

**Testimony of
Deputy Assistant Secretary of Commerce for Services
Ken Hyatt before the
Senate Committee on Commerce
Subcommittee on Competitiveness, Innovation and Export Promotion**

***Travel and Tourism Export Successes
Implementation of the Travel Promotion Act of 2009
November 17, 2011***

Chairwoman Klobuchar, Ranking Member Blunt, and distinguished members of the subcommittee, thank you for giving me the opportunity to testify about the importance of travel and tourism to the U.S. economy and the progress the Department of Commerce is making in implementing the Travel Promotion Act of 2009.

I am Ken Hyatt, Deputy Assistant Secretary for Services at the Department of Commerce's International Trade Administration. The news regarding travel and tourism is good. I am honored to be here to share this information with you.

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

The Obama Administration, and specifically the Department of Commerce, is keenly aware of the critical importance of travel and tourism to the U.S. economy and to job creation in our country. Travel and tourism jobs are found throughout the economy and across the country, from hotels and restaurants, to rental car companies and tour operators. Because the infrastructure is already in place, an increase in travel and tourism exports can lead to additional jobs more quickly than it does in many other industries. Accordingly, travel and tourism is a priority sector under the President's National Export Initiative and plays a critical role in the Department's export promotion strategy.

In the United States, travel and tourism was a \$1.1 trillion sector of the economy in 2010, supporting more than 7.5 million American jobs. A record-breaking 60 million international visitors arrived in the United States in 2010, a 17 percent increase over the number of visitors in 2000. These international travelers spent more than \$134 billion during their visits, a 12 percent increase from 2009.

Expenditures by international travelers are U.S. exports. We estimate that every additional 65 international visitors to the United States generate enough travel and tourism exports to support one additional travel and tourism-related job. In 2016, we expect 22 million more international visitors than this year. We estimate that these additional visitors will spend tens of billions of dollars, supporting hundreds of thousands of jobs. In 2010, the United States had a surplus of nearly \$32 billion in travel and tourism receipts, an increase of 50 percent over the 2009 surplus.

These figures clearly underscore the importance of travel and tourism to strengthening the U.S. economy. In addition, travel and tourism is a key vehicle/opportunity to showcase the United States – its culture, its values, its beauty – to the rest of the world. However, while the United States is, in absolute terms, the undisputed global leader in revenues generated by travel and tourism exports, our share of the world market has declined from 17.3 percent to 11.2 percent in the last decade.

Implementation of the Travel Promotion Act

Therefore, we were encouraged by the passage of the Travel Promotion Act (TPA), which received broad bi-partisan support and was signed into law by President Obama on March 4, 2010. We were encouraged because unlike our competitors, the United States has not had an official brand campaign to promote travel and tourism to our country. The Corporation for Travel Promotion (CTP) established by the TPA provides a key opportunity to promote international travel and tourism to the United States and increase its contribution to our economy, at a level that will enable us to compete with the well-funded and aggressive work carried out by our competitors to attract international travelers to their countries.

I am pleased to report that just this month, the CTP unveiled its brand strategy to an international audience at the World Travel Market in London. This is an important step in the effort to recapture the lost U.S. share of the global travel market.

DOC Support for the TPA and Corporation for Travel Promotion

The Travel Promotion Act calls for the Department of Commerce to serve as the liaison to the CTP and outlines the responsibilities of the Department in this area. I am pleased to report to you and the Committee that the Department of Commerce has actively supported the implementation of the TPA and continues to work with the CTP to ensure that the objectives of the Act can be met.

To date, Commerce has:

- Appointed the initial CTP Board of Directors and re-appointed three Board members whose term expired in September for a second term;
- Approved the CTP's FY2011 objectives, and Commerce is currently working with the CTP as the CTP revises and resubmits the FY2012 objectives for approval by the Secretary of Commerce, in consultation with the Secretaries of State and Homeland Security;
- Worked with the CTP to develop guidelines, benchmarks, and standard operating procedures for the "in-kind" matching contributions, which the act establishes as a precondition for receiving federal funds in FY 2012-2015;
- Worked closely with the CTP and the Treasury Department to put in place administrative processes to facilitate the disbursement of funds to the CTP from the Travel Promotion Fund at Treasury; and
- Worked with other federal agencies to ensure that our agency counterparts are apprised of the CTP's progress and collaborate on ways that we can all connect to the new international travel promotion campaign.

Commerce will continue to work with the CTP on a regular basis to support its efforts and monitor its progress in attracting more international visitors to the United States and successfully implementing the TPA.

Travel Facilitation Under the TPA

Our work under the TPA is not limited to working with the CTP. As provided in the Act, the Department of Commerce, through its International Trade Administration, is closely collaborating with the Departments of State and Homeland Security to improve the experience of travelers entering the United States. Through the interagency, cabinet-level Tourism Policy Council, chaired by the Secretary of Commerce, we have partnered with State and DHS to disseminate information regarding U.S. entry requirements, including the implementation of the Electronic System for Travel Authorization (ESTA) fee, and to explore ways to facilitate the entry process for foreign visitors into the United States. The Tourism Policy Council has responded directly to, and is actively engaged in, these and other concerns raised by the private sector Travel and Tourism Advisory Board.

In this context, the Department of Commerce is working with State, DHS, and the White House to identify and more effectively communicate the progress that the Administration is making to address concerns of the private sector. For example, wait times for visa appointments have been significantly reduced in key markets such as China, as you will hear from David Donahue, Deputy Assistant Secretary for Visa Services at State. In addition, the number of travelers enrolled in trusted or known traveler programs managed by DHS has increased, which we understand is enabling Customs and Border Protection officers to more effectively and efficiently process visitors at U.S. ports of entry.

We are also working with the private sector Travel and Tourism Advisory Board to understand industry concerns, and with our interagency partners to develop a culture of interagency collaboration and continual improvement, to support the success of the CTP and to achieve the objective of promoting international travel to the United States.

Research

The Department of Commerce provides the official U.S. government data on travel and tourism. As you know, the TPA significantly increased the Department's responsibilities for data collection and research. This is critical to documenting the effect of travel and tourism on the economy and to job creation, as well as to developing promotional strategies essential to the success of the TPA. We will continue to provide essential data on key markets, and our statistical system will eventually help measure the value of the CTP's efforts to increase travel and tourism and the resulting effect on the U.S. economy.

Conclusion

The Department looks forward to continuing our work with the CTP and key agencies, such as State and DHS, to achieve the goals of the TPA. We will continue to coordinate through the Tourism Policy Council, and with the White House, to improve the U.S. entry process and to communicate U.S. travel requirements more effectively. This work is a top priority for the Administration and through the Tourism Policy Council, we will ensure it receives cabinet-level attention.

The potential of the TPA to create new opportunities for U.S. travel and tourism exports is critical in supporting the President's National Export Initiative and achieving the President's job creation objectives. This is an exciting time for the United States to engage in the global marketplace and, with the tools provided by the TPA, the United States is better able to proactively compete for international visitors. After all, more international visitors to the United States means more people eating in our restaurants, staying in our hotels, shopping in our malls, visiting our attractions and learning about our values and culture.

Chairwoman Klobuchar, Ranking Member Blunt, and distinguished members of the subcommittee, thank you again for inviting me to testify today. I will be happy to answer any questions that you have.