

A wide-angle photograph of the Golden Gate Bridge in San Francisco, California. The bridge's iconic red-orange towers and suspension cables are prominent against a clear blue sky. In the foreground, the dark, rocky shoreline of the Marin Headlands meets the ocean, with white-capped waves crashing against the rocks. The water is a deep blue, and the overall scene is bathed in the soft, cool light of early morning or late afternoon.

ISSUE BRIEF : Q3 2019

THE “TRUMP SLUMP” IN CALIFORNIA TOURISM

STATE REPORT



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.¹

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

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.⁵

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.⁶ The percent of the world that sees U.S. power as a major threat rose from 25% under Obama to 45% under Trump.⁷

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.⁸

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.

CALIFORNIA'S TOURISM INDUSTRY CONTRIBUTED \$79 BILLION TO ITS GDP; AND OVER 20% OF VISITOR SPENDING CAME FROM ABROAD.⁴

JULY 28, 2018

INTERNATIONAL TRAVELERS
CITE POLITICS AS FACTOR
IN US TRIPS⁹

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.¹⁰

”

- 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.¹¹

”

- 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.¹²

”

- OXFORD ECONOMICS

“

We do think we need to have a more welcoming message.¹³

”

- 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.¹⁴

”

- ARNE SORENSON
C.E.O., MARRIOTT

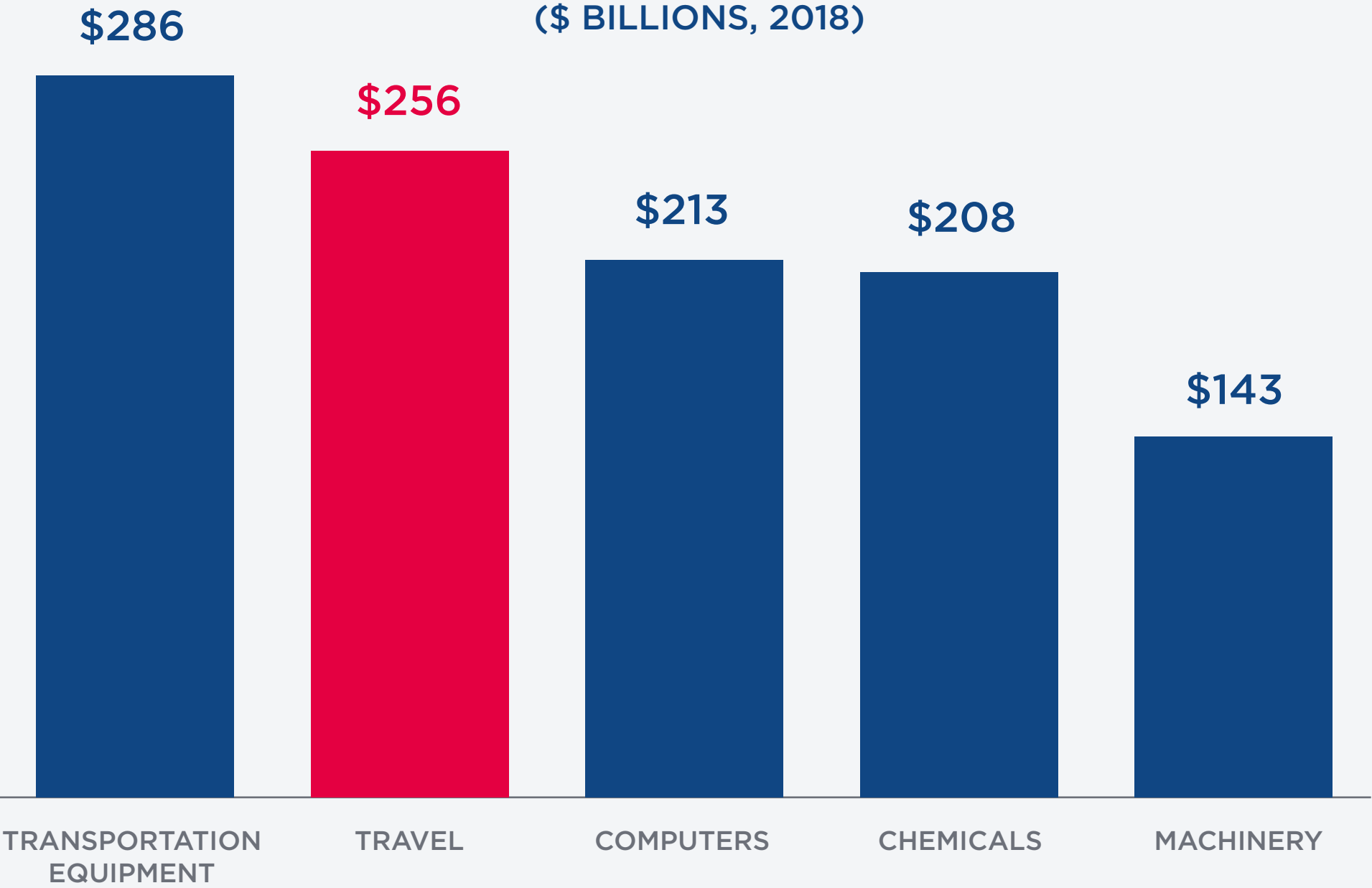
INTERNATIONAL TOURISM IS AMERICA'S SECOND LARGEST EXPORT

International tourism contributes \$256 billion to the United States' economy each year, making it the second largest export (after transportation equipment).¹⁵

EXPORTS

International tourism accounts for 10% of all U.S. exports, more than agriculture, aerospace, autos, and pharmaceuticals.¹⁶

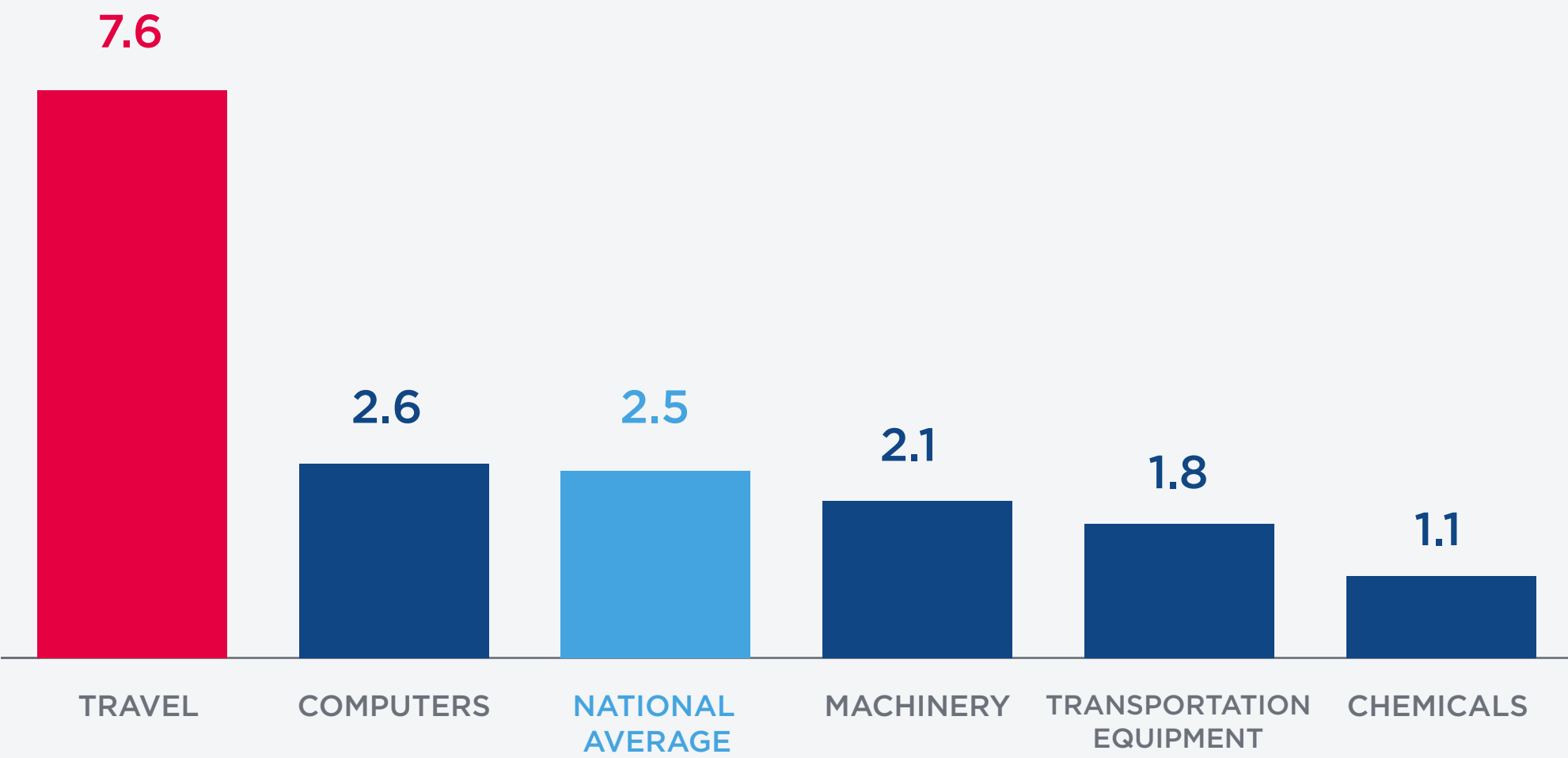
TOP U.S. EXPORTS (\$ BILLIONS, 2018)



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.¹⁷

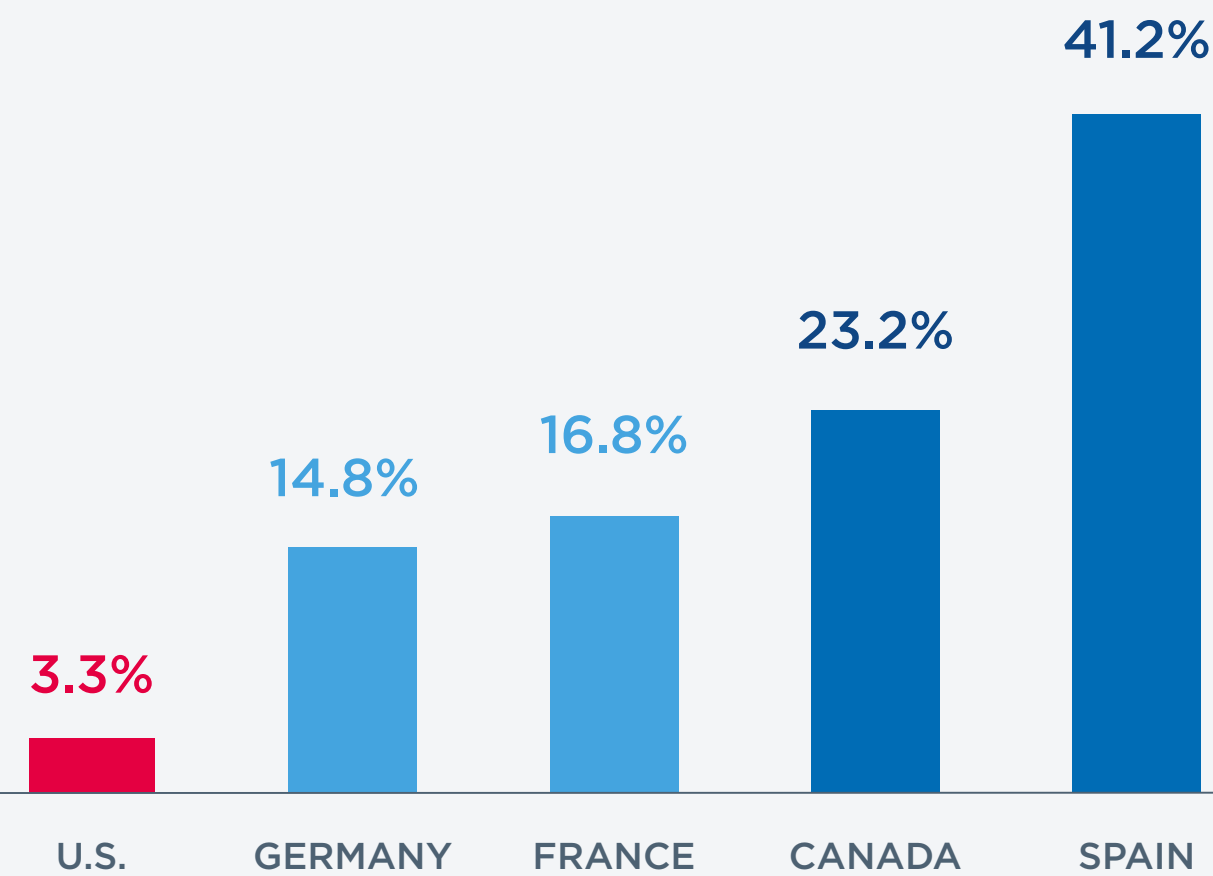
JOBS SUPPORTED FOR EVERY \$1M IN EXPORTS



U.S. TOURISM IS DECLINING

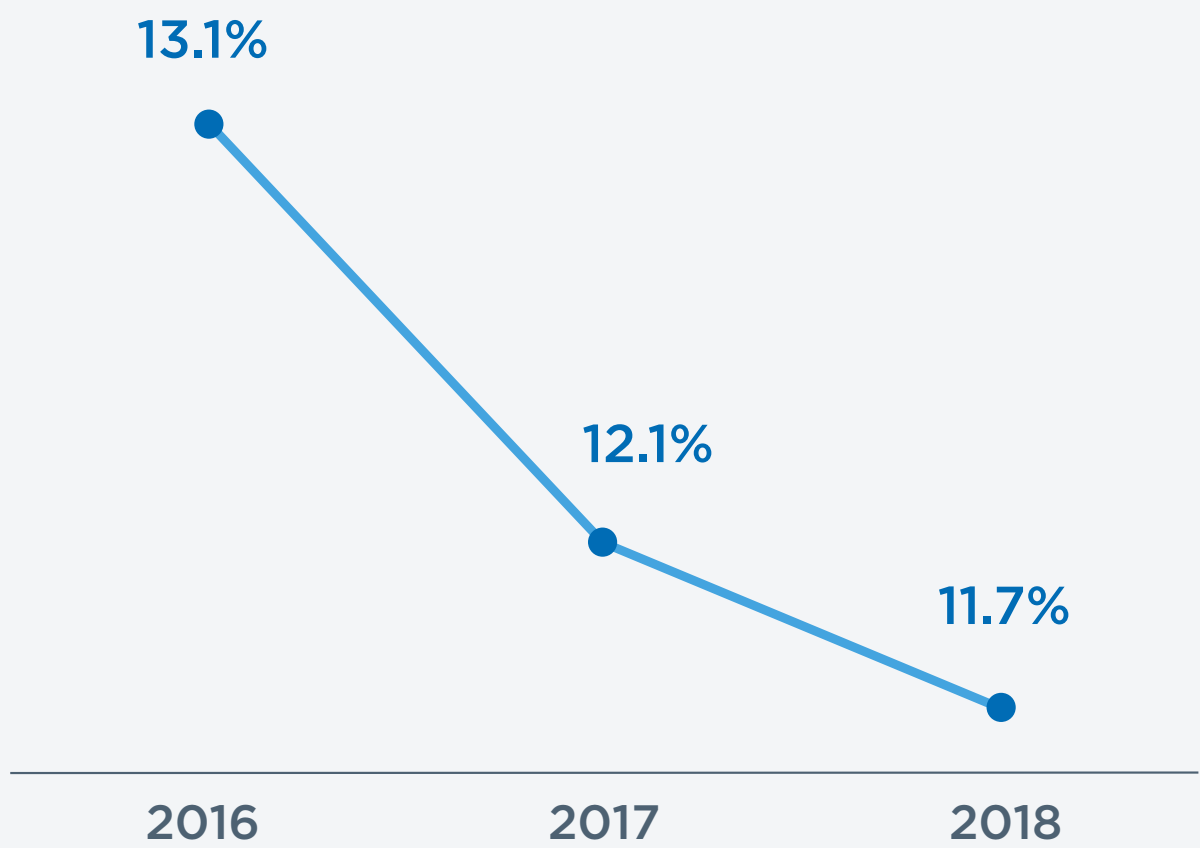
INTERNATIONAL TOURISM IS GROWING...

PERCENT INCREASE IN LONG-DISTANCE TRAVELERS HOSTED (2015-2018)¹⁸



... BUT THE U.S. SHARE IS DECLINING ...

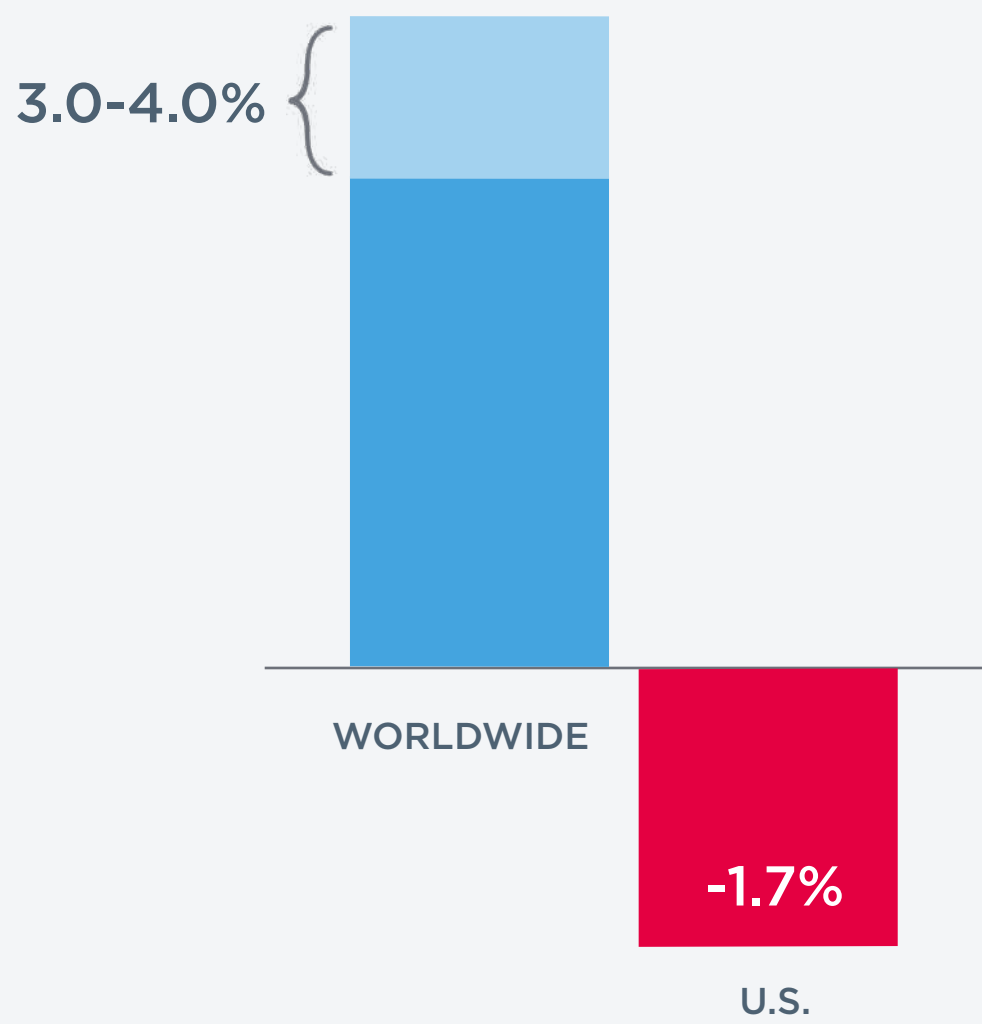
U.S. SHARE OF GLOBAL LONG-HAUL TRAVEL¹⁹



... AND IT'S GETTING WORSE.

During the first half of 2019, global tourism increased by 3 to 4%.²⁰ In the U.S., it fell by 1.7%.²¹

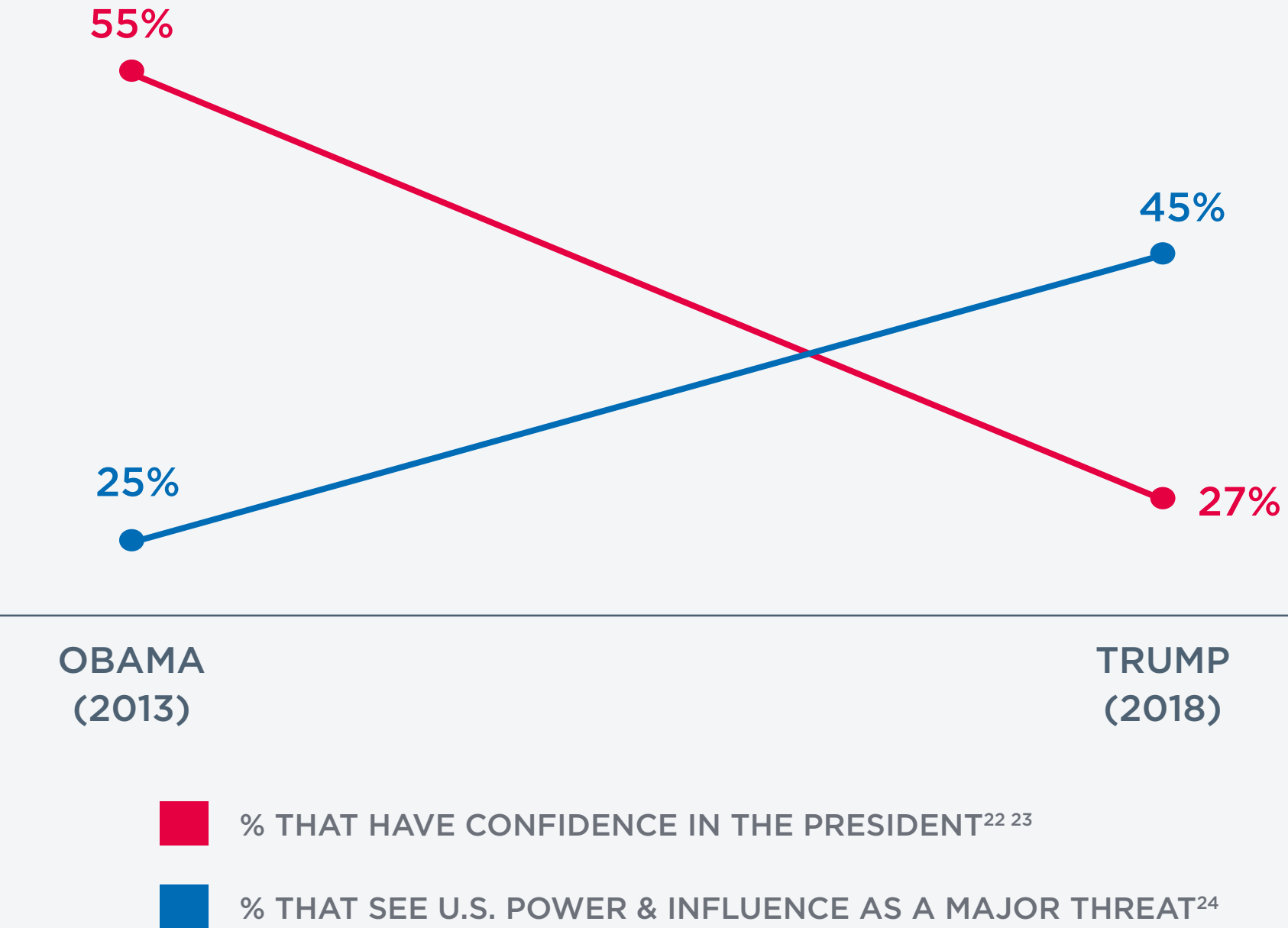
PERCENT CHANGE IN TOURISM (1H 2019)



TRUMP'S RHETORIC HURTS U.S. TOURISM

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

GLOBAL OPINION OF THE U.S.



... 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."²⁵

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."²⁶

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.²⁷ One in five U.S. visitors is Mexican.²⁸ 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.²⁹

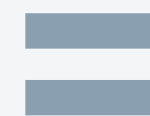
As the U.S. Travel Association has noted, that loss is equal to losing 30 auto plants.³⁰

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

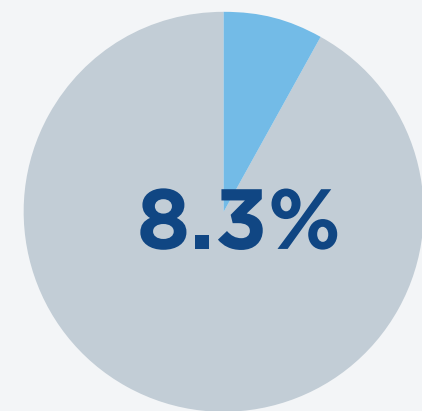
THE EQUIVALENT OF



CLOSED AUTO PLANTS

IN CALIFORNIA, 18.1M INTERNATIONAL TOURISTS SPEND \$28.3B ANNUALLY

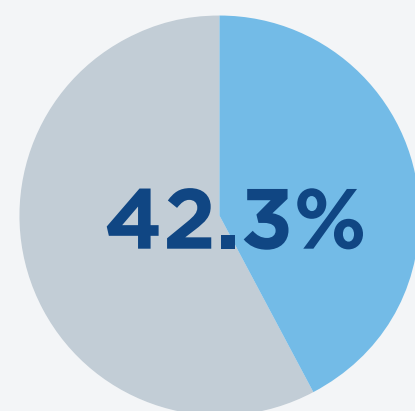
CALIFORNIA LEADS IN THE U.S. INTERNATIONAL TOURISM MARKET.



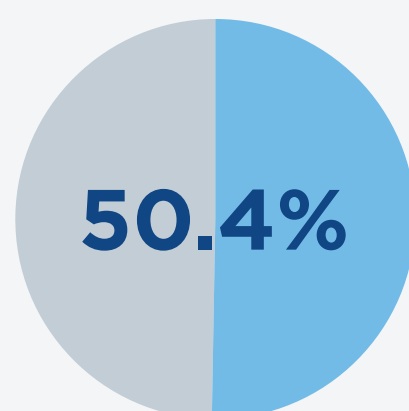
POPULATION

California accounts for 8.3% of U.S. total population, but consistently attracts larger shares of tourists than other states.

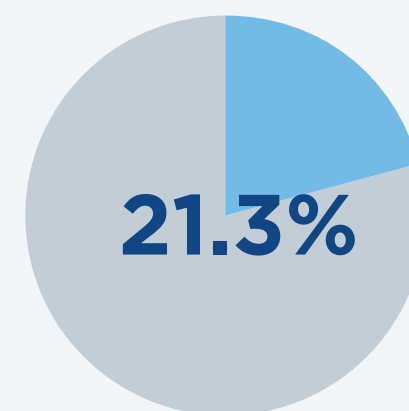
CALIFORNIA SHARE OF TOTAL VISITATION TO THE U.S. (2018)³¹



MEXICO



CHINA

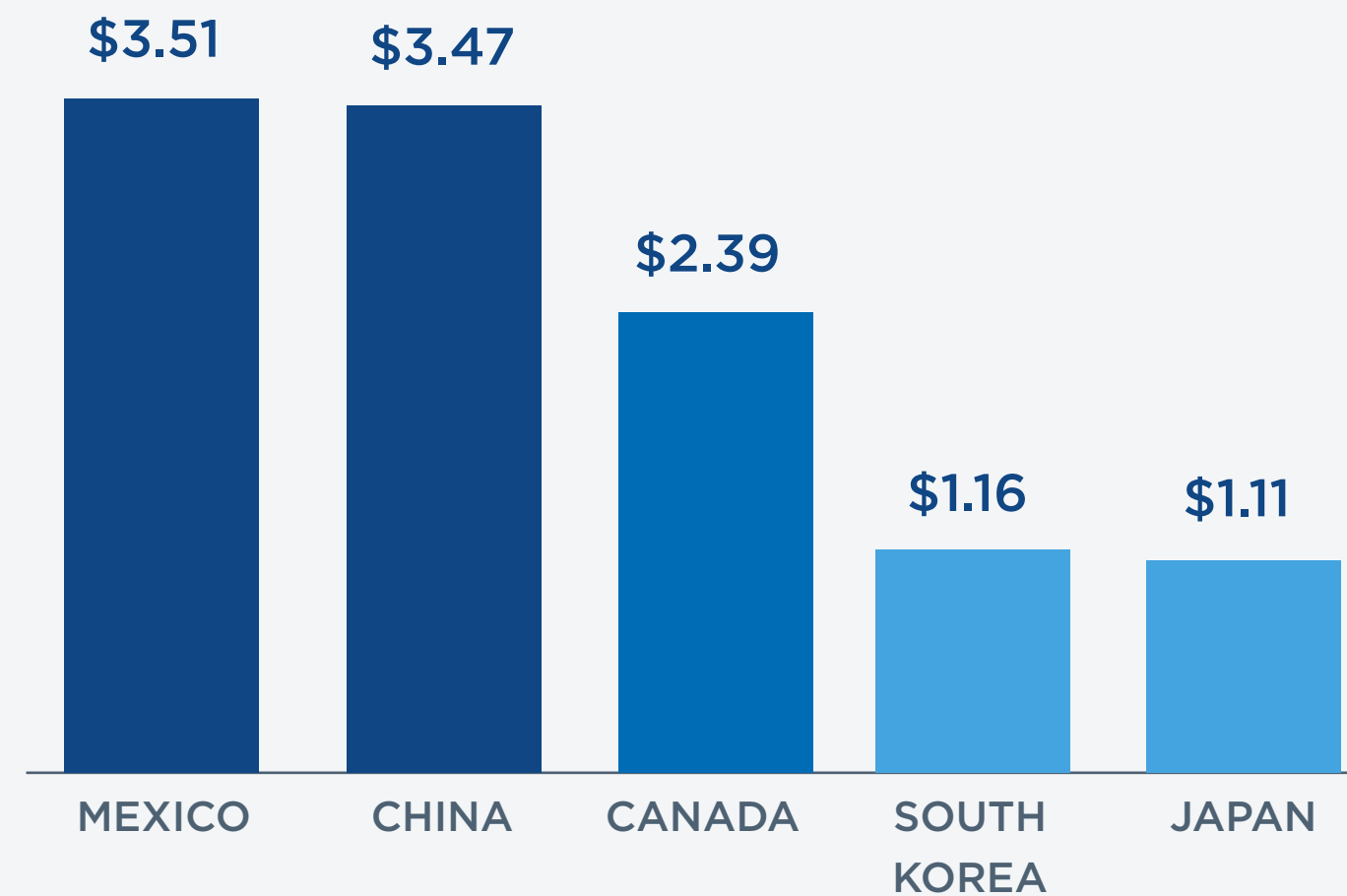


OVERSEAS
TOTAL

INTERNATIONAL TRAVELERS SPEND BILLIONS OF DOLLARS.

International tourists' spending accounts for 20% of total travel-related spending in California. In 2018, 18.1M international visitors spent \$28.3B in California.³²

TRAVEL SPENDING IN CA, TOP 5 COUNTRIES (2018, \$ BILLIONS)³³



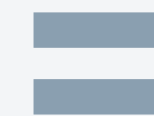
TOURISM CREATES JOBS IN CALIFORNIA.



FOR EVERY \$1 MILLION SPENT BY FOREIGN TOURISTS...



...7.6 JOBS ARE SUPPORTED³⁴



215,080

**JOBS SUPPORTED BY
INTERNATIONAL TRAVEL^{35 36}**

THE “TRUMP SLUMP’S” IMPACT ON CALIFORNIA

TOURISM FROM MEXICO IS DOWN...

In 2018, nearly 8 million Mexican tourists visited California and spent \$3.5 billion on travel-related goods and services. So far, tourism from Mexico has declined in 2019. If the trend continues, California's economy will suffer.³⁷



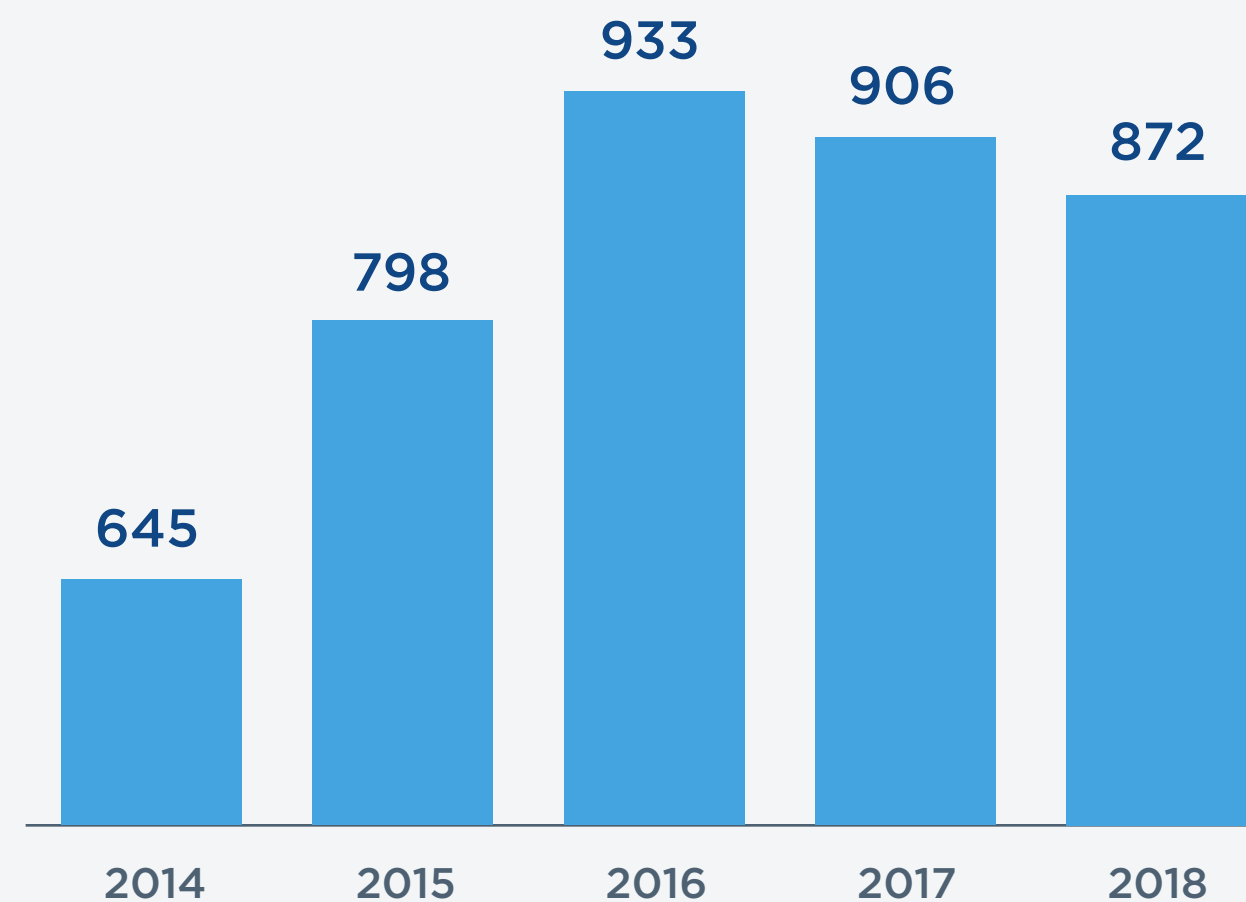
TOURISM FROM MEXICO
DECLINED BY
2.5%
IN 1H 2019^{38*}

*PORTS OF ENTRY ARRIVALS

... AND SO IS TOURISM FROM CHINA.

In 2018, more than 1.6 million Chinese tourists visited California and spent \$3.5 billion on travel-related goods and services. And over 50% of Chinese tourists that visit the U.S. choose to visit California over other states.³⁹

CHINESE VISITORS TO CALIFORNIA
(2014-2018, THOUSANDS)⁴⁰



*NON-RESIDENT VISITORS TO THE U.S. WITH CALIFORNIA AS FIRST INTENDED ADDRESS

FEBRUARY 13, 2019
CHRIS MCGINNIS

U.S. NOT KEEPING UP WITH BOOM IN INTERNATIONAL TRAVEL

“While plenty of foreign tourists are still coming to the United States, the country is not benefiting as much as other nations from an overall boom in international travel and tourism.”⁴¹

SFGATE

“

For a government interested in generating revenue, the easiest way to do that is to have people overseas spend money [here]. It's a pure import, and it's 100 percent good for us to have foreign travelers come to the U.S.⁴²

”

- MARK EVERTON
CEO OF VISIT OAKLAND

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.”⁴³

**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.⁴⁴

”

- TIM CLARK
PRESIDENT, EMIRATES AIR



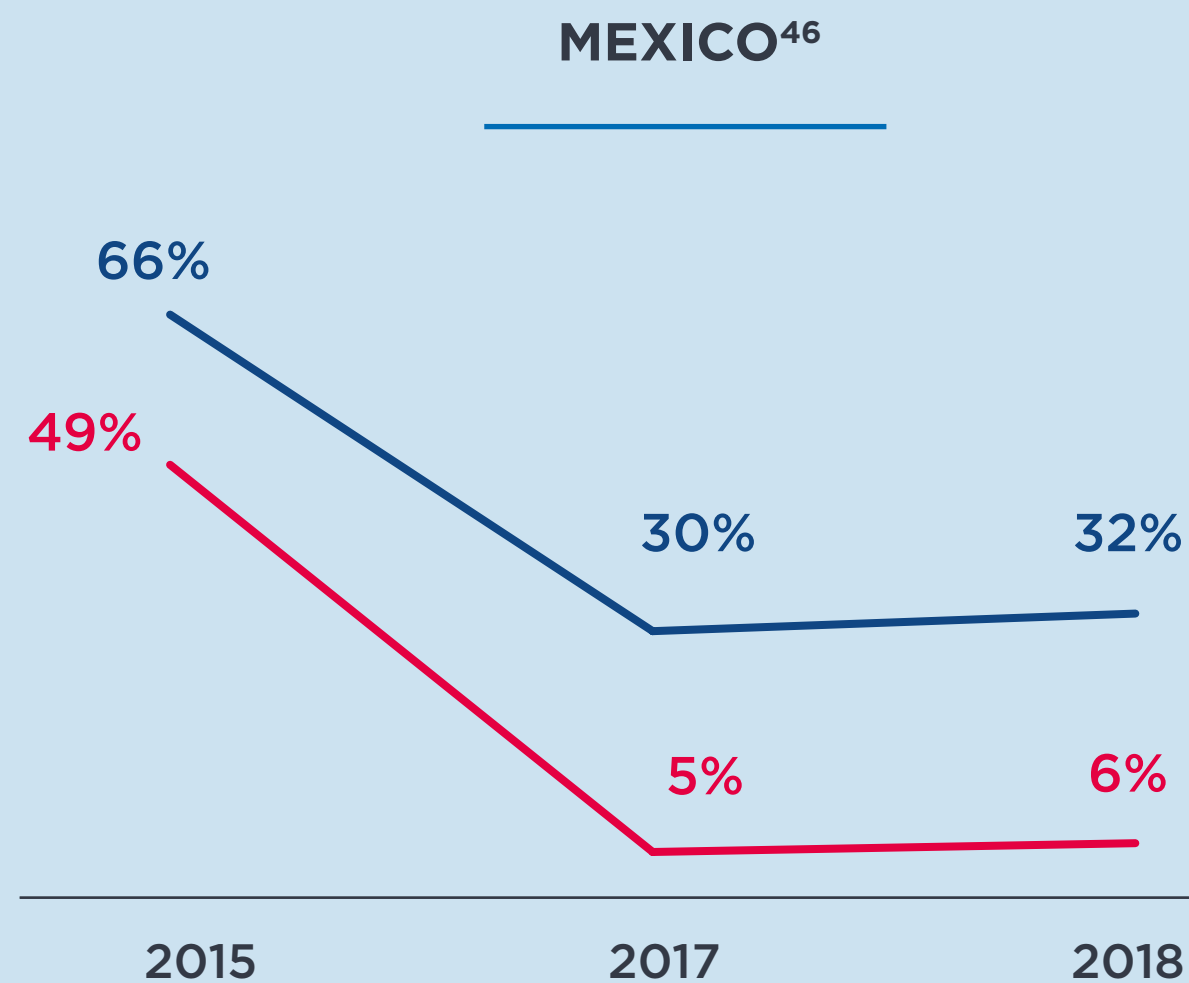
**VOTED BEST AIRLINE
IN THE WORLD IN 2017**

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

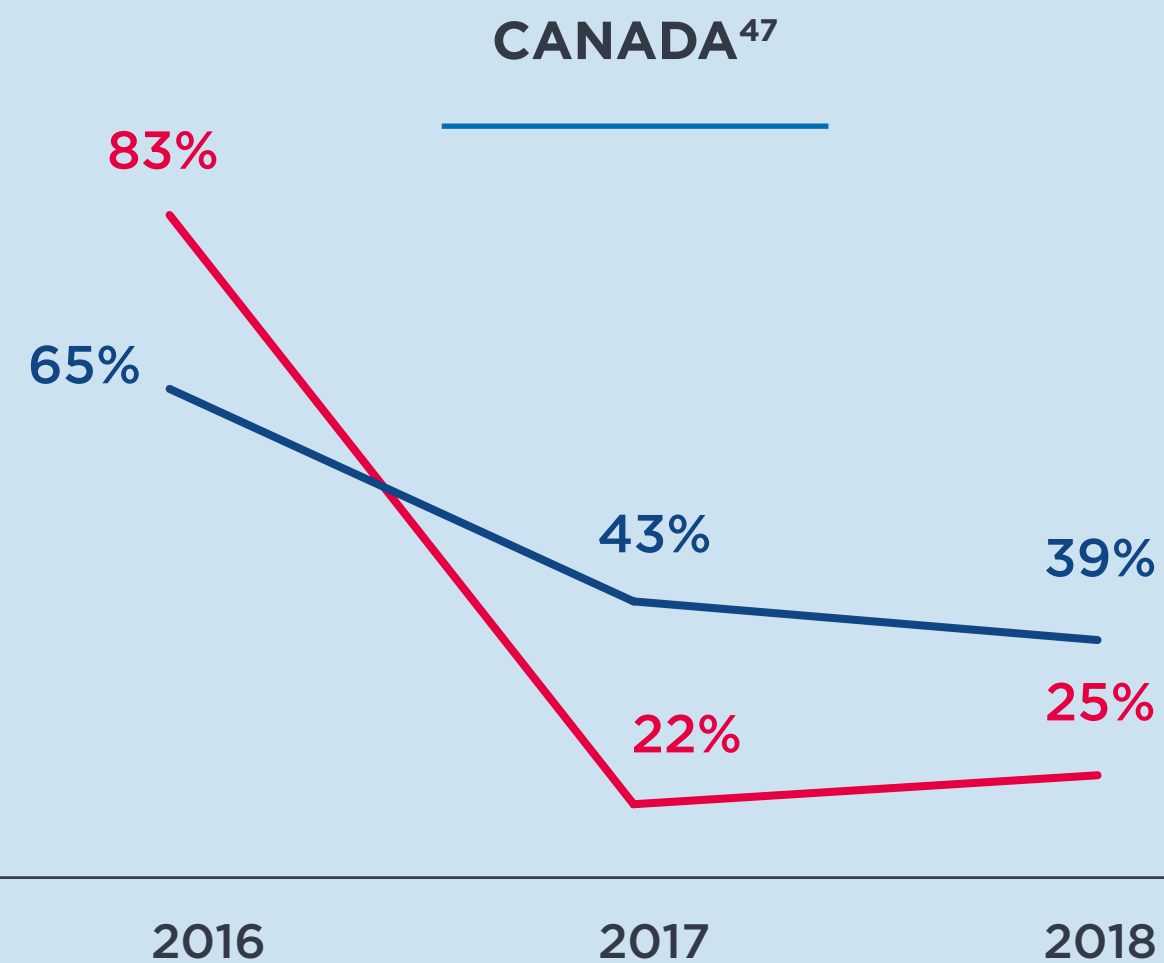
CASE STUDY: NORTH AMERICA

ABOUT HALF OF INTERNATIONAL VISITS TYPICALLY COME FROM CANADA AND MEXICO.⁴⁵

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.”⁴⁸



NOVEMBER 1, 2017
KATIA DMITRIEVA

TRUMP IS PUSHING TRAVELERS NORTH TO CANADA, MARRIOTT CEO SAYS⁴⁹

Bloomberg

CASE STUDY: CHINA

#5

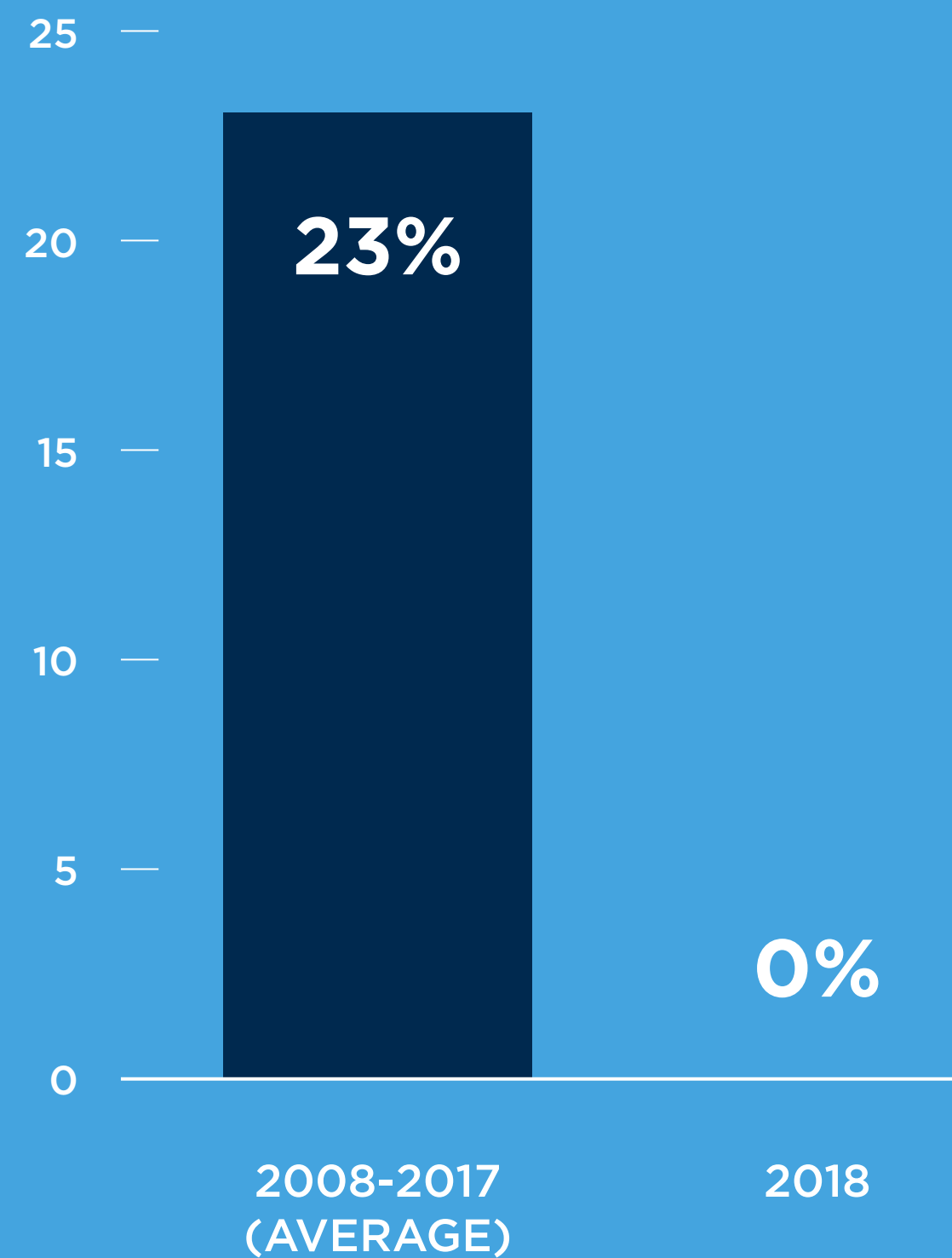
IN NUMBER OF VISITS
EACH YEAR TO THE U.S.⁵⁰



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

THAT'S \$3,000 MORE
THAN THE AVERAGE
FOREIGN TOURIST.⁵¹

ANNUAL GROWTH IN TRAVEL
FROM CHINA TO U.S.⁵²



“

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.⁵³

”

- 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...⁵⁴

”

- 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), Oxford Economics (www.oxfordeconomics.com), and Tourism Economics (www.tourismeconomics.com).

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

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The background of the entire image is a photograph of the Golden Gate Bridge in San Francisco, viewed from the water level. The bridge's iconic towers and suspension cables are visible against a clear sky. The water in the foreground is dark, and the shoreline with some rocks is visible on the left. The entire image has a dark blue overlay.

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