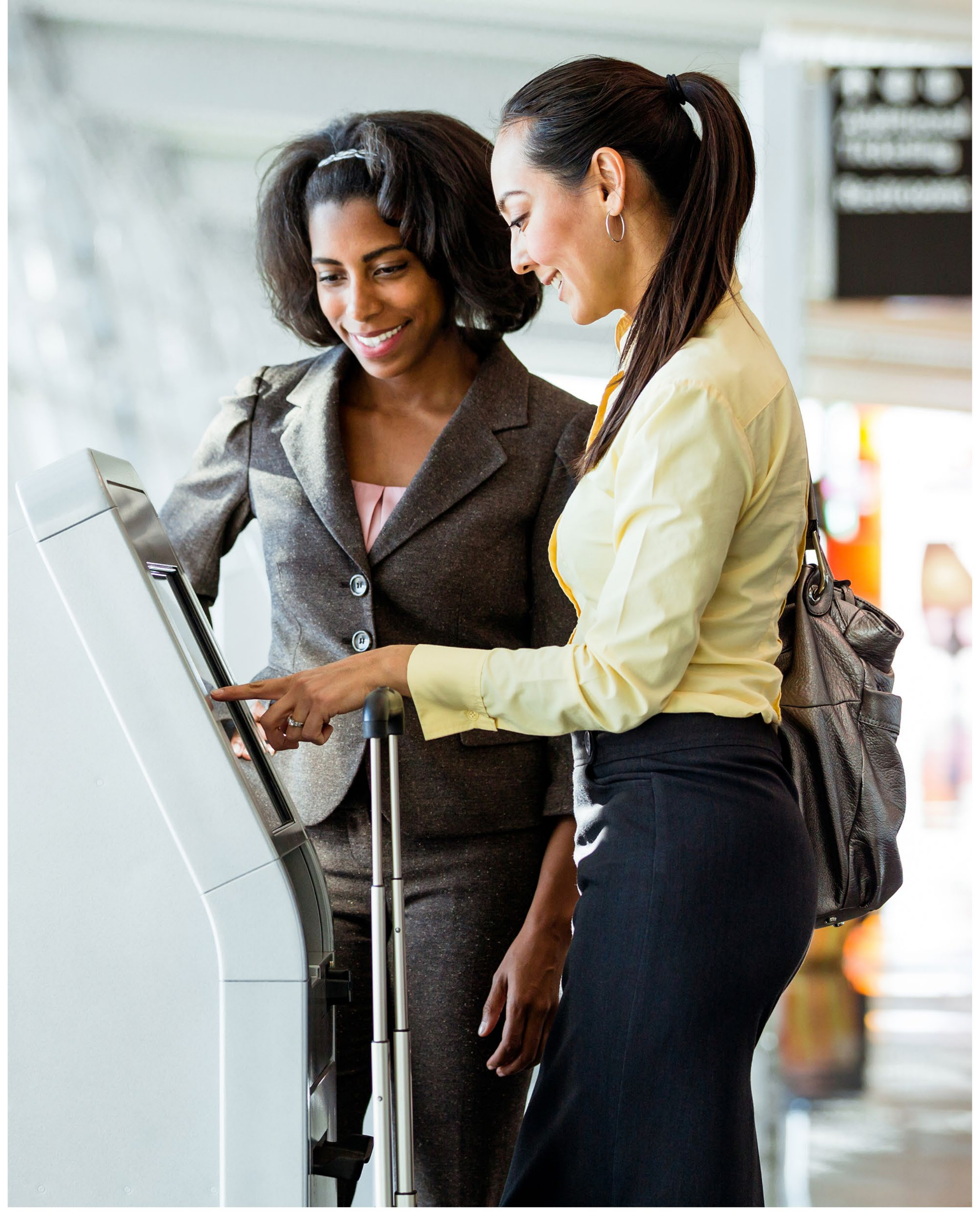



INTERNATIONAL INBOUND TRAVEL

Overview of the latest trends, forecast & sentiment of international visitors to the U.S.

Updated August 2022

INTERNATIONAL INBOUND TRAVEL

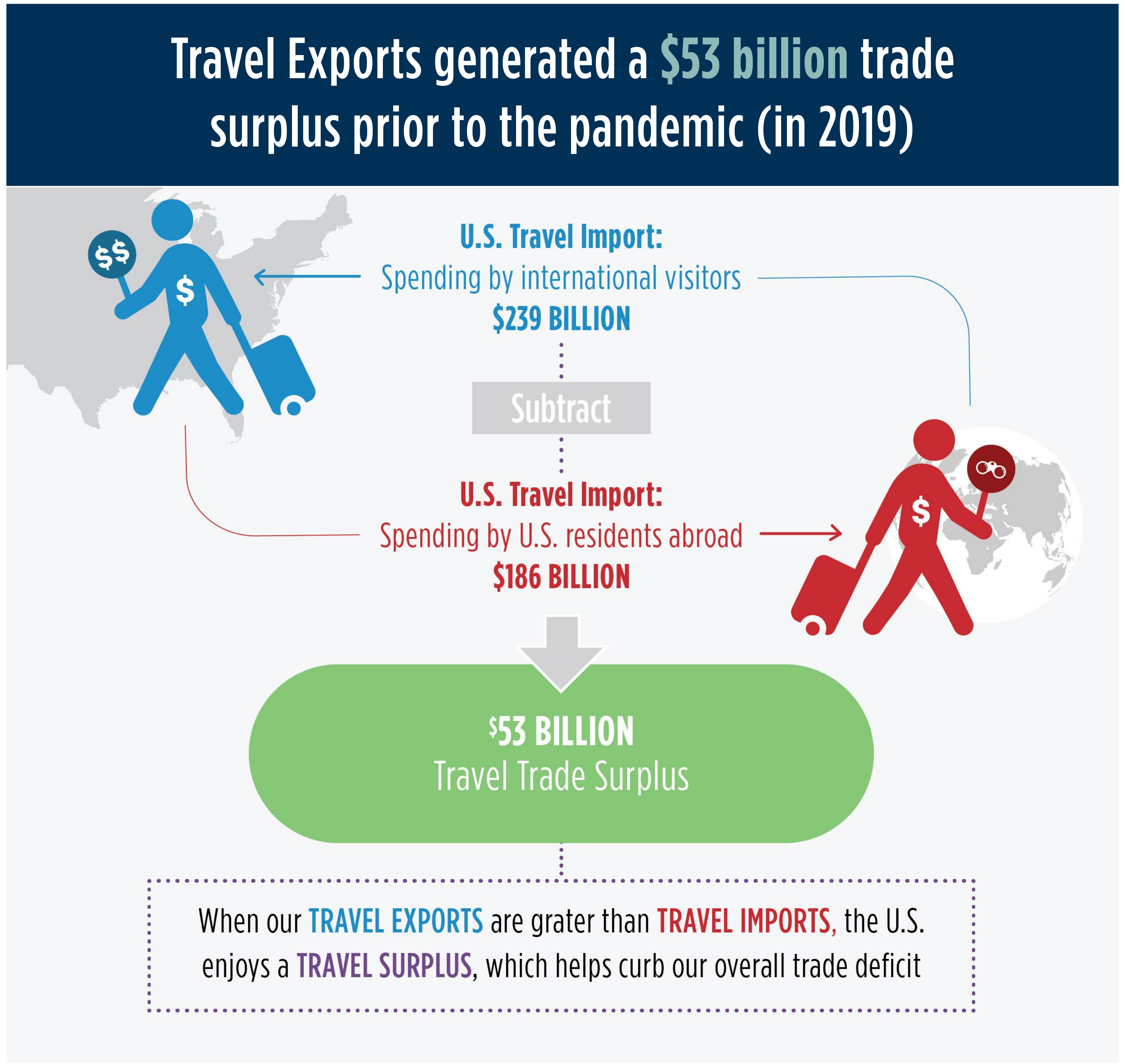
- Inbound travel was brought to a **halt** in **March 2020**
- It has since partially recovered, **but a full recovery is not expected until 2025**

THIS SLIDE DECK WILL ADDRESS THE FOLLOWING:

- Why is inbound travel so critical for the U.S. economy?
- How has the pandemic impacted the regional breakdown of travelers to the U.S.?
- What was the impact of the reopening of our border to all travelers?
- What are the latest trends through July 2022, and forecasts for 2022 and beyond?
- What are the key characteristic of inbound travelers?
- How has travelers' sentiment shifted in recent years and months?

INTERNATIONAL TRAVEL: A KEY U.S. EXPORT

- **International inbound travel is crucial for the U.S. economy**
- **International travelers stay longer and spend more**
  - In 2019, each overseas travelers spent approximately $3,700 when they visited the U.S. and stayed an average of 17 nights
- International visitor spending also plays a key role in lowering the U.S. trade deficit
  - There were 79 million international visitations (40 million from overseas) prior to the pandemic (2019)
  - These visitors spent billions of dollars in the U.S., **creating export income for the U.S. economy**
  - **Travel exports totaled $239 billion*** prior to the pandemic, making it our largest services export. With travel exports larger than travel imports, **the U.S. generated a travel trade surplus of $53 billion.**
  - **Without travel, our overall trade deficit of $576 billion would have been $630 billion, or 9.3% higher**



Source of historic visitation and spending data throughout this deck: U.S. Department of Commerce (BEA for spending/trade and NTTO for visitations)

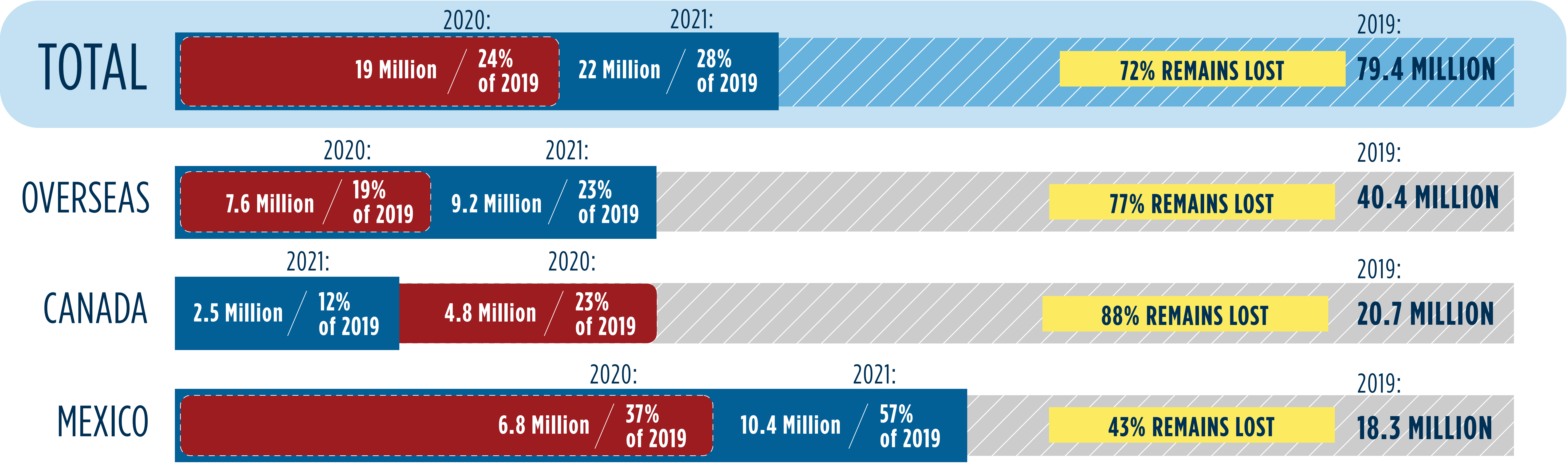
*including student/health/worker spending

THE PANDEMIC BROUGHT INBOUND TRAVEL TO A HALT

Visitations **fell to just 24%** of pre pandemic levels in 2020 and **28% in 2021** — **72% remained lost**

- **Overseas visitations** were at just 23% of pre pandemic levels in 2021—**77% remained lost**
- **Visitations from Canada** suffered particularly strong declines due to the land border closure as well as stiff Canadian regulations on inbound travel of visitors and residents alike (affecting air travel as well) —**88% remained lost in 2021**
- **Visitations from Mexico** performed better, due to a lack of restrictions on the Mexican side and unrestricted air access into the U.S. —'only' **43% remained lost in 2021**

INTERNATIONAL ARRIVALS FELL DRASTICALLY IN 2020 AND REMAINED FAR BEHIND IN 2021



AND THE U.S. LOST MORE THAN $300 BILLION IN POTENTIAL TRAVEL EXPORTS

- **The U.S. lost more than $150 billion in potential travel exports** in each of the last two years (2020 and 2021), for a **combined loss of $315 billion**
- In 2021, our travel trade surplus was just **$6 billion (compared to $53 B in 2019)**

SPENDING BY INTERNATIONAL VISITORS TO THE U.S. ($ BILLIONS)	2019	2020	2021	COMBINED LOSSES IN 2020 AND 2021
Total Travel Exports*	$239 billion	$84 billion	$80 billion	$315 billion
Of which: General travel spending + passenger fares	$181 billion	$38 billion	$40 billion	$283 billion

2021
EXPORTS: $80 BILLION
IMPORTS: $74 BILLION
BALANCE: $6 BILLION

* Total travel exports include education/health/workers spending.

BUT THERE WERE VAST DIFFERENCES AMONG INBOUND MARKETS

- While travel from all markets stalled at the start of the pandemic, **some markets**—notably those that were not included in the U.S. travel ban and didn't have significant local travel restrictions—**recovered quickly while most others continued to stagnate**
- **Air travel from Mexico and the rest of Latin America performed exceptionally well in 2021** while travel from other regions stalled
- As a result, **our top markets changed dramatically**—in favor of those in Latin America—as did the regional distribution of visitors
- Following the opening of our borders in November 2021, travel from **Europe started to recover, but travel from much of Asia remained far behind** as a result of local restrictions and ongoing pandemic-related fears

Top Markets

2019	OCT 2021	JUL 2022
1 Canada	**1** Mexico	**1** Canada
2 Mexico	**2** Canada	**2** Mexico
3 United Kingdom	**3** Colombia	**3** United Kingdom
4 Japan	**4** Ecuador	**4** France
5 China	**5** Argentina	**5** Germany
6 South Korea	**6** Dominican Republic	**6** India
7 Brazil	**7** Peru	**7** Brazil
8 Germany	**8** Chile	**8** South Korea
9 France	**9** Guatemala	**9** Colombia
10 India	**10** Costa Rica	**10** Italy

✔ Apart from our neighbors, Canada and Mexico, **none of our top 10 markets in 2019 remained top 10 markets in October 2021** (prior to the reopening). Instead, eight new markets made the list.

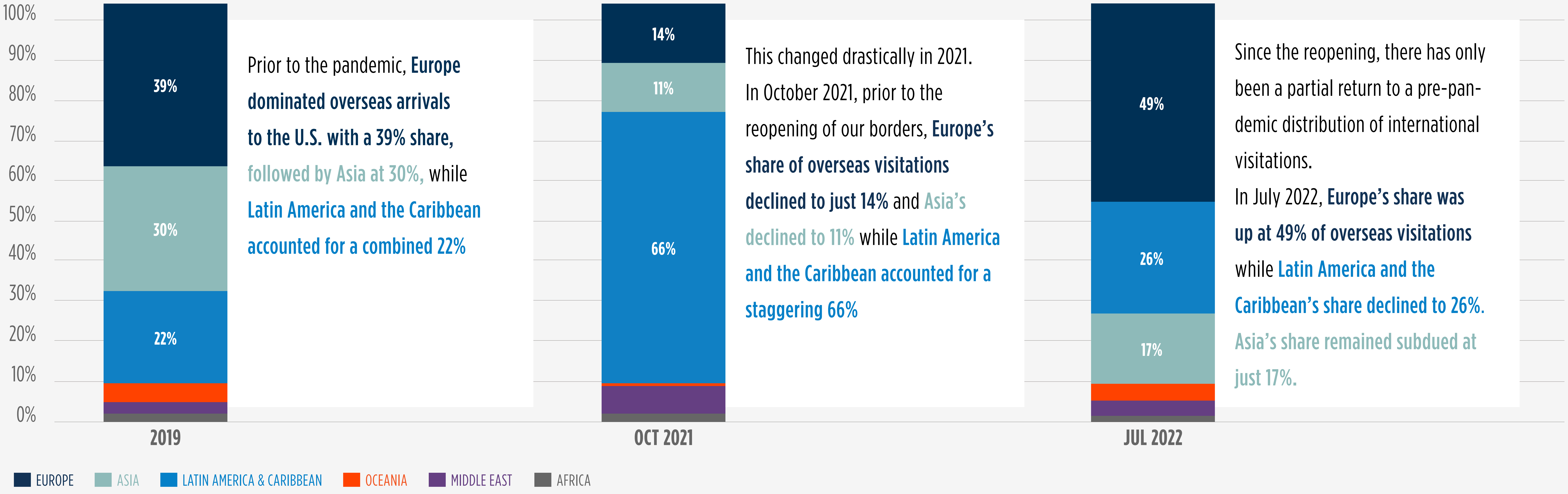
✔ **This changed soon after the reopening when top European, but not Asian, markets returned.**

✔ By July 2022, all of our top markets returned except for China and Japan.

UPDATED FOR JULY 2022

LEADING TO A SHIFT IN THE REGIONAL DISTRIBUTION OF OVERSEAS VISITORS

CHANGES IN REGIONAL DISTRIBUTION OF OVERSEAS* VISITS TO THE U.S.



Prior to the pandemic, **Europe dominated overseas arrivals to the U.S. with a 39% share,** followed by Asia at 30%, while Latin America and the Caribbean accounted for a combined 22%

This changed drastically in 2021. In October 2021, prior to the reopening of our borders, **Europe's share of overseas visitations declined to just 14%** and Asia's declined to 11% while Latin America and the Caribbean accounted for a staggering 66%

Since the reopening, there has only been a partial return to a pre-pandemic distribution of international visitations.
In July 2022, **Europe's share was up at 49% of overseas visitations** while Latin America and the Caribbean's share declined to 26%. Asia's share remained subdued at just 17%.

*Overseas travel to the U.S. includes travel from all countries EXCEPT Canada and Mexico

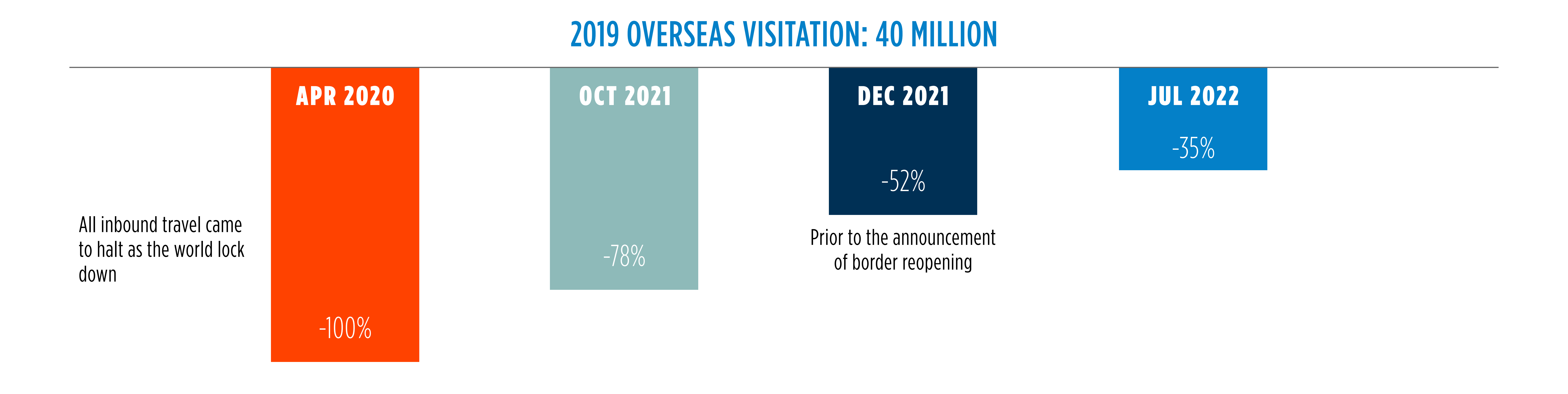
SINCE THE REOPENING OF OUR BORDERS IN NOVEMBER, OVERSEAS TRAVEL HAS BEGUN TO RECOVER

The reopening of our borders to travelers from all countries in November 2021 saw the return of market share to some of our historically top markets. European markets such as the U.K. and Germany began to recover and rejoined the top 10 list. But many Asian markets remained stagnant, due to lingering restrictions in key markets in that region

As a result, total overseas travel recovered from -78% (vs 2019) in October 2021 to **'only'** -51% in December 2021 and -35% in July 2022

- **By July 2022, Latin America and Europe both recovered to 'only' 22% below 2019 levels while Asia Pacific was still at -61%**

OVERSEAS TRAVEL TO THE U.S. HAS RECOVERED NEARLY TWO THIRDS OF ITS LOSSES

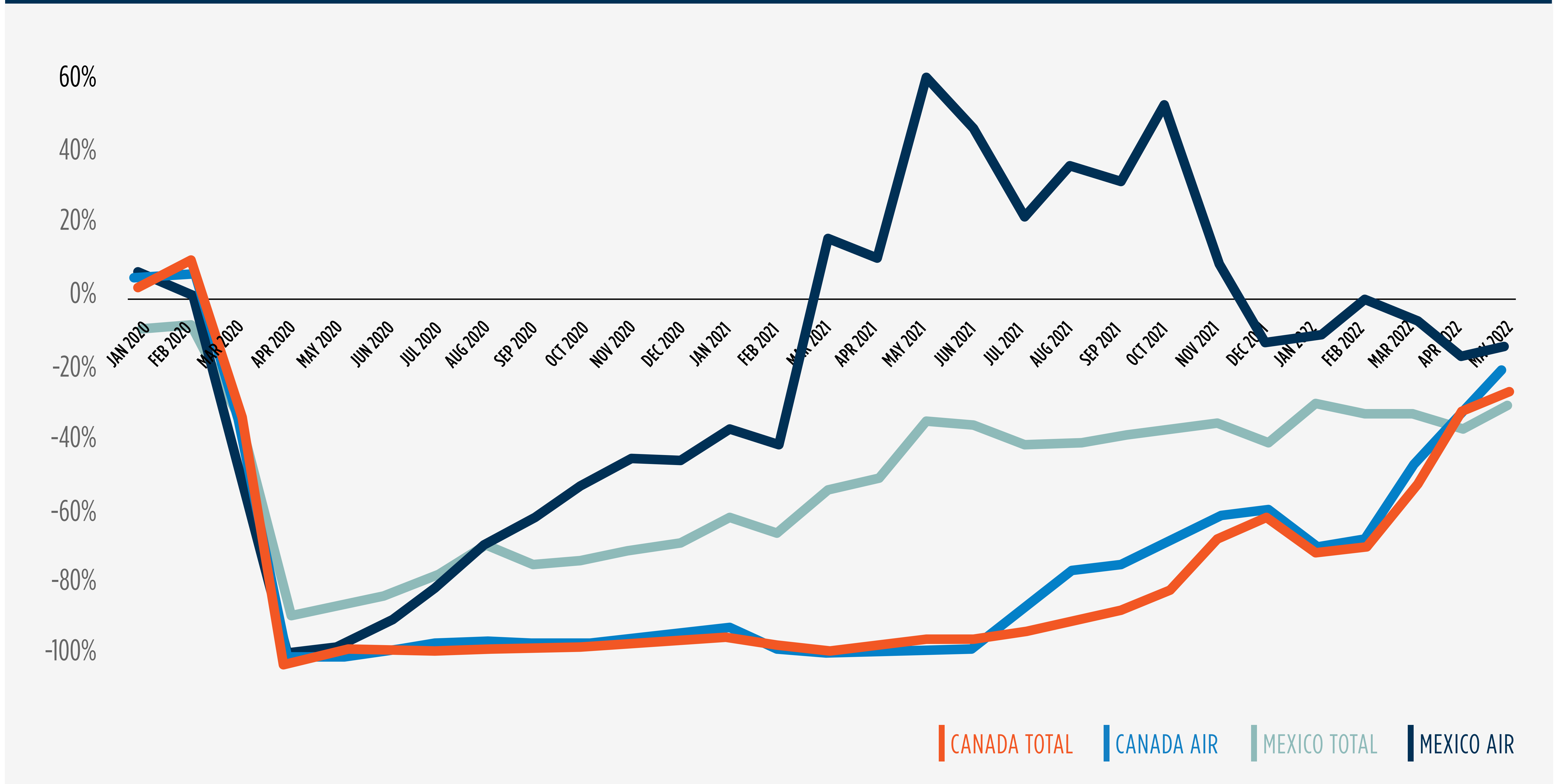


CANADA AND MEXICO ARE FINALLY CONVERGING

After following divergent paths though the pandemic and the initial months of recovery, **visitations from Canada and Mexico have been converging onto similar paths this past spring**

CANADIAN AND MEXICAN VISITATIONS

% CHANGE VS SAME MONTH IN 2019



Total visitations from **CANADA** were at

-26%

IN MAY VS 2019 LEVELS

Total visitations from **MEXICO** were at

-30%

IN MAY VS 2019 LEVELS

CONTINUED RECOVERY IS EXPECTED THROUGH THE SUMMER, BEFORE LEVELING OFF LATER IN THE YEAR

- **The latest U.S. Travel Forecast projects accelerated recovery through the summer**, followed by some moderation in the fall
- **THROUGH THE SUMMER: Pent-up demand, coupled with the recent removal of pre-departure testing and travel restrictions** in home countries is expected to support a further recovery in inbound travel
- **IN THE FALL AND INTO 2023: The recovery is expected to moderate due to a number of factors** including high inflation, underlying recession fears and strong dollar (the U.S. dollar and euro are basically at parity for the first time in 20 year)

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RECOVERY TO 2019 LEVELS IS NOT EXPECTED UNTIL 2025

OVERSEAS VISITATIONS

are projected to be at **55% of 2019 levels in the second half of 2022** (52% for the year as a whole) and **72% in 2023**.

They are not expected to recover until 2025.

CANADIAN VISITATIONS

are projected to be at **79% of 2019 levels in the second half of 2022** (68% for the year as a whole) and **90% in 2023.**

They are not expected to recover until 2024.

MEXICAN VISITATIONS

are projected to be at **89% of 2019 levels in the second half of 2022** (85% for the year as a whole) and **91% in 2023.**

They are not expected to recover until 2024.

Source: Tourism Economics and U.S. Travel

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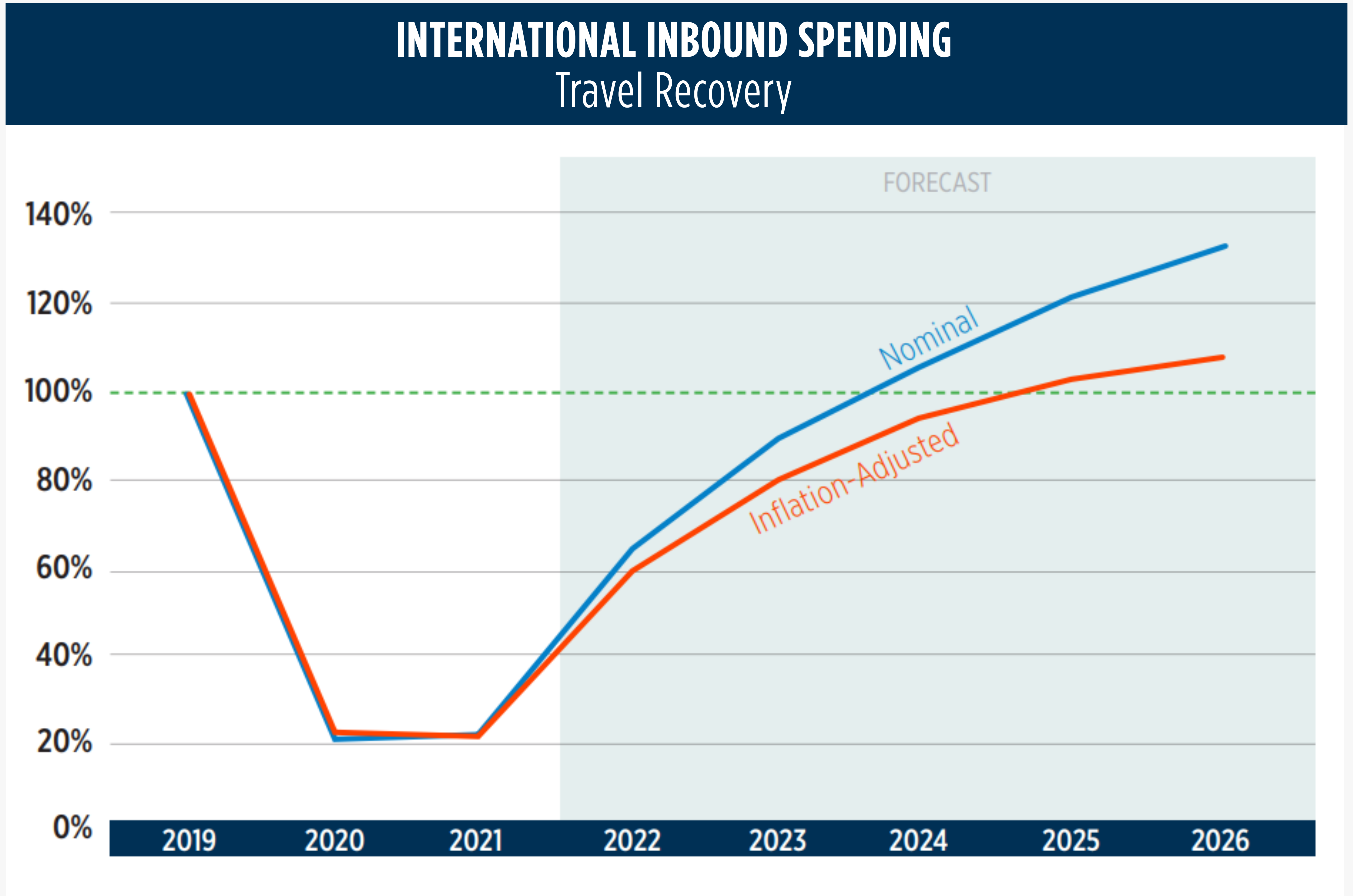
TRAVEL SPENDING WILL ALSO NOT RECOVER UNTIL 2025



When adjusted for inflation, international travel spending will follow a similar path as visitations and is **not expected to recover to 2019 levels until 2025.**

Source: Tourism Economics and U.S. Travel

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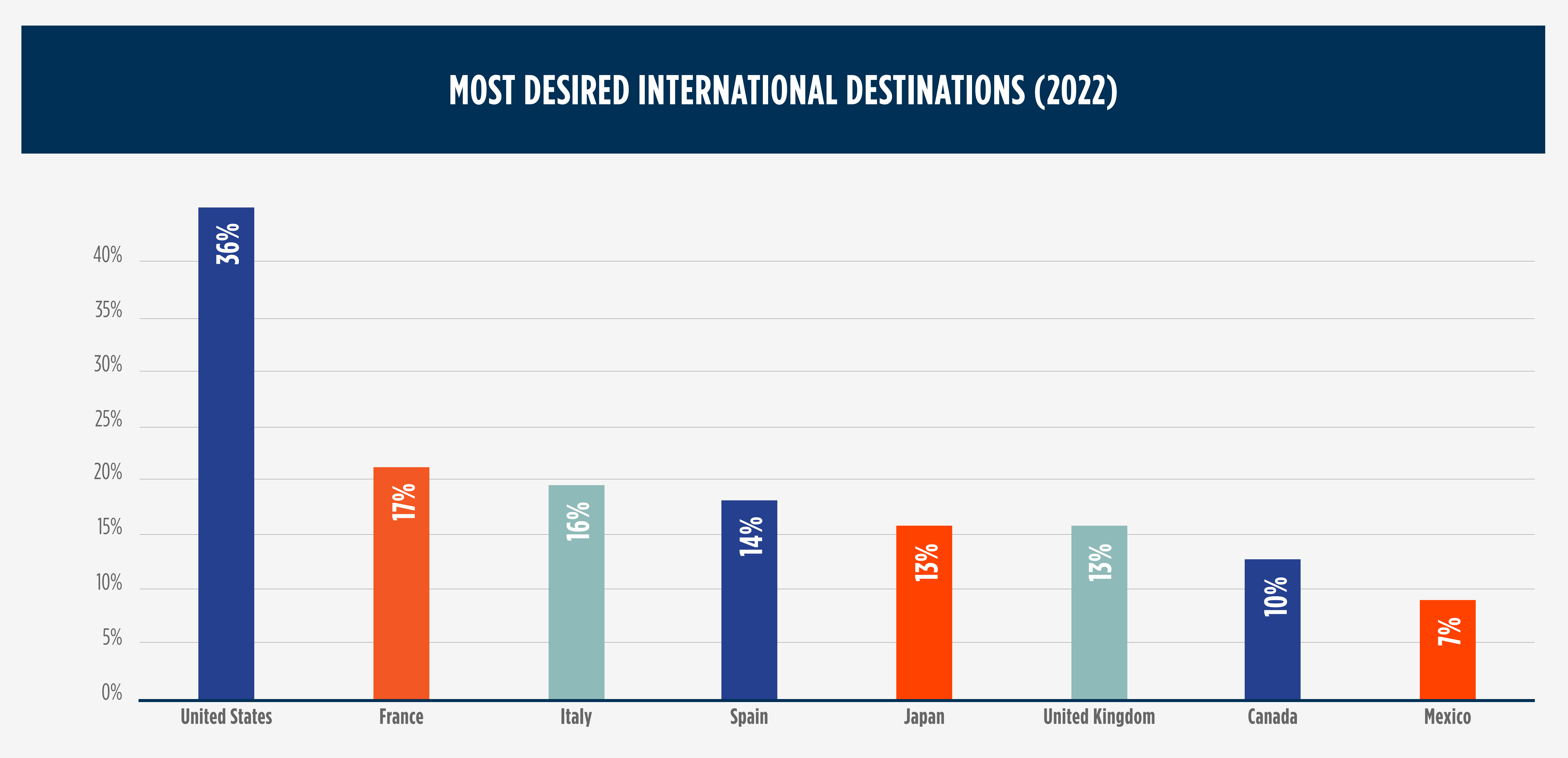
THE U.S. TOPS THE LIST OF MOST DESIRED INTERNATIONAL DESTINATIONS

- While the United States has always been a bucket list destination, as of early 2022, the U.S. is the most desired destination for 36% of likely international travelers—nearly twice that of France, the second most frequent destination mentioned
- The United States' handling of the pandemic has had a positive impact on international travelers' interest in visiting, with 43% now saying they are more interested in the U.S. in the next two years



Source: Destination Analysts, Feb. 2022

NATIONAL PARKS ARE KEY DESTINATIONS FOR INTERNATIONAL VISITORS

- **Visiting National Parks is the second most important leisure activity international visitors to the U.S**. want to experience, following ‘relaxation’
- Additionally, U.S. National Parks are the **top type of destination international travelers are excited about visiting in the U.S.**

VALUABLE U.S. EXPERIENCE

Source: Destination Analysts, Feb. 2022

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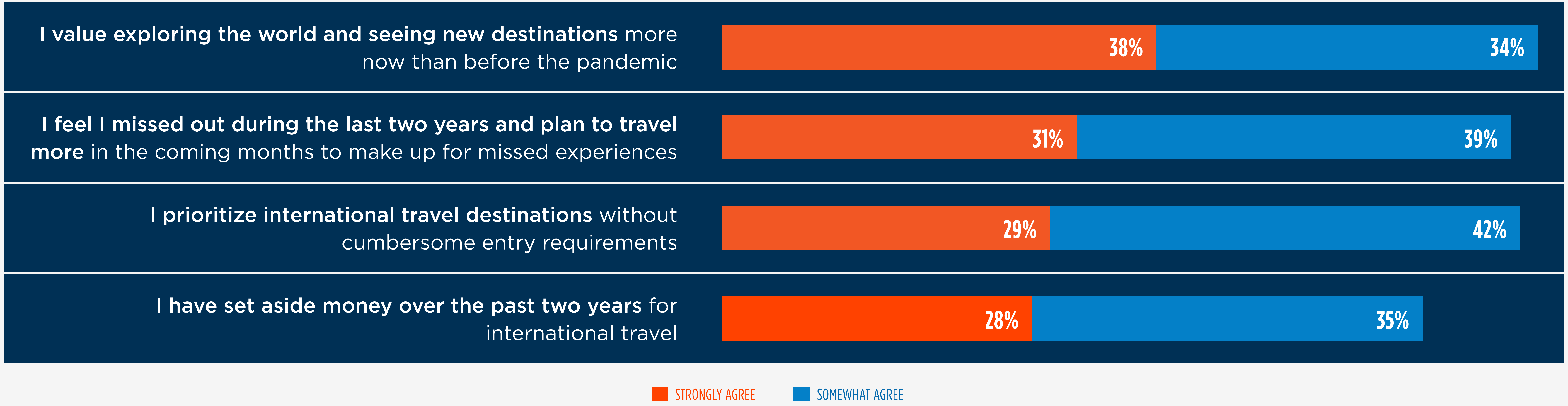
LATEST TRAVELER SENTIMENT SHOWS STRONG INTEREST IN INTERNATIONAL TRAVEL

In a recent survey conducted in three European and three Asian markets, nearly three-quarters of respondents agreed that they value exploring the world more now than before the pandemic

And international travel was the highest rated budget priority among a list of investments and leisure activities

- **It was the number one budget priority for 40% of respondents**
- **And 63% agreed that they have set aside money over the past two years for international travel**



Source: Morning Consult, May 2022

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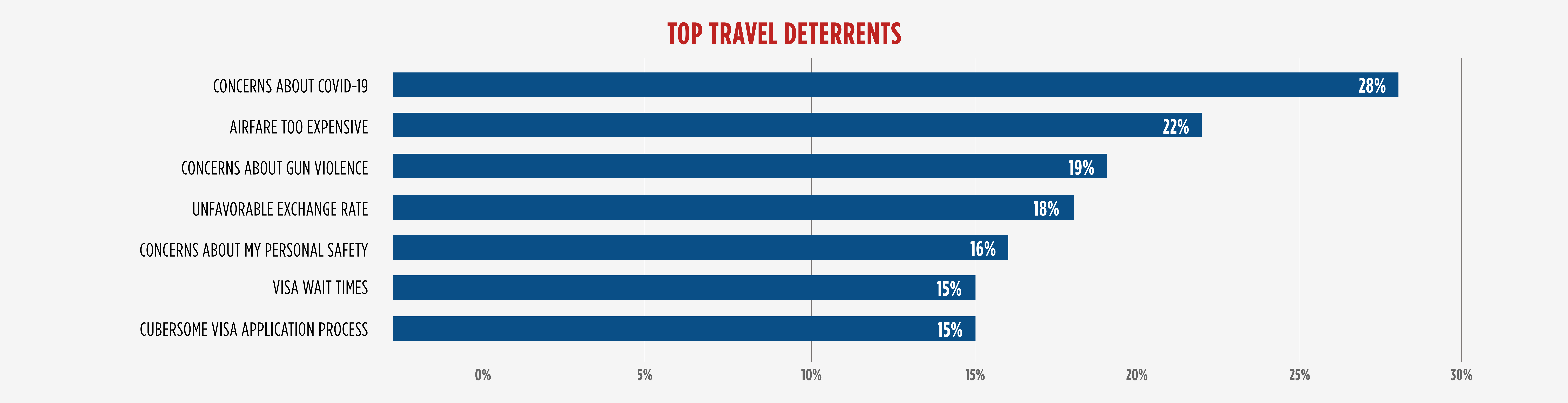
BARRIERS TO RECOVERY

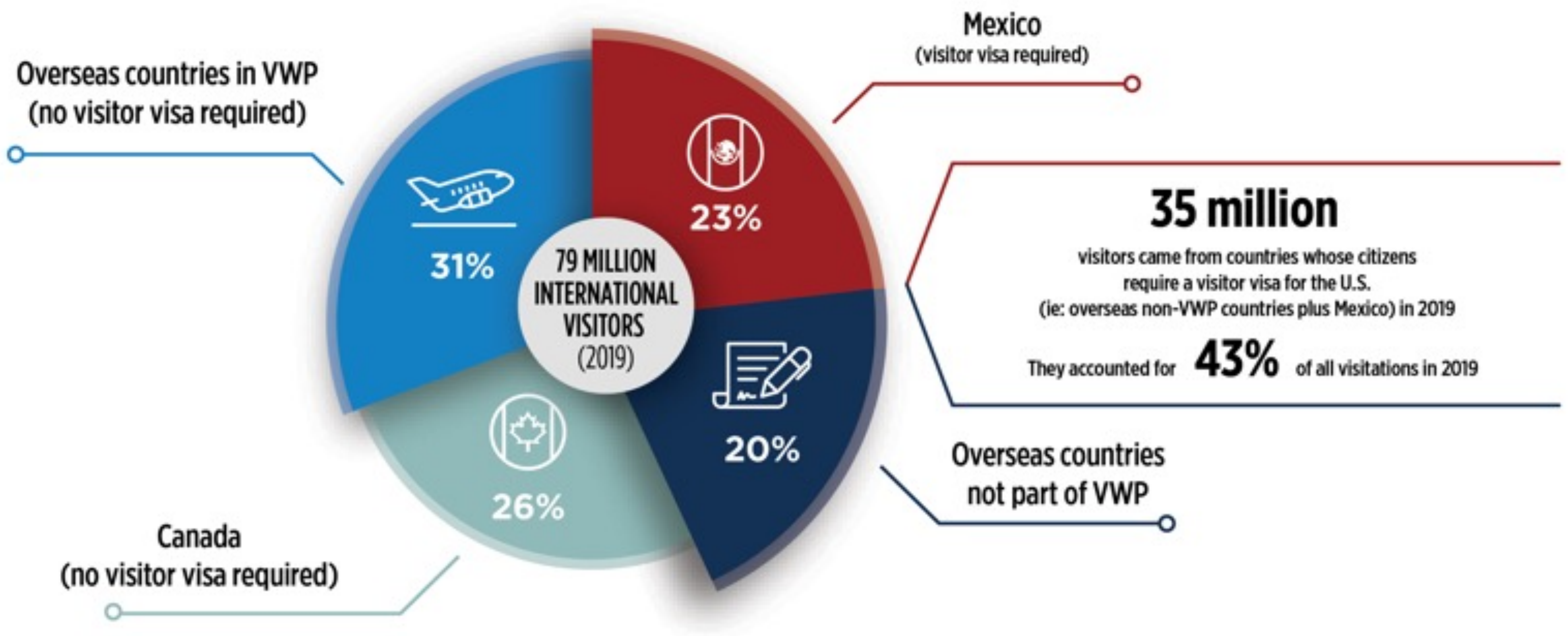
- While pent-up demand and an easing of covid restrictions in the U.S. and abroad have been fueling growth in inbound travel, **multiple challenges and deterrents remain**
- **The top travel deterrents international travelers cited as reasons for not visiting the U.S. more frequently** in Destination Analyst's State of International Traveler Survey include:
    1. Lingering concerns about **COVID-19 infection rates**
    2. Overall travel costs, including the cost of airfares
    3. Concerns about **gun violence and personal safety** and
    4. **Visa wait times or the cumbersome process** associated with obtaining a visa



Source: Destination Analysts, Feb. 2022

EFFICIENT VISA PROCESSING IS CRITICAL

- **43% of all U.S. visitors in 2019 required a tourist visa.** While some are still relying on previously-issued multi-year visas, many are in need of new visas
- **An efficient, affordable, and reliable visa processing process would thus be of critical importance to bringing many travelers back**



Source: U.S. Dept. of State

BUT VISA WAIT TIMES ARE UNACCEPTABLE

- Even before the pandemic, wait times for visa interviews regularly exceeded 25-60 days in places like Colombia, India, and Israel
- **The pandemic only made the problem worse, with wait times for new visas from the top ten inbound markets at 442 days in July. As of July, 82% of consulates had wait times that were longer than one year**
- In addition, U.S. visas, which were already among the most expensive, are expected to increase, making a visit to the U.S. more cumbersome and less attractive, if at all possible, for many potential visitors

Number of Consulates with Wait Times over 365 Days		
5/3/2022	16	55%
7/19/2022	23	82%

Number of Consulates with Wait Times over 100 Days		
5/3/2022	23	79%
7/19/2022	25	89%

COUNTRIES WITH THE LONGEST CONSULATE WAIT TIMES

POLICY CHANGES HAVE AN EFFECT

U.S. Travel has successfully led the industry in advocating for the immediate removal of pre-departure testing. Now that it is implemented, it has boosted the forecast for 2022 by 5.4 million visitors and $9 billion in spending.

LIFTING OF PRE-DEPARTURE TESTING

5.4 MILLION
MORE VISITORS

$9 BILLION
MORE SPENDING

STATUS: IMPLEMENTED

U.S. Travel is currently fighting to improve the visa process and has several policy proposals to restore visa processing operations worldwide. If the U.S. reduces average wait times for visitor visa interviews to less than 30 days, the U.S. **could generate an additional 2.2. million visitors and $5.2 billion in spending** within the following six months.

REDUCTION IN VISA WAIT TIMES

2.2 MILLION
MORE VISITORS

$5.2 BILLION
MORE SPENDING

STATUS: NOT YET IMPLEMENTED