

ISSUE BRIEF : Q3 2019 UPDATE

# THE “TRUMP SLUMP” IN TOURISM

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HOW INTOLERANCE IS HURTING  
AMERICA'S \$256 BILLION EXPORT



**BUSINESSFORWARD**  
FOUNDATION



# EXECUTIVE SUMMARY

International tourism is the United States' second largest export (after transportation equipment) and accounts for 10% of all U.S. exports.<sup>1</sup>

Foreign tourists contributed \$256 billion to the U.S. economy last year, directly supporting 1.2 million jobs.<sup>2</sup> In major cities like New York, foreign visitors spend four times more than domestic ones.<sup>3</sup>

80% of travel to the U.S. is for pleasure (not work), which means foreigners who do not feel safe or welcome in the U.S. can switch easily.<sup>4</sup>

America's standing in the world has fallen dramatically as a result of Trump's policies and rhetoric. Global confidence in the U.S. president fell from 55% under Obama to 27% under Trump.<sup>5</sup> The percent of the world that sees U.S. power as a major threat rose from 25% under Obama to 45% under Trump.<sup>6</sup>

The global tourism industry is booming, but not in the U.S. As America's share of the global tourism market falls, the U.S. will lose 14 million visits, \$59 billion in income, and 120,000 jobs this year alone.<sup>7</sup>

Trump's anti-immigrant and anti-Muslim policies and rhetoric are not the only things hurting U.S. tourism, but they are significant - and completely avoidable.

JULY 28, 2018

## INTERNATIONAL TRAVELERS CITE POLITICS AS FACTOR IN US TRIPS<sup>8</sup>

**AP** Associated Press

# WHAT THE U.S. TOURISM INDUSTRY IS SAYING



**A STRONG DOLLAR HAS HURT TOURISM INTERMITTENTLY OVER THE PAST THREE YEARS, BUT EXPERTS BELIEVE FOREIGN VISITORS ALSO WORRY ABOUT HOW THEY WILL BE TREATED HERE.**

“

**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.<sup>9</sup>**

”

**- ROGER DOW**  
PRESIDENT, U.S. TRAVEL ASSOCIATION

“

**[Trump's travel ban has a] potential dangerous ripple effect... People make (travel) choices based on policies, based on protests of those policies, based on fear. The fallout could be wide-ranging.<sup>10</sup>**

”

**- JONATHAN GRELLA**  
SPOKESMAN, U.S. TRAVEL ASSOCIATION

“

**[Germany surprised] with a steep decline [in U.S. travel] in 2018, perhaps evidence of a reaction to unpopular U.S. diplomacy and policies.<sup>11</sup>**

”

**- OXFORD ECONOMICS**

“

**We do think we need to have a more welcoming message.<sup>12</sup>**

”

**- TORI BARNES**  
E.V.P. OF U.S. TRAVEL ASSOCIATION

“

**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.<sup>13</sup>**

”

**- ARNE SORENSON**  
C.E.O., MARRIOTT

# INTERNATIONAL TOURISM IS AMERICA'S SECOND LARGEST EXPORT

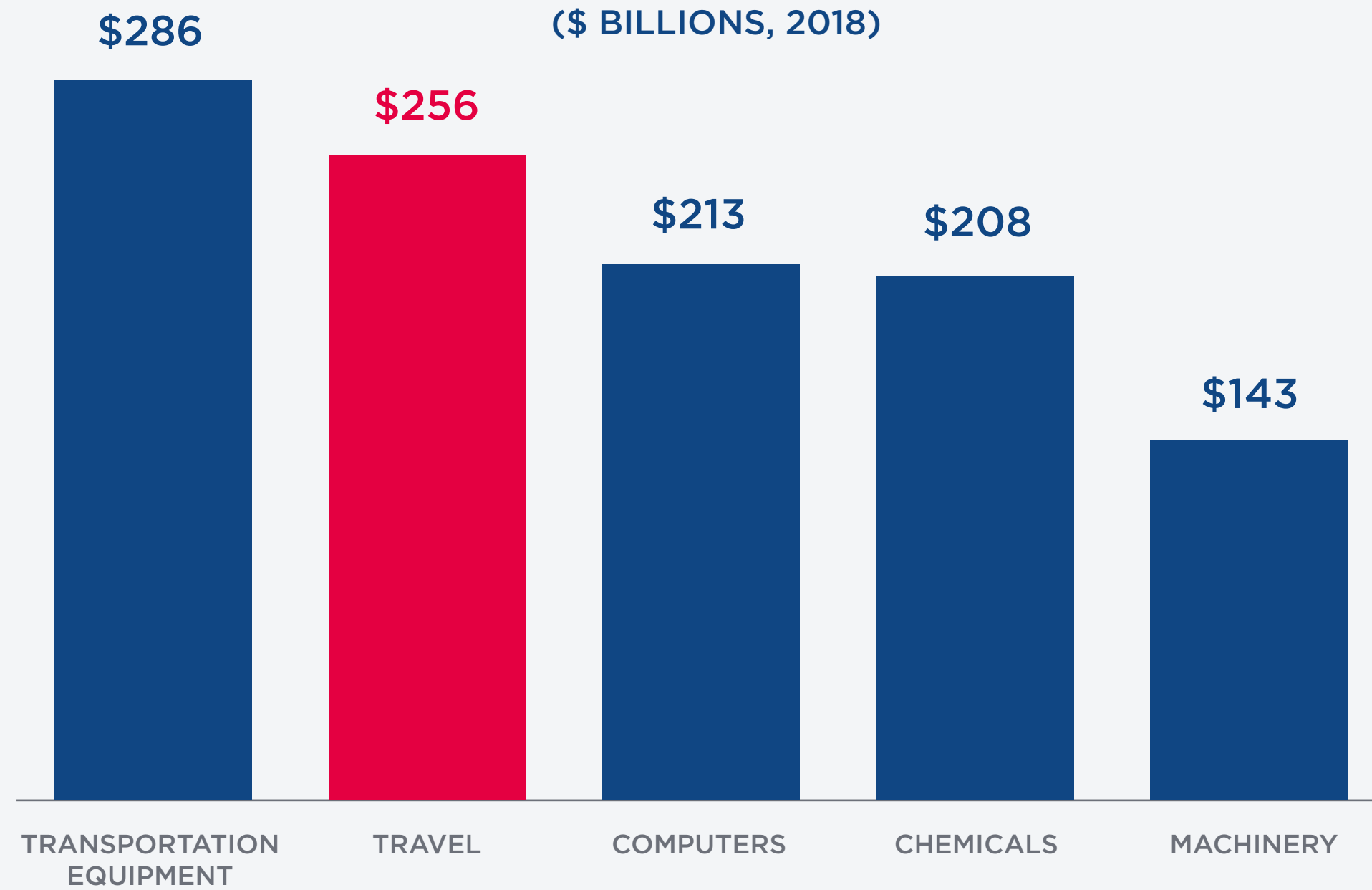
International tourism contributes \$256 billion to the United States' economy each year, making it our second largest export (after transportation equipment).<sup>14</sup>

## EXPORTS

International tourism accounts for 10% of all U.S. exports, more than agriculture, aerospace, autos, and pharmaceuticals.<sup>15</sup>

### TOP U.S. EXPORTS

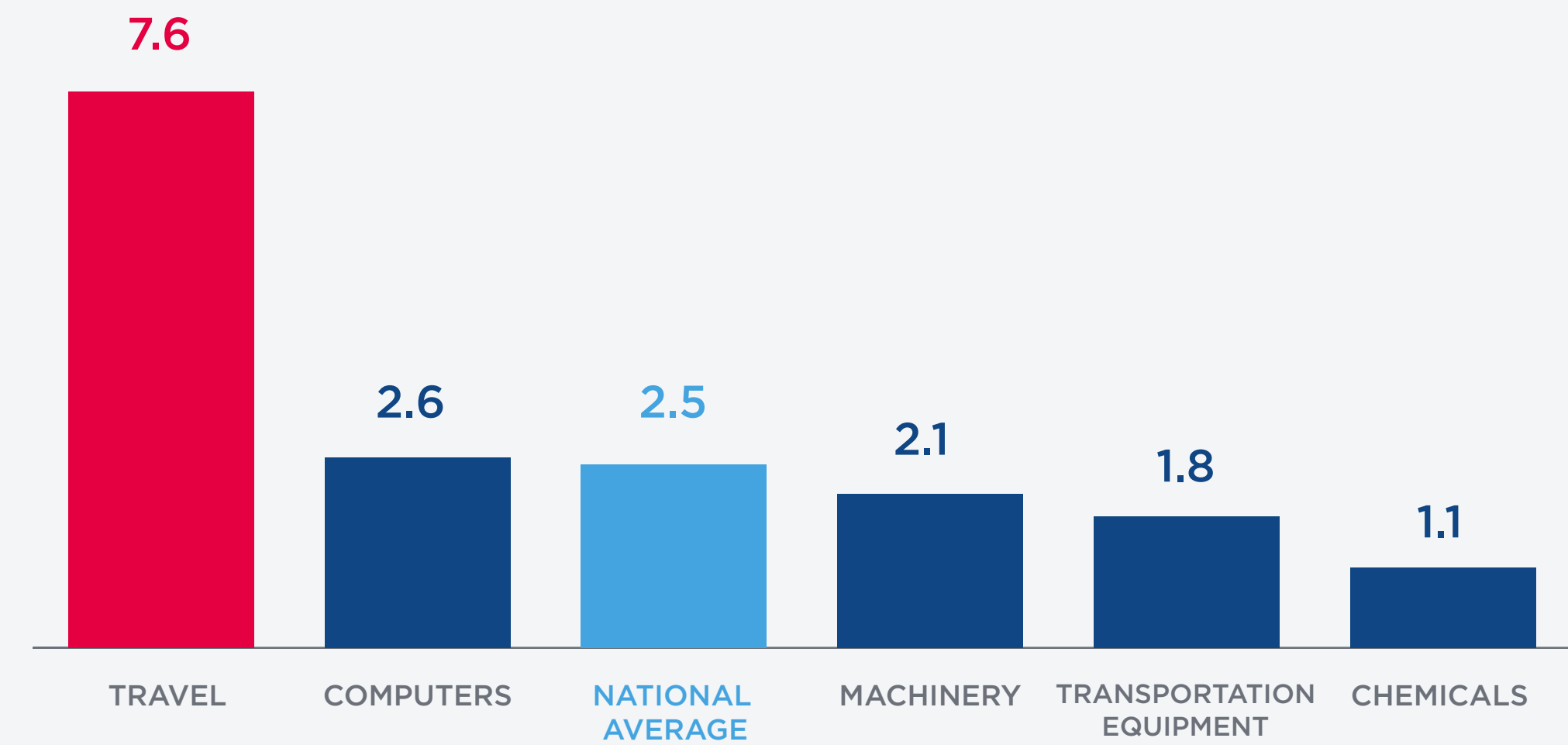
(\$ BILLIONS, 2018)



## JOB MULTIPLIER

Tourism is a job-intensive industry, supporting more jobs per export dollar than exports, on average, and the other top four export sectors.<sup>16</sup>

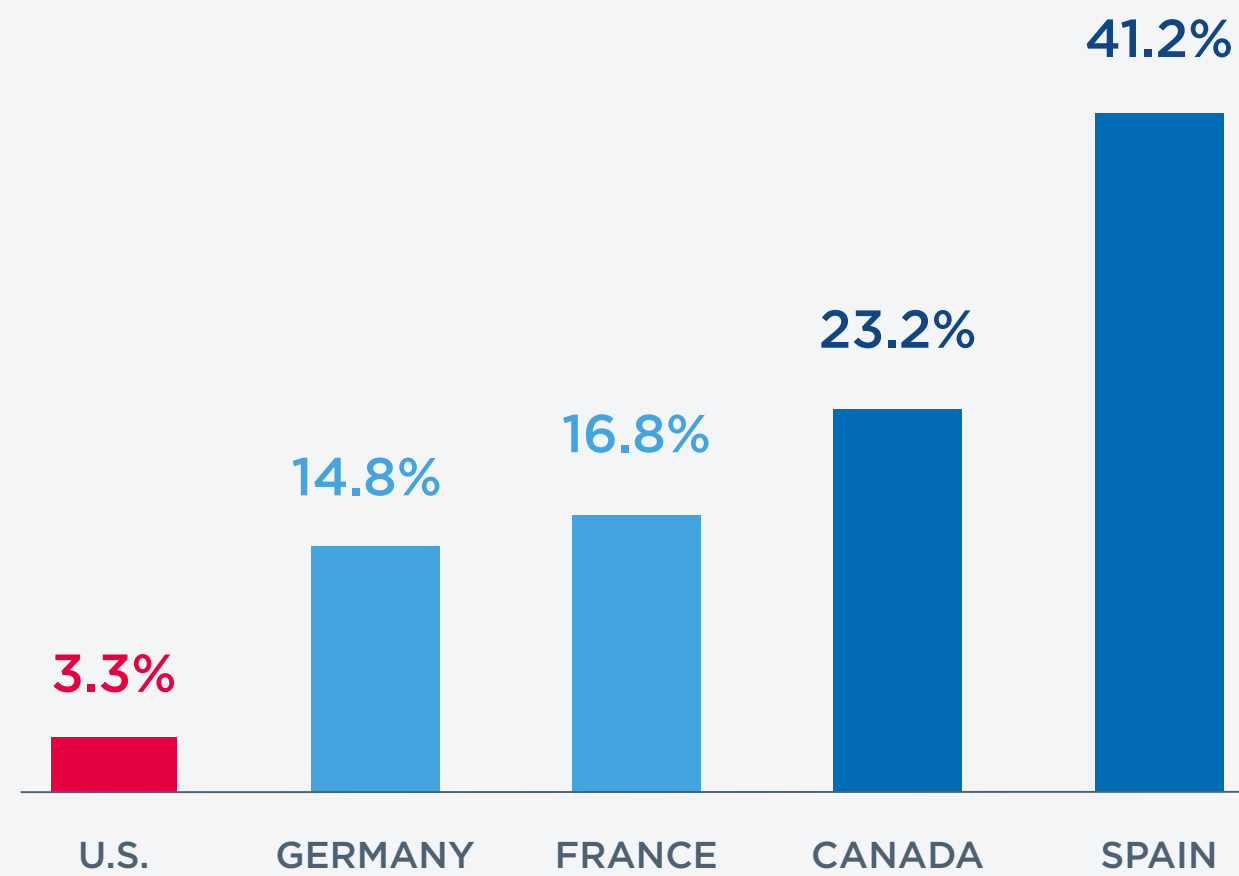
### JOBS SUPPORTED FOR EVERY \$1M IN EXPORTS



# U.S. TOURISM IS DECLINING

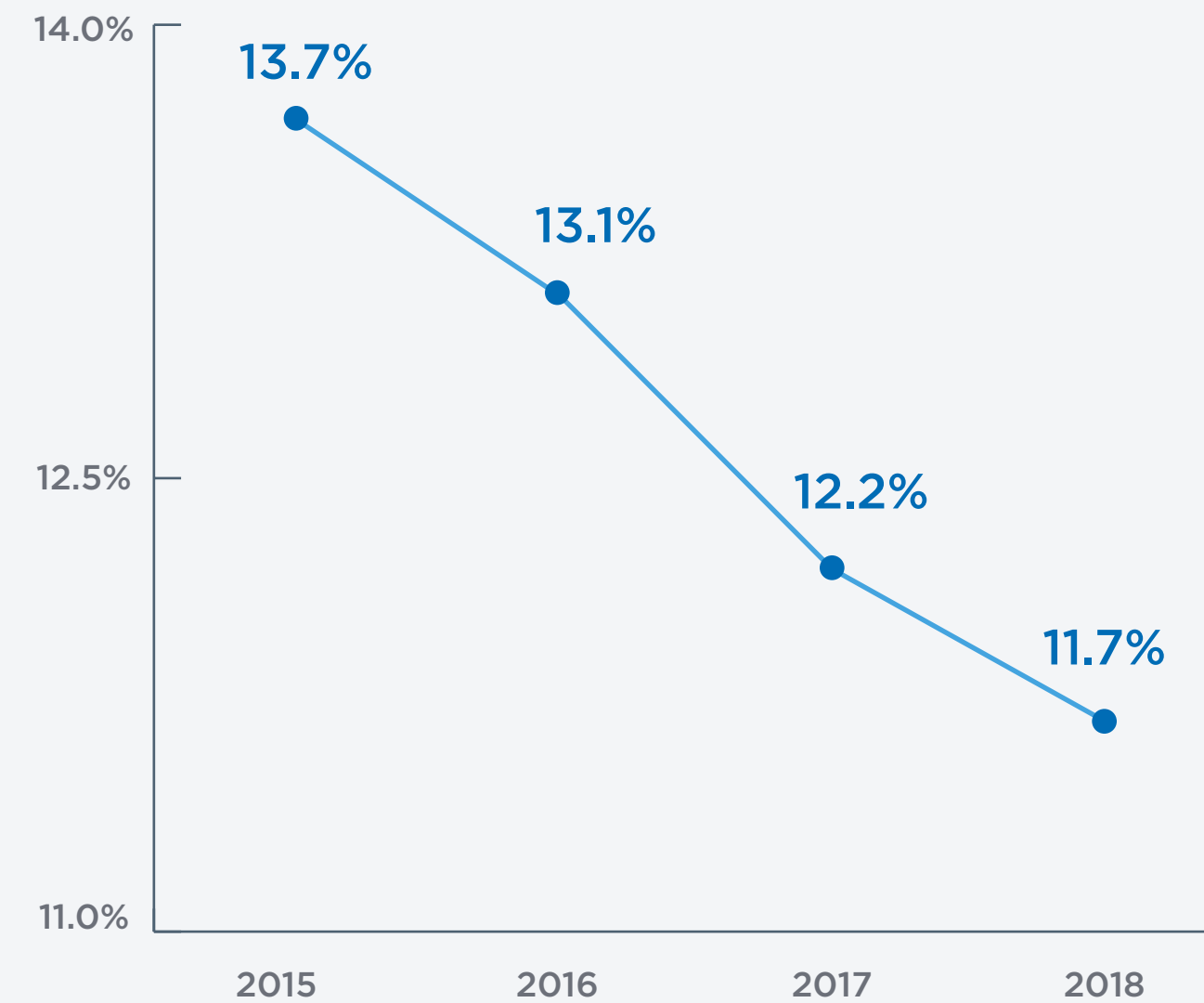
## INTERNATIONAL TOURISM IS GROWING...

PERCENT INCREASE IN LONG-DISTANCE TRAVELERS HOSTED (2015-2018)<sup>17</sup>



## ... BUT OUR SHARE IS DECLINING ...

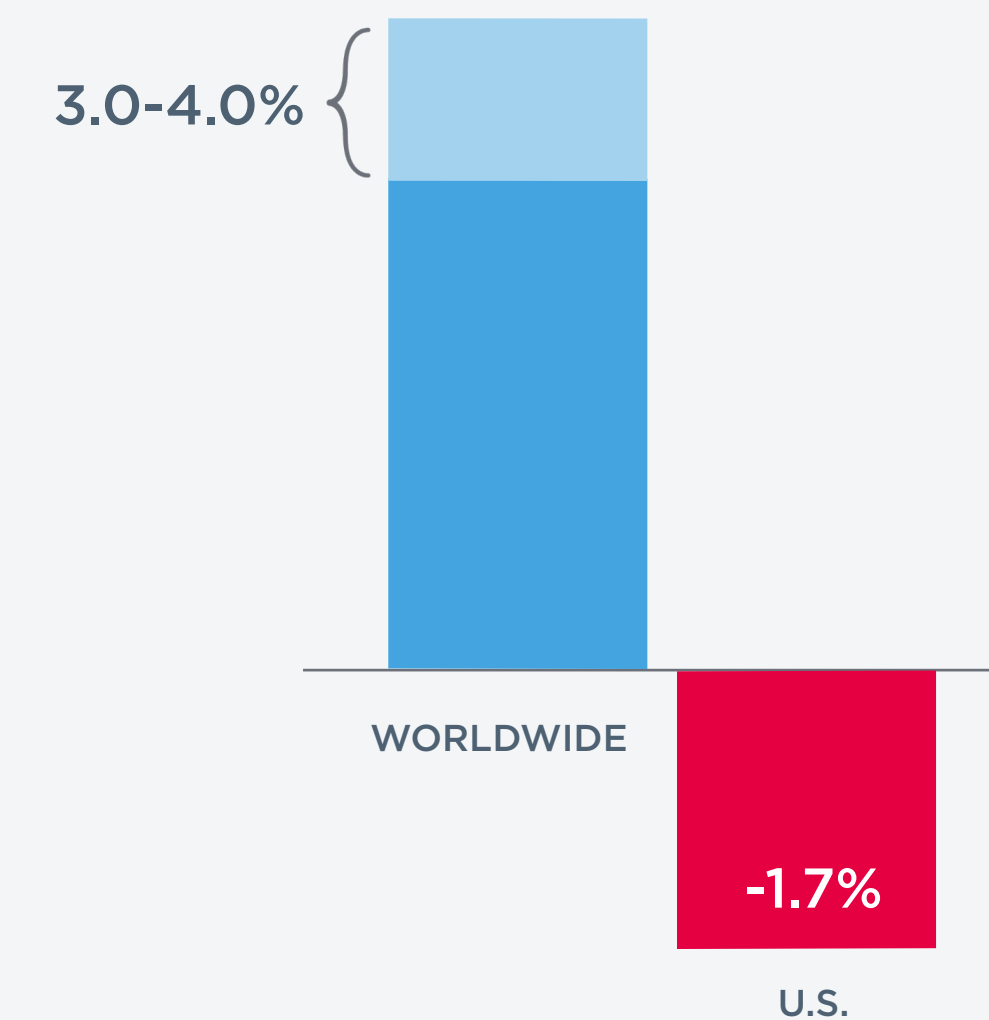
U.S. SHARE OF GLOBAL LONG-HAUL TRAVEL<sup>18</sup>



## ... AND IT'S GETTING WORSE.

During the first half of 2019, global tourism increased by 3 to 4%.<sup>19</sup> In the U.S., it fell by 1.7%.<sup>20</sup>

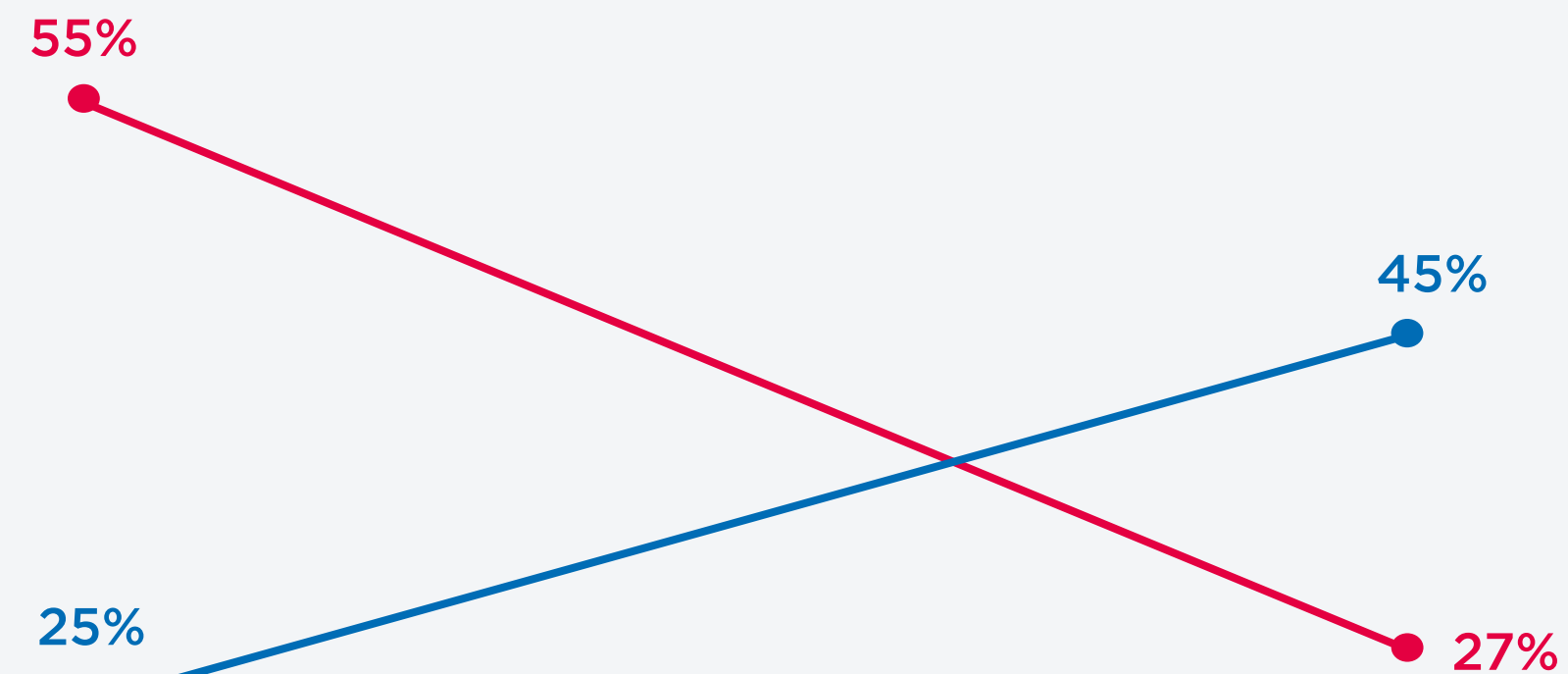
PERCENT CHANGE IN TOURISM (1H 2019)



# TRUMP'S RHETORIC HURTS U.S. TOURISM

## AS THE WORLD TURNS ON TRUMP, AMERICA'S FAVORABILITY SUFFERS...

### GLOBAL OPINION OF THE U.S.



OBAMA  
(2013)

TRUMP  
(2018)

■ % THAT HAVE CONFIDENCE IN THE PRESIDENT<sup>21 22</sup>

■ % THAT SEE U.S. POWER & INFLUENCE AS A MAJOR THREAT<sup>23</sup>

## ... AND AMERICAN TOURISM ALONG WITH IT.

JANUARY 24, 2018  
JUSTIN FOX

### DON'T BLAME ALL OF TOURISM'S DECLINE ON TRUMP. JUST MOST.

"Some 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 is causing foreigners to stay away."<sup>24</sup>

**Bloomberg**

## TRUMP BORDER POLICIES HAVE CAUSED ADDITIONAL DAMAGE.

JANUARY 6, 2018  
NICOLE RODRIGUEZ

### TRUMP'S ANTI-IMMIGRATION RHETORIC, POLICIES KILLING TOURISM TO THE U.S., INDUSTRY ANALYSTS SAY

"The administration has also slowed the visitor visa process, placing applications in "administrative processing" and thus forcing them to undergo increased security scrutiny... [The] slowdown likely has deterred travelers from coming to the U.S."<sup>25</sup>

**Newsweek**

# LOST THIS YEAR? 14 MILLION VISITS, \$59 BILLION IN REVENUE, AND 120,000 JOBS

Eighty percent of travel to the U.S. is for pleasure (not work), which means visitors can switch easily to other destinations.<sup>26</sup> One in five U.S. visitors is Mexican.<sup>27</sup> When Trump calls Mexicans rapists, Mexican tourists switch their ski vacations from Vail to Vancouver.

The recent drop in America's share of the global tourism market (2018 vs. 2015) represents 14 million lost visits, \$59 billion in lost income, and 120,000 lost jobs this year.<sup>28</sup>

As the U.S. Travel Association has noted, that loss is equal to losing 30 auto plants.<sup>29</sup>

**80%**  
OF TRAVEL TO  
THE U.S. IS  
FOR PLEASURE



**1 IN 5 VISITORS  
IS MEXICAN**

**14M**  
LOST VISITS

=

**\$59B**  
LOST INCOME

&

**120K**  
LOST JOBS

THE EQUIVALENT OF



CLOSED AUTO PLANTS



# CASE STUDY: THE MUSLIM TRAVEL BAN

As a candidate, Trump argued that “Islam hates us,” and called for a temporary ban on 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.”<sup>30</sup>

MUSLIMS REPRESENT  
APPROXIMATELY

**1 IN 4**  
POTENTIAL VISITORS

His travel ban and rhetoric hurt bookings immediately and significantly – and not just among Muslims.

“

I am concerned. It’s the tone of it. We have brought millions of Muslims to the United States, but now they may not feel welcome, they may look at going on holiday elsewhere.<sup>31</sup>

”

- TIM CLARK  
PRESIDENT, EMIRATES AIR



VOTED BEST AIRLINE  
IN THE WORLD IN 2017

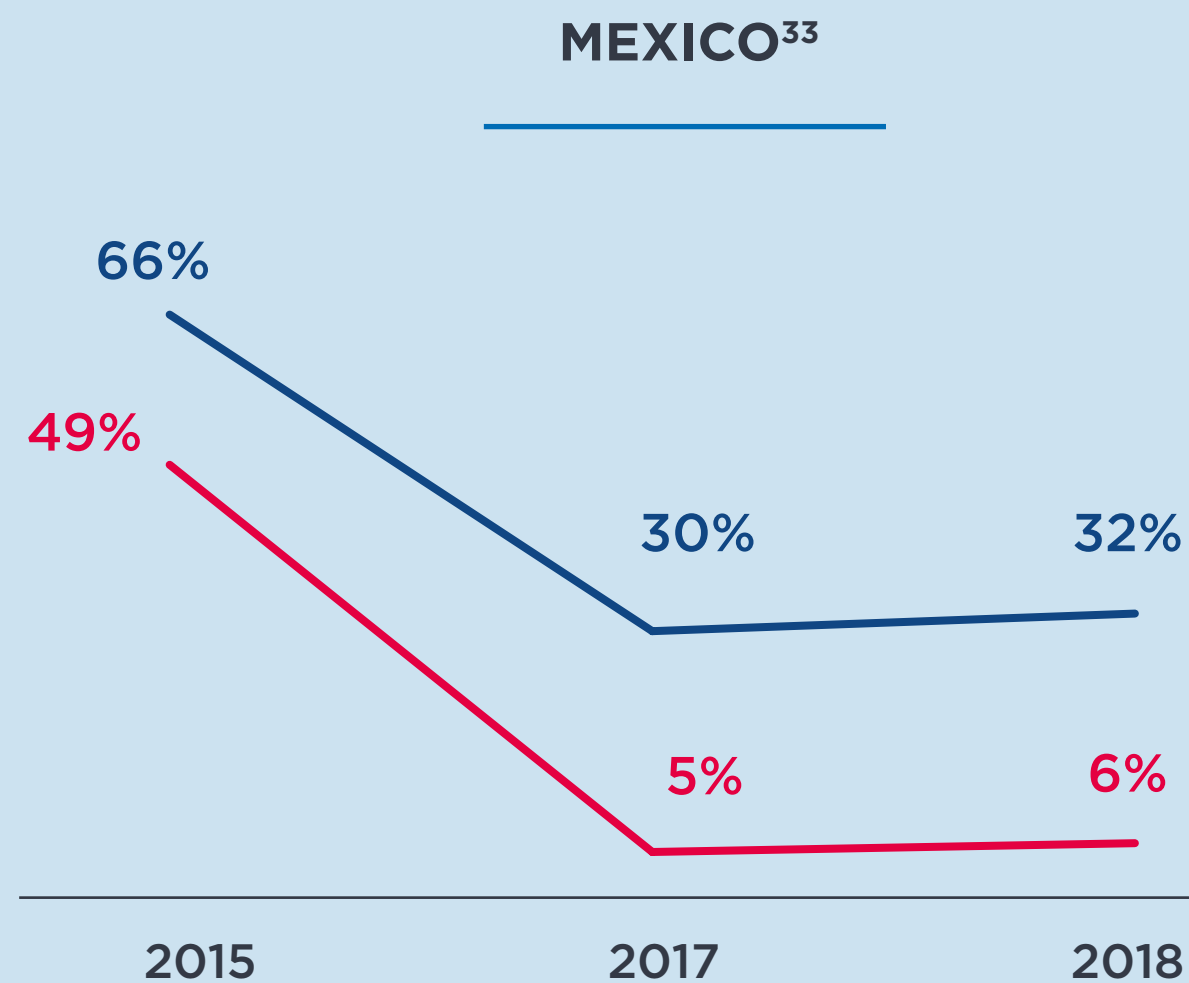
AND CONSISTENTLY RANKS IN  
THE TOP 5 ON LISTS BY  
TRIPADVISOR AND SKYTRAX



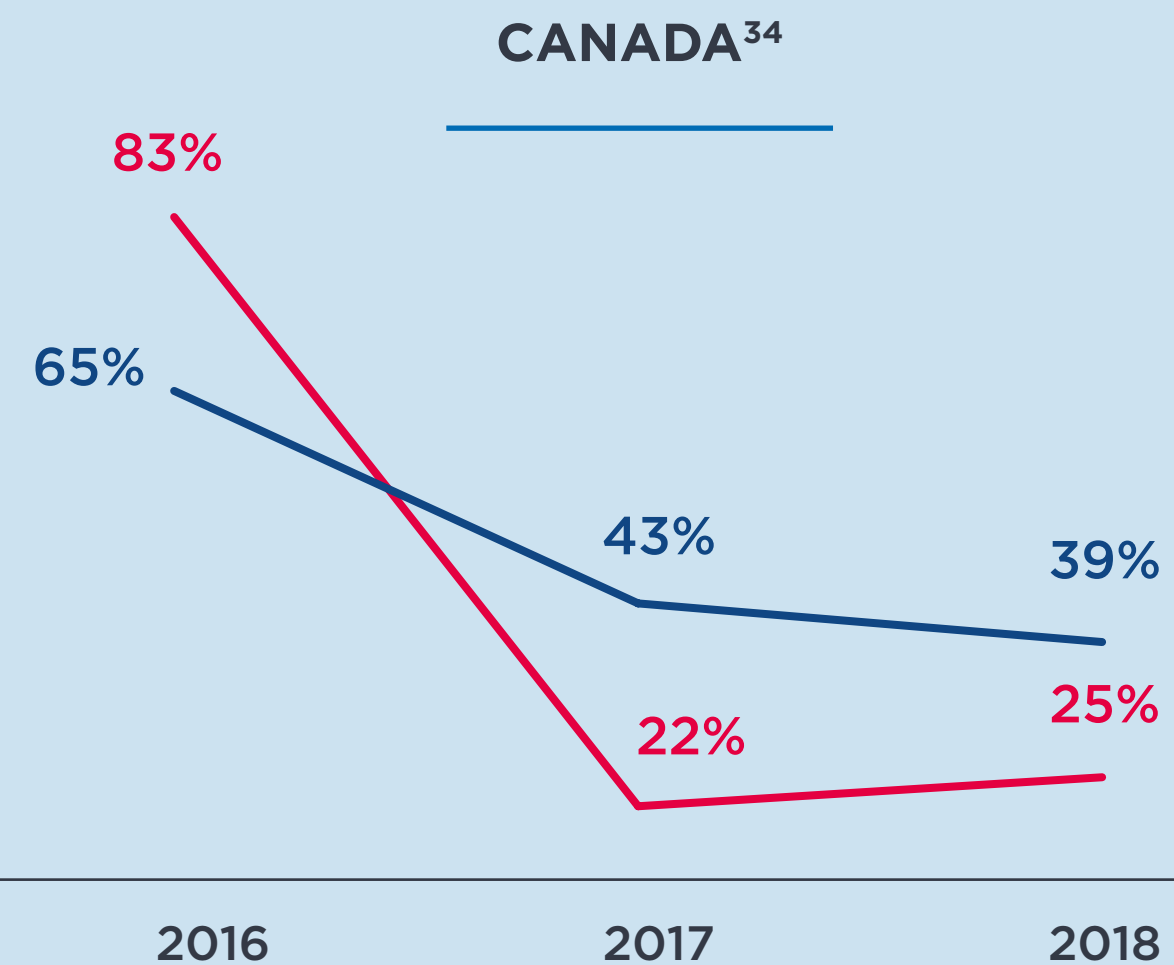
# CASE STUDY: NORTH AMERICA

ABOUT HALF OF INTERNATIONAL VISITS TYPICALLY COME FROM CANADA AND MEXICO.<sup>32</sup>

AS THE UNITED STATES' STANDING WITH ITS NEIGHBORS HAS FALLEN, TOURISM HAS FALLEN WITH IT.



■ % THAT HAVE CONFIDENCE IN THE PRESIDENT  
■ % THAT HAVE A FAVORABLE VIEW OF THE U.S.



■ % THAT HAVE CONFIDENCE IN THE PRESIDENT  
■ % THAT HAVE A FAVORABLE VIEW OF THE U.S.

SEPTEMBER 6, 2019

## THIS IS WHY AMERICA'S TRAVEL BUSINESS IS WORRIED

“Meanwhile, the disputes between Mexico and the United States appear to be slowing travel between the two countries.”<sup>35</sup>



NOVEMBER 1, 2017  
KATIA DMITRIEVA

## TRUMP IS PUSHING TRAVELERS NORTH TO CANADA, MARRIOTT CEO SAYS<sup>36</sup>

**Bloomberg**

# CASE STUDY: CHINA

# #5

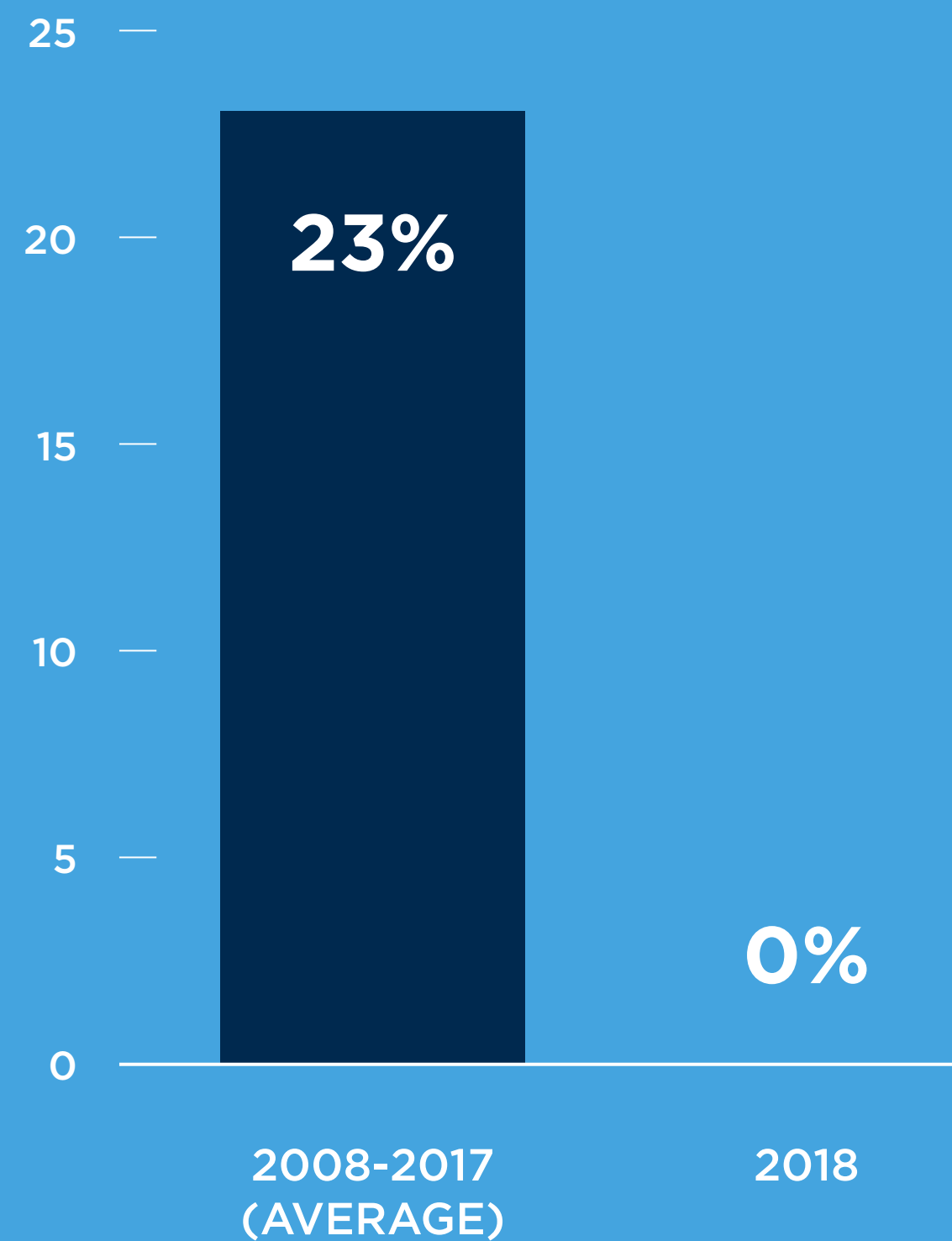
IN NUMBER OF VISITS  
EACH YEAR TO THE U.S.<sup>37</sup>



CHINESE TOURISTS SPEND  
MORE THAN \$7,000  
PER VISIT, ON AVERAGE.

THAT'S \$3,000 MORE  
THAN THE AVERAGE  
FOREIGN TOURIST.<sup>38</sup>

ANNUAL GROWTH IN TRAVEL  
FROM CHINA TO U.S.<sup>39</sup>



“

The trade dispute between the United States and China is a major factor in the travel fall-off...We're seeing a significant shift in Chinese attitudes about U.S. travel.<sup>40</sup>

”

- TORI BARNES  
E.V.P. OF U.S. TRAVEL ASSOCIATION

“

Someone should care about this as much as they care about U.S. auto manufacturing or agriculture...<sup>41</sup>

”

- ADAM SACKS  
PRESIDENT, TOURISM ECONOMICS/  
OXFORD ECONOMICS



## ADDITIONAL RESOURCES

For additional information about the number of tourist visits, total U.S. tourism exports, and other export data, see the U.S. Department of Commerce's: <https://www.commerce.gov/tags/travel-and-tourism>.

For industry analysis, including tourism's contribution to the U.S. economy and factors affecting America's share of the global tourism market, see U.S. Travel Association ([www.ustravel.org](http://www.ustravel.org)), Oxford Economics ([www.oxfordeconomics.com](http://www.oxfordeconomics.com)), and Tourism Economics ([www.tourismeconomics.com](http://www.tourismeconomics.com)).

For additional information on global tourism market share, see the World Tourism Organization (<https://www2.unwto.org>).

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