

Testimony of John Sprouls
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U.S. Senate Committee on Commerce, Science, and Transportation
Subcommittee on Competitiveness, Innovation and Export Promotion
Hearing on "Tourism in America: Removing Barriers and Promoting Growth"
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Thank you Chairwoman Klobuchar, Ranking Member Blunt and members of the Subcommittee. My name is John Sprouls, and I appear before you today as CEO of Universal Orlando Resort and EVP of Administration worldwide for Universal Parks and Resorts. We currently have theme parks in Orlando, Hollywood, Japan and Singapore as well as on-going contractual arrangements in Korea and Dubai. I also have the honor of serving as a member of the U.S. Travel Association and United States Secretary of Commerce's Travel and Tourism Advisory Board (TTAB) focusing my time on the Travel Facilitation Subcommittee.

I want to commend the Subcommittee on showing the foresight to focus on tourism as a key driver in the United States economy. As our country emerges from difficult economic times, our industry stands ready to play a leadership role in job creation. Universal Orlando alone recently made a tremendous investment toward our own growth and the growth of the Central Florida economy with a project called "The Wizarding World of Harry Potter." Because our business is both national and international, our investment has helped to grow travel both to Central Florida and to the United States. This increased visitation required Universal Orlando to hire more than 1,000 new workers in 2010.

A large percentage of our growth – and hope for the future – comes from the international market. If we – and the entire industry – are to continue to grow, we will need to work with you to remove significant regulatory barriers that exist in some of our top international travel markets.

I am talking about the process of gaining entry into the United States for those tourists who are foreign nationals traveling to the United States from a non Visa Waiver Country. I respectfully request Madame Chair, that a copy of a February 1, 2011 letter and study presented to Secretary Locke on behalf of the TTAB's Travel Facilitation Subcommittee be placed into the record of this committee meeting (Attachment A). The report outlines many of the issues and potential solutions being discussed today. The President's recent comments during his visit to Brazil provide the industry with hope that these recommendations are being taken seriously within the Administration.

Let me be clear about an important point: Our industry absolutely supports having a secure border. We absolutely agree that security has to come first and foremost in the eyes of the Federal government. But we don't believe that position must be at odds with creating an efficient, user-friendly process for international travelers who want to visit the United States. If travelers from a specific country demonstrate continued respect of our rules, including low overstay rates and low visa processing denials, then there has to be an easier way for that country

to gain entry into the Visa Waiver Program. The process should be based solely upon benchmarks previously mentioned, rather than the political winds of the day. If we don't follow an objective process, we will continue to lag behind others in realizing the economic gains from emerging foreign markets critical to our continued growth.

We must start by making the visa application process more timely and efficient for the applicant. As booking cycles for leisure and business travel continue to compress, we can't continue to condone the wait times of today. Like everyone else, travelers will follow the path of least resistance and go where they feel welcome. And while I give those at the State Department high marks for trying to address the situation, current wait times for visa applicants in our embassies and consulates in certain regions of the world are simply not acceptable. This situation will only become worse when the Corporation for Travel Promotion starts targeting specific regions with the new travel promotion funds. The Corporation and State Department must work closely together to ensure one doesn't drive demand the other can't handle. Otherwise both private and federal marketing dollars will not see their return on investment.

An example of two key emerging markets is identified on this chart (Attachment B – Brazil and China). Brazil and China are being looked at by those countries competing for tourism business as strong opportunities to take business away from the United States. Please note Rio in particular currently has a 113-day wait period for a visa interview. As travel booking cycles become shorter and shorter, visa processing times such as those in Rio are simply outside acceptable parameters. Brazilian travelers from Rio who typically vacation in the States during the July through August timeframe now fall outside the booking cycle for summer 2011 travel. These same travelers, without current visas, will now most likely find alternative destinations. A wait time of that duration screams for urgent attention and in the future must trigger automatic manpower shifts or technology upgrades within the embassy/consulate corps to address. The TTAB's recommendation was to immediately add a few hundred officers to these areas of most urgent need.

Distance becomes a problem in many of these emerging markets. Mature markets tend to have sufficient embassy/consulates to address the needs of a specific country. In the case of emerging markets we have not reacted quickly enough to establish our outreach locations. An example in Brazil would be the City of Manuas, with a population of more than 2 million, is located more than 1,000 miles from the closest consulate. We expect a family to travel a greater distance than I flew to attend this committee hearing on the chance they will be awarded a visa to come to our shores. The cost in time and money simply places an artificial barrier in the way of these important travelers, who spend an average of \$5,100 per person over 10 days during their visits.

We are very pleased that during President Obama's visit to Brazil he agreed that more progress needs to be made on these visa concerns and we stand ready to work with him and Congress on this task. The most important step that can be taken with the Brazilian market is to stop requiring visas from Brazilians all together. All of South America, the EU and Russia have already granted Brazilians visa-free travel privileges for short visits.

While Brazil does not currently qualify for visa-free privileges with the U.S., it is likely that Brazil could meet the requirements in the next couple of years. Therefore we urge Congress to

press the State Department to form a formal working group with Brazil that will outline specific actions that Brazil 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.

We also urge the Committee to support S. 497, bipartisan legislation recently introduced by Senators Mikulski and Kirk that updates the Visa Waiver Program framework to reflect improved capabilities to track travelers entering and exiting the U.S. and improves annual reporting to increase oversight and transparency of the program.

Other countries have decided to make the investment in these emerging markets. In China, where the United States has placed five embassy/consulate locations to process visas, the United Kingdom has twelve, France and Canada have six each, Germany five and Italy four. Each of these countries has a lower intent-to-visit factor versus the United States, but yet has a greater or similar outreach footprint as this Country. Until the United States can determine a way to adjust processing locations to meet current demand, Universal will support utilizing technology to assist in solutions, i.e. visa videoconferencing where interviews can be conducted over a secure channel.

Universal supports making two changes to on-going State Department operations. We support allowing the State Department to develop a smaller consulate footprint that will serve singularly as a processing center. Congress would need to authorize these processing centers while allowing the State Department to keep funds generated from applicants to offset start-up costs and staffing. We also believe greater latitude needs to be provided to State, in consultation with the Department of Homeland Security, in determining when to waive the personal interview requirement. Two examples provided in the TTAB's report are Brazilian teens younger than 16 or Chinese students re-applying for student visas. Neither of these categories should automatically call for an interview when paperwork and backgrounds are in order.

The simple math alone tells us we need to look at the issue of visas differently. Brazilians have spent \$3.07 billion in international destinations globally during January and February 2011, a 38% increase over the same 2010 period (source: Brazil's Central Bank). The United States tourism sector stands prepared to welcome these visitors to our shore, but first we need our partners in government to work as one with the industry to ensure these travelers are welcomed with open arms. The private sector, Congress and the Executive Branch are partners in what must be a seamless travel experience. Working together we can create thousands of new jobs while increasing the image of America around the globe.

I look forward to answering any questions you may have and again thank you for this opportunity to appear in front of the Subcommittee.