



## **Tourism Industry Feels Financial Fallout from Trump's Ban**

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You may have heard this before: uncertainty is bad for business.

With President Donald Trump's controversial travel ban on hold for now — the result of an appeals court decision to uphold a lower court's temporary restraining order — the approximately \$7 billion U.S. travel and tourism industry has taken a breath, but is holding it.

Trump's executive order was in effect for only one week, but that was long enough for there to be financial damage, particularly given the reality that once it travels through the court system, the travel ban may be back.

"Consumers don't like uncertainty, and the travel industry doesn't like uncertainty," said Henry Harteveldt, a travel industry analyst and founder of Atmosphere Research Group.

Global travelers beyond the scope of the seven nations directly impacted by Trump's ban, immediately felt discouraged from visiting the United States, according to the travel data company ForwardKeys.

Net airline bookings to the U.S. dropped 6.5% overall from the same period in 2016. Regionally, there was a 37.5% drop across the Middle East, 14% in the Asia Pacific region, and 13.6% in Western Europe.

## Immediate impact

President Trump says the aim of his executive order is to keep Americans safe.

But the consequences of barring refugees and foreign nationals from certain countries — without definitive proof of an imminent threat — has sparked widespread debate and concern among affected immigrants and the international community at large. The order bans travelers from Syria, Iran, Iraq, Somalia, Sudan, Libya and Yemen.

In one week, the Global Business Travel Association (GPTA) noted an immediate loss of \$185 million in business travel bookings, a number which Harteveltdt says only skims the perimeter of a longer-term effect, due in part to continued confusion.

"Right now the United States has a sign on it that says, 'You may not be welcome here,' and that's not very good for our national brand — the United States of America," Harteveltdt told VOA. "The bad image the U.S. has may have people saying, 'You know, I love the United States, but it's just not the right environment for us to go visit this year. We'll wait.'"

According to data compiled by GPTA, U.S. business travel transaction levels in the week before and after the travel ban resulted in a net industry impact of -3.4%.

For every one percent impact on annual U.S. business travel spending, the country either gains or loses \$5 billion in gross domestic product along with 71,000 jobs, according to GPTA's calculations.

## Pall over business'

In a January interview with VOA, Dan Ikenson, director of CATO Institute's Herbert A. Stiefel Center for Trade Policy Studies, called the ban disruptive to U.S. and foreign professionals who engage in the services trade — and by extension, supply chains.

"Just as important as physical goods moving over borders is the expertise, the know how, the representation of companies to conduct business," said Ikenson. "The threat of this restriction spreading is something that is going to put a pall over business and over investment."

Companies that might have previously considered setting up affiliates and subsidiaries in the U.S., and vice-versa, Ikenson added, may suspend those plans for as long as uncertainty persists.

## Replicating the US experience'

Harteveltdt, who previously served as marketing director for Trump Shuttle, a Donald Trump-owned airline from 1989-1992, believes the president has no "ill will" towards the travel industry. However, he says the long-term unintended consequences of the president's actions may be felt for many months.

"People start planning their summer holidays 90 days or more in advance," Harteveltdt said. "If we look less attractive — and when you couple that with factors that the dollar is strong right now — it makes the U.S. that much less attractive as a possible destination."

Harteveltdt notes the world is full of destinations — from Disney theme parks to beaches, hiking and fine dining — that are capable of replicating the U.S. experience.

In New York's Times Square, the quintessential live-entertainment-and-neon-bright American tourist experience may not be enough to persuade international travelers to return under persistently uncertain circumstances.

"The good thing about New York is the diversity," said Erika Andrea López, a Colombian tourist. "If that's impeded, they'll lose their touch ... you'll feel that you're coming to a place that discriminates against you."

"Anything can happen," added Isaac Quaye, a first-time visitor from Ghana to the United States. When asked if he would return if the ban were reinstated, he shrugged. "I don't know ... I can't tell."

Yuthicka Sirohi, from Delhi, India, says everyone has a right to protect their country, but believes a "100% ban" against specific countries goes too far.

While she might not hesitate to return one day, Sirohi says she might feel more comfortable visiting another cosmopolitan city like London to suit her "travel-a-holic" needs.

Still, she hopes it doesn't get to that.

"I think freedom is in the air here," she said.