Oil Wealth is Reshaping Tourism  
Dubai Report

While the current soaring price of crude oil is having a significant negative impact on the U.S. economy and on Travel & Tourism to Hawaii, the reverse is happening in the oil-rich Middle East, where opulent new resorts, visitor attractions, condominium towers, and mega-skyscrapers are rising up 24/7 in the sand dunes of Dubai, Abu Dhabi, and Doha on the Persian Gulf. It is a contrast that hit me right between the eyes, when I visited the region a few weeks ago.

I traveled to Dubai, located in the United Arab Emirates (UAE), to attend the Global Tourism Summit organized by the World Travel & Tourism Council. My carrier was Emirates Air, the independent airline headquartered in the UAE. The service on the 14-hour, non-stop flight from Houston was fantastic!

Arriving around 8 p.m., I quickly cleared immigration formalities (no line, no visa required), and my bag was awaiting me on the carousel. On the way to my hotel, I passed dozens of skyscrapers under construction with a full force of workers active under the lights. The city never sleeps!

My room was in the Al Qasr, a low-rise property within a complex of inter-connected hotels operated by the Jumeirah Group. On arrival, the staff made every new guest and me feel special. A towering seven-foot-tall doorman opened the taxi door, someone else escorted me to the hotel entrance, another opened a door, several other lobby greeters said welcome, another handed me a cool towel, and still another brought brough tea. By the time I got to my room I had interfaced with at least 15 people, perhaps as many as 20. I lost count!

With rare exceptions, none of the staff I encountered were UAE citizens. They were guest workers from Asian countries like India, Sri Lanka, Malaysia, China, Thailand and the Philippines. One, a gentleman named Don, from a province south of Manila, told me that guest workers from the Philippines are the largest ethnic group among the more than 10,000 employees at the Jumeirah multi-hotel complex. Don said that he has a three-year work visa, which he might be able to have extended. He lives in an employee dormitory, returns home about once a year to visit his family and likes his job and his company. He did mention that several of his friends had recently been able to get immigration visas for Canada.

Along that line, the Emirates Airline agent who checked me in for my departing flight was also a guest worker from the Philippines. After seeing Hawaii listed in my passport as my birthplace, she proudly told me that her mother is a nurse who works in a Honolulu hospital.

The hotels in Dubai are doing very well. Many have distinctive, dramatic architecture. Occupancy is great and the Average Daily Rate (ADR) for the city stands at $283, one of the highest in the world, according to Gerald Lawless, Executive Chairman of the Jumeirah Group.

During the sessions of the Summit, a number of speakers from around the globe addressed the many issues facing the rapidly changing world of Travel & Tourism today. I will cover some of these in future editions of Saturday Briefing.

This week, I would like to focus on the airlines, since air transportation is so critical to the future of all Outrigger Enterprises Group hotels scattered across the Pacific Ocean.

While we see many U.S. carriers going bankrupt, or consolidating and shrinking to avoid that fate, the air carriers of the Middle East are thriving. Emirates Airline and Qatar Airways in particular are pushing to become the dominant international air carriers serving every major hub in the world.

Shaikh Ahmad Bin Saeed Al Maktoum, President of the Dubai Civil Aviation Authority and CEO of Emirates Group, spoke to the Summit and described how his airline aims to have more than 450 aircraft flying by 2020, up dramatically from the present 115. It has scheduled delivery of 22 planes this year.

Emirates, which began flying in 1985, currently has a total of 243 planes on order, valued at $60 billion, including 58 Airbus super jumbo A380s.
Qatar Airways has ordered 80 Airbus A350s, similar in size to the Boeing 777.

In fact, the combined Emirates and Qatar orders are such an enormous share of Airbus’ revenue that they are keeping the company — and its parent EADS — afloat, according to *Newsweek* magazine. The airlines are currently in a position to dictate to Airbus the design of and the amenities included in their aircraft, something new and unusual in the manufacturer’s 37-year history.

Both UAE and Qatar are matching the increase in flights with major improvements and expansions of their airports. That is coming just in time as Dubai’s airport, currently serving 40 million, up 16.7 percent from 2007, is at capacity. It looked spacious when I passed through here three years ago, but this time it was jammed with long lines, overflowing waiting areas and passengers, including many guest workers heading home, sitting or sleeping on the floor.

For the Pacific properties operated by Outrigger and OHANA, all this means that we will see a new mix of traveler soon. Wealthy voyagers from the Middle East are already on the move and more will follow. Former guest workers who may have worked in a hotel in Dubai, will possibly also have developed a taste for travel and might show up in our lobbies on group tours looking for budget accommodations.

U.S. airlines are going to have to find a way to change. Overseas airlines such as Emirates and Qatar are setting new standards, and unless the American carriers find a way to compete, there is going to be real pressure on the U.S. Congress to lift the archaic rules that restrict non-U.S. carriers such as Emirates Air from operating within the U.S. or even having more than a minority, non-controlling interest in a U.S. carrier.

“The World is Flat,” writes best-selling author Thomas L. Friedman. And many, if not most agree the world is rapidly changing, with other nations catching up to and even surpassing the U.S. in many ways. Our local and national leaders had better wake up and smell the coffee!