



Travel Industry Association

INTERNATIONAL TRAVEL PROMOTION TRANSITION BRIEFING PAPER DEPARTMENT OF COMMERCE

BACKGROUND: Travel and tourism generates \$1.8 trillion in economic activity in the United States every year and is one of the America's largest employers with approximately 15 million, or one out of every eight, direct and indirect travel-generated jobs. Travel and tourism exports accounted for seven percent of all U.S. exports and 26 percent of services exports making international travel America's most lucrative services export. In fact, an increase of just one percent in international travel market share would produce \$13.5 billion in additional revenue for the U.S. economy. The economic benefits of travel and tourism span across every state and congressional district contributing more than \$110 billion in tax revenue for local, state and federal governments in 2007 – helping to pay for important community needs such as roads, schools and medical care.

Despite travel's enormously positive economic impact, the U.S. economy has suffered from a decline in overseas travel to the United States since September 11, 2001. In 2007, the United States welcomed two million fewer overseas visitors than in 2000 – despite an increase of 35 million new long-haul travelers around the world and a weak dollar that made America a travel bargain. Had the U.S. kept pace with the growth in global overseas travel since 2001, it would have had an additional 46 million visitors, \$140 billion in visitor spending and \$23 billion in tax receipts.

There are several reasons for the decline in travel to the United States since 9/11, but few are more powerful than a worldwide perception that travelers are not as welcome as they were previously. This perception is furthered by inefficient visa processing, a poor entry experience, inadequate communication of new U.S. security policies and countless negative stories about the U.S. travel process in the foreign press.

The United States is the world's only developed nation that invests no resources toward adequately communicating its travel policies and promoting itself as a destination. In a competitive and post-9/11 marketplace, America's lack of promotion is costing the country millions of visitors and billions in spending.

ISSUES FOR THE NEW ADMINISTRATION

1. **Establish a Travel Promotion Program:** In 2006, the U.S. Travel and Tourism Advisory Board warned the Secretary of Commerce that the U.S. will remain at a competitive disadvantage in the market for international travelers without a nationally coordinated and properly-executed destination marketing campaign. Two years later, the U.S. is in the midst of an economic crisis and in need of an infusion of new spending. But without a nationally coordinated promotion program, the United States is failing to attract significant new overseas traveler spending. Furthermore, new research predicts that the U.S. will see a 3 percent decline in overseas travel in 2009 – costing the U.S. 450,000 jobs and \$55 billion in lost output.

Action Item:

- The new Administration should work to establish a nationally coordinated travel promotion program for the United States by including the Travel Promotion Act (H.R. 3232/S. 1661) as part of the next economic stimulus package. The travel promotion campaign would be funded – at no cost to U.S. taxpayers – with contributions from the private sector of up to \$100 million and matching funds collected from a modest \$10 fee on overseas travelers who are



exempt from paying \$131 for a U.S. visa. Both President-elect Obama and Vice-President-elect Biden, along with over half of their Senate colleagues, cosponsored the Travel Promotion Act in the 110th Congress. The bill also enjoys the support of the US Conference of Mayors, US Chamber of Commerce, US Olympic Committee, National Association of Manufacturers, 50 state tourism directors, dozens of travel-related corporations and thousands of small businesses that benefit from international travelers. This fall, the bill (H.R. 3232) was passed by the full House of Representatives, after garnering the co-sponsorship of 250 House members.



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INTERNATIONAL TRAVEL RESEARCH TRANSITION BRIEFING PAPER DEPARTMENT OF COMMERCE

BACKGROUND: The U.S. Department of Commerce's Office of Travel and Tourism Industries (OTTI) conducts important research on international travel. This research is used by the federal government to determine our nation's balance of trade in travel, and is also used by state travel offices and city convention and visitor bureaus to guide their efforts in promoting international travel to their respective destinations. Without this information from the In-Flight Survey, state, regional and local travel destinations would be unable to accurately target their limited dollars in order to promote inbound international travel.

The bulk of the limited resources at OTTI are dedicated toward the Survey of International Air Travelers – known more commonly as the In-Flight Survey. This research program surveys air travelers on flights to and from the United States, and is the only source of original data produced by the federal government on international air travel. It provides detailed information on international visitors' length of stay, places visited, level of spending and activities during their stay. This data is used by the federal government to help calculate the impact international travel has on our economy, and is used to measure our nation's balance of trade in international travel – one of America's leading service exports.

As a result of limited funding for this program over the past several years, and due to increased costs in conducting the research, many fewer surveys were distributed, collected and processed than would ideally occur. Just a few years ago the sample size for the In-Flight Survey decreased to the point that many cities and states did not find the data to be reliable.

Fortunately, there has been a modest increase in funding for this program recently. Current total annual funding for the In-Flight Survey is approximately \$1.5 million, with approximately 20 percent of that total resulting from research subscriber fees. OTTI is also experimenting with distributing and collecting a shorter version of the survey electronically through on-line travel agencies, which dramatically lowers the cost and has shown promising results. While other data sources can supplement the In-Flight Survey, nothing exists that can replace it, and support for the program at the Commerce Department and by Congressional appropriators is critical.

ISSUES FOR THE NEW ADMINISTRATION

1. **Provide Additional Funding for the Survey of International Air Travelers:** A boost in funding for this modest research program would improve the government's understanding of travel's economic impact, improve U.S. marketing capabilities and attract more subscribers and subscriber revenue from states and cities. Some of this additional funding could be directed to redesign and improve the survey questionnaire, which was last updated in 1996.

Action Item:

- The new Administration should work with Congress to double the current funding levels for the Survey of International Air Travelers (approximately \$2.5 million), which would bring the program close to its goal of surveying 1 percent of all international air travelers.



2. **Ensure Cooperation from DHS on Vital Traveler Data:** As the U.S. government moves away from paper travel documents (e.g. elimination of the paper I-94 form), the Administration should work to ensure that vital travel destination information needed by the Commerce Department is captured and delivered electronically, as well as expanded to capture more information on destinations visited by foreign visitors to the United States.

Action Items:

- Ensure that vital traveler data contained in the I-94 documents – or other appropriate electronic records – is retained and directed to the Office of Travel and Tourism Industries as paper records are eliminated and substituted with electronic forms.
- DHS should expand the destination information captured in these records in order to more accurately record the cities and states visited by foreign travelers in the United States. This can be achieved by asking international travelers to list up to three or four cities/states they intend to visit during their trip in the U.S.