



**U.S. TRAVEL**  
A S S O C I A T I O N

**TESTIMONY**

**OF**

**ROGER DOW, PRESIDENT AND CEO OF THE U.S. TRAVEL ASSOCIATION**

**ON**

**“TOURISM IN AMERICA: REMOVING BARRIERS AND PROMOTING GROWTH”**

**BEFORE THE**

**UNITED STATES SENATE**

**COMMITTEE ON COMMERCE, SCIENCE & TRANSPORTATION**

**SUBCOMMITTEE ON COMPETITIVENESS, INNOVATION & EXPORT CONTROL**

**APRIL 5, 2011**

## INTRODUCTION

Chairman Klobuchar, Ranking Member Blunt and Members of the Subcommittee: I am pleased to offer testimony on behalf of the U.S. Travel Association (U.S. Travel), the national, non-profit organization representing all sectors of America's travel industry. U.S. Travel's mission is to increase travel to and within the United States. Last year the \$759 billion travel industry generated a total of \$1.8 trillion in total economic output.

I applaud you for holding today's hearing to discuss the critical role that international travel plays in meeting the nation's export goals and improving the U.S. economy. I would also like to thank you for the strong bipartisan leadership you have demonstrated on travel issues during your time here in Washington.

## THE ECONOMIC OPPORTUNITIES OF TRAVEL

Travel provides good, domestic jobs that cannot be outsourced. In 2010, travel supported 14.1 million jobs and is among the top 10 employers in 48 U.S. states and the District of Columbia. For example, travel directly employs more than 140,000 Minnesotans, contributes \$11 billion annually to the Minnesota economy and generates more than \$3 billion in state and local tax revenues in Minnesota. Similarly, travel directly employs more than 125,000 Missourians, contributes more than \$12 billion to the Missouri economy and generates nearly \$2 billion in tax receipts in Missouri. In every state and county across America, travel helps pay the salaries of police, firefighters and teachers without creating much new demand for those public services.

I am here today to tell you that increasing travel to the United States is the most effective form of economic stimulus – and it doesn't cost taxpayers a dime. International travel is the export sector that is easiest to boost. When visitors travel to the United States from abroad, they inject new money into the U.S. economy by staying in U.S. hotels, spending in U.S. stores, visiting U.S. attractions and eating at U.S. restaurants – purchases that are all chalked up as U.S. exports that contribute positively to America's trade balance.

Larry Summers, the former director of the National Economic Council, recently observed that “the easiest way to increase exports and close the trade gap is by increasing international travel to the United States.”

Our own analysis shows that if the U.S. recaptured its historic share of worldwide overseas – or long-haul – travel by 2015 and maintained that share through 2020, it would add nearly \$100 billion to the economy over the next decade and create nearly 700,000 more U.S. jobs. Increasing America's share of worldwide long-haul travel is a no-brainer and, with the right policies, should be relatively easy to do.

International travel is already America's largest export, representing 8.7 percent of U.S. exports of goods and services in 2010 and nearly one-fourth of services exports alone. The travel industry's \$134.4 billion in exports contributed more than any other industry to America's \$1.8 trillion worth of total goods and services exports. And in a time of yawning national trade deficits, the travel sector enjoys an overall trade surplus: \$31.7 billion in 2010.

Increasing travel exports is more than just a sound economic goal, American livelihoods depend on it. Last year, every \$144,000 of overseas visitor spending in the United States supported one new U.S. job. Thus, for every 36 new visitors spending on average \$4,000 in the United States and on international passenger fares, one new job is created. In comparison, every one million dollars spent on manufacturing goods supported less than three jobs last year. Therefore, compared to each of the top five export-related manufacturing industries, the travel industry delivered significantly more jobs (see Appendix A).

Unlike other goods and services, the barriers to travel are primarily self-imposed. There are no trade agreements to be negotiated or tariffs to reduce with other countries. The principle barriers to increased travel to the United States are the inefficiencies, uncertainties and delays that characterize our visa and entry process and that discourage foreign tourists and business travelers from visiting the United States.

If this country is serious about achieving the national goal of doubling exports within five years, Congress and the Administration have to show America welcomes legitimate international visitors by reducing barriers to their entry. The stakes are enormous. The 10 years from 2001 through 2010 were a lost decade for America's travel industry and the U.S. economy. While global international travel grew over the last decade, America failed to keep pace. The opportunity costs of this slippage are staggering. If America had kept pace with the growth in global long-haul international travel between 2000 and 2010, 78 million more travelers would have visited the United States, adding a total of \$606 billion to the U.S. economy that could support more than 467,000 additional U.S. jobs annually over these years.

It is unconscionable that in a time of weak economic growth, followed by deep recession, government neglect of this booming export sector caused America to leave so much economic prosperity on the table. We cannot afford to make the same mistake in this current decade. As described below, these lost opportunities are not a tradeoff with security – we can have robust, growing and secure travel.

On a worldwide basis, total international tourist arrivals are projected to grow 36 percent between 2010 and 2020, resulting in \$2.2 trillion in direct travel spending and 62 million jobs. Over the same period, international travel revenue as a share of global GDP is forecast to increase by 10 percent.

The most lucrative segment of international travel is overseas travel because they stay longer and spend more money. Each overseas visitor to the United States spends an average of \$4,000 at hotels, U.S. airlines, restaurants, retail and other U.S. businesses – and that doesn't even count the value of goods purchased and deals done while here. It is time for America to compete in a serious way for these valuable international traveler dollars.

Increasing secure travel to the United States also is an integral part of a successful foreign policy. As noted by a federal advisory committee to the Departments of Homeland Security and State in 2008:

Our long-term success requires not only that we deter and detect determined adversaries, but also that we persuade millions of people around the globe of our ideals – democratic freedom, private enterprise, human rights, intellectual pursuit, technological achievement. That persuasion requires human interaction, and each visitor to the United States represents such an opportunity. Raw statistics are

important in analyzing our achievements and challenges, but so are the attitudes we display. Treating prospective and actual visitors with dignity and respect will reinforce, not diminish, our security.

Our efforts must include three key elements: first, overseas promotion of America as a premier travel destination; second a reduction in visa barriers to inbound international visitation, which includes expansion of the Visa Waiver Program to new allies; and third, a streamlined and more welcoming customs clearance process at major U.S. ports of entry for our international guests. I will discuss each element in turn.

## **INTERNATIONAL TRAVEL PROMOTION**

This committee, including Senator Klobuchar, and the House Energy & Commerce Committee, including then-Representative Blunt, led the effort last year to pass the Travel Promotion Act and create a public-private partnership to explain U.S. travel and security policies and welcome more visitors to the United States. Oxford Economics estimates that the travel promotion program authorized by the Act could attract as many as 1.6 million new visitors each year generate as much as \$4 billion in new visitor spending annually and create 40,000 new U.S. jobs. Facing a global competitive disadvantage, Congress showed a will to act, and America will reap the rewards for years to come. We are confident that travel promotion will be a success and will help attract more international visitors to the United States.

## **THE VISA SYSTEM**

The single greatest roadblock to increased overseas visitation is an inefficient visa system that can discourage travelers from considering the United States as a preferred destination. Promoting America as a desirable travel destination and streamlining the immigration clearance process will not lead to increased visitation if travelers are unable to obtain a required U.S. visitor's visa.

Look at the situation from a leisure or business traveler's point of view. In some countries, the wait time for U.S. visas can be as long as 100 days. The \$140 visa application fee is non-refundable and, of course, applying for a visa is no guarantee that a visa will be issued with nearly 20% of applicants being refused. The real cost of obtaining a U.S. visa is far greater, particularly when potential visitors do not live near a consular post issuing visas and therefore must travel hundreds if not thousands of miles and pay for a flight and hotel to make a mandatory trip to a U.S. consulate, and then wait hours for an interview that, on average, lasts for three minutes.

Another disturbing aspect of the visa process is the lack of transparency, even in the way that visa interview dates are issued. Recent interviews with tour operators in China and India confirm what the GAO discovered in 2007: that some consulates artificially limit the availability of interview dates to cut off the queue and mask the backlog – making it next-to-impossible for people to assess how long they will have to wait before they can actually travel to the United States. This lack of accurate information has obvious ramifications for all kinds of travelers: How can you schedule a business trip or vacation if you do not know how long it will take for your visa to come through? Our research suggests that there is no predicting how long the visa application process will take – and there is no getting your money back if you fail.

U.S. Travel and the entire travel community understand that issuing visas is a complex and sensitive process, but there are many opportunities to increase efficiency without compromising security. On multiple occasions over the past decade, the U.S. Government Accountability Office (GAO), the U.S. Department of State Office of Inspector General (OIG), and federal advisory committees and non-partisan think tanks have noted that the Department of State does not have a long-term strategy for managing visa operations, and have recommended initiatives to improve efficiency and reduce interview wait times. While the Department of State has made progress on some fronts, its efforts to date seem to be band-aids rather than permanent solutions, and many long-standing recommendations have yet to be implemented.

Congress and the Administration have an opportunity to take the lead and accelerate reform by focusing on improving the visa system's efficiency and productivity while maintaining strict security standards. Needed reforms include:

- ❖ **Improved applicant processing.** Reassigning existing consular officers to, or hiring temporary commissioned consular officers for, the consulates with the heaviest visa demand, such as consulates in Brazil, China and India.
- ❖ **Greater access to U.S. Consulates.** Piloting the use of secure videoconferencing technology to conduct visa interviews remotely.
- ❖ **Increased efficiency.** Negotiating longer visa terms with China. Currently, the U.S. and China only provide each other one-year visa terms. In contrast, the United States has 10-year visa terms with Brazil and India. This change would reduce the visa workload of U.S. consulates in China, which would allow them to process U.S. visas more efficiently. This change will not cost any new tax dollars nor reduce U.S. security, yet it would have a significant economic benefit.

In addition, the Executive Branch should increase its efforts to expand the Visa Waiver Program (VWP) to qualified countries. The VWP offers significant security benefits to the United States by requiring participating countries to meet stringent criteria related to law enforcement cooperation, information-sharing agreements, travel document standards, and in-country inspection. As Marc Frey, the former director of the VWP Program at DHS wrote recently, “the security value of conducting a visa interview with every one of millions of travelers is vastly outweighed by the security benefits of the Visa Waiver Program that pinpoints data about who poses a threat, provides documents that are harder to forge, enhances foreign security standards, and allows routine auditing of those standards by the U.S. government.”

Brazil is currently one of the most obvious candidates for potential inclusion in the program. While Brazil does not currently qualify for visa-free travel status, it is likely that Brazil could meet the requirements in the foreseeable future. Establishing a “road map” process for countries to improve their security posture for eventual evaluation for the VWP can provide a useful structure for countries to be considered.

- ❖ **Institute formal VWP working groups.** Therefore, we urge that Congress press the State Department to form a formal working group with Brazil and other potential candidates that will outline specific actions that each country could begin to take today to meet the visa waiver

requirements. Through this working group progress in meeting the program's qualifications can then be measured and evaluated.

- ❖ **Enact The Secure Travel and Counterterrorism Partnership Program Act of 2011.** We also urge the Committee to support bipartisan legislation recently introduced by Senators Barbara Mikulski and Mark Kirk (S. 497) that updates the VWP framework to reflect improved capabilities to track travelers entering and exiting the United States and improves annual reporting to increase oversight and transparency of the program.

All of these reforms can be implemented quickly and at little or no cost. The payoff in increased visitation, new tax revenues, U.S. jobs and economic growth would be substantial.

America's greatest opportunity to increase travel exports lie with the rapidly growing economies of Brazil, China and India. These three countries have burgeoning middle-class populations that are spending billions on overseas travel, and they represent the lion's share of the projected future growth in international travel. Having grown more than 140 percent from 2000 to 2010, global long-haul outbound travel from Brazil, India and China shows no signs of slowing and is projected to more than double in the next 10 years, growing by an estimated 107 percent.

U.S. Travel is currently working to complete a comprehensive report on the U.S. visa process for visitors from Brazil, China and India and offer more details on these and other recommendations for a 10-year strategy to increase U.S. travel exports. We expect to issue the report in May and hope to work with this Committee and other committee in Congress to enact the report's recommendations.

## **IMMIGRATION PROCESSING UPON ARRIVAL INTO THE UNITED STATES**

Over the last decade, as recommended by the 9/11 Commission, the U.S. government has rightly built additional layers of security into America's border entry process. However, the way some of these policies are implemented has had the unintended effect of alienating some international travelers. Overseas visitors complain about hour long waits at the inspection areas at airports and of unfriendly treatment by inspection officials.

This negative perception of the U.S. entry process was on full display in 2009 when President Obama traveled to Copenhagen to help promote Chicago's bid for the Olympic Games. An International Olympic Committee (IOC) member from Pakistan, in the question-and-answer session following Chicago's official presentation, pointed out to the President that entering the United States can be "a rather harrowing experience."

When IOC members are expressing concern to our President about the kind of welcome international visitors would get from airport officials when they arrive in this country to attend the Olympic Games, we need to take seriously the challenge of reforming our entry process to make sure we are welcoming our friends around the world, even as we ensure a secure system.

Since 2006, our industry has partnered with the Department of Homeland Security's U.S. Customs and Border Protection (CBP) agency offering strategic advice from private-sector experts on how to

provide improved customer service and increased efficiency in traveler facilitation. CBP has implemented some recommendations quite effectively, such as the adoption of a welcome video – produced by Disney – that is now played at all major international U.S. airports, and the creation of the Global Entry Program to fast-track previously vetted Americans and select international visitors returning from international trips. We intend to continue our partnership with CBP to ensure additional progress is made to the entry process in key areas such as:

❖ **Passenger screening throughput.**

- Direct that 150 of the 300 CBP officers in the President’s fiscal year 2012 budget request be assigned to the top 20 international U.S. airports.
- Establish a passenger wait time goal of 20 minutes per individual and use it as a performance measure to help CBP assess whether staffing levels are sufficient to address passenger volume and develop a more accurate method for collecting passenger wait time information for travelers.

❖ **Implementation of a customer service improvement strategy.**

- Develop comprehensive CBP customer service reports and include them in the *Air Travel Consumer Report* issued by Department of Transportation's Office of Aviation Enforcement and Proceedings (OAEP).
- Work with the private sector to review existing customer service training and provide new training recommendations.
- Establish metrics to measure the customer service performance of CBP air ports of entry, and provide rewards to ports that demonstrate exceptional performance.
- Direct CBP Officers to greet passengers arriving at primary inspections with “Welcome to the United States” or “Welcome home.”

❖ **Transparency and Oversight.** Issue quarterly reports to Congress on the Model Ports of Entry Program that includes specific actions taken by CBP at each of the 20 participating airports and includes metrics used by CBP to measure progress.

In addition, U.S. Travel released a report last month that presents a comprehensive review of aviation security conducted by a blue ribbon panel of experts representing all essential stakeholders that – for the very first time – takes account of the traveler’s point of view. That report examines the problems that add to the “hassle factor” of air travel within the United States and lays out a comprehensive checklist of recommendations for Congress on aviation security reform that will maintain security while making the system more efficient. Several of the recommendations are aimed at smoothing the process for international visitors arriving in the U.S., especially those who need to connect to additional flights within the U.S. including:

- ❖ **Reduce Duplicative TSA Screening for International Arrivals.** DHS should enable certain low-risk passengers who are traveling to another domestic airport to forego checked baggage and passenger screening upon landing in the U.S.
- ❖ **Expand trusted traveler programs to qualified international passengers.** DHS should expand access to international trusted traveler programs for international passengers entering the U.S., as well as lead efforts to establish a multinational network of streamlined entry procedures for low-risk travelers.

- ❖ **Eliminate duplication between TSA and Customs and Border Protection (CBP).** DHS should streamline its operations at U.S. international airports to reduce unnecessary duplication and leverages CBP and TSA resources, authorities, and capabilities.
- ❖ **Push for international cooperation with U.S. security standards.** The federal government must continue to push for international cooperation in the development of international aviation security, including both bilateral and multilateral approaches, as well as with organizations such as the International Civil Aviation Organization (ICAO), to strengthen aviation security efforts while promoting travel and protecting travelers' rights.

## CONCLUSION

In summary, we believe that travel exports offer the best opportunity to boost U.S. exports over the next five years. We also believe that increased travel offers the best, lowest cost, most efficient means of boosting U.S. economic growth and creating new U.S. jobs. The economic data on travel supports our conclusions.

We look forward to working with the members of this Subcommittee to ensure that America is harnessing the power of travel to create economic opportunity, accelerated growth and job creation.

Thank you for the opportunity to testify before you today. I would be happy to answer any questions you might have.



## APPENDIX A

