Warning As Decline in Tourism to US Risks Thousands of Jobs: Experts

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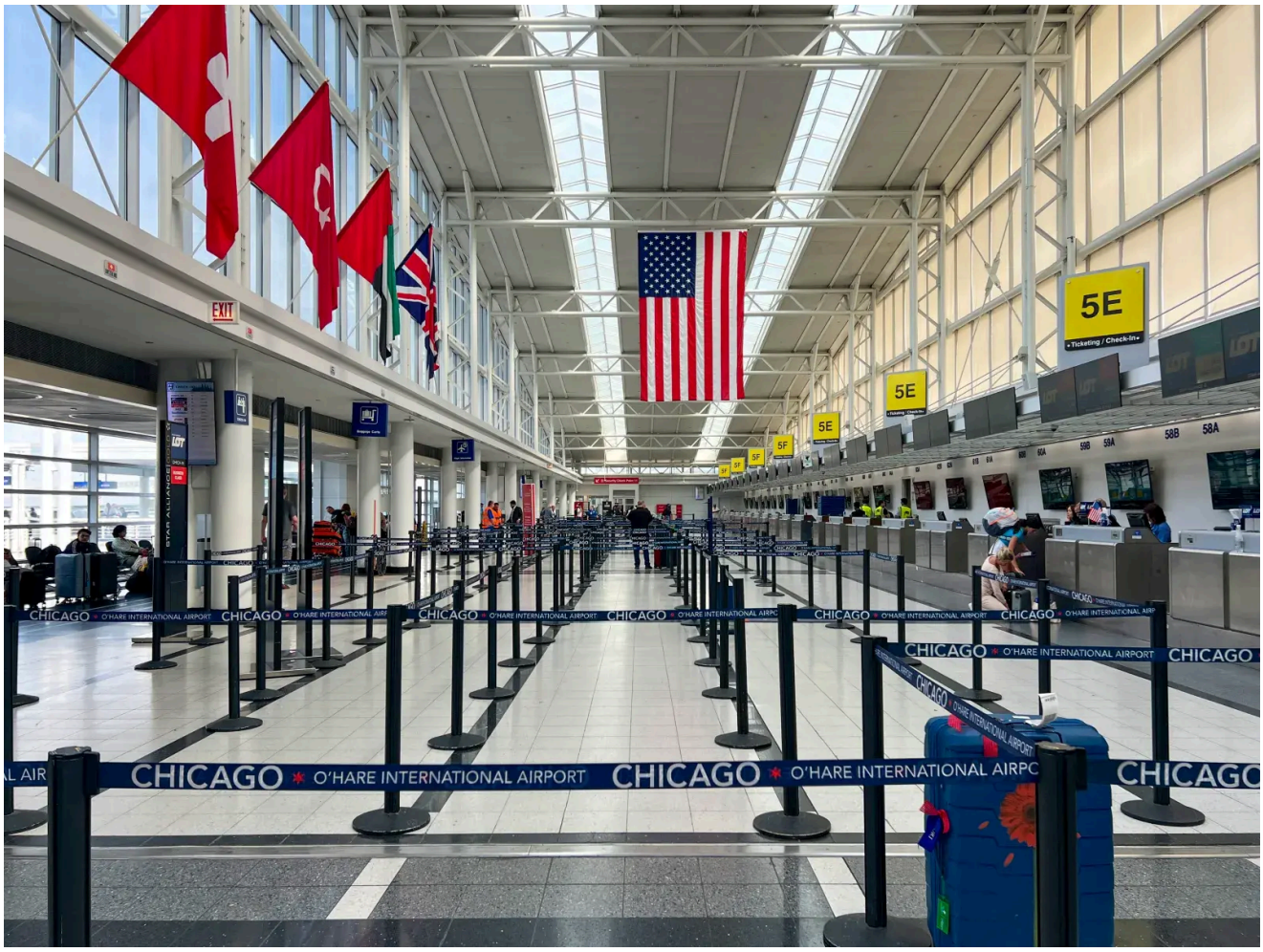
A significant downturn in international tourism threatens to erode billions in spending and deepen the nation's travel trade deficit, according to a new forecast by the U.S. Travel Association.

The report, released on October 1, outlines a projected 6.3 percent drop in international inbound visits next year—the first decline since 2020, the year marking the onset of the COVID-19 pandemic. The number of international visitors is expected to fall from 72.4 million in 2024 to 67.9 million in 2025, reversing years of post-pandemic recovery and pushing total inbound travel to just 85 percent of 2019 levels.

"The latest forecast signals both opportunity and warning for America's travel economy," the association said in a statement. "While domestic travel is holding steady, the continued decline in international visitors threatens billions in spending and thousands of jobs."

While total U.S. travel spending is projected to grow just 1.1 percent to $1.35 trillion in 2025, the forecast warns of a 3.2 percent drop in inbound international spending to $173 billion. The report attributes much of this decline to significantly fewer visits from Canada, while travel from other regions is expected to remain flat.

Jonathan Ernest, an economics professor at Case Western Reserve University in Cleveland, Ohio, told *Newsweek* the figures highlight a potentially worrisome trend.



A stock image of an empty terminal at Chicago O'Hare International Airport pictured in July 2024. | Getty

"The decrease in inbound visitors, especially Canadian visitors but also from Europe and Asia, could weigh heavily on U.S. travel and tourism dollars for the remainder of 2025 and into 2026," Ernest said. "A weaker dollar, coupled with the draw of major sporting events, could help offset some of these losses, but we should not expect 2026 to see as large a jump in tourism and international travel as we may have otherwise expected."

According to the U.S. Travel Association, the slow international rebound comes despite steady gains in domestic tourism, which is projected to grow 1.9 percent to $895 billion in 2025. The strength of the American consumer continues to drive the bulk of U.S. travel spending, the report said, although concerns over inflation and broader economic conditions persist.

Travel

Still, the forecast warns that if economic uncertainty deepens, even domestic travel may be affected. "Consumer uncertainty remains significant, and if broader economic conditions deteriorate, travel is likely to decrease as well," the association noted in the report.

International inbound growth is forecast to resume in 2026, with projections of 70.4 million visits and steady increases through 2029. Several major U.S.-hosted events—including the FIFA 2026 World Cup, America's 250th anniversary celebrations, the 2028 Summer Olympics in Los Angeles, and upcoming Rugby World Cups and Winter Olympics events—are expected to boost tourism long-term. But the rebound may not be strong enough to offset near-term declines fully.

Usha Haley, a W. Frank Barton distinguished chair in international business at Wichita State University, told *Newsweek* that several external factors could complicate the recovery.

"The projected decline in inbound international travel is more aggressive and depends heavily on external factors such as visa processing, global economic health, and exchange rates," Haley said. "Inbound growth may well be underestimated, especially if anti-American sentiment rises, and international students stop choosing the U.S. as their destination of choice."

Haley also warned that the economic consequences could be far-reaching. "Weaker inbound travel worsens the travel-services trade deficit, and lowers spending in key sectors such as hotels, attractions, and dining, especially in gateway cities," she said. "Domestic leisure growth can cushion some of this decline—but it's internal demand and not a boost in foreign demand. If the U.S. sees a soft patch, the travel sector may amplify a recession."

The U.S. travel trade deficit is projected to reach nearly $70 billion in 2025, according to the forecast. With outbound international travel by Americans continuing to grow, that imbalance may persist, even as domestic travel remains stable.

The travel forecast was developed using Tourism Economics' modeling and is adjusted for 2024 inflation. It also projects that domestic business travel spending will grow 1.4 percent in 2025, with group travel expected to outpace transient travel. However, business travel growth is not expected to exceed leisure travel until after 2026.

Ernest warned that some of the optimism in the forecast may be premature. "While U.S. consumers have not yet cut back heavily on domestic trips, consumer sentiment has been extremely low for months, and any hints of decreased incomes could cause luxury goods like airline flights and vacations to be reduced first," he said.

Ernest added that digital alternatives to business travel remain a limiting factor. "Reduced budgets and increased use of digital video calls may limit not only the return to in-person work but the return of work-related travel and conference attendance as well," he said.

Haley said the consequences of reduced international tourism go beyond short-term economic indicators.

"Losing that external demand has both direct and multiplier effects," she said. "Directly, industries tied to travel such as airlines, hospitality, and local tourism services will see revenue losses, and job cuts, especially in tourist hubs. Indirectly, ripple effects will hit suppliers, local retail, transport, and states' tax revenues."

Haley added that the regional impact could be uneven: "Because tourism is labor-intensive and regionally concentrated, the losses would hit hardest those states with high international exposure such as New York, California, and Florida.

"Globally, a U.S. tourism decline is a symptom more than a driver," Haley said, "signaling weaker cross-border demand, and softer global mobility."

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