

# U.S. TRAVEL ASSOCIATION®

## STATE OF THE TRAVEL INDUSTRY

**Remarks as Prepared for Delivery by Roger Dow, President and CEO  
U.S. Travel Association  
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Welcome. I'm grateful you could be here and greetings to all joining us online.

Before I begin, a word on coronavirus, which is of course top-of-mind. We are very mindful of the impact of this situation on inbound travel, especially from China—one of our top source markets for visitation.

Our thoughts are with all those affected, here and abroad, and we are hopeful for a swift resolution.

Since the outbreak was announced, U.S. Travel has maintained near-daily contact with officials at the Centers for Disease Control and Prevention, the NIH and the Administration and have consistently urged travelers to heed guidance from American public health officials.

While visitation from China will be temporarily affected, all of the current expert advice indicates that business and leisure travel in the U.S. can and should continue as normal.

Previous events tell us that travel is quick to rebound after health-related downturns. We'll continue monitoring and ensure our industry is informed at critical moments.

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Looking ahead, 2020 marks the dawn of a new decade. So it's the perfect time to reflect on the State of the Travel Industry: how far we've come over the last 10 years, where we stand today, and the opportunities and challenges that will shape our industry during the coming decade.

There's no question that travel's achievements are measurable through data, but its real life-impact is only revealed through the amazing men and women who make travel possible.

I'll highlight some of them today – because these stories define our industry, give purpose to our work, and make the policy changes we pursue worth fighting for.

I'd also like to share U.S. Travel's vision of how a thriving travel industry serves America – and how we intend to keep travel advancing so that the coming decade is our strongest ever.

This vision is important because it brings to life the tremendous impact our industry has on the lives of millions of Americans and their communities every single day, often in ways they seldom stop to think about.

For most people, travel means the importance of a business trip, attending a meeting, the joy of a family vacation, the anticipation of a weekend getaway.

These are vitally important contributions and we're very proud of them. But for me the true impact of our industry is even broader and deeper.

That's because travel spreads prosperity to every corner of the United States. It binds our nation together. Welcomes new visitors to America. Helps inspire the world with our culture and natural beauty. Builds understanding.

Mark Twain's words, in some ways, transcend time: "Travel is fatal to prejudice, bigotry, and narrow-mindedness," he said.

Perhaps most importantly, travel offers millions of Americans the chance to grab the first rung on our nation's great ladder of professional opportunity. It launches rewarding careers, inspires countless entrepreneurs to follow their dreams, and helps workers build the skills they need to succeed, not just on the job, but in life.

First, let's take a look at how far we've come together.

For the travel industry, it's been the Tale of Two Decades.

Back in 2010, we were coming off travel's "Lost Decade". We had endured a series of unprecedented challenges that undermined travel, limited our ability to expand, and threatened America's travel leadership. We had lost 31 percent of our global travel market share.

Back then few if any would have predicted we were on the verge of the greatest travel boom in history.

But it didn't happen by accident. It was built on a rising global economy. It was propelled by industry innovation and the incredible experiences we offer. And it was advanced through a strategic policy agenda that allowed our industry to capitalize on its strengths.

Any way you cut it, the past 10 years have been the Comeback Decade for the travel industry, a decade defined by rising growth, surging prosperity and escalating influence.

Over the last decade Americans hit the road, taking more than 21 billion trips here in the United States, a 10 percent jump over the previous decade.

We welcomed 724 million international visitors, nearly a 50 percent increase.

Travel spending soared 62 percent, reaching \$1.1 trillion annually in 2019 and totaling \$9.5 trillion for the decade, significantly outpacing growth in the overall economy.

Most importantly, 1.7 million good American jobs—jobs that can't be outsourced—were added over the decade.

So, we start this new decade from an unquestioned position of strength. But that strength isn't guaranteed.

Based on our latest projections for 2020 we expect domestic travel will grow by 1.4 percent this year with domestic leisure growing faster than domestic business travel.

International inbound travel will increase by a modest 2 percent, amid global headwinds such as a slowing global economy and a strong dollar.

And while travel accounts for 3 percent of GDP, we're a powerful jobs generator, contributing 6 percent of the 2 million new jobs added last year.

Much has been said about the addition of Amazon's new headquarter across the river and the construction of the Toyota-Mazda joint-venture factory in Alabama. We applaud these new assembly plants and corporate offices – they each contribute to the economy. But to meet the growing demand created by travel, jobs in this field are available – *immediately* – they are essentially “shovel ready,” not requiring the construction of new businesses.

We expect total travel spending to again top \$1.1 trillion in 2020. While that sounds great, we are concerned that America's total share of the lucrative global overseas travel market could slip to 11 percent – a full percentage point lower than three years ago.

U.S. Travel's efforts are focused on reversing that slide in international travel market share to the U.S. – and keeping domestic travel growing.

These goals aren't just important to our industry – they are vital to America and the goals of the Trump administration and our leaders in Congress.

Today, an astounding one in 10 Americans – 15.7 million people – work in jobs supported by travel.

For these Americans, travel isn't just a job, it's a gateway to the middle class, to a rewarding career, to a better life for themselves and their families.

Many have stories like Erica Qualls-Battey.

After the birth of her fourth child, Erica re-entered the workforce – taking an entry-level post at the Santa Clara Marriott, which led to her current position as General Manager of the Atlanta Marriott Marquis. Today, Erica is recognized among the top business leaders in the city of Atlanta.

Travel not only employs millions, we're also a key source of America's greatest economic strength – entrepreneurs and small business owners. In fact, more than 80 percent of travel companies are small businesses.

This remarkable industry enables entrepreneurs to fulfill their dream of launching a business, like:

Mike Gallagher, who together with Mike Morey, started CityPASS in 1997 and today employs more than 50 people in this highly respected, family-owned company.

Or Jennifer Simpson who launched Bespoke Experiences in New Orleans in 2013, a first-of-its-kind custom tour service which has now grown to other destinations nationwide.

And Hope Andrade and Lisa Wong, co-founders of GO RIO San Antonio River Cruises, who won the contract to operate the Alamo City's fleet of iconic electric river barges.

Travel spreads opportunity by helping others create jobs.

Holly Agra, president of Chicago's First Lady Cruises, whose fleet of custom vessels, staffed by more than 120 full- and part-time professionals, showcase Chicago's world-famous skyline to residents and visitors—and will expand to Wisconsin with a new vessel this year bringing more new jobs.

And Velma Johnson, who founded Mama J's restaurant in Richmond, Virginia and nurtured it into a southern soul-food destination recognized by the James Beard Foundation and Food & Wine magazine.

I share these stories because they underscore why what we're talking about today is so important – and worth fighting for. They help us move beyond the raw data to understand the impact travel's success has on people.

Stories like these are built on a travel industry that is thriving and growing—and that requires something else. As I mentioned, we've been riding the wave of some sound policy decisions.

One of the most important was the bipartisan creation of Brand USA, America's marketing and promotion arm. Over the last six years, this program has generated \$48 billion in total impact for the U.S. economy, all without spending one dime of taxpayer money.

In December, a bipartisan majority in Congress reauthorized Brand USA through 2027. At a time when it's nearly impossible for any industry to achieve any progress in a divided Congress and an election year – we're pretty proud of that accomplishment.

Reauthorizing Brand USA is a vote of confidence in travel's importance to America's economy. It's a strong sign that the U.S. intends to continue competing strongly in the international travel market, draw more visitors to our country and drive future growth in our industry.

But even after a critical legislative victory, we can't take our foot off the gas. Instead, we're asking some big questions:

How do we cement these gains in stature and influence – and build on them for the future?

How do we get even more proactive in this highly political election year to win over new travel champions and strengthen our bipartisan support?

In short, how do we pave the way for another amazing decade for travel?

To help the industry deliver, U.S. Travel is pursuing an aggressive agenda that focuses on three critical priorities: Expanding trade, spurring commerce and strengthening security.

**First, promoting travel through trade.**

Every barrier to travel is a barrier to trade. Our nation commits vast investments of time and energy to promote lower barriers to trade in American steel, wheat, pork, tractors, airplanes and many other “Made-in-the-U.S.” goods. But how often do you hear our trade negotiators pushing for lower barriers to travel?

It's time to treat travel like the trade powerhouse we are.

In 2018, international travelers spent \$256 billion when visiting the U.S. – generating a trade surplus of \$69 billion. That's because every dollar spent by an international visitor on a hotel, meal, rental car, or airplane ticket counts as a U.S. export.

All this visitor spending makes travel America's No. 1 services export.

Our industry's export power has earned us a seat at the table during trade negotiations—and we intend to use it. We will take a leading role in helping U.S. officials secure more agreements with more countries that open more markets to the U.S.

That's why we actively promoted the newly passed USMCA, a landmark agreement that will create 15,000 travel jobs in the U.S.

In the coming year, the U.S. expects to negotiate trade deals with the EU, the UK, Japan and China—some of the largest markets for overseas visitors to our country. To achieve America's trade goals of boosting growth, raising exports and closing our trade deficit, travel must be on the agenda.

Key policies that prioritize travel should be baked into every trade agreement. That list includes:

Eliminating barriers to business travel, agreeing not to politicize travel warnings and advisories, requiring our trade partners to meet the highest standards of travel security, and eliminating tariffs that raise costs for travel businesses.

**Our second priority: enhancing security while simplifying travel.**

The travel industry will also advance innovative programs and technologies that make travel both more seamless and more secure.

For years we have pursued the vision of friction-free travel. When it comes to air travel security that vision is within reach.

Imagine arriving at an airport and walking straight to your seat on the plane. No winding through security lines. No pulling out IDs or showing tickets. No taking off shoes and belts or worrying about how many ounces of toothpaste you have.

That's the promise of biometric identification.

U.S. Travel has long been at the forefront of critical innovations in travel security. We led the way on TSA PreCheck and Global Entry, programs that help millions of American travelers get through airports faster and easier.

The next frontier is expanding biometrics to improve travel security and make travel more efficient.

We envision biometrics relieving stress at three critical travel chokepoints: TSA screening at airports, Customs and Border Protection entry and exit, and enhancing the Department of Homeland Security's trusted traveler programs.

Of course, we cannot win public support until we have clear, verifiable protections for privacy, accuracy and performance for these technologies. And so, U.S. Travel will lead the effort to create clear, pro-traveler rules governing biometric identification.

When it comes to biometrics, the technology is here, the vision is real, but implementation will take time. So we must also take essential steps now to improve our current system.

That means addressing the looming REAL ID crisis. Immediately prior to the launch of an education campaign late last year, we identified that an estimated 99 million Americans will not be able to fly as of October 1, 2020 because they don't have an ID that meets the new federal standards.

Hoping that 99 million people will trudge down to the DMV for a new ID is no solution.

Instead, let's adopt a few common-sense reforms to the REAL ID Act, like allowing people to start the process online, rather than in-line at the DMV and approving travelers for take-off who are already enrolled in programs with even higher background requirements than REAL ID, like PreCheck and Global Entry.

There's even more our nation can do right now.

We should expand the Visa Waiver Program to add Brazil and Israel. This would not only strengthen security between our nations, it would bring nearly three million additional travelers to the U.S. and add more than \$30 billion to our economy over the next three years.

And we must keep pushing to make international travelers feel more welcome when visiting the U.S., including making visa wait times shorter and ensuring smoother processing at air, land and sea entry points.

**Our third priority: spurring pro-travel commerce.**

Travel and commerce are inextricably linked. Each one drives the other. When the economy is strong, travel grows. Travel is the front door to economic development. When travel is strong, economic growth rises across every state and every community in the country.

Travel's crucial role in our economy needs to be reflected in the tax code. Right now, we have a confusing morass of loopholes and inconsistencies that serve no economic purpose.

If you entertain a client at a Nationals game, you can deduct the cost of a beer and hot dog but not the cost of the ticket. That spread in the sky box at a Caps game is fully deductible, but not the box itself.

We need to make the rules clearer and more consistent. So let's fix the tax code so that legitimate business activities are treated fairly, equally and consistently.

For too long, travelers have also taken a back seat in Washington's endless infrastructure debate. We believe we should start looking at infrastructure not just in the way it serves freight, but in the way it serves people.

Yes, we need to make long-overdue investments in America's airports, roads, rail system and other assets that encourage travel.

That includes clearing the backlog of needed investment in America's national parks. While no one can improve on the monumental, God-given beauty of these natural wonders, we can and should find the resources to make our parks more enjoyable to visit.

But we must also focus on the future. Specifically, the future of travel mobility.

We are in the midst of a revolution in how people get around.

What will the future bring? As that great American philosopher Yogi Berra, once said "It's tough to make predictions, especially about the future." But just scan the landscape of innovation to get a sense of what mobility might look like in 2030.

Engineers at Virgin Hyperloop One are testing a mass transit system in the Nevada desert that could eventually move people at 600 mph.

High-tech and manufacturing companies are teaming up to advance self-driving vehicles that can be summoned on demand.

Every major automaker is rushing new fleets of electric vehicles to market to meet booming demand for more sustainable transportation.

How will our travel infrastructure sustain—or even better—accelerate these and many other innovations?

Putting our energies into shoring up a nearly 65-year-old Interstate Highway System is absolutely necessary, but as a vision of the future, it's way too limited.

For many years, our nation's economic growth has been tied to our ability to move people and products. Now, the condition of our infrastructure is one of the biggest long-term threats to our economy.

We need to pursue a more ambitious vision.

I can't tell you which technology will break through and usher in the next revolutionary advance. But I can tell you that every step forward makes it easier for people to travel. So U.S. Travel plans to be part of that conversation.

It starts by asking a new set of questions:

Not just, "How do we fix the Highway Trust Fund?" But "How do we create a surface transportation system that can handle millions of autonomous trucks and allow travelers to drive across the country in electric vehicles?"

Not just "How do we fund airport improvements," essential as they are, but "How do we get air travelers from their doorstep to their destination without waiting in a single line?"

And not just "How do we squeeze a few extra miles per hour out of the Acela?" But "How do we get people from Washington to New York by rail in one hour?"

New travel modes and innovations are not the only forces shaping travel's future. Both consumers and travel destinations are raising their expectations for our industry. And their biggest expectation is that we grow responsibly and sustainably.

One of the hottest trends in travel today is purpose-driven travel. Travelers are searching out destinations and experiences where they can make a social and environmental contribution.

According to Booking.com, 60 percent of travelers are seeking recommendations for trips that positively impact a local community. Millions are demanding travel options that respect a destination's cultural heritage, are sensitive to its ecological challenges and enhance its quality of life.



Travel leaders are already pioneering innovative solutions to meet these higher expectations.

The Colorado Tourism Office has teamed up with other state tourism organizations and businesses to launch a program called, “Are you Colo-Ready?” It helps travelers enjoy the state’s natural wonders in a way that preserves the environment, reduces impact and encourages them to discover new parts of the state that are off the beaten path.

Visit California has developed a statewide Destination Stewardship plan that outlines principles and sustainability opportunities and practices for industry partners across the Golden State.

Dallas-Fort Worth International Airport is now the first carbon-neutral airport in North America.

Major hotel companies have firm commitments to grow social impact, cut environmental footprint and increase the use of renewable energy.

These are just a few examples that will make our industry more sustainable and more responsive to rising consumer expectations. The travel industry cares deeply about the care and safe keeping of our planet. The treasures that you and I and our families cherish today should be treasures that future generations enjoy—for many decades to come.

It’s pretty clear that as we begin this new decade, tremendous opportunities are on the horizon.

We’ve built a pretty ambitious agenda. It aligns perfectly with an industry as ambitious and invigorated as travel.

We’re betting big on the future because we know what our industry can achieve if we unite behind a clear vision, join together to advance common goals and put our shared interests first.

Of course, there’s one more element that’s essential to our success.

Legendary football coach Vince Lombardi once said: “the price of success ... is hard work.”

That’s right where U.S. Travel comes in. We convert vision into strategy to guide our actions. We put boots on the ground to advance our industry’s goals.

We’re proud to do this work because we do it on behalf of an amazing industry. An industry that offers limitless possibilities. That is driven by endless innovation. That delivers life-changing experiences. And fulfills the aspirations of millions of American workers.

With the right policies in place, travel can continue to deliver these benefits, even as we expand travel’s reach into new markets, deliver on the vision of seamless travel, unleash the future of mobility and lead responsibly.

I’m proud to lead this great industry at this great moment in our history.

Thank you very much.