

International Arrivals to the United States For the Third Quarter Year-to-Date 2008

December 16, 2008

The pattern of international visitation to the United States has changed significantly since 2000. The goal of this analysis is to provide insights into the changes affecting the top 20 U.S. inbound markets.

The U.S. welcomed 39.0 million international visitors during the first three quarters of 2008, up eight percent from the same period in 2007 (Chart 1). Total arrivals were also **up 14 percent from the nine months of 2000, the former record period** for total non-resident visitors to the country. (Total international arrivals are comprised of non-U.S. resident travelers originating from overseas, Canada and Mexico).

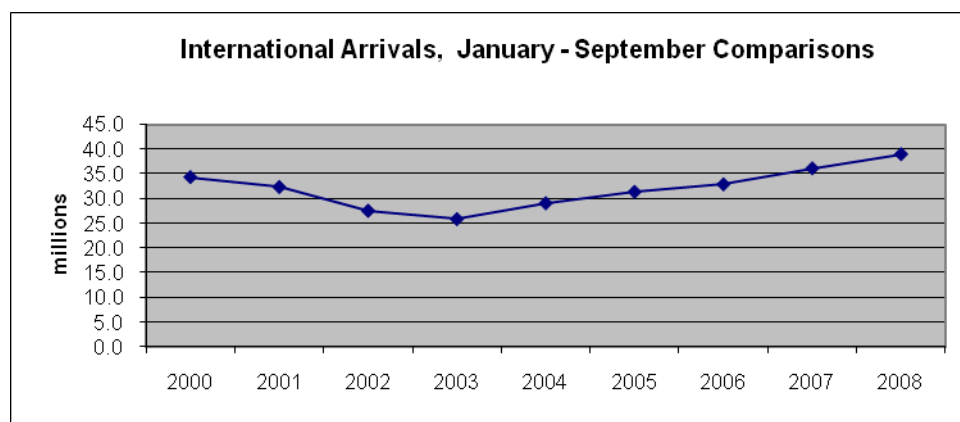


Chart 1

Salient points include:

- The three quarters of 2008 were up 15 percent, eight percent, and three percent, respectively.
- Twelve of the top 20 arrival markets posted double-digit increases in the nine months of 2008. Three markets experienced a decline for the period. (Note chart at end of section)
- Total arrivals have experienced 29 successive months of growth from April 2006 through August 2008. However, total arrivals were flat in September 2008.

Overseas arrivals (excluding Canada and Mexico) totaled 19.3 million through September 2008, up nine percent from the same nine-month period in 2007 (Chart 2). Travel from overseas markets contributed significantly to the overall growth in international arrivals in 2007. Overseas travel has been edging back from its low in 2003 and is **down just two percent from its peak during 2000 (graph below)**. Eleven of the top overseas markets all exceeded 2007 arrivals levels by double-digits: Germany, France, Italy, Brazil, Spain, China, Netherlands, Ireland, Venezuela, Sweden and Switzerland.

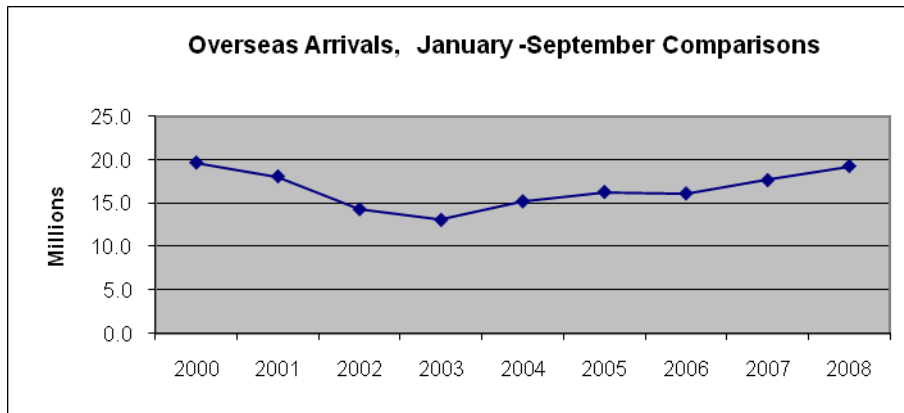


Chart 2

- Overseas travel to the U.S. increased from both the Visa Waiver Program (VWP) countries (except Japan) and the non-Visa Waiver countries (except South Korea).
- Eight of the nine overseas regions generated growth in arrivals in 2008 and four of the regions posted double-digit growth.
- Visitation from Western Europe, Asia, and South America accounted for 83% of all overseas arrivals.

As noted in the opening paragraph, overall visitation through September is up 14 percent since 2000, the record year of arrivals to the U.S. When evaluating the impact of post 9/11, the low point was actually in 2003 which was also compounded by SARS and the beginning of the Iraq War. The recovery in overseas visitation to the U.S. started in the fourth quarter of 2003 and has grown through the third quarter of 2008, albeit a flat period between 2005 and 2006.

The following chart (3) shows the trend of ‘pure’ pre 9/11 (through August 2001) and post 9/11 disclosing that by 2003 overseas arrivals were down 32 percent from 2001. **Overseas arrivals through August 2008 were up two percent from pre-9/11 levels.** Air Travel actually started to ebb early in 2001 due to the recession and the collapse of the ‘dot.com’ bubble.

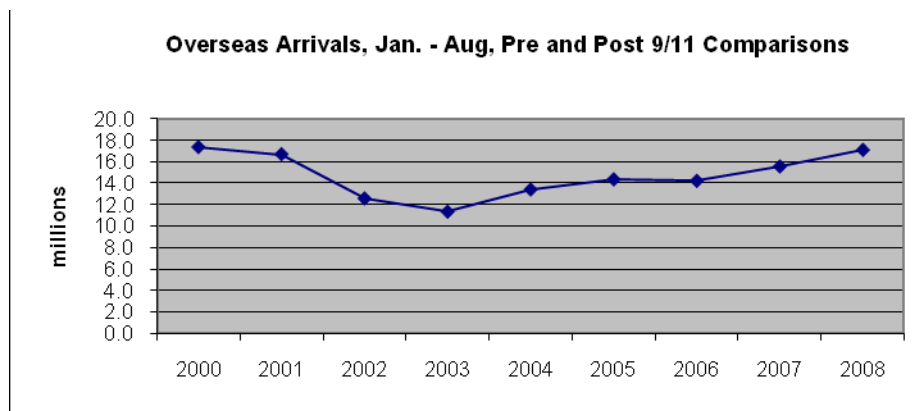


Chart 3

Western European arrivals totaled 16.7 million, up 17 percent in the nine months of 2008. Quarterly growth was 14 percent, 19 percent and 17 percent for the three quarters, respectively. Monthly arrivals were up in all months. Although the U.K. and Germany accounted for 52% of the arrivals from the region, six other Western European countries realized double-digit growth. The transatlantic has been a growth market this year possibly attributable to new services added via the U.S. – EU “Open Skies” agreement which took effect in late March 2008.

Asian travelers totaled 4.9 million in 2008, slightly down/flat for the nine months. Monthly arrivals were up in all months except January. First and second quarter growth of three percent and two percent, respectively, were followed by a five percent drop in the third quarter. Japanese arrivals, the major driver in this region (see country synopsis, below), have declined six percent during 2008. Arrivals from South Korea were also down; however, solid gains were realized from India and PRC/Hong Kong.

South American visitation, registering almost 1.9 million arrivals during 2008, was up 14 percent with double digit growth in all three quarters. The strongest growth was in the first quarter. Brazil, Argentina and Venezuela all recorded double-digit growth for the nine months of 2008.

Other overseas region's results during the nine months of 2008 were follows:

Travelers from:	#Arrivals (000)	% Change 08/07	Major Drivers
	<u>Jan.- Sep08</u>	<u>Jan. - Sep</u>	<u>Year-to-Date</u>
Caribbean	910	-8%	Bahamas down 29%
Oceania	656	5%	Australia up 6%
Central America	546	1%	Mixed
Middle East	528	10%	Israel up 6%
Eastern Europe	439	15%	Russia up 28%
Africa	243	16%	Nigeria up 37%

Top Origin Markets:

The top 20 visitor markets accounted for 87 percent of all international arrivals to the U.S. during the nine months of 2008 and as a group were up eight percent.

TOP TWENTY TOURIST-GENERATING COUNTRIES				
September 2008 Year-to-Date				
			NUMBER OF	%
	RANK	COUNTRY OF RESIDENCE	ARRIVALS	CHANGE
				2008/2007
	1	CANADA	15,151,725	12
	2	MEXICO*	4,560,401	-6
	3	UNITED KINGDOM	3,445,774	6
	4	JAPAN	2,507,116	-6
	5	GERMANY	1,362,014	20
	6	FRANCE	959,261	28
	7	KOREA, SOUTH	620,865	-2
	8	ITALY	598,520	29
	9	BRAZIL	550,511	21
	10	AUSTRALIA	528,506	6
	11	SPAIN	514,040	36
	12	PRC & HONG KONG	502,919	21
	13	INDIA	501,914	9
	14	NETHERLANDS	469,285	26
	15	IRELAND	381,491	16
	16	VENEZUELA	347,310	13
	17	COLOMBIA	296,732	8
	18	SWEDEN	285,958	21
	19	SWITZERLAND	257,761	19
	20	ISRAEL	254,123	6
		TOTAL TOP 20 FOR Y-T-D	34,096,226	8
* ARRIVALS TO INTERIOR OF U.S. ONLY.				

1. Canada:

Canadian arrivals totaled 15.2 million in the nine months of 2008, 12 percent over 2007 (Chart 4). Arrivals showed positive growth every month, except September, with 22 percent, 12 percent and five percent increases during the three quarters. Air arrivals totaled 4.9 million, representing 32 percent of all total Canadian arrivals and increased by 11 percent during the year while land arrivals were up by 12 percent. Record arrivals from Canada to the U.S. occurred in 1991.

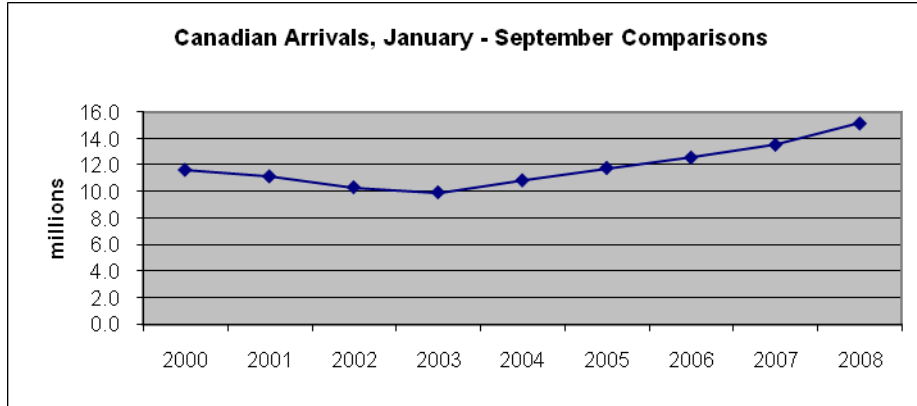


Chart 4

2. Mexico:

Arrivals to the U.S. interior* totaled 4.6 million, down six percent in the first nine months of 2008, but up 52 percent from the first nine months of 2000 (Chart 5). Of total Mexican visitors to the U.S. interior so far in 2008, 28 percent arrived by air, which was down five percent compared to 2007. The top five 'first intended' destinations were California (1.6 million), Texas (1.1 million), Arizona (449,000), Nevada (257,000) and Florida (245,000). New Mexico, New York, Colorado, Illinois and Georgia were also top destinations.

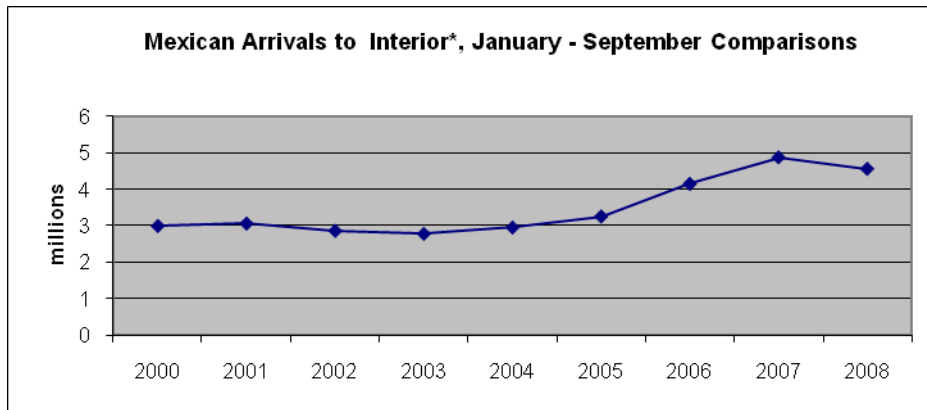


Chart 5 (*Interior is North of the 40-kilometer border zone in the U.S.)

*These travelers can be tracked on a monthly basis due to U.S. Customs and Border Protection requirement for Mexican travelers to submit a DHS I-94 Arrival card for 'longer-haul' itineraries into the U.S. Currently this is the only monthly data available and although it accounts for various modes of arrival (land/sea/air) it is not necessarily a reliable indicator of how other land arrivals (short-haul border crossers, but staying overnight) are changing on a monthly basis. Only total market data is available from Banco de Mexico on an annual basis (no state destination or other breakouts).

Overseas Markets

Travel from the 27 Visa Waiver countries increased 11 percent in the nine months of 2008, outperforming the non-Visa Waiver countries, which were up seven percent. Travelers from non-Visa Waiver countries are required to secure a U.S. visa before entry into the U.S.

	2008 YTD	2007 YTD	% Change 08/07
Overseas	19,305,749	17,687,458	9%
Visa Waiver (27)	12,439,715	11,248,163	11%
Non-Visa Waiver	6,866,034	6,439,295	7%

Of the top18 overseas countries (listed below), 11 are part of the Visa Waiver Program (VWP) and seven are non-Visa Waiver countries. Ten of the 11 VWP countries experienced visitation growth during the nine months of 2007 and seven of the eight of the non-VWP countries also showed growth during the year.

In general, looking at the **mode** of travel into the U.S., air travel increased by nine percent from the first nine months of 2007, whereas arrivals by sea and land were down seven percent and up 12 percent, respectively. The land category includes overseas travelers that stopover in Canada or Mexico crossing into the U.S. at a land border. The average **age** of the overseas traveler visiting the U.S. was 39.7 years, down from 2007. **Business and leisure** travel increased by seven percent and ten percent, respectively, and student travel increased by 11 percent.

3. United Kingdom:

U.K. visitation to the U.S. totaled 3.4 million for the nine months of 2008, up six percent from 2007 (Chart 6). U.K. arrivals accounted for 37 percent of all travel from Western Europe in 2008, down from 41 percent in 2000. 2008 travel from the U.K. was down less than one percent from 2000 (graph) the record year for arrivals. There was also a notable shift in U.S. destinations in the nine months of 2008 compared to the same period in 2000 (a/k/a 'First Intended Address', a proxy for stated destinations derived from the In-Flight Survey). Although travel to Florida, California, Massachusetts was down, travel did increase by double-digits to New York, Nevada, Texas and Washington State. British Airways now serves 19 U.S. cities.

From preliminary indications it appears that the growth in U.K. outbound travel is shifting from North America as a destination to intra-EU, Asia, Middle East and Oceania markets.

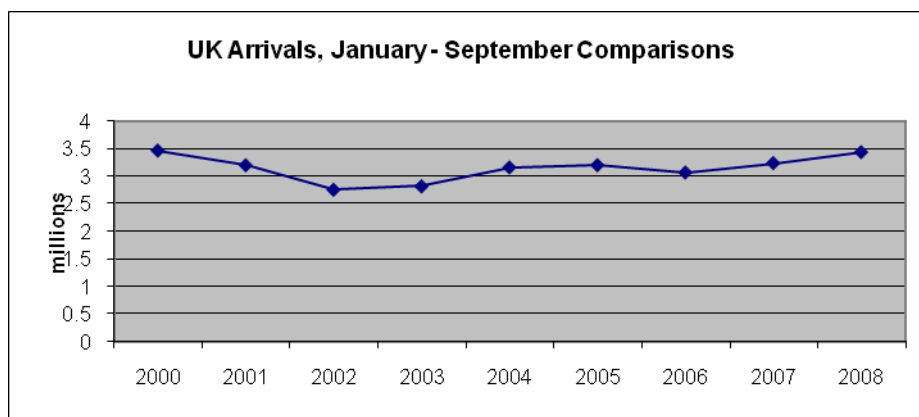


Chart 6

4. Japan:

Japanese visitation totaled 2.5 million for the nine months of 2008, down six percent from 2007 (Chart 7). Both leisure and student travel were down, by seven and ten percent, respectively. However, business travel

was up five percent. On a quarterly basis, travel from Japan has declined three percent, four percent and 11 percent, respectively.

Arrivals from Japan accounted for 51 percent of all Asian visitors so far in 2008, down from 55 percent in 2007 and a 67 percent share in 2000. This reveals not only a drop off in arrivals from Japan (down 35 percent in nine months of 2008 vs. same period in 2000), but also an increase in arrivals from other Asian countries. Japan is now second in all overseas arrivals, behind the U.K. The decline in Japanese travel to the U.S. compared to 2000 significantly affected all traditional U.S. destinations, i.e. Hawaii, Guam, California, New York and Nevada. The record year for Japanese travel to the U.S. was 1997.

Traditionally the two seasons for Japanese outbound travel are from October – March (Shimoki) and from April – September (Kamiki). However, so far in 2008 the peak months within the two seasons, March and August, were both down, six percent and 12 percent, respectively.

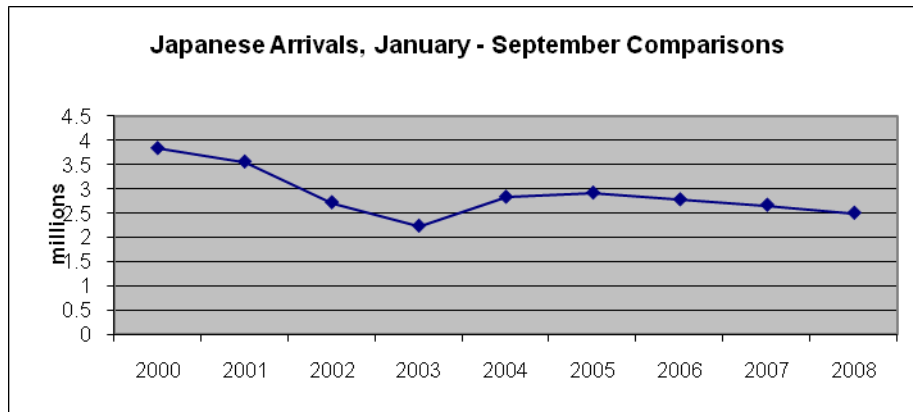


Chart 7

The Japan Tourism Agency (JTA) has indicated that in spite of their efforts under the Tourism Promotion Plan, inbound, domestic and outbound tourism (both to the U.S. and to China) has been in decline. The JTA believes the economy benefits from outbound tourism.

Also, from a demographic perspective the Japanese population (~ 128 million) is aging and has been in decline since 2005, which has had a negative impact on student enrollments in the Japanese university system. This was evident since Japanese student travel to the U.S. was down ten percent in the nine months of 2008.

5. Germany:

German visitation totaled 1.4 million, up 20 percent, for the nine months of 2008 (Chart 8). The first through third quarters were up 19 percent, 22 percent and 18 percent, respectively.

German arrivals were 15 percent of Western Europe arrivals in the nine months of 2008, down slightly from a 16 percent share in 2000. Arrivals neared the level in the nine months of 2000, only down two percent. The record high in German visitation was in 1996. Visitation since 2003 is up 58 percent, quite an improvement from that year's low. In 2008 79 percent of visitation was leisure and 20 percent business. The small student inflow did increase by 17 percent in 2008 with business travel up 10 percent and leisure up 23 percent in 2008.

Visitation to first intended addresses were up for most states when compared with 2000, except for travel to Florida and California which were still down.

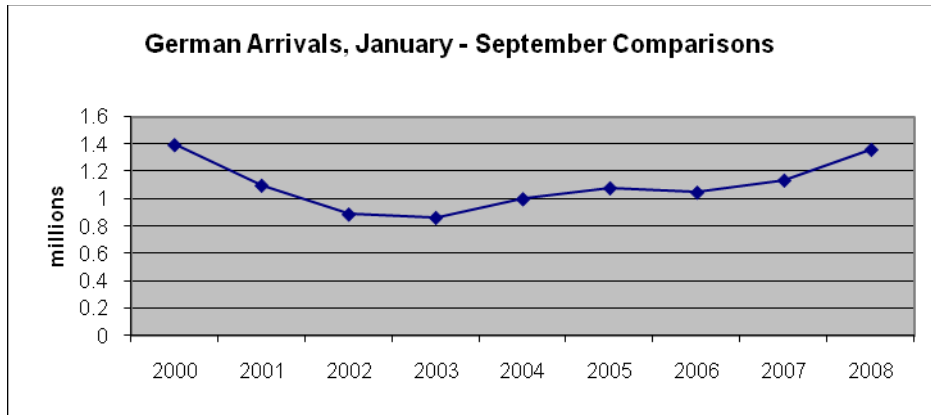


Chart 8

6. France:

Arrivals to the U.S. from France totaled 959,000 during the nine months of 2008, up 28 percent from 2007 a record year. Visitation in 2008 was up 16 percent in the first quarter and 32 percent, respectively, in the second and third quarters. Compared to the nine months of 2000, arrivals were up 12 percent. Leisure travel accounted for 82 percent of visitation and increased by 32 percent in the nine months of 2008 vs. 2007.

7. South Korea:

South Korea is the top origin market among all of the non-visa waiver program countries. Visitation totaled 621,000 during the nine months of 2008, down two percent from 2007, a record year. Arrivals dropped in the second and third quarters, down two percent and eight percent, respectively, after realizing positive growth every month from 2007 through the first quarter of 2008. The growth in Korea's overall outbound market is intra-Asia, particularly to China in August and September.

8. Italy:

Italian visitation totaled 599,000 for the nine months of 2008, up 29 percent from the same period in 2007, a record year. As with France, this was a continuation of the positive arrival pattern starting in the fourth quarter of 2006. For the three quarters of 2008 arrivals were up 22 percent, 29 percent and 31 percent, respectively. Arrivals are now above 2000 levels!

9. Brazil:

Arrivals from Brazil, a non-visa waiver country, totaled 551,000 for the nine months of 2008, up 21 percent. Quarterly changes in 2008 were up 26 percent, 19 percent and 20 percent, respectively. Brazil accounts for 30 percent of the travelers from South America to the U.S., up from a 25 percent share in 2000. Although 2007 arrivals were down from the record high year of 1997, there has been significant recovery from its 2003 low point.

10. Australia:

Australian arrivals during the nine months of 2008 totaled 529,000, up six percent from 2007, which turned out to be a record year for this market. This follows on previous strong double-digit growth patterns in 2005, up 12 percent, and in 2004, up 28 percent. Arrivals grew by seven percent, four percent and seven percent, respectively, in the three quarters of 2008.

11. Spain:

The U.S. welcomed 514,000 Spaniards in the nine months of 2008, up 36 percent from a record in 2007. Quarterly increases in 2008 were 32 percent, 30 percent and 42 percent, respectively. Unlike other Western European countries, visitation from Spain grew by double digits during the second, third and fourth quarters of 2006 and also posted double-digit growth in the preceding 2004 – 2005 periods.

12. Peoples Republic of China (PRC) & Hong Kong:

During the nine months of 2008 arrivals from PRC totaled 388,000, up 28 percent from 2007, a record year. Visitation from Hong Kong, 113,000, was up one percent. As a combined entity, visitation totaled 503,000, up 21 percent for 2008. The quarterly growth rates for this non-visa waiver country were up 25 percent, 24 percent and 15 percent for the year. So far this year 36 percent of Chinese travel was business travel.

13. India:

Indian visitation to the U.S. is at its historically highest level. Visitation totaled 502,000 in the nine months of 2008, up nine percent from 2007. Business travel was about 28 percent of all arrivals, above the norm of business travel from Asia (19 percent). India is also a non-visa waiver country.

India has been experiencing strong economic growth fueled in part by government deregulation of several key industries including civil aviation. The U.S. and India signed an "Open-Skies" agreement in 2005, allowing for more non-stop air service, which has undoubtedly enabled this market to expand.

The U.S. embassy in Delhi and consulates in Calcutta, Chennai and Mumbai also reduced the visa application backlog, markedly facilitating the entry process.

14. Netherlands:

Dutch visitation totaled 469,000 for the three quarters of 2008, up 26 percent from the same period in 2007. As with France and Italy, this was a continuation of the positive arrival pattern starting in the second half of 2006. Arrivals were up 17 percent in the first quarter and 39 percent and 20 percent, respectively, in both the second and third quarters. Arrivals were up 10 percent from the nine months of 2000, the record year.

15. Ireland:

Visitation from Ireland totaled 381,000 in the nine months of 2008, up 16 percent from 2007, which was a record year. Visitation established a positive growth pattern in the last three quarters of 2006 and has continued upward since. Over 90 percent of the travel in this market was leisure. Ryanair, with a 29.3 percent ownership in Aer Lingus, has plans for transatlantic air service, offering expanded capacity for this market.

16. Venezuela:

Venezuelan arrivals totaled 347,000, up 13 percent for the nine months of 2008 continuing the fourth consecutive year of positive growth. The three quarters were up 24 percent, seven percent and 10 percent, respectively. Arrivals are down 15 percent from the nine months of 2000, the record year, but have significantly recovered from the low in 2003.

17. Colombia:

Colombian arrivals totaled 297,000 in the nine months of 2008, up 12 percent, and building on four consecutive years of growth from a low in 2003. Quarterly growth levels were up 20 percent, four percent and three percent, respectively in 2008. Arrivals remain three percent below the record 2000 levels for the nine months.

18. Sweden:

Arrivals totaled 286,000, for the nine months of 2008, up 21 percent from the record set in 2007. The quarterly arrivals were up 22 percent, 19 percent and 15 percent, respectively. Arrivals were also 20 percent above the 2000 levels.

19. Switzerland:

Almost 258,000 Swiss visited the U.S. during the nine months of 2008, up 19 percent from 2007. The quarterly arrivals were up 19 percent, 13 percent and 23 percent, respectively. Arrivals were still 12 percent below 2000 levels. The record in arrivals from Switzerland was 1996.

20. Israel:

Israeli visitation, totaling 254,000 for the nine months of 2008, was up six percent and accounted for 48 percent of all arrivals from the Middle East. Arrivals were also up three percent from the same period in 2000, a record year for Israel.

Other:

Strong growth was also noted in Argentina for the nine months of 2008, 250,000 arrivals, up 21 percent.

Further Information:

The above analysis is a synopsis of the world regions and the top markets generating arrivals to the United States. Arrival statistics for the top countries and world regions may be accessed on-line from the monthly section of the U.S. Department of Commerce, Office of Travel and Tourism Industries (OTTI) web site at: <http://www.tinet.ita.doc.gov/view/m-2006-I-001/index.html>

Once on this page, there are numerous links to tables that provide arrivals for the top arrival markets to the United States. Please review each of the links available.

The monthly *Summary of International Travel to the U.S.* report has approximately 30 tables that provide data on monthly and year-to-date arrivals to the country. The report provides data on approximately 90 countries each month and over 40 ports-of-entry. Numerous breakouts are provided by world region, countries and for the port tables as well. To learn more about this program, please go to: <http://tinnet.ita.doc.gov/research/programs/i94/index.html>

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