International Tourism to U.S. Rebounding

International tourism has always been important for the U.S. and particularly significant for Hawaii and for Outrigger and OHANA Hotels & Resorts. That’s why it was gratifying to learn that over 22 million international visitors—excluding arrivals from Canada and Mexico—came to the U.S. in 2005. That is a significant increase from the post-9/11 years. In fact, in 2004 and 2005, international travel to the U.S. increased by 20.3 percent, the largest two-year increase since 1996. However, we still have a way to go to match the peak of 26 million travelers reached in 2000, according to a recent report by PricewaterhouseCoopers. (See chart on Page 8.)

The report bodes well for the Hawaii visitor industry. The reason is that in Hawaii, international tourism is even more significant than for the nation as a whole. At their nationwide peak in 2000, foreign visitors accounted for 12.8 percent of total U.S. lodging demand. In Hawaii, in 2003, years after our local peak, international tourism still accounted for more than twice that figure—29 percent.

Following the 9/11 attacks on New York City and Washington, D.C., demand by international visitors for U.S. lodging dropped from the 2000 level of 12.8 percent to 9.5 percent in 2003. In 2005, however, it rose again to 10.3 percent, indicating that while the recovery in international travel is progressing it still has a way to go. (See chart on Page 8.)

International travel peaked in Hawaii in 1996 when it accounted for nearly half of all visitors to the state—44 percent. That percentage began to fall in 1997 and dropped significantly in 2002 and 2003. Yet while the 29 percent registered in 2003 may have been low by Hawaii standards, it was still high compared to the U.S. as a whole.

I can remember what it was like in Hawaii in the 1980s. With good airline service from Canada and Australia, combined with a surge in travel from Japan, international tourism soared and represented about 33 percent of all visitor arrivals. There were times during the winter when, with a great number of long-staying Canadian visitors in house, one out of every two of Outrigger’s rooms were occupied by someone coming from a country other than the United States.

Some of the factors contributing to the current recovery in international travel include:

• A stronger worldwide economy.
• A relatively weak U.S. dollar, which makes a visit to this country a bargain for many travelers.
• U.S. Department of Commerce marketing campaigns targeting the United Kingdom and Japan.

What is particularly interesting is that the recovery is taking place almost entirely without any input from the awakening international tourism powerhouse, China. As I have pointed out before, there is huge potential for travel from China. While we in the U.S. talk about the fact that our country now has a population of 300 million, China’s population is over four times larger—one billion, 300 million!

China’s economy is growing at a double-digit rate, and many people there can now travel, unlike in the repressive days, not so long ago, of Mao Zedong—and traveling they are! According to Peoples Daily Online, 31 million Chinese traveled in 2005, with a predicted increase of 10 percent in 2006. That is nearly double the current level of Japanese international travel, which is about 17 million a year. Not too shabby!

But the Chinese are traveling almost everywhere around the globe except the U.S. Why? Because their government limits tourist travel and marketing by foreign nations on a preferential nation-by-nation basis. And the U.S. is not on China’s approved list because of post-9/11 restrictions that have limited and slowed the visa process. Only Nevada and Hawaii have been granted licenses to market travel within China, according to USA Today.

However, I am certain that the situation will change in the foreseeable future. When it does, I am confident Hawaii will be a preferred destination for Chinese travelers, and the 50th state will once again find nearly half its visitors coming from some country other than the U.S.A.