



U.S. TRAVEL
ASSOCIATION

TESTIMONY OF

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

ON

**“BUILDING SECURE PARTNERSHIPS IN TRAVEL, COMMERCE, AND TRADE WITH
THE ASIA-PACIFIC REGION”**

BEFORE THE

**U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON TRANSPORTATION SECURITY**

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INTRODUCTION

Chairman Rogers, Ranking Member Jackson-Lee 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, in the wake of your recent trip to the region, to discuss how to build stronger partnerships in the Asia-Pacific region in order to facilitate travel, trade and commerce and spur greater economic growth and job creation in the United States. I would also like to thank you for the strong leadership you have demonstrated on travel security issues, particularly around TSA, during your time here in Washington.

THE ECONOMIC OPPORTUNITIES OF TRAVEL

Travel provides good, domestic jobs that cannot be outsourced. In 2010, travel supported 14.4 million jobs, including 7.5 million directly in the travel industry and 6.9 million in other industries, and is among the top 10 employers in 48 U.S. states and the District of Columbia. For example, travel directly employs nearly 78,000 Alabamans, contributes \$7.2 billion annually to the Alabama economy and generates more than \$889.5 million in state and local tax revenue. Similarly, travel directly employs more than 551,000 Texans, contributes more than \$47.2 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.

International travel to the United States in particular is one of the most effective forms of economic stimulus – and it doesn't cost taxpayers a dime. When international visitors travel to the United States, 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. In many cases, they are also here to conduct business by inspecting products and services they are purchasing, attending meetings and negotiating business contracts.

Every dollar these visitors spend in the U.S. counts as an export – just like agricultural crops, minerals or manufactured goods. In 2011, travel exports rose to a record \$153 billion, larger than exports of other service industries as well as major manufacturing industries such as machinery, computers and electronic products, and aircraft. Expenditures made by international visitors made up 1 out of every 7 travel dollars spent in the United States. This record level of travel exports led to a record \$43 billion travel trade surplus, which mitigated to some degree the \$738 billion trade deficit in U.S. in manufacturing and other goods.

Complementing this export growth is job growth for Americans. The employment recovery in the travel industry has outpaced the rest of the economy and much of this employment growth is being supported by the spending of international visitors traveling in the United States. Of the 142,000 jobs added in the travel industry in 2011, more than half (54 percent) were supported by international travel spending.

The most lucrative segment of international travel for the United States is the overseas market. These visitors tend to stay longer and spend more money while in the United States. On average,

every overseas visitor spends \$4,300 during their trip to the United States compared with less than \$800 for Canadian and Mexican visitors. In fact, the spending of every 35 overseas visitors traveling in the United States supports 1 U.S. job.

In looking at the specific subject of this hearing, travel from the Asia-Pacific region makes up a critical element of the overseas travel market. Nearly a quarter (24 percent) of the increase in travel exports over the past two years has come from four countries in the Asia-Pacific region: Australia, China, Japan and South Korea. Collectively, the spending by these four countries in 2011 supported 233,000 U.S. jobs, 14,200 more than were supported in 2010. Below please find a snapshot of travel from each country to the United States and how each contributed to exports and job creation in America.

- **Australia:** From 2009 to 2011, the number of arrivals to the U.S. from Australia increased by 314,000 to over 1 million. With Australian visitors spending on average \$3,900 during a trip in the United States, spending totaled \$4.5 billion in 2011. This accounted for 10 percent of total U.S. exports of goods and services to Australia in 2011. The spending by travelers from Australia supported 34,000 jobs in the United States last year.
- **China:** From 2009 to 2011, the number of arrivals to the U.S. from China increased by 565,000 to 1.1 million. Chinese nationals are now the highest spending visitor to the United States spending on average \$5,300 during their trip. Spending from Chinese visitors to the U.S. totaled \$5.7 billion in 2011. Since 2009, travel exports from China have increased by 59 percent, which is 20 percent faster than the growth rate of other U.S. goods and service exports to China. The spending by travelers from China supported 44,000 jobs in the United States last year.
- **Japan:** From 2009 to 2011, the number of arrivals to the U.S. from Japan increased by 331,000 to 3.2 million. With Japanese visitors spending on average \$5,100 during a trip in the United States, spending totaled \$16.7 billion in 2011. This accounted for 14.5 percent of total U.S. exports of goods and services to Japan in 2011. Spending by travelers from Japan supported 127,000 jobs in the United States last year.
- **South Korea:** From 2009 to 2011, the number of arrivals to the U.S. from South Korea increased by 401,000 to 1.1 million. With South Korean visitors spending on average \$3,400 during a trip in the United States, spending totaled \$3.8 billion in 2011. This accounted for 6.2 percent of total U.S. exports of goods and services to South Korea in 2011. The spending by travelers from South Korea supported 29,000 jobs in the United States last year.

Much of the growth in travel from South Korea can be attributed to its entry into the Visa Waiver Program (VWP). The VWP allows the United States to sign bilateral visa-free travel agreements with countries that are certified by the Department of Homeland Security (DHS) as meeting stringent security standards. In South Korea's first year in the VWP, spending by South Korean visitors surged 23 percent, adding an extra \$1 billion to the U.S. economy.

While it is clear that international travel to the United States, and in particular travel from the Asia-Pacific region, is helping to drive the U.S. economic recovery, the benefits are not as great as they could be. The United States' share of global international long-haul travel actually fell from 17 percent in 2000 to just 12.4 percent in 2010 despite a 40 percent growth in overall global travel. So while global international travel boomed over the last decade, America failed to keep pace.

Thankfully, we have a chance to regain our lost market share and attract billions in new travel exports. On a worldwide basis, total international tourist arrivals are projected to grow another 36 percent between 2010 and 2020. Outbound long-haul travel from Australia, China, Japan and South Korea specifically is expected to increase by 24 million over the next five years. This presents enormous economic and diplomatic opportunities for the United States. However, a proper plan must be put in place promptly to aggressively pursue a larger share of this market. In the Asia-Pacific region, our efforts must include three key elements:

- 1) international travel promotion of America as a premier travel destination;
- 2) a visa issuance process that efficiently secures visas for qualified Chinese visitors; and
- 3) a more efficient and 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

Thanks to the support of Chairman Rogers and Ranking Member Jackson-Lee, in 2010 the Travel Promotion Act was enacted and created a public-private organization, known today as Brand USA, to help explain U.S. travel and security policies and develop global promotion campaigns to attract millions of additional 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. Recognizing that the U.S. was facing a global competitive disadvantage in the international travel marketplace, Congress showed strong leadership, and America will reap the rewards for years to come.

As a tangible first step in this regard, Brand USA will launch its first global advertising campaign to entice foreign travelers to visit the U.S. later this month. The first campaign will target the Japanese market along with the United Kingdom and Canada; South Korea has been identified for a second round of global advertising. We are confident that travel promotion will be a success and will help attract more international visitors to the United States.

VISA ISSUANCE PROCESS

The Chinese travel market is growing exponentially. Over the next decade, economists predict that long-haul travel from China will increase by 151 percent. The United States must aggressively pursue a large share of that outbound travel from China, but to succeed it must be prepared to handle the growth in demand for U.S. visas. Unlike travelers from Australia, South Korea and Japan, each visitor from China, must first apply and be granted a U.S. visa at an American consulate in order to travel to the United States. Once a visa is granted it is valid for just one year.

Initially, the State Department struggled with the growth in visa demand from China which resulted in crowded and cramped waiting rooms at U.S. consulates and visa processing waiting periods of up to 90 days. Working in partnership with the travel industry, the State Department has undertaken several constructive steps, most importantly dedicating more personnel and resources toward visa adjudication and has addressed the long delays in visa issuance.

We believe Congress can play a key role in ensuring that the visa reforms the State Department has implemented in China are sustained over time by working in support of the following recommendations:

- Codifying a 10-day visa processing standard for applications;
- Directing the State Department to tie visa personnel staffing levels to meeting a 10-day visa processing standard;
- Requiring yearly reports from the State Department on the short, mid and long-term plan to meet visa demand from China efficiently;
- Granting Chinese nationals multi-year leisure and business visas; and
- Directing the State Department to pilot the use of secure videoconferencing technology to interview visa applicants remotely.

EFFICIENT AND WELCOMING CUSTOMS CLEARANCE PROCESS

In order to gain a larger share of the outbound travel market from the Asia-Pacific region, it is essential that the United States process visitors securely and efficiently through our nation's airports. Today, a shortage of inspection agents and inefficient staffing allocation decisions produce excessive delays in processing international passengers at some of this nation's highest volume international airports. Some international airports have reported to U.S. Travel that passengers arriving from long flights – some from the Asia-Pacific region - experience delays of up to three hours at U.S. customs processing facilities.

We would like to work with your subcommittee to find a sensible funding solution to ensure adequate staffing is provided to process international travelers visiting our nation. Furthermore, we intend to continue our partnership with DHS and U.S. Customs and Border Protection (CBP), and hope you will join us in supporting the following recommendations that will result in a more effective and efficient entry process for millions of visitors from the Asia-Pacific region.

❖ Efficient Passenger Screening

- Direct CBP to establish a passenger wait time goal of 20 minutes per individual at international airports, and use it as a performance measure to help CBP assess whether staffing levels are sufficient to address passenger volume.

❖ Airport Staffing Levels

- Dedicate enough CBP officers to the nation's top 20 highest volume international airports to meet the 20 minute passenger screening goal.
- CBP should brief Congress on its recently completed Workload Staffing Model and identify the resources needed to staff the nation's airports appropriately.
- CBP should also expand the Staffing Workload Alignment Tool (SWAT) to additional airports in order to better anticipate short-term staffing demands and reduce wait times at primary inspection areas.
- Limit the practice of reducing authorized expenditures of CBP Officer overtime pay. Overtime pay inflexibility can lead to extended passenger processing wait times.
- DHS should ensure that the \$110 million in annual funding resulting from the elimination of the COBRA fee exemptions from Canadian, Caribbean, and Mexican air and sea travelers be reinvested into CBP staffing and facilitation at air and sea ports of entry.

❖ Implementation of a Customer Service Improvement Strategy

- Develop comprehensive CBP customer service reports using the data submitted by passengers through CBP's comment cards, and include the reports 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, where appropriate, develop new training techniques.
- Establish metrics to measure the customer service performance of CBP officers at airports, and provide rewards for officers that demonstrate exceptional performance.
- Direct CBP officers to greet passengers arriving at primary inspections with “Welcome to the United States” or “Welcome home.”

❖ **Global Entry Program.** CBP has implemented some travel facilitation recommendations quite effectively, such as the creation of a trusted traveler program for pre-approved, low-risk travelers known as the Global Entry program. This program provides fast-track immigration processing for previously vetted Americans and select international visitors. It adds significant efficiency to the entry process by removing participants in the program from the general processing queues and allowing them to use automated kiosks that can process the average person within 40 seconds. Additionally, Global Entry adds to the security of our borders by gathering voluntarily provided background information from each program applicant. That information, in turn, is run against a series of terrorist watchlists and criminal history records before determining an applicant’s eligibility to participate in Global Entry.

Currently, Global Entry is available broadly to citizens from Canada, the Netherlands and Mexico. There is a very limited pilot program with the United Kingdom and Germany. As it relates to the Asia-Pacific region, the United States has signed an agreement with South Korea to participate in the program but it is not yet in operation. DHS has also begun to have discussions with Australia, Japan and South Korea about Global Entry. Expanding access to Global Entry to more countries in the Asia-Pacific region is critical to our nation’s success as a strong partner on travel facilitation and security.

- CBP should fully and expeditiously implement the reciprocal agreement signed with South Korea for use of Global Entry this year.
- A reciprocal agreement should be signed with Australia that would allow Australian’s access to Global Entry and American’s access to Australia’s trusted traveler program, known as SmartGate.
- A reciprocal agreement should also be signed with Singapore and Japan that would allow nationals from these two countries to apply for Global Entry access.
- CBP should work to develop a more user-friendly process for individual Global Entry enrollment registration to the program.
- CBP should prioritize implementation of the APEC Business Travel Card, which was authorized by Congress last year. By taking this step, CBP would facilitate the processing of American business leaders seeking to expand commercial relations with the growing APEC region.

CLOSING

Becoming more competitive in a global economy entails increasing our nation’s share of the travel market from the Asia-Pacific region and beyond. The stakes are high, but with the right policies, we should be successful. Thank you for your ongoing interest in travel exports. Our industry is eager to continue to work closely with you to welcome many more leisure and business visitors to the United States.