A BLUEPRINT TO DISCOVER AMERICA

Improving Perceptions ★ Safeguarding Travel ★ Welcoming More Visitors

Discover America Partnership

"We are citizens of a country regarded as one of the closest allies the U.S. has. Yet on arrival we are treated like suspects in a criminal investigation and made to feel very unwelcome,"

said Ian Jeffrey, a British visitor who has been coming to the United States with his wife for 15 years.

– *Orlando Sentinel,* November 21, 2006

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EXECUTIVE SUMMARY

America's economic security, national security and public diplomacy efforts are inextricably linked with travel. In addition to adding more than 80 billion dollars annually to the U.S. economy, recent studies show that people who have visited the U.S. have significantly more favorable opinions of the country and are more likely to support our policies. In America's effort to win "hearts and minds" around the world, no tool has proven to be as powerful and effective as travel.

Since September 11, 2001, however, the U.S. has experienced a 17 percent decline in overseas travel. Between 2004 and 2005, the U.S. experienced a 10 percent decline in business travelers. As the global travel market continues its dramatic expansion, the U.S. share is shrinking.

There are a variety of reasons that overseas travelers are choosing not to visit the U.S. But interviews with thousands of travelers around the globe and anecdotes shared in countless articles in foreign newspapers and other sources show that one factor stands out: the perception that foreigner travelers are no longer welcome. Travelers cite the lengthy visa process and the often confusing and claustrophobic entry process as evidence that—as one survey showed—the U.S. has the "world's worst" entry process.

Given the extraordinary economic and public diplomacy benefits of encouraging overseas travel to the U.S., it is in America's national interest to address these concerns in a way that maintains our security. The Discover America Partnership, created by some of America's foremost business leaders, offers a three-point plan to strengthen America's security and fix the country's travel crisis.

Key Characteristics

1. *It enhances the security* of our visa and entry process in significant ways by recommending needed investments in personnel and technology and by focusing human resources on the riskiest travelers;
2. *It calls for a holistic approach* to border security and travel facilitation, by identifying ways 21st century technology and processes can both increase security and facilitate travel; and
3. *It calls for relatively modest investments* and changes—totaling approximately $300 million—to achieve revolutionary results. The potential return on this investment is tens of billions for the economy, billions in added tax revenues and hundreds of thousands of new jobs.

Policy Proposals

The Blueprint to Discover America contains a three-dimensional solution to safe and friendly travel to the U.S. The policy proposals fall into the following three areas:

1. *Create a 21st Century Visa System*—Enable visa applicants to be processed within 30 days or less. Mitigate long travel distances to U.S. consolates by using new processes and technology. Increase security of the Visa Waiver Program while expanding the criteria for eligible countries. Expand proven security programs such as US-VISIT.
2. *Modernize and Secure Our Ports of Entry*—Create a world-class entry system in which visitors are processed in 30 minutes or less. Implement a full-scale international registered traveler program. Adopt new technologies to enhance security while creating a fast and user-friendly experience.
3. *Change Perceptions Through Coordinated Communications*—Reverse negative perceptions toward the U.S. entry experience by launching a targeted promotion campaign. Assist U.S. agencies in communicating documentation changes and process improvements. Leverage proven marketing strategies to maximize economic benefit in all regions of the country.

POLICY SUMMARY

CREATE A 21ST CENTURY VISA SYSTEM

OBJECTIVE	TACTICS	SUMMARY
PROCESS ALL VISA APPLICANTS IN 30 DAYS OR LESS	• Deploy "rapid response" teams • Staff consular posts adequately • Assess global needs and report to Congress	The Department of State considers that consular posts with consistent wait times of 30 days or longer for visa interview appointments "may signal a resource or management problem."
PROVIDE FLEXIBLE INTERVIEW OPTIONS WHERE TRAVEL DISTANCE IS EXCESSIVE	• Videoconference interviews • "Mobile" consulate operations • Internet applications • Use of trusted third parties (e.g. American Chambers of Commerce)	In many countries around the world, would-be travelers do not live within a short distance of a U.S. consulate. The U.S. must better use technology and "out of the box" thinking to adapt to the needs of individual markets.
STRENGTHEN AND EXPAND THE VISA WAIVER PROGRAM	• Expand refusal rate from 3 percent to 15 percent • Confirm departure via biometric scanning • Participation revoked if overstays exceed standard	The Bush Administration and DHS recently proposed legislative changes to the VWP which might open the doors for more secure, visa-free travel to the U.S. Our proposal would provide even more security.
CREATE US-VISIT 2.0	• Create exit tracking system • Implement 10-fingerprint scans • Collect biometric information before departing to U.S. • Improve information sharing between governments	To continue implementation of a 21st Century travel system, there are several additional phases of US-VISIT that should be implemented to speed legitimate travelers through the process and build confidence in our ability to identify known terrorists and criminals.

MODERNIZE AND SECURE OUR PORTS OF ENTRY

OBJECTIVE	TACTICS	SUMMARY
PROCESS ALL INTERNATIONAL TRAVELERS IN 30 MINUTES OR LESS	• Hire 250 new CBP officers • Deploy new staff to top inbound airports • Streamline fees paid to fund CBP operations	A major contributor to traffic bottlenecks is insufficient CBP staffing, particularly at peak hours. CBP recently stated that it is short on officers at 19 of the top 20 airports servicing inbound international travel.
TURN AMERICA'S TOP INBOUND AIRPORTS INTO WORLD MODELS	• Enhance line management • Automate forms and traffic management processes • Expand use of technology • Improve linkages between CBP & TSA	The U.S. should aspire to transition its primary international arrival airports into world-class models. These activities should be targeted at the top 12 overseas arrival airports.

MODERNIZE AND SECURE OUR PORTS OF ENTRY *CONTINUED*

OBJECTIVE	TACTICS	SUMMARY
LEVERAGE PRIVATE SECTOR EXPERTISE TO IMPROVE CUSTOMER SERVICE	• Require CBP and TSA to work with the private sector • Greet all foreign travelers with "Welcome to America" • Distribute customer service forms • Evaluate based on customer service	Surveys and frequent press reports cite poor treatment of foreign travelers by U.S. government officials. Whatever the reason for these perceptions, the U.S. appears to be failing at providing basic customer service.
DEVELOP AN INTERNATIONAL REGISTERED TRAVELER PROGRAM	• Enroll foreign travelers willing to provide fullest amount of security information • Automatically enroll participants in domestic registered traveler program	Many other countries have successfully demonstrated how an International Registered Traveler (IRT) program can work to ensure security, focus attention on lesser known travelers and provide a smoother and more predictable travel schedule for repeat travelers.

CHANGE PERCEPTIONS THROUGH COORDINATED COMMUNICATIONS

OBJECTIVE	TACTICS	SUMMARY
CREATE A COMPREHENSIVE BLUEPRINT TO CHANGE PERCEPTIONS IN TARGET MARKETS	• Identify target markets • Invest to gain "share of voice" • Utilize a variety of marketing channels • Coordinate and integrate communications with government agencies	Solving the policy problem is half the battle; changing perceptions is the other, equally critical, half.
BUILD AN EFFECTIVE PROGRAM STRUCTURE	• Create a public-private partnership • Public sector accountability with private sector ingenuity • Ensure participation by all aspects of the industry and regions • Establish a dependable and growing revenue stream	Blend the marketing expertise and flexibility of the private sector with the power of government to organize and marshal resources to create a public-private partnership to promote America.
CREATE A LASTING, SIGNIFICANT FUNDING SOURCE	• Entry/exit fee, or • Tax credit bonds, or • Visa waiver program fee	The great challenge when it comes to attracting more visitors and improving America's entry system is finding sufficient funds at a time when the federal budget is tightly squeezed.

OVERVIEW – AMERICA'S CHALLENGE AND OPPORTUNITY

Security and travel facilitation are not mutually exclusive. They are, in fact, mutually reinforcing. However, the current global perception is that America's quest for secure borders has caused us to sacrifice the open door. According to recent research, international travelers believe the U.S. to have the "world's worst" entry process.

The consequences are profound. Overseas travel to the U.S. has fallen 17 percent since 2001, at a cost of $94 billion in visitor spending, $16 billion in tax receipts and nearly 200,000 American jobs.[1] More importantly, our national reputation has suffered as a direct result of policies and perceptions that discourage travel to the U.S.

Ironically, national security has also suffered in the current environment. Inadequate staffing of our consulates and border protection agencies, insufficient facilities and the failure to leverage new technologies are preventing America from meeting its new security needs and the recommendations of the 9/11 Commission.

More than five years after 9/11, America's new challenge is to "continue to meet our security needs while striking a better balance with how we welcome foreign visitors to our great country," according to Governor Tom Ridge, the first Secretary of the Department of Homeland Security (DHS).[2]

The travel industry, the industry arguably with the most at stake in keeping our nation safe from further terrorist attacks, strongly supports building robust security measures. The key question for each proposed security enhancement is how to do so in a way that also maintains the open door for legitimate travel.

Meeting this challenge is of profound importance to our nation. The roadmap for doing so is clearly laid out within these pages. What we require now is a mindset that equates visitors with opportunity, and the will to welcome them to our country.

DECLINING U.S. VISITATION AT A TIME OF GLOBAL GROWTH

At a time of historic growth in world travel, fewer overseas travelers are coming to the U.S.[3] Rising disposable incomes, improving infrastructure and falling political and cultural barriers have combined to drive an historic boom in world travel. Since 1992, travel to other countries has increased by 61 percent—and is expected to double again over the next 15 years.[4]

Since 2001, the U.S. has experienced a 17 percent decline in overseas inbound travel. Between 2004 and 2005, the U.S. witnessed a 10 percent decline in business travel while Europe experienced an 8 percent increase.[5] Recent monthly reports by the U.S. Department of Commerce show a steady decline in travel by Western Europeans to the U.S.[6]

FIGURE 1: LONG-DISTANCE TRAVELERS FROM AMERICA'S

UNITED KINGDOM

DESTINATION	2000	2005	% CHANGE
U.S.	4,703,000	4,345,000	-7.6%
CANADA	879,300	906,000	3.0%
AUSTRALIA	578,000	708,300	22.5%
TURKEY	342,300	618,000	80.5%
INDIA	432,600	618,600	43.0%
CHINA	283,900	499,600	76.0%

JAPAN

DESTINATION	2000	2005	% CHANGE
U.S.	5,061,400	3,883,900	-23.3%
ITALY	1,617,400	1,496,400	-7.5%
GERMANY	915,000	756,100	-17.4%
AUSTRALIA	720,300	685,500	-4.8%
CANADA	507,800	424,000	-16.5%
TURKEY	301,800	355,300	17.7%

Country-by-country data show that the problem is broad-based:

★ *Some 2.4 million fewer people visited* the United States in 2005 compared to 2000 from the five countries that were America's largest sources of overseas visitors in 2000—the United Kingdom, Japan, Germany, France and Brazil.[7]

★ *Some 3.4 million fewer people visited* the United States in 2005 compared to 2000 from the top 20 source countries for overseas visitors to the United States - the United Kingdom, Japan, Germany, France, Brazil, South Korea, Italy, Venezuela, the Netherlands, Australia, Argentina, Taiwan, China (including Hong Kong), Columbia, Switzerland, Spain, Israel, Sweden, the Bahamas and Ireland.

It is true that the total volume of travel to the U.S. is returning to pre-9/11 numbers. However, any increase the U.S. is experiencing today in international travel is driven almost entirely by America's neighbors from Mexico and Canada. These travelers, while valuable in their own right, typically do not create the per capita economic impact of people flying in from overseas for lengthy sightseeing trips or to conduct business in the U.S.

As Figure 1 demonstrates, travelers from America's top source countries are either declining significantly or failing to keep pace with significant increases in travel to other destinations.[8] The gravity of the situation is more significant in light of a U.S. dollar that is 30 percent cheaper than it was five years ago.

TOP ORIGIN MARKETS

SOUTH KOREA

DESTINATION	2000	2005	% CHANGE
U.S.	661,800	705,100	6.5%
AUSTRALIA	160,200	250,400	56.3%
CANADA	133,800	180,000	34.5%
UK	111,000	132,000	18.9%
TURKEY	2,500	115,300	451.2%
RUSSIA	61,000	96,800	58.7%

FRANCE

DESTINATION	2000	2005	% CHANGE
U.S.	1,087,100	878,600	-19.2%
MOROCCO	813,900	1,115,500	37.1%
TURKEY	553, 800	668,600	20.7%
CHINA	185,000	372,000	101.1%
CANADA	405,700	356,000	-12.3%
ISRAEL	202,400	312,000	54.2%

GERMANY

DESTINATION	2000	2005	% CHANGE
U.S.	1,786,000	1,415,000	-20.7%
TURKEY	1,818,500	4,784,700	163.1%
RUSSIA	363,200	528,400	45.5%
CHINA	239,100	454,900	90.3%
BRAZIL	290,300	383,400	32.1%
CANADA	387,300	324,000	-16.3%

AUSTRALIA

DESTINATION	2000	2005	% CHANGE
U.S.	539,600	558,400	3.5%
UK	777,000	914,600	17.7%
HONG KONG	352,400	525,600	49.1%
JAPAN	147,400	213,000	44.5%
CANADA	174,500	202,000	15.8%
VIETNAM	35,900	152,300	324.2%

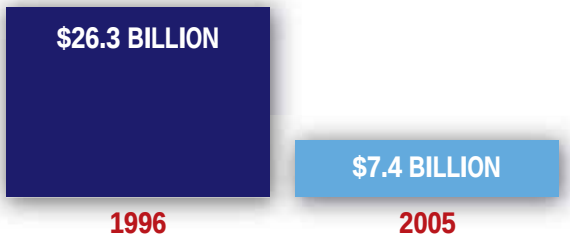
Source: Travel Industry Association

THE COST OF DOING NOTHING

The consequences of declining visitation to the U.S. are far more severe than most people realize. There are steep costs to our economy, our competitiveness in the global marketplace and—most of all—to America's image in the world.

Economic Costs. The economic implications of deterring visitors from traveling to the U.S. are significant. In 2005 alone, the U.S. is estimated to have lost $43 billion in visitor spending as it continues to lose world travel market share and $286 billion since 1992.[9] According to the Department of Commerce, the positive balance of trade generated by inbound travel has declined 72 percent over the past 10 years—from $26.3 billion in 1996 to $7.4 billion in 2005.

TRADE GENERATED BY INBOUND TRAVEL



Competitive Costs. One area of specific concern to America's global competitiveness—and U.S. businesses in particular—is the substantial impact that American visa policy has had on the U.S. economy. As Thomas Friedman noted in *The World is Flat*, global businesses are competing in an increasingly "frictionless economy." Global businesses operating in the U.S., however, are forced to perform against the severe headwind of our own visa and entry process.

"RATHER THAN TRAVEL TO THE U.S.,
BUSINESS TRAVELERS AND LEISURE TRAVELERS ARE COMING TO EUROPE."

–Clement Wong, Euromonitor International
November 7, 2006

Business leaders frequently decry a system that is so time consuming and inefficient that foreign buyers often choose other countries, such as South Korea, Japan and China, in which to conduct their business. The consequences of these business decisions were highlighted in a 2004 study that found U.S. companies suffered $30.7 billion in financial impact (losses and costs) between July 2002 and March 2004 due to delays and denials in the processing of business visas.[10]

Public Diplomacy Costs. Equally significant are the costs to America's reputation—at a time when winning hearts and minds in other parts of the world is a national imperative.

The direct cost is the negative word of mouth we generate at countless points in the travel sequence, from the sometimes difficult, unpredictable and inefficient visa process, to the intimidating, time consuming and often claustrophobic entry experience at our airports. One bad experience can generate enough negative word of mouth (and press coverage) to overcome many positive experiences—and the data shows that tales of these all-too-frequent experiences have profoundly undermined our nation's reputation of freedom and hospitality.

FIGURE 2: ECONOMIC CONSEQUENCES SINCE 2000

OPPORTUNITY COST OF LOST TRAVEL TO THE U.S. 2000-2005

LOSS OF ARRIVALS	LOSS OF SPENDING	LOSS OF TAX RECEIPTS	LOSS OF PAYROLL	LOSS OF JOBS
$58.6 MILLION	$93.9 BILLION	$15.6 BILLION	$25.9 BILLION	194,200 ON AVERAGE EACH YEAR

The opportunity cost is the absence of positive word of mouth, causing travelers to choose to avoid the hassle and go elsewhere. When travelers choose other destinations, gone is the opportunity for "people-to-people diplomacy" that Under Secretary of State for Public Diplomacy Karen Hughes rightly believes is vital to strengthening America's image. Surveys show that those who have visited the U.S. are 74 percent more likely to have a favorable opinion of America; and 61 percent of travelers recently surveyed said that they are more likely to support the U.S. and its policies if they have visited the country.

The factors that attract people from around the world to the U.S.—natural wonders, unique cities, renowned universities, ground-breaking business and science, and cultural diversity—are as good as ever, but they are battling a headwind that grows stiffer by the year.

EXPLANATIONS FOR THE DECLINE

As a first step in developing this plan, the Discover America Partnership examined the core causes of the decline in visitation to the U.S., discovering that some perceived factors are more significant than others.

U.S. Foreign Policy Not a Significant Factor. A common misperception is that global dissatisfaction with U.S. foreign policy has driven the loss of travel to the U.S. In fact, the evidence strongly demonstrates otherwise. A survey of international travel agents conducted in 2006 showed that their clients were far more focused on entry policies as a deterrent than on foreign policy. Additionally, when the Discover America Partnership teamed with RT Strategies to ask more than 2,000 international travelers if U.S. policies in the world might have any effect on their decision to visit the U.S., 72 percent said "no."[11]

Increased Competition Exacerbates the Problem. Increased competition has had an impact on travel to the U.S.—but only because the U.S. has not adjusted accordingly. Today's world travelers not only have more money to spend, but also an increasing number of worthwhile destinations to choose from, better access to information and expect a higher level of service and greater ease of movement than ever before. This new competitive reality has two very real consequences for the U.S. First, the

DISCOVER AMERICA PARTNERSHIP SURVEY OF INTERNATIONAL TRAVELERS

★ ★ ★ **KEY FINDINGS** ★ ★ ★

BY A GREATER THAN 2:1 MARGIN, THE U.S. IS THE NUMBER ONE CHOICE FROM A LIST OF 10 BROADLY-DEFINED DESTINATIONS WHEN IT COMES TO BEING THE MOST UNFRIENDLY TO INTERNATIONAL TRAVELERS:

2.5:1 *over the Middle East*
3:1 *over Africa*
7:1 *over Europe*
13:1 *over Australia*
20:1 *over Canada*

54% SAY THAT U.S. IMMIGRATION OFFICIALS ARE "RUDE"

MORE PEOPLE WERE CONCERNED ABOUT U.S. IMMIGRATION OFFICIALS **(70%)** THAN THE THREAT OF CRIME OR TERRORISM **(54%)** WHEN CONSIDERING A TRIP TO THE U.S.

66% ARE WORRIED THAT THEY WILL BE DETAINED FOR HOURS BECAUSE OF A SIMPLE MISTAKE OR MISSTATEMENT AT A U.S. AIRPORT

61% BELIEVE THAT THE U.S. MAKES LITTLE EFFORT TO ATTRACT VISITORS (COMPARED TO OTHER COUNTRIES)

57% FEEL THAT THE U.S. GOVERNMENT DOES NOT WANT THEIR TRAVEL BUSINESS

70% OF THOSE WHO APPLIED FOR A VISA FAILED TO RECEIVE ONE:
40% *abandoned the process and* ***30%*** *were rejected*

REPORTS OF POOR TREATMENT AT THE POINT OF ENTRY HAVE AS MUCH AN IMPACT ON TRAVELERS' IMAGE OF AMERICA AS DO GENERAL NEWS COVERAGE OF AMERICA IN THE FOREIGN MEDIA OR COMMENTS MADE BY FOREIGN GOVERNMENT OFFICIALS

★ ★ ★

Source: RT Strategies, Inc.

Survey of 2,011 non-U.S. resident international travelers conducted by RT Strategies between October 25th and November 9th, 2006.

U.S. is competing for visitors on a much larger playing field. Second, other destinations have become more savvy and aggressive in their efforts to attract visitors. Failure to adjust to this new reality partially explains why the U.S. has lost market share of world travel.

Perceptions of Hassles Keep People Away. The greatest reason that travelers are choosing other destinations over the U.S. is that there appears to be a consensus that the U.S. does not welcome foreign visitors. The culprit is not the policies themselves, but rather the manner in which they are implemented. In fact, we argue that many of these policies have not received adequate funding, and therefore have not been fully implemented, resulting in unnecessary bottlenecks and inefficiencies that keep travelers away. Even more significant is the perception of those processes as a deterrent to travel.

The Discover America Partnership's recent survey of international travelers reveals just how much damage has been done to America's travel brand. According to the survey America's border entry process "has created a climate of fear and frustration that is turning away foreign business and leisure travelers from visiting the United States—and damaging America's image abroad."

SEAN TIPTON, A SPOKESMAN FOR THE ASSOCIATION OF BRITISH TRAVEL AGENTS, SAID, **"WE'VE HAD BRITISH TOURISTS SAY THEY WON'T RETURN TO THE U.S....**THIS IS A POLITENESS ISSUE AND HAS NOTHING TO DO WITH WORRIES OVER TERRORISM."

–Cox News Service, September 21, 2006

★ ★ ★

74% INCREASE IN FAVORABILITY OF THE U.S. AMONG THOSE WHO HAVE TRAVELED TO THE U.S.

63% REPORT THAT THEY FEEL MORE FAVORABLE TOWARDS THE U.S. AS A RESULT OF THEIR VISIT

61% BELIEVE THAT, ONCE PEOPLE VISIT THE U.S., THEY BECOME FRIENDLIER TOWARDS THE COUNTRY AND ITS POLICIES IN THE WORLD

72% REPORT THAT ONCE THEY GET BEYOND THE AIRPORT EXPERIENCE, THEIR TIME IN THE U.S. IS "GREAT"

NEARLY 9 IN 10 TRAVELERS TELL THEIR FRIENDS AND RELATIVES ABOUT THEIR TRAVEL EXPERIENCES

★ ★ ★

Source: RT Strategies, Inc.

A MODEST INVESTMENT WILL YIELD REVOLUTIONARY RETURNS

Our plan calls for relatively modest investments and changes to achieve significant results. An annual investment of approximately $300 million would cover the bulk of these proposals. Many of these proposals will actually achieve savings in other areas, by allowing government agencies to re-deploy resources elsewhere. The potential return on this investment is considerable:

- ★ *$16.5 billion in new expenditures*
- ★ *190,000 new jobs*
- ★ *$4.3 billion increase in payroll*
- ★ *$2.6 billion increase in federal, state and local tax revenues*[12]

Equally significant are the public diplomacy opportunities. In fact, the Discover America Partnership's recent survey of more than 2,000 international travelers found that travel to the U.S. may be the greatest tool America has in its effort to win hearts and minds around the world.

No tool is more capable of making a "people-to-people" connection and enhancing America's image around the world than travel.

The challenges America faces in welcoming more travelers are significant, but certainly not insurmountable. Relatively modest, targeted investments can generate far greater returns, in terms of image, competitiveness,

economic growth and jobs. The roadmap contained in these pages is clear, but we as a nation must have the will to follow it.

This blueprint is a holistic vision for ensuring our borders are equipped for 21st century travel. It challenges policymakers to look anew at the face we present to the world. It is based on extensive global research, a complete analysis of ongoing efforts to improve the travel system and a full review of existing best practices in the states, and in other countries. In some areas, we call for modest increases in resources to allow existing programs to achieve their intended potential. In other areas, we propose an "outside the box" approach to improve the user experience and security of our visitors.

We have consolidated this work into a three-point strategy to improve our country's reputation to the world's business and leisure travelers. By making common sense investments in our consular posts, our airports, our customs and immigration staffing, and our technology, we can attract millions of new visitors to the U.S. annually while simultaneously strengthening America's security.

STEP 1: CREATE A 21ST CENTURY VISA SYSTEM

America's antiquated visa system is in need of a 21st century makeover. In some countries, most notably India and Brazil, visa interview wait times have recently exceeded 100 days. Travel distances to consulates are unacceptably burdensome in some areas. And the absence of end-to-end technology limits the ability of consular officers to distinguish between legitimate travelers and security or immigration risks. The following policy prescriptions, described in detail within this document, would modernize America's visa system:

- ★ *Process all visa applicants in 30 days or less;*
- ★ *Mitigate long travel distances using new processes and technology;*
- ★ *Strengthen and expand the Visa Waiver Program; and*
- ★ *Create US VISIT 2.0 using end-to-end technology and processes to ease the burden of front-line officers.*

STEP 2: MODERNIZE AND SECURE OUR PORTS OF ENTRY

Through survey research and anecdotal evidence, it is clear that international travelers believe America's entry process to be intimidating and unwelcoming. Long lines, unwelcoming environments, and confusing requirements and procedures are a recipe for "horror stories" by travelers that overshadow the world class travel experience we seek to provide. The following reforms, explained in detail over the coming pages, combine smart security with common sense customer service, to roll out the welcome mat for our guests from other countries:

- ★ *Process all international visitors in 30 minutes or less;*
- ★ *Turn America's top inbound airports into world models;*
- ★ *Maximize private sector expertise to increase customer service; and*
- ★ *Develop an international registered travel program.*

STEP 3: CHANGE PERCEPTIONS THROUGH COORDINATED COMMUNICATIONS

The global perception is that America does not welcome international travelers. Upon repairing America's visa process and implementing entry policy reform, the U.S. will still need to overcome perceptions that may no longer be consistent with reality. Overcoming these perceptions will require the U.S. to follow the lead of nearly every other industrialized nation in the world and begin a nationally coordinated promotional effort. A promotional campaign like that outlined below, and detailed in the following pages, will help the U.S. change global perceptions and welcome millions more visitors annually:

- ★ *Create a public-private partnership that includes public sector accountability and private sector execution;*
- ★ *Target markets with greatest total volume potential;*
- ★ *Diversify spending on a variety of promotional efforts; and*
- ★ *Develop a full and sustainable funding mechanism.*

STEP 1: CREATE A 21ST CENTURY VISA SYSTEM[13]

OVERVIEW

The overwhelming majority of the world's population is required to obtain a visa from the Department of State before they are allowed entry into the United States.[14] The visa application process provides the U.S. government an opportunity to compare applicants against databases of terror suspects, criminals and prior immigration violators. This same process also seeks to deter those who may not be potential terrorists, but who may immigrate illegally to the United States. The breadth of visa categories is immense, from temporary business people and tourists to high-skilled workers and students to nurses and dozens of other categories.

The tragic events of September 11, 2001, demonstrated with jarring clarity the need to improve the security programs designed to detect and deter those who might use their time in the U.S. to plan or execute terrorist or criminal activity. Thus the government has spent five years retooling the visa policy of our country, including:

- ★ *Requiring in-person interviews and biometric finger scans from most visa applicants, and narrowing the times when a personal interview may be waived;*[15]
- ★ *Requiring a special interagency review of visa applicants from certain high-risk countries*[16] *and/or entering the U.S. for certain scientific purposes;*[17]
- ★ *Linking all visa applicant interview applications through a database to detect applicants seeking admission under false identities;*[18]
- ★ *Strengthening the country review system for participants in the Visa Waiver Program; and*[19]
- ★ *Giving the Department of Homeland Security lead responsibility for most visa policy.*[20]

These new measures have, in many instances, created substantial delays and hassles for travelers attempting to obtain a visa and have contributed to the significant

WORLD'S WORST VISA WAIT TIMES

COUNTRY	LOCATION	WAIT TIME (DAYS)
BRAZIL	RECIFE	100
BRAZIL	SAO PAOLO	77
BRAZIL	BRASILIA	34
CANADA	CALGARY	40
CANADA	TORONTO	42
CHILE	SANTIAGO	40
COSTA RICA	SAN JOSE	42
DOMINICAN REPUBLIC	SANTO DOMINGO	66
MEXICO	MEXICO CITY	91
MEXICO	MONTEREY	63
INDIA	CALCUTTA	121*
INDIA	MUMBAI	184*
VENEZUELA	CARACAS	58

Source: U.S. Department of State
*As of January 16, 2007 *As of November 1, 2006*

decline in overseas travel to the U.S. The Department of State has made important and impressive improvements in visa wait times for students, all but eliminating excessive delays, but the same cannot be said for business and leisure travelers.

The U.S. Government Accountability Office (GAO) reported in April 2006 that the new security programs have added to the complexity of consular officers' workload and "strained the State Department's resources."[21] The Department of State considers that consular posts with consistent wait times of 30 days or more for visa interview appointments "may signal a resource or management problem." According to the GAO, "during a recent six-month period, 97 of State's 211 visa-issuing posts reported maximum wait times of 30 or more days in at least one month; at 20 posts, the reported wait times were in excess of 30 days for this entire six-month period.[22] Further, in February 2006, nine posts reported wait times in excess of 90 days." [23]

According to the National Foreign Trade Council, these delays and other visa challenges cost U.S. businesses more than $30 billion in revenue loss and indirect costs from 2002-2004.[24]

(In many countries, the perception of visa problems may be worse than the reality. But for whatever visa improvements may have taken place in those countries, it is clear that the U.S. government has done little, if anything, to highlight those improvements with the public.)

Resolving these issues is in our national interest. As the 9/11 Commission accurately pronounced, "[a]dmitting large numbers of students, scholars, businesspeople, and tourists fuels our economy, cultural vitality, and political reach."[25]

The following are the Discover America Partnership's recommendations for an efficient and effective 21st Century visa system.

PROCESS ALL VISA APPLICANTS IN LESS THAN 30 DAYS

Overview—The Department of State considers that consular posts with consistent wait times of 30 days or longer for visa interview appointments "may signal a resource or management problem." As noted above, during a recent six-month period, nearly half, or 97 of 211, visa-issuing posts reported maximum wait times of 30 days or more.

The GAO called for a thorough assessment to determine the real staffing needs at consulates and other visa-issuing posts to bring the wait times under 30 days.

The Congress has funded and the Department of State has created 515 new consular positions since September of 2001 in an effort to improve the process, but the Department of State's regularly updated web site "wait times" ticker continues to show chronically long wait times in some consulates in specific geographic areas around the world.[26]

Recommendations—Obtaining a visa interview should take no more than 30 days at any U.S. consulate except during emergency situations. Reducing the interview wait times to 30 days or less ensures that the U.S. continues to appeal to the changing expectations of world travelers. Marketing experts have identified a "shrinking booking window," which reflects that technology and changing behaviors are causing consumers to make travel plans within weeks—rather than months—of traveling. When implemented, the following measures will enable the Department of State and the Department of Homeland Security to meet this reasonable timeframe:

★ *Deploy "Rapid Response" Teams*—Insert a team of experts (including consular officials, retired officers, properly trained country experts and management consultants) into problem consulates to reduce backlogs and implement best practices. Similar to a recent effort utilized successfully to recently reduce long wait

times in India, these teams would prevent the Department of State from incurring costs related to additional buildings or long-term staff. The Partnership recommends that $20 million be allocated to build these "Rapid Response" teams in 2007.

★ *Staff Consular Posts Adequately*—In additional to deploying "Rapid Response" teams, the Partnership recommends that Congress fund 200 additional consular officials at a cost of $50 million per year. This would be a down payment of the long term staffing needs. A reasonable estimate of the total cost to the government to hire one additional consular official including salary, benefits and overhead costs is approximately $243,000 per year.[27]

★ *Assess Global Needs and Report to Congress*—The Department of State should be required to conduct a system-wide assessment of the consular staffing levels and facilities necessary to bring interview wait times down to less than 30 days. Moreover, the Department should be required to submit such an assessment to the Congress, then report back every six months about progress made towards that goal and additional resources or fees necessary to meet this goal.

PROVIDE FLEXIBLE INTERVIEW OPTIONS WHERE TRAVEL DISTANCE IS EXCESSIVE

Overview—In many countries around the world, would-be travelers do not live within a short distance of a U.S. consulate. In geographically large countries such as Brazil, China, India, and Russia, a major trip is required simply to apply for the right to possibly travel to the U.S. in the future. The cost and effort associated with this process is a major deterrent to travel. Recognizing that building additional secure consular posts is expensive and possibly not the best use of limited resources, the U.S. government must better use technology to adapt to the local marketplace.

The Department of State is currently piloting the use of videoconferencing technology in the United Kingdom to enable "virtual" in-person visa interviews. This technology has obvious application in countries with large populations who do not live near a U.S. consulate.

Recommendations—The U.S. better use technology and "out of the box" thinking to adapt to the needs of individual markets. The Department of State should be

CASE STUDY: BRAZIL

Brazilians are traveling abroad more, but coming to America less. The European Travel Commission estimates that 5 million Brazilians traveled abroad in 2005, about 55 percent more than in the year 2000, yet the number of Brazilians visiting the United States declined by one third over the same period.[1]

To understand why, consider the city of Belo Horizonte, Brazil. It's the third-largest urban area in Brazil with more than five million people and is economically thriving, making it a large potential market for tourism to the U.S. But, Belo Horizonte is located 400 miles from the nearest U.S. consulate in Sao Paulo. As a Brazilian travel agent told *USA Today* recently, a family of four thinking of visiting the U.S. must first make a trip to Sao Paulo just to apply for visas, costing them around $1,200 in travel expenses and visa application fees.[2] That same difficulty plays out across Brazil, a country nearly the size of the United States that has 187.5 million people, the fifth-largest population in the world—but just four U.S. consulates.

Brazilians who do apply for a visa currently will wait almost three months to get their visa interview, according to the U.S. Department of State.[3] And Brazil is not an isolated case—the number of visitors to America from all of Central America declined 25 percent over the same period. Visitation from Western Europe—the largest source of America's overseas visitors—is down nearly 12 percent, and from Asia, another major source of visitors, it is down 18 percent.

1 Brazil Market Insight, September 2006, European Travel Commission, http://www.etc.corporate.org/DWL/ETCProfile 06Brazil_final.pdf
2 "USA tries to be less daunting to foreign visitors," USA Today, Feb 17, 2006, http://www.usatoday.com/money/biztravel/2006-02-16-foreign-visits-ustat_x.htm
3 U.S. Department of State, http://travel.state.gov/visa/temp/wait/tempvisitors_wait_result.php? post+Sau+Paulo&x=124&y=10

required to report to Congress on which of the following techniques it is implementing in challenging locations (e.g. Brazil, China, Russia and India) to adapt to the marketplace:

- ★ *Videoconference interviews;*
- ★ *"Mobile" consulate operations;*
- ★ *Internet applications; and*
- ★ *Use of trusted third parties such as American Chambers of Commerce.*

The Partnership recommends allocating $10 million per year to build these capabilities and to deploy them as demand warrants in key geographically large countries.

In addition, as current statutory requirements dictate in-person interviews as part of a visa application, the Congress should enact legislation granting the Department of State the authority to utilize alternative techniques when appropriate security and audit controls have been established.

STRENGTHEN AND EXPAND THE VISA WAIVER PROGRAM

Overview—Most people denied a visa are rejected due to concerns about illegal immigration and America's failure to fully deploy a system to track whether visitors have left the country under the terms of their visa. The U.S. government is essentially saying: "We're not sure whether you are going to leave as promised, so we're not going to let you in."

For some of our best trading partners, Congress has established a different system. For 27 countries[28] in the Visa Waiver Program (VWP), travelers may come to the U.S. for business or pleasure for less than 90 days without obtaining a visa.[29] The program was established in 1986 with the objective of eliminating unnecessary barriers to travel, stimulating the tourism industry and permitting the Department of State to focus consular resources in other areas. VWP travel represents about two-thirds of overseas air travel to the United States.[30]

CASE STUDY: SOUTH KOREA

South Korea, the world's 10th largest economy and key U.S. ally, sent more than 800,000 of its citizens to the U.S. in 2006 for tourism or business travel despite the fact that the country is not a member of the Visa Waiver Program. Of the 27 nations currently in the VWP, South Korea sends more visitors to the U.S. annually than 23 of those nations. More international students from South Korea are studying at U.S. colleges and universities than from any other country.

The South Korean Government estimates that visitation to the U.S. would double, to 1.6 million annually, if the country were permitted to join the VWP. South Koreans currently spend $3,500 per visitor according the U.S. Department of Commerce. Therefore, every 100,000 increase in South Korean visitors would generate $350 million for the U.S. economy.

Currently, the United States has only one consulate in South Korea, at the U.S. Embassy in Seoul. The consulate approves between 1,800 and 2,000 visa applications per day, processing over 500,000 visas annually and is the single busiest visa issuing consulate in the world (with 56 consular officers alone). South Korea's entry into the VWP would streamline the U.S. Department of State's consular resources and also eliminate a major perception barrier to travel for South Koreans seeking to visit the United States.

However, only about half of the top 20 countries that send the most tourists to America are members of the Visa Waiver Program. South Korea, a key U.S. ally, is not VWP eligible, with predictable results: "It's no surprise that, in the face of all the hassles, fewer Koreans are coming here. In 2004, the number of South Korean visitors to the United States decreased by 5 percent, even as the total number of Korean tourists traveling abroad increased by 27 percent."[31]

The Bush Administration and DHS recently proposed legislative changes to the VWP which might open the doors for more secure, visa-free travel to the U.S. Countries not currently in the program might be able to qualify by a more lenient refusal rate test if they implement a number of new security tests.[32]

Expansion of the VWP would free up significant amounts of consular resources to be redeployed to other countries and, through the collection of greater information, could simultaneously strengthen America's security.

Recommendations—Our proposal would bring even more security than the Administration's proposal by expanding the Visa Waiver Program to a greater number of countries on the condition that the U.S. receives not only excellent law enforcement cooperation, as outlined in the DHS proposal, but also greater biometric information on travelers. Specifically:

- ★ *Countries unable to meet the 3 percent refusal rate, but which could meet a less stringent target of 15 percent should be admitted to the VWP, so long as travelers from those countries agree to confirm their on-time departure via biometric scanning upon exiting the U.S. This could lead to the admission of low-risk countries including South Korea, Israel and many European allies;*
- ★ *If a country's travelers do not compile a superb record of on-time departures, their participation in the VWP would be revoked; and*
- ★ *Beginning at key hub airports, DHS should pilot the overseas collection of biometrics before flights depart for the U.S., either at locations where an International Registered Traveler or Immigration Advisory Program[33] is operating.*

CREATE US-VISIT 2.0

Overview—The US-VISIT program is an example of how we can deploy technology to enhance security and increase confidence among our front-line visa officers, allowing them to admit more legitimate travelers into the U.S.

Created in less than a year by DHS and launched at our air and sea ports in 2004, the program has identified over 1700 criminals and other inadmissible persons based on an ambitious use of biometrics. Under US-VISIT, a border officer can compare fingerprints taken in real-time against the traveler's visa application, prior travel records and appropriate watch lists. These comparisons happen within seconds, avoiding a massive disruption of international travel.[34]

However, since US-VISIT's initial burst of activity in 2003-2005, the program has not seen similar growth. This is partially due to the fact that the program's budget has essentially remained flat, around $350 million annually for the past three fiscal years.[35]

To continue implementation of a 21st Century travel system, there are several additional phases of US-VISIT that should be implemented to speed legitimate travelers through the process and build confidence in our ability to identify known terrorists and criminals.

Recommendations—The U.S. needs a 21st Century travel system that builds off the many successes of US-VISIT. US-VISIT 2.0 should include:

- ★ *Exit Tracking System*—An exit tracking system that enables the government to identify wanted persons as they attempt to leave the country and flag visa overstayers for appropriate law enforcement action or penalties the next time they attempt to travel to the U.S. is necessary to strengthen America's security. An effective exit system for air and sea travelers will provide enhanced security and ease the expansion of the VWP.
- ★ *10-Fingerprint Scans*—The deployment of 10-fingerscan readers at U.S. consulates and ports of entry can strengthen security and improve travel. These readers will enable the government to screen foreign visitors and visa applicants against name-based terror watch

lists, criminal-records databases and databases of latent fingerprints left by terrorists on weapons or in safe houses.[36] Moreover, scientists at the National Institutes of Science and Technology long have warned that a system of two-print files will eventually generate an unacceptable level of false positives. This problem could drastically increase the number of travelers forced to go to secondary processing for 10-print collection and interviews, distracting inspectors from individuals who pose viable threats.

- ★ *Biometric Screening before Departing for U.S.*—The deployment of a biometric screening capability on a pilot basis to selected international hub departure locations should be coordinated with air carriers' manifest and passenger information to provide DHS with a more robust traveler profile.
- ★ *Greater Information Sharing*—Enhanced information sharing between the U.S. government, other governments, the European Union (EU) and Interpol of biometric information and lost and stolen travel documents will enhance America's security and the ease of travel. Among the many necessary improvements, the Partnership believes that US-VISIT and the impending Visa Information System within the EU need close coordination to leverage the information about travelers between Europe and the U.S. In addition, the key treaty between the U.S. and the EU allowing legally-protected passenger information collected by air carriers and travel agents expires in 2007 and needs to be extended to continue to protect travelers' security and privacy.[37]

STEP 2: MODERNIZE AND SECURE OUR PORTS OF ENTRY

For travelers who successfully navigate the visa process or travel legally without a visa, a long international flight is normally followed by a daunting experience—the confusing, claustrophobic, lengthy and unwelcoming entry experience at our airports. Much like the process overseas, the U.S. government has rightly spent much of the last five years building new layers of security into America's border entry processes. Among the many new programs now in place:

- ★ *Evaluation of air travelers via the use of passenger manifest information under the Automated Targeting System;*[38]
- ★ *International deployment of US-VISIT to biometrically review and enroll nearly all foreign visitors;*[39]
- ★ *A dramatic increase in individuals required to undergo secondary screening by CBP; and* [40]
- ★ *The creation of a new frontline agency, CBP, and a new investigative agency, U.S. Immigration and Customs Enforcement (ICE), within DHS.*[41]

Together, these policies have strengthened America's border security. The way some of these policies are implemented, however, have had the unintended effect of alienating foreign travelers. According to recent research conducted for the Discover America Partnership by RT Strategies, foreign travelers rank the U.S. as having the world's worst entry process. Other startling results from the survey include:

- ★ *Travelers are more concerned with U.S. immigration officials (70 percent) than the threat of terrorism or criminal activity (54 percent) when considering a trip to the U.S.;*
- ★ *66 percent are worried that they will be detained for hours or worse because of a simple mistake or misstatement at a U.S. airport; and*
- ★ *54 percent say that U.S. immigration officials are "rude".*[42]

A significant part of the problem is a lack of resources. In many of our most-traveled international arrival airports, staffing levels for CBP officers are far below what experts recommend. Moreover, training of CBP officials and investments in improving ports of entry are below satisfactory levels.

Fortunately, the problem is manageable: More than half of all overseas visitors to the U.S. arrive at one of six airports: New York's JFK, Miami, Los Angeles, Honolulu, Newark or Chicago. Nearly 80 percent of all overseas visitors to the United States enter the country through one of 12 airports.

The Departments of State and Homeland Security have acknowledged the problem and the need to couple security with a more welcoming atmosphere. The Rice-Chertoff Initiative (RCI)[43] included several new initiatives aimed at this problem:

- ★ *The "Model Ports of Entry" pilot project at Washington Dulles and Houston airports was designed to address incoming travelers' concerns with poorly configured arrival zones, traffic bottlenecks, confusing or absent signage, staffing shortages, demeaning treatment of travelers from certain high-risk countries and other crucial issues;*
- ★ *Unification of various trusted traveler credentialing systems to enable border officials to better concentrate their resources on those who might pose a threat; and*
- ★ *Creation of a new government-wide mechanism for public redress of mistakes on government watch lists such as the "no-fly list."*[44]

One example of the lack of progress to date and the need for increased resources is in the area of staffing. CBP's own modeling for the most transited international airports demonstrates that CBP does not have the resources necessary to perform one of its core missions in a reasonable time frame. According to CBP's reporting to

Congress, the agency is short on officers at 19 of the top 20 airports servicing inbound international travel.

We are reaching a crisis point at America's ports of entry. International travelers view America as having the world's worst entry process and few improvements have been made to address their legitimate concerns. Today's 17 percent decline in overseas travelers since 9/11 could become tomorrow's 30 percent decline unless immediate action is taken.

The following sections detail the Discover America Partnership's recommendations for an efficient and effective 21st Century entry process.

PROCESS ALL INTERNATIONAL TRAVELERS IN 30 MINUTES OR LESS

Overview—A major contributor to traffic bottlenecks is insufficient CBP staffing, particularly at peak hours. According to recent analysis provided to Congress, CBP stated that it is short on officers at 19 of the top 20 airports servicing inbound international travel.[45] On average, the shortfall is approximately 11 percent, but it is even worse at many key arrival locations. At Atlanta, Houston, Guam, Ft. Lauderdale and Orlando, CBP is operating at an 80 percent staffing level or less.

A typical CBP officer costs from $100,000 to $115,000 annually. CBP's officers are paid for through an elaborate

CASE STUDY: PRIVATE SECTOR

Many private sector companies have stepped forward with specific offers of expertise and help in improving the entry experience of travelers. For instance, Walt Disney Parks and Resorts has offered the help of its legendary Imagineers to work with CBP on the following areas at Dulles International Airport:

- Aid in facility analysis that identifies potential opportunities to address the overcrowded arrival facilities, i.e., physical space constraints, crowd flow, queue lines, and more.
- Aid in the development of a comprehensive environmental "welcoming" package, such as marquees, information signage and graphics, video presentation about the United States, interior detailing of cabinetry, kiosks and finishes, lighting, and more.
- Aid in modernizing/updating the mobile lounges that could include graphics and video presentation.
- Operational analysis of the existing systems and potential opportunities to increase efficiency and travelers' satisfaction, such as crowd flow through facilities during processing, employee friendliness guidelines, and staff development for managing operations.

The government should take full advantage of these, and similar, offers.

and antiquated system of user fees paid by air carriers for customs processing of goods and cargo, immigration processing of people and agricultural inspection services. The cost of collection and attribution is a drag on CBP's efficiency that needs to be rectified legislatively.

Recommendations—Entry processing of foreign travelers should take no more than 30 minutes. The following recommendations will help meet this reasonable time requirement:

- ★ *Hire 250 new CBP officers, at a cost of approximately $30 million annually, to relieve processing bottlenecks at key arrival airports;*
- ★ *Deploy these new officers to those airports with the greatest need, specifically Chicago, Atlanta, Houston, Washington Dulles, Detroit, Ft. Lauderdale, and Orlando airports, with LAX and Newark also showing significant needs; and*
- ★ *Congressional action to streamline the three fees paid to fund CBP operations into a single fee to provide more transparency to CBP's cost of operations and to minimize the cost of collection and accounting for the fees.*

TURN AMERICA'S TOP INBOUND AIRPORTS INTO WORLD MODELS

Overview—As a part of the RCI, pilot "model airport" projects were launched at Houston and Washington Dulles airports to provide a more efficient arrivals screening process and create a more welcoming environment for foreign visitors. This program was to include the introduction of video messages with practical information about the entry process, improved screening and efficient movement of people through the border entry process, and assistance for foreign travelers once they have been admitted to the United States.

The Model Ports program has been slow to deliver. Tours of the airports have taken months to conduct and little progress has been made. One positive development is that CBP has purchased some of the basic equipment needed to improve signage and play informational videos—but this is a very modest step compared to the goals discussed at the outset.

The cost of government video production, video equipment and wiring, improved signage and travel by CBP headquarters officials to the airports has totaled approximately $1 million per airport. CBP has found funding for these pilots within existing budgets. Adding an International Registered Traveler capability at a Model Port will cost an additional $1 million per airport to purchase verification kiosks and to conduct enrollment interviews. But other, more important steps, still require attention and dedicated resources.

Recommendations—The U.S. should aspire to transition its primary international arrival airports into world-class models. New signage and informational videos are critical, but taking America's airports to the next level requires:

- ★ *Implementing an International Registered Traveler program for frequent fliers;*
- ★ *Enhancing queue management to reduce wait times;*
- ★ *Assisting travelers to determine the full address of their first stay in the U.S.;*
- ★ *Enhancing passenger greeter programs in the Federal Inspection Services area;*
- ★ *Automating as much of the forms handling and traffic management processes as possible;*
- ★ *Redesigning the National Security Entry-Exit Registration System (NSEERS) processing required of nationals from high-risk countries, or folding it into the US-VISIT process;*
- ★ *Deploying electronic forms to replace the I-94 and other documents currently completed by hand;*
- ★ *Using technology extensively to validate identity and ensure availability of current and complete background checks;*
- ★ *Improving linkages between CBP and the Transportation Security Administration (TSA) for connecting passengers; and*
- ★ *Combining federal government information videos with welcome messages from state and local officials highlighting significant tourist attractions and key destinations.*

These activities should be targeted at the top 12 overseas arrival airports (accounting for 80 percent of all overseas travel to the U.S.). To meet this goal, the Partnership calls for sustained funding for the Dulles and Houston airport projects, $10 million to replicate the Model Ports of Entry project at the three largest international gateway airports in the first year—New York, Miami, and Los Angeles—and $15 million in the second year to expand the program to the remaining seven airports.[46]

The Department of Homeland Security should be required to report to Congress annually on its progress in creating world-class airports.

2005 U.S. TOP PORTS OF ENTRY

RANK	PORTS	TRAVELERS
1	NEW YORK, NY	3,345,792
2	MIAMI, FL	2,683,407
3	LOS ANGELES, CA	2,559,413
4	HONOLULU, HI	1,628,199
5	NEWARK, NJ	1,366,915
6	CHICAGO, IL	1,354,078
7	SAN FRANCISCO, CA	1,241,157
8	ATLANTA, GA	860,242
9	WASHINGTON, DC	729,654
10	HOUSTON, TX	696,796
11	ORLANDO, FL	633,482
12	BOSTON, MA	494,377

Source: U.S. Department of Commerce, Office of Travel and Tourism Industries

LEVERAGE PRIVATE SECTOR EXPERTISE TO IMPROVE CUSTOMER SERVICE

Overview—Surveys and frequent press reports cite poor treatment of foreign travelers by U.S. government officials. In the Discover America Partnership's recent survey, more travelers (70 percent) were concerned by U.S. government officials than the threat of terrorism or criminal activity (54 percent). Whatever the reason for these perceptions, the U.S. appears to be failing at providing basic customer service.

Understanding that security at our borders is the nation's top priority, the Travel Industry Association, the Travel Business Roundtable and their member companies steeped in the business of hospitality have offered to assist U.S. Customs and Border Protection (CBP), the Transportation Security Administration (TSA) and other agencies in training their officials on customer service techniques. To date, those offers have not been fully acted upon or pursued.[47]

Recommendations—The U.S. should make customer service a high priority and maximize the wealth of private sector expertise in hospitality to ensure that government officials are good ambassadors for the country. To meet this objective, the Partnership recommends that:

- ★ *All foreign travelers into the U.S. should be greeted at the inspection booth with the words "Welcome to the United States" and all Americans should be greeted with "Welcome home."*
- ★ *CBP and TSA should be required to work with the U.S. travel industry to train its officials on customer service techniques to enhance their security and facilitation responsibilities. Congress should allocate $5 million per year to underwrite customer service training for CBP inspectors and consular officials, including such things as travel, training of government instructors and production of training manuals and materials.*

- ★ *CBP and TSA should be required to distribute customer service forms at their inspection stations and checkpoints that can be submitted at the time or via mail, to be analyzed by an independent party. The availability of such an evaluation signifies to both visitors and officers that the U.S. cares about providing a welcoming entry process.*
- ★ *Evaluations of frontline security officers should include criteria related to customer service. Only by making this issue one that affects how employees are rated, promoted and paid will we truly see a decline in the number of instances where a case of poor behavior becomes world news.*

DEVELOP AN INTERNATIONAL REGISTERED TRAVELER PROGRAM

Overview—Many other countries, including Israel, Canada, Japan, the United Kingdom, and the Netherlands, have successfully demonstrated how an International Registered Traveler (IRT) program can work to ensure security, focus attention on lesser known travelers and provide a smoother and more predictable travel schedule for repeat travelers.

The British example is perhaps most instructive due to their understandable concerns both about foreign guests and citizens with ties to terror. Project IRIS is a biometric-based passenger screening system implemented in the past two years using biometric technology at Heathrow, Gatwick, Birmingham, Manchester and Stansted airports. The British government anticipates that within five years, more than a million people will be registered to use the system.[48]

The U.S. government operated an IRT program prior to 9/11. Also, in 2004 and early 2005, CBP engaged in serious discussions with the Dutch government and JFK airport to deploy a pilot IRT program, but final operations were stalled while DHS examined how to incorporate IRT into the architecture for a wide range of screening programs.

While building a new IRT program was not specifically mentioned in the Rice-Chertoff Initiative, the RCI did speak about a "Global Enrollment" network that could support such a program. Moreover, CBP officials have informally discussed plans to launch a new program as part of the Model Ports initiative and at JFK.

Recommendation—Take immediate action to make an international registered traveler program a reality. An aggressive commitment to an IRT program would relieve some of the burden on CBP officers, provide more information about travelers to the government, and present a welcoming image abroad. To meet this goal, the Partnership calls for $20 million to pay for equipment and other start-up costs for an International Registered Traveler program that is designed to be self-funding after start-up through member fees. Details of the program include:

- ★ *Eligible participants:* Repeat foreign travelers coming to the U.S. who are willing to provide the fullest amount of biographical and biometric information to conduct a thorough risk assessment.
- ★ *Enrollment:* Many of these individuals could be enrolled at U.S. airports for future travel, but the Partnership also believes an overseas enrollment option is appropriate to offer. While deploying personnel overseas to conduct interviews and collect information is expensive, CBP has seen a good return on investment from its anti-fraud Immigration Advisory Program operating at airports in the Netherlands, Poland and Japan.
- ★ *Domestic RT program:* Enrollees in any International Registered Traveler program involving the U.S. should also be enrolled in the domestic Registered Traveler program[49]—so that international travelers will find traveling within America as easy and pleasant as arriving here, especially as they move through the U.S. arrivals inspection process, through TSA screening and onto domestic flights.

STEP 3: CHANGE PERCEPTIONS THROUGH COORDINATED COMMUNICATIONS

OVERCOMING NEGATIVE PERCEPTIONS

The proposals in Sections One and Two of this plan are designed to improve America's entry process by creating a secure, efficient and welcoming experience for visitors. Success in these areas will remove a major deterrent to international travelers.

However, another major hurdle will still remain: the perception that the U.S. has the "world's worst" entry process. Solving the policy problem is half the battle; changing perceptions is the other, equally critical, half. Without communicating that visa wait times have been reduced to 30 days or less and that international travelers will be screened in less than 30 minutes, the world will continue to perceive that the hassles and unfriendliness persist.Implementing a nationally-coordinated process for communicating these changes to the world, followed by a sustained and nationally-coordinated invitation to visit, is a necessary final step toward restoring America's image as a welcoming destination.

"THE DAYS OF NEW YORK CITY SITTING THERE AND SAYING, 'WE'RE NEW YORK, THEY'RE GOING TO COME TO US,' ARE LONG GONE. PEOPLE HAVE ALTERNATIVES TO GO ANYPLACE IN THE WORLD...**WE ARE IN COMPETITION FOR TOURISTS."**

– New York City Mayor Michael Bloomberg
December 27, 2006

CASE STUDY: CANADA

The Canadian Travel Commission is structured as a joint venture between the government and the private sector tourism industry, with the private sector given much influence over policy and programming. The tourism industry has significant influence on both the board of directors and working committees responsible for individual program areas. Seventeen of the 26 CTC board seats are reserved by law for the private sector, and must represent all sectors of Canadian tourism and all regions of the country. The remaining nine seats are held by public sector officials from provincial and territorial government bodies responsible for tourism. Membership in all seats is rotated regularly.

The CTC board creates working committees to advise it on how best to deliver CTC programs. Each working committee is chaired by someone from the private sector who is not a CTC board member. The committee develops a strategic plan and tactics for its program that it directs. Examples of such programs and working committees include marketing within Canada, marketing in the United States, marketing to the meetings, conventions and incentive travel sector, marketing to Europe and Latin America Marketing, marketing to the Asia/Pacific region, research, and product development.

CTC is funded by the Canadian federal government through annual budget allocations and solicits private sector investment as well. One of the largest such commitments currently involves Toyota Canada Inc., which along with the CTC has just launched the second year of the "Get Going Canada" national marketing campaign, designed to encourage domestic travel by Canadians.

PROMOTION SPENDING

COMPETITOR	TOTAL SPENDING (MILLION)
AUSTRALIA	$113.3
CANADA	$58.5
CHINA	$60.0
EGYPT	$46.0
FRANCE	$63.3
GERMANY	$38.7
GREECE	$151.4
ITALY	$61.9
MALAYSIA	$117.9
MEXICO	$149.2
PORTUGAL	$38.3
THAILAND	$32.1
TUNISIA	$43.0
TURKEY	$80.0
U.K.	$89.2

Source: World Tourism Organization

KEY TENETS OF A WELL-EXECUTED CAMPAIGN:

COMPELLING MESSAGE ★ SHARE OF VOICE
MARKET FOCUS ★ RIGHT MEDIA

U.S. opportunity is above average, as evidenced by campaigns in the U.K. and the experience of Philadelphia and Hawaii. Given the under-saturation and demand for travel to the U.S., these ROI estimates are conservative.

	WELL EXECUTED	MODERATELY EXECUTED	POORLY EXECUTED
VISITOR SPENDING ROI	75:1	35:1	0:1
TOTAL TAX ROI	12:1	6:1	0:1
FEDERAL TAX ROI	6:1	3:1	0:1

Source: Tourism Economics, an Oxford Economics Company

CURRENT ENVIRONMENT

Currently, the U.S. has no nationally-coordinated process for communicating with the world's travelers—whether it be explaining new entry requirements, touting easier processes or actively promoting our destinations.

The absence of a national promotion organization stands in stark contrast to the rest of the world. The U.S. is virtually alone among industrialized nations in lacking a nationally coordinated program designed to attract foreign travelers. Canada, for instance, invests nearly $60 million per year on its national promotion program, and Australia invests more than $113 million annually. Even New Zealand, a country 1/74th the size of the U.S., invests $43 million each year promoting itself to world travelers.

While many individual U.S. destinations and private sector businesses currently invest in international promotion, totaling over $100 million per year, the absence of a nationally-coordinated umbrella campaign that communicates America's policies and common qualities represents a significant competitive disadvantage for the U.S.

As the U.S. Travel and Tourism Advisory Board (TTAB), a group of leading travel experts that advises the Secretary of Commerce, noted in its 2006 report, Restoring America's Travel Brand:

> *"The power of a unifying organizing principle to better leverage the commonalities of individual brands is a proven axiom of marketing—one that is employed by many of the companies represented on this board. Although a number of individual brands and destinations in the U.S. have the resources to market themselves abroad, these efforts are uncoordinated, conflicting, and fail to communicate the deepest, most universal qualities of the U.S. as a brand. An over-arching, umbrella message is therefore necessary to move the U.S. higher on the list of dream destinations."*

THE BENEFITS OF PROMOTION

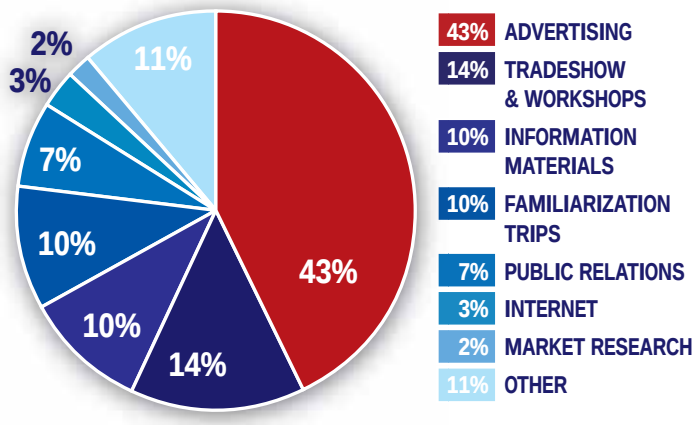
Significant Return on Investment: Why do so many countries and destinations invest so heavily in attracting travelers? The simplest answer is that the return on investment—in terms of jobs, economic growth and tax revenue—is significant enough to justify the down payment.

The Tourism Economics Group within Oxford Economics, globally-recognized for its economic forecasting expertise, estimates that a "well-executed" U.S. campaign—in other words a campaign with a compelling message, using the right media, focusing on the right markets and properly funded to achieve share of voice, could return up to $75 in visitor spending for every dollar invested. See table below for a comparison of recent successful tourism marketing programs' ROI.

Opportunity to Communicate Changes in U.S. Entry Requirements: Today, changes in U.S. entry policy, from the Western Hemisphere Travel Initiative, to new screening procedures, are communicated by a variety of government agencies, which have limited resources to ensure that the message is heard and understood by travelers. A nationally coordinated promotion organization would provide a centralized mechanism to communicate these policies, and minimize confusion and misperceptions in other countries.

Enhances America's National Image: The U.S. Travel and Tourism Advisory Board noted that "[d]ollar for dollar, investing in a nationally-coordinated destination marketing campaign is perhaps the most effective vehicle to strengthen the U.S. image in other parts of the world." Even to those who are unable to accept the invitation, the simple act of asking will convey a new American message in a post-9/11 environment. According to the TTAB, a well-executed promotion program will "contribute to building a long-term brand in addition to selling a product. Many other countries are doing this very effectively, with destination marketing that communicates the values

FIGURE 3: PROMOTION CAMPAIGN SPENDING (AVG.)



GLOBAL PROMOTION CAMPAIGNS LEAD TO RETURN ON INVESTMENT (ROI)

DESTINATION	TARGET MARKET	AMOUNT SPENT	RETURN SPENDING	RETURN TAXES *(Federal unless noted)*
AUSTRALIA	UNITED STATES	$3.5 MN	$64:$1	$6:$1
UNITED KINGDOM	GLOBAL	$42 MN	$47:$1	$6:$1
CANADA	UNITED KINGDOM	$970,000	$13:$1	$3:$1
CANADA	GERMANY	$1.1 MN	$24:$1	$4:$1
CANADA	UNITED STATES	$4.8 MN	$23:$1	$4:$1
PHILADELPHIA	WESTERN EUROPE	$1.2 MN	$44:$1	$3:$1
CANADIAN PROVINCE	UNITED STATES	$306,000	$11:$1	$2:$1
NEW YORK CITY	NORTHEAST	$5.0 MN	$5:$1	$1:$1
UNITED STATES	UNITED KINGDOM	$4.1 MN	$117:$1	$10:$1

Source: Oxford Economics

and culture that define them. The U.S. should be in the international marketplace with similar ads that invite the world to experience the land of life, liberty and the pursuit of happiness."

Ensures that Travel Benefits all Regions of the Country: Around the world, promotion programs are well known for their ability to drive travelers beyond the obvious destinations. The TTAB noted that a nationally-coordinated campaign:

> *"will help drive visitation higher in those states and regions that cannot afford to market themselves individually... The U.S. tourist experience can be as varied as the imagination, and as affordable or extravagant as one can afford. But unfortunately, without a nationally coordinated program, the vast majority of business and tourist destinations are unable to reach international markets. These destinations will continue to be at a significant disadvantage until a nationally-coordinated program is implemented that can channel visitor interest to other regions of the U.S. beyond the two coasts."*

FIGURE 4: AMERICA'S TOP TRAVEL COMPETITORS

RANK	COUNTRY	VISITORS (MILLIONS)
1	ITALY	3,658
2	CANADA	3,358
3	U.K.	3,063
4	EGYPT	3,003
5	CHINA	2,472
6	THAILAND	2,083
7	FRANCE	1,905
8	GERMANY	1,896
9	TUNISIA	1,487
10	AUSTRALIA	1,389
11	TURKEY	1,309
12	BRAZIL	1,101
13	DOMINICAN REPUBLIC	1,095
14	HONG KONG	995

Source: Oxford Economics
**Visits to selected countries by travelers from top U.S. source countries*

UNDERSTANDING THE COMPETITION

When travelers choose to avoid the U.S., where do they go? In the global marketplace, with hundreds of billions of dollars at stake, the market for international travel is highly competitive. Rising disposable incomes, a proliferation of worthwhile destinations and improving infrastructure have combined to create a new reality: Countries that compete for business will reap substantial rewards. Countries that fail to adapt are left behind.

So which countries are competing effectively for the travelers that otherwise might have visited the U.S.?

Examining the top 25 current sources of travel to the U.S., we first identified the other countries those travelers visit for long haul trips. From this information, weighted for volume of visitation, Oxford Economics developed a ranking of the top countries that are competing with the U.S. for visitors. (Figure 4)

Next, we analyzed these competitors to understand how they are currently investing in attracting travelers. Each of these countries has a dedicated, high level government office that is devoted to competing for international travelers. Each country also allocates significant resources toward marketing and travel facilitation as shown in figure 5.

A BLUEPRINT TO PROMOTE AMERICA

Based on our rigorous analysis of global promotion programs and America's specific needs, the following are the Discover America Partnership's recommendations for a nationally-coordinated program to promote America's policies and its desire to welcome more travelers. For more detailed information that was used to inform these recommendations, please see the appendix, which contains the full market analysis by Brand Architecture, a global advertising firm that specializes in destination marketing at the international level.

★ *Identify Target Markets*—In developing a budget and a strategy for promoting travel to America, the criteria used to identify target markets is critical. Selection factors include the potential of the given country to supply a high volume of travelers (based on population and disposable income), upside for growth in travel volumes, existing policy barriers to travel from those countries (for instance, onerous visa requirements) and perceptual barriers to travel.

Simply put, this exercise identifies the targets of highest opportunity, in order to maximize the return on invested marketing dollars. For instance, marketing to a country in which current policies make it difficult to travel to the U.S. is not a smart allocation of money. On the other hand, in markets where perception is a barrier, but not policy, a different kind of investment may be called for in an effort to overcome those perceptions.

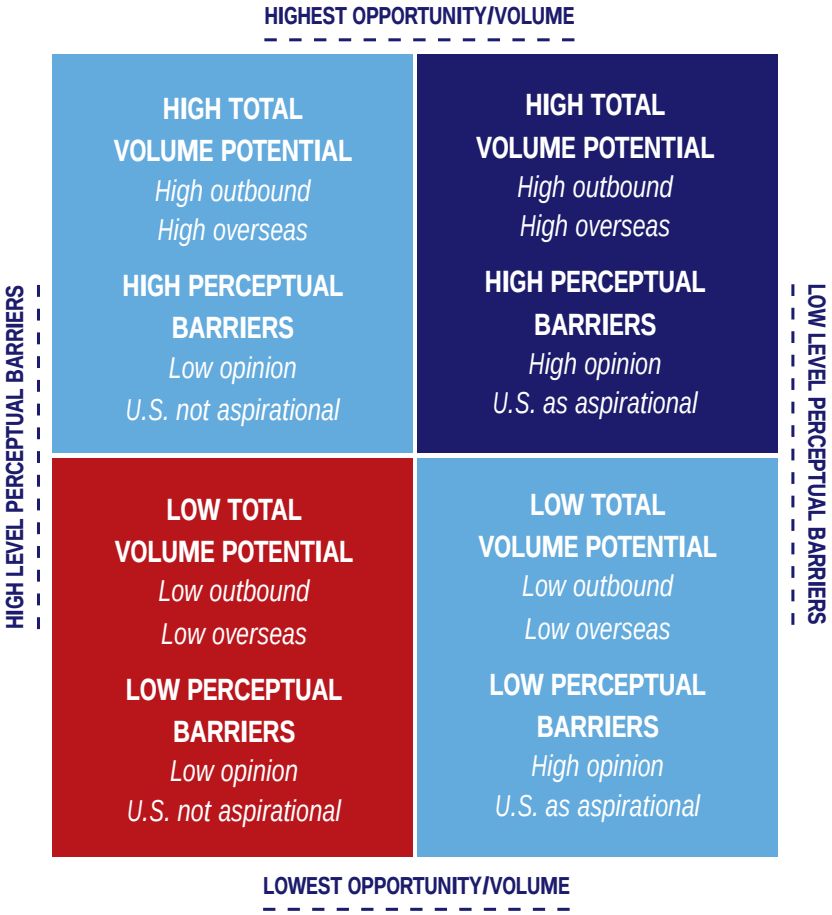
The figure to the right illustrates the recommended processes of identifying our target markets. Today, countries such as Canada, Japan and the U.K. reside in our highest opportunity quadrant. France and Germany, where travelers do not hold as high a regard for the U.S as an aspirational destination, would reside in a different quadrant, to reflect the perceptual barriers.

★ *Invest to Gain Share of Voice*—The U.S. should base its spending allocation on a variety of complex factors, including the distance visitors must travel, policy barriers, perceptions and the overall value of a given target market. Figure 5 details the amount the U.S. should spend per visitor in each of our target markets. In sum, an effective promotion campaign will require approximately $200 million annually to be successful in the most important markets.

★ *Utilize A Variety of Marketing Channels*—An effectively operated national promotion campaign should take on a variety of forms, including advertising, market research and promotional events. A much more extensive market-by-market analysis would need to be conducted before recommending how the U.S. should specifically allocate its resources in a given country. Figure 3 shows an average of how existing national promotion campaigns distribute their resources.

★ *Coordinate and Integrate Communications with Government Agencies*—A national travel organization can help government agencies to communicate new policies and procedures to foreign audiences. This new organization could help facilitate a more active role byU.S. diplomats in communicating U.S. policies and, importantly, improvements to those policies. U.S. diplomats should be charged with aggressively communicating U.S. messages in-country and federal public affairs staff should operate an intensive international communications campaign.

PRIORITIZING SOURCE MARKETS:
VOLUME POTENTIAL AND PERCEPTION



BUILD AN EFFECTIVE PROGRAM STRUCTURE

The world travel market is a rapidly growing sector of our global economy. Most countries recognize the important economic, political and societal benefits of hosting international visitors in their country. Accordingly, more than fifty countries around the globe run national tourism organizations (NTO's) to attract foreign visitors.

Each country has a unique approach to operating its NTO. The size of the NTO is not necessarily directly related to the size of the country. For example, the Dominican Republic's NTO employs nearly 500 individuals domestically. Spain employs more than 200 individuals and Poland employs more than 50. Additionally, many countries dispatch employees of their NTO to other countries to assist with the marketing of their country as a travel destination.

The vast majority of countries (84 percent) finance their NTOs with government funding. The average NTO budget in 2005 in U.S. dollars was roughly $42 million. These budgets are funded in a variety of ways, including a direct appropriation from the government, levies and fees charged on certain goods and services used by visitors, entry and exit fees or revenues from gaming.

The following proposed structure blends the marketing expertise and flexibility of the private sector with the power of government to organize and marshal resources, to create a public-private partnership to promote America.

PRINCIPLES OF AN EFFECTIVE PROGRAM

Based on the experiences of other countries and individual state efforts, the principles for a successful destination marketing effort are as follows:

FIGURE 5: COMPETITOR TRAVEL MARKETING MATRIX

NATIONAL DESTINATION	TOTAL BUDGET	CENTRAL GOVT. SHARE	MARKETING SHARE	MARKETING BUDGET	INBOUND RECEIPTS
	$US mn	%	%	$US mn	$US mn
AUSTRALIA	$113.3	82%	71%	$79.9	$16,866
CANADA	$57.5	65%	75%	$43.7	$13,584
FRANCE	$63.3	54%	70%	$44.3	$42,276
GERMANY	$38.7	79%	57%	$21.9	$29,204
GREECE	$151.4	94%	44%	$66.8	$13,731
ITALY	$61.9	87%	51%	$31.8	$35,398
MEXICO	$149.2	77%	NA	NA	$11,803
NETHERLANDS	$34.8	64%	NA	NA	$10,475
SOUTH AFRICA	$70.2	79%	79%	$55.7	$7,327
SPAIN	$119.7	100%	63%	$75.0	$47,891
SWITZERLAND	$53.7	62%	65%	$34.7	$11,040
THAILAND	$32.1	100%	54%	$175.0	$10,108
U.K.	$89.2	73%	47%	$42.1	$30,669

Source: Oxford Economics
Balance is operating costs

- ★ *Public-private partnership with resource commitments from both sides*
- ★ *Public sector accountability with private sector ingenuity and agility*
- ★ *Full participation of all aspects of the industry and all regions of the country*
- ★ *A dependable and growing revenue stream to opportunities and challenges*

Given these guiding principles, the following is one approach that could be utilized to build an effective promotion program.

LEGAL STRUCTURE

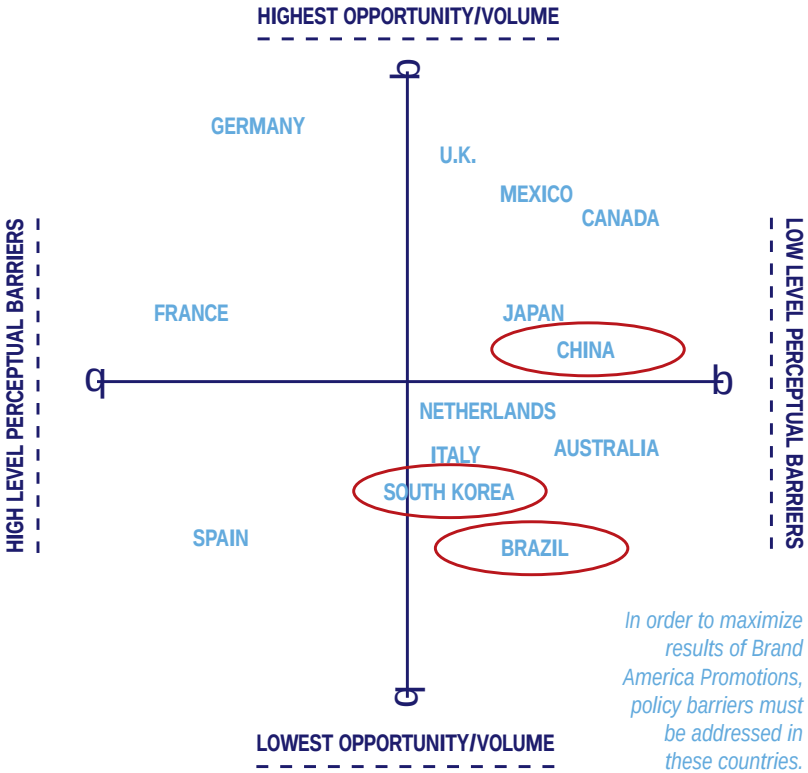
Formation of a new Discover America Partnership Corporation—a federally sponsored non-profit corporation that is eligible to access federal funds (either through an appropriation or through a tax benefit). The Corporation would report to a federal agency—the Department of Commerce—to be held accountable for their actions and expenditures. Additionally, Congress would appropriately conduct the necessary level of legislative branch oversight over their activities and actions.

ORGANIZATIONAL STRUCTURE

The Discover America Partnership Corporation would be governed by a Board of Directors that is responsible for establishing the broad goals of the Corporation and delegating the implementation of those goals to the professional staff of the Corporation. The Board would be comprised of 35 individuals from the following backgrounds: six representatives from the accommodations sector; six representatives from the restaurant and retail sector; six representatives from the attractions and recreation sector; six representatives from the transportation

BUDGET SHARE OF RECEIPTS	RECEIPTS PER $US OF BUDGET	PUBLIC OR PRIVATE ORGANIZATION
%	$US	
0.7%	$145	PUBLIC-PRIVATE
0.4%	$243	PUBLIC-PRIVATE
0.1%	$832	PUBLIC-PRIVATE
0.1%	$889	PUBLIC
1.1%	$129	PUBLIC
0.2%	$948	PUBLIC
1.3%	$122	PUBLIC
0.3%	$366	PRIVATE
1.0%	$106	PUBLIC
0.2%	$532	PUBLIC
0.5%	$245	PUBLIC
0.3%	$395	PUBLIC
0.3%	$375	PUBLIC

KEY MARKETS: SOME OPPORTUNITY MARKETS ARE CONSTRAINED BY POLICY BARRIERS



In order to maximize results of Brand America Promotions, policy barriers must be addressed in these countries.

sector; six representatives from state and local governments; and five government representatives appointed by the President of the United States.

The Board of Directors would recruit and select an executive director who will be allowed to hire staff. The employees of the Corporation would be considered non-federal employees and will not be restricted by federal law and regulations governing employment practices and pay. This would allow the corporation to attract the best and the brightest individuals capable of developing and conducting a first-rate global marketing campaign.

CREATE A LASTING, SIGNIFICANT FUNDING SOURCE

The great challenge when it comes to attracting more visitors and improving America's entry system is finding sufficient funds at a time when the federal budget is tightly squeezed. It is possible that resources sufficient for this promotional program could be located within existing budgets.

However, to aid policymakers seeking new potential funding sources, we set out to identify funding options that could result in long-term resources without an excessive budget impact. We considered dozens of potential funding sources, ranging from taking a portion of an existing tax to commemorative coins, and evaluated them against the following principles of an ideal funding formula:

★ *Funding should not be subject to the uncertainties of annual appropriations*

★ *Avoid, if possible, multiple funding streams*

★ *Fees should be paid by those who benefit*

★ *Funding source should be dependable and sustainable*

★ *The private sector must contribute to the program*

We have identified three potential sources that could fund all or a significant portion of a comprehensive effort to improve travel to the U.S. and change perceptions in target markets.

CASE STUDY: AUSTRALIA

Australia's current national tourism development program is Tourism Australia, a federal government statutory authority responsible for international and domestic tourism marketing as well as the delivery of research and forecasts for the sector. Bureaucratically, Tourism Australia is represented by the Minister for Industry, Tourism and Resources, and a dedicated Minister for Small Business and Tourism. It was organized under Australia's corporate law to allow it to operate flexibly in a commercial environment

Tourism Australia is a global organization with 220 people working in 21 different countries, governed by a 10-member board that reports to the Federal Minister for Small Business and Tourism. Tourism Australia has offices in Sydney and Canberra and overseas offices in Auckland, London, Frankfurt, Los Angeles, Tokyo, Seoul, Hong Kong, Shanghai, Singapore, Taipei, Kuala Lumpur and Bangkok.

Tourism Australia focuses on more than just marketing—it takes a "whole of government" approach to tourism development policy, working on policy issues that impact tourism. The Corporate Affairs group handles government, public and media relations for Tourism Australia with a view to gaining a stronger voice for tourism in public policy discussions. And the Corporate Services handles administrative functions.

The Australian government has actively promoted tourism for almost 40 years through Tourism Australia and its predecessor organization the Australian Tourist Commission and, in conjunction with efforts by state and regional public tourism organizations and industry-based activities, over a much longer period of time.

★ *Exit Fee*

Overview—This proposal calls for a small fee to be imposed on all travelers leaving the United States via air. The fee (envisioned to be approximately $5 per traveler) could be collected through a variety of means, including a kiosk or as part of the transaction to purchase the airline ticket. The fee would cover the operating costs of the program, oversight by a government agency and, potentially, costs incurred by the collection source.

The Department of Commerce projects 54 million visitors to the United States in 2007. Approximately 50 percent of these visitors travel by air. An additional 25 million Americans, approximately, depart annually by air. Based on this projection, a $5 fee could generate in excess of $250 million.

Budgetary Considerations—There are no net costs to the federal government under this plan.

Benefits of this Option—International travelers are familiar with exit fees as they are charged by many countries. In fact, many other countries assign specific fees on such things as food and beverages supplied at tourism destinations, accommodations, car rentals, airline tickets

EXIT/ENTRY FEES

COUNTRY	EXIT FEE	ENTRY FEE
ARGENTINA	$18 USD	
ARUBA	$32 USD	
AUSTRALIA	$27 AUSTRALIAN DOLLAR	
BAHAMAS	$15 USD	
BELIZE	$20 USD	
BERMUDA	$10 USD	
BOLIVIA	$41 USD	
CHILE	$18 USD	$100 USD on arrival for first time U.S. travelers.
COSTA RICA	$26 USD	
EL SALVADOR	$27.15 USD	$10 USD
GUATEMALA	$30 USD	
HONDURAS	$30 USD	
JAMAICA	$17 USD	
JAPAN	$20.56 USD	
KENYA	$40 USD	
MALAWI	$30 USD	
MEXICO	$10 USD	
NEW ZEALAND	$17	
NICARAGUA	$32 USD	$5 USD
PANAMA	$20 USD	$5 USD
PERU	$30.25 USD	
PHILIPPINES	$11 USD	
RWANDA	$20 USD	
THAILAND	$14 USD	
TURKEY		$20 USD
UNITED KINGDOM	$20 USD (or more depending on outbound destination)	
VENEZUELA	$30 USD	

Source: Oxford Economics

and tour operator services to fund destination marketing efforts. This fee would be collected from those that benefit most from an improved travel experience.

★ *Tax Credit Bonds*

Overview—This proposal would authorize the use of tax-credit bonds as a means of financing a promotion program. The proposal authorizes the promotion organization to issue up to $1 billion in tax credit bonds to finance the first five years of its operation. The proceeds from the bonds are authorized to be used for the cost of conducting the campaign and investment in order to generate sufficient funds to repay the bonds at the end of their life.

Budgetary Considerations—The cost of this proposal is measured by the revenue forgone from the tax credits received by the purchasers of the bonds. Based on cost estimates for recently enacted legislation to grant authority to issue tax credit bonds, we anticipate this proposal to cost approximately $130 million over five years and $170 over ten years. The new pay-as-you-go would apply to this legislation as it is scored as a loss of revenue.

Benefits of this Option —Tax credit bonds are an innovative means of financing that allow a substantial amount of capital to be raised with a modest investment and commitment from the federal government. Tax credit bonds are considered to be more economically efficient than a direct federal appropriation given the current budgetary outlook. Additionally, the campaign to raise the capital from selling the bonds will provide momentum to the promotion campaign and will enable travel-related businesses to directly invest in the campaign.

★ *"Visa Waiver" Fee*

Overview—This proposal charges a "convenience" fee to travelers from countries participating in the Visa Waiver Program (VWP). The VWP allows travelers from 27 countries to travel to the United States for a limited period of time without interviewing, traveling and paying for a visa. This type of fee is consistent with registered traveler programs which frequently charge a fee on travelers interested in a smoother, more predictable travel process.

CASE STUDY: FLORIDA

Visit Florida is a not-for-profit corporation working on behalf of a public/private partnership called the Florida Commission on Tourism. The Commission has general strategic and financial oversight of VF's operations. It consists of one member each from Florida's Senate and House of Representatives, and representatives of the state's tourism industry. The Commission is chaired by Governor Jeb Bush and overseen by his Office of Tourism, Trade and Economic Development.

This structure for promoting Florida tourism dates back to 1996. In that year, the Florida Legislature abolished the state's Department of Commerce and handed its various functions to an assortment of of private/public partnerships, of which the Commission on Tourism was one. The Commission initially created the Florida Tourism Industry Marketing Corporation to promote Florida tourism, but this name was later changed to Visit Florida.

Each year Visit Florida receives a designated share (15.75 percent) of the state's $2.00 per day surcharge on rental cars. State law also requires Visit Florida to match its public funding dollar-for-dollar with private funds. VF has done this mainly by acquiring more than 3,400 private industry "Partners" who "invest" to varying degrees in its operations, in return for varying degrees of presence onVF's consumer website, including but not limited to listing, hyperlinks, discounted advertising and inclusion in the site's various search functions. Depending on investment level, Partners also gain access to VF's sales and marketing programs, research and business intelligence.

In 2006, approximately 15 million visitors from VWP countries visited the U.S. A promotion campaign would increase the number of visitors from VWP countries and reforms outlined earlier in this proposal would expand the number of countries included in the VWP. The fee (approximately $10) could be collected through a variety of means, including a kiosk or the financial transaction of purchasing the airline ticket.

In addition, should the VWP be expanded to citizens of additional countries, as previously recommended, those individuals would not be paying the current $100 visa application fee, meaning the proposed VWP fee would still represent a significant cost savings.

Budgetary Considerations—There are no net costs to the federal government under this plan.

Benefits of this Option—This fee would be collected from those that benefit most from an improved travel experience. Moreover, international travelers are familiar with paying fees upon entering or departing foreign countries.

CASE STUDY: THE (DECEASED) U.S. TOURISM ORGANIZATION

Legislation was proposed in Congress in 1996, with bi-partisan support, to create the United States Tourism Organization, which was intended to be a privately managed entity that would market the United States as a tourism destination. The legislation would also have created a National Tourism Board and given it two years to develop and implement a long-term financing plan for the USTO. The USTO failed to achieve funding from Congress, and was dissolved soon after.

The USTO, a not-for-profit organization chartered by the federal government, was authorized to undertake a wide range of activities to promote tourism and was guided by a 46-member Natural Tourism Board. The Under Secretary of Commerce for the International Trade Administration served as an ex-officio member of the USTO board and the Secretary of State and the Director of the United States Information Agency (USIA) coordinated with the USTO.

Board members represented organizations that help finance the USTO or represent certain specific tourism industry segments not otherwise represented—its members were to be senior officers of a travel or tourism industry organization, especially senior officers with international marketing or fundraising responsibilities.

The Board was to be responsible for developing a travel and tourism marketing strategy to be implemented by the USTO, and to advise the President, Congress, and the industry on national travel and tourism strategy.

The USTO's primary purpose was to increase the U.S. share of the global tourism market via international marketing of the U.S. as a tourism destination. Also, the USTO was to maintain a databank of travel and tourism information and conduct market research necessary for the effective promotion of the United States travel and tourism product. And the USTO was to represent the U.S. in its relations with international tourism agencies.

The National Tourism Organization Act also would have required the Secretary of State and the Director of the United States Information Agency to place a high priority on implementing USTO recommendations and cooperating with the USTO, and would direct government offices and agencies to provide the USTO access to travel and tourism-related studies, data, statistics, surveys, and other relevant information.

ENDNOTES

1 Travel Industry Association

2 Discover America Partnership press release, December 20, 2006, http://www.poweroftravel.com/release-12-21-06.aspx

3 U.S. Department of Commerce, Office of Travel and Tourism Industries

4 Travel Industry Association

5 World Travel Market, The Associated Press, "U.S. losing business travelers to Europe," November 6, 2006

6 U.S. Department of Commerce, Office of Travel and Tourism Industries

7 According to data compiled by the Office of Tourism & Travel Industries at the Department of Commerce data, when compared to 2000 travel numbers, 4.3 million Britons traveled to America in 2005, down eight percent;3.9 million Japanese visited America in 2005, down 23 percent; 1.4 million Germans visited America in 2005, down 20 percent; 978,000 French residentse visited America in 2005, down 19 percent; and 485,000 Brazilians visited America in 2005, down 34 percent. International Arrivals to U.S.—Historical Visitation 1998-2005, http://tinet.ita.doc.gov/view/f-2005-05-001/index.html

8 Travel Industry Association

9 Travel Industry Association estimate

10 Santangelo Group study, June 2, 2004, http://www.nftc.org/newsflash/newsflash.asp?Mode=View&articleid=1686&Category=All

11 U.S. Department of Commerce, Office of Travel and Tourism Industries–U.S. International Travel Receipts and Payments: 2005 Preliminary Data, http://tinet.ita.doc.gov/view/f-2005-12-001/index.html . U.S. Department of Commerce, Office of Travel and Tourism Industries–Abstract of International Travel To and From the U.S.–1996, http://tinet.ita.doc.gov/view/f-1/abst_p3.html.

12 Travel Industry Association

13 This blueprint is focused primarily on overseas travel from beyond North America. The Partnership recognizes the critical importance of facilitating the secure movement of people and goods across our land borders with Canada and Mexico. In particular, the Partnership urges that DHS and the Department of State ensure that the technical and public relations aspects of the proposed Western Hemisphere Travel Initiative, which would impose a new travel document requirement on U.S. citizens returning the country and Canadians entering the U.S., be fully developed before WHTI becomes a new requirement for land and sea travel in North America.

14 As discussed in depth below, the main exception to this general requirement lies in the Visa Waiver Program, which allows nationals from 27 countries who meet a series of security and immigration criteria to travel to the U.S. for short trips without obtaining a visa. In addition, nationals from Canada generally may enter the U.S. without holding a U.S. visa. 8 U.S.C. Sec. 1187

15 Intelligence Reform and Terrorism prevention Act of 2004, Title V, Subtitle C, Sec. 5301(a); Visas: Documentation of Nonimmigrants Under the Immigration and Nationality Act, as Amended, 71 Fed. Reg. 75,665 (December 18, 2006). Current biometric collection policy takes two index fingerscans but the Department of State plans to deploy ten-print readers to its 211 consular posts in 2007. http://www.dhs.gov/xnews/speeches/sp_1166137816540.shtm

16 Testimony of Department of State Deputy Assistant Secretary Janice L. Jacobs, Post 9/11 Visa Reforms and New Technology: Achieving the Necessary Improvements in a Global Environment, http://www.state.gov/r/pa/ei/othertstmy/25932.htm

17 U.S. Government Accountability Office, Border Security: Streamlined Visas Mantis Program Has Lowered Burden on Foreign Students and Scholars, but Further Refinements Needed, February 2005, http://www.gao.gov/new.items/d05198.pdf

18 Testimony of Maura Harty, Assistant Secretary of State for Consular Affairs, before the National Commission on Terrorist Attacks Upon the United States, January 26, 2004, http://www.state.gov/r/pa/ei/othertstmy/32988.htm

19 Department of Homeland Security Press Release, Department of Homeland Security Provides Visa Waiver Program Report to Congress, November 8, 2005, http://www.dhs.gov/xnews/releases/press_release_0797.shtm

20 Report to the Congress on the Memorandum of Understanding Between the Secretaries of State and Homeland Security Concerning Implementation of Section 428 of the Homeland Security Act of 2002, 68 Fed. Reg. 56,519 (September 30, 2003)..

21 Testimony of Jess T. Ford, Director, International Affairs and Trade, Government Accountability Office, Reassessment of Consular Resource Requirements Could Help Address Visa Delays, U.S. House of Representatives Committee on Government Reform, April 4, 2006, http://www.gao.gov/new.items/d06542t.pdf

22 Report to Congress, U.S. Government Accountability Office, Strengthened Visa Process Would Benefit from Improvements in Staffing and Information Sharing, September 25, 2005, http://www.gao.gov/new.items/d05859.pdf.

23 Testimony of Jess T. Ford, Director, International Affairs and Trade, Government Accountability Office, Reassessment of Consular Resource Requirements Could Help Address Visa Delays, U.S. House of Representatives Committee on Government Reform, April 4, 2006, http://www.gao.gov/new.items/d06542t.pdf.

24 The Santangelo Group, "Do Visa Delay Hurt U.S. Business?" http://www.nftc.org/default/visasurveyresults%20final.pdf

25 The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks Upon the United States, p.389 (2004).

26 U.S. Department of State, Bureau of Consular Affairs, Wait Times, http://travel.state.gov/visa/temp/wait/tempvisitors_wait.php

27 The Intelligence Reform and Terrorism Prevention Act authorized an additional 150 consular officials, however funds have not been appropriated to date.

28 Testimony of Jess T. Ford, Director, International Affairs and Trade, Government Accountability Office, Reassessment of Consular Resource Requirements Could Help Address Visa Delays, U.S. House of Representatives Committee on Government Reform, April 4, 2006, http://www.gao.gov/new.items/d06542t.pdf.

29 Unfortunately, Congress has not amended the VWP statute to allow journalists from VWP countries to conduct their business as VWP travelers. Thus the very writers describing the experience America has to offer are forced to go through an elaborate visa process unlike colleagues in other professions. The Partnership urges that the VWP be amended to allow journalists be allowed to utilize the VWP.

30 U.S. Travel and Tourism Advisory Board, Restoring America's Travel Brand (2006), http://tinet.ita.doc.gov/TTAB/docs/2006_FINALTTAB_National_Tourism_Strategy.pdf

31 U.S. visa policy a passport to reduced competitiveness, Edwin J. Feulner, Heritage Foundation, (September 2006), http://www.heritage.org/Press/Commentary/ed092106b.cfm. The State Department issued 479,205 nonimmigrant (tourist) visas to South Koreans in 2000, but just 386,524 in 2005. Recent press reports indicate that South Korea may be close to meeting the most difficult criteria related to visa refusal rates. The Korea Times, Koreans May Visit US Visa-Free in 2008, January 27, 2006, http://times.hankooki.com/lpage/200601/kt2006012717503810440.htm

32 These requirements would include: 1) Having VWP travelers submit a new Electronic Travel Authorization for U.S. approval akin to a program in place in Australia; 2) Submitting advanced passenger information on VWP travelers; 3) Improving mechanisms to report lost and stolen passports, both blank and issued; 4) Accepting repatriation of their illegal immigrants; 5) Improving the security and interoperability of travel documents; 6) Cooperating on the deployment of air marshals on international flights; and 7) Improve physical airport and baggage screening. Department of Homeland Security Fact Sheet, November 30, 2006, http://www.dhs.gov/xnews/releases/pr_1164919987951.shtm.

33 Department of Homeland Security Appropriations bill, Hse. Rpt 109-476. Under the IAP, CBP sends officers to foreign hub airports to assist airlines with reviewing travelers with questionable travel documents.

34 Department of Homeland Security Fact Sheet: US-VISIT, http://www.dhs.gov/xnews/releases/pr_1160495895724.shtm

35 Immigration Reform and Control Act of 1986, Report of the Committee on the Judiciary, Senate Report No. 99 – 132 (Washington, D.C.: August 28, 1985); Report of the House Judiciary Committee, Report No. 99 – 682(I) (Washington, D.C.: August 1986).

36 The State Department had already begun tests of 10-print technologies at its consulates in San Salvador, El Salvador; London, England; and Riyadh, Saudi Arabia, and UPI reports that State plans to deploy 10-fingerprint-scanning units to about 300 locations worldwide by the end of fiscal 2007. Homeland Security is aiming to deploy about 3,000 of the fingerprint readers in 2008 following product testing in 2007. We understand that the relatively slow deployment by DHS largely is due to the current inability of the FBI's fingerprint system to provide DHS real-time reviews of 10-print submissions that is required at ports of entry. FBI plans major database upgrade, Government Computer News, August 28, 2006, http://www.gcn.com/print/25_26/41792-1.html

37 Department of Homeland Security, U.S. Customs and Border Protection, Interim Agreement Between the European Union and the United States Regarding the Transfer of Passenger Name Record Data, 72 Fed. Reg. 348 (January 4, 2007).

38 Remarks of Stewart Baker, Assistant Secretary for Policy, Department of Homeland Security at the Center for Strategic and International Studies, December 19, 2006, http://www.dhs.gov/xnews/speeches/sp_1166557969765.shtm

39 U.S. Department of Homeland Security, US-VISIT: How It Works, http://www.dhs.gov/xtrvlsec/programs/editorial_0525.shtm

40 U.S. Immigration and Customs Enforcement, Special Registration, http://www.ice.gov/pi/specialregistration/index.htm

41 U.S. Department of Homeland Secueity, Border Reorganization Fact Sheet, http://www.dhs.gov/xnews/releases/press_release_0073.shtm

42 RT Strategies, "Thomas Riehle and Lance Tarrance, Partners & Discover America Partnership Travel Poll," (November 9, 2006), http://www.poweroftravel.org/pdf/DAP_Nov_SurveyResults.pdf.

43 U.S. Department of Homeland Security, Fact Sheet: Secure Borders and Open Doors in the Information Age, January 17, 2006, http://www.dhs.gov/xnews/releases/press_release_0838.shtm

44 DHS announced this month an integration of redress complaint resolution and tracking that will take effect in February 2007. U.S. Department of Homeland Security press release, DHS to Launch Traveler Redress Inquiry Program, January 17, 2007, http://www.dhs.gov/xnews/releases/pr_1169062569230.shtm.

45 These airports are, in order of passenger volume, including North American travelers: JFK, LAX, Miami, Chicago, Newark, San Francisco, Atlanta, Houston International, Washington Dulles, Dallas/ Ft. Worth, Honolulu, Detroit, Logan, Guam, Philadelphia, San Juan, Seattle, Ft. Lauderdale, Minneapolis, and Orlando. This list does not include pre-clearance locations overseas.

46 It is also time for a renewed cooperative effort between airport authorities, airlines, and the government to provide CBP with the appropriate amount and configuration of space to process international travelers at key airports. At many CBP entry stations, poorly designed traffic flows or a sheer lack of space cause traffic to become bottlenecked. As the relationship between CBP and each airport is handled individually, it is difficult to provide generalized solutions to this problem. To inject independent analysis to the issue, the Partnership also recommends allocating $1 million for an engineering study to design CBP processing areas for optimal, efficient and comfortable traffic flow.

47 The State Department has accepted a similar offer to train Consular Affairs staff and work has begun to assist the Foreign Service Training Academy in developing appropriate classroom and instructional materials.

48 Businessmen and Frequent Travellers to Benefit from New Immigration Technology, United Kingdom, Home Office press release, March 10, 2006, http://press.homeoffice.gov.uk/press-releases/new-immigration-technology

49 The Transportation Security Administration is currently developing a domestic registered traveler program, working with a handful of private vendors. After a successful pilot test at five airports, TSA is approving vendors now to roll it out to additional airports across the country. Approved members of the "Registered Traveler" program would be positively identified at the airport through biometric technology and pass through expedited security screening at specially designated lanes in their home airports. TSA's domestic Registered Traveler program is designed to be self-funding through member fees. Registered Traveler Overview, Transportation Security Administration, http://www.tsa.gov/what_we_do/layers/rt/index.shtm, http://www.commerce.gov/opa/press/Secretary_Gutierrez/2006_Releases/September/TTAB%20National%20Tourism%20Strategy.pdf

APPENDIX:
GLOBAL PROMOTION PROGRAMS

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Context: Global Tourism Trends

International tourism by region

	International tourist receipts US$ (billion)		Receipts per arrival %	Share	International arrivals (million)	Share %
	2004	2005	2005	2005	2004	2005
World	633	682	840	100	808	100
Europe	382.2	347.4	790	51	441.6	54.6
Asia Pacific	127.7	138.9	890	20.4	156.7	19.4
Americas	132.1	145.3	1090	21.3	133.6	16.5
Africa	19.1	21.3	580	3.1	36.8	4.5
Middle East	25.5	28.6	780	4.2	39.7	4.9

World's top tourism destinations

International Tourist Arrivals

Rank	Country	million 2004	2005	change (%) 04/03	05/04
1	France	75.1	76	0.1	1.2
2	Spain	52.4	55.6	3.1	6
3	United States	46.1	49.4	11.8	7.2
4	China	41.8	46.8	26.7	12.1
5	Italy	37.1	36.5	-6.4	-1.5
6	United Kingdom	27.8	30	12.3	8
7	Mexico	20.6	21.9	10.5	6.3
8	Germany	20.1	21.5	9.4	6.8
9	Turkey	16.8	20.3	26.1	20.5
10	Austria	19.4	20	1.5	3

International Tourism Receipts

Rank	Country	US $ billion 2004	2005	change (%) 04/03	05/04
1	United States	74.5	81.7	15.8	9.6
2	Spain	45.2	47.9	14.1	5.8
3	France	40.8	42.3	11.6	3.5
4	Italy	35.7	35.4	14.1	-0.7
5	United Kingdom	28.2	30.4	24.6	7.6
6	China	25.7	29.3	47.9	13.8
7	Germany	27.7	29.2	19.7	5.6
8	Turkey	15.9	18.2	20.3	14.2
9	Austria	15.3	15.5	9.9	0.9
10	Australia	13.6	14.9	21.7	9.5

Context: Source of Business

Top inbound tourism source markets

US top 25 inbound source markets (thousands arrivals)

2005 Rank	2000	2005	2010
1 Canada	14,648.0	14,865.0	19,052.5
2 Mexico	10,596.0	12,858.0	16,672.2
3 United Kingdom	4,703.0	4,345.0	5,414.1
4 Japan	5,061.4	3,883.9	4,996.1
5 Germany	1,786.0	1,415.5	1,775.3
6 France	1,087.1	878.6	969.8
7 South Korea	661.8	705.1	973.1
8 Australia	539.6	558.4	751.3
9 Italy	612.4	545.5	685.5
10 Brazil	737.2	485.4	695.4
11 Netherlands	553.3	448.7	572.6
12 Spain	361.2	385.6	510.1
13 Ireland	285.7	383.4	502.6
14 India	274.2	344.9	521.6
15 Venezuela	576.7	340.3	473.4
16 Colombia	417.1	325.4	446.1
17 Taiwan	457.3	318.9	416.9
18 Sweden	321.9	290.5	365.3
19 Isreal	325.2	284.3	358.6
20 China (PRC)	249.4	270.3	514.8
21 Switzerland	395.0	256.7	341.6
22 Belgium	250.0	191.6	245.0
23 Argentina	533.9	188.9	260.3
24 Hong Kong	203.3	135.1	172.0
25 Austria	175.5	117.7	158.4

2005 Rank	2000	2005	2010
1 Canada	14,648.0	14,865.0	19,052.5
2 Mexico	10,596.0	12,858.0	16,672.2
3 United Kingdor	4,703.0	4,345.0	5,414.1
4 Japan	5,061.4	3,883.9	4,996.1
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6 France	1,087.1	878.6	969.8
7 South Korea	661.8	705.1	973.1
8 Australia	539.6	558.4	751.3
9 Italy	612.4	545.5	685.5
10 Brazil	737.2	485.4	695.4

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Context: Competitive Destinations

Top long-haul destinations for top 25 US inbound source markets

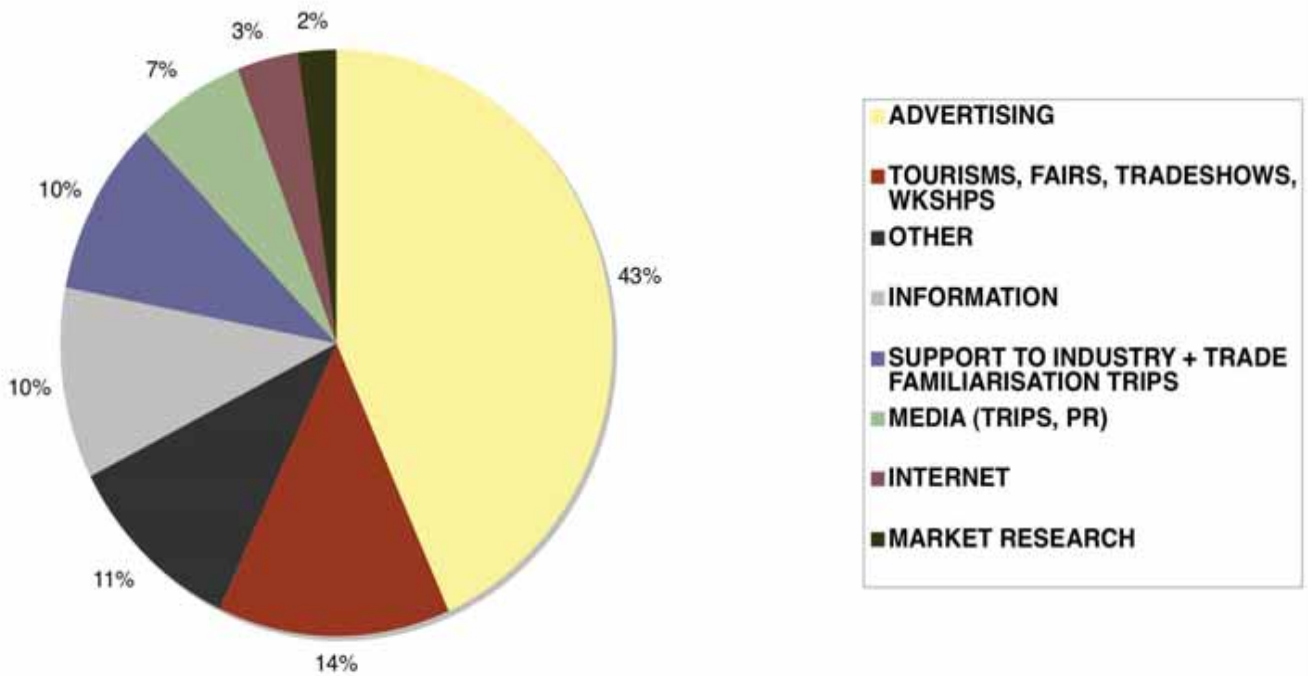
Competitive Markets

	Destination	Arrivals From US Top 25 Source Markets (000)
1	Italy	3,658
2	Canada	3,358
3	UK	3,063
4	Egypt	3,003
5	China	2,472
6	Thailand	2,083
7	France	1,905
8	Germany	1,896
9	Tunisia	1,487
10	Australia	1,389

Our competition = other long-haul destinations chosen by travelers within our key source markets

How Do NTO's Utilize Their Marketing Budgets?

NTO marketing budgets (% average) by marketing tools



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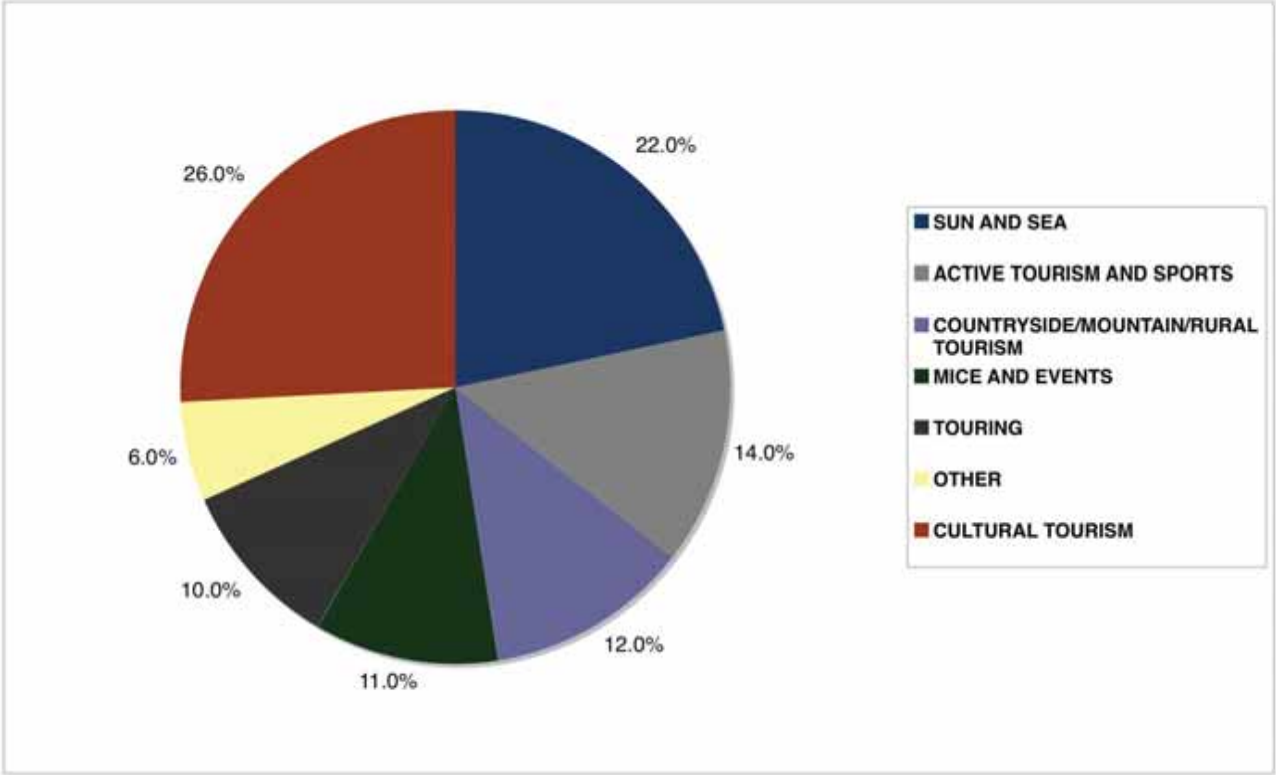
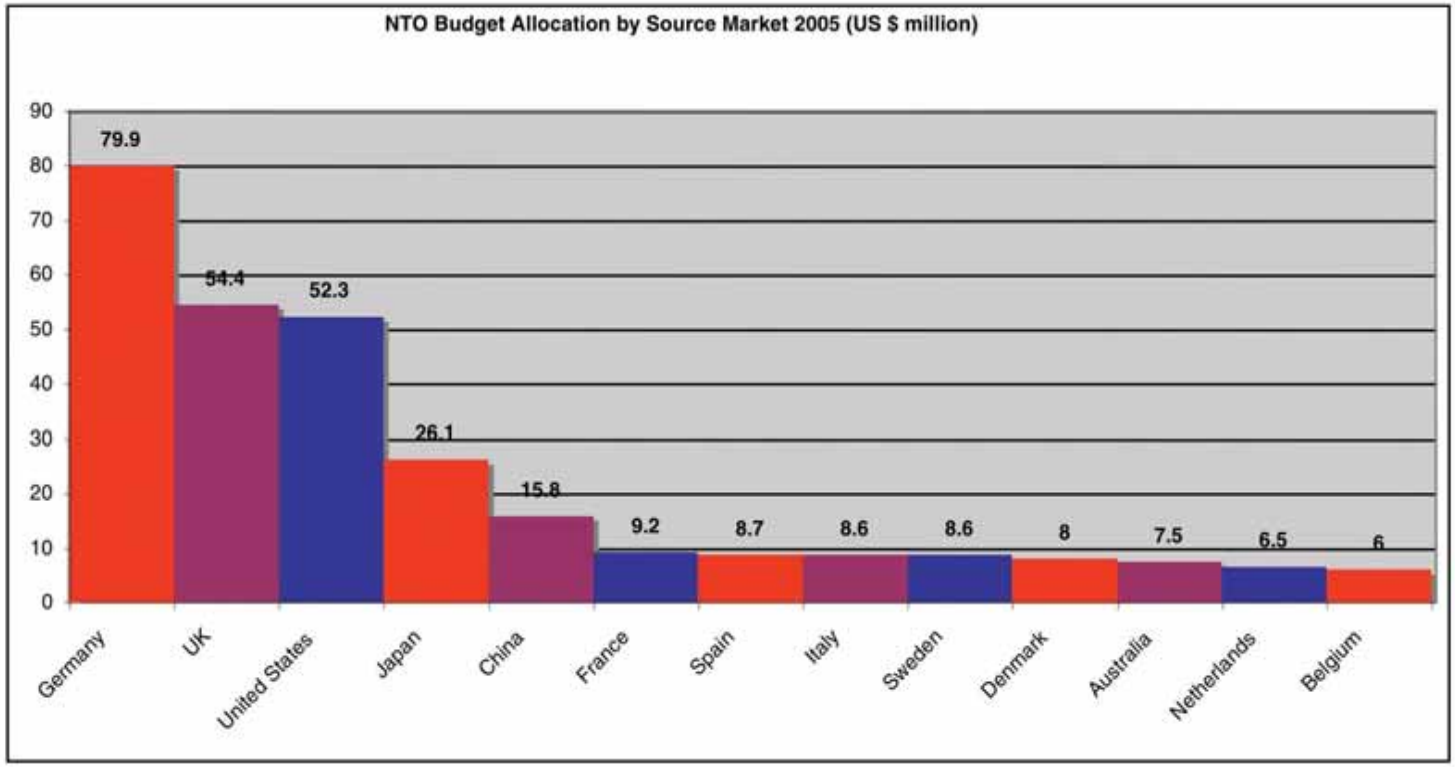
How Do NTO's Utilize Their Marketing Budgets?

NTO marketing budgets (% avg) by product



Where Do World Destinations Spend Their Dollars?



Ranking of main source markets vs NTO marketing budget allocation							
Market by importance	1	2	3	4	5	Others	Total
Average share in International tourist arrivals	23.70%	11.10%	8.90%	7.40%	5.60%	43.30%	100%
Budget allocation	18.50%	11.60%	9.00%	6.20%	3.90%	50.80%	100%

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Where Does Our Competition Spend Their Destination Marketing Dollars?

Canada: Budget Allocation by Main Markets

Market	Budget
US	$8,084,500
UK	$5,069,200
Japan	$3,933,000
France	$2,709,400
Germany	$1,704,300

VisitBritain: Budget Allocation by Main Markets

Market	Budget
US	$6,736,000
Germany	$1,684,000
France	$842,000
Ireland	$842,000
Spain	$842,000

Egypt: Budget Allocation by Main Markets (approx)

Market	Budget
Italy	$8,510,000
Germany	$5,336,000
Russia	$4,140,000
UK	$2,852,000
France	$1,794,000

China: Budget Allocation by Main Markets (approx)

Market	Budget
Korea	$11,100,000
Japan	$6,960,000
Russia	$5,400,000
US	$3,720,000
Malaysia	$2,340,000

Tourism Authority of Thailand: Budget Allocation by Main Markets

Market	Budget
Malaysia	$542,500
Japan	$2,556,800
China	$1,085,000
Korea, Republic of	$490,000
Hong Kong	$525,000

France: Budget Allocation by Main Markets

Market	Budget
Germany	$5,138,800
UK	$6,910,800
US	$6,202,000
Belgium	$5,316,000
Italy	$4,430,000

Germany: Budget Allocation by Main Markets (approx)

Market	Budget
Netherlands	$4,051,500
US	$2,346,400
UK	$1,971,000
Switzerland	$1,357,800
Italy	$854,100

Tunisia: Budget Allocation by Main Markets (approx)

Market	Share in marketing budget
Libya	$5,494,500
Algeria	$3,445,200
France	$2,673,000
Germany	$1,841,400
UK	$1,158,300

Australia: Budget Allocation by Main Markets

Market	Budget
New Zealand	$2,397,000
Japan	$14,382,000
UK	$13,583,000
US	$12,784,000
China	$5,593,000

*circle denotes top 10 US tourism source market

Where Do States and Companies Spend Their Marketing Dollars?

Advertiser	Spending by region 2004 ($ million)		
	Asia	Europe	Latin America
Procter & Gamble Co	$1,315	$2,547	$214
General Motors Corp	$137	$779	$83
Ford Motor Co	$98	$919	$51
Time Warner	$129	$387	$9
Johnson & Johnson	$105	$355	$17
Walt Disney	$119	$337	$4
Coca-Cola	$443	$534	$78
McDonald's	$289	$443	$25
Pepsico	$78	$210	$88
GE	$20	$69	$0
Dell	$143	$136	$1
Viacom	$6	$43	$0
Hewlett-Packard Co.	$47	$194	$7
Kellogg Co.	$54	$216	$33
Citigroup	$44	$25	$25
General Mills	$9	$23	$0
Wal-Mart Stores	$0	$0	$21
Microsoft	$24	$135	$0
IBM	$85	$167	$0
Clorox	$11	$0	$17
MasterCard International	$21	$104	$7
American Express Co.	$19	$34	$0
Visa International	$29	$28	$18
Mattel	$17	$164	$36
Campbell Soup Co.	$25	$57	$0
Sara Lee	$13	$176	$0
Burger King Corp.	$0	$60	$0
Merck & Co	$4	$7	$7
Bristol-Myers Squibb Co.	$40	$0	$19
Nike	$28	$88	$0
Estee Lauder Cos.	$17	$118	$0
Sony BMG Music Enternatinment	$27	$173	$0
Total Iconic US brands	**$3,396**	**$8,528**	**$760**
Total US States	**$3**	**$6**	**$1**

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Prioritizing Source Markets: Volume Potential and Perception

Highest opportunity-volume

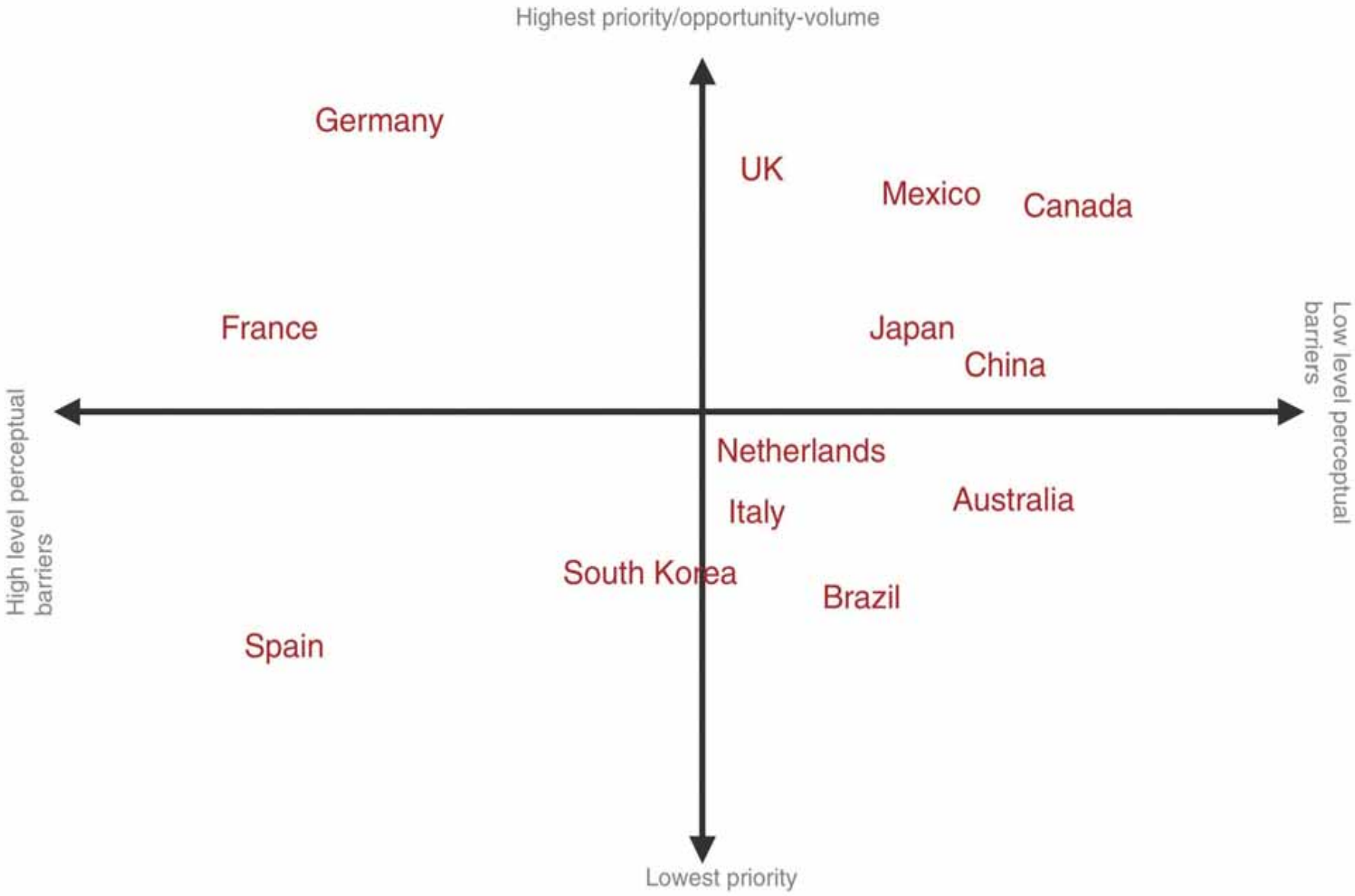
High level perceptual barriers

Low level perceptual barriers

High Total Volume Potential High Outbound High Overseas High Perceptual Barriers Low Opinion US not Aspirational	High Total Volume Potential High Outbound High Overseas Low Perceptual Barriers High Opinion US as Aspirational
Low Total Volume Potential Low Outbound Low Overseas High Perceptual Barriers Low Opinion US not Aspirational	Low Total Volume Potential Low Outbound Low Overseas Low Perceptual Barriers High Opinion US as Aspirational

Lowest opportunity/volume

Key Markets: Opportunities and Perceptual Barriers



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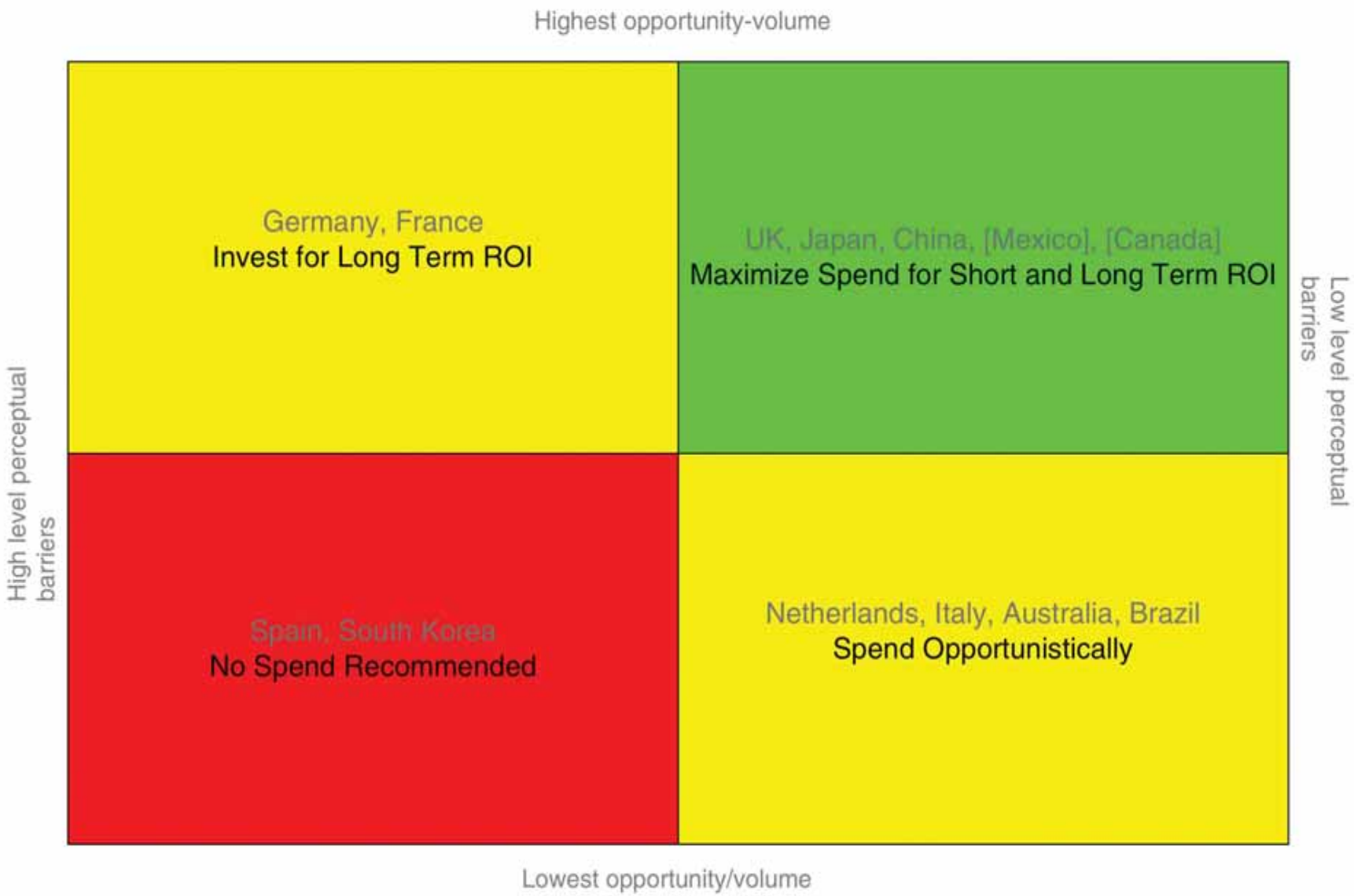
Prioritizing Source Markets: Spend Strategy



Prioritizing Source Markets: Messaging Strategy

Highest opportunity-volume

High level perceptual barriers

Low level perceptual barriers

Germany, France Build Positive Perceptions Softer Sell **Key Metrics:** Top of Mind Awareness Positive Opinion	UK, Japan, China, [Mexico], [Canada] Reinforce Top of Mind Awareness Reinforce Positive Perceptions Call to Action **Key Metrics:** Top of Mind Awareness Bookings
Spain, South Korea No Messaging	Netherlands, Italy, Australia, Brazil Reinforce Positive Perceptions Call to Action **Key Metrics:** Bookings

Lowest opportunity/volume

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Prioritizing Source Markets: Media Strategy

Highest opportunity-volume

High level perceptual barriers

Low level perceptual barriers

Germany, France Fully Integrated From Awareness to Booking Strong Mass Reach Media Travel Planning Presence (eg Internet, Travel Pubs, etc)	UK, Japan, China, [Mexico], [Canada] Fully Integrated From Awareness to Booking Mass Reach Media Strong Travel Planning Presence (eg Internet, Travel Pubs, etc)
Spain, South Korea No Media	Netherlands, Italy, Australia, Brazil Strong Travel Planning Presence (eg Internet, Travel Pubs, etc)

Lowest opportunity/volume

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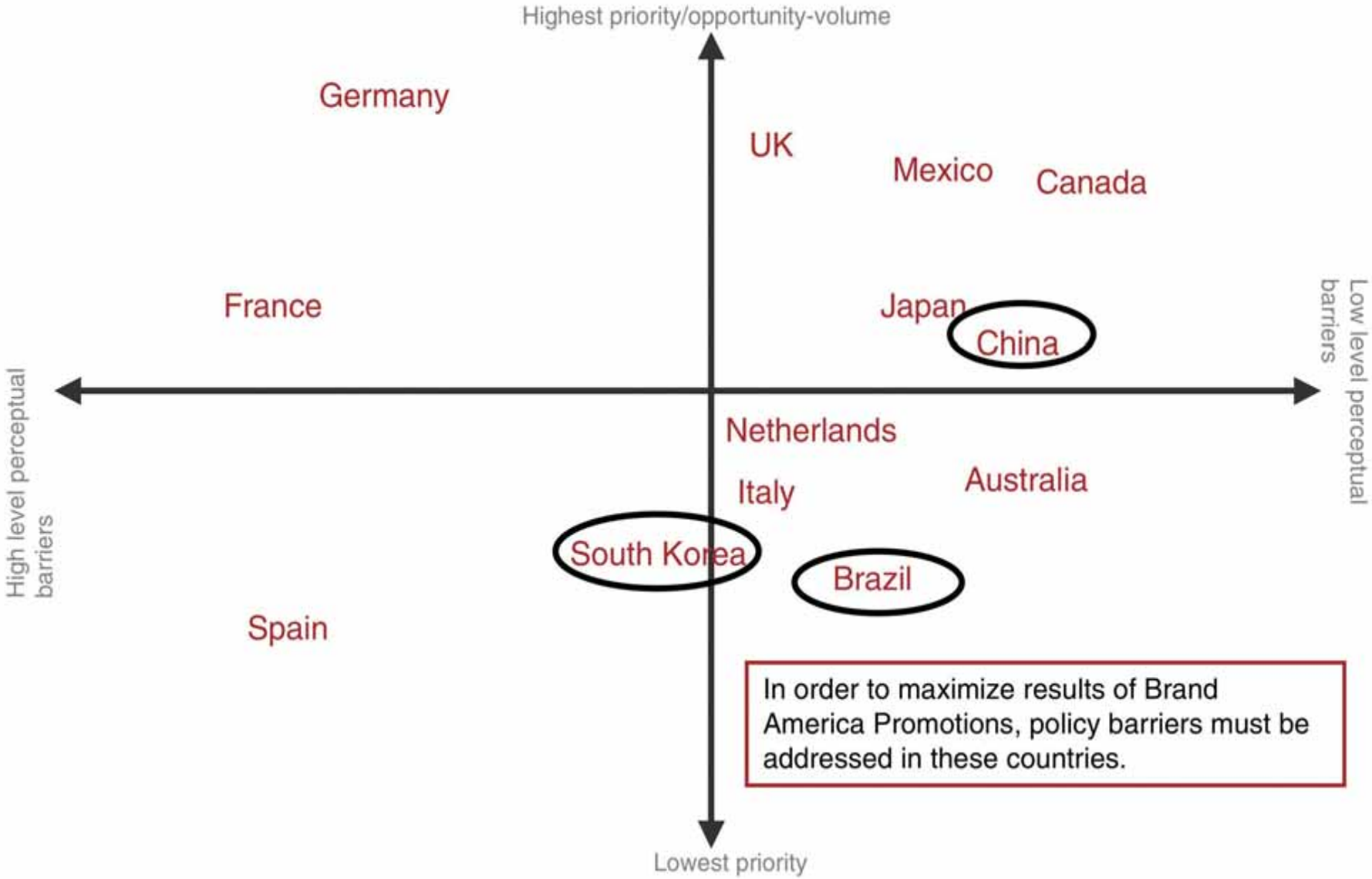
Key Markets: Some Opportunity Markets Are Constrained by Policy Barriers



In order to maximize results of Brand America Promotions, policy barriers must be addressed in these countries.

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What Spending Level is Necessary to Achieve Share of Voice in These Markets?

	Total Ad Spend (All Categories) (Millions US$)	.1% Share of Spend (Millions US$)	Total NTO Spend (Millions US$)	NTO as share of Total
Canada	$ 7,262	$ 7	4.4	0.06%
Mexico	$ 4,509	$ 5	2.7	0.06%
UK	$ 22,002	$ 22	54.4	0.25%
Japan	$ 42,385	$ 42	26.1	0.06%
Germany	$ 20,667	$ 21	79.9	0.39%
France	$ 13,200	$ 13	9.2	0.07%
S. Korea	$ 6,934	$ 7	4.9	0.07%
Australia	$ 7,452	$ 7	7.5	0.10%
Italy	$ 11,182	$ 11	8.6	0.08%
Brazil	$ 5,170	$ 5	3.1	0.06%

Generally speaking, NTO's share of voice is generally paltry and likely to be missed in the clutter.

Thus, when quantifying share of voice, we must first specify our universe in which to measure share: NTO's? Other?

Iconic American Brands Capture Unfair Share of Global Advertising Market

Of the top 100 Global Advertisers, 45 are American brands, 32 of which spend over $12 billion dollars in Asia, Europe and Latin America.

Like Ferrari for Brand Italy, or Sony for Brand Japan, the brands listed to the right contribute significantly to the perception of Brand America, and thus should be considered when developing a budget for Brand America.

	Spending by region 2004 ($ million)		
Advertiser	**Asia**	**Europe**	**Latin America**
Procter & Gamble Co	$1,315	$2,547	$214
General Motors Corp	$137	$779	$83
Ford Motor Co	$98	$919	$51
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Total Iconic US brands	**$3,396**	**$8,528**	**$760**
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Like everything else American, we do not fit into normal category conventions.

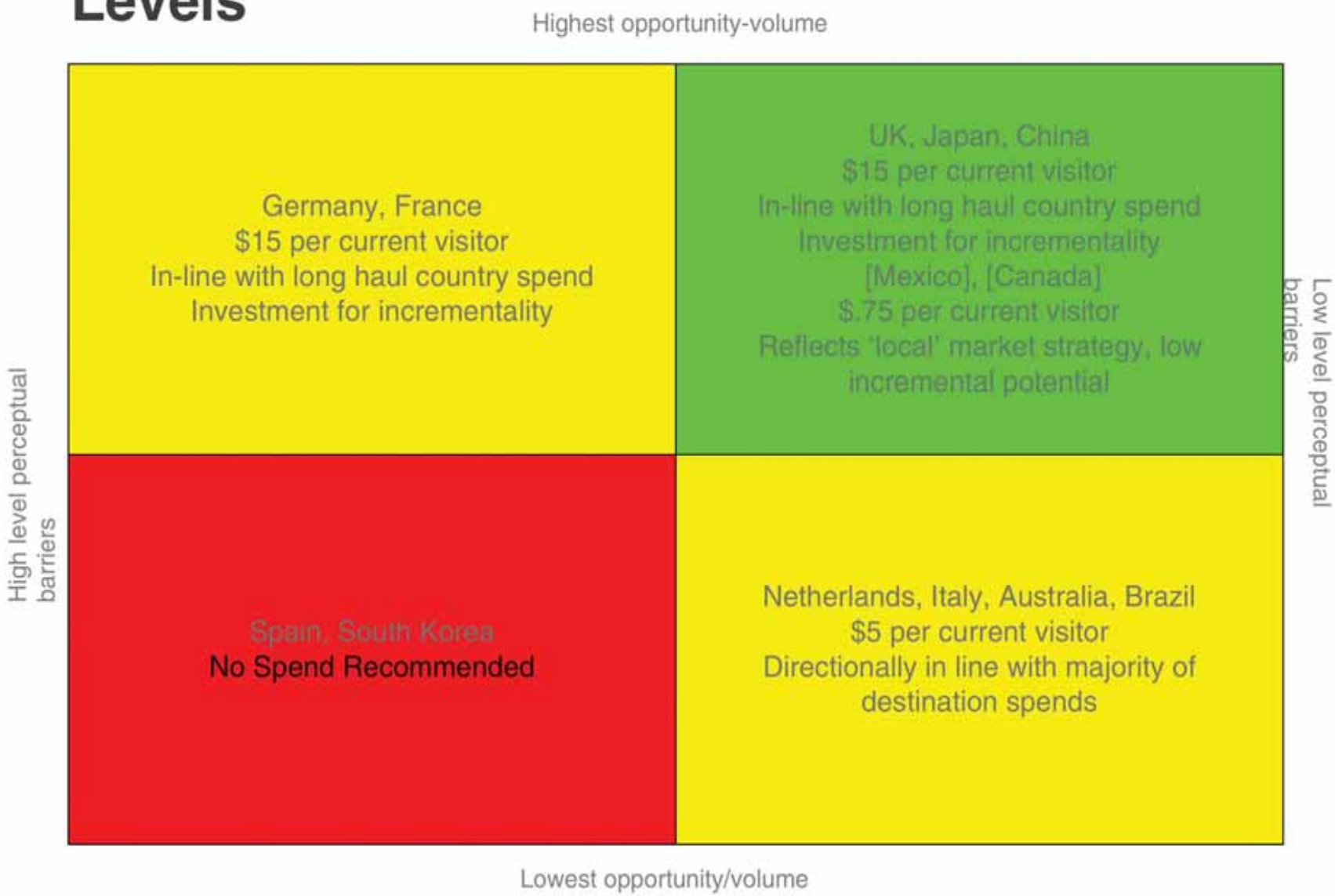
Thus, we do not believe we should be bound by category "share of voice," but rather, we should build budgets for our target source markets that reflect the magnitude of the task, and the potential benefit to the U.S. economy.

Our Largest Source Markets Are Close to Tapped Out…Little Incrementally Likely

SOURCE MARKET	INBOUND ARRIVALS	US INBOUND MARKET SHARE	TOTAL OUTBOUND OPPORTUNITY	CURRENT US MARKET SHARE OF OUTBOUND TOURISM
Canada	14,865,000	30.3%	20,000,000	74%
Mexico	12,858,000	26.2%	13,100,000	90%
UK	4,300,000	8.8%	66,400,000	7%
Japan	3,900,000	8.0%	20,600,000	19%
Germany	1,400,000	2.9%	77,900,000	2%
France	879,000	1.8%	29,600,000	3%
South Korea	705,000	1.4%	9,000,000	8%
Australia	582,000	1.2%	7,000,000	7%
Italy	546,000	1.1%	23,000,000	2%
Brazil	485,000	1.0%	2,100,000	23%
Netherlands	449,000	0.9%	29,400,000	2%
China	405,000	0.8%	16,000,000	3%
Spain	386,000	0.8%	15,700,000	2.5%

While important in our total mix, Canadians' U.S. visits are relatively short and not as lucrative as those sourced from overseas. The real opportunity lies in stimulating long haul, extended, high value visits.

Prioritizing Source Markets: Spending Levels



Recommended Total Budget: $150MM - $200MM; Advertising= $65MM - $85MM

	Inbound Visits	Spend Per Visitor	Recommended Total Marketing Spend	Advertising Spend at 43%	Total Marketing Spend Adjusted for Policy Barriers	Advertising Spend
Canada	14,865,000	$ 0.75	$ 11,148,750	$ 4,793,963	$ 11,148,750	$ 4,793,963
Mexico	12,858,000	$ 0.75	$ 9,643,500	$ 4,146,705	$ 9,643,500	$ 4,146,705
UK	4,300,000	$ 15.00	$ 64,500,000	$ 27,735,000	$ 64,500,000	$ 27,735,000
Japan	3,900,000	$ 15.00	$ 58,500,000	$ 25,155,000	$ 19,500,000	$ 8,385,000
Germany	1,400,000	$ 15.00	$ 21,000,000	$ 9,030,000	$ 21,000,000	$ 9,030,000
France	879,000	$ 15.00	$ 13,185,000	$ 5,669,550	$ 13,185,000	$ 5,669,550
South Korea	705,000	$ -	$ -	$ -	$ -	$ -
Austraila	582,000	$ 5.00	$ 2,910,000	$ 1,251,300	$ 2,910,000	$ 1,251,300
Italy	546,000	$ 5.00	$ 2,730,000	$ 1,173,900	$ 2,730,000	$ 1,173,900
Brazil	485,000	$ 5.00	$ 2,425,000	$ 1,042,750	$ 2,425,000	$ 1,042,750
Netherlands	449,000	$ 5.00	$ 2,245,000	$ 965,350	$ 2,245,000	$ 965,350
China	405,000	$ 15.00	$ 6,075,000	$ 2,612,250	$ 2,025,000	$ 870,750
Spain	386,000	$ -	$ -	$ -	$ -	$ -
			$ 194,362,250	$ 83,575,768	$ 151,312,250	$ 65,064,268

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What Are "Share of Voice" Results?

	Total Ad Spend All Categories	Total Current NTO Spend	NTO as share of All Advertising	Recommended US Spend	Brand US Share of NTO (Including US)	Brand US Share of Total Advertising Spend
Canada	$ 7,262,000,000	$ 4,357,200	0.06%	$ 4,793,963	52%	0.07%
Mexico	$ 4,509,000,000	$ 2,705,400	0.06%	$ 4,146,705	61%	0.09%
UK	$ 22,002,000,000	$ 54,400,000	0.25%	$ 27,735,000	34%	0.13%
Japan	$ 42,385,000,000	$ 26,100,000	0.06%	$ 25,155,000	49%	0.06%
Germany	$ 20,667,000,000	$ 79,900,000	0.39%	$ 9,030,000	10%	0.04%
France	$ 13,200,000,000	$ 9,200,000	0.07%	$ 5,669,550	38%	0.04%
S. Korea	$ 6,934,000,000	$ 4,900,000	0.07%	$ -	0%	0.00%
Australia	$ 7,452,000,000	$ 7,500,000	0.10%	$ 1,251,300	14%	0.02%
Italy	$ 11,182,000,000	$ 8,600,000	0.08%	$ 1,173,900	12%	0.01%
Brazil	$ 5,170,000,000	$ 3,102,000	0.06%	$ 1,042,750	25%	0.02%

"My wife and I love the U.S. and had every intention of visiting again this year. We won't be doing so. It's not the fear of terrorism; it's the continuing bad press about U.S. immigration staff.

Directly after the September 11 attacks we were welcomed with decency and gratitude. Since then, the feeling that we were at best a nuisance, or at worst a threat, has increased."

– Kevin Wright, *Daily Telegraph*
September 9, 2006

"I have traveled to the U.S. almost every year for the past 15 years, but it's time for a halt. The attitude at ports of entry is often—and increasingly—sarcastic, suspicious, patronizing and downright rude towards British tourists.

They are happy to extract money from tourists but think that we should put up with being treated like criminals or suspicious aliens."

– David George, *Daily Telegraph*
September 9, 2006

STRENGTHEN AMERICA'S IMAGE… UNLOCK THE POWER OF TRAVEL

WHO WE ARE

The Discover America Partnership is an intensive effort to help policymakers appreciate travel's diplomatic, security and economic potential. Our thesis is that (1) the greatest public diplomacy tool America has is her people, and (2) those who have visited the U.S. and interacted with the American people consistently feel more positive about the U.S. than those who have not visited. While there are no easy solutions to our image crisis, tapping into the power of travel must be a significant part of our public diplomacy efforts.

To date, some of America's leading travel companies and associations have joined forces to support this important initiative. Members of the Discover America Partnership Leadership Committee include:

- ★ *Anheuser-Busch*
- ★ *Choice Hotels International*
- ★ *Destination Marketing Association International*
- ★ *Enterprise Rent-A-Car*
- ★ *InterContinental Hotels Group**
- ★ *International Council of Shopping Centers*
- ★ *Loews Hotels*
- ★ *Marriott International*
- ★ *National Restaurant Association*
- ★ *Travel Business Roundtable*
- ★ *Travel Industry Association*
- ★ *United States Olympic Committee*
- ★ *VisitFlorida*
- ★ *Walt Disney Parks and Resorts*

The Partnership's Leadership Committee, some of America's foremost business leaders, is now pushing the Blueprint to Discover America and challenging the U.S. government to find new ways to welcome 10 million international visitors to our country by:

- ★ *Creating a 21st Century Visa System;*
- ★ *Modernizing and Securing our Ports of Entry; and*
- ★ *Changing Perceptions through Coordinated Communications.*

Together, we can improve perceptions, safeguard travel and welcome more visitors. It can be done. The time is now.

**Stevan C. Porter, president, InterContinental Hotels Group, is chairman of the Discover America Partnership*

CONTACT US

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