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Agenda item 6DEVELOPMENT OF INTERNATIONAL TRAVEL, ITS PRESENT INCREASING
VOLUME AND FUTURE PROSPECTSMemorandum by the United States of America

There is a general agreement that national economic strength of member countries depends upon both an active economy internally and a high level of international trade. No nation can be economically self-sufficient, and in order to pay for what they must buy, nations must be in a position to provide goods or services to other nations.

One part of international trade which has not received the full official recognition it deserves is international travel. This "invisible export" is distinguished by the comparative ease with which it may be encouraged and the volume of revenue it can produce with minimum economic dislocations. The purpose of this paper is to focus attention on the economic benefits to be derived from increasing international travel.

The significance of this phase of trade can be seen from the revenue it represents in international exchange. According to the International Monetary Fund, travelers from the 41 countries covered by its reports (summarized in Table 1) spent an equivalent of \$2.4 billion in foreign countries in 1953. In addition, international airlines and steamship lines earned large revenues from international travel.

The contribution of travel expenditures to international payments is evident when it is realized that the amount of international exchange produced by foreign travel amounting to \$2.4 billion is about the same as the international

exchange produced by the world sales of coffee and is larger than the value of world trade in wheat. The value of this trade is apparent from the fact that payments to foreign countries and their carriers by residents of the United States amounted to approximately \$1.2 billion in 1954.

Table 2 shows the growing foreign travel by United States residents in 1952, 1953 and the first half of 1954. It will be noted that this table does not include payments to carriers.

It is generally agreed that only when at least the major currencies are freely convertible will nations attain the interchange of goods and services, which will permit each to develop to the fullest extent its reservoir of human and natural resources. While significant progress has been made recently toward convertibility and the removal of exchange restrictions, economic problems still facing many countries have prevented the full achievement of this goal. International travel, by bringing dollar and other foreign exchange credits to the countries visited, will help bring them nearer to the day when they will be in a position to attain the convertibility of their currencies which is so essential for a steadily rising volume of world trade and investment.

Potential for growth

Nor is this significant contribution to international trade all that can be expected from travel. While \$2.4 billion is a sizeable part of the international flow of payments, travel experts in many countries conclude that this figure may be substantially increased. A review of Table 1 indicates that present travel patterns are largely confined to relatively limited geographic areas. As other countries find means to attract travelers, total world volume should expand. Other factors also support the forecast of increased travel. Thus, if the portion of the national income of the United States which was spent on foreign travel in 1929 had been spent for foreign travel in 1954, the amount of these expenditures would have increased to approximately \$2.5 billion instead of the current \$1.2 billion. Other factors pointing toward possible increases in travel, include the speed with which modern transportation can carry travelers beyond their borders, so that travelers with only two or three weeks' vacation may now make journeys into countries far beyond their reach in

earlier times; the fact that in many countries, increased leisure time is now available and there is a trend toward more paid vacations in many parts of the world; increased education in many countries which is opening new horizons to people who will soon become available to the travel market; and, as the international financial position of many countries continues to improve, probable further relaxation in exchange restrictions, which in the past few years have acted as a deterrent to travel.

The growth of revenues from travel expenditures has been particularly marked for several countries of the world, and continuance of this trend may be expected. The countries of Western Europe increased their dollar earnings from American travelers from \$225,000,000 in 1950 to over \$330,000,000 in 1954. If earnings from carriers are included, Western Europe may well earn over one-half billion dollars from United States tourists in 1955. The visitors to Nassau increased from 32,000 in 1949 to more than 100,000 in 1954. Similarly, the travelers to Bermuda increased from 34,000 prior to the recent war to 104,000 in 1954. These illustrate the extensive development of this flow of trade in recent years and the constructive contribution travel can make to international exchange. The examples cited relate to a very limited part of the world. These areas are not unique. There are other areas of the world with equal attractions and for these, also, there is a potential growth in this aspect of international trade.

Travel policy of the United States Government

In the United States, the policy of the Government to encourage travel has been set forth by President Eisenhower in a message to the Congress on foreign trade policy, 10 January 1955. He emphasized the dependence of economic strength upon high levels of economic activity internally and high levels of international trade. "Those high levels of trade," he said, "can be promoted by the specific measures with respect to trade barriers recommended in this message, by the greater flow of capital among nations of the free world, by convertibility of currencies, by an expanded interchange of technical counsel and by an increase in international travel." The President further stated: "The United States

remains committed to the objective of freedom of travel throughout the world. Encouragement given to travel abroad is extremely important both for its cultural and social importance in the free world and for its economic benefits. Travel abroad by Americans provides an important source of dollars for many countries. The Executive Branch shall continue to look for ways of facilitating international travel and shall continue to co-operate with private travel agencies."

Consistent with the policy of the United States to foster this travel, was the enactment of the Mutual Security Act of 1954 which in Section 416 directs the President to facilitate and encourage the promotion and development of travel both to and from the United States.

In recognition of the desirability of the two-way movement of international travel, and as a welcome to foreign visitors, President Eisenhower gave the following statement in November 1954 to a leading trade association of the United States travel industry for use in a travel brochure to be given international circulation:

"To People of All Lands:

"No one who sets foot in the United States need do so as a stranger, for the United States is a nation made up of people of many nations, colors and creeds, And in our devotion to individual liberty, we share the aims and ideals of countless peoples from many lands.

"America welcomes visits of those from abroad as a vital step in the direction of international understanding and world peace. You will find us as eager to show you our country as we are to learn about yours. You have undoubtedly read and heard many things about the United States, and large numbers of you have visited us. Our people would like to have more of you come. All of us here will do everything in our power to make your visit pleasant and memorable.

(Signed) Dwight D. Eisenhower"

Constructive measures for the encouragement of travel

Experience in many areas of the world indicates that there are certain constructive steps which can be taken to greatly expand international travel. For example, Great Britain, whose dollar revenues from travelers are greater than those from any other export, spent almost a million dollars in 1953 for travel promotion in the United States through its official Government and railway tourist promotion offices. Nassau, which increased its travelers threefold between 1949 and 1954, steadily increased its tourism promotion budget from £100,000 in 1949 to approximately £300,000 in 1954. Similar success stories resulting from effective use of recognized advertising and sales promotion are provided by Hawaii, Canada, Bermuda, Jamaica and other popular tourist areas. Frequently, it has been necessary to use governmental funds for establishment of tourist promotion offices, advertising and other sales expenses, because tourism differs in an important way from other export industries. Travelers' dollars go to hotels, taxis, restaurants, souvenir shops, sightseeing facilities and to other small enterprises that are unable themselves to undertake the foreign promotional work necessary to create increased travel. As another example, during the past several years the United States Government has substantially increased the duty-free allowance to returning American tourists, which now amounts to \$500 per person. At the present time there is pending before the Congress legislation to increase this duty-free allowance to \$1,000.

The United States feels that, in the light of the experiences of these and other countries, the Council is in a position to bring to the attention of member Governments and other organs of the United Nations measures which can serve to encourage international travel. The United States suggests, in this connexion, that the Council may wish to consider recommending, among others, the following actions to member Governments:

1. Give increased attention to international travel as an important part of their economic development.
2. Stimulate the efforts of the Regional Commissions of the United Nations to prepare constructive programmes for attracting increased volumes of tourists to their respective areas.

3. Strengthen and support the official and private agencies engaged in the development of tourism.

4. Provide incentives for the encouragement of investment in hotels and other facilities.

5. Encourage exchange of technical advice between countries possessing well-developed tourist programmes and facilities and those with less experience.

6. Participate in international agreements on customs facilitation for tourism, international motoring, and the like.

7. Improve statistics relating to travel, based on uniform methods.

8. Endeavour to reduce to the fullest extent practicable border-crossing formalities such as visas, passports, travel taxes, exchange controls and other restrictive factors.

Table 1. Foreign travel, 1950-53 as available
(Millions of U.S. Dollars)

	Receipts (Credits)				Payments (Debits)			
	1950	1951	1952	1953a/	1950	1951	1952	1953a/
<u>Europe</u>								
Austria.....	15	24	31	61	4	6	6	8
Belgium-Luxembourg	44	58	28	35	72	100	64	57
Denmark.....	22	23	30	42	30	28	34	45
France.....	185	190	134	122	44	113	110	128
Germany.....	32	55	103	130	20	37	79	120
Greece.....	5	7	10	23	7	5	7	7
Italy.....	83	89	92	147	16	17	17	17
Netherlands.....	27	41	37	41	23	32	36	42
Norway.....	18	15	20	24	25	28	29	31
Portugal.....	9	14	15	11	4	9	13	7
Sweden.....	21	32	33	32	26	37	45	40
Switzerland b/.....	n.a.	n.a.	83	106	n.a.	n.a.	n.a.	n.a.
Turkey.....	2	5	3	3	8	6	10	12
United Kingdom.....	171	210	224	246	238	291	230	241
<u>Latin America</u>								
Mexico.....	239	272	291	302	83	99	113	140
Chile.....	7	7	6	n.a.	7	8	7	n.a.
Uruguay.....	19	14	10	n.a.	13	9	6	n.a.
Brazil.....	5	--	1	4	7	15	4	30
Venezuela.....	--	--	--	n.a.	34	41	42	n.a.
Peru.....	3	4	9	n.a.	7	8	8	n.a.
Colombia.....	2	1	1	--	7	13	19	19
Costa Rica.....	2	2	2	2	3	4	4	4
Cuba.....	17	19	19	20	43	44	31	28
Netherlands West Indies.....	2	2	3	n.a.	3	3	4	n.a.
<u>Africa</u>								
Egypt.....	1	1	1	2	30	43	33	28
Northern Rhodesia..	1	2	2	3	5	6	8	8
Southern Rhodesia..	6	7	8	10	13	16	19	22
Union of South Africa	24	28	31	34	28	31	34	36
<u>Asia and Oceania</u>								
Australia.....	9	9	9	9	29	31	31	40
Japan.....	21	9	8	10	1	4	5	7
New Zealand.....	3	4	5	4	16	16	14	13
Philippines.....	1	1	1	1	14	14	12	11
Israel.....	3	3	3	n.a.	3	2	4	n.a.
Iraq.....	8	19	16	n.a.	10	21	18	n.a.
Iran.....	1	1	1	2	4	4	5	2

Table 1 (cont'd)

	Receipts (Credits)				Payments (Debits)			
	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953a/</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953a/</u>
<u>Asia and Oceania (cont'd)</u>								
India.....	--	--	5	2	31	53	21	22
Ceylon.....	1	1	1	1	8	10	11	9
Pakistan.....	--	--	--	n.a.	11	12	11	n.a.
Thailand.....	2	4	3	2	1	3	7	8
Canada.....	254	261	282	309	208	266	343	373
United States.....	392	430	511	527	727	722	811	895
Total countries listed.....	1,657	1,864	2,072	2,267	1,863	2,207	2,305	2,450

a/ Partially estimated.

b/ Figures shown represent net.

n.a. Not available.

Source: International Monetary Fund, Balance of Payments Yearbook.

Table 2. Estimated numbers and expenditures of United States residents traveling in foreign countries, 1952-53 and first half of 1954^{1/}

	Number of travelers (thousands)				Expenditures (millions of dollars)			
	1953		1954		1953		1954	
	1952 Year	1st half	1st half	1952 Year	1952 Year	1st half	1st half	1952 Year
All countries.....	(*)	(*)	(*)	(*)	811	895	378	398
Canada.....	(*)	(*)	(*)	(*)	257	282	83	85
Mexico.....	(*)	(*)	(*)	(*)	180	192	101	98
Total oversea areas.	772	827	403	434	374	421	194	215
Europe and Mediterranean.	332	376	161	174	256	306	132	145
West Indies and Central America.....	382	396	215	231	78	76	42	46
South America.....	39	32	17	17	25	20	11	11
Other oversea countries..	19	22	11	12	15	20	9	13

* Not available.

^{1/} Passenger fares and Government travel are excluded; for detailed definition, see footnote, table 1, page 11, SURVEY OF CURRENT BUSINESS, June, 1953.

Source: U.S. Department of Commerce, Office of Business Economics, values based on questionnaire returns; numbers based on data of U.S. Department of Justice, Immigration and Naturalization Service.
