

Embassy Day Luncheon
Bethesda Conference Center
September 28, 2006

J.W. Marriott, Jr. Remarks

Marriott International will be 80 years old next year. Since the very beginning, when my mother and father opened a nine-seat A&W root beer stand on 14th Street here in Washington, we knew it was important to train and give opportunities to our employees. My folks built their business on the philosophy, "If you take good care of your employees, they will take good care of your guests, and they will return."

This philosophy has been a prime reason for the success of our company as we've grown around the world. When we opened our first Asian hotel in Hong Kong in 1989, all our competitors were working their employees six days per week. But we scheduled our associates for five days. We guaranteed them the same hours as five days, but they had a whole day off. We hired some great people, and for years have had the lowest employee turnover of any Hong Kong hotel. Our competitors were very unhappy with us, and the Hong Kong hotel association boycotted us in every way they could. But it was the right thing to do.

We provided our associates in Hong Kong with an opportunity for a better life. As we have grown to 2,800 hotels, we have continued to provide those who work for us opportunities to grow and develop in many parts of the world.

In fact, 50 percent of our hotel general managers and many of our senior executives started out in entry-level jobs. And there have been many immigrants who have made a great contribution to our growth and progress.

Forty-five years ago, Karl Kilburg immigrated to America from Germany. He was a 19 year old bakery apprentice and worked his way up to a food & beverage manager position at one of our hotels – later becoming a regional vice president for the western states. Today, he is executive vice president with operating responsibility for all of our hotels in Central Europe, a region that does over \$1 billion in annual sales.

Today, there is a troubling debate here in America about our immigrant work force. In my opinion, the lodging industry would be out of business without access to willing immigrant workers. We must secure the borders, but we must also continue to make it possible for peoples of all nations to experience the American dream. As our people are our most important asset, it is vital we continue to provide opportunities for them and their families.

Most leaders in our country don't realize that travel and tourism is a \$6.5 trillion global industry. In the U.S. alone, this industry generates about \$1.3 trillion a year – or 10 percent of our GDP.

This dynamic global industry has grown about 30 percent over the past 10 years, mostly because everyone is traveling and the emerging middle classes in China, India and Eastern Europe are beginning to explore the world. But at the same time, America's piece of the world travel and tourism pie has shrunk from 9 percent to 6 percent, and so little is being done to reverse it. This is of particular concern because the weak dollar makes America such a great bargain for our visitors.

Oddly, we are one of the few developed countries that do not have a minister of tourism whose sole responsibility is to draw more people and travel dollars to our country. Even tiny Iceland spends more money on promoting travel than our federal government does promoting the U.S. This year, our Department Of Commerce will spend under \$4 million marketing America; but next year, by feat of Congress, they will spend nothing. Australia, on the other hand, spends \$80 million promoting itself and is now the #1 desired place to visit, while the U.S. has fallen to #6.

Even more puzzling, and frustrating, is our visa policy. We make it very difficult for people to come here. I especially understand the need for secure borders since the twin towers collapsed on our Marriott hotel on 9/11. But if you are Brazilian, for instance, and want to come to America, you must go to a U.S. consulate for a personal interview and finger printing. That makes sense. But we have only four consulates in Brazil, and many people must travel hundreds of miles, at great expense, to be interviewed.

Today, the waiting time for a visa interview is 148 days in Rio de Janeiro. Even if you have had a recent visa and it has expired, you still have to go through the process all over again. In 2000, 737,000 Brazilians traveled to the U.S. But, in 2005, only 485,000 came to America, and their spending dropped 40 percent. Yet the real has continued to strengthen against the dollar, making the U.S. a real bargain for them.

Travel is trade, just like when we export a pair of jeans, a Boeing jet or a John Deere tractor. When one of our hotels here in Washington sells a room to a Brazilian or Indian tourist, these transactions are U.S. exports. Even better, those transactions don't cost America anything. The infrastructure needed to support that tourism dollar – transportation, police and emergency services – is already in place.

Our visa policy is fast becoming a barrier to our travel trade, hurting our economy by keeping more reals, euros and rupees from being spent here. These barriers not only reduce job creation, they erode our country's image. So, when we deprive people of the opportunity to see and experience America, we deprive ourselves of new ambassadors for our country and our way of life.

Travel industry studies show that 38 percent of those who had never visited the U.S. had a positive image of America, but 54 percent of those who have visited America did.

Another area of concern is in the implementation process for the Western Hemisphere Travel Initiative. This initiative creates new rules that will require all travelers, including U.S. citizens traveling to and from Canada, Mexico, and the Caribbean, to have a passport or a special identification card in order to enter or re-enter the United States.

While I understand and support the security intent of the initiative, our government hasn't made enough progress in implementing the program or communicating with the traveling public. They also haven't been collaborating with the other countries that will be impacted – like Canada. And DHS and state need to get started because the new rules begin taking effect January 8, 2007, and the program is fully implemented by the beginning of 2008. Needless to say, this initiative isn't helping our image, our relationships or our future tourism dollars.

America's declining market share of travel dollars hurts our economy. We must also be mindful that if we let our image as a country continue to deteriorate, so will our opportunities for development overseas.

In the last 10 years, for instance, our company has tripled in size. Today one-quarter of our 2,800 hotels are outside of America. We do business in 68 countries, directly employing 72,000 associates in these markets. Our international operations generate \$5.3 billion, and we recently opened the 100th courtyard outside the U.S. in Moscow. Our success depends on developing and running great hotels, but it is also driven by the power of being an American brand.

We manage and franchise hotels, we don't own them. And the people who do own them are deeply attracted to American brands. These are local investors in places like London, Paris, Dubai, India, Russia and China putting hundreds of millions of dollars at stake, banking on the value of an American brand. In fact, we are tied for the #1 spot with the most rooms in the U.K. and China. When the U.S. projects an isolationist "keep out" image, we're discouraging more than travel to America. We're stalling an engine of growth.

America can't afford to be an island. Our economy and America's travel and tourism industry must continue to be part of the growing global economy. For countries as well as companies, brand matters. And the American brand is one that should always represent hope and opportunity to the world – as well as a great place to visit.

Thank you.

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