March 15, 2023

The Honorable Mark Keam
Deputy Assistant Secretary, Travel and Tourism
International Trade Administration
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, DC 20230

RE: Report on Effects of COVID-19 Pandemic on U.S. Travel & Tourism Industry

Dear Deputy Assistant Secretary Keam:

I am writing on behalf of the American Society of Travel Advisors (ASTA) and the more than 160,000 Americans who work at travel agencies across the country to provide our sector's viewpoint with respect to the Interim Study and Report on the effects of the coronavirus (COVID-19) pandemic on the U.S. travel and tourism industry your office is tasked to develop pursuant to Section 611 of the Consolidated Appropriations Act of 2023 (P.L. 117-328).

As we have discussed in the course of our regular stakeholder meetings, travel agencies – online, "brick and mortar" and many hybrid business models in between – play a central role in the U.S. travel and tourism industry. In 2019, travel agencies sold nearly 830,000 airline tickets *per day*, representing 48 percent of total sales and aggregate spending of more than $97 billion, as well as two-thirds of cruises and 68 percent of tour packages.[1] According to the latest data from the U.S. Census Bureau, there are close to 15,000 retail travel agency locations in the U.S. employing over 102,000 people, plus an additional 60,000 self-employed travel advisors. The vast majority of these businesses (98 percent) are small according to the U.S. Small Business Administration's (SBA) size standards, and over two-thirds of them are owned and operated by women.

As a result of COVID-19 pandemic and the governmental response to it, this business came to an almost complete halt in March of 2020 and remained there for many months. Since early 2020, our members had to grapple with a succession of viral variants and complex, ever-changing government restrictions on and warnings against travel. As a result, our sector's recovery was painfully slow – with average travel agency revenue levels still down 71 percent compared to 2019 according to ASTA member surveys as late as February 2022. Even when factoring in the relief programs created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and successor legislation, the average travel agency laid off more than 40 percent of its staff. And due to industry economics (i.e., commission payment schedules), there existed a substantial time lag between a return of travel bookings and a corresponding return of business income – an average of over eight months' delay.

[1] Airlines Reporting Corporation (ARC). Airline Sales Statistics.

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Government action – here and abroad – played a key role in this economic catastrophe. While public health is paramount in addressing crises like COVID-19, we believe governments have a responsibility to provide meaningful financial support to businesses harmed by the steps those governments took in response to it. Those steps included a ban on travelers from a broad range of countries from entering the U.S. (lifted in November 2021), the U.S. Centers for Disease Control and Prevention's (CDC) rule requiring a negative COVID test for those entering the country by air (lifted in June 2022), the European Union's ban on inbound American travelers (lifted in Spring 2021), a series of CDC actions which rendered cruise travel practically impossible, as well as longstanding guidance from the CDC, U.S. State Department and some state governments against international travel of any kind.[2]

In ASTA's view, if this was the test – providing financial support to travel-reliant businesses harmed by the governmental response to COVID-19, commensurate with the amount of harm suffered – the U.S. government largely failed. As we consider the severity and longevity of the financial losses suffered by our members, the financial relief provided by Congress in 2020 and 2021 was untargeted, modest and short-lived – especially with regard to less visible sectors of the travel industry like travel agencies and tour operators as compared with airlines and restaurants. Worse, in some cases this relief was terminated ahead of schedule, as was the case with the Employee Retention Tax Credit (ERTC) in the Infrastructure Investment and Jobs Act (P.L. 117-58).

While the situation has certainly improved for our members this year, with challenges shifting from basic survival to staffing shortages, advisor burnout and supplier (particularly airline) service disruption,[3] the scars left by COVID-19 will take years to heal. It will take time as well to establish a full accounting of COVID's effect on our sector of the travel and tourism industry, the subject of your upcoming report. That said, it is possible to provide preliminary data of the impact based on ASTA member surveys and governmental and private sector research. These include –

- **Revenue Loss** – According to the U.S. Census Bureau, after growing from $10.8 billion in 2009 to $32.9 billion in 2019, revenue at travel agencies employing at least one W-2 employee plummeted to $17.2 billion in 2020 and grew only to $23.5 billion in 2021 (latest data available).[4] Based on responses to ASTA member surveys, meanwhile, we estimate operating losses of $26.9 billion and $23.3 billion in 2020 and 2021, respectively.[5] Even using the more conservative Census data, this represents a cumulative revenue loss of $25.1 billion in 2020 and 2021 alone.

- **Employment Loss** – According to the U.S. Bureau of Labor Statistics (BLS), travel agent employment decreased from 66,670 in May of 2019 to 37,190 in May of 2021 (latest data available), a decline of 44 percent.[6] Generally speaking, BLS counts "frontline" travel

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[2] We acknowledge here that most, if not all, of these actions were outside of the Department of Commerce's control.
[3] For examples, see Biesiada, Jamie "As travel ramps up, travel professionals face a slew of challenges, including staffing shortages, burnout, high prices and low availability." *Travel Weekly*. May 23, 2022.
[4] U.S. Census Bureau, *Total Revenue for Travel Agencies, All Establishments, Employer Firms*, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/REVEF56151ALLEST. March 14, 2023.
[5] ASTA COVID Financial Impact Surveys. August 2020, February 2021, July 2021 and January 2022.
[6] Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Employment and Wages, May 2021*, Travel Agents, at https://www.bls.gov/oes/2021/may/oes413041.htm. March 31, 2022.

advisors and not agency executives and other non-agent support staff. In February 2021, at the height of the pandemic, ASTA members reported having laid off or furloughed 59.3 percent of their W-2 employees. While some of these were subsequently rehired, the number was still at 39.7 percent as of July 2021.[7] The full impact of COVID on travel agency employment will have to wait for updated BLS and Census numbers, but we can estimate the range of affected employees as between 29,480 (reduction in frontline advisors between 2019 and 2021 according to BLS) and 60,125 (59.3 percent of Census' 2019 W-2 employment total). Neither of these figures includes impacts to the livelihoods of the estimated 60,000 self-employed travel advisors who contract with a larger "host agency" as independent contractors.

- **Outbound Travel Impacts** – Prior to the pandemic, 71 percent of the average ASTA member's business involved international "outbound" travel from the U.S., trips that tend to be more complicated and thus requiring more advisor support as compared with domestic travel.[8] As such, the Department's data on overseas travel (excluding Canada and Mexico) can be viewed as a good proxy for the health of the U.S. travel agency sector. Due to travel bans, quarantine and other draconian anti-travel measures put in place by foreign governments at the onset of COVID-19 (some only recently lifted), U.S. outbound travel plummeted and has yet to fully recover. According to the National Travel and Tourism Office, U.S. citizen overseas travel dropped from 44.8 million in 2019 to 9.8 million in 2020, a 78 percent decrease. It has since recovered, to 18.2 million in 2021 and 38.1 million in 2022, but still remains below 2018 levels.[9]

On behalf of the 7,500 ASTA member companies across the country, thank you for the collaborative approach you have demonstrated since taking office and for taking our views into account as you complete the interim report on COVID-19 requested by Congress and begin work on the final report called for in Section 611 of the 2023 Consolidated Appropriations Act. Please don't hesitate to contact me at (703) 739-6842 or epeck@asta.org with any questions you or your staff may have concerning COVID-19 and travel, the industry generally and the travel agency business in particular.

Yours Sincerely,

Eben Peck
Executive Vice President, Advocacy
American Society of Travel Advisors (ASTA)

[7] Op. Cit.
[8] Op. Cit.
[9] U.S. Department of Commerce, International Trade Administration, *International Travel Air Statistics Program (I-92): U.S. Outbound Travel to World Regions*, retrieved from https://www.trade.gov/us-international-air-travel-statistics-i-92-data/. March 8, 2023.