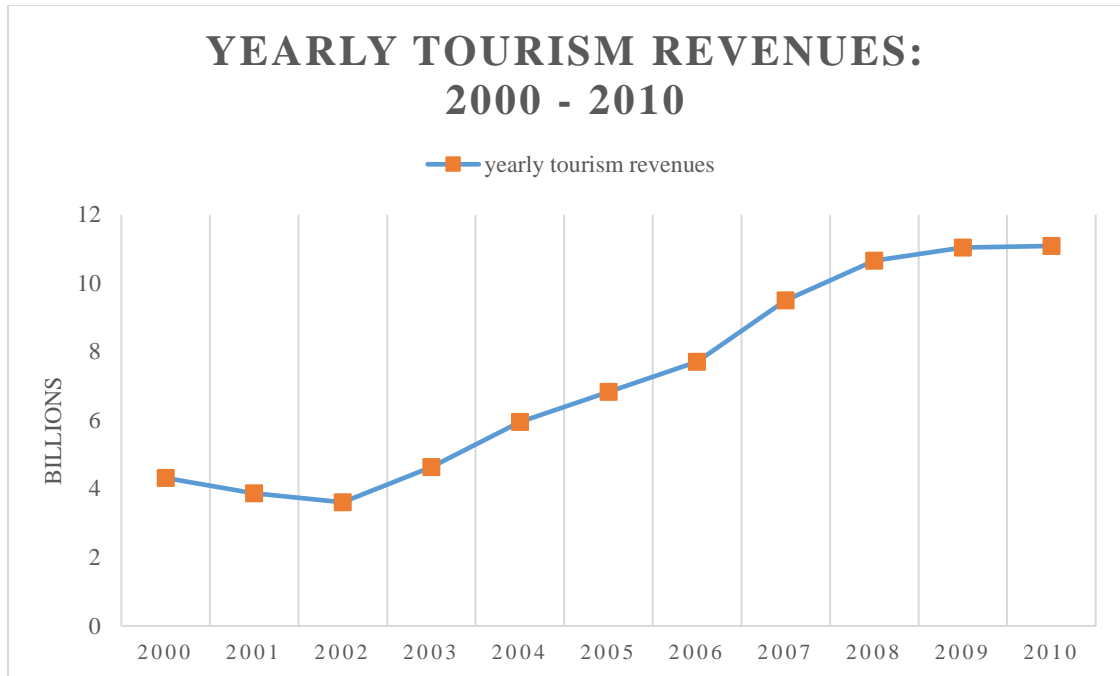
www.manaraa.com

Figure 5. Yearly Tourism Revenues 2000 – 2010

Figure 6. Yearly Tourist Arrivals 2000 - 2010

The short lived impact on the national tourism sector can be seen in the monthly tourism arrivals, as evidenced in figure 7 below, but do not significantly impact the yearly tourist arrivals. The yearly tourism revenues were also immune to impact, and as

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seen when looking at the trends of the overall decade, the September 11th attacks had a larger effect than these terrorist attacks in the South Sinai. The negative consequences of these attacks can be seen when looking at the slight interruption in foreign tourist arrivals in the South Sinai, the number of yearly Egyptian tourists to the South Sinai, and the disruption in the trends in hotel occupancy in the area. These trends are illustrated in figures 8, 9, and 10 below. These trends indicated that these attacks had a localized impact on tourism to the South Sinai, while not significantly affecting the overall sector.
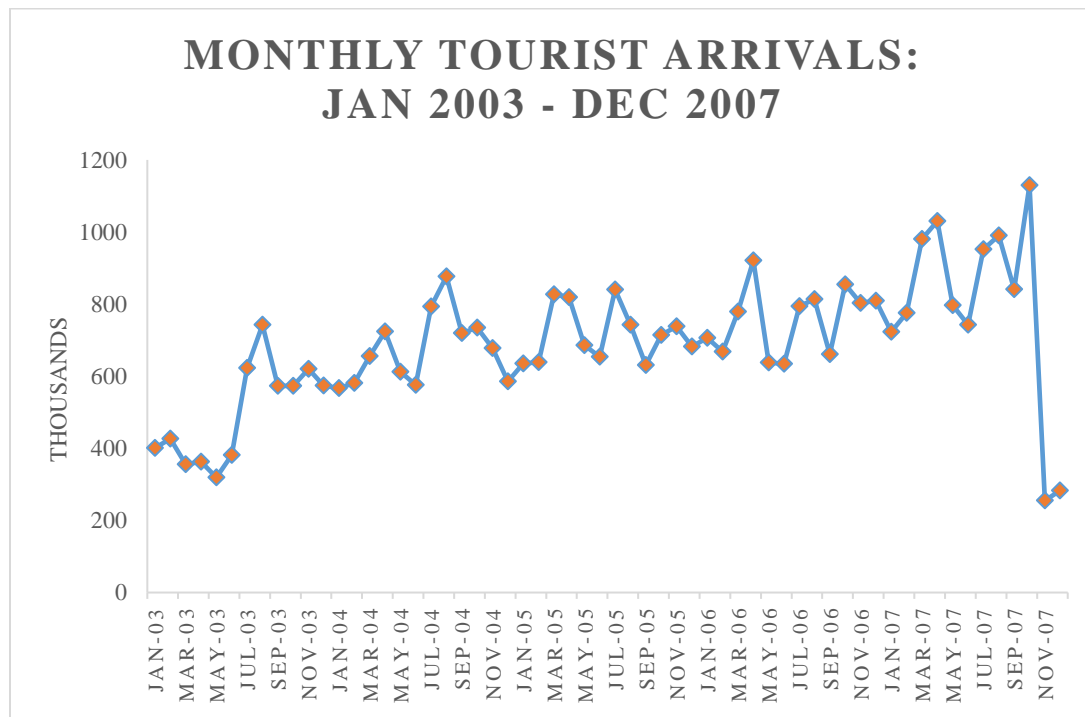

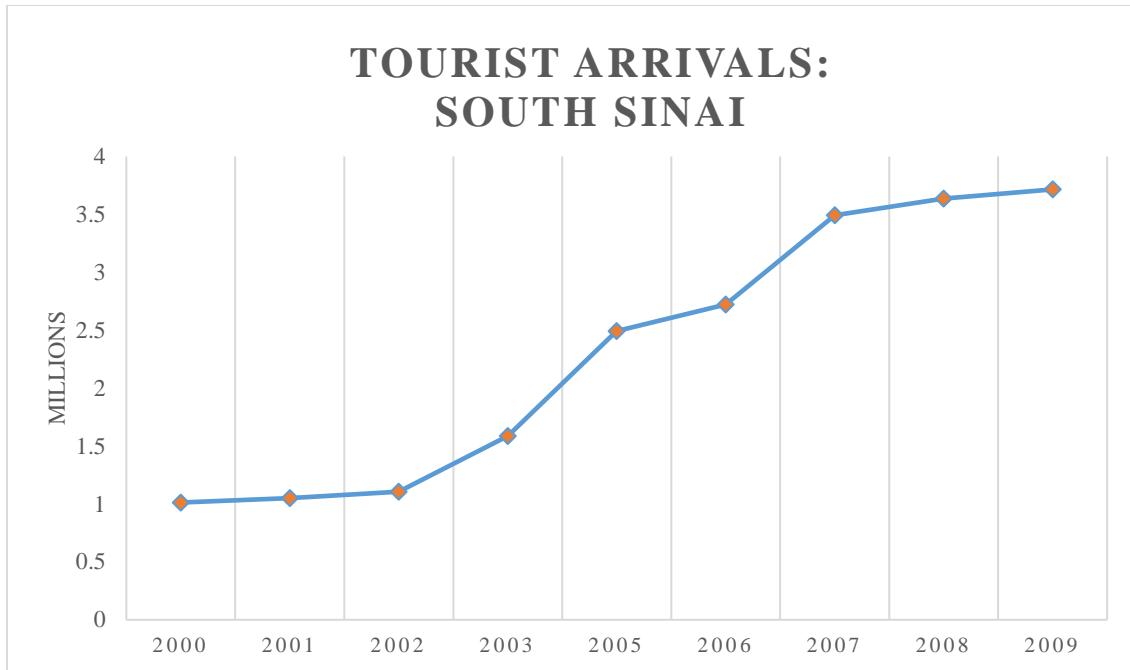*Figure 7. Monthly Tourist Arrivals Jan 2003 - Dec 2007*

TOURIST ARRIVALS:
SOUTH SINAI

Figure 8.. Foreign Tourist Arrivals to South Sinai 2000 – 2009

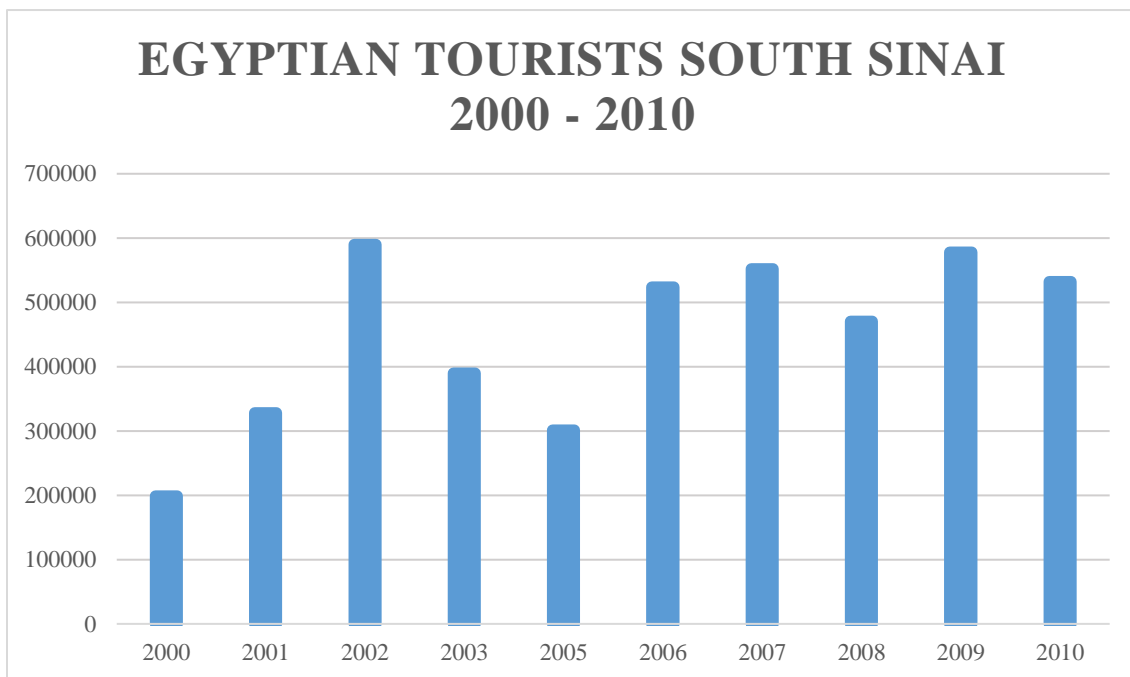EGYPTIAN TOURISTS SOUTH SINAI
2000 - 2010

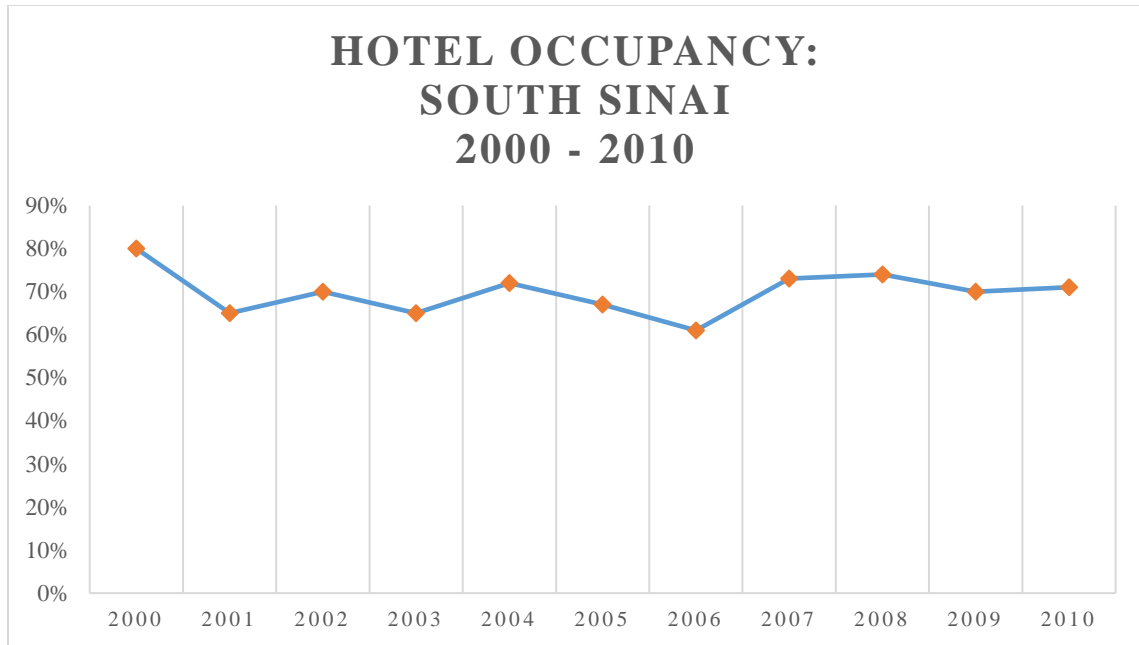*Figure 9. Egyptian Tourists to the South Sinai 2000 – 2010*

Figure 10. Percent of Hotel Occupancy 2000 - 2010

These terrorist attacks took the government by surprise as they represented a new frontier for terrorist organizations in the Sinai. The targeting of the tourism industry in the south was meant to create a sense of insecurity in the resorts, and was ultimately designed to impact the economic benefits of the growing resort tourism during this period. The targeting of Egyptians hurt domestic tourism in the region, as evidenced by the decline in occupancy and the decline of Egyptian tourism during the 2003 – 2005 period. This decline did not translate to a decline in overall tourism in the state, as revenues and yearly tourist arrivals increased over this period. When looking at South Sinai tourism specifically, foreign tourist arrivals also increased during the 2002 – 2007 period.

These attacks were meant to send a message to the Mubarak regime through weakening one of the state's most profitable industries and the deliberate targeting of Egyptian and Israeli tourists. However, dual processes occurred to further entrench this

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conflict and increase radicalization among the Bedouin populations in the North.

Politically, with every strike from terrorist organizations, the regime harshly responded

through mass arrests which placed Bedouins in prison with Salafists. This tactic created

the opportunity for radicalization within the historically disenfranchised population.[275]

The stagnating socio-economic circumstances of the Northern Bedouin tribes contributed

to the proliferation of smuggling networks and the blockade of Gaza in 2007 led to an

opportunistic demand for goods for Hamas.[276] This interdependence with Hamas gave the

Northern Bedouins an economic lifeline through underground smuggling and furthered

the ideological influence of Hamas within the North Sinai.[277]

Following the security tactics deployed by the central government, terrorism

targeting tourism declined. This development stemmed from the waves of mass arrests of

suspects along with their families in the North and the heightened security presence. This

temporary lull in terrorist activities targeting tourism continued until political instability

in Cairo led to decreased ability for the central government to remain in control of the

Northern Sinai.

4.3 Political Instability, Escalated Violence, and Lawlessness in the Sinai

A highly complex security threat has emerged within the Sinai, due to several

internal and regional challenges. Regionally, the increased cooperation between the

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[275] Siboni, Gabi and Ram Ben-Barak. *The Sinai Peninsula Threat Development and Response Concept.*
Saban Center for Middle East Policy (31) JAN 2014.
[276] *Ibid*
[277] *Ibid*

119

Bedouin and Hamas in Gaza has led to the exchange of ideas and weapons, along with providing the Northern Bedouin tribes with a much needed economic lifeline in the form of smuggling. The increased movement between the borders through the underground tunnels have brought Hamas and other resistance fighters into the Sinai, which has been exacerbated by the decreased Egyptian security presence. Political instability in Cairo created an opportunity for resistance for the northern Bedouin tribes. The security vacuum created by the decreased security presence has created escalating cyclical violence, increased presence of terrorist organizations and higher technical capabilities for these groups.

The escalation of terrorism in the Sinai with the intensified government tactics to dispel these organizations has led to a protracted conflict in the north. Retaliation characterizes this conflict with guerilla tactics seeking harm to the central government and violent, widespread counter-insurgency measures perpetrated by the military. The fall of the Mubarak regime sparked resistance tactics as central security forces and police had largely withdrawn from their postings in the Sinai.[278] This development was viewed as potentially short-lived, leading many northern Bedouin to begin to stockpile available weapons.[279] Simultaneously, militants began attacking the trans-Sinai natural gas pipeline, a lingering symbol of the corruption of the fallen Mubarak regime, and attacking border guards and the few police remaining at their stations. [280] The insurgents claimed to specifically target Israel and sought to further erode central state control through attacks on security forces, infrastructure and border guards.[281]The increasing

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[278] Laub, Zachary. 'Security in Egypt's Sinai Peninsula'. *Council on Foreign Relations*. 13 DEC 2013.
[279] *Ibid*
[280] *Ibid*
[281] Idris, Iffat. 'Sinai Conflict Analysis'. *University of Birmingham K4D Helpdesk Report*. 2 MAR 2017.

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guerilla style tactics pursued by elements in the Sinai led the central government to respond with a large-scale deployment of troops with the permission of the Israeli government.

The first major military campaign against separatism occurred in August 2011, with the deployment of 1000 members of the military into the North Sinai.[282] This offensive gave the central government a legitimizing reason to re-establish emergency law nationally. This offensive named Desert Eagle and its renewal, Operation Sinai in 2012, was the largest deployment of troops and heavy weaponry into the territory since the Camp David Accords.[283] With a severe lack of human intelligence on the ground, these offensives took the form of active engagement with militants within the civilian population.[284] Although these operations scared the insurgents out of the main cities in the North, they regained organizational strength while in hiding and attacked border guards on two separate occasions, despite increased security presence.[285]

The elections in Egypt brought new national leadership who attempted to alter the approach to security in the Sinai, although the abilities of the leadership were limited in the face of political power of the military leadership. Morsi sought to use diplomacy as a first response to guerilla tactics of terrorist cells, in the form of negotiation and mediation with tribal chiefs in the northern Sinai.[286] Morsi sought the input of these tribes in instilling peace in the peninsula, while militants and arms continued to flow into the Sinai

[282] Laub, Zachary. 'Security in Egypt's Sinai Peninsula' *Council on Foreign Relations*. 11 DEC 2013.
[283] Gold, Zack. 'Adding the Security Ingredient: The Jihadi Threat in the Sinai Peninsula' *The Return of Egypt. Internal Challenges and Regional Game.* 2015. p 57
[284] Goodman, Joshua. 'Egypt's Assault on Sinai'. *Carnegie Endowment for International Peace*. 2014
[285] *Ibid*
[286] 'Sinai: Tipping Point or Pretext for Ouster?'. *Middle East Institute*. 12 SEPT 2013.

and underground into Gaza. Challenging the strategy for peace, more soldiers and police were killed or abducted under Morsi leadership.[287] These developments ultimately widened the gulf between the Morsi regime and the senior military leadership within Egypt.

While the Morsi government sought a softer approach, the coup in mid-2013 changed security policy towards the territory which intensified the conflict. Alongside the stark change in security policy, the removal of the Morsi government angered insurgents and attacks on security forces increased in frequency in the months following.[288] Higher frequency of terrorist attacks and growing extremism was met with strong government crackdown on Islamists following the consolidation of power by the al-Sisi Regime.[289] The government sought to control the area through an approach of eradication, while militant attacks on security forces became frequent and more sophisticated.[290] The al-Sisi government responded to the more lethal and sophisticated attacks on security forces with a brutal campaign of violence within the North Sinai characterized by largescale bombings and the displacement of the local population. The heavy handed military operations have included media blackouts and widespread curfews since 2013.[291]

Among the many terrorist organizations in the territory, *Ansar Beit al-Maqdis,* a Salafi jihadi organization originally focused on attacking Israeli targets, has emerged as significant threat to the Egyptian state. The group emerged in 2011, although it stems

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[287] 'Sinai: Tipping Point or Pretext for Ouster?'. *Middle East Institute*. 12 SEPT 2013.
[288] Schenker, David. 'Security Challenges in Egypt Two years after Morsi'. House Foreign Affairs Subcommittee on Middle East and North Africa Testimony. 16 DEC 2015.
[289] 'Special Feature: Terrorism in Sinai' *Middle East Institute.* 20 MAR 2014.
[290] *Ibid*
[291] Laub, Zachary. 'Security in Egypt's Sinai Peninsula' *Council on Foreign Relations*. 11 DEC 2013.

from connections with *Tawhid wa Jihad*, the group responsible for the earlier attacks on the tourism industry in the South Sinai resorts.[292] This organization turned its focus to the Egyptian State in 2013 in the form of attacks on the police and military, and has expanded their capacity to target civilians in Cairo and the South Sinai.[293] This organization pledged their allegiance to the Islamic State in November 2014.[294] With the allegiance to the Islamic State, attacks on government forces became larger in scale and more complex which indicated a true cooperation with IS leadership and the acquisition of more advanced weapons.[295]

The former *Ansar Beit al-Maqdis*, now named *Wilayat Sinai* (Sinai State), has sought to create a sense of instability within the territory through guerrilla and insurgent style attacks, aided by the local Bedouin. Focused on undermining central government's authority, *Wilayat Sinai* has effectively exploited the longstanding cleavages between the local population and Cairo.[296] As the focus has shifted from the state to civilian targets, the capabilities of the organization have also grown. The bombing of Metrojet flight 9268, claimed by *Wilayat Sinai*, indicated a change in the abilities of the organization, increased access to more sophisticated weapons, and enhanced political ambitions.[297]

The tragic bombing of Metrojet flight 9268 represented a major blow to Egyptian tourism and economic stability, while representing a definite shift in political aims of

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[292] Herman, Lyndall. 'Sisi, The Sinai and Salafis: Instability in a Power Vacuum'. *Middle East Policy* 23 (2) Summer 2016.
[293] Watanabe, Lisa. 'Islamic State in North Africa: Still There, Struggling to Expand'. *Middle East Policy* 24 (2) Summer 2017.
 'Isis Insurgency in the Sinai' *Middle East Institute.* 10 APR 2017.
[294] *Ibid*
[295] Hart, Michael. 'The Troubled History of Egypt's Sinai Peninsula'. *International Policy Digest*. 30 MAY 2016.
[296] *Ibid*
[297] *Ibid*

Wilayat Sinai. The targeting of a Russian flight, with almost all 224 victims of Russian nationality, indicated the ability to affect international politics in line with the ambitions of the global Islamic State movement.[298] The organization stated that this attack was in retaliation for Russian airstrikes in Syria and Moscow's alliance with Syria.[299] Alongside the international message regarding Syria, this act of terrorism was the largest against tourists in Egypt's history and has had an unprecedented impact on the national tourism sector.

Following this tragedy, the al-Sisi regime drastically increased their offensive efforts against militants in the North Sinai, escalating the cyclical violence in the territory. Attacks perpetrated by militants were over 357 incidents in 2015, and counter terrorism efforts resulted in 3000 deaths in 2015 alone.[300] Matching the number of fatalities, detentions had also substantially increased to 3,600 in 2015.[301] Along with the detentions and fatalities, the army's tactics included the destruction of tunnels connecting the Gaza Strip and the North Sinai and sought to drive the population into military-controlled areas through displacement caused by attacking residential areas.[302]

These tactics to eradicate militant strongholds in the North and exert control over the population have continued until the recent Sinai 2018 campaign. This newest offensive has focused on villages and suburbs of cities in the north, El-Arish, Sheikh Zuwayyed and Rafah, which has further displaced the civilian population.[303] This

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[298] Gold, Zack. *Salafi Jihadist Violence in Egypt's North Sinai: From Local Insurgency to Islamic State Province*. ICCT Research Paper. International Centre for Counter-Terrorism. APR 2016. p 21.
[299] *Ibid*
[300] 'Peninsular War: Egypt is Losing Control of the Sinai' *The Economist*. 14 NOV 2015.
[301] *Ibid*
[302] *Ibid*
[303] Sabry, Mohamed. "Operation Sinai 2018: A theatrical stunt before the Presidential Elections?' *Middle East Eye*.13 FEB 2018.

development comes after years of mass detention and torture, bombardment of civilian areas and bombings of militant strongholds in the north Sinai since the beginning of the al-Sisi administration. This military based strategy has sought to weaken the radical elements embedded in the governorate, but the fight for control of the North Sinai continues.

4.4 Destination Management with Limited Control

While the al-Sisi regime attempts to stabilize the Northern Sinai, in the interest of creating a secure environment for tourism recovery in the South, challenges remain. The tourism industry in Egypt is highly susceptible to political instability, emerging both internally and externally. The neighborhood effect has impacted tourism, especially in the escalation of violence in Gaza, and domestic acts of terrorism against the industry have caused fluctuations. The tourism sector has been in decline with the advent of political insecurity caused by the revolution in early 2011, with significant challenges to the industry occurring continuously until the tragedy of the Metrojet flight 9268 crash. The crash highlighted the highly limited control the state has over three major components of the tourism industry: the security of the space, the demand for tourism, and the perception of instability within the destination.

This attack occurred in a highly vulnerable environment for national tourism in Egypt. Since the Revolution in 2011, the industry has suffered significant decline. The revolution immediately impacted the sector with a loss of 5 million tourist arrivals and a

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billion dollars in revenue over 2011.[304] These trends are displayed in figures 11 and 12 below. This was the beginning of a decline over a six year period, with revenues steadily dropping from 11 billion dollars in 2010 to only 4 billion dollars in 2016.[305] Tourist arrivals showed a loss to 9 million arrivals in 2011, increasing back to 11 million in 2012 before declining to 9 million until its lowest point in 2016 with 5 million tourist arrivals.[306] The specific impact of the Metrojet bombing is illustrated in monthly tourism arrivals in figure 13 below. The anomaly of the temporary increase in arrivals can be attributed to a slight recovery in the industry before the further decline following the ouster of Morsi. The heavy losses within the tourism industry demonstrate the combined effect of political instability and terrorist violence on the tourism sector.
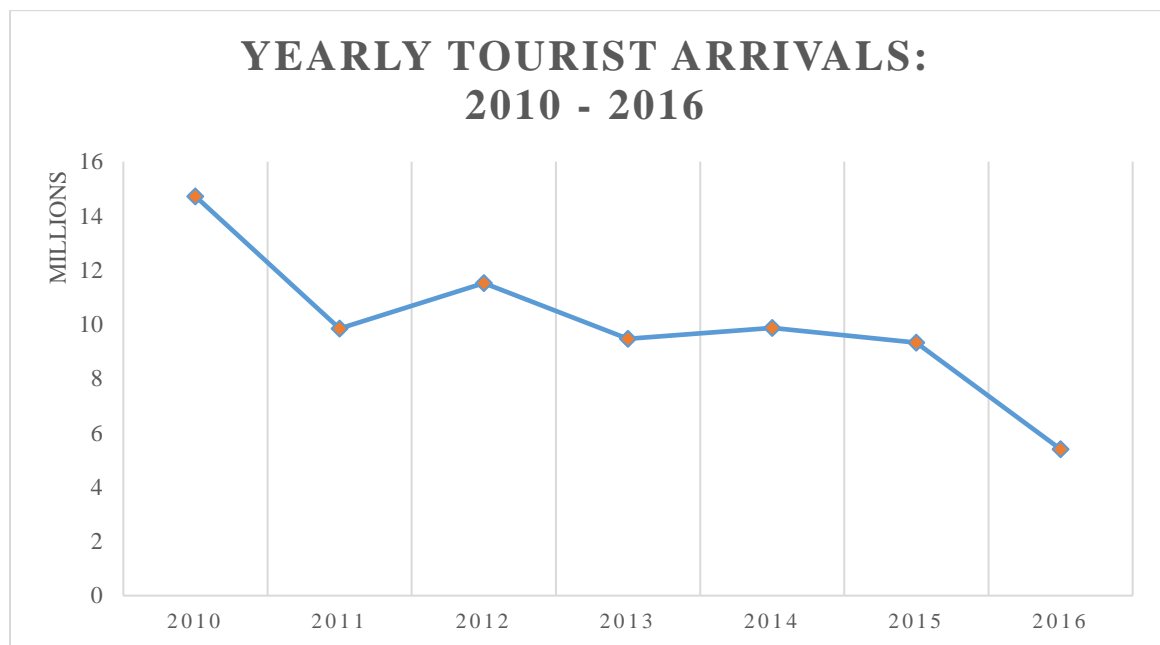

Figure 11. Yearly Tourist Arrivals 2010 - 2016

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[304] CAPMAS, *Annual Tourism,* 2003 - 2016
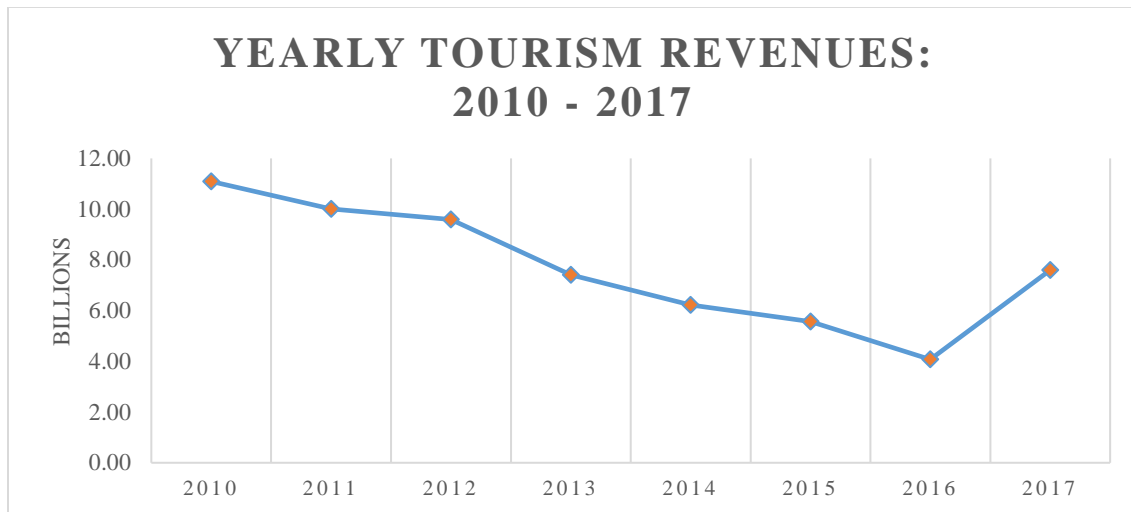[305] *Ibid*
[306] *Ibid*

Figure 12. Yearly Tourism Revenues 2010 – 2017

Figure 13. Monthly Tourist Arrivals Jan 2015 - Oct 2017

Long term political instability negatively impacts a country's tourism industry more than single incidents of terrorist violence. [307] Where Egypt's tourism historically

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[307] Saha, S., Yap, G., "The Moderation Effects of Political Instability and Terrorism on Tourism Development: A Cross-Country Panel Analysis", *Journal of Travel Research*, 53.4 (2014): 509–521. pp. 509–521.

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rapidly declines following terrorist violence, a full recovery commences after six months.[308] This was historically due to heritage tourism providing the foundation of the industry prior to the Luxor Massacre. Heritage tourism is unique, which discourages tourists from engaging in destination substitution.[309] In long term political instability, cyclical violence between the government and terrorist organizations push potential tourists to choose other holiday destinations deemed safer.[310] This finding is especially true for European travelers who show particular sensitivity to Egyptian government crackdown on Islamist opposition.[311] Ongoing perception of high political risk significantly erodes tourism arrivals and revenues.[312] These findings work together to explain the persistent difficulty of tourism recovery following the fall of the Mubarak Regime. Rapid political changes, violence against opposition parties, escalating terrorist attacks with reprisals from the state, and the largest terrorist attack against tourists in Egypt's recent history have combined to cripple the national and regional tourist industries. This is complicated by the highly substitutable nature of Sharm el Sheikh as a resort enclave: when faced with political violence and insecurity, tourists travel to alternate destinations.

The fallout from the Metrojet crash has severely impacted the tourism sector in the South Sinai, especially in the city of Sharm El Sheikh. This region accounted for

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[308] Basu, Kaushik and Vikram Sarabhai Marg, *Impact of Political Instability and Terrorism in the Tourism Industry of Three Middle East Countries: An Econometric Exploration,* Proceedings in the International Conference of Tourism, Transport and Logistics, (2013): 387-402.

[309] Neumayer, E. "The impact of political violence on tourism: dynamic econometric estimation in a cross-national panel", *Journal of Conflict Resolution*, 48.2 (2004): 259–281.

[310] Cassandra*, "The impending Crisis in Egypt", *Middle East Journal*, 49.1 (Winter, 1995): 9-27. Pg 19.

[311] *Ibid*

[312] Saha, S., Yap, G., "The Moderation Effects of Political Instability and Terrorism on Tourism Development: A Cross-Country Panel Analysis", *Journal of Travel Research*, 53.4 (2014): 509–521. pp. 509–521.

almost 30% of the national tourism industry in 2014, with about 2.8 million tourist arrivals, and its visitors were overwhelmingly Russian and European.[313] However after this tragedy Russian arrivals dropped from 3 million (32% of national foreign arrivals in 2014) to 54,000 by 2016- representing a loss of 98%.[314] This change is illustrated in figure 14 below. And other tourism arrivals from European countries also significantly dropped to their lowest points following this tragedy: losing 84% of British visitors from 2010, 88% of German tourists, and 88% of Italian visitors.[315] This downward trend since the onset of political instability is displayed in figure 15 below. Within Sharm el Sheikh itself, out of 216 hotels in the city, 100 closed or moved to other locations on the Red Sea within 2016.[316] In 2015, the city sustained an 8% decrease in occupancy and in 2016, occupancy within hotels dropped an additional 43%.[317] Overall tourism into the city declined by 70% over 2015 – 2016.[318] Egyptian officials have estimated that the damage to the tourism industry within Sharm el Sheikh stands at 10 billion Le or about $566 million USD.[319]

[313] CAPMAS, *Annual Tourism,* 2003 - 2016; Ministry of Tourism, *Tourism in Figures*, 2000 – 2005.
[314] Trading Economics, *Egypt Tourist Arrivals*, January 2015 – October 2017.
[315] OECD, *Egypt: Domestic, inbound and outbound tourism,* Tourism Trends and Policies, (2018).
[316] 'Egypt Fears Tourist Season after Latest Bombings' *The Arab Weekly.* 25 DEC 2016.
[317] 'Egypt Full Year Review'. *Colliers International.* 2016.
[318] 'Sharm el Sheikh: the 'pearl of the Red Sea' Now a Ghost Town'. *The Independent* 29 DEC 2017.
[319] 'Has Egypt lost all hope for tourism in Sharm el Sheikh?' *The Telegraph* 9 NOV 2017.
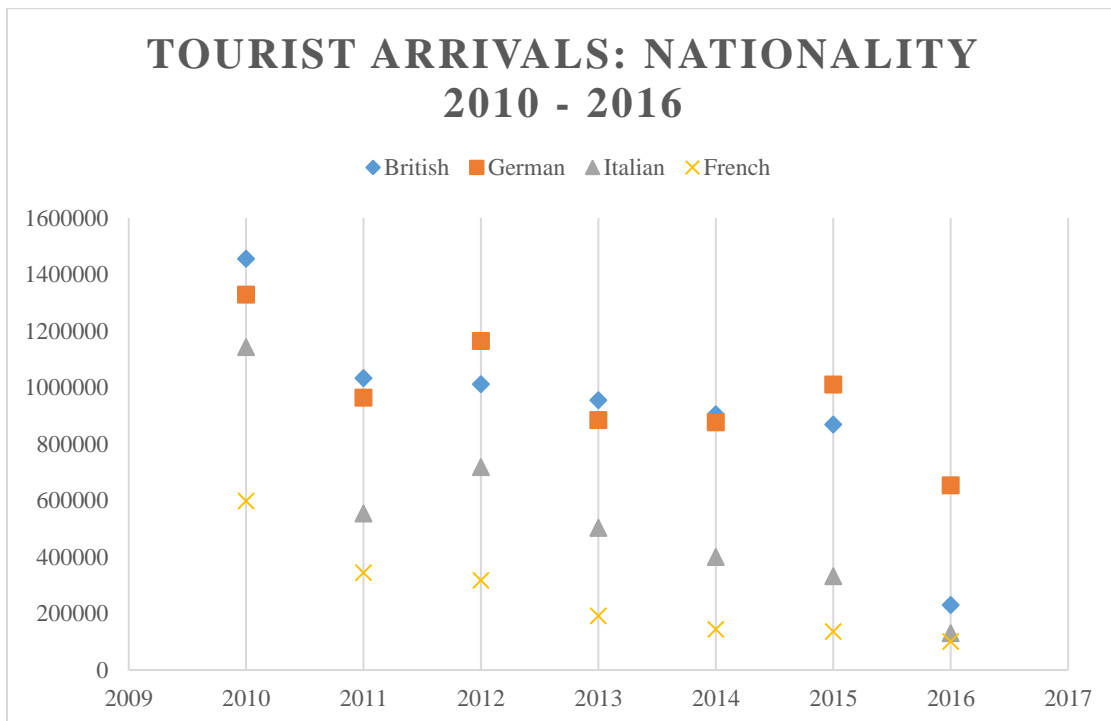
Figure 14. Monthly Russian Arrivals Jan 2012 - Nov 2016

Figure 15. Tourist Arrivals by Nationality 2010 - 2016

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The significant impact of the insurgency in the Sinai on the tourism sector has been a major challenge to the Egyptian state. The cyclical violence occurring in the Sinai also poses a unique challenge to tourism, as securing the territory will aid in restoring the confidence in tourists but the heavy handed tactics and retaliatory attacks also encourage tourists to choose alternate destinations in the interim. In the immediate weeks and months following the Metrojet disaster, the al-Sisi regime sought to both physically secure the new tourism space while attempting to assure foreign governments of safety measures for tourists. Both of these attempts were necessary to quell further negative impacts on the tourism sector (and broader national economy) due to the unequal nature of the relationship between the destination and the countries of origin of tourists.

The security of the new tourism space was an immediate priority for the al-Sisi government. The central government escalated their offensive strategy against separatist and radical militants embedded in the North Sinai. This strategy has been heavy handed in the detention and torture of suspects, the bombing of militant strongholds, and has sought to exert control over the local population through displacement. Within the tourism space itself, the security measures were heightened substantially. While the government already highly controlled Sharm El Sheikh, through the building of an external wall in 2006, checkpoints were strengthened on the single road going into and out of the city. Fixed and movable checkpoints were added along this main road and new security cameras were added in the main entrances. The security based approach has also forced the government to allow foreign consultants to inspect the domestic airports and

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has complied with their recommendations to demonstrate their commitment to the highest standards of security.

A major contributor to the extreme loss of tourism, the security of the airport was paramount. The most devastating action from foreign governments was the implementation of travel bans on Egypt and the suspension of flights into the Sharm el Sheikh airport. The government of Egypt has sought to remove these travel bans and has attempted to adequately secure both the Sharm el Sheikh airport and the parameter of the city itself. Russia suspended all direct flights to Egypt following the terrorist attack. It wasn't until the end of February 2018 that the Russian government permitted some direct flights to resume into the Cairo airport.[320] Egypt cooperated with Russian investigators following the tragedy, and worked in tandem with foreign security experts to overhaul security within the Sharm el Sheikh airport. This cooperation was necessary, as Russian officials vowed to keep the travel ban until their security experts cleared the security procedures at Egyptian airports.[321] The UK government responded very quickly in the days following the attack, where they rushed to return all British holidaymakers from Sharm el Sheikh. The UK government swiftly imposed a travel ban to Egypt and suspended flights into the Sharm el Sheikh airport, followed by the German, Italian and Dutch governments taking the same measures.[322] While the UK lifted the general travel ban to Egypt, a ban remains in place against all but essential air travel to Sharm El Sheikh.

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[320] Maguid, Mohamed. "Russia to Resume Flights to Egypt by Feb.20'.*Egypt Today*. 9 FEB 2018
[321] *Ibid*
[322] 'Sharm el Sheikh: David Cameron's decision to Suspend Flights could Unravel Egypt's Economy' *The Telegraph*, 5 NOV 2015

The demand for the new tourism space in the South Sinai has decreased with the political instability and violence occurring within Egypt. Demand is externally created and influenced, especially in the case of Sharm El Sheikh. Demand for sun/sand based destinations changes, as these locations are homogenous and highly substitutable. As previously discussed, the space was envisioned to cater to the mass tourism market emerging from the European middle class. While originally positioned competitively against other sand/sun locations in price point and physical location, the advent of violence and the complications of travel bans have lessened the demand for Sharm El Sheikh and encourages vacationers to choose other resorts. The South Sinai has lost its former attractive low price point for travelers, and suffers from a highly negative image of being unsafe for travel. With the travel bans in place, the price of flying to Sharm El Sheikh rises due to the need to layover in Cairo or another city before continuing to the destination. The low price of Sharm El Sheikh was heavily reliant on the ability for mass beach tourists to use direct flights. The inability for these tourists to fly directly into Sharm El Sheikh has negatively impacted the ability for Sharm El Sheikh to compete against other similar destinations, and the resumption of flights into the city is controlled by the decision making of origin countries. Demand for the tourism relies on more than the price points of the destination, especially in locations which are perceived to be high risk for the tourist. The perception of risk negatively impacts the decision making of potential tourists.[323] The political environment within Egypt can be considered a high risk political atmosphere for tourism within the parameters of this study due to political

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[323] Saha, S., Yap, G., "The Moderation Effects of Political Instability and Terrorism on Tourism Development: A Cross-Country Panel Analysis", *Journal of Travel Research*, 53.4 (2014): 509–521. pp. 509–521.

repression, cyclical violence in the Sinai and violent political change within the last seven years. The higher price of travel for the mass beach tourist, the highly substitutable resort enclave model, and the perception of insecurity all contribute to tourists deciding against vacations in Sharm el Sheikh.

4.5 Insecurity and the Compromised Tourism Space

Ironically, the new tourism space in the South Sinai offered the Mubarak government a chance to foster growth in the tourism sector away from the fluctuations faced by the industry during the height of terrorist activity in the 1990s. While the government rapidly built the space and marketed it to the beach tourists coming from Europe, the growing terrorism in the North Sinai saw the opportunity to affect political change through the targeting the growing success of resorts in the South Sinai. With the breakdown of the Mubarak regime and the sparking of insurgency in the North, the tourism space in the South was increasingly vulnerable to political violence.

As Egypt experienced political instability over the last seven years, the tourism industry reacted negatively with each major upheaval. The revolution itself decreased tourism significantly, effectively costing the state over a billion dollars in tourism revenues with a sustained loss of 5 million tourists in 2011 alone.[324] The downward trend in yearly national tourism indicators since the revolution is striking, with each year falling and substantial losses during 2013 and 2016 coinciding with the coup d'état and the Metrojet bombing at the end of 2015. The mainland political instability created a

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[324] CAPMAS, *Annual Tourism,* 2003 - 2016

security vacuum and an opportunity for armed resistance in the North Sinai.[325] While tourism indicators in the South Sinai showed sustained revenues and tourist arrivals despite the downward national trend before the end of 2015, the growing insecurity in the peninsula allowed for the growth of terrorist capabilities and the eventual turning of the focus of these organizations, once again, to the resorts in the South Sinai.

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[325] Siboni, Gabi and Ram Ben-Barak. *The Sinai Peninsula Threat Development and Response Concept.* Saban Center for Middle East Policy (31) JAN 2014.

CONCLUSION: THE VULNERABILITIES OF INSTABILITY, EXCLUSION AND STUNTED TOURISM DEVELOPMENT

The tourism space of Sharm El Sheikh exemplifies the resort enclave developed for the mass tourism market. This development has contributed to the vulnerability of the tourism space to decline, which has been complicated by the devolving security threat on the peninsula. In the effort to explore the government policy and external forces driving development of this enclave, this project has examined the historical development, the socio-economic dynamics of the created resort, and the security threats posed to the space. The four research questions posed by this study have attempted to operationalize the variables of government choice and limitations in power. The multiple vulnerabilities to decline in the tourism space, the economic, social and security dynamics of the created space have been examined. The first section analyzes the state's motivations in designing Sharm El Sheikh and encouraging its growth, along with the inherent vulnerability in targeting mass beach tourism through the design of the resort. The relationship of the local population and the tourism space was discussed through the second portion of this study, and the third section broadly outlines the significant challenge of security to the tourism enclave.

Dependency theorists heavily critique tourism in the global south due to the inherent lack of power associated with a variety of structural, economic and social conditions which influence the creation and maintenance of tourism spaces. The classic dependent relationship outlined by many case studies focus on mass beach tourism and the necessity for homogenous resort enclaves in the pleasure periphery. External forces

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exploit these spaces through profit leakages, foreign management and ownership of tourism facilities, externally controlled packages for travel, control over demand for the tourism space, and the dictation of a homogenous product of the resort enclave. Sharm el Sheikh presents a unique case, which does not completely align with the dependency modeled by other tourism enclaves.

The point of departure in the Sharm el Sheikh model of the tourism enclave is where our research questions focus. The state's choices in the development of this resort holds an irony: the regime sought to resist external influences through the attempted creation of a stable form of revenue, but traded formal control for the informal influence of the power of externally controlled consumer demand. The resort enclave was born from a need to stabilize the tourism sector away from Mainland Egypt when faced by the highly destabilizing force of terrorism in the 1990s. This need for stable tourism was due to the sectors capability of giving the state foreign reserves and extra funding for state budgets. Socially, tourism represented a means of employment, when structural adjustments threatened to erode the tenuous financial security of the population. The regime faced a tough decision imposed by external debts: mandated structural adjustments endangered the regime due to the potential hardships faced by the population. The development of the resort enclaves during the late 1990s allowed for a means to dictate the scheduling of structural adjustments according to the timetable decided by the regime, while creating new and stable employment opportunities. This new tourism for the state aided in resisting powerful outside influence, although the influence over the economic stability of the tourism sector shifted after the rapid development of the enclave.

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The resort was intentionally designed to capture the market of the European mass tourist. The rapid development of Sharm El Sheikh was encouraged through government policy due to the need to diversify the tourism sector away from instability created by terrorism. This model places the power in the hands of the mass tourism market, as demand is created and controlled externally. Package tours created in tourist's home countries encourage a race to the bottom within the resort: in the effort to capture consumers, hotels and facilities must compete for business through attractive price points. These packaged tours dictate where tourists visit and are able to maintain a majority of the profits from tourism. Mass tourism degrades the destination according to the model of the Tourism Area Life Cycle. The standardization and over use of the resort results in a damaged environment, declining image of the destination, surplus of tourism facilities, and a heavy reliance on repeat visitation. The exploitation of the resort through mass tourism essentially destroys the demand for the tourism space. The mass tourism business eventually leaves the destination without a significant reorientation of tourism strategy. The deliberate design of Sharm el Sheikh for mass beach tourism, while once a resistance to outside control, has created an informal dependency on external perception and demand, while the space has diminished ability to compete against other standardized beach locations.

External control over tourism to the resort also manifests politically. In the case of political instability or violence, the image of the space is threatened through the narratives circulated through the international media. Negative image of the destination necessarily decreases demand for the space, as potential tourists engage in destination substitution in favor of safer locations. Security risks for tourists are evaluated by foreign

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governments who sometimes choose to formally warn citizens against travel. This subjective assessment of security risk is heavily dependent on relations between the origin and destination, and in the case of the global south, is a relationship marked by inequality. Destinations have little power to change the security warnings issued by foreign governments. The perception concerning security represents an additional area where the global south destination is subject to the power of origin countries. For Sharm el Sheikh, the foreign issued travel warnings and the halting of direct flights to the resort effectively crippled the city's tourism for over a year and a half, with Egypt having virtually no control over changing the narrative created through these actions. After the development of the resort, the control initially exerted by the state eroded through the inability to dictate demand or pricing for the resort.

　　The resort enclave of Sharm El Sheikh, built by the state, is wholly inorganic. Mainland Egypt's modernizing project of tourism development in the South Sinai excluded the local population, breeding resentment towards the state. The Bedouin dispossession of land dismantled their economic livelihoods and relegated the population to the outskirts of these enclaves. The influx of Egyptian workers into these resorts ensured further economic exclusion through the denial of available employment through the tourism sector for the local population. Negative perceptions of the Bedouin have also encouraged local government authorities to regulate the interactions between tourists and Bedu, limiting their ability to gain informal income from tourism. This relationship has replicated the power inequalities denounced by dependency theorists. The external force has created the tourism space, without regard for the local economic and social context. The enclave's resources have been subject to the needs of the state, while the

government, elites and Mainland Egyptian workers have substantially benefited from opportunities created through the exploitation of this space. The local community has suffered through destruction of their livelihoods and the lack of opportunity to gain adequate income from tourism.

The devolving security in the Sinai threatens to prolong the difficult recovery of the tourism industry. This factor is complicated by the main tourism to the area emerging from the mass tourism market. The protracted conflict is cyclical in nature, with retaliatory actions taking place between terrorist elements and state security forces. The isolation of the territory and the alienation of the Bedouin population challenges the ability for the state to secure the region, as it has little actual intelligence on the conditions on the ground, and the population has little incentive to aid in security operations. This complicated crisis severely impacts tourism as ongoing conflict encourages mass tourism operators to choose alternate destinations. Heavy handed tactics by security forces impact tourism demand alongside terrorist activity. The security challenges posed by the convoluted situation in the Sinai will continue to threaten the recovery of the tourism sector, especially in the case of the resort enclave of Sharm el Sheikh.

Government decision making in tourism development, originally resistance measures to external fiscal control, created several vulnerabilities to decline within this industry in the case of Sharm el Sheikh. Designed as a resort enclave, marketed to the mass beach tourist, and overly reliant on this form of tourism, Sharm el Sheikh was vulnerable to decline according to the Tourism Area Life Cycle as modeled by the work of Butler. The addition of social tensions created by economic and physical exclusion of

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the local population created a contentious environment for this resort. The Metrojet disaster and the larger conflict between terrorist elements and security forces have created a volatile situation, which significantly degraded tourist arrivals to the resort and threaten the ability of Sharm el Sheikh to fully recover.

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