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CHALLENGES AND ACCOMPLISHMENTS AS THE EUROPEAN UNION AND THE UNITED STATES PROMOTE TRADE AND TOURISM IN A TERRORISM ENVIRONMENT

HEARING

BEFORE THE

SUBCOMMITTEE ON EUROPEAN AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

MAY 13, 2004

Printed for the use of the Committee on Foreign Relations

Available via the World Wide Web: http://www.access.gpo.gov/congress/senate
U.S. GOVERNMENT PRINTING OFFICE

96–108 PDF WASHINGTON : 2004

For sale by the Superintendent of Documents, U.S. Government Printing Office
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THURSDAY, MAY 13, 2004

U.S. SENATE,
SUBCOMMITTEE ON EUROPEAN AFFAIRS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met at 2:35 p.m., in room SD–419, Dirksen Senate Office Building, Hon. George Allen (chairman of the subcommittee), presiding.

Present: Senator Allen.

OPENING STATEMENT OF SENATOR GEORGE ALLEN

Senator ALLEN. Good afternoon. I welcome everyone this afternoon to this hearing of the European Affairs Subcommittee on the challenges and accomplishments as the United States and the European Union promote trade and tourism in this environment of terrorism.

The terrorist attacks that occurred in this country on September 11, 2001 dramatically changed the challenges that we in the United States face to secure our borders and prevent future terrorism. The attacks in Madrid on March 11 of this year demonstrate that the European Union faces the same challenges.

Now, the European Union and the United States have the largest bilateral trading and investment relationship in the entire world. It amounts to $1 billion every single day and for my State, the Commonwealth of Virginia, 68 percent of investment in our Commonwealth of Virginia comes from European countries. That is $14.6 billion coming from Europe, and it is from all sorts of countries, different countries in Europe, from Sweden and Denmark and the Netherlands to Germany and Austria, France, Great Britain, all the way to Iceland, a very important investment in jobs.

Also, international travel is important to our country here in the United States, obviously to Europe as well. Since 2001, travel has dropped a significant amount, but it is still high. While it has decreased, there still are 42 million international travelers per year visiting the United States and they spend $66.5 billion per year in our country. So enhancing international transportation security, while maintaining the efficient flow of tourists and commerce, is a challenge but an important challenge for both the EU and the United States.

The purpose of this hearing—and I so much thank all our witnesses for being here with us—is to review five efforts to meet and address this challenge: No. 1, the Container Security Initiative; No. 2, the lost and stolen passport program; No. 3, access to airline passenger name records; No. 4, the issue of biometric passports; and No. 5, the visa waiver program.

Now, we are very fortunate today to have four individuals who are uniquely qualified to give the subcommittee, and indeed the whole committee and in fact the U.S. Senate, your insights, your perspective on these efforts.

I am particularly pleased that our first panel has an official from the European Union with us. It is not often that a representative from a foreign government appears before the Foreign Relations Committee. I am grateful that the European Union agreed to let their official appear before us today, and that is a testament to the level of cooperation that exists between the European Union and United States on this very important matter to our commerce, to our trade, as well as our security.

Before I introduce our first panel, I would like to acknowledge the leadership of a colleague on this committee, Senator Chuck Hagel of Nebraska, who chairs the Subcommittee on International Economic Policy, Export and Trade Promotion. We will be talking about trade this afternoon and Senator Hagel is a great leader in this area. He cannot be with us today, but he is one who cares a great deal about immigration and trade reforms. He has asked and I will submit for the record a speech given yesterday by Secretary of State Powell on travel and tourism, delivered at the U.S. Chamber of Commerce here in Washington, DC. It is included as part of Senator Hagel's statement.

[The prepared statement of Senator Hagel follows:]

PREPARED STATEMENT OF SENATOR CHUCK HAGEL

Mr. Chairman, The Secretary of State gave a speech yesterday to the U.S. Chamber of Commerce which is very relevant to this hearing. I ask unanimous consent that his remarks be submitted for the record. Secretary Powell has been the champion of advancing the Bush administration's policy of "Secure Borders, Open Doors." Most recently, the Secretary and his team have been working to ensure that the October 26, 2004 biometric passport deadline for Visa Waiver Program countries be extended, so as to not impede legitimate travel and tourism by our neighbors and allies.

* * *

REMARKS ON SECURING THE FUTURE OF TRAVEL AND TOURISM AT THE SECOND ANNUAL SUMMIT OF THE U.S. CHAMBER OF COMMERCE

Secretary Colin L. Powell
U.S. Chamber of Commerce
Washington, DC
May 12, 2004
(1:40 p.m. EDT)

Well, thank you very much, ladies and gentlemen, for that warm welcome. And thank you, Tom, also for your very kind and generous introduction. And at this point, let me thank you for the support that you have provided to me in a variety of capacities over the years, especially during that time of my life when I was out in the private sector and chairing America's Promise and working with young people and forming partnerships with groups such as the Chamber. It was also during that period that I was on the speaking circuit, where I got to know the travel and tourist industry very, very well. (Laughter.) Ahh, yes.

And so I want to thank you for giving me this opportunity, Tom. I want to thank the Chamber. I want to thank the National Chamber Foundation and the Travel Business Roundtable for co-hosting this important summit on securing the future of travel and tourism.

I am pleased to have the opportunity to share with all of you what the State Department is doing to advance President Bush's policy, a simple policy, of Secure Borders, Open Doors. Secure borders. We ought to know who's coming into our country, what they're coming in here for, where they're going, how long they're going to be here for and when they leave. Not unreasonable. We also have to make sure that, in having those secure borders, we also convey an attitude of openness. Open Doors. We want you to come. We want you come share the American experience.

Because to be true to ourselves as a democratic nation and to protect our national security, we must continue to be a welcoming country even as we take effective means to keep our enemies out. We must do both at the same time. And that is what our Secure Borders, Open Doors policy is all about.

Throughout America's history, openness has enriched our democracy, our culture and our economy. And in today's globalizing world, it has never been more true that a strong economy is just as essential to our national security as is a strong defense, a strong military. And the travel and tourism industry is one of the most vital segments of that vital economy. Last year, approximately 42 million foreign visitors spent over $83 billion touring, working or studying in the United States and U.S. travelers going overseas spent $78 billion.

Your industry is one of America's largest employers, directly generating some 7 million travel-related jobs. You also contributed nearly $157 billion in payroll income and over $93 billion generated in local, state and federal tax revenue. You are a big part of our economy, for sure, and President Bush and our whole Administration share your goal to succeed in what you're doing.

The attacks of 9/11 brought home to all of us the chilling fact, however, that in a 21st century world, terrorists and other adversaries have unprecedented reach and unprecedented mobility to strike us in ways that we could never have imagined. The defenses we used to have in the past against Cold War enemies or the Nazis or other enemies that we had, state enemies, were easy to see, easy to protect ourselves from. They didn't strike directly at our homeland.

In this instance, the terrorists struck directly at our homeland. They murdered some 3,000 people, not just Americans, people from 90 countries, in the World Trade Center. They also delivered a blow to the United States economy and to world markets. Your industry in particular felt that impact, and your recovery has been all the more difficult because of the global economic slowdown that we saw over the last several years.

As we approach this summer, however, I am glad to report that at the State Department, anyway, we are seeing some very encouraging signs that the turnaround is here for you, that travel is on the upswing from its dramatic decline of the first couple of years after 9/11. More Americans are going overseas and more foreign visitors are coming to the United States. Our Passport Office is seeing a jump in passport applications of more than 22 percent over last year. And though we still have a very long way to go before we reach the volume of visa applicants that we had before 9/11, applications for visitor visas to the United States are also on the rise.

The picture is mixed with respect to student visas. The number of international students enrolled in the United States has grown each year, even in the post-9/11 period, but the rate of increase has slowed down. The international market for students is much more competitive than it used to be: France, Germany, elsewhere in the world, Australia, students have a broad choice. And clearly, we have to do a better job of attracting them here, attracting the world's rising generation to come study in America, come learn our values, come learn what kind of a people we are and take all of that back with you, as well as whatever education you picked up.

In February, for example, I welcomed to the State Department 25 Fulbright pioneers from a newly free Iraq. We've issued the first 25 Fulbright scholarships to Iraq now that it has rejoined the family of nations. And I wish you could have seen these wonderful people. They are now in some of our best universities. They're studying law, they're studying business, they're involving themselves in public health education, in journalism, public administration, education and environmental science, picking up the skills they need to go back to what will be a democratic Iraq and help to rebuild that country.

Where else would I have wanted these youngsters to go, and not so youngsters, as it turned out? Where else would I want them to go, but to the United States of America? What other values would I want them to pick up, except the values and the education that they pick up here in the United States? These young Iraqis are

so full of hope for the future and they are absolutely determined to return to their country and contribute to its reconstruction.

I reminded the students that other Fulbrighters just like them had risen to the challenge of leadership when their countries made historic transitions to democracy. Fulbright scholars stood at the forefront of Poland's first post-communist government. Poland's Foreign Minister is a Fulbrighter. A Fulbrighter helped to lead East Timor's struggle for independence. President Toledo of Peru is also a former Fulbrighter.

More than 200 of the State Department's International Visitors program participants have become heads of state or government. What a record. Among those leaders: Prime Minister Tony Blair of the United Kingdom, President Megawati of Indonesia, President Saakashvili, the new President of Georgia, who proudly tells me about the education he received here in the United States, and most of the members of his cabinet have been exposed to our international programs for education. President Konare, the former President of Mali and now the Chairman of the African Union Commission is also one of those graduates of our programs. It is likely that tomorrow's leaders are among the 30,000 men and women who participate each year in our State Department exchange programs.

Perhaps the next generation of leaders from the Arab and Muslim world will be found among the students selected for our Partnerships for Learning Initiative. Partnerships for Learning is an outreach effort that we put in place in the wake of 9/11. Under this initiative, 160 young people from predominantly Islamic countries are now studying at American high schools and living in American homes, and over 70 undergraduates from the Middle East countries are studying at American universities.

I had some of these young high school students into my dining room a few months back for an IFTAAR dinner. And rather than just have intellectuals and people from the think tank community around me at this dinner I said, "Well, just go get some young people. You know, c'mon. I'm an old geezer. Give me some young people to have dinner with." (Laughter.)

And they sat these high school students around the table with me, and they were all Muslim, all representing the various parts of the Muslim world, and it was such an experience for me to sit and talk to them and tell them about the American experience; tell them about the American immigrant experience; tell them about the diversity of our country; tell them about our value systems; tell them about the things they never will see in their television sets or not often enough. And when they left, I think they carried a little bit away from that dinner, but they carry a little bit away from every encounter they have for the year that they are here. And they will go back with a better feeling about our country, with a better understanding of what we stand for.

The personal and professional relationships that are developed during such exchanges can form a foundation of understanding and lasting partnerships, not just between young people, but between nations, between societies, between cultures.

By the same token, if we lose legitimate foreign scholars, if we lose them to procedural frustrations because it's too hard to get a visa, because they don't want to be bothered, because they're going to be hassled at the airport coming into the United States, we risk losing their goodwill, and that is a priceless thing to lose. The essential embracing spirit of America's attitude toward people is our greatest asset. And we must work together to ensure that our country remains a beacon for students, international tourists, immigrants, and business people.

These past few years have been fraught with challenges, but I believe that the United States is doing a better job than ever of balancing security with openness. The past 30 months have seen the creation of the Department of Homeland Security under the gifted leadership of Tom Ridge, who spoke to some of you last night, the largest reorganization of our government since World War II. And there have been other major changes in the measures we take to safeguard our borders and protect the integrity of the nation's immigration system. Norm Mineta, of course, now responsible for airport surveillance and security, as people come into the nation.

The Department of State is working closely with the Department of Homeland Security, with the Department of Transportation, and other government organizations to make even more improvements that minimize the negative impacts of new security procedures on legitimate travelers.

We are implementing an interlocking system of border security called US-VISIT, which I'm sure Tom may have spoken to you about, and this begins with our consular officers overseas collecting scanned fingerprints. The system ends with immigration officers of the Department of Homeland Security at our Ports of Entry and Departure verifying the identity of travelers. When this system was first put in, it got a lot of attention. We had problems with a couple of countries who felt offended

by the fact that we would ask their citizens to place the two fingerprints on the scanner and have a photo taken.

But after awhile, people got used to it. And as we explained why we were doing it, not to harass them, not to hassle them, but to protect us, and also to protect them, so that they knew who their fellow travelers were, it has gained acceptability as a way of doing it. It is non-intrusive. It is inkless. You don't have to wipe your hands off. It's simply that, take a picture, you're through, it adds a few seconds to the process.

Since this program went into effect, US-VISIT, in January, three and a half million travelers have processed through US-VISIT without any appreciable lengthening of the wait times. And US-VISIT has prevented over 200 known or suspected criminals from entering our country. Secure Border, Open Door.

As you know, we have another problem that I talked to Tom and some of the others about a few moments ago. It comes about from our Visa Waiver Program. Congress set October 26, 2004, this Fall, as the deadline when the 27 countries that are in our Visa Waiver, visa-free travel program, to begin issuing passports to these kinds of travelers that contain biometrics and are machine-readable, in the form of photographs or electronic chips. The law stipulates that the citizens of countries who don't meet the deadline of October 26, 2004, will no longer have the privilege of visa-free travel to our country and they'll all have to now apply for visas.

It isn't likely that any of the countries in this program can make the deadline of October 26, 2004. Not because of a lack of interest or a lack of trying. It's that the standards for these new machine-readable passports were only put in place a year or so ago, and it takes time to put in place a passport system that will be foolproof, technically secure. And we have to give our friends the time to develop the right kinds of passports and to make sure that they have been checked out and tested, and they're ready to work.

We need an extension of that deadline. And if we don't get an extension of that deadline from Congress, we estimate that an additional five million people will have to go through our embassy procedures in these 27 countries in order to obtain passports. The other half of that is, though, that it won't be five million people because many of them will say, "We're not going to put up with it. Why should I go to the United States to go to a resort area when I could easily go somewhere else without this kind of a problem?" We cannot allow this to happen and we have been working with the Congress.

Secretary Ridge and I testified a couple of weeks ago on the importance of giving us an extension to this deadline, and we have asked for a two-year extension of the deadline, and I hope that Congress will give us this extension. It is so essential.

This is part of our effort to rationalize our system in ways that people will understand, that speed up the whole process of obtaining a visa, but at the same time, making sure that we are not risking our security.

For the foreign travelers from non-waiver countries who must submit a visa application, things have gotten a lot better. Some 97 percent of the visa applications that we receive are processed in one or two days.

We're increasing the capacity of our databases to talk to one another so that we're not querying multiple databases. Increasingly, it's a centralized system where we can get rapid turnaround after searching all of our databases to make sure there is no derogatory information.

For the two-and-a-half percent of non-immigrant visa applicants who, for national security reasons, are subject to extra screening—they popped up in some way—we have made the screening process less onerous and more efficient by speeding up the exchange of information.

And so last year, the wait time for students and scholars who required clearances from Washington averaged two months. Today, 80 percent of these visas are issued within three weeks.

We recently increased to one year the validity of the clearances granted to certain groups, scientists and scholars, who participate in joint-research programs. I was getting killed by our friends around the world who kept saying, "You invite us to these scholarly conferences and you want our people to come and work with you, but it's too difficult to get them visas in time. You know that they are no risk to you. You know them as a group. They have been to your country on many occasions previously. Why do we have to go through this?"

So we are trying to create certain classes that can be allowed to come in on an expedited basis, making it even easier for them to acquire their visa. Travelers who need to make repeated visits within a given year may now do so without our consular officers having to go back to Washington for an additional name check if they are part of the categories I just discussed.

At the same time we're doing everything we can to cut wait times, to streamline our procedures. We have also, at the same time, taken steps to strengthen security. We have worked with the law enforcement and intelligence agencies, as I mentioned earlier, to make sure not only is the information consolidated, but the information is available to anyone who needs it—whether you're a consular officer or whether you're an immigration official at a port of entry.

We are hiring additional consular officers. One of the things we've succeeded in doing at the Department over the last several years is to persuade the Congress to let us to hire more people—above the level of attrition. For years, the State Department was starved of funds and we were not hiring the people necessary to meet the new workload.

A generous Congress supported President Bush's very, very significant request, significant request for a significant increase in the number of people that would be available to the Department, and you will see the result as we put more and more consular officers out in the field.

These security measures that I've touched on not only enhance the security of our own citizens, they make travel safer for the foreign public as well.

Keeping our homeland secure and our society open is too big a job for government alone. The private sector—you all—have to play a vital role in this process as well. And you do. And on behalf of all of my colleagues at the State Department, I want to express our appreciation to the Chambers of Commerce and the Travel and Tourism Industry for all that you have already done to help us make travel to and from the United States easier and safer for all.

As we implement President Bush's Secure Borders, Open Doors policy, we need to hear from you. I told Tom and I'll tell everybody here: When you have a problem or you think we're not doing it right, please write me, let me know, scream at me. Every major university president is now writing me letters at my invitation. (Laughter.) Come on, scream at me, and then I can scream at Tom Ridge. That's the way it works. (Laughter.)

But, more importantly, I want to make the case here in Washington to my colleagues in government who fully understand this problem, but also the Congress, that what we have to do is protect ourselves, but we've got to do it in a way that never causes us to lose that openness.

Share your insights with us. Give us ideas as to how we can speed up the process. Tell us what your problems are. Otherwise, I'll just sit over there on the 7th floor of the State Department thinking I know what's going on, but until you tell me how you see it in the field, I really won't know what's going on. Let me know how we are affecting your business. Give me anecdotes. As I heard earlier, people don't want to come here for a conference if they can go to London for a conference because it's easier. Oh, we've got to fix that. Don't want that to happen. I've got nothing against London; I just would prefer to have people come to the United States.

We encourage each and every one of you to view our Web site: state.gov. And it will give you insight, a lot of information on what's going on around the world, what's going on with our visa policies, what's going on in our organization to help you do your job better and to encourage people to come to the United States.

Since our nation's earliest days, people have come from all around the world. I love to say we are a nation of immigrants and we are enhanced by this. We are enhanced by the people who come here to live, the people who come here just to watch, the people who come here to get their healthcare taken care of, the people who come here to enjoy our resorts, the people who come here to get an education. We are so enriched. It's a shame that some of my colleagues in other nations around the world don't have the same kind of opening—opening attitude toward immigration and toward visitors coming into their country that has made us such a vibrant society, made us such a vital force in the face of the Earth.

We have seen people come to this country and stay, and their children have thrived, as I am one of them. Most of you can tell a similar story. Others have not stayed. They have returned to their countries of origin, taking with them a better understanding of our nation and our values.

Today, the trendlines for travel and tourism are encouraging again and President Bush and I believe that the future of the U.S. Travel and Tourism Industry is bright. But, you know, it's not just tourism and industry and your business. You're helping me do foreign policy. This is not an abstraction for me. When I go around the world—I'm going to Jordan this weekend—and when I talk to my colleagues from around the world, I've got to make sure they understand that we are open. I've got make sure that they understand that we're doing everything we can to attract their youngsters to our shores.

It is a vital part of my foreign policy and the President's foreign policy goals, because if people think that America is hiding behind a fence, that America is not en-

gaged in the world, if America is so concerned about its security that it is not open to people in other lands coming to visit, then it is not the same America we've been telling them about for all these years, that wonderful nation that has drawn from all nations and touches every nation in return, is still here, is still welcoming, still has that Statue of Liberty that stands in New York Harbor. Just like that Statue of Liberty, our nation has a spine of iron and steel, but also a welcoming torch.

Together, we will guard our country with vigor and vigilance just as the Statue of Liberty has guarded New York Harbor for all these years. And even as we hold high a welcoming light to good people across the globe, we will protect ourselves. But above all, let them see that welcoming light. Come, visit, travel, stay, if you will. Enrich us and we will enrich you. Thank you very much.

(Applause.)

Senator ALLEN. There may also be other Senators who may wish to submit their statements, and if possible, if they have questions, they may pose them to you in writing. I hope you will be able to answer them.

Now, the subcommittee is going to hear from the first panel, obviously, and let me introduce those two panelists. First is C. Stewart Verdery, Jr. He was confirmed on June 19, 2003 by the U.S. Senate to be the first Assistant Secretary for Homeland Security for Border and Transportation Security Policy and Planning. In this capacity, Mr. Verdery is the principal advisor to the border and transportation security for policy development in the substantive areas, including immigration and customs inspection and investigations, cargo and trade policy, transportation security, counter-narcotics, and Federal law enforcement training.

Mr. Verdery was general counsel to the United States Senate Assistant Republican Leader Don Nickles of Oklahoma. As part of his leadership duties, he handled the lead staff duties for the Senate Republican High-Tech Task Force of which I was chairman, and so I have had the pleasure to work with him as we reached out to the technology community.

He also served in years previous on two Senate committees and to Senator John Warner and Chairman Orrin Hatch on the Judiciary Committee, served as lead counsel for the committee's crime unit.

Our second panelist on the first panel is Director General Faull, who has served for more than 20 years in the European International Community and is currently Director General of Justice and Home Affairs to the European Commission. Mr. Faull was chief spokesman and Director General of Press and Communications from 1999 to 2003, having previously served as head of the Press and Communications Service and Deputy Director General in the Directorate-General for Competition from 1995 to 1999. Mr. Faull was Director for Competition Policy, Coordination, International Affairs and Relations.

He is an author of articles on various topics of EU law and policy and in 1999 was co-editor of the EC Law of Competition. In 1989 he became a professor at law at the Free University of Brussels, at which he still instructs today.

We are pleased to have a representative, again, of the European Union appear before the subcommittee. It is uncommon that this occurs and we are certainly grateful, Mr. Faull, for your appearance.

With that, I would like to hear from our panel. We will hear first from you, Mr. Verdery.

STATEMENT OF HON. C. STEWART VERDERY, JR., ASSISTANT SECRETARY, BORDER AND TRANSPORTATION SECURITY DIRECTORATE, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. VERDERY. Chairman Allen, thank you for the invitation to be here today before your subcommittee. It is nice to see you again, of course, and we welcome the opportunity to be here. I am especially glad to be here with Mr. Faull, with whom we have developed a very productive relationship at the Department, both between myself and my boss, Under Secretary Asa Hutchinson at BTS. So it is very appropriate that we are here today to talk about some of the issues you outlined in your opening statement.

Our respective principals, the Homeland Security Secretary, Tom Ridge, and the European Commissioner, Antonio Vitorino, have just concluded a very productive set of meetings as part the G–8 ministerial this week, and the written testimony submitted for the hearing describes in quite some detail our ongoing transatlantic efforts between our Department and our partners in Europe. I would like to speak just briefly to some of those key initiatives in my oral statement today. These are designed to combat not only the terrorist threat but to find ways to enhance transportation security and border enforcement and facilitate legitimate trade and tourism.

As you mentioned, the recent bombings in Madrid caution us that terrorism is an international threat that cannot be conquered by the United States alone. Rather, we must engage in a global effort with our colleagues in the European Union and elsewhere on a daily and sometimes even hourly basis to make sure that our life-saving work is both thorough and coordinated. As part of this effort, we are working with our allies on improving standards for travel documents, aviation safety, and exchange of watch list information, to name a few issues. We are seeking ways to address the security challenges of lost and stolen passports, as well as exploring new technology to detect identity and document fraud, and even things such as explosives in the transportation environment.

In terms of aviation security, we are building a layered approach for the transatlantic aviation that is so crucial to our economy. We are looking at enhancements to visas, use of airline passenger data, boosting airline security, and utilizing air marshals on some international flights of concern.

We continually engage our European counterparts to discuss and coordinate on these important measures.

Let me move on to the cargo arena. As was mentioned in your opening statement, on April 22 of this year the EU and DHS signed an agreement that calls for prompt expansion of the U.S. Customs and Border Protection's Container Security Initiative, or CSI, throughout the European Union. The purpose of CSI is to ensure that all containers that pose a risk or a potential risk for terrorism are identified as early as possible in the international trade supply chain before they are ladened on board vessels to the United States.

On lost and stolen passport security, we are very excited about the recently announced program under which the United States will provide current information on issued passports that have been reported lost or stolen to Interpol in their lost and stolen doc-

ument data base, which is available to border authorities worldwide.

On passenger data, I am very happy to report positive progress toward implementation of the negotiated agreement for screening passengers that we have with the European Commission. During my tenure at the Department, I have been the lead negotiator for the United States in our efforts to establish a legal framework to allow CBP, Customs and Border Protection, to access passenger name record information, the so-called PNR data, from airlines that carry passengers between Europe and the United States, both our domestic carriers and European carriers who are flying transatlantic.

Throughout these yearlong negotiations, both sides have worked together to find a workable solution that outlines the type of data that may be transferred, the period of time it can be retained, the purpose for which it may be used, and also establishes aggressive redress mechanisms for passengers. While implementation is pending a final review by the European Council, we are encouraged by the Commission's efforts and especially the support we have received from European Commissioner for Internal Market, Frits Bolkenstein, the Commissioner for External Relations, Chris Patten, Commissioner Vitorino, and Director General Faull.

When the agreement is finalized—and hopefully that will be extremely soon—it will be an historic achievement that will protect both the privacy of travelers and the borders of the United States and the European Union.

I also wanted to mention that we are working to further enhance security and facilitate legitimate travel with the Transportation Security Administration's efforts to develop a successor program to the first generation computer-assisted passenger prescreening program, or CAPPS I. The CAPPS I program flags a very large number of persons for secondary screening, a hassle to passengers, and a resource drain on carriers and TSA.

The replacement program we are working on has strong privacy and data protection measures built in and will use passenger data to reduce the number of persons incorrectly flagged as potential security risks and better identify real risks. TSA is working very closely with industry to accurately quantify costs, reduce duplication, and craft a regulatory framework that is transparent and industry friendly. And it is important to note that the ancillary benefits of the successor program will eliminate between $150 million and $200 million of annual costs the air carriers currently incur operating CAPPS I.

As we move further into the 21st century and adopt biometric technology and other advancements to enhance security and facilitate legitimate travel, we will proceed with prudence and deliberation considering the civil liberties effects of government's use of these technologies and ensuring that we fortify our privacy protections so that no personal data can be misused or abused. And we are engaging continually with our EU counterparts to discuss, coordinate, and cooperate on these measures.

Clearly, in terms of our overall cooperation, the path forward is through careful and coordinated efforts. As a step to formalizing contact with our counterparts in Europe, Under Secretary Hutch-

inson traveled to Brussels in April to lead a U.S. delegation to the inaugural meeting of the new Policy Dialog on Border and Transport Security. Through this formalized dialog and our other cooperative efforts, we are seeking to identify and communicate problems or initiatives that are on the horizon.

Also, we are trying to mutually recognize the key goal of security programs is to preserve and enhance the robust travel between our shores, whether for tourism, business, education, or family. Over time our investments in security and travel facilitation will ensure that transatlantic passengers feel that travel is both safe and convenient and allow that robust travel to flourish.

We find our coordinated efforts and continuous dialog are certainly the key elements to a successful transatlantic strategy and again I am honored to share the podium with Director General Faull who has been a true ally to the United States. I am certain we both agree that the key to staying the path and meeting the great challenges ahead is continuing not only to build and develop technical connections and enhanced methods of exchanging information, but also to strengthen the personal relations and communications between our leaders on both sides of the Atlantic.

I thank you for the opportunity to be here today. I look forward to your questions on these and some other key issues on the agenda that you outlined in your opening statement. Thank you.

[The prepared statement of Mr. Verdery follows:]

PREPARED STATEMENT OF HON. C. STEWART VERDERY, JR.

Chairman Allen, Ranking Member Biden, and Members of the Committee, thank you for the invitation to address the Subcommittee on European Affairs about current DHS-European Union initiatives. I also want to thank Director-General of Justice and Home Affairs Jonathan Faull from the European Commission who has come a great distance to join me here today. I am very pleased with the progress that DHS and the European Commission are making in addressing many issues of mutual concern related to combating terrorist threats, transportation security and border enforcement.

As you know, the U.S. has an especially close partnership with the European Union, and, since its formation, DHS has been a key player in establishing many transatlantic initiatives and agreements. The challenges of the post 9/11 environment can only be tackled and surmounted with the cooperation and assistance of our European partners and other foreign counterparts.

The challenge before us is to secure the Homeland from another terrorist attack while preserving our most cherished values and maintaining a free, safe and open society. DHS is diligently working to improve its ability to identify terrorists and criminals without impeding legitimate trade and travel. While we are enhancing security by reexamining how we produce and examine documents, bolstering security at our ports of entry, and improving and expanding watchlists, we are committed to protecting and respecting the civil liberties and individual privacy of U.S. citizens, residents, and visitors. Our efforts to combat terrorism threats and protect our borders require the assistance, counsel and partnership of our allies, especially our transatlantic neighbors in Europe.

The recent bombings in Madrid, Spain caution us that terrorism is an international threat that cannot be conquered alone. Moreover, the recent events demonstrate that Al-Qaida-influenced regional extremist networks have increased in visibility and may pose a growing threat to the U.S. and the rest of the world. As such, we must engage in a global effort with our colleagues in the European Union and elsewhere on a daily and even hourly basis to make sure that our lifesaving work is thorough, sound and coordinated.

As part of this effort, we are working well with our partners on improving standards for travel documents, aviation safety, and the exchange of watchlist information. In an effort to scrutinize travelers more effectively and more equitably, we are moving toward individualized review. Appropriate and secure use of biometric identifiers will significantly aid this process. Biometrics will also assist our efforts to au-

thenticate the identity of travelers. By individualizing the process through biometrics, we can be more confident and secure about our admissions and screening decisions. To get there, we are working closely with our European counterparts in the International Civil Aviation Organization (ICAO) and other fora to discuss how to advance biometric methodologies, both in chip technology and electronic readers. International discussions on these issues are vital, specifically in regard to how we can best address privacy concerns.

In addition, we are building a layered approach for aviation security. DHS recognizes that there is no single solution to prevent airplanes from being used as weapons of mass destruction. The layered approach includes enhancements to visas, appropriate use of airline passenger data, vetting travelers through US-VISIT, boosting airline security utilizing air marshals on international flights of concern, and offering voluntary programs for arming pilots on the passenger and cargo planes for domestic flights. DHS fully recognizes that imposing unnecessary inconveniences will discourage travel to the U.S. and is committed to avoiding unnecessary procedures that would harm the United States' ability to welcome students, tourists, and business travelers. Our investments and efforts within the transatlantic and international context aim to minimize burdens on our citizens' and visitors' livelihoods while we pursue our main mission of protecting their lives.

We are working closely with EU Director General for Justice and Home Affairs, Jonathan Faull, and other officials and agencies of the European Union to ensure that developments and initiatives in aviation security are discussed, coordinated, and explained before they are implemented. Through on-going communication and dialogue with the EU we are seeking to avoid transatlantic surprises and diplomatic differences. As we move further into the 21st century and adopt biometric technology and other advancements, we will proceed with prudence and deliberation, considering the civil liberties effects of governments' use of these technologies and ensuring that we fortify our privacy protections so that no personal data can be misused or abused.

We are taking such steps every day. Let me briefly touch on some of the ongoing discussions we are having with our European partners that can be viewed as true achievements and positive, practical steps to tackle the security challenges we face together.

LOST AND STOLEN PASSPORTS

Together with our colleagues in the Department of State, who are responsible for the U.S. passport system, and our foreign counterparts, DHS is addressing security challenges posed by lost and stolen passports. We share this effort with our partners in Europe and around the world. Across the globe, international border control authorities continue to seek timely and accurate information concerning the validity of travel documents presented at their borders. In most cases, countries are able to identify the misuse of their own lost or stolen travel documents when presented at their own borders; however, without a system for international sharing of this data, to date it has not been possible to access this data from other countries. Finding the best solution to this security challenge is the topic of discussion in many international fora. In addition, this is an important discussion that DHS has with most every foreign delegation that it hosts and that it visits.

Additionally, DHS is following efforts made by the ICAO New Technologies Working Group which has undertaken preliminary research into using Interpol's electronic global data base to exchange information on lost and stolen passports, so that a query of country and passport number can be submitted to a central database of lost and stolen passports. The long-term goal is to develop a system in which a yes-no response can be generated in real-time. We support these efforts and see these advancements in the exchange of information as key to securing our borders.

Recently, the Department of State announced a new a program through which the U.S. will provide current information on issued passports that have been reported lost or stolen to the Interpol's lost and stolen document database, which is available to border authorities worldwide. The Department of State has just transferred to Interpol data on 330,000 lost or stolen U.S. passports. Only the passport number, country of issuance and document type will be provided to Interpol. We believe that this action will encourage other governments to join in this international data-sharing initiative.

CONTAINER SECURITY INITIATIVE (CSI)

On April 22, 2004, the United States and the European Community signed an agreement to intensify and broaden cooperation on customs matters. The objectives of the agreement include, among other things, the prompt expansion of Customs and

Border Protection's (CBP) Container Security Initiative (CSI) to more ports in the European Community.

The Container Security Initiative addresses the threat to border security and global trade posed terrorist misuse of a maritime container. The purpose of CSI is to ensure that all containers that pose a potential risk for terrorism are identified as early as possible in the international trade supply chain and before they are laden on board vessels destined for the United States. CBP is now stationing multidisciplinary teams of U.S. officers from both CBP and U.S. Immigration and Customs Enforcement (ICE) to work together with their host government counterparts. Their mission is to work with local law enforcement officials to develop additional information related to the terrorist threat to cargo destined to the United States.

Through CSI, U.S. officers work with host country customs administrations to establish security criteria for identifying high-risk containers. Those administrations use non-intrusive technology to quickly inspect the high-risk containers before they are shipped to U.S. ports. Additional steps are taken to enhance the physical integrity of inspected containers while en route to the U.S. CSI ports are points of passage for approximately two-thirds of containers shipped to the United States.

The CSI agreement signed last month with the EU sets the stage for enhanced cooperation between the United States and the Europe on CSI and related matters. It will lead to enhancements in our mutual efforts to prevent terrorists from exploiting the international trading system. The agreement will intensify and broaden cooperation and mutual assistance in customs matters between the European Community and the United States. The objectives of the broadened cooperation called for under the agreement include expanding the Container Security Initiative, establishing minimum standards for risk-management techniques, and improving public-private partnerships to secure and facilitate international trade.

CSI is a fully reciprocal program. Japanese and Canadian officers are currently stationed and working in key U.S. ports to screen containers destined for their respective countries. We expect others to do so in the future.

While the first twenty largest ports (which include many in Europe) were the starting point, CSI is not limiting participation to those locations. Sweden, Malaysia, South Africa, and Sri Lanka have signed on to CSI: ports in the first three countries are already operational. Discussions are currently being held with additional expansion ports in South and Central America, Southeast Asia, and the Middle East.

International organizations like the World Customs Organization has provided a multi-lateral forum for discussion of appropriate security measures and encouraged the further development of CSI-type initiatives throughout their 162-country membership.

PASSENGER NAME RECORD (PNR) DATA

In addition to expanding cooperation on container screening, the U.S. and the European Commission (Commission) have been able to move forward with a negotiated arrangement for screening passengers. During my tenure with Border and Transportation Security (BTS), I have been the lead negotiator for the U.S. with the Commission in our efforts to establish a legal framework to allow CBP, a component of BTS, to access passenger name record (PNR) data from the airlines that carry passengers between Europe and the U.S. In 1995, the European Parliament and Council issued a "Data Protection Directive" which sets forth detailed requirements for the utilization and sharing of personal data. The purpose of our negotiations with the European Commission is to obtain an adequacy finding, under the European privacy directive, which would allow CBP to receive PNR data from those airlines affected by the Directive. Without resolution of these issues with the Commission, airlines would be put in a position where they would be subject to fines from EU member states if they provide PNR data to the U.S.

PNR data is just one of many tools used by CBP to fulfill its mission. PNR data is an essential tool in allowing CBP to accomplish its key goals: (1) PNR data helps us make a determination of whether a passenger may pose a significant risk to the safety and security of the United States and to fellow passengers on a plane; (2) PNR data submitted prior to a flight's arrival enables CBP to facilitate and expedite the entry of the vast majority of visitors to the U.S. by providing CBP with an advance and electronic means to collect information that CBP would otherwise be forced to collect upon arrival; and (3) PNR data is essential to terrorism and criminal investigations by allowing us to link information about known terrorists and serious criminals to co-conspirators and others involved in their plots, including potential victims. Sometimes these links may be developed before a person's travel but other times these leads only become available days or weeks or months later. In

short, PNR enables CBP to fulfill its anti-terrorism and law enforcement missions more effectively and allows for more efficient and timely facilitation of travel for the vast majority of legitimate travelers to and through the United States.

Through these negotiations (which have been going on for more than a year), we are grateful for the cooperation of the European Commission. Last December, the European Commission agreed to adopt an adequacy finding and just this week, the 25 member states accepted the finding in the Article 31 Committee vote. Over the course of our negotiations, both sides worked together to reach a workable solution that outlines the type of data that may be transferred, the period of time it can be retained, and the purpose for which it may be used. Additionally, the arrangement includes requirements for aggressive and important passenger redress mechanisms including a channel for direct access by European Data Protection Authorities to the Chief Privacy Officer at the Department of Homeland Security on behalf of European citizens.

While implementation is pending a final review by the European Council, we are encouraged by the Commission's efforts, especially the support we have received from European Commissioner of Internal Market, Frits Bolkestein; Commissioner for External Relations, Chris Patten; Commissioner for Justice and Home Affairs, Antonio Vitorino and Director General Faull. While our arrangement and the adequacy finding may face legal challenges, we are confident that they are legally sufficient and will improve the safety of air passengers. When the arrangement is finalized, it will be a historic achievement that will protect both the privacy of travelers and the borders of the United States and the European Union.

Moreover, DHS is also very pleased to learn through the March 25 EU Summit Statement on Combating Terrorism that the EU is itself considering setting up its own PNR system that will further strengthen the ability of the international community to identify the handful of violent criminals and terrorist hiding among the throngs of legitimate travelers.

VISA WAIVER PROGRAM AND US-VISIT

I now turn to the issues surrounding the Visa Waiver Program and US-VISIT. As you know, in September 2004, DHS will expand US-VISIT checks to Visa Waiver Program travelers.

The US-VISIT system was initiated on January 5, 2004, and as of late April, the US-VISIT program had processed over 3.5 million travelers without negatively effecting wait times. During that same period, US-VISIT has identified 180 known or suspected criminals and more than 100 immigration violators, including rapists, drug traffickers, credit card and visa fraud criminals, manslaughter suspects, and an armed robber. In most cases, biographic information alone would not have led to the identification of these criminals.

Although the US-VISIT Program was initially designed for travelers from non-Visa Waiver countries, its successful deployment demonstrates that it can be effectively expanded to travelers from Visa Waiver Program (VWP) countries who enter the United States at air and sea ports. This expansion will increase security by ensuring that biometric information on VWP travelers is collected even if the deadline for biometric passports is extended.

The biometric passport deadline was established by the Enhanced Border Security Act (EBSA), which requires VWP countries to certify by October 26, 2004, that they have a program to issue biometrically enhanced passports that comply with International Civil Aviation Organization (ICAO) standard. If they cannot make such a certification, they will be unable to continue to participate in the VWP. Additionally, beginning on October 26, 2004, VWP applicants with non-biometric passports issued on or after October 26, 2004, will not be eligible to apply for admission under the VWP. While most VWP countries will be able to certify that they have a program in place, due to technological limitations, they will be unable to actually produce biometric passports by that date. Limiting VWP participation could lead to serious disruptions to travel and tourism because millions of VWP travelers may choose not to travel to the U.S. resulting in billions of lost revenue to the U.S. economy. It may also cause friction with some of our closest allies in war on terror.

The EBSA also requires DHS to deploy passport readers to authenticate these passports. Acknowledging the limits of the current state of technology, Secretary Ridge, on April 21st, testified before the House Committee on the Judiciary that DHS, ". . . is not currently in a position to acquire and deploy equipment and software to biometrically compare and authenticate these documents. DHS cannot today acquire one reader that will be able to read all chips utilized in the ICAO compliant biometrics passports. However we believe that by the fall of 2006, the technology required to implement successfully a security system based on the ICAO standards

will be much more settled and allow DHS to derive benefits envisioned when the original EBSA was enacted." Accordingly, DHS and DOS jointly requested that the October 26, 2004, deadline be extended to November 30, 2006 for the production of ICAO-compliant biometric passports and the deployment of equipment and software to read them.

The VWP governments are deeply concerned about their nationals losing the ability to travel to the United States visa-free and support the Administration's request for an extension. Additionally, the VWP countries understand that in the short-term enrolling VWP applicants in US-VISIT would alleviate some of the security concerns associated with that extension and in the long-term will improve document and border security.

U.S.-EU DIALOGUE

On April 26, Under Secretary Asa Hutchinson traveled to Brussels to lead a U.S. delegation to the inaugural meeting of the new Policy Dialogue on Border and Transport Security. The EU delegation was led by Director General Faull. The purpose of this new group was to establish a forum where the issues of transport and border security could be addressed at a policy level. This first semi-annual meeting successfully discussed a wide range of issues and included experts from Homeland Security, Justice, and State on the U.S. side and the European Commission Directorates of Transport, Internal Market, Justice and Home Affairs and External Relations, demonstrating an effort by both sides to bring all concerned parties to the table and avoid compartmentalizing. This on-going formal dialogue is to provide a mechanism to communicate problems or initiatives on the horizon.

Delegates at the inaugural meeting took the opportunity to address many of the issues I have already discussed, including biometrics, the US-VISIT and Visa Waiver Programs, joint initiatives on lost and stolen passports, "flights of concern" and air marshals. With the US-EU Summit approaching in June, parties are already working collaboratively toward making that event a success.

Coordinated efforts and continuous dialogue are certainly the key elements to a successful transatlantic strategy. I am honored to have this opportunity to share the podium with Director General Jonathan Faull, who has been a true ally to the U.S. Specifically, his support and cooperation have been invaluable to DHS as we carry out our daily mission and meet formidable challenges. I am certain that we both agree that the key to staying the course and meeting the great challenges ahead is continuing not only to build and develop technical connections and enhanced methods of appropriately exchanging information but, more importantly, to strengthen relations and communications between leaders on both sides of the Atlantic.

Senator ALLEN. Thank you, Mr. Verdery. I will have some questions of you.

Now we would like to hear—do you go by General Faull, Director Faull?

Mr. FAULL. I will settle for "Mr."

Senator ALLEN. Mr. Faull, we would love to hear from you. Thank you for being with us.

STATEMENT OF JONATHAN FAULL, DIRECTOR GENERAL, JUSTICE AND HOME AFFAIRS, EUROPEAN COMMISSION, BRUSSELS, BELGIUM

Mr. FAULL. Thank you very much, indeed, Mr. Chairman. It is indeed a great honor for me to be here to address this subcommittee this afternoon. I welcome the opportunity to say a few words about what has become a very close and constructive relationship between the European Commission and the U.S. Government in this area, and it is, if I may say so, particularly fitting that I do so in the company of Stewart Verdery who has played a very important role in building cooperation with us across the Atlantic.

The European Union now has 25 member states. The European Commission's role is to develop policy, propose legislation, enforce

rules once adopted, and represent the European Union internationally.

My job is to run the department known as the Directorate-General for Justice and Home Affairs, and my political boss, Commissioner Antonio Vitorino, has been in Washington this week to attend the G–8 Justice and Home Affairs Ministerial meeting and to meet his counterparts in the U.S. administration.

The issues just referred to by Stewart Verdery in his remarks are certainly at the top of our agenda too. We are building an integrated system across the whole of the European Union with secure external borders, allowing bona fide travelers access to our territory, while keeping others out. We are developing laws and networks to deter, prevent, and punish serious crime, including terrorism.

As Ambassador J. Cofer Black said before this committee a little over a month ago, "neither the United States nor Europe can fight the war against terrorism alone." This is a message that we have also received from many American friends this week and it is one we share fully. Building on what was already a sound relationship, we have developed close and unprecedented cooperation with the United States in the fight against terrorism since the tragic events in this city and in New York on the 11th of September 2001. And the awful attacks in Madrid on the 11th of March this year have made it even more abundantly clear to us all that the fight against terrorism is both global and far from over.

In the area of border and transport security, we have established a high level policy dialog between the EU and the USA. The U.S. is represented by the Departments of State, Homeland Security and Justice. The group met first on the 26th of April this year and Under Secretary in the Department of Homeland Security, Asa Hutchinson, led the U.S. delegation while I had the honor of chairing the meeting on the European side. It was a very good, constructive, business-like meeting covering some of the issues that we have already heard about today, biometrics, sky marshals, visa policies, and the issue of information sharing. We intend to meet at least twice a year and hope to make this group a lasting vehicle for cooperation between the European Union and the United States in these important policy areas.

I would like to say a few words now about biometrics. One of our most important common endeavors is to make travel safer. We want to improve the security of travel documents by using the best means available to us of modern technology. Biometric identifiers, therefore, are of the utmost importance.

Nearly all travelers nearly all the time go about their business as law-abiding citizens. The transatlantic relations, business and personal, are of great importance to us all economically, socially, and in many other respects. Our aim should be to make travel safe and to prevent criminals and terrorists from abusing our open societies.

By the end of this year, we intend to adopt laws and technical rules to introduce biometric data into EU visas and residence permits issued to foreigners and into the passports issued to ourselves, EU citizens, by our member states, in a harmonized, coherent and interoperable way.

We are grateful to the U.S. administration for its proposal to extend by 2 years the deadline by which foreign travel documents, passports in particular, should feature biometric identifiers. We hope that the U.S. Congress will enact the necessary legislation to give effect to this extension.

We understand also the reasons for the extension of the US-VISIT program to all travelers arriving in the United States and we hope that the visa waiver program will be maintained and eventually extended to all 25 member states of the European Union.

Meanwhile, we are very busy in Europe enhancing the control and surveillance of our now expanded external borders. We are resolute in fighting against illegal immigration, trafficking of all kinds, and of course, international terrorism. But at the same time, the new, enlarged European Union is open for business and we welcome friendly visitors.

We are in the process of setting up a "European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union," a rather long name. It will, no doubt, be called for short the Borders Agency or something like that. It will coordinate the operational activities of our national border guard services at our common external border, helping them in their work by providing common training and risk analysis, as well as help on procurement of equipment and on research matters. It will, of course, also cooperate with international organizations and foreign countries, including the United States, on matters relating to its tasks. It will not have a law enforcement role, but is expected to become a key player in our border management system.

We share the determination of the United States to strengthen border and aviation security, while facilitating the free movement of legitimate travelers. I expect that decisions will be taken in the next few days whereby the European Commission will make an adequacy finding under our data protection rules and the Council of Ministers of the European Union will adopt the international agreement on the transfer of PNR data to the United States' authorities. This will end a period of legal uncertainty for European airlines and will, I think, reflect our very clear determination to take data protection very seriously. We believe that we have struck the right balance after somewhat arduous negotiations with our counterparts in the United States. As you know, the European Parliament has not shared this view and litigation before the European Court of Justice is still a real prospect.

We agree that the advance scrutiny of air passengers is a key element in border security. We have adopted common rules on an advanced passenger information system, known as APIS, requiring airlines to provide border authorities with passenger data prior to the arrival of aircraft. This system will enable national authorities to keep bona fide travelers moving smoothly while boosting law enforcement efforts.

These shared objectives require constant exchanges of information and effective shared risk analysis. We are preparing legislation for the use of passenger manifest data for internal security purposes, creating an obligation for air carriers to transmit these data to law enforcement authorities. This will provide a sound legal

basis to enhance information sharing with the United States for law enforcement purposes.

We share the view that special security measures have to be taken when a flight seems to be under terrorist threat. Who could possibly think otherwise?

Some of our member states use sky marshals already; others do not and lack the facilities for training them. We have, therefore, agreed with our American friends that other special security measures could be appropriate and satisfactory in these circumstances and we hope that the movement toward a resolution of the PNR issue will be considered a helpful measure in this respect.

We have proposed to our own member states guidelines on sky marshals and other related measures, which will be discussed soon with our ministers. Those discussions will take account of the G–8 SAFTI discussions and the very valuable work being done by the International Civil Aviation Organization, ICAO.

Finally, on exchanges of data on lost and stolen travel documents, we suggested to our American friends only some months ago that we agree to feed our data on lost and stolen passports into a data base in Interpol. And I am very pleased to see that this week the United States forwarded 330,000 entries from its consular lost and stolen passport system, known as CLASP, to Interpol. We will follow suit shortly. We intend to visit Interpol in Lyon in the next few weeks and have invited American colleagues to join us to look at Interpol's operations in this area.

These, Mr. Chairman, are just some of the areas we are working on closely with our American colleagues. We do not always agree on everything immediately, but there should be no doubt about our common determination and resolve. We are open societies, united by common democratic values. We will continue to promote movement of people across the Atlantic while uniting in our common fight against terrorism and, indeed, against crime of all sorts.

I am very grateful to have had the opportunity to address you this afternoon, and I thank you.

[The prepared statement of Mr. Faull follows:]

PREPARED STATEMENT OF JONATHAN FAULL

INTRODUCTION

Chairman Allen, Ranking Member Biden, members of the committee,

Thank you for inviting me here today. I welcome the opportunity to say a few words about our very close cooperation with the U.S. Government.

It is fitting that I do so in the company of Stewart Verdery, who has played an important role in building cooperation with us across the Atlantic.

The European Union now has 25 Member States. The European Commission's role is to develop policy, propose legislation, enforce rules once adopted and represent the EU internationally.

My job is to run the department known as the Directorate-General for Justice and Home Affairs. My boss, Commissioner Antonio Vitorino, has been in Washington this week to attend the G8 Justice and Home Affairs Ministerial meeting and to meet his counterparts in the U.S. Administration.

The issues addressed by Mr. Verdery in his remarks are certainly at the top of our agenda too.

We are building an integrated system across the whole of the EU with secure external borders, allowing bona fide travellers access to our territory, while keeping others out. We are developing laws and networks to deter, prevent and punish serious crime, including terrorism.

As Ambassador J. Cofer Black stated before the Senate Foreign Relations Subcommittee on Europe little over a month ago, "neither the U.S. nor Europe can fight

the war against terrorism alone." This is a message we have also received from many American friends this week. It is one we share fully. Building on what was already a sound relationship, we have developed close and unprecedented cooperation with the U.S. in the fight against terrorism since the tragic events of 11 September 2001. The awful attacks in Madrid on 11 March this year made it abundantly clear to us all that the fight against terrorism is global and far from over.

In the area of border and transport security we have established a high level policy dialogue between the EU and the U.S. The U.S. is represented in this forum by the Departments of State, Homeland Security and Justice. The group first met on 26 April 2004. Under Secretary Asa Hutchinson led the U.S. delegation, while I had the honour to chair the meeting on the EU side. We had a very good meeting, discussing issues such as biometrics, sky marshals, visa policies and information sharing. We intend to meet at least twice a year and to make the group a lasting vehicle for cooperation between the EU and U.S. in these areas.

BIOMETRICS

One of our most important common endeavours is to make travel safer. We want to improve the security of documents by integrating biometric identifiers.

Nearly all travellers nearly all the time are going about their business as law-abiding citizens. Transatlantic relations, business and personal, are of great importance to us all. Our aim should be to make travel safe and prevent criminals and terrorists from abusing our open societies.

By the end of this year, we intend to adopt laws and technical rules to introduce biometric data into EU visas and residence permits issued to foreigners and into our own passports in a harmonised, coherent and interoperable way.

We understand the reasons for the extension of the U.S. Visit program to all travellers arriving in the U.S. We hope that the Visa Waiver program will be maintained and eventually extended to all 25 EU countries.

BORDER CONTROL

We are busy enhancing the control and surveillance of our now expanded external borders. We are resolute in fighting against illegal immigration, trafficking of all kinds and of course international terrorism. But at the same time the new, enlarged EU is open for business and we welcome friendly visitors.

We are setting up a "European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union." This Agency will coordinate operational activities at our external borders, assisting national border guards by providing common training and risk analysis, as well help on procurement of equipment and research matters. The Agency will also cooperate with international organisations and foreign countries, including of course the United States, on matters relating to its tasks. The Agency will not have a law enforcement role, but is expected to be a key player in our border management system.

PNR

We share the U.S.'s determination to strengthen border and aviation security, while facilitating the free movement of legitimate travellers. I expect decisions to be taken in the next few days whereby the Commission will make an adequacy finding under our data protection rules and the Council of Ministers will adopt the International Agreement on the transfer of PNR data to the U.S. authorities. This will end a period of legal uncertainty for European air carriers. We take data protection very seriously and believe that we have struck the right balance after arduous negotiations with our U.S. counterparts. As you know, the European Parliament has not shared this view and litigation before the European Court is still a real prospect.

We agree that the advance scrutiny of air passengers is a key element in border security. We have adopted common rules on an advanced passenger information system (APIS), requiring airlines to provide border authorities with passenger data prior to the arrival of aircraft. This system will enable national authorities to keep *bona fide* travellers moving smoothly, while boosting law enforcement efforts.

These shared objectives require constant exchanges of information and effective shared risk analysis. We are preparing legislation for the use of passenger manifest data for internal security purposes, creating an obligation for air carriers to transmit these data to law enforcement authorities. This will provide a sound legal basis to enhance information sharing with the U.S. for law enforcement purposes.

SKY MARSHALS

We share the view that special security measures have to be taken when a flight is under terrorist threat. Who could possibly think otherwise?

Some of our Member States use sky marshals, others do not and lack the facilities for training them. We have agreed with our U.S. friends that other special security measures could be used. Exchange of PNR can be considered as one of these measures.

The Commission has proposed guidelines for this purpose, which will be discussed soon with Ministers. They have taken account of discussions in the G8 SAFTI group. Valuable work is also being done by ICAO.

EXCHANGE OF DATA ON LOST AND STOLEN TRAVEL DOCUMENTS VIA INTERPOL

We suggested to the U.S. that we feed our data on lost and stolen passports into an Interpol data base.

This week the U.S. forwarded 330,000 entries from its Consular Lost and Stolen Passport (CLASP) system to Interpol. We will follow suit shortly. We will visit Interpol in Lyon, France soon and have invited the U.S. to join us there.

These are just some of the areas we are working on together. Of course we do not always agree on everything immediately, but there should be no doubt about our common determination and resolve. We are open societies united by common democratic values. We will continue to promote movement of people across the Atlantic while uniting in the fight against terrorism and crime of all sorts.

Senator ALLEN. Thank you, Mr. Faull.

Let me ask both of you some questions here. First, just an observation. It is great to have both of you here because we are going to have to cooperate. The final paragraph of your remarks about we are both open societies with democratic values should make this easier. It really should make it much easier insofar as a variety of issues, particularly in privacy.

Mr. Verdery, I am going to put your full statement in the record. I know you paraphrased it, which is fine, for brevity.

Dealing with the issue on the biometric passport deadline that is October 26 of this year, Mr. Faull mentioned extending it. Just for the oral record, the administration is in favor of extending this deadline for another 2 years. Is that correct?

Mr. VERDERY. That is correct and Secretary Powell and Secretary Ridge testified in the House Judiciary Committee about this issue about 3 weeks ago. If you like, I can go into the reasons why we are supporting this.

Senator ALLEN. Supporting the biometrics or the extension?

Mr. VERDERY. The legislative extension.

Senator ALLEN. Yes. I think it would be good to elaborate on it.

Mr. VERDERY. Sure. It basically falls into two camps. On the first side, the countries that would be affected, the visa waiver countries, almost all of them, if not all of them, are going to be unable to meet the October 2004 deadline for reasons that are outside of their control. It is not a lack of will. It is a technical challenge. The international standards that need to be set to facilitate the construction of and program development for biometric passports is not sufficiently in place to allow them to build the systems and issue the passports that would meet the deadline. It is a question of a technical problem. So we do think, though, that the 2-year delay would allow those standards to be put in place that would allow the countries to meet the deadline. Depending on their progress, we think they would fall somewhere in the mid-2005 to mid-2006 range and by extending 2 years that we would be fine.

From the security side, it is very important, when we have to deploy the readers at ports of entry to read the biometric passports, that we have a single reader that we can deploy that can handle all 27. We do not want a situation where the standard is so loose that Germany has one standard and that UK has one and Australia has another and we have a series of boxes sitting on these ports of entry that then have to be wired up together. It would be a wiring and systems nightmare. The 2-year delay gives us the ability to make sure it is complete and effective.

Now, we understand that we need to enhance the security of the visa waiver travelers and therefore we have announced that we will begin enrolling the visa waiver travelers in US-VISIT at airports and seaports in September and at land ports at the end of this year. So we are going to, in some ways, fill the gap by using the enrollment, and I can get into that a little bit more if you would like.

But yes, we are strongly in favor of the extension and hope that the Congress will move expeditiously.

Senator ALLEN. Well, I am a sponsor of that legislation and we expect it to pass. I know that Mr. Faull brought that up in his testimony. It is good to hear both sides recognizing that action needs to be taken, also recognizing the practicality. It is good to have deadlines because otherwise, without a deadline or without a goal, things will get sloughed off and nothing will happen or will move slowly.

But one also has to be practical, and it is good to hear both sides understanding, recognizing that 2 years will be sufficient. I know Mr. Verdery says that 2 years is more than adequate to get this done. Mr. Faull, do you believe that the European Union countries will be able to all comply by then?

Mr. FAULL. Yes, I do, sir. I think that the legislation that we are putting in place will ensure that for all of our 25 countries, which is a considerable proportion of the visa waiver group, that our passports will meet the necessary requirements in time, yes.

Senator ALLEN. Thank you, Mr. Faull.

Mr. Verdery, could you expand on what we will be doing for enhanced security for those who are on the visa waiver program, which is very important, particularly important for tourism, but also for businesses. Much transatlantic business is concerned. I consider the visa waiver program absolutely essential. We cannot have folks queuing up around embassies and consulates. They will simply not come over. There is enough of an aggravation taking commercial aviation as it is without that agony. So in the interim period before the biometrics are available, how do you all envision enhancing the security while keeping the visa waiver program?

Mr. VERDERY. Well, as you mentioned, the program is absolutely essential for our transatlantic commerce. The amount of traffic is astounding—people who are used to visa-free travel, and so we have to continue that.

In addition, I did not mention in my prior remarks, the State Department does not have the capability to issue the visas that would be required. Were they begin to have to issue visas, it would quickly create backlogs of extraordinary proportions with our most popular trading partners.

So in terms of the security enhancements we are going to do, as I mentioned, the US-VISIT enrollment will begin approximately September 30 for people entering at airports and seaports, which is the overwhelming majority of visa waiver travelers. We will deploy that also at land borders at the end of this year at the biggest 50 land ports of entry and smaller ones the following year. So that is the main enhancement, that we will have the biographic and biometric check of people when they arrive at the port of entry to find out if a visa waiver traveler is a match against a terrorist or criminal data base. The biometric hit for US-VISIT we can get into perhaps a little later.

But the amounts of hits we have had so far on the visa travelers is quite remarkable, over 300 people who were caught solely by the biometric. That is again in addition to the people we catch due to the biographic information, but the biometric hits are people whose papers are in order or appear to be in order and have fake ones, and we find them solely based on the finger scan. So that is the first step, the expansion of the enrollment for US-VISIT.

The second part is the advance passenger information. The ability to have the critical information, both the PNR, which is essentially what is in your travel file and your APIS information, which is on your passport, ahead of the time the plane takes off is critical for deciding if there is a person who should not be boarded. That is essentially in lieu of the visa check.

So we are doing these checks at the National Targeting Center of Customs and Border Protection on travelers and that is an enhancement that is being developed as we speak. We are vetting all flights of interest now and all others are vetted as the plane is in the air. We are working on enhancing that both with PNR and APIS information throughout this enhanced threat period this year.

Senator ALLEN. You mentioned 300 that were intercepted or caught. Could you give some examples of those with the current system and additional scrutiny and screening, what type of individuals, what kind of criminals you all have been able to intercept?

Mr. VERDERY. All kinds. There have been convicted murderers, rapists, money launderers, drug traffickers, many people who have been removed previously from the country and are inadmissible. There have been some entertaining stories of people who had come back and forth to the country literally dozens of times with phony documents and they were caught only due to the biometric. So they had a false name, a false passport, false documents, but the fingerprint gave them away the first time they tried to come back in after January 5 when US-VISIT came into play. So we had people who had come under 10 different names, who had come back and forth 60 times, having escaped from Federal prison. So basically you have your laundry list of criminals and immigration violators. In fact, it happens so often now, it is almost not even remarkable. Every single day there are people who are caught due to the biometric.

Senator ALLEN. Well, it doesn't hurt as a matter of deterrence for criminals or those who may wish us ill or for the peace of mind for the American people and our European friends to know that even though it is not implemented yet presently, these are the improvements that are being made.

One thing that arises with the records and the names of travelers is the question of privacy. We care about it as Americans. The people in European countries care as well.

Mr. Faull, with the traditions—and I can tell from your accent you may be from Britain. There are some relations we had years ago before we seceded from you all.

At any rate, regardless of whether you are under English common law or the Code Napoleon, the issue of privacy does matter. How would you suggest we handle this issue, the concern of privacy? It is one thing to check names off and be able to do that criminal records check or that background check very quickly, but do you have any suggestions as to what we can do, you can do, us together, as well as for other countries? This does not apply just to the United States and European Union. It applies to people coming from Japan or Korea or Taiwan or India and Pakistan. Now, granted, not every one of those is on the visa waiver program. However, checking those passenger lists and making sure that it is not being misused in any way whatsoever, invading privacy, what suggestions would you have to protect that concern of privacy, which I think is a very legitimate concern?

Mr. FAULL. It is indeed a legitimate concern and one which I have no doubt we share. We have different rules. As you said, there are different legal systems on either side of the Atlantic. We have not only our different national legal traditions among our member states of the European Union, but we have now developed common rules together as well. They are different from yours, although I am quite sure that we are all pursuing the same goals and reflecting the same fundamental democratic values.

There is a balance to be struck and the way we strike it relates to the precise data which are provided to the authorities, to which authorities they are provided, for how long they are kept and for what purposes those authorities may use them. Now, I believe on both sides of the Atlantic, air travelers understand very well that there is an important security policy purpose behind providing information to the authorities about the identity of those about to get on a plane before the plane is taking off. That I think is fully understood.

In our negotiations, which Stewart was leading on the American side, on PNR, the debate was very largely about the issues I just referred to, what information, for what purpose, for what authority, for how long should the data be kept. I think we have arrived at a very sensible and commendable result. I hope, as I said, in the next few days that on the European side the European Commission and the Council of Ministers will take the necessary steps to authorize the conclusion of the agreement we reached.

But in each and every issue which arises in what you call the Homeland Security field and Justice and Home Affairs for us, there is a detailed analysis to be carried out of the privacy data protection concerns raised. It is not an issue, it seems to me, which can be resolved by an application of one all-encompassing general principle except at the most abstract level of values. It is one which requires careful attention and weighing of the balance between the various policy purposes being pursued in each and every case.

Mr. VERDERY. Chairman Allen, if I could just take a minute on that because I think it is a very appropriate question. We understand that the acquisition of this personal data does raise privacy concerns and we both inherited and have put in place strong privacy protections. Customs and Border Protection, the former Customs and INS being merged together, has a very robust privacy program, disciplinary procedures in place for any type of misuse of data. The US-VISIT program similarly has a privacy program that has been widely praised within the privacy community. And in the Department at large, we have the first statutory privacy officer, Newla O'Connor Kelly, and her team is implementing privacy policies throughout the Department, is very involved in our decision-making and very important and is a close advisor to Secretary Ridge.

As was mentioned, the PNR deal itself with the Europeans is very elaborate in minutiae on redress mechanisms for passengers on how European data protection authorities have ability to be involved in this process, a review period for the arrangement.

So it was these types of privacy enhancements which I think led to the soon to be successful conclusion of this negotiation. But it is a very appropriate question and it is something we are keeping a close eye on.

Senator ALLEN. I would hope that those of us in the United States, as well as our counterparts in the European Union, as this moves forward—and it looks like a positive movement in this regard, but we always can improve. And if we find that there are any abuses or any concerns on it, if there are ways, whether—our courts or our prosecutors can handle data, make sure the data is being handled properly, but if there are other ways of doing it that is less intrusive but, of course, still meeting the same level of security, I am sure you, on behalf of the people of both continents, will want to get that done.

Now, let me switch to something that has just come up and it is this 52-page report of the Office of the Inspector General, Mr. Verdery. One of the problems that was outlined in this report from the Inspector General—and it may be, Mr. Faull, that you will want to maybe make a comment. I am first going to go to Mr. Verdery—is that some European countries have what you might call lenient or easily attained or acquired citizenship or naturalization laws that would allow a third country national to come in and in some countries, in as little as 3 years, enable them to become a citizen of that country. That is not the United States, but there are some European nations where that is allowed. So somebody wishing to do harm, whether to a European country or to the United States, could wash their background in only 3 years.

And you would say, well, gosh, somebody is going to spend 3 years. That seems like a long time. When you look at some of the methods of operation of these terrorists, there is this very long-term planning, and 3 years in a country, 4 years in a country, that is just part of their planning for some of these terrorist cells.

So what is the Department of Homeland Security and the EU's plan to address this problem? If you would like, in the midst of addressing that, if you wish to address the Inspector General's report, it would be appreciated.

Mr. VERDERY. Well, if I could take the first crack at this.

We received the IG's report earlier this week, as you did. In many ways the conclusions reached therein have been overcome by events. They were reached months ago and events since that time have overtaken the conclusions in them. Not all the recommendations, but certain important ones. For example, the IG recommends that we plan to enroll visa waiver travelers in US-VISIT. Of course, we have announced that that is going to happen about a month ago, and the Secretary has testified to that effect.

Also, importantly, the report indicates that we have no plan in place to handle the required country reviews which are statutorily required by Congress to review each of the visa waiver countries every 2 years, and we do indeed have a plan in place to do those 22 remaining country reviews. In fact, our first team of inspectors are going on their onsite visits starting next week. So the plan is in place. It is being executed and we will have the reviews completed by the deadline in the fall, again as Secretary Ridge has publicly testified to.

These reviews are not perfunctory. When our predecessor organizations did reviews prior to our Department being developed, three of the six countries that were reviewed did not pass their review essentially. Belgium was put on probation and two additional countries lost their status in visa waiver. Now, I do not want to make any predictions on what the reviews are going to come up with for the remaining countries, but they are serious reviews and we are going to treat them that way throughout this year.

The questionnaire to these countries has already gone out to solicit information to decide whether or not they are meeting the criteria. They are set for participation in the visa waiver program which relate to things like reporting of lost and stolen passports, overstay rates, whether or not terrorism is present in the country, and the like.

More specifically about your question of somebody washing their identity by moving into a visa waiver country, again once you arrive at a port of entry, you have the same check, once US-VISIT is fully enrolled, whether or not you are a visa waiver traveler or not. So there is no difference whether or not you moved into a visa waiver country or whether you are coming from a non-visa waiver country. There is no difference in the port of entry procedure.

Currently, until US-VISIT is employed, we are doing the biographical check. So that is a difference right now, but that is in the process of being ameliorated, as I mentioned.

Second, our watch lists do not differentiate based on nationality. We do not have some kind of lesser standard for showing up on a terrorist watch list because you happen to come from a visa waiver country. They are based on name or fingerprint or other identifiers, not nationality.

The last thing I mentioned, which is relevant here again, is the PNR and APIS information. That is the advance passenger scrub that we need to have of visa waiver travelers before they come to this country that will help us find people, again, before they get to the country. Once they get here, we are going to have the same check. It is that advance check that really helps.

So, again, we are going to respond to the IG's report. We welcome the chance to do that, but again some of the key conclusions really have been overcome by events.

Senator ALLEN. Thank you.

Well, Mr. Faull, would you like to comment? I am not going to ask you to comment on the Inspector General's report that came 48 hours ago. I will get a followup conclusion, but I want to hear your views on the security issue of somebody coming into a European country that has a very lenient naturalization policy and why we should or should not be concerned about that.

Mr. FAULL. Well, thank you very much. I have to say that I have not had an opportunity to read the Inspector General's report, so I could not possibly comment on it.

I would also say just by way of information that issues of citizenship and acquisition of citizenship are a matter within the jurisdiction of each of our member states solely and there is no coordinated European policy or law on that matter.

I would be very happy to have a look at a copy of the Inspector General's report and to consider it in any way I can and pass it on to people who may have something to offer by way of explanation, but I cannot say much more than that at this point.

Senator ALLEN. Let me ask you all this question. I think, Mr. Verdery, you brought this up, and you may have answered. I just want to make it clear or clearly understand your answer to this concern.

You mentioned Belgium. Belgium is one of the countries where you just have to live there for 3 years and become a citizen. In this country, by the way, Mr. Faull, states all have different laws as far as residency. Some you can become a resident in a few days. Some take months and months. So the fact that there are different views or prerogatives of people in states is perfectly understandable here.

But were you saying as a practical matter—I am paraphrasing, Mr. Verdery—that whether one is in a visa waiver country or not, that the scrutiny of that person coming into this country would be the same because of the biometrics and because of the records and the cross-checking of criminal records, terrorist lists, and so forth? If one comes from a visa waiver country—say they are one of our European states, or they come from one who is not a visa waiver country, the scrutiny is exactly the same?

Mr. VERDERY. It will be exactly the same at a port of entry on September 30 when we begin applying US-VISIT to that expanded visa waiver traveler. Currently visa waiver travelers are checked biographically but not biometrically. So if we have indicia in our terrorist data bases or criminal data bases by name or a date of birth, there is no difference. But if we only had a fingerprint and no biographic information, there would be a difference in this interim period between now and September 30 at airports. That is the difference at a port of entry.

Senator ALLEN. Right now we have what? I want to get this clear. Right now we are having biographical?

Mr. VERDERY. Everybody is checked biographically and has been for quite a while.

Senator ALLEN. Which is their place of birth, where they have lived throughout their life?

Mr. VERDERY. Right. It is the machine-readable part of their passport, so name——

Senator ALLEN. Place of birth and present residence. That is it.

Mr. VERDERY. The biographic information, yes.

Senator ALLEN. That biographic information does not necessarily say, all right, they are born in one country, go to another country for a period of years, then to another for a period of years, and then become a resident of another. If you have place of birth and present residence, does it include where they have been since the day they were born?

Mr. VERDERY. It will not be in their travel documents itself, of course. It is limited data. But again, if we know of a person based on a biographic piece of information, that would be resident in our screening systems.

Senator ALLEN. Biographic. That is what I am trying to figure out. What is biographic other than where they presently reside and where they were born?

Mr. VERDERY. Name and date of birth are principally the indicia. Essentially if you show up on a terrorist watch list, it is going to be a name-based system like a phone book, but there might be backup information. We might very well have information about where they have been, their associates, their travel record, their criminal history, all kinds of things. But it is based on a name or a date of birth. The difference is the person that we do not have anything on biographically but happen to have just the fingerprints.

Senator ALLEN. Well, matching them together will certainly help.

Mr. VERDERY. Yes.

Senator ALLEN. But just saying, yes, this person is who he says he is without knowing what the danger is is one thing.

Are you presently able to cross-check these persons—I just want to make sure we are getting your testimony accurately—cross-checking for any terrorist list and any criminal lists?

Mr. VERDERY. Yes. Customs and Border Protection at a port of entry has access to all of our terrorist watch lists and all the criminal data bases with serious crimes, excerpts of IAFIS, the FBI's data base, our immigration data bases, a whole slew of them. That has been in place for years. US-VISIT is the biometric expansion of that.

Senator ALLEN. To prove that they are who they say they are because otherwise you could have somebody with a false name, and of course none of his records or danger will ever be known.

Mr. VERDERY. Exactly. Again, the principal difference is if you have to get a visa, you have to go have a short interview at a consular office overseas in Pakistan or any of the countries that is not a visa waiver, and you are checked at that time. If it is visa waiver, you do not have that. We have made a decision that certain countries, due to the bulk of travel, the importance of travel, their low risk, do not require interviews, and that is where we collect the biometrics at the time of the interview. So there has been a decision made for certain countries not to do that.

We are enhancing the security, though, of those travelers by the use of advance passenger information before and while they are on

the plane and then by the US-VISIT expansion when they show up at the port of entry.

Senator ALLEN. Yes, Mr. Faull.

Mr. FAULL. Perhaps if I could just add, by way of information, that this is reciprocal of course. Our countries do not require visas from U.S. travelers on the basis that you do not require visas from our travelers.

Senator ALLEN. That is important to note.

The bottom line, though, is whether one is coming from a visa waiver country or not to the United States, the key information that we would want to know, insofar as an individual's background or propensity to commit crimes or terrorism, by this fall—you said September 30—that information will be there. So either way, that visitor will have the same sort of scrutiny and the same information available to our authorities to make a judgment as to whether or not that person ought to board that airplane, for example.

Mr. VERDERY. Essentially. I am trying to make sure the record is accurate. Again, I do not want to leave the impression that visa waiver travelers are not checked now because they are checked extensively at the time of arrival through all their machine-readable travel documents and the like and, in certain cases, by their advance passenger information and APIS information before or while the plane is in the air. The VISIT expands that to somebody who essentially is an imposter, somebody who is not who their documents say they are or had somehow otherwise fooled the system. That is what it is designed to find, is the bogus travel document or the stolen document.

Senator ALLEN. All right. I am being a lawyer on this. Just to get the bottom line summary for the security of the people of this country. I understand on the biometrics. And understand, I am for the visa waiver program, as you well know. The concern is if it is going to be easy—and just looking at the way some of these terrorist cells hibernate for a while and embed in certain areas and become citizens and staying here for a long time sometimes as well, the point, though, is whether one comes from Saudi Arabia or Pakistan or India or any countries that are not visa waiver countries or they come from a European visa waiver country or, for that matter, Japan, the information and the background information on these individuals would be the same. Granted, they do not have to go to a consulate and go through some cross examination, but you will still have the same amount of information to make a judgment as to whether or not this person should come into this country or not. Is that correct?

Mr. VERDERY. At the port of entry, yes.

Senator ALLEN. All right. So the whole thing you are talking about, whether you are doing it before they get on the airplane or in flight or whatever.

Mr. VERDERY. There are essentially three different screening points.

Senator ALLEN. Right, understood.

Mr. VERDERY. There is the visa process. There is the boarding process for an airplane, and there is the port of entry process. The visa waiver countries do not have the first part. The second part is the same for everybody. In fact, it is probably more intense for

most of the European travelers just because we have better connectivity to their airlines. And at the port of entry, as of September, it will be identical. There is that difference for those few months on the biometric application of US-VISIT.

Senator ALLEN. Got it. Thank you. Thank you, Mr. Verdery.

Mr. Faull, unless you have something more you would like to add, I want to thank both of you all for your leadership, for your testimony here, but most importantly for your very cooperative will to get this done. Our countries, whether in Europe or here in the United States, are very fortunate to have both of you with your principled expert leadership. Thank you both so much.

Mr. VERDERY. Thank you very much.

Mr. FAULL. Thank you very much.

Senator ALLEN. I would like to have our second panel come forward. Thank you, gentlemen. I would now like to introduce our second panel here before we hear their testimony.

First, Mr. Bill Connors has had more than 17 years of experience in the travel and tourism industry. He currently serves as executive director and chief operating officer for the National Business Travel Association. Mr. Connors joined the staff of the National Business Travel Association in 2003, having previously served as senior vice president of Meetings, Education, and Member Services at the American Society of Travel Agents [ASTA]. Prior to joining ASTA, he was vice president of Marketing and Relationship Management for the Travel Institute and now sits on its board of trustees.

Mr. Connors got a start in the travel business as a steamship captain for the Lake George & New Orleans Steamboat Company. He still holds his masters license as a cruise ship captain.

In addition to his extensive association and travel agency experience, Mr. Connors has held several leadership positions in academics and serves on numerous industry boards and councils. I am happy to say that Captain Connors now lives in the Commonwealth of Virginia.

Our second panelist will be Chris Koch who, prior to joining the World Shipping Council, served as senior vice president and general counsel for Sea-Land Service Incorporated where he was responsible for legal, regulatory, and government affairs. While at Sea-Land, Chris worked with the maritime industry in the development, enactment, and implementation of numerous maritime policy initiatives, as well as assisting Sea-Land develop and implement its business plan and commercial strategy.

Prior to Chris' involvement with Sea-Land and CSX, he served as Chairman of the Federal Maritime Commission from 1990 to 1993 as an appointee of President George H.W. Bush. He came to the Federal Maritime Commission after a decade on Capitol Hill where he served as counsel to the Senate Committee on Commerce, Science, and Transportation, and Chief of Staff to Senator Slade Gorton and Senator John McCain.

Gentlemen, welcome to you both, and it is great to have you. We would first like to hear from you, Captain Connors, if I can call you Captain.

STATEMENT OF BILL CONNORS, EXECUTIVE DIRECTOR AND COO, NATIONAL BUSINESS TRAVEL ASSOCIATION

Mr. CONNORS. Thank you, Mr. Chairman. I am a proud resident of the Commonwealth of Virginia.

Chairman Allen, I am honored to be here today to testify before this subcommittee on behalf of the National Business Travel Association. You have our submitted testimony there and I will refrain from reading it to you, but I would like to make some brief remarks and I welcome your comments or questions.

NBTA is the world's largest association of corporate travel managers and a majority of our Nation's Fortune 1000 companies are represented within our membership. Our members purchase some $150 billion in travel services annually. The fact that you have asked NBTA to be here today shows that this subcommittee values the input from our corporate travel managers and millions of business travelers that they represent.

NBTA is also a charter member of the Paragon Alliance of Business Travel Associations, which includes sister organizations in the UK, Germany, Finland, and other nations around the globe.

NBTA would like to address three areas of concern pertaining to today's discussion.

First, NBTA supports the CAPPS II initiative but wants to be sure that certain concerns are addressed. Specifically, we would want to make sure that the eight operational and privacy issues identified by the U.S. Congress are addressed. These eight are detailed in the written testimony that we have submitted, but let me emphasize three areas of particular concern to our members.

The determination and verification of the accuracy of the data base to be used by the CAPPS II system is an important priority.

The identification and addressing all privacy concerns is an important priority.

The development of a process whereby passengers impacted by CAPPS II can appeal those decisions and correct erroneous data is also an important priority.

Furthermore, NBTA would like to see a study addressing the possible cost implications to the private sector induced by CAPPS II.

Our second issue. NBTA joins with others in requesting the October 26, 2004 biometric passport deadline for visa waiver countries be extended immediately. We have outlined the negative economic and political implications that an October 2004 deadline would have on this Nation, and we urge Congress to take action to extend this deadline as soon as possible.

Additionally, NBTA has been supportive of the DHS and the TSA in their remarkable efforts in making US-VISIT a nonintrusive and rapid screening procedure for visitors to the United States. We want to be sure, however, that as the summer travel season approaches, our borders are fully staffed and wait times do not increase. Anything that slows the healthy exchange of commerce between the United States and our trading partners may jeopardize our current economic recovery.

Finally, we are delighted to see that this committee understands the importance of the travel industry and the role it plays for the United States, for Europe and for the world economies. Here in the

United States, one in seven employees works in our industry. We are the third largest taxpayer sector in America, and the old saying "what's good for GM is good for the country" I think has been replaced in this service economy with "what's good for the travel industry is good for this country."

And our industry now overshadows in size and scope many of the traditional key economic sectors like agriculture and manufacturing and others. Yet, it has no official home in the Federal Government. NBTA and numerous other travel industry organizations would love to see a high level, permanent advisory type board for the travel industry to be able to offer input on issues like the ones that you are discussing today, as well as hundreds of other important economic and political questions that affect our industry. We would especially like to see a place for the business travel community within such a body, as business travel represents one of the largest players in the travel industry.

In conclusion, we again thank you, Senator Allen, and the subcommittee for this opportunity. We are honored to be here with our friends from Europe that preceded us and with the DHS, and to talk about how to keep the global economic recovery continuing while still making the traveling public safe and secure.

[The prepared statement of Mr. Connors follows:]

PREPARED STATEMENT OF BILL CONNORS

Mr. Chairman and other distinguished Members; I am honored to testify before the committee today. Thank you for allowing me to present the views and concerns of the customer at today's very important hearing. My name is Bill Connors, and I am the Executive Director & COO of the National Business Travel Association (NBTA). NBTA represents over 1,900 corporate travel managers for the Fortune 1000 companies, and over 8 million domestic and international business travelers.

CURRENT ENVIRONMENT

Prior to September 11th, 2001, international business travelers were becoming an integral part of our economy. Even today, multinational corporations like Microsoft, General Motors, IBM and AT&T provide consistent services and support to the United States from offices across the globe. While the national security "hassle factor" seems to be decreasing and the U.S. economy seems headed for a rebound, there are still remnants of the fallout of September 11th that are threatening the resumption of international travel and the restoration of a solid economy.

NBTA has strongly supported the various efforts of the government to enhance aviation and transportation security, and it will continue to do so. Whether it has been the federalization of airport screeners, the Transportation Security Administration's efforts to move towards 100% baggage and cargo screening, or the Department of Homeland Security's efforts as lead agency for protecting our cities, borders and skies, NBTA has fully supported the government's strategies in both domestic regulation and in international agreements.

Enhancing international transportation security, while maintaining the efficient flow of commerce, is a very large, complex and multi-faceted task, and this Committee's oversight of that effort is very appropriate. In my remarks this morning, I would like to address three issues that will have a huge impact on the efficient flow of commerce: CAPPS II; new Visa and Passport Rules; and greater private and public cooperation in the area of travel and tourism.

PASSENGER DATA TRANSFERS AND CAPPS II

NBTA is very concerned about the recent international data transfer agreement between the United States and Europe and the implementation of the Computer Assisted Passenger Prescreening System (CAPPS II). Under its current form, CAPPS II clearly could deter the gains that we have experienced over the last eight months. While we recognize the need to fortify our international borders, no one would wish to give up all the benefits—openness and efficiency—of our modern international travel system. In fact, the prosperity that the market economies of the world en-

joyed prior to September 11th was dependent on open and efficient travel facilitation systems.

NBTA is very concerned that the recent changes to enhance the security of our passenger prescreening system could damage open and efficient travel facilitation and slow our economic recovery. NBTA is presently partnered with the business travel associations of Australasia, Brazil, Canada, Europe, Finland, Germany, and the United Kingdom. NBTA observes with concern the recent developments in travel regulations. We welcome all sincere efforts to establish better security measures but also see the need to implement policies, programs and practices which are in accordance with protection of civil liberties and do not burden business travelers and their companies with unnecessary costs. It would be totally intolerable if new trade obstacles were introduced camouflaged as travel security measures.

In order to continue the process of economic recovery, NBTA urges for satisfactory solutions to the major questions concerning CAPPS II. We recommend that:

1. The U.S. Department of Homeland Security address the eight operational and privacy issues identified by the U.S. Congress

(a) Determine and verify the accuracy of the database to be used by CAPPS II

(b) Stress-test and demonstrate the accuracy and effectiveness of all search tools to be used by CAPS II

(c) Develop sufficient operational safeguards to reduce the opportunities for abuse

(d) Establish substantial security measures to protect CAPPS II from unauthorized access by hackers and other injuries

(e) Adopt policies to establish effective oversight of the use and operation of the system

(f) Identify and address all privacy concerns, and

(g) Develop and document a process under which passengers impacted by CAPPS II can appeal decisions and correct erroneous data.

NBTA is also recommending that a study is commissioned to look into the costs to the private sector induced by CAPPS II. NBTA understands that ultimately CAPPS II will allow the U.S. Government to focus more on the real threats and less on the millions of frequent travelers who are going about the nation's business. However, NBTA believes that there is a need for a clear and stable regulatory framework to guarantee free movement of personal and corporate data. More importantly, this framework must be designed so that the private sector is not required to assume additional administrative and security costs.

VISA AND PASSPORT ISSUES

NBTA advocates that Congress extends the October 26, 2004 biometric passport deadline for Visa Waiver Program (VWP) countries by at least one year and ensure that the US-VISIT program is properly funded and staffed.

According to new policies of the State (DOS) and Homeland Security (DHS) departments, all citizens of countries participating in the Visa Waiver Program (VWP) who wish to enter the country visa-free must present a machine-readable passport beginning October 1, 2004. Travelers from these countries who do not hold such passports must obtain a U.S. non-immigrant visa, and the process involves undergoing a visa interview. In addition to the new passport format requirements, the State Department and DHS are requiring Visa Waiver countries to utilize the new US-VISIT immigration tracking program.

According to the Department of Commerce, twenty-eight percent of all international visitors come to the United States for business. The same survey shows that international business visitors spend an average of over $1,700 per person on each visit. However, due to the nature of the business world, business travelers finalize their plans for international travel closer to the departure date than leisure travelers. In 2002, on average, international business travelers coming to the United States made their airline reservations less than 20 days before their departure date. Clearly, the implementation of a complex visa process would cause the delay or cancellation of thousands of international business trips to the Untied States each year, costing American businesses across the country hundreds of millions of dollars.

The United States must continue to provide a welcoming environment for our international visitors. While the early reports from the US-VISIT program show no significant delays, the upcoming summer travel season and the incorporation of an additional 13 million annual visitors from VWP countries into US-VISIT will pro-

vide the first real stress to the system. A properly funded and staffed US-VISIT program will increase the chances a positive experience for our foreign visitors. It will also allow the State Department to take a more proactive stance in educating the citizens of VWP countries—our most frequent visitors and best trading partners—of what they can expect when they visit the United States.

ADVISORY BOARD

Although travel and tourism is one of very few industries that creates a multi-billion dollar trade surplus for our country, the United States continues to lose market share making us the third most visited destination in the world behind France and Spain. NBTA and its members would like to work in partnership with the Bush Administration and members of Congress to help revitalize the travel and tourism industry and to send an important message to the world that we want them to come and visit. In the past, NBTA has supported mediums that would seek to provide guidance to the Federal Government on matters involving national tourism development.

NBTA believes that it is crucial for Congress and the Administration to create formal external advisory groups that would provide expert advice and recommendations to the DHS, State Department, Department of Commerce and other agencies that stroke travel and tourism issues. These groups would draw upon their expertise in creating, implementing and evaluating performance measurement standards and will make recommendations regarding the types of measures and benchmarking systems that agencies can employ most effectively to track travel and transportation programs performance.

Specifically, NBTA believes there needs to be a Presidential Advisory Council on Travel and Tourism, which would call upon the expertise of the corporate and leisure travel industries in the areas of transportation security, destination marketing and travel facilitation. Only through a public and private partnership will we be able to alleviate the barriers of international commerce and trade and restore the United States as the gateway for international travel.

CONCLUSION

While travel continues its rebound from the post-September 11 fallout, additional barriers to travel, and especially business travel and international commerce, would only serve to slow the current recovery. International business travel helps facilitate trade of goods and services from all over the United States to every corner of the globe. We must ensure that the lanes of business travel with our most important trading partners and allies remain free and clear. Therefore, we urge Congress to carefully review CAPPS II; extend the October 26, 2004 biometric passport deadline for VWP countries; continue to monitor the US-VISIT program; and create an advisory board for travel and tourism issues.

From 2001 to 2002, international travelers to the United States dropped 44.9 million to 41.9 million. International visitor spending in the United States over that time decreased from $71.9 billion to $66.5 billion. And our travel trade surplus of $26 billion in 1996 plummeted to $5.5 billion in 2002. We must make sure that government-imposed homeland security changes do not result in direct costs to the U.S. economy.

NBTA understands that ultimately the Federal Government and the private sector must work together to strengthen security while ensuring that travel is safe, efficient and cost-effective. I, again, thank the committee for the opportunity to testify on this vital subject and I look forward to your comments and questions.

Senator ALLEN. Thank you, Captain Connors. I may have some questions for you, but now I would like to hear from Mr. Koch.

STATEMENT OF CHRISTOPHER L. KOCH, PRESIDENT AND CEO, WORLD SHIPPING COUNCIL

Mr. KOCH. Thank you, Mr. Chairman. Not to be outdone by the Captain, I would like to have the record reflect I too am from the great State of Virginia.

Senator ALLEN. Well, I figured you must be because of Sea-Land and you had that wonderful facility down in Portsmouth and then they sold it to Maersk, a wonderful company that is expanding that port.

Mr. KOCH. And Maersk has been able to invest quite a bit more money than we were able to.

Senator ALLEN. I know, but it was a good partnership and I consider CSX and Sea-Land to have great Virginia bloodlines.

Mr. KOCH. They do indeed.

Thank you, Mr. Chairman, for inviting us here today. The World Shipping Council's members are those shipping lines that run regularly scheduled service between the U.S. and foreign countries with liner service, most of that being containerized cargo.

Today the value of the waterborne commerce of the United States is over $800 billion per year. Now, two-thirds of the value of that commerce is carried in containers, or close to that two-thirds number. That approximates into a little over $1.3 billion of goods each day going through U.S. ports.

Since 9/11, the industry's highest priority has been to work with the U.S. Government and other governments to deal with the security challenge because this system clearly was not built with that in mind. It was built for the efficient and prompt transportation of cargo throughout the world.

In terms of dealing with the security initiatives, there are really several different factors. One is to deal with ship security. One, as you well know because of Norfolk and Portsmouth, is to deal with port security, the security of the facilities themselves. Another aspect of it is people security, which has been touched on a little bit by the prior witnesses. Finally, there is the fourth area of cargo security. That is one of the more daunting and difficult challenges we face and is the issue that you have asked me to testify today on, the Container Security Initiative itself.

In the last several weeks, we have seen a welcomed step forward in the Container Security Initiative with the European Union and the Department of Homeland Security formalizing a CSI agreement. That is a welcomed step forward. When CSI was first rolled out with several individual European nations, in fact the European Commission brought infringement actions against those nations for entering into bilateral agreements with the United States. The great story here is we have made enough progress where now the European Commission is an active partner to help make this a more coherent and more effective infrastructure that will serve the trade of both sides of the Atlantic.

What we are dealing with is building a security regime really, as I said earlier, where there was not one before. No single country can do this by itself. We are doing it through unilateral measures, through bilateral measures, and through multilateral measures, trying to get the World Customs Organization to step up and become effective here as well.

As Stewart Verdery said, the purpose of the CSI program is to ensure that all containers that pose a potential risk for terrorism are identified as early as possible in the international trade supply chain and before they are ladened on board vessels destined for the United States. That is a strategy and a program that our industry strongly supports. The strategy of screening cargo before vessel loading in the foreign port is the right strategy.

Today we implement that by giving U.S. Customs—24 hours before loading in a foreign port—all the information that the carrier

has about a container. Customs screens 100 percent of all those shipments. What CSI does is it provides a bilateral, cooperative mechanism to address resulting issues. When you have a question about a container of cargo, what do you do with it? If you are going to inspect it in a foreign port, you have to have relationships with those foreign customs authorities that allow you to do that. That is what CSI is all about.

Today there are 38 ports that are covered by signed CSI agreements, but it is important to recognize that this is a program that is in its beginning evolutionary stages. Eighteen of those 38 ports are currently operational. More will come on line in the course of this year. And it is essential that people recognize that this is an ongoing effort and that CSI will continue to have to evolve.

What we need are common criteria amongst the U.S. and our trading partners for screening. We need trust and cooperation amongst the customs authorities. We need adequate equipment and systems to perform the inspections when necessary, and hopefully this will also lead to agreed and cooperative contingency planning for how is it that we would keep trade flowing, this huge volume of trade, in the event we had an incident that required us to do so.

Overall, Mr. Chairman, I think that the European Union, the United States, and many of our trading partners are doing what they can to cooperate and the CSI initiative is an important part of this effort. The industry is trying to support them in any way we can, and we think they are going in the right direction but there is still a lot of work to be done.

Senator ALLEN. Thank you, Mr. Koch. Let me ask you some followup questions on the CSI. Is this all the European ports or just Rotterdam and Marseilles? At all the European ports, you said 100 percent of the containers are being inspected?

Mr. KOCH. There are two parts of your question that I would like to address.

The first is U.S. Customs screens 100 percent of all containers in all ports before they are loaded on vessels coming to the United States.

Senator ALLEN. All right. Describe what screening entails.

Mr. KOCH. What that means is that the carrier provides all of its bill of lading information to Customs and Border Protection electronically 24 hours before it loads its vessel, whether it is Rotterdam or Colombo, Sri Lanka, or Yokohama or Shanghai. Every single port that a vessel destined for the United States loads cargo at, 24 hours before that loading, the carrier will provide this advance information to Customs.

Customs then will screen that information. If they have a serious concern about a container, they will issue the carrier a "do not load" message. If we receive a "do not load" message, we will not load that container.

Now, the CSI agreements are where U.S. Customs has stationed its personnel in foreign ports, and we have a formalized agreement with those other customs authorities. As I mentioned, 38 ports presently have agreements; 18 are operational. I believe nine European ports are presently operational. Rotterdam is certainly one of them.

Senator ALLEN. So the screening is not one of a physical screening, a sensoring sort of approach. It is looking at what the manifest says or what is supposedly in the container and who is supposedly shipping it or loading it.

What percentage, when they get screened, do you get one of those "do not load" orders?

Mr. KOCH. The most recent data I have seen is that Customs physically inspects today 5.4 percent of all the containers, which is probably getting close to 500,000 a year. The number that are inspected in a foreign port before loading would be a small percentage of that number, but I do not know exactly what it is.

Senator ALLEN. Well, rather than the physical sensoring or visual inspection, do you get many "do not load" orders? This is just based on information.

Mr. KOCH. We do not get many, no.

Senator ALLEN. And then when those occur, nonetheless, then there is a physical inspection of it or further questioning because of whatever seems problematic.

Mr. KOCH. Correct. And the carrier will not load until they then get a green light from U.S. Customs.

Senator ALLEN. Let me ask another question from you since Captain Connors was in New Orleans and you know our Virginia ports. Every port is different in this country. Of course the European combined terminal in Rotterdam may still be—it certainly was when I saw it—the most technologically advanced port I have ever seen. It is just very, very efficient and high tech. But every port is different.

And you are right. As far as the steamship lines, their main concern is get those containers there and get the cranes, get them off, and get them on the trains and get those trains or trucks out of port, off the docks as quickly as possible.

There are those who say that every port ought to meet a standard, which is fine, but every port is different. The port of New Orleans is a completely different type of port than what we have in Norfolk or what they have in Charleston or Long Beach or Seattle. The key in all of this, in my view, is to find the technologies, the sensoring technologies. Looking at the manifest, looking at what is supposedly and verifiably loaded into those containers is important. That is fine and can be done simply. The question is whether there is falsification of that, and there is a biological agent or there are some radioactive agents, whatever may be on there. But the key to all of this, in trying to secure these ports, is to do it in whatever way will not slow down the movement of cargo or containers.

Does your organization, which is obviously international, see promising technologies that can get the movement of these containers off the ships and out of the ports that are more promising than others? And if you could share that with us as evidence. I know this is a Foreign Relations Committee. I am also on Commerce and port security is a big issue. I have you all here and I would like to glean that insight from you all as well.

Mr. KOCH. I would be happy to try to take a stab at that. There are different pieces of inspection and technology. One piece is the nonintrusive inspection technology, commonly called VACIS machines, which are deployed at ports where they, in essence, give an

x-ray or a gamma ray image of what is inside this steel container. Those are at all major U.S. seaports now. They are also deployed at many foreign seaports. Those are what are used when you have a question about a box. In Norfolk, for example, they are used quite frequently and even talking to some of our customers, they are used so frequently that it can cause a week's delay to get your box out of the port if you have to go through a VACIS machine.

Senator ALLEN. So to go through this machine, they are not examining every container. It is just those that are suspicioned.

Mr. KOCH. For the VACIS, that is correct.

For radiation screening——

Senator ALLEN. Hold it. Before we go to the radiation. VACIS is like an x-ray.

Mr. KOCH. Correct.

Senator ALLEN. And the containers that are x-rayed are those that for some reason there is some suspicion or some biometric, so to speak, or some reason you feel that those containers ought to be—somehow the port thinks that you ought to x-ray them.

Mr. KOCH. That is correct with the caveat that I believe Customs does use some random sampling as well so that some will be pulled in for that that are just done on a random basis.

Senator ALLEN. And then in the event that that is done, it is held up for a week?

Mr. KOCH. In some ports it is longer than others. For Charleston and Norfolk, we have heard some of our customers say it can take a week. Other ports it is not so long.

Senator ALLEN. Well, that is unacceptable.

Then get on to the radiation.

Mr. KOCH. The radiation portals, what Commissioner Bonner has announced, is a program that hopefully by the end of this year Customs hopes to have 100 percent of all containers screened for radiation. Those devices are being put at the gates at the terminals so that when it passes through, it will be screened at the gate, which should be a very efficient way to deal with it. It should not slow down commerce significantly at all.

The challenge there, as you point out, is for on-dock rail facilities, there is no gate that the box goes through, so Customs will have to work with the terminal operator to figure out for the rail cargo that goes straight on to a rail car how that would be screened. But the objective is within the next several months to be able to have radiation screening of 100 percent of all the containers.

Senator ALLEN. Not just those that are under suspicion.

Mr. KOCH. Right.

Senator ALLEN. I have seen ideas of putting it on the cranes themselves as they are offloading them from the ship, but for some reason or another, that technology——

Mr. KOCH. It has not proven to be workable up to this point.

And then the third cluster of technology issues is what is it that might be developed that would be the creation of a "smart" box, what would be a "smart" container. The Department of Homeland Security is standing up, starting tomorrow, an advisory committee with industry, shippers and carriers, to try to deal with that issue and bring greater definition to it. Technology is clearly coming in

that regard. There are many different aspects of this issue, however, and we really need to get some definition of what is it we are talking about, how it would be implemented, and what the technology would be. So that is probably more a mid- to longer-term solution than it is a short-term solution.

Senator ALLEN. Is there a technology or some scanning, screening device to handle that that is on the horizon?

Mr. KOCH. There are different kinds of sensors which have gone through some levels of operational testing. Operation Safe Commerce is one program set up that is being funded now to try to test some of these devices and see how do they actually perform in operation.

One of the challenges is to define what is it you want sensed because you can build various different kinds of sensors. Is it for radiological sensing? Is it temperature? Is it humidity? Is it shock? Is it entry into the container? I think the core issues they are trying right now to deal with is making sure radiation scanning is done on boxes, and the most important sensor on a container is likely to be an entry sensor. Has the box been intruded into by any of the six sides of the container? And there are different technologies as to how you might get there, but that is I think the clearest objective at this point.

Senator ALLEN. Yes, it would be an interesting one. At some of the ports, as you were talking about, how this is going to be effectuated, if you have an agreement with a port, say, with Rotterdam or Marseilles or, for that matter, those that might come into Halifax first and the way that the rotations work from Europe and then New York, then say, Virginia or Charleston. If it is to be loaded onto, say, a train—and usually they know which way it is going to be conveyed. They do not just have the ship come, offload the container, and well, gosh, let us see how are we going to get this to Chicago. They know it is going to be going on a train.

You are saying if there is radiation, how are you going to do it on a train versus a truck leaving the actual port. If you could do a sensing before it leaves. Now, of course, that would be a bilateral port agreement or some sort of agreement. In Rotterdam they do it. It seems to me they could. And it is going to go on a train. You do not have to worry about it. However, then you bring up, well, what if something happened to it somehow in transit and then you would have to make a determination has that box been breached or violated, so to speak.

Well, it is a concern to me. I am hopeful the technology can be implemented in ways that do not slow down commerce because it is one of the biggest challenges of our ports. It does not matter how long it takes them to offload one of those containers and get it on a train or a truck, it is still way too long as far as the steamship lines are concerned. These are key security areas for which we have a great deal of concern in this country. To the extent that we can implement technologies, deploy them, the better.

Thank you for your comments.

Now, Captain Connors, you heard Mr. Verdery and Mr. Faull before you. They have left. It seems like there is a great deal of cooperation and understanding of all the sentiments that you express for a very important part of our economy and many, many busi-

nesses. Are you confident that all of this will be implemented in a way that is satisfactory so far as the leadership of our administration, as well as leadership from Europe?

Mr. CONNORS. Well, again, Senator, I did listen to those witnesses and felt very strongly and felt very favorably. I sensed some cooperation that perhaps that you hear in the rumor mills that you do not hear. But it was good to see the real players are indeed cooperating and we hope that that continues.

Nevertheless, in my testimony we have suggested the opportunity for more private sector folks like ourselves to be involved and have some input over regulations before they come out. NBTA stands ready to be one of those players. Within our membership, we represent millions and millions of business travelers through our corporate travel managers. Therefore, we have access to all sorts of information about road warriors out there and what they are going through.

Senator ALLEN. Let me give this opportunity to you. I will tell you my general view of it, but I want to hear from you. What is the current condition of business travel and how is what I call the stress factor, aggravation factor, hassle factor? How is that impacting the resumption of business travel from your perspective?

Mr. CONNORS. Well, we are very optimistic about what has been going on this year as far as a return of business travel.

As far as the hassle factor goes, most of our folks are road warriors. They know the drill. They have been through it. They understand it. They understand when they are going to the airport early in the morning, they are going to be waiting. When they are there in the afternoon, they are going to be waiting. I think the frustration that they have is that often they are in the same line with the infrequent traveler who does not know the drill yet.

To that end, NBTA is very much in favor of the registered traveler program which we know is being pilot tested, and we are very supportive of that. We stand ready again to offer volunteers around that program and would be very happy to be a part of any kind of input regarding the registered traveler program.

Senator ALLEN. I think that is absolutely essential. You mentioned it. You understand this, Captain. Business travel is absolutely key to the airlines. That is how they can have the lower fares for folks that are traveling on some of their better deals, let us say. To the extent business travel is now taking commercial airlines, that affects all the jobs in the airline industry unless they are one like Jet Blue or Southwest that seem to be doing just fine, regardless of all this.

The registered travel I think is absolutely essential. They are improving, as far as I can see, but boy, there is still a long way to go with who has to go through certain things. It is a shame.

You mentioned getting input from the private sector on some of these different ideas that are coming forward. Do you feel presently as different ideas are being put forward and regulations being put in that you do not have an opportunity to share, in making those decisions, your comments?

Mr. CONNORS. We have had a very warm relationship with TSA and DHS. Let me say that at the outset. However, I think we would enjoy having some sort of official body that we could be a

part of and that other associations like ourselves could be a part of for regular input prior to regulations coming out.

Senator ALLEN. I understand that. Well, let me say I agree with you, and it is not just me saying this. I was once Governor of the Commonwealth of Virginia and we had our Travel and Tourism Advisory Board. It was a formal board of individuals. The tourism industry is a very diverse industry. It is everyone from the big airline companies to those that run places like Bush Gardens and Kings Dominion and Luray Caverns and a variety of other small businesses.

I made it a priority and my wife, as First Lady of Virginia, really made it a priority. We would go on trade missions. While I would go to the ports and talk to the steamship lines, the K lines and the Maersks and all of them, my wife would be talking to all the travel and tourism folks to have people from Japan or from France or Britain or Germany come and visit Virginia for heritage tourism. So it was an important part of our economic development in the Commonwealth of Virginia.

This whole 2007 400th anniversary of Jamestown. I will say today was the day in 1607 Jamestown was founded. All of that heritage tourism that we wanted to make on the 400th is tourism, it is history, it is education. It is great for jobs and a lot of small businesses.

As a U.S. Senator, you cannot do the same things as you can as an executive. Suffice it to say I am with you and I do think that any executive, whether it is at the State or the Federal level, would benefit a great deal from having an advisory board. People would be proud to serve on it. And I think decisions being made in the area of commerce would be improved by having that formalized relationship. I am a U.S. Senator. I just listen to you. I agree with you. We in our office have all the brochures from all the facilities and places in Virginia and try to assist folks going to all regions of our commonwealth.

This at least gave you an opportunity to say it here. I hope some day in the future, very soon, that the executive branch will put together such an advisory board. I think it would be very beneficial. I have seen it myself for my cabinet secretaries as well as myself.

So I want to thank both of you all for being here. Thank you for your comments, for your insight. I know, Mr. Koch, you had short notice to be here, and I very much appreciate your being a quick fireman to get here for this. But thank you both so much.

Also, always feel free to contact me. This is an issue of great concern to me and it also gets into just not the foreign relations and bilateral European issues, these are international issues. So consider me an ally on the Commerce Committee as well, particularly on the port security.

Both gentlemen, again thank you all so very much.

The hearing is adjourned.

[Whereupon, at 4:05 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

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