

Businesses, state seek solutions following Florida TaxWatch report

BY JULIA HEYMAN

Ways to reinvigorate Florida's international tourism, direct investment and foreign banking are being sought after Congress failed at immigration reform and a study showed immigration and visa policies are draining billions of dollars from the state's economy.

According to the June report by Florida TaxWatch, the state's economy has lost more than \$50 billion in spending and investment by foreign visitors and businesses since Sept. 11, 2001, due to "overreaching federal immigration and visa policies." The state lost \$34 billion in foreign direct investment and 16 million foreign tourists between 2001 and 2006 because of the difficulty of entering the United States and holding money here.

"We can't process passports, much less visas for international trade and medicine," said Victoria Zepp, executive director of the Center for Competitive Florida, which authored the report. "If you don't create opportunities for international tourism and foreign direct investment, the cities that will take it the hardest are South Florida cities."

Different sectors suggest different methods for dealing with the problems, which resulted from tightening restrictions in the wake of the Sept. 11 attacks. Many, including Zepp,

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Bud Nocera | President, Visit Florida

suggest creating an independent tourism department to offer expedited visa processing and customer service procedures.

"I've heard it personally from international travelers that they believe the U.S. is no longer a welcoming and friendly nation, and that is because of the process they have to go through as they enter the country," said Bud Nocera, president of Visit Florida.

A recent survey by the Travel Industry Association of America (TIA) showed foreigners view the U.S. entry process as the worst in the world. That same survey showed that 54 percent of international travelers say U.S. immigration officials are rude, and two-thirds of travelers feared they would be detained because of simple mistakes and misstatements.

Nocera said Visit Florida, tourism companies, theme parks and hospitality corporations have offered to work with the Department of Homeland Security to develop training programs. The TIA's new Discover America program also aims to expedite the entry process and make customs officials friendlier to arriving travelers.

"It's simple things, like a smile and saying 'enjoy your stay,'" Nocera said. "Good border security and hospitality should not be mutually exclusive."

Economic officials say the only real way to ameliorate foreign investment slumps is through government action. They said that

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Florida's losses due to post-9/11 visa and immigration changes:

- \$34 billion in foreign direct investment
- 16 million foreign tourists, worth \$14 billion.
- 40,000 international students, worth \$1.2 billion
- 9,872 foreign patients, worth \$374 million.
- 35% drop in international banking employment

while the comprehensive immigration bill failed, several of its components could be passed piecemeal to allow for smoother international transactions.



Villamil

Tony Villamil, CEO of Coral Gables-based Washington Economics Group, said the most important components are more guest-worker programs, higher skilled visa caps and the creation of a federal bureau to deal with visa problems. An important way to resuscitate foreign banking activity is to ease banking regulations, which were driven up by the USA Patriot Act and the Bank Secrecy Act following Sept. 11.

"Banks must know their foreign customers to the nth degree," Villamil said. "The cost of compliance is becoming so high, and the risk to the reputation of the banks is becoming so high, that banks are not expanding in their international banking activity."

The result is that capital that could be coming to the United States, and especially to South Florida, goes to Latin America or Europe, he said.

Michael Diaz, partner of Miami law firm Diaz, Reus, Rolff & Targ LLP and a member of Florida International Bankers Association, said changes in banking must happen at a federal policy level.

"We need to go back into a think tank and find a way of squaring our immigration policy with how we treat our international banking customers," he said. "Otherwise, the banks are spinning their wheels and it's just not worth it for them to offer services to non-residents."

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