Quick Action Needed to Replace Lost Business From Japan

By Dr. Richard R. Kelley

Earlier this week I sent the following letter to Hawai'i's Congressional Delegation and Hawai'i Governor Neil Abercrombie. In it, I called for urgent action on issues needed to compensate for the loss of Japanese visitors—which has already begun—in the aftermath of the recent devastating earthquake and tsunami, as well as the ongoing radiation dangers from the crippled nuclear power plants at Fukushima.

To: Senator Daniel Inouye
Senator Daniel Akaka
Representative Mazie Hirono
Representative Colleen Hanabusa
Governor Neil Abercrombie

Over the past two weeks, we have witnessed indescribable destruction in Japan as a result of the March 11 magnitude 9 earthquake and the terrible tsunami that followed. Bad as it is, the situation could easily get worse if the Japanese authorities don't soon bring the damaged nuclear power plants at Fukushima under control.

Nobody knows how long it will take to restore Japan's basic urban services, repair the physical damage, and halt the spread of radioactive contaminants. It may be many months or years and, during that time, there is no question that outbound travel from Japan, the world's third largest economy, will fall significantly. As if to confirm my prediction, Delta Airlines just announced it will reduce flights to and from Japan by up to 20 percent through May. There are many more such announcements in our future.

The damage to international travel is being compounded by the growing cost of flying following the steep increases in jet-fuel prices—now "up nearly half since September and about 20 percent since the start of 2011," according to the Associated Press. These increases have been triggered by the turmoil in the oil-rich Middle East, which shows no sign of abating.

Together, the aftermath of the disaster in Japan and the dampening of demand for travel resulting from sharply climbing fuel prices will severely affect our nation's Travel & Tourism industry. They will hit Hawai'i with particular force.

We must work together quickly to provide alternative sources of inbound travelers for our nation and especially for Hawai'i, whose economy is so closely tied to the health of the visitor industry.

It is heartening to see the effort that Governor Abercrombie and the Hawai'i State Legislature are making to supplement Hawai'i's marketing funds in order to attract additional visitors to make up for the deepening dip in Japanese and other arrivals. This is a critical step. However, it doesn't seem likely to fully compensate for the expected decrease in the flow of visitors.

The greatest opportunity for a new source of visitors lies in China. With a population of 1.3 billion, a booming economy, and a burgeoning middle class, China sent 56 million travelers to overseas destinations in 2010, a phenomenal 17.5 percent increase over 2009, according to the China National Tourism Council.

Unfortunately, because of the difficulties in obtaining U.S. visas, our country receives only a trickle of Chinese visitors. At a conference I recently attended, J.W. Marriott Jr., CEO of Marriott International Inc., said, "More Chinese visited Paris last year than the (entire) U.S. ... Each Chinese traveler spends about $7,000 per U.S. visit compared to $1,200 for each domestic traveler." Clearly, it would be enormously helpful to attract to the United States and, of course, to Hawai'i, a much greater portion of this growing tide of outbound Chinese travelers.

On February 1, 2011, the Facilitation Subcommittee of the Travel & Tourism Advisory Board to the U.S. Secretary of Commerce issued a report on inbound international travel to the U.S. The report, which can be found at http://tinyurl.com/4hgbcow, clearly shows that over the last 10 years, our country has lost more than a third of its share of the international travel market.

One of the major causes of this drop is the difficulty international travelers face in obtaining a U.S. visa. This is a problem, of course, only for citizens of nations that are not included in the State Department's Visa Waiver Program. In other words, it is a problem only for residents of most non-OECD countries. These are no longer just Third World nations,

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In addition, another critical international travel issue has just arisen.

The Department of Homeland Security wants to institute a new “border crossing fee” of $5.50 per person for travelers from the Caribbean, Mexico, and Canada.

This sends a very counterproductive “welcome” message to potential travelers. The impact this will have, if it is instituted, may be difficult to measure precisely, but I can guarantee it will not be as insignificant as $5.50 per person might sound.

For a family of four, a $5.50 per person “border crossing fee” amounts to $22.00, not a trivial expense. Moreover, history shows that such a fee, once instituted, tends to grow and might soon climb to $8.50, $10.50 or even $20.00 per person.

This fee could have a particular impact on Hawai‘i because of the ever-increasing number of Canadian travelers who prefer to start their flights to U.S. destinations from the nearest U.S. airport rather than an airport in Canada. Why? Because Canadian airport fees are much higher than ours. At Bellingham International Airport, Washington, the number of departing passengers has risen from 68,000 in 2001 to 400,000 in 2010. According to CBC News, more than half are Canadians. The situation is similar at Seattle’s SeaTAC airport. Many of these Canadians are heading to Hawai‘i. Homeland Security’s bright idea will slow this flow.

We need to stop this border crossing fee proposal in its tracks!

I urge you to contact the Secretary of Commerce, the Secretary of Homeland Security, the Secretary of State, and your fellow members of the House and Senate as soon as possible, and let them know how concerned we are in Hawai‘i with both issues—visa processing and new border crossing fees—and initiate urgent action to correct these problems. Mahalo in advance for your efforts. They WILL make a difference to virtually everyone in our state because, as I have always said, In Hawai‘i, Tourism Is Everyone’s Business.

Aloha,

Richard R. Kelley