



Global Travel Insight

Strong midyear global travel likely but destination mix may be changing

Consumer demand for international travel should remain solid through the peak 2023 global travel season—Northern Hemisphere’s summer months of June through August. International overnight arrivals are likely to rise above 325 million for the first time since 2019, with growth this season reaching the mid-teens relative to the same three months in 2022. However, where travelers choose to go this year is likely to change. Areas closed last year due to health regulations, such as Asia Pacific, have now re-opened. This summer, the growing backlog of unprocessed visa applications could be a more significant barrier. Travelers could end up by-passing places with more restrictive or cumbersome entry requirements in favor of those with more open policies.

Global travel has steadily increased through 2023, priming the summer travel season for further gains. From January through April of this year, outbound travel from 63 out of the 113 countries covered by the Visa International Travel Platform¹ ran above their 2019 levels. This was a marked improvement from last season, where only 10 countries had recovered to this degree. An additional 95 countries have reached at least a 75 percent recovery rate, meaning most countries are near or have surpassed their 2019 levels.

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Key Points:

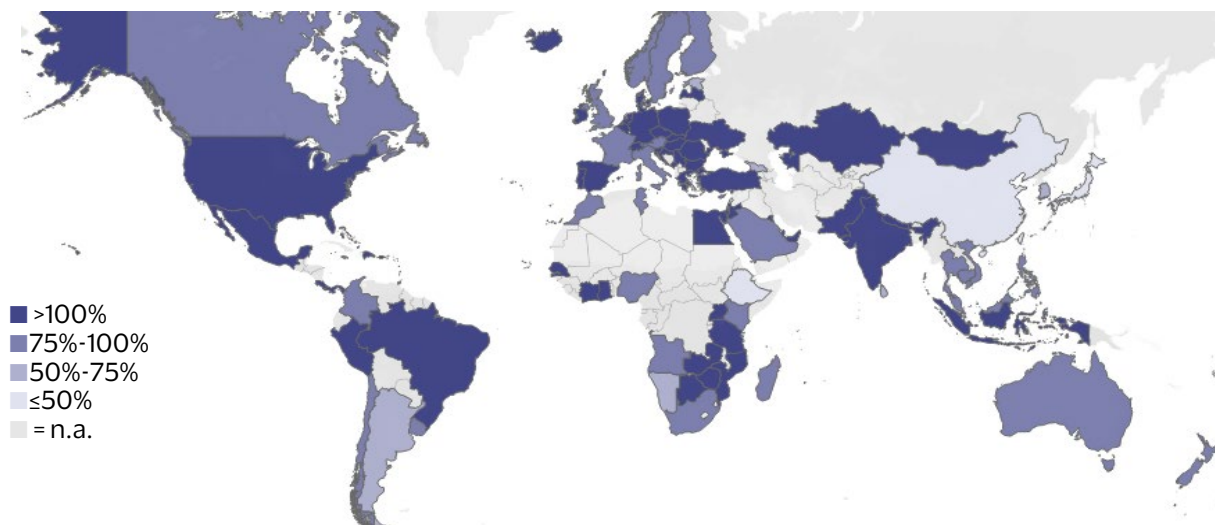
 Frictions in travel dim long-term growth of the industry

 Visa requirements are set to play a larger role in the summer of 2023

 Places more open to travel have gained more visitors

Fig. 1: Growth in outbound travel demand was strong for most countries in early 2023

(Monthly travel volumes from January-April 2023 relative to the same period in 2019)



Source: Visa Business and Economic Insights, Visa International Travel (VISIT) platform



Global travel’s growth capped by visa backlog

Compared to the last two summers, cross-border travel this summer faces more challenges due to global delays in the issuance of cross-border travel documents. Canada, for example, reported that at the end of March, only 54 percent of its temporary residence visa applications met its service standards, leaving nearly half a million people waiting longer than expected times.² Mexican citizens applying to travel to Canada have to wait 187 days for a visitor visa, against a service standard of 14 days.³ Canada is far from alone in this challenge. Potential visitors to the United States currently wait over 700 days for a required interview with U.S. consular staff at Bogota, Guadalajara or Mexico City.⁴ Some countries, such as Australia, have redoubled their efforts by hiring temporary staff to help clear the backlogs. As a result, half of all tourist visas are now processed within 10 days, down from 104 days at its peak in the second quarter of 2021.⁵

Documentation matters, when you consider that one-in-five trips prior to 2019 required a visa. Global travel can be segmented into three large flows*:

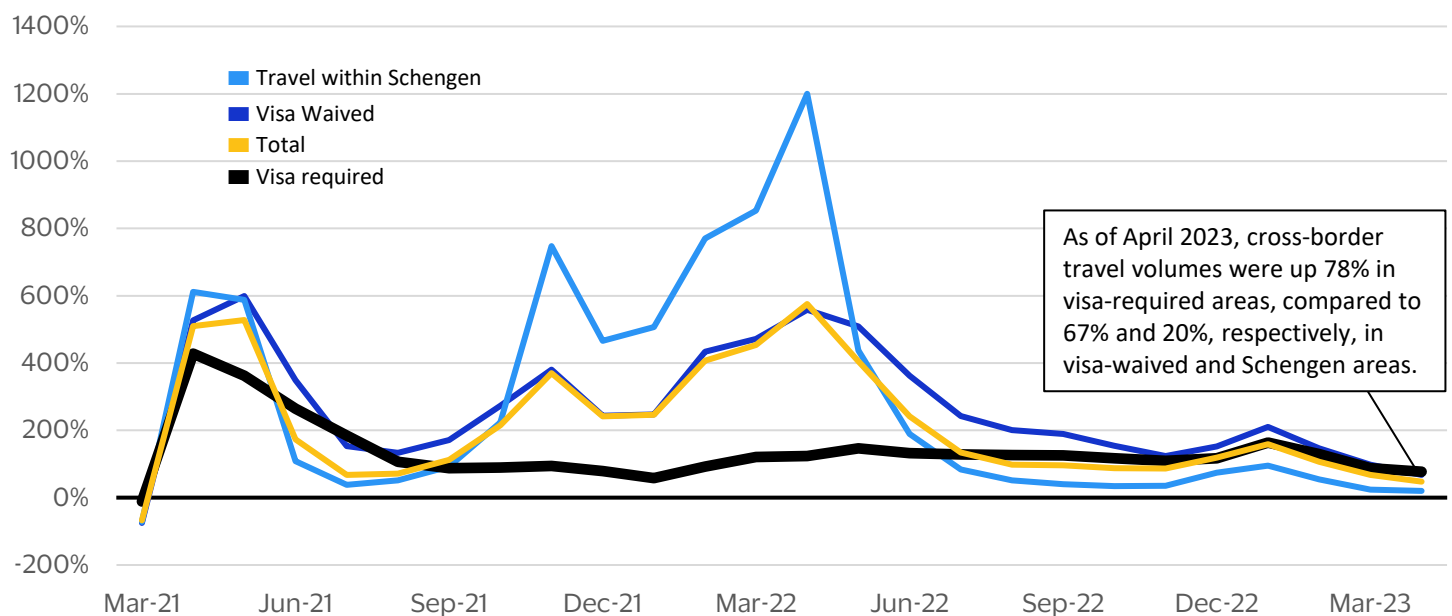
1. Travel that requires a visa by applying to the relevant national or consular authorities abroad (22%)
2. Travel within Europe by citizens of states that are party to the Schengen Agreement (28%)
3. Travel where visas requirements have been waived or granted on arrival (50%)

*Figures in parentheses correspond to the average share of each in total global travel, 2015-19

While travel within the Schengen Area and visa-waived corridors powered last year’s recovery, growth in both these flows has slowed in the first four months of this year. Slower consumer spending growth in North America and Europe relative to last year’s exceptional levels has contributed to a tapering of travel in these two flows. A stronger euro is further reducing travel within the Schengen Zone in favor of more inter-regional travel. The euro has appreciated in every month since last December, such that by April it is now 5 percent stronger compared to a broad basket of currencies. **The one area of travel that lagged last year and has the potential to re-energize the industry is travel within corridors where visas are required.** If travel in these corridors had matched its pre-2019 share levels, there would have been 31 million more visits globally in the first four months of this year. The slow return of Chinese travelers accounted for most of these missing visits, underscoring both the promise that China’s re-opening provides as well as the potential pitfalls ahead in driving more travel through these more restricted corridors.

Fig. 2: Visa requirements are set to play a larger role in the summer of 2023

(Year-over-year percent change in monthly global cross-border travel volumes excluding Russia and Ukraine)



Source: Visa Business and Economic Insights analysis based on the Visa International Travel Platform and visa entry requirements



Frictions in travel dim long-term growth of the industry

At first glance, the delays in travel document processing, while cumbersome at the individual level, may seem less impactful at a macro-level. In any given year in the United States, for example, the number of visas issued is less than the number of visits made by tourists from countries where visas are required. This is possible because once issued, U.S. visas are valid from three months to 10 years depending on a traveler’s nationality, and thus a good share of visits in any year are made most likely by repeat visitors.

Even with the backlog and slowdown in visa processing over the past three years, the number of valid tourist visas to enter the United States could be as high as 56 million. Putting this figure into perspective, current valid visas could have covered nine times the volume of inbound visits in 2022 from countries where visas are required. In all likelihood, that coverage ratio will fall in 2023, especially as travel between China and the United States recovers, reducing the margin of valid visas to travelers. Thankfully, this increasing tightness should have less of an impact on the return of repeat Chinese tourists to the United States than other countries. Any of the 8 million or so Chinese citizens issued a U.S. tourist visa prior to 2020 most likely still has a valid visa, as the U.S. only started offering 10-year tourist visas to Chinese citizens in 2014 (previously renewed annually). However it could impact the arrival of Chinese citizens who have never been to the United States before.

Fig. 3: U.S. visa issuance constrains less in short term

(Visits relative to visa issued during fiscal year, millions)

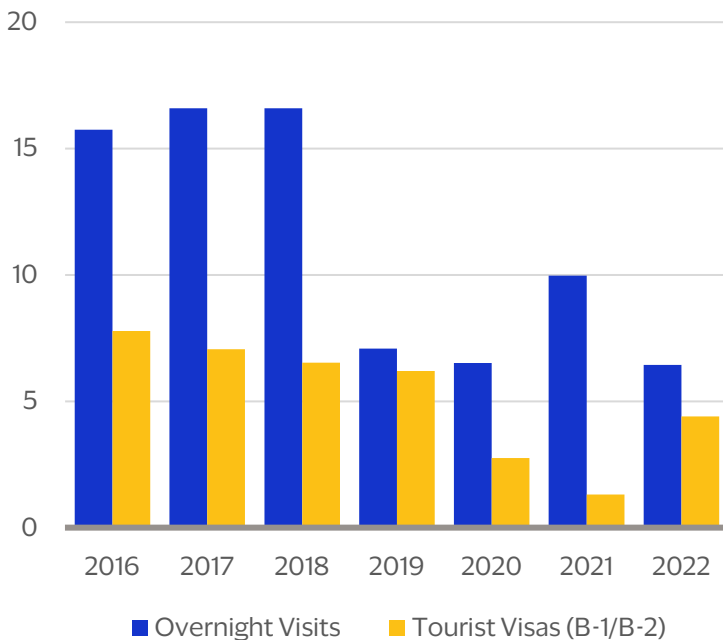
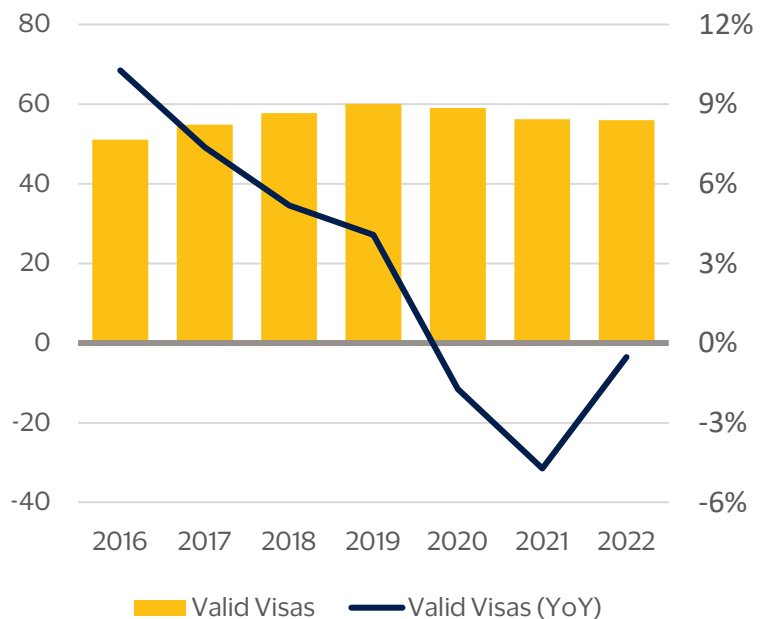


Fig. 4: But could impact long-term development

(Estimated valid visas: millions, YoY percent change)



Source: Visa International Travel Platform

The visa backlog could have more of a long-term impact on foreign travel to the United States. Countries where the U.S. requires visas also have younger populations and are experiencing faster population growth. The U.S. risks missing out on the growth of the next generation of outbound travel from these key new source markets. Prior to 2019, the United States had made progress in expanding this pool of potential visitors, reaching as high as 0.91 percent of the total population living in these countries. Every year since then, the number of visas issued has not only failed to keep pace with their population growth, but also has dropped in absolute terms as expiring visas have not been replaced with new ones. Visa hassles could cause visitors from the newly-growing middle classes in countries such as Brazil, India and China to consider visiting other locations that are more welcoming.



Places more open to travel have gained more visitors

Travelers not able to get the required entry credentials—such as those from Latin America and the Caribbean (LAC), who are currently subject to some of the longest visa processing delays—are turning to other destinations more open to their visits. LAC travelers in 2022, for example, visited in greater numbers those destinations that did not require visas. In the list of major destinations below (Figure 5), two cities in particular—Cancun and Las Vegas—had similar recovery rates relative to 2019 levels, but what gave Cancun the edge was that it was easier to visit for countries such as Colombia, Peru, Uruguay, Panama, Jamaica and Costa Rica. For these six countries, Mexico does not require a visa while the U.S. does. The result: Cancun gained 100,000 more visitors from those countries between 2019 and 2022, whereas Las Vegas lost by a similar magnitude.

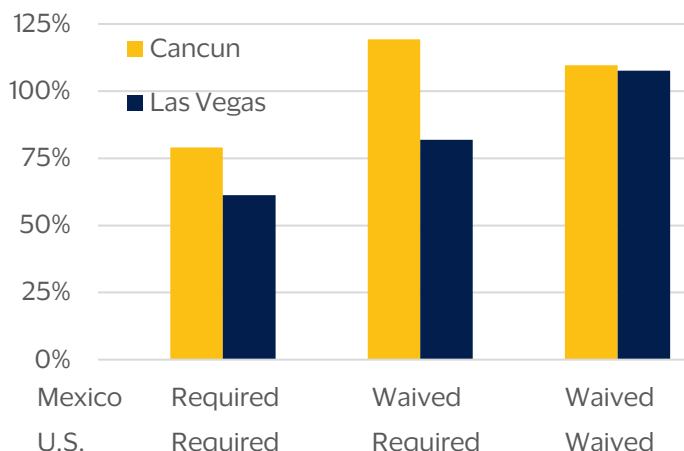
Fig. 5: Stronger recovery where visas are waived

(Growth in 2022 LAC arrivals relative to 2019 volumes, percent)

Destination city	Required	Waived	Total
Paris	120%	136%	134%
Orlando	62%	117%	69%
Miami	75%	113%	78%
New York	82%	146%	88%
Cancun	79%	118%	102%
Las Vegas	75%	108%	77%
London	121%	134%	134%
Mexico City	74%	112%	104%
Ft. Lauderdale	75%	135%	79%
Tulum	84%	140%	117%

Fig. 6: Cancun gained as visitors shifted to more open cities

(Growth in 2022 LAC arrivals relative to 2019, by visa requirements)



Source: Visa Business and Economic Insights analysis of VISIT and countries' visa requirements





There was a similar dynamic in Asia Pacific cross-border arrivals. When comparing AP travelers' visits to Barcelona versus Kyoto, for example, countries facing fewer visa restrictions on travel to Japan, such as Indonesia and Thailand, sent more tourists to Kyoto than Barcelona. Kyoto's overall recovery, though, was slowed due to a disagreement between China and Japan regarding the COVID testing requirements, resulting in fewer travel visas being issued.

Fig. 7: Stronger recovery where visas are waived

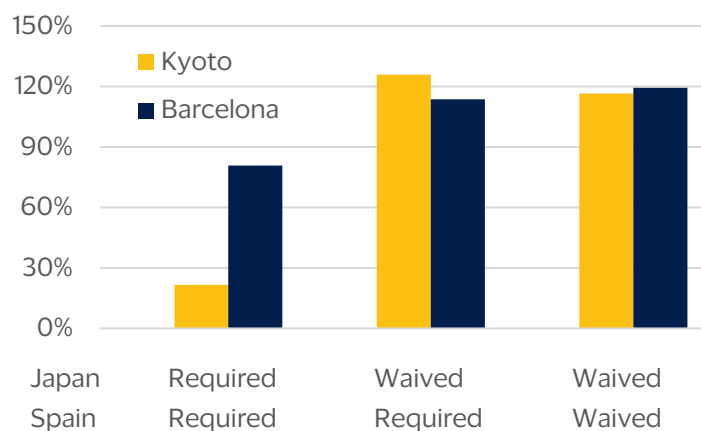
(Growth in Q1 '23 AP arrivals relative to Q1 '19, percent)

Destination city	Required	Waived	Total
Bangkok	64%	64%	64%
Singapore	32%	74%	59%
Kuala Lumpur	70%	97%	92%
Tokyo	26%	64%	50%
Ho Chi Minh City	46%	80%	59%
Paris	81%	126%	97%
Sydney	60%	88%	69%
Manila	27%	65%	48%
Barcelona	82%	119%	105%
Kyoto	22%	117%	73%

Source: Visa Business and Economic Insights analysis of VISIT and countries' visa requirements

Fig. 8: Kyoto's gains from being more open were muted by geopolitics

(Growth in Q1 '23 AP arrivals relative to Q1 '19, percent, by visa requirements)



Footnotes

1. The Visa International Travel (VISIT) platform is a proprietary model that combines Visa's cardholder data with publicly-available cross-border arrival statistics. Visa uses this data to econometrically model official arrival statistics compiled by various government sources and to generate estimates that fill in the large gaps existing in the cross-border travel data.
2. Immigration Refugees and Citizenship Canada. <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/mandate/stronger-immigration-system.html> (as of 5/16/2023)
3. Immigration Refugees and Citizenship Canada. <https://www.canada.ca/en/immigration-refugees-citizenship/services/application/check-processing-times.html> (as of 5/16/2023)
4. U.S. Department of State – Bureau of Consular Affairs. <https://travel.state.gov/content/travel/en/us-visas/visa-information-resources/global-visa-wait-times.html> (as of 5/16/2023)
5. Australia Department of Home Affairs, Visitor Visa Program Report – June 2022 (<https://www.homeaffairs.gov.au/research-and-statistics/statistics/visa-statistics/visit>), and <https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-processing-times/global-processing-times> (as of 5/16/2023)



Accessibility Notes

Fig1. Heat map of countries around the world, colored based on recovery rates in outbound travel in January to April of 2023 relative to the same period in pre-pandemic 2019. Countries are colored based on four recovery rate ranges: less than 50%, 50% to 75%, 75% to 100%, and over 100%. Among the major source markets for global travel, only China and Japan are in the first group showing less than 50% recovery. Notable examples from the next group include Argentina and South Korea showing 50% to 75% recovery in outbound travel. In the nearly recovered category, showing 75% to 100% recovery are Canada and Chile in the Americas; UK, France, Italy, Norway, and Sweden in Europe; Nigeria, Saudi Arabia and South Africa in Middle East and Africa regions; and Australia, New Zealand, Philippines, Thailand, and Vietnam in Asia Pacific. In the last, fully recovered, category are the United States, Mexico and Brazil in the Americas; most of central and eastern Europe, including Germany, Poland and Spain; Botswana, Egypt and Tanzania in the MEA region; and India, Indonesia and Kazakhstan in the Asia Pacific.

Fig2. A line chart showing year-on-year growth in global cross-border travel starting from March of 2021 (when travel was still in negative growth territory) and ending in April of 2023 (last available data point). The total international arrivals line shows three growth peaks during this period: the initial surge in year-on-year growth in April and May of 2021 peaking at around 500% when global travel lapped COVID lockdowns of 2020; the second peak in November 2021 when growth reached 370% growth; and third and highest peak in April 2022 reaching nearly 580% growth. Trends after the third peak through the latest reading in April 2023 show a normalization of growth rates, which decelerate to 58% growth. The chart also shows three other lines for travel, segmented by travel document requirement: travel between countries within the Schengen area, travel between countries where visa requirement is waived, and travel on corridors where entry visa is required. The first two lines generally follow similar trends as global totals, but show much stronger recovery throughout this period, with travel within the Schengen area reaching a peak growth of 1,200% in April of last year. Travel between jurisdictions that require a visa shows the weakest growth rates through much of this period, but the growth rate catches up to the global line in 2023, ending at 78% growth at last reading in April 2023.

Fig3. Bar chart showing annual arrivals to United States from countries whose residents need a visa to come into the country and number of tourist visas issues by U.S. consulates in those countries starting from 2016 and ending in 2022. Before the pandemic, arrivals to the U.S. from these markets averaged at around 15 to 16 million, but dropped to 6.5 million in 2020, recovered to 10 million in 2021 and declined again to slightly over 6 million in 2022. During the same period, tourist visa issuance showed steady decline from 7.8 million visas issued in 2016 to 6.2 million in 2019, before dropping sharply to 2.8 million in 2020, 1.3 million in 2021 and only slightly recovered to 4.4 million in 2022.

Fig4. Bar chart showing the estimated number of valid visas to enter the United States by the millions and line chart showing the year-on-year percentage change. In 2016, valid visas were at 51.1 million. In 2019, they reached a high of 60 million before settling to 56 million in 2022. Looking at year-on-year growth, valid visas grew at 10.2 percent in 2016 and reach a low of -5 percent in 2021, before settling at -0.5 percent in 2022.

Fig6. Bar chart showing growth in Latin America arrivals in Q1-2023 relative to Q1-2019 by entry visa requirements comparing Cancun and Las Vegas. For countries facing visa restrictions on travel to Mexico and U.S., travel to Cancun grew at 79 percent while travel to Las Vegas grew 61 percent. For countries where visa restrictions are waived on travel to Mexico and for countries where visa restrictions on travel to U.S. are required, travel to Cancun grew at 119 percent while travel to Las Vegas grew 82 percent. For countries where visa restrictions are waived on travel to Mexico and U.S, travel to Cancun grew at 110 percent while travel to Las Vegas grew 108 percent.

Fig8. Bar chart showing growth in Asia Pacific arrivals in Q1-2023 relative to Q1-2019 by entry visa requirements comparing Kyoto and Barcelona. For countries facing visa restrictions on travel to Japan and Spain, travel to Kyoto grew at 22 percent while travel to Barcelona grew 81 percent. For countries where visa restrictions are waived on travel to Japan and for countries where visa restrictions on travel to Spain are required, travel to Kyoto grew at 126 percent while travel to Barcelona grew 114 percent. For countries where visa restrictions are waived on travel to Japan and Spain, travel to Kyoto grew at 117 percent while travel to Barcelona grew 119 percent.



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