



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

TESTIMONY FOR THE RECORD

OF

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

ON

**“THE ECONOMIC IMPERATIVE FOR PROMOTING INTERNATIONAL TRAVEL
TO THE UNITED STATES”**

BEFORE THE

**SENATE JUDICIARY SUBCOMMITTEE ON
IMMIGRATION, REFUGEES AND BORDER SECURITY**

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Chairman Schumer, Ranking Member Cornyn 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. On behalf of our industry, I commend you for today's hearing about the economic imperative for promoting international travel to our shores. Last year, the \$759 billion travel industry generated \$1.8 trillion in total economic output and has the potential to grow – and to grow fast.

Travel generates good, domestic jobs that cannot be outsourced. In 2010, the travel industry supported 14.1 million jobs and was among the top 10 employers in 48 U.S. states and the District of Columbia. For example, travel directly employs more than 411,000 New Yorkers, contributes \$48.2 billion annually to the New York economy and generates \$9.4 billion in state and local tax revenue. Similarly, travel directly employs more than 510,000 Texans, contributes more than \$47 billion to the Texas economy and generates nearly \$8 billion in tax receipts. In every region of America, travel helps pay the salaries of police, firefighters and teachers without creating much new demand for those public services.

Increasing international travel in the United States is effective economic stimulus – and it doesn't cost taxpayers a dime. When tourists travel to and within the United States, they inject new money into the U.S. economy by staying in U.S. hotels, eating at U.S. restaurants, spending in U.S. stores, and visiting U.S. attractions. The resulting revenues are breathtaking; the average Chinese visitor spends upwards of \$6000 per trip. Moreover, overseas business travelers attend dozens of international conferences and trade shows in the U.S., and engage in face-to-face negotiations that yield sales of U.S. commercial goods and services.

Spending by international travelers is a significant U.S. export that contributes positively to America's trade balance – and could do much better. Larry Summers, former director of the National Economic Council, observed recently that “the easiest way to increase exports and close the trade gap is by increasing international travel to the United States.”

But we have not taken the modest steps to realize that enormous potential. The years from 2001 through 2010 were a lost decade for America's travel industry and the U.S. economy. While global international travel soared, America failed to keep pace. Unlike for other exports, the barriers to travel are primarily self-imposed. There are no trade agreements to be negotiated or tariffs to reduce with other countries. The principal barriers to increased travel to and within the United States are the inefficiencies, uncertainties and delays that characterize our visa and entry process.

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.

Looking ahead, international arrivals around the globe 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 ten percent. This presents enormous opportunities. Unlike many other nations, the U.S. has not embraced that opportunity. Instead, we have left that potential revenue on the table.

In May 2011, the U.S. Travel Association released a comprehensive report attributing our lost market share in part to chronic inefficiencies in the U.S. visa system. Our report further documented that these self-imposed trade barriers were particularly stifling visitation from key high-growth and high-spend markets such as Brazil, China and India.

Given this history, it is important to note that real progress has since been made by the U.S. Department of State to increase its capacity to process visa applicants, especially in Brazil and China. Recent initiatives include adding visa adjudicators, extending post hours, expanding facilities or opening new ones, permitting interview waivers where appropriate, and deploying temporary duty officers to manage seasonal spikes in demand. Taken together, these steps will go a long way to reducing the confusion and delay that has plagued the visa process, particularly in countries with high demand for U.S. travel.

Furthermore, we applaud the President for issuing Executive Order 13597 which tasked a new interagency Task Force on Travel and Competitiveness with developing a federal strategy for jump-starting international travel to the United States. In addition to long-range plans, the Executive Order required accelerated steps to generate positive economic impact in 2012; that initial short-term plan is due next month.

In the meantime, there is also a clear role for Congress to help encourage legitimate international travel. In that context, we appreciate your leadership in holding today's hearing and enthusiastically endorse the Jobs Originated through Launching Travel Act, which we believe would address some of the most pressing barriers to inbound business and leisure travel to the United States. The JOLT Act proposes a number of sensible reforms -- such as premium processing fees, incentives for applying during low-demand periods, longer visa validity periods -- to streamline and expedite the visa process. Today I would like to focus on two particularly important provisions of the legislation: the upgraded visa processing standard and reform of the Visa Waiver Program.

Visa Processing Standard

If the United States regains the 17 percent global travel market share we once held -- and especially if we can match the market power our Western European competitors currently enjoy in the thriving Brazilian, Chinese and Indian travel markets -- it will be because we overcome the current problems in our visa process.

Toward that end, one particular provision of the JOLT Act is absolutely critical: codification of a two-week visa processing standard. Longstanding State Department policy has required visas to be processed within 30 days but historically this policy has been unevenly applied. As a result, overseas applicants for U.S. visas have often faced daunting wait times, sometimes exceeding 100 days. The foreign press has had a field day, literally at our expense, by retelling visa processing horror stories of foreign musicians unable to perform in the U.S., overseas families missing weddings here, and U.S.-based international conferences -- from consumer electronics to thoracic surgeons -- that can no longer count on overseas participation.

These extended delays do nothing to enhance our security. It is not until the visa applicant reaches the front of that line that U.S. security safeguards become relevant. The delay serves only to discourage prospective visitors from choosing the United States as their preferred destination.

This problem was addressed in the President's recent Executive Order, which committed the State Department to processing 80 percent of all non-immigrant visas within 15 days. We are very pleased that the JOLT Act would extend and codify this standard. Upon enactment, the legislation would require scheduling of the visa interview, the key element of the process, within 15 days; and a year later, the bill would require an interview to be held within 10 days. In our view, this is precisely the right approach; it sends a clear message that we remain serious about security safeguards but also seek to encourage and welcome legitimate visitors.

There are other proposals, from new performance metrics to videoconference technology for interviews, that we believe would help reduce the unproductive backlog that discourages potential overseas visitors to the U.S. and instead sends them to competing global destinations. It is our hope that such changes – or even pilot projects to test the effectiveness of such approaches – will be incorporated into the national travel competitiveness strategy required under the recent Executive Order.

Visa Waiver Program

With one economical step, we could help stimulate the economy while also making the United States and its partners more secure. That is why we are also so supportive of the provision of the JOLT Act that would lead to expansion of the Visa Waiver Program (VWP) which is critical to both our national security and our economic health.

VWP countries are already the largest source of inbound travel to the United States. In 2010, over 17 million visitors to the U.S. – nearly two-thirds of all overseas visitors – arrived through the VWP. While here, they spent more than \$61 billion, supporting 433,000 American jobs along with \$12 billion in payroll, and generating \$9 billion in government tax revenues.

We strongly support the objective in the President's recent Executive Order to accelerate efforts to expand the VWP. We are pleased that the Administration has nominated Taiwan for VWP status. We also believe the Departments of State and Homeland Security should immediately begin bilateral "roadmap" negotiations with countries willing to meet the program's strict security criteria.

Every potential new VWP visitor from Brazil, Poland and other key markets constitutes a walking economic stimulus package. Many have the desire and means to travel to the United States, for business or pleasure. It is just a question of whether our entry process is viewed as welcoming or discouraging, compared with competing destinations around the globe.

Recently, the U.S. Travel Association studied the economic impact of including 11 potential candidates for VWP status: Argentina, Brazil, Bulgaria, Chile, Croatia, Israel, Panama, Poland, Romania, Taiwan and Uruguay. Last year, three million visitors from these countries spent \$14 billion in the United States, directly supporting 104,300 jobs in the American travel industry. In the first year of participation in the VWP, the growth rate of visitation from these countries would nearly double. If that first year were 2012, VWP status would generate an additional 482,000 arrivals and \$5.1 billion more in total revenue. VWP eligibility would quickly drive up arrivals from these 11 nations to four million visitors with an overall economic impact exceeding \$41 billion, supporting 256,000 American jobs. The 32,200 additional U.S. jobs created this year would be eight times more than employment at the largest auto assembly plant in Michigan.

The economic stimulus of VWP expansion is made dramatically more attractive because the VWP is fundamentally a national security program. Congress re-shaped the VWP in 2007 so that it significantly enhances U.S. security. Reflecting the security-enhancing nature of the program, Homeland Security Secretary Napolitano, cited VWP expansion as an example of “efforts to guard against terrorism while enhancing legal travel and trade.” This view is non-partisan: former Homeland Secretary Chertoff characterized the VWP as “a 21st century solution to the problem of managing to keep terrorists out of the United States.

To qualify, VWP countries must adopt stringent security measures, strong travel document standards, and strict information sharing agreements with the U.S. VWP countries must issue International Civil Aviation Organization-compliant electronic passports; report information on all lost and stolen passports to the United States through INTERPOL; and share information on travelers who may pose a terrorist or criminal threat to the U.S. As a result, our government is able to supplement our watch-list database with information from the travelers’ home governments. In addition, each VWP traveler is pre-screened before boarding a flight to the U.S. via the Electronic System for Travel Authorization. In addition, VWP countries must accept return of their criminal aliens, which enhances our public safety. These requirements enable us to better detect, apprehend and limit the movement of terrorists, criminals and other dangerous travelers – and to shift limited visa screening resources to higher risk countries.

That is why we strongly support the objective of the JOLT Act to update the criteria for inclusion of additional VWP countries, with the intent to accelerate VWP expansion. In particular, we applaud the bill’s provision to require an overstay rate of less than 3 percent as a key threshold eligibility criteria; and to restore the authority for the Secretary of Homeland Security to recommend nomination of a new VWP nation if it has visa refusal rates under 10 percent.

The Visa Waiver Program is already critical to homeland security and to international travel security. These reforms will ensure that VWP also helps jump-start our domestic economy.

Conclusion

The global travel market is booming, for both tourism and business travel. As demand rises, especially in key emerging markets, prospective travelers have choices about their global destinations. Interest in visiting the United States remains strong. But potential visitors are discouraged by real and perceived hassles in our visa process that could be eliminated without compromising security.

If the U.S. recaptures our historic share of worldwide overseas travel by 2015 and maintained that share through 2020, it will add nearly \$100 billion to the economy over the next decade and create nearly 700,000 more U.S. jobs. The stakes are high for every American business seeking to host meetings with international customers, for dozens of international trade shows each year whose foreign clients need to enter the U.S. on a deadline, and for tens of thousands of U.S. workers and businesses dependent on a vibrant inbound travel market.

Also at issue is the global image of the United States. As we all know, the most effective ambassadors of American values are ordinary Americans. Overseas visitors form life-long

impressions of American society based on their visits to destinations, large and small, across America. From our national parks to our ballparks to our theme parks, these visitors see the best of the United States. The more they know us, the better they like us – and the likelier they are to return again

Accordingly, we appreciate your ongoing interest in an efficient and secure entry process and will continue to work closely with you to welcome many more leisure and business visitors to the United States.