

# United States

## Tourism in the economy

United States' travel and tourism industries are major contributors to US GDP, accounting for 2.6% of value-added in the US economy (Table 3.116). In a USD 13 trillion economy, travel and tourism are of paramount importance. The industry contributed more to the economy than the insurance industry or than public utilities, and more than twice as much as either agriculture, the automotive or the oil and gas industries. Travel and Tourism related exports now account for 26% of all US services exports and 7% of all goods and services exports.

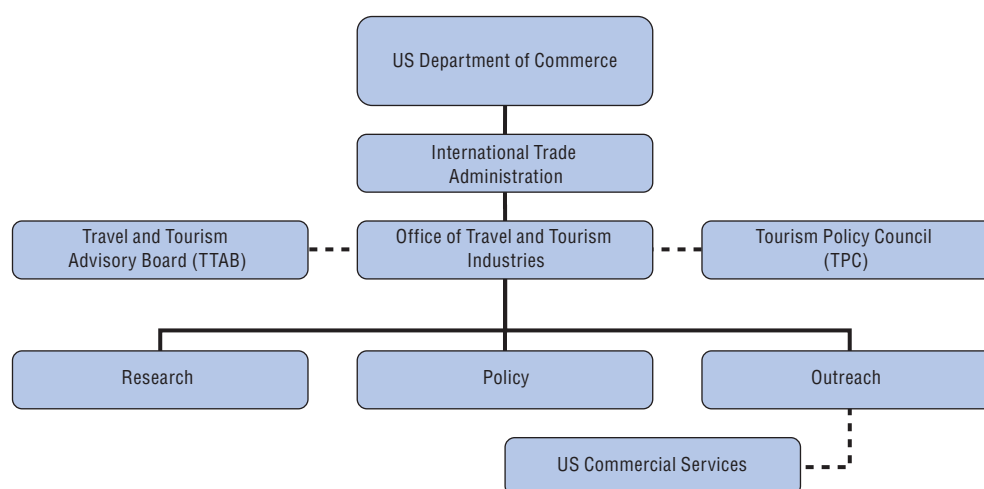
2006 was a record year for the US travel and tourism industry – America's leading services exporter. According to the Travel and Tourism Satellite Accounts (TTSA's), the industry generated USD 1.2 trillion in sales in 2006 (international and domestic tourism combined); in constant (2000) prices, real direct output for each sub-sector of the industry was the highest ever recorded. In 2006, real direct tourism output was 3% up on 2005 at more than USD 587 billion.

Travel and tourism is one of the USA's largest employers, with one out of every sixteen Americans employed in travel and tourism businesses, of which 94% are classified as small businesses. In aggregate, more people are employed by travel and Tourism related industries than are employed in each of the following sectors: construction, the business and financial industries, agriculture, education, and healthcare.

International tourist arrivals reached 49.2 million in 2005, just 4.9% ahead of 2001 but representing a recovery nonetheless from the slump of 2002 and 2003. The largest origin markets are Canada and Mexico (accounting for 30% and 26% of all arrivals respectively in 2005), followed by the UK, Japan and Germany. International travellers spent USD 81.7 billion in 2006, almost 5% above the previous record set in 2000.

## Tourism organisation

The United States does not have a minister of tourism. Although, the Secretary of Commerce serves in this capacity, he also has responsibility for the numerous other agencies that comprise the US Department of Commerce (Figure 3.33). A majority of the work performed for this sector comes from the Office of Travel and Tourism Industries (OTTI), which is an Office reporting to the International Trade Administration within the Department of Commerce. OTTI has three main functions: research, policy and outreach. The outreach section includes overseeing the United States' international marketing programme (see the tourism budget section below), as well as serving as a liaison to the US Commerce Service, a sister agency with the Department of Commerce that oversees the domestic and international operations of offices that focus on assisting US businesses

Figure 3.33. **Organisational chart of tourism bodies in the United States**

Source: OECD, adapted from US Department of Commerce Travel and Tourism Services, 2007.

exports. Staff working for the US Commerce Service focus part-time on travel and tourism exports both in the USA and abroad.

The Travel and Tourism Advisory Board is a committee comprising 15 private sector travel executives who provide advice and guidance to the Secretary of Commerce related to the US promotional campaigns for 2005-08. This committee will be disbanded if Congress does not allocate additional funds for tourism promotion administered by the Department of Commerce.

The Tourism Policy Council is an inter-agency committee established by law for the purpose of ensuring that the nation's tourism interests are considered in Federal decision-making. Its major function is to co-ordinate national policies and programmes relating to international travel and tourism, recreation, and national heritage resources that involve federal agencies.

## Tourism budget

- The US Department of Commerce, Office of Travel and Tourism Industries (OTTI) serves as the national tourism office for the United States. It obtains its funds from a congressional appropriation to the Department of Commerce and the funds are then allocated to OTTI. In addition, OTTI sells research reports and data to generate additional revenue to run its operation, along with inter-agency agreements that also generate funds for the Office.
- The US Congress appropriated funds for a matching co-operative grant of USD 4 million in FY 2007, and in FY 2006 Congress provided marketing funds of USD 9.8 million to promote travel to the United States. The United Kingdom and Japan were selected as the markets for the promotion campaign. In FY 2005, Congress provided USD 6 million to promote travel to the United States and the United Kingdom was chosen for this campaign.
- In addition to the money allocated to OTTI for tourism promotion, there are also funds for nine research programmes and other operational programmes, excluding salaries and benefits. The OTTI's operational budget for FY 2007 was USD 2 million from all sources (appropriated funds and sales of research data). In FY 2006, the OTTI's operational budget was USD 1.7 million, and in FY 2005 it was USD 2.2 million.

## Tourism related policies and programmes

The OTTI is engaged in a review of national policies that affect travel and tourism to the United States. Included in this review are private sector recommendations on government policies to enhance the competitive position of the US travel and tourism industry. OTTI is working closely with its colleagues in other US federal agencies to address issues related to travellers' security and travel facilitation. Additionally, OTTI is supporting the efforts of the Department of Commerce to identify emerging markets for US travel and tourism exports and eliminate barriers to entry in order to create new business growth opportunities.


Under the leadership of the US Secretary of Commerce, OTTI serves as the Secretariat for the Tourism Policy Council (TPC). The major function of the TPC is to co-ordinate national policy and programmes related to travel and tourism, recreation, and national heritage resources that involve US federal agencies, 18 of which are members of the TPC. The TPC addresses several key objectives that support US travel and tourism, such as: providing a single point of contact to which the travel and tourism industry can bring its concerns and priorities; synthesising travel and tourism data from all agencies to monitor performance and competitiveness most effectively; and engaging inter-agency commitment at senior level on policies and issues which have an impact on the travel and tourism industry.

In order to demonstrate the value of travel and tourism to the US economy, the Office provides funding to the US Department of Commerce Bureau of Economic Analysis. This funding is used to produce quarterly Travel and Tourism Satellite Accounts (TTSAs) data. The information produced by the TTSAs includes direct and indirect travel and Tourism related output, direct and indirect travel and Tourism related employment, and total US travel and Tourism related sales/expenditures. Additionally, the annual TTSAs data provide the US travel and tourism industry with output and employment data for 26 individual industries; the value-added contribution of travel and tourism to the US economy; the supply of, and demand for, travel and tourism commodities; and disaggregated demand data of household, businesses, government, and non-resident demand for US travel and Tourism related goods and services.

## Statistical profile

Table 3.113. **Inbound tourism: International arrivals and receipts**

	Units	2001	2002	2003	2004	2005
<b>Tourists</b>						
<b>(overnight visitors)</b>	Thousands	<b>46 927</b>	<b>43 581</b>	<b>41 218</b>	<b>46 085</b>	<b>49 206</b>
<i>of which:</i>						
Canada <sup>1</sup>	Thousands	13 527	13 024	12 666	13 857	14 862
Mexico <sup>1</sup>	Thousands	11 567	11 440	10 526	11 907	12 665
United Kingdom	Thousands	4 097	3 817	3 936	4 303	4 345
Japan	Thousands	4 083	3 627	3 170	3 748	3 884
Germany	Thousands	1 314	1 190	1 180	1 320	1 416
Tourism receipts	Million USD	71 893	66 605	64 348	74 547	81 680


StatLink  <http://dx.doi.org/10.1787/152250647010>

1. Estimates provided by the respective countries.

Sources: US Department of Commerce, Office of Travel and Tourism Industries, Bureau of Economic Analysis, Statistics Canada (Canada); Banco de Mexico/Secretaria de Turismo (Mexico), 2007.

Table 3.114. **Outbound tourism: International departures and expenditure**


	Units	2001	2002	2003	2004	2005
Departures	Thousands	59 442	58 066	56 250	61 809	63 503
Tourism expenditure	Million USD	60 200	58 715	57 444	65 750	69 175

StatLink  <http://dx.doi.org/10.1787/152265101006>

Sources: US Department of Commerce, Office of Travel and Tourism Industries, Bureau of Economic Analysis, Statistics Canada (Canada); Banco de Mexico/Secretaria de Turismo (Mexico), 2007.

Table 3.115. **Employment in tourism**

	Units	2001	2002	2003	2004	2005
<b>All tourism industries</b>	Thousands	<b>8 291</b>	<b>8 023</b>	<b>7 968</b>	<b>8 123</b>	<b>8 239</b>
<i>of which:</i>						
Traveller accommodation	Thousands	1 687	1 628	1 624	1 634	1 659
Transport	Thousands	2 262	2 061	1 939	1 947	1 949
Food services and drinking places	Thousands	2 155	2 193	2 271	2 353	2 415
Recreation, entertainment, shopping	Thousands	1 841	1 798	1 787	1 842	1 863

StatLink  <http://dx.doi.org/10.1787/152315807614>

Sources: US Department of Commerce, Office of Travel and Tourism Industries from the Bureau of Economic Analysis, 2007.

Table 3.116. **Tourism in the national economy**

	Units	2001	2002	2003	2004	2005
United States	Million USD	10 127 976	10 469 601	10 960 770	11 712 462	12 455 835
Travel and tourism value added	Million USD	266 010	268 573	283 617	302 649	..
Tourism as % of GDP (value added)	Percentage	2.6	2.6	2.6	2.6	..

StatLink  <http://dx.doi.org/10.1787/152328465501>

Note: There is a 2-year lag for travel and tourism value-added data; therefore, 2005 data are not yet available.

Sources: US Department of Commerce, Office of Travel and Tourism Industries from the Bureau of Economic Analysis, 2007.

## Synthesis

The following chapter presents summary details of the tourism sector in 32 countries, 30 of which are OECD members, in addition to Romania and South Africa. Each country section is set out under five main headings:

- Tourism in the economy.
- Tourism organisation.
- Tourism budget.
- Tourism related policies and programmes.
- Statistical profile

For further information, a synopsis table in Annex 3.A1 indicates the main websites for national tourism administrations, national tourism organisations and other important Tourism related organisations.

This chapter focuses mainly on international tourism (inbound and outbound). It also includes some partial data on domestic tourism based on Tourism Satellite Account sources or on national surveys. The measurement of domestic tourism, in terms of the number of tourist trips taken each year, is not generally provided by most countries on a consistent basis and does not readily lend itself to aggregations and international comparisons.

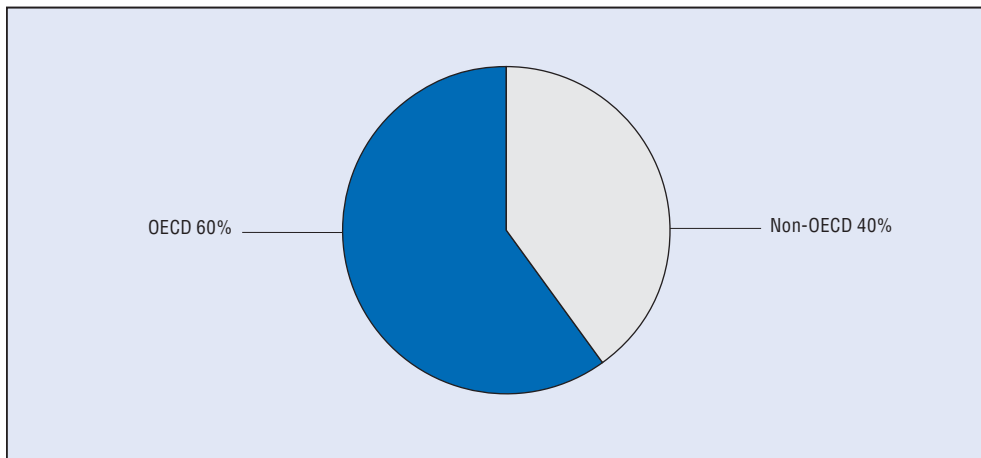
International tourist arrivals, however, are recorded for almost all countries. Data for 2005, the latest year for which complete data are available, show that globally there were 802 million international tourist arrivals (World Tourism Organisation). In the OECD member countries, international tourist arrivals in that year totalled 481.5 million, and thus these countries account for 60.0% of all international tourism by this measure (Figure 3.1).

Eight out of the top ten international tourism destinations are included in this chapter, the exceptions being China and Russia. These eight – France, Spain, USA, Italy, UK, Germany, Mexico and Austria – together accounted for 308.9 million arrivals in 2005, 38.5% of the global total.

### **Tourism in the economy**

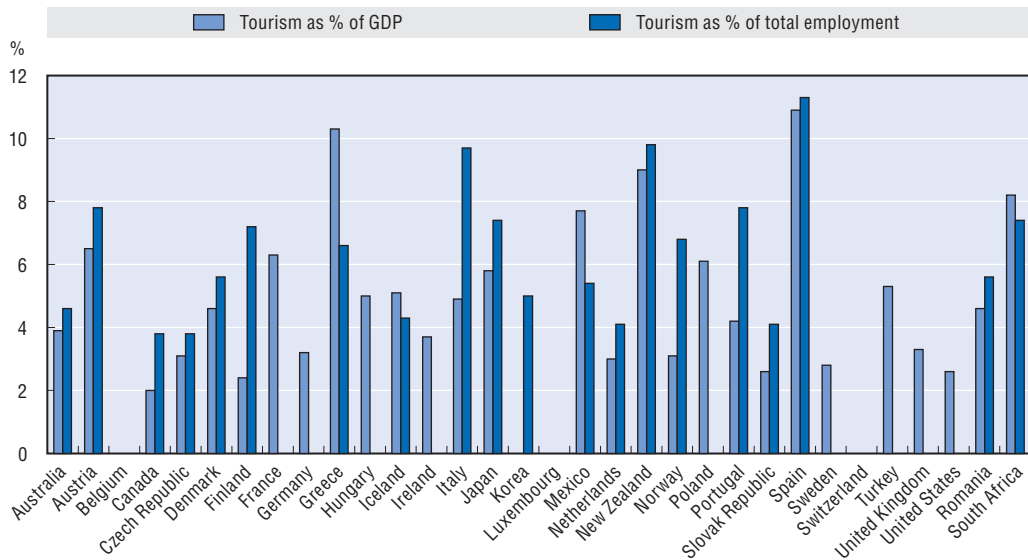
The importance of the tourism sector in the economies of these 32 countries varies widely. To generalise however, tourism accounts for an important share of Gross Domestic Product (GDP) and of services exports in many countries (see Chapter 1, *New Paradigm for International Tourism Policy*), and also generates a substantial share of total employment. Although data coverage of these measures is variable (see individual sections for country details), an idea of tourism's economic importance is given in the Figure 3.2.

Figure 3.1. **International tourist arrivals, world, 2005**



StatLink <http://dx.doi.org/10.1787/153030008744>

Figure 3.2. **Tourism in the economy, 2006**



StatLink <http://dx.doi.org/10.1787/152847245261>

Clearly tourism is an important economic force in many of the countries covered here. For some of the world’s major tourism destinations, tourism plays a crucial role in sustaining employment and in earning foreign currency receipts.

**Tourism organisation**

The treatment of the tourism sector within the government structures of the countries covered in this chapter varies considerably. Moreover, due to variations in government structures it is difficult to be precise about which portfolio includes tourism. However, the growing economic and political importance of tourism is reflected by the fact that 15 OECD countries have a Ministry or a Secretariat of State with Tourism named in their title.

Several countries have their own dedicated tourism ministries (Greece, Mexico and New Zealand), however in most cases, the tourism portfolio is attached to Economy,

Industry, Trade or SME ministries (Australia, Austria, Canada, Denmark, Finland, France, Germany, Netherlands, Norway, Portugal, Romania, Slovak Republic, Spain, Sweden, Switzerland and United States). For a few others, the tourism portfolio is linked to Regional Development (Czech Republic and Hungary), Culture and Sports (Ireland, Korea, Poland, Turkey and United Kingdom), Environment (South Africa) or Transportation (Japan).

### **Tourism budgets**

A comparison of tourism budgets is complicated by issues of exchange rates and, especially, of the different approaches to the public funding of tourism support adopted by governments. Readers are referred to the country sections for details.

As a generalisation, however, the largest item in public budgetary support for tourism tends to be the marketing budgets granted to national tourist offices or their equivalents for international marketing purposes. Again as a generalisation, it is typically the national tourist office that is responsible for marketing the country as a tourism destination to foreign visitors. Regions or specific destinations within countries are then responsible for their own promotion within the country concerned, but generally national governments discourage regions from direct (and usually costly) international marketing themselves. In some countries, such as the United States for example, where it is felt that the country's international profile is inherently high, international marketing budgets are limited.

For domestic tourism, countries are becoming increasingly aware of the economic benefits to be gained from encouraging nationals to take their holidays in their own countries, both in terms of balance of payments benefits (by avoiding expenditure on holidays abroad) and in terms of the economic stimulation that a vigorous domestic tourism sector can generate. As a result, national tourist offices or other public tourism organisations are taking on more responsibility for the active promotion of tourism opportunities within their own countries to their resident population.

### **Tourism related policies and programmes**

Public investment in tourism is again highly varied across countries, and the reader is referred to the country sections for detailed information.

As an economic activity with the potential to create jobs, add value and earn foreign exchange, tourism is increasingly being seen as a sector in which public investment can be justified, in a number of areas. The most common are:

- Investment programmes in infrastructure which can contribute to facilitating access to the tourism industry for nationals and foreigners alike.
- Programmes supporting the small business sector which, in terms of the number of enterprises engaged, is dominated by SMEs; programmes to enhance quality in tourism most commonly through action of training.
- Programmes aimed at the quality of tourism facilities and services (these often involve the introduction and maintenance of national quality standards and quality accreditation schemes).
- Licensing schemes for personnel engaged in tourism (e.g. the licensing of tourism guides).
- The creation of a business and investment climate that is supportive of the tourism sector and which encourages the participation of the private sector as prime investors.

Governments are also increasingly conscious of their role in facilitating international access for visitors to their countries by means of the pursuit of increasingly liberal air transport policies. In the area of environmental policy and conservation, governments are also becoming more directly involved in the promotion of ecologically-friendly policies aimed at minimising the adverse impact of tourism on the physical environment and maximising the sustainability of their tourism sectors.

The concept of public-private partnerships in tourism is being pursued actively by a number of countries, both in the financing of national tourist offices and the development of tourism networks such as those providing information to tourists at a local level, as well as investment programmes geared to leveraging private investment in the tourism sector by means of public pump-priming money.

Policy advice and enabling measures are also increasing, led by national governments, to assist tourism industries and especially small businesses to meet the fast-growing competition in global tourism. A notable emphasis is now being seen on maximising the use of on-line technologies to enable tourism businesses to benefit from and cope with the rapid globalisation of tourism marketplaces and of tourism marketing. Information and reservation systems are at the heart of many of these initiatives, as the direct linkages via the Internet between the tourist and the tourism service supplier strengthen and disintermediation (the elimination of the need for the use of travel intermediaries such as travel agents) increases.

Finally, in addition to the pursuit of national policies and programmes and the promotion of tourism clusters and networks, governments are becoming increasingly aware of the potential benefits to be gained from international co-operation in tourism marketing and promotion and generally take the lead in developing tourism linkages with other, often contiguous, states.

### **Summary**

To summarise, tourism is gaining in importance in the eyes of governments as an economic activity which justifies serious consideration at the level of national policy. Tourism in many countries has already surpassed in economic importance some of the more traditional sectors such as agriculture which historically have commanded greater political attention at national government level. Governments are becoming more aware of the benefits and of the potential pitfalls of the tourism sector in national economic development terms. Closer study of this chapter will illustrate the many initiatives taken by governments in the tourism field and will assist the reader in comparing their own national experience with international best practice.



### Basic methodological references

The following definitions are based on UN and UNWTO (1994), International Recommendations on Tourism Statistics (IRTS), UN, Madrid and New York.

#### Inbound tourism

*Arrivals associated to inbound tourism* correspond to those arrivals by international (or non-resident) visitors within the economic territory of the country of reference.

Visitors include: a) *Tourists (overnight visitors)*: “a visitor who stays at least one night in a collective or private accommodation in the country visited”; b) *Same-day visitors*: “a visitor who does not spend the night in a collective or private accommodation in the country visited”.

When a person visits the same country several times a year, an equal number of arrivals is recorded. Likewise, if a person visits several countries during the course of a single trip, his/her arrival in each country is recorded separately. Consequently, *arrivals* cannot be assumed to be equal to the number of persons travelling.

*Tourism receipts data* are obtained from the item “travel, credits” of the Balance of Payments of each country and corresponds to the “expenditure of non-resident visitors (tourists and same-day visitors)” within the economic territory of the country of reference.

*Fare receipts data* are obtained from the item “transportation, passenger services, credits” of the Balance of Payments of each country and corresponds to the “fare expenditure of non-resident visitors (tourists and same-day visitors)” within the economic territory of the country of reference.

#### Outbound tourism

*Departures associated to outbound tourism* correspond to the departures of resident visitors outside the economic territory of the country of reference.

*Tourism expenditure data* in other countries are obtained from the item “travel, debits” of the Balance of Payment of each country and corresponds to the “expenditure of resident visitors (tourists and same-day visitor)” outside the economic territory of the country of reference.

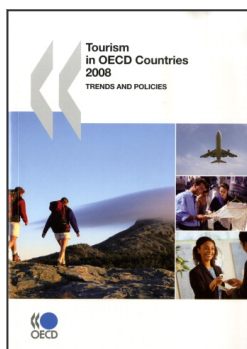
*Fare expenditure data* in other countries are obtained from the item “transportation, passenger services, debits” of the Balance of Payment of each country and corresponds to the “fare expenditure of resident visitors (tourists and same-day visitor)” outside the economic territory of the country of reference.

#### Symbols and abbreviations used

.. Not available

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