

**TOURISM IN AMERICA:  
MOVING OUR ECONOMY FORWARD**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON COMPETITIVENESS,  
INNOVATION, AND EXPORT PROMOTION  
OF THE  
COMMITTEE ON COMMERCE,  
SCIENCE, AND TRANSPORTATION  
UNITED STATES SENATE  
ONE HUNDRED TWELFTH CONGRESS  
FIRST SESSION  
\_\_\_\_\_  
NOVEMBER 17, 2011  
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ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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## **TOURISM IN AMERICA: MOVING OUR ECONOMY FORWARD**

**THURSDAY, NOVEMBER 17, 2011**

U.S. SENATE,  
SUBCOMMITTEE ON COMPETITIVENESS, INNOVATION, AND  
EXPORT PROMOTION,  
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 2:34 p.m. in room SR-253, Russell Senate Office Building, Hon. Amy Klobuchar, Chairman of the Subcommittee, presiding.

### **OPENING STATEMENT OF HON. AMY KLOBUCHAR, U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. Good afternoon. We'll call this hearing to order.

I want to thank all the witnesses that are here from all over the country for this important discussion about tourism and the impact on our economy.

Coming from Minnesota, tourism is the fifth largest industry in our state. Tourism is about so much more, as we all know, than hospitality. It's about jobs. I'm reminded of this every day.

When I'm in my state, I always ask people how much do they think that visiting fishermen spend on bait and worms in our state. I bet you don't know, Senator Blunt, every year how much they spend on worms.

Senator BLUNT. I was just hoping they got a lot of their tackle from Bass Pro in Springfield, Missouri.

[Laughter.]

Senator KLOBUCHAR. No, but they spend \$50 million a year on worms, just to give you a sense of what tourism means in terms of economic activity in our state. I think we all know that tourism is an industry where the jobs are right here in America.

That's why Senator Blunt and I called this hearing today because we believe there are things we can do to build on the already strong numbers in the tourism sector and to make sure that we strengthen the industry even more. There are a lot of good ideas out there and we want to discuss a few common sense solutions, simple fixes that can expand our country's tourism sector at no cost to taxpayers.

We've always had a very bipartisan approach to this Subcommittee and we'll continue to do that, and that's how we're producing some results.

One of the things we focused on is international tourism. Every international foreign visitor to our country spends an average of \$4,000.

Sadly, since 9/11, we've lost 16 percent of the international tourism business. Every point that we lost was about 160,000 jobs. Just last year, we've seen some great improvements which we're excited about and we want that trend to continue.

One of the things that we've focused on is the visa wait times. Senator Blunt and I introduced a bill to help with that and we worked with the State Department on the language to get that done.

Just to give you a sense, for a person in Rio de Janeiro, Brazil, it takes 90 days to get an interview for a visa.

If that same tourist wants to go to the United Kingdom, the entire visa application process takes an average of 12 days. So when you look at those numbers if you're someone who's planning a trip with your family to the United States and you want to go to see the Golden Arches in St. Louis, right—what?

Senator BLUNT. Not exactly the Golden Arches.

Senator KLOBUCHAR. What are they called again?

[Laughter.]

Senator BLUNT. I'll take the Happy Meal.

Senator KLOBUCHAR. The Arch. OK. Well, it's like golden. Oh, that would be McDonald's.

Senator BLUNT. Yes. That's the Happy Meal.

[Laughter.]

Senator KLOBUCHAR. OK. If you want to see the Arch. I was trying to make it sound even—OK, just stop it. If you want to see Mount McKinley in Alaska that would be correct.

Senator BLUNT. Mount Denali, yes.

[Laughter.]

Senator BLUNT. I'm just harassing her.

Senator KLOBUCHAR. If you want to see the bright lights of Las Vegas that would be correct, you would be—have to choose between a very long wait of 90 days or if you want to simply go to London it takes only 12 days.

And so that's why we are so focused on this idea of improving the wait times. We've been working with the State Department and I know they have someone here today so we're going to be hearing from them.

We also would like to do more things to make it easier to get those visas done. The bill that we have gives the State Department an economic incentive for increasing the efficiency.

It allows the Secretary of State to grant a waiver of up to an additional 3 years, 4 years total, so that foreign tourists can renew their visas without having to jump through the hoops of another in-person interview and it would increase accountability at the State Department, requiring the agency to provide reports on its use of data from the Commerce Department.

That way we know the agency is actually looking at the numbers and thinking about the economic impact of its policies on tourism and our economy.

Another way to cut back on visa wait times would be to hire more temporary consular officers. We know that the State Depart-

ment is doing that. We also know, are conscious of the government budget right now, that they're actually a profit center, not a cost center. Because of the visa fees, they actually make money for the government.

I also think it's worth considering changes to the visa waiver program which allows citizens from certain countries to visit the U.S. without a visa. Those are just a few of the ideas that you're going to see, some of them in our legislation, some of them discussed today.

But we're truly excited to have this hearing. I see tourism as the major export of our country. We have to start viewing it that way. We know people love to take trips but it's more than that. It's really about a competitive agenda for this country where we are supplying the jobs, where we have people visiting our country instead of our people visiting others.

We like when they visit other countries but the point of it is there is a lot to gain here with jobs.

I turn it over to my Ranking Member, Senator Blunt.

**STATEMENT OF HON. ROY BLUNT,  
U.S. SENATOR FROM MISSOURI**

Senator BLUNT. Well, thank you, Chairman, and Chairman Klobuchar is a great advocate for these issues and great to work with, and I am pleased to be able to be doing so many things with her in this area.

You know, the United States has a lot to offer as a place to come and we have a lot to see and a lot to do and we need to take even greater advantage of that. A million jobs, just to meet the needs of foreign travelers alone. This is a place where people like to come. They stay longer. They buy more.

Foreign travelers are good for us and at the end of the day they like us a lot better. And so many of you have heard me say over and over again this has an international component to it that's well beyond the economic component but the economic component is pretty good.

I see Jim Evans here who is heading the newly named Brand USA, formerly referred to as the Corporation for Travel Promotion. But Jim is here and is going to be talking about what they're doing with this new concept where we encourage travelers and hopefully get back to where we were before 9/11 in terms of our percentage of foreign travelers and then exceed that number.

We use a lot of different numbers in Washington. The number somebody gave me the other day was 36. Thirty-six foreign travelers equal one full-time U.S. job, and both in trade and travel are the real opportunities, I think, for us to grow jobs and to grow them in the quickest possible segments if we'll just do what we need to do there.

We're pleased to have Mr. Donahue with us from the State Department. We're talking about the delays that the Chairman has already mentioned and what we can do about those delays.

I was in Beijing earlier this year meeting with people at the embassy who were dealing with those long lines of people and came back with a couple of ideas that we've been able to talk with our

friends at State about and they well aware of the kinds of things we could do.

And so Senator Klobuchar and Mr. Donahue and Mr.—others in the State Department and I and our staffs have been working closely together and are going to be working hard to get legislation passed that allows us to meet the needs of foreign travelers in a better way.

Mr. Hyatt from Commerce well knows the importance of foreign travel to our economy and we look forward to his comments. The Chairman sometimes says that this is not just the low—the travel's not just—foreign travel is not just the low-hanging fruit, it's the fruit that we've already let drop to the ground, and we need to be sure that we're doing a better job getting people at the moment they're thinking about where they want to go and being sure they're thinking about coming to the United States and then doing what we need to to make that a doable thing that doesn't send them in some other direction because of the frustration and difficulties that they face if we can do things about that.

This is an important opportunity. It's an important time and we're glad that all of the members of both panels are here and I look forward to—what you have to say and asking some questions, and again, Chairman, thanks for working with me and for leading here and putting this hearing together.

Senator KLOBUCHAR. Thank you very much, Senator Blunt.

We have Senator Begich here. I don't know if you want to say a few words from the beautiful state of Alaska that has many Minnesotans there. It looks like Minnesota except it has mountains. And I would also like to note one of the—

Senator BEGICH. It's 39 below zero.

Senator KLOBUCHAR. Yes, OK. One of the founding—one of the founding Chairs of our Tourism Caucus, Senator Begich.

**STATEMENT OF HON. MARK BEGICH,  
U.S. SENATOR FROM ALASKA**

Senator BEGICH. Thank you very much, Madam Chair, and thank you for the great panels that are—not only the first one but the second one also. I'm going to be anxious to hear the conversation how we increase foreign travel. In Alaska, it's 15 percent of our market is foreign travel and we see the huge economic bang out of it every time a foreign traveler hits our soils.

For Alaska, it's a \$2 billion industry with about 40,000 people employed in it in this last year and I can tell you it's not only from a broader public policy perspective but a family that's in the tourism business. We see it from a variety of ends and we saw 2011 slow growth but growth, which was a good sign.

I think nationally almost 100,000 jobs this last year in 2011 were added in the tourism industry, which is a good thing.

But the other piece—I'll just end on this and look forward to the questions and answer period—and that is to me the tourism industry, especially with our foreign travelers, is not just about the economic opportunity. People in the tourism industry are really our ambassadors to the world.

When those foreign travelers hit the soil, they're going to be at a hotel. They're going to be at restaurant. They're going to be coming through the airport.

How we treat them, how we work with them, how we give them an experience that's exciting and rewarding that they want to come back is powerful for us but also when they go back to their home country it is a message that they're going to take back that America, United States, is a great place to visit and has incredible opportunity.

So thank you, Madam Chair, for putting this hearing together and I look forward to the conversation and I'm looking forward especially to this panel on how we increase visa capacity, and to the second panel some of the questions I'll have is around what kind of infrastructure are we going to need, what do we need to support this incredibly growing industry that really is economic but also international for us.

Senator KLOBUCHAR. Senator Heller?

**STATEMENT OF HON. DEAN HELLER,  
U.S. SENATOR FROM NEVADA**

Senator HELLER. Thank you. I have a opening statement that I'd just like to submit for the record just for a matter of time.

Senator KLOBUCHAR. It will be submitted. Thank you.

[The prepared statement of Senator Heller follows:]

PREPARED STATEMENT OF HON. DEAN HELLER, U.S. SENATOR FROM NEVADA

I want to thank my colleagues for holding this important hearing today which highlights an issue I fight for every day: JOBS. In Nevada, having a strong tourism industry means more jobs in my state. Las Vegas, Lake Tahoe and Reno have long been a favorite recreation destination for millions of visitors both domestically and more increasingly internationally. The entire Southern Nevada economy is heavily dependent on the hotel, gaming and convention industry, which employs over one-quarter of the region's labor force. Plain and simple, tourism is the lifeblood for businesses and job creation in Nevada.

The viability of the economy in Nevada is dependent upon the volume of visitors to our state. Last year 37 million visitors came to Las Vegas alone. With one quarter to go, an estimated 29.5 million people have visited in 2011, 4.7 percent ahead of the 2010 pace. A large volume of visitors come because Las Vegas continues its reign as the number one trade show destination in North America. Las Vegas hosts thousands in meetings and conventions annually and generates billions in revenue. Contrary to what some may say, Las Vegas is the preeminent location for businesses and trade associations to hold their conventions and shows.

Also important is the fact that foreign travelers are a growing segment of visitors to Nevada and Las Vegas. In 2006, 13 percent of travelers were from outside the United States. In 2010 that number has risen to 18 percent. I appreciate Chairwoman Klobuchar and Ranking Member Blunt working with me on legislation that would update and improve the visa application process overseas, especially in China and Brazil. This effort will help bring more visitors to the United States and create new employment opportunities immediately.

Right now Nevada leads the Nation in unemployment at 13.4 percent. It is my hope that we can continue our bipartisan efforts and push for new initiatives that spur growth in the tourism industry. Fostering more domestic and international tourism is not a Democrat or Republican issue, it is an American issue. Thank you Chairwoman Klobuchar and I look forward to hearing from our witnesses today.

Senator HELLER. And if I may also just make a couple of quick—I'm still trying to get my arms around this \$15 million in worms. If we're—

Senator KLOBUCHAR. That would be \$50 million.

Senator HELLER. Fifty?

Senator KLOBUCHAR. Well, you have to include bait too, actually.

Senator HELLER. All right. All right.

Some facts, as we talked about facts here, in Las Vegas, you know, we take in almost \$9 billion in gross gaming revenue every year and the average visitor gambles when they come to Las Vegas about 3 hours a day, and 80 percent of the visitors say that when they—that they gambled during their stay.

And, obviously, things changed after 9/11. But it does appear that there's some improvement. I'm just looking at some of the recent statistics that southern Nevada tourism has continued a steady climb. In their—Las Vegas Convention Visitor Authority announced a 5.5 percent increase in visitation over September.

So we are making some improvements. Things are moving in the right direction. Number of passengers getting off the plane in Las Vegas at the McCarran Airport was up 8.2 percent and that's good news. The bad news is that the number of cars used on major highways was down 2.2 percent. That's not your problem. I'm trying to get more people to get off of planes.

So anyway, we're making movement in the right direction but, clearly, visitations—I don't have to tell anybody in this hearing today how important, critically important, tourism is for the state of Nevada, not just in southern Nevada but also Reno, Lake Tahoe and some of those areas.

So I just appreciate the Chairman and the Ranking Member working together on this kind of legislation that's going to be beneficial not only for the state of Nevada but for the country as a whole. So thanks for allowing me to be part of it.

Senator KLOBUCHAR. Well, very good. Thank you, and I should also note Senator Heller is a member of the Tourism Caucus as well and of this Subcommittee. So thank you very much.

I know that Senator Rockefeller is going to stop by but I think we'll get started with our witnesses. I'm going to introduce both of you and they both represent two of the departments tasked with increasing international tourism still keeping in mind, of course, the importance of national security.

Ken Hyatt is the Deputy Assistant Secretary for Services at the Department of Commerce where he directs the Department's efforts to enhance the competitiveness of the U.S. services industries including travel and tourism.

Mr. David Donahue is the Deputy Assistant Secretary for Visa Services at the Department of State. Mr. Donahue has been with the State Department for quite some time. He has been on the front lines as a consular officer in various postings around the world and is intimately familiar with the challenges faced by our consular officers overseas.

I would also note that I used the statistic in Brazil but I'm sure as you'll share with us we have seen some improvements, especially during the past year in the visa wait times, particularly in China, and we'd like that trend to continue and we really thank you for the efforts, about your effort and Mr. Tom Nides' from the State Department.

I think we'll start with Mr. Hyatt. Thank you.

**STATEMENT OF KEN HYATT, DEPUTY ASSISTANT SECRETARY  
FOR SERVICES, U.S. DEPARTMENT OF COMMERCE**

Mr. HYATT. Thank you.

Chairwoman Klobuchar, Ranking Member Blunt, 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 Commerce Department is making in implementing the Travel Promotion Act.

The Obama Administration is keenly aware of the critical importance of travel and tourism to our economy and creating jobs. Because the infrastructure is already in place, an increase in travel and tourism exports can lead to additional jobs more quickly than in many other industries.

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. 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 forecast 22 million more international visitors to the United States than in 2010.

Yet, while the United States is the undisputed global leader in revenues generated by travel and tourism exports in absolute terms, our share of the world market has declined from 17.3 percent to 11.2 percent in the last decade.

Therefore, we were encouraged by the passage of the Travel Promotion Act which received broad bipartisan support and was signed into law by President Obama last year.

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 established by the Act provides a key opportunity to promote international travel and tourism to the United States and increase its contribution to our economy.

It will also enable us to compete at a level with the well-funded and aggressive work carried out by our competitors to attract international travelers to their countries.

I'm pleased to report that just this month the corporation, which will be doing business as Brand USA, 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.

As called for in the legislation, Commerce is actively working with the corporation to attract more international visitation to the United States but our work under the Act is not limited to working with the corporation.

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.

The Department is also working with State, DHS and the White House to identify and more effectively communicate the progress the Administration is making to address the concerns of the private sector.

We're working with the Secretary's 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. The Department looks forward to continuing our work to achieve the goals of the Travel Promotion Act.

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 Act 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.

With the tools provided by the TPA, the United States is better able to proactively compete for international visitors. After all, more international visitors means more people eating in our restaurants, staying in our hotels, visiting our attractions, shopping in our malls and learning about our extraordinary culture and values.

Chairwoman Klobuchar, Ranking Member Blunt, distinguished members of the Subcommittee, thank you again for inviting me to testify. I'll be happy to answer any questions you have.

Senator Rockefeller?

[Laughter.]

[The prepared statement of Mr. Hyatt follows:]

PREPARED STATEMENT OF KEN HYATT, DEPUTY ASSISTANT SECRETARY FOR SERVICES,  
U.S. DEPARTMENT OF COMMERCE

**"Travel and Tourism Export Successes: Implementation of the Travel Promotion Act of 2009"**

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 bipartisan 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.

Senator KLOBUCHAR. Thank you very much.  
Mr. Donahue?

### **STATEMENT OF DAVID T. DONAHUE, DEPUTY ASSISTANT SECRETARY FOR VISA SERVICES, U.S. DEPARTMENT OF STATE**

Mr. DONAHUE. Good afternoon, Chairman Klobuchar, Ranking Member Blunt and distinguished members of the Subcommittee.

Today, my testimony will focus on what the Department of State has accomplished in the past 7 months since my last appearance before your Subcommittee. I am pleased to report that we made significant progress to facilitate legitimate travel while continuing to protect our borders and the safety of our fellow citizens. I want to thank you and your staff members for all the support you've given us in this process.

In Fiscal Year 2011, consular officers issued more than 7.5 million U.S. visas, an increase of 16 percent over the previous year. The largest growth in travel comes from the world's fastest emerging economies where we have seen demand for U.S. visas increase in a dramatic pace.

In Fiscal Year 2011, we processed more than a million visas in China—that's the first time we've crossed the million mark there—a 34 percent increase, and more than 800,000 visas in Brazil, a 42

percent increase over the previous fiscal year. Visa interview wait times throughout China are under 15 days at this time.

We are adding 98 visa adjudicators, split evenly between China and Brazil in the next year. A number of new adjudicators are being hired through a pilot limited non-career appointment program that targets applicants who already speak Chinese or Portuguese. We expect the first group to arrive at post in China and Brazil in the spring of 2012 with a second group following in the summer of 2012.

In the meantime, we are sending temporary duty officers to these posts to keep the wait times as low as possible. Brazil continues to be a challenge but our recent successes in Brazil include a 15 percent reduction in appointment backlog in less than 2 months. Interview wait times, as mentioned, across Brazil are under 90 days and we are working to keep them falling.

We achieved a 50 percent increase in the number of interviews per day in Rio de Janeiro and Sao Paulo through extended interview hours and other methods. In Rio de Janeiro, we're now doing 2,000 interviews a day and in Sao Paulo, 3,000 a day.

In October 2011, we adjudicated 67 percent more visas throughout Brazil compared to October 2010. That was 87,500 visas in Brazil alone during last month.

In China and Brazil, we are committed to increase our capacity to adjudicate 40 percent more visa applications in Fiscal Year 2012. We are adding nearly 60 windows across our China posts.

We are assessing the feasibility of establishing more visa-issuing locations in both countries. In September, a Department team conducted a 2-week site survey in Brazil and another team visited China this month. We are adding 17 new windows in Mumbai, India, this month.

In conclusion, let me stress that our top priority in visa adjudication is national security. We are working closely with the Department of Homeland Security to determine if the enhanced screening introduced since 9/11 may provide opportunities to interview fewer applicants in certain very limited categories without compromising border security requirements. We hope to brief Congress on the outcome of these discussions soon.

We believe that U.S. interest in legitimate travel, trade, promotion and educational exchange do not conflict with our border security mission. The issuance and refusal of visas has a direct impact on our foreign relations as well as our economy.

The Department of State is in a position to anticipate and weigh those factors working with our Commerce Department while ensuring border security as our first priority.

We will staff up, build and innovate to ensure that America continues to be a secure and welcoming country. I have submitted written testimony for the record and I'm pleased to answer your questions.

[The prepared statement of Mr. Donahue follows:]

PREPARED STATEMENT OF DAVID T. DONAHUE, DEPUTY ASSISTANT SECRETARY FOR  
VISA SERVICES, U.S. DEPARTMENT OF STATE

Chairwoman Klobuchar, Ranking Member Blunt, and distinguished Members of the Subcommittee, it is a distinct honor to appear before you again to share the ac-

complishments of my colleagues in the Bureau of Consular Affairs, and our efforts to facilitate the legitimate travel of millions of tourists, business people, students, and other visitors to the United States.

#### **Increasing Worldwide Demand for U.S. Visas**

We at the Department of State are dedicated to the protection of our borders, and have no higher priority than the safety of our fellow citizens. At the same time, we are committed to facilitating legitimate travel, and providing prompt and courteous service. For the Bureau of Consular Affairs, the challenge is to meet the increasing worldwide demand for U.S. visas without compromising the security of our Nation's borders. I am pleased to testify that we are meeting this challenge head on.

Consular officers adjudicated 8.8 million visa applications and issued more than 7.5 million U.S. visas in Fiscal Year 2011, an increase in issuances of more than 16 percent over the previous year, when 6.4 million visas were issued. We have experienced tremendous increases in demand for visas in some of the world's fastest-growing economies. We are issuing as many visas as we did in 2000, even though nine more countries have joined the Visa Waiver Program since then.

According to the Department of Commerce, last year international visitors contributed \$134 billion to the U.S. economy, supporting more than a million jobs. More international travel means more spending on airlines, tours, hotels, services, and export purchases, all of which mean more American jobs. Not only do international tourists, business visitors, and students boost our economy, but these visitors also leave our country with a better understanding of American culture and values.

The greatest growth in travel comes from the world's fastest emerging economies, where we have seen demand for U.S. visas increase at a dramatic pace. We are taking steps to meet this growing demand. I would like to update you on the efforts we have undertaken since my last appearance before the Subcommittee.

#### *The role of security has not diminished*

Security remains our primary mission, since every visa decision is a national security decision. We have an intensive visa screening process incorporating personal interviews with multiple biographic and biometric checks, all supported by a sophisticated global information technology network, which shares data with other government agencies. We continue to work with the law enforcement and intelligence communities to ensure that our officers have the latest information on whether an applicant poses a threat. Around the world, at 222 visa-issuing embassies and consulates, a highly-trained corps of consular officers and support staff process millions of visa applications each year, facilitating legitimate travel while protecting our borders.

We instruct our staff that their highest priority must be to protect the United States and its citizens. The officers are also trained to be courteous, respectful, knowledgeable, and efficient. We ensure that these principles are core tenets of our training regimen for new consular officers and visa adjudicators. Our visa adjudication courses feature in-depth interviewing and name-checking technique training, fraud prevention, and the use of automated systems. Throughout their careers, consular officers receive continuing instruction in all of these disciplines, to ensure they integrate the latest regulations and technologies into their visa adjudication decisions. Our aim is to keep the visa process efficient, simple and secure for all those who wish to visit our great nation.

#### **Meeting Demand, Especially in Emerging Economies**

The Department of State is keeping pace with growing demand for visas, and continues to dedicate more personnel and resources to visa adjudication, focusing on embassies and consulates with the greatest resource needs. Specifically, we are committed to increasing visa adjudications by 40 percent in FY 2012 in both China and Brazil, two countries where we have seen the greatest increase in visa demand.

- The Department is adding 98 visa adjudicators this year and next in China and Brazil. A number of these new adjudicators are being hired through a pilot program that targets applicants who already speak Mandarin or Portuguese. We expect the first group of these special hires to arrive at posts in China and Brazil in the spring of 2012. A second group will follow in summer 2012.
- Some posts in China and Brazil are operating double shifts to maximize use of facilities. Working bilaterally with host governments, the Department is also working to expand and improve our visa-processing facilities to allow for even more applicant interviews.
- The Department is using many different tools to expand capacity, including advanced technology to maximize efficiency and improve security-related screen-

ing. By consolidating some of the non-security-related consular functions, we are increasing capacity at our embassies and consulates.

While we strive for maximum efficiency, our activity is unique and cannot be compared fairly with a standard “business model.” In Fiscal Year 2011, we processed more than a million visas in China, and more than 800,000 visas in Brazil. This represented a 34 percent increase in China over the previous Fiscal Year, and a 42 percent increase in Brazil during the same period, an accomplishment that would be hard to match even in the private sector. We issue visas to almost 90 percent of Chinese applicants, and to over 96 percent of Brazilian applicants.

Since 2005, consular officer staffing has doubled in Brazil. Since Fiscal Year 2008, we have sent more than 50 officers to Brazil on temporary assignments to meet short-term staffing needs, providing an additional 2,000 days of service. Our Brazil consular team has reduced the backlog of appointments by 15 percent in less than two months. Our consulate in Sao Paulo began extended interview hours in August, and other Brazilian posts are expected to follow. Sao Paulo increased from 2000 interviews per day to 3000 per day. The U.S. Consulate General in Rio increased from 1000 interviews per day to 2000 interviews per day. We hosted two “Super Saturday” events at consular posts across Brazil, adjudicating almost 8,000 visa applications in those two days. In October 2011, our consular offices in Brasilia, Recife, Rio, and Sao Paulo adjudicated 87,500 visas, an increase of 67 percent over October, 2010.

We are working to expand and remodel our consular facilities as permitted by the Chinese and Brazilian governments, so that we can interview more visa applicants on a daily basis. We are expanding our interviewing capacity by adding 22 new service windows in Guangzhou, 20 new windows in Shanghai, eight new windows in Chengdu and eight new windows in Beijing. For India, we are adding 17 new windows in Mumbai.

In addition, we are assessing the feasibility of establishing more visa-issuing locations in Brazil and China. In September, a team from the Department participated in a two-week site survey to improve and expand existing consular facilities in Brazil, and another team is in China this month.

The Department created the Limited Non-career Appointment (LNA) program to hire visa adjudicators with essential language skills in Mandarin or Portuguese. LNA hires meet the strict qualifications of Foreign Service Officers and can speak Mandarin or Portuguese at a level equivalent to other adjudicators. They are appointed for one-year periods for no more than five consecutive years, and would have the same privileges and responsibilities as other consular adjudicators. We plan to hire over 50 LNAs and Professional Adjudication Specialists (PAS) over the next two years. Each 10 LNA/PAS represents approximately 150,000 more visas adjudicated per year.

We also prioritize groups of travelers, such as students and business visitors. Wait times for student visa interview appointments worldwide are less than 15 days. We prioritize student visa appointments because of the tremendous intellectual, social, and economic benefits foreign students provide to the U.S. economy. According to the Department of Commerce, international students contributed nearly \$20 billion to the U.S. economy during the 2009–2010 academic year. All U.S. embassies and consulates have established procedures to expedite appointments for business travelers. U.S. officials work closely with American Chambers of Commerce in more than 100 countries to streamline the visa process for business travelers.

We use advanced technology to maximize efficiency and improve security-related screening. Our worldwide Global Support Strategy (GSS) contract, already in place in several countries, moves off-site some non-security-related consular functions in order to create additional capacity. GSS makes visa interview appointment scheduling transparent and consistent, and eliminates the user-pays scheduling programs in existence in many countries.

We have worked to reduce or eliminate paper from all aspects of visa processing, winning awards for our green initiatives. Our nonimmigrant visa application is now completed and submitted online, and we are piloting a web-based immigrant visa application.

### **Interviews and Reciprocity**

The Immigration and Nationality Act requires our consular officers to interview in person all first-time visa applicants aged 14 through 79, with interview waivers possible for diplomatic and official applicants from foreign governments and, in limited circumstances, some repeat applicants.

We have begun the process of reviewing the criteria for visa interviews to determine whether efficiencies may be achieved that could allow us to reduce wait times and better serve visa applicants. We are working closely with the Department of

Homeland Security (DHS) to identify and evaluate options that remain consistent with our shared objectives of facilitating legitimate travel while combating fraud and safeguarding the security of the United States. If we are successful in developing proposals that meet these goals, we will discuss our findings with Congress.

The law also requires us to set visa validity based on the validity of visas issued to U.S. citizens. Right now, the Chinese only issue 12-month visas, at the most, to Americans. U.S. Ambassador to China Locke regularly addresses the issue of visa validity with the Chinese government, with the goal of extending visa validity for American travelers from 12 months to two or more years, so that we can reciprocate and issue longer validity visas for Chinese tourists and business travelers.

The Department does not act alone when it comes to decisions about visa validity; we must consult with DHS prior to increasing any period of visa validity.

In addition to granting reciprocal treatment to U.S. citizens seeking visas to visit China, we would like to see the Chinese government make significant progress in issuing travel documentation to thousands of Chinese nationals in the United States under final removal orders.

Finally, we are working with our U.S. Government partners to assist DHS as they consider additional countries for membership in the Visa Waiver Program (VWP). The specific requirements for VWP membership are set forth in law and are quite strict; these statutory requirements help to make VWP the secure program that it is.

### **Conclusion**

We believe that U.S. interests in legitimate travel, trade promotion, and educational exchange are not in conflict with our border security agenda, but rather further that agenda in the long term.

Visa adjudication requires good judgment, insight into cultural practices, and knowledge of immigration law. Visa adjudication is not a mechanized process. It can never become a mechanized process, because we are protecting the safety of our citizens, legal permanent residents, and those who visit our country.

Our global presence, foreign policy mission, and personnel structure give us singular advantages in executing the visa function throughout the world. Our authorities and responsibilities enable us to provide a global perspective to the visa process and its impact on U.S. national interests. The issuance and refusal of visas has a direct impact on our foreign relations, as well as our economy. The Department of State is in a position to anticipate and weigh all those factors, while ensuring border security as our first priority. We will continue to staff up, build and innovate to ensure that America continues to be a secure and welcoming country.

This concludes my testimony today. I will be pleased to take your questions.

Senator KLOBUCHAR. Well, thank you to both of you.

I do want to say that we have had a lot of these hearings over the years since I took over and this was the most positive in terms of specific developments. So we're very happy about that.

And we have been joined by the Chairman of the Commerce Committee, Senator Rockefeller, and hope to hear a few words from him before we move on to questions.

The CHAIRMAN. Thirty seconds.

Senator KLOBUCHAR. Whatever you need.

### **STATEMENT OF JOHN D. ROCKEFELLER, IV, U.S. SENATOR FROM WEST VIRGINIA**

The CHAIRMAN. I apologize. I was late. I guess that was evident. [Laughter.]

The CHAIRMAN. I've always loved tourism, and I was a Governor of West Virginia for 8 years and that was sort of the most exciting because a lot of people would say, "no, we don't want to come do business there" back then. It's different now.

But it's partly different because of tourism because for some reason we've got a lot of Japanese tourists and we had a lot of people from overseas, and West Virginia is not far from Washington so

they would wander in. They kind of like what they see and it's paid off in different ways.

But when you think about it, if this is really true, Madam Chair, that one out of every nine Americans is employed one way or another by tourism—I mean, it's just absolutely extraordinary.

Senator KLOBUCHAR. It's true.

The CHAIRMAN. It makes health care look trivial. I take that back. Health care is not trivial.

[Laughter.]

The CHAIRMAN. But I mean, 44,000 jobs in our state depend upon tourism. It brings in over \$4 billion a year. That's huge for us. And what I like about it the most is that people, I think, discover more who you are and what you're like as a people through tourism when they don't come with a specific purpose but when they're traveling, and what we find in West Virginia is that a lot of, let's say, people from Canada or people from other places they'll come and they'll keep coming.

They'll come to the same state park. And we want to say well, why are you coming to the same state park but, of course, you don't say that because you're glad they're there.

But it's sort of the habit, and I think it's the warmth of the reception they get, and that's not something which is automatic, I mean, folks like yourself. I mean, you have to work at this very, very hard.

People have to get accustomed to it. People who are starting up restaurants have to know how to work with people whose language they don't speak perhaps and they need to know things to put out the welcome mat and make people want to come back.

I think it's about the healthiest thing that one can do in the whole business of job creation because it gives people enjoyment, and in our case it led to an enormous number, in the case of Japan, of industries that began to come over, and we have something like 22 or 23 industries from Japan in West Virginia.

That may not be much in a big state like Minnesota but it's humongous in a small state like West Virginia. And word travels. People find out what you're like. If they like it, that word travels, then it gets mixed up in the whole business of industrial development, which is important.

So I'm always proud of you, Madam Chair, for what you do and Minnesota just has a big fat advantage in terms of beauty, a thousand lakes, and no mosquitoes. That's what I'm told.

Senator KLOBUCHAR. Well, we don't have Harpers Ferry. That's yours.

The CHAIRMAN. Anyway, that's my statement.

[The prepared statement of The Chairman follows:]

PREPARED STATEMENT OF HON. JOHN D. ROCKEFELLER IV,  
U.S. SENATOR FROM WEST VIRGINIA

Thanks to all our witnesses for participating in this important discussion about travel and how it affects our economy.

I want to start by complimenting Senator Klobuchar for her focus on this issue. The timing couldn't be better. With the launch of Brand USA, a public-private partnership that is marketing travel to America, our country will finally start aggressively competing for international travelers.

The goal is to create and support jobs that will boost the U.S. economy at a time when our country so desperately needs visitors and the revenue they bring. This will result in more international travelers coming to places like West Virginia and Minnesota and everywhere in between.

Everyone here knows firsthand, that travel and tourism are critical to our economy. Hard-working Americans, whether in hotels, restaurants and shops, or as our river guides or tour operators, all depend on a thriving travel industry. Tourists contribute \$750 billion a year to our economy, and provide jobs for approximately one in nine Americans.

That's why we're here today, to continue supporting the travel industry. In addition to new job opportunities and a stronger economy, bringing in overseas visitors gives us a chance to showcase our great nation.

As many people in the DC area know, West Virginia has long been known as a "wild and wonderful" destination. Places like Cooper's Rock State Forest or Babcock State Park offer breathtaking views of fall foliage. And, when that first big snow falls, thousands flock to our ski runs.

West Virginia's economy relies on tourism. 44,000 jobs in our state depend on it and the industry contributes \$4 billion a year to the state economy.

Part of the reason so many people visit West Virginia is that they've seen the advertising campaigns: "Where is Your West Virginia" and "Experience West Virginia." The Division of Tourism has promoted West Virginia for years—it's something that I championed as Governor—and that push continues today. Our advertisements are everywhere from DC metro stations to social networking sites because we realize how much is at stake.

This is a good lesson for Brand USA. As it markets America, it should take note of what works elsewhere. West Virginia's marketing campaign constantly evolves to reach more people and to make an impact on them in a meaningful way.

Brand USA will need to evolve as well. Many of our competitor countries already have sophisticated marketing campaigns in place and will undoubtedly react to where and how Brand USA chooses to invest. The competition that goes on between countries is similar to the competition that goes on between states every day. Before large amounts of money are spent to reinvent the wheel, I would expect Brand USA to seek the advice of states with successful tourism promotion experience.

As with any global initiative, the eyes of the world are upon us and it's important that we succeed in making America an attractive destination to travelers everywhere. At a time when money is tight for most people, I hope we are creative and tactical in promoting West Virginia and America as the wonderfully diverse travel destinations they are. I look forward to hearing from the witnesses today on this subject, and I'd like to thank them again for joining today's discussion.

Senator KLOBUCHAR. All right. Well, very good. Thank you so much.

I'm going to turn over to Senator Blunt for the first questions.

Senator BLUNT. Good. Good. Chairman, thanks for joining us. It's good to have you at this hearing and your understanding of tourism helps our Subcommittee a lot. So thanks for that.

Mr. Donahue, you mentioned Homeland Security and things you were looking at regarding enhanced screening and I'd be interested in that, and I'd also be interested in your view of the continued importance of the individual interview in countries where people need a visa.

Mr. DONAHUE. Thank you for the question, Senator.

First of all, I think visa interviews are key to our national security. We are very proud. We did over 9 million interviews last year. We think we do a good job of that. It helps us assess the person.

One of the key things we're doing in an interview is determining the intention, which is a very difficult thing, as you can imagine, of the applicant. Are they coming for the reasons they say they're coming or do they have other reasons for coming? So we think it's a very valuable tool.

We do believe that there may be categories that we are discussing with the Department of Homeland Security and we've dis-

cussed with members of Congress that maybe do not need to have an interview.

A good example: there's a tradition in Brazil where when you're 15 if you have the means your family sends you and your friends up to Disney World for a quinceañera celebration. And so when these groups are coming we have a room full of 15-year-old girls that we have to interview one by one because the law requires us to do that.

Those interviews could go to a family, a head of a family of five who is bringing their family to the United States. They could go to a businessman wanting to come to buy a tractor, all kinds of different things.

And while we can expand, keeping up we want more and more people to come, keeping up the—if we can find areas like that where we feel that an interview would not necessarily enhance the security we think there are some opportunities.

Another area is in China. Currently, the reciprocity is 1 year because that's what China gives to Americans and the law requires that reciprocity be the same for Americans that the other country, that we would give to the other country's nationals.

That means that every year a Chinese student or a Chinese visitor has to reapply for a visa and they have to come in in-person if it's been more than a year since their last interview expired.

We think that since most countries have much longer reciprocity and that this is really a bilateral issue having to do with China's view of their own national security that this would be an area that Indians, for instance, receive 10-year visas.

Brazilians receive ten-year visas. The law requires that we only give one-year visas but do we need to see them again for an interview if they come in two and a half years later—if their application comes in.

We certainly would call them in if there was anything in their past travel to the United States or anything in their new application that made us wonder whether they were going to continue to use that visa correctly. But if they've used the visa correctly we already have their biometrics. We've already interviewed them.

We know what their travel pattern was in the United States, thanks to our colleagues at the Department of Homeland Security, and we think that there are cases, maybe not all of them but there are cases where we could not—we could waive the interview without detracting from national security.

Senator BLUNT. And you think that takes legislation?

Mr. DONAHUE. Legislation would make it clearest. We think that would be the clearest option.

Senator BLUNT. We have that in the bill that Senator Klobuchar and I—

Mr. DONAHUE. We know.

Senator BLUNT.—are sponsoring. It would give you a four-year window.

Mr. DONAHUE. That would be perfect.

Senator BLUNT. You wouldn't have that interview and legislation would help. Possibly, you could do that without legislation? You could do that internally?

Mr. DONAHUE. It's possible but there is guidance in the Immigration Nationality Act. So legislation would make it much clearer and would, of course, make it easier for us.

Senator BLUNT. Well, we're trying to give you some guidance on that.

Mr. Hyatt, on Brazil and China we've had lots of discussion of those two countries because of the number of people that want to come. How far in advance can you predict something like that in the Commerce Department? I know you watch travel patterns.

Did you see the Brazil and China thing coming and my question would be what do you—where do you think the next countries are where there's going to be just a clearly growing demand?

Mr. HYATT. We're predicting at least 5 years out into the future and have a rigorous quantitative model looking at a variety of economic factors, connecting them to outbound travel patterns in those markets.

I'm thinking about the five countries that we're predicting over the next 5 years. China, Brazil, Russia, Venezuela and Australia are the five countries that we predict will have the highest growth rates out over the next 5 years.

I could go back and determine how well we predicted the growth in China but that's at least where we're forecasting the highest growth.

Senator BLUNT. And you share that information with—

Mr. HYATT. We do. We do.

Senator BLUNT. With State. Mm-hmm.

Mr. HYATT. And they use it to—yes, to predict some of the capacity that they expect to need.

Senator BLUNT. And my last question, Mr. Donahue, are you looking at those three countries that were not on the Brazil—the after Brazil and China and thinking about what you need to do to prepare for that?

Mr. DONAHUE. We certainly are. We just recently agreed to longer reciprocity in Russia in preparation for what we hope will be more Russian visitors. Venezuela offers a very difficult problem because of our relationships.

We have limited staffing there and so we do have a very long wait time there that we cannot address and certainly is a country where we want to interview most of the applicants. The third one was—

Senator BLUNT. The third one was Australia.

Mr. DONAHUE. Australia, and Australia is a visa waiver country.

Senator BLUNT. Right. Thank you.

Senator KLOBUCHAR. Very good.

Senator Begich?

Senator BEGICH. Thank you, Madam Chair, and thank you all very much for being here.

Mr. Donahue, can you just go over one quick—you had two data points and I just want to make sure I had them right. Brazil has increased over the last year. What was the percent?

Mr. DONAHUE. Over the last year it's increased 42 percent.

Senator BEGICH. And China was—

Mr. DONAHUE. Thirty-four percent.

Senator BEGICH. And in volume of travelers, what is that? Do you know that raw number? And if not, can you get that to me?

Mr. DONAHUE. Yes, I think it's—yes, I can get that for you. We'll get it for you.

Senator BEGICH. If you can get that just so I can match those up.

Let me ask you, if I can. I know you have—in your written testimony you had an initiative that you all are working on called the limited non-career appointment that—can you tell me how that's going and that is bringing back—well, you know it better than I do, helping with backlogs and bringing folks back for limited times for these appointments.

Can you tell me how that's going and what if any challenges there are with it?

Mr. DONAHUE. It's quite challenging. It's progressing well, though. We put out a offer in the USA Jobs several months ago. We had a large response to it. But, again, we want these officers to have the same qualifications as our Foreign Service officers who are doing visa interviews.

So we had a very strict criteria including the language requirements for these applicants.

Senator BEGICH. If I can interrupt you. So when you had the language requirements you had specific areas you wanted them to go to and that was how you advertised it?

Mr. DONAHUE. Right. The first program, it was just for Portuguese and Mandarin Chinese speakers.

Senator BEGICH. Got you. OK.

Mr. DONAHUE. So we tested them and we've tested a number of them. We were hoping to have 20 out of—I think there was 80 that actually responded to that USA Jobs posting and we think we'll net about 20 or 30 out of that number.

We hope to open a class of 20 in January. Because they don't need language, they will have the training including all of the consular law requirements and we hope to have them out in the field in March. And then another group—we did another USA Jobs right after that.

And we can use the same program for other speakers. For instance, if Russia is the next tourist group that will be coming and we need extra officers in Russia that would—we would be able to do the—use the same pattern now that we put together the administrative part of this program.

Senator BEGICH. Is there any—I'm assuming there are some cost savings because of the way you're utilizing them or is it pretty much the same cost as what you would—

Mr. DONAHUE. The costs are very similar because they received the same benefits that our officers would receive. We save, of course, on the language training. That's the biggest savings that we have, and they will only be employed for 5 years maximum, 1-year appointments for 5 years.

Senator BEGICH. Is there anything in the budget end of your work that's limiting how many you can put online or is it just the fact that it's finding the qualified people that's limiting the amount of people you can put online?

Mr. DONAHUE. For this particular program, it is funded from visa fees. Obviously, the more people you put out there the more admin-

istrative support people you need which are not paid out of visa fees.

So the General Services staff at the embassy, the overall infrastructure, that's in the field. So we do—it's very important that we, the State Department, receive its full budget.

Senator BEGICH. Should the support services be paid by the visa fees?

Mr. DONAHUE. We pay some of them but some of them are not within—for instance, some of the support services are outside of the exact requirements or they're universal for the entire mission.

Senator BEGICH. Very good. Thank you very much.

Let me—Mr. Hyatt, if I can ask you just a couple of questions. You know, the Travel Promotion Act, one of the responsibilities was for the Office of Travel and Tourism Industries within the Department of Commerce to do research in connection with international travel and so forth.

Can you give me a sense of what the Commerce Department is doing in that arena? And you've indicated, obviously, areas that you are already kind of projecting out but what more are you doing to help promote international travel and research?

Mr. HYATT. The Act provides that the sample size for the research needs to increase from .2 or so percent to 1 percent, the basic reasoning being we need larger sample sizes to be able to get state-by-state data, and the Act is very clear that the benefits of the Travel Promotion Act need to benefit all states.

So the primary focus of our research group now is figuring out exactly how to do that. We are looking at alternative ways to increase the sample size, how do we use technology to do that.

We are looking at different ways to manage the sample size itself but we continue to work to try to find ways to meet the requirements of the Act which are to increase the sample size so we have more state-by-state data.

Senator BEGICH. And I'm assuming with that process you're engaging state visitor industry folks and so will try to figure out how to accomplish that or is it more internally now?

Mr. HYATT. Both. We are both working internally. There is also a research committee within the Corporation for Travel Promotion with whom we're working. That committee includes research experts, members of the research team at the corporation and also our folks.

Another area that we're exploring is different sources of funding for that—are there creative ways we might get the resources to execute the mandate of the Act.

Senator BEGICH. Thank you very much. And as you progress would you mind keeping our office informed? It would be great to understand how you're achieving that.

Mr. HYATT. Be delighted to.

Senator BEGICH. Great. Thank you very much.

Senator KLOBUCHAR. Very good.

Senator Rockefeller?

The CHAIRMAN. Thank you.

I'm interested in the categories of people that come, let's say, now at a time of enormous international economic we're-all-one-

world type of exchanges, professional groups, and what I would refer to as just plain tourists.

For example, when I was younger I spent 4 summers and for 4 years working for the American Friends Service Committee and I spent two summers in Russia and two summers in Japan, and it was a lot of hard work and debate and all kinds of things. But I wouldn't have counted myself as a tourist.

I would have counted myself as a person who was there either as a student or a graduate student or something of that sort. Because a lot of people now come over because of the business of business and they're trying to find out.

Some come to try to learn more about our business so they can take that back and do better there, and then a lot but probably a smaller percentage come simply because they want to find out what Americans are like.

But within that question, there are two parts. One is that people want to go see the Statue of Liberty. They want to see the Minnesota Vikings. They want to see San Francisco.

Senator KLOBUCHAR. No matter what happens on Monday night games, they want to see them.

The CHAIRMAN. They do and they should. But they come because of famous symbols and those famous symbols come to represent America like the Empire State Building or the large buildings all over the place, or they come because they're looking for a chance to travel around, talk with Americans, find out what they're like.

Now, that was sort of the more old-fashioned tourist. Does that still exist and to what extent, if you can put any kind of a percentage between the various categories, come for business, government-to-government contacts, professional meetings, things of that sort—one category—and another is the tourist who comes for various reasons? Can you expand?

Mr. HYATT. Why don't you start?

Mr. DONAHUE. I'll start but I'm going to disappoint you. What we like to do is we like to document people so that they can wake up in the morning and see a good ad and come for a vacation and then come the next week and buy a tractor or buy a turkey or whatever it is that their business is.

So what we like to do, for instance, with Brazilians is give them a 10-year B-1, B-2 visa which is a business visa and a tourist visa. So we don't separate it by how they're coming. Department of Homeland Security may have those statistics and maybe some of the private industry.

The CHAIRMAN. But there's a catch. People decide to come for a reason.

Mr. DONAHUE. Right.

The CHAIRMAN. And that reason may evolve and multiply—

Mr. DONAHUE. That's right.

The CHAIRMAN. When they get over here. But they come for a purpose.

Mr. DONAHUE. Certainly in China tourism is a growing—we have a group leisure travel which is a growing phenomenon there—where large groups of Chinese are coming over on planned travel and they're trying—we're trying to expand that with China.

It was a breakthrough by the Department of Commerce a couple of years ago when they signed the agreement and that is—that is helping. But it's in every area. We just—we're celebrating—this week we're celebrating national—International Education Week and we had, again, record number of students coming to the United States for student and exchange, as student and exchange visitors. So it's every category.

The CHAIRMAN. They count. If you—

Mr. DONAHUE. They don't—they count—they count as visas. They get visas, yes.

The CHAIRMAN. Yes, but I understand the visa part. That gets them in. But the motivation is that they come here because they want to do something.

Maybe they want to study, you know, physics and they stay here for several years to do so. I would count that as a tourist, I suppose. But do you understand what I'm trying to say?

Mr. DONAHUE. No, I understand. We don't track it that way.

The CHAIRMAN. Because they want to learn more about our country as opposed to a more professional "I want to know more about this widget," I want to know more about what they do with defense or—

Mr. DONAHUE. Right.

The CHAIRMAN. I want to go see famous parks.

Mr. DONAHUE. And we see the wide variety. I don't know if you have any statistics on that.

Mr. HYATT. Well, I don't have them offhand but in our airlines survey we do gather that kind of information—what was the purpose of the visit, what did you do during the trip—and I think we could—I'd be happy to go back and see what information we have on purpose of trip, how those individuals are being segmented.

The CHAIRMAN. I would like to know that.

Mr. HYATT. Yes.

The CHAIRMAN. Thank you.

[The information requested follows:]

[U.S. Department of Commerce Response to Chairman Rockefeller Inquiry]

The Office of Travel & Tourism Industries has been surveying international air travelers to the United States since 1983. Within the survey we ask over 30 pieces of information on the international visitors. One of them is purpose of trip. We ask the purpose of trip question two ways. One is to ask their main purpose of trip and then we ask if they had any others.

In 2010, of the 34,000 plus overseas travelers surveyed, 54 percent stated their main purpose of trip was leisure/recreation/holiday; 20 percent stated they were here to visit friends and relatives; 18 percent were here for business/professional reasons; four percent visited for a convention/conference; three percent were here for study/teaching, and there were three other purposes asked in the question although all were under one percent. To see the actual survey instrument, go to: [http://www.tinet.ita.doc.gov/pdf/SLAT\\_Questionnaire.pdf](http://www.tinet.ita.doc.gov/pdf/SLAT_Questionnaire.pdf).

Another useful document is the overseas profile: [http://www.tinet.ita.doc.gov/outreachpages/download\\_data\\_table/2010\\_Overseas\\_Visitor\\_Profile.pdf](http://www.tinet.ita.doc.gov/outreachpages/download_data_table/2010_Overseas_Visitor_Profile.pdf). The purpose of trip response is on page 5.

In addition to providing purpose of trip for overseas travelers, we also have it for 11 regions and 22 countries. We report them on the OTTI website at: [http://www.tinet.ita.doc.gov/outreachpages/inbound\\_general\\_information.inbound\\_overview.html](http://www.tinet.ita.doc.gov/outreachpages/inbound_general_information.inbound_overview.html).

Once on the above page, if you scroll down to any of the countries or regions and click on the link on page 3 of the profiles, we have the purpose of trip breakouts.

Senator KLOBUCHAR. Very good. I have a few questions. Then we'll turn it over to Senator Thune from the great state of South Dakota, home of the Black Hills, the one place I got to go on vacation every single year.

I've read about the success that the consulate in Brazil has had with the use of the extended weekend times, the weekend hours to process the visa applications, and I want to know how that's working.

I think you call them super Saturday hours to help cut back on the backlog. What difference has that made and could it be utilized in other places? Mr. Donahue?

Mr. DONAHUE. There's a long history of having super Saturdays around the world whenever we find that for whatever reason—it could be just that there's a couple of 4-day weekends in a row that get you a little bit behind in your schedule, and we've had several of them in Brazil.

They are, as you can imagine, if you work your same staff seven—six days a week on a regular basis they have families, they have lives and they become tired of that. It's very grueling work doing interviews 5 days a week. You're doing 120, 130 a day.

So what you need to do that is you need more staff so that you can maybe split your week and so that you don't depend week after week for people working that extra day and that's something we are certainly looking at is the possibility as we get—as we bring in the L and A's, as we also are shifting people.

We just opened a class November 1 with 50 students. All of those students from the—this is a regular Foreign Service class—all 50 of those students are going out to take up consular assignments as soon as they finish their training.

So as we move more people in if, as we get excess capacity, we'll be able to do more of that. But we do it from time to time but it is very difficult with the same people.

Senator KLOBUCHAR. And have you been able to project out as you add those people, say, in Brazil? I was just remembering at the last hearing we showed the "Good Morning, America" version in Brazil of the people laying on the sidewalks waiting to get their visas.

Mr. DONAHUE. Right.

Senator KLOBUCHAR. Have you projected how—where you'd like to be in terms of the wait time? You know, what did you say about China, you're down to 15 days? Was that it?

Mr. DONAHUE. Fifteen days is the longest wait. I think that's in Beijing and I think it's 8 days in Shanghai. So we're very proud.

Senator KLOBUCHAR. I think it was like 90 in June or something, I read.

Mr. DONAHUE. The most it was this summer was 60 days so it got a little bit longer. We have a confluence of both the summer and the students at the same time. We have the same—that's a problem worldwide. But yes, we would like to see those days as low as possible.

What we want is that someone who wants to go can go when they want to go. I think, you know, we—under 15 days, under 10 days, we want them as short as possible. Lots of things come in—holidays, other things that you don't expect.

But the idea is to have the capacity so that people can call up, make an appointment, come in at their convenience, make that trip.

And, again, the longer reciprocity makes a big difference for multiple travels because, as I say, in Brazil you come once, that visa is good for 10 years and then you can even renew that by courier. You don't have to come in after that ever again.

Senator KLOBUCHAR. OK. You know, you talked with Senator Blunt about the current requirements for the in-person interview. I just wanted to go through that again. Aren't there classes of visitors who don't have in-person interviews today?

Mr. DONAHUE. The only classes of applicants who don't have in-person interviews today are diplomats and also people whose visa has expired within a year and are applying in the same category at the same posting.

Senator KLOBUCHAR. So that's it. Everyone else has an interview?

Mr. DONAHUE. Everyone else gets an interview and that's—that was put in after 9/11.

Senator KLOBUCHAR. And where are the areas where you think that in-person interviews are most important?

Mr. DONAHUE. I think, first of all, first-time applicants, I think. Not all first-time applicants but for many first-time applicants I think that's really important.

First of all, we need to see them because we also observe—we have an American—a cleared American always observes the collection of the biometrics and that's the real identification of our travelers. And so we think it's very important than an American watch that biometric be collected the very first time, and we do that every time.

Then, I think, the other—certainly, if there's anything in the application that is—makes us wonder well, why is this person going, a lot has to do with what's this person—does it makes sense, does the travel that the person's pursuing make sense.

And then, of course, we do—before the person ever comes in we do extensive background check against U.S. databases and if anything comes up that draws attention to that person we have that person come in for an interview regardless of whether they're eligible for a waiver or not.

Senator KLOBUCHAR. And do you think there's ways to more strategically target consular resources at the high-risk visa applicants who we really want to be screened through an in-person interview?

Mr. DONAHUE. Yes. I think that's—I think there is. I think I mentioned a couple of categories that we think would be—that are obvious right now. There may be other categories of applicants who we can determine from either their past travel, from the information we already have on them, from our knowledge of that country that this particular individual or this—these groups of individuals could be considered.

In every case, we would do it—we would target those interviews so that we would not say that this whole group doesn't need an interview but that that group, the officer could look at the paperwork and say no, this is a person—they had been a student, they're going to be a student, they're in good standing, they're going to the

University of Minnesota and they've been at a—you know, have been a great student there and we can tell this from SEVIS now.

So that we know a lot about these applicants and do we really need to be interviewing this person a second time right in the middle of their 4 years education at the University of Minnesota.

Senator KLOBUCHAR. OK. Very good. Well, thank you. I have a few questions I'll put in writing about the agencies, Mr. Hyatt—how you're working with other agencies.

But I know we want to get on to our second panel and also Senator Thune has some questions here. Thank you.

**STATEMENT OF HON. JOHN THUNE,  
U.S. SENATOR FROM SOUTH DAKOTA**

Senator THUNE. Thank you, Madam Chairman, and thank you for visiting the Black Hills of South Dakota.

Senator KLOBUCHAR. Harney Peak.

Senator THUNE. I hope you will continue to do that, yes.

Senator KLOBUCHAR. Thanks.

[Laughter.]

Senator THUNE. Let me direct this question to Mr. Hyatt, if I might.

I grew up in the tourism business. My town in South Dakota now has about 500 people. I think it had about 800 when I was growing up except between June and August every summer in which it filled up—motels, restaurants, filling stations.

I spent seven summers working in a restaurant mostly as a short-order cook. I had two brothers that worked at filling stations, another one that worked at the big Pioneer Auto Show which is our attraction in town, and my parents managed a motel for about 12 years.

So I know how important tourism is to a state like South Dakota and increasingly international tourism too.

You get more and more visitors who are coming, not just from the region and the country but around the world, and I'm sort of curious to know how much certain things impact. You know, there tends to be—it sort of follows the economic cycle.

If you have good economies, bad economies people travel. In bad economies they don't, and this summer because of all the—and some of it's dictated by weather. We had a lot of flooding this summer so that really impacted the travel business in my state.

But I'm curious to know to what degree fuel prices do that. Yesterday, AAA reported the national average cost for regular gasoline was \$3.40 a gallon.

Last year at this time it was \$2.89 a gallon, and with this instability we're seeing in the Middle East and North Africa oil prices are continuing to remain high, which in turn is going to affect everybody's pocketbooks and when they spend more at the gas pump they tend to spend less on other things.

With regard to transportation costs for airlines, vehicles, trains, et cetera, could you speculate on the effect that higher fuel prices have on tourism in the United States and is there a direct correlation between price at the pump and the amount of travel that we see in this country?

Mr. HYATT. Thank you, Senator.

Our tourism travel—our Tourism and Travel Advisory Board are private—our advisory board filled with private-sector members actually have prepared a document, a paper, on that very topic, on the relationship between fuel prices, energy costs and travel and tourism.

So yes, there is that direct relation and I'd be happy to forward the report which is a very, very detailed, very analytically-based look at the connection between energy cost and travel.

Senator THUNE. Is it broken down geographically? I mean, do you have a—when they did this and—

Mr. HYATT. You know, I don't know the answer to that. I don't remember the report, whether it goes to that level of detail. Obviously, certain states with greater distances to drive would be more—the thinking would be it would be more impacted. I don't remember if the report does that.

Senator THUNE. OK. And did it kind of do like some sensitivity analysis with regard to how much when a price a gallon, let's say, of gas goes up 50 cents—

Mr. HYATT. There is some of that.

Senator THUNE. That percentage then of decline that you might see in a—

Mr. HYATT. There is some of that analysis in the report.

Senator THUNE. OK. I'd be very interested in seeing that.

And that second question I guess I have, skipping on to a different issue but—and maybe this has been touched on. If it hasn't—if it has, forgive me.

But, Mr. Donahue, this discussion about the visa waiver program and its success in promoting travel in the United States, I'm told that the countries participating in that are the largest source of international visitors, comprising about 65 percent of all inbound travel to the United States, and I understand that DHS administers the program.

I'm a little interested about what State's role is in that and what we are doing as a nation to actively encourage more countries to participate in the visa waiver program.

Mr. DONAHUE. Thank you very much for the question, Senator.

The State Department works very closely with the Department of Homeland Security on the visa waiver program and we're involved in one of the visa sharing agreements. We work with other agencies in negotiating one of the agreements that's required for those who want to enter.

We also provide the statistics that help determine whether a country is eligible for the program. They have to have, according to the law, under 3 percent refusal rate and, of course, the refusal rate is our visa refusal rate. So we're involved from that point of view.

And then the Secretary of State is responsible for nominating countries for consideration once they meet the threshold, the 3 percent threshold, and begin the process of meeting the other five or six requirements that are in law for the visa waiver program.

So we're involved in doing that. We certainly provide a lot of information through our embassies to the countries on how to meet the requirements of the visa waiver program.

We work very closely with the teams that come out from the different agencies, including the Department of Homeland Security, to negotiate these agreements and help the countries understand why signing these agreements and working with us on information sharing is in the mutual interest to both countries in securing our borders and ensuring that terrorist travel or criminal travel is inhibited throughout the world.

So we think it's a very great program and, as you say, 65 percent of people travel on that program. We saw a big increase in Korea when they went on the visa waiver program, although that's now leveled off. But it was a—the first year was a huge bump in Korean tourists.

Senator THUNE. Thank you, Madam Chair. Thank you.

Senator KLOBUCHAR. OK. Very good. Thank you, Senator Thune. And I'm going to put Senator Rockefeller's statement in the record.

I want to thank our witnesses and thank also the Commerce Secretary as well as the Secretary of State for the work that's being done here and everyone that's doing the work on the front line. We know there's more to do. We really appreciate your efforts.

Mr. DONAHUE. Thank you for your support.

Mr. HYATT. Thank you.

Senator KLOBUCHAR. Thank you, and while we bring the second panel up we're going to show a video actually from the Corporation for Travel Promotion, which is now doing business as Brand USA.

This is the travel promotion campaign. It's not yet a commercial but it gives you a sense of some of what we're going to see. So if we could start with the video right now.

[VIDEO PRESENTATION.]

Senator KLOBUCHAR. Very good. Oh, there we are. Good.

[APPLAUSE.]

Senator KLOBUCHAR. We don't always have applause at a hearing so that's very exciting for us.

Senator BLUNT. I think almost never.

Senator KLOBUCHAR. Yes, never. I'll introduce all four of our witnesses in the next panel.

First, Mr. Jim Evans, who is the CEO of Brand USA. We look forward to hearing from you. Mr. John Edman is the Director of Explore Minnesota Tourism, the official state tourism agency for Minnesota.

I would note that he was appointed by Governor Jesse Ventura, then reappointed by Governor Pawlenty, then reappointed by Governor Dayton. So just like the people in the travel industry he is a true survivor. So thank you for that and all your good work.

Mr. Jonathan Zuk—is it Zuk? Did I say it right?

Mr. ZUK. Zuk is correct.

Senator KLOBUCHAR. Is the Vice Chairman of the Receptive Services Association of America as well as the President of Amadeo—

Mr. ZUK. Amadeo.

Senator KLOBUCHAR. Amadeo. Amadeo Travel Solutions. And then finally, Mr. Jonathan Tisch is the Chairman and CEO of Loews Hotels and Chairman of the U.S. Travel Association forever. He founded it. So thank you very much.

We will first start with Mr. Evans.

**STATEMENT OF JAMES P. EVANS, CHIEF EXECUTIVE OFFICER,  
BRAND USA**

Mr. EVANS. Thank you, Madam Chair, Senator Blunt, esteemed members of the Subcommittee. It's a pleasure to meet with you today and to report on the progress of the Corporation for Travel Promotion, now doing business as Brand USA.

Increasing international visitation to the United States is critical because it provides a stimulus without taxpayer burden. In 2010, travel and tourism exports totaled \$134 billion, which was 7 percent of U.S. exports.

Travel and tourism industry supports 7.5 million American jobs of which 1.1 million are supported by international travelers. And with every 65 international travelers to the United States supporting one job, international visitation is a vital part of each of this nation's 435 Congressional districts.

Yet, due in part to our lack of a coordinated international marketing program, the United States' share of international arrivals declined from 17 percent of the world travel market in 2000 to 12 percent today.

Oxford Analytica estimates the cost to this country of lost potential global market share as 78 million visitors and 6.6—excuse me, \$606 billion in revenue. Brand USA was established to reverse this decline and to capitalize on the growth in the international travel market. The World Travel Organization forecasts global travel spending to double to \$2.1 trillion by 2020 and to increase by 10 percent as a share of global travel GDP.

Further, the U.S. Department of Commerce forecasts that by 2016 the United States will welcome 81 million visitors, which is 22 million additional visitors above 2010 and will support 338,000 more jobs.

Last week, we unveiled Brand USA to the global tourism community at World Travel Market in London. Brand USA is truly a brand for Americans to be proud of. Our brand captures the indomitable spirit of inclusivity and possibility as the greatest destination in the world.

Brand USA is committed to developing innovative cooperating marketing programs that will create and add value for the U.S. travel and tourism industry. And while in London we met with Visit USA representatives of the United Kingdom and Europe.

Through our relationships with these kinds of industry partners, Brand USA will develop customized initiatives targeted to key international markets. At home, we've met with iconic destinations and brands as well as smaller destinations.

In the coming days and weeks, we will continue to meet with an inclusive cross-section of the industry such as Visit Wyoming, the South Dakota Department of Tourism, and our National Park Service.

Since I joined Brand USA as CEO in late May, I'm pleased to report great progress. We have recruited some of the most talented minds in tourism marketing to develop a strategy to recapture the world's imagination. Our team is a diverse and international group. We speak seven languages and have lived all over the world.

We have been proactive in ensuring transparency in our operations. Each month we hold an open board meeting that any mem-

ber of the public is welcome to listen in on. We post the minutes of these meetings on our corporate website, *thebrandusa.com*, which I encourage everyone to visit.

Our focus between now and the launch of our first international advertising campaign in March is essentially three-fold.

First, we are highly committed to raising monies from the travel and tourism industry and beyond. Brand USA has cash commitments in excess of \$4 million and in kind commitments at over \$12 million.

We believe in delivering to the Department of Commerce—we plan on delivering to the Department of Commerce—our first request for a drawdown of matching funds as soon as next week.

Second, we are swiftly developing marketing communications for all key markets. Our logo and brand strategy give you a sense of the innovative direction in which we are headed. In March, we plan to launch our global advertising campaign.

We're selecting our target markets based on a robust analysis of factors—such as volume of the international travel, the value or spend of the travelers from that location, the growth potential, ease of entry into the United States, seasonality, and more.

And finally, we are engaged in frequent communications with industry and the government. Since October 1, our team has participated in 24 conferences and meetings to bring Brand USA to our stakeholders and seek their input.

Brand USA must be an inclusive model that promotes not only traditional attractions and destinations but also cultural tourism and outdoor spaces that attract increasing numbers of return visitors.

We maintain a cooperative and collaborative relationship with Congress and the executive branch. There is great mutual interest to promote the Brand USA message and to ensure that visa and entry/exit policies allow the United States to take full advantage of our efforts.

You'll be hearing more from us as we progress on Brand USA activities and promotional efforts.

I thank you for your time this afternoon and look forward to answering your questions.

[The prepared statement of Mr. Evans follows:]

PREPARED STATEMENT OF JAMES P. EVANS, CHIEF EXECUTIVE OFFICER, BRAND USA

#### **Introduction**

Esteemed members of the Subcommittee, it is a pleasure to meet with you today and report on our progress at the Corporation for Travel Promotion now doing business as Brand USA. Thanks to the vision and continued support of Congress and the administration, the United States is now in a much-improved position to compete for international visitors. This is good news for business owners across the country in tourism-related industries.

#### **Travel and Tourism: A Growing Global Opportunity**

We are eager to continue our collaboration with the government to achieve the National Export Initiative. In 2010, travel and tourism exports totaled \$134 billion, which was 7 percent of total U.S. exports and 25 percent of U.S. services exports. Travel and tourism industries support 7.5 million jobs, of which 1.1 million are supported by international travelers. Increasing international visitation to the United States is now more important than ever because it provides a stimulus without taxpayer burden. With every 65 international travelers to the United States supporting

1 U.S. job, international visitation is vital part of each of this Nation's 435 congressional districts.

Until now, the United States has been one of few industrialized nations without a coordinated international visitation program. Since 2000, our share of international arrivals declined by 37 percent—from 17 percent of the world market in 2000 to 11 percent today. Between 2000 and 2010, global travel market grew by more than 60 million travelers annually, yet U.S. visitation stayed virtually flat. According to Oxford Analytica, the cost to this country of lost potential global market share is 78 million visitors and \$606 billion in lost spending. Brand USA was established precisely to reverse the decline in international visitation to the United States and return this country to its pre-2001 trajectory.

Currently, the travel market is one of the few booming sectors globally. The World Travel Organization forecasts global travel spending to double to \$2.1 trillion by 2020 and increase by 10 percent as a share of global GDP. Further, according to the U.S. Department of Commerce, visitor volume is expected to increase 6 percent in 2011. Going forward, the United States is forecast to see a 5 percent annual growth rate in visitor volume from 2012 to 2016. By 2016 we are forecast to welcome 81 million visitors, which is an additional 22 million visitors and support for 338,000 jobs over 2010.

#### **Brand USA**

This month, we unveiled Brand USA to the global tourism industry at the World Travel Market in London and we were extremely well received (earned media value from the brand unveiling is estimated in the hundreds of thousands). Brand USA is truly a brand for Americans to be proud of. Our brand captures the indomitable spirit of inclusivity and possibility as the greatest destination in the world.

Brand USA is committed to developing innovative, cooperative marketing programs that will create and add value for the U.S. travel and tourism industry. While in London, we met with Visit USA representatives of the UK and Europe. Through our relationships with these kinds of industry partners, Brand USA will develop customized initiatives targeted to key international markets. At home, we've met with iconic destinations and brands as well as smaller destinations. In the coming days and weeks, we will continue to meet with an inclusive cross-section of the industry such as Visit Wyoming, the South Dakota Department of Tourism, and the National Parks Service.

#### **Progress at Brand USA**

Since I joined Brand USA as CEO in late May, I am pleased to report robust progress. We have recruited some of the best minds in the marketing world to develop a strategy to recapture the world's imagination and inspire millions of international travelers to visit U.S. destinations from coast to coast. Our team is a diverse and international group: we speak seven languages and have lived everywhere from the Netherlands to Japan to Brazil, and beyond.

In just a few short months we have set up our offices near Farragut West, taken on two beautiful websites, and unveiled this country's new brand to a feted industry reception in London.

We have been proactive in assuring transparency in our operations. Each month we have held an open board meeting that any member of the public is able to dial into. We post the minutes of these meetings on our corporate website, [thebrandusa.com](http://thebrandusa.com), which I encourage you to visit.

Our focus between now and the launch of our first international marketing campaigns in March is essentially three-fold. *First*, we are highly committed to raising monies from the travel and tourism industry to fund Brand USA's operations and marketing campaigns. Brand USA has cash commitments in excess of \$4 million and "in-kind" commitments of over \$12 million. We will be delivering to the Department of Commerce our first request for a drawdown of matching funds as soon as next week.

*Second*, we are swiftly developing marketing communications for our key markets. Our logo and brand strategy give you a sense of the innovative direction in which we are headed. In March we plan to launch our global advertising campaign. We are selecting our target markets based on a robust analysis of factors such as volume of international travel, value, growth, prominence of target market, ease of entry, seasonality, and more.

*Finally*, we are engaged in frequent communication with industry and government stakeholders to inform Brand USA activities, messaging and policies so that they reflect the state of industry and government stakeholders. Since October 1, our team has participated in 24 conferences and meetings to bring Brand USA to our stakeholders. Brand USA must be an inclusive model that promotes not only tradi-

tional attractions and destinations, but also cultural tourism and outdoors spaces that will attract increasing numbers of return visitors. Constant exchange with brands in all sectors of the travel industry—including lodging, transportation, attractions, retail, distribution, tour operation, rental cars, food and beverage, financial services, and more—in all areas of the country is critical to ensuring that we accurately embody all they have to offer and that we demonstrate to them the return on their investment in Brand USA. We are also preparing to meet with the Chief Marketing Officers of the leading CVBs and DMOs—small and large—across the country to ensure that we incorporate their ideas into our marketing.

Stakeholder communication also means maintaining a cooperative and collaborative relationship with the Congress and with the Executive Branch. We all share the national goal of increasing international visitation and creating jobs. There is a great convergence of interest to promote the Brand USA message and ensure that visa and entry/exit policies allow our country to take full advantage of our efforts. Increased demand for visas from emerging markets like Brazil, China, and India require appropriate response from responsible U.S. government agencies. According to the Department of Commerce, last year we had 1.2 million visitors from Brazil (a 34 percent increase over 2009); 802,000 visitors from China (a 53 percent increase over 2009); and 651,000 from India (an 18 percent increase over 2009).

You will be hearing from us as we progress on Brand USA activities, messaging, and policies to ensure you are aware of the state of the industry and our promotion efforts. Thank you for your time, and I look forward to answering any questions you might have.

Senator KLOBUCHAR. Thank you very much, Mr. Evans.  
Mr. Edman?

**STATEMENT OF JOHN F. EDMAN, DIRECTOR,  
EXPLORE MINNESOTA TOURISM**

Mr. EDMAN. Well, thank you, Madam Chair, and thank you for everyone on the Committee for giving the travel industry the attention that it deserves and I really do appreciate the opportunity to speak from the perspective of a smaller state like Minnesota, although I have observed, Madam Chair, due to your efforts the stature of our state looms large in the eyes of this Committee.

It's worth repeating but travel and tourism does work for—

Senator KLOBUCHAR. That's why you survived three Governors, I see that. OK.

[Laughter.]

Mr. EDMAN. As Mr. Evans mentioned, our industry generates \$1.7 trillion and one in nine jobs, and that affects all states, including states like Minnesota. As you know, Minnesota is the north central part of the country.

We're well known for our outdoors and our natural resources. That's why people originally came to our state.

But we also are home to many large cities and small towns. Our largest area, Minneapolis-St. Paul, is home to over 20 Fortune 500 companies and a great place for business to prosper. The area is also a major tourism destination, drawing visitors for arts and museums and sports.

Now, in Minnesota tourism is an \$11 billion industry, and just to put that in perspective, the economic impact is comparable to agriculture in terms of its importance in our state. Travel and tourism generates over 17 percent of all sales tax in Minnesota. That's over \$700 million.

And our industry generates over 240,000 jobs. That's roughly 11 percent of all the private-sector jobs in our state.

Each year, 39 million travelers come to Minnesota for leisure and for business and these people stay in hotels, resorts, but they also

have secondary impacts on businesses from financial services to printing and everything in between. Half of the economic impact is in the Minneapolis-St. Paul area.

The travel spending reaches every other part of our state as well and there are many rural counties in our state that the leisure and hospitality industry is the primary employer. As you would have guessed, summer is our primary season for travel but the economic impact is felt year round.

We draw people mostly from the north central region for leisure and for business, and we've affected—we felt the same impact of travel trends as the rest of the country and that includes travel closer to home, more last-minute travel, higher demand for value or bargains in travel spending.

But this last year we've seen a gradual increase in occupancy and hotel revenue and we're starting to see longer-haul travel to our state, an increased interest from abroad. Internationally, we draw people to our state for business and education.

We are—draw people because of our well-known attractions—the Mississippi River, the Great Lakes and Minneapolis-St. Paul, of course, the Mall of America, which brings in over 3 million international visitors annually. But our most important international market is Canada and we've seen significant growth—43 percent in Canadian traveler spending in 2010.

Other markets include the U.K., Scandinavian countries, Germany, Japan and Mexico, and we're also showing some increased interest in the opportunities in China as well.

International travel can certainly help the hospitality industry recover from the impacts of the recession and, indeed, the entire country needs to be ready to compete effectively in the marketplace.

As we strive to attract visitors from abroad, it's important that we make it easier for visitors to come to our country.

America's burdensome visa process drives millions of visitors to other countries, which imposes an enormous cost for all of our states.

Key to economic growth and job creation is a smarter visa policy and we need to reduce visa wait times and make travel to the U.S. easier, and I am very pleased, Madam Chair and members of the Committee, with your efforts on the provisions in the International Travel Facilitation Act, which helps alleviate long wait times at embassies and gives the State Department the tools and incentives it needs.

And then, finally, facilitating the visa process is important but it's not the only thing we can do and I'm very pleased that Congress last year passed into the law the Corporation for Travel Promotion to give a strong brand, as Mr. Evans was talking about, in the international marketplace, and this public and private effort is exactly the kind of tool we should be making.

We should have been doing this years ago, to speak with one voice as we seek to increase market share of travelers to this incredible collection of 50 states.

Travel and tourism is a huge driver for employment and economic development and I greatly appreciate the work of this Committee in support of travel and tourism and jobs. Travel and tour-

ism—it works for Minnesota, it works for America and it works for us all.

Thank you very much.

[The prepared statement of Mr. Edman follows:]

PREPARED STATEMENT OF JOHN F. EDMAN, DIRECTOR, EXPLORE MINNESOTA TOURISM

Madam Chair and members of the Subcommittee: My name is John Edman and I am Director of Explore Minnesota Tourism, the official state tourism agency for the state of Minnesota. I want to thank you for all you have done to address the issues travel and tourism in the U. S., and thank you for giving me the opportunity to talk about the economic impact of travel and tourism in my home state of Minnesota.

I am very pleased to have the opportunity to comment on the travel industry's impact on the economy from the perspective of a smaller state like Minnesota. Travel and Tourism Works for America, and this industry is crucial to our country's overall economy. The leisure and hospitality sector generates \$1.7 trillion in gross sales and supports one in nine jobs nationwide. Domestic and international travelers purchase a diverse range of goods and services, which impacts the economies of each of the fifty states.

Minnesota is located in the north-central part of the country and is well-known for its abundance natural resources, including our 10,000-plus lakes. For well over a century, our lakes and woods have drawn visitors for outstanding outdoor recreation. Minnesota is also home to vibrant large cities and small towns. Our largest metropolitan area, Minneapolis-St. Paul, is headquarters to more than twenty *Fortune 500* companies, drawing business travelers from around the world. The Twin Cities area is also a major tourism destination, drawing visitors for its top-notch arts and museums, sports, and shopping.

Travel and tourism in Minnesota is an \$11 billion industry, a vital part of our diverse economy. It impacts every county in our state, and is comparable to agriculture in its contributions to the gross state product. Travel and tourism also generate more than 17 percent of Minnesota's annual sales tax revenues, almost \$700 million. What's more, our leisure and hospitality sector accounts for more than 238,000 jobs, or roughly 11 percent of all private-sector jobs in our state.

Each year, 39 million travelers come to Minnesota to enjoy our natural resources and cultural attractions, attend conventions and do business. These visitors spend money at businesses throughout the state, including hotels, resorts, restaurants, shops, museums, gas stations, car rentals and more. But these direct expenditures also generate a wide variety of secondary impacts across Minnesota. From financial services to printing, a wide variety of Main Street businesses benefit from spending by the leisure and hospitality sector.

Travel and tourism generates business in every region of our state, from large metropolitan areas to small towns and villages, from our north woods and lakes to our rural areas. More than half of the economic impact of travel and tourism in Minnesota is in the Minneapolis-St. Paul metropolitan area. But travel and tourism are important to local economies throughout the state. There are many areas where the hospitality industry is a primary business and lead employer. Although summer is Minnesota's primary season for leisure travel, the economic impact of travel and tourism in our state is felt year-round.

Minnesota's primary travel market is the North Central U.S., although we attract leisure and business travelers from across the country. Minnesota has felt the impact of several trends in domestic travel in recent years, responses to the public's concern about the economy. These trends include travel closer to home, more last-minute travel planning, and higher demand for good values in travel spending.

In addition to domestic leisure and business travelers, Minnesota draws visitors from around the world for business, education, cultural exchanges and vacation travel. Among our draws for international leisure travelers are the Mississippi River, our great Lake Superior, the cosmopolitan Minneapolis-St. Paul area and Mall of America, the largest shopping and entertainment mall in the U.S. The Mall of America alone attracts more than 3 million international visitors annually.

Our most important international market is Canada; we have seen significant growth in the number of Canadian visitors in the past year. Other target markets include the United Kingdom, the Scandinavian countries, Germany, Japan, and Mexico. Minnesota sees tremendous growth opportunities for new markets such as China. For cost-effective international marketing, Explore Minnesota works with coalitions of other states, such as Great Lakes USA and Mississippi River Country.

These partnerships allow us to expand our reach by working with other states on common goals.

Minnesota's travel and tourism industry is showing signs of gradual improvement compared to our industry's health just a few years ago. This reflects the slow recovery U.S. travel is undergoing following the significant toll the recession took on this industry. In Minnesota, we have seen a gradual increase in hotel occupancy and revenues as leisure travel rebounds and businesses begin to spend more on travel again. We are also starting to see longer haul travel and an increase interest in travel from abroad. International travel can significantly help the hospitality industry Minnesota and other states recover from the impacts of the recession. In addition, the United States needs to be ready to compete effectively in the international travel market as the global economy expands in years to come.

As Minnesota and other states strive to attract new visitors from abroad, it is important that the U.S. is welcoming and makes it easier for visitors to come to our country. America's burdensome visa process drives millions of international visitors to other countries, which imposes an enormous cost for Minnesota and all of our fifty states. Key to economic growth and job creation in the travel sector is a smarter visa policy to reduce wait times and increase ease of travel. As director of the state of Minnesota's official tourism agency, I strongly support the International Travel Facilitation Act.

Facilitating the visa process is important, but it is not the only thing that we can do. I am very pleased that Congress last year authorized the Corporation for Travel Promotion to create a strong brand for the U.S.A. in the international travel market. This public and private program is exactly the kind of effort we should be making as a country to speak with one voice, cut through the clutter, and increase the market share of travelers to this incredible collection of fifty diverse states. Efforts such as these promote the entire country and bring jobs and growth for us all.

Travel and tourism is a huge economic driver for jobs, economic development and state revenue for all fifty states. I greatly appreciate all the efforts this committee has made to support travel promotion and travel-related jobs in the U.S. and the attention that you are giving our industry through hearings such as this. Travel and tourism works for Minnesota, works for America, and works for us all. Thank you, Madam Chair and committee members, for giving travel and tourism the attention that it deserves.

Senator KLOBUCHAR. Thank you very much, Mr. Edman.  
Mr. Zuk?

**STATEMENT OF JONATHAN ZUK, PRESIDENT,  
AMADEO TRAVEL SOLUTIONS/VICE CHAIRMAN,  
RECEPTIVE SERVICES ASSOCIATION OF AMERICA**

Mr. ZUK. Madam Chair Klobuchar, Senator Blunt and members of the Committee, it's indeed an honor to appear before you today.

The Receptive Services Association of America, RSAA, is a national nonprofit trade association whose primary mission is to facilitate international travel to and within the United States.

The Association's members include resident United States inbound tour operators and destination management companies, tourist service suppliers such as hotels, transportation companies, attractions, as well as a host of other U.S. tourism product suppliers. A significant portion of our members would be called small businesses.

Acting as facilitators, the Receptive tour operators provide a commercially viable opportunity for small and often financially challenged destinations, attractions and tourism suppliers to market themselves on a worldwide basis through a direct pipeline to the international traveler.

This enables these small businesses to expand their global reach and benefit from our extensive expertise and partnerships.

Our members' main function is as a bridge between the international traveler and the tourism service provider in the United

States. We achieve this goal by working closely with tour companies around the world who specialize in selling the United States as a travel destination. These overseas colleagues will call on our members to organize all the components or many of them of a guest's visit.

RSAA members specialize in developing memorable experience for international travelers by contracting hotels, tours, excursions and many more. These products are marketed and sold internationally through our tour company clients.

Foreign tour companies that sell the USA as a tourist destination generally belong to a marketing organization called Visit USA. Visit USA committees are nonprofit organizations that have been established in most of the countries which comprise the main source of visitors to the United States, typically the visa waiver countries, and whose sole purpose is to promote travel to the USA.

These tour companies are specialists in selling and promoting tourism in various destinations around the world including but not limited to the United States.

In the absence of any nationally or federally funded program, RSAA members, together with Visit USA members, have traditionally shouldered the burden of marketing and promoting and selling the United States as a tourist destination.

For example, Visit USA Europe represents more than 13 countries within Europe and includes most of the top ten source markets for the USA. RSAA and Visit USA Europe work in a strategic partnership whose purpose is to facilitate and increase travel to the United States.

RSAA members are the only link in the entire tourism chain that depends solely on the international traveler for their livelihood and are acutely and instantly aware of any changes or trends in their source markets.

This role has resulted in a wealth of knowledge and expertise unparalleled in any sector of the travel industry.

RSAA members are responsible for driving approximately 6 billion export dollars in annual spending by overseas visitors in the United States and hundreds of thousands of jobs nationwide benefit from this expenditure.

Department of Commerce estimates the total number of leisure visitors to the United States at 14.6 million visitors of which 8 million arrive from our partners in Europe.

Our members are intimately involved with over 30 percent of that total and are a major factor in other sectors such as business travel, meeting and conventions. Increased travel to the United States immediately results in new jobs and economic growth.

On the other hand, you must recognize that reduced travel to the United States costs our country jobs and leads to the loss of many small tourism-oriented businesses across the country.

It is paramount that our nation's efforts are correctly focused and creative, and in a collaborative atmosphere with our tourism partners around the world.

We caution that an international marketing approach must involve our foreign partners who already have the knowledge and expertise to send tourists to the United States, and failure to do so would create a backlash that would create the opposite effect.

Since the Travel Promotion Act was first proposed, we have enthusiastically supported any and all efforts to promote visits to the United States and we fully support the creation of the CTP, now Brand USA Inc.

And RSAA and Visit USA Europe are experts in promoting and marketing the USA as a tourist destination, and although we have yet to collaborate we look forward to building and working with Brand USA in building an unsurpassed worldwide marketing program.

The competition to attract the international long-haul traveler is fierce, and even though we have not had an international federal program, international demand for the United States has maintained strong levels and competing destinations have suffered from political and natural disasters which have an immediate effect on travel.

The cloud on the horizon is the international economic situation and the loss of disposable income to the middle class around the world. These are the people who make up the bulk of our international visitors.

The good news is that in turbulent times the world seeks out the stability and comfort of the United States and its strong currency.

However, in the arena of international competition for the world traveler, the United States does suffer from a disadvantage due to visa rules and we urge you to add to and expand the list of the visa waiver countries and encourage a faster, cheaper and less cumbersome way to process the visa applications.

It is our belief that by working together to use all our advantages and capabilities we will be able to succeed and thrive to make the United States this nation of choice for tourists worldwide.

Thank you for having us here today and I'm free to answer any questions.

[The prepared statement of Mr. Zuk follows:]

PREPARED STATEMENT OF JONATHAN ZUK, PRESIDENT, AMADEO TRAVEL SOLUTIONS/  
VICE CHAIRMAN, RECEPTIVE SERVICES ASSOCIATION OF AMERICA

Chairwoman Klobuchar, Senator Blunt and members of the Committee, it is indeed an honor to appear before you today. My name is Jonathan Zuk, and I am the Vice Chairman of the Receptive Services Association of America.

The Receptive Services Association of America (RSAA) is a national non-profit trade association whose primary mission is to facilitate international travel to and within the United States.

The Association's members include resident United States inbound tour operators and destination management companies, tour service suppliers such as hotels, transportation companies, attractions, destinations as well as a host of other U.S. tourism product suppliers. A significant portion of our members would be classified as "Small Businesses".

Acting as facilitator's receptive tour operators provide a commercially viable opportunity for small, and often financially challenged destinations, attractions, and other tourism suppliers to market themselves on a worldwide basis through our direct pipeline to the international traveler. This enables these small businesses to expand their global reach and to benefit from our extensive expertise and partnerships. Our member's main function is as a "bridge" between the international traveler and the tourism service provider in the United States. We achieve this goal by working closely with tour companies around the world who specialize in selling the United States as a travel destination. These overseas colleagues will call on our members to organize many, if not all the components of a guests visit. We provide one stop shopping.

To facilitate these services our member's contract with and purchase tourism products from providers throughout the 50 states and Puerto Rico. These products

cover a comprehensive range, from popular destinations, and attractions to the rural, extraordinary and off the beaten path, areas.

RSAA members specialize in providing memorable experiences for international travelers, including hotels, tours, excursions, dude ranches, sailing adventures, bike tours, off road vehicles, back country visits, helicopter rides, restaurant reservations, tickets to attractions and theater and many more.

These products are marketed and sold internationally through our tour company clients.

Foreign tour companies that sell the USA, as a tourist destination generally belong to a marketing organization called Visit USA. Visit USA committees are non-profit organizations that have been established in most of the countries which comprise the main source of visitors to the United States (typically the visa waiver countries) and whose sole purpose is to promote travel to the USA. These tour companies are specialists in selling and promoting tourism in various destinations around the world, including, but not limited to, the United States.

In the absence of any "national or federally funded program", RSAA members together with Visit USA members have traditionally shouldered the burden of marketing, promoting and selling the United States as a tourist destination worldwide. For Example, Visit USA Europe represents more than 13 countries within Europe and includes most of the top 10 source markets for the USA, such as the United Kingdom, Germany, France, Italy, Spain while also representing important growth markets such as Russia.

RSAA and VISIT USA Europe work in a strategic partnership whose purpose is to facilitate and increase travel to the United States.

RSAA members are the only link in the entire tourism chain that depends solely on the international traveler for their livelihood and are acutely and instantly aware of any changes or trends in their source markets. This unique role has resulted in a wealth of knowledge and expertise unparalleled in any sector of the travel industry. This knowledge serves as the foundation for the world traveler visiting the United States and its influence is substantial, especially in the perennial top ten visitor countries for the USA.

RSAA members are responsible for driving approximately 6 Billion export dollars in annual spending by overseas visitors in the United States, and hundreds of thousands of jobs nationwide that benefit from this expenditure. The Department of Commerce estimates the total number of leisure visitors to the United States per year at 14.6 million visitors, of which 8 million arrive from our partners in Europe. Our members are intimately involved in facilitating and organizing over 30 percent of that total, and are a major factor in other sectors such as business travel, meeting and conventions, education programs summer camps and many more. If they come here we will facilitate it.

Increased travel to the United States immediately results in new jobs and economic growth, on the other hand we must also recognize that reduced travel to the United States costs our country jobs and leads to the loss of many small tourism oriented businesses across the country. It is therefore paramount that our Nation's efforts are correctly focused and create a collaborative atmosphere with our tourism partners around the world.

RSAA cautions that an international marketing approach must involve our foreign partners who already have the knowledge and expertise to send tourists to the United States. Failure to utilize existing partners may cause a backlash that would create the opposite effect on our overall numbers as a country.

Since the Travel Promotion Act was first proposed we have enthusiastically supported any and all efforts to promote visits to the United States. We fully support the creation of the CTP, now Brand USA Inc, and look forward to participating in any and all of their marketing efforts.

We stand ready to lend our expertise and unique knowledge to the Brand USA Inc management team and will be delighted to contribute our unsurpassed "local" knowledge. Brand USA Inc has a huge task ahead of it and many different segments of the market are poised to participate in the effort and programs. Satisfying everyone is not an enviable task. However as I have indicated our segment of the industry is the only sector that encompasses all of the other sectors and offers unparalleled expertise.

The competition to attract the International "Long Haul" Traveler is fierce and the budgets that are spent by rival countries such as Australia, the United Kingdom, Turkey and others are always significant, even though we have not had a national or Federal program, international demand for travel to the United States has maintained very strong levels. Competing destinations have suffered from political economic turmoil and natural disasters which have an immediate effect on travel. Within this context the United States is seen as a safe destination with world class

services, facilities, attractions and activities. The cloud on the horizon is the international economic situation and the loss of disposable income to the middle class around the world. These are the people who make up the bulk of our international visitors. We feel that in turbulent times, the world seeks out the stability and comfort of the United States and its strong currency.

In the arena of international competition for the world traveler, the United States does suffer from a disadvantage due to the Visa rules, the processing cost and time.

While we understand and support any and all efforts to maintain a high level of security, throughout the country, we urge you to explore the option of adding to the visa Waiver countries. To seek a faster cheaper and less cumbersome way to process visa applications. We are confident that this will help grow the number of visitors to the United States.

Through all of this, the demand for travel to the United States is still growing and there is an opportunity for Brand USA and the industry to capitalize on this momentum. It is our belief that by working together to use all our advantages and capabilities, we will be able to succeed and thrive to make the United States the destination of choice for tourists worldwide.

Thank you.

Senator KLOBUCHAR. Thank you very much.  
Mr. Tisch?

**STATEMENT OF JONATHAN TISCH, CO-CHAIR OF THE BOARD,  
LOEWS CORPORATION, CHAIRMAN AND CHIEF EXECUTIVE  
OFFICER, LOEWS HOTELS**

Mr. TISCH. Chairwoman Klobuchar, Ranking Member Blunt and members of the Committee, thank you for inviting me to speak today on an issue that is of critical importance to America's economy, specifically, the need to boost our competitiveness when it comes to attracting international travelers.

Under your joint direction, this Subcommittee has been reenergized and our industry welcomes and appreciates your leadership. As you've heard, America's travel industry generates nearly \$1.7, \$1.8 trillion of economic output annually and directly employs 7.5 million Americans.

The hotels and the accommodations segment in which my company, Loews Hotels, operates accounts for nearly \$131 billion in economic output and 1.7 million Americans make a living in this segment of travel and tourism, and we operate more than 53,000 places of business nationwide.

Nearly one-fifth of those jobs depend on international travel. More importantly, international travel is where the jobs of the future should be created. Between 2000 and 2010, the world experienced an international travel boom or at least some of it did.

During that decade, long-haul travel to China and India grew by more than 120 percent. Italy was up 48 percent and Japan 32 percent.

How did we perform? The U.S. was up just 2 percent. Globally, our market share fell from 17 percent in 2000 to, as you've heard, 12.4 percent in 2010. The economic stakes here are enormous.

Our government should establish a national goal of reclaiming our share of the overseas travel market. Regaining our 17 percent market share would attract an additional 98 million visitors to the U.S., generating more than 1 million new jobs and \$859 billion in economic output, according to the U.S. Travel Association. Now, how do we reach that goal?

First, Congress should continue to support the Corporation for Travel Promotion or, as we now know it, Brand USA. Just this

year alone, the U.K., South Korea and Mexico all rolled out campaigns to promote their countries to international travelers. If the U.S. is going to compete, Brand USA has a critical role to play.

Second, we must reform America's burdensome and bureaucratic visa system. While other countries are winning more global travel business, our visa system operates like a giant "not welcome" sign.

In China, there are only five U.S. visa-processing centers to serve a country of 1.3 billion people. Many potential Chinese visitors must travel hundreds of miles to apply for a visa only to confront long lines, cramped facilities and hard-working but overstretched consular officers.

The travel industry is working closely with the State Department, particularly with Deputy Secretary Tom Nides, to implement reforms and improve the process.

One area where Congress can make a substantial impact is, as you've heard, expanding the visa waiver program. Adding countries like Brazil, Poland and Chile could quickly double the number of arrivals from these three countries, generating an additional \$7 billion in spending and creating another 50,000 American jobs.

I would like to thank Chairwoman Klobuchar and Subcommittee members Blunt, Heller and Warner, and Senators Mikulski and Kirk for championing legislation to make the visa process more efficient and more effective. Senators Schumer and Lee have also demonstrated strong leadership by introducing the Visit USA Act.

These bills and others recently introduced in the Senate and the House represent important steps toward improving our visa process and making the U.S. a more welcoming destination.

And third, another strategic priority must be addressed when we look at America's inadequate infrastructure and, specifically, our aviation infrastructure.

One visit to a U.S. airport is usually enough to persuade visitors that our aviation infrastructure is antiquated, inefficient and unwelcoming. U.S. aviation infrastructure ranks 32nd in the world behind countries like Panama, Chile and Malaysia.

The American Society of Civil Engineers gave U.S. aviation infrastructure a D grade. Modernizing and upgrading our aviation infrastructure requires significant investment but consider the costs that are already imposed on our economy.

Flight delays at New York's three major airports cost the regional economy \$2.6 billion in 2008 and the estimates are by 2025 that number will be \$79 billion. Unfortunately, plans to modernize America's infrastructure are as gridlocked as our nation's airports.

The Surface Transportation Act expired in 2009. It is now on its eighth temporary extension. Legislation to fund the next-generation air transportation system is mired in controversy. This needs to change and needs to change quickly.

We should also pursue innovative public-private partnerships to leverage our resources. The main point that I would like to impress upon you is the huge potential of the global travel market. Tapping into this potential starts by establishing a national goal of reclaiming America's 17 percent of that market share and enacting the policies to get us there.

In my industry alone, restoring the U.S. share to 2000 levels would create more than 400,000 new jobs by 2015.

As Chairman Emeritus of the U.S. Travel Association, I can tell you that our members stand united and ready to work with you to help America compete and win in this very competitive market.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Tisch follows:]

PREPARED STATEMENT OF JONATHAN TISCH, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, LOEWS HOTELS AND CHAIRMAN EMERITUS, U.S. TRAVEL ASSOCIATION

Chairwoman Klobuchar, Ranking Member Blunt, members of the Committee: Thank you for inviting me to speak today about an issue of critical importance to America's economy—specifically, the U.S. travel industry and the need to boost our competitiveness when it comes to attracting international travelers. Under your joint direction, this subcommittee has been re-energized—and our industry welcomes and appreciates your leadership.

For the first time in several years, the travel industry is finally seeing evidence that the recovery is taking hold. Hotel demand and occupancy are both up over the last year.<sup>1</sup> Our baseline economic metric—"revenue per available room"—is up 8.3 percent industry-wide.<sup>2</sup> That's a positive sign for both our industry and the overall economy.

America's travel industry is responsible for generating nearly \$1.8 trillion of economic output annually and directly employing 7.5 million Americans.<sup>3</sup> The hotels and accommodations segment in which my company, Loews Hotels, operates accounts for nearly \$131 billion in economic output and 1.75 million American jobs at more than 53,000 places of business nationwide.<sup>4</sup>

Nearly one-fifth of those jobs are dependent on international travel.<sup>5</sup> More importantly, international travel is where the jobs of the future could be—*should be*—created. The most lucrative segment of the travel market—international long-haul travel—grew by 40 percent over the last 10 years and is projected to grow another 40 percent over the next ten.<sup>6</sup>

Between 2000 and 2010, the world experienced an international travel boom—or at least most of it did. During that decade, long-haul travel to China grew by 126 percent; travel to India shot up 124 percent. Italy was up 48 percent, Japan 32 percent and Australia 23 percent.<sup>7</sup>

And how did the U.S. perform during this global travel "gold rush?" Long-haul travel to the U.S. was up a paltry 2 percent. Globally, our share of this critical market fell from 17 percent in 2000 to just 12.4 percent in 2010.<sup>8</sup>

The economic stakes here are truly enormous. Our government should establish a *national goal* of reclaiming our share of the international travel market.

Consider this fact: Each overseas traveler to the U.S. spends an average of \$4,000 during a visit.<sup>9</sup> Simply regaining our 17 percent market share would attract an additional 98 million visitors to the U.S.—generating more than one million new jobs and \$859 billion in economic output, according to the U.S. Travel Association.

So now the critical question: How do we reach that national goal?

Today, I'd like to briefly outline three strategic policy priorities that will enhance America's competitiveness in attracting international visitors and create a new stream of growth in our economy.

*First*, Congress should continue to support the Corporation for Travel Promotion—now known as Brand USA—established under the Travel Promotion Act, a landmark piece of legislation which was made possible due to the strong support of members like Chairwoman Klobuchar, Senator Begich and then-Representative Blunt. Jim Evans, CEO of Brand USA is here today to update you on the exciting work of this innovative, public-private partnership, the first-ever advertising and promotion campaign aimed at bringing more overseas travelers to the U.S.

<sup>1</sup> "Outlook for the U.S. Lodging Industry," Smith Travel Research, October 27, 2011.

<sup>2</sup> *Ibid.*

<sup>3</sup> U.S. Travel Association.

<sup>4</sup> *Ibid.*

<sup>5</sup> *Ibid.*

<sup>6</sup> U.S. Travel Association, based on Oxford Economics data.

<sup>7</sup> Office of Travel & Tourism Industries; Oxford Economics, as cited in *Ready for Takeoff*, U.S. Travel Association.

<sup>8</sup> Department of Commerce, as cited in *Ready for Takeoff*, U.S. Travel Association.

<sup>9</sup> *Ready for Takeoff*, U.S. Travel Association.

In today's difficult fiscal environment, every program must justify its budget—and Brand USA is no exception. That's why I believe it is critical to underscore that *not one single taxpayer dollar* goes to support this organization.

While Congress and the Administration should be applauded for their leadership in enacting this legislation, it's important to recognize that the U.S. is really playing catch up when it comes to competing in the market for international travelers. Right now, Western Europe currently captures 37 percent of outbound travelers from China, Brazil and India compared to just 16 percent for the U.S.<sup>10</sup> But our European competitors are working to gain even more market share—at our expense. This year, the U.K. announced a goal of bringing four million more overseas visitors to the country over the next four years—and is dedicating the resources to make it happen.<sup>11</sup>

The U.S. is also facing competition outside Western Europe. South Korea recently launched the Visit Korea campaign aimed at attracting 8.5 million additional travelers. Just to our south, the Mexican government has labeled 2011 “the year of tourism” as part of its effort to make Mexico one of the world's top five tourist destinations.<sup>12</sup>

The *second* policy priority centers on reforming America's burdensome, bureaucratic, costly visa system. At a time when other countries are actively competing to win more global travel business, our visa system operates like a giant “Not Welcome” sign.

Reform starts by increasing visa access for the millions of people seeking to travel to the U.S.

There are twenty-seven cities in China with populations greater than two million people—and no U.S. visa processing center for prospective travelers.<sup>13</sup> In the entire country, only five U.S. visa processing centers serve China's 1.3 billion people.<sup>14</sup> Many potential Chinese visitors to the U.S. must travel hundreds of miles to apply for a visa. Once they arrive, they often confront long lines, cramped facilities and hard-working but over-stretched consular officers.

To be fair, the U.S. State Department, which administers our visa system, has recently taken steps to make America's visa process more efficient and more user-friendly in select countries. The travel industry has been working closely with the State Department to identify opportunities for improvement and to implement the necessary reforms. I'd especially like to commend Deputy Secretary Tom Nides for his commitment to this effort.

As a result of reforms already undertaken, wait times for Chinese citizens who wish to obtain a visa have decreased from more than 60 days in the past year to just 12 days in October.<sup>15</sup> This is progress, but more work remains to be done. As of this week, travelers from Brazil's capital city are still waiting more than 100 days for their visas to be processed.<sup>16</sup>

Rapidly-growing countries like China, Brazil and India represent the future of the global travel industry. Over the next decade, long-haul travel from these three countries is expected to grow by more than 100 percent<sup>17</sup>—a potential market of millions of additional travelers that is literally up for grabs. But to seize this opportunity, we must be prepared to meet the increased demand for U.S. visas.

Fixing our visa system requires action on two fronts. Where the State Department can act alone, it should do so—and make it a high priority. But Congress also has a critical role to play.

One area where Congress can have a substantial impact is expanding the Visa Waiver Program. Countries participating in this program work with the State Department to allow their citizens to visit the U.S. for up to 90 days without a visa. In 2010, 65 percent of the 26 million overseas travelers to the U.S. came from the 36 countries in the Visa Waiver Program.<sup>18</sup> Adding countries such as Brazil, Poland and Chile could quickly double arrivals from these three countries, generating an additional \$7 billion in spending in the U.S. and creating more than 50,000 American jobs.<sup>19</sup>

<sup>10</sup> U.S. Travel Association based on data from Office of Travel & Tourism Industries and Oxford Economics, as cited in *Ready for Takeoff*, U.S. Travel Association.

<sup>11</sup> *Ready for Takeoff*, U.S. Travel Association.

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ready for Takeoff*, U.S. Travel Association.

<sup>14</sup> *Ibid.*

<sup>15</sup> U.S. Travel Association.

<sup>16</sup> *Ibid.*

<sup>17</sup> *Ready for Takeoff*, U.S. Travel Association.

<sup>18</sup> *Ibid.*

<sup>19</sup> U.S. Travel Association.

I would like to thank Chairwoman Klobuchar and Senator Begich for co-sponsoring S. 497—a bill introduced by Senators Mikulski and Kirk which would expand the Visa Waiver Program.

But boosting the number of countries in the Visa Waiver Program is not enough. That is why I also applaud Chairwoman Klobuchar and Subcommittee Members Blunt, Heller and Warner for championing legislation that would incentivize the State Department to make the visa process more efficient and effective. This bill would give the State Department the ability to reinvest visa fees to hire more consular officers. It also allows the Department to waive visa interviews for three years for travelers who previously held a visa.

Senators Schumer and Lee have also demonstrated strong leadership by introducing the VISIT U.S.A. Act. This bill would make it easier for Chinese citizens to visit the U.S.; expedite the visa process for travelers willing to pay a premium; and create new guidelines that would make it easier for the Departments of State and Homeland Security to designate new countries for the Visa Waiver Program.

The *third* and final strategic priority I would like to address is America's inadequate infrastructure, specifically our aviation infrastructure: the runways, terminals, security checkpoints and air traffic control systems that serve as a gateway to our Nation for international travelers.

One visit to a U.S. airport is usually enough to persuade visitors that our aviation infrastructure is antiquated, inefficient and unwelcoming, but here are a few facts to back up the case:

- According to the Building America's Future Education Foundation, the U.S. aviation infrastructure ranks 32nd in the world behind countries like Panama, Chile and Malaysia.
- Five of the world's 10 busiest airports are in the U.S.<sup>20</sup>—but not a single U.S. airport made the list of the world's 10 best.<sup>21</sup>
- The American Society of Civil Engineers gave U.S. aviation infrastructure a "D"—and they were grading on a curve.<sup>22</sup>

The simple fact is, our runways cannot keep up with demand; our aging terminals were not designed to handle modern security needs; and our air traffic control system relies on ground-based radar technology that is more than a half-century old. A new car equipped with GPS has a more sophisticated navigation system than the average commercial airliner. The result: Flight delays, long waits on the tarmac and security chokepoints that frustrate and deter both international and domestic travelers.

No wonder *New York Times* columnist Tom Friedman recently wrote that landing at Kennedy airport after a trip from Hong Kong was like "going from the Jetsons to the Flintstones."<sup>23</sup>

Modernizing and upgrading our aviation infrastructure will require a significant investment, but consider the costs already being imposed on our economy. Flight delays at New York's three major airports cost the regional economy \$2.6 billion in 2008, according to a study by the Partnership for New York City. By 2025, the costs due to expensive delays, lost productivity, wasted fuel and harmful pollution could reach a cumulative \$79 billion.<sup>24</sup>

Unfortunately, when it comes to implementing long-term plans to modernize and upgrade America's infrastructure, Washington's legislative process is almost as gridlocked as our Nation's airports. The Surface Transportation Act expired in 2009 and is currently on its eighth temporary extension.<sup>25</sup> Legislation to fully fund the transition to the Next Generation Air Transportation System is mired in controversy.

Meeting these challenges will require bipartisan leadership. Perhaps it will require new thinking, as well. I, for one, believe we should also be pursuing innovative public-private partnerships to leverage increasingly scarce resources. One interesting idea is Los Angeles County's "30/10 initiative"—a proposal to use local reve-

<sup>20</sup> Airports Council International, as cited in, "World's Busiest Airports, as Listed by the Airports Council International," *Huffington Post*, March 16, 2011, [http://www.huffingtonpost.com/2011/03/16/worlds-busiest-airports-a\\_n\\_836220.html#s254206&title=1 Atlanta 89331622](http://www.huffingtonpost.com/2011/03/16/worlds-busiest-airports-a_n_836220.html#s254206&title=1 Atlanta 89331622).

<sup>21</sup> "The 10 Best Airports in the World," *Business Insider*, March 30, 2011, <http://www.businessinsider.com/best-airports-in-the-world-2011-3?op=1>.

<sup>22</sup> "Report Card for America's Infrastructure," American Society of Civil Engineers, 2009 <http://www.infrastructurereportcard.org/>.

<sup>23</sup> *New York Times*, Dec. 24, 2008.

<sup>24</sup> "Grounded: The High Cost of Air Traffic Congestion," Partnership for New York City, February 2009 [http://www.pfnyc.org/reports/2009\\_0225\\_airport\\_congestion.pdf](http://www.pfnyc.org/reports/2009_0225_airport_congestion.pdf).

<sup>25</sup> U.S. Senate and Transportation and Infrastructure Committee, <http://republicans.transportation.house.gov/singlepages.aspx/911>.

nues and Federal loans to fast-track construction on vital infrastructure with the goal of completing 30 years' worth of projects in just 10 years.<sup>26</sup>

The main point I would like to impress upon you is the huge potential of the global travel market. Tapping into this potential promises to generate U.S. economic growth, promote job creation and spur small business expansion. The process starts by establishing a national goal of reclaiming America's 17 percent share of the global travel market.

In my industry alone, simply restoring the U.S. share to 2000 levels would create more than 400,000 new jobs by 2015.<sup>27</sup> Working together—Democrats and Republicans, Congress and Administration, government and industry—we can compete and win in this fiercely competitive market. As Chairman Emeritus of the U.S. Travel Association, I can tell you that our members stand united and ready to work with you to accomplish our common goals.

Given this industry's presence in 50 states and 435 congressional districts; primacy as an economic force in both rural and urban America; and the capacity for near instantaneous job creation through expansion and new business start-ups—surely these issues should earn the bipartisan support that they deserve.

I thank you again for inviting me and look forward to answering any questions from the Committee.

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Senator KLOBUCHAR. Thank you very much.

Senator Begich has agreed to take over my presiding time at 4 so he is going first.

Senator BEGICH. Thank you very much, Madam Chair. I have to make it to the floor by 4 o'clock so I'm just going to ask one quick question. I have some for the record. But Mr. Tisch—Jonathan, thank you for your comments on the infrastructure.

The FAA bill, as you know, with next-gen could make a huge impact. I think you made it very clear, and it's interesting because usually we hear from the aviation industry about the importance of the FAA bill.

So your voice and other industry out there is an important part of this equation.

So I thank you for that. And the more you can generate that interest, especially the way you played it here wasn't about just improving safety, which is an important part, it's about the impact of travelers to and from communities outside of the United States coming here and what that means for job creation. So thank you for putting that on the record.

Let me ask you, in your written testimony you do go into a lot about the infrastructure. Here's one piece of infrastructure and tell me your thoughts on this and that is visitors from around the world come to the United States not only to visit great cities and great communities but they come to our national parks and our park systems and our natural environments.

Alaska, obviously, that's a huge part of our equation and how we attract so much. Give me your thoughts there because you talked about water, roads and airports but what about that piece of the infrastructure? How does that play into the industry and do we do enough?

Mr. TISCH. Well, Senator, as you know, the United States is blessed with so many demand generators. There are reasons why people want to come here, and now with Brand USA, with other

<sup>26</sup><http://www.metro.net/projects/30-10/>.

<sup>27</sup>U.S. Travel Association.

marketing campaigns, we are articulating a vision for how we in the industry feel we can handle them once they get here.

But if our infrastructure is broken, if it is like a third-world nation, then they are going to leave with a bad impression, and their comments to their neighbors and their family members are so important. When you talk about our national parks, clearly, they are a major reason why people want to come here.

It's not just the big cities. It's not just New York, in my case, or Las Vegas or you as a former mayor understand that, coming from Anchorage. You understand why people travel.

But there is so much for them to do once they get here and that's why the international traveler stays longer in a destination than the domestic traveler. They move around the country. They come in through—certainly, through the gateway cities but then once they're here they move on.

And it's important for all of our infrastructure to be looked at in a way that we can keep it vibrant, we can keep it strong and we can stay competitive. And the reason I started talking about these issues is that I took my family to Australia and Hong Kong in March, and I will quote Tom Friedman, who made a similar trip like I made, "flying from Hong Kong to JFK is like going from the Jetsons to the Flintstones."

[Laughter.]

And I landed at Kennedy after leaving Hong Kong some 14 hours earlier and I was appalled, and I think we have to keep the competition of countries that want travelers coming to them in mind as we look at all these issues but infrastructure plays out in so many areas and, certainly, your comment about America's great parks are an important aspect of that.

Senator BEGICH. Thank you very much.

I apologize I have to leave. But as you travel quite a bit, I have to travel a lot to get back home, to say the least.

But one trip I took recently was through San Francisco's Airport and there was a segment that was renovated. I think it was Virgin Air was utilizing it and I have to tell you it was an interesting experience. TSA, very customer oriented at that one location. Going into it you could tell it was all renovated, very pleasing when you walk through there.

It was a very interesting environment than some of the airports that I'm sure you've traveled through and I've traveled through. I know in our airport in Anchorage it's an incredible renovation we've done there.

But it was interesting on the lower 48 going through that airport. That segment was very interesting and impressive and the couple pieces I took some notes on what we could do to improve.

So thank you very much. Thank you to all of you and Brand USA, fantastic. Thank you.

Senator KLOBUCHAR. Thank you very much, Senator Begich.

I'd also note as you listed the people involved with the visa legislation Senator Begich is also one of the co-authors.

Senator Blunt, your questions?

Senator BLUNT. I thank the Chairman.

Mr. Tisch, thanks again for all your help with the Travel Promotion Act and the Travel Promotion Corporation, and I've heard

and share your frustration with infrastructure within the existing system. I mean, you've run a hotel chain that, you know, caters to families and pets and what—you try to be what people want you to be.

What could we do within the existing system to try to make that more welcoming? And obviously, I think everybody on this Committee is for—are infrastructure believers and we know we need to do that but what could we do in the shorter term to make some of those facilities more welcoming, do you think?

Mr. TISCH. Well, Senator, when you look at the various entities that make up our country's travel and tourism industry, you see segments that, obviously, as you've mentioned, deal with people individually.

They deal with them in crowds. They deal with families. They deal with business travelers. I'm thinking of the airlines. I'm thinking of hotels. I'm thinking of the attractions. And over the years, the industry has offered to work with Homeland Security and the State Department to discuss ideas, best practices, for how we do things.

How do you keep a crowd at Disney or Universal happy when they're walking up to a line and it says 1-hour wait? What are the ways that we can look at to break down the inherent frustration with travel?

Things are going to happen. It's just the nature of the beast. There's going to be bad weather. There are going to be delays. But what can we do as an industry working with certain government agencies to talk about what's been successful for us?

And a couple of years ago, Disney put together a film when Jay Rasulo was then chair of the U.S. Travel Association. Jay is now CFO at Disney but he was head of Resorts, and actually Jay and I testified in this very room to talk about the Travel Promotion Act and to look at the way we can do things.

And just as Disney put together this film that's played at a couple U.S. airports I think that's an example of what we can do in terms of industry helping government agencies, using some of our experience to really tackle some of the challenges that travelers feel.

Senator BLUNT. Thank you.

Mr. Evans, we've talked a lot about the visa countries that require visas and how we need to be sure that process works correctly.

But there are lots of countries that don't require visas and how does that figure into your strategy for Brand USA—where you are spending your money, who are some of your partners. What's your plan for the next couple of years as it relates to targeting?

Mr. EVANS. Our key target markets will be identified through extensive research, through working with the Commerce Department, really looking at the population, their current travel, the potential of their travel, the average spend of their travel to make sure that we're investing where the best opportunities are.

So we'll begin with—more than likely we'll begin with traditional market places like the U.K., Canada, Mexico, Japan.

But as we get our footing and our funds raised and our expenditures at the levels we need then we will expand our marketing

into, you know, India, China, Brazil and that, obviously, is going to happen in this first year, we believe.

Senator BLUNT. And in terms of raising money from partners, what's happening there?

Mr. EVANS. We've done well, I believe. We've raised \$4.3 million in cash and we've raised over \$12 million in in-kind and we will be taking our first tranche to Commerce next week for approval so that we can draw down from the ESTA funds, and the ESTA funds right now are \$123 million.

Senator BLUNT. One hundred and twenty three right now?

Mr. EVANS. Hundred and twenty-three.

Senator BLUNT. And the reception in London to your rollout of Brand USA?

Mr. EVANS. I'm probably a bit prejudiced but I think that all the comments I received were very, very positive. I think as much as anything people enjoyed the logo. I think they enjoyed our presentation.

I think as much as anything friends like the Receptive Service Operators and others just saw it was great that America truly is in the game now and we're going to compete. And as John pointed out, we're going to take back our fair share and then some.

Senator BLUNT. Mr. Zuk, do you believe that this marketing overseas will make a difference in people traveling and working through your organization?

Mr. ZUK. Thank you, Senator. Yes, we—I was at the launch in London as well and from the press release on Monday morning through the party on Tuesday, the general feeling from all our clients, which are the people who facilitate the travel to the U.S., especially in the visa waiver countries, is that finally the USA has a brand and has an overseeing, let's say national body that will facilitate travel, and definitely everybody's looking forward to working with Brand USA to create even more of our share.

It's an easy sale because people want to come to America, thanks to Hollywood, thanks to publicity, thanks to many different things and our obviously natural attractions that we have throughout the country, and this will only serve to enhance as long as we work together and make it much better than it's been before.

Senator BLUNT. Thank you. Thank you, Chairman.

Senator KLOBUCHAR. Thank you very much.

Mr. Evans, you spoke with Senator Blunt about some of the work that's being done. What do you see as the challenges to get the advertising campaign rolling and what steps are you taking to make sure the launch is a success?

Mr. EVANS. We're, obviously, in a very beginning stages of our preparation for our marketing. Our targeted launch for advertising campaign is March 7 at ITB, the world's largest travel industry show.

Between now and then, I think the challenges are making sure that the team that we add—or the folks we add to our team—are the right folks.

I think the challenges are making sure that we identify the right partners to begin to work on our cooperative efforts, and we're working on that right now.

Obviously, we need to continue on our business development activities to make sure we get the full \$50 million raised this year as we have the two-for-one match.

So I think we're doing well. JWT is off to a great start with us. We've actually seen story boards of our campaign already. We're meeting with a variety of small and large destination management organizations.

We're meeting with several large and small travel industry brands. We're communicating, as Mr. Zuk said. We met last week with Visit USA Europe and the United Kingdom to begin that dialogue and to listen to them.

And so I think we're putting all the pieces in place. The challenge is making sure we stay organized and focused, raise the funds we need, and deliver on time.

Senator KLOBUCHAR. Very good.

Mr. Edman, you talked about how the target markets in Minnesota include the United Kingdom, Scandinavian countries, Germany, Japan, Mexico.

How do you see yourself partnering as this launches with Brand USA and how do you reach those markets now as a state with a limited budget for your tourism?

Mr. EDMAN. Well, Madam Chair, right now with our limited budget we don't have the opportunity to do any consumer advertising. A lot of what we do is working with tour operators and the media so we can really only scratch the surface.

The thing that makes me very excited about the launch of Brand USA is it gets all diverse 50 states working together as one. As a relatively small state, we have 108 convention visitors bureaus in our state and a very diverse state, and my job is get them to work together.

Jim has even a bigger job in working with 50 states and up until this point all states were kind of—it was a free for all. Every state was doing their own international marketing on their own and there wasn't any cohesive brand for the United States.

So I think this is going to help a state like Minnesota give a stronger presence, do things that we cannot do on our own and do things in cooperation with other states.

Senator KLOBUCHAR. I will say you've done some great ad campaigns in our own state, though, and could you talk about how—you mentioned how, because of the economic downturn with some improvements this year but people have been making decisions at the last minute of where to travel.

How have you incorporated any of that and how we have handled advertising and how you've handled trying to work with the industry on some of these things that have come about because of the downturn?

Mr. EDMAN. I think that's a challenge that every state has had over the last three or 4 years, that people are cautious about their travel spending dollars. They're not going as far from home in their travel. But now they are starting to branch out a little bit.

What we've learned in all of our states is that people still want to travel despite the concerns of the economy, despite the concerns about gas prices or whatever. People want to get out and travel.

That's a freedom. That's something that they all enjoy do, they need to relieve stress and to explore our incredible country.

So we've kind of responded in some of our advertising. We've done some changes in terms of what our targets are, who we're targeting a little closer in. But right now, we're kind of at the point where the country wants to take off in terms of growth in travel and tourism.

There are concerns about travel confidence and the overall economy and unemployment that's holding people back a little bit. But we feel we're moving in the right direction and efforts such as the Brand USA will certainly help get us there.

Senator KLOBUCHAR. And you've seen over the years increased interest in international tourism in our state and what do you attribute that to? This is where you're supposed to say it's not the weather.

Mr. EDMAN. Well, earlier I think a question was about what can you, as members of the Senate and Congress, do and that's invest in the natural resources, the infrastructure, the bridges, the roads that we sometimes take for granted.

In a state like Minnesota, we may not be on folks' radar but they know about the natural—they know about the Mississippi River. They know about the Great Lakes. In fact, we partner with other states, the Great Lakes states and states along the Mississippi River, to use those common geographies.

And so I think to sort of answer your question why is there an interest, because people are now starting to discover the United States and they're starting to look at what they know.

Every country is different in terms of what they seek. Japanese are very interested in shopping. Germans are very interested in outdoor and recreation. Scandinavians are very interested in visiting friends and relatives and things like that in a state like Minnesota.

But we're seeing some real growth potential and it's a market that we want to get involved in much more as a state.

Senator KLOBUCHAR. Very good.

Mr. Zuk, Mr. Edman was talking about some of the trends we're seeing and in your testimony you talk about rural tourism as well and how people are interested at times in going to some of the out-of-the-ordinary attractions that you might not expect, like this world's second largest ball of twine, which is in our state, right, Mr. Edman?

Mr. EDMAN. That's correct.

Senator KLOBUCHAR. And so I was curious about that. I remember visiting Denmark once with my family where they have those farm visits and we actually went to a farm that was advertised. I thought, my daughter was 4 years old, she would like that it had cows, horses and pigs. It had three cows, one horse and 3,000 pigs.

But it was actually—we had a great time and I was thinking about that in terms of as we roll this out just the rural areas of our country beyond the great City of New York and other things and what you see as the trends there and the potential as we market our country as a whole to get people to these kinds of destinations.

Mr. ZUK. Thank you, Madam Chair.

The United States is viewed as a long-haul destination, which means in simple terms that you have to travel far to get there, and if we look at Europe as a target market we compete with Australia or Brazil or South Africa or the Indian Ocean, which are considered long-haul destinations.

It's difficult to get people to travel all the way to the U.S. to see a rural destination without one of the significant draws. It may not be fair but that's the reality of it.

If we combine things like that with New York or Las Vegas or the traditional visitor destinations like Florida or California, yes, there are definitely many markets that are interested in that.

The Italians, for example, are crazy about dude ranches. Don't know why but they all see themselves as cowboys and they want to go to dude ranches.

So they, do, in Minnesota and in Arizona they go to dude ranches all the time. It's something that they do but they do it in conjunction with. They'll do it in conjunction with New York or Las Vegas or California. They won't come only for that.

Rural areas, it's a little bit more difficult to convince somebody to spend the money involved in a long-haul destination for only that. That's why the partnerships and one brand which encompasses the entire country can utilize and we can bring tourists to maybe destinations that won't see tourists unless we do it all together.

Senator KLOBUCHAR. Very good.

Mr. Tisch, one last question here. You talked about with Senator Begich about the infrastructure issues and as you know the FAA expects the number of passengers on U.S. commercial carriers to exceed an astounding 1 billion people by 2015. That level of air traffic is going to mean a lot of airplanes in the sky.

Do predictions like these mean that we need to accelerate the transition to next-gen and could you talk about that aviation infrastructure?

I'm sort of getting at the importance of getting the FAA bill done. Not to be a leading question, but with the home of three major airports—well, Newark's in New Jersey but in your area there, could you talk about the importance of aviation improvements in our country?

Mr. TISCH. Senator, the passage of next-gen is essential if we're going to handle the expected capacity that hopefully will come to this country over the next few years, the next decade, the next two decades.

Our system is broken and, once again, the competition. When you look at China where they're building something like 15 new airports from scratch and not only the airports but the roads that lead up to the airports, and not only the roads but subways and trains that get you from downtown areas to the airports, that's the competitive nature of travel in today's world and we have to as a country have the focus and the discipline to do something about it.

These infrastructure improvements and next-gen are very expensive. There's no doubt about it.

But we can create public-private partnerships to deal with these challenges. If you look what's happening in Los Angeles County now with the program called 30/10 where they're trying to do 30

years of infrastructure improvements in the next 10 years and they're using tax dollars as down payments on government loans.

If you look at the Infrastructure Bank supported by the AFL-CIO and the U.S. Chamber of Commerce, issues and areas that we can agree on publicly, privately, public-private partnerships, use offshore investment, use sovereign wealth funds who want to invest in this country, this is the focus that we need as a country with the private-sector support, and next-gen is an essential part of this to make sure that we have an air traffic system that can support the expected travel.

Senator KLOBUCHAR. Thank you very much. Well said.

Senator Blunt, do you want to add anything here at the end?

Senator BLUNT. It was good hearing, Chairman. Thank you for putting—helping put both of these panels together and holding the hearing, and I think we need to move forward and we look forward to our partners working with us as we do that.

Senator KLOBUCHAR. Well, thank you very much. This was, as I said, one of the best news hearings we've had in a while, just generally, but also because we are making changes and we know we have a lot more work to do and I wanted to say the record will remain open for a week.

We have eight Senators here. Senator Boozman was also here and was here to hear some of the witness testimony, and wanted to thank all of you, thank our staff, Senator Blunt's staff, my staff, Margaret McCarthy, her first hearing with me. She used to work for Senator Dorgan and was involved in the Travel Promotion Act so we're glad to have her here, as well as the Commerce Committee staff for all their work on this hearing.

Thank you to all our witnesses and everyone here that wants to move forward with Brand USA.

The hearing is adjourned.

[Whereupon, at 4:14 p.m., the hearing was adjourned.]

## A P P E N D I X

### PREPARED STATEMENT OF THE HON. TOM UDALL, U.S. SENATOR FROM NEW MEXICO

New Mexico describes itself as the “Land of Enchantment,” and each year my state welcomes 12 million visitors. This is six times the number of people who call New Mexico home.

Visitors travel from around the world to attend New Mexico’s many festivals and cultural events, such as the annual Albuquerque International Balloon Fiesta and Santa Fe Indian Market. With its unique local art community and stunning landscapes from Shiprock to the White Sands dunes, New Mexico has a lot to offer to visitors.

Tourism and travel contribute \$5.5 billion to my state’s economy, and represent New Mexico’s largest private sector employer. Many of these jobs are in rural areas with high rates of unemployment.

Yet tourism in New Mexico and other parts of the United States provides more than an economic boost. Tourism is a form of public diplomacy that fosters good will for our country around the world.

I am pleased to learn today about implementation of the Travel Promotion Act, a bill that I was proud to cosponsor. I also particularly look forward to hearing about Brand USA and its progress on a new campaign to showcase our Nation’s travel destinations and experiences.

I am hopeful about projections that estimate the tourism industry will improve in the next five years. But America must continue to compete for its share of the international tourism market in a tough economic climate.

In conclusion, I want to extend my thanks to Senator Klobuchar for calling this hearing today and thank our witnesses for sharing their input and insights into how tourism can thrive again here in the United States.

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### PREPARED STATEMENT OF STARWOOD HOTELS & RESORTS WORLDWIDE, INC.

The following statement is submitted on behalf of Starwood Hotels & Resorts Worldwide, Inc., and we are very pleased to begin by commending Chair Klobuchar and the Members of the Subcommittee on Competitiveness, Innovation, and Export Promotion for the work they have done and for their tireless dedication to the promotion of inbound U.S. travel and tourism. We are pleased that you understand the potential for economic growth in restoring, and eventually even exceeding, the U.S. inbound travel levels that existed pre-9/11. You have focused on some of the legal and regulatory issues that need to be addressed if these levels are to be achieved, and we look forward to working with you to reach these goals.

Starwood is well positioned to address the myriad issues that adversely affect inbound U.S. tourism, including those issues that were discussed in your hearing. Starwood is one of the world’s largest hotel companies, operating or managing close to one thousand properties throughout the world, and employing close to 150,000 people, in hotels operated under our nine hotel brands. Starwood’s operations reach all corners of the globe. We are in a unique position to evaluate and compare the policies of the United States with respect to foreign visitors and foreign investment with those of U.S. trading partners and competitors.

We agree that delays in visa processing in key markets, including China, India, Brazil and Chile, are having an extremely negative impact on U.S. tourism and applaud the incremental steps that have been taken so far by the State Department to address these problems. We applaud as well the creation of Brand USA, Inc. and the renewed effort as a result to promote inbound U.S. tourism.

As to the visa issue itself we recognize that there are limitations on what changes can be made administratively, and that budget reductions will also impact the ability to improve the visa system. While Starwood is supportive of the efforts now underway to expand the number of visa windows in key markets, especially China, and to hire additional visa processing officials, even on a non-career basis, we also

urge the Congress to seriously consider pending legislative changes to the visa process. In their VISIT-USA Act, Senators Schumer and Lee have made several proposals to provide long term visas to Chinese tourists and for longer term visits by Canadian citizens, and to potentially facilitate the visa interview function through teleconferencing technology, sparing potential visitors the expense and time needed to travel to U.S. Embassies and Consulates, a growing problem in countries such as China in which there are already very limited processing facilities. These proposals should be given very serious consideration.

There is no question that U.S. national security must be protected, but it is telling that the wait time for obtaining a visa in Brazil to visit Britain is twelve days, while a U.S. visa still takes up to ninety days. Britain has serious national security concerns as well but has somehow managed to understand the concept that it can protect itself from terrorists while opening up its tourism sector.

The fact is that while much more work needs to be done to address the demand for visas, the downturn in U.S. travel and tourism is the result of a much larger problem, namely the unfortunate development over time of a set of fundamental policies that have made the United States an increasingly less attractive place to which to travel, both for tourism and for business, which will not be fully resolved through visa reform. While the drop off in inbound tourism is generally traceable to 9/11, the deterioration in policy goes much further back.

Simply put, America will not reach the levels of tourism that it had prior to 9/11 until it changes a set of policies that discourage not only leisure travel, but business travel and investment as well. Adding more visa windows in China will certainly help, but will not in and of itself create the attitude that once existed overseas that the United States is both the primary place to visit and to do business.

There are several places to go to bring about these greater changes only some of which are in this Committee's jurisdiction.

The United States should start be renewing its commitment to the notion that travel and tourism is a key export market, and adopt policies that advance this concept. While there has been a great deal of debate recently over the role of exports in growing the U.S. economy, too many policymakers neglect to mention that inbound tourism should also be considered a vital U.S. export and promoted as such. The U.S. benefits both from exporting goods overseas and from increasing the number of foreign visitors to the U.S. Visitors to the U.S. on average spend \$4,000 per trip—all of which contributes favorably to our international balance of payments. U.S. products and services are consumed, and in both cases, greater demand for American goods and services will lead to an expansion of the job market and economic growth.

Few exports create jobs as effectively as travel and tourism. On a micro level, economists estimate that one new job is created in the United States for every thirty-six foreign visitors. In the aggregate, it is estimated that the restoration of America's pre-2001 historic levels of inbound foreign travel would create an additional 1.3 million U.S. jobs over a decade, and produce an additional \$859 billion in new economic output.

The impact of these statistics is clear; it is equally important to promote tourism as a means to grow the economy as it is to promote manufacturing. And, while there has been a great deal of debate over the deteriorating U.S. manufacturing infrastructure, there must also be a focus on the travel and tourism infrastructure.

There is no question that travel facilities, including airports, overseas are in many instances far more modern and attractive than similar facilities in the U.S., and that foreign travel authorities have done a far better job in reducing travel wait times or in finding ways to make wait times more bearable. Stories about passengers being trapped on airplanes at U.S. airports for multiple hours, or about massive wait times and missed flights help to paint a negative picture of the U.S. to foreign visitors.

The creation of Brand USA is certainly a symbol that this is not the image that the U.S. wishes to project overseas, and a commitment to remind the world of the many attractions that are worth seeing in the United States. Brand USA, Inc., however, has no power to put together the capital needed to improve the travel infrastructure of the United States. And, the focus on the debt crisis in the U.S. likely will mean that the Federal Government will have less, not more, to spend on the larger costs of improving our travel infrastructure. Any effort to truly rebuild America's preeminent position as a travel destination must focus on the private sector, and yet current U.S. fiscal policies make it difficult to raise the private sector capital needed to encourage the investments that will once again make America's travel facilities the best in the world.

Current Federal tax policy, for example, has the unfortunate effect of discouraging investment in the U.S. by failing to keep up with developments in many foreign na-

tions, including all of our major trading partners, which facilitate capital formation. Earlier this year when Japan reduced its corporate tax rate, the U.S. became the OECD nation with the highest corporate tax rate (35 percent), and one of the few that continues to adhere to a policy of taxing U.S. companies on their worldwide incomes. Moreover, current U.S. tax policies encourage American companies to keep their foreign profits overseas, reducing the amount of capital available in the U.S. for investment and economic growth. Estimates suggest that U.S. companies are holding in excess of \$1.5 trillion in foreign earnings overseas, and absent a change in tax policy, are likely to keep and invest these earnings overseas rather than in the US. Simply put, instead of investing these funds to build new travel facilities in the U.S., they are being used to expand the travel infrastructure in China, India, and Europe.

Changes in tax policy that encourage investment in the United States are a good start, and should be considered in conjunction with a renewed focus on facilitating the easing of credit for the construction in the United States of new hotel and resort properties as well as the larger travel infrastructure. The United States went to great lengths to stabilize the financial services sector during the past three years, but so far, credit, including business credit, remains very tight. There are literally hundreds of shovel ready hotel projects throughout the United States simply waiting for credit to ease so that construction can start.

It is very comforting to find that the Members of the Committee on Commerce understand and are passionate about the need to elevate travel and tourism as a key to economic growth and prosperity, and Starwood is grateful for their dedication to these issues.

But given that some of the issues that have depressed the travel and tourism sector as well as foreign investment in the U.S. since well before 9/11 are in the jurisdiction of other committees, we urge the Commerce Committee Members to reach out to their colleagues on other committees, notably Finance, Banking, Homeland Security, and Appropriations, to let them know that travel and tourism is a key to restoring economic growth and prosperity in the U.S. and to ask that they be a part as well of what should be a national conversation and commitment to the travel sector.

By bringing the level of passion and dedication to travel and tourism that has driven the Commerce Committee to those other Committees, there is a far greater likelihood that the tax, financial services, and trade issues that stand in the way of restoring American tourism will also be addressed, and in so doing, the U.S. could be well on its way to becoming once again the world's primary destination for travel and investment.

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#### PREPARED STATEMENT OF THE NATIONAL RETAIL FEDERATION

The National Retail Federation (NRF) respectfully submits this statement for the record for the November 17, 2011 hearing entitled "*Tourism in America: Moving Our Economy Forward.*" NRF would like to thank Chairman Klobuchar, Ranking Member Blunt and the members of the Subcommittee for holding this important hearing. NRF fully believes that the quickest way to stimulate the U.S. economy is to improve the current visa process to allow more foreign travelers, especially those from growing economies, to gain access to the U.S. market. These improvements can be accomplished without any adverse impacts on U.S. security.

Because of the burdensome U.S. visa policy, the travel sector, including the retail sector, is losing access to a broad array of consumers who can help improve economic performance in these key sectors. While the U.S. retail sector has performed better than the overall U.S. economy over the past year, growth in the retail sector could have been even stronger had more international travelers had the opportunity to visit the U.S. and U.S. retail stores. Accelerating the visa process to regain the pre-9/11 travel market share could bring in nearly 100 million more visitors a year, create more than one million new jobs and pump more than \$800 billion into the U.S. economy.

As the world's largest retail trade association and the voice of retail worldwide, NRF represents retailers of all types and sizes, including chain restaurants and industry partners, from the United States and more than 45 countries abroad. Retailers operate more than 3.6 million U.S. establishments that support one in four U.S. jobs—42 million working Americans. Contributing \$2.5 trillion to annual GDP, retail is a daily barometer for the Nation's economy. NRF's *Retail Means Jobs* campaign emphasizes the economic importance of retail and encourages policymakers to support a *Jobs, Innovation and Consumer Value Agenda* aimed at boosting economic growth and job creation.

### **Tourism and the Retail Sector**

With rapidly growing economies creating a new breed of affluent shoppers in countries such as Brazil, China and India, U.S. retailers have grown to highly value foreign tourists as shoppers in their stores. Unfortunately, tourists from these countries face lengthy delays in obtaining a U.S. visa because of security requirements implemented after 9/11. These delays have led these legitimate travelers to visit other countries instead of the U.S., resulting in a significant drop in the U.S. share of the international travel marketplace.

There are several key barriers currently in place which are preventing increases in overseas travel to America. These include: (1) a highly inefficient and unpredictable visa application approval process; (2) a lack of personnel to process and interview visa applicants as well as a lack of access to a U.S. consular facility; and (3) poor planning and communication to applicants. The U.S. visa application process can take as long as 145 days in Brazil and 120 days in China, two of the fastest-growing markets for outbound overseas travel. While the U.S. State Department has improved performance in these markets, we are concerned that these improvements may only be temporary. The State Department needs to dedicate resources to plan appropriately for future growth.

The delays in the U.S. visa approval process inevitably encourage foreign tourists and consumers to go elsewhere. Last year alone, 38 percent of Chinese tourists went to Europe while only 13 percent came to the U.S. As a result, U.S. merchants are missing out on billions of dollars in potential sales. The U.S. Commerce Department estimates that that 88 percent of overseas visitors shop while traveling in the U.S., and goods made by well-known U.S. brands like Nike, Levis and Gap top their shopping lists. The most popular destinations for travel and shopping are ports-of-entry like New York and Los Angeles along with tourism centers like Las Vegas and Orlando. Many U.S. retailers cater to these foreign shoppers at their flagship stores in major tourist destinations, and retailers often have special programs geared towards international travelers which include providing multi-lingual sales associates in the stores to help with their shopping experience as well as offering special discount cards to these international shoppers.

### **Recommendations**

Because of the importance of this issue to U.S. retailers, NRF has joined the Discover America Partnership. This Partnership unites a diverse group of stakeholders behind a set of recommendations contained in the "Ready for Takeoff"<sup>1</sup> report issued by the U.S. Travel Association. The report outlines common-sense visa reforms that will be relatively easy to implement and which could create 1.3 million more U.S. jobs and add \$859 billion to the U.S. economy by 2020. The report's comprehensive, four-step plan will help the United States achieve its goal of becoming more competitive in the global travel market, which in turn will expand U.S. exports (purchases by tourists of products sold by retailers are considered "services exports"), create new jobs and drive economic growth.

The report recommends four solutions to improve U.S. visa policy. These include:

- Align U.S. State Department resources with market demands;
- Reduce visa interview wait times to 10 days or fewer;
- Improve visa planning, measurement and transparency; and
- Expand the Visa Waiver Program.

In addition to this private sector report, the President's Council on Jobs and Competitiveness identified travel and tourism as a way to spur job growth. In the Council's October Interim report titled "Taking Action, Building Confidence: Five Common Sense Initiatives to Boost Jobs and Competitiveness,"<sup>2</sup> the Council noted that they were focusing on two key areas to improve travel and tourism: promoting travel to the U.S. and accelerating visa processing. The report notes that the State Department has accelerated visa processing in China and Brazil, but they continue to work with the State Department to identify other opportunities to improve visa processing.

### **Congressional Action**

In light of the recommendations from the Discover America Partnership and the focus by the President's Council on Jobs and Competitiveness, there have been several bills introduced in Congress to address the visa processing issues. NRF calls

<sup>1</sup> <http://www.smartervisapolicy.org/site/documents/VisaReport.pdf>.

<sup>2</sup> [http://files.jobs-council.com/jobs-council/files/2011/10/Jobscouncil\\_InterimReport\\_Oct11.pdf](http://files.jobs-council.com/jobs-council/files/2011/10/Jobscouncil_InterimReport_Oct11.pdf).

upon Congress to act quickly upon this important legislation in order to provide a meaningful boost to the U.S. economy.

We commend the leaders of the Subcommittee, Chairman Klobuchar and Ranking Member Blunt, for introducing the “International Tourism Facilitation Act” (S. 1653). The bill would give the State Department incentives to improve the visa process and enable the Secretary of State to grant waivers in appropriate circumstances for additional years without requiring additional in-person interviews. We believe these important steps; along with other provisions within the bill will help the Department improve the visa process.

In the House, Representative Joe Heck has introduced the “Welcoming Business Travelers and Tourists to America Act of 2011” (H.R. 3039), which would set a standard that requires the State Department to process visas within 12 days instead of their stated goal of 30 days. The bill would also implement a program that utilizes videoconferencing technology for conducting visa interviews to help alleviate the current backlog.

Finally, NRF strongly supports language included in visa reform provisions included in the Fiscal Year 2012 Department of State, Foreign Operations, and Related Programs Appropriations bill (S. 1601) that would address visa reform. The provision directs the State Department to hire enough consular officers to meet their 30 day standard for processing visas; requires the agency to develop a plan to meet demand for nonimmigrant visas in Brazil, China and India over the next five years; and gives the agency discretion to establish a pilot program to use videoconferencing rather than requiring that visa interviews take place in person.

NRF believes that these bills in combination with the current steps taken by the State Department will help remove the barriers currently in place that discourage international travelers from visiting the U.S.

### Conclusion

We thank you for your attention to this important matter. NRF will continue to work with the State Department, business allies and supporters on Capitol Hill to ensure that more foreign visitors who are eager to visit America can safely enter the U.S. and enjoy all that we have to offer—creating jobs for Americans in the process. NRF supports strong national security measures and does not advocate lower standards for entry to improve the visa process. The State Department, however, needs to provide adequate personnel, technology and other resources so visa applications can be processed in a timely manner. If you have any questions or need additional information, please contact Jonathan Gold ([goldj@nrf.com](mailto:goldj@nrf.com)), Vice President Supply Chain and Customs Policy for NRF.

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### PREPARED STATEMENT OF THE UNITED STATES TOUR OPERATOR ASSOCIATION

Mr. Chairman, Ms. Ranking Member, and members of the Subcommittee on Competitiveness, Innovation, and Export Promotion, I am Terry Dale and I am proud to serve as President of the United States Tour Operator Association (USTOA). USTOA is a professional association representing the tour operator industry, which is composed of companies whose tours and packages encompass the entire globe. USTOA was founded in 1972 by a group of operators who recognized the need for a unified voice to protect the traveling public, as well as representing the interests of tour operators. In 1975, USTOA became a national organization with headquarters in New York. Members of USTOA number among the top names in travel and represent the entire spectrum of vacation packages and tours available today. USTOA companies move more than 11 million passengers and account for a sales volume of more than \$9 billion annually.

On behalf of USTOA, I am submitting this statement for the record regarding the travel industry’s impact on the U.S. economy. I want to start by thanking this Committee for their continued focus on tourism as a key economic driver. With the economy still struggling and unemployment remaining high, it is critical that the private sector, Congress, and the Federal Government work together to support travel and tourism and encourage increased foreign tourism to the United States. USTOA is available to assist in any way to advance tourism opportunities at home and abroad.

First, let me begin by pointing out the significant impact travel and tourism has had on the American economy just this year. The Department of Commerce’s International Trade Administration (ITC) recently released some figures for this year worth highlighting. According to the ITC:

- Annually, the travel and tourism sector supports 7.8 million American jobs and contributes \$1.3 trillion to the U.S. economy.

- Under the current 2011 projections, 64 million international travelers will have spent \$152 billion during their stay in the United States. This is a 13% increase from 2010.
- The U.S. is set to have a 2011 travel and tourism trade surplus of \$41 billion.
- International visits to the United States are expected to grow 5% annually throughout the next five years.

As these figures point out, attracting and encouraging foreign visitation to the U.S. is critical to many of the businesses that USTOA members operate, and critical to the U.S. economy as a whole. Unfortunately, some impediments within the visa processing system exist that result in long wait times and thus discourage visitors from travelling to our great nation. Many of our members see the potential for additional business opportunities if our visa application process were made more efficient and the long wait times shortened. Although it is not before this Committee, the USTOA would like to go on record supporting S. 1653, the International Tourism Facilitation Act, in order to increase U.S. tourism by shortening the excessively long wait times foreign visitors face when applying for a U.S. tourist visa. We want to encourage increased travel to the U.S. in a way that creates a more user-friendly process for international visitors. Such actions will go a long way in improving the nation's economy.

Ensuring that visitors have a pleasant experience upon arrival in the U.S. is vital for maintaining and increasing foreign visits to the United States. It is essential that we have secure borders in a post-9/11 environment while simultaneously having security processes and programs that facilitate legitimate and efficient travel. The USTOA champions an open border policy and has worked with the U.S. State Department and other government entities to facilitate tourism worldwide. The USTOA will continue to be available as a resource to the State Department, the federal government and Congress as they work to identify various tools and programs to improve traveler satisfaction.

Mr. Chairman, thank you for the opportunity to submit this statement for the record. The Committee's consideration of USTOA's views is greatly appreciated. The USTOA values the leadership and efforts of Subcommittee on Competitiveness, Innovation, and Export Promotion in support of travel and tourism which is essential to the U.S. economy. We look forward to working with the Subcommittee on these important issues.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TOM UDALL TO  
JAMES P. EVANS

*Question 1.* I am pleased to hear about Brand USA's marketing campaign and to see such a range of travel destinations represented on the Discover America website. I look forward to seeing the new advertisements this spring. Could you speak about Brand USA's plans to promote travel in rural areas?

Answer. We are currently in the process of meeting with Convention and Visitors Bureaus (CVBs) and Destination Marketing Organizations (DMOs) from all across the country. In fact, on December 7-8, we are hosting a marketing outreach session to learn from state and city tourism directors. Among many others, marketing officers from states with many rural tourist destinations such as Michigan, Minnesota, and North Carolina are attending. Also, we have established Advisory Groups to assist our Marketing and Business Development teams develop ideas and strategies as we go forward. Members for these Advisory Groups will represent both urban and rural areas.

We continue to develop our campaign creative and content for online initiatives. Our plan is to blanket the United States over time and provide in all markets interesting perspectives and information regarding iconic destinations, national parks, and areas not traditionally visited by international travelers.

*Question 2.* How else can we help support and promote tourism in rural areas? Is marketing "adventure" tourism, such as ski and rafting packages, the best strategy or are there other promising ways to promote rural destinations?

Answer. Our marketing strategy is built on capturing the United States under four marketing pillars: Urban Excitement, Culture, the Great Outdoors and Indulgence. Adventure tourism will be an important aspect of our Great Outdoors and Indulgence efforts. It is our intent to showcase rural outdoor spaces, national parks, and other active experiences available to international travelers.

*Question 3.* I am pleased to hear that outdoor tourism is one of Brand USA's campaign focuses. Outdoor recreation is especially important to my state, which is home to 17 units of the National Park Service, including parks, monuments, and historic

trails. These destinations attract tourists from around the world, contribute \$3.8 billion annually to my state's economy, and support 47,000 jobs. What is Brand USA doing to encourage outdoor tourism in the U.S.? How else might states and the Federal Government help support and promote outdoor tourism?

Answer. With Great Outdoors as a major marketing strategic pillar we will certainly be promoting and providing information and booking opportunities for outdoor recreation. We have held discussions with Jonathan Jarvis, Director of the U.S. National Park Service; Neil Mulholland, President and CEO of the National Park Foundation; and Derrick Crandall, President and CEO of the American Recreation Coalition on the ways in which we can collaborate to promote outdoor tourism. We are looking at strategic partnerships and co-operative marketing efforts with these and other relevant organizations. In the coming months we will continue to meet with groups like these and with state tourism offices to flesh out projects of mutual interest.

*Question 4.* New Mexico is home to unique Native American sites and traditions, such as Bandelier National Monument, Chaco Canyon, the Gila Cliff Dwellings, and nineteen Pueblos. The American Indian Alaska Native Tourism Association, which is based in Albuquerque, participated earlier this year in ITB Berlin, one of the world's leading travel trade shows. The organization is also working with the Bureau of Indian Affairs on tribal tourism initiatives. What could Congress and the Federal Government do to help support these efforts and other cultural tourism initiatives?

Answer. It is Brand USA's intention to exemplify all cultures of the country in its marketing and partnership efforts. In fact, one of our initial advertisement concepts showcases Native American culture. Brand USA would certainly welcome any advice in accessing significant Native American sites and populations for purposes of telling their story and enticing international travelers to visit and learn more.

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RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. TOM UDALL TO  
JOHN F. EDMAN

*Question.* New Mexico is home to unique Native American sites and traditions, such as Bandelier National Monument, Chaco Canyon, the Gila Cliff Dwellings, and nineteen Pueblos. The American Indian Alaska Native Tourism Association, which is based in Albuquerque, participated earlier this year in ITB Berlin, one of the world's leading travel trade shows. The organization is also working with the Bureau of Indian Affairs on tribal tourism initiatives. What could Congress and the Federal Government do to help support these efforts and other cultural tourism initiatives?

Answer. My answer would be that those American Indian events and sites that wish to promote tourism should be an area of focus within the CTP international marketing efforts. From an overall Cultural Tourism Promotion standpoint, Congress should include in their funding mandates for all cultural programs that a part of their mission needs to be to connect their cultural assets to people and that marketing needs to be a function of their organization if they are to receive funding.

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RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. TOM UDALL TO  
JONATHAN ZUK

*Question.* New Mexico is home to unique Native American sites and traditions, such as Bandelier National Monument, Chaco Canyon, the Gila Cliff Dwellings, and nineteen Pueblos. The American Indian Alaska Native Tourism Association, which is based in Albuquerque, participated earlier this year in ITB Berlin, one of the world's leading travel trade shows. The organization is also working with the Bureau of Indian Affairs on tribal tourism initiatives. What could Congress and the Federal Government do to help support these efforts and other cultural tourism initiatives?

Answer. Thank you for your question. We appreciate your interest at such a very important and fundamental time for the tourism industry.

Within the broad picture, information about all of these sites and traditions should fall under the umbrella of "The Brand USA" and should be included in their promotions, specifically on their website "Discoveramerica.com". Although The Brand USA has not yet announced its intentions, or the structure for this website, the concept preferred by the Receptive Services industry (RSAA) is that as visitors tunnel down into the individual States, or groupings on the site, all of these wonderful destinations should appear and allow international travelers to obtain (initial)

information, which would encourage them to visit. We are optimistic that The Brand USA will concur with this vision and we will continue to monitor the development of their marketing campaigns and website.

It is the belief of RSAA that the intention of the Travel Promotion Act is to promote the United States as a whole; not only its great cities and tourism icons, but also our less prominent destinations. We strongly affirm that our rural heritage is one of the keys to increased export tourism dollars. International visitors are mesmerized by the cultures of our native people, their history and their traditions. We will endeavor to help The Brand USA understand this and encourage Congress, the Federal Government and, in particular, the Bureau of Indian Affairs, to suggest such organizations as the American Indian Alaska Native Tourism Association work jointly with RSAA to create programs that can excite our international visitors, and benefit our native economies.

On a more specific basis, several of the destinations you mention are already working through the distribution channels of the international tourism industry and attract many international visitors. You will know that the more prominent places in New Mexico such as Santa Fe, Taos and Albuquerque have been doing so for many years and each in their turn has hosted gatherings of international tourism specialists, including members of our organization, the Receptive Services Association. These meetings always feature small, local tour companies who can take advantage of such exposure.

As the key link between such destinations and the international tourism distribution system overseas, many receptive tour companies already have close working relationships with not only the Federal and State organizations, but also such individual tour companies and suppliers at the grass-roots level. Indeed, it is exactly these partners that we are continually seeking out, so that our international guests can visit and be informed by the very guardians of these traditions and cultures. Our greatest difficulty is in finding each other and then developing a working partnership that will meet the specific requirements of each. Sometimes this is easier said than done. Again, we encourage the Bureau of Indian Affairs to inform any interested parties to contact us at RSAA so that we may help them find a voice within The Brand USA and beyond.

We applaud the effort by Congress in developing and ratifying the Travel Promotion Act. We encourage Congress and the Federal Government to be vigilant in ensuring that The Brand USA, through its marketing efforts, protects and supports the interests of the less publicized attractions and points of interest throughout our great country. We ask that you urge The Brand USA to work closely with RSAA and its members who have the unique knowledge and expertise to ensure the success of well-balanced promotional efforts.

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RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. TOM UDALL TO  
JONATHAN TISCH

*Question.* New Mexico is home to unique Native American sites and traditions, such as Bandelier National Monument, Chaco Canyon, the Gila Cliff Dwellings, and nineteen Pueblos. The American Indian Alaska Native Tourism Association, which is based in Albuquerque, participated earlier this year in ITB Berlin, one of the world's leading travel trade shows. The organization is also working with the Bureau of Indian Affairs on tribal tourism initiatives. What could Congress and the Federal Government do to help support these efforts and other cultural tourism initiatives?

*Answer.* The United States is blessed with many world-class destinations, important historical sites, and vital cultural heritage attractions that both stimulate domestic tourism and encourage international travelers to come and visit. While it is true that many international tourists enter our country through major coastal or gateway cities, there are numerous draws within the Nation that lure them to all of our states. New Mexico and the surrounding regional Southwest is certainly no exception, and there is significant opportunity to attract tourists there from all over the world.

To do so, however, both the state and the region need visitors to have a first class travel experience. That experience often begins well before visitors even step foot in our country—for many, it starts when visitors are applying for a visa to visit the U.S. Right now, that process is burdensome and bureaucratic. Congress should implement needed reforms so that the State Department can ensure that international travelers experience minimal delay and hassle when applying for a visa.

Once here, international travelers must experience travel that is easy, efficient and enjoyable in order to keep them coming back. If a visitor is greeted by cancelled

flights, lengthy delays on an airport tarmac, airports that are antiquated and unable to accommodate today's modern security equipment—odds are they will be reluctant to travel from gateway cities into the country, let alone book a return trip. But if travelers can move easily from Los Angeles to Albuquerque they will be more likely to venture on to Chaco Canyon or the Gila Cliff Dwellings.

To make this a reality, Congress and the Federal Government need to prioritize upgrades to our Nation's travel infrastructure—particularly our aviation infrastructure—to help domestic and international tourists have an enjoyable experience traveling to and around the American Southwest. Modernizing our air traffic control system, expanding our runway capacity, bringing our airports and terminals up-to-date—all will contribute to improving the travel experience and bring more international and domestic visitors to New Mexico.

