

**The Honorable William Sutton**  
**Assistant Secretary for Manufacturing and Services**  
**International Trade Administration, U.S. Department of Commerce**  
**Statement for the Record**  
**on H.R. 3232**  
**“The Travel Promotion Act of 2007”**  
**for a hearing before the**  
**Subcommittee on Commerce, Trade and Consumer Protection**  
**House Committee on Energy and Commerce**  
**September 11, 2008**

Thank you, Mr. Chairman, for this opportunity to provide our views on H.R. 3232, the “Travel Promotion Act of 2007.” As the Assistant Secretary for Manufacturing and Services, I oversee the Department of Commerce’s Office of Travel and Tourism. My team and I work with the Departments of State and Homeland Security and other Federal agencies to develop policies and programs that enhance the competitiveness of the U.S. travel and tourism industry and ensure that we continue to facilitate travel to the United States as we provide for our security. We work to remove barriers to the growth of tourism exports and support our Commercial Service offices around the world to assist American travel and tourism businesses and destinations to market and sell their products. We also are the primary government source for travel and tourism statistics.

Overview of the Industry

Travel and tourism is an important contributor to our nation’s economy. The United States travel industry accounted for a record \$747 billion in spending by U.S. domestic and international visitors in 2007, an increase of almost six percent over 2006. Total direct and indirect spending generated over \$1.3 trillion in tourism-related output. Travel and tourism is estimated to be 2.6 percent of the nation’s GDP. In 2007, direct employment supported by the travel and tourism industry totaled almost 5.9 million, a two percent increase over 2006.

The United States is one of the world’s most competitive destinations and continues to be the top generator of world travel receipts. In 2007, international travel to the United States generated \$122 billion, growing by 14 percent from 2006 and setting a record in travel exports<sup>1</sup> for the

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<sup>1</sup> U.S. travel and tourism exports include U.S. travel receipts – such as the purchase of travel and tourism-related goods and services, to include food, lodging, recreation, gifts, entertainment, local transportation in the country of travel, and other items incidental to a foreign visit – and passenger fare receipts – fares paid to U.S. air carriers and vessel operators for travel between the United States and foreign countries and between two foreign points.

second straight year. In 2007, travel and tourism generated the largest trade surplus in ten years, reaching approximately \$18 billion in our favor.

Total international arrivals to the United States also set a record in 2007, when the country hosted almost 56 million visitors, a 10 percent increase over 2006. This is the second time arrivals grew by more than 10 percent since 2004.

International travel in 2008 continues to grow at record levels. We are pleased to report that our travel exports are up 23 percent in the first half of 2008, and we are on track to set new records for the third straight year.

#### Department of Commerce Views

As these numbers underscore, the travel and tourism industry is important to our nation's economy, employment, and trade. Secretary Gutierrez has actively worked with the Travel and Tourism Advisory Board (TTAB) to ensure that the industry remains competitive in the global market. He has worked to remove barriers to growth, including signing a Memorandum of Understanding with the People's Republic of China to increase group travel from China to the United States.

Given these impressive figures and our commitment to facilitating travel to the United States, the Department of Commerce shares the Chairman's and the Committee's interest in supporting the travel and tourism industry. However, we oppose H.R. 3232 for several key reasons.

The legislation proposes that funds from the Treasury be used for various tourism promotion activities such as funding a travel and tourism advertising program. The Administration believes that tourism advertising activities should be financed and undertaken by the private sector and, where they desire, by state and local governments.

The Department of Commerce opposes provisions in Section 6 of this bill that would divert fees associated with a traveler pre-screening system, such as the Electronic System for Travel Authorization (ESTA) recently proposed by the Department of Homeland Security (DHS), to the proposed Corporation for Travel Promotion. Should DHS determine that it will charge fees for the use of ESTA, those fees should be used solely to reimburse the cost of running the system.

The Department of Commerce also opposes the investment and borrowing authority proposed for the Corporation, and we are particularly concerned that the funding mechanisms proposed by H.R. 3232 would circumvent the normal appropriations process.

We disagree with the argument that has been made that funding a tourism promotion program with fees collected from visitors from other countries means that it would not be paid for by the American taxpayer. The Administration believes that all revenues collected by the Federal Government from any source are the property of the American taxpayer and therefore should be used for governmental functions. Also, the U.S. becomes less desirable, as a travel location, when additional costs are added to travelers.

The Administration also believes that, if passed, Section 8 (c) of the legislation, which would abolish the TTAB could have a negative effect on the development of tourism policies that reflect the interests of U.S. industry. As I mentioned, Secretary Gutierrez works closely with the TTAB, which provides advice on government policies and programs that affect the U.S. travel and tourism industry. The Administration believes this process is critical to ensure that the Secretary receives policy advice directly from the appropriate industry representatives who are appointed for this purpose. Therefore, the Administration does not support abolishing the TTAB, as proposed in this legislation.

In addition, the Department of Commerce works very closely with other Federal agencies to ensure that U.S. policies and programs facilitate and enhance travel to the United States. Interagency deliberation on these issues is undertaken through the Tourism Policy Council (TPC). The Administration agrees that the TPC membership should be updated to account for new Federal department structures including the addition of representatives from the Departments of Homeland Security and Education as proposed in H.R. 3232. However, the Administration does not agree with the inclusion of a private sector organization, even a nonprofit organization, on the interagency TPC. This would give that organization a unique and inappropriate position among the multiple stakeholders in the development of public policy.

The Administration would also like to use this opportunity to note that the structure as outlined in this legislation does not appear to provide an appropriate level of transparency and oversight of expenditures of public funds.

### Conclusion

In conclusion, the United States travel and tourism industry continues to be a key part of our nation's economy. Our travel and tourism industry remains the world's largest generator of revenues in this category. The Department of Commerce has an active program dedicated to expanding travel and tourism business opportunities for employment and economic growth. There is no market failure that would necessitate the level of Federal intervention into the travel and tourism industry proposed by H.R. 3232. For all of the reasons explained in this statement and the Department's views letter on the bill, the Administration opposes H.R. 3232. We look forward to working with the Congress and with the private sector on policies and programs that will continue to enhance the competitive position of the United States in this area.