2018 AND 2019 INTERNATIONAL INBOUND TRAVEL VISITATION STATISTICS

U.S. TRAVEL ASSOCIATION

Prepared by: David Huether, Senior Vice President, Research

At the end of May 2019, the Commerce Department's National Travel and Tourism Office (NTTO) reported international inbound travel visitation statistics for 2018. While this memo highlights the key takeaways of this newly reported data, we also include some 2019 data that will help as we navigate the changing landscape.

The U.S. travel industry relies on the rest of the world for business: From 2010 to 2015, international inbound travel increased by 30% (from 60 million to 77.8 million arrivals). By 2015, U.S. Travel estimated that international inbound travelers accounted for 16.4% of total travel spending in the U.S. In the ensuing two years (2016 and 2017), international inbound travel underperformed both domestic travel and global travel overall, resulting in the loss of U.S. global market share.

Below are updates on international inbound travel for 2018 and 2019. This memo has three sections: (1) summary, (2) a deeper look into overseas travel volume in 2018, and (3) the outlook for 2019.

SECTION 1: SUMMARY OF U.S. INTERNATIONAL INBOUND TRAVEL VOLUME

TABLE 1 - SUMMARY OF U.S. INTERNATIONAL INBOUND TRAVEL VOLUME

	Annual Percent Change				Number, in Millions			
	2015	2016	2017	2018	2015	2016	2017	2018
Total	▲ 3.2%	▼ -1.8%	▲ 0.7%	▲ 3.5%	77.8	76.4	76.9	79.6
Canada	▼ -10.1%	▼ -6.8%	▲ 4.8%	▲ 4.9%	20.7	19.3	20.2	21.2
Mexico	▲ 7.6%	▲ 3.4%	▼ -6.1%	▲ 3.9%	18.4	19.0	17.8	18.5
Overseas	▲ 9.6%	▼ -1.5%	▲ 2.0%	▲ 2.5%	38.7	38.1	38.9	39.9

SOURCE: U.S. Department of Commerce, National Travel and Tourism Office

TOTAL INBOUND VISITATION:

After six consecutive years of growth, international inbound visitation to the U.S. declined by 1.8% in 2016 and edged up just 0.7% in 2017. In 2018, total inbound visitation increased by 3.5% to 79.6 million. **However, important to note: while the U.S. inbound visitation was growing, market share remains on the decline.**

- The growth rate in 2018 was the fastest since the 5.2% rise in 2014.
- The level reached in 2018 was a new record high: 1.8 million above the prior record of 77.8 million set in 2015.

CANADA INBOUND VISITATION:

After declining 17.6% over three consecutive years (2013-2016), inbound visitation to the U.S. from Canada increased by 4.8% in 2017 and **rose a similar 4.9% in 2018.**

- At 21.2 million, the level of Canadian visitations in 2018 remained 9.4% below the record of 23.4 million set in 2013.

MEXICO INBOUND VISITATION:

After seven consecutive years of growth (2010-2016), inbound visitation to the U.S. from Mexico decreased by 6.1% in 2017 and then **rebounded 3.9% in 2018.**

- The 6.1% decline in 2017 was the biggest decline since 2003 (-8%).

OVERSEAS INBOUND VISITATION:

After six consecutive years of growth (2010-2015), overseas inbound visitation to the U.S. decreased by 1.5% in 2016, grew **2.0% in 2017 and accelerated slightly to 2.5% growth in 2018.**

- At 39.9 million, the level of overseas visitations in 2018 was a record high, 3.1% (1.2 million) above the prior record of 38.7 million set in 2015.
- Despite this record high in 2018, the U.S. has been underperforming global travel trends during the past three years (2016, 2017 and 2018). As a result, the U.S. share of global long-haul travel has fallen from 13.7% in 2015 to 11.7% in 2018.

While the 2.5% rise in overseas visitation to the U.S. in 2018 was a slight improvement from the 2% rise in 2017, this minor difference masks significant changes when overseas visitation is analyzed by source market.

CHINA, JAPAN AND SOUTH KOREA

For the first time since 2003, U.S. arrivals from China, Japan and South Korea all declined in 2018 (see Table 2). This is a significant development for the travel industry: while these countries together accounted for 12% of total inbound visitation to the U.S. in 2017, they accounted for 25% of total U.S. travel exports.

- **China:** After seven years of double-digit growth—12 years if the 2009 recession year is excluded—arrivals from China to the U.S. slowed down considerably in 2017 (+4%) and then **declined from 3.2 million in 2017 to 3.0 million in 2018, a -5.7% decline.**
  - This 5.7% decline was the first decline in Chinese visitation to the U.S. since 2003.
  - This 5.7% decline was the largest decline registered by any of the top international inbound markets to the U.S. in 2018.

TABLE 2 - OVERSEAS INTERNATIONAL INBOUND TRAVEL VOLUME

	Annual Percent Change			
	2015	2016	2017	2018
Total Overseas	▲ 9.6%	▼ -1.5%	▲ 2.0%	▲ 2.5%
China	▲ 18.1%	▲ 16.0%	▲ 4.1%	▼ -5.7%
Japan	▲ 3.8%	▼ -5.0%	▼ -0.2%	▼ -2.8%
South Korea	▲ 20.5%	▲ 11.7%	▲ 17.8%	▼ -5.3%
Rest of Overseas	▲ 9.2%	▼ -3.3%	▲ 1.0%	▲ 4.7%
Europe	▲ 10.7%	▼ -6.1%	▲ 1.0%	▲ 3.0%
South and Central America and the Caribbean	▲ 11.6%	▲ 2.6%	▲ 0.8%	▲ 6.5%
Other Asia	▲ 10.8%	▲ 5.6%	▲ 4.5%	▲ 4.8%
Oceania	▲ 11.0%	▼ -6.0%	▼ -1.8%	▲ 3.3%
Middle East	▲ 9.1%	▼ -1.9%	▼ -12.0%	▲ 1.3%
Africa	▲ 7.4%	▲ 0.5%	▲ 1.8%	▲ 2.0%

SOURCE: U.S. Department of Commerce, National Travel and Tourism Office

Total Outbound Travel: While Chinese visitation to the U.S. declined 5.7% in 2018, overall Chinese **long-haul outbound travel to the world increased 5%** in 2018—particularly to the Middle East (+9.4%), Oceania (+7.1%), Europe (+5.7%) and Canada (+8.6%).

- As a result, the U.S. accounted for a smaller share of total long-haul outbound travel out of China in 2018 (12.8%) than in the two years prior (15.9% in 2016).

Reasons for Slowdown: There are a number of reasons for the slowdown in Chinese visitation to the United States:

- The Chinese economy is slowing, from near 8% GDP growth in 2013 to 6.6% growth in 2018.
- Overall Chinese travel to long-haul (outside Asia) destinations is also slowing, from 16% growth in 2013 to 5% growth in 2018.
- From 2011 to 2016 the value of the U.S. dollar increased 27% against the currencies of other countries. Since 2016, the dollar has edged down just 1%. A high dollar makes the U.S. more expensive and increases the competitiveness of other destinations.
- In 2018, the Chinese government issued an alert for Chinese tourists to the U.S., highlighting safety as well as other warnings about travel to the U.S.
- Similar alerts have been issued in 2019, which could have negative impacts on Chinese visitation to the U.S. this year.
- Travel is not the only industry that has experienced a slowdown in trade with China. In 2018, U.S. manufacturing exports to China declined 7% while U.S. agriculture exports to China fell 55%.

Chinese Perception of the U.S.: A recent survey shows that the alerts issued by the Chinese government about traveling to the U.S. may be having an impact on Chinese travelers' perceptions of the U.S. (based on a survey of likely Chinese international travelers in January 2019 by Destination Analysts provided to U.S. Travel)

- After being the No. 1 most-desired international destination for Chinese international travelers for a number of years, the United States fell to the No. 2 spot in 2019 (surpassed by Japan).
- When asked specifically what keeps them from visiting the United States more, here are top reasons named by Chinese international travelers:
  - Concerns about my personal safety: 37%
  - Strict security policies: 32%
  - Airfare is too expensive: 26%
  - I don't have enough holiday time: 25%
  - Uncomfortable with the USA's national politics: 21%

- **Japan:** The 2.8% drop in Japanese travel to the U.S. continues a pattern of ups and downs for travel to the U.S. over the past 9 years; travel has been up 4 years and down 5 years.
- **South Korea:** The 5.3% decline in visitation to the U.S. may be explained, in part, by a correction to the very strong growth during the prior three years, coupled with a slowdown in South Korea's economy in 2018. Also, total outbound long-haul travel from South Korea was flat in 2018.

REST OF OVERSEAS

Outside the countries listed above (China, Japan and South Korea), overseas visitation to the U.S. on a geographic regional basis accelerated in 2018, increasing 4.7%, which is a significant improvement from the 1% increase in 2017 and the fastest pace since 2015.

- Inbound visitation from every major geographic regional source market increased in 2018 for the first time since 2015 (see Table 2).
- The growth rate of visitation to the U.S. was higher in 2018 compared to 2017 in every major geographic regional source market (see Table 2).

SECTION 3: THE OUTLOOK FOR 2019

CANADA INBOUND VISITATION

After rising 4.9% in 2018, inbound visitation to the U.S. was **slightly negative (-0.9%)** in the first quarter of 2019 compared to a year earlier. For calendar year 2019, the NTTO currently forecasts that Canadian arrivals to the U.S. will increase by 4.0% compared to 2018.

MEXICO INBOUND VISITATION

After rising 3.9% in 2018, inbound visitation to the U.S. was **significantly negative (-11.4%)** in the first quarter of 2019 compared to a year earlier. For calendar year 2019, the NTTO currently forecasts that Mexican arrivals to the U.S. will increase by 3.0% compared to 2018.

(Note: the timing of the Easter holiday in 2019 could have negatively impacted March inbound travel to the U.S. in 2019)

OVERSEAS INBOUND VISITATION

Through the first four months of 2019, NTTO preliminary estimates show that total overseas arrivals to the U.S. increased at a modest 2.0% compared to the first four months of 2018 (see Table 3). While declining arrivals continue for China and South Korea, Japan arrivals are rebounding. Meanwhile, arrivals from Europe, the rest of Asia, South and Central America and the Caribbean continue to increase.

For calendar year 2019, the NTTO currently forecasts that overseas arrivals to the U.S. will increase by 2.8% compared to 2018.

There are several reasons for this expectation of modest growth in overseas arrivals to the U.S. in 2019:

- Global GDP is expected to decelerate from 2.9% growth in 2018 to 2.6% growth in 2019.
- Global long-haul travel is expected to slow as well, from 7% growth in 2018 to 5.7% growth in 2019.
- The value of the U.S. dollar has remained high through the first 5 months of 2019. As a result, the U.S. continues to be an expensive destination for global travelers.

TABLE 3 - OVERSEAS INTERNATIONAL INBOUND TRAVEL VOLUME
(year/year percent change)

	April 2019 (YTD)
Total Overseas	▲ 2.0%
China	▼ -3.3%
Japan	▲ 6.9%
South Korea	▼ -5.3%
Rest of Overseas	▲ 2.6%
Europe	▲ 4.2%
South and Central America and the Caribbean	▲ 1.7%
Other Asia	▲ 3.3%
Oceania	▼ -2.2%
Middle East	▼ -0.8%
Africa	▼ -10.1%

SOURCE: U.S. Department of Commerce, National Travel and Tourism Office