

# Israel

## Tourism in the economy

Tourism directly accounts for 2.8% of Israel's GVA and 3.6% of total employment, equivalent to 141 000 jobs. Taking into account the indirect impact, the total number of tourism-related jobs is estimated at 230 000, approximately 6% of total employment. International tourism receipts are estimated at USD 5.8 billion, accounting for 5% of total exports. Travel exports accounted for 14.5% of total service exports in 2018.

Israel welcomed 4.1 million international tourist arrivals in 2018, a growth of 14.1% over 2017. The most important international source markets are the United States (898 000 arrivals), France (346 000), the Russian Federation (316 000), Germany (263 000) and the United Kingdom (218 000). Together, these markets account for around 50% of all international tourist arrivals.

Domestic tourism accounted for around 17.1 million bednights, equivalent to 55.2% of total bednights across all means of accommodation. In total, 8.1 million domestic overnight trips were recorded in 2018, similar to in 2017.

## Tourism governance and funding

Tourism policy, development and marketing are the responsibility of the Ministry of Tourism, which has undergone significant recent reorganisation to improve its ability to handle upcoming challenges in marketing and product development. This has seen a new departmental focus on brand development, new market development, and promotion of direct foreign investment.

The Ministry collaborates on a regular basis with the Prime Minister's Office and other ministries on issues relevant to tourism policy, including the ministries of Religious Services, Economy, Transportation and Environmental Protection. In such cases, the Ministry of Tourism usually contributes part of the budget to tourism related projects and policies that are directed by the above ministries.

Regional and local organisations promoting tourism have the following powers and responsibilities:

- Developing and operating joint ventures with the Ministry of Tourism, including developing tourism infrastructure, domestic tourism marketing campaigns and local events and festivals.
- Examination by local planning/zoning committees of tourism projects, with recommendations to the National Planning Committee.
- Collecting local taxes, issuing construction permits and maintaining tourist sites.

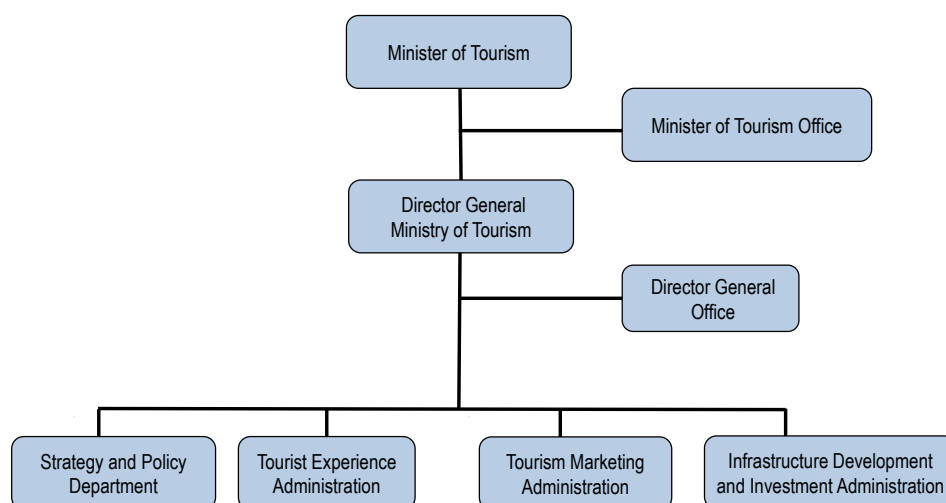
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The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Government Development Companies established in resort cities and regions operate under the Ministry's authority and usually according to a charter detailing specific objectives and its scope of operations, a geographical area. These include the Dead Sea Preservation Government Company, which was established to plan and implement development for the Dead Sea area, including coastal and tourism infrastructure. It and has recently been authorised to expand its operations to the Negev Desert and Eilat. The Old Acre Development Company was tasked with developing the UNESCO World Heritage Site as a tourism city, including boardwalks, public facilities, attractions, planning, zoning, administration and operations. Funding is usually provided by the responsible ministry, although there are additional sources of funding, such as local authorities, rent of premises, and ticket sales for attractions.

In 2018, The general budget of the Ministry of Tourism was ILS 1.2 billion in 2018. Of this, some 44% was allocated to marketing, 23% to public tourist infrastructure, and 13% to investment incentives.

### Israel: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Tourism, 2020.

### Tourism policies and programmes

There are a number of current challenges for tourism in Israel, not least the development of new visitor markets while at the same time consolidating existing markets. New investment is needed in both the tourism product and related public infrastructure, particularly to cater for visitors from emerging markets. Creating easier access to tourism information underpinned by digital platforms that can be a channel for marketing is also a priority. Work is also needed to develop the competitiveness of tourism SMEs and the opportunities of the sharing economy with training and marketing support, as well as improving skills levels and the creation of high quality jobs across the sector.

To address these challenges, policy priorities include:

- Encouraging investment in tourism, including actively identifying and engaging entrepreneurs and negotiating with a range of online travel agents and airlines.
- Expanding accommodation and hotel supply through new capital investment, construction of new hotels, and conversion of existing buildings into accommodations facilities.
- Raising the competitiveness of Israel as a destination, in particular by lowering prices through easing hotel regulations and promoting alternative types of accommodation.

- Improving access, mainly through incentivising airlines to include the country's main Ben-Gurion airport and the new Ilan Ramon airport in their itineraries, in close co-operation with the Israel Airport Authority and the Ministry of Transportation.
- Co-operation with travel agents, offering incentives to include Israel in tours and packages.
- Improving the tourist experience, making information accessible via digital channels, and supporting and motivating innovators and start-ups to create digital services aimed at tourists.
- Developing new products, such as the desert tourism product in the Negev Desert, and upgrading existing products, such as the Dead Sea Valley project by refreshing and expanding the existing resort.
- Developing a marketing strategy that leads with sub-brands instead of Israel as the main brand, for example cities and other destinations.
- Placing renewed emphasis on developing the tourism experience, building specific facilities such as cycle tracks and camp sites, lowering prices and upgrading tourism information offices. This includes developing national walking and cycle trails infrastructure in co-operation with the Israel Parks Authority.
- Diversifying types of accommodation and increasing the overall number of hotel beds.
- Consolidating research tools and programmes, and monitoring performance.

Work is underway to update the Tourism Services Law, which is 40 years old. Many provisions will be revised to reflect today's customer trends but others will be maintained, relating to, for example, tax refunds and hotel grading arrangements. The most significant modification is deregulation connected to tour guiding. As a result, the new law will integrate the issues of tour guide education, licensing and working requirements, as well as putting a duty on inbound tourists to use an Israeli licensed tour guide.

The Ministry of Tourism has undertaken to update the 20 year old National Tourism Outline Plan due to recent growth trends and an acute shortage of accommodation and other tourism related businesses. The old Plan regulated different land uses by zones, but over time, zoning procedures have become laborious and expensive, affecting many aspects of tourism. Updating the Plan will speed up development for both private businesses and public authorities. A major change is to allow a more flexible definition of tourism usage/products nationwide. This will allow for different types of hotels and new accommodation businesses geared towards independent travellers. A more diversified accommodation offering at all price levels, combined with greater zoning flexibility to allow development in commercial areas, for example, will unlock the opportunity for much needed development.

The updated Plan is expected to reduce the regulatory burden, simplify and expedite zoning procedures and allow more planning flexibility for private sector investors. It is also likely to increase the approval rate for developments and enable SMEs to grow. The objective is to enable tourism to be a much more lucrative investment opportunity with beneficial effects for communities and the wider economy. It is also estimated that change would lead to more efficient usage of land, thereby reducing waste and unnecessary usage of open areas, leading to a more environmentally friendly, inclusive and sustainable development of tourism infrastructure and businesses.

## Statistical profile

### Israel: Domestic, inbound and outbound tourism

	2014	2015	2016	2017	2018
<b>TOURISM FLOWS, THOUSAND</b>					
<b>Domestic tourism</b>					
Total domestic trips	..	..	..	..	..
Overnight visitors (tourists)	7 300	7 946	8 183	8 043	8 071
Same-day visitors (excursionists)	..	..	..	..	..
Nights in all types of accommodation	16 453	17 066	17 315	17 264	17 105
Hotels and similar establishments	13 762	14 368	14 549	14 531	14 482
Other collective establishments	2 035	1 977	2 063	2 038	2 005
Private accommodation	655	720	703	695	618
<b>Inbound tourism<sup>1</sup></b>					
Total international arrivals	3 251	3 109	3 070	3 863	4 390
Overnight visitors (tourists)	2 927	2 799	2 900	3 613	4 121
Same-day visitors (excursionists)	325	309	170	250	269
Top markets					
United States	686	637	672	806	898
France	289	300	293	312	346
Russian Federation	411	415	285	398	316
Germany	162	198	180	229	263
United Kingdom	165	198	197	212	218
Nights in all types of accommodation	10 967	9 973	10 412	12 940	13 862
Hotels and similar establishments	10 276	9 335	9 713	12 177	13 018
Other collective establishments	636	590	637	698	770
Private accommodation	55	48	62	65	75
<b>Outbound tourism</b>					
Total international departures	5 181	5 891	6 781	7 597	8 473
Overnight visitors (tourists)	..	..	..	..	..
Same-day visitors (excursionists)	..	..	..	..	..
Top destinations					
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
<b>TOURISM RECEIPTS AND EXPENDITURE, MILLION USD</b>					
<b>Inbound tourism</b>					
Total international receipts	6 495	6 500	6 587	7 578	8 073
International travel receipts	5 766	5 794	5 883	6 810	7 245
International passenger transport receipts	729	706	704	768	828
<b>Outbound tourism</b>					
Total international expenditure	6 534	7 507	8 211	8 986	9 765
International travel expenditure	5 189	6 012	6 447	7 057	7 668
International passenger transport expenditure	1 345	1 495	1 764	1 929	2 097

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1. Arrivals from demand side surveys; Nights from supply side surveys.

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888934077084>

## Israel: Enterprises and employment in tourism

	Number of establishments	Number of persons employed				
	2018	2014	2015	2016	2017	2018
<b>Total</b>	..	<b>130 800</b>	<b>134 400</b>	<b>135 000</b>	<b>142 300</b>	<b>141 140</b>
<b>Tourism industries</b>	<b>21 096</b>	<b>126 800</b>	<b>130 600</b>	<b>131 200</b>	<b>138 400</b>	<b>137 550</b>
Accommodation services for visitors	1 590	39 600	41 400	41 800	45 000	45 000
Hotels and similar establishments	419	..	..	..	..	..
Food and beverage serving industry	13 977	14 100	14 400	15 100	15 400	15 790
Passenger transport	..	15 300	16 800	17 400	17 300	18 080
Air passenger transport	..	10 200	12 000	12 500	11 900	12 900
Railways passenger transport	..	..	..	..	..	..
Road passenger transport	..	5 100	4 800	4 900	5 400	5 180
Water passenger transport	..	..	..	..	..	..
Passenger transport supporting services	..	..	..	..	..	..
Transport equipment rental	..	7 100	5 600	5 800	5 100	5 490
Travel agencies and other reservation services industry	1 529	20 200	21 300	19 200	22 100	20 330
Cultural industry	..	..	..	..	..	..
Sports and recreation industry	..	10 300	9 800	10 000	11 900	12 250
Retail trade of country-specific tourism characteristic goods	4 000	20 200	21 300	21 900	21 600	20 610
Other country-specific tourism industries	..	..	..	..	..	..
<b>Other industries</b>	..	<b>4 000</b>	<b>3 800</b>	<b>3 800</b>	<b>3 900</b>	<b>3 590</b>

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Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888934077103>

## Israel: Internal tourism consumption

Million ILS

	2018		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
<b>Total</b>	..	..	..
<b>Consumption products</b>	<b>30 274</b>	<b>24 787</b>	<b>55 061</b>
Tourism characteristic products	..	..	..
Accommodation services for visitors	..	..	..
Food and beverage serving services	..	..	..
Passenger transport services	..	..	..
Air passenger transport services	..	..	..
Railways passenger transport services	..	..	..
Road passenger transport services	..	..	..
Water passenger transport services	..	..	..
Passenger transport supporting services	..	..	..
Transport equipment rental services	..	..	..
Travel agencies and other reservation services industry	..	..	..
Cultural services	..	..	..
Sports and recreation services	..	..	..
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	..	..	..
Other consumption products	..	..	..
Tourism connected products	..	..	..
Non-tourism related consumption products	..	..	..
<b>Non-consumption products</b>	..	..	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888934077122>



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