

**Testimony of Kenneth Hyatt
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U.S. Department of Commerce
before the
Subcommittee on Tourism,
Competitiveness and Innovation
Commerce, Science and Transportation Committee
United States Senate**

**“The State of U.S. Travel and Tourism Industry: Federal Efforts to Attract 100 Million
Visitors Annually”
June 26, 2014**

Introduction

Chairman Schatz, Ranking Member Scott, and members of the Committee, thank you for the opportunity to speak about the Department of Commerce’s role in supporting and coordinating the U.S. government’s National Travel and Tourism Strategy and how we are working across the Federal Government and the private sector to implement this strategy.

Let me start with the fundamentals: why travel and tourism is important to the U.S. economy, to the Administration and to the President.

Importance of Travel and Tourism to the U.S. Economy

The Department’s NEI/NEXT is a customer service-driven strategy with improved information resources that will help American businesses capitalize on existing and new opportunities. Travel and tourism is a priority sector within this strategy. We are pleased to report that a record 70 million international visitors traveled to the United States in 2013, which is a five percent increase over 2012. Those 70 million international visitors spent a record-shattering \$180.7 billion in 2013. That is nearly \$1.3 billion more spent each month by international visitors on American goods and services than in 2012.

To break these numbers down just a little more:

- Passenger fare receipts were up nearly 5 percent, and
- Travel receipts for things like food, lodging, recreation, gifts and entertainment were up nearly 11 percent over 2012.

The travel and tourism industry now accounts for more than 26 percent of all of America's services exports and nearly 8 percent of exports overall.

Altogether, the trade surplus in this industry is bigger than ever at \$57 billion dollars in 2013. That is 20 percent higher than the \$47.5 billion travel trade surplus in 2012 and the largest U.S. travel trade surplus on record.

These numbers are important – they represent tremendous exports for the United States and they also support jobs as well: 1.2 million jobs in the United States are supported by international travel and tourism. Overall, 7.8 million Americans work in travel and tourism jobs in the United States.

2012 Executive Order and Progress-to-Date

One of the factors driving the growth in travel and tourism was the President's Executive Order – Establishing Visa and Foreign Visitor Processing Goals and the Task Force on Travel and Competitiveness – issued in 2012. This was a seminal moment for Federal Government support for this industry. The Executive Order has already led to a number of concrete accomplishments:

- Thanks to additional positions in consular affairs and expanded visa processing facilities around the world, 94 percent of non-immigrant visa applicants worldwide are interviewed within three weeks.
- Wait times for non-immigrant visas in key markets like Brazil, India, China, and Mexico are all currently less than 10 days. In China, wait times have been under five days for the past two years.
- More than two million people now have access to Trusted Traveler Programs, up 60 percent from December 2012; and
- More than 53 million people received expedited screening as of the end of 2013.

In addition, the Executive Order led to the development of a National Travel and Tourism Strategy, which the Departments of Commerce and Interior launched in 2012. The Strategy set an ambitious goal of attracting 100 million international visitors to the United States by 2021.

The National Travel and Tourism Strategy identified five key areas critical to its success:

1. Promoting the United States as a destination, as never before;
2. Enabling and enhancing travel and tourism to and within the United States;
3. Providing world class customer service and visitor experiences;
4. Coordinating across government; and
5. Conducting research and measuring results.

The Tourism Policy Council (TPC), a cabinet level group led by Secretary Pritzker, is coordinating the implementation of the Strategy. It is being implemented by the Federal Government, in cooperation with the private sector, to help facilitate legitimate travel to the United States and bring us closer to our 2021 goal. Fortunately, over the past several years, we have been helped by increasing international demand for overseas travel.

However, as demand has grown, new challenges have arisen. Not only are some travelers experiencing bottlenecks at the borders, long wait times, and customer service challenges at our ports of entry, the increased demand is also putting pressure on our infrastructure. Clearly, we have more work to do.

To that end, on May 22, 2014, the President announced a new initiative to establish a national goal and develop airport-specific action plans to enhance the entry process for international travelers to the United States. President Obama directed the Secretaries of Commerce and Homeland Security to spearhead this task in coordination with the TPC. The purpose of this goal and attendant action plans is to maximize the economic contribution of travel and tourism for business, leisure, academic, medical and other lawful purposes by improving the experience of international travelers coming to the United States, in particular their experience with the admissions process and customs processing at airports in the United

States. You'll hear more about that today from my colleague from the Department of Homeland Security.

This new initiative complements what the U.S. Travel and Tourism Advisory Board (TTAB), the private sector advisory body that provides advice and counsel to Secretary Pritzker, has very clearly articulated as the travel and tourism industry's priorities for the Federal Government for the next few years:

- Continue to make progress on travel facilitation, including sustaining the progress on visa issuance time frames and continuing to improve the entry experience.
- Do more to support Brand USA, including the reauthorization of its federal funding.
- Increase investment in infrastructure, including surface transportation, airports, and Next Gen air traffic control.
- Explore additional public-private partnerships so that industry and government can work together to make progress on mutual priorities.

Next Steps in the Strategy

The TTAB recommendations are clearly reflected in the five areas where the agencies of the TPC agreed to focus their efforts during the President's second term:

- First, as my colleague from State will further explain, we will continue to focus on improving travel facilitation through efforts to expand membership of eligible countries in the Visa Waiver Program and other initiatives to keep up with demand for visas.
 - Chile was recently designated for participation in the Visa Waiver Program.
 - The State Department made permanent the non-immigrant visa interview waiver program, which speeds up the process for certain visa renewals.
- Second, we will improve the experience of travelers at U.S. ports of entry. For example, Secretary of Commerce Penny Pritzker and DHS Secretary Jeh Johnson have agreed to expand efforts and work collaboratively between the two departments.
- Third, increase support for and integration with Brand USA. The Department of Commerce will partner with Brand USA on promotions and coordinate Commerce/Brand

USA activities in key markets, focusing on parts of the world where we can have the most impact.

- Fourth, the Departments of Interior and Agriculture are working to free up data about federal tourist sites (such as national parks), which will allow entrepreneurs and tour operators to create even better itineraries and products, such as apps, and provide the travel trade with new and different ways to get their customers thinking about the United States as a great vacation destination.
- Finally, explore ways to improve and expand the statistical information we collect and publish on international travelers to the United States.

The White House, Commerce, State, Homeland Security, Interior, and other agencies of the TPC continue to drive this as a national priority and continue to work together to achieve results. At the same time, it is important to look at what is being done at the private sector level.

Brand USA

Brand USA was created as the Corporation for Travel Promotion in 2010 when President Obama signed into law the Travel Promotion Act of 2009 (TPA). Now doing business as Brand USA, the corporation's mission is to spearhead the nation's first international marketing effort to promote the United States as a premier travel destination and communicate U.S. entry policies and procedures. The relationship between the Department of Commerce and Brand USA is also set forth in the TPA. It is working well –and it will continue to evolve.

As of September 2013, Brand USA had recruited more than 400 private sector partners who were participating in more than 100 programs in key markets around the globe. These partners contributed more than \$122 million in cash and in-kind goods and services that is being utilized by Brand USA to realize their mission and to encourage international travel from all of our key markets.

In 2013, Brand USA's retention/renewal rate with their 2012 partners was more than 95%. This speaks strongly to Brand USA's ability to deliver on their brand promise and to create a strong international marketing campaign. Their "Discover this land, like never before"

campaign is one in which large and small businesses can participate and will help the United States stay competitive in the global arena. They are implementing other programs around the globe in partnership with the Federal Government, such as their culinary-themed promotion campaign being launched with the State Department. For only the second time, five federal agencies – Commerce, Interior, State, Agriculture and DHS -- came together in partnership to present a unified “federal row” at the travel and tourism industry’s largest U.S.-based trade show, IPW, during which more than \$4.5 billion in future travel to the United States was written. With Brand USA’s support, “federal row” was incorporated into the show floor as part of Brand USA’s pavilion. This key location provided stronger, more visible presence of the federal agencies directly with IPW’s international buyer and media delegates largely as a result of the traffic to Brand USA’s pavilion. In addition, Brand USA staff cross-promoted the federal partners to their clients, making introductions as appropriate. As a result, international delegates were introduced to new federal travel and tourism products and pre-developed tour itineraries they can offer their clients – the international visitors we want to welcome to the United States.

The work of Brand USA is critical to our ability to achieve the President’s ambition goal of attracting 100 million international travelers by 2021. Federal funding for Brand USA, as provided by the Travel Promotion Act, expires at the end of FY 2015. The Administration encourages Congress to reauthorize this important program.

Conclusion

The National Travel and Tourism Strategy has been remarkably effective, with two years of record numbers in both international arrivals and the revenues they generate. The Strategy has provided a focus and a roadmap for agencies to work together and with the private sector to create a policy framework to foster growth in this sector. Moving forward, agencies will continue to work together, and with the private sector, to improve the entry experience for visitors and support international visitation by better coordinating activities in the markets that generate international visitors to the United States. It is truly only by working hand-in-hand across the private sector and across government – local, state and federal – that we will achieve the goal set forth in the National Strategy – welcoming 100 million international visitors by 2021 who will spend \$250 billion annually.

Thank you for the opportunity to speak before you today on this dynamic industry and I welcome any questions.