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OVERVIEW OF UNITED STATES INTERNATIONAL TRAVEL STATISTICS

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OVERVIEW OF UNITED STATES INTERNATIONAL TRAVEL STATISTICS

Introduction

1. Travel expenditures by United States (U.S.) residents overseas and by foreign residents in the U.S. have increased substantially over the past two decades and have contributed to the growth in both U.S. services exports and imports and in the U.S. services trade surplus. This paper provides an overview of the definitions, concepts, and statistical methods used by the U.S. Bureau of Economic Analysis (BEA) to prepare the official travel statistics for the U.S. balance of payments accounts, which are known as the International Transactions Accounts (ITAs) in the official statistics. The paper also describes the relationship of these statistics to the U.S. Travel and Tourism Satellite Accounts and outlines planned future improvements to the travel statistics in the balance of payments accounts.

Mission of the U.S. Bureau of Economic Analysis

2. BEA produces national, international, regional, and industry economic accounts statistics that enable government and business decision-makers, researchers, and the American public to follow and understand the performance of the Nation's economy. To prepare these accounts and related statistics, BEA collects source data, conducts research and analysis, develops and implements estimation methodologies, and disseminates statistics to the public.

The International Transactions Accounts and its travel component

3. BEA's International Transactions Accounts summarize transactions between residents and nonresidents, including U.S. exports and imports of goods and services. These accounts, which BEA publishes quarterly, separately identify trade between the United States and 34 countries and areas. Exports and imports of travel services are important components of the ITAs. These statistics are also included in the quarterly gross domestic product statistics in the U.S. national income and product accounts, and are important components of BEA's Travel and Tourism Satellite Account.

4. In addition to publishing quarterly travel services statistics in the ITAs, BEA and the U.S. Bureau of the Census jointly publish monthly goods and services statistics, including exports and imports of travel services. The monthly statistics cover worldwide services trade, with no country breakdown. BEA also publishes annual statistics of services trade between the United States and 49 countries and areas. These annual statistics are included in a report that BEA releases each October that provides the most detailed view of U.S. services trade by type of service and by trading partner. The annual statistics, the quarterly ITAs, and the monthly services statistics are available at <http://www.bea.gov/international/index.htm#bop>

Relative size and trends for travel in the US ITAs

Note: This report was prepared by Michael Mann, Edward Dozier, and Joan Bolyard of the U.S. Bureau of Economic Analysis

5. Travel accounts for nearly 20 percent of both total U.S. services exports (Figure 1) and total U.S. services imports (Figure 2). In recent years, travel as a share of total services trade has fallen sharply from its peak in the late 1980's and early 1990's when it was nearly a third of exports and imports of services trade.

Figure 1. Total Private Services Exports and Travel Exports 1990-2009

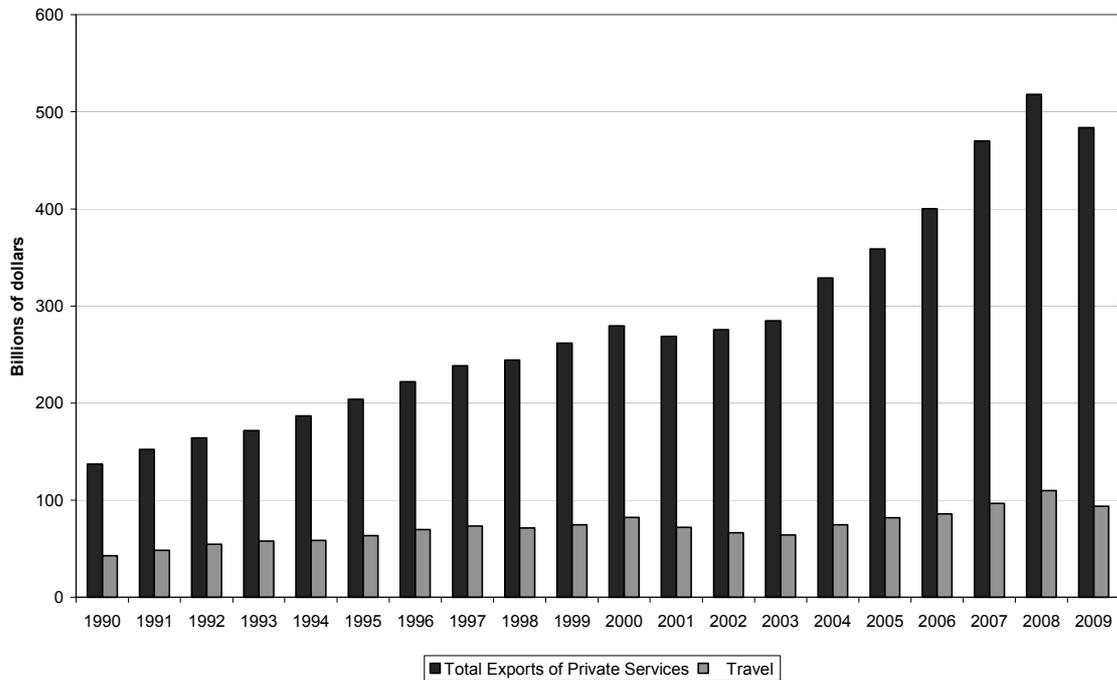


Figure 2. Total Private Services Imports and Travel Imports 1990-2009

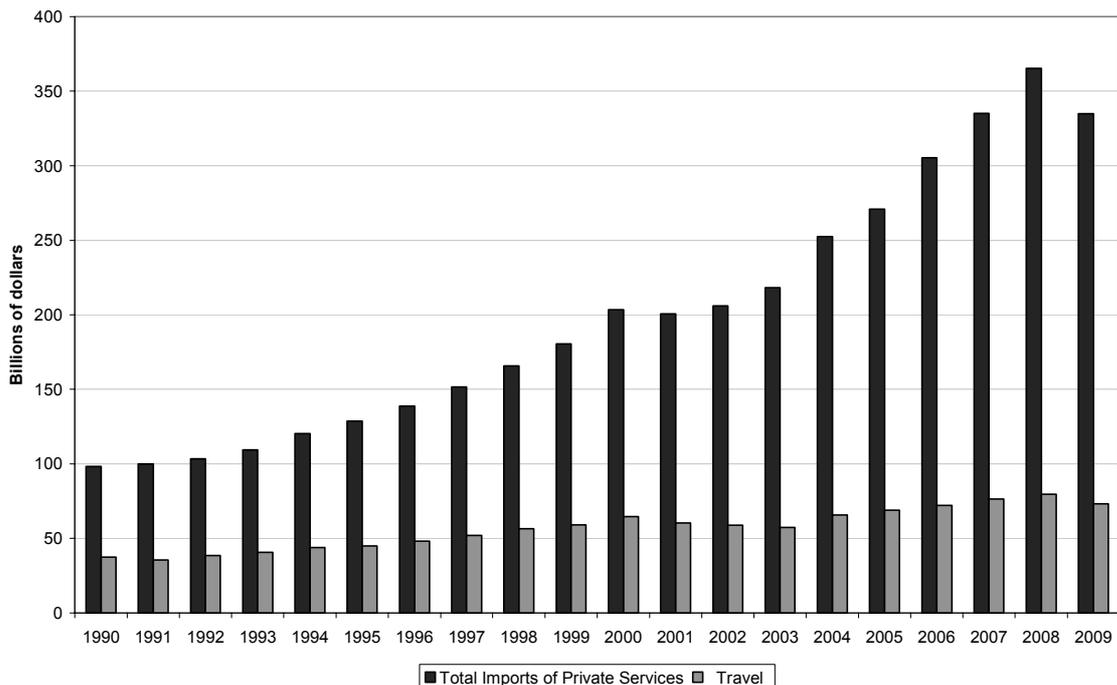
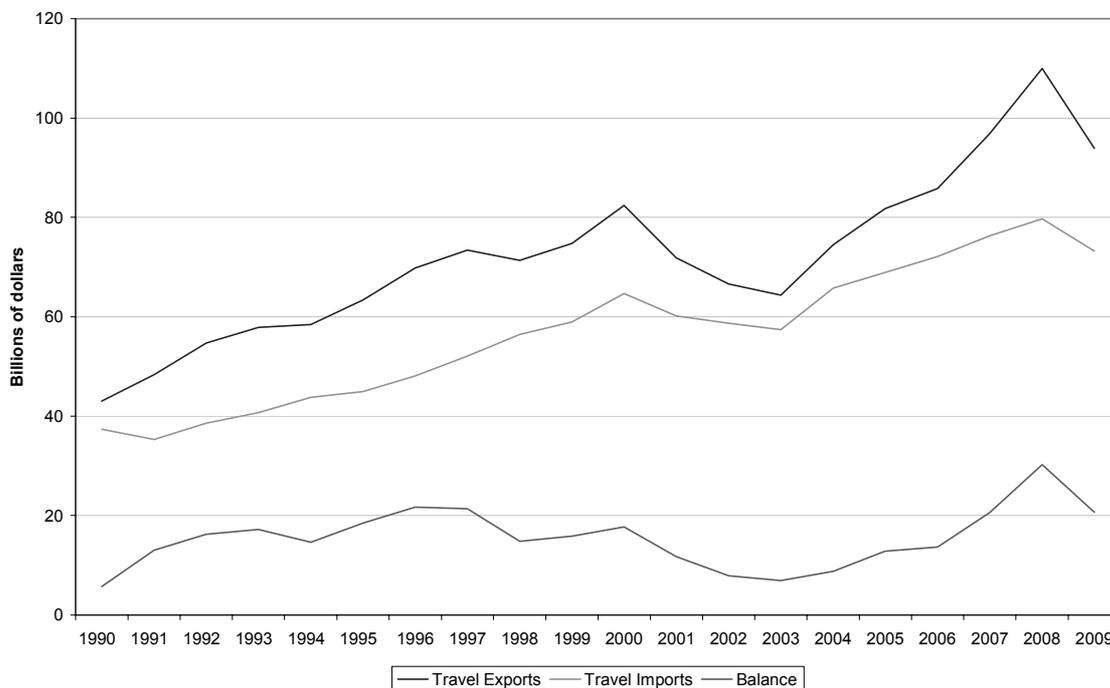


Figure 3. Travel Exports, Imports, and Balance 1990-2009



6. U.S. exports of travel services have exceeded U.S. imports for more than 20 years, contributing to the U.S. surplus on services trade, which partially offsets the large U.S. deficit on goods trade (Figure 3). In 2009, U.S. exports of travel services were \$94 billion compared with U.S. imports of \$73 billion, leading to a surplus of \$21 billion. From 2003-2007, travel exports increased faster than travel imports, leading to a large increase in the surplus on travel, which peaked at \$30 billion in 2008.

7. The countries that account for the largest share of travel differ for receipts and payments. Figures 4 and 5 show the 10 countries that account for the largest U.S. receipts and payments of travel services, respectively. Canada tops the receipts list, and Mexico tops the payments list, partly reflecting the proximity of these countries to the United States.

Figure 4. U.S. Travel Receipts - Top Ten Partner Countries 2009

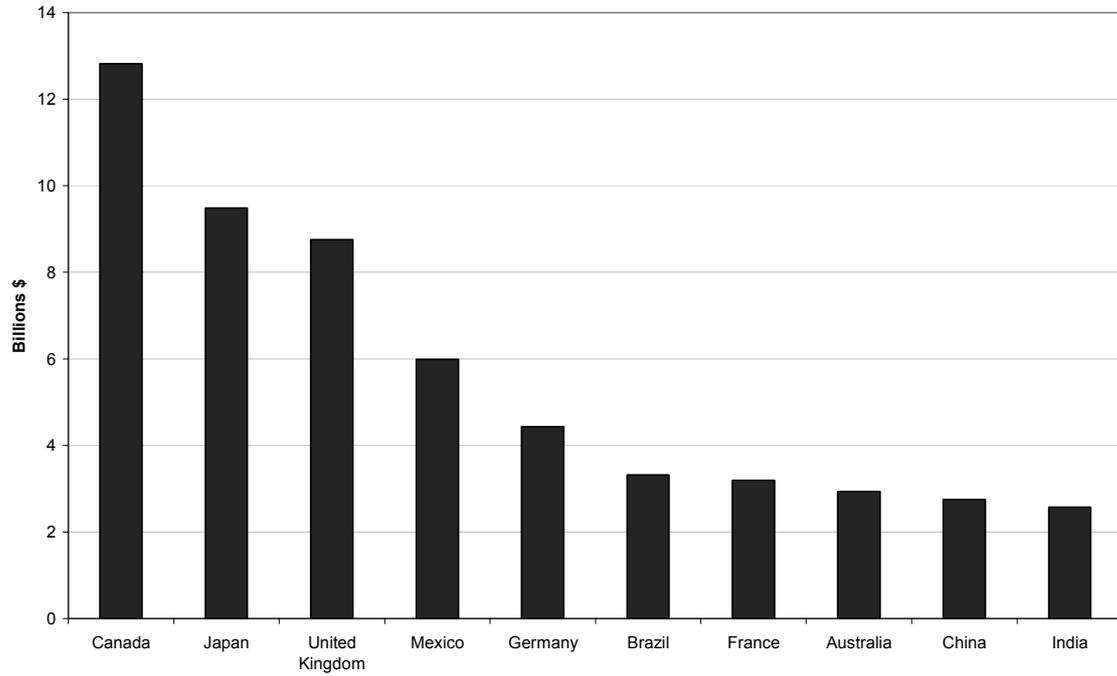
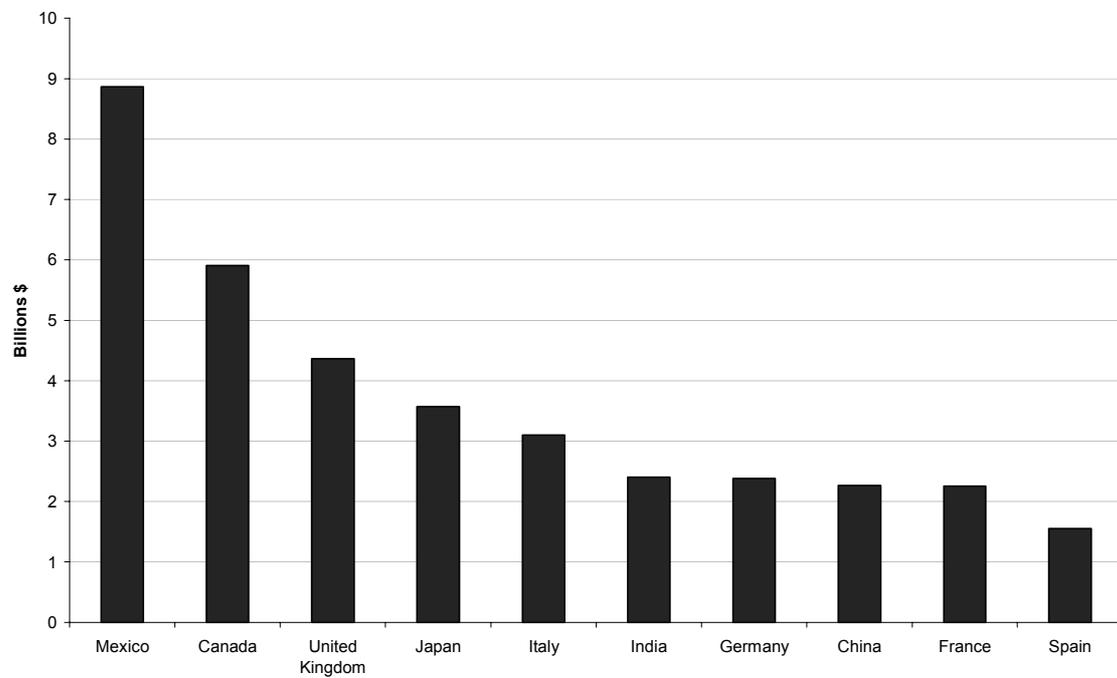


Figure 5. U.S. Travel Payments - Top Ten Partner Countries 2009



BEA's Travel and Tourism Satellite Accounts

8. In addition to exports and imports of travel services, BEA also produces the U.S. Travel and Tourism Satellite Accounts (TTsAs), which are based on the detailed benchmark Input-Output accounts and are consistent with the integrated annual industry accounts. BEA develops the TTsAs with the support of the Tourism Industries Office of the Department of Commerce's International Trade Administration, in order to more accurately and comprehensively measure the contribution of travel and tourism to the U.S. economy.

9. The TTsAs present a detailed picture of travel and tourism activity and its role in the U.S. economy. The TTsAs cover activity of both residents and nonresidents. These accounts provide statistics on expenditures by tourists, or visitors, on 24 types of goods and services. The accounts also provide statistics on the output, income, and employment generated by travel and tourism-related industries. While The U.S. industry accounts provide measures of the outputs and inputs of nearly 500 industries, travel and tourism are not separately identified. The TTsAs enable government and business decision-makers, researchers, and the U.S. public to compare the travel and tourism industry to other industries and its contribution to gross domestic product.

10. BEA updates these accounts annually and has recently expanded them to provide quarterly statistics of the sales of goods and services to travelers and employment attributable to those tourism sales. The TTsAs can be used to provide insights in the following areas:

- a. Determine the shares of the goods and services that were sold to visitors and the shares that were sold to local residents
- b. Assess the effects of travel and tourism on the U.S. economy
- c. Examine the relationships among the travel and tourism industries
- d. Determine the expenditures of tourists
- e. compare travel and tourism industries to manufacturing and other services industries

Information about the Travel and Tourism Satellite Accounts may be found at http://www.bea.gov/industry/tourism_data.htm

Scope of travel in the U.S. international accounts

11. In the ITAs, BEA defines travel to cover purchases of goods and services by U.S. travelers abroad, and by foreign travelers in the United States. A traveler is defined as a person who stays for a period of less than one year in a country of which he or she is not a resident. However, there are several groups of persons, such as students, that BEA excludes from the travel account and includes in other international transactions accounts.

12. International balance of payments accounting guidelines recommend including as part of travel the expenditures of students overseas and persons who travel abroad for medical care. BEA is considering updating its travel account to conform to these guidelines. If BEA adopted this approach, it would continue to separately identify the expenditures of students and medical patients so that data users could still view these expenditures separately from other types of travel expenditures, such as those associated with tourism. These guidelines also recommend breaking out statistics of travel services by business and personal travel. BEA will investigate whether adequate source data are available to provide this breakdown.

13. BEA's travel statistics for the most part follow international balance of payments accounting guidelines. In certain areas, however, BEA's treatment differs. In addition to the different treatment of education and medical services, recently updated guidelines recommend that expenditures of seasonal and border workers, expenditures of government employees on official business, and cruise travel be included in the travel account. BEA classifies medical and education services, the expenditures of seasonal and border workers and government employees on official business in the "other private services" account. Cruise travel is included in the passenger fares account.

14. BEA is investigating the feasibility of reclassifying these travel-related items as part of a broader review of all accounts to determine where adherence to BPM6 guidelines can be improved. BEA recently made progress toward meeting this objective. As part of the annual revision of the ITAs that was released in June, BEA reclassified purchases of fuel by U.S. carriers in foreign ports and by foreign carriers in U.S. ports from other transportation services to goods. For more information about this effort, see the May 2010 Survey of Current Business at http://www.bea.gov/scb/pdf/2010/05%20May/0510_modern.pdf

BEA's method for estimating travel

15. With the exception of Canada and Mexico, which provide data on monthly travel expenditures to BEA for both receipts and payments, BEA estimates travel expenditures by multiplying the number of travelers by their average travel expenditures. BEA obtains monthly numbers of travelers coming to the United States and U.S. residents going abroad, from U.S. immigration authorities. BEA uses information from the International Trade Administration's Survey of International Air Travel (SIAT) to estimate the average expenditures of travelers.²

16. The SIAT is conducted monthly either in the departure gate or on-board scheduled flights departing the United States to overseas countries and Mexico. More than seventy U.S. and foreign carriers, which account for more than 95 percent of the passengers departing the United States, participate in the survey. U.S. and foreign residents departing the U.S. are asked to provide information about their projected and actual travel expenditures, respectively.

Limitations of the source data

17. The average expenditure data from the SIAT appear to be generally reliable, with no known bias. However, several aspects of the SIAT data have limited its usefulness in compiling the travel account of the ITAs. Foreign visitors to the United States, who are departing to return home, may not recall their travel expenditures, and, in some cases, may not be inclined to provide accurate information. U.S. travelers who are departing the United States may not be able to anticipate their travel expenditures, and, in some cases, may not be inclined to provide accurate information. In addition, the sample size is small for countries that are less popular destinations for U.S. travelers or have few travelers to the United States. For some countries, the sample size can be less than 100. Finally, the surveys cover a number of travel-related topics, of which travel expenditures is only one. Respondents may not give appropriate care to completing the expenditure portion.

18. Some aspects of the data on numbers of foreign visitors to the United States, and U.S. travelers abroad limit their usefulness, although these data are generally reliable. For example, the data do not identify the purpose of the visit. Also, the U.S. traveler data cover just the initial destination of the traveler. BEA adjusts the data to account for cases where travelers visit multiple countries during a trip. The U.S. traveler data includes some categories of travelers that should be excluded from the travel statistics, such as

² The Survey of International Air Travelers is available at:
http://home.cicresearch.com/AviationAndAirlines/SIAT_qst.pdf

diplomats. Finally, the U.S. traveler data capture citizens rather than residents of the United States as called for by balance of payments accounting guidelines.

BEA's efforts to improve its statistics on travel services

19. BEA is developing a methodology that would combine new data on expenditures by credit, debit, and charge cards made by U.S. travelers abroad and foreign travelers in the United States with information on the portion of total spending that travelers make using credit cards.

20. A methodology based on credit card travel expenditures has high potential to improve the quality of the statistics. Credit card transactions can provide accurate data, drawn from business records, on a significant portion of spending by travelers abroad and in the United States, by country of origin and destination. BEA began collecting data on credit card transactions, beginning with data for the first quarter of 2009, by conducting a survey of credit card companies.

21. The BE-150, *Quarterly Survey of Cross-Border Credit, Debit, and Charge Card Transactions*, collects information on the credit, debit, and charge card transactions of U.S. persons traveling abroad and of foreign persons traveling in the United States.³ The survey is mandatory and BEA treats filers' reports as confidential.

22. To provide a basis for expanding the data from the BE-150 to reflect transactions using all means of payment, BEA contracted with a survey research firm to conduct a survey of travelers to collect information on the proportion of their expenditures abroad made using various means—such as credit cards, cash withdrawals from ATMs, and traveler's checks.

23. BEA used this survey, the BE-100 *Survey of International Travel Expenditures*, to obtain information on means of payment from U.S. residents and non-U.S. residents⁴. The survey for non-U.S. residents was translated into five languages: Japanese, German, Spanish, French, and Korean. The contractor conducted the BE-100 survey in six U.S. airports over four one-week waves; December 2008, March 2008, August 2009, and October 2009. Approximately 1,300 responses per wave were collected for a total of more than 5,000 responses, evenly divided between U.S. residents and non-U.S. residents. After discarding incomplete surveys and outliers, 4,800 responses remained.

24. The contractor, in consultation with BEA, approached twenty airports that represent 96 percent of all international air traffic into and out of the United States (excluding Mexico and Canada), basing the probability of an airport's selection upon its number of international travelers. Six airports were selected for the survey deployment, representing approximately 40 percent of international air traffic. The selection of airports was limited by the ability to get permission from airports to conduct interviewing. Airports selected were: John F Kennedy International Airport in New York; Los Angeles International Airport; Hartsfield-Jackson Atlanta International Airport; George Bush Intercontinental Airport in Houston; Seattle-Tacoma International Airport; and Washington Dulles International Airport.

25. A survey test was conducted to gain a better understanding of location logistics, and evaluate the setting of the interviewing rate, the questionnaire wording and length, the questionnaire translations, and the respondent incentive. The test resulted in changes being made to the questionnaire to increase clarity.

26. Interviews of foreign travelers were conducted in the departure gate waiting areas and interviews of U.S. travelers were conducted in the baggage claim waiting areas. Respondents were randomly selected

³ The BE-150 is available at <http://www.bea.gov/surveys/pdf/be150.pdf>

⁴ Copies of the BE-100 are available on request.

and an interviewing rate was applied based on the amount of traffic at each location (i.e. every nth person approached for an interview in a specific area).

27. BEA is currently reviewing the results of these surveys, and is considering methods to combine the BE-100 results with results from the BE-150 survey to improve the statistics on travel. Preliminary results suggest that the share of expenditures accounted for by credit, debit, or charge cards exceeds 50 percent and ranges from 35 percent to 65 percent, depending on the country of origin or destination.

28. Some issues that require further investigation include the robustness of the share of expenditures by card, variation across origin and destination countries, and the coverage of transactions conducted by card.

29. BEA is considering using information from the SIAT as part of this method. For example, we are considering using information covering the use of credit cards to develop a more detailed, by country, breakdown of the share of expenditures than we are able to do using the BE-100 survey of travelers. We are also considering using information from the SIAT to adjust the proportion of expenditures for future periods because the SIAT is an ongoing survey.

Conclusion

30. Travel expenditures by U.S. residents overseas and by foreign residents in the United States are important components of U.S. exports and imports of services and consistently contribute to the U.S. services trade surplus. The current U.S. methodology is fundamentally sound and has worked well over several decades and a variety of business cycle conditions. Some limitations of the source data, however, have raised questions about the reliability of the statistics. BEA has taken steps to address these concerns by obtaining travel expenditures data directly from credit card companies and by obtaining information from travelers about their use of cards for travel expenditures. BEA will evaluate how best to incorporate these new data into the official U.S. travel statistics in the balance of payments accounts.