



STATE OF THE TRAVEL INDUSTRY 2021 Travel's Next Chapter

**Remarks as Prepared for Delivery by Roger Dow, President and CEO
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Introduction

Thank you for joining us today. While I wish we could meet in person, I'm grateful we can gather virtually to look ahead to the important work and opportunities in front of us.

A year ago, I spoke at the National Press Club about the travel industry's "Comeback Decade" ... a decade of tremendous growth. At that time, travel supported one in ten American jobs and was our nation's second-largest industry export.

We were optimistic about the future ... and proud of our industry accomplishments – especially its prominent role in powering America's economy.

But just days before I delivered that speech the U.S. banned travel from China. It signaled the approaching global pandemic that would decimate our industry and derail the global economy.

Since March, the U.S. travel industry has suffered more than \$500 billion in pandemic-related losses. Travel industry unemployment climbed to 51%—more than double the national rate at the height of the Great Depression.

The social costs of this pandemic have been equally devastating. Americans are less connected, more isolated, and less mobile than ever before.

But travel's story is far from over.

Today, we are coming together to launch travel's "Next Great Chapter." This chapter will be fueled by innovation, tenacity and focus ... built by the remarkable men and women of our industry who are rising to meet this moment.

My belief in the power of this industry remains unchanged. Look at the resolve we have shown this past year ...

- Hotels hosting healthcare workers on the frontlines of the pandemic.
- Travel leaders fighting for federal relief to protect their employees.

- Our entire industry joining together to implement rigorous health and safety guidance to keep guests and workers safe.

Now we all must work together to write the next chapter.

Our goal is not simply to recover what we've lost ... but to rebuild an industry that's even better positioned than before the crisis ... one that's more globally competitive ... more innovative ... and more unified.

This is the opportunity for a new Congress and new administration to work with our industry to revive our nation's economy, restore millions of lost jobs, and bring Americans together again.

Turning the Page

Just a few days ago, President Biden called for unity and healing.

His words followed the horrific attack on our nation's Capitol.

His words followed one of the darkest days in Washington in recent memory. I was ... as I'm sure you all were ... appalled by the attack we saw on our Capitol.

Because I have been in this industry a long time ... I have visited every state in our great country and have had the privilege of meeting people from all backgrounds. These acts of violence are not emblematic of the welcoming spirit that forms the bedrock of our country and our industry.

The travel industry alone cannot heal all the divisions in our country. But I am a strong believer in travel's ability to bring people together ... break down barriers ... foster understanding.

Over a century ago, Mark Twain correctly observed: "Travel is fatal to prejudice, bigotry and narrow-mindedness."

Travel can unite people of diverse backgrounds and connect Americans in meaningful ways.

Our industry can play a critical role in helping to bring Americans together again and help our nation heal.

Relief our industry has already received

We will begin by building on the hard-fought legislative success we achieved in 2020 – including the recent coronavirus relief legislation passed in December.

With your help – last month Congress extended the Paycheck Protection Program ... and expanded it to include destination marketing organizations.

We helped elected officials understand that DMOs are the backbone of the U.S. travel industry. They drive demand. Promote small businesses. And will play a crucial role in welcoming back visitors ... safely restarting meetings and events ... and reviving Main Streets across America.

The relief bill also included a second draw on PPP, which is critical for hotels and restaurants among other travel business sectors, as well as emergency relief funding for airports and concessionaires to help maintain operations and prevent the spread of infection.

And it extended the Employee Retention Tax Credit and the Coronavirus Relief Fund through 2021.

These measures are a start, but our work is not done. Much more will be needed to ensure travel businesses weather this storm and help fuel America's economic recovery. For instance, there are important components contained in President Biden's American Rescue Plan to help us rebuild, such as providing grants for the hardest hit industries, including travel. Also included in the President's proposal is additional funding for vaccine distribution which we know is vital to helping travel businesses more robustly reopen.

Shortening the recovery time

Travel has spurred economic recovery before. We saw it after 9/11 ... following the 2008 financial crisis ... after the BP oil spill ... after devastating multiple natural disasters.

But this is our toughest challenge yet.

Some predict it will take five years to recover from the pandemic. That's far too long.

Shortening the recovery period was a major driver of the launch of the highly successful Let's Go There initiative, and its next phase of Let's Meet There.

The initiative ... which began with a working group to create consistent health and safety guidance ... has seen thousands of organizations across all sectors of our industry come together behind a simple mission: With the right messaging to safely encourage travel and remind Americans of the joy and benefits of travel, demand will eventually resume, and the travel industry can begin its recovery.

From a policy standpoint, our elected officials must prioritize travel's revival so we can get people moving again ... restore jobs ... and supercharge America's recovery.

Travel generates visitor spending – one of the fastest ways to inject money directly into local economies.

We need to focus on how to safely and fully restore leisure travel ... revive business travel ... bring back meetings and events ... and welcome visitors from around the world.

We need to make sure all travel businesses—hotels, airlines, attractions, theme parks, rental car companies, cruise lines, independent tour operators and so many others—can sustain themselves through this crisis.

If we do, every region of the country will benefit from travel's speedy recovery.

How to get there: Involvement from the Biden administration

So, how do we get there?

U.S. Travel has been working with President Biden's team on policies that can be adopted in his first 100 days to jump-start travel and boost America's economy.

First, America must get a handle on the virus. We must rigorously adhere to sound health and safety practices – especially wearing masks and physical distancing. We also need federal leadership to accelerate vaccine distribution – a priority of the Biden administration – and to encourage everyone to get vaccinated as soon as shots are available.

Second, we're encouraging the administration to establish a national plan to build confidence in domestic travel through clear public health guidance ... and to boost travel demand with aggressive economic stimulus measures.

Third, the administration should safely reopen international travel through risk-based COVID-19 testing protocols and remove international travel bans. These should be the first steps in setting a national goal to welcome 116 million annual visitors to the U.S. by 2028 and reestablish the United States as the most welcoming country in the world.

How to get there: U.S. Travel's policy platform

There is a great deal the Biden administration and Congress can do to revive the travel industry in the short term.

U.S. Travel has also created a policy platform for the long-term—a platform for rebuilding our industry ... launching a new chapter in travel's economic leadership ... and putting us on the path to greater prosperity.

The policy platform is focused on several key areas:

- Economic recovery,
- Investing in infrastructure and the future of mobility,
- Increasing global competitiveness,
- Reimagining air travel, and
- Improving travel facilitation.

The platform will help us move beyond the pandemic and create a solid foundation for growth for decades to come.

The first step is to revive travel so our industry can play its historic role in leading America's economic recovery. Simply put, a broad-based economic recovery is impossible without a revival of the travel industry.

The economic recovery component of our platform focuses on how we can sustain a stable, consistent recovery ... restore jobs ... and revive the U.S. travel economy.

This requires ensuring travel businesses have access to grants, loans and programs to help them get back on their feet.

And it also requires policies and incentives to safely bring back meetings and events.

We're all grateful for Zoom. We couldn't have survived without it. But—from both a social and economic standpoint—it's no substitute for in-person meetings. The only reason virtual meetings have been somewhat successful is that they are built on a foundation of years of in-person relationships.

Our face-to-face relationships are critical and highly perishable. We need the support—and the vision—to begin resuming hybrid and in-person meetings.

Next, the federal government should prioritize infrastructure investments now—so the U.S. can emerge from the pandemic more connected and positioned for faster, enduring growth.

Even before the pandemic, America's aging, underperforming infrastructure made it increasingly difficult to get around our country.

We have a real opportunity to modernize infrastructure ... spur new modes of transportation ... and facilitate recovery by finally committing to a national infrastructure plan.

We are calling on the federal government to invest \$550 billion in highways, transit systems, passenger rail and airports over the next five years.

We must also prioritize funding for our national parks so they can continue to tackle their deferred maintenance projects and welcome visitors in a sustainable way.

But we also need to dream bigger.

American innovation and ingenuity made our nation first in flight. It created the national park system to preserve the beauty of our country. It built the interstate highway system that drove a growing economy and enabled travel for millions.

That same spirit should spur us to look beyond our existing systems and invest in new modes of transportation—to bring innovation back to infrastructure and work toward a future we cannot yet imagine.

The federal government must encourage state and local planning organizations to develop bold transportation strategies to grow travel ... provide funding to enhance travel mobility ... and offer tax credits and incentives for greater investments in more sustainable transportation solutions.

We also need to look beyond our borders and increase our global competitiveness.

Once international travel can safely resume, a surge in global travel demand can provide a huge boost to our economy. But visitors from around the world must choose to visit America ... and spend their travel dollars here.

To help America compete for international visitors, policymakers must start viewing travel—and treating it—as an export on par with other U.S. industries.

To help develop a coherent, government-wide strategy to boost travel exports, we have called on the Biden administration to establish a new Assistant Secretary for Travel and Tourism within the Department of Commerce.

In 2019, travel was America's second-largest industry export, accounting for 10 percent of all U.S. exports of goods and services. International visitors spent \$255 billion in the U.S. that year, generating a travel trade surplus of \$59 billion. In other words, without travel, America's overall trade deficit would have been 10 percent larger.

Considering its importance to U.S. trade, travel must become a central component of our trade agreements, including pending deals with the United Kingdom, Japan, the European Union and others.

All of this will increase our travel competitiveness. But to become a true global leader, America must also be viewed as a welcoming nation.

We must show the world that we want people to visit our great country ... that we are ready to embrace visitors from near and far.

This is why the mission of Brand USA is more important than ever.

Given the collapse in international inbound travel—the program's main source of public revenue—U.S. Travel is asking the federal government for its continued support and protection of Brand USA ... so it can keep doing its important work of promoting the United States to visitors around the world.

As we modernize our infrastructure and encourage travel, we should also seize the opportunity to reimagine a stronger, more innovative air travel ecosystem.

One important way to strengthen air travel is to accelerate the implementation of biometric technology.

Biometric identification provides faster facilitation, greater accuracy and a more secure travel environment. These touchless systems also create a more convenient, hygienic user experience – an important factor in dealing with the current public health crisis.

We are calling on the federal government to expand biometric exit systems currently operating at 20 airports and seven seaports.

We are also asking the federal government to set and communicate clear standards for privacy and security. Biometric data must be used for identification purposes only, not for surveillance or law enforcement purposes.

Americans should have the option to participate voluntarily, giving our citizens the choice to opt out of biometric screenings for any reason.

We must also continue to improve the REAL ID Act.

According to the Department of Homeland Security, only 38 percent of Americans are REAL ID-compliant. Enforcement is set to begin on October 1st, 2021. But the pandemic has made it harder to get to the DMV. Given the low compliance rate and the complications of the pandemic, many Americans could be turned away at the airport gate unless the deadline is reasonably pushed.

Enforcement should be delayed until it can be proven, through metrics, that implementation will not reverse or slow the industry's recovery.

The federal government should also develop alternative screening procedures for travelers who show up to the airport without a REAL ID.

Finally, we must enhance our travel facilitation programs.

The most innovative security programs also make travel more accessible and efficient.

A more streamlined approach to travel facilitation will be crucial to handling the coming resurgence in travel demand:

- TSA Precheck, Global Entry, Sentri and Nexus should be consolidated into one program,
- Global Entry and Preclearance locations should be expanded to Visa Waiver Program countries, and
- The U.S. should expedite visas for low-risk applicants and automate non-immigrant visa applications.

Conclusion

This is an ambitious agenda.

But extraordinary times call for bold vision.

We have been here before.

After 9/11 our industry was decimated. We lost a third of our global market share, the beginning of travel's "Lost Decade."

Many said travel would never recover ... that the industry we had worked so hard to build had been extinguished in an instant. That travel as we knew it was forever changed.

Not only did we recover, but with great focus, unity and determination, we grew to have our strongest decade ever. We committed ourselves to the mission of rebuilding the U.S. travel industry.

That was travel's "Comeback Decade."

But travel's next chapter will be fueled by an even greater focus, a greater determination ... it will be fueled by the strength of the remarkable men and women who contribute so much to this industry.

Travel defines the American spirit. It inspires our sense of adventure ... brings forth our welcoming nature ... fulfills our aspirations to connect with the world ... and with each other.

That is a legacy we should not only be proud of ... it is a foundation we can build on.

I look forward to working with each and every one of you as we write the next great chapter of our industry's remarkable story.

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