

**EMBARGOED UNTIL RELEASE AT 8:30 A.M. EST, MONDAY, MARCH 20, 2006**

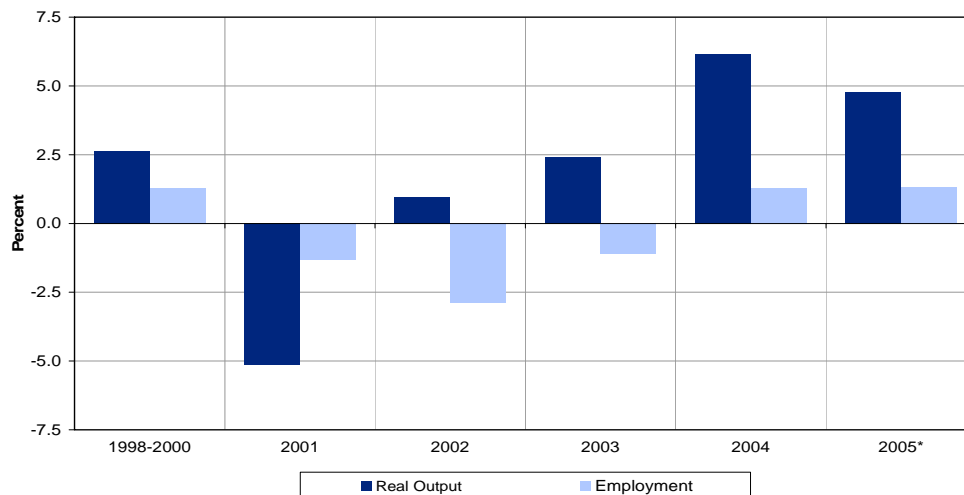
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**REAL TOURISM OUTPUT GREW 4.8 PERCENT IN 2005**  
*Employment Grows More Slowly*

With this release, BEA presents fourth-quarter 2005 current-dollar measures and first-time price and quantity measures of tourism activity. In the fourth quarter, real tourism output (price-adjusted “direct tourism sales”) grew 5.1 percent, following an increase of 1.4 percent in the third quarter (seasonally adjusted at annual rates). Real output of goods and services sold to visitors grew 4.8 percent in 2005, down from 6.2 percent in 2004, according to data released today by the U.S. Bureau of Economic Analysis.

Average employment of workers directly engaged in the production of goods and services sold to visitors (“direct tourism employment”) increased 1.3 percent through the first three quarters of 2005, following annual growth of 1.3 percent in 2004. In the third quarter of 2005, the most recent period for which data are available, direct tourism employment grew 0.2 percent (seasonally adjusted at annual rates).

**Chart 1. Annual Growth in Real Tourism Output and Employment**



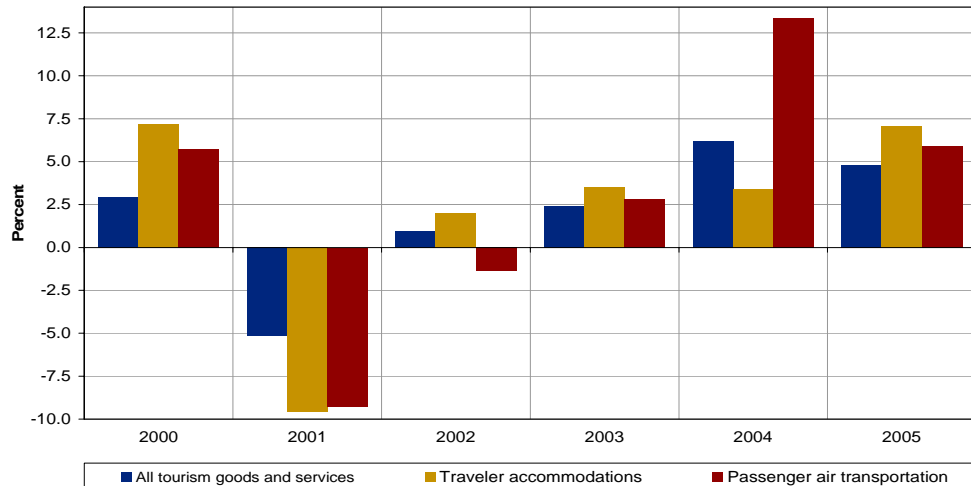
\* Employment bar depicts growth through the first three quarters of 2005 only.

Source: U.S. Bureau of Economic Analysis

## Changes in Real Tourism Output, Prices, and Employment

Led by a 7.0 percent annual increase in traveler accommodations, real tourism output grew for the fourth consecutive year in 2005. In addition to its solid annual performance, traveler accommodations also posted strong quarterly results throughout the year, culminating in a seasonally-adjusted annualized growth rate of 12.0 percent in the fourth quarter of 2005. By contrast, though real output of passenger air transportation grew 5.9 percent in 2005, after growth through the first two quarters, it experienced declines in real output in both the third and fourth quarters.

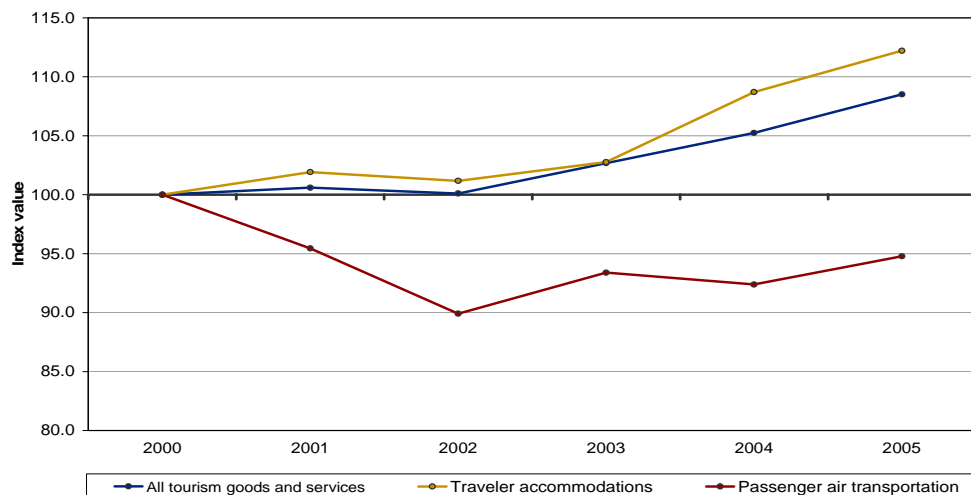
**Chart 2. Annual Growth in Real Tourism Output**



Source: U.S. Bureau of Economic Analysis

Prices of tourism goods and services increased for the third consecutive year in 2005, and are now at a level 8.5 percent above where they stood in 2000. The only tourism commodity group whose prices remain below their 2000 level is passenger air transportation. By 2002, prices of passenger air transportation had fallen to 90 percent of their 2000 value, and in 2005 they were still more than 5 percent below their 2000 level.

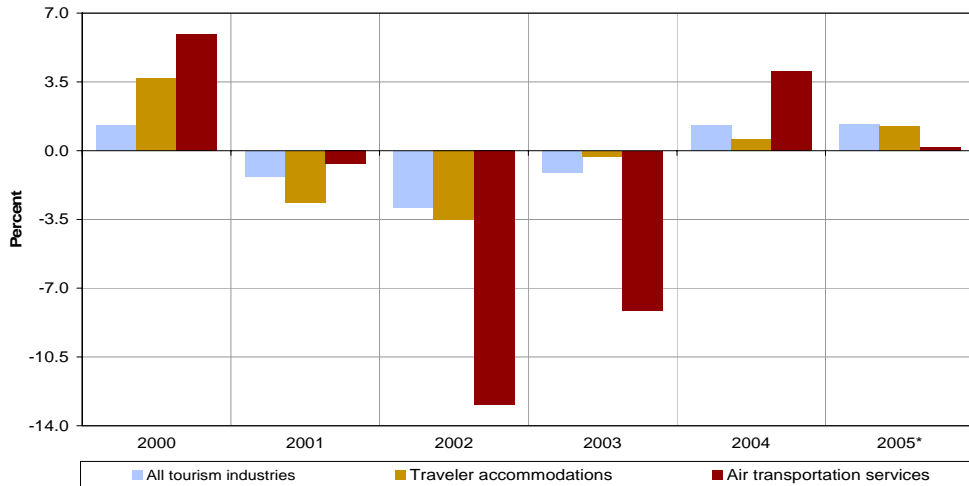
**Chart 3. Chain-Type Price Indexes for Tourism Goods and Services**



Source: U.S. Bureau of Economic Analysis

Through the first three quarters of 2005, direct tourism employment in the traveler accommodations industry grew at the same rate as overall direct tourism employment, 1.3 percent. Direct tourism employment in the food and drinking places and recreation and entertainment industries enjoyed even stronger growth – 2.3 percent and 1.9 percent, respectively. However, the air transportation industry, which just the previous year had experienced its first net increase in direct tourism employment since 2000 (up 4.1 percent), saw that growth decline to just 0.2 percent through the first three quarters of 2005.

**Chart 4. Annual Growth in Direct Tourism Employment**



\* Depicts growth through the first three quarters of 2005 only.

Source: U.S. Bureau of Economic Analysis

## Total Tourism-Related Output and Employment

Total current-dollar tourism-related output (“direct” and “indirect” tourism sales) increased to \$1.065 trillion in 2005. It consisted of \$611.1 billion of direct tourism sales – sales of goods and services sold directly to visitors, and \$454.4 billion of indirect tourism sales – sales of the goods and services used to produce what visitors buy.

Total tourism-related employment (“direct” and “indirect” tourism employment) averaged 8.1 million jobs through the first three quarters of 2005. It consisted of 5.6 million jobs of direct employment – jobs where workers produce goods and services sold directly to visitors, and 2.6 million jobs of indirect employment – jobs where workers produce goods and services used to produce what visitors buy.

These estimates are from the Travel and Tourism Satellite Accounts, 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 input-output (I-O) accounts 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) and constant-price quarterly estimates of personal consumption expenditures from the NIPAs. A more detailed discussion of the constant-price estimates will be included in BEA's annual article on the travel and tourism satellite accounts, due for publication in the *Survey of Current Business* later this year. The estimates of direct tourism employment were derived from the annual I-O accounts and the Quarterly Census of Employment and Wages from BLS.

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 first quarter 2006 will be released on Wednesday, June 7, 2006 at 8:30 a.m. EDT.

BEA's national, international, regional, and industry estimates; the *Survey of Current Business*; and BEA news releases are available without charge on BEA's Web site at [www.bea.gov](http://www.bea.gov). By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.



