

**THE STATE OF U.S. TRAVEL AND TOURISM:
INDUSTRY EFFORTS TO ATTRACT 100 MILLION
VISITORS ANNUALLY**

HEARING
BEFORE THE
SUBCOMMITTEE ON TOURISM, COMPETITIVENESS,
AND INNOVATION
OF THE
COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE
ONE HUNDRED THIRTEENTH CONGRESS
SECOND SESSION

MAY 8, 2014

Printed for the use of the Committee on Commerce, Science, and Transportation



U.S. GOVERNMENT PUBLISHING OFFICE

93-275 PDF

WASHINGTON : 2015

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

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ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

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**THE STATE OF U.S. TRAVEL AND TOURISM:
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THURSDAY, MAY 8, 2014

U.S. SENATE,
SUBCOMMITTEE ON TOURISM, COMPETITIVENESS, AND INNOVATION,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:02 a.m. in room SR-253, Russell Senate Office Building, Hon. Brian Schatz, Chairman of the Subcommittee, presiding.

**OPENING STATEMENT OF HON. BRIAN SCHATZ,
U.S. SENATOR FROM HAWAII**

Senator SCHATZ. Good morning. I call this hearing to order. This is the first hearing of the Subcommittee on Tourism, Competitiveness, and Innovation. I am glad to be here with Ranking Member Scott to work together to advance the tourism industry and create good jobs in every State, including my home state of Hawaii.

This hearing will examine whether we are reaching our Nation's goal of attracting 100 million international visitors annually by 2021. We will hear from key industry stakeholders and get their perspective on how the Federal Government can better achieve this goal.

Tourism and hospitality know no ideology. This is an area where we can work together across party lines to create and keep jobs in the United States.

The travel and tourism industry is a major economic driver and job creator in this country. It generates trillions of dollars in economic output, making it our top services export, and supports more than 14 million American jobs.

When international travelers come to the United States, they spend an average of \$4,400 on food, lodging, transportation, and entertainment, which is directly infused into local economies.

I have a particular interest in this industry. It is the single largest source of private capital coming into the state of Hawaii, and 20 percent of our gross state product, creating the most jobs among the major economic sectors.

As an island state located in the Asia-Pacific region, we are uniquely positioned to capture the growth in travel and tourism demand from the region's emerging markets.

Over the past decade, international visitors to the United States have increased from 40 million to nearly 70 million. The United

States holds the leading global share of international traveler spending.

We are now seeing double digit growth in the number of visitors from China and Brazil, the only two countries in America's top 10 markets that are not members of the Visa Waiver Program.

However, while international arrivals are increasing, our overall share of the global market is decreasing. This market is growing due to the rise of tourism and new emerging economies, so we must be proactive to grow our leading market share. The Commerce Committee has a history of taking action to strengthen our competitiveness in the global travel marketplace. Although we have seen big gains in international visitation in the last 5 years, we have to continue to look for additional ways to increase market share.

Today, we will focus on three critical areas to maintain America's competitiveness in travel and tourism.

The first is how the United States engages in travel promotion. Prior to the establishment of Brand USA, the United States lacked a coordinated international promotion strategy. We need to creatively and effectively market the United States as a premier travel destination.

Individual U.S. destinations also market to international visitors but understanding how their efforts coordinate with and complement national efforts is key to doing this well.

The second issue is accessibility. In the past, international visitors have experienced long wait times at our ports of entry, which did not create a feeling of welcome.

A recent U.S. travel survey showed that international travelers are less likely to come back because of the long lines and wait times. More than 40 percent of international travelers that visited said they would recommend avoiding a trip to the United States because of the entry process.

This is costing our economy billions of dollars.

Customs and Border Protection has tried to reduce wait times by establishing the Global Entry program to expedite the processing of low-risk travelers, and working with the private sector to implement the model ports program.

We have also had challenges meeting the visa demand, especially in high demand countries, such as China and Brazil. The State Department has made significant progress in reducing the visa interview wait times by adding consular offices and implementing a pilot program to waive interviews for low-risk applicants. However, as demand rises, we will need to come up with innovative methods to maintain low wait times that are competitive with other countries.

While CBP and the State Department have made some improvements, we need to be looking at how we can further streamline the processes, such as by expanding trusted traveler programs and leveraging new technologies to increase efficiency.

Last, the Subcommittee will focus on how we can provide a unique visitor experience to attract new visitors and encourage repeat visits. We can achieve this by becoming more customer focused in how we deliver Federal services. We also must help small businesses to grow and provide high quality products and services.

As we work to address these areas, a critical component will be public-private partnerships. The Travel and Tourism Advisory Board and Brand USA are examples of effective partnerships between the sectors to coordinate efforts and advance travel and tourism policy, but we must continue to build on these successes and find ways to increase collaboration to address barriers to travel in the tourism industry.

I look forward to hearing from the witnesses on how we can continue working together to grow our travel and tourism industry. I want to thank you all for being here today.

I would also like to mention that Senator Klobuchar wanted to be here today but was unable to attend because she is attending Congressman Oberstar's funeral. She has been a strong leader on tourism issues as the co-chair of the Tourism Caucus and on Brand USA reauthorization.

She will be submitting a statement and some questions for the record.

[The prepared statement of Senator Klobuchar follows:]

PREPARED STATEMENT OF HON. AMY KLOBUCHAR, U.S. SENATOR FROM MINNESOTA

Thank you, Chairman Schatz and Ranking Member Scott for holding this important hearing on strategies to bring more tourists to the United States.

As the former Chair of this Subcommittee, I know the importance of the tourism industry to our Nation's economy. In fact, tourism is America's seventh largest private sector industry, and it is America's number one service export. That is why as co-chair of the bipartisan Senate Tourism Caucus with Senators Blunt, Begich and Kirk, and as a member of the President's Export Council, I've been working on policies to encourage more international tourists to visit our states.

The typical international tourist visiting the United States spends an average of \$4,500. Multiply that by several million and you're looking at some really significant numbers. In 2012, international tourists added nearly \$130 billion to the U.S. economy and generated more than \$19 billion in federal, state and local tax revenue. Last year we set a new record with 70 million international tourists visiting the United States. For every 33 foreign tourists who come to the United States, one new American job is created and these are jobs that cannot be outsourced.

One way to increase visitation to the United States is by making sure people around the world know all the great places they can see and activities they can do here. I supported the bipartisan Travel Promotion Act and the creation of Brand USA in 2010 as a marketing resource for destinations around the country and as a way for the United States to better compete for market share in the rapidly growing international travel market.

We're starting to see that Brand USA is making a difference. A recent report found that in 2013, just a few years into operation, Brand USA's marketing campaigns increased visitation to the United States by 1.1 million people—or a boost of 2.3 percent over where it would have been without the marketing campaigns. These additional visitors spent \$3.4 billion in the United States, supporting 53,000 new jobs.

Now Senator Blunt and I are leading the effort in the Senate to get Brand USA reauthorized so it can expand to even more markets. We introduced S. 2250, a bill to reauthorize Brand USA, a couple of weeks ago and already have 24 bipartisan cosponsors on the bill including many members of this Committee. The overwhelming bipartisan support for the bill demonstrates how important tourism is for each of our states and to our local economies.

With news about our reauthorization effort continuing to grow, we are earning new endorsement letters from national associations like U.S. Travel Association, the American Hotel and Lodging Association, the U.S. Chamber of Commerce, the Cruise Line Industry Association, and more. Additionally, state and local businesses and visitors bureaus are sending in their support. From my home state I have received letters of support from Explore Minnesota and the Mall of America, both of whom have partnerships with Brand USA and have been able to expand their marketing capabilities to bring foreign visitors to the Land of 10,000 Lakes.

We also need to make sure that our policies at other agencies keep up with the demand that Brand USA's efforts will create on our visa, ports of entry, and transportation systems. Earlier this week I sent a letter to Secretaries Pritzker and Jewell, the co-chairs of the President's Task Force on Travel Competitiveness, asking them to review and renew the Administration's commitment to the National Travel and Tourism Strategy, especially in light of the approaching 100th anniversary of our National Park System.

I'd like to thank the witnesses for being here today and for your dedication to promoting U.S. tourism so that we can reach the President's goal of attracting 100 million visitors annually by 2021.

Senator SCHATZ. Before I recognize Ranking Member Scott for his remarks, I would like to say that I appreciate his willingness and his leadership in working on these issues in a bipartisan manner. We have been working on a bill to facilitate more international visitors in the country.

Senator Scott and I both come from places that know tourism well. He is from Charleston, South Carolina, a great tourism city on the East Coast. I expect an invitation shortly.

We have seen how tourism helps small businesses and is a major driver of local economies and creating jobs. I look forward to partnering with Ranking Member Scott.

Ranking Member Scott?

**STATEMENT OF HON. TIM SCOTT,
U.S. SENATOR FROM SOUTH CAROLINA**

Senator SCOTT. Thank you, Chairman Schatz. I will tell you that your invitation is now present. Here you are, sir.

Senator SCHATZ. Thank you very much.

Senator SCOTT. I look forward to seeing you in South Carolina and in Charleston, specifically, as well.

Chairman Schatz, thank you for putting this subcommittee hearing together. I look forward to hearing from our panelists. There is no doubt, without any question, that one of the most important issues that we can discuss today is tourism, and the impact of tourism is fantastic. When we look at the economic output that is derived through tourism, we should be very excited about this conversation.

Looking for ways to get us to the place where, by 2021, we have more than 100 million tourists, international tourists, coming to America is a laudable goal. Looking at the success that we have seen last year with the 4.7 percent growth to 70 million tourists, we are excited that the goal may soon be within our reach.

I am excited to have on the panel Brad Dean. Mr. Dean is the CEO and president of the Chamber of Commerce in the Myrtle Beach area. And there is no doubt that when you get to know Mr. Dean, you will understand why I am so excited to have what I consider a force of nature before us.

Here is a fellow who has gone the extra mile so consistently for the communities near Myrtle Beach, but also for South Carolina. When we think about the challenges of tourism, we think about the challenge of infrastructure when we think about Myrtle Beach.

In fact, I think Myrtle Beach is perhaps the largest tourist destination without a major interstate taking folks there. I hope that you have an opportunity to talk about the necessity of further infrastructure investment.

In South Carolina, one out of every 10 jobs are connected to tourism, much to the credit of folks like Mr. Dean and others throughout South Carolina that make their primary focus tourism.

I know we are not here simply to talk about South Carolina tourism, but I thought I would go ahead and entice you all to do what Chairman Schatz said and come to South Carolina real soon. Our success really has happened because of the ability of travel promotion to be prioritized in our country. That focus and that objective has been very successful.

The notion of accessibility, we will have a chance to talk about the success that we have had in Myrtle Beach and throughout South Carolina with our Canadian friends, and what that means to tourism and what that means to the bottom line.

And let me talk about the bottom line for just a few seconds here. With a \$2.1 trillion economic output—\$2.1 trillion economic output—nearly 15 million domestic jobs supported by tourism, I think the goal of reaching 100 million international visitors by 2021 will take those numbers up by another 30 percent to 40 percent, which means we could see another 3 million or 4 million jobs connected to the tourism industry, if in fact we are able to achieve our goals.

2021 sounds like a long way away, but really, it is only 7 years from today. And if we are going to be successful, we are going to have to take on some critical areas, including two I would like to focus on, travel promotion and accessibility, in order for us to achieve that goal.

I look forward to the comments from all the panelists, of course. And thank you, Chairman Schatz, for putting together this hearing. I look forward to your successful visit to South Carolina in the next few months.

Senator SCHATZ. Thank you very much, Senator Scott.

It gives me great pleasure to introduce our witnesses. Today, we have Roger Dow, President and CEO of the U.S. Travel Association; Chris Thompson, President and CEO of Brand USA; Mike McCartney, President and CEO of the Hawaii Tourism Authority; and Brad Dean, President and CEO of the Myrtle Beach Area Chamber of Commerce.

Before we start, I want you to know that your full written statements will be made part of the record, and I would also like to remind you to please limit your oral remarks to 5 minutes.

Mr. Dow, please proceed with your statement.

**STATEMENT OF ROGER DOW, PRESIDENT AND CHIEF
EXECUTIVE OFFICER, U.S. TRAVEL ASSOCIATION**

Mr. Dow. Thank you very much, Chairman Schatz and Ranking Member Scott. You both understand this travel and tourism business as well as any of us at this table, so we appreciate all your support.

You both did an eloquent job of giving the stats, the numbers, so I am not going to repeat what you said. It is big. It is big business. It is jobs.

When you really look at it, the travel industry really was hit by the economic downturn like everyone else, but it is a resilient industry. We are already back. Since 2010, we have added 700,000 jobs. We are back at record levels of employment.

And it is really an opportunity. We are adding jobs 49 percent faster than any other sector of the U.S. economy. And the nice thing about these jobs is they can't be outsourced. When someone works in Myrtle Beach, South Carolina, or Hawaii, we can't send them to another country to do their job. They have to be there in this industry. And it is a very labor-intensive industry.

It is also an industry that provides great upward mobility. Everyone at this table is an example of that and how you can move up in this industry.

If you look at 2000, we had 17 percent of the market share of the global international market. The rest of the world has discovered that travel and tourism it is a front door to economic development. And if you look recently, we have gone down in global marketshare to 13 percent. When you really look at that, there is a tremendous opportunity for growth.

We have to promote. We have to increase facilitation. We have to improve infrastructure, as you said.

There is a lot of good news with regard to Brand USA, which passed in 2010. Brand USA passed by a monstrous margin, 3 to 1 in the Senate and 3 to 1 in the House. In fact, it passed several times. It passed by those big margins, because it made so much sense.

The Travel Promotion Act (TPA) created Brand USA, which you will hear about from Chris Thompson, so I will not take his thunder. TPA created an opportunity for a public-private partnership. It gave an opportunity to level the playing field. Now small destinations can promote themselves, not just the large destinations with big budgets. These destinations can promote where they want to.

The most important thing is by promoting the U.S., they are also able to explain our security policies and how to come to the U.S.

Brand USA is really helping to restore our competitive advantage in travel and tourism, so we can get to that goal of 100 million visitors by 2021.

Brand USA authorization goes through September of next year, and it is very important that it be reauthorized. Brand USA was a startup 2 years ago, now it is hitting full steam, and you will hear about some of their great success.

The great thing about Brand USA is that not one penny comes from U.S. taxpayers. It is unlocking funds from international visitors, a small amount of funds, and from the private sector. This all supports American jobs and economic growth.

If we get it reauthorized, as they say, it is quite a no-brainer. Senator Klobuchar and Senator Blunt have introduced legislation in the Senate to reauthorize it, and identical legislation has been introduced in the House.

So my first ask is let's attract 100 million visitors by reauthorizing Brand USA. Let's move S. 2250 through this committee and get it to the floor to be passed.

We have big developments in regards to our visa process. The State Department has reduced visa wait times for interviews by as much as 90 percent. We have reduced wait times from 120 days in places like China and Brazil down to 2 days. These improvements

contributed to a 66 percent increase in arrivals from China and a 38 percent increase in arrivals to the U.S. from Brazil.

We have added 11 Visa Waiver countries since 2008, which makes a huge difference in increasing travel to the U.S. The name “Visa Waiver” can be a misnomer because it sounds like we are looking the other way on security. In fact, we are looking the right way, because the program increases security protocols between the two nations. To get into the Visa Waiver Program, you have to adopt strict security guidelines and information-sharing agreements.

Since 2008, when South Korea joined the Visa Waiver Program, arrivals increased by 65 percent. So expanding the Visa Waiver Program should be a priority for Congress.

You stated that travelers are frustrated when going through Customs. We must provide the resources to properly manage the entry process with more Customs and Border Protection officers. The 2,000 Congress funded are great, but now we have to quickly identify where these officers are most needed and dispatching them to the most important ports of entry.

The frustrations that global travelers have are the same as domestic travelers. I think the most important thing we can do is focus on really improving our infrastructure. Brad will tell you how he competes with congestion on the interstate highway system, not with other destinations. Travel to and within the United States has grown, and we must modernize and improve our aviation infrastructure.

We have a passenger facility charge, which is \$4.50, which hasn’t gone up since 2000. In order to fund critical modernization projects and increase capacity at our airports, we are asking to increase the fee to \$8.50 to keep up with inflation.

This is important stuff. I certainly appreciate all of your support and look forward to reauthorization of Brand USA. Thank you for your time.

[The prepared statement of Mr. Dow follows:]

PREPARED STATEMENT OF ROGER DOW, PRESIDENT AND CHIEF EXECUTIVE OFFICER,
U.S. TRAVEL ASSOCIATION

Chairman Schatz, Ranking Member Scott and members of the Subcommittee: I am pleased to offer testimony on behalf of the U.S. Travel Association (U.S. Travel), the national non-profit organization representing all sectors of America’s travel community. I had the opportunity to testify before this Subcommittee three years ago about the “lost decade” from 2000 to 2010, which saw America’s share of the booming international travel market slip away. I return with good news—and with a prescription to spur even more growth and job creation.

To address the topic of today’s hearing, the state of travel and tourism is very good. In 2011, I testified about the enormous untapped potential for economic growth if we made it a national imperative to increase travel to and within the United States. Today I can report remarkable progress toward the National Travel & Tourism Strategy goal of attracting 100 million international visitors by 2021.

Last year, the U.S. welcomed a record-breaking 70 million international visitors, up 4.7 percent from 2012. This week, nearly 200 communities celebrated the economic impact these travelers have on local communities across America as part of National Travel and Tourism Week. This grassroots activity coupled with today’s hearing sends the right signal to millions of travel-related workers across America: that the White House and Congress agree that the United States will actively compete in the global travel marketplace.

In all 50 states, travel provides good domestic jobs that cannot be outsourced. In 2013, direct travel spending in the United States totaled \$888 billion, which gen-

erated a total of \$2.1 trillion in economic output and \$134 billion in tax revenue. Travel also directly employed nearly 8 million Americans and was among the top 10 employers in 49 states and the District of Columbia. For example, in 2012 travel spending in Hawaii generated \$18.6 billion in spending and \$2.8 billion in tax receipts, while supporting 175,700 jobs. Similarly, travel employs 118,100 in South Carolina, generating \$11.8 billion in spending and \$1.7 billion in tax revenues.

The travel industry was not spared by the economic downturn, but we are a resilient industry. Since 2010 we have added 697,000 jobs, restoring employment to pre-recession levels. We helped lead the recovery by expanding employment at a 49 percent faster pace than the rest of the economy. And these are jobs with significant opportunity for upward mobility, compounding the benefits of this surge in job growth over time.

Today, travel is the Nation's number one industry export and is growing fast. Last year, travel exports grew 9.1 percent over 2012 to a record \$180.7 billion (including traveler spending and international passenger fare payments to U.S. carriers), yielding a record \$57.1 billion travel trade surplus. According to the first-ever government estimates of GDP growth by industry, travel was the second-fastest-growing industry in the Nation last year.

The most lucrative segment of this sector is "long-haul" or overseas travel to the United States. Last year, nearly 32 million overseas travelers visited the U.S. For every 34 of these visitors, an additional American job is created.

The overseas traveler stays longer and spends more while here—an average of 17 nights and nearly \$4,500 per visitor per trip. Overseas visitors come to our cities and states to spend money and add few demands on public services. The turnstiles at our theme parks or national parks already exist; it's just a question of how many more people we can attract to them.

The potential for further growth is enormous. In 2000, the U.S. had a 17 percent share of the worldwide travel market. Last year, even as we competed better in the booming global travel market, with four years of sustained growth, our share was only 13.2 percent. If the U.S. could regain the 17 percent of global long-haul travel market share by 2020, we would add 49.8 million visitors, \$222 billion in spending and 452,000 more jobs over that period. Our progress to date proves there remains tremendous room for further growth.

Many of the obstacles to restoring our market share are self-imposed and thus can be overcome. The keys are to promote expanded international travel to the United States and to facilitate border entry for legitimate travelers—without in any way compromising security.

I promised some good news and here's the first piece: the performance of Brand USA. With strong bipartisan support, the Congress in 2010 enacted the Travel Promotion Act. That legislation created the public-private partnership now known as Brand USA. By promoting the United States as a destination and clearly explaining our security policies, Brand USA is helping to restore our competitive advantage in the world travel market. In four short years, Brand USA has become a powerful force for American job growth, leveraging partnerships with local travel and tourism entities in all 50 states for its global marketing campaign—all without a penny of U.S. taxpayer funds. This model of unlocking private sector funds without Federal taxpayers footing the bill is one that should be attractive across the political spectrum.

The results are impressive. With an overwhelming return on investment, Brand USA last year attracted 1.1 million additional visitors to the United States—not only to gateway cities, but throughout our heartland. Now that Brand USA has hit its full stride, those numbers will continue to grow—but only if its authorization is extended. Last month, Senators Klobuchar and Blunt, joined by two dozen bipartisan cosponsors, introduced S. 2250 to reauthorize Brand USA for five years—identical legislation has also been introduced on a bipartisan basis in the House.

So here's my first ask to get us to 100 million visitors: please move S. 2250 through this Committee and pass it on the Senate floor this year.

The success of Brand USA in turn increases demand on our visa process. In this area, I can report on three important developments since my last testimony.

First, as part of its implementation of the National Travel and Tourism Strategy, the State Department made remarkable progress in reducing wait times for visa interviews in China, India, Brazil and other high-demand nations. By deploying consular personnel more nimbly and with a focus on customer relations, State has reduced delays in many countries by as much as 90 percent.

Second, Taiwan and Chile became the 37th and 38th nations admitted to our Visa Waiver Program (VWP) allowing for reciprocal visa-free travel in return for stricter security protocols between our two nations. More than 19 million travelers, 60 percent of all overseas visitors to the United States, arrived last year through the VWP.

While here, they spend \$79 billion and support more than a half-million jobs. Already, travel demand has risen sharply from Taiwan and Chile. This is no surprise, given the example of the staggering increase in visitors from South Korea since its inclusion in VWP in late 2008. Within five years, a record 1.3 million visitors arrived in the U.S.; and the pace of increase since has only picked up steam, growing by 65 percent since 2008. In 2012, South Koreans traveler spending was \$4.2 billion—52 percent higher than in 2008. Travel is now the fifth-largest U.S. export to South Korea, constituting seven percent of total U.S. exports to Korea. Most importantly, Korea’s travel spending in the U.S. in 2012 supported 36,200 American jobs.

Third, as part of the comprehensive immigration reform package passed last year, the Senate endorsed the “Jobs Originating through Launching Travel” (JOLT) Act, bipartisan legislation to accelerate progress further. The counterpart House bill (H.R. 1354), now pending with 150 cosponsors, would likewise expand the VWP and Global Entry program, reduce visa processing delays, enhance travel to the U.S. during low peak seasons, provide accelerated visa processing for a fee and test the use of secure videoconference technology for visa interviews.

All these changes would address problems first identified in a comprehensive 2011 U.S. Travel report. Our analysis showed that delay, cost, access and unpredictability in the visa process served as a barrier for potential visitors and contributed to our lost market share. Progress has been made on these fronts, and the bill would codify standards and practices which will become only more critical as demand continues to rise.

We commend the Senate for including the JOLT Act in the comprehensive immigration package passed last year by this chamber and urge your continued work to enact these travel facilitation provisions into law. Combined with other visa-related reforms—from extending the term of U.S. visas for Chinese travelers to permitting sub-national territories to enter the VWP—this legislation would vault us to the 100 million-visitor mark.

But all our work to promote the U.S. brand and to ease inefficiencies in the visa process will be ineffective unless we also improve the entry experience at our borders. Last year, a U.S. Travel-commissioned survey of 1,200 overseas travelers from six top travel markets yielded these extremely disappointing results:

- Forty-three percent of those who visited the U.S. said they would recommend avoiding a trip because of entry process hassles;
- One in seven travelers said they missed a connection because of entry process delays;
- Visitors report they would share their entry experience with an average of eight other people; and
- Among potential business travelers, 44 percent said they will not visit the U.S. in the next five years because of the inefficient entry process.

As discouraging as those reactions were, here’s the one most important takeaway: almost two-thirds said that eliminating long lines and wait times would make the U.S. a more attractive destination. In other words: if we fix it, they will come.

When they do, there must also be greater accountability. Just as our Nation set a goal for attracting 100 million visitors to the U.S., we need to process each arriving passenger within 30 minutes under normal operating conditions. Among survey respondents who had never come to the U.S., 40 percent said they would consider a visit if they knew they could count on timely entry processing.

That means we must provide the resources to properly manage the entry process—and the Congress has recently taken giant steps in that direction, with funding for 2000 new U.S. Customs and Border Protection (CBP) officers. CBP should be commended to working quickly to identify where these officers are most needed and dispatching them by October 2015 at 44 ports of entry in 18 states. In addition to new officer staffing, CBP has worked to identify innovative ways to address the growth in traveler volumes. For example, CBP has continued to promote the use of Global Entry, a trusted traveler program that now has 1 million participants. Furthermore, they have partnered with America’s gateway airports in developing new kiosks that make the processing experience more efficient.

This is all great news that should help CBP to meet a 30-minute passenger processing goal at our air ports of entry and drive tens of billions of dollars in new visitor spending—as long as the new officers are accompanied by transparent metrics to demonstrate improvement in the actual passenger experience.

Domestic travelers face some of the same travel-related frustrations, starting with the aviation security system. Many of the problems in this area stem from a refusal to accept any risk in the system. In the past, continual layers of security were added to address almost every conceivable threat. Even worse, few efforts were made to

scale back, eliminate or tailor these layers for fear of being perceived as “weak” on security. As a result, travelers were stuck with an inefficient, one-size-fits-all screening process that hurt our economy and burdened American taxpayers.

U.S. Travel agrees with TSA that these trends can only be reversed by using a risk-based approach with three critical elements. First, TSA and Congress must clearly identify the types of threats TSA is responsible for preventing. Second, relying on the latest intelligence, TSA must apply its limited resources to the highest priority threats. And third, TSA should always strive to provide the greatest level of efficiency in passenger screening, while maintaining security.

With support from Congress and the private sector, TSA is now using a more risk-based approach. Specifically, U.S. Travel applauds TSA for creating and rapidly expanding PreCheck. This program increases security and efficiency and could eventually also reduce budget costs—just as Global Entry does for international travelers.

One additional priority that often gets overlooked is the need for baseline travel data on international visitors. The most important—and seemingly vulnerable—is the monthly Survey of International Air Travelers (SIAT). Initiated by the Commerce Department in 1983, the SIAT provides information on visitors’ length of stay, level of spending and activities during their stay.

These data help determine policies which, in turn, have helped drive industry jobs growth and we urge approval of the modest funding to grow and improve the SIAT.

As critical as are promotion, visa reform, the entry experience and data collection, all are dependent on the safety and efficiency of fundamental transportation infrastructure. The United States simply cannot meet its goals to increase domestic and international travel without greater investments in our aviation and surface transportation networks. Within the next five years, 24 of the top 30 U.S. airports will experience Thanksgiving-like congestion at least one day per week. And the FAA predicts that 27 airports located in 15 cities won’t have enough capacity to meet demand by 2025. At JFK and EWR alone, an inability to meet air travel demand will cost the U.S. economy \$6 billion annually by 2016.

In order to ensure a vibrant and globally competitive travel industry, Congress must act to modernize and improve U.S. aviation infrastructure. This committee can help to lead this effort by accelerating deployment of the Next Generation Air Transportation System (NextGen) and allowing U.S. airports to raise their Passenger Facility Charges by up to \$8.50, in order to fund critical modernization projects.

Studies by U.S. Travel also show that within 10 years, major interstate corridors will experience daily congestion equal to Labor Day levels of traffic—and that air travel will grow from 800 million enplanements per year to almost a billion. If our infrastructure is inadequate today, it is completely unprepared for tomorrow. According to the 2013 survey, 38 percent of travelers would avoid between one and five trips annually if congestion continues to worsen—which will moot all the rest of our work toward attracting 100 million visitors.

As travel to and within the United States has grown, our transportation network has failed to keep pace. While maintenance and modernization are expensive, failure to act will cost more.

Finally, I would like to add a few words about two related concerns. First, while the word “travel” frequently connotes tourism, it is about much more than fun in the sun. Business travel accounts for 30 percent of all travel spending. In 2013, business travel generated an estimated \$267 billion in direct spending—three percent higher than the previous year. Totaling the deals done, products sold and opportunities created at industry conferences and trade shows that also employed scores of hospitality workers, business travel directly supports 2.3 million American workers.

I also wish to address the specific question of travel by Federal employees. A key reason business travel is a strong economic driver is that face-to-face interaction leads to greater productivity, a fact that Members of Congress know well. Tele-town-halls are not as effective as personal meetings with constituents, and traveling to Washington to work directly with congressional colleagues can’t be replaced by a “virtual” Congress. To do their work, other Federal employees also need to attend occasional meetings and conferences. When conducted responsibly, Federal travel yields important returns on investment—from safety inspections to disaster relief assistance to professional training. In 2012, government travel generated \$33 billion for the U.S. economy and directly supported 296,000 American jobs.

We agree there is no place for waste or excess in government conferences or meetings. And we support strict compliance with best-practice guidelines established by the Office of Management and Budget, together with individual agencies. But we also know the dangers of across-the-board reductions that don’t distinguish meritorious travel that achieves important public missions—and urge you to keep that distinction in mind as these issues arise.

Again, thank you Chairman Schatz, Ranking Member Scott and all members of the subcommittee for inviting me to testify today. I look forward to answering your questions.

Senator SCHATZ. Thank you very much, Mr. Dow.
Mr. Thompson?

**STATEMENT OF CHRISTOPHER L. THOMPSON,
PRESIDENT AND CHIEF EXECUTIVE OFFICER,
CORPORATION FOR TRAVEL PROMOTION (BRAND USA)**

Mr. THOMPSON. Good morning, Chairman Schatz, Ranking Member Scott. Thank you for the opportunity to be here and talk about the Corporation for Travel Promotion, which is doing business as Brand USA. Thank you also for your appreciation for our industry and your comments on the frontend, as it relates to the impacts that it provides in each of your states.

Brand USA is the national not-for-profit public-private partnership that was created by the Travel Promotion Act. Its main function is to promote the United States around the world as a premier travel destination and also to communicate visa and entry policy.

Brand USA's global efforts play a substantial role in reaching the goal established by the national travel and tourism strategy to attract 100 million annual international visitors that will contribute to \$250 billion.

By executing the first-ever integrated marketing communications plan, Brand USA is attracting new international visitors to and through and beyond our gateways. I think that is a point that Roger brought up, and it is something really critical to what we do on a regular basis.

I also would like to emphasize one of the facts that Roger brought up, that is this is done with the zero taxpayer dollars. It is visitors paying to grow the visitor industry.

Our marketing plan consists of three main buckets. It is direct to consumer in the markets that we promote in around the world, which we are now in 30 different markets around the world. It is a cooperative marketing platform and programs that we do in partnership with our partner states and our partner cities. And it is also our trade outreach. Much of travel is facilitated by the travel trade, still in our emerging markets and, certainly, in our existing markets.

The consumer campaign is a fully integrated campaign that consists of broadcast television, billboards, out of home advertising, and we are very active in social and digital platforms.

We also market through a global and growing network of representation firms that help us navigate the cultures and mediums in all the markets that we are involved in around the world.

Our marketing campaign invites the world to discover this land like never before. It not only encourages travelers to see it for the first time, but to see it for the first time again by those who have come in the past.

By 2014, our consumer campaign will now be in 10 markets. Those 10 markets account for 75 percent of all the travel to the United States. We now have over 100 cooperative marketing platforms that provide over 200 different marketing opportunities for our partners to be engaged and be involved with us.

Our partners highlight and reach all sorts of sectors. We have platforms that promote the great outdoors, that promote culture, that promote indulgence through spas and whatnot, and through urban excitement.

Our business-to-business platforms, we work obviously with our supplier partners here in the United States that represent the destinations and the hospitality brands, and then we work with our buyer partners all over the world as they help facilitate travel and help us tell our story.

Our partners represent all sectors of industry, and it represents, more importantly, large and small. A majority of businesses that are involved with us now, 400 partners, actually represent small businesses that make up the backbone of the community.

And probably the most important partner we have is the Federal Government. Without the Federal Government's commitment to travel and tourism, and providing the funds that are attributed to our marketing program, we could not lay the foundation of the marketing efforts that we put out there. And it would not attract, last year, the \$134 million that the private sector brought to the table to complement what the Federal Government put in place.

One of the most recent things that we are very proud of is Oxford Economics, a recognized expert in our space, put out a study that suggested that what we are doing in cooperation with our partners, our supplier partners here in the United States, our buyer partners from around the world, accounted for last year, in 2013, 1.1 million incremental visitors that spent \$3.4 billion.

When you churn that through the economy, it meant \$7.4 billion in overall economic impact. It supported 53,000 jobs. It generated over \$1 billion of sales tax at the Federal, State, and local levels. And again, that was with zero taxpayer dollars.

That return on investment of what we put in and what was returned was a 47 to 1 return. So we are obviously very proud that.

In conclusion, as Roger said, our work has only just begun. We are in our fourth year of existence, third year of operation. But we are really now just hitting on all gears.

We look forward to our partnership with the Federal Government. We are fully engaged through the Department of Commerce with the Tourism Policy Council that now has nine Federal agencies fully recognizing the contributions that the Nation's number one service export provides to the United States.

And also, it provides one of the most positive balances of trade. So we feel very fortunate to be able to be partnering with the Federal Government. We feel indebted to our partners who recognize the value that we bring to the equation, and we look forward to doing more great things in the years ahead.

Thank you for the opportunity to be here, and I look forward to answering any questions you may have.

[The prepared statement of Mr. Thompson follows:]

PREPARED STATEMENT OF CHRISTOPHER L. THOMPSON, PRESIDENT AND CHIEF
EXECUTIVE OFFICER, CORPORATION FOR TRAVEL PROMOTION (BRAND USA)

Introduction

Chairman Schatz, Ranking Member Scott and Members of the Subcommittee: I am pleased to offer testimony on behalf of the Corporation For Travel Promotion,

which does business as Brand USA. Brand USA is the national, non-profit, public-private partnership established by the Travel Promotion Act to promote the United States as the world's premier international travel destination and communicate visa and entry policy. Our mission is to increase international visitation to and spend in the United States in order to create jobs, grow exports and fuel the U.S. economy. As one of the best levers for driving economic growth, international travel to the United States currently supports 1.8 million American jobs and benefits virtually every sector of the U.S. economy.

I thank you for the opportunity to testify today and discuss how Brand USA's global efforts play a substantial role in reaching the goal established in the National Travel and Tourism Strategy of 100 million annual international visitors generating \$250 billion in spend by 2021.

International visitation contributes to the U.S. economy as the leading services export and one of the few areas in which the U.S. has a trade surplus. According to statistics from the U.S. Travel Association, international visitors spend on average \$4500 per person during their trip and every 33 overseas visitors creates one new American job.

By executing the United States' first-ever integrated marketing communications plan promoting the entirety of the United States, Brand USA is attracting new international travelers to, through and beyond the gateways.

Our 400 partners represent private industries within and outside the travel industry from around the world and the United States. Many of these partners are destination marketing organizations, travel agents, tour operators, hotel and lodging companies, leading car-hire organizations and airlines. Our partners also include Major League Baseball, ESPN, the National Football League as well as leaders in the retail sector like Macys, Mall of America, and America's Premier Shopping Places.

One of our most critical partners is the Federal Government, without whose support through the Travel Promotion fund and coordinated effort toward the goal of welcoming 100 million international visitors in one year, would make our ability to achieve our mission very difficult. The public-private partnership that is at the core of Brand USA's business model enables both gateway destinations and destinations well beyond the gateways to participate effectively in the international tourism marketing effort.

Our partners, large and small, have seen the value of working with Brand USA in increasing international visitation to their states, cities, attractions and destinations. As a result, we have been able to earn a 97 percent core partner retention rate and significantly expand our partnership base to include smaller destinations and organizations—many of which are the backbone of local economies.

It is particularly notable that \$0 taxpayer dollars are used to fund the marketing effort.

Background

Since the passage of the Travel Promotion Act in 2010, Brand USA has created a full-scale marketing campaign consisting of consumer, co-operative marketing and trade outreach in 10 markets with trade outreach or marketing initiatives in more than 30 markets all at no cost to the U.S. taxpayer.

The Travel Promotion Act was signed into law in 2010, creating Brand USA. In the fall of 2010, the U.S. Department of Commerce selected a Board of Directors. As required by the Travel Promotion Act, applicants across several sectors of the travel industry, including representation from the hotel and lodging, restaurant, small business or retail, travel distribution, attractions, city convention and visitor bureau, passenger air, intercity passenger railroad sectors as well as a member who has immigration law and policy expertise were selected. Brand USA hired its first employees in the spring of 2011. Those initial employees established what was a true start-up: there had not been an organization to ever market the USA as a whole. Research was conducted in 17 countries to guide our initial marketing campaign, partnerships were developed and established and policies and programs were put in place.

Brand USA launched its marketing efforts in May of 2012 in the United Kingdom, Japan and Canada. The campaign encouraged visitors to "discover this land like never before" and showcased to these markets, a United States that is not only welcoming, but is a country full of vast experiences and endless travel possibilities.

In our first year we received contributions from the travel industry in order to receive the full Federal match of \$100 million, as allowed by the Travel Promotion Act. Without first receiving private sector contributions, Brand USA is not eligible to receive any Federal funds. The Federal funds that supply the Travel Promotion Fund are collected from a portion of the fees paid by international travelers from

visa waiver countries, known as the Electronic System For Travel Authorization (ESTA) fee. Applicants pay a fee of \$14 that is valid for travel within a two-year period or when a traveler's passport expires—whichever comes first. The fee is split between Customs and Border Protection and the Travel Promotion Fund with \$4 going to Customs and Border Protection to run a security check and \$10 going into the Travel Promotion Fund. As a result, all of our marketing efforts are at zero cost to the U.S. taxpayer.

Brand USA is eligible to receive money from the Travel Promotion Fund at a one-for-one basis, up to \$100 million per Federal fiscal year. These funds can be unlocked through contributions of cash or in-kind such as airline tickets, hotel rooms, cooperative advertising or content (photos, videos) for use in our marketing efforts. These in-kind contributions have a fair market value determined by established methodologies created in cooperation by the Department of Commerce and Brand USA. Additionally, each submission goes through a thorough review by several offices within the Department of Commerce. Currently, The Travel Promotion Act requires that we receive 20 percent of our funds through cash contributions.

The ESTA fees collected actually exceed \$100 million per year, with that overage going to Federal deficit reduction. The Congressional Budget Office has assessed that to be \$425 million over a ten-year period.

In 2013, we increased the number of markets we are deployed in from three to nine, adding Australia, Brazil, China (including Hong Kong and Taiwan), Germany, Mexico and the Republic of Korea. We ended the Federal fiscal year with 340 partners who had contributed nearly \$130 million to our efforts.

Our marketing efforts are having a significant and positive impact on international arrivals. Oxford Economics, a worldwide leader in economic impact studies, recently released a study on Brand USA's impact on travel for 2013. They analyzed our efforts in eight markets, of which we were marketing the United States throughout the year. The study showed that Brand USA's marketing campaigns generated 1.1 million incremental visitors to the United States during 2013. These additional visitors spent \$3.4 billion in the United States, including travel and U.S. carrier fare receipts.

This spending fueled the U.S. economy by generating \$7.4 billion in business sales, \$3.8 billion in GDP, and \$2.2 billion in personal income, as well as supporting over 53,000 new jobs in the United States. These results equate to a marketing return on investment of 47:1 based on Brand USA's marketing expenses of \$72 million and incremental international visitor spend of \$3.4 billion. Notably, these results exceed projections of Brand USA's potential impact, which were estimated during the contemplation of the passage of the Travel Promotion Act.

In 2014, Brand USA has introduced new programs and platforms within our broad range of marketing efforts to help reach the 100 million-visitor goal. We have increased the number of partners to 400 and anticipate this year's contributions will exceed last year's.

As I mentioned, we are also proud of the fact that we have had a 97 percent partner retention rate from our first year to our second signaling to us that our partners believe we are accomplishing our mission and adding or creating value for the mutual benefit of these organizations and the local economies they represent. We have also been able to keep our administrative/overhead costs to approximately 10 percent a year, ensuring that the vast majority of our budget is spent on marketing the United States as the premier travel destination.

Last year, the Government Accountability Office conducted its second programmatic assessment of Brand USA. The report concluded that we are effectively and efficiently marketing the United States as a whole and doing so in compliance with the Travel Promotion Act and other standards.

Brand USA's Efforts to Reach 100 Million Visitors Annually

Here is a more in-depth overview of each aspect of our marketing efforts and how they will help us contribute towards reaching the goal of 100 million international visitors by 2021:

Consumer Campaign: The consumer campaign is a fully integrated multi-channel campaign—comprised of TV advertising, billboards, and other out of home media, print and social media—plus direct in-market marketing through a global network of representation firms being established in key international markets.

Country specific Facebook and Twitter pages showcase targeted promotions and our website DiscoverAmerica.com acts as an information portal for trip inspiration and planning.

The key message in the campaign is to “Discover this land, like never before.” We also wanted to spread the USA’s welcoming message around the world, inviting travelers to visit us and see us again—or for the first time.

Through this call to action, we are reminding the world’s travelers that the United States is a land of possibilities—from the well-known, iconic places to go, as well as destinations beyond the gateway. Throughout the United States, the District of Columbia, and the five territories, there are virtually limitless experiences to discover.

Brand USA bases its target market selection on a quantitative model that consists of a variety of factors, including: macroeconomic factors, such as GDP growth; demographic factors, such as population size and age; sociopolitical factors, such as civil liberty; situational factors, such as visa waiver status; and diversification factors, targeting a mix of established and emerging markets.

By doing so, we are ensuring that we are concentrating our marketing efforts in the right markets that have the greatest potential for sustained and continued growth in order to achieve the goal of the National Travel and Tourism Strategy of 100 million annual visitors by 2021.

To that end, by the end of 2014, Brand USA will be fully deployed in 10 markets with an integrated consumer campaign, co-op marketing and trade outreach in: Australia; Brazil; Canada; China; Germany; Mexico; New Zealand; Japan; South Korea and the United Kingdom.

Our country specific social media efforts have generated over 5 million fans throughout the globe, mostly in our target markets. Over the course of this year, we are featuring various content campaigns on our website and social media channels designed to showcase the vibrancy and depth of tourism opportunities that the USA has to offer.

The first campaign “Great American Road Trips” covers 39 states across the United States on our websites and social channels. To bring this content to life we have sent influential international travelers to experience these road trips first hand and share their travel stories with their fans. Each road trip was paired to a country interested in that region. We have had amazing results so far and millions of engagements, and the campaign continues throughout the summer.

In anticipation of the centennial of the National Park System, Brand USA, in partnership with a leading producer of giant screen films, is producing a giant screen film celebrating travel to the United States and in particular our national parks and Federally managed lands. This giant screen film will capture the myriad of experiences available through the Nation’s great outdoors and inspire visitors to discover the beauty and diversity across the United States.

This initiative is a great opportunity to not only showcase our National Parks, but to reach a large number of our key international markets. There are over 800 giant screen theatres in over 57 countries and that number is growing.

China, one of the United States’ top 10 countries in both international visitation and spend, has the second largest market with over 75 giant screen theatres located throughout the country. Giant screen theatres can be found in many of Brand USA’s key target markets.

Cooperative Marketing: Our co-op programs and platforms include a variety of opportunities for partners to support and engage in the national marketing effort to increase visitation and spend in mutually beneficial ways.

Brand USA has created over 100 new programs to give partners over 200 opportunities to promote their destination and encourage travel to the United States. These programs reach and inspire travelers highlighting the diverse and unique travel experiences in the United States from the great outdoors, to culture, to indulgence, to urban excitement. We have platforms that promote retail experiences, recreational pursuits and cultural activities.

Brand USA has created several original co-operative marketing platforms including: Discover America Global Inspiration Guides (language-specific guides), Marketing and Advertising Opportunities on DiscoverAmerica.com (Brand USA’s consumer website), Media Planning and Buying (coordinated efforts to amplify international advertising efforts), Custom In-Country Multi-Channel Programs (print, digital, video, e-mail, radio and television), Media/PR and Travel Trade Outreach (online platforms that enable destinations, attractions and travel brands to connect directly with international journalists and travel professionals), USA Discovery Programs (online training tool to educate the

international travel trade to sell the diverse destinations and experiences available in the USA).

Many of these programs allow destinations to target markets and create opportunities to increase visitation that they wouldn't be able to do without our existence. For instance, the Discover America Inspiration Guides are sent out throughout our markets and have participation from large and small, urban and rural destinations. These inspiration guides explore some of the most authentic travel experiences and destinations in the U.S. We print 500,000 copies in several different languages and the digital editions receive over 100 million impressions. Because of the size and scale that Brand USA can produce, destinations are able to tailor their participation in a way that allows them to gain exposure far beyond what they would be able to create with spending the same amount on their own.

Virtually every state, the 5 territories, and the District of Columbia contribute to the production of these inspiration guides. Alaska, Arkansas, Hawaii, Massachusetts, Minnesota, Missouri, Montana and South Carolina, have contributed to be featured in the inspiration guide. Every state, whether they contribute or not, is a part of the guide to ensure Brand USA is marketing the whole of the United States. The guide also provides information on visa and entry requirements into the United States.

Trade Outreach: The business-to-business marketing efforts includes trade shows, sales missions, road shows, themed events, training initiatives, mega-familiarization tours of various destinations, and advisory boards—all designed to engage and influence tour operators, travel agents and other travel professionals to increase business and leisure bookings to the United States. As part of the business-to-business effort, Brand USA is establishing one of the largest networks of international representation firms to support its efforts internationally.

American Airlines and British Airways have collaborated with Brand USA to conduct what is called a “mega-familiarization (megafam)” tour in 2013 and 2014. Familiarization tours, or “fams,” are an integral part of Brand USA’s marketing strategies to create awareness of the diverse destinations and travel experiences that are available throughout the United States and increase international visitation to and beyond the gateways. When fam tour participants experience the USA first hand, they are able to better relay information to their clients. The Brand USA fam tours are called “MegaFams” because they are the largest simultaneous familiarization tours conducted in the United States—and as such, represent something only Brand USA through a coordinated national tourism effort can do.

British Airways encourages travel agents within the United Kingdom and the Republic of Ireland to sell trips to the United States on British Airways within the first quarter of a calendar year. Agents become eligible to participate when they complete an online training program that was designed by Brand USA and created specifically to educate agents to better sell the U.S. market. The top 100 highest selling agents join the MegaFam and are split into groups to experience different itineraries across the United States.

These itineraries include not only the gateway cities that British Airways flies into but more off-the-beaten-path destinations as well. For instance this year, travel agents will visit Arizona, California, Colorado, Florida, Georgia, Massachusetts, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, South Carolina, South Dakota, Texas, Utah and Vermont. Other states were featured the year before included Minnesota, Pennsylvania and Wisconsin. We work with our local partners in each of those states to help showcase what each location has to offer. The travel agents participate in social media programs while on the trip to learn what the other agents are covering across the different itineraries. They return to their home markets with a greater awareness, enthusiasm and knowledge for each destination and therefore are able to better sell and increase travel to those locations.

We have also conducted familiarization tours for travel agents and journalists with Delta Airlines, Qantas Airlines, Lufthansa Airlines and are developing similar efforts with several other potential partners.

Familiarization tours are a great example of in-kind contributions we receive. The airlines we partner with provide plane tickets for travel agents, tour operators, and journalists to participate, and all of the local entities help provide lodging, meals and other activities. Often times smaller establishments are un-

able to participate in large scale international marketing efforts but can make in-kind contributions as part of these familiarization tours.

One of the other successes in engaging the travel trade is increasing and improving the presence of U.S. destinations at international trade shows. Prior to our existence, U.S. destinations and entities would attend these shows separately, competing with countries that would have (due to their size and budgets) a much greater presence.

In creating and hosting Brand USA pavilions, we have brought U.S. participants together and given the country the presence that truly reflects what the United States has to offer. These pavilions allow entities to share a combined space and help reduce the cost of participating in these shows as well as creating far more interaction with tour operators and travel agents. As a result of our efforts, trade show participation by U.S. destinations and entities has increased in many markets.

Partnership with Federal Partners

To efficiently pursue the goals of the National Travel and Tourism Strategy, Brand USA and the interagency Tourism Policy Council coordinate a variety of activities. These activities, which ultimately involve the engagement of nearly a dozen Federal agencies, include things like clarifying visa policy and promoting Global Entry, promoting Federally-managed areas, and building promotional programs with government agencies. Some highlights of this collaborative approach include:

- Laid the foundation for strategic marketing collaboration with the Tourism Policy Council—including thematic promotions like culinary and great outdoors and geographic focuses in key markets.
- Developed a program with the Tourism Policy Council Marketing and Promotion Working Group to showcase the culinary travel experiences in the United States, including a culinary guide to inspire travel to the United States, a digital platform, and in-market PR from renowned American chefs.
- Began work with the Departments of Interior, Agriculture, Commerce and the Army Corps of Engineers to promote America's national treasures through a digital focus on the great outdoors and a giant screen feature film that will be produced in time for the Centennial of the National Park Service.
- Collaborated with the Foreign Commercial Service and the State Department to equip diplomatic personnel with high-quality marketing materials for embassy facilities and promotional events, including video, poster and banner files.
- Brand USA initiated and completed a redesign of the consular area at U.S. Embassy London to make it a more welcoming environment and distribution information to waiting visa applicants on travel experiences in the United States.
- Brand USA continues to work with U.S. Foreign Commercial Service and State Department personnel on a wide variety of in-market activities around the world including trade shows, industry roundtables, trade and sales missions, PR events, and promotional opportunities in markets where Brand USA does not have a presence. These events promote travel to the United States and communicate visa and entry policy and changes to those policies such as ESTA familiarization in places like Taiwan and Chile that recently joined the Visa Waiver Program.

These highlights only begin to tell the tale of the united front that our Federal partners and the travel industry are presenting to the world. By leveraging the best of each other's efforts, the National Travel and Tourism Strategy is helping our public-private collaboration live up to all that it was intended to be.

Conclusion

In summary, Brand USA is effectively and efficiently fulfilling its mission as prescribed by the Travel Promotion Act.

But our work has only just begun. In fact, the work of Brand USA is more important than ever. While we have been able to incrementally increase international visitation to the United States, we still have a lot of ground to make up to get even close to the market share we once enjoyed more than 10 years ago. Between 2000 and 2010, the U.S. share of international arrivals dropped 36 percent (from a market share of 17 percent to 12.4 percent), which equates to a loss of 78 million visitors, \$606 billion international spend, and support for 467,000 jobs annually.

Now in our third full year of operation, Brand USA is demonstrating that a nationally coordinated tourism marketing effort through a public private partnership can make a significant difference in competing for the share of the world travel market. The 1.1 million incremental visitors we generated were from just eight markets

where we were fully deployed last year. Imagine what the results will be as we fully deploy our marketing efforts to additional international markets.

We will continue to build on the success we already have had and will continue to operate in an efficient and transparent manner. As we continue to grow and increase the number of partners and programs, we will help fulfill the goal of the National Travel and Tourism Strategy of welcoming 100 million annual visitors by 2021. Our efforts will continue to help increase visitation and therefore improve the economy, create jobs, increase revenue and exports across the entire country.

Thank you for the opportunity to testify before you today. I would be happy to answer any questions you might have.

Senator SCHATZ. Thank you, Mr. Thompson.
Mr. McCartney?

**STATEMENT OF MIKE MCCARTNEY, PRESIDENT AND CHIEF
EXECUTIVE OFFICER, HAWAII TOURISM AUTHORITY**

Mr. MCCARTNEY. Aloha, Mr. Chairman.
Senator SCHATZ. Aloha.

Mr. MCCARTNEY. It is a pleasure and honor to be here before you. And on behalf of all your friends back in Hawaii, we are very proud that you are chairing this committee, so thank you for the opportunity, for all the gentlemen here.

I would like to introduce Ron Williams, who is in the back there. He is the Chair of the Hawaii Tourism Authority.

So thank you very much. I would like to share a quick story with you of where we are at, where we are going, and some Federal initiatives that you may be interested in.

I think, just looking quickly back at 2008, it was a tough time for us, a tough time for the country. What happened to Hawaii? Five really bad things happened.

We lost one major airline, ATA. They went bankrupt. We lost Aloha Airlines, a neighbor island carrier. We lost 1.4 million air seats. We lost 1 million visitors. Oil reached \$150 a barrel. We had the Lehman Brothers financial meltdown. And we had the H1N1 virus.

It hit us all at once. Our tax revenues went from over \$1 billion coming in from visitors to less than \$935 million.

Slowly, we have climbed back out of it. We now raise about \$1.7 billion in State tax revenue, because of that, about \$15 billion is generated through our visitor industry. But it was a long climb coming back out.

So when we talk about tourism, I will talk about three purposes and then maybe how we can tie into the Federal side.

I think the lowest level, and best level, to explain is jobs and resources. If you look at tourism, it is a great export. And for Hawaii, every single day, visitors spend \$43 million out of their pocket, their hard-earned money, private capital coming into Hawaii that they spend on a vacation.

And about \$20 million on Oahu, about \$11 million in Maui County, \$6 million in Hawaii County, and about \$4 million in Kauai County. Every single day. That is about \$4.7 million in State tax revenue that goes to pay teachers, that funds the State budget.

It supports 175,000 jobs. So for every 49 visitors that get off a plane in Hawaii—because you can't drive in; you have to get off a plane—

[Laughter.]

Mr. MCCARTNEY.—it supports one job in our state.

So it is very, very important, and it provides a way of life.

Number two, it provides access. We only have 1.3 million people. We are 2,200 miles away from the nearest land. However, we have 10.5 million air seats, probably 11 million by the end of this year when you count charter flights.

You think about that, we have about 920 flights a week, from 53 cities around the world directly connected to the Hawaiian Islands by 21 different carriers.

That gives us strategic access to the world. That gives the world access to us. And it gives us access to the world.

When you think about innovation, what a great opportunity for higher education, people coming to Hawaii and going to school. Just one idea to create innovation off of.

I think the highest level and highest benefit from tourism is it gives us purpose. Some places have mines, and they are proud of it. Some places have automobile factories, and they are proud of it. Some places have casinos, and they are proud of it.

In Hawaii, we have guests. People, they come and they visit. They experience our people. They experience our place. They experience our culture.

Somehow, they go back home a little better than they were. We benefit from that because we learn a lot from them.

So it creates purpose. It creates a sense of purpose of who we are. And when you look at travel, it is more than a business. And if you look at an ancient Hawaiian proverb that was given to us by one of our kupuna, Aunty Pilahi Paki, she said, as the world searches for peace, the world will turn to Hawaii because Hawaii has the key, and that key is aloha.

So what we like to think that we are in the business of is that we are not just making money. We are not just creating jobs. But we are creating this opportunity for peace.

So when we work with you on the Federal level, we have listed about nine priorities that we would like you to maybe consider. We know you have been a strong advocate for opening up Kona, so I won't go into that.

We are the fourth largest port of entry for the United States. We have grown at 25 percent in international arrivals. We need a second port of entry that is certified.

Right now, if planes come from Japan, they have to clearly unload in Honolulu, take everything off the plane, reload, get back on the plane, and go to Kona. I think we need a second port of entry. We would like to work with you on that.

We would like to expand opportunities of preclearance in Japan. Right now in Canada, you can get off any plane because of customs and immigration in Canada. Just imagine if you could do that from Japan or Korea.

They are our allies. They are our trading partners. Why wouldn't we want to do that? Why wouldn't we want to give that opportunity to each other and use travel as an export?

There are many ideas that we want to pursue with you, from our National Parks to improving our MCI market. We just hosted APEC. And as Lynn Wood from the State Department said, there is no substitute for face-to-face meetings around the country.

So we want to promote that market, and we just want to continue to work with you as a partner, because we do see it as a private-public partnership. Everyone can't do it alone. Cities, states, municipalities, the Federal Government, all working together, and I think that is the key to our success. So America can be a leader in travel and tourism, not only in making money and creating jobs, but helping to create peace.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. McCartney follows:]

PREPARED STATEMENT OF MIKE MCCARTNEY, PRESIDENT AND CHIEF EXECUTIVE OFFICER, HAWAII TOURISM AUTHORITY

On behalf of the Hawaii Tourism Authority (HTA), the State of Hawaii's tourism agency, thank you for the opportunity to present to the Subcommittee on Tourism, Competitiveness, and Innovation of the United States Senate Committee on Commerce, Science and Transportation, on the benefits of international travel to our state and its impact on the overall U.S. economy.

Hawaii's strategic location connects the Asia Pacific region with the United States. Despite our size and geographic location, Hawaii receives 920 flights from 53 cities around the world, making it the fourth largest international port of entry in the U.S. Hawaii also has the fifth highest occupancy in the U.S. with a 76 percent average statewide, and the second highest hotel average daily rate of \$227.

As a result, tourism is one of the lead economic drivers in the state of Hawaii which generates approximately \$14.5 billion in visitor expenditures every year, approximately 20 percent of our state's total GDP. The tourism industry is also one of the biggest employers in state and supports more than 173,000 jobs for residents. This means for every 1,000 visitors, 20 local jobs are supported.

In 2013, Hawaii reached record numbers with year-over-year growth in visitor spending (+2 percent to \$14.5 billion) and arrivals (+2.6 percent to 8.2 million), despite slower growth during the second half of the year. Through the cyclical pattern of the tourism economy, we are anticipating a downturn starting this year, with continual declines in spending and arrivals, especially from our core markets.

Our largest international market, Japan, showed four percent growth in arrivals in 2013, with 1.5 million visitors. On an average daily basis, Japanese visitors spend more (\$280) than U.S. West (\$155) and U.S. East (\$200) visitors to Hawaii.

Although Japan's economy remains relatively unstable due to a recent hike in consumption tax (the first tax increase in 17 years with another increase in 2015), there are still opportunities to promote travel to Hawaii and the U.S. in Japan. Nearly 60 percent of Japanese visitors to Hawaii are repeat travelers, mainly from the major metropolitan areas. We continue to work with our marketing contractor in Japan to target regional areas of the country as well as promote first-time travel to all of the Hawaiian Islands.

In order to balance the softening of our mature U.S. and Japan markets, the HTA is focusing on growing and expanding developing international markets, especially in "Other Asia," which includes Korea, China and Taiwan. While these markets make up a relatively smaller market share in comparison to Japan, they continue to show significant growth and potential.

Ease of access through the U.S. visa waiver program in Korea and Taiwan, and improvements to the visa process in China have led to a rise in outbound travel from these regions. With new direct service and nonstop flights connecting these markets to Hawaii, arrivals from Other Asia markets continue to increase year-over-year. In 2013, arrivals grew 18.4 percent to 343,327 visitors and we anticipate reaching 438,800 arrivals, a 27.8 percent increase in 2014.

Recent travel trends from Korea to Hawaii demonstrate how the U.S. visa waiver program has helped to stimulate travel. Since being implemented in Korea in 2008, arrivals to Hawaii jumped 350 percent from 38,110 to 171,506 visitors. Total expenditures also increased substantially from \$79.4 million in 2008 to \$314.6 million in 2013. And we anticipate continual growth in 2014, targeting 190,000 visitors from Korea (+10.8 percent) and \$350 million (+11.3 percent) in expenditures.

Implementing the U.S. visa waiver program in Taiwan created opportunities for airlift to Hawaii. In June 2013, China Airlines launched its first nonstop flight between Taipei and Honolulu. Within one year of implementing the visa waiver program in November 2012, visitor arrivals have increased 208 percent.

These results show the impact of the U.S. visa waiver program in supporting travel and validate a need to extend it to other major markets.

We also appreciate the improvements made to the visa process in China, where travel demand continues to grow. In 2013, 132,634 Chinese visitors (+13.5 percent) came to Hawai'i and spent \$329 million in total expenditures. As our highest daily spenders (average \$397 per day), we anticipate total expenditures to increase 37.6 percent in 2014, with a 21.5 percent increase in visitors, to 180,000.

Oceania, which include Australia and New Zealand, continues to be one of the fastest growing markets for Hawai'i. In 2013, visitor arrivals grew 29 percent to 353,965 arrivals, while spending grew 31 percent to \$840 million in annual expenditures. With additional access and supplemental marketing efforts by the HTA and its partners, we anticipate nearly 11 percent year-over-year growth in arrivals from this region in 2014.

Increasing international arrivals throughout our state is a high priority for Hawai'i. The following are initiatives that will help us to accomplish this goal and where we would like to request Federal support in:

1. Enhancing access to Hawai'i through:
 - Reestablishing Kona Airport (KOA) on Hawai'i Island as a second international port of entry;
 - Expanding border pre-clearance authorization for major international market areas like Japan;
 - Allocating Federal funding for airport improvements for Hawai'i's airports;
2. Expanding the Visa Waiver Program;
3. Reauthorizing the Brand USA initiative;
4. Creating Federal tax credits for destination development and upgrades;
5. Maintaining investments in our National Parks and other cultural and natural attractions and resources;
6. Supporting legislation that will enable tourism workforce and career development;
7. Advocating Hawai'i as a meetings, convention and incentive (MCI) destination;
8. Sustaining funding and support for the National Oceanic and Atmospheric Administration (NOAA) and its programs in Hawai'i; and
9. Developing a public awareness campaign to educate Americans about the importance and benefits of tourism to our country.

Our Honolulu International Airport (HNL) on the island of O'ahu is currently the fourth busiest international airport in the Nation. In 2013, there were more than 3.6 million international visitors that came to Hawai'i through HNL. The ability to open a second international port of entry would help to alleviate the high traffic at U.S. Customs at HNL during peak arrivals from international flights and cut down on additional costs and time for interisland transfers.

Kona Airport, which was previously certified to receive nonstop flights from Japan, welcomed 138,539 Japanese visitors via HNL in 2013, making it the second most popular destination for this market.

Granting a five-year exemption to reestablish KOA as a second international port of entry will allow us to re-open and develop to full potential, a Federal international inspection facility. This requires additional staffing of Federal and border control officials. The State of Hawai'i Department of Transportation (DOT) is also looking at new technology, like Auto Passport Control (APC) kiosks to support customs and alleviate the strain on staffing. The APC technology that the DOT is considering can help to process up to 162 passengers per hour versus 41 passengers by a customs official.

With Federal Government, the HTA will also work with Hawai'i state DOT to facilitate collaborative support with the State, Hawai'i County and our industry partners. Reestablishing Kona as a second international port of entry and granting border pre-clearance authorization in Japan will greatly alleviate strain and resources at HNL as well as grow international demand not only for Hawai'i but for the U.S., overall.

We are also working with the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) in Japan to discuss the option of establishing pre-clearance authorization for international flights from Japan to the U.S. The HTA has been in discussions with the MLIT to start trial efforts in Narita International Airport in Tokyo, Japan's largest international airport, which services 63 flights to Hawai'i per week. In order to accomplish this, the U.S. Government would need to sign a treaty with the Japanese government.

While the HTA continues to work with the State of Hawai'i Department of Transportation (DOT) to renovate and improve our airports statewide, additional Federal funding would help to upgrade our facilities in order to accommodate newer aircrafts, like the Airbus 380. These newer aircraft models offer larger passenger capacity and can fly longer distances nonstop, which will help to improve international access and promotions.

Air access is Hawai'i's lifeline and supporting these airlift initiatives is essential to sustaining and growing one of the state's largest industries. Therefore, we hope that you take into consideration, ways to support reestablishing Kona as a second port of entry, granting pre-clearance authorization and funding airport upgrades in Hawai'i.

As mentioned above, the Visa Waiver Program is a significant factor in stimulating interest in travel abroad and has resulted in exponential growth in visitor arrivals and expenditures for Hawai'i from developing markets like Korea and Taiwan. By expanding the program, we will not only continue to strengthen the Nation's tourism economy, but also enhance our global relations.

We also hope to continue collaborating with the Brand USA team. Through working with them and our global marketing contractors, we have developed co-op campaigns and been able to better leverage funding and resources to increase outreach in our international markets. We recently partnered with Brand USA on their "Discover America Road Trip" campaign, in which they brought a Chinese influencer to help promote the unique experiences on O'ahu and Maui. We worked together to enroll our partners for co-op support, resulting in extensive exposure for our state in China.

We would also like to propose creating Federal tax credits for new hotels and renovations. Mexico and the Caribbean are among our biggest competitors, who continue to redevelop and upgrade their accommodations and offerings. They are currently developing 260 new projects, which translates to 26,000 rooms to accommodate an influx of travelers. In order to remain competitive, Hawai'i needs to invest in increasing the number of accommodations available to our guests as well as focus on upgrading and improving the existing hotel inventory. A tax credit would support destination development, and also create jobs not only in construction but also support long-term job stability within the tourism industry once the finished products are complete.

Our National Parks and other cultural and natural attractions and provide visitors with unique travel experiences. The World War II Valor of the Pacific, also known as Pearl Harbor and other attractions like the National Memorial Cemetery of the Pacific at Punchbowl and the Iolani Palace offer visitors a deeper look at the history and culture of our state.

Growing our meetings, convention and incentive (MCI) market is also a priority for the HTA. During the 2011 Asia Pacific Economic Cooperation (APEC) Summit, Hawai'i proved to be a world-class MCI destination. Our strategic location, connecting Asia Pacific with the U.S. makes us an ideal destination for global meetings and we continue to work on positioning Hawai'i as the location of choice for international meetings and conventions.

We also encourage you to continue to support the National Oceanic and Atmospheric Administration (NOAA), which is a major partner for the HTA. As an island state, the sustainability of marine life is a key element in our destination appeal. The Hawaiian Islands Humpback Whale National Marine Sanctuary is a joint effort between NOAA and the State of Hawai'i, which helps to protect one of the world's most important humpback whale habitats. Thousands of visitors from around the world come to Hawai'i each winter to experience this natural wonder, which sets us apart from anywhere else in the world. We need to work together to continue to preserve this effort.

NOAA also supports the Polynesian Voyaging Society and their efforts to perpetuate the ancient tradition of Hawaiian voyaging. The upcoming world tour of the Hokule'a has not only allowed us to revive this tradition but share the Hawaiian culture with the world. Their 2009 voyage to Japan further fortified our relations through port greetings throughout the country. It is important to support the preservation of our natural resources as well as our cultural traditions that make Hawai'i so unique.

Thank you and mahalo for allowing us this opportunity to present an update on Hawai'i's tourism economy and our efforts in expanding our international travel markets. Travel is more than just a business. It is a valuable export that allows us to enhance our global relations and share our unique people, place and culture that we have not only in Hawai'i but in the U.S. Like one of Hawai'i's community leaders, Aunty Pilahi Paki once said, "The world will turn to Hawai'i as they search for world peace because Hawai'i has the key . . . and that key is aloha."

We must continue to work together with our industry partners, marketing contractors, government agencies and the Brand USA Team to promote travel to the U.S. with aloha. We are all in the same canoe and must sail together in the right direction to grow our Nation's tourism economy.

Senator SCHATZ. Thank you, Mr. McCartney. Thank you for making the trip.

Thank you, Ron, for being here as well.

Mr. Dean?

**STATEMENT OF BRAD DEAN, PRESIDENT
AND CHIEF EXECUTIVE OFFICER,
MYRTLE BEACH AREA CHAMBER OF COMMERCE**

Mr. DEAN. Chairman Schatz, Ranking Member Scott, Senator Blunt, thank you for the opportunity to join you today to discuss the state of America's travel and tourism industry.

In my capacity as president of the Myrtle Beach area Chamber of Commerce, I serve nearly 3,000 businesses that employ 46,000 hardworking Americans in the Palmetto state.

This hearing as well-timed as communities throughout our Nation are celebrating National Tourism Week, a week set aside to recognize the very positive impact of travel and tourism on our Nation and its people.

As America recovers from this great recession and grapples with the challenge of creating jobs and fueling economic growth, I believe that travel and tourism must be a part of the national economic solution.

Myrtle Beach, South Carolina, is a relatively small town with only 30,000 residents. And yet, despite that size, we welcome more than 15 million visitors each year.

As you might expect, tourism is our number one industry. It sustains two-thirds of our local jobs and generates an economic impact of nearly \$7 billion.

It is not just Myrtle Beach that thrives on tourism in South Carolina. In my home state, tourism has an annual economic impact of nearly \$18 billion and sustains one in 10 jobs throughout South Carolina. From the historical elegance of Charleston, to the natural beauty of Hilton Head, to the grandeur of the upstate, to the charm of the thoroughbred country, and all throughout, a state known for its history, its heritage, its hospitality, and very good barbecue, tourism is thriving and doing quite well today.

Industry metrics have improved. Revenues are rising. The tax base is growing. Jobs have been created. New businesses have opened up. And these jobs, as Roger Dow mentioned, can't be outsourced to other countries.

But while there is much to celebrate during this year's National Tourism Week, much remains to be accomplished. As you know, many of the jobs lost during this recession will not return. Today, too many Americans are either unemployed or underemployed.

Proactive leadership from this Congress and the White House is essential to the future success of our travel and tourism industry.

I come before you today to thank you and your peers for your leadership on key initiatives that have helped our industry rebound. Reductions in wait time for travel visas have expanded our visitor base. Creation of Brand USA as part of a national pro-

motional strategy has been very impactful, generating returns on investment that rival our best marketing programs.

Expanding the use of preclearance processing and improvements in security procedures have made travel to the U.S. much more enjoyable and more efficient.

A U.S.-Canadian border agreement in 2012 has helped to grow travel to and from our neighbor to the north. And the leadership and attention given to tourism by key Federal agencies, like the Department of Commerce, have been very positive and very impactful.

But we shouldn't stop here. Much remains to be done. And with this in mind, I offer a few simple recommendations today that could have a very positive, long-lasting impact on our travel and tourism industry.

Prior to the creation of Brand USA, our Nation was far from competitive in international travel. As you are well aware, we lost out on a huge surge of global travel in years past, in what Roger Dow and others have termed the lost decade of tourism.

But under the leadership of Chris Thompson, Brand USA has flourished and delivers a very positive, measurable impact on international travel to the U.S. Brand USA allows me and my peers in Charleston and Hilton Head to collaboratively promote coastal South Carolina in numerous countries throughout the world.

Since our partnership with Brand USA began, we have seen double-digit growth in international travel to the U.S. and to our community. And that growth, I might add, in our community has outpaced domestic growth by nearly 3 times.

When it comes to Brand USA, I would say to the Senate just two simple words: Thank you. And if you would permit me to add two more: please reauthorize.

In addition, if we intend to grow international travel to the U.S., we need to greet our visitors with a world-class transportation system. As you know better than I, our highways are crumbling, airports are crowded, and roadways are jammed.

We need a transportation plan that begins to address the Nation's backlog of construction and maintenance of our roads and bridges. As Senator Scott rightly mentioned, Myrtle Beach is the busiest vacation destination in America without interstate access. Each year, millions of visitors drive to the Myrtle Beach area on one four-lane State highway. Our first impression and last impression is traffic congestion. And as you might imagine, my greatest competitor is my local highway system.

Whether it is completing Interstate 73 in South Carolina, modernizing our airports, solidifying the highway trust fund, or a variety of other important infrastructure investments, transportation infrastructure will create jobs and sustain our economy.

Our Nation's travel and tourism industry has emerged from dire economic circumstances, and today it is healthy and growing. The recent increases in international tourism are a big part of the success, and we can point to the bold leadership from Congress and key Federal agencies, advancements made in preclearance processes and travel visa processing, improved security measures and along with promotional success of Brand USA, to understand why all of this has occurred.

Nevertheless, much remains to be accomplished. Reauthorization of Brand USA, investing in infrastructure, and a sensible approach to government regulation, will help fuel economic growth and job creation.

I thank you for the opportunity to join you today. On behalf of the 46,000 South Carolinians and the Myrtle Beach tourism industry, I thank you for your leadership. Like you, I believe that great days lie ahead for our Nation. And I believe that travel and tourism will be a part of that.

[The prepared statement of Mr. Dean follows:]

PREPARED STATEMENT OF BRAD DEAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER,
MYRTLE BEACH AREA CHAMBER OF COMMERCE

Chairman Schatz, Ranking Member Scott and distinguished members of the Senate Committee on Commerce, Science, and Transportation, thank you very much for the opportunity to join you to discuss the state of America's travel and tourism industry. I am Brad Dean, President of the Myrtle Beach Area Chamber of Commerce, in Myrtle Beach South Carolina. In that capacity, I represent nearly 3,000 businesses which employ more than 46,000 hard-working Americans. Our organization is a proud member of the U.S. Travel Association, the American Hotel and Lodging Association and the U.S. Chamber of Commerce.

I appreciate your invitation to testify on the state of travel and tourism and future growth opportunities. This hearing of the subcommittee on tourism, competitiveness and innovation is well-timed, as communities throughout our nation, in every one of our 50 states, are celebrating National Tourism Week, a week dedicated to recognizing the significant and positive impact travel and tourism has on our Nation and its people. More importantly, as America recovers from the Great Recession and grapples with the challenge of creating jobs and fueling economic growth, I believe travel and tourism can be a key part of the solution.

Background

Myrtle Beach, South Carolina is a small town of approximately 30,000 permanent residents. Several small communities are tied economically to the City of Myrtle Beach but the entire population of our region is still very small by most standards. Despite our small permanent population, the Myrtle Beach area is a major tourism mecca, welcoming more than 15 million visitors each year. As you might expect, tourism is our number one industry, and it fuels other local industries like real estate, construction and retail.

Visitors come to Myrtle Beach to enjoy the 60 miles of beautiful, pristine beaches, 100-plus championship golf courses, and a wide array of amusements, attractions, dining, shopping and entertainment options. While the activities and amenities are a draw, the Myrtle Beach area has been fortunate to enjoy a high repeat visitation rate, due in large part to the extraordinary southern hospitality our visitors enjoy during each visit. The tourism industry in Myrtle Beach generates an annual economic impact of nearly \$7 Billion and sustains more than 73,000 jobs.¹ In fact, two-thirds of all full-time jobs in our community are tied to tourism.

But it's not just Myrtle Beach that thrives on tourism. In my home state of South Carolina, tourism has an annual economic impact of \$17.6 Billion.² Tourism accounts for 10 percent of all jobs in South Carolina.³ And it's worth noting that tourism jobs can't be outsourced to other countries. Suffice to say that tourism is big business in my community and throughout our state, as it is in many states throughout America. Yet we must be mindful that the travel and tourism industry is made up of many small businesses that depend upon the flow of commerce created through travel and tourism. For every Marriott or Disney or Delta, there are hundreds of small, independently-owned businesses that fuel the travel and tourism industry and these small businesses create jobs that keep America working.

¹Salvino, Dr. Robert F. 2012. "The Economic Impact of Tourism on the Grand Strand." Coastal Carolina University. http://www.tourismworksforus.com/docs/TourismImpactStudyCCI_5-16-12_final.pdf

²South Carolina Parks Recreation and Tourism. May 2, 2014. 2013 Fiscal Analysis.

³South Carolina Parks Recreation and Tourism. May 2, 2014. 2013 Fiscal Analysis.

Tourism Leading the Recovery

In my community, tourism has led the economic recovery in recent years. Facing a severe economic downturn in 2008 and 2009, we invested heavily in additional promotion and tourism-related infrastructure, and the results have been astounding. We have experienced three straight years of economic growth, propelling our tourism industry to near-record levels, and the outlook for 2014 is very encouraging. Bear in mind, in my community, when tourism grows, tax revenues for schools and local governments grow, too, so what's good for tourism is good for everyone.

Likewise, the tourism industry throughout South Carolina has rebounded from the recession. Last year, Revenue per Available Room, a key measurement in our industry, was up 6.7 percent. Tourism tax revenues are rising and many new jobs have been created. Both in my community of Myrtle Beach, and throughout South Carolina, our economy has improved substantially and tourism has been a key part of that economic growth.

While there is much to celebrate during this 2014 National Tourism Week, we should not let the success of the recent past cloud our vision of the future, for much remains to be accomplished. As you know, many of the American jobs lost during the recession will not return and too many Americans remain unemployed or underemployed. For too many years, we were not competitive in international travel and tourism, causing us to fall further and further behind and largely missing out on a boom in global travel, resulting in what Roger Dow, CEO of the U.S. Travel Association, in *The Wall Street Journal* rightly termed the "Lost Decade of Tourism".⁴ Small businesses today face a growing level of regulatory burdens which can stifle growth, even with the best of intentions. And, sadly, our transportation infrastructure is failing. If we are to grow America's economy, create jobs and successfully compete in global trade, we must seize the opportunities that lie before us, and growing travel and tourism must be a part of that. The businesses that I represent are prepared to do so, and I suspect that is true not just in Myrtle Beach, not just in South Carolina, but throughout this great nation. But we cannot do this without you. Proactive leadership from this Congress, and the White House, is essential to the future success of our travel and tourism industry. Mr. Chairman, I come before you today to thank you, and your peers, for your leadership in key initiatives that have helped our industry. The attention given travel and tourism by the U.S. Department of Commerce has been superbly managed and administered. Creation of Brand USA, as part of a national travel promotion strategy, was necessary and very impactful. Expanding the use of pre-clearance processes and travel visa waiver programs has positively impacted our industry. A U.S.-Canadian border agreement in 2012 helped grow travel to and from our neighbor to the north.

But let's not stop here. Much remains to be done. With this in mind, I come before you today with three simple recommendations that could have a very positive, long-lasting impact on travel and tourism and, as a result, on our national economy.

Promotion of Travel and Tourism Worldwide

Prior to the creation of Brand USA, our Nation was far from competitive in international travel. There was no 'come visit America' message. Advertising and promotion in foreign countries was largely limited to top-tier cities and worldwide brands. As a result, communities like Myrtle Beach, South Carolina had little or no opportunity to compete on the global scale. As it's now baseball season, allow me to put this in terms that any baseball fan can appreciate: America's international tourism strategy before Brand USA was much like trying to hit a major-league fastball using a broom handle. You can swing all you want, and every now and then you might get lucky, but long-term success is highly improbable, if not impossible.

Under the leadership of Chris Thompson, Brand USA has flourished. In addition to promoting the beauty, grandeur and widespread appeal of America and all it has to offer, Brand USA has opened up promotional doors for communities like mine in countries throughout the world. They provide valuable research and generate added-value publicity that far exceeds anything we could create on our own. More importantly, they allow individual destinations and states to leverage our promotional resources in multiple foreign markets. Prior to Brand USA, my efforts to promote the Myrtle Beach brand were largely limited to Canada. Today, through partnerships with Brand USA, I am able to collaboratively promote our brand, along with my peers in Charleston and Hilton Head, in numerous countries both in Europe and the Far East. Because of Brand USA, our promotional investments generate a much higher return-on-investment and we can now leverage our brands in more markets.

⁴Dow, Roger J. November 21, 2011. "The Lost Decade of Tourism." *Wall Street Journal*.

Since our partnership with Brand USA began, we have seen double-digit growth in international travel to the Myrtle Beach area.⁵ In fact, the growth in international travel to my community has risen at nearly three times the rate of domestic travel. We also now have two airlines providing non-stop service from Toronto to Myrtle Beach. When it comes to Brand USA I have two words for Congress: Thank You. And, if you'll permit me, I have two more words to offer: please reauthorize. This program, which does not cost U.S. taxpayers a dime, is helping to grow tourism and create jobs, not only in Myrtle Beach, but throughout South Carolina and the other forty-nine states.

Invest In Our Infrastructure

In addition, if we intend to market America as the premier place for world travelers to vacation, we need to make sure they are greeted with a world-class transportation system. You are no doubt aware of the delicate situation we face with our Nation's infrastructure. Our highways are crumbling and many bridges are not safe. Our airports are crowded and our roadways are jammed. This problem was not created overnight and it won't be solved overnight, either. But something must be done now. Our infrastructure system is largely inadequate for our needs today, and the situation is only going to get worse. And while we have tremendous prospects for growing travel and tourism, both domestically and internationally, if we cannot meet the demands of our infrastructure system today, we can safely assume we will not be able to seize the opportunity to grow travel and tourism in the future.

Congress must find an adequate source of funding for the highway trust fund which is currently projected to run out in late August. Sadly, there is little to trust about this trust fund. Also, Congress and the Administration should enact a long-term reauthorization of MAP-21 which will expire on October 1st. While the President's proposal last week was a step in the right direction, much more needs to be done. We need the next Federal highway, transit, and safety program authorization bill to be a solution that will work for the future and begin to address the Nation's backlog of construction and maintenance of our roads and bridges.

Congress should also finish what it began with the interstate system. Today, Myrtle Beach South Carolina is the busiest vacation destination in America without interstate access. More than 15 million visitors travel to our community, with most of them coming during the spring and summer months via automobile. Yet we have one four-lane state highway that serves as the main thoroughfare. As you might expect, the first impression, and last impression, our visitors gain is that of congestion and traffic jams. We have used local and state taxes to begin the construction of Interstate 73 and only look to Congress to reauthorize a highway bill and finish what it began so many years ago by completing 35 miles of highway and connecting the Myrtle Beach area to the U.S. interstate system. This will create twenty-nine thousand jobs, boost tourism, attract new industries and save lives in the event of a hurricane.

Likewise, we should seek to modernize our airports and air travel systems. Airport delays at our Nation's gateway airports are becoming far too common and will increasingly become a limiter of productivity and travel.

Reform Regulatory Process

Regulation of business and other industries is necessary and appropriate in many instances, but when regulations are issued without appropriate consideration of their impact and burdens, they become onerous. As a result, businesses, employees and consumers all suffer.

While the pundits often criticize the gridlock in Congress, this apparently has no impact on Federal regulatory activity. According to the Competitive Enterprise Institute, the *Federal Register* finished 2013 at 79,311 pages, yet there appears to be no slowing down. This same report estimates that there are 3,305 regulations in the pipeline, 191 of which are "economically significant", meaning they carry an annual cost of at least \$100 million.⁶

Just one example of regulatory changes being discussed that could have a tremendous impact on travel and tourism, have been precipitated by the Administration's recent memo to the U.S. Department of Labor to update of the Fair Labor Stand-

⁵Myrtle Beach Area Chamber of Commerce. May 2, 2014. 2009–2013 Credit Card Expenditure Analysis.

⁶Hackbarth, Sean. April 17, 2014. "Regulation Nation: Federal Bureaucracy is as Busy as Ever." United States Chamber of Commerce. <https://www.uschamber.com/blog/regulation-nation-federal-bureaucracy-busy-ever>.

ards Act (FLSA),⁷ with the expressed goal of rewriting overtime regulations. The tourism industry is labor intensive and requires workers that are very flexible in the hours they work and the jobs they perform. New unnecessary or burdensome requirements that will only serve to raise the cost of labor without any foresight as to the overall economic impact of new rules and guidelines would weaken the very industry that is helping to lead our Nation out of the Great Recession. Similar to the recent Congressional Budget Office's report on "The Effects of Minimum-Wage Increase on Employment and Family Income",⁸ changes to the overtime regulations could benefit some and cost others their jobs.

In this era of increasing regulation, some measures exceed sensible reform and, occasionally, exceed Congressional intent, as well. Small businesses are caught in the cross-hairs and can easily become the victim of unintended consequences. We've seen this in Myrtle Beach and I suspect we are not alone. Congress, when devising new laws, and the administration when implementing them should apply the same, basic principle that well-managed businesses and households apply: think before you act, and weigh the costs as well as the intended benefits.

Conclusion

Our nation's travel and tourism industry has not merely rebounded from the dire economic circumstances we faced just a few years ago. Today, this industry has emerged from the toughest of times and is healthy and growing. And it's no coincidence that America's national economy is experiencing similar growth. The recent increases in international tourism are a big part of this success, and we can point to the leadership from the U.S. Department of Commerce, advancements made in pre-clearance processes and border security, along with the promotional success of Brand USA, to understand why this has occurred.

Nevertheless, much remains to be accomplished. Our nation faces difficult fiscal circumstances amidst an increasingly competitive worldwide marketplace. At the same time, too many Americans remain unemployed and some of the jobs lost during the Great Recession will not return.

These are big problems. Yet I believe travel and tourism is part of the solution. We can, and I believe we will, reach the objective of 100 million international visitors annually. But doing so requires reauthorization of Brand USA, improvements to our transportation infrastructure, and a sensible approach to government regulation.

I thank you for the opportunity to join you here today. And on behalf of the nearly 3,000 businesses I serve and the more than 46,000 employees I represent, I thank you for your service to our Nation. I, and those in the industry in which I am a part of, stand ready, willing and able to work with you to help propel America forward. There is no doubt we face significant challenges, but thankfully, the problems we face are solvable. And the opportunity for success today is unprecedented. Like you, I still believe that America's best days lay before us, and not behind us, and I thank you for your commitment in leading our Nation forward.

Senator SCHATZ. Thank you very much, Mr. Dean.

Before recognizing Senator Scott for questions, we would like to recognize Senator Blunt for an opening statement.

STATEMENT OF HON. ROY BLUNT, U.S. SENATOR FROM MISSOURI

Senator BLUNT. Thank you, Chairman. And, Chairman, thank you and Senator Scott for leading this committee. We couldn't have two people who are more dedicated to the effort of travel and tourism, and understand what it means to our economy. Both of your states, as Senator Heller's and mine, represent this industry as an important part of our overall economy. I am glad to have this hearing today.

⁷ Obama, President Barack. March 13, 2014. "Presidential Memorandum: Updating and Modernizing Overtime Regulations." Memorandum to Secretary of Labor Thomas E. Perez.

⁸ Congressional Budget Office. February 14, 2014. "The Effects of a Minimum-Wage Increase on Employment and Family Income <http://www.cbo.gov/publication/44995>

All of our states have things to talk about. In my state, from Branson to St. Louis, Kansas City, Hannibal, St. Joseph, and other places, it makes a difference.

Just last month, I was pleased to introduce, with our colleague that I have worked with on these issues before, Senator Klobuchar, the Travel Promotion Enhancement and Modernization Act of 2014. We have been joined already in this effort by two dozen Senate members, bipartisan in nature. A bipartisan companion measure has been introduced in the House by Congressman Bilirakis and Congressman Welch.

This bill would reauthorize the Travel Promotion Act, signed into law in 2010 after 5 years of effort.

Of course, we had a dramatic decline in foreign visitors between 2000 and 2010. When you look at the economic opportunities before us, nothing is more attainable than more foreign visitors, if we just do the right thing.

That is why I was so pleased to be able to work with Roger Dow and his team at U.S. Travel Association, as well as our colleagues in the House to pass this. I think in the House, when I was there, we actually passed the original authorization bill several times. And finally, the Senate caught up and we were able to have a bill on the President's desk and got it signed into law.

The centerpiece for the Travel Promotion Act was establishing the Corporation for Travel Promotion, known now as Brand USA. And, certainly, Brand USA has benefited from the leadership of Mr. Thompson. The efforts that have been made at Brand USA have been significant.

Brand USA is a private-public partnership that markets American tourism abroad, and keeps international travelers informed about our security policies. Other countries have been doing this for a long time. We have only been doing it for a few years now, but I think with obvious results. Virtually every developed nation makes this kind of effort, and the United States is finally joining that competition.

According to a study conducted by Oxford Economics, tourism arrivals grew faster than expected from the countries where Brand USA did its marketing, generating 1.1 million additional international visitors in 2013.

Foreign visitors spend more. They stay longer. And they like us better when they leave, in virtually every single case. Just the sheer diplomatic gains from this, the ability to extend who we are by sharing who we are with people who visit, is by itself, I think, enough of a reason to reauthorize this program. But the economic impact, of course, is great as well.

Brand USA, Mr. Chairman, members of Committee, and the people here at this hearing, is not funded by any Federal tax dollars. Half of its budget comes from the private sector through cash and in-kind contributions. The rest of the budget is funded by a nominal fee assessed on international travelers in the Visa Waiver Program.

So this is money that would not be available if people weren't traveling. It doesn't involve U.S. taxpayer money. But it certainly creates lots of revenue whenever we are part of a successful travel and tourism industry.

Brand USA can't receive these funds without first raising private sector contributions. It can only collect up to \$100 million in fees paid by foreign travelers. Any fees collected in excess of that cap go to the Treasury. And more than \$50 million has already gone to the Treasury since Fiscal Year 2012.

So every traveler that is encouraged to come here actually is likely to help us exceed the amount of money that we collect to promote travel abroad.

Anytime Congress passes legislation, we need to keep the goal of that legislation in mind. And, clearly, those goals have already been stated here in both economic and diplomatic terms.

So I am glad we have this panel here today to talk about travel, generally, and foreign travel, specifically.

And I look forward to an opportunity when we see this legislation on the floor and extend the current program that is clearly proving it can accomplish exactly what we hoped it would accomplish.

Senator SCHATZ. Thank you very much, Senator Blunt.

Senator Scott?

Senator SCOTT. Thank you, Mr. Chairman.

This is a two-part question for Mr. Dean and Mr. Thompson. I saw the announcement by WestJet of an increase of flights from Toronto to Myrtle Beach this summer. These flights can come directly to a smaller airport like Myrtle Beach because of the preclearance program that allows travelers to go through Immigration and Customs processing before boarding the plane, rather than having to connect through a larger international airport.

I was hoping to hear from Mr. Dean about how the Canadian market is contributing visitors to South Carolina. And then perhaps Mr. Thompson could talk a little bit about the success of Brand USA and what it is doing to stimulate the Canadian market specifically.

Mr. DEAN. Thank you, Senator. As you point out, the Myrtle Beach area has grown its penetration in Canada recently. For many years, we welcomed Canadian visitors, but it was typically for about an 8-week season. And it was really only those Canadians living in Ontario who were willing to make an 18-hour drive.

One of our challenges was to broaden our reach, and not simply raise our name I.D. in Canada, but to attract more Canadian visitors to the area.

Through the partnership with Brand USA, we have been able to expand our destination awareness not only in Ontario, but throughout other areas. Part of the benefit of that has been attracting direct air service from Toronto to Myrtle Beach.

To use a sports analogy, this is a game changer. This allows us to bring Canadian visitors not only for 8 weeks out of the year but for now 8 months out of the year. And it reaches a whole new segment of travelers who wouldn't have come to the area before.

And what we have seen even in the past 12 months is some of those Canadians are now buying real estate in the Myrtle Beach area and becoming investors. So this is truly helped to expand our presence there.

Part of that are the promotional efforts and support from Brand USA. But, Senator, part of that as well is the preclearance that has

been established, and helps make the travel more efficient and more enjoyable when coming to this area.

I daresay, as a small destination that is not a port of entry, without that, we would not have much success in attracting air service to the Myrtle Beach area. But because of preclearance and Brand USA, we have been able to do that.

Senator SCOTT. Thank you. That is, certainly, important for a community with 30,000 residents and 15 million tourists. The importance of the program and its success with preclearance really has been illuminated.

Thank you, Mr. Dean.

Mr. Thompson?

Mr. THOMPSON. Senator, I appreciate the opportunity to talk about the Canadian market. It is clearly our number one market. We share a border, which obviously explains a lot of that.

It is also one of our established markets. So if we look at our goal of 100 million visitors by 2021, we currently are at 70 million. In order to get to that goal, we are not going to get huge numbers out of Canada because we already enjoy a huge market share, not only in South Carolina, Myrtle Beach, but many states along the Eastern seaboard, in particular. And the Western seaboard, from the Vancouver area, already enjoys great Canadian visitation.

But in order get to the 100 million visitors annual number, we have to maintain in our existing markets. So we are deeply deployed in Canada. It is not really talking about the dream phase of visiting. These are visitors who have been here many times. So in a lot of cases, it is asking them to continue to come back and go to the destinations that they have been to before, but otherwise, explore beyond the gateways and maybe to other cities and other states that they haven't been to before.

And this example is what Brad was talking about as far as our partnership. If you look at our ability to be able to find ways to add value to what is already there, this is a partnership with Brand USA working with our supplier partner in this case, which is Myrtle Beach, our buyer partner in this case, which is WestJet, to actually leverage the opportunity to promote that destination and to bring greater focus to it.

And I think what Brad would tell you, what he shared with me, is the ability to bring in the additional flights and the reach has actually expanded their season from what was 5 months to 9 months. And he is telling me that with a little more promotion, that we are liable to turn it into a year-round market.

So those little success stories are going to allow us to be as successful in the markets that have been supporting us for so long, but continue to help communities like Myrtle Beach as they are trying to expand their international footprint.

Senator SCOTT. Thank you, sir.

I have just a couple minutes left, so I want to get to two more questions.

There is no doubt, Mr. Thompson, that the Brand USA activities and program have been very successful. And as we think about going from 70 million visitors to 100 million visitors, and looking specifically at the in-kind contribution, you said earlier that the

program has been supported by 3 to 1 by Members of Congress and 3 to 1 here in the Senate.

One of the concerns focused on are the in-kind contributions, and the GAO reports suggest perhaps that the way the in-kind contributions are being counted needs to be done better.

Do you have any comments about what the organization has been doing to address those concerns?

Mr. THOMPSON. Yes, sir. In particular, those concerns were tied to—first of all, our charge is to not only attract cash contributions, but in-kind contributions. Those in-kind contributions that we get, where we can—for instance, for media that is donated to us and there is an invoice tied to that media, and it would be what we would have to pay in order to replicate that media, that is something that is an easy in-kind match dollar for dollar.

When it is, for instance, logo advertising in ads, we have a third-party outside source that actually helps us evaluate what that is worth to us. And then that is shared with Commerce and Treasury, and also vetted by Commerce and Treasury, to be able to determine that value.

That process is what was called into question, and agency that we hired initially to bring on board was not done in our normal procurement procedures. But since then, we have RFPed that process. And we have a regular, ongoing working relationship with the Department of Commerce where we literally addresses those issues on a daily basis for sure, and at minimum twice a year.

Senator SCOTT. Thank you.

Mr. Dow, as you testified, last year we were able to attract about 70 million visitors, international visitors, a 4.7 percent growth rate. For us to achieve a goal of 100 million visitors, we are going to have to have a slightly higher growth rate that is sustained over the next 6 or 7 years.

Do you think this growth rate is achievable? And what other changes would we need to consider for us to achieve that goal?

Mr. DOW. It is absolutely achievable.

Number one, reauthorize Brand USA because it is promoting the United States as a travel destination to many international markets.

Two, add more countries to the Visa Waiver Program. There are 9 countries that would make a lot of sense, such as Brazil, Poland, and Israel. Visa Waiver Program countries increase travel and improve security.

Three, making sure that those low visa wait times for interviews stay there. That is what the JOLT Act does in the comprehensive immigration bill that moved forward in the Senate. We want to make sure either the JOLT Act or the immigration bill gets passed, or you attach JOLT to something else, because you don't want to lose the gains that you have achieved in visa reform.

And lastly, we have to find a way to make it easier for international travelers to come and return to the U.S. easily. A lot of them are shifting to—you mentioned Canada. The Chinese go to Canada because they can get a 10-year visa. We only give them a 1-year visa. They can go to and from Canada very easily.

We don't want to lose those travelers because a lot of them are not only leisure travelers, they come here for business, and to buy American products.

Senator SCOTT. Thank you.

Final question, Mr. Dean, I was interested in the points you brought up about the Federal regulatory environment and its impact on local tourism, whether it is a 30-hour workweek, or other issues. I would love just to hear you expound a little bit on the impact of the regulatory environment and what we can do to perhaps stimulate more tourism if we were able to have a different secret sauce.

Mr. DEAN. Sure. Thank you, Mr. Scott.

You know, you referenced some numbers earlier, \$2 trillion of economic output, and, of course, the tens of millions of dollars that come with that. There is no doubt tourism in America today is big business.

But we shouldn't lose sight of the fact that the big business of tourism is made up of small businesses.

I run the largest chamber and CBB in the Carolinas, yet four out of five businesses that I represent have 20 employees or fewer. So tourism is big business but made up of small businesses.

And oftentimes it seems that the regulation that comes out of Washington, while well-intentioned, and in many cases very necessary, can also stifle growth in small business, if it is not appropriately considered and implemented.

I think of a recent situation in the Myrtle Beach area where it was nothing other than a bizarre overreach by one Federal agency that held 3,000 jobs at bay. I realize here in Washington, that is probably a rounding error.

But for me, that wasn't a number. These were friends and neighbors and coworkers.

And with all due respect, I should point out that regulatory decision was not made by Congress, and it took 4 1/2 years and 42 trips to the Nation's capital to rectify that. Now, the Congress did rectify that, but the effort it took just to solve an issue that never really existed—there was no problem to begin with—it was just very challenging for our business community.

You know, if I could wave a magic wand and change one thing in Washington today, it would be that Congress when passing laws and the administration when implementing them would do what well-managed businesses and households do: Think before you act, and weigh the consequences as well as the intended benefits. And that, with a heavy dose of common sense, I think would lead to regulation that would be fruitful for our Nation.

I noticed the *Federal Register* last year, I think, ended up at over 79,000 pages, but what is alarming to me is that there are 3,300 regulations in the pipeline. Many of those are economically significant.

Some of them are very important and necessary. But if we are not careful, we could stifle the very growth that all of us are working together to try to achieve.

Senator SCOTT. Thank you, Mr. Dean.

Mr. Chairman, thank you for the lavish amount of time that you have provided me during this hearing. I haven't had this experi-

ence previously to talk more than 5 minutes. I appreciate being a ranking member under your leadership.

Senator SCHATZ. Well, thank Senator Heller for waiting.
Senator Heller?

**STATEMENT OF HON. DEAN HELLER,
U.S. SENATOR FROM NEVADA**

Senator HELLER. Is this a community where we all get 10 minutes?

Senator SCOTT. No, sir.

[Laughter.]

Senator SCHATZ. So ordered.

Senator HELLER. Thank you very much for holding this hearing, to both the Chairman and Ranking Member.

I also want to thank our witnesses for taking time to be here today.

I don't think you can have a discussion on tourism, these issues, without someone talking about Nevada and the growth we are seeing, especially in Las Vegas. And that is what I would like to do today, I would like to give some perspective of what is going on in Las Vegas.

I don't have to defend the importance of tourism for the state of Nevada and specifically Las Vegas. We can talk about Reno, we can talk about Lake Tahoe, but obviously the hook would be in southern Nevada.

I would say the brand is probably as strong as ever in southern Nevada, the Las Vegas area. I think that resonates around the world.

We have seen some pretty good statistics, there is some growth. And it is good to see after this recession, because as you can imagine, Nevada was hit pretty hard the last 5 years. To see the kind of growth we are now seeing in visitations, not only domestically but internationally, it plays out quite well.

Just this past March, we had a record of nearly 3.7 million visitors into Las Vegas. The first quarter of this year, 10.2 million visitors. For the first time, we believe, for 2014, we will break the 40 million visitor mark.

And I think the business community is so confident in the future of the growth of Las Vegas that we now have \$9 billion worth of projects under construction or near construction over the next several years.

So it all bodes very well. I don't think I have to make the argument that, as important as tourism is for South Carolina and Hawaii, that Las Vegas has been and will continue to be the number one meeting and convention destination in North America.

But I do also want to move over to international visitation. We know that international visitors stay longer and spend more. And currently 20 percent, or nearly 8 million, of our visitors are international. And our goal is to grow that international number to 30 percent in Las Vegas over the next decade. And that is probably where most of you come in.

The top three international markets for Las Vegas in 2012, it probably doesn't surprise you, are Canada, Mexico, and the U.K.

But they are followed by Australia, China, Hong Kong, France, Germany, South Korea, Brazil, and Japan.

We want to expand this particular market. Places like Brazil show tremendous promise for cities like Las Vegas.

I know there are hurdles. I want to talk to you about what some of these hurdles are. Mr. Thompson, maybe you specifically. I wish there were some representatives here from the government, but maybe you can enlighten us on what some of these hurdles are in order to bring some of these international visitors into the country.

Mr. THOMPSON. Thank you, Senator. I appreciate the opportunity to comment on that.

Certainly, our focus is on the marketing side of the equation, so we want to market, first of all, the opportunity and the vast amount of experiences that are provided by our destinations and our brands. And if we do our job well enough, then that is going to obviously continue to fuel the demand that you are talking about that Las Vegas has experienced very well.

I think a lot of what has been highlighted here through my colleagues are the issues at hand, both at the national level and the local level.

I think as far as Visa Waiver, the opportunity to be able to bring additional countries into Visa Waiver, our ability to improve and expand upon the welcoming aspect of the travel and tourism industry as it relates to the first impression once they get here, particularly in some of the areas that are the major chokepoints, are probably two of the main things that could contribute significantly to being able to expand not only visitation to the entire country, but also to Nevada.

And I know my colleague, Roger Dow, would be able to speak to even more on that.

Senator HELLER. If you could, please.

Mr. DOW. Yes, Senator. Again, thanks for all your support with the JOLT Act and all those things that you are behind.

The hurdles, I will take Las Vegas and be very specific. For example, McCarran International Airport is expanding greatly internationally, but PFC funds for McCarran are tapped out for the next 40 years, because the passenger facility charge is already committed to pay for bonds and future projects. If we increase the fee to \$8.50, it gives the airport a huge opportunity to increase investment and modernize. That investment can only be made for capacity, security, airport noise, safety, and competition. It can't be used for a McDonald's or revenue-generating areas. So funding for airport infrastructure is a big hurdle.

Another hurdle is not having enough Customs and Border Protection officers at our gateway airports to process international travelers. We applaud the first 2,000 officers that were just appropriated, but we need more.

When you look at the number of visitors we are getting, and the goal to attract 100 million, the current CBP staffing during peak times can sometimes feel like having one cashier at Costco during the holidays. It just doesn't work.

When these people stand in line for hours, it is a shame. They are ticked off before they get to Las Vegas.

So there are two big hurdles, having enough CBP officers to get them through entry and having the opportunity to build adequate infrastructure at our airports.

Senator HELLER. I agree. I have stood in those lines, by the way. And it can be very frustrating. And I wondered what the return rate is, having stood in those lines for so long.

Going to Brand USA, I think Brand USA has been very instrumental to cities like Las Vegas. For that reason, those promotion efforts to premier travel destinations, I think, have done a great job. And for that reason I have cosponsored the legislation and the reauthorization, as you mentioned, Mr. Dow.

But I guess my question is this, I think there needs to be more transparency and accountability. I think CBO came out with a report regarding performance indicators, performance measures, and addressed concerns regarding the competitive procurement process.

Can you speak on that a little bit, what we have been doing to try to improve that, Mr. Thompson?

Mr. THOMPSON. Absolutely. Initially, as far as the performance indicators that are in place, the main part of our emphasis in the first couple years was the launch of our brand campaign. As we deployed that in three markets around the world, Canada, the U.K., and Japan, our measures on the frontend of it was what was our message, how is that influencing the intent to travel. So we feel like at our level, three times removed from our partners at the city and State levels, and in cooperation with our brands, if we can load the funnel, we can keep the USA top of mind, that is our ability to then have an impact on that.

What we are now putting into place are not just those broad measures, but how do we deploy against specific marketing channels. And probably the most obvious example of accountability has been the most recent study, which looked at the entirety of what we are doing, not just as Brand USA, but in partnership with our suppliers and our buyers around the world, and that overall ROI that was incremental visitors that Senator Blunt talked about, and that I talked about my presentation.

As far as accountability, the GAO really only cited one example of where we stepped outside of our procedures, and it was in the very early stages of the existence of the organization. It was in that ability for us to be able to bring forward an outside third party that could help us evaluate our in-kind contributions. And there are actually very few companies that do that. So in cooperation with the Department of Commerce and with Treasury, we actually identified a company that could do that. It wasn't a competitive process, but it was the best company at the time that could do that.

But since then, as I mentioned just a while ago, we are entering into an RFP process as we speak to actually verify that that company is the correct one or to look at others that are going to be able to help us.

Senator HELLER. Thank you very much. My time has run out.

Thank you, Mr. Chairman.

Senator SCHATZ. Thank you, Senator Heller. And thank you for raising the question of bringing some of our government agencies to the table in subsequent hearings. And, certainly, Ranking Mem-

ber Scott and I will be taking a hard look at that, so we can get some additional information.

Thank you to all of the testifiers. I will have some additional questions for the record, as well.

I would like to start with Mr. McCartney.

You know that Hawaii has been doing travel promotions since the 1900s. I would like to ask you if you have any lessons learned for the Committee or for Brand USA or U.S. Travel to offer to us.

Mr. MCCARTNEY. It is not just marketing. It is putting everything together. It is an experience. It is the people, place, and culture.

You can market all you want, but if you don't have a great destination, people don't have a good time and enjoy themselves.

When you look at some of the issues of standing in line or not getting to their vacation destination as quickly as possible, those all have cumulative negative impacts on the vacation experience.

So I think one of the lessons we have learned over the years is that you have to provide a great experience. You can have all the marketing you want in the world, but if you don't provide a great experience, it won't last.

Number two, I think what we have learned as competitors: We have to work together. We all live on an island. We all live in the U.S. We all live in the world. We are all going to have to work together.

And there are enough visitors to go around, if we all work together and make that happen. We can learn a lot from each other. So what we have done in Hawaii, many times, competitors work together. And we sit down and we talk about what is good for Hawaii, not so much their business, but for Hawaii.

And we know that if Hawaii grows, their business will grow. And I think we see partnership lining up very closely with Brand USA.

Really quickly, Mr. Chair, we are working on a special program with Brand USA, where we have a marketing co-op program where we have a 3 to 1 match. Now we have a 4 to 1 match because we are working closely with them on Japan marketing programs. So, for example, Japan travel bureau, instead of us getting a \$300,000 program, thanks to them, we have a \$400,000 program.

It helps America. It helps us. It helps improve exports.

So we are looking to working with each other on how to leverage our resources. We are probably going to spend \$1 million on that type of programming as we go forward into the future.

Senator SCHATZ. Thank you.

One more question for you, Mr. McCartney, about the Asia-Pacific region. Can you talk about the potential generally, but I am interested for the purposes of the record for you to kind of take us through the major targets that you see from an HTA standpoint, but also from Brand USA and U.S. Travel.

Mr. MCCARTNEY. There is a PowerPoint in my presentation, and it actually gives circles of the major markets. And if you were to look at Hawaii's visitor portfolio, we are like a mutual fund, and we want to diversify our investments.

We are diversifying our investments by pivoting to Asia. And by pivoting to Asia, we are going to our core market in Japan, where we have almost 20 flights a day, and adding direct flights from var-

ious destinations—Fukuoka, Nagoya, Osaka, Haneda, Sapporo. Those are all direct flights.

We are looking at creating direct access. We are creating charter flights where farmers finish their farm season and catch a direct flight from their city to Hawaii. Direct access is so critical and important.

Korea, because it is a Visa Waiver country, and we see the growth. We have four flights per day now, Hawaiian Airlines flights, two Korean Airlines flights, and an Asiana flight. Incheon International Airport is one of the best hubs in the world. I invite all of you to go there.

They connect to over 20 cities in China. They connect all over Europe. You can catch flights from India there.

We are expanding to China. I just came back from China last week on the first Hawaiian Airlines flight to Beijing. So we are having Air China and Hawaiian Airlines go to Beijing, and we have China Eastern with direct flights from Shanghai. So we have nine flights per week.

We are also working very aggressively in Oceania. That would be Australia. So we are not only going to Sydney but Brisbane and Melbourne.

They are doing well economically because they are selling minerals to China. They have disposable income. They love to come to Hawaii. So those markets are growing.

We are expecting almost half a million visitors from Oceania. We also have markets growing in Australia.

We are working hard to expand Taiwan. Taiwan is a new Visa Waiver country. We had two carriers, but we are back to one. We think that is going to continue to grow. We see growth in Hong Kong.

So Asia has a lot of potential for America. So we talk about preclearance. That should be a no-brainer for us. Just as Canada is one of our best partners, our greatest ally, so is Japan. Why shouldn't we create a relationship with them where we can do business with each other? They can fly directly. I can see JAL flying directly into Myrtle Beach, getting off the plane and having a wonderful experience. It benefits us all.

I think Hawaii will get our fair share. But I think we need to seriously look at that. And that is going to take the work of a lot of you. It is going to take work of Senators, because it takes a treaty to make that happen.

The last big treaty that took place was between Shannon, Ireland, and the United States, and I wonder what Senator helped with that.

So you are in a position where you can make a great difference, and we are in a position where we can help you. All our cities, all our States, would benefit. If we work together, get a few countries in on preclearance, it could make a big difference.

Senator SCHATZ. Thank you very much.

Mr. Dow, I know that U.S. Travel published a report, which conveyed to me the urgency on improving the entry process. And you provided some of the key findings in your testimony. I am wondering whether you wouldn't mind further explaining, especially the polling data that I found alarming, that almost 4 out of 10 visi-

tors would be less likely to come back to the United States as a result of the delays. I am wondering if you could convey to us some of your findings.

Mr. DOW. Yes, sir. As we spoke earlier, this is a major challenge to overcome, when you have 43 percent of overseas travelers saying they would recommend against coming to the U.S. The worst news is that those visitors are going to tell eight people about their entry experience.

So you have these people that become tourism terrorists, that begin telling their friends don't go there because of major delays at airports.

One in seven people are missing connections. So they get to their destinations late or not at all. They think they are going on a cruise. Guess what? They can't make their connection, so they miss their cruise, or they miss the flight to Hawaii, or their flight home.

Improving our entry process is very, very important. One of the things we have to get right, along with the right number of officers, is metrics. I applaud many things that CBP is doing. They are doing a great job putting together schedules and where officers should be deployed.

But we also need metrics. We need to know, is it working? What are the numbers? This is customer satisfaction.

When you run a business, and you have been a businessman yourself, you want to know: Are my customers happy? Are they telling their friends they ought to come here, versus telling their friends they shouldn't come here?

Senator SCHATZ. Thank you very much.

Senator Blunt?

Senator BLUNT. Well, thank you again for having this hearing. I know a couple questions Senator Heller asked were questions I would ask. I may have a question or two for the record.

Do we have any indication, I know I had some numbers in my testimony, Mr. Thompson, on increases from countries that you were advertising in, that Brand USA was active in. Is that trend continuing? Do we have any later numbers than 1.1 million additional visitors we believe we got from countries where you have made your effort?

Mr. THOMPSON. No, sir. Thank you for the question. We are actually working right now on being able to translate that down from the overall 1.1 million incremental visitor number. And a lot of that, unfortunately, or fortunately, is tied to the Department of Commerce numbers as it relates to our ability to be able to account for that.

We do know that, in the markets we have been very active in, on the indicators that we have in place, which is our ability to influence intent to travel, which is keeping the USA top of mind in a very competitive marketplace with lots of promotion and advertising going on from an increasing number of countries around the world. What we are looking for now is to be able to translate that intent into actual visitation.

Our first attempt to be able to do that was the study by Oxford Economics. They looked at it in a macro way. And now we are working with Commerce to figure out how to take the macro numbers and put it down to individual countries.

Senator BLUNT. And in terms of the private sector matching funds, how do you look at that today after the several years of experience we now have had? And what kind of thing do you think really should qualify? And what kind of thing would you think is less of a matching component to what you are doing?

Do you have some standards that have changed over the last couple years? Would you talk a little bit about that?

Mr. THOMPSON. Yes, sir. That is a relationship that we have in partnership with the Department of Commerce. Commerce is the lead agency as it relates to our relationship with Congress and our relationship with the Federal Government. And we have been working on those standards for matching, particularly as it goes to in-kind, from day one.

We talk about those on a regular basis. We refine those at least a minimum of twice a year.

I would say that what we have in place right now is pretty good. It is actually very strong. We have refined the things that have proved to be very valuable both to us and in the eyes of Commerce and Treasury. So that has been an ongoing relationship.

And what we are actually finding is the cash contributions, that is where people see value in what we are doing in marketing the country around the world, have increased significantly. In our first year, we brought \$26 million of cash contributions from industry to the table. Last year it was \$32 million. We actually expect the current Fiscal Year to actually exceed the number from last year.

So we see a growing confidence by our partners, the supplier partners around the country, in what we are doing and the value proposition we are creating. And we see great strength in the relationship we have with the Department of Commerce to make sure that, the resources that we are given by the Federal Government, that we spend those in a very efficient and effective manner.

Senator BLUNT. And what new countries are you looking at that you would want to be making efforts in beyond where you are now? Or maybe you just want to concentrate on the decisions you already made?

Mr. THOMPSON. Out of the gate, we were in Canada, U.K., Japan, because those were some of our established market that we wanted to maintain our market share. But now, we are actively involved in Japan, South Korea, China, Taiwan, Hong Kong, India, Australia, New Zealand, Brazil, and Mexico. So we have expanded our footprint considerably over the last year.

We, actually, through our representation or through the activity that we have in market, we are actively involved in 30 major markets around the world that represent 92 percent of the inbound travel that comes to the United States. So we feel that is a really good footprint now that we got to where we were originally planning to get to.

But now the three keywords that we are operating on is how do we continue to collaborate, integrate, and optimize with what we are doing. As you can imagine, when I was at the state of Florida, 90 percent of the visitation came from around the country. So when you are deploying resources domestically, it is pretty uniform as far as mediums and opportunities and whatnot. But you can imagine, as we are trying to deploy resources around the world, we not

only have different cultures but different mediums within countries.

So now, what we are trying to do is figure out how to optimize our resources against all of those countries and different opportunities that they provide.

Senator BLUNT. Thank you.

Thank you, Mr. Chairman.

Senator SCHATZ. Thank you, Senator Blunt. Thank you for your leadership on this issue for many, many years, on a bipartisan basis.

I think you have seen from this subcommittee hearing that there is strong bipartisan support for this issue, because it knows no ideology, because in a lot of ways, what we have to do is difficult, but it is not complicated. It may be a real challenge for us to be as helpful as we really need to be and want to be in the Congress, but there is not very much disagreement among members in either chamber or either party.

The other thing that strikes me is how much private sector leadership is required, and there continues to be. So I want to thank the testifiers, thank my ranking member, thank Senator Blunt for his leadership.

And we are looking forward to working with you on ongoing basis.

[Whereupon, at 11:12 a.m., the hearing was adjourned.]

A P P E N D I X

AMERICAN HOTEL & LODGING ASSOCIATION
Washington, DC, April 7, 2014

Hon. AMY KLOBUCHAR,
United States Senate,
Washington, DC.

Dear Senator Klobuchar:

The American Hotel & Lodging Association, the sole national association representing all segments of the 1.8 million-employee U.S. lodging industry, commends you for introducing legislation extending the Travel Promotion Act of 2009 until FY 2020 and reauthorizing a critical tourism promotion entity, BrandUSA.

BrandAUSA (formerly the Corporation for Travel Promotion) was established by the Travel Promotion Act to help attract millions of new international visitors, explain U.S. security policies, and promote the U.S. as a premier travel destination. It is paid for entirely by international travelers and voluntary industry donations; no taxpayer money is involved.

Nearly every other country in the world has an official program to welcome international tourists to their nation, and the lack of a similar promotional program in the U.S. is preventing us from maximizing the number of visitors to our country. Through industry efforts like BrandUSA, travel is now increasingly recognized as a leading growth industry and a source of valuable jobs that cannot be outsourced.

Between 2011–2012, international travel to the United States increased 7 percent to a record 67 million visitors, resulting in the U.S. claiming the most tourism receipts (11.7 percent) in the world in 2012. In 2012, international visitors contributed \$180.7 billion in travel spending and supported 14.6 million jobs in all 50 states, including 7.7 million directly in the travel industry. Reauthorization of BrandUSA will help ensure a sustained increase in international travelers coming to the U.S. and staying in our hotels, which will allow the lodging industry to continue driving this economic activity and much needed job creation. Further, we appreciate your efforts to include additional transparency and accountability measures to allow for the program's success into the future.

AH&LA and our members across the country thank you for your leadership on this issue, and we look forward to working with you to make sure BrandUSA is reauthorized.

Sincerely,

The American Hotel & Lodging
Association
Alabama Restaurant & Hospitality
Alliance
Alaska Hotel & Lodging Association
Arizona Lodging & Tourism Association
Arkansas Hospitality Association
California Hotel & Lodging Association
Colorado Hotel & Lodging Association
Connecticut Lodging Association
Florida
Restaurant & Lodging Association
Georgia Hotel & Lodging Association
Hawai'i Lodging & Tourism Association
Illinois Hotel & Lodging Association
Indiana Restaurant & Lodging
Association
Louisiana Hotel & Lodging Association
Maine Innkeepers Association
Massachusetts Lodging Association

Michigan Lodging and Tourism
Association
Montana Lodging & Hospitality
Association
Nebraska Hotel & Motel Association
Nevada Hotel & Lodging Association
New Hampshire Lodging & Restaurant
Association
New York Hospitality & Tourism
Association
North Carolina Restaurant & Lodging
Association
Ohio Hotel & Lodging
Association
Oklahoma Hotel & Lodging Association
Oregon Restaurant & Lodging
Association
Pennsylvania Restaurant & Lodging
Association
Rhode Island Hospitality Association

South Carolina Restaurant & Lodging
Association
Tennessee Hospitality Association
Texas Hotel & Lodging Association
The Hawai'i Lodging & Tourism
Association
Utah Hotel & Lodging Association
Vermont Chamber of Commerce

Virginia Hospitality & Travel
Association
Washington Lodging Association
West Virginia Hospitality & Travel
Association
Wisconsin Hotel & Lodging Association
Wyoming Lodging & Restaurant Associa-
tion

AMERICAN BUS ASSOCIATION
Washington, DC

Hon. GUS BILIRAKIS,
United States House of Representatives,
Washington, DC.

RE: SUPPORT FOR HR 4450

Dear Mr. Bilirakis:

My name is Clyde J. Hart and I am the Senior Vice President for Government Affairs and Policy for the American Bus Association (ABA). The ABA is the premier trade association for the private over-the-road bus and motorcoach industry. The ABA is home to some 800 bus operator companies and also represents some 3200 associations, companies, destinations, attractions, hotels and restaurants in the North America. Our bus operating companies transports some 640 million passengers annually. We transport more passengers in two weeks than Amtrak does in one year.

At the same time ABA is very interested and very engaged in promoting travel to the United States as a tourist destination. Our membership includes many convention and visitors' bureaus (CVBs) and Chambers of Commerce whose mission is to increase tourism to their areas. Moreover, ABA membership extends to attractions and destinations in Canada. It is because of our mission to grow the motorcoach travel industry that we support HR 4450, the Extend the Travel Promotion Act of 2009, bill.

The Travel Promotion Act of 2009 did much to promote travel into the United States. It is responsible for bringing 1.1 million tourists into the country. The TPA demonstrated the success of a public-private partnership in advancing tourism and the need for it. ABA is happy to be a part of the coalition of tourism entities to continue the work of the TPA.

Sincerely yours,

CLYDE J. HART,
*Senior Vice President for
Government Affairs and Policy.*

Cc: Adam Russell Adam.Russell@mail.house.gov

AMERICAN GAMING ASSOCIATION
Washington, DC, April 17, 2014

Hon. GUS BILIRAKIS,
United States House of Representatives,
Washington, DC.

Hon. PETER WELCH,
United States House of Representatives,
Washington, DC.

Dear Representatives Bilirakis and Welch,

On behalf of the members of the American Gaming Association, I write to express our endorsement of your legislation to strengthen our Nation's ability to promote and market that international travelers visit the United States. AGA strongly supports the reauthorization the Travel Promotion Act and the good work of agency responsible for achieving this mission, Brand USA.

Overwhelmingly approved by Congress in 2010, the Travel Promotion Act, which created the public-private partnership Brand USA, helps our nation:

- Regain its share of the booming travel market, thereby enhancing U.S. economic growth;

- Spur American job creation—as international travel supports 1.2 million American jobs;¹ and
- Advance public diplomacy through better communication of U.S. security policies and clearly articulating that the U.S. welcomes international travelers.

Moreover, all of these benefits come at zero cost to American taxpayers, as the costs for Brand USA are underwritten jointly by private-sector contributions, which are matched by a \$10 fee incurred by visitors from Visa Waiver Program nations.

International business and leisure travel is critical to gaming communities across the U.S., as gaming serves is a popular activity among international visitors and as many of our Nation’s most attractive and desirable destinations are also home to casinos.

The fastest growing inbound travel market, Chinese identify “visiting casinos” as one of the top ten activities during a visit to the U.S. With the average Chinese traveler spending more than \$7,000 per visit, it’s essential that we’re marketing and promoting for these and other international visitors to spend their money here rather than the other emerging overseas gaming markets, which are located in closer proximity and—at times—easier places to visit than the U.S.

Reauthorizing Brand USA to help market and promote gaming along with the myriad benefits of visiting the U.S. is critical to our economies continued success and global competitiveness.

Thank you for championing this legislation and working with Senators Klobuchar and Blunt toward a bipartisan, bicameral passage of the reauthorization of the Travel Promotion Act and, in turn, Brand USA.

We appreciate your leadership and stand along with our 332,000 strong gaming employees ready to assist your efforts.

Sincerely,

GEOFF FREEMAN,
President and CEO,
 American Gaming Association.

ASAE—THE CENTER FOR ASSOCIATION LEADERSHIP
 Washington, DC, May 8, 2014

Dear Representative Bilirakis:

ASAE represents more than 21,000 association executives and industry partners from nearly 10,000 tax-exempt organizations. Our members manage leading trade associations, individual membership societies, and voluntary organizations in every state as well as in 50 countries around the globe. Associations are highly supportive of policies that facilitate international travel to meetings and conventions here in the U.S.

As a stakeholder in the travel industry, ASAE fully supports your bill, H.R. 4450/S. 2250—the Travel Promotion, Enhancement, and Modernization Act of 2014. This bipartisan bill will reauthorize Brand USA, allowing the public private partnership to continue its critical work promoting the U.S. abroad and attracting international travelers to our shores.

International travel is a major economic driver for the U.S. economy. When international visitors travel to the United States, they inject new money into the U.S. economy by staying in hotels, spending in stores, visiting attractions and eating at restaurants. In 2013, international visitors to the U.S. spent \$180.7 billion, making it the leading service export of all U.S. industries.

While it is clear that travel is helping drive the U.S. economic recovery, the benefits could be far greater. The United States’ share of global international long-haul travel actually fell from 17 percent in 2000 to just 13.2 percent in 2013 despite a nearly 60 percent growth in overall global travel. While global international travel boomed over the last decade, America failed to keep pace. In 2010, Brand USA was created by the Travel Promotion Act to reverse this trend and has already begun to show an impressive return on investment.

For every \$1 Brand USA spent in 2013 promoting the U.S. abroad, \$47 were spent by added international visitors. For Fiscal Year 2013 alone, Brand USA attracted 1.1million additional international travelers whose spending supported more than 53,000 new American jobs. The average international visitor spends \$4,500 per trip on American goods and services in communities across the country.

¹Source: U.S. Travel Association

This legislation would help the U.S. regain our lost market share by allowing Brand USA to continue promoting the U.S. in what has become a truly competitive global travel market. Half of Brand USA's budget is funded by the private sector, with a match (up to \$100 million) provided by \$10 from a fee assessed on visa-free international travelers screened through Department of Homeland Security's Electronic System for Travel Authorization (ESTA). Under this funding structure, Brand USA benefits the U.S. economy at no cost to American taxpayers.

I urge you to help us create more American jobs by advancing H.R. 4450/S. 2250—the Travel Promotion, Enhancement, and Modernization Act of 2014, a common sense, bipartisan approach to boosting travel to the U.S. and strengthening our economy.

Sincerely,

JOHN H. GRAHAM IV, CAE,
PRESIDENT AND CEO.

AMERICAN SOCIETY OF TRAVEL AGENTS
Alexandria, VA, April 11, 2014

Hon. AMY KLOBUCHAR,
302 Hart Senate Office Building,
Washington, DC.

Hon. ROY D. BLUNT,
260 Russell Senate Office Building,
Washington, DC.

Dear Senators Klobuchar and Blunt:

I am writing on behalf of the American Society of Travel Agents (ASTA) to express our full support for the Travel Promotion, Enhancement, and Modernization Act of 2014 (S. 2250), bipartisan legislation to reauthorize Brand USA.

ASTA represents 3,300 travel agencies and related travel companies who collectively account for 80 percent of the estimated \$141 billion in travel booked through the travel agency channel in the U.S. Our members vary in size from the smallest home-based agent to the large travel management companies like Carlson Wagonlit to the household-name online agencies like Expedia and Priceline.

Internationally, we are proud to count among our members nearly 800 travel agencies in 120 different countries who drive a substantial amount of “inbound” travel to the U.S., a fact recognized by the 2012 National Travel and Tourism Strategy, which noted that “travel agents are important sources of trip planning information for many international travelers.”

As such, ASTA strongly supports S. 2250, which will help the U.S. recapture our historic share of worldwide overseas travel. We view the Travel Promotion, Enhancement, and Modernization Act as essential to marketing the U.S. as a desirable destination for international tourists, conferences and business, and applaud your commitment to generating jobs and economic activity through increased travel. If there is anything ASTA can do to help advance this legislation, please let us know.

Thank you for considering ASTA's views on this critical issue. If you or your staff have any questions on this or any issue related to the travel industry, please don't hesitate to contact me or Eben Peck, ASTA's VP of Government Affairs.

Yours sincerely,

ZANE KERBY,
President and Chief Executive Officer.

BUSINESS TRAVEL COALITION
May 16, 2014

Dear Members of Congress,

As Chairman of the Business Travel Coalition, I urge you to co-sponsor H.R. 4450/S. 2250—the Travel Promotion, Enhancement, and Modernization Act of 2014. Introduced in the House by Representatives Gus Bilirakis (R-FL-12) and Peter Welch (D-VT-1) and in the Senate by Senators Amy Klobuchar (D-MN) and Roy Blunt (R-MO), this bipartisan bill will reauthorize Brand USA, allowing the public-private partnership to continue its critical work promoting the U.S. abroad and attracting international travelers to our shores.

International travel is a major economic driver for the U.S. economy. When international visitors travel to the United States, they inject new money into the U.S. economy by staying in hotels, spending in stores, visiting attractions and eating at

restaurants. In 2013, international visitors to the U.S. spent \$180.7 billion, making it the leading service export of all U.S. industries.

While it is clear that travel is helping drive the U.S. economic recovery, the benefits could be far greater. The United States' share of global international long-haul travel actually fell from 17 percent in 2000 to just 13.2 percent in 2013 despite a nearly 60 percent growth in overall global travel. While global international travel boomed over the last decade, America failed to keep pace. In 2010, Brand USA was created by the Travel Promotion Act to reverse this trend and has already begun to show an impressive return on investment.

For every \$1 Brand USA spent in 2013 promoting the U.S. abroad, \$47 were spent by added international visitors. For Fiscal Year 2013 alone, Brand USA attracted 1.1 million additional international travelers whose spending supported more than 53,000 new American jobs. The average international visitor spends \$4,500 per trip on American goods and services in communities across the country.

This legislation would help the U.S. regain our lost market share by allowing Brand USA to continue promoting the U.S. in what has become a truly competitive global travel market. Half of Brand USA's budget is funded by the private sector, with a match (up to \$100 million) provided by \$10 from a fee assessed on visa-free international travelers screened through Department of Homeland Security's Electronic System for Travel Authorization (ESTA). Under this funding structure, Brand USA benefits the U.S. economy at no cost to American taxpayers.

I urge you to help us create more American jobs by co-sponsoring H.R. 4450/S. 2250—the Travel Promotion, Enhancement, and Modernization Act of 2014, a common sense, bipartisan approach to boosting travel to the U.S. and strengthening our economy.

Sincerely,

KEVIN MITCHELL,
Chairman,
Business Travel Coalition.

CRUISE LINES INTERNATIONAL ASSOCIATION
Arlington, VA, April 9, 2014

Hon. AMY KLOBUCHAR,
United States Senate,
Washington, DC.

Dear Senator Klobuchar:

The Cruise Lines International Association (CLIA) is pleased to join with the broader travel and tourism industry in commending your leadership in introducing legislation to reauthorize the Travel Promotion Act (TPA), and for recognizing the importance of travel and tourism to the U.S. economy. The TPA resulted in the creation of Brand USA, the Nation's first global marketing initiative to promote travel and tourism to and within the U.S.

CLIA North America is comprised of 26 cruise lines and 10,700 travel agencies representing more than 35,000 individual travel agents and works closely with the U.S. Travel Association and other U.S. travel and tourism organizations to encourage travel to United States. The expansive U.S. tourism industry seeks to facilitate more travel to the U.S. so that it can be a long-term contributor to U.S. economic growth. In 2012, the cruise industry provided significant economic benefits throughout the U.S., generating \$42.3 billion in gross output and 356,311 direct and indirect jobs paying \$17.4 billion in wages. Cruise passenger embarkations at U.S. ports, a number of which are international visitors, reached a record 10.1 million, an increase of 2.5 percent over 2011.

Brand USA is a catalyst for economic growth and job creation. In Fiscal Year 2013, Brand USA generated 1.1 million additional international trips to the U.S., an increase of 2.3 percent in inbound international travel, and those visitors spent an average of \$4,400 per visit. Overall, visitors to the U.S. add nearly \$130 billion annually to the U.S. economy.

CLIA, along with other travel industry associations and , businesses, believes that by reauthorizing the Travel Promotion Act, the scope and scale of Brand USA's outreach to potential international visitors will continue to increase. Even a one percent increase in travel from America's top ten inbound travel markets would add more than \$1 billion per year to the U.S. economy.

Thank you again for your leadership on this legislation and promoting the contributions of travel and tourism to the U.S. economy.

Sincerely,

CHRISTINE DUFFY,
President and CEO.

DESTINATION MARKETING ASSOCIATION INTERNATIONAL
Washington, DC, April 24, 2014

We are writing in support of the reauthorization of Brand USA and urge your continued support of The Travel Promotion, Enhancement and Modernization Act of 2014 (H.R. 4450 and S. 2250).

Brand USA (BUSA) is funded by international visitors and private contributions—not U.S. taxpayer dollars. Their work promoting the United States is essential in contributing to the U.S. economy and reducing the deficit. Half of BUSA's budget comes from the private sector through cash and in-kind contributions. Many of these contributors are members of Destination Marketing Association International (DMAI).

DMAI represents nearly 600 official destination marketing organizations across the United States. These organizations are charged with promoting their respective destinations and helping the long-term development of their communities through a travel and tourism strategy. Collectively, these cities, counties and states invest nearly \$3 billion annually to fuel the economy and create jobs. While \$3 billion is a significant investment collectively, over 50 percent of DMAI members have total budgets of less than \$1 million. These destinations, in particular, are largely reliant on the representation of Brand USA to drive high value international traveler dollars to their destinations.

In a recent analysis performed by Oxford Economics, the study estimated in FY13 Brand USA generated 1.1 million additional visitors who spent an estimated \$3.4 billion. A one percent increase in visitation from America's top 10 inbound travel markets would add more than \$1 billion per year to the U.S. economy—thus offsetting taxpayer burden in local communities and creating jobs.

The travel industry's trade surplus is 6.7 percent higher so far this year compared to the first two months of last year, far better than the 3.4 percent improvement in the U.S. trade balance of other goods and services. Without the \$10.1 billion travel trade surplus so far in 2014, the U.S. overall trade deficit would be 12.4 percent larger. As you consider making the necessary Federal budget adjustments and investments our Nation needs, we ask you to help preserve the economic stability of destinations by supporting the Travel Promotion, Enhancement and Modernization Act of 2014, including the reauthorization of funding the Brand USA.

Sincerely,

MICHAEL GEHRISCH,
President and CEO,

Destination Marketing Association International

DISNEY DESTINATIONS
Lake Buena Vista, FL, May 8, 2014

Senator ROY BLUNT,
260 Russell Senate Office Building,
Washington, DC.

Senator AMY KLOBUCHAR,
302 Hart Senate Office Building,
Washington, DC.

Dear Senators Blunt and Klobuchar:

Walt Disney Parks and Resorts is pleased to support your efforts to pass the Travel Promotion, Enhancement and Modernization Act (S. 2250).

Each year, Disney welcomes millions of guests from around the world who come to America to make memories that will last a lifetime. We are uniquely positioned to understand the added value of organizations like Brand USA in increasing visitation. In fact, our positive experience with similar public-private partnerships in both Florida and California makes us strong advocates for the reauthorization of Brand USA.

Brand USA is the Nation's first international marketing endeavor to promote the United States as a premier travel destination. With a mission of increasing international visitation to the United States, Brand USA works in close partnership with the travel industry to maximize the economic and social benefits of travel.

This effort has been successful in attracting millions of new international visitors to the United States, and these visitors are spending billions of dollars during their travels, creating thousands of new American jobs each year, at no cost to the U.S. taxpayer. In Fiscal Year 2013, Brand USA generated 1.1 million additional international trips to the United States, resulting in an estimated \$3.4 billion in new visitor spending, \$7.4 billion in increased economic output and \$972 million in federal, state and local tax revenue. The program also supported 53,000 U.S. jobs and returned an estimated \$47 in direct economic benefits for every \$1 spent on travel promotion.

In addition to promoting the United States as a premier travel destination through consumer and travel trade marketing, advertising, events and promotions, Brand USA partners with the Federal Government to communicate U.S. entry and security processes in order to facilitate an easier and more welcoming journey into the United States.

Walt Disney Parks and Resorts supports reauthorization of this very important program and applauds your efforts to pass the bipartisan, bicameral Travel Promotion, Enhancement and Modernization Act, S. 2250 and H.R. 4450.

Sincerely,

KENNETH SVENDSEN,
President,
Walt Disney Travel Company,
Senior Vice President Global Sales.

EXPLORE MINNESOTA TOURISM
St. Paul, MN, May 7, 2014

Hon. AMY KLOBUCHAR,
United States Senate, State of Minnesota,
302 Hart Senate Office Building,
Washington, DC.

Dear Senator Klobuchar:

On behalf of the 245,000 Minnesotans employed in the tourism industry, thank you for your leadership on the reauthorization of Brand USA.

In 2010, the Congress overwhelmingly approved the Travel Promotion Act to establish a public-private partnership to help regain the U.S. share of the global travel market. Brand USA has proven to be successful in increasing international visitors to the United States.

Thank you for introducing the Travel Promotion, Enhancement and Modernization Act of 2014 to reauthorize the work of Brand USA to promote the United States as an international destination. By attracting more visitors, Brand USA enhances U.S. economic growth, creates jobs, and advances public diplomacy—all at no cost to taxpayers.

Explore Minnesota's partnership with Brand USA is extremely important as we look to increase the number of international visitors to our region and Minnesota in particular.

Explore Minnesota Tourism is proud to support Brand USA and remains committed to working with them to create coop marketing programs that allow Minnesota's tourism businesses to advertise on a world stage at a scale not otherwise possible. We urge Congress to keep this vital resource for the U.S. travel and tourism industry by reauthorizing Brand USA this year.

Sincerely,

JOHN F. EDMAN,
Director,
Explore Minnesota Tourism.

INTERNATIONAL ASSOCIATION OF AMUSEMENT PARKS AND ATTRACTIONS
Alexandria, VA, May 6, 2014

Hon. AMY KLOBUCHAR,
 United States Senate,
 302 Hart Senate Office Building,
 Washington, DC,

Hon. ROY BLUNT,
 United States Senate,
 260 Russell Senate Office Building,
 Washington, DC.

Dear Senators Klobuchar and Blunt:

The International Association of Amusement Parks and Attractions (IAAPA) represents more than 4,500 facility, supplier, and individual members from more than 90 countries. In the United States, IAAPA has members in all 50 states. Member facilities include amusement/theme parks, waterparks, attractions, family entertainment centers, arcades, zoo, aquariums, museums, science centers, and resorts. We thank you for introducing S. 2250 which reauthorizes the "Travel Promotion, Enhancement, and Modernization Act of 2014."

Attractions in the United States have an economic impact of nearly \$219 billion each year. Additionally, in the past ten years, the industry has also grown at twice the rate of the U.S. economy increasing employment opportunities across the country. Amusement parks and attractions are among the top draw for international visitors to the U.S.

The Travel Promotion Act and Brand USA have been extraordinarily successful in increasing international tourism in the United States. A recent study by Oxford Economics found Brand USA marketing generated 1.1million incremental trips to the U.S. in 2013 and those visitors spent \$3.4 billion. The success of the program has also allowed the return of \$52 million to the United States Treasury in FY2012 and 2013 from fee collection.

The reauthorization of Brand USA will allow the program to strengthen and build on the success it has already achieved. The bill strengthens the oversight for the program, requiring more performance metrics and reporting. These changes will allow the program to continue to flourish and hopefully work to further increase international tourism through 2020.

IAAPA enthusiastically supports the reauthorization of the Travel Promotion Act through S. 2250. Amusement parks and attractions are an important sector of the U.S. economy, providing thousands of jobs. The industry will only continue to grow and benefit the U.S. economy with greater international tourism.

Sincerely,

PAUL NOLAND,
President and CEO.

MALL OF AMERICA
Bloomington, MN, May 6, 2014

Hon. AMY KLOBUCHAR,
 United States Senate,
 302 Hart Senate Office Building,
 Washington, DC.

Dear Senator Klobuchar,

Mall of America, "America's Mall" and one of the most visited attractions in the country, would like to thank you for introducing S. 2250, the "Travel Promotion, Enhancement, and Modernization Act." Tourists, particularly those from international markets have a huge positive impact on our local and national economy. Brand USA has been instrumental in increasing visitation to the United States since 2011. This increase resulted in 53,000 new jobs and a \$7.4 billion impact on the U.S. economy.

The international tourist market is the most significant opportunity for Mall of America's \$1 billion expansion plan over the next 10 years. Our research shows an international visitor spends on average at least 2.5 times more money per visit to MOA than a local shopper and 1.5 more than a U.S. tourist. In addition, for every \$1 international visitors spend at the Mall, they spend at least \$3 more in the local economy on lodging, car rental, dining, theater, professional sports, etc. Brand USA is the critical fuel for MOA to achieve this growth through partnership activities.

At Mall of America we have seen an increase in visitors from China due to partner marketing with Brand USA and complementary promotional activities. Chinese visitors have quickly become the highest spending international tourists in our country. Brand USA is our key to promote effectively in China, Brazil, Mexico and many other international markets which we otherwise could not.

Brand USA has another important benefit in that it allows Mall of America to partner closely with Explore Minnesota Tourism, the Bloomington Convention and Visitors Bureau and other state tourism entities through coordinated opportunities. For example, MOA partnered with EMT and BCVB last summer to produce in-language promotional videos for China, Japan, Brazil, Mexico, Germany and Canada. We are showcasing Minnesota's state-wide tourism entities on many websites and through social media to international audiences throughout the world. Brand USA is the basis for these targeted and effective tourism activities.

As you know, tourism is a \$12.5 billion industry in Minnesota and employs 245,000 residents. MOA and other state tourism organizations are working closely with EMT to grow tourism to a \$20 billion industry by 2020. This is an aggressive plan and achievable only with Brand USA providing the international marketing platform. A \$20 billion state tourism industry will produce thousands of new jobs and increase state revenue for a multitude of benefits including education, transportation and health care.

It is critical to our economy that we keep marketing the United States through Brand USA. Letting the world know that all parts of America are full of history, cultural attractions, entertainment, unique cuisine and of course, great retail will continue to increase visits and create thousands of new jobs.

S. 2250 would strengthen the United States' position in the global travel and tourism market by reauthorizing Brand USA, a vital public-private partnership that promotes international travel to the U.S. and at no cost to taxpayers.

The travel and tourism industry is an important piece of the overall U.S. economy, and Brand USA strengthens that sector by encouraging millions of international visitors to come to the U.S., who spend billions of dollars in our economy.

Mall of America thanks you for introducing this important bill and for your continued support of our tourism industry.

Sincerely,

MAUREEN HOOLEY BAUSCH,
Executive Vice President,
Mall of America.

NATIONAL TOURISM AND HERITAGE ASSOCIATION

Dear Members of Congress:

As a leader within the travel industry, I urge you to co-sponsor H.R. 4450/S. 2250—the Travel Promotion, Enhancement, and Modernization Act of 2014. Introduced in the House by Representatives Gus Bilirakis (R-FL-12) and Peter Welch (D-VT-1) and in the Senate by Senators Amy Klobuchar (D-MN) and Roy Blunt (R-MO), this bipartisan bill will reauthorize Brand USA, allowing the public-private partnership to continue its critical work promoting the U.S. abroad and attracting international travelers to our shores.

International travel is a major economic driver for the U.S. economy. When international visitors travel to the United States, they inject new money into the U.S. economy by staying in hotels, spending in stores, visiting attractions and eating at restaurants. In 2013, international visitors to the U.S. spent \$180.7 billion, making it the leading service export of all U.S. industries.

While it is clear that travel is helping drive the U.S. economic recovery, the benefits could be far greater. The United States' share of global international long-haul travel actually fell from 17 percent in 2000 to just 13.2 percent in 2013 despite a nearly 60 percent growth in overall global travel. While global international travel boomed over the last decade, America failed to keep pace. In 2010, Brand USA was created by the Travel Promotion Act to reverse this trend and has already begun to show an impressive return on investment.

For every \$1 Brand USA spent in 2013 promoting the U.S. abroad, \$47 were spent by added international visitors. For Fiscal Year 2013 alone, Brand USA attracted 1.1 million additional international travelers whose spending supported more than 53,000 new American jobs. The average international visitor spends \$4,500 per trip on American goods and services in communities across the country.

This legislation would help the U.S. regain our lost market share by allowing Brand USA to continue promoting the U.S. in what has become a truly competitive global travel market. Half of Brand USA's budget is funded by the private sector, with a match (up to \$100 million) provided by \$10 from a fee assessed on visa-free international travelers screened through Department of Homeland Security's Electronic System for Travel Authorization (ESTA). Under this funding structure, Brand USA benefits the U.S. economy at no cost to American taxpayers.

I urge you to help us create more American jobs by co-sponsoring H.R. 4450/S. 2250—the Travel Promotion, Enhancement, and Modernization Act of 2014, a common sense, bipartisan approach to boosting travel to the U.S. and strengthening our economy.

Sincerely,

WAYNE INGRAM,
President and Chief Executive Officer,
National Tourism and Heritage Association.

SPRINGFIELD MISSOURI CONVENTION AND VISITORS BUREAU
Springfield, MO, April 11, 2014

Hon. ROY BLUNT,
U.S. Senate,
B40C Dirksen Senate Office Building,
Washington, DC.

Dear Senator Blunt,

Thank you for your role in introducing the Travel Promotion, Enhancement and Modernization Act. Reauthorizing Brand USA to continue promoting international travel to the United States will help the Nation's economy and help keep the economy strong in Missouri.

Your ongoing support of the travel and tourism industry is appreciated and is making a difference for your constituents.

Sincerely,

TRACY KIMBERLIN,
President/CEO.

TRAVEL TECH
Washington, DC, May 8, 2014

Hon. AMY KLOBUCHAR,
302 Hart Senate Office Building,
Washington, DC.

Hon. ROY D. BLUNT,
260 Russell Senate Office Building,
Washington, DC.

Dear Senators Klobuchar and Blunt:

On behalf of The Travel Technology Association (Travel Tech), the association for the online travel industry, I would like to extend our full support for the Travel Promotion, Enhancement and Modernization Act of 2014 (S. 2250).

Travel Tech's members include online travel companies Expedia, Orbitz, Priceline, Travelocity and Vegas.com and travel technology service providers Amadeus, Sabre and Travelport. As travel distributors and technology solutions providers to the travel marketplace, our members see first-hand how travel and tourism positively impacts our local, state and national economies. International visitors spent \$181 billion on U.S. travel-related goods and service in 2013. Congress should continue its commitment to growing and enhancing travel to the United States by foreign travelers and the reauthorization of Brand USA is and has been a successful investment in that endeavor. Brand USA, in its unique structure and make-up, must also ensure that American taxpayer dollars are used wisely and ensure that taxpayers are getting the most from their investment. This includes sound management of the organization, strategic deployment of resources, and a continued focus on results-based initiatives.

The recent data reported by Brand USA demonstrates the tangible impact of their efforts and the campaign is paying dividends. Based on these recent successes and Travel Tech's full backing and support of the travel and tourism economy here and around the world, please add Travel Tech to the list of supporters for the passage of the Travel Promotion, Enhancement and Modernization Act of 2014.

Please feel free to contact me with any questions about this issue or other travel-related topics where Travel Tech may be a resource for your continued deliberations.

Sincerely,

STEPHEN SHUR,
President.

U.S. CHAMBER OF COMMERCE
Washington, DC, April 22, 2014

Hon. AMY KLOBUCHAR,
United States Senate,
Washington, DC.

Hon. ROY BLUNT,
United States Senate,
Washington, DC.

Dear Sens. Klobuchar and Blunt:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, thanks you for introducing S. 2250, the "Travel Promotion, Enhancement, and Modernization Act."

S. 2250 would strengthen the United States' position in the global travel and tourism market by reauthorizing Brand USA, a vital public-private partnership that promotes international travel to the U.S. and at no cost to taxpayers. Since it began operations in 2011, Brand USA has been a successful driver of increased travel and tourism to the U.S., supporting millions of jobs and creating economic growth. In fact, Brand USA's activities resulted in a \$7.4 billion impact on the U.S. economy in Fiscal Year 2013 according to an Oxford Economics study.

The travel and tourism industry is an important piece of the overall U.S. economy, and Brand USA strengthens that sector by encouraging millions of international visitors to come to the U.S., who spend billions of dollars in our economy. The Chamber thanks you for introducing this important bill and looks forward to working with you on this issue.

Sincerely,

R. BRUCE JOSTEN,
Executive Vice President, Government Affairs.

U.S. TRAVEL ASSOCIATION
April 4, 2014

Hon. AMY KLOBUCHAR,
United States Senate,
302 Hart Senate Office Building,
Washington, DC.

Hon. ROY BLUNT,
United States Senate,
260 Russell Senate Office Building,
Washington, DC.

Dear Senators Klobuchar and Blunt:

On behalf of the 14.6 million Americans whose jobs are supported by travel, I am writing to thank you for introducing the Travel Promotion, Enhancement, and Modernization Act of 2014 to reauthorize the work of Brand USA to promote the United States as an international destination. By attracting more visitors, Brand USA enhances U.S. economic growth, spurs job creation and advances public diplomacy—all at no cost to taxpayers. We strongly support your legislation.

In March 2010, the Congress overwhelmingly approved the Travel Promotion Act, to establish a public-private partnership—now called Brand USA—to help regain the U.S. share of the booming global travel market and to better communicate U.S. security policies. The cost is underwritten jointly by private sector contributions, matched by a \$10 fee on visitors from Visa Waiver Program nations.

Because overseas business and leisure travel to the United States is critical to local economies across the nation, the President's National Travel and Tourism Strategy set an ambitious goal in 2012 of attracting 100 million additional international visitors within 10 years. To help realize this objective, Brand USA has forged working relationships with American communities—large and small, urban and rural—and leveraged their promotional efforts into a coherent, cost-effective and successful national marketing campaign.

According to Oxford Economics, during 2013, Brand USA's worldwide marketing campaigns generated 1.1 million incremental visitors to the United States—a 2.3 percent increase that generated an additional \$3.4 billion in revenues. This spending generated \$7.4 billion in business sales, \$3.8 billion in GDP and \$2.2 billion in personal income, as well as supporting 53,000 new jobs. That equates to a remarkable return on investment of 47 to 1.

Travel is already America's top services export. International visitors spent nearly \$181 billion in the U.S. on travel-related goods and services last year, an increase of more than nine percent over 2012. U.S. travel exports now account for over 26 percent of all U.S. service exports and nearly eight percent of total U.S. exports. On

average, overseas visitors spend \$4,500 per trip, yielding a travel balance of trade surplus exceeding \$50 billion. Moreover, these visitors then return home to spread the word about America's attractions and hospitality, generating goodwill for years to come.

That is why we are so enthusiastically supportive of your bill to reauthorize Brand USA. Through Brand USA and at no public expense, the United States can continue to expand its share of the extraordinarily lucrative international travel market. Toward that end, we are very pleased that you—*with Reps. Welch and Bilirakis*, the lead House sponsors—are working on a bipartisan, bicameral basis for its reauthorization. We appreciate your leadership and stand ready to help in any way possible.

Sincerely,

ROGER J. DOW,
President and CEO,
U.S. Travel Association.

UNITED STATES OLYMPIC COMMITTEE
May 23, 2014

Hon. AMY KLOBUCHAR,
United States Senate,
302 Hart Senate Office Building,
Washington, DC.

Hon. ROY BLUNT,
United States Senate,
260 Russell Senate Office Building,
Washington, DC.

Dear Senators Klobuchar and Blunt:

On behalf of the United States Olympic Committee (USOC), we would like to thank you for introducing the Travel Promotion, Enhancement, and Modernization Act of 2014 to reauthorize the work of Brand USA to promote the United States as an international destination. By attracting more visitors, Brand USA enhances U.S. economic growth, spurs job creation, and of particular interest to us, advances public diplomacy—all at no cost to taxpayers.

The United States Olympic Committee is itself an organization chartered by Congress through the Ted Stevens Olympic and Amateur Sports Act. We are the umbrella organization for 47 Sport National Governing Bodies, encompassing sport disciplines competed in at the Olympic, Paralympic, and Pan American Games.

The USOC remains uniquely and actively engaged in international travel and security issues with our International Olympic Committee (IOC), International Paralympic Committee (IPC), and International Sport Federation (IF) counterparts around the globe. We regularly work with the Department of Homeland Security and the Department of State to facilitate the visa and entry process for athletes, coaches, referees, the IOC, IPC, and IF officials during the dozens of competitions and conferences hosted in the U.S. annually. Overseas business travel to these U.S.-hosted events is not only critical to local economies across the nation, but to the vibrancy of the Olympic Movement in general, and the sustained competitive excellence of Team USA especially.

The USOC was supportive in 2012 of the President's National Travel and Tourism Strategy, which set an ambitious goal of attracting 100 million additional international visitors within 10 years. The facilitation of the image of the U.S. as a welcoming destination has other direct implications—many of those individuals who come to the U.S. for the abovementioned competitions and conferences will be in decision-making positions about whether major events, such as World Championships, World Cups, and even Olympic and Paralympic Games, will be hosted in the United States. Hosting these major events can be a potential driver for job creation, and these individuals' entry experience into the United States will continue to shape their perceptions and opinions about how receptive the U.S. is to foreign travelers. Positive changes to these perceptions are important benchmarks along the path to the U.S. potentially being selected again to host the Olympic and Paralympic Games.

Thank you, again, for introducing this important legislation. We enthusiastically support the reauthorization of Brand USA. Through Brand USA, and at no public expense, the United States can continue to expand its share of the economically vital international travel market. We look forward to continuing to support your efforts—and those of Representatives Welch and Bilirakis, the lead House sponsors—

to move this bi-partisan, bi-cameral legislation through Congress. We appreciate your leadership and stand ready to be of assistance.

Sincerely,

DESIREE FILIPPONE,
Managing Director, Government Relations.

UNITED STATES TOUR OPERATORS ASSOCIATION
New York, NY, April 22, 2014

Senator AMY KLOBUCHAR,
302 Hart Senate Office Building,
Washington, DC.

Dear Senator Klobuchar:

On behalf of the United States Tour Operators Association (USTOA), I am writing to thank you for introducing the Travel Promotion Act, S. 2250, which would reauthorize Brand USA through 2020. You have long been a great supporter of the travel and tourism industry, and we truly appreciate your continued leadership in pushing for important, successful programs like Brand USA.

As the trade association for America's tour operators, USTOA strongly supports efforts to build and promote a vibrant travel and tourism industry in the U.S. Our industry is a major sector of the national economy, generating \$2 trillion annually in economic activity. It supports 14.6 million American jobs and has far-reaching economic impacts throughout the supply chain. Since it was formed, Brand USA has been instrumental in promoting American travel and tourism. We are grateful that you recognize the program's success and are proposing to reauthorize it through 2020. We are also very encouraged that your bill has wide bipartisan support from Senators across the U.S. When it comes to creating jobs and improving the economy, Democrats and Republicans can agree that the travel and tourism industry presents unique opportunities for growth in all fifty states.

Again, please accept our sincere thanks for introducing the Travel Promotion Act.

About USTOA

The United States Tour Operators Association (USTOA) is a professional, voluntary trade association created with the primary purpose of promoting integrity within the tour operator industry. USTOA was founded in 1972 by a small group of California tour operators concerned about tour operator bankruptcies. These founding members recognized the need for a unified voice to protect the traveling public, as well as to represent the interests of tour operators. In 1975, USTOA became a national organization with its headquarters in New York.

USTOA Active Members represent an \$11 billion industry that purchases over \$8 billion in goods and services for travel packages. Together with its Associate Members they employ over 450,000 U.S. citizens.

Sincerely,

TERRY DALE,
President and CEO,
United States Tour Operators Association.

VISIT FLORIDA
March 5, 2014

Congressman GUS M. BILIRAKIS,
2313 Rayburn House Office Building,
Washington, DC.

Dear Rep. Bilirakis:

On behalf of the nearly 1.1 million Floridians employed in the tourism industry, thank you for your leadership on the reauthorization of Brand USA.

Brand USA has proven to be extremely successful in increasing international visitation to the United States. A recent Oxford Economics report on the impact of Brand USA shows that their marketing efforts in 2013 increased inbound international travel to the United States by 2.3 percent, spurred \$3.4 billion in new visitor spending, supported 53,000 jobs and generated \$972 million in taxes. Brand USA returns \$47 in direct economic benefits for every \$1 spent on travel promotion.

VISIT FLORIDA's partnership with Brand USA is extremely important as we work to establish Florida as the No. 1 travel destination in the world. Brand® USA

allows VISIT FLORIDA and our Florida tourism industry partners to leverage our international resources, increase our presence in the global marketplace and participate in innovative global marketing partnerships that could only be implemented on a national scale. VISIT FLORIDA was the first destination marketing organization to sign on as a Brand USA Founding Partner and because of the value that they add to our destination marketing efforts and their success in growing the number of international visitors to the U.S. we will continue to increase our investment moving forward.

VISIT FLORIDA is proud to have supported Brand USA from their inception and remains committed to working with them to create co-op marketing programs that allow Florida's tourism businesses to advertise on a world stage at a scale not otherwise possible. We urge Congress to keep this vital resource for the U.S. travel and tourism industry by reauthorizing Brand USA this year.

Sincerely,

WILL SECCOMBE,
President and CEO,
VISIT FLORIDA.

HAWAII TOURISM AUTHORITY

HAWAII'S VISITOR INDUSTRY BACKGROUND AND DATA

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CONTEXT FOR 2014

For the first 90 days, we have seen a plateau or leveling off of our 2014 arrivals and expenditures which has resulted in:

- Slightly lower numbers than our record 2013 year.
- 516 fewer air passenger arrivals per day (-2.3 percent).
- Approximately 215,927 guests on all islands on any given day (-2.1 percent).
- \$1.33 less per day in visitor spending in comparison to last year (-3.1 percent).
- An average of \$1,854 in visitor spending per trip, \$3 more than last year (0.2 percent).
- An average of \$42.3 million in total visitor spending per day: \$20 million on O'ahu, \$11.8 million in Maui County, \$4.3 million on Kaua'i, \$6.1 million on Hawai'i Island, and \$156,000 by visitors who arrived by cruise ship. This resulted in \$406 in state tax revenue.

- 173,000 jobs annually supported by the tourism industry.
- Fewer arrivals from the U.S. West and East during the first three months of the year. In 2013, 1,240,665 visitors (60 percent of all visitors) came to the Hawaiian Islands compared to 1,178,610 (58 percent of all visitors) in 2014.
- Increases in international visitor arrivals during the first three months of the year with 1,282,490 (62 percent of all visitors) in 2013 compared to 1,291,121 (64 percent of all visitors) in 2014.
- 5th highest occupancy in the U.S., with 76.2 percent average statewide.
- 2nd highest ADR in the U.S., with an average rate of \$227.
- Fourth largest international port of air entry in the U.S.
- 1.3 million residents and yet more than 11 million air seats.
- 920 flights per week from more than 53 cities by 21 carriers.

In Summary

We have to keep on top of the trends for our customers, airlines, hotels and destination experiences. What we do in the next five years will affect the next 25. Time is short and the list is long. Reopening Kona as a secondary international port of entry, creating new inventory to growing international markets, and increasing our MCI segment are all key initiatives for the HTA.

We must collectively work together with focus and purpose for the long-term sustainability of Hawai'i's tourism economy.

Our partnerships with Hawai'i Business Round Table, Enterprise Honolulu, Hawai'i Chamber of Commerce and the Hawai'i Retail Merchants Association will be very powerful, dynamic and helpful as we move forward collectively. As will our leadership role with the U.S. Travel Association. These collaborations will help us move forward and keep tourism, as well as the military and other businesses and industries strong, while creating a new vehicle for promoting science and innovation to benefit Hawai'i's economy and community.

HTA Targets

	2013p Actual		2014 UPDATED TARGET Feb 2014 Anticipated April 2014		2015T April 2014	
		% Chng 2012- 2013p		% Chng 2013p-2014T		% Chng 2014T - 2015T
Total Expenditures (\$mil)						
Total Expenditures	14,536.4	2.0%	14,741.1	1.4%	14,921.2	1.2%
US West	4,772.8	2.9%	4,669.7	-2.2%	4,599.6	-1.5%
US East	3,566.6	3.9%	3,576.7	0.3%	3,576.7	0.0%
Japan	2,527.1	-7.6%	2,856.0	5.1%	2,762.7	4.0%
Canada	1,044.8	2.2%	1,047.5	0.3%	1,034.7	-1.2%
Other Asia	725.4	21.1%	874.2	20.5%	1,007.8	15.3%
China	328.6	18.5%	411.6	25.3%	517.0	25.6%
Korea	314.6	11.4%	339.9	8.0%	366.7	7.9%
Taiwan	48.3	159.4%	81.4	68.5%	74.0	-9.1%
Other*	33.9	-13.4%	41.3	22.0%	50.1	21.2%
Oceania	840.8	31.4%	952.1	13.2%	935.1	-1.8%
Europe	334.5	14.5%	358.3	7.1%	371.0	3.5%
Latin America	61.9	0.0%	84.1	35.9%	97.6	16.2%
Other	529.6	-31.0%	481.6	-9.1%	481.6	0.0%
TOT (AIR)	14,484.6	2.1%	14,700.06	1.5%	14,866.8	1.1%
Arrivals by Cruise	51.8	-10.0%	41.0	-20.8%	54.4	32.6%
PPPD\$						
TOTAL PPPD\$	192.8	0.8%	197.21	2.3%	198.33	0.6%
US West	155.3	2.0%	158.4	2.0%	158.4	0.0%
US East	200.1	4.0%	203.1	1.5%	203.1	0.0%
Japan	280.3	-9.6%	285.9	2.0%	291.6	2.0%
Canada	161.5	2.6%	162.8	0.8%	159.5	-2.0%
Other Asia	309.4	0.9%	312.5	1.0%	319.9	2.4%
China	397.3	0.2%	398.1	0.2%	400.1	0.5%
Korea	261.0	-0.3%	262.3	0.5%	262.3	0.0%
Taiwan	235.6	7.1%	240.3	2.0%	242.7	1.0%
Other*	316.9	41.4%	320.1	1.0%	323.3	1.0%
Oceania	251.1	2.3%	256.1	2.0%	251.0	-2.0%
Europe	177.6	1.5%	181.2	2.0%	183.0	1.0%
Latin America	200.2	0.0%	202.2	1.0%	204.2	1.0%
Other	207.5	-5.8%	210.0	1.2%	210.0	0.0%
TOT (AIR)	194.4	0.9%	198.61	2.2%	200.14	0.8%
Cruise	58.0	-13.7%	56.0	-3.5%	57.1	2.0%
Arrivals						
TOTAL ARRIVALS	8,235,510	2.6%	8,228,088	-0.1%	8,329,391	1.2%
US West	3,219,621	1.3%	3,106,934	-3.5%	3,060,330	-1.5%
US East	1,698,454	-0.1%	1,681,469	-1.0%	1,681,469	0.0%
Japan	1,523,302	3.9%	1,569,001	3.0%	1,600,381	2.0%
Canada	509,565	2.1%	519,800	2.0%	523,958	0.8%
Other Asia	343,327	18.4%	409,433	19.3%	463,929	13.3%
China	132,634	13.5%	165,793	25.0%	207,241	25.0%
Korea	171,506	11.8%	184,369	7.5%	198,934	7.9%
Taiwan	27,013	208.1%	44,571	65.0%	40,114	-10.0%
Other*	12,174	10.6%	14,700	20.7%	17,640	20.0%
Oceania	353,065	29.3%	391,300	10.8%	396,312	1.3%
Europe	141,408	9.4%	148,500	5.0%	152,213	2.5%
Latin America	30,131	18.1%	34,651	15.0%	39,848	15.0%
Other	245,418	-19.8%	220,500	-10.2%	220,500	0.0%
TOT (AIR)	8,064,291	2.5%	8,081,688	0.2%	8,138,941	0.7%
Cruise	171,219	6.0%	146,500	-14.4%	190,450	30.0%

HTA Targets

	2013p Actual		2014 UPDATED TARGET Feb 2014 Anticipated April 2014		2015T April 2014	
		% Chng 2012- 2013p		% Chng 2013p-2014T		% Chng 2014T - 2015T
LOS						
TOTAL LOS	9.15	-1.4%	9.08	-0.8%	9.03	-0.6%
US West	9.55	-0.4%	9.49	-0.6%	9.49	0.0%
US East	10.49	-0.1%	10.47	-0.2%	10.47	0.0%
Japan	5.92	-1.7%	5.92	0.0%	5.92	0.0%
Canada	12.70	-2.5%	12.38	-2.5%	12.38	0.0%
Other Asia	6.83	1.4%	6.83	0.1%	6.79	-0.6%
China	6.24	4.2%	6.24	0.0%	6.24	0.0%
Korea	7.03	-0.1%	7.03	0.0%	7.03	0.0%
Taiwan	7.59	-21.4%	7.60	0.1%	7.60	0.0%
Other *	8.78	-44.6%	8.78	0.0%	8.78	0.0%
Oceania	9.48	-0.6%	9.50	0.2%	9.40	0.0%
Europe	13.32	3.1%	13.32	0.0%	13.32	0.0%
Latin America	11.12	-8.2%	12.00	7.9%	12.00	0.0%
Other	10.40	-8.7%	10.40	0.0%	10.40	0.0%
TOT (AIR)	9.24	-1.3%	9.16	-0.9%	9.13	-0.3%
Arrivals by Cruise	5.21	-1.5%	5.00	-4.1%	5.00	0.0%
Days						
TOTAL DAYS	75,395,940	1.2%	74,746,774	-0.9%	75,234,177	0.7%
US West	30,733,731	0.9%	29,480,102	-4.1%	29,037,901	-1.5%
US East	17,821,304	-0.2%	17,607,805	-1.2%	17,607,805	0.0%
Japan	9,014,563	2.2%	9,288,486	3.0%	9,474,256	2.0%
Canada	6,470,918	-0.4%	6,435,869	-0.5%	6,487,356	0.8%
Other Asia	2,344,535	20.1%	2,797,633	19.3%	3,150,427	12.6%
China	827,129	18.2%	1,033,911	25.0%	1,292,388	25.0%
Korea	1,205,501	11.7%	1,295,914	7.5%	1,398,291	7.9%
Taiwan	205,035	142.2%	338,743	65.2%	304,869	-10.0%
Other*	106,870	-38.7%	129,066	20.8%	154,879	20.0%
Oceania	3,348,374	28.5%	3,717,350	11.0%	3,725,333	0.2%
Europe	1,883,581	12.8%	1,978,020	5.0%	2,027,471	2.5%
Latin America	334,957	8.4%	415,808	24.1%	478,179	15.0%
Other	2,551,665	-26.8%	2,293,200	-10.1%	2,293,200	0.0%
TOT (AIR)	74,503,629	1.1%	74,014,274	-0.7%	74,281,927	0.4%
Arrivals by Cruise	892,311	4.3%	732,500	-17.9%	952,250	30.0%
*includes 2013 Legislative Increase						

Hawaii Tourism Authority
Comparison of Visitor Industry and Economic Indicators to HTA FY Expenditures

Calendar Year	2002	2003	2004	2005	2006	2007	2008
Visitor Arrivals (air + cruise)	6,452,834	6,442,020	6,991,927	7,494,236	7,628,118	7,627,819	6,822,911
Visitor Expenditures (millions \$) ¹	\$9,994	\$10,055	\$10,862	\$11,904	\$12,492	\$12,811	\$11,399
Visitor Days	60,515,052	59,227,930	63,343,173	68,241,986	69,884,925	70,075,021	63,857,378
Per Person Per Day Spending (PPPD\$) ¹	\$165.15	\$169.77	\$171.48	\$174.44	\$178.75	\$182.82	\$178.51
Length of Stay (LOS)	9.38	9.19	9.06	9.11	9.16	9.19	9.36
Air Seats (scheduled & charter)	8,252,306	8,557,770	9,317,245	10,024,142	10,361,052	10,190,698	9,162,013
State tax revenues (million \$)	\$912.00	\$905.40	\$950.80	\$1,046.50	\$1,158.30	\$1,220.60	\$1,076.30
TAT (FY)	\$157,634,488	\$170,864,689	\$181,847,751	\$198,774,268	\$216,996,215	\$224,931,245	\$229,377,993
Jobs ²	165,978	167,582	169,062	178,047	175,115	172,416	151,331
Cost per Arrival ³	\$9.26	\$9.82	\$9.05	\$8.65	\$9.27	\$9.61	\$11.47
ROI: Tax Revenue Generated/HTA Expenditures	15.3	14.3	15.0	16.1	16.4	16.6	13.8
ROI: Visitor Expenditures/HTA Expenditures	167.3	158.9	171.6	183.7	176.6	174.7	145.7
HTA FY Expenditures	\$59,743,471	\$63,292,000	\$63,292,000	\$64,800,411	\$70,740,766	\$73,327,586	\$78,229,323

Hawaii Tourism Authority—Continued

Comparison of Visitor Industry and Economic Indicators to HTA FY Expenditures

Calendar Year	2009	2010	2011	2012	2013	2014T
Visitor Arrivals (air + cruise)	6,517,054	7,018,133	7,299,047	8,028,743	8,235,510	8,443,500
Visitor Expenditures (millions \$) ¹	\$9,993	\$11,066	\$12,158	\$14,365	\$14,735	\$15,314
Visitor Days	60,836,666	65,465,125	68,466,519	74,519,278	75,395,940	76,557,979
Per Person Per Day Spending (PPPD\$) ¹	\$164.26	\$169.04	\$177.6	\$192.8	\$195.44	\$200.02
Length of Stay (LOS)	9.33	9.33	9.38	9.28	9.15	9.07
Air Seats (scheduled & charter)	8,676,773	9,299,913	9,392,291	10,322,464	10,896,815	11,086,424
State tax revenues (million \$)	\$932.46	\$1,045.55	\$1,324.66	\$1,501.21	\$1,539.93	\$1,600.35
TAT (FY)	\$210,613,996	\$224,242,539	\$284,462,891	\$323,939,591	\$368,555,996	\$403,048,000
Jobs ²	133,618	145,235	155,732	166,480	170,775	177,475
Cost per Arrival ³	\$11.05	\$9.85	\$10.98	\$8.40	\$8.40	\$10.12
ROI: Tax Revenue Generated/HTA Expenditures	12.9	15.1	16.5	19.9	22.3	18.7
ROI: Visitor Expenditures/HTA Expenditures	138.7	160.1	151.7	190.6	213.1	179.2
HTA FY Expenditures	\$72,029,987	\$69,139,336	\$80,139,000	\$75,375,000	\$69,152,000	\$85,455,000

T—HTA target (February 2014)

¹Includes Supplemental Business Expenditures

²Jobs generated from tourism sector

³Cost is HTA's FY Expenditures

HTA Airline Seat Capacity Outlook for Second Quarter 2014

The Hawai'i Tourism Authority (HTA), the state's tourism agency, forecasts the continued growth of total scheduled nonstop air seats to Hawai'i in the second quarter of 2014. The projection is based on flights appearing in Diio airline schedules as of March 2014.

Following a 2.4 percent increase in the first quarter of 2014, scheduled nonstop air seats to Hawai'i are expected to grow at a slightly faster rate (+3.1 percent) in the second quarter.

Growth in the second quarter of 2014 is expected to be driven by continued increases from international cities (+4.8 percent), along with a 2.2 percent increase in domestic seats. Supported by growth in both the domestic and international markets, airlines are expected to operate more than 2.7 million air seats to the Hawaiian Islands in the second quarter, a record high for inbound scheduled capacity to the state during the April through June period.

	2014 Q2	2013 Q2	%
<i>TOTAL</i>	2,740,102	2,659,002	3.1%
<i>DOMESTIC</i>	1,851,086	1,811,018	2.2%
US WEST	1,644,857	1,596,995	3.0%
US EAST	206,229	214,023	-3.6%
<i>INTERNATIONAL</i>	889,016	847,984	4.8%
JAPAN	508,993	481,906	5.6%
CANADA	82,282	75,494	9.0%
OTHER ASIA	127,844	105,178	21.6%
OCEANIA	105,602	109,798	-3.8%
OTHER	64,295	75,608	-15.0%

Source: Diio Mi Airline Schedules as of March 2014

U.S. West

Scheduled seats from each of Hawai'i's top core U.S. West gateway markets are expected to rise (Los Angeles, +7.9 percent; San Francisco, +1.6 percent; Seattle, +6.3 percent), more than offsetting capacity reductions from San Jose (-4.0 percent) and smaller markets operated by Allegiant (*i.e.*, Eugene, Fresno, Phoenix-Mesa, Santa Maria and Spokane). Overall, U.S. West scheduled seat capacity is expected to be up 3.0 percent above prior year levels.

U.S. East

Second quarter seat capacity from the U.S. East market is expected to decrease 3.6 percent, as additional service from Dallas (+5.1 percent) and Houston (+3.9 percent) is offset by reductions in capacity from Washington, D.C. (-35.3 percent) and New York (-13.2 percent).

Japan

Scheduled nonstop seats from Japan are expected to rise 5.6 percent in the second quarter, boosted by Japan Airlines' upgrading to larger Boeing 777 aircraft on the majority of its flights to Hawai'i, as well as an increase in flights out of Tokyo-Narita. United Airlines' upgrading from Boeing 777 to larger Boeing 747 aircraft is also expected to contribute to the second quarter increase. Notable year-over-year increases are expected from Osaka (+8.4 percent) and Nagoya (+37.1 percent).

Canada

Nonstop air seats from Canada to Hawai'i are expected to rise 9.0 percent in the second quarter of 2014, driven by significant increases in service to the neighbor islands: Maui (+10.2 percent), Kaua'i (+66.7 percent) and Hawai'i Island (+50.8 percent).

Other Asia

Other Asia is expected to be Hawai'i's fastest growing region for scheduled air seats during the April through June 2014 period, boosted by the launch of nonstop Beijing-Honolulu flights by Air China (January) and Hawaiian Airlines (April), and the expansion of Shanghai-Honolulu service by China Eastern Airlines (+73.2 percent). The continuation of nonstop Taipei-Honolulu flights by China Airlines (launched in June 2013) and Hawaiian Airlines (launched in July 2013, but suspended as of April 2014) will also contribute to the expected double-digit increase (+21.6 percent) in seats from the overall Other Asia market. Meanwhile, nonstop seats from South Korea are expected to decrease 10.1 percent in the second quarter.

Oceania

After posting double-digit increases in annual air seats every year since 2011, air seat growth from Oceania is leveling off with a projected 3.8 percent decrease in air seats in the second quarter. While scheduled seats from Auckland (+7.3 percent), Brisbane (+8.1 percent) and Melbourne (+9.7 percent) are all expected to register notable year-over-year gains, these increases are expected to be offset by an 11.1 percent decrease in capacity from Sydney.

For more information about the Airline Seat Capacity Outlook or other research related reports, please contact:

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CITY & COUNTY OF HONOLULU OVERVIEW

Visitor Statistics

Honolulu	2014 YTD*	2013 YTD*	YTD % change	2013p	2012	2011	% change 2013/12
Total Expenditures (\$mil)	587.4	670.4	-12.4%	7,277.9	7,672.5	5,593.1	-5.1%
Visitor Arrivals	413,425	407,151	1.5%	5,100,169	4,904,045	4,372,181	4.0%
PPPD Spending (\$)	193.2	214.4	-9.9%	205.0	213.9	176.8	-4.2%

Source: Hawai'i Tourism Authority
 *YTD actuals through January 2014 and January 2013

Air Seats

Honolulu	2014 YTD*	2013 YTD*	YTD % change	2013p	2012	2011	% change 2013/12
Domestic Seats	356,805	351,098	1.6%	4,372,884	4,215,824	3,968,283	6.2%
International Seats	305,403	276,563	10.4%	3,416,433	3,043,155	2,592,284	17.4%
Total Seats	662,208	627,661	5.5%	7,789,317	7,258,979	6,560,567	10.6%

Source: Diio for 2013 YTD and 2012 YTD, OAG for whole years 2012 and 2011
 *YTD actuals through January 2014 and January 2013

Transient Accommodations Tax to City & County of Honolulu

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
TAT (\$mil)	44.44	45.32	41.61	39.94	45.39	41.01	41.01

Note: City & County of Honolulu receives 44.1% of the TAT revenues distributed to the counties.

HTA Programs and Funding

HTA Programs	2012		2013		2014	
	No. of Programs	Amount	No. of Programs	Amount	No. of Programs	Amount
County Product Enrichment	40	\$325,000	28	\$310,000	26	\$325,000
*Kūkulu Ola: Hawaiian Culture Community	5	\$303,323	9	\$268,000	8	\$220,000
Major Festivals	4	\$361,000	4	\$591,000	4	\$591,000
Native Hawaiian Festivals	5	\$420,000	5	\$420,000	5	\$470,000
*Natural Resources Community-Based	8	\$543,448	8	\$291,612	7	\$234,000
Safety & Security	1	\$230,000	1	\$218,000	1	\$272,000
Sporting Events	6	\$5,135,000	7	\$5,212,500	7	\$5,790,000
**Career Development	1	\$20,000	0	\$—	1	\$25,000
***O'ahu Visitors Bureau		\$3,269,812		\$3,245,269		\$3,279,269
Total HTA Program Funding		\$10,607,583		\$10,556,381		\$11,206,269

*In 2013, the HTA funded 4 statewide Natural Resources Community-based programs at \$133,058 and 1 statewide Hawaiian Culture Community program at \$28,000

In 2014, the HTA funded 3 statewide Natural Resources Community based programs at \$100,000 and 4 statewide Hawaiian Culture Community program at \$38,000.

**In 2013, the HTA funded 2 statewide Career Development programs at \$72,500 (\$45,000 DOE CTE and \$27,500 LEI)

***HTA provides funding for the Hawai'i Visitors and Convention Bureau. Total amounts are inclusive of leisure, MCI, HVCB and international contractors funding.

MAUI COUNTY OVERVIEW

Visitor Statistics

Maui County	2014 YTD*	2013 YTD*	YTD % change	2013P	2012	2011	% change 2013/12
Total Expenditures (\$mil)	366.8	391.6	-6.3%	3,737.5	3,461.2	3,043.8	13.7%
Visitor Arrivals	195,400	200,937	-2.8%	2,362,629	2,309,194	2,168,487	6.5%
PPPD Spending (\$)	193.2	212.0	-8.9%	194.0	185.5	173.5	6.9%

Source: Hawai'i Tourism Authority
*YTD actuals through January 2014 and January 2013

MOLOKAI	2014 YTD*	2013 YTD*	YTD % change	2013P	2012	2011	% change 2013/12
Total Expenditures (\$mil)	6.7	4.5	4.4%	30.1	28.3	28.0	1.3%
Visitor Arrivals	5,143	5,588	-8.0%	55,237	53,323	55,250	-3.5%
PPPD Spending (\$)	193.2	129.7	49.0%	113.7	109.5	108.9	0.5%

*Source: Hawai'i Tourism Authority
**YTD actuals through January 2014 and January 2013

Lanai	2014 YTD*	2013 YTD*	YTD % change	2013P	2012	2011	% change 2013/12
Total Expenditures (\$mil)	4.4	7.9	-44.3%	87.2	79.6	80.2	-0.7%
Visitor Arrivals	5,697	6,527	-12.7%	74,526	72,649	75,004	-3.1%
PPPD Spending (\$)	193.2	317.0	-39.1%	334.9	303.1	304.0	-0.3%

Source: Hawai'i Tourism Authority
*YTD actuals through January 2014 and January 2013

Air Seats

Kahului	2014 YTD*	2013 YTD*	YTD % change	2013P	2012	2011	% change 2013/12
Domestic Seats	137,709	141,269	-2.5%	1,671,934	1,613,642	1,537,738	4.9%
International Seats	26,704	27,056	-1.3%	171,994	168,399	150,856	11.6%
Total Seats	164,413	168,325	-2.3%	1,843,928	1,782,041	1,688,594	5.5%

Source: DIO for 2013 YTD and 2012 YTD, DIO database for whole years 2012 and 2011
*YTD actuals through January 2014 and January 2013

Transient Accommodations Tax (TAT) Distributed

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
TAT (\$mil)	22.98	23.43	21.51	20.65	23.47	21.20	21.2

Note: Maui County receives 22.8% of the TAT revenues distributed to the counties.

HTA Programs and Funding

HTA Programs	2012		2013		2014	
	No. of Programs	Amount	No. of Programs	Amount	No. of Programs	Amount
County Product Enrichment	24	\$332,000	22	\$305,000	23	\$345,000
*Kūkulu Ola: Hawaiian Culture Community	0	\$—	0	\$—	1	\$ 20,000
Major Festivals	1	\$105,000	1	\$105,000	1	\$105,000
Native Hawaiian Festivals	2	\$60,000	2	\$60,000	2	\$60,000
*Natural Resources Community-Based	2	\$59,225	4	\$90,700	6	\$136,000
Safety & Security	1	\$25,000	1	\$46,000	1	\$46,000
Sporting Events	3	\$579,000	3	\$565,000	3	\$565,000
**Career Development	2	\$55,000	0	\$—	0	\$—
***Maui Visitors & Convention Bureau		\$2,906,436		\$2,882,071		\$2,877,071
***Moloka'i Visitors Association		\$248,782		\$244,741		\$244,741
**Destination Lana'i		\$144,000		\$143,000		\$143,000
Total HTA Program Funding		\$4,514,443		\$4,441,512		\$4,541,812

*In 2013, the HTA funded 4 statewide Natural Resources Community-based programs at \$133,058 and 1 statewide Hawaiian Culture Community program at \$28,000

In 2014, the HTA funded 3 statewide Natural Resources Community based programs at \$100,000 and 4 statewide Hawaiian Culture Community program at \$138,000.

** In 2013, the HTA funded 2 statewide Career Development programs at \$72,500 (\$45,000 DOE CTE and \$27,500 LEI)

*** HTA provides funding for the Hawai'i Visitors and Convention Bureau and each of the island chapter bureaus. Total amounts are inclusive of leisure, MCI, HVCB and international contractors funding.

KAUAI COUNTY OVERVIEW

Visitor Statistics

Kauai County	2014 YTD*	2013 YTD*	YTD % change	2013p	2012	2011	% change 2013/12
Total Expenditures (\$mil)	160.0	136.6	17.1%	1,453.2	1,290.3	1,174.0	12.6%
Visitor Arrivals	91,161	92,142	-1.1%	1,113,523	1,084,681	1,011,500	2.7%
PPPD Spending (\$)	193.2	175.3	10.2%	171.0	158.0	154.5	8.3%

Source: Hawaii Tourism Authority
*YTD actuals through January 2014 and January 2013

Air Seats

Kauai County	2014 YTD*	2013 YTD*	YTD % change	2013p	2012	2011	% change 2013/12
Domestic Seats	48,807	53,603	-8.9%	581,754	575,667	511,660	1.1%
International Seats	5,394	2,158	150.0%	18,514	16,434	7,504	12.7%
Total Seats	54,201	55,761	-2.8%	600,268	589,030	519,164	1.4%

Source: Diao for 2013 YTD and 2012 YTD, OAG for whole years 2012 and 2011
*YTD actuals through January 2014 and January 2013

Transient Accommodations Tax to Kauai County

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
TAT (\$mil)	14.61	14.90	13.68	13.13	14.92	13.48	13.48

Note: Kauai receives 14.5% of the TAT revenues distributed to the counties.

HTA Programs and Funding

HTA Programs	2012		2013		2014	
	No. of Programs	Amount	No. of Programs	Amount	No. of Programs	Amount
County Product Enrichment	21	\$325,000	28	\$325,000	24	\$350,000
*Kukulu Ola: Hawaiian Culture Community	1	\$40,000	2	\$79,000	2	\$50,000
Major Festivals	1	\$63,500	1	\$63,500	1	\$63,500
Native Hawaiian Festivals	2	\$22,200	2	\$24,000	1	\$20,000
*Natural Resources Community-Based	2	\$64,225	5	\$169,372	2	\$80,000
Safety & Security	1	\$56,000	1	\$53,000	1	\$53,000
Sporting Events	0	\$—	1	\$25,000	1	\$25,000
**Career Development	1	\$10,000	0	\$—	0	\$—
***Kauai Visitors Bureau		\$2,315,209		\$2,285,893		\$2,280,893
Total HTA Program Funding		\$ 2,896,134		\$ 3,024,765		\$ 2,922,393

* In 2013, the HTA funded 4 statewide Natural Resources Community-based programs at \$133,058 and 1 statewide Hawaiian Culture Community program at \$28,000

In 2014, the HTA funded 3 statewide Natural Resources Community based programs at \$100,000 and 4 statewide Hawaiian Culture Community program at \$138,000.

** In 2013, the HTA funded 2 statewide Career Development programs at \$72,500 (\$45,000 DOE CTE and \$27,500 LEI)

*** HTA provides funding for the Hawaii Visitors and Convention Bureau and each of the island chapter bureaus. Total amounts are inclusive of leisure, MCI, HVCB and international contractors funding.

HAWAII COUNTY OVERVIEW

Visitor Statistics

Hawaii County	2014 YTD*	2013 YTD*	YTD % change	2013p	2012	2011	% change 2013/12
Total Expenditures (\$mil)	234.9	217.3	8.1%	1,898.8	1,660.8	1,459.2	13.8%
Visitor Arrivals	130,059	133,953	-2.9%	1,450,247	1,433,282	1,318,310	8.7%
PPPD Spending (\$)	193.2	181.3	6.6%	177.1	158.9	150.6	5.5%

Source: Hawaii Tourism Authority
*YTD actuals through January 2014 and January 2013

Air Seats

Kona	2014 YTD*	2013 YTD*	YTD % change	2013p	2012	2011	% change 2013/12
Domestic Seats	55,685	55,884	-0.4%	588,403	609,337	574,934	6.0%
International Seats	6,238	3,832	62.8%	26,311	21,439	11,980	79.0%
Total Seats	61,923	59,716	3.7%	614,714	630,776	586,914	7.5%

Source: Diao for 2013 YTD and 2012 YTD, OAG for whole years 2012 and 2011
*YTD actuals through January 2014 and January 2013

Hilo	2014 YTD*	2013 YTD*	YTD % change	2013p	2012	2011	% change 2013/12
Domestic Seats	3,804	4,239	-10.3%	48,588	58,577	37,052	58.1%
International Seats	0	0	na	0	0	0	na
Total Seats	3,804	4,239	-10.3%	48,588	58,577	37,052	58.1%

Source: Diio for 2013 YTD and 2012 YTD, OAG for whole years 2012 and 2011
*YTD actuals through January 2014 and January 2013

Transient Accommodations Tax (TAT) to Hawai'i County

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
TAT (\$mil)	18.74	19.11	17.55	16.85	19.15	17.3	17.3

Note: Hawai'i County receives 18.6% of the TAT revenues distributed to the counties.

HTA Programs and Funding

HTA Programs	2012		2013		2014	
	No. of Programs	Amount	No. of Programs	Amount	No. of Programs	Amount
**County Product Enrichment	22	\$357,083	18	\$ 329,200	18	\$ 328,983
*Kūkulu Ola: Hawaiian Culture Community	1	\$45,000	1	\$25,000	5	\$52,000
Major Festivals	1	\$63,500	1	\$63,500	1	\$63,500
Native Hawaiian Festivals	3	\$107,500	3	\$109,000	4	\$125,000
*Natural Resources Community-Based	2	\$60,527	5	\$185,258	7	\$250,000
Safety & Security	1	\$123,500	1	\$117,500	1	\$120,500
Sporting Events	2	\$400,000	3	\$390,000	2	\$380,000
Workforce Development	1	\$10,000	0	\$—	0	\$—
***Big Island Visitors Bureau		\$2,265,968		\$2,236,356		\$2,231,356
Total HTA Program Funding		\$ 3,433,078		\$ 3,455,814		\$ 3,551,339

*In 2013, the HTA funded 4 statewide Natural Resources Community-based programs at \$133,058 and 1 statewide Hawaiian Culture Community program at \$28,000

In 2014, the HTA funded 3 statewide Natural Resources Community based programs at \$100,000 and 4 statewide Hawaiian Culture Community program at \$38,000.

**The County Product Enrichment Program (CPEP) FY 12 budget is \$335,583. In addition, \$21,500 was rolled over from 2011 & 2010 CPEP budgets.

***HTA provides funding for the Hawai'i Visitors and Convention Bureau and each of the island chapter bureaus. Total amounts are inclusive of leisure, MCI, HVCB and international contractor funding.

NORTH AMERICA FACT SHEET

North America Overview

North America continues to be Hawai'i's largest source market for visitors. This market includes visitors who travel to the Hawaiian Islands from the U.S. West (defined as the 11 Pacific states west of the Rockies), U.S. East (all other states) and Canada. As the U.S. economy is projected to grow in 2014, demand for travel to the Hawaiian Islands from the region remains strong, with domestic air seats accounting for 66 percent of total seats to the state. The HTA continues to work with the Hawai'i Visitors & Convention Bureau (HVCB), its marketing contractor for North America, to reach aggressive targets set by the HTA.

2013 Quick Facts

Visitor Expenditures:	\$9.38 billion.
Primary Purpose of Stay:	Pleasure (4,499,274) vs. MCI (288,195).
Average Length of Stay:	10.14 days.
First Time Visitors:	27.6%.
Repeat Visitors:	72.4%.

U.S. West

U.S. WEST MMA (by Air)	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
Visitor Expenditures* (\$ Millions)	4,142.8	4,640.1	4,772.8	2.9%	4,839.0	1.4%
Visitor Days	28,768,587	30,471,505	30,733,731	0.9%	30,549,130	-0.6%
Arrivals	2,994,731	3,178,824	3,219,621	1.3%	3,219,600	0.0%
Per Person Per Day Spending* (\$)	144.0	152.3	155.3	2.0%	158.4	2.0%
Per Person Per Trip Spending* (\$)	1,383.4	1,459.7	1,482.4	1.6%	1,503.0	1.4%
Length of Stay (days)	9.61	9.59	9.55	-0.4%	9.49	-0.6%

U.S. East

U.S. EAST MMA (by Air)	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
Visitor Expenditures* (\$ Millions)	3,108.2	3,434.2	3,566.6	3.9%	3,612.9	1.3%
Visitor Days	17,178,727	17,852,103	17,821,304	-0.2%	17,786,143	-0.2%
Arrivals	1,642,279	1,699,625	1,698,454	-0.1%	1,698,500	0.0%
Per Person Per Day Spending* (\$)	180.9	192.4	200.1	4.0%	203.1	1.5%
Per Person Per Trip Spending* (\$)	1,892.6	2,020.6	2,099.9	3.9%	2,127.1	1.3%
Length of Stay (days)	10.46	10.50	10.49	-0.1%	10.47	-0.2%

Canada

CANADA MMA (by Air)	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
Visitor Expenditures* (\$ Millions)	906.0	1,022.8	1,044.8	2.2%	1,047.5	0.3%
Visitor Days	6,040,316	6,497,799	6,470,918	-0.4%	6,435,869	-0.5%
Arrivals	477,564	499,144	509,565	2.1%	519,800	2.0%
Per Person Per Day Spending* (\$)	150.0	157.4	161.5	2.6%	162.8	0.8%
Per Person Per Trip Spending* (\$)	1,897.1	2,049.0	2,050.4	0.1%	2,015.2	-1.7%
Length of Stay (days)	12.65	13.02	12.70	-2.5%	12.38	-2.5%

* Excludes supplemental business spending

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Market Summary*U.S. West*

- In 2013, total expenditures reached \$4.77 billion at a 2.9 percent YOY increase. The average daily spending increased to \$155 per person and total visitor arrivals increased YOY by 1.3 percent to 3,219,621.
- For 2014 YTD, visitor expenditures are currently \$743 million. The average daily spending increased to \$158.60 per person and total visitor arrivals are at 454,750. Average length of stay is off to a strong start at 10.3 days.
- Airlift: In 2013, air seats increased YOY by 2.1 percent to 6,373,358 scheduled seats.
- As for 2014, domestic seats are forecasted to increase with an estimate of 6,574,021 compared to 6,373,358 in 2013 for U.S. West. Discontinued service from Santa Maria and reduced service from Anchorage, Bellingham, Boise, Eugene, Fresno, Phoenix Mesa, San Jose, Spokane and Stockton are offset by increased service from Denver, Los Angeles, Oakland, Portland, Salt Lake City, San Diego and Seattle.

U.S. East

- In 2013, total expenditures reached \$3.57 billion at a 3.9 percent YOY increase. The average daily spending increased to \$200 per person and total visitor arrivals slightly decreased YOY by -0.1 percent to 1,698,454.
- For 2014 YTD, visitor expenditures are currently \$714.7 million. The average daily spending increased to \$209.60 per person and total visitor arrivals are at 289,877. Average length of stay is targeted at 11.67 days with the 2014 YTD slightly exceeding it at 11.76.
- Airlift: In 2013, air seats increased YOY by 7.8 percent to 832,797 scheduled seats.

- As for 2014, air seats are expected to slightly increase with an estimate of 841,059 compared to 832,797 in 2013. Flights out of Washington D.C. have been reduced and there is also a reduction in seats from New York JFK and Chicago. These declines are offset by additional seats out of Dallas and Houston, a result of a shift toward larger aircrafts used for Hawai'i flights.

Canada

- In 2013, total expenditures reached \$1.04 billion at a 2.2 percent YOY increase. The average daily spending increased YOY by 2.6 percent to \$161.50 per person. Total visitor arrivals increased YOY by 2.1 percent to 509,565.
- For 2014 YTD, visitor expenditures are currently at \$293.6 million. The average daily spending decreased to \$154 per person and total visitor arrivals are at 136,400. Average length of stay increased to 13.98 days compared to 13.55 YTD in 2013.
- Airlift: In 2013, air seats increased YOY by 1.4 percent to 367,825 nonstop seats.
- As for 2014, Canada is expected to grow to 386,517 scheduled air seats to Hawaii, a 5.1 percent increase compared to 2013. WestJet's expanded service from Vancouver to Kona and Lihue from December 2013 has contributed to growth in the market.

Market Conditions

- Overall U.S.
 - Slow economic growth.
 - "Affordability" and "value" continue to play a large role in consumer willingness to travel.
 - While demand for travel to Hawai'i remains strong among U.S. air leisure travelers, rising travel prices continue to play a factor with converting this demand into actual Hawai'i vacations.
 - After the U.S. Consumer Confidence Index showed increases for December 2013 and January 2014, it decreased to 78.1 in February.
 - Unemployment rate showing gradual improvement.
 - U.S. housing market showing slow improvement.
 - U.S. GDP increased at an annual rate of 2.4 percent in the fourth quarter of 2013.
 - U.S. mainland continues to be Hawai'i's single largest air service market, accounting for approximately 66 percent of scheduled seats to the state.
- Canada
 - Canadian outbound travel is expected to grow, but at a more modest pace than previous years.
 - Canadian consumer confidence showing gradual improvement.
 - Unemployment rate remains low.
 - A strong housing market, especially in the Vancouver target market.
 - Canada GDP increased at an annual rate of 0.7 percent in the fourth quarter of 2013.
 - A slightly unfavorable exchange rate.

Visitor Statistics 2008–2014
U.S. West

	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
U.S. WEST MMA (by Air)									
Visitor Expenditures* (\$ Millions)	3,897.3	3,468.2	3,913.3	4,142.8	4,640.1	4,772.8	2.9%	4,839.0	1.4%
Visitor Days	26,649,336	26,027,984	27,966,613	28,768,587	30,471,505	30,733,731	0.9%	30,549,130	-0.6%
Arrivals	2,769,229	2,718,818	2,924,430	2,994,731	3,178,624	3,219,621	1.3%	3,219,600	0.0%
Per Person Per Day Spending* (\$)	146.2	133.3	139.9	144.0	152.3	155.3	2.0%	158.4	2.0%
Per Person Per Trip Spending* (\$)	1,407.4	1,275.6	1,338.2	1,383.4	1,459.7	1,482.4	1.6%	1,503.0	1.4%
Length of Stay (days)	9.62	9.57	9.56	9.61	9.59	9.55	-0.4%	9.49	-0.6%

U.S. East

	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
U.S. EAST MMA (by Air)									
Visitor Expenditures* (\$ Millions)	3,225.1	2,694.6	2,876.4	3,108.2	3,434.2	3,566.6	3.9%	3,612.9	1.3%
Visitor Days	17,586,975	16,271,465	16,815,125	17,178,727	17,852,103	17,821,304	-0.2%	17,786,143	-0.2%
Arrivals	1,683,114	1,561,468	1,610,421	1,642,279	1,689,625	1,698,454	-0.1%	1,698,500	0.0%
Per Person Per Day Spending* (\$)	183.4	165.6	171.1	180.9	192.4	200.1	4.0%	203.1	1.5%
Per Person Per Trip Spending* (\$)	1,916.1	1,725.7	1,786.1	1,892.6	2,020.6	2,099.9	3.9%	2,127.1	1.3%
Length of Stay (days)	10.45	10.42	10.44	10.46	10.50	10.49	-0.1%	10.47	-0.2%

Canada

	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
CANADA MMA (by Air)									
Visitor Expenditures* (\$ Millions)	710.6	628.8	745.7	906.0	1,022.8	1,044.8	2.3%	1,047.5	0.3%
Visitor Days	4,632,068	4,396,325	5,143,821	6,040,316	6,497,799	6,470,918	-0.4%	6,435,869	-0.5%
Arrivals	359,580	346,583	405,040	477,564	499,144	509,565	2.1%	519,800	2.0%
Per Person Per Day Spending* (\$)	153.4	143.0	145.0	150.0	157.4	161.5	2.6%	162.8	0.8%
Per Person Per Trip Spending* (\$)	1,976.1	1,814.3	1,841.1	1,897.1	2,049.0	2,050.4	0.1%	2,015.2	-1.7%
Length of Stay (days)	12.88	12.68	12.70	12.65	13.02	12.70	-2.5%	12.38	-2.5%

* Excludes supplemental business spending

North America: Distribution by Island
U.S. West

U.S. WEST MMA (by Air)	2008		2009		2010		2011		2012		2013p		2014 Target		% Change 2013p-2014T	
	2008	% Chge	2009	% Chge	2010	% Chge	2011	% Chge	2012	% Chge	2013p	% Chge	2014 Target	% Chge	2013p-2014T	% Chge
O'ahu	1,254,836		1,255,017		1,317,632		1,318,505		1,393,821		1,434,369		1,357,756		-5.3%	
Mauï	979,253		931,078		1,032,190		1,047,825		1,109,708		1,113,539		1,139,777		2.4%	
Molokaï	25,414		20,682		20,612		22,010		21,709		22,839		22,423		-1.8%	
Lānaï	30,858		24,650		27,920		30,501		29,468		29,952		30,752		2.7%	
Kauaï	515,378		482,732		485,698		517,849		553,222		565,920		562,910		-0.5%	
Hawai'i Island	526,192		506,052		527,689		547,724		574,246		564,267		639,721		13.4%	

U.S. East

U.S. EAST MMA (by Air)	2008		2009		2010		2011		2012		2013p		2014 Target		% Change 2013p-2014T	
	2008	% Chge	2009	% Chge	2010	% Chge	2011	% Chge	2012	% Chge	2013p	% Chge	2014 Target	% Chge	2013p-2014T	% Chge
O'ahu	1,029,778		960,985		968,056		976,305		1,015,673		1,011,752		976,566		-3.5%	
Mauï	655,435		570,831		595,701		606,430		622,452		626,933		630,804		0.6%	
Molokaï	20,984		15,788		15,264		17,032		14,918		15,447		15,204		-1.6%	
Lānaï	29,364		23,303		24,656		26,998		24,902		24,598		25,641		4.2%	
Kauaï	351,478		306,976		313,675		320,096		338,756		339,095		340,097		0.3%	
Hawai'i Island	402,908		352,734		353,065		366,155		380,022		383,917		417,714		8.8%	

Canada

CANADA MMA (by Air)	2008		2009		2010		2011		2012		2013p		2014 Target		% Change 2013p-2014T	
	2008	% Chge	2009	% Chge	2010	% Chge	2011	% Chge	2012	% Chge	2013p	% Chge	2014 Target	% Chge	2013p-2014T	% Chge
O'ahu	195,034		168,911		195,472		223,283		209,380		213,986		209,788		-2.0%	
Mauï	179,139		170,754		197,722		237,434		255,602		259,426		269,930		4.0%	
Molokaï	6,735		3,751		3,349		4,276		3,927		3,931		4,171		6.1%	
Lānaï	6,128		4,623		4,664		4,801		4,735		5,293		5,081		-4.0%	
Kauaï	51,356		44,638		54,627		64,128		66,205		68,249		69,264		1.5%	
Hawai'i Island	73,060		67,122		75,137		87,703		96,274		96,677		110,275		14.1%	

	CALENDAR YEAR			1ST QUARTER			2ND QUARTER			3RD QUARTER			4TH QUARTER		
	2014F	2013	% Chge	2014F	2013	% Chge	2014F	2013	% Chge	2014F	2013	% Chge	2014F	2013	% Chge
US West	6,574,021	6,373,358	3.1%	1,575,711	1,587,388	-0.7%	1,644,621	1,896,995	3.0%	1,766,567	1,656,217	6.7%	1,587,222	1,532,758	3.6%
US East	841,059	832,797	1.0%	205,317	202,894	1.2%	206,229	214,023	-3.6%	224,444	217,034	3.4%	205,069	198,846	3.1%
Canada	386,517	367,825	5.1%	163,860	152,496	7.5%	82,282	75,484	9.0%	44,431	41,995	5.8%	95,944	97,840	-1.9%

North America: Group vs. FIT; Leisure vs. Business

U.S. West

U.S. WEST MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
Group vs FIT							
Group tour	71,623	51,795	56,211	55,697	54,556	57,539	5.5%
True Independent	2,132,943	2,097,624	2,243,921	2,313,576	2,517,281	2,590,586	2.9%
Leisure vs business							
Pleasure (Net)	2,229,622	2,226,385	2,408,309	2,474,356	2,644,238	2,678,581	1.3%
MCI (Net)	146,822	123,627	119,814	128,335	128,014	134,079	4.7%
Convention/Conf.	90,514	82,138	76,839	76,799	78,401	81,185	3.6%
Corp. Meetings	36,236	26,856	27,890	33,760	32,710	34,550	5.6%
Incentive	24,695	18,309	18,863	22,302	21,071	23,378	10.9%

U.S. East

U.S. EAST MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
Group vs FIT							
Group tour	105,006	72,499	69,661	79,006	79,493	79,079	090.5%
True Independent	1,207,278	1,138,678	1,157,985	1,185,636	1,260,957	1,619,375	28.4%
Leisure vs business							
Pleasure (Net)	1,290,209	1,209,145	1,252,562	1,271,468	1,332,544	1,342,467	0.7%
MCI (Net)	162,112	139,005	122,614	138,586	136,944	139,003	1.5%
Convention/Conf.	103,221	97,194	77,710	88,033	84,890	84,240	-0.8%
Corp. Meetings	30,293	21,769	22,635	26,204	28,306	27,310	-3.5%
Incentive	34,811	24,960	27,019	30,235	29,734	33,253	11.8%

Canada

CANADA MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
Group vs FIT							
Group tour	14,920	8,978	10,429	16,195	11,296	9,512	-15.8%
True Independent	254,534	250,577	287,466	346,733	371,840	389,146	4.7%
Leisure vs business							
Pleasure (Net)	328,792	318,894	374,413	442,851	465,799	478,226	2.7%
MCI (Net)	16,637	17,109	15,934	20,208	18,745	15,113	-19.4%
Convention/Conf.	12,462	12,329	11,712	15,087	13,098	10,725	-18.1%
Corp. Meetings	2,073	2,858	2,003	2,650	2,318	1,824	-21.3%
Incentive	2,484	2,790	2,830	3,232	4,009	3,019	-24.7%

North America: First Timers vs. Repeat Visitors

U.S. West

U.S. WEST MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
1st timers (%)	19.6	19.1	19.1	18.6	18.5	18.6	0.1
Repeaters (%)	80.4	80.9	80.9	81.4	81.5	81.4	-0.1

U.S. East

U.S. EAST MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
1st timers (%)	43.9	43.0	42.3	41.6	41.8	42.1	0.3
Repeaters (%)	56.1	57.0	57.7	58.4	58.2	57.9	-0.3

Canada

CANADA MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
1st timers (%)	38.7	37.5	36.9	36.8	35.6	36.3	0.7
Repeaters (%)	61.3	62.5	63.1	63.2	64.4	63.7	-0.7

Cost per Arrival/Return on Investment/Tax Revenue

U.S. West

U.S. WEST MMA (by Air)	2010	2011	2012	2013p
HTA Expenses (\$ Millions)	18.775	19.758	15.115	13.293
State tax revenue generated* (\$ Millions)	426.4	451.4	505.5	520.0
Return on Investment (Tax Revenue)	22.71	22.84	33.45	39.12
Cost Per Arrival	6.42	6.60	4.75	4.13

U.S. East

U.S. EAST MMA (by Air)	2010	2011	2012	2013p
HTA Expenses (\$ Millions)	12.10	13.48	15.09	15.05
State tax revenue generated* (\$ Millions)	313.4	338.6	374.2	388.6
Return on Investment	25.90	25.12	24.80	25.82
Cost Per Arrival	7.51	8.21	8.88	8.86

Canada

CANADA MMA (by Air)	2010	2011	2012	2013p
HTA Expenses (\$ Millions)	1.10	1.09	1.57	1.42
State tax revenue generated* (\$ Millions)	81.2	98.7	111.4	113.8
Return on Investment	74.06	90.31	71.02	80.45
Cost Per Arrival	2.71	2.29	3.14	2.78

*State government tax revenue generated (direct, indirect, and induced)

JAPAN FACT SHEET

Japan Overview

Japan is Hawai'i's largest international market and plans are underway to build on our momentum. In 2014, the HTA set targets aimed at reaching two million annual visitor arrivals by 2016. These increases were based on planned aircraft upgrades, new carriers entering the market, and route expansion. HTJ continues to display increased collaboration with both travel partners in Japan and Hawai'i, thus enabling the Hawaiian Islands to remain well positioned as a preferred vacation destination for the Japanese traveler.

2013 Quick Facts

Visitor Expenditures:	\$2,527.1 million.
Primary Purpose of Stay:	Pleasure (1,266,324) vs. MCI (87,432).
Average Length of Stay:	6.02 days.
First Time Visitors:	40.3%.
Repeat Visitors:	59.7%.
Average Number of Trips:	3.93.

JAPAN MMA (by Air)	2011	2012	2013	% Change 2012-2013	2014 Target	% Change 2013-2014
Visitor Expenditures* (\$ Millions)	2,164.0	2,734.9	2,527.1	-7.6%	2,742.3	8.5%
Visitor Days	7,484,700	8,819,493	9,014,563	2.2%	9,590,400	6.4%
Arrivals	1,241,805	1,465,654	1,523,302	3.9%	1,620,000	6.3%
Per Person Per Day Spending* (\$)	289.1	310.1	280.3	-9.6%	285.9	2.0%
Per Person Per Trip Spending* (\$)	1,742.6	1,866.0	1,659.0	-11.1%	1,692.8	2.0%
Length of Stay (days)	6.03	6.02	5.92	-1.7%	5.92	0.0%

*Excludes supplemental business spending

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Market Summary

- Arrivals from Japan rose 3.9 percent to 1,523,302 visitors in 2013.
- 81 percent of total visitors stayed only on O'ahu, 2 percent visited Kaua'i, 5.5 percent visited Maui county and 13.6 percent visited Hawai'i island. Total of neighbor island visits increased by 6.5 percent, compared to 2012.
- 83 percent of all passengers visited Hawaii for pleasure and 5.7 percent visited Hawaii for MCI.
- 74 percent traveled on a package tour, which is 5.3 percent higher compared to 2013.
- 23 percent of the total visitors were Net True Independent traveler, which is similar to 2013.
- 40.3 percent of Japanese visitors were first timers, 1.6 percent lower than 2012.
- 59.7 percent of the visitors were repeaters and the average number of trips to the islands was 3.93 times.
- 88 percent of visitors stayed in a hotel, 8.4 percent stayed in Condo and 3.4 percent stayed in a timeshare.
- There were 2,027,820 air seats from Japan in 2013, an 11.3 percent increase from 2012.
- Average growth of the outbound travel from Japan is 4.2 percent for the last 10 years.
- JAL provides 102 less seats daily from 4/1 to 9/30 due to aircraft change.
- China Airline provides 82 less seats daily from 5/7 to 6/29.
- Korean Airline provides 89 more seats daily in 2014.
- Hawaiian Fukuoka—Honolulu route stops its service on 6/1.

Market Conditions

- In an effort to spur the Japanese economy, Prime Minister Abe is adjusting the country's financial plans through "Abenomics." The Japanese government approved a record spending budget for Fiscal Year 2014 to 2015, amounting to \$920 billion USD (95.9 trillion yen) aimed at lowering their public debt and further growing the economy.
- Consumption tax will increase from 5 percent to 8 percent in April 2014.
- JPY is trading at just above 100 yen to a dollar.
- GDP growth for Japan in 2013 was 2.6 percent.
- 2013 Unemployment rate in Japan remained steady at 4.0 percent.
- Private consumption has been on the rise with increases in consumer confidence. These effects show that consumers are willing to spend, but with the devaluation of the yen and tax increase, Hawai'i will become a more expensive destination for Japanese visitors.

Japan: Group vs. FIT; Leisure vs. Business

JAPAN MMA (by Air)	2008	2009	2010	2011	2012	2013p	%Change 2012-2013p
Group vs FIT							
Group tour	457,113	397,244	408,361	333,929	396,031	403,773	2.0%
True Independent	183,189	222,885	267,587	298,886	350,172	350,353	0.1%
Leisure vs business							
Pleasure (Net)	1,048,593	1,074,178	1,067,488	1,074,578	1,268,715	1,266,324	-0.2%
MCI (Net)	51,626	35,576	47,613	43,305	52,386	87,432	66.9%
Convention/Conf.	10,179	14,803	17,634	9,593	18,173	10,813	-40.5%
Corp. Meetings	5,817	4,688	8,756	5,875	8,087	2,181	-73.0%
Incentive	36,937	16,529	21,954	29,173	27,068	75,517	179.0%

Japan: First Timers vs. Repeat Visitors

JAPAN MMA (by Air)	2008	2009	2010	2011	2012	2013p	percent Change 2012-2013p
1st timers (percent)	42.3	42.1	41.5	41.1	41.9	40.3	-1.6
Repeaters (percent)	57.7	57.9	58.5	58.9	58.1	59.7	1.6

Cost per Arrival/Return on Investment/Tax Revenue

JAPAN MMA (by Air)	2008	2009	2010	2011	2012	2013p
HTA Expenses (\$ Millions)	8.89	10.14	7.22	6.53	8.47	7.62
State tax revenue generated* (\$ Millions)	173.1	185.6	207.0	235.8	298.0	275.3
Return on Investment	19.47	18.29	28.67	36.11	35.18	36.13
Cost Per Arrival	7.56	8.68	5.83	5.26	5.78	5.00

* State government tax revenue generated (direct, indirect, and induced)

OCEANIA FACT SHEET**Oceania Overview**

The HTA, through Hawai'i Tourism Oceania (HTO), targets visitors from the countries of Australia and New Zealand which have experienced steady growth in outbound travel to Hawai'i over recent years. Since 2004, the HTA has contracted with the Walshe Group Pty Ltd, to provide marketing services in Oceania. In September 2011, the HTA announced that the Walshe Group has been selected for a new multi-year contract starting Jan. 1, 2012 with the first year valued at \$1.1 million. HTO moved into 2013 at the same base funding level and in 2014 received \$1.34 million, but with higher targets.

2013 Quick Facts

Visitor Expenditures:	\$840.8 million.
Primary Purpose of Stay:	Pleasure (328,728) vs. MCI (7,912).
Average Length of Stay:	9.48 days.
First Time Visitors:	54.1 percent.
Repeat Visitors:	45.9 percent.
Average Number of Trips:	2.12.

OCEANIA MMA (by Air)	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p- 2014T
Visitor Expenditures* (\$ Millions)	328.2	477.4	639.8	840.8	31.4%	952.1	13.2%
Visitor Days	1,586,379	2,092,356	2,606,362	3,348,374	28.5%	3,717,350	11.0%
Arrivals	161,060	209,976	273,039	353,065	29.3%	391,300	10.8%
Per Person Per Day Spending* (\$)	206.9	228.1	245.5	251.1	2.3%	256.1	2.0%
Per Person Per Trip Spending* (\$)	2,037.9	2,273.4	2,343.4	2,381.4	1.6%	2,433.2	2.2%
Length of Stay (days)	9.85	9.96	9.55	9.48	-0.7%	9.50	0.2%

*Excludes supplemental business spending

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- In 2013, Oceania KPI's continued to grow YOY (29.3 percent) in total arrivals, daily spending was \$251.1 per person; up 2.3 percent compared to last year. Visitor expenditures by Oceania visitors reached \$840.8 million. The increased arrivals can partially be attributed to a strong Australia dollar and additional airlift out of both Australia and New Zealand.
- Airlift grew in 2013 and continues in 2014, but less aggressively. In 2013, the majority of the growth in air seats is attributed to Hawaiian Airlines new service from Brisbane to Honolulu, Auckland to Honolulu, Jetstar's restarting Melbourne to Honolulu service and Air New Zealand increasing Auckland to Honolulu service. New service from Jetstar out of the Brisbane market is expected to start in December of 2014.
- An additional carrier which also supports the market is Qantas.
- Hawaiian Airlines new routes and connectivity throughout the State is contributing to greater neighbor island awareness in Oceania. However with the increase in visitor arrivals Hawai'i is hosting more first-time visitors and these visitors generally travel only to O'ahu on their first trip.
- The increase in the price to travel to Hawai'i will affect the growth of Oceania KPI's in 2014.

Market Conditions

- Record low interest rates are having a positive effect on the economy. The rates have been cut to 2.5 percent. *Reserve Bank of Australia*
- Australia's Reserve Bank expects economic growth at between 2.25 percent and 3.25 percent in 2014. *Reserve Bank of Australia*
- The recent rebound in the Australian dollar, combined with expectations of tight Federal and state government budgets and slow wage growth, leaves the Reserve Bank expecting an improvement in consumer and business confidence. *Reserve Bank of Australia*
- Unemployment is anticipated to continue to increase gradually for the next year or so as the economy grows at a below-trend pace. Current unemployment rate is 5.7 percent. *Reserve Bank of Australia*
- The sustained good value of the Australian dollar continues to provide favorable conditions for Australian overseas travel in the near term. Reflecting this, the outlook remains positive with outbound departures forecast to increase YOY by 4.9 percent to 8.8 million in 2013–14. *Tourism Australia*

Visitor Statistics 2008–2014

OCEANIA MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
Visitor Expenditures* (\$ Millions)	290.4	256.2	328.2	477.4	639.8	840.8	31.4%	952.1	13.2%
Visitor Days	1,343,771	1,262,591	1,586,379	2,092,356	2,606,362	3,348,374	28.5%	3,717,350	11.0%
Arrivals	155,480	136,717	161,060	209,976	273,039	353,065	29.3%	391,300	10.8%
Per Person Per Day Spending* (\$)	216.1	202.9	206.9	228.1	245.5	251.1	2.3%	256.1	2.0%
Per Person Per Trip Spending* (\$)	1,867.8	1,873.7	2,037.9	2,273.4	2,343.4	2,381.4	1.6%	2,433.2	2.2%
Length of Stay (days)	8.64	9.24	9.85	9.96	9.55	9.48	-0.7%	9.50	0.2%

* Excludes supplemental business spending

	OCEANIA MMA (by Air)											
	CALENDAR YEAR			1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER		2014 Target
	2014F	2013	%Chge	2014F	2013	%Chge	2014F	2013	%Chge	2014F	2013	%Chge
Oceania	420,668	416,863	0.9%	98,760	105,602	-8.7%	110,331	108,835	1.4%	106,975	107,367	-1.3%
Auckland	88,452	77,620	14.0%	20,766	21,294	-84.7%	24,864	23,938	3.9%	21,528	22,596	-4.7%
Brisbane	50,764	47,727	6.4%	10,101	13,468	-19.1%	13,727	11,655	17.8%	13,468	11,137	20.9%
Melbourne	40,602	35,451	14.5%	9,896	10,302	-18.5%	11,817	8,484	39.3%	8,787	9,393	-6.5%
Sydney	240,850	256,065	-5.9%	58,197	60,538	-1.3%	59,923	64,758	-7.5%	62,192	64,241	-3.2%
Oahu					146,118		153,554	202,075		260,317	340,413	358,942
Maui					31,586		32,597	45,651		50,625	72,212	73,575
Moloka'i					3,022		2,542	3,184		3,742	4,652	5,469
Lana'i					2,907		2,167	3,508		4,240	5,513	6,261
Kaua'i					14,605		14,789	19,304		22,807	31,197	32,837
Hawai'i Island					25,674		27,642	37,832		45,749	58,074	72,114

Oceania: Group vs. FIT; Leisure vs. Business

OCEANIA MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
Group vs FIT							
Group tour	5,906	5,291	7,178	8,411	5,840	10,046	72.0%
True Independent	79,406	72,814	78,572	103,835	139,707	180,736	29.4%
Leisure vs business							
Pleasure (Net)	139,521	122,454	145,009	192,351	256,340	328,728	28.2%
MCI (Net)	5,769	5,502	6,827	5,669	3,879	7,912	104.0%
Convention/Conf.	4,385	4,995	6,192	3,936	3,202	6,414	100.3%
Corp. Meetings	333	331	338	455	197	535	171.6%
Incentive	1,222	241	537	1,360	534	996	86.5%

Oceania: First Timers vs. Repeat Visitors

OCEANIA MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
1st timers (%)	52.9	55.5	54.3	56.6	56.1	54.1	(1.9)
Repeaters (%)	47.1	44.5	45.7	43.4	43.9	45.9	2.0

Cost per Arrival/Return on Investment/Tax Revenue

OCEANIA MMA (by Air)	2008	2009	2010	2011	2012	2013p
HTA Expenses (\$ Millions)	1.16	1.32	1.06	1.56	1.36	1.41
State tax revenue generated* (\$ Millions)	25.8	26.0	35.8	52.0	69.7	91.6
Return on Investment	22.32	19.66	33.74	33.34	51.26	64.97
Cost Per Arrival	7.45	9.68	6.58	7.43	4.98	3.99

*State government tax revenue generated (direct, indirect, and induced)

CHINA FACT SHEET**China Overview**

The HTA, through Hawai'i Tourism China (HTC), implements targeted marketing programs to increase awareness and drive travel demand to Hawai'i. In January 2014, the HTA contracted the Travel Link Marketing (TLM) to provide marketing representation services in Mainland China. TLM was established in 2005 with offices in Beijing, Shanghai, Guangzhou and Chengdu. Together with TLM, the new HTC, HTA aims for accelerated growth compared to previous years with increased air seat capacity out of China.

2013 Quick Facts

Visitor Expenditures: \$328.6 million.
 Primary Purpose of Stay: Pleasure (115,640) vs. MCI (10,397).
 Average Length of Stay: 6.24 days.
 First Time Visitors: 85.2%.
 Repeat Visitors: 14.8%.

China MMA (by Air)	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
Visitor Expenditures* (\$ Millions)	127.7	178.2	277.1	328.6	18.6%	452.1	37.6%
Visitor Days	364,543	479,447	699,703	827,129	18.2%	1,135,607	37.3%
Arrivals	61,455	81,738	116,866	132,634	13.5%	182,100	37.3%
Per Person Per Day Spending* (\$)	350.3	371.7	396.0	397.3	0.3%	398.1	0.2%
Per Person Per Trip Spending* (\$)	2,077.9	2,180.1	2,370.9	2,477.5	4.5%	2,482.4	0.2%
Length of Stay (days)	5.93	5.87	5.99	6.24	4.1%	6.24	0.0%

Contact Information

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Market Summary

- 2013 arrivals from China rose 13.5 percent over 2012 to 132,634 visitors. 2014 YTD (Jan-Feb) arrivals increased 4.8 percent over the same period of last year.
- In 2013, most (95 percent) visited O'ahu, 16.6 percent visited Hawai'i Island, 15.3 percent went to Maui and 2.9 percent went to Kaua'i. Number of visitors to Kaua'i remains the lowest, mainly due to a lack of Chinese speaking receptive tour operators and tour guides on that island. 2014 YTD (Jan-Feb) data showed a 29.6 percent growth YOY in arrivals to the neighbor islands.
- In 2013, Chinese visitors spent an average 6.2 days in the islands, slightly longer (+4.2 percent) than the same period in 2012.
- Average daily spending by Chinese visitors in 2013 was \$397.3, the highest out of all visitors to Hawai'i. Shopping was their number one expenditure, followed by lodging, food, and entertainment.
- Majority of Chinese visitors to Hawai'i are first timers. In 2013, 85.2 percent visited Hawai'i for the first time and 51 percent came on group tours. As the market continues to develop and mature, repeat visitations and FITs will increase gradually.
- Airlift: In 2013, the total number of direct service air seats from China was 42,903. In 2014, with an additional connecting Beijing and Honolulu and additional frequencies out of Shanghai, the total air seats jumped to 139,473, a 225 percent increase. Currently, China Eastern flies five weekly flights between Shanghai and Honolulu. Air China flies three times a week between Beijing and Honolulu. Hawaiian Airlines will launch direct Beijing-Honolulu services in April 2014.

Market Conditions

- Slowdown in economic/GDP growth; relatively strong compared to other economies
- Currency exchange rate in favor of Chinese visitors
- Growing middle class and experienced and affluent travelers
- Continued improvement in U.S. visa processing; the U.S. Consulate in Wuhan will open its visa service to the public in 2015 processing 200,000 (est.) visa applications per year.
- Approximately 1.858 million Chinese visited the U.S. in 2013, a 26 percent increase from 2012. Total arrivals from China in 2014 are expected to increase by 24 percent to 2.304 million according to the U.S. Department of Commerce.
- Brand USA predicted China will become one of the top tourist source markets for the United States in 2018 when the number of visiting Chinese hits 4.7 million. Chinese travelers spent US\$8.8 billion last year in America, making America the top spending destination for Chinese tourists.
- New regulations and caps on Chinese government spending continue to impact oversea travel by government and state owned businesses.
- Since the new China tourism law took effect on October 1, 2013, prices of group tour packages have increased as the law forbids the levying of extra costs during tours.
- Increased competition from other destinations

Visitor Statistics 2008–2014

China MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
Visitor Expenditures* (\$ Millions)	93.3	83.8	127.7	178.2	277.1	328.6	18.6%	452.1	37.6%
Visitor Days	287,945	293,538	364,543	479,447	699,703	827,129	18.2%	1,135,607	37.3%
Arrivals	54,235	41,924	61,455	81,738	116,866	132,634	13.5%	182,100	37.3%
Per Person Per Day Spending* (\$)	324.0	285.6	350.3	371.7	396.0	397.3	0.3%	398.1	0.2%
Per Person Per Trip Spending* (\$)	1,720.0	1,999.8	2,077.9	2,180.1	2,370.9	2,477.5	4.5%	2,482.4	0.2%
Length of Stay (days)	5.31	7.00	5.93	5.87	5.99	6.24	4.1%	6.24	0.0%

** Excludes supplemental business spending

China: Distribution by Island

China MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
O'ahu	49,778	38,734	58,057	76,063	109,729	125,829	14.7%	164,505	30.7%
Maui	7,601	4,802	6,683	10,564	15,343	20,297	32.3%	24,244	19.4%
Moloka'i	1,356	405	579	984	1,560	1,108	-29.0%	2,478	123.7%
Lana'i	862	358	464	1,090	641	770	20.1%	1,029	-33.6%
Kaua'i	2,360	1,391	2,026	2,868	3,828	3,803	-0.7%	5,992	57.6%
Hawai'i Island	8,328	6,191	8,655	12,115	17,929	21,983	22.6%	30,728	39.8%

	2014Q1	2013Q1	%Chge	2014Q2	2013Q2	%Chge	2014Q3	2013Q3	%Chge	2014Q4	2013Q4	%Chge	CY 2014	CY 2013	%Chge
China	25,575	11,086	130.7%	35,811	9,905	261.5%	44,170	10,560	318.3%	33,917	11,352	198.8%	139,473	42,903	225.1%

China: Group vs. FIT; Leisure vs. Business

China MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
Group vs FIT							
Group tour	37,790	25,644	37,807	48,339	68,613	67,402	-1.8%
True Independent	9,040	9,045	12,964	15,364	22,863	33,237	45.4%
Leisure vs business							
Pleasure (Net)	35,395	30,734	48,812	61,592	99,916	115,640	15.7%
MCI (Net)	7,235	5,410	5,879	11,242	8,709	10,397	19.4%
Convention/Conf.	2,307	2,518	2,808	4,558	3,064	4,003	30.6%
Corp. Meetings	1,998	910	1,142	3,798	1,223	2,223	81.8%
Incentive	2,962	2,038	2,073	3,379	4,458	4,675	4.9%

China: First Timers vs. Repeat Visitors

China MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
1st timers (%)	83.7	83.9	83.8	83.9	86.3	85.2	-1.1
Repeaters (%)	16.3	16.1	16.2	16.1	13.7	14.8	1.1

Tax Revenue

China MMA (by Air)	2008	2009	2010	2011	2012	2013p
State tax revenue generated* (\$ Millions)	8.3	8.5	13.9	19.4	30.2	35.8

* State government tax revenue generated (direct, indirect, and induced)

KOREA FACT SHEET**Korea Overview**

The HTA, through Hawai'i Tourism Korea (HTK), implements targeted marketing programs to increase awareness and drive travel demand to Hawai'i. From 2004 to 2011, the HTA has contracted the Aviareps Marketing Garden Ltd. to provide marketing services in Other Asia that covers Korea, China, Taiwan, Hong Kong, Philippines, and Singapore. In September 2011, the HTA announced that the Aviareps Marketing Garden Ltd. had been selected for another new two-year contract from January 1, 2012 through December 31, 2013. Aviareps Marketing Garden Ltd. has been extended to provide marketing services in Korea only through December 31, 2014.

2013 Quick Facts

Visitor Expenditures: \$314.6 million
 Primary Purpose of Stay: Pleasure (156,481) vs. MCI (8,017).
 Average Length of Stay: 7.03 days.
 First Time Visitors: 82.2%.
 Repeat Visitors: 17.8%.
 Avg. Number of Trips: 1.49.

Korea MMA (by Air)	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
Visitor Expenditures* (\$ Millions)	194.0	282.4	314.6	11.4%	350.3	11.3%
Visitor Days	813,989	1,078,814	1,205,501	11.7%	1,335,494	10.8%
Arrivals	112,567	153,338	171,506	11.8%	190,000	10.8%
Per Person Per Day Spending* (\$)	238.3	261.8	261.0	-0.3%	262.3	0.5%
Per Person Per Trip Spending* (\$)	1,723.0	1,841.9	1,834.3	-0.4%	1,843.4	0.5%
Length of Stay (days)	7.23	7.04	7.03	-0.2%	7.03	0.0%

* Excludes supplemental business spending

T: Targets
 p: Preliminary

Contact Information

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Market Summary

- In 2013, Korean arrivals rose 11.8 percent year to date, as compared to the same period in 2012, to 171,506 visitors. However, this was a decrease of 10.5 percent below our targets of 191,671 visitors for year-end 2013.
- In 2013, 82.2 percent were first time visitors similar to 85.3 percent a year ago.
- Most Korean visitors went to O'ahu (98 percent), while 25 percent went to Maui, 8.9 percent went to Hawai'i Island and 2.9 percent went to Kaua'i.
- One out of three Korean visitors (37.1 percent) were true independent travelers.
- Hotels accommodated 92 percent of the Korean visitors, a few stayed in condominium properties (5.3 percent), with friends or relatives (3.0 percent) and in bed and breakfast properties (0.7 percent).
- In 2013, there were 379,810 airseats from Seoul, which is similar as compared to 2012, which had a total of 379,089 airseats. In 2014, there will be a projected decrease of 7.7 percent to 350,583 airseats. This is mainly due to Hawaiian Airlines reducing their daily flight to 5 times a week.
- Hawai'i has gained huge attention in Korea as the leading long haul destination for honeymoons.
 - The number of Korean honeymooners accounted for 39.3 percent of total visitors from Korea in 2013.

Market Conditions

- Over 24 percent of Korea's entire population of 50 million travels overseas each year. Total outbound travel in 2013 increased 8.1 percent over 2012 reaching 14.8 million, surpassing the all-time record high of 13.7 million set in 2012.
- According to the Korea Tourism Organization, the number of Korean outbound travelers in January 2014 was calculated at 1,468,903, 3 percent higher than the number of outbound travelers in January 2013.
- Number of Korean visitors to Hawai'i is projected to continually increase, anticipating strength among the family and FIT segments.
- With rising interest in healthy lifestyles and a higher quality of life—individual wellness and healthy lifestyle have become popular themes; luxury travel products with well-being themes, such as spas and golf holidays are becoming increasingly popular among high-end consumers.
- Plans to affect origination point expansion from the Busan/Youngnam Region in 2014–2015.
- Emergence of LLC's offering attractive prices to other Asia countries will be a challenge.
- Major purposes of travel: Pleasure (52 percent), Honeymoon (39 percent), Business (4.6 percent), Other (4.4 percent).

Travel Trends

- May and September used to be the most popular months for honeymoons; however it is now more distributed throughout the year. According to the current survey conducted by Korea Gallup, 16 percent of the participants said they got married in December while only 4 percent answered September. Since wedding day and honeymoon expenses are much higher during the traditional wedding season, couples are getting married during non-traditional times.
 - October and November 2014 are leap months in Korea, which are normally "bad luck" periods to get married. There will be less honeymoons during this time frame.
- Traditionally, overseas travel are soft during the Winter Olympics and World Cup seasons.

Visitor Statistics 2008–2014

Korea MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
	Visitor Expenditures* (\$ Millions)	79.4	78.7	145.8	194.0	282.4	314.6	11.4%	350.3
Visitor Days	348,244	405,762	654,025	813,989	1,078,814	1,205,501	11.7%	1,335,494	10.8%
Arrivals	38,110	51,353	81,758	112,567	153,338	171,506	11.8%	190,000	10.8%
Per Person Per Day Spending* (\$)	227.9	194.0	222.9	238.3	261.8	261.0	-0.3%	262.3	0.5%
Per Person Per Trip Spending* (\$)	2,082.1	1,532.6	1,783.1	1,723.0	1,841.9	1,834.3	-0.4%	1,843.4	0.5%
Length of Stay (days)	9.14	7.90	8.00	7.23	7.04	7.03	-0.2%	7.03	0.0%

*Excludes supplemental business spending
T: Targets
p: Preliminary

Korea: Distribution by Island

Korea MMA (by Air)	2008	2009	2010	2011	2012	2013p	2014 Target	% Change 2013p-2014T
	O'ahu	34,883	46,731	74,973	104,655	147,039	167,552	174,491
Maui County	10,764	14,208	22,531	34,288	43,611	44,064	55,127	25.1%
Maui	10,670	14,081	22,169	33,880	43,413	43,690	54,301	24.3%
Molokai	169	461	506	484	363	779	456	-41.5%
Lana'i	256	286	274	268	291	359	370	3.0%
Kauai	1,331	1,971	1,844	3,268	2,503	5,010	3,102	-38.1%
Hawaii Island	4,631	6,797	8,681	11,156	13,392	15,278	18,168	18.9%

	CALENDAR YEAR			1ST QUARTER			2ND QUARTER			3RD QUARTER			4TH QUARTER		
	2014F	2013	%Chge	2014F	2013	%Chge	2014F	2013	%Chge	2014F	2013	%Chge	2014F	2013	%Chge
Seoul	350,583	379,810	-7.7%	85,989	102,001	-15.7%	83,169	92,510	-10.1%	89,057	92,761	-4.0%	92,368	92,538	-0.2%

*As of March 31, 2014

Korea: Group vs. FIT; Leisure vs. Business

Korea MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2013p- 2014T
Group vs FIT							
Group tour	9,731	14,435	24,346	31,167	41,870	37,301	-10.9%
True Independent	17,806	20,474	27,727	35,742	50,815	63,737	25.4%
Leisure vs business							
Pleasure (Net)	28,381	40,011	70,625	100,791	137,317	156,481	14.0%
MCI (Net)	4,261	5,309	5,062	4,926	9,218	8,017	13.0%
Convention/Conf.	3,308	3,828	2,863	3,081	4,726	4,189	-11.4%
Corp. Meetings	399	615	793	983	612	1,169	91.0%
Incentive	611	950	1,451	927	3,968	2,840	-28.4%

Korea: First Timers vs. Repeat Visitors

Korea MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
1st timers (%)	67.7	76.6	81.9	83.9	85.3	82.2	-3.6%
Repeaters (%)	32.3	23.4	18.1	16.1	14.7	17.8	21.1%

Tax Revenue

Korea MMA (by Air)	2008	2009	2010	2011	2012	2013p
State tax revenue generated* (\$ Millions)	7.1	8.0	15.9	21.1	30.8	34.3

* State government tax revenue generated (direct, indirect, and induced)

TAIWAN FACT SHEET**Taiwan Overview**

The HTA, through Hawai'i Tourism Taiwan (HTT), implements targeted marketing programs to increase awareness and drive travel demand to Hawai'i. In January 2014, the HTA contracted the JWI Marketing (JWI), the new HTT, to provide marketing representation services in Taiwan. JWI Marketing was established in 2009 and is a wholly owned subsidiary of the Lion Group.

Taiwan provides growth opportunities for Hawai'i with the approval of VISA waiver and the startup of direct air services from China Airlines which enables Hawai'i to connect deeper into and cultivate more of Southeast Asian markets.

2013 Quick Facts

Visitor Expenditures:	N/A.
Primary Purpose of Stay:	Pleasure (20,358) vs. MCI (3,047).
Average Length of Stay:	7.59 days.
First Time Visitors:	61.3%.
Repeat Visitors:	38.7%.
Average Number of Trips:	1.96.

TAIWAN (by Air)	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p- 2014T
Visitor Expenditures* (\$ Millions)	NA	NA	NA	NA	NA	95.0	NA
Visitor Days	126,445	69,303	84,643	205,035	142.2%	395,200	92.7%
Arrivals	15,625	8,186	8,769	27,013	208.1%	52,000	92.5%
Per Person Per Day Spending* (\$)	NA	NA	NA	NA	NA	240.3	NA
Per Person Per Trip Spending* (\$)	NA	NA	NA	NA	NA	1826.9	NA
Length of Stay (days)	8.09	8.47	9.65	7.59	-21.4%	7.60	0.1%

Contact Information

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Market Summary

- 2013 arrivals from Taiwan increased 142 percent compared to 2012 to 27,013 visitors. 2014 YTD (Jan-Feb) arrivals rose 211 percent over the same period of last year.

- In 2013, 92 percent visited O'ahu, 27.4 percent visited Hawai'i Island, 27.4 percent went to Maui and 3.3 percent went to Kaua'i. For the first two months of 2014, O'ahu received 6,071 visitors (+228 percent); Hawai'i Island received 1,029 visitors (+236 percent); Maui received 1,020 visitors (+374 percent); and Kaua'i received 371 visitors (+244 percent).
- In 2013, more than half of Taiwanese visitors to Hawai'i are first-time visitors (61.3 percent) and 46.2 percent are true independent travelers.
- The average length of stay in Hawai'i for Taiwanese visitors in 2013 was 7.59 days. There was a slight increase for the first two month of 2014 to 8.42 days.
- Airlift:
 - On June 2, 2013, China Airlines started direct non-stop service, twice a week, between Taipei and Honolulu.
 - China Airlines maintains its existing 7 weekly Taipei—Tokyo—Honolulu service.
 - Hawaiian Airlines will end its three weekly Taipei to Honolulu flights in April 2014 after 9 months of serving the Taiwan market.

Market Conditions

- Economic forecast in 2014 for Taiwan is generally positive with GDP expected to rise to roughly 3 percent. The outbound travel industry for Taiwan is expected to remain strong with over 10 percent growth.
- In February 2014, Consumer Confidence Index (CCI) increased by 7.69 points to 82.93 points, compared to the same period of the previous year. Overall, the variables of CCI were increasing, including Intention for Stock Investment, Domestic Economic Performance, Household Economic Performance, Employment Status and The Standard of Commodity Prices.
- Unemployment rate remains low
- U.S. VISA waiver continues to attract visitors to U.S.
- Reduction in air seat capacity to Hawai'i will impact the market
- Competition from short-haul destinations offering attractive and affordable deals
- According to the U.S. Department of Commerce, in 2013, approximately 363,000 Taiwanese visited the U.S., a 25 percent increase over 2012. In 2014 and 2015, a year over year growth rate of 15 percent and 10 percent is expected from the Taiwan market.

Visitor Statistics 2010–2014

TAIWAN (by Air)	2010	2011	2012	2013p	% Change 2012–2013p	2014 Target	% Change 2013p– –2014T
Visitor expenditures (\$ Millions)	NA	NA	NA	NA	NA	95.0	NA
Visitor Days	126,445	69,303	84,643	205,035	142.2%	395,200	92.7%
Arrivals	15,625	8,186	8,769	27,013	208.1%	52,000	92.5%
Per Person Per Day Spending (\$)	NA	NA	NA	NA	NA	240.3	NA
Per Person Per Trip Spending (\$)	NA	NA	NA	NA	NA	1826.9	NA
Length of Stay (days)	8.09	8.47	9.65	7.59	-21.4%	7.60	0.1%

*Excludes supplemental business spending

Taiwan: Distribution by Island

TAIWAN (by Air)	2012	2013p	% Change 2012–2013p	2014 Target	% Change 2013p– –2014T
O'ahu	7,852	24,821	216.1%	47,323	90.7%
Maui	1,621	7,407	357.0%	11,360	53.4%
Moloka'i	11	93	736.5%	357	284.8%
Lāna'i	89	624	599.1%	202	-67.6%
Kaua'i	380	894	135.2%	1,285	43.7%
Hawai'i Island	1,699	7,391	335.1%	6,982	-5.5%

Taiwan: Airlift (2014 vs. 2013)

	2014Q1	2013Q1	% Chge	2014Q2	2013Q2	% Chge	2014Q3
Taiwan	19,448	0	NA	8,864	2,763	220.8%	7,982

Taiwan: Airlift (2014 vs. 2013)—Continued

	2013Q3	% Chge	2014Q4	2013Q4	% Chge	CY 2014	CY 2013	% Chge
Taiwan	18,566	-57.0%	8,289	19,448	-57.4%	44,583	40,777	9.3%

Taiwan: Group vs. FIT; Leisure vs. Business

TAIWAN (by Air)	2012	2013p	% Change 2012-2013p
Group vs FIT			
Group tour	980	5,450	456.0%
True Independent	4,904	12,489	154.7%
Leisure vs business			
Pleasure (Net)	6,608	20,358	208.1%
MCI (Net)	1,266	3,047	140.6%
Convention/Conf.	1,038	1,273	22.6%
Corp. Meetings	158	926	487.5%
Incentive	107	871	713.8%

Taiwan: First Timers vs. Repeat Visitors

TAIWAN (by Air)	2012	2013p	% Change 2012-2013p
1st timers (%)	57.7	61.3	3.6
Repeaters (percent)	42.3	38.7	-3.6

EUROPE FACT SHEET

Europe Overview

The HTA, through Hawai'i Tourism Europe (HTE), targets visitors from the countries of the United Kingdom and Germany, the two top source markets in the Europe Major Market Area (U.K., Germany, France, Italy and Switzerland). In 2013 and 2014, HTA also provided additional funds to support trainings in France and Scandinavia. Europeans continue to travel despite their economic situation, however, they are watching their budget and spending less. Year end 2013 visitor arrivals are up 9.4 percent compared to the same period last year, and per person per day spending is down 1.5 percent. The UK Pound and Euro continue to relatively stable against the dollar.

2013 Quick Facts

Visitor Expenditures:	\$292.1 million.
Primary Purpose of Stay:	Pleasure (111,188) vs. MCI (6,489).
Average Length of Stay:	12.91 days.
First Time Visitors:	70.8%.
Repeat Visitors:	29.2%.

EUROPE MMA (by Air)	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p- 2014T
Visitor Expenditures* (\$ Millions)	228.5	244.0	292.1	334.5	14.5%	358.3	7.1%
Visitor Days	1,437,409	1,525,705	1,669,269	1,883,581	12.8%	1,978,020	5.0%
Arrivals	112,765	119,825	129,252	141,408	9.4%	148,500	5.0%
Per Person Per Day Spending* (\$)	159.0	160.0	175.0	177.6	1.5%	181.2	2.0%
Per Person Per Trip Spending* (\$)	2,026.2	2,036.7	2,259.7	2,365.7	4.7%	2,413.0	2.0%
Length of Stay (days)	12.75	12.73	12.91	13.32	3.2%	13.32	0.0%

*Excludes supplemental business spending F: Final P: Preliminary

Contact Information

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Market Summary*Overall*

- European arrivals increased +9.4 percent in 2013 (exceeding targets), with the countries of UK, Germany, France and Switzerland showing positive growth with the exception of Italy.
- Daily spending was also up 1.5 percent at \$177.6, and thus total visitor spending to increase 14.5 percent.
- Length of stay increased +3.2 percent to 13.3 days, which brought about double-digit growth to total visitor days at +12.8 percent.
- Majority (74 percent) visited O'ahu, followed by Maui (42 percent), Hawai'i Island (34 percent) and Kaua'i (22 percent) in 2013.
- The first two months of 2014 show visitor arrivals up 7.5 percent over the same period last year.

Market Conditions*Outlook*

- The U.S. Department of Commerce, ITA, Office of Travel & Tourism Industries' forecasts the following growth for 2014 (against 2013): UK (+1 percent); Germany (+4 percent); France (+5 percent); Italy (-1 percent); Switzerland (+2 percent). Visitor volume from Europe is expected to increase 2.4 percent in 2014, followed by similar and slowly increasing growth over the next four years. The largest growth from Europe will come from the U.K., France and Germany. While the growth forecasts reflect low-growth rates, it is based on large traveler volume bases. (as of November 2013, OTTI)
- IMF expects the UK economy to grow 2.4 percent this year—faster than any other major European economy—against its previous forecast of 1.9 percent.
- Germans consider the domestic economy to be clearly on the upturn at present. In the wake of this, income prospects climbed to reach a 13-year high. Willingness to buy also improved and surpassed its seven-year high of the previous month. The considerable increase in the consumer climate is further boosted by a recent slump in propensity to save. From the consumers' point of view, the economic upswing in Germany is gaining momentum.

Competitive Environment

- In the UK market, early indications are that Vietnam, Mexico and Cuba are becoming three of the most requested long-haul destinations for 2014. (Kuoni)

Travel Trends

- Hotels are becoming ever more important as the main holiday element, demand is growing for smaller destinations and technology is a must while on holiday—those are the three key findings of a new TUI consumer survey. Long-haul destinations are more popular than ever while demand is also growing for smaller destinations such as Menorca, Kos and Dalaman. Technology is the heart of the other three trends. Customers want to combine online and offline, especially for bookings, while they also want to be connected while on holiday.
- Demand for winter holidays was good with a 6.3 percent bookings increase last month. Cumulative winter bookings are now 3.8 percent ahead of the previous year. There is a massive 42 percent increase in April bookings, mostly due to this year's late Easter, which more than compensates for the 13 percent drop in March bookings. However, Germans were also just as interested in booking their summer holidays last month. Sales of summer holidays grew by 5.9 percent, with bookings for June and August soaring by 20 percent. Demand for May and July was lower than last year, however. Cumulated bookings for summer 2014 are now 7.5 percent higher than one year previously.

- Brand USA has selected Thomas Cook Group for a multi-million dollar co-operative marketing deal to promote the country as the world's leading destination for European visitors. The agreement is the biggest media and partnership deal Brand USA has made with a travel retailer in Europe. The partnership, which will initially last for three months from mid-January and run simultaneously across the UK, Germany, Belgium and Holland, will see Cook and Brand USA embark on a high-profile, multi-media campaign that fully utilizes all the company's consumer and trade touch-points.
- TUI and Thomas Cook dominate the European tour operators market, according to and fvw overview. Together, these two leisure travel groups have a combined market share of more than 50 percent in the major source markets of the UK, Scandinavia, Netherlands and Belgium, and more than 30 percent of the German market. Kuoni is Europe's third largest tour operator followed by DER Touristik, Costa (a cruise firm), FTI and Alltours.

Airlift

- Asiana Air is now offering flights exclusive Germany to Honolulu. Daily service, except Monday and Tuesday, Germans can fly from Frankfurt via Seoul to Honolulu.

Visitor Statistics 2008–2013p

EUROPE MMA (by Air)	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
Visitor Expenditures* (\$ Millions)	248.9	197.2	228.5	244.0	292.1	334.5	14.5%	358.3	7.1%
Visitor Days	1,474,584	1,366,674	1,437,409	1,525,705	1,669,269	1,883,581	12.8%	1,978,020	5.0%
Arrivals	115,172	104,403	112,765	119,825	129,252	141,408	9.4%	148,500	5.0%
Per Person Per Day Spending* (\$)	168.8	144.3	159.0	160.0	175.0	177.6	1.5%	181.2	2.0%
Per Person Per Trip Spending* (\$)	2,161.5	1,888.7	2,026.2	2,036.7	2,259.7	2,365.7	4.7%	2,413.0	2.0%
Length of Stay (days)	12.80	13.09	12.75	12.73	12.91	13.32	3.2%	13.32	0.0%

*Excludes supplemental business spending

Europe: Distribution by Island

	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p	2014 Target	% Change 2013p-2014T
O'ahu	82,877	76,412	81,352	86,432	89,337	104,677	17.2%	98,755	-5.7%
Maui County	43,348	39,698	44,120	47,678	54,331	59,122	8.8%	62,399	8.2%
Maui	42,128	39,012	43,253	46,955	53,556	57,685	7.7%	62,399	12.3%
Moloka'i	1,816	1,763	1,801	1,949	2,132	2,225	4.4%	2,499	-31.5%
Lāna'i	1,941	1,733	1,801	1,803	1,469	2,540	72.9%	1,739	6.8%
Kaua'i	22,233	20,938	21,908	24,273	28,773	31,099	8.1%	33,210	
Hawai'i Island	31,748	30,397	30,868	34,916	40,687	48,571	19.4%	51,417	
Hilo	14,007	14,567	14,533	16,591	18,766	25,914	38.1%		
Kona	25,584	24,263	24,631	28,679	33,299	36,788	10.5%		

Europe: Group vs. FIT; Leisure vs. Business

VISITOR ARRIVALS BY AIR	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
Group vs FIT							
Group tour	9,503	7,236	6,913	8,493	9,124	8,009	-12.2%
True Independent	62,769	59,568	63,342	68,749	74,481	89,280	19.9%
Leisure vs business							
Pleasure (Net)	97,676	89,807	97,522	103,072	111,188	121,856	9.6%
MCI (Net)	7,312	7,077	5,533	7,695	6,489	9,059	39.6%
Convention/Conf.	4,765	5,507	4,045	5,185	4,148	6,018	45.1%
Corp. Meetings	1,310	773	700	1,159	952	1,034	8.6%
Incentive	1,537	966	962	1,557	1,573	2,318	47.4%

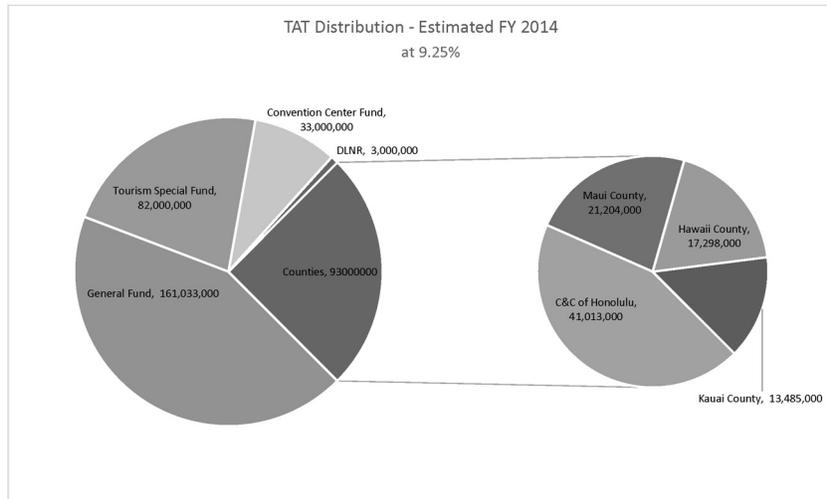
Europe: First Timers vs. Repeat Visitors

	2008	2009	2010	2011	2012	2013p	% Change 2012-2013p
1st timers (%)	70.4	70.4	71.2	69.9	70.8	71.6	0.8
Repeaters (%)	29.6	29.6	28.8	30.1	29.2	28.4	-0.8

Cost per Arrival/Return on Investment/Tax Revenue

	2008	2009	2010	2011	2012	2013p
HTA Expenses (\$ Millions)	0.998	0.185	0.306	0.377	0.497	0.451
State tax revenue generated* (\$ Millions)	22.2	20.0	24.9	26.6	31.8	36.4
Return on Investment	22.20	108.29	81.35	70.52	64.03	80.81
Cost Per Arrival	8.67	1.77	2.71	3.15	3.85	3.19

* State government tax revenue generated (direct, indirect, and induced)

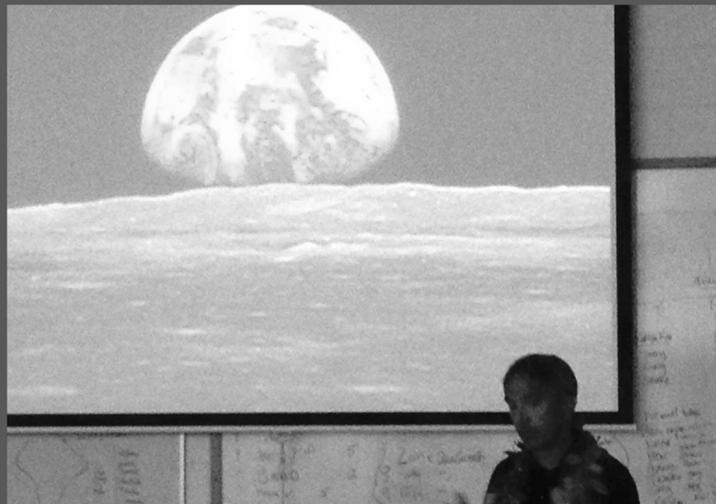


Hawai'i's Tourism Industry A Few Thoughts...

May 8, 2014

Hawai'i Tourism Authority

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Adjusting our sails

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Our World

- Most isolated land mass in the world
- Dow Jones fluttering just above the 16,000 mark
- Ukrainian crisis could affect travel dramatically on short notice
- Crude Oil fluctuating, now above \$102.00 a barrel
- Dollar strengthening against international currency
- Length of Stay shortening to adjust for travel budget
- Airlift adjusting to demand
- Harsh Winter, and cabin fever could be our best friend

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Three Levels of Tourism

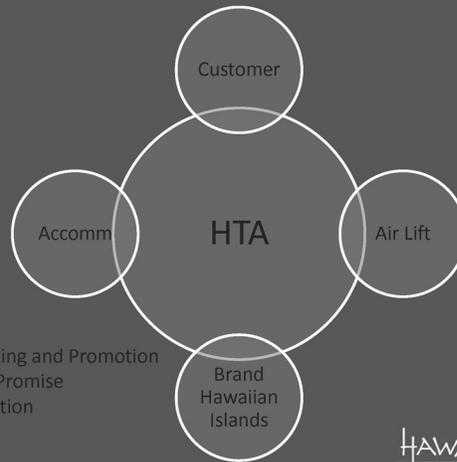
\$ and Jobs

Access to the World

Purpose

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Executing Supply and Demand



Hawaiian Islands

- 920 flights per week
- Connecting 53 cities worldwide
- By 21 carriers

Arrivals from Major Market Areas: Relative Size (2013)



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Air Route Development Conditions Differ by Market

North America	2012	2013
Seat Inventory	7,008,177	7,206,155
Load Factor	87.1%	88.4%
Airline Yield (per RPM)	\$0.101	\$0.101

International	2012	2013
Seat Inventory	2,910,091	3,277,478
Load Factor	80.0%	76.5%
Airline Yield (per RPM)	\$0.227	\$0.157

*Excludes Other MMA

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Continued, but Slower Air Seat Capacity Growth Ahead in 2014

Outlook for Scheduled Nonstop Air Seats to Hawai'i

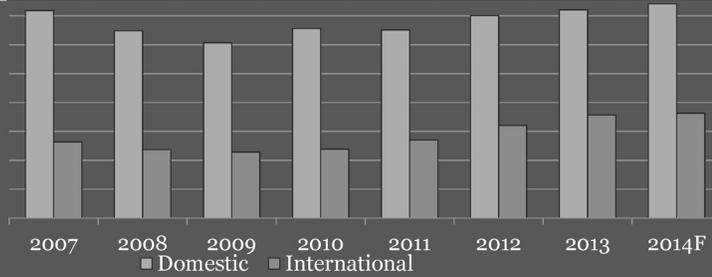
	2012	2013	2014F	2013 vs. '12 %Chge	2014 vs. '13 %Chge
TOTAL	10,206,731	10,768,719	11,040,460	5.5%	2.5%
DOMESTIC	7,008,177	7,206,155	7,415,080	2.8%	2.9%
US West	6,237,480	6,373,358	6,574,021	2.2%	3.1%
US East	770,697	832,797	841,059	8.1%	1.0%
INTL TOTAL	3,198,554	3,562,564	3,625,380	11.4%	1.8%
Japan	1,871,915	2,029,288	2,025,638	8.4%	-0.2%
Canada	362,878	367,825	386,517	1.4%	5.1%
Other Asia	388,674	463,490	534,639	19.2%	15.4%
Oceania	286,624	416,863	420,668	45.4%	0.9%
Other	288,463	285,098	257,918	-1.2%	-9.5%

Source: Hawai'i Tourism Authority, based on data from Diio Mi airline schedules as of March 31, 2014.

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Total scheduled air seats could reach record levels (again) in 2014

Total Seats	2007	2008	2009	2010	2011	2012	2013	2014F
	9,813,589	8,854,877	8,353,208	8,948,336	9,207,483	10,206,731	10,768,719	11,040,460



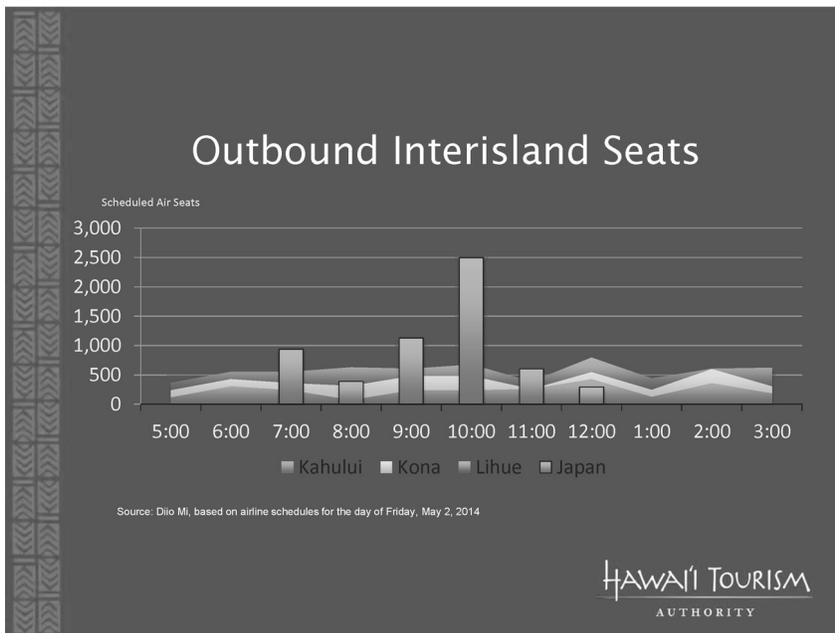
Source: Hawai'i Tourism Authority, based on data from Diio Mi airline schedules as of March 31 2014

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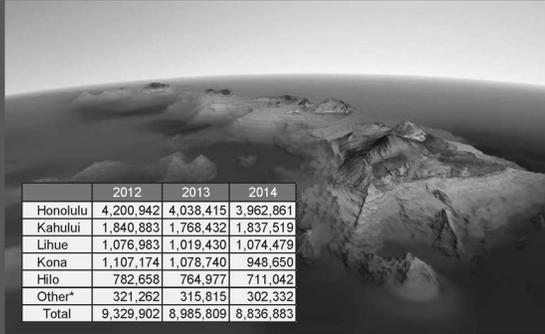
Honolulu International Airport International Flights Schedule

Arrival Time	Airline	Flight	Orig	Seats
0600	Air Pacific Ltd	800	AUS, FI	180
0615	Hawaiian Airlines	482	Tahiti, PF	200
0640	Jetstar Airways - QF - Abu Dhabi	3	Sydney, NZ, AU	303
0700	Delta Air Lines	638	Tokyo-Narita, JP	403
0705	United Airlines	960	Tokyo-Narita, JP	272
0715	Japan Airlines	76	Tokyo-Narita, JP	230
0730	Korean Air Lines	55	Seoul, KR	280
0805	Hawaiian Airlines	444	Brisbane, QL, AU	260
0835	China Airlines	18	Tokyo-Narita, JP	383
0855	Qantas Airways	3	Sydney, NZ, AU	229
0845	Delta Air Lines	598	Fukuoka, JP	218
0845	Japan Airlines	74	Tokyo-Narita, JP	230
0905	Delta Air Lines	578	Tokyo-Narita, JP	298
0915	Delta Air Lines	278	Osaka-Kansai, JP	298
0920	Korea Airlines	212	Seoul, KR	260
0925	Hawaiian Airlines	450	Osaka-Kansai, JP	294
0930	All Nippon Airways	1052	Tokyo-Narita, JP	215
0935	Japan Airlines	72	Tokyo-Narita, JP	230
0940	Korean Air Lines	53	Seoul, KR	315
0945	Hawaiian Airlines	454	Fukuoka, JP	260
0955	Delta Air Lines	612	Nagoya, JP	218
0955	Hawaiian Airlines	442	Sapporo, JP	260
0955	Japan Airlines	84	Nagoya, JP	230
1005	Hawaiian Airlines	452	Sydney, NZ, AU	294
1005	Japan Airlines	78	Osaka-Kansai, JP	230
1040	Japan Airlines	80	Tokyo-Haneda, JP	180
1100	Hawaiian Airlines	460	Seoul, KR	260
1200	Hawaiian Airlines	458	Tokyo-Haneda, JP	294
1240	All Nippon Airways	1062	Tokyo-Haneda, JP	215
2015	Air New Zealand	10	Auckland, NZ	234

12 flights arrived between 9:05 and 10:05



Interisland Air Seats by Destination Airport



Source: Dilo Mi airline schedules
 *Note: Other includes seats into Molokai, Lanai, Hana, Kapalua, Kalaupapa and Kamuela



In the first 90 days of 2014 – The State experienced:

- \$42.4 million in visitor spending per day to the state
- \$406 million in state tax revenue generated
- 42,729 jobs supported
- 22,869 visitors arrived daily

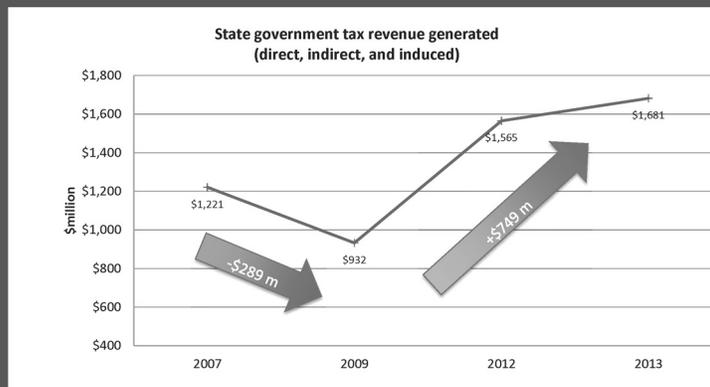


In the first 90 days of 2014 – Each County experienced:



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State Tax Revenue: Everyday visitors contribute \$4.6 million in state tax



Note: Calendar Year
2002-2013 Actual

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What are other destinations doing to compete with the Hawaiian Islands?

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Hawai'i Logo



- Competitor Logo Exercise
 - HTA believed that the rainbow brushstroke logo, while it had been unique and fresh when first introduced, had become lost among the competitor logos. It was believed that other destinations had copied Hawai'i's look and feel.
 - September 2010: MVNP gathered other rainbow destination logos to verify that this was indeed the case and developed the existing bamboo font logo.

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Mexico

- Los Cabos Tourism Board's "Flip for Cabo" Consumer Blitz
 - June 26, 2013 from 11am – 7pm at The Grove Los Angeles
 - Through a partnership with popular luxury flip-flop brand, Havanas, the event aimed to drive consumer traffic to The Grove's central park area with live entertainment, cooking demos, trip giveaways and a series of authentic Cabo experiences.



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Mexico

- Mexico Taxi Project
 - In 2011, the Mexico Tourism Board launched a \$25 million campaign designed to overcome Americans' perception that the country is unsafe.
 - An element of the campaign were testimonials shot in a style similar to the TV show "Taxicab Confessions" where visitors were given a transfer home from the airport to discuss their Mexican vacation on camera.
 - These testimonials can be found on



\$43.3 million by the Mexico Tourism Board

+ \$10 million rebranding of Vallarta Nayarit

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Caribbean

- In March 2013, Jimmy Buffet announced his partnership with Wyndham to open a 262-unit timeshare resort in St. Thomas.



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NEXT STEPS

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Hawai'i could go into a deeper hole

- What we do in the next 5 year will affect the next 50.
- There is no time.
- We are at a pivot point.
- We must grow.
- We must diversify.

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Future - Transition Management

- Create a shared vision through a collective ambition.
- Tourism and Hawai'i must embrace each other – with balance there is momentum.
- Sustain tourism while fostering diversification of our economy – leverage existing strengths.
- Must assess the global environment: investments & competition - What policies and incentives are needed?
- Succeed globally, but keep our values.
- Execution is everything

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ALOHA

“The world will turn to Hawai‘i
as they search for world peace
because Hawai‘i has the key...
and that key is Aloha.”

— Auntie Pilahi Paki



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MAHALO



The Hawaiian Islands is our Hōkūle‘a

HAWAII TOURISM
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ALOHA

Written by Hawai'i's
treasured kupuna,
Auntie Pilahi Pahi

The Aloha Spirit is the coordination of mind and heart within each person. It brings each person to the Self. Each person must think and emote good feelings to others. In the contemplation and presence of the life force, Aloha, the following unuhi laulā loa (free translation) may be used:

Akahai
meaning kindness (grace)
to be expressed with tenderness;

Lōkahi
meaning unity, (unbroken)
to be expressed with harmony;

'Olu'olu
meaning agreeable, (gentle)
to be expressed with pleasantness;

Ha'aha'a
meaning humility, (empty)
to be expressed with modesty;

Ahonui
meaning patience, (waiting for the moment)
to be expressed with perseverance.



"The world will turn to Hawai'i as they search for world peace because Hawai'i has the key... and that key is Aloha!"

Auntie Pilahi Pahi

These are traits of character that express the charm, warmth and sincerity of Hawai'i's people. It was the working philosophy of native Hawaiians and was presented as a gift to the people of Hawai'i.

Aloha is more than a word of greeting or farewell or a salutation.

Aloha means mutual regard and affection and extends warmth in caring with no obligation in return.

Aloha is the essence of relationships in which each person is important to every other person for collective existence.

Aloha means to hear what is not said, to see what cannot be seen and to know the unknowable.

§5-7 State popular name. The name "The Aloha State" is adopted, established, and designated as the official "popular" name for the State, to be effective so long as the legislature of the State does not otherwise provide. [L 1959, JR 1, §1; Supp, §14-5.1; HRS §5-7]

[§5-7.5] "Aloha Spirit". (a) "Aloha Spirit" is the coordination of mind and heart within each person. It brings each person to the self. Each person must think and emote good feelings to others. In the contemplation and presence of the life force, "Aloha", the following unuhi laula loa may be used:

- "Akahai", meaning kindness to be expressed with tenderness;
- "Lokahi", meaning unity, to be expressed with harmony;
- "Oluolu", meaning agreeable, to be expressed with pleasantness;
- "Haahaa", meaning humility, to be expressed with modesty;
- "Ahonui", meaning patience, to be expressed with perseverance.

These are traits of character that express the charm, warmth and sincerity of Hawaii's people. It was the working philosophy of native Hawaiians and was presented as a gift to the people of Hawaii. "Aloha" is more than a word of greeting or farewell or a salutation. "Aloha" means mutual regard and affection and extends warmth in caring with no obligation in return. "Aloha" is the essence of relationships in which each person is important to every other person for collective

existence. "Aloha" means to hear what is not said, to see what cannot be seen, to know the unknowable.

(b) In exercising their power on behalf of the people and in fulfillment of responsibilities, obligations and service to the people, the lieutenant governor, executive officers of each department, the chief justice, associate justices, and judges of the appellate, circuit, and district courts may confer and reside with the life force and give consideration to the "Aloha Spirit". [L 2002, §1]

[§5-7.6] Aloha order of merit. (a) There is established the Aloha order of merit, within the office of the governor for administrative purposes, to honor individuals selected under this section. Individuals conferred the lifetime "member of the Aloha order of merit" shall be inducted into the order of merit by the governor after receiving the approval of the legislature by concurrent resolution. Honorees shall have:

- (1) Achieved national or international recognition in their field either by a single event or by the totality of their work that has been either prior in their field or that has been outstanding in the long-term; and,
- (2) (A) Contributed to the attainment of statehood for Hawaii;
- (B) Devoted themselves to the betterment of the State, embodying the concept of the Aloha Spirit;
- (C) Provided extraordinary service to the State; or
- (D) Brought honor to the State.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BRIAN SCHATZ TO
ROGER DOW

Question 1. U.S. Customs and Border Protection rolled out the Model Ports of Entry Program at America's top 20 gateway airports starting in 2006 to encourage public-private collaboration to improve the U.S. entry process. How effective has the Model Ports of Entry Program been?

Answer. The Model Ports Program was initially piloted at Houston's George Bush Intercontinental Airport (IAH) and Washington Dulles International Airport (IAD) and focused on improvements to three particular areas of the entry process: staffing, queue management, and signage. Working in collaboration with the private sector, entry improvements were made to provide a more welcoming experience to international travelers through the more descriptive signage and materials in various languages, the creation and implementation of Passenger Service Managers, and the development (in coordination with Disney) of a welcoming video for the queuing area. That being said, the private sector's expertise was not fully utilized during the pilot program or rollout to the top 20 airports.

To the surprise of the travel industry, DHS declared the Model Ports program fully implemented at the following airports: Atlanta, Boston, Dallas/Ft. Worth, Dulles, Chicago, Detroit, Ft. Lauderdale, Honolulu, Houston, Las Vegas, Los Angeles, Miami, Newark, New York (JFK), Orlando, Philadelphia, Sanford (FL), San Juan, San Francisco, and Seattle. Although improvements were made, the travel industry feels that the program never lived up to its potential and that additional organized stakeholder engagement could have led to a more robust program.

Question 1a. How could this program be better leveraged to improve the U.S. entry process?

Answer. While there was some collaboration with private sector entities as part of the Model Ports program, adoption of a series of recommendations could have led to significant improvements in the customer experience for international visitors and returning U.S. citizens. Understanding CBP's limited resources, it is unreasonable to expect the elimination of all wait times during peak processing hours, however, improvements to queue management, customer service, and the physical inspection hall could significantly improve a passenger's perception of the entry process. Additionally, leveraging the private sector expertise could allow CBP to make significant improvements while under tight budget constraints. The re-launching of the Loaned Executive program is the perfect vehicle for a renewed Model Ports of Entry effort to reexamine enhanced public/private sector collaboration. By working with industry stakeholders including—airports, theme parks, local destinations, convention and visitor bureaus, online travel companies, airlines, and other organizations—CBP could develop best practices for the customer experience that could be applied at our Nation's busiest international entry airports.

Question 2. The U.S. Department of Homeland Security has taken steps to reduce wait times at U.S. ports of entry by expanding U.S. Customs and Border Protection's trusted traveler programs, primarily the Global Entry Program. What specific actions could the Federal Government take to further expand the program and increase enrollment to boost enrollment and expedite the entry process?

Answer. U.S. Travel has been a strong advocate for the Global Entry program. The program has provided benefits to CBP, program enrollees, and the general traveling public by allowing CBP to focus their limited resources on the 'unknown' travelers, while allowing the trusted individuals expedited entry upon arrival. That being said, the specific initiatives below could lead to a significant increase in Global Entry enrollees and additional efficiencies for CBP:

- *Domestic:*
 - DHS and the Department of State should coordinate visa renewals and Global Entry enrollment.
 - DHS should revamp and simplify the online application process for Global Entry, without sacrificing any security protocols.
 - CBP should consider waiving the Global Entry application fee for children of Global Entry members.
 - CBP should consider using retired CBP officers for Global Entry interviews to ensure current officers are utilized for frontline screening and security operations.
- *International:*
 - CBP should aggressively pursue bilateral agreements with foreign governments and transition current pilots into full-fledged programs.

- DHS and the Department of State should coordinate visa and Global Entry enrollment for the citizens of countries that are currently have bilateral trusted traveler programs but are not part of the visa waiver program.

Question 3. As the United States continues to reduce visa wait times, it is important to consider how we compare to our biggest competitor countries in terms of how long the visa application process takes. The perception of a lengthy wait time for visas hurts the United States' competitiveness in the global travel marketplace. Could you please provide examples of how the United States compares to key competitors in terms of the visa application process?

Answer. The United States' visa process can be more onerous than other countries. A report by the World Travel & Tourism Council found that in 2011, the United States required visas for 36 percent of tourist arrivals—more than double the G20 average of 17 percent. In fact, among the G20 countries, only Saudi Arabia and India had a higher percentage of foreign tourists who were required to have visas. The United States requires all Brazilians to have visas when entering the country, while European countries waive this requirement for tourists staying under 90 days. Likewise, the United States offers fewer consular services in emerging markets than its competitors. Whereas the United Kingdom has 12 consulates capable of processing visas in China, the United States only has six.

Question 3a. What specific actions could the Federal Government take to further streamline the visa application process?

Answer. The Federal Government can take several actions to improve the visa process. I urge Congress to pass the JOLT Act. This bill would streamline the application process by creating a videoconferencing program for visa interviews, expanding the Visa Waiver Program, creating an expedited visa service, and encouraging travelers apply for visas during periods of low demand. I also recommend that Congress take actions to extend the length of U.S. visas for Chinese nationals, which currently are only valid for one year. This is cumbersome to travelers, and it requires an inordinate amount of time and staff to process the current number of visa renewal applications.

Question 4. Certain travel and tourism data is necessary for the Federal Government and the private sector to target the international markets with the greatest future growth potential to remain competitive in the global travel marketplace. The Travel Promotion Act (P.L. 111–145) called for the U.S. Department of Commerce to expand and continue its research and development activities in connection with the promotion of international travel to the United States. Does the U.S. Department of Commerce collect the necessary data the industry requires?

Answer. The Department of Commerce's National Travel and Tourism Office (NTTO) has been collecting statistical data about air passenger travelers from overseas, Canadian and Mexican markets from the Survey of International Air Travelers (SIAT) since 1983.

In general, the content and information collected through the survey is valuable and provides the government and the U.S. travel community detailed information on the number of arrivals, visitors' length of stay, level of spending and activities during their stay.

One of the major challenges for the program over the years has been a lack of funding, which has reduced the number of surveys collected and processed since costs for conducting the research have increased over time. Many state travel offices and city convention and visitor's bureaus no longer find the data from the In-Flight Survey to be reliable due to the small sample size. This is particularly true for small to medium-sized states.

If the SIAT could reach a one-percent sample size, all States would be better able to determine what demographic is travelling into and out of their market and thus use the data to attract greater numbers of international visitors. These visitors on average spend \$4,500 per trip to the U.S. Increased tourism at the state level will create more jobs and contribute significantly to individual state economies.

The SIAT is a critical tool in our countries continued efforts to boost international travel. We firmly believe that funding for the SIAT is critical to fully realizing the benefits of private and public sector efforts to market the U.S. as a premier destination and drive international visitation that is vital to our Nation's economy. As a result, we support the Administration's request for an additional \$1.5 million for the program in Fiscal Year 2015.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. BILL NELSON TO
ROGER DOW

Question. In your testimony, you note the fact that visa issues and customs clearance experiences and wait times are one of the main deterrents for international visitors to the United States. I frequently hear about these concerns from a number of tourism companies in Florida—particularly about Customs and Border Protection (CBP) staffing and delays at the Miami airport. From your perspective, how much of an impediment are these factors for international visitors? In particular, I am interested in your experience in the Brazilian market—which is a major source of visitors to Florida.

Answer. Entry delays at our international airports are alarmingly pervasive, including at Miami International (MIA). Because of the steep demand in Brazil to visit the United States, the fact that Miami is the key gateway for this traffic, and the steep growth in passenger volumes through Miami, there is no doubt that delays there discourage potential Brazilian visitors.

Last September, a U.S. Travel report documented that over the preceding 12 months, more than 40,000 passengers waited over two hours to be processed at MIA. Surveys reflected in that report also showed that 43 percent of overseas travelers who visited the U.S. said they will recommend that others avoid a trip here because of the entry process. Among business travelers, 44 percent said that they will not visit the U.S. in the next five years because of the entry inefficiencies.

This affects travel from many overseas nations, but the impact is particularly acute for the enormous volume of prospective visitors from Brazil, the third-largest overseas (excluding Canada and Mexico) inbound travel market. In 2013, the fourth consecutive record-breaking year, the volume of Brazilian visitors rose by 15 percent, accounting for three percent of last year's total visitor volume. One can only imagine how much faster the volume would increase without the U.S. entry problems.

It is my understanding that the situation has been at least temporarily eased, although at significant local expense, by installation of Automated Passport Control kiosks and by pilot programs to cover CBP personnel overtime during peak periods. However, as the fastest-growing airport in the Nation with 30 percent increase in international passengers since 2007, these strides clearly have been hampered by the static number of CBP officers available to process entering visitors. As the bipartisan Miami area congressional delegation has articulated clearly on many occasions, it is difficult to exaggerate the impact on travel and trade.

All concerned appreciate the congressional decision, in the recently-enacted omnibus appropriations package for Fiscal Year 2014, to fund 2000 new CBP officers; and DHS Secretary Johnson's commitment to fill these positions on an expedited basis. While we believe additional CBP personnel are still needed to solve the problem you raise, assigning a substantial amount of these initial new-hires is a good first step.

In that context, I must stress our strong view that this must be accompanied by new metrics to make sure that actions such as hiring more CBP officers actually improve the traveler experience. For this reason, we call on CBP to adopt a goal to process 80 percent of all inbound travelers within 30 minutes and 100 percent of inbound travelers within 45 minutes.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. AMY KLOBUCHAR TO
ROGER DOW

Question. Many people underestimate what encouraging international tourists to visit the United States means for diplomacy—international visitors to the United States are 74 percent more likely to have a favorable view of America after they come and visit. Do you feel that as tourism is making a come-back in the United States after the economic downturn, that we are once again starting to gain the international diplomatic benefits of international visitation to the United States? In your opinion do you think that this type of informal diplomacy makes our country a more secure place?

Answer. I certainly agree that, in addition to the economic benefits, inbound international travel yields significant public diplomacy dividends for the United States. Our best ambassadors are ordinary Americans, who convey our fundamental values through personal engagement with visitors. When they drive along our coastline, stop at our vineyards, camp at our national parks, go to a ballgame, or follow the Underground Railroad or Freedom Trail, they experience not just our attractions but the fabric of our communities.

That's why today, more than ever, overseas travelers visit not only our gateway cities but also make extended tours of the American heartland. Increasingly, foreign tour operators are encouraging itineraries that may begin and end in large metropolitan areas but also wind through smaller and rural regions, to showcase more fully the genuine American spirit. More than any government policy, that kind of people-to-people hospitality breaks through cultural and political barriers, making a lifelong impression on visitors that they return home to report to others.

There is no doubt this has decidedly positive public diplomacy implications. In 2007, the House Foreign Affairs Committee held a series of hearings on this subject, examining considerable survey research showing precisely what your question suggests: that nearly every foreign citizen who visits here returns home more favorable toward the United States, toward Americans and even about our foreign policies. And we can assume that these visitors include many of tomorrow's leaders in each of these nations—individuals who may then come back to the U.S. in a work capacity with a much more nuanced understanding for the American psyche, benefitting all concerned. As the volume of international visitors rises, these benefits will grow as well.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BILL NELSON TO
CHRISTOPHER L. THOMPSON

Question 1. Mr. Thompson, I know Brand USA is currently conducting advertising and outreach in Brazil. What are your thoughts on how problems visitors experience with visas and wait times at customs impact travel to the U.S. from Brazil?

Answer. Brand USA's mission is to market the United States as the premier travel destination for international travelers. In Brazil, we have engaged the Brazilian market in three ways. First by targeting the consumer audience by running a consumer based advertising campaign. Second by engaging the travel trade having participated in travel and trade shows in Brazil in 2013 and 2014. And finally through co-operative partnerships with our partners to market the many destinations in the United States. Brazil has shown tremendous growth and opportunity and Brand USA is actively engaged in the Brazilian market to ensure the U.S. remains a top travel destination for Brazilian tourists.

According to the recent ITB World Travel Trends Report, Brazilians are driving the outbound travel growth in South America in large part due to their love of short shopping trips, but this trend is shifting as well. Middle-income consumers that may have traveled for the first time five or six years ago are beginning to explore new places and types of trips, especially in Europe. The challenge in the United States is to better expose Brazilians to the diversity of opportunities available here.

Entry into the Visa Waiver Program has proven to grow visitation from accepted countries. Being able to compete on a level playing field with Europe and other destinations would help our efforts. We will continue to market the United States under any conditions and are confident that number of Brazilians coming to the United States will continue to grow.

Question 2. Over the past few years, Brand USA has expanded its outreach to a number of countries. However, the only South American country currently included is Brazil. In the future, do you contemplate expanding outreach to other South American countries?

Answer. In South America, we actually have some form of marketing activity in Argentina, Brazil, Chile, Columbia, and Uruguay.

With the establishment of our international representation office in Brazil in early 2014, we have been able to roll out consumer marketing through our co-operative marketing programs and public relations, as well as reach consumers through our outreach with the travel trade. Latin America is a key focus for Brand USA, and we intend to continue our expansion in those markets—particularly in Chile, which has recently been admitted into the Visa Waiver Program.

Brand USA has also talked to several airlines within South America on developing new routes to the United States.

We also have efforts throughout Mexico and Central America. In Mexico, we have a full consumer campaign and have participated in several trade shows and have conducted public relations efforts in Costa Rica, Dominican Republic and Guatemala.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. AMY KLOBUCHAR TO
CHRISTOPHER L. THOMPSON

Question 1. Brand USA was created in 2010 and has now been operational for three years. As a new type of public-private partnership, Brand USA has had to pave its way to success through cooperation and partnerships across the industry. A recent study by Oxford Economics concluded that Brand USA has a return on investment rate of 47 to 1. That means that for every \$1 spent on travel promotion the United States gets \$47 worth of economic benefits. That is a testament to Brand USA's efficiency . . . we're still spending less than many of our global competitors but we're getting more bang for our buck. Can you explain the reasoning behind this return on investment rate and why it is such a positive story for the U.S. economy?

Answer. The Oxford Economics study utilized an econometric model, validated with both consumer post-ad campaign studies and competitive destination market share trends, to calculate the incremental impact of Brand USA's marketing activities. In addition to effective general marketing practices, there are a couple of reasons why Brand USA has been able to achieve such a high ROI percentage:

- Cooperative partner marketing (which represents a majority of Brand USA's marketing) allows us to pool funds to boost advertising reach, and reduce cost
- In-kind contributions often further reduce marketing cost (*e.g.*, sourcing images) or enhance consumer reach (*e.g.*, placements in magazines)

The additional international visitors attracted by Brand USA marketing generated \$3.4 billion for U.S. companies and supported over 53,000 jobs—and without a single dollar collected from U.S. taxpayers. In addition, nearly \$1 billion was collected in state, local and Federal taxes.

It's also important to note that when the Travel Promotion Act was being considered back in 2009, the projected return on investment of Brand USA's activities once fully operational was a 20 to 1 with support for 47,000 jobs. Clearly, Brand USA is exceeding that estimate—and that was accomplished from the organization's presence in eight markets. Today, Brand USA is fully deployed in 10 markets, has travel trade outreach in 20 markets, and has a marketing presence in more than 30 markets.

Question 1a. Can you give us a preview of what is next for Brand USA?

Answer. As Brand USA moves forward in achieving the goal of welcoming 100 million international visitors to the United States by 2020, we will continue to develop new programs and platforms and expand our full-scale consumer marketing campaign into additional markets. Brand USA plans to focus its efforts in multiple ways—from working in partnership with the Federal Government in support of the National Travel and Tourism Strategy, to promoting the great outdoors, to implementing culinary and retail strategies, to developing the Nation's first comprehensive calendar of events and experiences, to expanding our fully integrated consumer campaign, to continuing to build out the Nation's largest international representation network, to promoting and celebrating the National Parks with the production of a giant screen film, to sales missions, roadshows and mega familiarization trips, and more. All of these efforts serve to promote the experiences available throughout the 50 states, the District of Columbia, and the five territories to, through, and beyond the gateways.

Great outdoors and National Parks

Brand USA will market around the great outdoors and national parks. As part of that overall marketing strategy, in the fall of 2014, we will begin production on a film for giant screen theatres that celebrates National Parks and Federally Managed lands. We plan to release the film in mid-2015 to honor the centennial anniversary of the National Park Service.

Giant screen theatres can be found in many of Brand USA's key target markets. There are over 800 giant screen theatres in over 57 countries around the world and that number continues to grow. One market which this film can have significant impact is China, one of the United States' top 10 countries in both international visitation and spend, has the second largest market with over 75 giant screen theatres located throughout the country.

In conjunction with the big screen film, we will launch a social media campaign highlighting the great outdoors and U.S. national parks to over 5 million fans across our social media channels.

Culinary Initiatives

We are also launching our culinary initiative inviting the world to explore the country's rich culinary landscape. The *Great American Food Stories* provides 31

chief-inspired recipes and a variety of culinary stories for each of the six culinary regions of the United States. The 31 chefs featured in the guide are drawn from the State Department's Diplomatic Culinary Partnership with the James Beard Foundation. The culinary initiative is a high-quality tool to promote U.S. Food and travel experiences around the globe, and will launch with an integrated digital platform.

Promoting Retail

Shopping is the number one leisure activity for 88 percent of all overseas visitors. In 2014 and beyond, we will continue and expand upon our retail strategy with campaigns in Australia, Brazil, Canada, China, Japan, Korea and the United Kingdom.

Calendar of Events

We will also launch a calendar of events across our consumer website. This platform will allow our partners and destinations around the country to showcase their festivals, sporting and cultural events to international travelers. This will be the first national calendar of events of its kind, created to inspire to international tourists to visit the United States.

Consumer Campaign

The Brand USA consumer campaign will target specific markets and be timed to roll out in markets when our target markets enter the planning phase of their travel—with a focus on experiences that resonate most with travelers in each market. For example, Brand USA has recently launched targeted consumer campaigns, in Mexico and Brazil, highlighting the great skiing the country has to offer. The timing of this campaign was designed to target audiences as they are planning their winter trips. Noting the attention and demand generated has prompted Brand USA to extend this campaign. We will continue to develop new campaigns around the great skiing experiences the United States has.

Later this year we will be launching a campaign in several markets around the great golf courses this country has to offer. The campaign will be active in several markets including Brazil, Canada, Mexico and feature golf courses across the country.

Question 1b. Where are you making your biggest investments and are you continuing to enter new markets in the coming year?

Answer. As the Nation's destination marketing organization, we currently have marketing initiatives in more than 30 markets that we believe have the highest potential for growth—a combination of emerging and established markets that currently generate more than 90 percent of all inbound travel to the United States. The markets are Argentina, Australia, Austria, Belgium, Belize, Brazil, Canada, Chile, China, Costa Rica, El Salvador, France, Guatemala, Germany, Honduras, Hong Kong, India, Ireland, Italy, Japan, South Korea, Mexico, Netherlands, New Zealand, Nicaragua, Panama, Russia, Singapore, Spain, Sweden, Switzerland, Taiwan, United Arab Emirates and the United Kingdom.

To date, we have fully deployed our marketing outreach efforts in 10 markets with an effective combination of our consumer brand campaign, co-operative marketing programs and platforms, and travel trade outreach. Those markets are Australia, Brazil, Canada, China, Germany, Japan, South Korea, Mexico, New Zealand and the United Kingdom.

Brand USA is currently analyzing which international source markets to expand and deploy our marketing outreach efforts. Our analysis will focus on identifying the markets, which have the greatest opportunity for growth in the near term. This analysis is done to ensure we are deploying our resources in the most efficient and effective way possible.

Question 2. Brand USA has been able to form a number of industry partnerships but it has also been able to form many partnerships with local and regional visitors bureaus, such as Explore Minnesota in my state, that are benefiting from the leverage Brand USA gives them to market abroad more widely. Not all states have large marketing budgets so Brand USA is opening doors to new markets around the world. What services do you offer not only to state visitors bureaus but local or regional visitors bureaus who are looking to expand their marketing by partnering with Brand USA?

Answer. Brand USA offers a variety of marketing-driven cooperative programs to inspire inbound visitor travel to the United States and drive tourism dollars to communities in all 50 states, the District of Columbia and the five territories. Our programs include consumer, co-operative marketing and trade outreach opportunities that add and create value for our partners.

We currently have over 100 programs that create over 200 opportunities for our partners to grow their international presence and increase international visitation, all at a scale and cost that wouldn't be possible without Brand USA.

Many local and regional visitor bureaus have participated in our programs. Some of the most popular include our Inspiration Guides, In-Language Videos and Discover America Global Websites.

The Inspiration Guides are Brand USA's official language-specific print and online guides created to inspire travel by displaying the richness and variety of the American experiences to international travelers. Stunning photography and compelling copy are the hallmarks that attract readers. Participating partners also have the opportunity to promote their destination through a featured photo essay. This year, more than 550,000 print copies will be produced in 10 languages for 18 international audiences.

Brand USA's In-Language Video program creates and distributes in-language multimedia content to help U.S. destinations promote their experiences to international travelers. Video content is customized to the specific international audience's point of view and targeted to interest (Culture, Indulgence, Great Outdoors or Urban Excitement) and country (Australia, Brazil, Canada, China, France, Germany, Italy, Japan, Mexico and/or the United Kingdom). Participating destinations can distribute video content through their own marketing channels. Additionally, Brand USA will distribute the videos through its digital channels. With our partners, we have produced over 500 videos, featuring many large and small destinations including Bloomington, Minnesota; Myrtle Beach, South Carolina; Loudon County, Virginia; Bismarck, North Dakota and many more.

Many of our partners have also enhanced their presence on our consumer website, *DiscoverAmerica.com*. *DiscoverAmerica.com* was designed to help inspire international visitors and travel influencers to choose U.S. travel destinations, travel providers and experiences. There are several options on *DiscoverAmerica.com* that help international travelers learn more about specific destinations, travel brands or organizations. These pages create another cost effective way for these entities to expose themselves to several markets while gaining international visibility through the consumer promotions, which lead travelers to our websites.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. ROY BLUNT TO
CHRISTOPHER L. THOMPSON

Question 1. The Travel Promotion Act authorizes Brand USA to receive in-kind contributions. Can you give examples of these in-kind contributions, and the value they provide?

Answer. Brand USA receives valuable in-kind contributions from domestic and international partners that allow the organization to conduct promotional activities that it would not otherwise be able to do.

For example, in May 2013, Brand USA organized the first ever "mega-familiarization tour" (MegaFam) to the United States. MegaFams are marketing initiatives that are key to promoting destinations to, through, and beyond the gateways. Familiarization tours are a common practice in destination marketing in which a city or state recruits sellers of travel or travel journalists to tour the destination in order to sell and/or write about it when they return home. The Brand USA inaugural MegaFam expanded this to a larger scale that only the national DMO can accomplish. Brand USA brought the top 100 sellers of travel to the United States from the UK—in fact, the participants had to compete on volume of sale over the preceding fiscal quarter—and put them on seven different itineraries around the United States that highlighted well-known and off-the-beaten path experiences. All seven groups assembled in Miami at the end of the tour to present their respective itineraries to the other Megafam participants.

The MegaFam was possible because of in-kind contributions to Brand USA from its partners. British Airways provided all the airline tickets to fly the participants to and from the United States. American Airlines provided airline tickets to Miami for the final send-off. All ground transportation and lodging was also contributed by a variety of partners on an in-kind basis. These valuable contributions not only allowed this groundbreaking campaign to take place—and to serve as a model for similar fam tours from other markets—but also increased the reach of the publicity associated with the trips.

Building on this success and leveraging the in-kind model, this year Brand USA ran additional MegaFams from the UK, Australia and Germany. These MegaFams showcased several destinations across 25 states. The results of the Megafams are impressive—during the three-month competition phase alone, in this year's second

Megafam from the UK, participating travel agents booked over 12,000 flights to and within the USA, up from 5,500 flights during the competition phase in 2013. As a marketing initiative, MegaFams are key to promoting all of the experiences the United States has to offer, especially non-gateway destinations that agents normally would not visit.

This example of an in-kind contribution is just one among many. Other forms of in-kind include contributed advertising space such as full-page ads and dedicated inserts in major newspapers like The Guardian, placement in major tour guides around the world, and free video and still images that Brand USA would otherwise have had to create from scratch. In-kind contributions of media augment Brand USA's marketing plans, which enables Brand USA to reallocate resources and spend its cash budget on promotional activities elsewhere.

All submissions for Federal matching funds for in-kind contributions are evaluated by a vetted third-party valuator (if no invoice for sale of a comparable good or service exists) before being certified by an independent public accounting firm and meticulously reviewed and confirmed by the Department of Commerce.

Question 2. The recent Government Accountability Office (GAO) programmatic review and report of Brand USA included three key recommendations. Can you explain in greater detail how you addressed these recommendations from GAO? What other findings were there in the report?

Answer. The GAO report covers the period from March 2012 to July 2013 and was a follow-up to the assessment finalized in March 2012 as required by the Travel Promotion Act. The title of the document is "Brand USA Needs Plans for Measuring Performance and Updated Policy on Private Sector Contributions." GAO reported that Brand USA successfully promotes international travel to rural and urban areas equally and to all 50 states, DC and the five territories. The report provides detailed descriptions of Brand USA's personnel and procurement policies, which are compliant with all requirements of the Travel Promotion Act. It also provided an in-depth explanation of the in-kind valuation methodologies and Federal matching funds oversight administered by the Department of Commerce with input from Brand USA.

The report identifies three key recommendations: (1) to develop metrics plans that measure not only the effectiveness of the campaign, but its ultimate macro impact on travel to and spending in the United States; (2) to competitively select the firm that assists in media valuation for matching funds; and (3) to formalize procedures with the Department of Commerce to revise the matching funds policies if necessary.

At the time of the GAO report we shared with the GAO both our existing metrics around advertising reach and consumer sentiment as well as our pathway toward measure impact on macroeconomic outcomes like actual international visitation and spend. Since the report was issued, we have released an Oxford Economics study that demonstrates Brand USA's incremental impact on actual visitation and spend. The study employs an econometric model that is validated by a consumer sentiment model and a market share model. The results showed that in FY13 Brand USA was responsible for 1.1 million incremental international visitors that spent \$3.4 billion and led to total economic activity of \$7.4 billion, support for over 53,000 new U.S. jobs and a 47:1 marketing ROI.

As the GAO report points out, Brand USA's hiring and procurement policies are consistent with the Travel Promotion Act and other applicable standards. However, in one instance the policy was not followed in the selection of the media valuation firm, which is a third-party valuator of media that is given to Brand USA as an in-kind contribution. The reason the firm was selected without a competitive bid is that the task is unique and complex, and the firm was selected after extensive vetting and approval from the Departments of Commerce and Treasury, which included review and approval of methodology. However, Brand USA has since put that contract out to bid in accordance with the GAO recommendation.

The GAO report found that the system of valuation, validation and extensive oversight that has been set up to process applications for Federal matching funds is quite robust and compliant with the Travel Promotion Act and all relevant standards. The recommendation is not about the in-kind policies themselves but about how those policies might be amended if changes are necessary in the future. The policies pertain to the Department of Commerce but are mutually developed to ensure they stay abreast of new types of contributions and best practices, and the two sides have successfully amended the policies several times. In response to the GAO recommendation, Brand USA and the Department of Commerce have codified the process we use to amend those procedures whenever novel types of contributions arise that necessitate changes.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. AMY KLOBUCHAR TO
MIKE MCCARTNEY

Question. Brand USA has been able to form a number of industry partnerships but it has also been able to form many partnerships with local and regional visitors bureaus, such as Explore Minnesota in my state, that are benefiting from the leverage Brand USA gives them to market abroad more widely. Not all states have large marketing budgets so Brand USA is opening doors to new markets around the world. Can you expand on what your efforts were like before Brand USA and what your international promotion efforts are like now with Brand USA?

Answer. The HTA has invested in the international markets for many years. Our approach was driven more through direct travel trade collaborative efforts that were focused on Japan, Oceania (Australia and New Zealand), Europe, Canada, Taiwan, China and Korea. Brand USA has enabled us to elevate our efforts in these countries as well as expand our efforts into Latin America and intended entries into Hong Kong and Southeast Asia in 2015.

Several areas where we will grow our efforts will be in co-op advertising and on-line exposure through search engine websites and social media.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. AMY KLOBUCHAR TO
BRAD DEAN

Question. Brand USA has been able to form a number of industry partnerships but it has also been able to form many partnerships with local and regional visitors bureaus, such as Explore Minnesota in my state, that are benefiting from the leverage Brand USA gives them to market abroad more widely. Not all states have large marketing budgets so Brand USA is opening doors to new markets around the world. Can you expand on what your efforts were like before Brand USA and what your international promotion efforts are like now with Brand USA?

Answer. International tourism is a tremendous growth opportunity for the United States tourism industry. The typical international traveler stays longer and spends more than the average domestic traveler. As you are well aware, our Nation missed out on the growth in international travel prior to the creation of Brand USA, resulting in what many experts have termed the “Lost Decade of Tourism.”

Prior to our partnership with Brand USA, our efforts were limited to seasonal promotional in Ontario, Canada and a very limited promotional effort in the United Kingdom and Germany. The Canadian promotion resulted in a seasonal influx of visitors from the Toronto area for approximately six weeks each year. Due to budget limitations and the inability to establish sufficient brand awareness, our efforts in Europe yielded very limited results.

Through Brand USA, our message is amplified and our investments are more efficient. Brand USA provides us with the market intelligence and tools which enable us to be much more competitive in international marketing in the following ways:

- (1) Through Brand USA, we can reach a much larger audience. Prior to Brand USA, we had to be very selective on where we could promote, today we are able to enter markets with our destination message simply by working through the agency. Essentially, Brand USA opens the door to new global markets and our cost of entry is much more affordable, enabling us to promote in more places.
- (2) Brand USA enables us to leverage our resources through media purchases and publicity strategies that we simply could not achieve on our own. One example of how this benefits a local tourism promoter is the relationships Brand USA has established with large, multinational media companies and promotional entities. We could not develop those relationships on our own. As a result, our marketing dollars are stretched farther and the return on our marketing investment is much higher.
- (3) Brand USA is able to serve in a key part of three-way partnerships with local/state promoters and airlines, which are essential to our ability to significantly grow international tourism. By partnering with Brand USA, we can bring additional resources and expertise to the table, which gives airline partners needed assurance that the establishing air service to U.S. destinations will be successful.
- (4) Brand USA provides insightful research and essential knowledge and expertise that help us navigate the maze of necessities in growing international tourism. Language translation is one challenge, but understanding and adapting to the many cultural, social, and generational nuances and practices in

countries throughout the world is not something we can easily attain on our own. Through Brand USA, we become better marketers prepared to compete on the global scale.

Brand USA enables us to expand and enhance our international marketing efforts. In the past three years, we've seen double-digit growth in international tourism, outpacing our domestic growth by nearly three times. Brand USA has helped spur economic growth and job creation in our community, and we believe the best is yet to come.

