

U.S. TOURISM: DEMAND FOR ESTA WILL DROP BY ABOUT 80%



While the toughest part is still to come for the United States, the tourism industry is already thinking about the aftermath of the pandemic and anticipates a sharp drop in U.S. tourism revenues.

U.S. President Donald Trump has stated that the cost of "closing down" the U.S. travel and tourism industry (hotels, restaurants, airlines) amounted to about \$30 billion per month, and the government is already preparing to compensate for this loss, as the country is about to experience difficult times, which the executive has already compared to Pearl Harbour.

The U.S. President **stressed that it was the duty of the state to protect hotel and restaurant owners from the devastating impact of the pandemic.** A new analysis published by the American Travel Association predicts that the reduction in travel due to the coronavirus will inflict a total blow of \$809 billion on the U.S. economy and eliminate 4.6 million jobs in 2020 alone.

In March and April, revenues will be 75% below normal. Figures on the disastrous impact of Covid-19 on the U.S. tourism industry were presented by Roger Dow, president and chief executive officer of the American Travel Association, at a meeting at the White House with President Trump, Vice President Pence, Commerce Secretary Wilbur Ross and other travel industry officials.

"The health crisis has rightly caught public and government attention, but a resulting disaster for employers and employees is already here and will worsen," Mr. Dow said. "Travel companies employ 15.8 million Americans, and if they can't afford to continue to operate, they won't be able to pay their employees".

Dow noted that 83% of employers in the travel industry are small-scale enterprises. Other notable findings in the travel impact analysis are that total U.S. travel spending (transportation, accommodation, retail, attractions and restaurants) is expected to drop by \$355 billion for the year, representing 31%. This is more than six times the impact of September 11. Dow is also forecasting a 78% drop in ESTA (Visa Waiver Program) applications.

The losses estimated by the travel industry alone are severe enough to push the United States into a prolonged recession that is expected to last at least for three quarters, with the second quarter of 2020 being the lowest point. The 4.6 million jobs lost in the travel sector alone would represent nearly double the U.S. unemployment rate (from 3.5% to 6.3%). "This is unprecedented," Dow said. "For the sake of the long-term health of the economy, employers and employees need relief now from this disaster that was created by circumstances completely beyond their control". At the White House meeting, Dow urged the administration to consider a \$150 billion package of assistance for the broader travel industry. Among the mechanisms suggested were: creating a travel industry workforce stabilization fund; provide an emergency liquidity facility for companies in the sector; optimize and modify SBA loan programs to support small enterprises and their employees.

Oxford Economics, in coordination with its subsidiary Tourism Economics, modeled the expected

downturns in the U.S. tourism industry in 2020 due to the Coronavirus. **The result is an expected 31% decline for the entire tourism year.** This includes a 75% drop in revenues over the next two months and continued losses for the rest of the year, reaching \$355 billion. The losses in the travel sector will result in a cumulative impact on GDP of \$450 billion in 2020. The U.S. economy will enter a prolonged recession based solely on the expected downturn in the travel sector.

Date: 2020-04-13

Article link: <https://www.tourism-review.com/us-tourism-expecting-a-bleak-year-news11486>