

Effects of Economic Policy Uncertainty Shocks on U.S. Tourism Demand

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Abstract

This empirical study aims to explore the influence of domestic and global economic policy uncertainties on the U.S. international arrivals. It analyzes monthly data from January 2000 to December 2023. International tourism has emerged as a key economic driver, consistently exceeding expectations and contributing significantly to economic growth. With a notable surge in travel, global revenue from international tourism reached \$1.7 trillion in 2019, solidifying its position as the world's third-largest export category. Given its impact on international trade in services, international tourism plays a crucial role in the U.S. trade balance. Therefore, sudden shocks or anticipated policy changes can disrupt the tourism market, affecting overall economic progress. This research aims to underscore the importance of integrating economic policy uncertainty into tourism behavior modeling, alongside considerations of economic growth and risk mitigation strategies for the U.S. tourism sector.

Keywords: tourism demand, policy shocks, panel time-series models