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Outlook for International Travel to the U.S.

2008 Marketing Outlook Forum

Presented by:

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International Trade Administration

U.S. Department of Commerce

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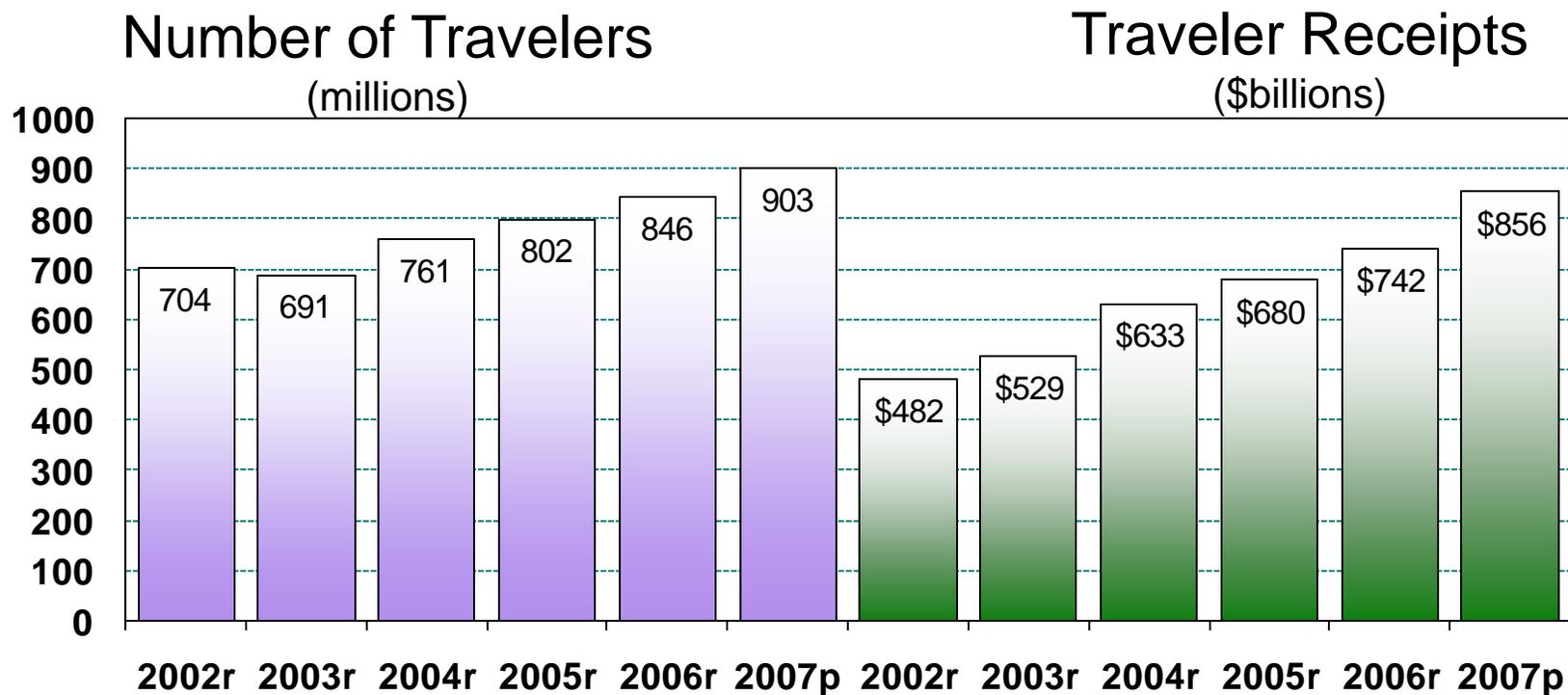
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Agenda

- Global Trends
- Policies
- Outlook Overview
- Questions



World Tourism Arrivals & Receipts (2002-2007)



Source: U.N. World Tourism Organization
r = revised preliminary estimate



Top Ten Country Rankings of Global Visitors and Receipts (2007)

The United States continues to lead the world in global travel and tourism exports (spending receipts) and ranks 3rd in global visitation.

Rank	Destination Country	2007 Visitors (mil)	World Share (%)	Destination Country	2007 Receipts* (\$bil)	World Share (%)
	All Countries	903		All Countries	\$856	
1	France	82	9.1%	United States	\$97	11.3%
2	Spain	59	6.6%	Spain	\$58	6.8%
3	United States	56	6.2%	France	\$54	6.3%
4	China	55	6.1%	Italy	\$43	5.0%
5	Italy	44	4.8%	China	\$42	4.9%
6	U.K.	31	3.4%	U.K.	\$38	4.4%
7	Germany	24	2.7%	Germany	\$36	4.2%
8	Ukraine	23	2.6%	Australia	\$22	2.6%
9	Turkey	22	2.5%	Austria	\$19	2.2%
10	Mexico	21	2.4%	Turkey	\$19	2.2%

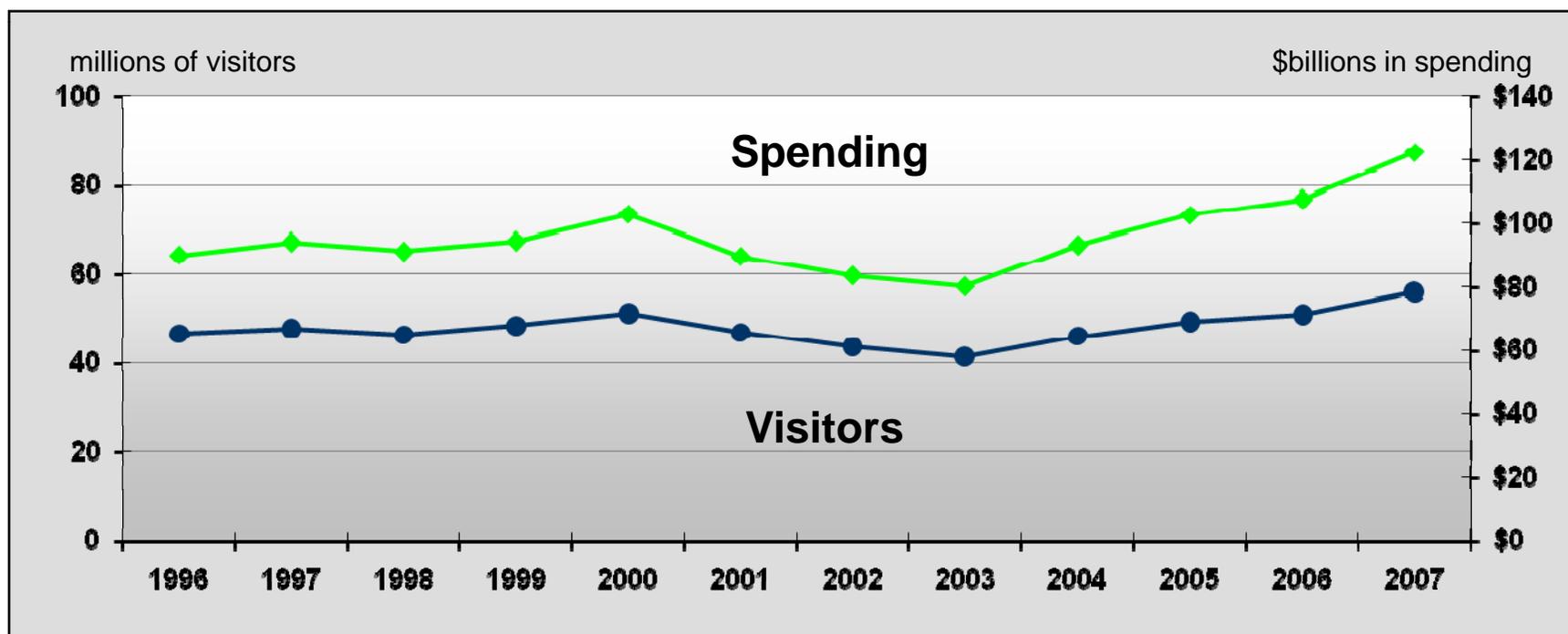
Source: U.N. World Tourism Organization.

* Latest data available and excludes air passenger fares (\$26billion for U.S. alone). World shares based on unrounded data.



U.S. Visitors & Spending (1996-2007)

Visitor spending (receipts) closely mirrors visitor volume. Spending was a record \$122.3 billion in 2007, while visitor volume was a record 56.0 million.



Sources: Department of Commerce, Office of Tourism Industries; Department of Commerce, Bureau of Economic Analysis; Statistics Canada; Banco de Mexico.



Top Origin Markets for International Travelers to the U.S.

Origin of Visitor	2007 000s)	07 / 03 % change)	07 / 00 % change)
International Total *	55,986	36%	9%
1 Canada	17,761	40%	35%
2 Mexico	14,333	36%	35%
Overseas **	23,892	10%	-8%
3 United Kingdom	4,498	14%	-4%
4 Japan	3,531	11%	-30%
5 Germany	1,524	29%	-15%
6 France	998	45%	-8%
7 Korea	806	31%	22%
8 Australia	670	65%	24%
9 Brazil	639	83%	-13%
10 Italy	634	55%	4%

* International travelers include all countries generating visitors to the U.S.

** Overseas includes all countries except Canada and Mexico.



Record Outlook for 2008 ()

based on % growth needed and 2008 YTD %

Origin of Visitor	2007 (000s)	07 / 06 (% change)	08/07 Aug.YTD (% change)
International Total *	55,986	10%	 9%
1 Canada	17,761	11%	 14%
2 Mexico	14,333	8%	 -7%
Overseas **	23,892	10%	 10%
3 United Kingdom	4,498	8%	 7%
4 Japan	3,531	-4%	 -5%
5 Germany	1,524	10%	 20%
6 France	998	26%	 29%
7 Korea	806	6%	 -1%
8 Australia	670	11%	 6%
9 Brazil	639	22%	 21%
10 Italy	634	19%	 29%

* International travelers include all countries generating visitors to the U.S.

** Overseas includes all countries except Canada and Mexico.



Top States Visited by Top Origin Markets to the U.S. (2007)

Overseas	Canada	U.K.	Japan
New York California Florida Hawaii Nevada Massachusetts Illinois Guam Texas New Jersey Pennsylvania	New York Florida Washington Michigan California Nevada Maine Pennsylvania Vermont Massachusetts Ohio	Florida New York California Nevada Massachusetts Illinois North Dakota Texas Pennsylvania New Jersey Arizona	Hawaii Guam California New York Nevada



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Travel Trade Barometer

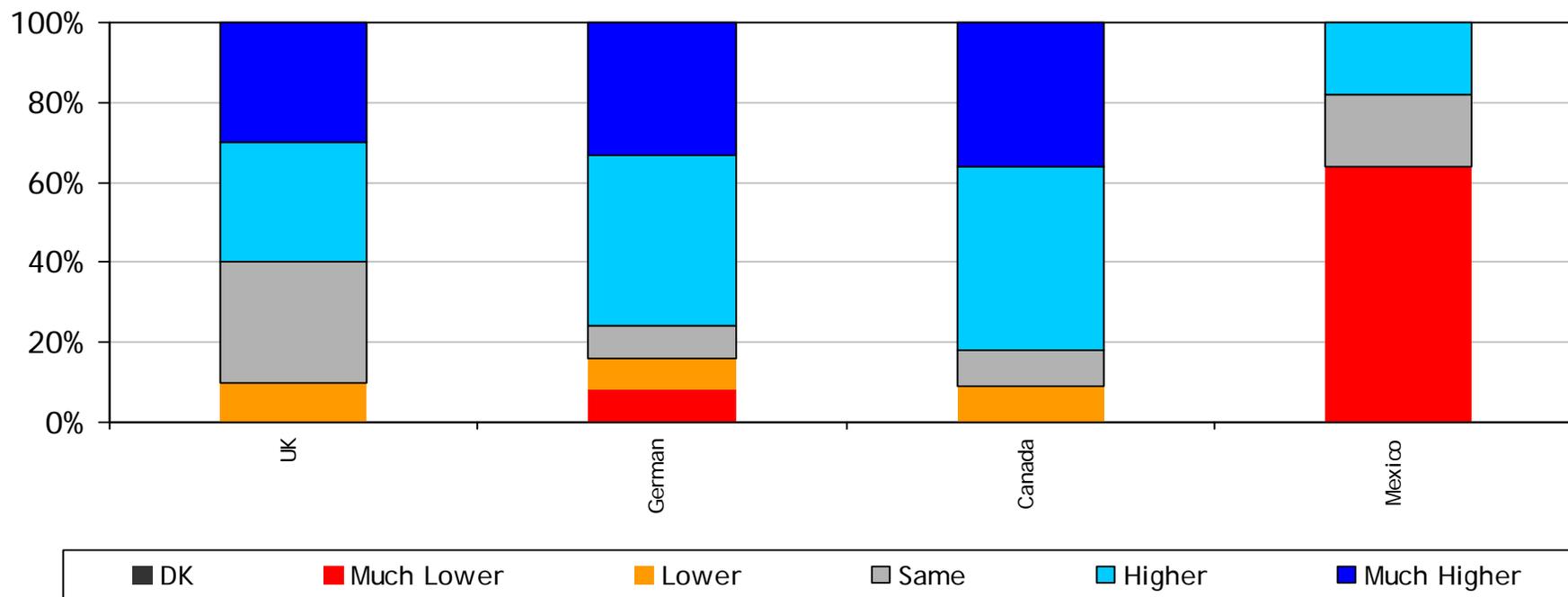
- Qualitative assessment of recent performance, future bookings, and assessment of barriers to entry.
- Quarterly online survey of travel trade in-country
- Joint effort DOC, TIA, travel industry partners, and Travel Market Insights, Inc.



Outlook for Advance Bookings Q3 2008

(versus same quarter last year)

Outlook for Q3 taken in mid-Summer was generally positive, except for Mexico, which is down (actual) through August.



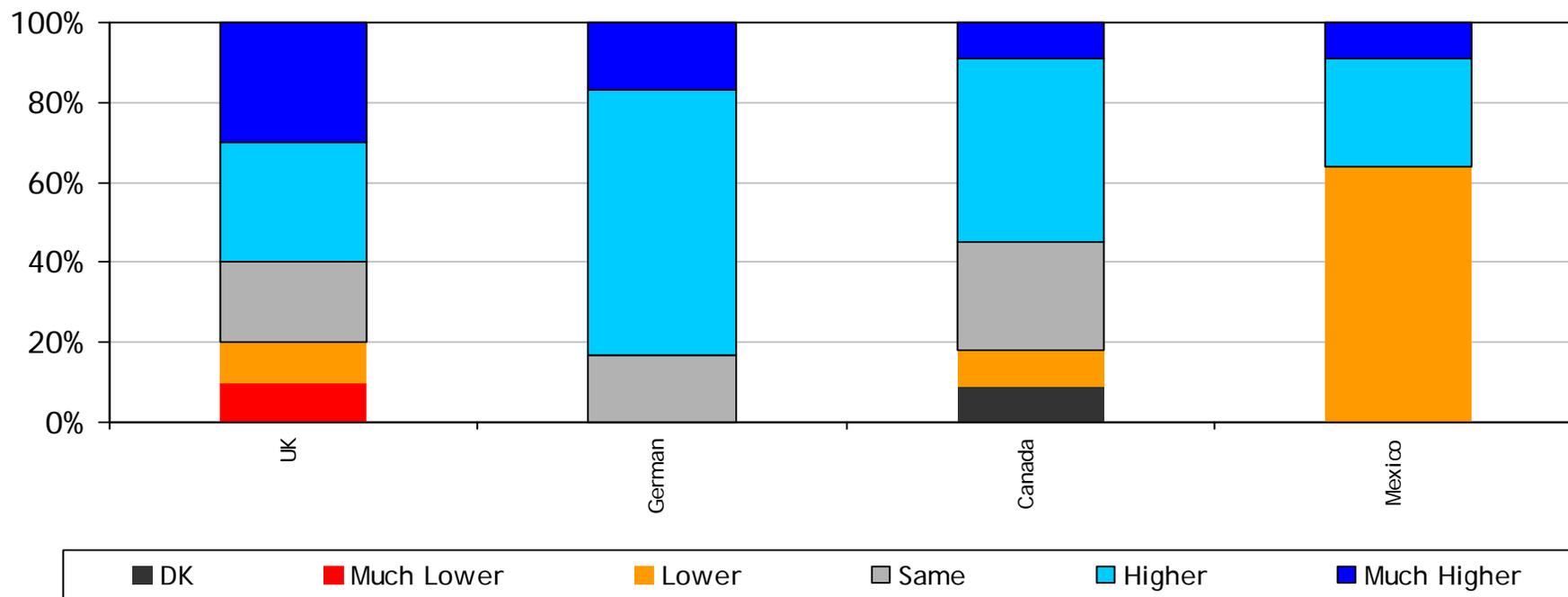
To what degree do YOU feel confident in recommending the U.S. as a holiday destination in <<YEAR>>, compared to last year?



Outlook for Advance Bookings Q4 2008

(versus same quarter last year)

Outlook for Q4 taken in mid-Summer positive, except for Mexico, which is down actual through August.



To what degree do YOU feel confident in recommending the U.S. as a holiday destination in <<YEAR>>, compared to last year?



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Deterrents—Mexico for travel to the U.S.

- Visa processing time
- WHTI implementation for U.S.
- Level of information regarding entry requirements
- Travel safety to the U.S.
- Entry and exit requirements
- Promotion levels by other long-haul destinations
- Natural disasters in the U.S.



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Policy Challenges

- Western Hemisphere Travel Initiative (WHTI)
- Visa Issues
- Electronic System for Travel Authorizations
- Entry/Exit Procedures
- World Competition
- World Perception





Ratings of Customs & Border Protection Experience

(By Overseas Visitors 2000-2007)

Item Rated	2000 Mean Rating	2004 Mean Rating	2006 Mean Rating	2007 Mean Rating
Passport Control Processing Time	3.4	3.3	3.4	3.3
Passport Control Staff Courtesy	3.4	3.5	3.5	3.4
Customs Processing Time	3.6	3.5	3.5	3.5
Customs Staff Courtesy	3.6	3.6	3.6	3.5
Average Clearance Time (minutes)	27 min.	36 min.	34 min.	37 min.
% of Travelers Clearing Process in less than 45 minutes	87%	77%	80%	75%
Growth in Overseas Arrivals (%)	6%	12%	4%	10%

* Based upon a 5 point rating scale where 5 = excellent & 1 = poor



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Western Hemisphere Travel Initiative

Update

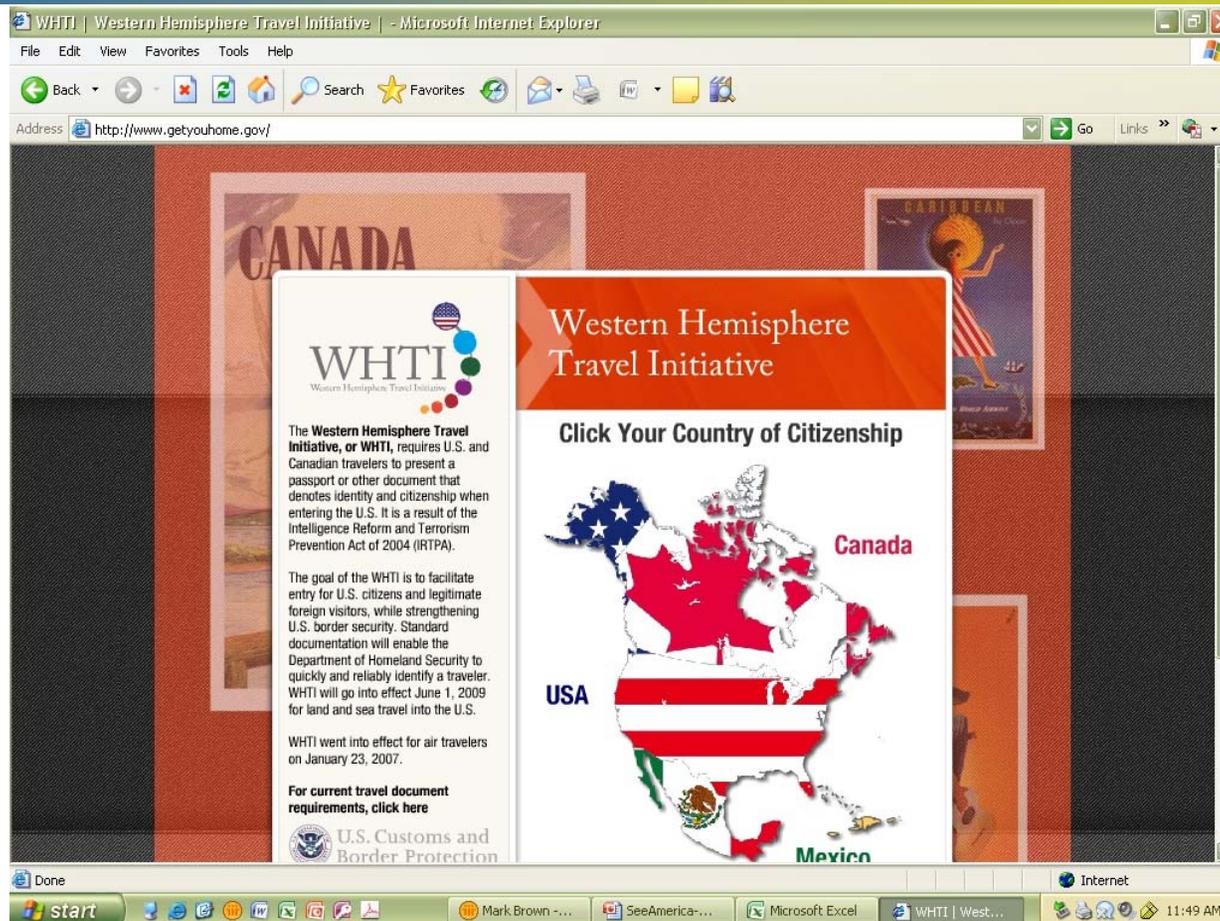
- What is WHTI?
 - Congressional mandate of the *Intelligence Reform and Terrorism Prevention Act* (Dec 2004).
 - WHTI requires all travelers to and from the US, Canada, Mexico, Central America, South America, Caribbean and Br. Bermuda to present a passport or other accepted document that establishes the bearer's identity and nationality to enter/re-enter the U.S.
- Phases:
 - **Phase 1:** Persons entering or re-entering the U.S. by AIR must have a valid passport or approved documents as of January 23, 2007.
 - **Phase 2:** Oral declarations of citizenship no longer accepted.
 - **Phase 3:** Persons entering or re-entering the U.S. by ANY MODE must have a single DHS-approved document proving identity and citizenship by June 1, 2009.



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www.KnowYourBorder.gov www.GetYouHome.gov

\$12M campaign





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www.GetYouHome.gov >> CANADA

The screenshot shows a Microsoft Internet Explorer browser window displaying the WHTI website. The address bar shows <http://www.getyouhome.gov/>. The page content includes a navigation menu on the left with the following items: CANADIAN PASSPORT, TRUSTED TRAVELER PROGRAMS, ENHANCED DRIVER'S LICENCE (EDL), SPECIAL AUDIENCES, and AIR TRAVEL. The main content area features a heading "Western Hemisphere Travel Initiative" and a section titled "Simplify your travel checklist!". Below this, there are detailed paragraphs for "Canadian Passport", "Trusted Traveler Program Cards", "Enhanced Driver's Licence", and "Special Audiences". The U.S. Customs and Border Protection logo is visible at the bottom of the page. The browser's taskbar at the bottom shows several open applications, including "Mark Brown...", "SeeAmerica...", "Microsoft Excel", and "WHTI | West...". The system clock indicates the time is 11:53 AM.



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www.GetYouHome.gov >> CANADA

Canadian Passport

Canadian Passport – This is an internationally recognized travel document that verifies a person's identity and citizenship. It is accepted for travel by air, land and sea.



Cost: 24/48 pages
CAN \$87/\$92 (Age 16 & Older)
CAN \$37/\$39 (Age 3 to 15)
CAN \$22/\$24 (Under Age 3)

Validity: 5 years for anyone age 3 and over
3 years for children under age 3

Issued by: Passport Canada

Info: www.passportcanada.gc.ca

Enhanced Driver's Licence

Enhanced Driver's Licence – British Columbia has launched a pilot program to issue this driver's licence that denotes identity and citizenship. It was designed specifically for cross-border travel into the U.S. by land and sea. Several other provinces are planning to implement EDL programs.



Currently Issued by: British Columbia for a limited pilot program. No new applications are being accepted at this time.

Limitations: Not valid for international air travel.

Info: Check your province's website or www.cbsa-asfc.gc.ca for updates.

Air Travel

When traveling by air between the U.S. and Canada, you are required to present a Canadian Passport; This requirement applies to everyone. You may present a NEXUS card as an alternative to a passport at a NEXUS kiosk at Canadian Preclearance airports.

<http://www.cbsa-asfc.gc.ca>

Trusted Traveler Program

Trusted Traveler Programs - NEXUS and FAST/EXPRES

Provides expedited travel for pre-approved travelers through dedicated lanes. While these programs were designed for frequent border travelers, they are accepted at any U.S. land or sea port of entry. Click on each card for more information.

NEXUS

U.S./Canada



FAST/ EXPRES

Commercial Truckers
U.S./Canada
U.S./Mexico



Special Audiences

Children

U.S. and Canadian children under the age of 16 will be able to present the original or copy of their birth certificates, or other proof of citizenship such as a naturalization certificate or citizenship card to enter the U.S. by land or sea.

Groups of U.S. and Canadian children ages 16 through 18, when traveling with a school or religious group, social organization, or sports team, will be able to enter under adult supervision with originals or copies of their birth certificates or other proof of citizenship.

Ferries and Small Boats

Passengers on ferries and small boat operators are processed much like travelers entering the U.S. through a land border. They are required to present one of the travel document that complies with WHTI.

Boaters: I-68 Registration Holders

Boaters who have an I-68 form will need to follow the new travel document requirements. A NEXUS card is an alternative to a passport for entry into the U.S., and ensuring that you have either a NEXUS card or a passport will enable you to continue to utilize telephonic clearance procedures currently in place for I-68 holders.

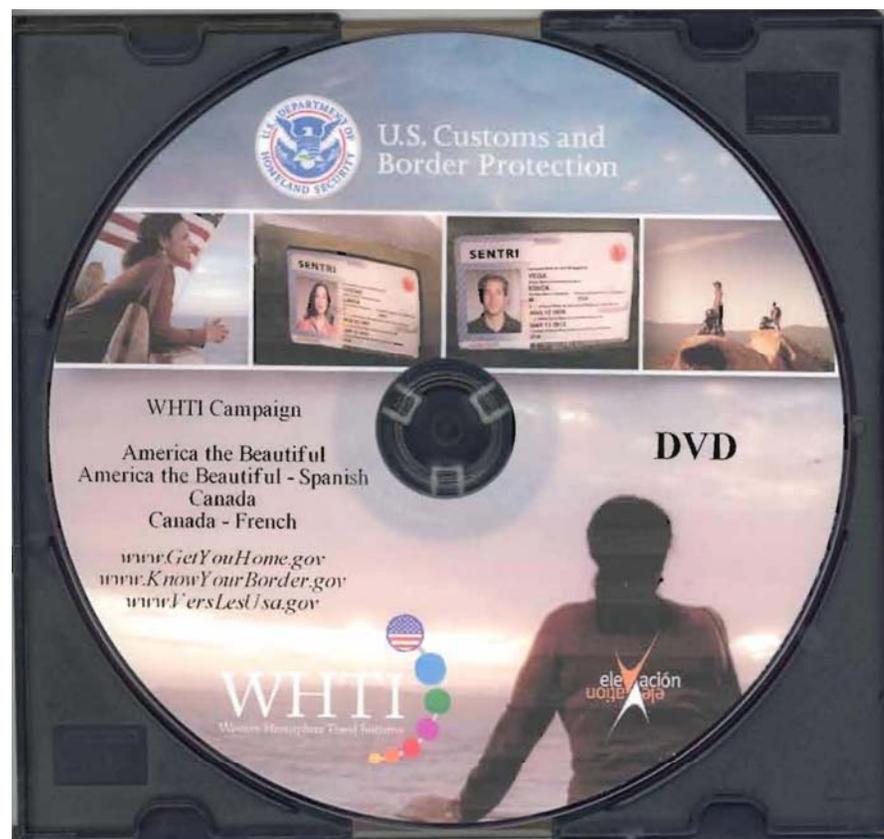
An I-68 form is similar to a vehicle registration, and is not an identity document or a travel document.



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DHS TV Ads

Western Hemisphere Travel Initiative





Air Travel Summary WHTI

through August 2008

- **Visitors to U.S.--generally up**
 - Canada: Visitation strong for 50 months including post WHTI phase 1.
 - Mexico: Records set past three years. Visitation up since WHTI, but down recently. Air about 13% of total Mexican inbound.
 - Caribbean: Visitation near 2000 record. Rebound consistent past three years, but wild fluctuations on monthly basis.
- **U.S. Outbound Travelers--generally down**
 - Canada: Down for most of past 50 months.
 - Mexico: Up over past two years and post WHTI.
 - Caribbean: Down following WHTI Phase I, but up most of past 12 months.



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Travel Policy Update

Electronic System for Travel Authorization (ESTA)

On June 3, 2008 - The Department of Homeland Security announced the Interim Final Rule for ESTA - a new online system that is part of the **Visa Waiver Program (VWP)**.

Nationals or citizens of Visa Waiver Program (VWP) countries will require an approved ESTA prior to boarding a carrier to travel by air or sea to the United States.

Travelers under the VWP will log on to the ESTA web-based system and complete an application online providing the biographical and eligibility information currently required on the paper I-94W form.

On Aug. 1, 2008, DHS accepts voluntary ESTA applications through the ESTA Web site: <https://esta.cbp.dhs.gov>.

ESTA expected to be implemented as a mandatory program effective January 2009.



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Travel Policy Update

Electronic System for Travel Authorization (ESTA)

An approved ESTA travel authorization is:

1. valid for up to two years or until the traveler's passport expires, whichever comes first;
2. valid for multiple entries into the U.S.; and
3. not a guarantee of admissibility to the United States at a port of entry. ESTA approval only authorizes a traveler to board a carrier for travel to the U.S. under the VWP. In all cases, CBP officers make admissibility determinations at our ports of entry.



Visa Waiver Program Expansion

- 27 Current countries:
 - Andorra, Australia, Austria, Belgium, Brunei, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Slovenia, Spain, Sweden, Switzerland, United Kingdom,
 - Accounted for 64% of 2007 overseas visitors.
- 7 New countries:
 - Czech Republic, Estonia, Latvia, Lithuania, Hungary, the Republic of Korea and the Slovak Republic
 - Accounted for 4% of 2007 overseas visitors.
 - Beginning mid-November, requires biometric passport and ESTA registration.



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Outlook for International Travel to the United States

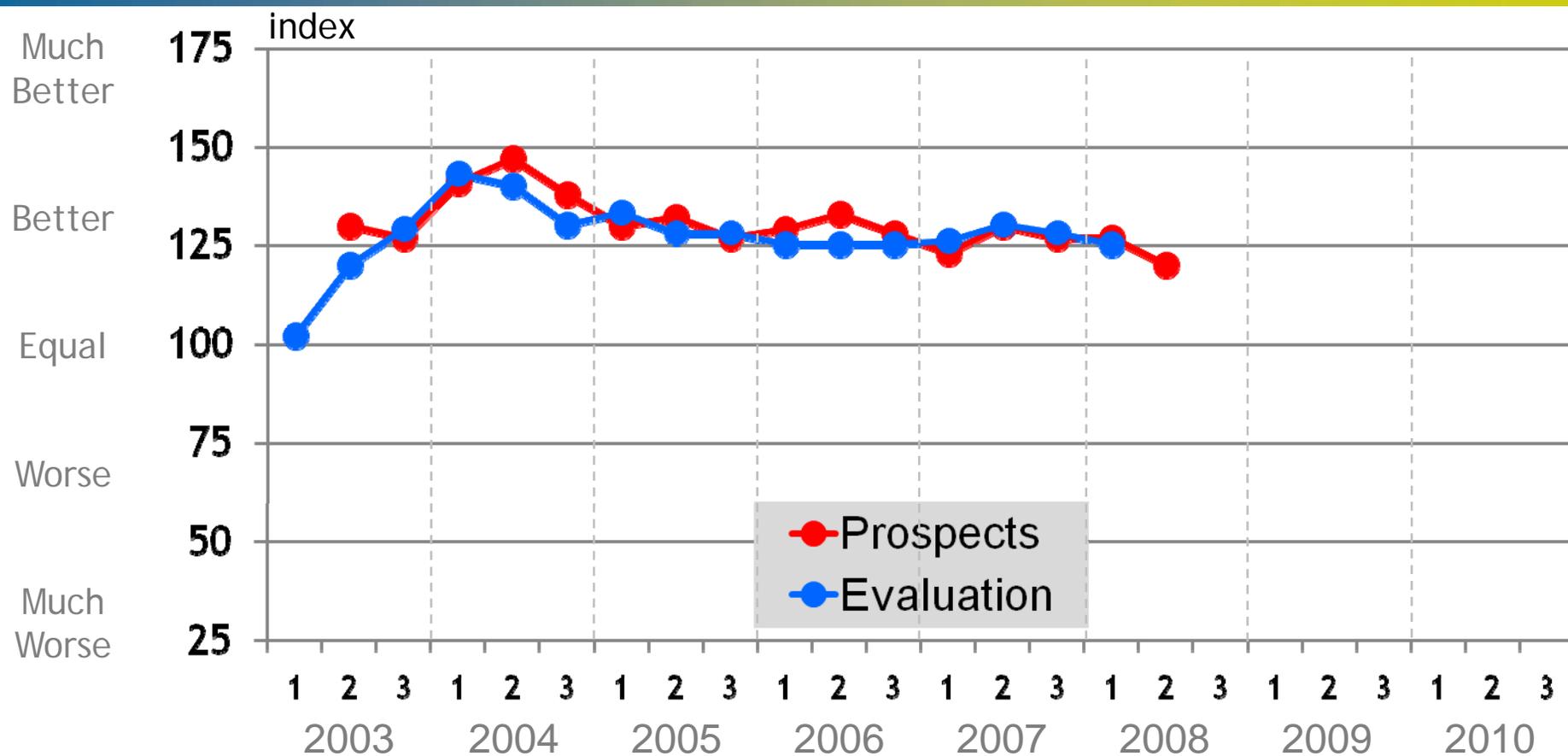


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UNWTO *Panel of Tourism Experts: Public*

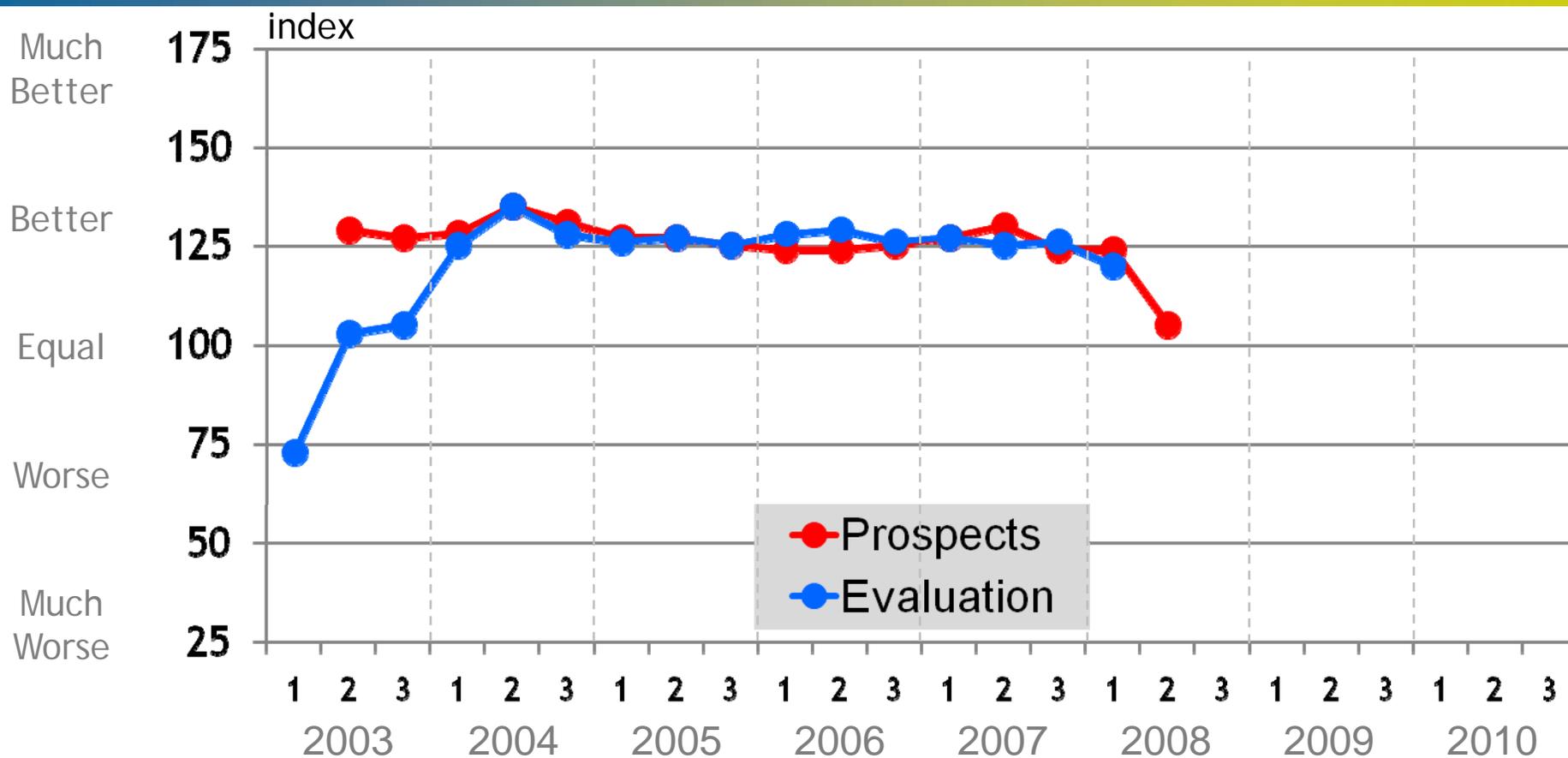
performance past 4 months vs. next 4 months





UNWTO Panel of Tourism Experts: Private

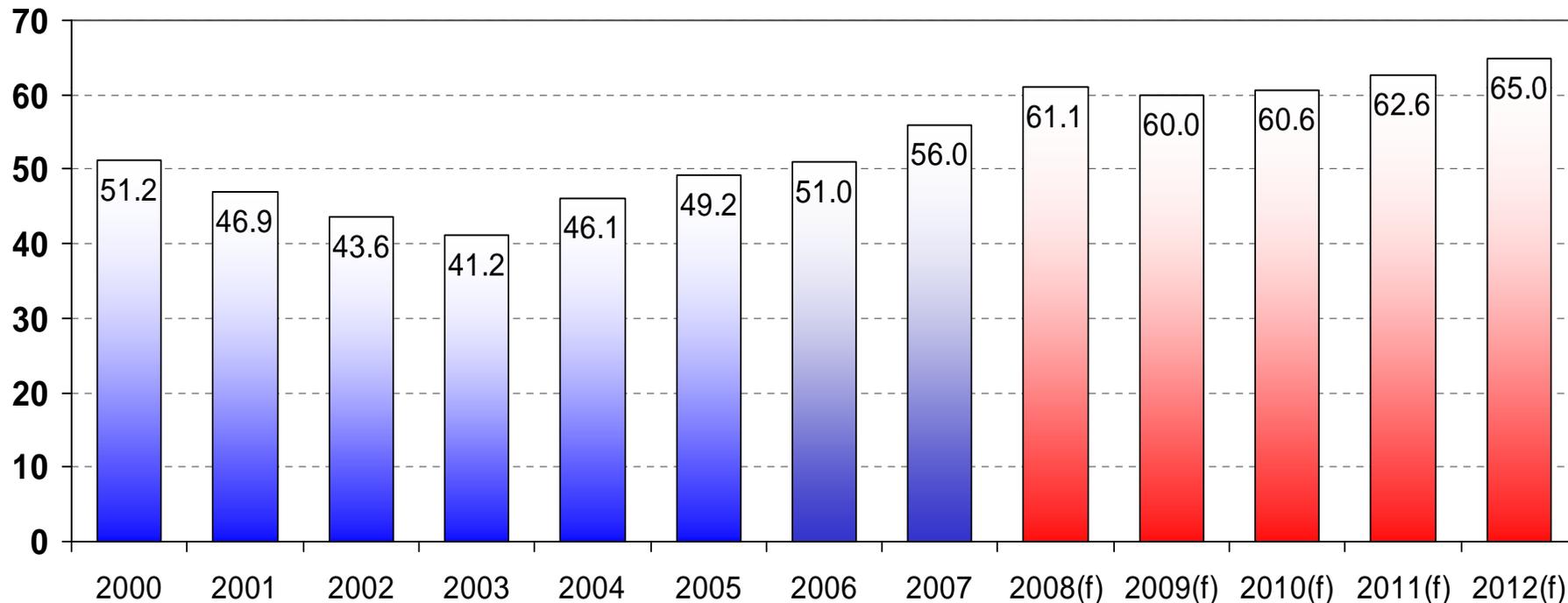
performance past 4 months vs. next 4 months





International Visitors to the U.S. and Projections (2000-2012)

Arrivals in Millions



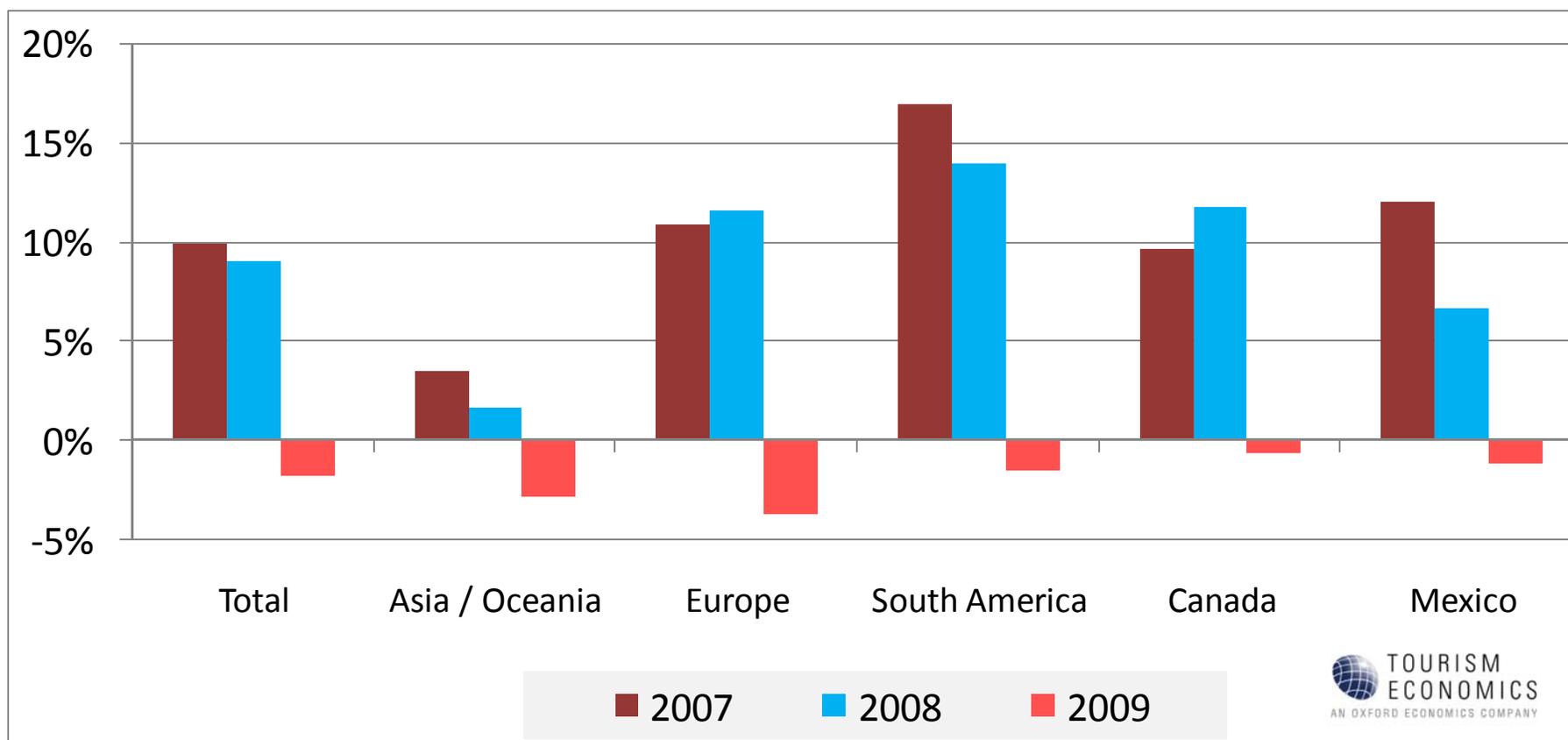
Sources: U.S. Department of Commerce, ITA, Office of Travel & Tourism Industries; Secretaria de Turismo (Mexico); Statistics Canada & Tourism Economics





Short-Term Forecast

Inbound Travel to the U.S.





Long-Term Forecast Inbound Travel to the U.S.

Origin Country	2007 Actual (000s)	Change 07/06 (%)	2012 Forecast (000s)	Change 12/07 (%)
Total Visitation	55,986	10%	64,944	16%
Canada	17,761	11%	20,958	18%
Mexico	14,333	8%	16,626	16%
Overseas *	23,892	10%	27,237	14%
Asia / Oceania	7,211	4%	7,932	10%
Europe	10,406	13%	11,967	15%
Latin America and Carib.	4,377	15%	5,252	20%
Middle East and Africa	898	11%	1,041	16%

- *Overseas* includes all countries except Canada and Mexico.
Sources: OTTI; Statistics Canada; Banco de Mexico; Tourism Economics



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<http://tinet.ita.doc.gov>

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