

**STATEMENT OF THE
AMERICAN CAR RENTAL ASSOCIATION
TO THE
SENATE COMMERCE, SCIENCE AND TRANSPORTATION
COMMITTEE'S SUBCOMMITTEE ON TOURISM, TRADE
AND EXPORT PROMOTION'S
HEARING ON
"REVIVING INTERNATIONAL TRAVEL AND TOURISM
TO CREATE AND RESTORE JOBS**

MAY 18, 2021

The Board of Directors and members of the American Car Rental Association (ACRA) respectfully submit this statement to the Tourism, Trade and Export Promotion Subcommittee of the Senate Commerce, Science and Transportation Committee on the occasion of the Subcommittee's hearing on "Reviving International Travel and Tourism to Create and Restore Jobs." ACRA asks that this statement be included in the official record of the hearing.

ACRA thanks you Chair Rosen and Ranking Member Scott for convening this important hearing. ACRA's members look forward to working with you and your staff as our industry – and the nation – moves toward reviving both domestic and international travel and tourism in the wake of the devastating COVID-19 pandemic.

The American Car Rental Association

The American Car Rental Association is the national representative for over 98% of our nation's car rental industry. ACRA's membership is comprised of over 300 car rental companies, including all of the brands you would recognize such as Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Sixt and Thrifty. ACRA members also include many system

licensees and franchisees, mid-size, regional and independent car rental companies as well as smaller, “mom & pop” operators. ACRA members have almost 2 million registered vehicles in service in the United States, with fleets ranging in size from one million cars to ten cars.

The Impact of the Pandemic on the U.S. Car Rental Industry

The basic statistics regarding the impact of the pandemic on the car rental industry since February 1, 2020 are simple and are not unique to the car rental industry -- but they are compelling nonetheless:

- Car rentals at airport locations (which represent approximately 50 percent of all car rentals each year in the United States) were down between 50 and 90 percent when 2020 is compared to 2019, depending on the location;
- Car rentals at non-airport locations (again, about 50 percent of overall rentals) are down between 50 and 100 percent from 2019 to 2020, with some locations shuttered due to lack of rentals;
- ACRA members laid off or furloughed approximately 60,000 individuals this year – approximately 35 percent of the industry's U.S. workforce – in 2020;
- Two of the nation's top five car rental companies in terms of fleet size sought protection under Chapter 11 of the bankruptcy code in 2020 and other smaller ACRA members may have taken similar actions; and,
- In 2019, ACRA member companies purchased 1.74 million new cars for their rental fleets -- one of every eight new cars sold in the United States that year; in 2020, purchases of new cars by ACRA members declined by 50% to approximately 811,000 vehicles -- causing economic ripple effects through the entire U.S. economy.

Near-Term Prospects for Recovery

The health of the American car rental industry will return as Americans and international travelers return to the robust business and leisure travel levels we witnessed in 2019. The second quarter of 2021 has seen an increase in car rental demand in some markets – particularly in leisure destination

markets during the Easter/Spring Break season. And ACRA members are working hard to meet the increased demand after selling vehicles from their fleets in 2020 when travel came to a virtual standstill. However, “refleeting” will not happen overnight, particularly given vehicle manufacturers have had to slow down their production of vehicles in 2021 due to supply chain shortages – particularly with respect to semi-conductors.

ACRA’s Recommendations for Federal Government Actions

ACRA concurs, with respect to the revival of international tourism, with the recommendations contained in the May 11, 2021 letter to President Biden from the leaders of some of the nation’s leading travel tourism (attached). A large percentage of car rentals at our nation’s airports involve international business and leisure travelers and the sooner international travel can be restored to pre-pandemic levels, the sooner America’s car rental industry will experience a sustained and widespread increase in demand for rentals, which will lead ACRA members to increase their purchase of new vehicles and to hire or rehire employees to serve these increased car rental customers.

* * *

Thank you for your attention to ACRA’s views on the promotion of international tourism. If this statement raises questions in the minds of Committee members or if there is additional information we can provide, please do not hesitate to contact Greg Scott, ACRA’s government relations representative, at 202-297-5123 or at gscott@merevir.com.