

**TRAVEL BUSINESS  
ROUNDTABLE**



A Strategic Partner to **TIA**



**Travel Industry Association  
of America**

**TESTIMONY OF**

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**FOR THE**

**SUBCOMMITTEE ON INTERNATIONAL ORGANIZATIONS, HUMAN RIGHTS, AND OVERSIGHT  
COMMITTEE ON FOREIGN AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES**

**“WELCOME TO AMERICA?”**

**MARCH 20, 2007**

Good afternoon. I am Chuck Merin, President of the Travel Business Roundtable. I am speaking here today on behalf of TBR, an organization comprised of some 70 corporate and association CEOs whose mission it is to educate policymakers about the importance of travel and tourism to the nation’s economic, social and diplomatic well being. I am also here on behalf of TBR’s strategic partner, the Travel Industry Association (TIA), which represents 1,700 travel and tourism organizations across the country. Together, TBR and TIA encompass every sector of this diverse industry.

Chairman Delahunt, Ranking Member Rohrabacher and Members of the Subcommittee, thank you for inviting me to discuss the unique relevance of travel and tourism to this Subcommittee’s ongoing public diplomacy review. At its core, the travel industry represents an opportunity to bring people of different cultures and backgrounds face-to-face – to visit, to do business, to study, to receive medical treatment and to learn more about America and Americans.

Ranking Member Rohrabacher, I greatly appreciate what you said in the first in this series of hearings. You told a story about how President Reagan advised you that when delivering a message, it must be directed not only to a U.S. audience but also to the wider world. We could not agree with you more. At a time when America’s image continues to decline, what and how we communicate is closely scrutinized around the globe. We have found that people-to-people communication provided through the travel experience not only helps boost our economy but also helps convey a more positive image of America and its people.

**AN ECONOMIC GENERATOR**

In 2006, the travel and tourism industry generated \$703 billion in expenditures, directly employed 7.5 million Americans and accounted for \$171 billion in direct travel-generated payroll. Our industry creates jobs and careers; we fulfill important social policy goals, such as moving people

from welfare to work; and we contribute more than \$105 billion in tax revenue for local, state and federal governments that support essential services. Travel and tourism is a nonpartisan issue, and it flourishes in all 50 states and all 435 Congressional districts.

The industry is one of the largest exports for the U.S. and the single largest services sector export, accounting for 27 percent of all services exports. Directly and indirectly, international travel to the U.S. generates \$1.3 trillion, and we are one of very few industries that creates a multi-billion dollar trade surplus. That surplus declined to \$7.4 billion in 2005, after a peak in 1996 of \$26.3 billion.

## **THE POST 9/11 WORLD**

The 9/11 tragedy had a huge impact on our industry. International travel and tourism expenditures fell 19 percent, and 340,000 American jobs were lost between 2000 and 2002. For many lawmakers, it was the first time they understood the very real economic and social impact of travel and tourism on communities throughout America. Not only were planes not flying and hotels at low occupancies, but Broadway theatres, restaurants and shopping malls were also impacted. Just as no other industry was more immediately affected by 9/11, so it is that no American industry has the potential to do more to positively address the ignorance and contempt which fuels such heinous acts.

The impact of 9/11 on the nation's travel and tourism economy has been significant. A recent study by TIA estimated a total loss of 58 million visitors; 194,000 jobs; \$25.9 billion in payroll; \$94 billion in spending; and \$15.6 billion in taxes to federal, state and local governments since that tragedy. That dollars-and-cents loss is quantifiable; the squandered opportunity to present America to the world in a more positive light is not.

The U.S. is steadily losing its share of the lucrative international travel market. International travelers offer economic opportunity: they stay longer and spend much more than their domestic counterparts. For instance, last year New York City welcomed a record 44 million visitors. Only 18 percent of those were international travelers, but they were responsible for approximately 45 percent of all visitor spending. More importantly, international travelers represent the opportunity to win the hearts and minds of people around the world. When travelers don't come here, they learn about America and Americans through headlines rather than personal experiences. What the Discover America Partnership has found is that when international visitors actually visit the U.S., they are 74 percent more likely to have a favorable opinion about us.

Nations, much like individuals, are often defined by perceptions. Emotion and intuition usually drive perception rather than rational, analytical thoughts. According to noted pollster Frank Luntz, 80 percent of life is emotion and only 20 percent is intellect. He remarked, "I can change how you think, but how you feel is something deeper and stronger." As each of you has learned by experience throughout your political careers, perception is reality for many people. The perception of this country is that of a "Fortress America," unable or unwilling to courteously invite legitimate travelers to participate in the American experience.

Unfortunately, in terms of inbound travel, the U.S. now ranks third behind France and Spain, and China is close behind. Worldwide travel continues to increase at record rates, but America's piece of the ever-growing pie is shrinking. In 1992, the U.S. had 9 percent of the world market share; today we have 6 percent. That represents a 35 percent decrease. The Commerce Department reports that inbound travel to the U.S. has rebounded to pre-9/11 levels. These numbers are misleading,

however. Were it not for significant increases in inbound travel from Mexico and Canada, travel from overseas locations has actually decreased 17 percent.

As I mentioned before, we are not just referencing the leisure travel market. Business travel to the U.S. declined 10 percent between 2004 and 2005 while the number of business travelers to Europe grew by 8 percent over the same period. A study by the Foreign Business Trade Council found that U.S. business lost \$30 billion between 2002 and 2004, citing U.S. visa policy as the major deterrent to traveling here. Major conferences and sporting events have been canceled or scheduled for other destinations, costing our country billions of dollars. For example, San Antonio lost out to Rio de Janeiro as the host of the 2007 Pan-American games, in large part because of real and perceived visa and entry difficulties. In addition, the United States Olympic Committee has stated that the U.S. will never host another Olympic games until we change the way we treat travelers attempting to come to our country.

NAFSA, the Association of International Educators, has told us that while the State Department is reporting all-time high numbers of student visas issued, student enrollment in U.S. colleges and universities has not resurged. In a March 9 column in *The Washington Post*, David Ignatius wrote about the challenge in this way:

When people think about American power in the world, they usually list the country's forbidding arsenal of bombers, aircraft carriers and troops. Yet America's greatest strategic asset these days might not be its guns but its universities...

Pentagon officials are always bragging about their "smart bombs," which sometimes go wide of the target. American education is a smart bomb that actually works. When we think about the foreign outreach efforts by university presidents and dozens of others, we should recognize that they are a national security asset – making the world safer, as well as wiser.

The same is true for international travelers seeking medical treatment in the United States. I recently spoke with Ardell Brede, the mayor of Rochester, Minnesota, and he informed me that international patients seeking medical treatment at the Mayo Clinic have begun seeking treatment in other countries because of our visa and entry policies. The impact is not only devastating to the Mayo Clinic, but also to the surrounding community – the hotels, the rental car companies, the restaurants and shopping malls that support the city.

As the industry most immediately affected by the spectre of terrorism – an industry brought to its knees on 9/11 – we have never sought to eliminate security measures, but asked the federal government to implement them in an intelligent fashion that is respectful of travelers. Improving our nation's security should be and is our number one priority. We believe that economic prosperity and homeland security are not mutually exclusive, and in the fullest sense, actually complement one another. Two examples of well-intended but poorly implemented policy come to mind as examples of what not to do.

The industry supported the implementation of both biometric passport technologies and the Western Hemisphere Travel Initiative (WHTI) as part of the effort to better protect Americans from those who would seek to do us harm. However, we never thought that both initiatives would be implemented as poorly as they were. When America promulgates biometric standards for the world by deadlines certain that we ourselves cannot meet, that reinforces the worst imagery about American policy. When our good neighbor to the north, Canada, America's largest trading partner

and biggest international arrivals market, feels that we have failed to work cooperatively to implement the new policy, then once again perception becomes reality. Biometrics and WHTI implementation are powerful reminders that “how” we execute homeland security policies is every bit as important as “what” we implement.

## **OVERCOMING OBSTACLES**

Numerous surveys of an increasingly hostile world indicate that our country and our industry face a grave problem. What we have been doing over the past few months is offering to be part of the solution.

Our industry has repeatedly offered to provide customer service training to the State Department and its consular service, and to DHS and its Customs and Border Protection and Transportation and Security Administration personnel. Our offer isn't to teach them how to do their jobs, but rather how to execute those jobs in a more welcoming and respectful fashion. Recent meetings with the Foreign Service Training Institute suggest that State is willing to embrace this offer.

My friend and colleague, Geoff Freeman, will speak to this in much greater detail. I'd like to emphasize that what makes travel unique is that it remains the industry of dreams. Travel evokes positive feelings in people and creates a more positive prism through which to experience a country and its people. In this case, America and its people are the most effective mediums for reaching a hostile and wary world.

Fareed Zakaria recently wrote his February 26, 2007 column in *Newsweek* magazine about “How Homeland Security Harms US Image and Economy.” Zakaria wrote:

This is more than a dollars-and-cents issue. America as a place has often been the great antidote to U.S. foreign policy. When American actions across the world have seemed harsh, misguided or unfair, America itself has always been open, welcoming and tolerant. I remember visiting the United States as a kid from India in the 1970s, at a time when as a country, India was officially anti-American. The reality of the America that I experienced was a powerful refutation of the propaganda and caricatures of its enemies. But today, through inattention, stupidity and bureaucratic cowardice, the caricature is becoming a reality.

Dick Martin, author of an insightful new book titled *Rebuilding Brand America* made the point clearly when he wrote:

Those who believe America's declining reputation can be restored through a more forceful explanation of its foreign policies are fishing in trees. Doing a better job of explaining itself is certainly part of the answer, but it fails to address the core of the problem. America's declining reputation has less to do with what people think of America than how they feel about it.

## **RECOGNIZING THE NEW REALITIES**

We live in a market-driven era. Companies, communities and even countries are all brands in the sense that they evoke emotions and loyalties. America's brand has been compromised around the world, but its companies and its people are still held in high regard. The federal government, by

word and by deed, cannot single-handedly restore that brand. It can, however, do what federal governments are supposed to do: defend the country and promote economic opportunity.

The absence of a Cabinet-level position focused on travel and tourism and lack of attention to travel as a national economic engine sets our country apart from the world in disadvantageous ways. When countries around the world spend hundreds of millions of dollars to establish and promote their national travel brand, they highlight their nation, not the companies that comprise the industry. Nations from France to Fiji understand the power of these tools in a global economy; the United States has yet to fully embrace its potential.

Poorly executed visa and entry policies that intimidate and alienate legitimate international travelers help no one, and need to be addressed by the Congress and the Administration. And while this relates to outbound U.S. travel, we are compelled to point out that dysfunctionalities in the U.S. government do not end there. With several years to prepare, even our own State Department is struggling to meet demand for U.S. passports as a result of the WHTI requirement. Congress has provided State additional resources, but obviously much better planning is needed because U.S. travelers are now waiting 10 weeks to get a passport and this is threatening to ruin business and leisure trips abroad.

In a global economy, economic opportunity is truly a two-way street. McKinsey & Company recently predicted that almost one billion new consumers will enter the global marketplace as incomes worldwide grow over the next decade. America's decreasing share of a burgeoning international travel market portends ominous trends lines for the world economy of the future.

Travel and tourism uniquely evokes those qualities that much of the world still associates with what it is to be an American: tolerance, liberty, opportunity and dreams. We need to remind the world that the American dream still lives and that their opportunity to participate first-hand in the American experience remains an open opportunity.

John Stuart Mill long-ago wrote something that powerfully makes this point:

The economic advantages of commerce are surpassed in importance by those of its effects, which are intellectual and moral. It is hardly possible to overstate the value of placing human beings in contact with persons dissimilar to themselves and with modes of thought and action unlike those with which they are familiar.

Travel and tourism does just that, while simultaneously creating jobs and powerful economic growth across our nation. Travel and tourism remains the leading edge of the service economy that defines America and the world. Its role as a catalyst for human, economic, societal and cultural growth is remarkable. Isn't it time for the federal government to harness that energy and creativity in a partnership that protects our citizens while enriching America at home and abroad?

Thank you for the opportunity to appear before you today. I would be delighted to answer any questions you might have.