

**BACKGROUND:** Travel and tourism generates \$1.7 trillion in economic activity in the United States every year and is one of the America's largest employers with approximately 17 million, or one out of every eight, travel-generated jobs. Travel and tourism exports (including international traveler spending in the U.S. and international passenger fares) accounted for 7.5 percent of all U.S. exports of goods and services and 25 percent of services exports in 2007, making international travel America's most lucrative services export. In fact, an increase of just one percent in international travel market share would produce \$13.5 billion in additional revenue for the U.S. economy. The economic benefits of travel and tourism span across every state and congressional district contributing more than \$115 billion in tax revenue for local, state and federal governments in 2007 – helping to pay for important community needs such as roads, schools and medical care.

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

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

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

#### **ISSUES FOR THE NEW ADMINISTRATION**

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

#### ***Action Item:***

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

million and matching funds collected from a modest \$10 fee on overseas travelers who are exempt from paying \$131 for a U.S. visa. Both President-elect Obama and Vice-President-elect Biden, along with over half of their Senate colleagues, cosponsored the Travel Promotion Act in the 110<sup>th</sup> Congress. The bill also enjoys the support of the US Conference of Mayors, US Chamber of Commerce, US Olympic Committee, National Association of Manufacturers, 50 state tourism directors, dozens of travel-related corporations and thousands of small businesses that benefit from international travelers. This fall, the bill (H.R. 3232) was passed by the full House of Representatives, after garnering the co-sponsorship of 250 House members.