



Testimony of

Jay Rasulo

Chairman, Walt Disney Parks and Resorts
Chairman, Travel Industry Association
Chairman, U.S. Travel and Tourism Advisory Board

Before the
United States Senate Committee on Commerce, Science, & Transportation
Subcommittee on Trade, Tourism and Economic Development

June 22, 2006

Mr. Chairman, on behalf of the Nation's travel and tourism industry, I appreciate the opportunity to appear before you to discuss America's competitive position within the fast-growing world travel and tourism market.

I speak today from three perspectives.

First, as 2006 Chairman of the Travel Industry Association, which represents the \$600 billion U.S. travel industry.

I also serve as Chairman of the U.S. Travel and Tourism Advisory Board. This is a panel of the industry's top CEOs that is charged with advising the Department of Commerce on the creation of a national strategy to compete for a greater share of the growing world travel and tourism market.

And finally, I am Chairman of Walt Disney Parks and Resorts, which operates 11 theme parks on three continents, a top rated cruise line, and 32,000 hotel rooms. Here in the U.S., our vacation businesses are responsible for creating 175,000 jobs, while contributing nearly nine billion dollars in economic revenue each year to their local economies.

In each of these three roles, I have spent a great deal of time assessing the future of the world travel and tourism market. There are three realities that I'd like to talk about today.

The first reality is that in terms of future job creation and economic impact, travel and tourism is one of the most significant growth industries in the world. Country-to-country travel is expected to double over the next 15 years, driving a huge share of the world's job creation, economic growth and tax revenue.

This is a market that is well-worth winning.

The second reality is that within this fast-growing market, consumer expectations, behaviors and booking patterns are evolving at breakneck speed. Today's world travelers not only have more money to spend, they have an increasing number of worthwhile destinations to choose from, they have better access to information, and they expect a higher level of service and ease of movement than ever before.

In short, they expect travel destinations to COMPETE for their business.

Countries that adapt to these two realities will position themselves to reap a windfall of new jobs and economic growth.

And that brings me to the third reality: The United States will have to adopt a much more competitive mindset in order to reap the full benefits of the windfall I've just described.

The days in which we were able to rely on reputation and word-of-mouth alone to attract international travelers are long gone. In order to succeed in this new world market, we will have to compete.

To illustrate this reality, I'd like your permission to show a short video, produced by our sister brand, ESPN, which illustrates the high stakes involved in this growing competition:

SHOW ESPN VIDEO

This is an outcome we do NOT want to see. But my fear is that we WILL ... unless we adjust our game plan.

Although visitation continues to rise in the U.S., and this year we are projected to reach an all-time high, the rest of the world is doing even better and outpacing our growth.

In fact, since 1992, America's share of the world travel market has fallen 35 percent.

Had the U.S. grown as quickly as the rest of the world over this period, we could have added \$286 billion in economic revenue to the U.S. economy, and millions of additional jobs.

In order to re-capture our share of this growing market, there are two investments we must make.

First, we must ASK people to visit us, by investing in a nationally-coordinated marketing strategy to move the United States higher on their list of dream destinations.

Second, we must invest in creating a first impression of hospitality and friendliness at our borders.

Relatively small investments in these two areas will yield a very high return. For each one percent of market share that we gain back, \$12.3 billion is added to the U.S. economy, 150,000 more jobs are created, and \$2.1 billion in additional tax revenues are raised.

And I'm pleased to say that the Travel and Tourism Advisory Board is now engaged in putting together a recommended national strategy to address these two areas.

We expect to formally submit this recommended strategy to Secretary Gutierrez later this summer.

I will conclude by highlighting an even greater reward -- the opportunity to win hearts and minds around the world, by signaling that our doors are open and our welcome mat is out.

We all took notice of the recent Pew Global Attitudes Survey, which found that opinion of the U.S. has fallen in many parts of the world.

In today's environment, America's image and reputation matter more than ever. And the Pew Survey was a wake up call that the great character of our country and the friendliness of our people are not adequately reflected in world opinion.

I suggest that my industry -- the travel and tourism industry -- can be a powerful partner to help overcome these misperceptions.

And I'd also add that the simple act of ASKING people to visit us -- whether through marketing or friendlier borders -- will communicate a great deal about us as a country.

It will demonstrate to the world that we are an open, welcoming and friendly society.

And the millions of travelers who accept the invitation will then meet our people and experience our values first-hand, generating the kind of positive word-of-mouth that marketers can only dream of.

With apologies to Von Clausewitz, TOURISM is diplomacy by other means.

Considering the world we live in today, we can't afford not to invest in this form of grassroots public diplomacy.

With the right investment, we can lay out the biggest, brightest, most alluring welcome mat the world has ever seen.

Thank you.