

THE U.S. SUFFERS FROM DROUGHT OF INTERNATIONAL VISITORS



A large number of U.S. beaches, hotels and casinos nationwide are filling up again as COVID-19 vaccination rates climb and closure orders are lifted. But this summer season is being driven almost entirely by U.S. citizens.

Because of international travel restrictions implemented to slow down the spread of COVID-19, international tourists who used to visit the country in droves, such as European and Chinese nationals, are still unable to enter the U.S.

This is a problem for hospitality businesses since international tourists tend to stay longer and spend more than nationals. In 2019, foreign visitors made up about 15% of total travel expenditure in the United States, although they only accounted for 3% of the trips, according to the U.S. Travel Association, an organization that advocates for the travel industry.

“International tourism is hugely important,” said Vijay Dandapani, president and CEO of the Hotel Association of New York City. “I cannot overstate its importance.”

Although dollars spent by domestic tourists account for 60% of the total money spent by travelers in the United States, industry experts say there is a need for all types of customers - including international tourists and both domestic and international business travelers - so that the industry returns to normal.

“From a revenue generation perspective, domestic leisure cannot really make up for the losses in international and business,” explained Tori Emerson Barnes, Executive Vice President for Public Affairs and Policy at the U.S. Travel Association.

The stakes are highest for states with more tourism-dependent economies, such as Nevada and Hawaii. While tax revenues have increased in many states thanks to trillions of dollars in federal relief due to COVID-19 and a quicker-than-expected economic recovery, tourism-dependent states still lag behind.

Between April and December 2020, Hawaii collected 17% less tax revenue than in the same period in 2019, according to Urban Institute, a Washington, D.C. think tank. According to the report, Nevada and Florida collected about 11% less tax revenue.

International visitors spent is a small but important part of overall tourist expenditure in those states. Casino earnings from baccarat, a very popular card game in East Asia, are a bellwether of international tourist spending in Nevada. Baccarat earnings dropped nearly in half between May 2020 and April 2021, according to state tax data.

“For Nevada to fully recover, we need large trade shows, conventions, and special events to return to pre-pandemic levels, and we need international travel to resume,” said Virginia Valentine, president and CEO of the Nevada Resort Association, which advocates for the state’s resort and gaming industry, in an emailed statement to Stateline.

“It’s not as simple as increasing the number of domestic visitors to offset for international visits,” said Valentine.

Several governors announced plans to set aside federal COVID-19 relief this year to promote all kinds of tourism. In Florida, lawmakers allocated \$75 million in state and federal funds for Visit Florida, the state’s tourism marketing agency.

Dana Young, Visit Florida’s president and CEO, told board members last month that the agency was planning a trip to Mexico in June and a possible trip to England later this summer to work on trade associations and airline partnerships, the Orlando Sentinel reported.

Visit Florida refused to make anyone available to comment on the importance of international tourism to the state. Agency statistics show that overall, domestic and international travelers made 39% fewer visits to Florida in 2020 than the year before.

This summer, the Biden administration may begin lifting travel restrictions that have prevented many foreigners from entering the U.S. Last month, Biden and British Prime Minister Boris Johnson announced a task force to discuss lifting travel restrictions between the two countries.

But **the Biden administration hasn’t set a firm date to end the restrictions**, frustrating advocates for the hospitality industry. “We don’t have a date. We don’t have that plan that we’ve been asking for,” said Emerson Barnes.

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