



THE COMMITTEE ON ENERGY AND COMMERCE

MEMORANDUM

May 3, 2013

To: Members of the Subcommittee on Commerce, Manufacturing, and Trade

From: Majority Committee Staff

Re: Hearing on "Vacation Nation: How Tourism Benefits Our Economy"

On Tuesday, May 7, 2013, the Subcommittee on Commerce, Manufacturing, and Trade will convene, at 10:30 a.m. in 2322 Rayburn House Office Building, a hearing entitled "Vacation Nation: How Tourism Benefits Our Economy." Witnesses are by invitation only.

I. Witnesses

Panel I

Roger Dow
President & CEO
U.S. Travel Association

Kathleen Matthews
Executive Vice President and Chief Global Communications and Public Affairs Officer
Marriott International, Inc.

Brian Rothery
Assistant Vice President, Government Affairs
Enterprise Holdings

Lori Gaytan
Senior Vice President Americas HR and Global Reward
InterContinental Hotels Group

Hudson Riehle
Senior Vice President Research & Knowledge Group
National Restaurant Association

Panel II

J. William Secombe
President & CEO
Visit Florida

Sharon Zadra
Board Member, Reno-Sparks Convention and Visitors Authority
Councilwoman, City of Reno, NV

Gina Speckman
Executive Director
Chicago's North Shore Convention and Visitors Bureau

Ralph Witsell
Executive Director
Discover Torrance Visitors Bureau

Beverly Nicholson-Doty
Commissioner
U.S. Virgin Islands Department of Tourism

I. Background

Overall, the travel and tourism industry in 2012 supported 7.7 million jobs in the U.S. (5.5 million direct and 2.2 million indirect).¹ While some States are more natural tourist destinations than others, travel and tourism is important to all States. In fact, travel-related employment is among the top ten employing industries in 47 States and provides over 100,000 jobs in 25 States.² According to the latest data from the Bureau of Labor Statistics, California and Florida each has over one million people employed in the leisure and hospitality industry.

In 2012, the U.S. enjoyed \$1.5 trillion in tourism-related spending. Direct tourism spending accounted for \$865 billion, while indirect tourism-related spending (goods and services used to produce what visitors purchase) accounted for \$589.1 billion. Travel spending can be separated into two distinct categories: leisure travel and business travel. Leisure travel spending accounted for approximately \$600 billion in 2012, while business travel spending was \$259 billion.³ A breakdown of where the direct spending occurs spotlights the importance of travel spending to certain industries. According to the U.S. Travel Association, direct travel spending

¹ "Travel and Tourism Spending Turned Up in the Fourth Quarter of 2012," U.S. Department of Commerce, Bureau of Economic Analysis, news release March 20, 2013, available at <http://www.bea.gov/newsreleases/industry/tourism/tournewsrelease.htm>.

² "Fast Forward, Travel Creates Opportunities and Launches Careers," U.S. Travel Association, available at <http://traveleffect.com/sites/traveleffect.com/files/reports/Fast%20Foward-Travel-Creates-Opportunities-And-Launches-Careers.pdf>.

³ U.S. Travel Answer Sheet: "Facts About a Leading American Industry That's More Than Just Fun," U.S. Travel Association, available at http://traveleffect.com/sites/traveleffect.com/files/fact-sheets/US_Travel_Answer_Sheet_March_2013_0.pdf

in 2012 was allocated as follows: \$201.4 billion on food services; \$162.8 billion on public transportation; \$158.4 billion on lodging; \$155 billion on auto transportation; \$89.7 billion on recreation; and \$88.2 billion on retail.⁴

Domestic travelers still account for the biggest portion of travel spending in the U.S., but attracting international travelers to the U.S. – particularly those coming from overseas -- is increasingly a focal point for policy makers. The fact that 95 percent of the world's consumers live outside the U.S. has helped direct efforts to increase U.S. exports across all industries. Capturing a larger share of international travelers is viewed by many as a way to increase U.S. exports, reduce the trade balance, and create jobs.

The emphasis on international travel also stems in part from the fact that travel receipts per traveler are much higher for international than domestic travelers for various reasons, including much longer vacation trips (average 18 days). There is further benefit to attracting international visitors because that revenue is counted as an export.⁵ In 2011, the U.S. travel and tourism industry generated \$153 billion in international receipts and accounted for approximately 2.7 percent of U.S. GDP.⁶

In 2011, such spending yielded a \$42.8 billion trade surplus. In fact, international travel to the U.S. has generated a trade surplus every year since 1989 and increased again in 2012 to \$45 billion from a record \$168 billion in international receipts. To highlight travel and tourism's importance in the U.S. trade account balance, travel receipts account for approximately 25 percent of service exports. Yet although the number of visitors to the U.S. has increased from 41 million in 2003 to 66.5 million in 2012, the U.S. share of all international travelers has been falling relative to emerging economies over the same time period.⁷

The International Trade Administration (ITA) within the U.S. Department of Commerce is responsible for strengthening the U.S. industry's competitiveness, promoting trade and investment, and enforcing trade laws and agreements. Within ITA, the Office of Travel and Tourism Industries (OTTI) is dedicated specifically to increasing travel exports through tourism policy development and strategy, maintaining all travel statistics (available at <http://www.tinet.ita.doc.gov/research/index.html>), and providing technical assistance to businesses to expand exports.

The ITA also manages the export.gov website in collaboration with numerous other Federal agencies as a portal to help U.S. business find new sales opportunities in other countries, including dedicated services for travel and tourism (<http://export.gov/industry/travel/index.asp>). Through the U.S. and Foreign Commercial Service, the ITA makes resources and personnel available to the the travel industry, with staff located in a majority of the States. Additionally,

⁴ Ibid.

⁵ For statistical purposes of measuring trade in services and national account balances, international travel to the U.S. is an export. International travellers spend foreign dollars to buy American services. It is therefore analogous to exporting an American-manufactured good to another country that is purchased by non-Americans.

⁶ "Fast Facts," U.S. Department of Commerce, International Trade Administration Manufacturing and Services Office of Travel and Tourism Industries, available at http://www.tinet.ita.doc.gov/outreachpages/download_data_table/Fast_Facts.pdf.

⁷ Ibid.

the Commercial Service international offices support global travel and tourism events (for a list of 2013 events see http://export.gov/industry/travel/eg_main_022765.asp).

On January 19, 2012, President Obama issued an Executive Order establishing goals for processing foreign visitor visas and creating a task force on travel and tourism strategy. The Secretaries of Commerce and the Interior are co-chairs of the task force. Also appointed to the Task Force were the heads (or their designees) of the Departments of State, Agriculture, Treasury, Labor, Transportation, and Homeland Security, as well as the Army Corps of Engineers, Office of the United States Trade Representative, Export-Import Bank, and other agencies invited by the Task Force Co-Chairs. The Task Force was also instructed to coordinate with the Corporation for Travel Promotion and the Tourism Policy Council.⁸ The Secretary of Commerce also serves as liaison between the Task Force and the U.S. Travel and Tourism Advisory Board (TTAB).⁹

The Executive Order directed the Task Force to “*develop a National Travel and Tourism Strategy with recommendations for new policies and initiatives to promote domestic and international travel opportunities throughout the United States with the goal of increasing the United States market share of worldwide travel....*” The Task Force released its strategy on May 10, 2012 (available at <http://www.doi.gov/news/pressreleases/loader.cfm?csModule=security/getfile&pageid=295021>).

In addition to the Federal efforts, every State and territory has dedicated tourism offices or departments to promote travel and tourism. Within many States, cities or regional authorities also have their own tourism office.

Please contact Brian McCullough, Gib Mullan, or Shannon (Weinberg) Taylor of the Committee staff at (202) 225-2927 with questions.

⁸ The Tourism Policy Council is an inter-agency council that coordinates national policies and programs relating to international travel and tourism which involve Federal agencies.

⁹ The U.S. Travel and Tourism Advisory Board is an advisory board of representatives of the travel and tourism industry appointed by the Secretary of Commerce and chaired by the Assistant Secretary for Manufacturing and Services. The current Board membership is available at http://tinet.ita.doc.gov/TTAB/TTAB_Home.html.