



## UNITED STATES TRAVEL AND TOURISM ADVISORY BOARD

May 24, 2018

The Honorable Wilbur Ross  
Secretary of Commerce  
Washington, D.C. 20230

Dear Mr. Secretary:

In support of the proposals of December 14, 2017 from the United States Travel and Tourism Advisory Board (TTAB) regarding the establishment of a new 10-year international visitation and spending goal for the U.S., the TTAB believes it is necessary for action to be taken in response to the April 9, 2018 National Travel and Tourism Office (NTTO) announcement of the suspension of data reporting on overseas arrivals to the U.S. due to data source anomalies. The TTAB strongly supports NTTO's decision and applauds the transparency with which it shared these findings with the TTAB and other travel & tourism industry stakeholders, as well as its commitment to restoring confidence in the integrity of its data collection and reporting as expediently as possible. Reliable international travel data is important for the U.S. trade policy as well as travel and tourism industry planning.

Among its many functions, NTTO serves as the Federal government's central resource for international visitation statistics through the organization's Visitors Arrivals Program. Based on a variety of data sources, and working cooperatively with the Department of Homeland Security (DHS) and Customs and Border Protection (CBP), NTTO tracks U.S. arrivals and departures by travelers who are not American citizens or lawful permanent residents.

In calculating international visitation, residents of the United States are not counted as visitors. When NTTO conducted a review of 2017 visitation data, its analysis identified a significant number of non-U.S. citizens traveling on visas who were incorrectly categorized as U.S. residents, resulting in a material underreporting of international arrivals.

As noted in the TTAB's prior recommendations, the U.S. travel and tourism industry was responsible for 11% of all U.S. exports and 33% of services exports in 2016. With one out of every 18 Americans employed – either directly or indirectly – in tourism-related jobs, the accuracy of NTTO's data is essential, not just to travel industry organizations, but to all government agencies that rely on this information to inform policy decisions. It is important to note, for example, that the data anomalies noted above have resulted in a material understatement of U.S. exports and GDP, as well as an overstatement of the trade deficit.

While domestic travel represents the largest segment of total visitation, international travelers generate a disproportionate percentage of total travel-related expenditures, totaling \$245 billion in 2016 and yielding an \$84 billion trade surplus. At the same time, however, while global long-haul travel is expected to grow to 307 million travelers in 2017, U.S. share of this vitally important business is expected to decline for the

second consecutive year – something that hasn't occurred since the period immediately following the tragic events of September 11, 2001.

This loss in market share is particularly pronounced from some countries/regions that have historically been strong contributors to international visitation, including Mexico and the Middle East. It is particularly noteworthy that a number of competitive destinations are aggressively courting international visitors from the United States' key feeder markets (e.g. – China, Mexico, the U.K.).

Given the travel & tourism industry's significant contribution to the balance of trade, it is essential that the U.S. regain this lost market share and that the destination remains globally competitive. In support of these efforts – and as noted above – a broad cross section of public and private sector organizations rely on visitor data that is timely, comprehensive and – above all – accurate. Without reliable information, it isn't possible to properly assess competitive market conditions, including forecasting, trend and market share analysis, and a host of other vital data points.

For all the reasons cited above, it is imperative that these issues and their root causes are properly addressed in the most expedient time frame possible.

### **Recommendations**

- **Analyze the Utilization of Country of Citizenship Arrivals Data as the NTTO's Primary Data Source** – Since NTTO already has access to international visitation statistics based on Country of Citizenship (COC), utilizing COC data during the interim period that the data anomalies are being addressed would provide an alternate data source that is a) immediately available, b) verifiable and c) meets the needs of the greatest number of stakeholders. The TTAB further recommends that NTTO consider replacing historical data from 2015-2017 with COC arrival data for the same period. This would enable NTTO to withdraw the inaccurate historical information while simultaneously providing a reliable alternate data set. This change should be accompanied by an explanation outlining the differences between NTTO's historical reporting methodology and arrivals data by COC and should specifically highlight the integrity of the new information source.

Pending a determination regarding this recommendation, the TTAB additionally suggests that NTTO temporarily refrain from publishing any destination-level data and, instead, only report on international arrivals to the U.S. as a whole.

In the event this recommendation is delayed in its adoption and implementation, the TTAB recommends the NTTO consider removing the existing data for 2015-2017 from their website. This proposed date range is based on the fact that the data anomalies appear to begin in 2015 and there is a natural "break in data series" that same year as the NTTO adopted the United Nations World Tourism Organization (UNWTO) definition of an international visitor at that time. This will mitigate any further reliance on this information until the appropriate corrective actions can be identified and implemented.

- **Remove "United States" as the Default Option on CBP Kiosks** – While the TTAB supports utilizing COC as the primary metric for reporting international visitation, at least during the interim while the data anomalies are being addressed, it should remain a priority for CBP to address the issues that are creating inaccuracies in the Country of Residence (COR) data in order to properly assess the balance of trade and to perform market-specific analyses. At CBP's Automated Passport Control (APC) Kiosks, the visitor COR field is self-reported, with the United States as the default. The TTAB recommends that APC Kiosk software should be amended so that there is no "default" for the COR field and travelers are required to actively select their COR.

- **Allocate Additional Funding/Resources to Enhance/Modernize Data Collection** – CBP does not use COR to determine admissibility to the United States, and many airlines do not consistently provide COR in their federally required Advance Passenger Information System (APIS) submissions. CBP regularly requests that airlines comply and utilize COR as a required field. Since visitation reporting is not core to CBP’s mission, however, the organization has limited resources to investigate data issues, which can significantly delay the resolution of any irregularities identified by NTTO. As a result, the increased need to re-run visitor arrivals data has had a corresponding impact on NTTO’s operating costs (up over 25% in each of the last two years for this work). In addition, while CBP’s efforts to modernize the Arrival and Departure Information System (ADIS) will improve NTTO’s ability to obtain consolidated information on a more timely basis, some destinations (e.g. – Guam and Saipan) still utilize paper forms to submit visitor information, resulting in unnecessary reporting delays.

The TTAB recommends that appropriate incremental funding and resources be allocated to a) enable CBP to implement a comprehensive quality control process to validate the accuracy of the data reported to NTTO, b) facilitate more expedient resolution of any data issues identified by NTTO and c) fully modernize/automate data collection and reporting across all U.S. destinations.

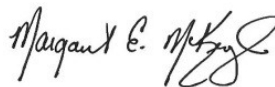
- **Align CBP and Department of Commerce Missions to Balance National Security and Economic Security Objectives** – Given the importance of travel & tourism as a key service export, any issues that negatively impact the United States’ ability to remain competitive globally represent a threat to the nation’s economic security. Consequently, it is essential that CBP and Commerce take a collaborative approach to ensure strategic alignment in striking an effective balance between legitimate security concerns and ensuring that the U.S. remains a welcoming destination for legitimate international visitation.
- **Delay Adoption of Revised 10-Year International Visitation Goal** – In its December 14, 2017 letter to Commerce, the TTAB recommended a revised target of 110 million annual international visitors by 2027, representing a 5.8% increase in international visitation and a corresponding 6.5% increase in visitor spending vs. current projections. In light of the data anomalies reported by NTTO, the TTAB is formally requesting that the revised target for international visitation not be adopted until such time as the full extent of these irregularities is determined, and the appropriate corrective actions have been implemented.

The TTAB remains committed to partnering with NTTO and CBP to make the U.S. the world’s leading travel destination.

Respectfully submitted,



John Sprouls  
Chair



Margaret McKeough  
Vice Chair



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