



NEWS

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TERMITES IN FLORIDA'S BASEMENT *Have Good Intentions Gone Too Far in Immigration Policy?*

TALLAHASSEE — Federal immigration and security policies are having a negative impact on Florida's economy in a number of wide-ranging areas, from tourism and trade to foreign investment and construction. That's the finding of the Florida TaxWatch report "***Termites in Florida's Basement: The Economic Impact of National Security Policy on Florida's Economy***". The report concludes that unintended consequences of well-intentioned policies require greater balance now between the Nation's physical and economic security interests.

"Florida's economic wellbeing is at great risk from the unintended consequences of national security policies and procedures imposed after the terrorist attacks of 9/11," said David McIntosh, Chairman of the Florida TaxWatch Center for a Competitive Florida, which produced the report. "While there's an absence of empirical evidence, there's a large body of anecdotal evidence that apparently we've neglected to strike the proper balance between the interests of our physical security and our economic security."

The report equates such policies and procedures to "termites in Florida's basement", because they can inhibit legitimate economic activity, weaken our Nation, and create an environment that "inadvertently advances the ultimate goal of the terrorist masterminds which is to destroy the United States' global leadership."

One big segment of the state's economy that's impacted is tourism and travel, which the report notes is particularly important to Florida, as 1 of every 7 dollars spent in the U.S. by a foreign tourist is spent in the Sunshine State. Convention and visitors bureaus, airports, and attractions report that the numbers of foreign visitors from core Latin America and Caribbean markets are substantially and directly down because of exclusionary visa policies and practices.

"We want to make sure that we are secure, in light of 9/11 and seeing what can happen, but at the same time we recognize that here, especially in Central Florida and Florida in general, foreign tourists are vital to our economic security and we don't want to unduly hinder that," said Bob Sindler, Orange County Commissioner.

The policies have also led to a loss of foreign direct investment in Florida. Miami's recent loss of status as the top choice among multinational corporate executives for Latin American operational headquarters "clearly reflects the detrimental effect of increased regulatory burden and exclusionary visa policies and procedures on this aspect of Florida's economy," according to the report.

Florida's predominance as a hub for global transportation and logistics is also at risk. The report states that new security mandates and increased freight clearance procedures have resulted in unparalleled cost increases, shipping bottlenecks, and overall erosion of the competitive advantage long enjoyed by the state's unparalleled ports system.

"Florida's position as the largest trading partner of most of the countries in Latin America and the Caribbean is undoubtedly jeopardized unless this work in progress is accelerated to insure a balance while maintaining important security measures," said Jorge Arrizurieta, President of the Florida FTAA in Miami. Florida FTAA supports hemispheric free trade and efforts to bring the permanent Secretariat of the Free Trade Area of the Americas (FTAA) to Miami, something the report notes is at risk because of these tightened policies.

Governor Bush has urged the federal government to make visa and immigration policies more efficient and easy for foreigners to visit the U.S. "It's important to look at where we are and to make the necessary adjustments so that we don't choke off international travel and international commerce," Bush said at the Miami Herald's annual Americas Conference in Coral Gables this past September.

The TaxWatch report also reveals impacts to Florida's real estate and construction markets and the state's public and private colleges and universities. Foreign student enrollment in Florida institutions declined by nearly 10% in the years from 2001-2004, according to the report. Research has also been hindered. The National High Magnetic Field Laboratory at Florida State University has seen a decline of as much as 40% in international research interest as potential foreign visitors are unable to obtain reasonable access to the U.S. on a predictable timeframe.

Financial services and international banking, which have grown to a \$3 billion annual industry in Florida, have also taken a hit. More stringent "know your client" rules have resulted in a flight of international banking business to Switzerland, the Cayman Islands, and other areas with less intrusive regulatory requirements, according to the report.

The Florida TaxWatch Center for a Competitive Florida is working to quantify the impact of the imposed security measures toward achieving a proper balance between physical and economic security interests.

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The Florida TaxWatch Center for a Competitive Florida evaluates state government fiscal policies; researches economic, demographic and other trends that affect economic competitiveness; and makes policy recommendations that enhance Florida's ability to compete successfully to assure Florida's continued economic growth, security, and sustainability.

Florida TaxWatch is a private, non-profit, non-partisan research institute that over its 26 year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Our mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs and to increase the productivity and accountability of Florida Government. On the web at www.floridataxwatch.org