



TESTIMONY

OF

**GEOFFREY FREEMAN, SENIOR VICE PRESIDENT, PUBLIC AFFAIRS OF THE
TRAVEL INDUSTRY ASSOCIATION**

ON

**“ECONOMIC AND SECURITY CONCERNS IN TOURISM AND COMMERCE:
H.R. 3232 AND H.R. 1776”**

BEFORE THE

**SUBCOMMITTEE ON COMMERCE, TRADE, AND CONSUMER PROTECTION
COMMITTEE ON ENERGY AND COMMERCE
UNITED STATES HOUSE OF REPRESENTATIVES**

SEPTEMBER 11, 2008

TRAVEL INDUSTRY ASSOCIATION
1100 NEW YORK AVENUE, NW, SUITE 450
WASHINGTON, DC 20005-3934
202.408.8422
FAX 202.408.1255

[HTTP://WWW.TIA.ORG/INDEX.HTML](http://www.tia.org/index.html)

Chairman Rush, Ranking Member Whitfield and other distinguished members of the committee: I am pleased to offer testimony on behalf of the Travel Industry Association (TIA) and our strategic partner the Travel Business Roundtable. TIA is the national, non-profit organization representing 1,700 travel and tourism public and private entities across the country. TIA members encompass every sector of the diverse, \$740 billion travel community. Our industry creates jobs and careers; we fulfill important social policy goals, such as moving people from welfare to work; we contribute more than \$99 billion in tax revenue for local, state and federal governments to drive our economy; we create a travel trade surplus to offset the nation's worsening balance of payments deficit; and we promote America's public diplomacy efforts.

Today, as we honor the victims of the 9/11 attacks, the travel community stands united in support of the security measures taken over the last several years to protect America from another horrific terrorist attack. We are keenly aware of the need to ensure that our borders are protected from people intent on doing our country harm. However, as the U.S. has instituted increased security in our travel systems, it has neglected to ensure that increased security is balanced by sensible investments in travel facilitation and that new security requirements are properly communicated to international visitors.

The result is predictable. Millions of overseas travelers are avoiding the U.S. due to concerns over long delays in visa issuance and an unfriendly and complicated entry experience—both of which have led to a global perception that foreign visitors are not as welcome as they were prior to 9/11. Making matters worse, the foreign press has fueled negative perceptions and encouraged foreign nationals not to travel to America. Earlier this year, the *Sunday Times* of London published an article titled, "Travel to America? No Thanks" which urged Britons to enjoy a stress-free summer by avoiding traveling to the U.S. The article describes America's entry experience in this way.

"Nowhere else can a visitor expect such a spirit-crushingly frosty reception. A preflight e-interrogation, epic queues at immigration, thin-lipped questioning from aggressive border guards and an outside chance of a rubber-gloved rectal rummage..."

The article goes on to offer readers a list of friendlier countries to visit during their summer vacation like Spain, Austria, and Switzerland.

Stories such as this are scattered across international papers without response from the U.S. and have contributed to America's decline in the international travel market. Remarkably – despite an enormously weak dollar and thirty-five million more travelers in today's global marketplace – the United States welcomed two million fewer overseas visitors in 2007 than we did in 2000.

Declining visitation to the U.S. is not limited to tourists. All forms of travel – business, student and medical – witnessed a decline. From 2004 to 2005, for example, business travel to the U.S. fell 10 percent according to the World Travel Market. Over this same time period, business travel to Europe increased by 8 percent. At a time when the number of people traveling around the world is at an all time high, the number of overseas travelers to America remains well below pre-9/11 levels.

Overseas visitors tend to stay longer in the U.S. and spend much more than the average domestic traveler. Overseas visitors spend on average \$4,000 per trip compared to \$376 for domestic travelers – or \$1,200 by Mexican or Canadian travelers.

The ripple effect of this downturn in overseas travel is significant to the U.S. economy. In the years since 9/11, the U.S. has lost nearly 45 million visitors, \$137 billion in spending, \$22 billion in tax revenue and approximately 230,000 jobs. In 1996, travel created a \$26 billion positive trade balance for the United States. In 2005, that trade balance had slipped to \$7.4 billion.

The Commerce Department reports that spending by international visitors was at record-high levels in 2007 totaling \$96.7 billion; however, when measured in real dollars, spending by international travelers in the United States actually declined by 24 percent since 2000 – nearly \$3.6 billion in 2007 alone. Measuring in absolute dollars as Commerce has done fails to account for inflation.

Furthermore, the recent spike in overseas visitors that the Commerce Department touts is due largely to a weakened dollar. But counting on a frail U.S. economy to drive up overseas visitation is a short-term solution to a long-term problem. As the dollar begins to climb back against foreign currencies – something our economy desperately needs -- America is likely to see overseas travel, like all of its other exports begin to decline once again.

Millions of Americans across this country are feeling the negative economic impact caused by this loss in revenue. As you may know, the travel community is one of America's largest employers with one in eight people employed directly in a travel related job. These are hard working middle-class families that rely on tourism dollars to make a living wage and small business owners who have invested their life savings or home equity into the family business.

Recent news about record high unemployment echo American concerns over their job security. The 7.7 million Americans employed in travel-related jobs cannot wait on a solution to these economic woes any longer. They are looking to Congress for leadership and a solution.

The travel community has stepped up its efforts to work with Congress and the Administration to develop a set of comprehensive solutions to America's international travel problems. We are actively engaged with the Department of State and the Department of Homeland Security to find ways to improve access to visas for legitimate travelers and make our entry procedures more user-friendly. We know our federal partners have begun making improvements to America's travel procedures, and we commend them for their efforts to date. But it's not enough to make reforms to the structural problems of our various security programs. We must also tell the world that we are making these improvements and clearly communicate new and ongoing security changes.

While individual government agencies are doing what they can with their existing budgets to develop communication plans, the reality is that most do not have dedicated resources to communicate security changes for each new and evolving program or to counter the misperceptions about the entry process that confuse and discourage travelers. While the travel community is dedicating marketing and sales resources toward helping the government

communicate changing security procedures, it is not a substitute for a well-funded, nationally coordinated program that communicates these policies with a single voice.

There is no better example of this problem than a massive change in travel policy slated to go into effect in January 2009. The DHS's Electronic System for Travel Authorization (ESTA) will require all travelers from countries that participate in the Visa Waiver Program (currently 15 million visitors annually) to register with the United States government in advance of their trip. While this policy is good for America's security and may, over time, enhance the efficiency of the travel process, it has the very real potential of deterring millions of visitors lacking an effective communications campaign. Already, the foreign press is salivating at the opportunity to attack America's latest security "barrier," travelers are confused and America's in-market promoters are at a loss for how to counter the growing concern over the new policy.

ESTA is good policy. But nearly equally as important as the policy is how that policy is communicated. That's why the public-private partnership, embodied in H.R. 3232, the *Travel Promotion Act*, makes perfect sense. The Act, which is co-sponsored by 236 Members of Congress including 45 Members of this Committee, would establish an independent, non-profit corporation to operate a nationally coordinated, public-private campaign to counter negative perceptions of America's entry process, clearly communicate our travel policies and promote the United States as a premier international destination. This legislation combines public sector accountability with private sector ingenuity.

The Corporation for Travel Promotion will overcome the leading obstacles to visiting the U.S. by:

- clearly explaining U.S. security policies;
- reversing negative perceptions about the experience of traveling to the United States by countering misinformation;
- maximizing economic and diplomatic benefits of overseas travel to all 50 States and the District of Columbia; and
- promoting the United States as a premier travel destination.

According to the legislation, the corporation would be funded with no U.S. taxpayer dollars. Instead, the private sector will invest up to \$100 million and a matching contribution will be made to the Corporation via a \$10 fee on overseas visitors arriving from countries that participate in the Visa Waiver Program. A nominal \$10 fee on travelers who, on average, spend \$4,000 per person to visit the United States is a reasonable and affordable convenience charge. Furthermore, other countries currently charge U.S. travelers similar entry and exit fees – up to \$160 in the UK– that the U.S. does not currently reciprocate.

Clearly, the travel community would not endorse a fee if it thought it would lead to a decline in travel. To the contrary, experience and research demonstrate that a fee-funded program will have a significant return on investment.

A 2007 study by Oxford Economics shows that a modestly funded nationally coordinated travel promotion campaign, combined with visa and entry reforms enacted last year by Congress,

would attract 1.6 million new visitors per year, yielding \$8 billion per year in new visitor spending and \$850 million per year in new federal tax revenues.

This is precisely the type of economic stimulus the U.S. economy needs and clearly illustrates that government can and should partner with the private sector in promotion of travel.

Our foreign competitors understand the importance of unified communications and the basic economics of competing for foreign travelers, which is why nearly every other developed nation operates a government sanctioned promotion program. For example, Australia, Greece and Mexico each spend over \$100 million per year on promotion. Currently, the United States spends zero.

Beyond the economic benefits of passing the Travel Promotion Act this year is the positive impact increased international travel will have on America's public diplomacy efforts. According to a survey of 2,000 international travelers conducted by the Travel Industry Association, those who have visited the U.S. are 74 percent more likely to have a favorable opinion of our country. More than 60 percent of respondents said that visiting the United States would make them more likely to support America's policies in the world.

As we embark on a path to improve America's image around the world, imagine the goodwill that will result if we simply let people know we want them to come. Imagine the benefits that will flow to our nation if our neighbors around the globe know that America remains an open, friendly, pleasant place to visit.

In closing, let me reiterate the urgency needed to restore and revitalize the travel industry as an economic generator for America. Before you finalize your work for the year, I urge you to pass the Travel Promotion Act and help bring economic relief to the millions of Americans that count on a healthy tourism industry for their economic security.

Now, more than ever, the world needs to hear a clear and simple message from the United States: many things may have changed since 9/11, but one thing hasn't: America is open and welcoming.

Thank you for the opportunity to testify before you today, and I look forward to addressing your questions