# Holiday tariffs prompt sharp drop in US bookings as domestic travel surges



Holidaymakers from countries most affected by Donald Trump’s trade tariffs are increasingly avoiding the United States for their travel plans, while both UK and US holidaymakers are trending towards domestic vacations amidst rising economic concerns. This trend is underscored by findings from the hotel search site Trivago, which reported notable declines in bookings to the US from key markets such as Canada, Mexico, and Japan.

Johannes Thomas, the chief executive of Trivago, noted that the site has seen double-digit drops in reservations from these regions. Specifically, while demand from Germans for trips to the US has also decreased—albeit more moderately—interest from British travellers remains stable. This reflects a broader trend in which travellers from nations subjected to tariffs are reconsidering their preferences. As tariffs imposed on more than 180 countries by the Trump administration continue to create friction in international relations, the repercussions on tourism are becoming increasingly evident.

Recent data shows that bookings from Western Europe have suffered a 17% decline in March 2025 compared to the previous year. Countries like Germany and Ireland experienced reductions exceeding 20%, primarily attributable to political tensions and the perception of an inhospitable environment for travellers in the US. Those in the US are also reconsidering their holiday choices, with Thomas pointing out that consumer connectivity to the stock market and levels of personal debt make them particularly sensitive to economic fluctuations. Amidst these concerns, US citizens are opting for less expensive accommodation options and shortening their travel budgets.

The implications of this downturn extend beyond individual choices; the US tourism sector, which contributes approximately 2.5% to the national GDP, is facing significant challenges. Industry analysts forecast a reduction in international tourism levels, projecting that the US economy could see a decline of up to $71 billion due to decreased overseas travel. This economic pressure is reflected in the strategies of major airlines and hospitality firms, who are reporting reduced bookings and increasing cancellations from international markets.

As citizens navigate through higher expenses related to travel — influenced by rising airfare and accommodation costs — a pronounced interest in staycations is evident. In the UK, for instance, demand for domestic trips surged by 25% year-on-year in the critical summer period. Preferred destinations for British travellers now heavily feature cities like London and Edinburgh, with the latter seeing an almost 30% increase in bookings. Despite geopolitical tremors and economic challenges, the resilience of British travellers is notable, with a reported 16% increase in overall travel demand for the peak quarter ending in September.

As international sentiment toward the US continues to sour, tourism from Canada specifically is seeing marked declines, with visits down by 13.5% in March 2025 alone. Conversely, travel to Mexico has increased, suggesting a shift in Canadian holiday preferences as they seek more welcoming destinations. This redirection not only erodes the US’s share of international tourism but also solidifies Mexico's economic foothold, as tourism constitutes a notable contribution to its GDP.

As the global travel landscape evolves rapidly alongside political and economic developments, industry leaders remain watchful. The balance between maintaining a competitive tourism sector and addressing the repercussions of economic policies will be crucial for the US in the coming years, particularly if the trend towards domestic tourism persists.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.irishnews.com/news/uk/demand-for-trips-to-us-slumps-among-tariff-hit-countries-says-trivago-T5RZOQKIMBP5NE6FHJSDZJBN3U/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/6dc16a54-8de1-4f3b-8409-ecb566118127> - European travel to the United States has significantly declined, with a 17% drop in visitors from Western Europe in March 2025 compared to the previous year, according to the International Trade Administration (ITA). Countries including Ireland, Norway, and Germany experienced over 20% decreases. The downturn is attributed to political tensions and fears about a hostile US border environment under President Trump. Total overseas visitor numbers fell 12% year-on-year, mirroring pandemic-era lows. The situation threatens the US tourism industry, which accounts for 2.5% of GDP and generated over $253 billion from international visitors in 2024. Airlines and hotel chains are witnessing reduced bookings and rising cancellations, particularly from the UK, Germany, and France. Some travel companies and analysts link the slump to Trump’s policies and rhetoric, which have damaged the US’s global image. The effect extends to Canada, a key tourism source, with declining travel seen in regions like Las Vegas. Forecasts for international arrivals have been revised downward sharply. Industry leaders warn that the reputational damage could have long-term economic consequences for US tourism.
3. <https://www.reuters.com/world/china/us-economy-risks-losing-billions-travel-demand-weakens-analysts-warn-2025-05-02/> - Analysts warn that weakening travel demand amid concerns about U.S. trade policy could significantly impact the American economy in 2025. Major travel-related companies such as Delta Air Lines, Southwest, and Airbnb have revised or withdrawn their financial forecasts, indicating a slowdown in international and domestic tourism. Analysts from Goldman Sachs and J.P. Morgan suggest that deteriorating global sentiment toward the U.S.—driven by President Trump's aggressive tariff policies—has contributed to a pullback in foreign travel and spending. International tourism, considered a service export, is projected to decrease, potentially reducing U.S. GDP by 0.1% to 0.3%, equivalent to $23 billion to $71 billion. Consumer spending across lodging, tourism, and airlines also softened domestically, with Bank of America card data reflecting reduced activity. The travel and tourism sector, which made up around 3% of GDP and supported over six million jobs in 2023, faces uncertainty as the economy shows signs of contraction and consumers grow more cautious. In 2024, foreign tourist spending equaled 0.7% of GDP, or $215 billion, further underlining the industry's critical role and the implications of its decline.
4. <https://apnews.com/article/14c31b490fd382d09ad5cae625ddc937> - International tourism to the U.S. is experiencing a sharp decline in early 2025, driven largely by global disapproval of President Donald Trump's rhetoric and policies. Despite expectations of a strong travel year, overseas arrivals fell 11.6% in March compared to the previous year, with the January-March total down 3.3%. Tourism Economics, which once predicted nearly 9% growth in arrivals, has revised its forecast to a 9.4% decline, citing political tensions as a key deterrent. Countries like Canada, Sweden, Germany, and China report significant drops in bookings, with issues including Trump's tariffs, comments about Canadian sovereignty, his treatment of Ukraine’s president, and advocacy of far-right politics in Europe all contributing. Surveys show a considerable rise in cancellations and waning interest in U.S. travel. The shift is especially pronounced in Canada, with bookings down 40% and flight reductions in place. The downturn, dubbed the "Trump Slump," could delay achieving pre-pandemic travel numbers until 2029 and is expected to result in a $9 billion drop in revenue from international visitors. Currency-related issues, such as the weak yen, also affect travel from Japan, though political factors remain dominant in Europe's declining interest.
5. <https://www.reuters.com/business/aerospace-defense/rising-airfares-boost-profit-outlook-airlines-2025-02-12/> - As airfare prices rise, airlines are expecting improved profitability due to limited capacity and high consumer demand. Major U.S. carriers like Delta, Alaska, and United predict significant profits for the year, while European airlines are also seeing financial improvements. Data shows U.S. airfares increased at the fastest rate in 21 months in December, with Europe's ticket prices up 6% in 2024. Global airline body IATA forecasts a 15% increase in net profit per passenger for North American airlines and a 12% increase for European carriers in 2025. The increase in fares is partly due to capacity constraints caused by slow aircraft deliveries from Boeing and Airbus and engine inspections forcing airlines to ground jets. European airlines have around 10% of their fleets inactive, impacting capacity and raising fares. Increased focus on profitability has shifted U.S. airlines' strategy towards reducing growth plans. Despite higher travel costs, consumer demand remains strong, with higher margins and increased airline stock prices. However, potential trade wars and tariffs remain a risk that could impact the industry.
6. <https://www.ft.com/content/b7b22247-79c2-4c1b-9207-c4b59f4ed7eb> - Amid rising discontent in Canada over U.S. President Donald Trump’s policies, including threats of annexation and steep trade tariffs, Canadian tourism to the United States has sharply declined. Canadian visits to the U.S. dropped 13.5% in March 2025, with cross-border road trips down a third. In contrast, travel to Mexico surged, as Canadian arrivals increased by 15.6% during the same period. This shift has been supported by airlines like Air Canada and Air Transat, which have added more flights to Mexican destinations such as Guadalajara, Los Cabos, and Puerto Vallarta. Travel advisors and tourism platforms noted a significant rise in Canadian bookings and interest in Mexican cities and beach resorts, with Airbnb reporting a 27% increase in nights booked in Mexico. The travel boycott of the U.S. has been described as intensifying and is expected to last throughout Trump’s term. This tourism redirection benefits Mexico economically as it faces a slowdown, with tourism contributing 8.6% to GDP in 2023. Hotel operators and chains like Grupo Hotelero Santa Fe and Hyatt report strong Canadian and European interest in Mexico. In response, U.S. states like California are launching marketing efforts to win back Canadian tourists.
7. <https://apnews.com/article/2a8a3be6b78b30a900aacf7a064d8b4c> - The U.S. travel industry is showing signs of a slowdown as summer approaches, with major companies reporting reduced demand. Expedia revealed lower-than-expected first-quarter revenue, citing a 7% drop in U.S. bookings and nearly 30% decline from Canada. Bank of America reported declining credit card spending on travel, reflecting waning consumer confidence and concerns about the economic outlook. Other industry players like Airbnb and Hilton also noted reduced international and domestic travel interest. U.S. airlines have cut flight schedules and withdrawn financial forecasts. Several factors are contributing to the downturn, including economic uncertainty, consumer confidence at its lowest since the start of the pandemic, and international reactions to President Trump’s tariffs and controversial remarks. Foreign visits to the U.S. fell 3.3% in early 2025, with notable declines in cross-border travel from Canada and Mexico. Despite the current pressure, Hilton CEO Christopher Nassetta remains hopeful that economic confidence will return in the latter half of the year. Expedia shares dropped more than 7% following their earnings report.