



ISSUE BRIEF

THE “TRUMP SLUMP” IN TOURISM

June 2018

 **BUSINESSFORWARD**

TOPLINE

Tourism from other countries is one of America's largest exports. But business is down by millions of annual visits, in part because foreigners feel less safe and welcome in the U.S. Travel industry experts call it the "Trump slump."

- Foreign tourism is a \$236 billion export — nearly five times bigger than pharmaceutical, IP, or car and truck exports
- Supports 2.5 million U.S. jobs
- 80 percent of travel to the U.S. is for pleasure, which means foreigners can switch easily
- Surveys show foreigners feel less safe and welcome in the U.S., and travel bookings dropped in response to the Muslim travel ban and other rhetoric
- Nearly \$5 billion drop in tourism spending last year cost 40,000 jobs
- Travel execs acknowledge impact Trump rhetoric is having and organized an effort to convince more foreigners to visit
- Competitors, including Canada and Australia, are benefitting at our expense

"America's share of the global travel market has shrunk over the last two years... This lucrative market is expanding, yet our country continues to fall behind... I'm not exaggerating when I say that millions of American jobs are at risk if this trend continues..."

Roger Dow, President, U.S. Travel Association

THE “TRUMP SLUMP” IN TOURISM – AMERICA’S \$236 BILLION EXPORT

Tourism from other countries is one of America’s largest exports. But business is down by millions of annual visits, in part, because foreigners feel less safe and welcome here. Travel industry leaders call it an “undeniable wake-up call.”



Tourism to U.S. under Trump is down, costing \$4.6B and 40,000 jobs

By Ben Popken

January 23, 2018

“Experts say Trump’s proposed travel bans, anti-immigration language, and heightened security measures have had a negative impact on the U.S.’s attraction for foreign visitors.”



America Has a Foreign Tourism Problem

By Justin Bachman

January 17, 2018

“As more international travelers decide to skip the United States, 10 business associations... have created a travel industry group aimed at reversing the growing unpopularity of the U.S. as a vacation destination.

IMPORTANCE OF INTERNATIONAL TOURISM TO U.S. ECONOMY

Foreigners spend nearly five times more each year visiting the U.S. than they do importing American pharmaceuticals, cars and trucks, or IP.

They spend \$100 billion more each year visiting the U.S. than they spend importing our crops, meats, and dairy.

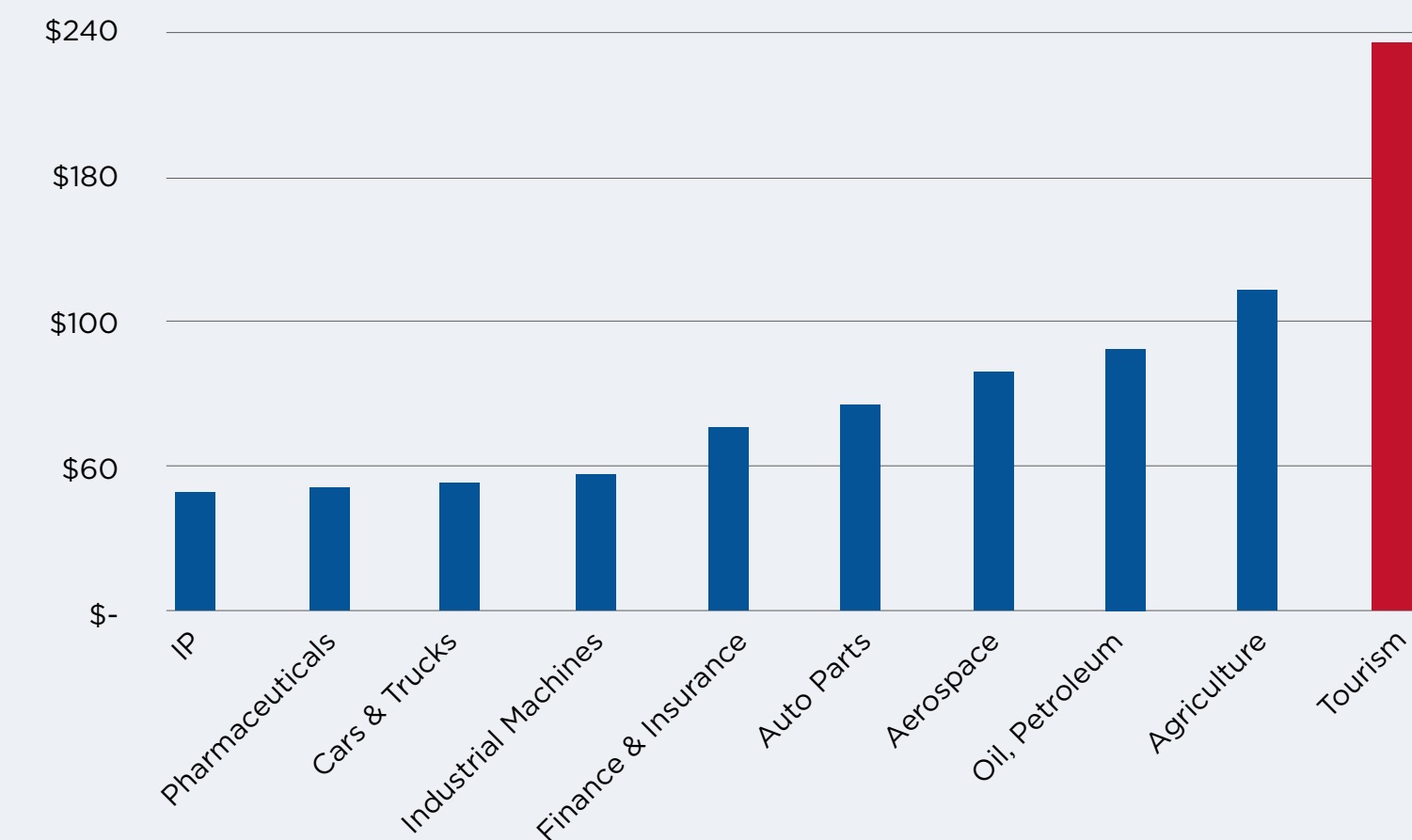
International tourism supports 2.5 million jobs across the U.S.

GLOBAL TOURISM WAS UP LAST YEAR (A LOT), BUT VISITS TO U.S. WERE DOWN

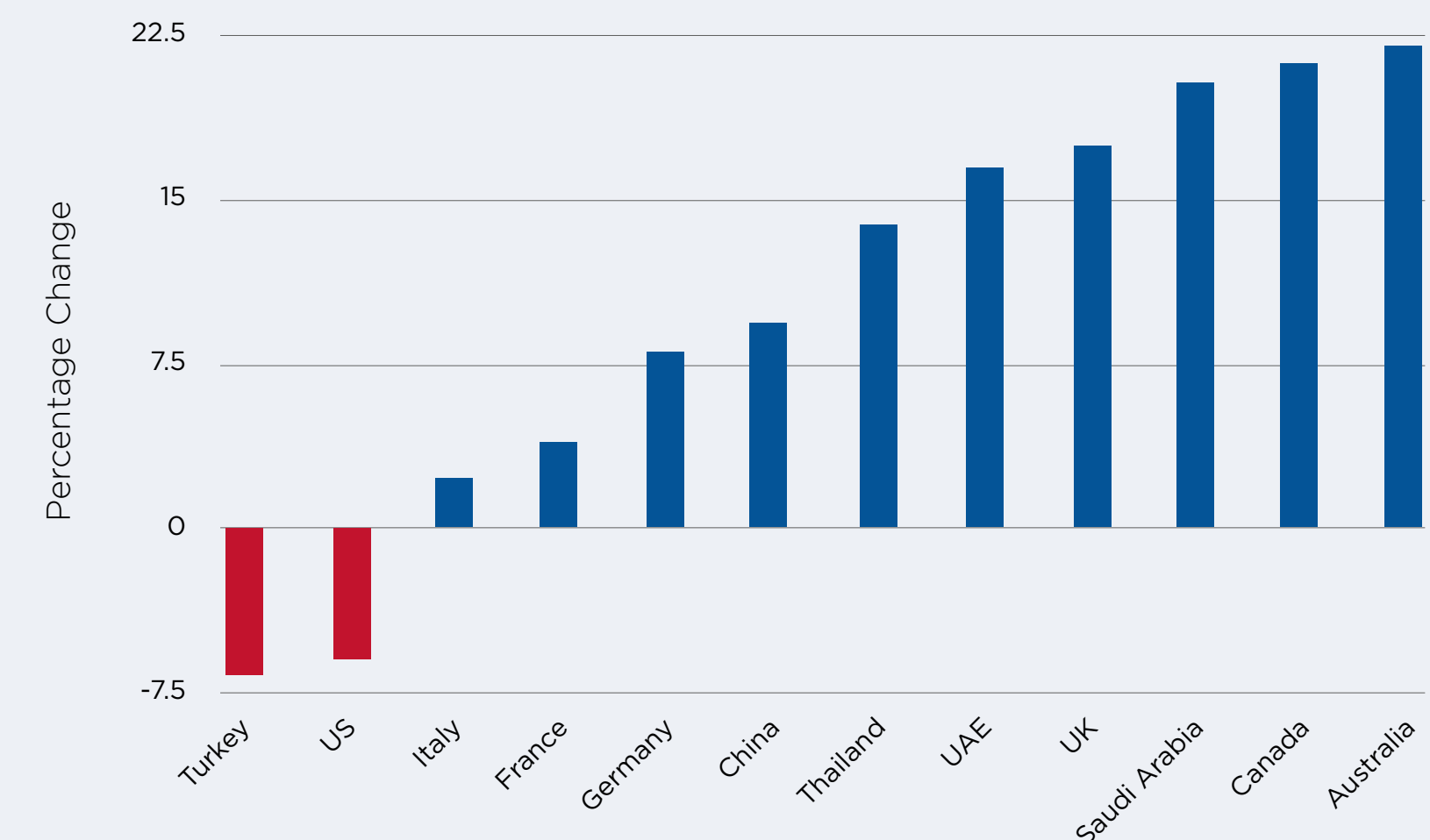
International tourism was up substantially in 2016-17, just not in the U.S. Of 12 popular destinations, 10 experienced increases (13.5 percent, on average).

Only two declined: the U.S. and Turkey.

Annual Export Value (2017, in billions)



Percentage Change in Arrivals



LOST BUSINESS AND JOBS

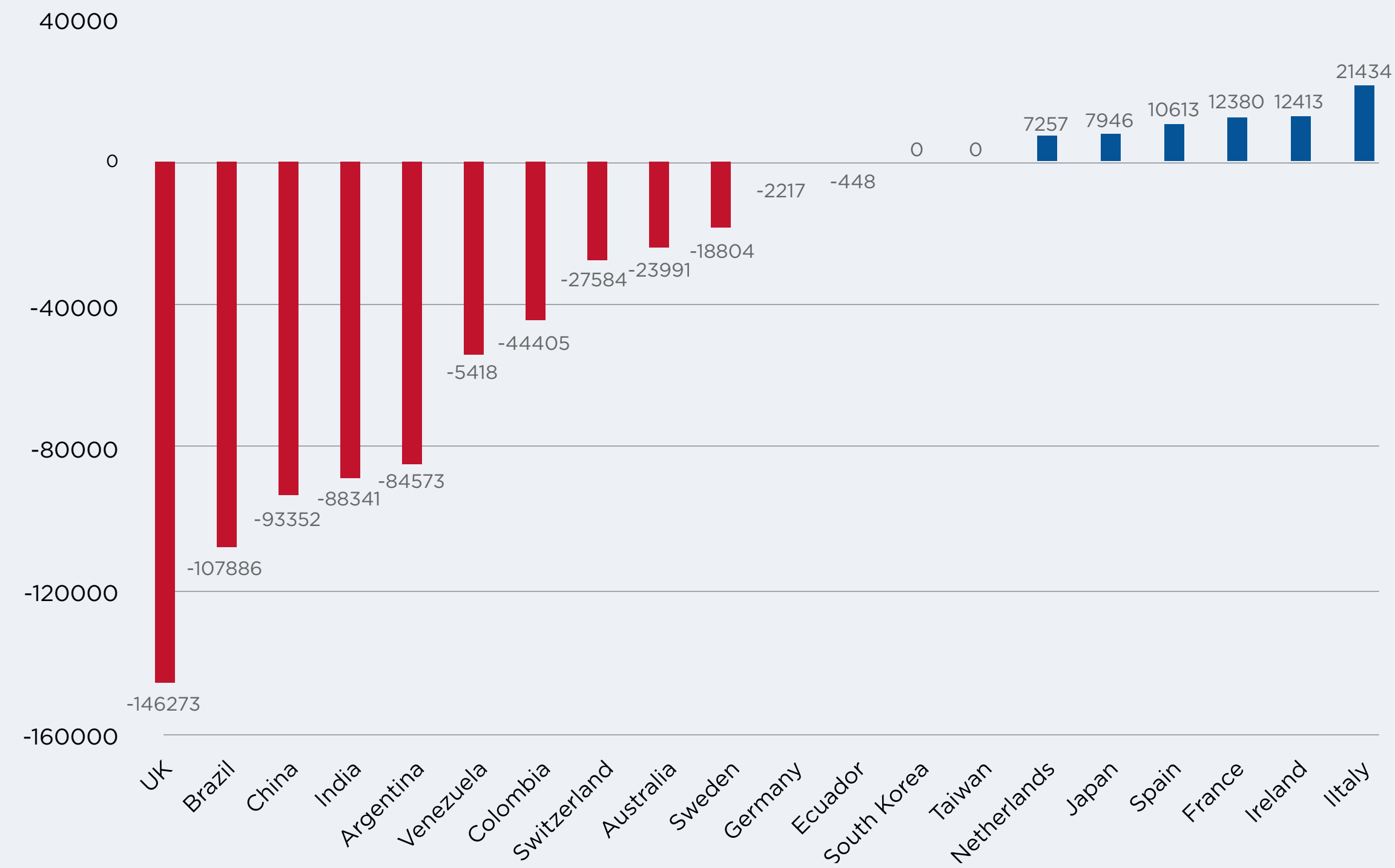
Pleasure travel fell by 6 percent, and total tourism fell by 4 percent.

From 2016 to 2017, we welcomed 3 million fewer visitors, including 146,000 fewer visits from the UK, 88,000 fewer visits from India, and 108,000 fewer visits from Brazil. Surveys indicate that visitors in each of those markets are worried about America’s political climate.

The result? Nearly \$5 billion in lost business and 40,000 lost jobs in 2017.

To put this in context, those 3 million visitors we lost could fill 7,212 more 747s or 750 cruise ships.

Difference in Number of Visitors to the U.S.
from Jan-July 2016 to Jan-July 2017,
Excluding Canada and Mexico



WHAT'S CAUSING THIS?

A strong dollar has hurt tourism intermittently over the past three years, but experts believe foreign visitors also worry about how they'll be treated here.

This matters, because 80 percent of travel to the U.S. is for pleasure (not work). They can switch easily to other destinations.

Bloomberg

Don't Blame All of Tourism's Decline on Trump. Just Most.

By Justin Fox

January 24, 2018

"[S]ome combination of Trump's extreme unpopularity overseas, tougher border and immigration enforcement, and the strong signals being sent by the president that people from certain countries aren't welcome are causing foreigners to stay away."

WHAT FOREIGN VISITORS ARE SAYING

Foreigners are still taking vacations. They're just visiting other places. Our market share of tourism is Australia, Brazil, France, Germany, India, Italy, and the UK dropped by double digits.

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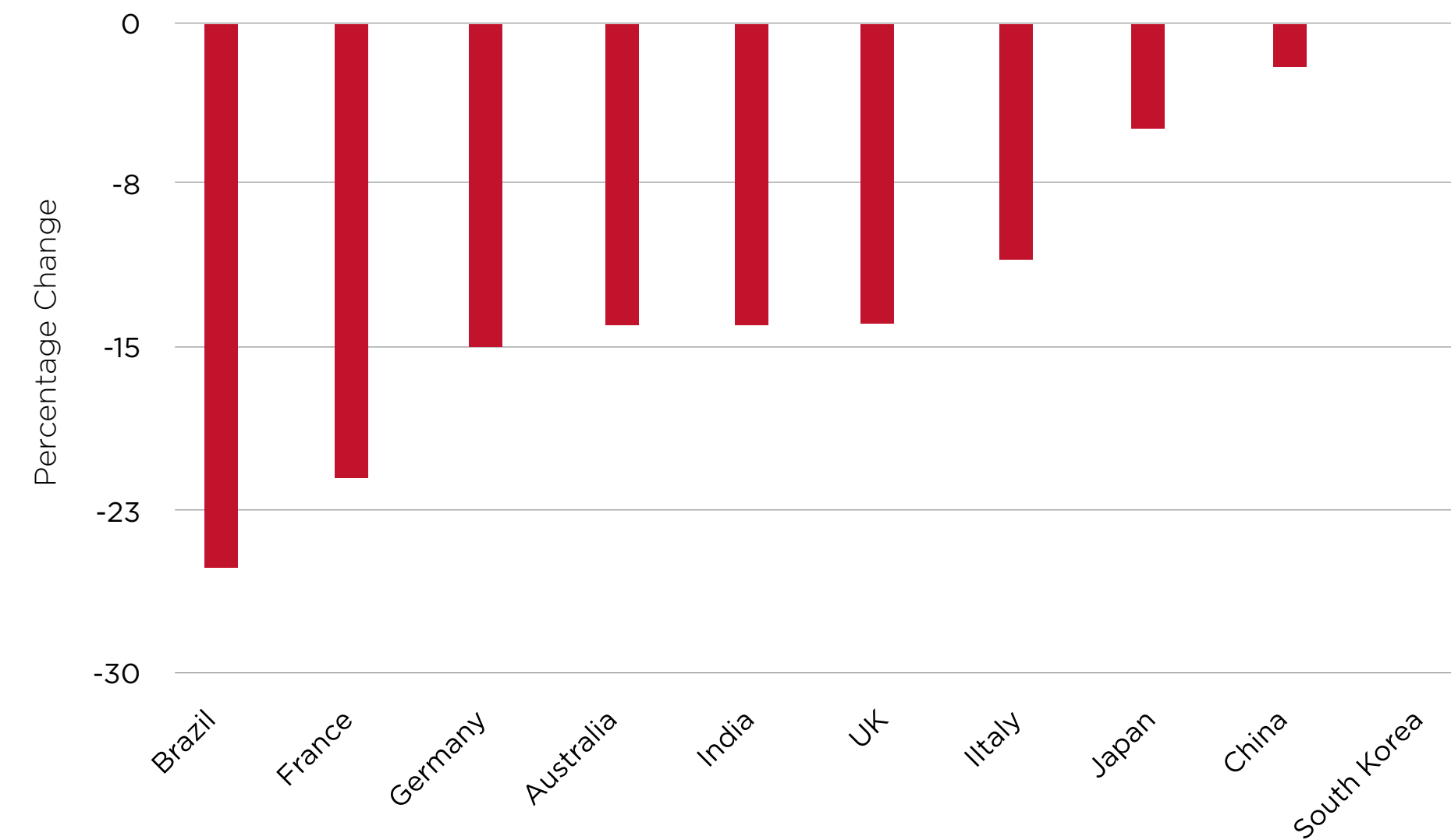
International travelers cite politics as factor in US trips.

By Associated Press

March 29, 2017

A survey for Brand USA asked travelers from 11 countries how the political climate influenced the likelihood of them visiting the U.S. in the next 12 months. Those saying the political climate made them less likely to visit increased from December to February among travelers from every country surveyed but China.

Drop in U.S. Travel Market Share Across 10 Countries



WHAT INDUSTRY LEADERS ARE SAYING

“[T]his will continue to be an issue for the U.S. as long as its leaders continue to spread the message that outsiders are not welcome... No amount of tourism marketing can overcome this.”

Jason Clampet, Editor-in-Chief, SKIFT, Travel News

“America isn’t winning when we’re falling behind our global competitors.”

Roger Dow, President, U.S. Travel

“At the moment there’s a perception around the world that the U.S. is a little less welcoming than it was in the past.”

Arne Sorenson, CEO, Marriott

“[T]he President’s continued rhetoric and policies weigh heavily on the international inbound market.”

Adam Sacks, President, Oxford Economics

“[A] very big part portion of the [Visit US campaign’s] work is to promote more balanced rhetoric.”

Jonathan Grella, EVP, US Travel Association

CASE STUDY 1: THE MUSLIM BAN

As a candidate, President Trump argued that “Islam hates us,” and called for a temporary ban of all Muslims entering the U.S. He signed his first travel ban a week after taking office. In May 2017, a U.S. appeals court ruled 10-3 against one of his revised bans, explaining it “drips with religious intolerance, animus, and discrimination.”

Muslims represent approximately one in four potential visitors to the U.S. His travel ban and rhetoric hurt bookings immediately and significantly — and not just among Muslims.

The
Economist

How Donald Trump affects America's tourist business

By Ben Popken

April 27, 2017

ForwardKeys, a travel-data firm, reported that in the week after Mr. Trump first tried to ban travel from seven Muslim-majority countries, international bookings dropped by 6.5% against the same period in 2016.

Hopper, a travel app, found that average daily searches for flights to America have declined in 99 countries since Mr Trump tried to issue his travel ban.... Tourism Economics, a forecaster, expects 2m fewer foreign visits to America this year, a 1% drop from 2016. Without Mr. Trump it had expected a 3% jump.

CASE STUDY 2: CANADA AND MEXICO

Canada is a competitor for tourists from Europe, Asia, and South America. Many of the visitors turned off by the U.S. are visiting Canada instead. Last year, foreign visits to Canada were up more than 20 percent, while visits to the U.S. were down more than 6 percent.

Mexico is traditionally our largest source of international visitors, representing about 26 percent of our total visitors each year. Visits from Mexico to the U.S. have dropped by 6.2 percent.

Bloomberg

Trump is Pushing Travelers North to Canada, Marriott CEO Says

By Katia Dmitrieva
November 1, 2017

“At the moment there’s a perception around the world that the U.S. is a little less welcoming than it was in the past,” [said Arne Sorenson, CEO, Marriott].

Bloomberg

Don’t Blame All of Tourism’s Decline on Mexico. Just Most.

By Justin Fox, 2018

“[The Mexican peso has] been holding [its] own against the U.S. dollar... So maybe it has something to do with a president who launched his campaign in 2015 by referring to Mexicans as drug dealers and rapists... While the visitors from Mexico... entered the country legally, they may still have good reason to fear that tougher immigration enforcement or anti-Hispanic sentiment in some places will make their visit less pleasant.”



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