



New Regulations regarding Passport requirements

If your family doesn't have Passports, now is the time to get them. After a year's delay (thanks to some timely lobbying of Congress), passports will be required for all air and sea travel outside the U.S. with returns on or after January 1, 2007. This includes travel to Canada, Mexico, Central and South America, the Caribbean, and Bermuda.

Essentially all cruises from the last week of this year on will require passengers to have passports, yet 75% U.S. citizens don't have them. While cruisers are better-traveled and more affluent than the general population, most cruisers don't have them either--the Cruise Lines International Association (CLIA) estimates that only 35% of cruisers used passports as identification on cruises over the past year.

The standard passport process takes six weeks under normal circumstances, but it's anyone's guess how long it will take when demand surges at the end of the year, so now is the time to get your passport if you haven't already.

The good news is that adult passports are good for ten years, so once get yours, you won't have to go through the process again any time soon. See the State Department's Passport site at http://travel.state.gov/passport/get/first/first_832.html for details.

As passports cost about \$100 each by the time you factor in the cost of photos, and must be applied for in person and usually during working hours, this adds substantial cost and convenience hurdles that will likely reduce demand, especially for short cruises. Wait until the last minute, and it costs an extra \$60 per passport to have passports expedited (which still takes up to two weeks).

On a cost basis alone, a \$300/per person 4-night cruise suddenly goes from \$1,200 to \$1,600 for a family of four if booked on more than 6 weeks notice. On less than six weeks notice, the cost goes to \$1,840 if passports have to be expedited. This can only lead to less demand and lower cruise prices.

The passport situation is on top of a number of other factors that have already contributed to a glut of cruise inventory, including hurricane worries, bad publicity, and

high energy costs. Lines have been forced to make significant fare reductions, and we continue to see some great deals for the summer and fall--especially to the Caribbean, Bermuda, and Mexico. It's not much of a stretch to think that--if you have your passports in hand--there will be some incredible deals waiting for you after the first of the year.