

**BEFORE THE  
DEPARTMENT OF STATE  
BUREAU OF CONSULAR AFFAIRS  
WASHINGTON, D.C.**

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| <b>In The Matter of</b>  | ) |                           |
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| <b>Schedule of Fees for Consular Services,<br/>Department of State and Overseas Embassies<br/>and Consulates</b> | ) | <b>Public Notice 6887</b> |
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**COMMENTS OF THE  
AMERICAN SOCIETY OF TRAVEL AGENTS, INC.  
and  
INTERACTIVE TRAVEL SERVICES ASSOCIATION**

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March 11, 2010

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The American Society of Travel Agents (ASTA) is the world’s largest association of professional travel agencies. Its membership includes travel agency companies of the traditional, on-line and hybrid models, as well as individual travel agents and many others engaged in aspects of retail and wholesale distribution of transportation services. The Interactive Travel Services Association (ITSA) is the trade association for the nation’s online travel merchants and global distribution systems and is their voice on public policy issues affecting travel and tourism.

ASTA and ITSA members are vitally interested in the evolution of passport policies, including fees, since such policies may have a dramatic effect on travel. Both associations were active participants throughout the long proceedings of the Western Hemisphere Travel Initiative.

We are confident that the State Department is well-informed about the devastating impact of the current severe recession on the travel marketplace. Firms of all sizes are struggling to survive. While the economy is beginning to show signs of life, it is early days and we have a long way to go before travel returns to anything resembling sustainable growth. This is, therefore, an especially poor time to increase the cost of travel. Respectfully, it is definitely not the time to impose outsized increases in the fee burden for new and repeat travelers which are the groups most affected by the proposed fee increases ranging from 27 percent for an adult passport book, 100 percent for the security surcharge, to an infinite increase (0\$ to \$82) in the cost of new pages. ASTA and ITSA write here to urge restraint in implementing increases in fees.

Increases of the amounts proposed will place the government at cross-purposes with itself, working, on the one hand, to stimulate business and support the special needs of small businesses for capital and cash flow and, on the other hand, de-stimulating travel by adding costs to the essential instruments of international movement. ASTA and ITSA in other contexts have strongly urged the government to allocate greater resources and implement greater flexibility in the capital acquisition and working capital areas precisely because such support is critically needed in the current economic travails to sustain these types of businesses and bolster their entrepreneurship. We cannot, therefore, support a contrary approach that takes back with one hand what is being offered with the other.

ASTA and ITSA do understand that the government needs to recover its costs of doing business, and generally avoid adding to its debt, which is already at record levels, but right now the most imperative policy initiatives should focus on stimulation of business through travel and otherwise, rather than correcting what could be short-term imbalances in operating costs. Indeed a jobs stimulus bill, on top of last year's American Recovery and Reinvestment Act, was just

signed into law by the President. Travel can be a natural stimulus, driving economic growth and job creation. The last thing that should be done is increasing prices, and thereby the chances of dampening this engine of growth, in a severe recession.

We are aware of the argument that increasing passport fees is a safe place to increase government revenue because international travel is not sensitive to the price of passports that have a multi-year life. The notice specifically asks for comments on this issue. The idea that international travel is price inelastic is, we think, implausible on its face and unsupported by any known evidence.

For the year 2009 the average fare for an international transaction processed through the Airlines Reporting Corporation (ARC) was \$700. For a single individual traveling internationally for the first time, the total cost of an adult passport book with security fee under the proposed schedule would be \$130 (\$70 plus \$40 plus \$25), or 19 percent of the fare. The total tax and fee burden on that ticket is, of course, much larger than 19 percent. According to ARC data, total taxes and fees add another 17 percent on top of the fare. The result is a tax/fee burden on average of about 36 percent. While it is true that the passport is good for ten years, the current financial impact is an outlay of \$135. And, obviously, if more than one person is traveling, as in a family group, the total fee burden is even greater.

All firms in the travel industry consider charges of this magnitude to be hugely significant to consumer decisions. No airline, for example, could or would argue that a fare differential of 36 percent was not going to be dispositive to a consumer's decision about which airline to fly and all would agree that burdens of that size actually deter many people from traveling at all.

It has also been argued in some quarters that it is acceptable to burden international outbound travel because such travel results in overseas spending that should be discouraged. This argument is simply wrong. Overseas travel puts dollars in the pockets of US airlines, US hotel companies, US tour operators and US travel agencies for the facilitation and operation of the services that international travelers purchase. Outbound travel is thus not simply lost currency – it is stimulative of the domestic economy in the same manner as other travel.

To maintain consistency of policy objectives in these troubled times, ASTA and ITSA strongly urge the Department of State to reconsider the magnitude of the fee increases proposed and moderate them in light of the overriding need of the travel industry for a compelling stimulative economic policy at this time.

Respectfully Submitted,

AMERICAN SOCIETY OF TRAVEL AGENTS, INC.



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