

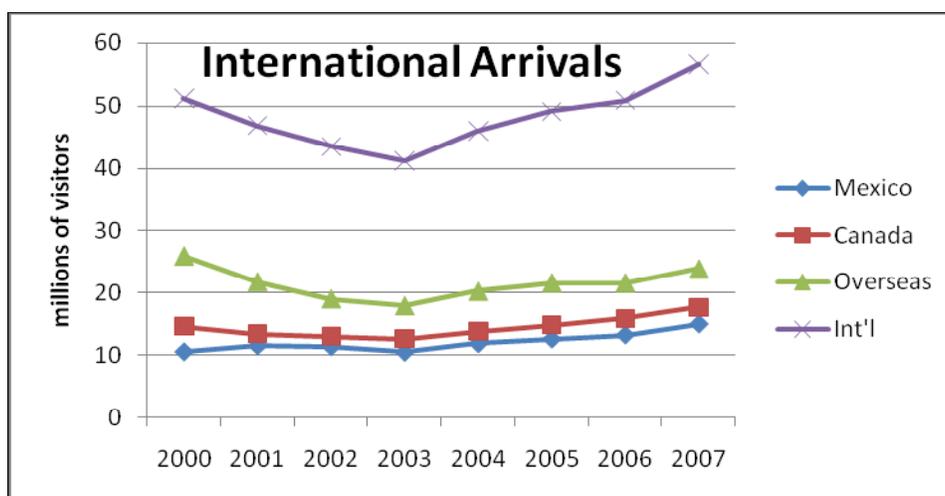


2007 International Arrivals to the United States Fourth Quarter and Annual Highlights

June 26, 2008

The international arrivals market for the United States has changed significantly since 2000. This goal of this analysis is to provide insights into changes affecting the top inbound markets to the U.S.

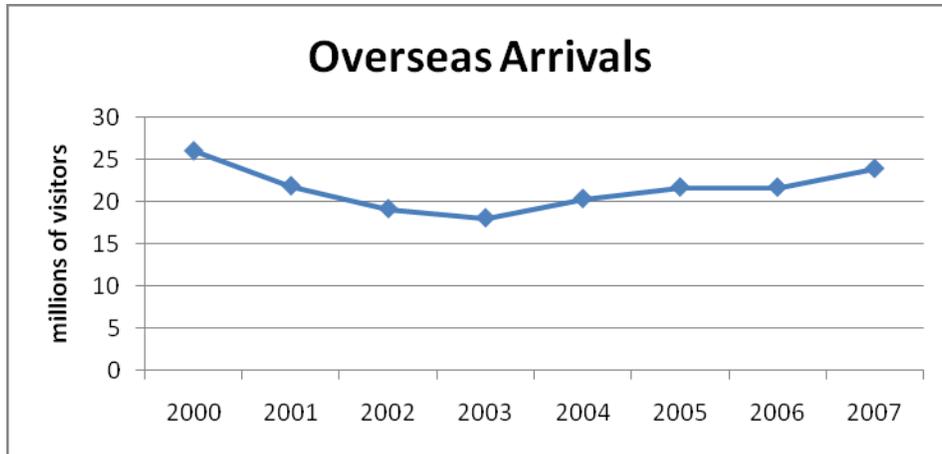
The U.S. welcomed 56 million international visitors from 213 countries during 2007, up 10 percent from 2006. Total arrivals were also up **9 percent from 2000, the former record year** for total non-resident visitation to the country. Arrival records were set by 72 countries, nine of which were among the top 20 inbound markets. Therefore, in 2007, the growth in arrivals was driven more from the 'emerging' markets than the top arrival markets.



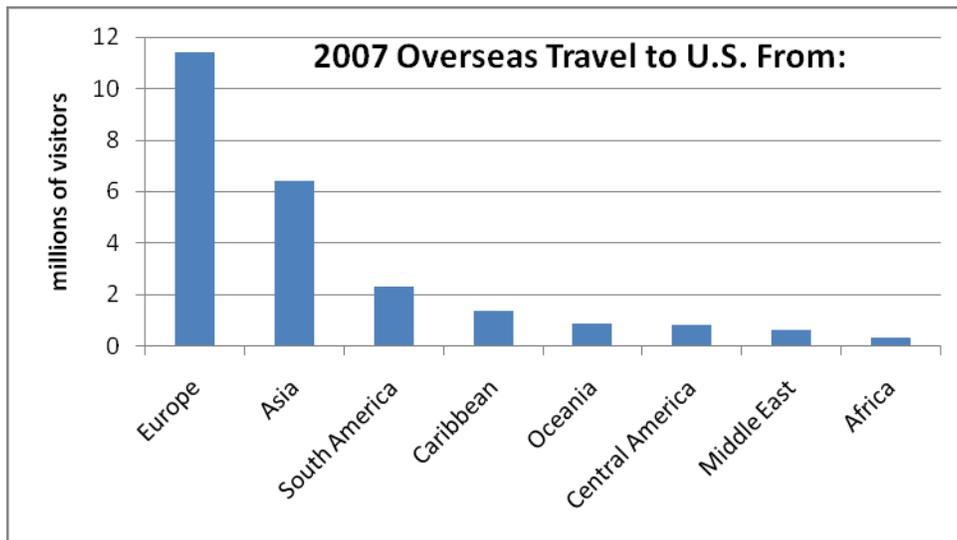
(Total international arrivals are comprised of non-U.S. resident travelers originating from overseas, Canada and Mexico.)

Overseas Regions

Overseas arrivals (excluding Canada and Mexico) totaled 23.9 million during 2007, up 10 percent from 2006. Travel from overseas markets accounted for 43 percent of total arrivals to the U.S. and contributed significantly to the overall growth in international arrivals in 2007. Although overseas travel is rebounding from its low in 2003 it was down eight percent from its peak in 2000 (graph below). Fourteen of the top 20 overseas markets exceeded 2006 arrivals levels by double-digits: Germany, France, Australia, Brazil, Italy, India, PRC/HK, Spain, the Netherlands, Ireland, Venezuela, Colombia, Sweden and Israel.



- Although overseas arrivals declined 31 percent between 2000 and 2003 they have rebounded 33 percent from 2003 through 2007.
- Overseas travel to the U.S. increased from both the Visa Waiver Program (VWP) countries (except Japan) and the non-Visa Waiver countries (described below, Overseas Markets, page 5).
- Eight of the nine-world regions generated double-digit arrivals growth in 2007.
- Visitation from three regions, Europe, Asia, and South America accounted for over 80% of all overseas arrivals.
- Compared to 2000, significant change occurred in the following regions: Asia, down 16 percent, South America, down 23 percent, the Middle East, down 12 percent and Oceania, up 14 percent. Regarding Asia, the drop in arrivals from Japan was the key in that region, down 30 percent. In fact, excluding Japanese visitation, arrivals from Asia were up 14 percent 2007/2000. For South America, the drivers were declines from Argentina, down 50 percent, Brazil, down 13 percent and Venezuela, down 20 percent. Arrivals from Australia are up 24 percent from the 2000 level.



Western European arrivals totaled 10.9 million, up 13 percent in 2007. Monthly arrivals were up in all months except April. Third and fourth quarter growth of 16 and 17 percent, respectively, significantly contributed to the annual increase in visitation. The U.K. and Germany accounted for 55% of the arrivals from the region and six other Western European countries realized double-digit growth.

Asian travelers totaled 6.4 million in 2007, up four percent in 2007. Monthly arrivals were up in all months except January. Third quarter, up six percent, was the strong quarter of the year. Japan, the major driver in this region (see country synopsis, below), declined four percent during the year. However, solid gains were realized from South Korea, India and PRC/Hong Kong.

South American visitation registered 2.3 million arrivals during 2007, up 18 percent with significant growth occurring in the third and fourth quarters, 19 percent and 21 percent, respectively. Brazil, Argentina, Venezuela and Colombia all recorded double-digit growth in 2007.

Other overseas regions showed positive results during 2007 as follows:

Travelers from:	#Arrivals (000)	% Change 07/06	Major Drivers
Caribbean	1,317	10%	Domin. Rep. up 11%
Oceania	834	10%	Australia up 11%
Central America	786	13%	Costa Rica up 23%
Middle East	620	12%	Israel up 10%
Eastern Europe	513	12%	Russia up 21%
Africa	278	10%	Nigeria up 18%

Top Origin Markets:

The top 20 inbound visitor markets, accounted for 74 percent of all international arrivals to the U.S. during 2007 and as a group was up 11 percent compared to 2006.

Salient points include:

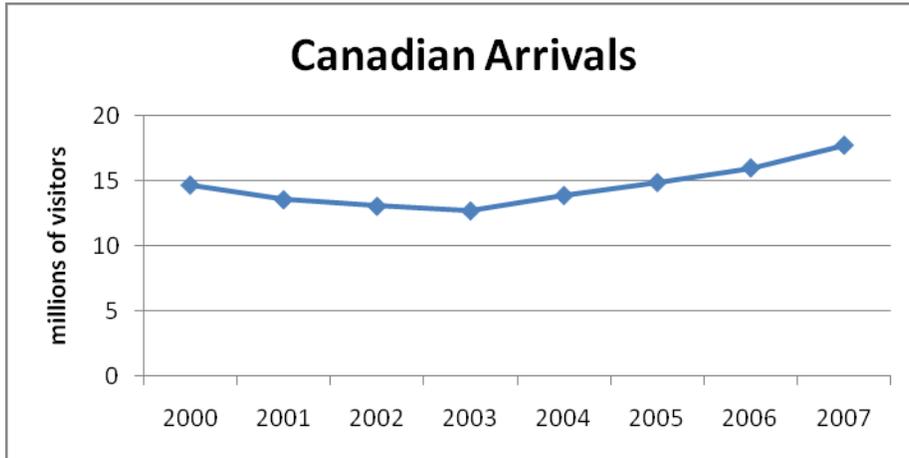
- 16 of the top 20 arrival markets posted double-digit increases in 2007. Only one market, Japan, experienced a decline for the year. (Note chart at end of section)
- Nine markets set records.
- Total arrivals have experienced 21 successive months of growth from April 2006.

TOP TWENTY TOURIST-GENERATING COUNTRIES - 2007

RANK	COUNTRY OF RESIDENCE	NUMBER OF ARRIVALS	% Chg 2007/06
1	CANADA	17,746,000	11
2	MEXICO	14,333,000	8
3	UNITED KINGDOM	4,497,858	8
4	JAPAN	3,531,489	-4
5	GERMANY	1,524,151	10
6	FRANCE	997,506	26
7	KOREA, SOUTH	806,175	6
8	AUSTRALIA	669,536	11
9	BRAZIL	639,431	22
10	ITALY	634,152	19
11	INDIA	567,045	39
12	PRC & HONG KONG	539,824	18
13	SPAIN	516,471	22
14	NETHERLANDS	506,852	13
15	IRELAND	491,055	19
16	VENEZUELA	458,678	24
17	COLOMBIA	389,752	12
18	SWEDEN	337,474	18
19	ISRAEL	313,077	10
20	ROC (TAIWAN)	311,020	4
	TOTAL TOP 20	49,810,546	9

Canada:

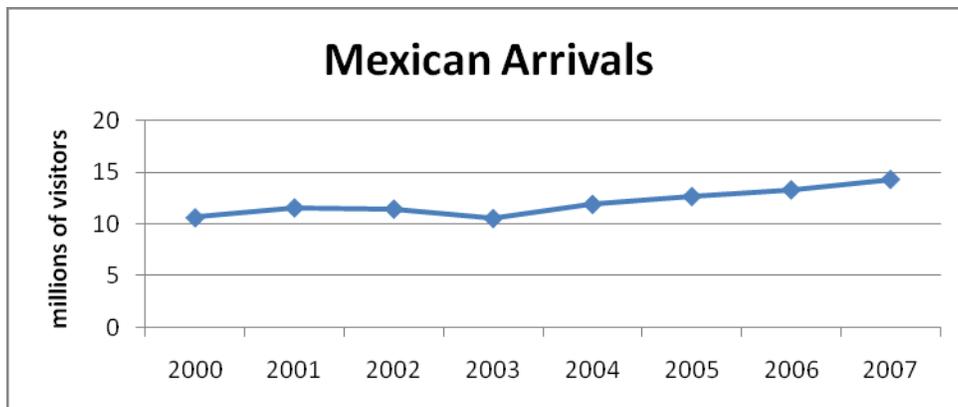
Canadian arrivals totaled 17.7 million in 2007, 11 percent over 2006. Canadian spending (in the U.S. and for passenger fares on U.S carriers) totaled \$16.1 billion, up 21 percent. Arrivals showed positive growth every month during the year averaging five percent increases during both the first and second quarters but with a 12 percent and 23 percent surge in the third and fourth quarters, respectively. Air arrivals, totaled 5.9 million, comprised 33 percent of all Canadian arrivals, increased by six percent during the year. Land arrivals at 11.7 million were up by 13 percent. Record arrivals from Canada to the U.S. occurred in 1991.



The Canadian provinces generating the most traffic to the U.S. in 2006 were Ontario, Quebec and British Columbia. Top U.S. destination markets were New York (measured by the number of visitors) and Florida (measured by the number of visitor-nights). Tables that profile the 2006 Canadian visitors may be viewed at: http://www.tinet.ita.doc.gov/outreachpages/inbound.country_in_north_america.canada.html (2007 data will be available from Stats Canada in September 2008)

Mexico:

Arrivals to the U.S. totaled a **record** 14.3 million, up 8 percent from 2006 and up 35 percent from 2000. Mexican spending (in the U.S. and for passenger fares on U.S carriers) totaled \$9.5 billion, up 3 percent. Of total Mexican visitors to the U.S. interior in 2007, 12 percent traveled by air, which was up 10 percent from 2006. The top five 'first intended' destinations to the interior*were California (2.3 million), Texas (1.7 million), Arizona (660,000), Nevada (346,000) and Florida (341,000). New Mexico, Colorado, New York, Illinois and Georgia were also top destinations.



(U.S. Interior¹ is north of the 40-kilometer border zone in the U.S.)

¹These 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. Total market data only (no state destination or other breakouts) is available from Banco de Mexico on an annual basis.

Overseas Markets

Travel from the non-Visa Waiver countries increased 14 percent in 2007, outperforming the 27 Visa Waiver countries, which were up eight percent, albeit from a larger base. Travelers from non-Visa Waiver countries are required to secure a U.S. visa before entry into the U.S. Higher growth occurred in a segment for which there is a perceived “barrier” to entry to visiting the country.

	2007	2006	% Change 07/06
Overseas	23,892,277	21,668,290	10%
Visa Waiver (27)	15,288,637	14,135,244	8%
Non-Visa Waiver	8,603,640	7,533,046	14%

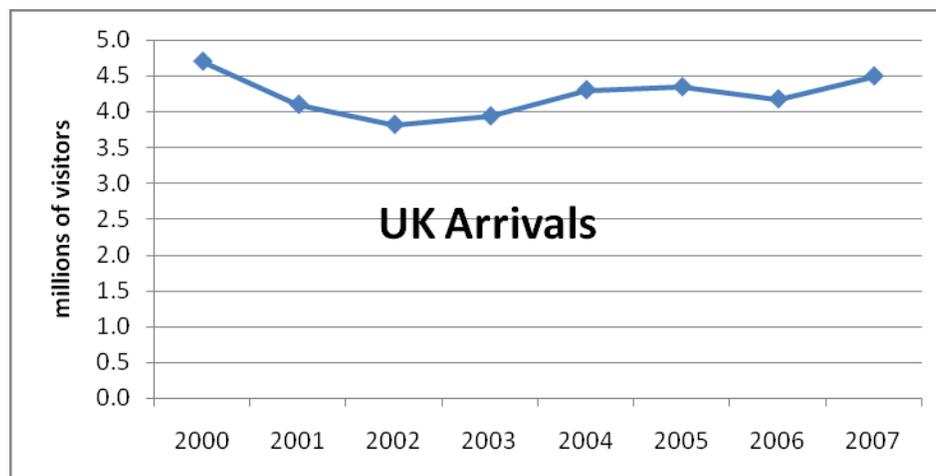
Of the 18 overseas countries analyzed below, 10 are part of the Visa Waiver Program (VWP) and eight are non-Visa Waiver countries. Nine of the 10 VWP countries (except Japan) experienced visitation growth during 2007 and all eight of the non-VWP countries showed growth during the year.

In general, for **mode** of travel into the U.S., air travel increased by 10 percent from 2006, whereas arrivals by sea and land were up seven percent and 22 percent, respectively. The land category includes overseas travelers that stopover in Canada or Mexico crossing into the U.S. at a land border and represents four percent of total overseas arrivals. The average **age** of a traveler visiting the U.S. was 40.3 years, down slightly from 2006. **Business and leisure** travelers (designated by ‘visa’ type) increased by six percent and 11 percent, respectively, and **student** travelers increased by 12 percent.

United Kingdom:

U.K. visitation to the U.S. totaled 4.5 million for 2007, up eight percent from 2006. Double-digit growth was realized in the third and fourth quarters, up 12 percent and 14 percent, respectively. U.K. arrivals accounted for 41 percent of all travel from Western Europe in 2007, the same as in 2000 even though 2007 travel from the U.K. was down four percent from 2000 (graph). Total spending in U.S. was \$14.9 billion.

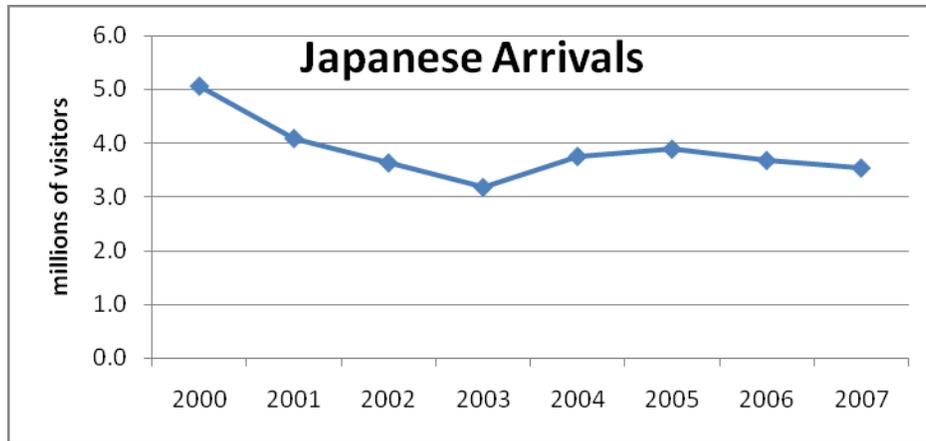
British Airways now serves 19 U.S. cities. However, from preliminary indications it appears that the growth in U.K. outbound travel is shifting to intra-EU, Asia, Middle East and Oceania destination markets.



Japan:

Japanese visitation totaled 3.5 million in 2007, down four percent from 2006. Total spending was \$14.5 billion, down one percent. The year-over-year decline in arrivals occurred in spite of a generally strengthening yen². Arrivals from Japan accounted for 55 percent of all Asian visitors in 2007, down from 67 percent share in 2000. This reveals not only a drop off in arrivals from Japan (down 30 percent in 2007 vs. 2000), but also an increase in arrivals to the U.S. from other Asian countries, South Korea, India and the PRC. The decline in travel to the U.S. compared to 2000 significantly affected key U.S. destinations, i.e. Hawaii, Guam, California and New York.

The traditional peak season for Japanese outbound travel is from April through October (second and third quarters). The 2007 peak season fared slightly better (less negative) than the off-peak months.



From indications it appears that the growth in Japanese outbound visitation is shifting to intra-Asian and European destination markets.

Also, from a demographic perspective the Japanese population (128 million) 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 six percent in 2007. Also, business and pleasure travel declined from 2006, down seven and three percent, respectively.

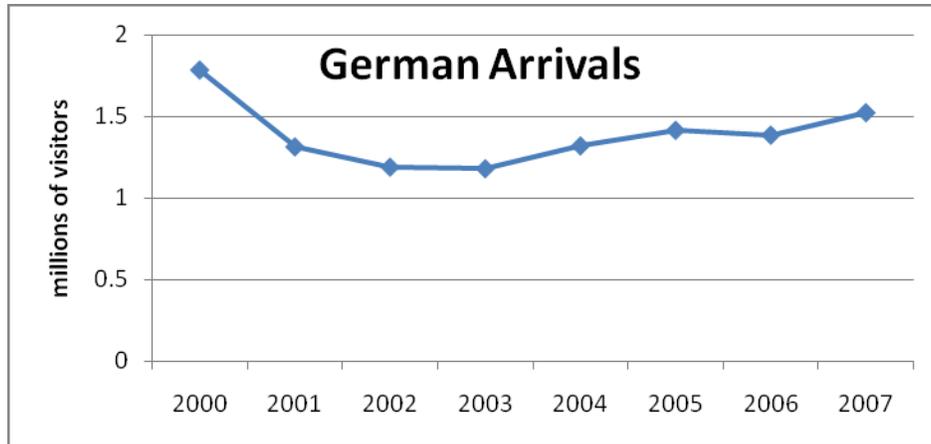
²The Japanese Yen had gradually strengthened throughout 2007 (the U.S. dollar declined from 120.4 in January 2007 to 112.4 in December 2007).

Germany:

German visitation totaled 1.5 million, up ten percent in 2007. The first through fourth quarters were up 10 percent, five percent, 10 percent and 15 percent, respectively. Total spending was \$5.2 billion, up 23 percent from 2006.

German arrivals were 14 percent of Western Europe arrivals in 2007, down from a 16 percent share in 2000. While arrivals were down 15 percent from its record high in 2000, this is an improvement from 2003 at which time arrivals from Germany were down 37 percent. In 2007 nearly 77 percent of visitation was leisure and 21 percent business. The small student inflow did increase by nine percent in 2007 with business travel up four percent and leisure up 12 percent in 2007.

The 2006 FIFA World Cup soccer tournament, hosted by Germany during June-July06, contributed to a decline in outbound travel from Germany to the U.S in 2006.



France:

Arrivals to the U.S. from France totaled almost 1.0 million during 2007, up 26 percent from 2006. Spending totaled \$3.3 billion, up 16 percent. (Declines in French visitors in 2006 were due, in part, to the government not issuing electronic passports in a timely manner from October 2005 through May 2006). Quarterly visitation in 2007 was up 22 percent, 27 percent, 33 percent and 21 percent, respectively. Compared to 2000, arrivals were down 8 percent. Leisure travel accounted for 80 percent of visitation and increased by 33 percent in 2007.

South Korea:

South Korea is the top origin market among all of the non-visa waiver program countries. Visitation totaled a **record** 806,000 during 2007, up six percent over 2006 and 21 percent over 2000. Spending, however, dropped seven percent to \$2.6 billion. Arrivals showed positive growth every month in 2007. However, quarterly visitation growth tapered over the year being up 10 percent in the first quarter, seven percent each in the second and third quarters and up two percent in the fourth quarter. Recent webinar <http://www.export.gov/industry/travel/index.asp?EventID=27508> sponsored by the U.S. Commercial Service, Seoul.

Australia:

Australian arrivals during 2007 totaled a **record** 670,000, up 11 percent from 2006 and 24 percent above 2000. This follows on the strong double-digit growth in 2005, up 12 percent, and in 2004, up 28 percent. Arrivals grew by 12 percent, 10 percent, nine percent and 14 percent, respectively in each of the quarters of 2007. Spending was estimated at \$3.3 billion, up nine percent.

Brazil:

Arrivals from Brazil, a non-visa waiver country, totaled 639,000 for 2007, up 22 percent. Quarterly changes in 2007 were up 11 percent, 20 percent, 22 percent and 33 percent, respectively. Brazil accounted for 28 percent of the travelers from South America to the U.S., up from a 25 percent share in 2000. Although 2007 arrivals were down 13 percent from 2000 (Brazil posted the largest decline in arrivals for the top markets between 2000 and 2003), there has been significant recovery from its 2003 low point. Spending totaled \$3.1 billion, up 18 percent from 2006.

Italy:

Italian visitation totaled a **record** 634,000 for 2007, up 19 percent from 2006. As with France, this was a continuation of the positive arrival pattern starting in the fourth quarter of 2006. For the four quarters of 2007 arrivals were up 16 percent, 18 percent, 23 percent and 17 percent, respectively. Arrivals are now four percent above 2000 levels! Spending was \$2.7 billion, up 25 percent from 2006.

India:

Indian visitation to the U.S. is at its historically highest level, with a **record** 567,000 arrivals in 2007, up 39 percent from 2006. Business travel accounted for 31 percent of arrivals, above the norm from Asia (18 percent). Compared to 2000, India posted the most sizable growth rate, 107 percent, among the top 20 countries in 2007. And spending totaled \$3.7 billion, up 45% from 2006.

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. With the addition of Continental's non-stop service from Mumbai (BOM) to Newark in 2007, U.S. carrier capacity (measured by available seats) increased by 40 percent from 2006. Air India also provides non-stop service.

Airline	Origin	Destination	Frequency/month	# seats/month
Continental	Delhi	Newark	31	8,773
Continental	Mumbai	Newark	18	5,094
Delta	Mumbai	New York JFK	31	8,308
American	Delhi	Chicago ORD	31	7,316
Air India	Mumbai	New York JFK	31	7,378
			142	36,869

Scheduled service for October 2007 (Official Airline Guide)

India is also a non-visa waiver country. The U.S. embassy in Delhi and consulates in Calcutta, Chennai and Mumbai also reduced the visa backlog from six months to a couple weeks, facilitating the entry process.

PRC & Hong Kong:

During 2007 arrivals from PRC totaled a **record** 397,000, up 24 percent, and from Hong Kong (SAR), 142,000, up four percent. As a combined entity, visitation totaled 540,000, up 18 percent for 2007. The quarterly growth rates, of this non-visa waiver country, were 20 percent, 13 percent, 22 percent and 15 percent for the year. Forty-two percent of inbound Chinese travel was business travel. Even with limits on the sale of Chinese group leisure travel the country has posted the third fastest growth rate since 2000. PRC spending totaled \$2.7 billion, up 30 percent from 2006.

About Group Leisure Travel from China

In December 2007 the Department of Commerce signed a memorandum of understanding (MOU) with the Chinese government to permit group leisure travel from China to the U.S. and related marketing of U.S. destinations and businesses. Travel under this agreement will begin in mid-June, 2008.

For the U.S. DOC press release on the U.S.-China Tourism agreement please see:

http://www.commerce.gov/NewsRoom/PressReleases_FactSheets/PROD01_004918

Air Services Discussions

U.S. Secretary of Transportation, Mary Peters, visited Beijing in April 2007 with an agenda that included a dialogue with the Chinese government about Open Skies between the two countries. The U.S. has proposed phasing into the full liberalization envisioned by the 2004 Protocol. An agreement was signed in July between the two countries to double the number of flights allowed over the next five years. U.S. DOT announced in September that Delta Air Lines had been awarded a new route from Atlanta to Shanghai and United Airlines was awarded a San Francisco to Guangzhou route, both to start in 2008. Proposed awards were also made for 2009 service.

The schedule for January 2008 is as follows, with U.S carriers using 310 frequencies (the 70 per week cap per the bilateral) and Chinese carriers at 158 frequencies, below the 70 per week cap:

Carrier	Departure	Arrival	Frequency
American (AA)	Chicago (ORD)	Shanghai (PVG)	31
Continental (CO)	Newark (EWR)	Beijing (PEK)	31
United (UA)	Washington (IAD)	Beijing (PEK)	31
	Chicago (ORD)	Beijing (PEK)	31
	Chicago (ORD)	Shanghai (PVG)	31
	San Francisco (SFO)	Beijing (PEK)	31
	San Francisco (SFO)	Shanghai (PVG)	31
Northwest (NW)	Detroit (DTW) - NRT	Beijing (PEK)	31
	Detroit (DTW) - NRT	Shanghai (PVG)	31
	Honolulu (HNL) - NRT	Guangzhou (CAN)	31
Air China (CA)	New York (JFK)	Beijing (PEK)	31
	Los Angeles (LAX)	Beijing (PEK)	31
	San Francisco (SFO)	Beijing (PEK)	31
China Southern (CZ)	Los Angeles (LAX)	Guangzhou (CAN)	22
China Eastern (MU)	New York (JFK)	Shanghai (PVG)	12
	Los Angeles (LAX)	Shanghai (PVG)	31

Spain:

The U.S. welcomed a **record** 516,000 Spaniards in 2007, up 22 percent from 2006. Quarterly increases in 2007 were 25 percent, 11 percent, 28 percent and 22 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 2004 to 2005 period.

Netherlands:

Dutch visitation totaled 507,000 in 2007, up 13 percent from 2006. As with France and Italy, this was a continuation of the positive arrival pattern starting in the second half of 2006. Arrivals were up seven percent in the first quarter and 15 percent, respectively, in both the second and third quarters and 16 percent in the fourth quarter. Arrivals were down eight percent from 2000, but have significantly recovered from its low in 2003, which was down 32% from 2000. Spending by the Dutch totaled \$1.6 billion, up 15 percent.

Ireland:

Visitation from Ireland totaled a **record** 491,000 in 2007, up 18 percent from 2006. This marks the fourth consecutive record year for Irish arrivals to the U.S. Quarterly visitation in 2007 was consistently strong, up 22 percent, eight percent, 21 percent and 22 percent, respectively. Compared to 2000 arrivals posted the second largest growth rate among the top 20 inbound countries.

Venezuela:

Venezuelan arrivals totaled 459,000, up 24 percent, for the fourth consecutive year of positive growth. The four quarters were up 36 percent, 21 percent, 18 percent and 27 percent, respectively. Although arrivals are down 20 percent from 2000, there has been significant recovery from its low in 2003. Spending by the Venezuelans totaled \$2.2 billion, up 24 percent from 2006.

Colombia:

Colombian visitation totaled 390,000 in 2007, up 12 percent from 2006. Arrivals accounted for the fourth consecutive year of growth from a low in 2003. Quarterly growth levels were up 16 percent, three percent, 18 percent and 13 percent, respectively in 2007. Arrivals remain seven percent below 2000 levels.

Sweden:

Arrivals totaled a **record** 337,000, for 2007, up 18 percent. The quarterly arrivals were up 20 percent in the first quarter and 14 percent in the second and third quarters, respectively and 24 percent in the fourth quarter. Arrivals were five percent above 2000 levels.

Israel:

Israeli visitation totaled 313,000 for 2007, up 10 percent from 2006, accounting for 50 percent of all arrivals from the Middle East.

Taiwan (ROC):

Taiwanese arrivals totaled 311,000 for 2007, up four percent. Quarterly arrivals were up six percent, four percent, two percent and three percent, respectively. Spending totaled \$1.0 billion, up 19 percent. According to the *Monthly Statistics on Tourism* report, December 2007 year-to-date, issued by the Tourism Bureau – Ministry of Transportation and Communications, R.O.C., outbound travel appears to have shifted away from Europe, Oceania and the Americas to intra-Asian markets (Hong Kong, Japan and S. Korea).

Other:

Strong growth in visitation was also noted in 2007 from Switzerland (296,000), up 10 percent and Argentina (267,000), up 26 percent. Both were among the top 20 arrival markets in 2000.

Western Hemisphere Travel Initiative (WHTI)

Although a passport requirement has been in effect for all **air travelers**, including returning U.S. citizens, entering the U.S. from Canada, Mexico and the Caribbean since January 26, 2007, air arrivals did not appear to be negatively affected in 2007 compared to 2006:

- Canada (Air), up six percent
- Mexico (Air), up ten percent
- Caribbean, up 10 percent

TOP PORTS 2007

Twelve of the top fifteen ports posted increases in arrivals in 2007. Nine of the top airports posted double-digit increases. To access top port activity for 2007, go to:

http://www.tinet.ita.doc.gov/view/m-2007-I-001/documents/top_ports.xls

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-2007-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 over 30 tables that provide data on monthly and year-to-date arrivals to the country. The report provides data on over 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>

Export values (Total Travel & Tourism Receipts), i.e. the sum of travel receipts and passenger fare receipts, are published by the Bureau of Economic Analysis at <http://www.bea.gov>

If you would like to subscribe the monthly international arrival reports for 2007, please go to:

<http://tinnet.ita.doc.gov/research/reports/i94/index.html>

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