

EMBARGOED UNTIL RELEASE AT 8:30 A.M. EDT, WEDNESDAY, JUNE 7, 2006

BEA 06-24

Technical: Peter Kuhbach: (202) 606-9543
Bradlee Herauf: 606-9978
Media: Ralph Stewart: 606-9690

Congressional Affairs: Katie Kane Keeley 606-2689

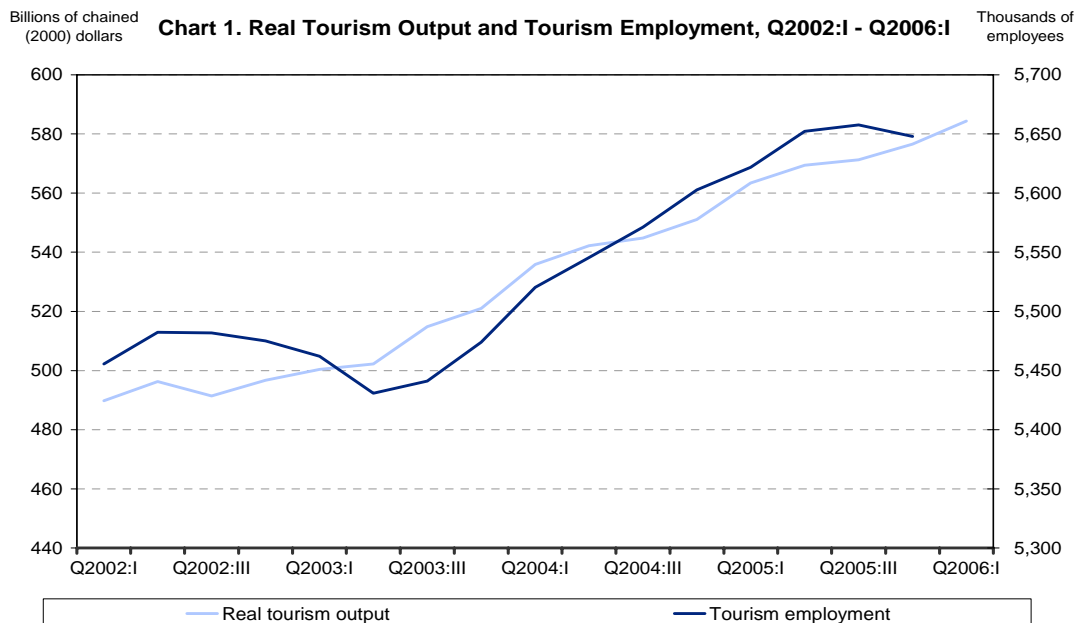
E-mail inquiries: industrysatellites@bea.gov

REAL TOURISM OUTPUT GREW 5.5 PERCENT IN FIRST QUARTER 2006

Real tourism output increased at an annual rate of 5.5 percent in the first quarter of 2006, the fourteenth consecutive quarter of positive growth, according to data released today by the U.S. Bureau of Economic Analysis. In the fourth quarter of 2005, real tourism output grew 3.8 percent (revised). By comparison, real gross domestic product (GDP) grew at an annual rate of 5.3 percent in the first quarter of 2006, and 1.7 percent in the fourth quarter of 2005.

Prices of tourism goods and services rose 5.1 percent in the first quarter of 2006, while the overall GDP price index rose 3.3 percent in the first quarter.

Tourism employment – specifically, the employment of workers engaged in the production of goods and services sold directly to visitors (“direct” tourism employment) – decreased 0.7 percent in the fourth quarter of 2005 (the most recent period for which data are

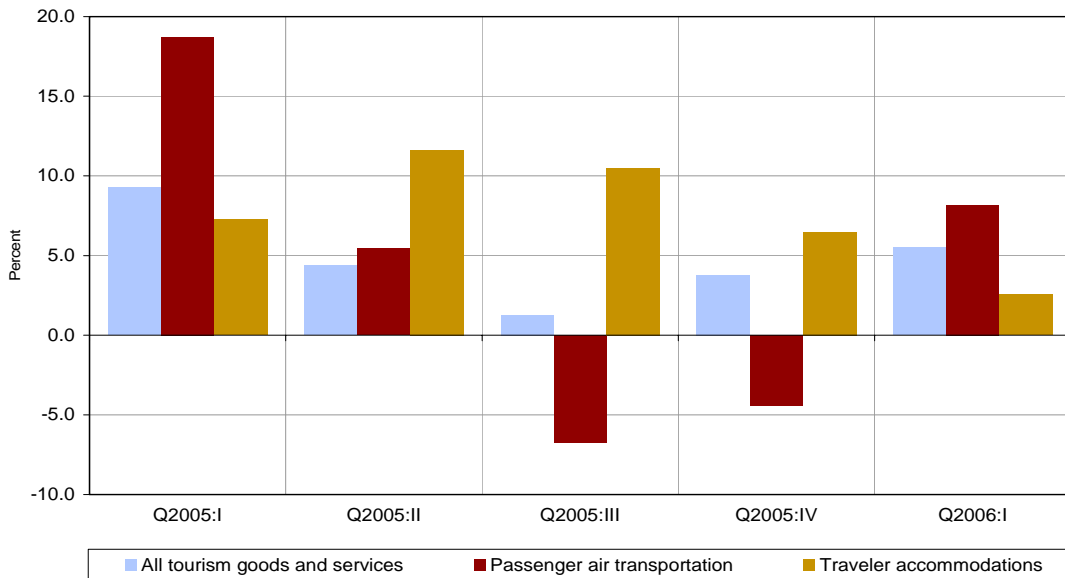


NOTE.—Quarterly estimates are expressed at seasonally adjusted annual rates, unless otherwise specified. Percent changes are calculated from unrounded data and annualized. “Real” estimates are in chained (2000) dollars. Price indexes are chain-type measures. available), the first quarterly decline in direct tourism employment since the second quarter of 2003. For the year 2005, direct tourism employment grew 1.5 percent. Overall U.S. employment grew 1.2 percent in the fourth quarter of 2005 and 1.5 percent for the year 2005. (Source: BLS Total nonfarm employment from Current Employment Statistics, www.bls.gov/ces/home.htm#data.)

Changes in Real Tourism Output, Prices, and Employment

Following two quarters of negative growth, passenger air transportation rebounded in the first quarter of 2006, growing 8.2 percent. In contrast, traveler accommodations enjoyed its ninth consecutive quarter of growth, increasing 2.5 percent in the first quarter of 2006.

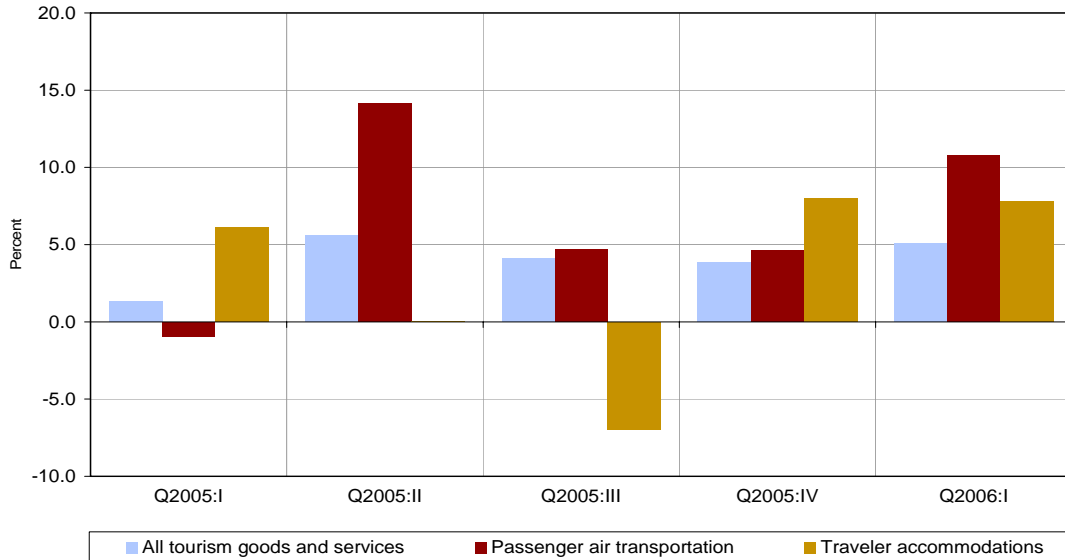
Chart 2. Quarterly Growth in Real Tourism Output, Q2005:I - Q2006:I



U.S. Bureau of Economic Analysis

Leading the increase in prices of tourism goods and services were prices for passenger air transportation, which were up 10.8 percent, and prices for traveler accommodations, which increased 7.8 percent.

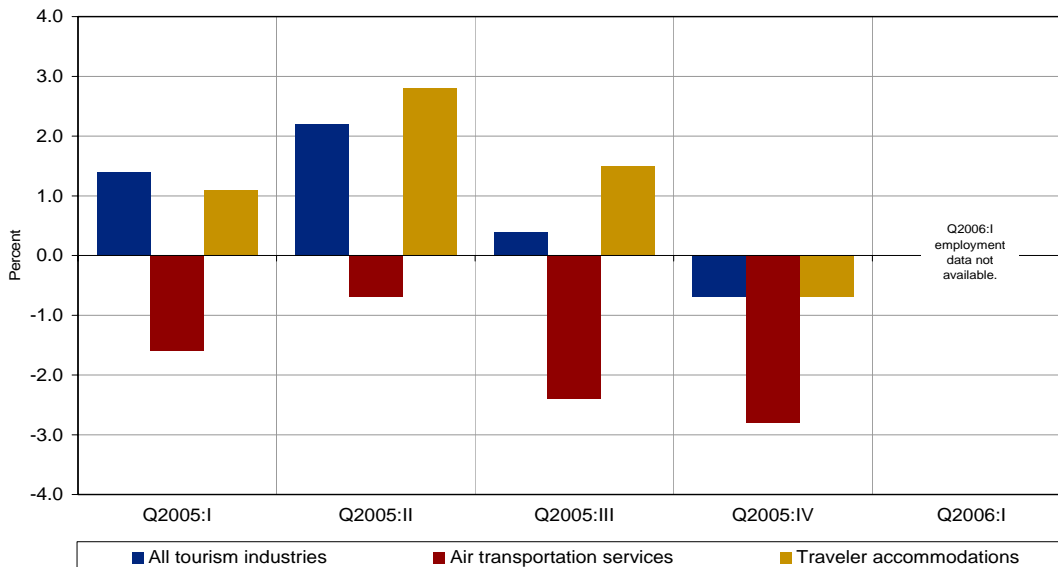
Chart 3. Quarterly Growth in Prices for Tourism Goods and Services, Q2005:I - Q2006:I



U.S. Bureau of Economic Analysis

Although real tourism output grew 5.5 percent in the first quarter of 2006, and 3.8 percent in the fourth quarter of 2005, growth in direct tourism employment continues to lag behind. In the fourth quarter of 2005 (the latest period for which data are available), 9.8 thousand direct tourism jobs were lost. While the air transportation industry shed jobs for the fourth consecutive quarter, a decrease of 3.4 thousand jobs, the traveler accommodations industry experienced its first decline in jobs since the second quarter of 2003, a loss of 2.5 thousand jobs.

Chart 4. Quarterly Growth in Direct Tourism Employment, Q2005:I - Q2006:I



U.S. Bureau of Economic Analysis

Total Tourism-Related Output and Employment

Total current-dollar tourism-related output increased to \$1.149 trillion in the first quarter of 2006. It consisted of \$652.0 billion of direct tourism output - output of goods and services sold

directly to visitors, and \$496.6 billion of indirect tourism output - output of goods and services used to produce what visitors buy.

Total tourism-related employment accounted for 8.2 million jobs in the fourth quarter of 2005 (the most recent period for which data are available). It consisted of 5.6 million direct tourism jobs - jobs where workers produce goods and services sold directly to visitors, and 2.6 million indirect tourism jobs - jobs where workers produce goods and services used to produce what visitors buy.

These estimates are from the Travel and Tourism Satellite Accounts (TTSAs), which are supported by funding from the Office of Travel and Tourism Industries, International Trade Administration, U.S. Department of Commerce. The current-price estimates of direct tourism output were derived from BEA's annual TTSAs (revised in June 2006) and current-dollar quarterly estimates of personal consumption expenditures from the NIPAs. The constant-price estimates of direct tourism output were developed using price indexes from the Bureau of Labor Statistics (BLS), constant-price quarterly estimates of personal consumption expenditures from the NIPAs, and air transportation data from the Bureau of Transportation Statistics. The estimates of direct tourism employment were derived from the annual TTSAs (revised in June 2006) and the Quarterly Census of Employment and Wages from BLS. The annual TTSAs (revised in June 2006) are, in turn, derived from BEA's annual input-output accounts (revised in December 2005). The June 2006 issue of the *Survey of Current Business* will include an article describing the revised annual TTSA estimates in detail.

BEA's estimates of total tourism-related output include figures for both "direct" and "indirect" sales. Direct tourism-related output comprise all output consumed directly by visitors (e.g., traveler accommodations, passenger air transportation, souvenirs); indirect tourism-related output comprise all output used as inputs in the process of producing direct tourism-related output (e.g., toiletries for hotel guests, the various ingredients used to make the meals served airline passengers, and the plastic used to produce souvenir key chains). Indirect output was estimated using commodity-by-commodity output multipliers from the Current Industry Analysis Division.

BEA's estimates of tourism-related employment measure both "direct" and "indirect" employment. Direct tourism-related employment comprises all jobs where the workers are engaged in the production of direct tourism-related output (e.g., hotel staff, airline pilots, and souvenir sellers); indirect tourism-related employment comprises all jobs where the workers are engaged in the production of indirect tourism-related output (e.g., employees of companies that produce toiletries for hotel guests, the various ingredients used to make the meals served airline passengers, and the plastic used to produce souvenir key chains). Indirect employment was estimated using industry-by-industry employment multipliers from the Regional Economic Analysis Division. Employment data are available five to six months after the end of the reference quarter.

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Next release – Travel and Tourism estimates for second quarter 2006 will be released on Wednesday, September 20, 2006 at 8:30 a.m. EDT.

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