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THE REGIONAL IMPACT OF THE WESTERN HEMISPHERE TRAVEL INITIATIVE

HEARING

BEFORE THE

SUBCOMMITTEE ON INTERNATIONAL OPERATIONS AND TERRORISM

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

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THE REGIONAL IMPACT OF THE WESTERN HEMISPHERE TRAVEL INITIATIVE

WEDNESDAY, MAY 31, 2006

U.S. SENATE,
SUBCOMMITTEE ON INTERNATIONAL OPERATIONS
AND TERRORISM,
COMMITTEE ON FOREIGN RELATIONS,
Concord, NH.

The subcommittee met, pursuant to notice, at 9:30 a.m., in Sweeney Hall, New Hampshire Technical Institute, Hon. John E. Sununu (chairman of the subcommittee) presiding.

Present: Senator Sununu.

OPENING STATEMENT OF HON. JOHN E. SUNUNU, U.S. SENATOR FROM NEW HAMPSHIRE

Senator SUNUNU. Good morning. I want to welcome all of you to today's field hearing. This is a field hearing of the Foreign Relations Committee—Subcommittee on International Operations and Terrorism.

We oversee a number of the programs and policies related to how the United States interacts with our neighbors, with other countries, through diplomatic and other programs, and the infrastructure that we have in place to facilitate that security and that diplomatic interaction.

Without question, September 11 changed a lot of that infrastructure and the way we view the processes, the procedures, and the systems for interacting with other countries.

The September 11 Commission highlighted a number of vulnerabilities we have with respect to security arrangements, and one of the many aspects that they focused upon was the long-standing practice of not requiring a passport of either American or Canadian citizens to cross the common border that we share with Canada.

There are, or were, thousands of different combinations of driver's licenses, birth certificates, and other documents that were, in the opinion of the commission, highly susceptible to fraud and something that both illegal immigrants and terrorists could potentially exploit.

Congress reacted by implementing or adopting the Western Hemisphere Travel Initiative, which is an attempt to move us to a more secure means of facilitating this cross-border traffic.

It required a plan for U.S. citizens and foreign nationals to present a passport at the border when entering the United States.

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The timeline for implementing this program for air and seaports is December 31, 2006; and for the land crossings, which is of great interest to a State like New Hampshire, December 31, 2007.

There is, at the moment, under discussion in Congress to delay the implementation for those land crossings beyond December 31, 2007; and the hearing today is an opportunity to look at that proposal, to look at the concerns that people in New Hampshire and northern New England might have with regard to this travel initiative; the costs associated with the program; the impact that it might have on travel, tourism, and trade; and a host of issues associated with the new program.

It's important, I think, to keep in mind what we do have—the special relationship that we do have—with Canada. We share what is effectively the longest unsecured, unfortified border in the world.

We share membership in the United Nations, in NATO, the OIS, the WTO, and the OCB. Our troops work alongside one another in places like Afghanistan and other peacekeeping missions around the world.

The United States and Canada historically have been closely linked, both diplomatically and militarily, in some of our overseas missions and economically.

Over $400 billion in cross-border trade that supports over 5 million jobs in the United States. Over 300,000 Americans and Canadians travel between the two countries every day.

If you just look at those very simple numbers, you can quickly understand how important it is that we get a program like this designed correctly, and that we make sure that it doesn't have an unnecessarily negative impact on these wonderful trade, tourism, economic, diplomatic, and military relationships that we share.

For New Hampshire, we don't have a crossing that is the size of that in Niagara Falls or Windsor, Michigan, or even Burlington; but it is a vital and important relationship.

We have 24 percent of our exports going to Canada—that's over $500 million. Over 300,000 Canadians visited New Hampshire during 2004—tens of millions of dollars in receipts for our travel and tourism industry; and an equal number of residents of New Hampshire traveling to Canada, for business, with their families, for pleasure.

I was talking with someone earlier—these are visits and interactions that aren't just for travel or shopping or skiing—they really do reflect some of the cultural ties, as well, that bind our communities.

Right now, the State Department and the Department of Homeland Security are engaged in a rulemaking process to develop a PASS card for Americans that will meet the requirements of this travel initiative without necessarily requiring the purchase of a full passport.

But there are natural concerns about the costs of such a program. The potential processing delays for obtaining a card which could certainly affect someone that wants to travel on the spur of the moment on any given weekend, and the increase of backups at the border.

And just this past week there was a story in the Concord Monitor about implementation of ID checks at the border crossings in

Vermont and the resulting delays were 20 minutes, a half an hour or more, and certainly caught people by surprise.

And, of course, the timeliness of the implementation, which I touched on earlier.

Of equal concern is the potential chilling effect that any new requirement might have on movement of people, movement of goods, business interaction, and the negative consequences that might arise as travelers find themselves either delayed or inconvenienced or unable to return as quickly as they would like from a given visit.

The Senate did pass the delay that I mentioned delaying implementation for the land crossings until July 1 of 2009, but it certainly isn't clear whether that legislation will see action in the House of Representatives.

So while this is something that Members of Congress have focused some attention on, I certainly believe there's a need for greater discussion of these issues in order to ensure that Congress moving forward, makes good choices about implementation, good choices about the rules or regulations associated with particular forms of identity, and good choices about the timing for making the program fully effective.

One consideration would be to take some of this effort, this focus on the travel initiative, and direct it to creating a stronger common external border, similar to that which has been implemented in the European Union, effectively establishing much stronger security parameters for ports of entry in the United States and Canada, sharing information, sharing security technology and, as a result of stronger external borders, being able to maintain a greater level of freedom of movement across our shared border.

And this is obviously an approach that has worked to a large extent in Europe. It certainly wouldn't be easy to implement. I don't think any of these proposals are easy to implement, but it is an option that is worth considering.

Today we're very fortunate in the group of witnesses that have agreed to participate—to provide their testimony. I will read through the witnesses before we begin, but it would be a mistake if I didn't take a moment to thank those that have helped us in putting together the hearing today here at New Hampshire Technical Institute.

President Lynn Kilchenstein and her staff have been extraordinarily helpful; and we are also joined by some students. I do want to recognize Londonderry High School, and from Sunapee, Mount Royal Academy. So we have some students here that hopefully are learning a little bit about both the interactions between the United States and Canada, New Hampshire, and our neighbors to the north, but also a little bit about how the government works.

Joining us from the United States Government is Ann Barrett from the Department of State, and Robert Jacksta from the Department of Homeland Security, who will be in a position to discuss the current plans for administration, both of the travel initiative and the accompanying PASS card.

We also, on the second panel, will have a former United States Senator and a member of the 9/11 Commission, Slade Gorton, who can talk about the perspective that the commission brought to the issue of travel documentation and security.

From here in New Hampshire, on a third panel, we'll be joined by Senator Carl Johnson and Gail Hanson, who is director of the New Hampshire Snowmobile Association.

And a final panel will consist of Henry Goode from the Department of Travel and Tourism and Jayne O'Connor, president of White Mountain Attractions.

I know a lot of our panelists have traveled from Washington, DC, so I'm very grateful for the time that they've given. Ms. Barrett was previously at the National Passport Center here in New Hampshire, so this is really a welcome back for her.

The way this will work is we'll hear testimony from each of the panelists. Their full statements will be included in our hearing record. The record will be held open until June 9, in case they want to add any supporting documentation or there might be questions that are asked that they want some time to respond to.

We also are very pleased to be including in the record, submissions from both the Government of Canada and the Province of Quebec. We have a statement by the Province of Quebec's delegate in New England, and the premiere of Quebec has included a letter to Secretary of State Condoleezza Rice and Homeland Security Secretary Chertoff about this program.

[EDITOR'S NOTE. The referenced submissions appear in the Additional Material Submitted for the Record section at the end of this hearing.]

Finally, we have a resolution that's been adopted by the Conference of New England Governors and Eastern Canadian Premieres.

So it's a record that I hope will be complete in covering perspectives that are national, that are regional, that are local, that deal with economic issues, cultural issues, security issues, and trade issues as well.

Again, welcome, and we're pleased to begin with Mr. Jacksta.

STATEMENT OF ROBERT M. JACKSTA, EXECUTIVE DIRECTOR, TRAVELER SECURITY AND FACILITATION, OFFICE OF FIELD OPERATIONS, U.S. CUSTOMS AND BORDER PROTECTION, DEPARTMENT OF HOMELAND SECURITY, WASHINGTON, DC

Mr. JACKSTA. Good morning, Chairman Sununu and other distinguished members of the community.

I am pleased to be here today to discuss how the Department of Homeland Security is moving swiftly to mitigate vulnerabilities at our borders; and, in particular, our efforts to strengthen documentation requirements for travel in the Western Hemisphere.

The Intelligence Reform and Terrorism Prevention Act of 2004 includes important mandates that are designed to close long-standing vulnerabilities at our ports of entry and to help ensure that our borders are not compromised by those who seek to do us harm.

Addressing any major issue at the land border presents many challenges. We have over 7,000 miles of shared borders with Canada and Mexico; and each day Customs and Border Protection officers inspect more than 1.1 million passengers and pedestrians, including many who reside in border communities who cross legally and contribute to the economic prosperity of our country and our neighbor's.

Maintaining this flow is critical. However, we must be confident in our determination of who is crossing our borders.

In fiscal year 2005, over 84,000 individuals were apprehended at the ports of entry trying to cross the border with fraudulent claims of citizenship or documents. Moreover, on an average day, CBP intercepts more than 200 fraudulent documents, arrests over 60 people at ports of entry, and refuses entry to hundreds of noncitizens, a few dozen of which are criminal aliens trying to enter the United States.

As the 9/11 Commission report stressed, security requirements governing travel to and from Canada, Mexico, and other parts of the Caribbean should be treated as equivalent to security requirements for travel from other parts of the world.

Just as passenger behavior in the commercial air industry has changed since the terrorist attack of 9/11, travelers within the Western Hemisphere, and particularly through our land borders, must also become accustomed to possessing authorized travel documents when crossing the border.

We view the fact that some individuals currently cross the border without verifiable documents or without any type of travel or identity documents in their possession as a significant vulnerability to our national security.

In section 7209 of the Intell Reform Act, Congress has mandated that by January 1, 2008, the Secretary of Homeland Security, in consultation with the Secretary of State, develop and implement a plan to require U.S. citizens and foreign nationals to present a passport or other approved documentation to enter or reenter the United States.

This documentation must confirm both identity and citizenship. Under current regulations, U.S. citizens who travel solely within the Western Hemisphere do not require passports or any other specific documents to return to the United States. A similar exemption applies to most Canadians and Bermudan citizens entering the United States from within the Western Hemisphere.

The Western Hemisphere Travel Initiative, commonly known as WHTI, will satisfy the legislative mandate established by the Intell Reform Act by requiring all U.S. citizens and those Canadian, Bermudan, and Mexican citizens currently exempt from passport requirements under the Immigration and Naturalization Act or by regulation to have a passport or other authorized secure documents denoting citizenship and identity when entering the United States.

WHTI will standardize documents that may be presented at ports of entry to demonstrate identity and citizenship, allowing DHS to more effectively secure our borders and also streamline the entry process into the United States for travelers.

The standardization of travel documents is a critical step in securing our Nation's borders. Currently, there are thousands of different documents that a traveler can present to a CBP officer when attempting to enter the United States, creating a tremendous potential for fraud.

DHS and Department of State are currently developing plans to produce an alternate form of U.S. passport for use at land border crossings. DHS and Department of State realize that a traditional

passport may not be the most convenient form of documentation for land border use, particularly for frequent crossers.

Therefore, Secretary Chertoff and Secretary Rice jointly announced the proposed travel card for U.S. citizens. The DOS-issued travel card is envisioned as a wallet-sized card that would be convenient to obtain and would cost less than a traditional passport.

DOS will adjudicate eligibility for the passport card in the same way that it adjudicates eligibility for the traditional book passport. The card will contain security features and will use technology to link the identity and citizenship of the bearer to the U.S. Government database. Travelers will only be able to use this card to cross the land borders between the United States and Canada and Mexico.

Because of the need to ensure that frequent crossers and residents of border communities can obtain necessary documents to ensure continued cross-border traffic, we are reviewing a variety of document options for these travelers, including the DOS-produced passport card for U.S. citizens, the border crossing cards for Mexican citizens, and the expansion of trusted traveler programs which would help expedite low-risk travelers, particularly those who work or reside in local border communities and make frequent trips across the borders as a routine part of their lives.

DHS and Department of State are also focused on an extensive outreach and education campaign to ensure that the documentation requirements of WHTI are publicized and well known to all travelers.

While there are current procedures in place to address cases of unforeseen humanitarian or national interest emergencies or instances where U.S. citizens lose their passports while traveling aboard, CBP would encourage all U.S. citizens to obtain the appropriate documents before they travel.

Given the magnitude of change this initiative will entail, DHS and Department of State, in consultation with other Government agencies, have proposed a two-phased implementation plan for WHTI. This approach was outlined in the Advanced Notice of Proposed Rulemaking which was published in the Federal Register in September 2005 and had a 60-day public comment period.

In this notice we envisioned air and sea implementation on December 31, 2006, and land implementation on December 31, 2007.

In response to our advance notice, approximately 2,000 public sources submitted comments, including governors, mayors, police chiefs, tribal leaders, business leaders, and border community members. We are currently considering all of these comments.

Both DHS and Department of State recognize the unique issues that the initiative will raise, and we will remain flexible when working with the affected entities and communities.

We will continue to work with Congress to address the important issues of border security and immigration reform. We feel that WHTI is an essential step in our layered approach to security at our borders.

The Department of State and DHS will use all its resources to implement this travel initiative by the deadline set forth in the law.

Mr. Chairman, thank you for inviting us here today; and I'll be able to address any questions.

[The prepared statement of Mr. Jacksta follows:]

PREPARED STATEMENT OF ROBERT M. JACKSTA, EXECUTIVE DIRECTOR, TRAVELER SECURITY AND FACILITATION, OFFICE OF FIELD OPERATIONS, U.S. CUSTOMS AND BORDER PROTECTION, DEPARTMENT OF HOMELAND SECURITY, WASHINGTON, DC

Chairman Sununu, distinguished members of the subcommittee, I am pleased to be here today to discuss how the Department of Homeland Security (DHS) is moving swiftly to mitigate vulnerabilities at our borders, and in particular, our efforts to strengthen documentation requirements for travel in the Western Hemisphere. The Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) includes important mandates that are designed to close long-standing vulnerabilities at our ports of entry and to help ensure that our borders are not compromised by those who seek to do us harm.

Addressing any major issue at the land border presents many challenges. We have over 7,000 miles of shared borders with Canada and Mexico, and each day DHS Customs and Border Protection (CBP) Officers inspect more than 1.1 million passengers and pedestrians, including many who reside in border communities who cross legally and contribute to the economic prosperity of our country and our neighbors. Maintaining this flow is critical; however, we must be confident in our determinations of who is crossing our border. In fiscal year 2005, over 84,000 individuals were apprehended at the ports of entry trying to cross the border with fraudulent claims of citizenship or documents. Moreover, on an average day, CBP intercepts more than 200 fraudulent documents, arrests over 60 people at ports of entry, and refuses entry to hundreds of noncitizens, a few dozen of which are criminal aliens that are attempting to enter the United States. As the 9/11 Commission report stressed, security requirements governing travel to and from Canada, Mexico, and parts of the Caribbean should be treated as equivalent to security requirements for travel to and from other parts of the world.

We realize the potential consequences that any changes to address these vulnerabilities could have on international travel, particularly in the land border environment, where approximately 2 percent of travelers crossing the border are responsible for nearly 48 percent of all cross-border trips, and the cross-border cultures are vibrant and dynamic.

However, just as passenger behavior in the commercial airline industry has changed since the terrorist attacks of 9/11, travelers within the Western Hemisphere, and particularly through our land borders, must also become accustomed to possessing authorized travel documents when crossing the border. We view the fact that some individuals currently can cross the border without verifiable documents or without any type of travel or identity documents in their possession as a significant vulnerability to our national security.

In section 7209 of IRTPA, Congress has mandated that, by January 1, 2008, the Secretary of Homeland Security, in consultation with the Secretary of State, develop and implement a plan to require U.S. citizens and foreign nationals to present a passport or other approved documentation to enter or reenter the United States. This documentation must confirm both identity and citizenship. Under current regulations, U.S. citizens who travel solely within the Western Hemisphere do not require passports, or any other specific documents, to return to the United States. A similar "exemption" applies to most Canadian and Bermudan citizens entering the United States from within the Western Hemisphere.

The Western Hemisphere Travel Initiative (WHTI) will satisfy the legislative mandate established by the IRTPA by requiring all United States citizens, and those Canadian, Bermudan, and Mexican citizens currently exempted from the passport requirement under the Immigration and Nationality Act or by regulation, to have a passport or other authorized secure documentation denoting citizenship and identity when entering the United States. WHTI will standardize the documents that may be presented at ports of entry to demonstrate identity and citizenship, allowing DHS to more effectively secure our border, and also streamlining the entry process into the United States for travelers.

The standardization of travel documents is a critical step in securing our Nation's borders. Currently, there are thousands of different documents that a traveler can present to CBP officers when attempting to enter the United States, creating a tremendous potential for fraud. Standardized documents will also eliminate the time-consuming, manual process of reviewing and validating a host of distinct, and sometimes illegible and unverifiable, birth certificates and other identity documents.

Having standardized documents will enable automated reading and vetting of the information, which will also be essential to the facilitation benefits of the initiative, as valuable time is wasted and accuracy is reduced if manual entry of the information is necessary to perform necessary database and watchlist queries of passengers. Automated reading and vetting of identity documents will also be an important tool for CBP in distinguishing the small set of incoming travelers who pose a potential threat from the legitimate traveling public.

The statute expressly identified the passport as an acceptable document for cross-border travel. Passports represent the "gold standard" of identity and citizenship documents. They incorporate a host of security features not normally found or available on other identity documents, including birth certificates and driver's licenses. Further, a United States passport is only issued to persons who have established citizenship in the United States by birth, naturalization, or derivation, as adjudicated by trained Department of State (DOS) officers.

The primary purpose of the passport has always been to facilitate travel to foreign countries by establishing United States citizenship and identity, while acting as a vehicle to display any appropriate visas and/or entry/exit stamps that may be necessary. The passport booklet is an essential tool that CBP officers review to assess risk and determine admissibility.

Currently, DHS and DOS are also developing plans to produce an alternative form of the U.S. passport for use at land border crossings. DHS and DOS realize that a traditional passport book may not be the most convenient form of documentation for land border use, particularly for frequent crossers. Therefore, Secretary Chertoff and Secretary Rice jointly announced a proposed travel card for U.S. citizens. The DOS-issued travel card is envisioned as a wallet-sized card that would be convenient to obtain, and would cost less than a traditional passport. DOS will adjudicate eligibility for the passport card in the same way that it adjudicates eligibility for the traditional book passport. The card will contain security features and will use technology to link the identity and citizenship of the bearer to a U.S. Government database. Travelers will only be able to use this card to cross the land borders between the United States, Canada, and Mexico.

Because of the need to ensure that frequent crossers and residents of border communities can obtain necessary documents to ensure continued cross-border travel, we are reviewing a variety of document options for these travelers, including the DOS-produced passport card for U.S. citizens, border crossing cards (BCCs) for Mexican citizens, and the expansion of "trusted traveler" programs, which would expedite low-risk travelers, particularly those who reside in border communities, and make frequent trips across the border as a routine part of their daily lives.

The U.S. Government issues BCCs to Mexican nationals who cross the United States border on a regular basis. To obtain a BCC, a traveler must have a passport. Since the BCC is a B–1/B–2 visa when presented with a passport, the process to obtain a BCC is nearly identical to the issuance of a visa, requiring a background check and interviews. Thus, we are considering whether or not this document can serve as a secure alternative to a passport for this population of travelers. Existing "trusted traveler" programs are also being evaluated for expanded use at our land borders. These include the Secure Electronic Network for Travelers Rapid Inspection (SENTRI), Free and Secure Trade (FAST), and NEXUS programs. These programs facilitate the crossing of low-risk, frequent travelers and commercial truck drivers at the land borders, through exclusive, dedicated lanes. To enroll in these programs, travelers must provide proof of citizenship, a BCC or other visa, if required, as well as other identity documentation, such as a driver's license or ID card. An intensive background check against law enforcement databases and terrorist indices is required, and includes fingerprint checks and a personal interview with a CBP officer. To date, approximately 225,000 SENTRI, NEXUS, and FAST cards have been issued. Over the next few months, we expect to increase the number of locations where they can be used. These programs are implemented in partnership with the Governments of Canada and Mexico, and many citizens of these countries participate in the programs. In light of the extensive background checks and pre-vetting of enrollees in this program, we are considering whether the presentation of a trusted traveler card when traveling through the dedicated NEXUS, SENTRI, or FAST lanes can serve as evidence that a traveler's identity and citizenship has been confirmed.

Additionally, there are several other documents that we are considering for use by specific groups, including military personnel traveling under orders, and merchant seamen. We are carefully researching both the legal requirements and the security of documents for these populations. DHS and the State Department are working closely to develop the requirements for WHTI in a way that can ensure that all persons who will require documents under this law can obtain them in the most

cost-effective, convenient way, and that the documents will enable officers at ports of entry to quickly and efficiently verify the identity and citizenship of the traveler and safely and securely facilitate the rapid inspection of legitimate travelers. We are also aware of the need to make sure that travelers have these documents prior to the statutory deadline.

As we discuss options for alternative documentation consistent with our statutory mandate, we are very aware and cognizant of not inadvertently creating a loophole that could be exploited to undermine the very reason we are implementing this initiative. In particular, proposals for specific documents for infrequent travelers must be evaluated carefully. These travelers often pose a greater security risk since we know so little about their background, travel history, itinerary, or purpose for travel. Since the requirements of the statute are for documents denoting identity and citizenship, it is potentially a great risk to consider any sort of "on-the-spot" issuance of identity and citizenship documents to these travelers. At the same time, we understand that there are significant travel, trade, and tourism concerns associated with spontaneous travel and we will continue to assess these issues.

In addition to determining the most secure documentation under the WHTI, DHS, and DOS are also carefully examining the best type of technology available to enable CBP officers at the border to quickly and automatically validate a traveler's identity and citizenship. By choosing the right type of technology, we will be able to perform the much-needed queries of watch lists and databases, without creating backups and congestion at the land border. Standardized and automated travel documents will enable us to quickly, reliably, and accurately identify the person and their citizenship without having to review an assortment of documents and pursue a line of questioning to determine who the person is; therefore, facilitating the entry of travelers. In consultation with our privacy office, we are also carefully evaluating the associated privacy and data integrity issues of the different technologies to ensure that the traveler's personal information is accurate, secure, and protected. We are also working to ensure that there is a one-step, easy-to-use process for redress, in the event that a traveler believes that an error has been made in their identification.

In a further effort to secure and facilitate cross-border travel, the United States is coordinating our efforts with Mexican and Canadian officials under the Security and Prosperity Partnership of North America (SPP). While our own decisions on implementation will be independent ones, we are concurrently discussing the standards we plan to adopt for lower-cost, secure proof of status and nationality documents. President Bush, Prime Minister Harper, and President Fox are committed to an ambitious security and prosperity agenda that will keep our borders closed to terrorists and open to trade. Security and economic prosperity are mutually reinforcing. We are committed to coordinating our own efforts with those underway in Canada to propagate our standards for nationality documents that can then be considered as alternatives under IRTPA that also take into account the realities of our shared borders.

DHS and DOS are focused on an extensive outreach and education campaign to ensure that the documentary requirements of WHTI are publicized and well known to all travelers. While there are current procedures in place to address cases of unforeseen humanitarian or national interest emergencies, or incidents where U.S. citizens lose their passports while traveling abroad, to prevent delay at the land border ports of entry, we would encourage all U.S. citizens to obtain the appropriate documents before they travel.

To ensure that affected stakeholders will be able to convey their concerns, we are using a robust rulemaking process that allows multiple opportunities to comment. In addition, we have attended over 30 listening sessions and town hall meetings, and DHS representatives have met with 670 community leaders and stakeholders to discuss this initiative. We are committed to continuing to work with affected stakeholders to mitigate potentially adverse effects as this initiative gets underway.

Given the magnitude of change this initiative will entail, DHS and DOS, in consultation with other Government agencies, have proposed a two-phased implementation plan for WHTI. This approach was outlined in the Advanced Notice of Proposed Rulemaking (ANPRM), which was published in the Federal Register on September 1, 2005, and had a 60-day public comment period. In the ANPRM, we envisioned air and sea implementation on December 31, 2006, and land implementation on December 31, 2007. In response to our advance notice, approximately 2,000 public sources submitted comments, including governors, mayors, police chiefs, tribal leaders, business leaders, and border community members. We are currently considering these comments. Both DHS and DOS recognize the unique issues that this initiative will raise, and we will remain flexible when working with affected entities and communities.

We continue to work with Congress to address the important issues of border security and immigration reform. WHTI is an essential step in our layered approach to security at our borders. WHTI is an important step in protecting homeland security, and DHS and DOS will use our resources to implement this travel initiative by the deadline set forth in law. But it is just one step. We are making substantial progress in securing our borders every day; through our SBI initiative; through enhanced border security task forces; and in a host of other ways.

Mr. Chairman and members of the subcommittee, I want to thank you for the opportunity to join you today. I would be pleased to respond to your questions.

Senator SUNUNU. Thank you very much.

Ms. Barrett, welcome.

STATEMENT OF ANN BARRETT, MANAGING DIRECTOR OF PASSPORT SERVICES, DEPARTMENT OF STATE, WASHINGTON, DC

Ms. BARRETT. Thank you, Chairman Sununu, distinguished members of the committee and the community. I am pleased to have this opportunity to update you on the Department of State's efforts, in close cooperation with the Department of Homeland Security, to strengthen U.S. border security and facilitate international travel through the Western Hemisphere Travel Initiative, the new documentary standard for U.S. citizens and foreign nationals entering the United States from within the Western Hemisphere.

This program implements section 7209 of the Intelligence Reform and Terrorism Prevention Act of 2004 which requires the Secretary of Homeland Security, in consultation with the Secretary of State, to develop and implement by January 1, 2008, a plan to require U.S. citizens and non-U.S. citizens currently exempt from the passport requirement who travel within the Western Hemisphere to present a passport or other authorized documentation that denotes identity and citizenship when entering the United States.

I am pleased to participate with my DHS colleague, Mr. Jacksta, at this hearing. Our joint appearance today symbolizes the effective partnership between State and DHS which is essential to the efficient implementation of WHTI.

Both State and DHS recognize that perhaps the greatest challenge of WHTI is that it requires a change in travel behavior by millions of people who are used to traveling across our land borders with little or no documentation.

We must implement this program in an intelligent fashion that facilitates compliance. We think we have such a plan, although it can always be improved through hearings like this and recommendations from the public through the rulemaking process.

There are a number of advantages to phasing in the requirement in an orderly fashion in order to fully implement the new requirement by January 1, 2008.

By beginning implementation in advance of that deadline, we will begin to accrue the security advantages as soon as possible, as well as benefit at an earlier stage from the travel facilitation envisioned by the Congress in crafting the legislation.

Phased implementation will also give us the opportunity to reach out and inform the tens of millions of travelers who will be affected by the changes.

Importantly, by spreading out over time a projected increase in the department's workload, we will be able to acquire and develop the resources needed to meet the increased demand for U.S. passports.

Obviously, passport demand is a matter of intense interest at the Department of State. According to research that we—State commissioned, about 6 million Americans who do not have a passport will need to be formally documented to travel to the Caribbean, Canada, or Mexico by air or sea. There is also a recurring new demand of about 1 million such travelers per year.

For land border travel to Mexico or Canada, we have determined that 27 million Americans will need to be documented formally during the next 5 years.

We already see that many Americans, especially those who travel by air or sea, are applying for passports. Passport demand has nearly doubled from fiscal year 2003 and the current year.

In 2003, we adjudicated fewer than 7 million passports here in the United States. This year, fueled by increasing international travel, more naturalizations, more Americans using their passports as an identity document for reasons other than international travel, and anticipated implementation of WHTI, we will adjudicate about 13 million passport applications this year.

We expect that number to reach at least 16 million in 2007 and a sustained demand of 17 million or more in fiscal year 2008 and beyond.

To help meet the expected surge in demand for U.S. passports as Americans come into compliance with WHTI, we've established a multiyear effort to increase our passport adjudication and production capacity.

With support from this committee in fiscal year 2005, we were able to secure approval to hire an additional 105 Government employees to provide inherently governmental passport services, especially the critical determination that an individual is a U.S. citizen and qualifies for the passport that he or she is seeking; to meet the continuing demand, 130 Government staff in 2006 and another 89 in 2007. We also have a large number of contract staff supporting those functions.

We've also begun transitioning our Charleston Passport Center to an adjudication center that will be able to concentrate solely on adjudicating passports. They'll operate two shifts per day plus weekend work.

We're expanding our New Orleans passport center, which has begun to recover from the devastation caused by Hurricane Katrina, to accommodate sufficient capacity in New Orleans of about 2½ million passports.

At the same time, we're going to start up a passport production center that will serve as a book personalization center. We have solicited proposals from private vendors to supply and operate with Government oversight such a facility. This facility will personalize the passport, printing the data page and performing quality control functions, and mailing the passport to customers.

We fully intend that this facility will be operational in the fourth quarter of calendar year 2006. This facility will also probably issue the bulk of our PASS cards.

The U.S. passport's undoubtedly the premier identity and nationality document. One of the key objectives of the Department's Bureau of Consular Affairs is to ensure that passport services are provided in a secure, efficient, and courteous manner.

In order to make applying for a passport as convenient as possible for American citizens, we have more than 7,500 sites at post offices, clerks of court, or other Government offices nationwide where they can apply for a passport.

We have significantly expanded our network of passport acceptance agents in the last several years, and we continue to work to make the passport application process easily accessible to all Americans.

Adults can also renew passports by mail by downloading the application and instructions from the Department's Internet site.

During our many outreach events, we have literally spoken to dozens of groups representing the interests of those affected by WHTI. Coming out of those discussions and the public comments from our Advanced Notice of Proposed Rulemaking, it is a shared recognition by State and Department of Homeland Security that traditional book-style passports might not be the optimal solution to address frequent travel by those living and working in communities along the northern and southern borders.

We plan to develop the passport card, the People, Access, Security, Service—PASS—card as a secure, biometric-enabled, credit-card-size identity document that carries the rights and privileges of a standard U.S. passport but which may only be used to travel across U.S. land borders.

This passport will be considerably less expensive than a traditional book-style passport. We have the goal of reducing the cost by 50 percent or more from the $97 cost for someone making the first application for a traditional passport book. We are also holding discussions with our acceptance agents as—about possibly lowering the cost of executing.

We anticipate that the validity period will be the same as the passport book, 10 years for adults and 5 years for minors under the age of 16.

We are drafting technical requirements for the card and hope to publish the request for proposals this summer. This will identify specifically the technology that is currently available to produce the card.

Both Departments are working to determine the best technology to address security requirements, privacy concerns, and civil liberty issues such as data integrity in order to facilitate cross-border travel.

As envisioned, the passport card will serve as a platform for trusted traveler programs such as FAST, NEXUS, and SENTRI. Finally, it will be subject to its own rulemaking process later this year under the Department of State auspices. In that rulemaking we will also propose the relevant fee for the passport card.

Both the Department of State and Homeland Security recognize that there are a host of issues that must be addressed thoroughly to implement the WHTI smoothly and successfully.

A critical part of successful implementation is public participation in the regulatory process. With this in mind, we will soon so-

licit public comments through a Notice of Proposed Rulemaking and our plans to implement Phase I, the air and sea portion of WHTI.

In addition, and in concert with our colleagues at DHS, we have engaged in numerous meetings with the public and with stakeholders, and we will continue to do so. I also want to assure you that both State and DHS are committed to extensive public outreach, including with your constituents, to explain WHTI and our plans to facilitate compliance in a manner fully consistent with the requirements of the regulatory process.

If you have any such events planned, please let us know and we will be pleased to send a representative.

In addition to explaining the new requirements to the American public, the Department of State has also engaged our hemispheric neighbors to make sure that they are aware of the requirements of WHTI and that they have adequate notice to take the necessary steps to comply with the new requirements without hindering the legitimate flow of people and goods between our nations.

As we move forward, I must emphasize the Department's commitment to an open, transparent process with the full involvement of the American public and affected groups.

We, in concert with our colleagues at DHS, have engaged in numerous meetings with the public; and we will continue to do so. We are committed to making sure that concerns and interests are explored thoroughly.

At this time, I am happy to answer any questions you might have.

[The prepared statement of Ms. Barrett follows:]

PREPARED STATEMENT OF ANN BARRETT, MANAGING DIRECTOR OF PASSPORT SERVICES, DEPARTMENT OF STATE, WASHINGTON, DC

Thank you for providing me this opportunity to appear before the committee to update you on the Department of State's efforts, in close cooperation with the Department of Homeland Security, to strengthen U.S. border security and facilitate international travel through the Western Hemisphere Travel Initiative (WHTI).

I am pleased to participate with Bob Jacksta of the Department of Homeland Security at this hearing. Our joint appearance symbolizes the effective partnership between State and DHS, which is essential to the efficient implementation of WHTI. As Mr. Jacksta has focused on the policy rationale for WHTI, I would like to focus on the question of "how" this challenging program will be implemented. This division of responsibilities recognizes the authority of the Secretary of State to adjudicate nationality. The State Department will issue most of the travel and identity documents that will allow Americans to comply easily and at relatively low cost with the requirements of WHTI.

Both State and DHS recognize that perhaps the greatest challenge of WHTI is that it requires a change in travel behavior by the millions of people who are used to traveling across our land borders with little or no documentation. We must implement this program in an intelligent fashion that facilitates compliance. We think we have a sound plan, although it can always be improved through hearings like this and recommendations from the public through the rulemaking process.

Consistent with our commitment to improve the program, we have divided the schedule into two phases:

- As of 1 January 2007, for travelers returning by air or sea from Canada, Mexico, or the Caribbean; (I also wish to assure the committee that we are looking closely at this date in light of concerns raised by the travel industry that the current deadline of 12/31/2006 falls in the middle of the peak holiday travel season. That may be reason for a short delay in implementation of the Phase 1 deadline.)
- As of 1 January 2008, for travelers returning across United States land borders with Canada or Mexico.

We believe this schedule balances appropriately the challenges of implementation while securing quickly some of the significant security and travel facilitation advantages offered by WHTI.

Determining the number of persons affected by WHTI is, obviously, a matter of intense interest to the Department of State. According to research which State commissioned, about 6 million Americans who do not have a passport will require formal documents to travel to the Caribbean, Canada, or Mexico by air or sea; there is also a recurring new demand of about 1 million such travelers per year. For crossland border travel to Mexico or Canada, we have determined that approximately 27 million Americans may need formal documents to travel during the next 5 years.

Many Americans are already applying for passports to come into compliance with this program. Passport demand has nearly doubled between fiscal year 2003 and the current year. In fiscal year 2003, we adjudicated fewer than 7 million passports here in the United States. This year, we will adjudicate about 13 million passport applications, fueled by factors such as:

- Increasing international travel;
- More naturalizations;
- Americans using their passport as an identity document for reasons other than international travel;
- A growing percentage of passport holders renewing their passport when it is about to expire; and
- The Western Hemisphere Travel Initiative.

We expect that the number of applications for passports in the United States will reach about 16 million in fiscal year 2007 and perhaps a sustained demand of 17 million or more in fiscal year 2008 and beyond. I would also like to note that even though "only" 68 million Americans have passports, the United States issues more passports than any other nation and, in fact, processes more passport applications than No. 2 (the United Kingdom) and No. 3 (Germany) combined.

Of course, we still have much work to do to help Americans comply with the legislation that WHTI is implementing. The Department of State has a multi-year effort underway to increase our passport adjudication and production capacity. With support from this committee in fiscal year 2005, we were able to secure approval to hire an additional 105 Government employees to provide "inherently governmental" passport services, especially the critical determination that an individual is a U.S. citizen and qualifies for the passport he or she is seeking.

More recently, and in response to surging demand for passports, we received approval to hire an additional 130 Government personnel to adjudicate passport applications. And, let me assure you that the Department has also made commensurate increases in private sector staff at our passport facilities. This contract staff handles many of the support and production aspects of the U.S. passport program. Without their help and our effective public/private partnership, we would not be able to deal effectively with surging demand for U.S. passports.

The U.S. passport is undoubtedly the world's premiere identity and nationality document. One of the key objectives of the Department's Bureau of Consular Affairs is to ensure that passport services are provided in a secure, efficient, and courteous manner. At the same time, we need to make our application process as convenient as possible at our 17 passport agencies around the United States. Currently, there are more than 7,500 sites at post offices, clerks of court, or other Government offices nationwide where citizens can apply for a passport. We have significantly expanded our network of passport acceptance agents in the last several years and we continue to work with our acceptance agent partners to make the passport application process easily accessible to all Americans.

Based on comments expressed during our outreach efforts and the publication of our joint advanced notice of proposed rulemaking, both State and DHS recognize that there are many circumstances where obtaining a book-style U.S. passport is not the optimal solution for travel—particularly in communities along the northern and southern borders. As part of their joint vision, Secure Borders, Open Doors in the Information Age, Secretaries Rice and Chertoff announced in January the development of a passport card, which will be a secure, credit-card-sized citizenship and identity document that carries the rights and privileges of a standard U.S. passport, but which may only be used for travel across U.S. land borders. The passport card will be adjudicated and issued by the Department of State to the exact same standards as the traditional, book-style passport. The passport card will be produced as part of a system of Border Management travel documents called People, Access, Security, Service (PASS) and will serve as a platform for the Department of Homeland Security's Registered Traveler Program.

This passport card will be considerably less expensive than a traditional, book-style passport. The State Department has a goal of reducing the cost as much as possible below the $97.00 cost for someone making their first application for the traditional passport book. We anticipate that the validity period will be the same as the passport book, 10 years for adults, and 5 years for minors under age 16.

State and DHS are working together to develop the technical requirements for the card. State plans to publish a request for proposals associated with this card. Both Departments are working to determine the best technology to address security requirements, privacy concerns, and civil liberties issues such as data integrity and prompt redress procedures, in order to facilitate cross-border travel. Harnessing cutting edge technology as part of the WHTI solution will help us to bring the land borders into the 21st century.

Finally, this card will be subject to its own rulemaking process later this year under Department of State auspices. In that rulemaking, we will also propose the relevant fees for the passport card.

Both the Department of State and the Department of Homeland Security recognize that there are a host of issues that must be addressed thoroughly to implement the WHTI smoothly and successfully. A critical part of successful implementation is public participation in the regulatory process. With this in mind, we will continue to solicit public comments and provide the public an opportunity not just to comment upon any rules, but also to offer concrete suggestions as to how this process can be improved. In addition and in concert with our colleagues at DHS, we have engaged in numerous meetings with the public and with stakeholders, and we will continue to do so. I also want to assure you that both State and DHS are committed to extensive public outreach, including with your constituents, to explain WHTI and our plans to facilitate compliance, in a manner fully consistent with the requirements of the regulatory process. If you have any such events planned, please let us know and we will be pleased to send a representative.

The Department of State is also engaged with our hemispheric neighbors to make sure that they are aware of the requirements of the WHTI. We want to ensure that they comply with WHTI without hindering the legitimate flow of people and goods between our nations.

In conclusion, I want to take this opportunity to thank the Congress, in general, and this committee, in particular, for your support for the implementation of WHTI. Of particular note was passage last December of the "Passport Services Enhancement Act of 2005" that provides the Department of State with critical fee retention authority but does so in a creative fashion that does not raise overall fees to a passport applicant. Thank you for providing the Department with this important tool.

At this time, I am happy to answer any questions you might have.

Senator SUNUNU. Thank you both very much.

Ms. Barrett, I'll pick up on the point you made at the end of your testimony—the one about the need for an open, transparent process and that does require a formal publication of proposals, collection of responses, and comments from the public.

Yet the implementation timeline for the air and sea portion is just 6 months away, so it seems as if there's a great deal of work left to be done; and I'd like to know how confident you are and how confident the State Department is that there is sufficient time that remains to have a smooth implementation of the initial part of the program.

Ms. BARRETT. Well, we do have a—we finished the bulk of the work I believe on preparing the Notice of Proposed Rulemaking and do hope to move it forward very shortly.

But as part of the Notice of Proposed Rulemaking process, we are also open to what the public is going to suggest.

We fully believe in the phased implementation approach for the reasons I outlined and will work with any comments that the public does have, and we will definitely try to implement the phases as we have.

Senator SUNUNU. But it's expected that all of the air and seaports implement the program on December 31. Their implementation won't be phased, correct?

Ms. BARRETT. Well, it depends on when we can issue the proposed rules. That's what we're proposing, but we're also open to—we're flexible in that in terms of what comes out of the comments when we publish the Notice of Proposed Rulemaking.

Senator SUNUNU. How many—what percentage of people in the country have passports today?

Ms. BARRETT. We estimate that approximately 25 percent of the U.S. population have passports. We think there's about 68 million valid passports in circulation right now.

Senator SUNUNU. It would seem to indicate that three-quarters of the country are in need of a real education about what the impact of this program is going to be. What is State doing to begin that education process?

Ms. BARRETT. We have had a very robust outreach program going on for well over a year now.

We've reached out to local communities, we've done a lot of speaking to border trade alliances on the border, we've been open to any community town hall meetings, we have published a lot of information on our Web site, we've issued a lot of press releases about this new legislation, and we have tried to—even through our acceptance facility like the post offices—we have reached out to the local public to tell people that this is a requirement of the law that's going to be implemented by January 1, 2008; and we will continue to have that robust outreach program in conjunction with our colleagues at Homeland Security.

Senator SUNUNU. You talked about 27 million new applicants expected over the next 5 years. Given that three-quarters of Americans don't have a passport, it would seem to me that that number's quite low.

Ms. BARRETT. Well, we did a study that we're basing on those statistics.

The cost could be a little low, but I think that takes into account that some citizens will not get passports or don't intend—we have a beautiful big country of our own and they don't intend to travel internationally.

The study we did was based on people who were intending to travel or thinking that they were intending to travel. So, like any statistical study, I'm sure there's room for error.

Senator SUNUNU. Even at that low of an estimate, though, that's roughly a 50 percent increase in the workload; and it's hard to imagine that wouldn't carry with it considerable delays in processing times. Has that concern been addressed?

Ms. BARRETT. Yes, I believe, as I stated, that we have addressed our capacity concerns with help from the Congress in identifying sources of revenue.

We are expanding many more of our offices. We're currently working several shifts at many of our passport centers, we're working a lot of overtime; but with the additional positions that have been approved by Congress and the funding source, we believe we'll be able to meet that demand in a reasonable amount of time.

Senator SUNUNU. Has the time to process a passport gone up or gone down in the last year?

Ms. BARRETT. It's pretty much remained the same. It's between 4 to 6 weeks turnaround time.

I believe that this year we probably will experience some lengthier delays at certain times of the year, but we have managed to keep the turnaround time pretty much the same as its been.

Senator SUNUNU. Mr. Jacksta, 2 percent of travelers account for roughly 48 percent of cross-border trips. I think that statistic may have been in your testimony.

Is there any effort to develop or design programs that are tailored to that small portion of the population that's responsible for that large portion of trips?

Mr. JACKSTA. Yes, Senator. One of the things that is important for CBP, DHS is that we now recognize that there are a number of travelers that come across our border, both a traveler who works in the business, truckers come across on a regular basis, as well as individuals that work in the United States or may work in Canada and they go back and forth.

As we're developing the notice of rule, we're taking a look at those travel programs. We have on the northern border something called NEXUS, on the southern border it's called SENTRI, and for the commercial industry it's called FAST; and right now we're in the area of about 225,000 travelers that have been identified and have gone through the CBP vetting process and been issued a card that allows them to go to a lane and based on the fact that they are involved in the program, allows them to be expedited through the process.

Senator SUNUNU. Is that eligible to anyone or only to commercial travelers?

Mr. JACKSTA. It's eligible for commercial travelers as well as for the regular traveler who goes back and forth, so it's open for any type of individual who travels from Canada into the United States; and what is also important is that it's a joint effort between the Canadians and the United States where if you get a NEXUS card, you're able to come into the United States in an expedited fashion as well as when you go to return to Canada you get an expedited clearance in one of their NEXUS lanes.

So we think that, as we move forward, we'd like to expand those trusted travel programs because they help us. What they do is they identify individuals, the citizenship. The actual application process allows for our office to quickly determine whether the person is properly enrolled, has proper documentation, that allows us to devote more of our staff to more important issues and spending more time on that.

I had another comment, sir, just on the issue of outreach. As you know, the Notice of Proposed Rulemaking takes the first effort to try to address the issue of the air and sea environment; and we have been working very closely, as Ann just mentioned, with all the various organizations to make sure that they at least know that there's a possibility that starting in January there will be a requirement for a passport.

The same with the cruise industry. We've had many various outreach efforts to various cruise industries, meetings as well as the ICLC, the International Cruise Line Committee, and we're making every effort for them to know.

One of the things that we have noticed is that—and I can't give you the exact—a large number of travelers today in the air envi-

ronment as well as in the sea environment are carrying passports, so that will make it a little bit easier to address the issue of January 1.

That doesn't take away the real challenges that we will face when we go to the land border.

Senator SUNUNU. In the United States we obviously don't require people to show identification if they're traveling from State to State and that's because we have implemented what we feel to be uniform security customs procedures at all of our ports of entry.

Why not simply work with Canada to ensure the uniformity of those border security customs procedures, sharing information technology and procedures with Canada at ports of entry. Wouldn't that eliminate the need for demonstration of identification at the shared United States-Canadian border in the same way that we have no requirement among the States?

Mr. JACKSTA. Well, I think what is important to note is that we are working very carefully with the Canadians under the SPB initiative, working with them for our shared border meetings where we're trying to identify the documents that would be acceptable.

Once again it's only a recommendation. We have those discussions and once DOS and Department of—DHS make a decision, we have to take a look and see what type of documents would be acceptable to that process.

What is important is that we look at the various documentations that we will consider. We want to make sure that they're secure documents, that they're something readable that allows for our offices to quickly swipe and be able to run names against databases.

We want to have the capabilities to have a biometric or digitized photo on any type of identification card; and what's also important is that we want to be able to—with these cards, be able to determine who the traveler is before the person actually gets to the primary CBP station.

So we're working with the Canadians to ensure that whatever possibilities are out there that they at least be considered when the final move goes forward.

Senator SUNUNU. No matter what is incorporated, it is always a potential threat and so no matter the identification, the issue or opportunity for document validation and certification becomes extremely important and that process of document validation certainly can be done today, off the shelf. There are many companies that provide validation systems and technology that with a very high degree of reliability can provide validation of a driver's license, a birth certificate, and many existing forms of documentation.

Why not focus on that validation technology and the validation process of existing documentation as opposed to creating yet another form of documentation or adding another—a new requirement for additional documentation at the border?

Mr. JACKSTA. Well, I think one of the things—one of the important issues is that we want to make sure that documentation that we're going to be utilizing to let people in the United States is documentation that we feel confident is a secure document, that it has the proper security procedures for the issuance of the card, adju-

dication of whether the person's a citizen, and whether the identification of the person is clear.

Once we establish that, we want to make sure that the type of documentation that we use is consistent across the board; and to address the issue of January of 2008, right now we think the best way to go forward is either with our—looking at passports, PASS card, SENTRI cards, BCC cards—which are issued by the U.S. Government—and other types of documentation that are already issued.

What we want to do is to make sure we have consistent standards as we move forward and move out. So right now, we're taking a look at what's available—what can be utilized today.

I think we will continue to do that in the future to see how can we bring that technology, how we can bring those security features to other documents that may then be accepted by the Secretary of State and Secretary of DHS.

Senator SUNUNU. DHS seems to have dismissed the idea of day passes. What's the concern with day passes and given that you seem to feel that new document requirements that you impose reduce the likelihood of fraud, why couldn't you incorporate the same concepts in a day pass?

Mr. JACKSTA. I think one of the things that—that's one of the most difficult issues that we're facing is the issue of a day pass and how do we ensure that the trade continues and people still go back and forth across the border.

However, we also feel very strongly that in the Intell Reform Act it clearly states that we must identify—use the capabilities to have the person identify who they are as well as adjudicate their citizenship.

We think that by issuing people day passes is actually defeating what the whole intent of the Intell Reform Act was. We would—in the case of day passes where people can just show up at the border, present some type of documentation, then be allowed to come across basically keeps us at the same level that we're at today.

We feel very strongly that we need to have consistent documentation, we need to validate that the person is a citizen before they're coming to the border, not do it at the time that they arrive.

However, we recognize that there are certain cases where we already have procedures in place for emergencies, we have cases where there's special crises where people have to come back from say a catastrophe overseas on an emergency basis but we feel very strongly that we need to ensure that as we move forward with the Department of State that we allow the public to get a document very quickly in a very low-cost manner so that they can go back and forth to the United States.

It will change. What we're looking at is going to change the way that travelers come across the land borders. We recognize that, but we think the benefits of securing our borders and national security is important also.

Senator SUNUNU. I have one last question before we move on to the next panel.

And that is, through this program and the testimony you've provided, the implication is that if we can verify citizenship, that is, if someone's a citizen of the United States or Canada, I suppose,

and/or verify their immigration status, someone could be a legal permanent resident or have other legal status as an alien in the United States, that somehow that certification provides protection against a terrorist threat; that is, that no one who's a citizen or who has legal immigrant status would be a terrorist threat to either the United States or Canada.

Doesn't that potentially create a false sense of—either a false sense of security because the assumption is that someone with such status isn't a threat or a pathway to conduct terrorist acts and that is, once you're able to demonstrate citizenship in either one of these countries perfectly legally or gain permanent legal status or other immigration status legally, then you are given free movement and that's where we're focusing our resources.

What concerns about the false sense of security or the pathway to terrorist acts do you share?

Mr. JACKSTA. I think, sir, what we should be looking at is a layered approach. The issuance of the secured documents is only one part of the process. It identifies the person and the citizenship. We need to ensure that.

But, once again, this document is only a document that allows a person to present themselves at the border for clearance. On our layered approach we use—and you mentioned earlier about the delays up in Vermont—we use our systems to query individuals to make sure that they are not in any of our law enforcement databases.

So our intelligence is important. We train our officers to make sure that they can ask the right questions and look at behavior analysis to determine whether someone might be lying or deceiving them; and then we basically just check and ask questions.

And therefore the documents are an important part, but they're only part of the layered approach by the U.S. Government to ensure people that get into the United States are people that are allowed to get in.

And then of course we have the capabilities to track them if necessary through our automated systems with the immigration authority.

So I'd like to take a look at it not as a document, just as one part of our layered approach.

Senator SUNUNU. Thank you both very much. I'll now call up Senator Slade Gorton, a member of the 9/11 Commission.

As Senator Gorton knows, we Senators are used to very long, formal, flowery introductions about all the great things we have done in public service and in our work in the Senate and on committees; but in this case many of those accolades are true in the time and effort that Senator Gorton has made in contributing in very direct, substantive ways to the 9/11 Commission, but then also continuing to work—not just working to file a report but continuing to work on these issues, to talk to people, communicate with people around the entire country about what their findings were, how they might be implemented, and how best to strike a balance between a lot of the expectations we have as Americans about our ability to move and travel and interact with people here in the country and outside, but also our need for security.

So we appreciate his work on the commission and very much appreciate him being here today. He is from Washington State which is a long way from New Hampshire, but I think has—shares a lot of the common interests about our relationship with Canada.

Welcome, Senator.

STATEMENT OF HON. THOMAS SLADE GORTON III, FORMER U.S. SENATOR, FORMER COMMISSIONER OF THE 9/11 COMMISSION OF COUNSEL, PRESTON GATES & ELLIS LLP, SEATTLE, WA

Senator GORTON. Thank you, Mr. Chairman. Since I've already submitted a written statement and I know that you've gone over it, I don't feel any compunction simply to read it to you at this point and would rather talk informally about a number of these matters.

As you said in your kind introduction, I served in the United States Senate from Washington for three terms and on the 9/11 Commission.

I also wear the hat today as a representative of Business for Economic Security, Tourism and Trade, a coalition from all across the country concerned about the Western Hemisphere Travel Initiative and especially as it relates to United States/Canada travel.

Let's go back to the 9/11 Commission. We made three statements that are relevant to the work that you're doing here today. We began by recommending that Americans should not be exempt from carrying biometric passports or, and I quote, "otherwise enabling their identities to be securely verified when they enter the United States, nor should Canadians or Mexicans," end quote. That's the first.

We went on to say, however, quote, "our border screening system should check people efficiently and welcome friends. Admitting large numbers of students, scholars, business people, and tourists fuels our economy, cultural vitality, and political reach," end quote.

And then we went on further to say, and I quote, "that programs to speed known travelers should be a higher priority and the daily commuters should not be subject to the same measures as first-time travelers."

Now, Mr. Chairman, when you get right down to it, there's a certain tension among those three requirements because they speak both to security, you know, the threat that was evidenced by the attacks on 9/11, and to the fact that this ought to be an open country to all and that particularly daily commuters, which effectively means Canada and to a certain extent Mexico, should have different requirements entirely.

Now, in a sense, the two previous witnesses—of course their departments aren't tasked with carrying out the recommendations of the 9/11 Commission. They're tasked with carrying out the requirements that the Congress wrote into the statute that resulted from the work of the 9/11 Commission.

And my reading of that statute is somewhat tighter because it calls for a plan to require a passport or other document deemed by the Secretary of Homeland Security to be sufficient to denote identity and the citizenship for all travel in the United States.

They're tied by that, not the broader recommendations that the 9/11 Commission had made and, you know, their testimony obviously has to be considered in that regard.

But we start from the fact that with Canada, we've had an open border for more than 200 years. People are accustomed to it. I think on both sides of the border they pretty much believe that easy cross-border travel is a natural—a national right.

The Zogby company took a poll just in February of this year, and they found, among other things, that 40 percent of the people said they didn't have to present any identification at all, you know, when they crossed the border, not even a current driver's license and the like, and they're, by a great majority, unwilling to think that they ought to have to get a passport or even pay half as much for this so-called PASS card. You know, they just don't buy that idea; and for outreach, not 20 percent of the people of the United States or of Canada has yet recognized that there are going to be stiffer requirements at some time in the future.

So the problem of public perception and the problem of allowing this cross-border travel to take place with relative ease are huge problems for the two departments and for the Congress itself.

And that's why Congress has already delayed these effective dates once and, as you pointed out in your opening statement, just last Thursday or Friday, the Senate version of the immigration bill made a further extension at least as far as cross-border land travel is concerned.

You've recognized that—you know, the very real difficulty, both administratively and from a point of view of our relationships with Canada of adopting something without any precedent in the history of relationships between the United States and Canada.

We have that huge border crossing at Detroit, Michigan, and at Windsor, Ontario, major urban areas. I think the second-most-traveled one is in the State of Washington, in between Seattle and Vancouver, British Columbia, and of course through the midwest and through these eastern States as well.

And so the challenge is how do we provide both for our national security and for the historic and appropriate ease of travel between the United States and Canada?

It's vitally important to remember, as I point out in my testimony, that not one of the 9/11 terrorists came into the United States in a sense illegally. Every one of them had a passport and every one of those passports was stamped with a U.S. visa that at least on their face seemed legitimate. We found after a long study that a number of them shouldn't have gotten those visas, there were questions about some of the documents; but they were—you know, they were face sheet valid documents.

We also had one potential terrorist before 9/11 come in from Canada to the United States by ferry to Port Angeles, Washington, whose documents were perfectly okay. He got caught by a very smart agent simply because of his personal nervousness and action on his way to try to blow up the airport in Los Angeles. So pure documentation is of course not the answer.

And because we have this border that's, if you include Canada and Alaska, 5,500 miles long with many miles between border entry points, someone determined to get into the United States

from Canada can do so, you know, without having to cross through any one of these border stations. And I don't think that there's any serious proposal that we begin to fence or wall, you know, our border, you know, with Canada at all.

So the challenge, it seems to me, that we have as a government is how do you properly balance these two sets of considerations, security and the close relationships between Americans and Canadians?

Day pass for people who come across very, very frequently is important; but almost equally important is just the fact that you ought to be able to call across the border to a friend and ask them for dinner or for the weekend in one direction or another without having to wait even for 6 weeks or 8 weeks for a passport or for some particular kind of—you know, kind of card. So these are the challenges.

You've made, you know, a fascinating suggestion. Why don't we in effect expand the borders the way that Europe did and say if you get validly into Canada, you can automatically come to the United States; if you get validly into the United States, you can fairly automatically go to Canada.

From a personal point of view, I think that is an excellent suggestion; but it has huge difficulties. Canada has very different requirements—quite different requirements for entry into Canada from some foreign countries than we do and whether you could ever persuade the Canadians to adopt regulations that are essentially identical to those of the United States is an open question.

But it certainly—if we could accomplish that goal, it would solve 80 or 90 percent of the problems and challenges that we face.

And there probably ought to be a higher priority for people on both sides of the border to see—to explore at least as to whether or not that kind of semi-European solution would be possible for our two countries.

And in the meantime, Congress may or may not pass an immigration bill, may or may not delay this date; but certainly it shows a recognition on your part and on the Members of Congress on both sides' part that the requirements they've set up and the deadline dates are too tight.

We haven't had a terrorist attack here in the United States since 9/11. We haven't had obviously a serious breach of the United States/Canada border in that period of time, but that doesn't guarantee that we won't.

One of the conclusions that we made—one of the most important conclusions that we made in the 9/11 Commission is that this struggle, this war that has been declared on the United States and on the West by militant Islam, isn't going to be over in a 4- or 5-year period, it's going to last for decades if not for generations; and there's no way that we can promise that there won't be another terrorist attack, and we ought to do all we can to try to prevent that type of attack, but we should not give up this wonderful and easy relationship, particularly between the United States and Canada, by having only one goal rather than to try to solve multiple goals.

I'm sorry, as I've said, the rest of my testimony you already have; but I thought it would be better to supplement that than just to read it to you.

[The prepared statement of Senator Gorton follows:]

PREPARED STATEMENT OF HON. THOMAS SLADE GORTON III, FORMER U.S. SENATOR, FORMER COMMISSIONER ON THE 9/11 COMMISSION OF COUNSEL, PRESTON GATES AND ELLIS LLP, SEATTLE, WA

In July 2004, the 9/11 Commission recommended that the U.S. Federal Government take a series of steps to protect the Nation against future terrorist attacks. With respect to international travel, the report states that Americans should not be exempt from carrying biometric passports or "otherwise enabling their identities to be securely verified when they enter the United States; nor should Canadians or Mexicans."

The 9/11 Commission also stated that "Our border screening system should check people efficiently and welcome friends. Admitting large numbers of students, scholars, businesspeople, and tourists fuels our economy, cultural vitality, and political reach."

In addition, the commission pointed out that "programs to speed known travelers should be a higher priority" and that the "daily commuter should not be subject to the same measures as first-time travelers".

Just a few months later, Congress passed the Western Hemisphere Travel Initiative, calling on the Department of Homeland Security and Department of State to "develop and implement a plan . . . to require a passport or other document, or combination of documents, deemed by the Secretary of Homeland Security to be sufficient to denote identity and citizenship, for all travel into the United States . . ."

The regulations proposed by the Department of Homeland Security meet the first of the 9/11 Commissions recommendations, but not the second or the third.

Mr. Chairman, I am Slade Gorton, a United States Senator from Washington from 1981–87 and 1989–2001. I was thereafter a member of the 9/11 Commission and subscribe to all of its recommendations. Here today I also represent Business for Economic Security, Tourism and Trade, a coalition concerned about the Western Hemisphere Travel Initiative, especially with respect to its effect on United States-Canada travel.

The 9/11 terrorist attacks awakened us to our vulnerability to terrorism, and the need to protect our people and our infrastructure from terrorists attacks, as terrorism will last for the foreseeable future. Today's system simply does not meet that need. According to a February 2006 Zogby International poll conducted among likely voters living along the United States/Canada border, only 59 percent of Canadians and 58 percent of Americans have been asked even for their driver's license or photo ID when crossing the border, meaning that an estimated 40 percent of the time even this basic document is not requested. Meanwhile, fewer than 40 percent of Canadians and 20 percent of Americans have been asked to show their birth certificates.

In spite of this continuing informality, there have been no successful terrorist attacks in either country since 9/11, but the system is nevertheless clearly inadequate. What is the optimal solution?

In April 2005, when Department of Homeland Security and Department of State suggested that a passport might be the only option for getting back and forth across the border, there was a huge public outcry, and rightly so. The United States and Canada have enjoyed hundreds of years of harmonious border relations, longer than any other in the world. That border is the conduit for $1.2 billion in trade every day and supports 5.2 million jobs. Going from never having requested a formal border-crossing document to a passport-only option would be disastrous. The president agreed, sending DHS and State back to the drawing board.

Now the Departments are moving forward with the People Access Security and Service Card, or PASS Card. That card requires all of the same information and processing time as a passport but is approximately half the cost, fits in a wallet and works only at land crossings. To determine whether this option is a feasible alternative, one might well ask why only 23 percent of Americans carry a passport today. Again, the Zogby International survey revealed that cost is an issue. Only 30 percent of Americans are willing to spend even $25 or less on a land-border crossing card; 49 percent want the document for free. Even at half the cost of a passport, nearly 80 percent of likely voters along the northern border are not inclined to obtain the document, and even fewer are inclined to do so for everyone in their families.

While Canadians are more willing to pay for such a passport alternative, their federal government has indicated no plans to reciprocate the PASS Card. What this means is that the U.S. Federal Government is investing millions of dollars in creating a document that only a fraction of Americans are willing to buy, while Canadians will have no choice but to buy a passport if they wish to visit the United

States. Though the proposed regulation lives up to the call for enhanced border security recommended by the 9/11 report, it does not take into account the justified expectation of both Americans and Canadians that the historic policy of easy access to one another's countries is too dear to all of us to be abandoned.

Ultimately, both sides of the border stand to lose by current plans to implement the Western Hemisphere Travel Initiative. Canadian visitors spend $10+ billion in the states annually. And not only border communities stand to lose—States like Florida, Nevada, and California are most Canadians' greatest spending destinations, and most Canadians drive to these locations—passing through northern land border crossings nearly 75 percent of the time.

Is the sacrifice worth it if it means greater border security? Many say, "yes," but current proposed options both go too far and not far enough. The United States/Canada border is 4,000 miles long, 5,500 miles counting Alaska. Along the way there are an estimated 140 formal crossing sites, many in remote areas. Anyone looking to hurt the United States can still find a way to get here without passing through a formal crossing area at all. And let's not forget that each of the 9/11 terrorists possessed a passport, as did yet another would-be terrorist, who crossed into the City of Port Angeles in my State of Washington, hoping to blow up the L.A. Airport. It was not failure to have proper documentation that arrested that individual, but an alert border agent who noticed the suspect appeared nervous.

Greater emphasis must be placed on securing the Western Hemisphere perimeter and weeding out troublemakers within. Steps to improve intergovernmental information sharing, resource allocation, and general collaboration are all positive in this regard. But we cannot afford to inconvenience and deter innocent visitors to our country because we suffer from a case of security mono-vision.

Recent Congressional pushes to extend the Western Hemisphere Travel Initiative deadline back make sense, but only if combined with a mandate to consider other more feasible alternatives and to explore these alternatives with our neighbors, and as long as measures to secure our Nation continue to move forward.

This brings me to another 9/11 Commission recommendation—that Secure Identification should begin in the United States. The Federal Government has set standards for the issuance of birth certificates and sources of identification such as drivers licenses. Fraud in identification documents is no longer just a problem of theft. At many vulnerable points, sources of identification are the last opportunity to ensure that people are who they say they are and to check effectively whether they may represent a threat of terrorism.

I know that many in New Hampshire and elsewhere have opposed the security-enhanced drivers licenses that will take effect under the REAL–ID Act, but this new law does come with benefits. First, it creates a more secure foundation document for all of our Nation's security cards, whether the passport, the PASS Card, or other options. Second, it allows us to consider how, on an individual, voluntary basis, drivers' licenses themselves can be combined with other requirements, like the Western Hemisphere Travel Initiative, for purposes like border crossing. Listening to, and working closely with States to realize the potential benefits of REAL–ID will greatly aid in adopting practical and effective policies.

Whatever, the ultimate answer is to securing cross-border travel, we must assure that people know in advance what they need to cross so that they do not come to the border unprepared. Currently, 87 percent of Americans and 83 percent of Canadians have little-to-no idea about new documentation requirements (again, according to the Zogby Poll). Processing individuals who come to the border unprepared at secondary facilities—whether for a day pass or any other option—is infeasible given space limitations and the extremely high volumes at many major crossing areas. Moreover, possible wait-times and hassle deter visitors, who want nothing more than to be with friends and family and who, in the process, do great good for our national economy.

The 9/11 Commission was charged with making recommendations to secure our Nation's citizens, but we did not do so in a vacuum. There are ways to be both secure and smart about how we address our security challenges. Sometimes the answers lie in front of us, if only we care to look.

Thank you once again, Senator Sununu, for the opportunity to share these remarks and for your important interest in this matter.

Senator SUNUNU. I appreciate that very much. I welcome the summary and the formal testimony.

Let's begin with the day passes. You talked about that and the value that has and the way in which a day visit in some ways represents the special relationship we have with Canada.

Was that something that was supported by the commission and do you share the concerns that have been expressed by the Department of Homeland Security that somehow the existence of a day pass would undermine the strengths or the value of the travel industry?

Senator GORTON. Well, first we did recognize it. Like I said, that daily commuters should not be subject to the same measures as first-time travelers is one of our recommendations.

Second, however, that didn't seem to find its way into the statute that the Department of Homeland Security is tasked with enforcing.

Whether or not that means that Congress should review that particular subject itself is very much a question for you.

Senator SUNUNU. You don't think that the Department could establish this kind of a program within the limits of the objectives stated in the legislation?

Senator GORTON. I think it could. I think it would take a degree of imagination that is not often present in bureaucracies.

Senator SUNUNU. Well put. Now, what about the idea of exempting children under a certain age, under 17, under 18, from the travel initiative?

Do you think that an exemption for children would pose any particular security risk?

Senator GORTON. I think it would depend on the age at which it's established.

You know, as we look at the nature of terrorism around the world, there are teenagers, especially upper teenagers, who have been—clearly been very successful terrorists; but young children, it seems to me, don't present such a risk, and I think the exemption of a large number of younger children would not bring a security risk.

Senator SUNUNU. Have you or any other commission members recommended any specific changes to the proposed rule?

Senator GORTON. No, we have not, Mr. Chairman. As you know, the statute that established the 9/11 Commission caused us to go officially out of business one month after we filed our report. That is to say, we no longer existed as a commission in August 2004.

We created a nonprofit corporation and raised enough money to keep a small staff until December 31 of last year, primarily to monitor and to comment on, as you well know, the actions of Congress and of the administration in following our recommendations.

The report card was only fairly good and there were some of its—some of our provisions that weren't adopted at all and more that, while adopted by Congress, were not promptly implemented by the administration itself.

But we were an extraordinarily successful commission in the sense that, appointed in a highly partisan fashion, we reached unanimity on not only the history which was—our main goal was to write a history of 9/11, to what led up to it, but in our recommendations as well; and we kept that unanimity by not going into many of the details that are vitally important.

And so, as I sit in front of you here, I don't represent the commission, I represent my own views; but I try to keep them as con-

sistent as I possibly can with what I think my fellow commissioners would agree with.

Senator SUNUNU. One of the recommendations the commission did make was to establish more uniform standards for driver's licenses.

We had originally established with—through legislation—a collaborative process that would involve States and directors—motor vehicle directors in various States as well as Federal officials in establishing the standards for driver's licenses. That was effectively scrapped by subsequent legislation called REAL–ID.

Do you have concerns about the loss of that consultative process and that interaction with the States and is there anything that can be learned from that experience that we should apply to this process?

Senator GORTON. Oh, Senator Sununu, I'm not going down that road. You all passed the REAL–ID Act. It was largely consistent with our recommendations and it certainly has some, you know, real advantages in uniformity, losing that collaborative process.

The collaborative process is very important, I think, to continue; but you have—as I understand it, there's a—intense differences of opinion in Congress and elsewhere with whether or not that REAL–ID Act, whether these driver's licenses should show citizenship or not; and then again if one looks back at WHTI and the Intelligence Act, it says these documents should denote identity and citizenship.

Senator SUNUNU. Now, citizenship directly was not a recommendation of the commission; is that correct?

Senator GORTON. It was not.

Senator SUNUNU. The commission did not recommend that?

Senator GORTON. No, the commission simply said identities should be securely verified.

Senator SUNUNU. A couple of questions about the—really getting back to nuts and bolts and human behavior.

To what extent do you think some of the costs associated with the program might be a barrier and have you personally looked at or considered any of the existing commuter programs and their costs and their acceptance?

Is there a strong connection between the two, cost and acceptance?

Senator GORTON. Cost is a barrier. That Zogby poll I referred to earlier said that only 30 percent of Americans were willing to spend even $25 on border crossing, 49 percent wanted it for free.

Now, I don't think that that means that no one would spend that money if they were required to do so, but what it does show is, you know, the resentment of people who are accustomed to traveling to Canada to having restrictions placed on that travel that have never existed historically and which they—and when they're thinking of a country, Canada, that they certainly don't deem to be a terrorist threat to the United States.

So at the very least, the outreach is going to have to be 10 times as effective as it's been so far to gain the—even a minimal acceptance of—you know, of these ideas.

Yes, cost is a barrier. The nature of the documentation is a barrier.

Senator SUNUNU. To what extent is reciprocity important?

It's my understanding that at this point in time Canada doesn't intend to reciprocate with a version of the PASS card, one of the proposals that was discussed by Homeland Security.

Is it important that the rules, regulations, documentation that's allowed for are completely reciprocal?

Senator GORTON. It would be a significant advantage to have them completely reciprocal.

We couldn't do something that we felt severely compromised our security in order to reach reciprocity; but if Canada doesn't create some kind of document of that sort, then under present rules, almost only a passport—Canadian passport is going to count, and that quite clearly I think will reduce Canadian tourism into the United States and will be a significant economic and social disadvantage to us.

So reaching that reciprocity or that further goal that you've outlined yourself of an almost total uniformity should be something that our Government and administration should put high on its priority list.

Senator SUNUNU. Well, I want to thank you. I recognize that you don't speak for the commission, but without question your experience on the commission, working with the other members and chairing this outreach effort, is something that's very valuable to us, which does lead me to one final question about that communications effort.

I know you've spoken about this issue around the country, but it's important not just that you do so or that we hold a public hearing here but that the Government undertake real outreach efforts through the State Department, through the Department of Homeland Security.

Can you comment on any success or shortcomings that you have seen in the communications and outreach effort by the Government with regard to this mission?

Senator GORTON. Well, I wouldn't have known that that communications outreach even existed had this group whom I represent here not come to me and talked to me about this issue, so I think that's probably the best answer that I can give to you, Mr. Chairman.

Senator SUNUNU. And, as is typical, a very clear answer. Thank you, Senator.

Senator GORTON. Mr. Chairman, it's a real pleasure for me to come back to New Hampshire, among other things because I'm a Dartmouth alumni.

Senator SUNUNU. You are welcome any time. At this time I'd like to call forward State Senator Carl Johnson and the head of the New Hampshire Snowmobiler's Association.

Welcome, Senator. Welcome, Gail.

Mr. JOHNSON. Thank you.

Ms. HANSON. Thank you.

Senator SUNUNU. Gail Hanson represents the New Hampshire Snowmobiler's Association; and for those of you that have traveled north of the Notches, you know well that winter's 9 or 10 months of the year, so that represents really the heart and the soul of the travel and tourism industry during much of the season.

They're active in trail management and safety issues, education and, I think as volunteer community organizations go, they're about as closely connected to the community and the members they represent as any organization I know.

And Senator Carl Johnson has served in the New Hampshire State Senate for a few years but, equally as important, he is a long-time resident of New Hampshire and understands well, both the unique ties that we've been talking about between the United States and Canada, but also the legislative process here in New Hampshire and any impact that these proposals might have on State policies. We welcome you both.

Why don't we begin with Gail Hanson.

STATEMENT OF GAIL HANSON, EXECUTIVE DIRECTOR, NEW HAMPSHIRE SNOWMOBILER'S ASSOCIATION, BOW, NH

Ms. HANSON. Good morning, Senator Sununu and distinguished members of Federal Government and community.

My name is Gail Hanson. I'm the executive director of the New Hampshire Snowmobile Association, and I appear before you on behalf of the snowmobile association in support of issuing a border crossing card to United States citizens for the purpose of traveling to the border region or beyond in Canada.

To explain our support for this, I'd like to present a brief introduction about the sport of snowmobiling.

Snowmobiling is recognized by economic planners as a major job generator and an important part of the economic engine in rural America.

Over $27 billion worth of economic activity occurs because of snowmobiling, the majority of the money generated by tourist-related activities.

Approximately $1.2 billion is the result of new snowmobile sales alone. Slightly over $1 billion worth of parts, garments, and accessories were sold in the marketplace this year; and that's a 15 percent increase from last year.

Sales of snowmobile registrations, licenses, and permits reached a new record high in 2006. It's estimated over 20,600 snowmobile registrations and/or permits will be sold in North America this coming winter. Sales and permits and registrations generate over $120 million, most of which will go immediately back into the trail systems or to the development, improvement, and maintenance of one of the greatest recreational trail systems in the world. Over 2,000 miles of groomed trails and marked trails traverse North America, allowing snowmobiling families to see North America in a unique way that's not available to any other forms of recreation.

Recent economic impact studies performed by Iowa State University and Plymouth State University and the University of Minnesota all show dramatic increases in snowmobile activity and the economic impact of snowmobiling on tourism. It's estimated over 95,000 full-time jobs are generated by the snowmobile industry alone.

In addition to that, there's over 3,000 licensed dealers employing 60,000 full-time employees which serve as a large, important tax base to many of the rural towns and villages.

About 10 percent of all the dollars spent by snowmobilers end up being directly collected by what we call the tax man in the State or province where snowmobiling occurs. Simple math shows snowmobilers pay approximately $2.7 billion in State and provincial taxes just during the winter season. Federal and local taxes would be added to that number and one could easily say the snowmobilers collectively pay over $4 billion in taxes each year.

Travel and tourism in New Hampshire is the second largest industry in terms of jobs and attracting dollars from out of state. In 2004, there were over 328,000 overnight Canadian visitors. The average length of a stay for a Canadian overnight traveler was three nights and the average spending of Canadian travelers was up 46 percent in 2004 compared to 2000.

Thousands of New Hampshire residents and tourists from other States and Canada come to New Hampshire to enjoy snowmobiling.

In the recent economic impact study performed by Plymouth State University, it was found that snowmobile travel parties had direct spending within New Hampshire of $453 million and the total impact of snowmobile-related spending was $1.2 billion for the State of New Hampshire.

Direct spending by snowmobile travelers was 1 percent of the New Hampshire State gross product and was more than 10 percent of all the travel spending in the State. With snowmobiling, the North Country businesses that would struggle in winter months now prosper.

The reasons why so many residents and tourists come to New Hampshire to snowmobile is our over 7,000 miles of groomed snowmobile trails. We have more snowmobile trails in the State than there are roads to drive on. A snowmobiler can ride from the Massachusetts border to Canada on our trail system. Our trail system is constructed, maintained, and groomed by volunteer members of the 116 New Hampshire Snowmobile Association affiliated clubs.

The association approximately put in 56,000 hours of labor last year in keeping the trails in tiptop shape so that tourists and citizens of New Hampshire could enjoy snowmobiling at its best.

Where snowmobiling has such a significant impact on tourism in the State of New Hampshire, the new passport requirements for the United States and Canadian citizens entering the United States will certainly have a chilling effect on several aspects of everyday life along the border.

There are more than 4 million snowmobilers in Canada and the United States. Surveys show that 94 percent of snowmobilers consider it a family activity. The overwhelming majority of snowmobile owners are married and have children. Snowmobiling appeals to all people of all ages, from youngsters to senior citizens.

Studies reveal that snowmobilers generally like to ride close to home. On day trips snowmobilers travel between 30 and 75 miles to their favorite riding areas. On any given winter weekend approximately 200–300 snowmobilers and their families take the opportunity to drive or ride their snowmobiles to the northern New Hampshire area into Canada to enjoy breakfast, lunch, or just a scenic ride.

The requirements of a passport will be an additional expense for the families, based on public announcements that every U.S. cit-

izen of any age must purchase a passport for the price of around $100, and $95 for children.

Snowmobile travel is planned—planning is being done only days or weeks before a vacation or a weekend trip begins because of American's harried lifestyle.

Adding to this equation, as with any type of sport that is based on the weather, and we all know it wasn't a good winter this winter, snowmobiling is truly a spur-of-the-moment activity. The new passport rules require long lead times for citizens thinking of crossing the border for any reason. We have been told the standard waiting time for U.S. passports is 6 to 8 weeks.

All of these requirements will take a significant toll on the weekend and daily travel to and from Canada by snowmobilers. Though this may seem trivial to some, obtaining a passport is really an unwanted sojourn into government bureaucracy to many on both sides of the border.

A significant portion of New Hampshire's economy is based on tourism. Requiring a passport will have a negative impact on tourism and will definitely have a negative impact on the northern part of the State that depends heavily on snowmobiling for its winter tourism.

We feel that the Western Hemisphere Travel Initiative is needed to tighten security and to protect our borders, but a concern that has arisen is that a very significant portion of North Americans do not travel overseas and only—their only foreign travel is to Canada.

We urge you to look at the overall effects of this program and consider the BBC or laser visa for the document of choice for travel within Canada.

Again, thank you, Senator Sununu, for inviting us, and I'd be happy to answer any questions.

[The prepared statement of Ms. Hanson follows:]

PREPARED STATEMENT OF GAIL HANSON, EXECUTIVE DIRECTOR, NEW HAMPSHIRE SNOWMOBILE ASSOCIATION, BOW, NH

Good morning Senator Sununu and distinguished members of the Federal Government. My name is Gail Hanson. I am the executive director of the New Hampshire Snowmobile Association (NHSA). I appear before you on behalf of the New Hampshire Snowmobile Association in support of issuing a "laser visa" or border crossing card (BBC) to United States citizens for the purpose of traveling to the border region or beyond in Canada. This "visa" or BBC should have conditions for its issuance and its use should be prescribed by Federal regulations.

To explain our support for this, I would like to present a brief introduction about the sport of snowmobiling.

Snowmobiling is recognized by economic planners as a major job generator and an important part of the "economic engine" in rural America. Over $27 billion worth of economic activity occurs because of snowmobiling, with the majority of the money generated by tourism-related activities. Approximately $1.2 billion is the result of new snowmobile sales alone. Slightly over $1 billion worth of parts, garments, and accessories were sold in the marketplace this year, a 15 percent increase from the previous year. Sales of snowmobile registrations, licenses, and permits reached a new record high in 2006. It is estimated that over 2,600,000 snowmobile registrations and/or permits will be sold in North America this winter season. The sales of permits and registrations will generate well over $120 million, most of which will go immediately back into the trail system in the development, improvement, and maintenance of the greatest recreational trail system in the world. Over 200,000 miles of groomed and marked trails traverse North America allowing snowmobiling families to see North America in a unique way not available to any other form of recreation.

Recent economic impact studies performed by Iowa State University, Plymouth State University in New Hampshire, and the University of Minnesota all show dramatic increases in snowmobile activity and the economic importance of snowmobile tourism. It was estimated that well over 95,000 full-time jobs are generated by the snowmobile industry alone. In addition to that, approximately 3,000 licensed dealers, employing 60,000 full-time employees serve as an important tax base to many rural towns and villages. Using Standard Economic Impact Analysis, it should come as no surprise that a substantial segment of snowmobile spending ends up being collected by every State and province in taxes. Approximately 10 percent of all the dollars spent by snowmobiler's ends up being directly collected by "the tax man" in the State or province where snowmobiling occurs. Simple math shows snowmobilers pay approximately $2.7 billion in State and provincial tax alone during the winter season. Federal and local taxes would be added to that number and one could easily say that snowmobilers collectively pay over $4 billion in taxes each year, enjoying the family recreation activity of snowmobiling.

Travel and tourism is New Hampshire's second largest industry in terms of jobs and attracting dollars from out of state. In 2004, there were 328,600 overnight Canadian visitors. The average length of stay for Canadian overnight travelers was 3 nights, and the average spending of Canadian travelers was up 46 percent in 2004 in comparison to 2000.

Thousands of New Hampshire residents and tourists from other States and Canada come to New Hampshire to enjoy snowmobiling. In the recent economic impact study performed by Plymouth State University, it found that snowmobile travel parties had direct spending within New Hampshire of about $453 million and the total impact of snowmobile-related spending was nearly $1.2 billion. The direct spending by snowmobile travelers was 1 percent of the gross State product and was more than 10 percent of all travelers spending in the State. With snowmobiling, the North Country businesses that would struggle in winter months prosper. The reason why so many residents and tourists come to New Hampshire to snowmobile is the over 7,000 miles of groomed snowmobile trails. A snowmobiler can ride from the Massachusetts border to Canada on the trail system. Our trail system is constructed, maintained, and groomed by volunteer members of the 116 NHSA-affiliated snowmobile clubs. Approximately 56,000 hours of labor were spent last year by club members in keeping the trails in tiptop shape so the tourists and citizens of New Hampshire could enjoy snowmobiling at its best.

Whereas snowmobiling has such a significant impact on tourism in the State of New Hampshire the new passport requirements for United States and Canadian citizens entering the United States will almost certainly have a chilling effect on several aspects of everyday life along the border.

There are more than 4 million snowmobilers in Canada and the United States. Surveys show that over 94.5 percent of snowmobilers consider it a family activity. The overwhelming majority of snowmobile owners are married and have children. Snowmobiling appeals to people of all ages—from youngsters to senior citizens. Studies reveal that snowmobilers generally ride close to home. On day trips, snowmobilers typically travel 30 to 75 miles to favorite riding areas or on favorite trails. On any given winter weekend approximately 200 to 300 snowmobilers and their families take the opportunity to drive/ride their snowmobiles from the northern New Hampshire area into Canada to enjoy breakfast, lunch, or just a scenic ride. The requirement of a passport will add an additional expense for families, based on public announcements that every U.S. citizen of any age must purchase a passport and acceptable passport photo at about $110 for adults and $95 for children.

Snowmobile travel planning is being done only days or weeks before a vacation or weekend trip begins because of American's hurried life style. Adding to this equation, as with any type of sport that is based on the weather, snowmobiling is truly a spur-of-the-moment activity. The new passport rules require long lead times for citizens thinking of crossing the border for any reason. The standard waiting time for a U.S. passport is 6 to 8 weeks.

All of these requirements will take a significant toll on the weekend and daily travel to and from Canada by snowmobilers. Though this may seem trivial to some, obtaining a passport is an unwanted sojourn into government bureaucracy to many on both sides of the border. A significant portion of New Hampshire's economy is based on tourism, and requiring a passport will have a negative impact on tourism and will definitely have a negative impact on the northern part of the State that depends heavily on snowmobiling for it's winter tourism.

The Western Hemisphere Travel Initiative is needed to tighten security and to protect our borders, but a concern that has risen is that a very significant portion of North Americans do not travel overseas and their only foreign travel is to Can-

ada. We urge you to look at the overall affect of this program and consider the BCC or "laser visa" for the document of choice for travel within Canada.

Thank you for your time. I would be happy to answer any of your questions.

Senator SUNUNU. Thank you, Gail. You should feel free to ask me any questions as well. Rest assured, it's all about the sharing of perspectives and information.

Senator, welcome. We're pleased to take your testimony.

STATEMENT OF HON. CARL R. JOHNSON, NEW HAMPSHIRE STATE SENATOR, COCHAIR GENERAL COURT'S NH–CANADIAN TRADE COUNCIL, CONCORD, NH

Mr. JOHNSON. Thank you, Senator. I am currently serving my sixth term as State Senator for New Hampshire's second district. Prior to the Senate, I had a privilege to serve as a State Representative for two terms and was also a small business owner here in New Hampshire.

I would like to begin by thanking Senator Sununu in his capacity as chairman of the Senate Foreign Relations Subcommittee on International Operations and Terrorism for holding this hearing and providing me with the opportunity to testify regarding this very important issue.

I agree with the Senator's position that the Western Hemisphere Travel Initiative could unintentionally harm travel, trade, and economic activity between New Hampshire, Northern New England, and Canada and, therefore, I look forward to today's hearing and the ideas that emerge.

As a member of the State legislature, a former business owner and long-time resident of New Hampshire, I recognize the importance of improving the security along the northern border while maintaining the seamless trading practices that greatly benefit both nations' economies.

In the wake of the 2001 terrorist attacks, there was an outcry, and justifiably so, for an in-depth examination of the security along the United States/Canadian border and the appropriate steps that needed to be taken to enhance the security for both United States and Canadian citizens.

I also recognize and appreciate the motivation behind the drafting and passing of the Western Hemisphere Travel Initiative as part of the Intelligence Reform and Terrorism Protection Act of 2004. I know Senator Sununu played a key role in drafting that historic legislation from start to finish; and he and his colleagues in Congress understood, as I do, that if terrorists are able to hit us again, our economy would sustain a dramatic blow from which it would take years to recover.

To that end, I believe that, along with modernization of infrastructure and making better use of technology to secure our northern border, steps must be taken to ensure that those who enter our country are who they say they are and are doing so for legitimate purposes.

However, we must ensure that any initiatives aimed at securing our borders do not place any unnecessary impediments or restrictions on travel or trade between the United States and Canada.

As a resident of Meredith, a town in New Hampshire's beautiful Lakes Region, whose economy relies directly on tourism dollars, I

have witnessed firsthand exactly how important Canadian tourism dollars are to New Hampshire.

Any program or initiative regarding border security, well-intentioned as it may be, that could eliminate spur-of-the-moment travel from Canada to the United States or create an undesirable experience at the border crossing could prove to be disastrous for the State's countless tourism sector businesses.

Canadians spent $53 million during their 328,700 documented trips to the Granite State last year; and over the past 5 years, tourism between New Hampshire and Canada has steadily increased.

For example, Canadians who hiked the White Mountains or explored the Appalachian Trail more than doubled since 2002, amounting to over 730,000 visits in 2005. Those visitors spent $48 million in the Granite State, which is a 33 percent increase from 2004.

And, as other witnesses have noted here today, a healthy Canadian economy benefits businesses in New Hampshire and across the United States.

In fact, Canada's proximity and reliance on United States' small businesses for many imported goods and services has made it New Hampshire's largest trading partner; and in 2005 our State exported $567 billion or almost one-fourth of New Hampshire's total exports last year in goods and services in Canada.

New Hampshire's second largest importer of New Hampshire goods and services, the Netherlands, represented less than half of that amount, $216 million.

As the figures have cited, clearly a flawed implementation of WHTI will impact virtually all businesses in all sectors of the State's economy and therefore affect almost every resident.

While WHTI is not scheduled to be fully implemented until 2008, a recent report prepared by the Conference Board of Canada for the Canadian Tourism Commission determined that if the pending passport requirement was enacted in July of 2005, by 2008, 3.5 million fewer Canadians would have traveled into the United States, resulting in a loss of $788 million in potential tourism revenue.

That is why, as cochairman of the New Hampshire-Canadian Trade Council, which was established in response to the U.S.-Canada Free Trade Agreement of 1988, I supported a resolution to urge the United States Government to delay the implementation of the WHTI until such time that less onerous documentation requirements or passport substitutes can be considered.

I was glad to see that Senator Sununu and New Hampshire's other U.S. Senator, Judd Gregg, supported an amendment to delay WHTI land-based crossing implementation by 17 months to June 1 of 2009. That amendment was part of the Immigration Reform Bill that passed the U.S. Senate last week.

Maintaining the free flow of travelers and commerce that currently takes place between the United States and Canada is of paramount importance to both the country's and New Hampshire's economy.

In their report, the 9/11 Commission stated that the border and immigration system of the United States must remain a visible manifestation of our belief in freedom, democracy, global economic

growth, and the rule of law; and I believe that any regulations placed on travel between the two countries must be done with each principle in mind.

Thank you.

[The prepared statement of Senator Johnson follows:]

PREPARED STATEMENT OF HON. CARL R. JOHNSON, NEW HAMPSHIRE STATE SENATE, COCHAIR GENERAL COURT'S NH-CANADIAN TRADE COUNCIL, CONCORD, NH

Good morning. My name is Carl Johnson and I am currently serving my sixth term as State Senator for New Hampshire's second district. Prior to the Senate I had the privilege to serve as a State representative for two terms and was also a small business owner here in New Hampshire.

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However, we must ensure that any initiatives aimed at securing our borders do not place any unnecessary impediments or restrictions on travel or trade between the United States and Canada. As a resident of Meredith, a town in New Hampshire's beautiful Lakes Region whose economy relies directly on tourism dollars, I have witnessed first hand exactly how important Canadian tourism dollars are to New Hampshire. Any program or initiative regarding border security, well-intentioned as it may be, that could eliminate "spur of the moment" travel from Canada to the United States, or create an undesirable experience at the border crossing could prove to be disastrous for the State's countless tourism-sector businesses.

Canadians spent $53 million during their 328,700 documented tips to the Granite State last year. Over the past 5 years, tourism between New Hampshire and Canada has steadily increased. For example, Canadians who hiked the White Mountains or explored the Appalachian Trail more than doubled since 2002, amounting to over 730,000 visits in 2005. Those visitors spent $48 million in the Granite State, a 33 percent increase from 2004.

And as other witnesses have noted here today, a healthy Canadian economy benefits businesses in New Hampshire and across the United States. In fact, Canada's proximity and reliance on United States' small businesses for many imported goods and services has made it New Hampshire's largest trading partner. In 2005, our State exported $567 million—or almost one-forth of New Hampshire's total exports last year—in goods and services to Canada. New Hampshire's second largest importer of NH goods and services partner, the Netherlands, represented less than half of that amount ($216 million).

As the figures cited make very clear, a flawed implementation of WHTI will impact virtually all businesses in all sectors of the State's economy, and therefore affect almost every resident. While WHTI is not scheduled to be fully implemented until 2008, a recent report prepared by the Conference Board of Canada for the Canadian Tourism Commission determined that if the pending passport requirement was enacted in July of 2005, by 2008, 3.5 million fewer Canadians would have trav-

eled into the United States, resulting in a loss of $788 million in potential tourism revenue.

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Maintaining the free flow of travelers and commerce that currently takes place between the United States and Canada is of paramount importance to both the country's and New Hampshire's economy. In their report, the 9/11 Commission stated that, "The border and immigration system of the United States must remain a visible manifestation of our belief in freedom, democracy, global economic growth, and the rule of law," and I believe that any regulations placed on travel between the two countries must be done with these principles in mind.

Senator SUNUNU. Thank you, Senator. Gail, the estimated cost was something that—of the program, the cost of a PASS card or passport is something that you mentioned as having a potential impact.

You know, on a relative basis, to what extent do you think that would discourage people from coming from Canada or snowmobilers going across the border. What are the costs or the scope of a typical trip?

I would imagine a hundred dollars would, you know, represent a pretty significant portion of the cost of a weekend trip.

Ms. HANSON. I don't think you'll find for a single person by himself it's that important. We're more concerned about families going back and forth and that's the big reason—I mean, where snowmobiling has grown is because it's a family sport.

Senator SUNUNU. Do you think that an exemption for children from the program would be helpful?

Ms. HANSON. I think an exemption for children would be great. I don't know what would be the best age.

I think, you know, we've got a lot of problems age-wise with kids; but I think an exemption for kids would be great.

And I think just the idea of, you know, still being able to take the family across the border up to Canada, you know, taking their picture crossing the border is a big thing for people in this area to do.

I mean, it's amazing, you know, you get 200–300 people a day crossing the border up in Pittsburg to go up to Canada for breakfast. It's a mainstay of living in Pittsburg and Colebrook to go snowmobiling for the day.

Senator SUNUNU. To what extent have you seen or heard communications or outreach efforts from the Federal Government and to what extent to you think your membership—average membership is aware of this initiative?

Ms. HANSON. Currently we've got about 44,000 members in the snowmobile association in the State of New Hampshire, and I would say a good portion of them have no clue that they're going to need a passport.

They just don't seem to read things like that. It's more important when the new snowmobile's coming out or, you know, what truck is on the market to pull the trailer; and you'll say something to

them about, well, you know, you guys are going to need a passport in a couple of years and they're like this blank looks comes over their face and it's like, well, I'm not getting one, I just won't ride; or they'll say, well, if I have to, I will, but I won't bring my wife and kids.

So, I mean, there's this definite, you know, we don't want change, we want to go back and forth and enjoy snowmobiling the way it's been; and then you'll get a kind of replay later that, well, you know, we do need something but can't they make it easier for us?

Senator SUNUNU. Thank you. Senator Johnson, what suggestions would you make to the Federal Government, specifically about communication and outreach?

With whom do you think Federal representatives need to be speaking today and what's the best mechanism for communicating both with State officials and your constituents about the timeline and requirements of the program?

Mr. JOHNSON. With my experience with the New Hampshire-Canadian Trade Council and traveling back and forth, basically at Calais customs, I find that many times even today it takes three-quarters of an hour to an hour back-up time to get through under today's processing, so we're very concerned about that time frame.

And as you know, Senator, we also sent a resolution to Washington with our concerns with the Trade Council, so I think that it has to be something that can be processed at a much faster pace than what we are experiencing now even crossing the border.

Senator SUNUNU. Are there specific suggestions that the Trade Council has made that you would tell us about?

Mr. JOHNSON. I don't think we have gotten that far yet.

We're going to have a conference in Plymouth, New Hampshire, on—in September and we'll be creating that invitee list for the Canadians and this will be the main topic of that conference, and we'll certainly be sure that you'll be invited to that conference.

Senator SUNUNU. Thank you, and I very much appreciate your work on relations between the—New Hampshire and Canada and on the trade issues as well because of the enormous impact that it has on our economy.

At this time, in the interest of meeting our scheduled commitments, I'd like to call forward our final panel.

Henry Goode is the deputy director of the New Hampshire Division of Travel and Tourism Development; and Jayne O'Connor is the president of White Mountain Attractions.

[Recess]

Senator SUNUNU. Welcome to both of you. Why don't we begin with your testimony, Ms. O'Connor.

STATEMENT OF JAYNE O'CONNOR, PRESIDENT, WHITE MOUNTAIN ATTRACTIONS, NORTH WOODSTOCK, NH

Ms. O'CONNOR. I'm Jayne O'Connor, I'm the president of the White Mountain Attractions Association. White Mountains is one of the seven tourism regions in the State of New Hampshire. Thank you very much for the opportunity to speak today.

The businesses in my region depends on tourism. It's the major economic force in our area and sometimes it's the only economy in many of our towns.

I'm observing the current situation or the upcoming situation from three angles as my association has 350 business members, we also operate a Visitor Center on Interstate 93 which is one of the main travel routes from Canada, and we also operate Lost River Gorge, which is one of the major tourism attractions in the area.

On behalf of all of these businesses, I ask for your help in softening the economic impact that's coming with the implementation of the Western Hemisphere Travel Initiative.

For generations, American and Canadian families have easily crossed America's northern border for commerce and recreation. The businesses in the White Mountain region as well as other parts of New Hampshire were built and depend upon those Canadian visitors for a percentage of revenue. There's much concern, however, that the requirement that United States and Canadian citizens obtain passports to cross the border will create a significant obstacle for Canadian families planning vacations in New Hampshire.

The problem is fairly easy to foresee. With the current cost of a passport application and photo of around $100, a Canadian family of four will spend an additional $400 and wait perhaps 6 to 8 weeks for a trip to the United States. For children, the fee will need to be paid again in 5 years as their passports expire earlier than those of adults. One can see how this will reduce the spontaneous trips to New Hampshire for outlet shopping, skiing, snowmobiling, and sightseeing.

The high mountains of New Hampshire are currently a draw for the skiers and hikers from eastern Canadian. The beaches of Maine, New Hampshire, and Cape Cod are the closest and the most accessible seacoast for the population centers of Ontario and Quebec.

And the tax-free shopping in New Hampshire makes our outlet shops in North Conway and Tilton popular weekend getaways for Canadians doing a little of what we like to call spontaneous retail therapy or recreation.

It's hard to imagine many families will be willing to add $400 to their first spontaneous trip. This alone will reduce our Canadian travelers for many years to come. The visitors will be limited to those who feel that there's value in repeat trips or those who make their vacation plans many years—many months in advance, which is not the norm for families these days.

In fact, many of the family trips are planned on such short notice that they depend on the weather forecast for the weekend. These trips will become impossible if any family member does not have a passport or proper documentation.

The WHTI as written is an economic disaster waiting to happen to the tourism industry in many of these States and particularly those along the northern border, all of which will certainly bear a disproportionate burden as we estimate a 30 percent decline in one of our current markets.

Tourism, in general, was significantly impacted by the effects of 2001, with most businesses reporting decreases of 30 percent or

more at that time and lasting 18 months or more. It's been a struggle to come back.

International tourism, which is an important part of our business, has been hardest hit. Canada is our largest and closest international tourism market. The Canadian dollar is currently on the rise, expected to be at a 28-year high; and the United States is once more becoming an affordable destination for our Canadian visitors.

The high gas prices we see here are higher still in Canada and again makes it an affordable place for families to come and have a driving vacation. At the Visitor's Center, I hear this from the Canadian travelers who come in and say it may seem high to you, but to us we finally feel that we can go someplace and have a wonderful driving vacation.

Businesses on this side of the border have invested a lot of money in marketing and advertising to bring the Canadians here in the hopes of stabilizing this Canadian market once more.

My organization has raised money to bring travelers from Toronto, Montreal, and the Maritime Provinces. We've worked hard to make new contacts and relationships with Canadian sales partners.

Our investment and those of our fellow businesses stands to be lost or greatly diminished if the WHTI goes into effect as written, which will also cause the United States to become less competitive in the world travel and tourism market.

On behalf of the tourism businesses in the White Mountains and New Hampshire, I ask you that you cap the cost of a border crossing document at $25 as has been suggested to keep it from becoming a deterrent; also to exempt or waive the fee for children who rarely have passports; and, third, to institute a delay of 18 months to allow time and create and distribute the alternative documents in the United States and Canada, to install the proper readers at the border and to fully institute an educational program in Canada and the United States to improve the percentage of passports applied for.

It was interesting to hear the discussion about the robust educational program that's in place. I do feel most of our businesses and our travelers are not aware of it; but perhaps we should use as a model the Postal Service, because every time a stamp goes up a penny or two, we all know the exact date that will go into effect.

All of these will help to moderate the effects of the change and preserve the free flow of legitimate travel traffic across the border without compromising national security that is so important to all of us.

My concern today is not for the inconvenience that this will cause to those who regularly cross the border. They will all adjust. My concern is for the Canadians who have a choice to make where they wish to travel and much of our money is spent on trying to catch their eye in that one small ad or television commercial to entice them to come here. And the convenience or the perception of being able to travel easily to the United States will be a factor. Therefore, the impact of this will last a very, very long time. The problem's going to be very real and very disruptive to our businesses.

On behalf of the businesses I represent, I urge you to support the efforts to mitigate the effects of the implementation of the WHTI on the border states.

Thank you very much.

[The prepared statement of Ms. O'Connor follows:]

PREPARED STATEMENT OF JAYNE O'CONNOR, PRESIDENT, WHITE MOUNTAIN ATTRACTIONS, NORTH WOODSTOCK, NH

Thank you for the invitation to address the committee.

My association is one of seven official tourism regions in the State of New Hampshire, and works to improve the economy of this region, which is fueled primarily by tourism and retail business.

For generations, American and Canadian families have crossed America's northern border for commerce and recreation, while documenting their citizenship with birth certificates and drivers licenses. Over the years, many businesses in the White Mountains region, as well as other regions of New Hampshire, have been built upon, and now depend upon, a continuation of the free flow of Canadian travelers into the United States.

My organization and businesses are gravely concerned, however, that the requirement established in the Western Hemisphere Travel Initiative requiring United States and Canadian citizens to obtain passports to cross the border will create a significant obstacle for Canadian families planning vacations in New Hampshire.

The problem is easy to anticipate. First, a Canadian family of four needing passports to come here will need to add approximately $400 (for passport application fees and photos) to the cost of their trip to the United States. It is hard to imagine many families willing to add such an expense, which may nearly double the cost of a weekend trip. This, alone, will reduce our Canadian travelers to those who feel there will be a value if they plan repeat trips, and those who make their vacation plans many months in advance, which is no longer the norm.

Second, many family trips, including those to nearby New Hampshire, are planned on such short notice that they depend on the weather forecast. By adding 6 to 8 weeks to obtain a passport, plus planning time to gather the necessary documents, this will certainly curtail those spontaneous trips for sightseeing, skiing, or shopping—all major economic drivers in New Hampshire.

The WHTI, as written, is an economic disaster waiting to happen to the tourism industry in many States, and particularly the northern border States, all of which will certainly lose more Canadian visitors than they can afford.

Tourism, in general, was significantly impacted by the events of 2001, with most businesses reporting decreases of 30 percent or more, and lasting 18 months or more. It has been a struggle to come back from the economic impact. Canada is our largest tourism market outside the United States. Recent adjustments in the exchange rate have once again made the United States an affordable destination for Canadian visitors, and has spurred companies here to invest in marketing and advertising to Canadians in the hopes of stabilizing the market once more. My organization has raised money to bring travelers from Toronto, Montreal, and the Maritime Provinces, and has worked hard to make new contacts and relationships with Canadian sales partners. This investment stands to be lost or greatly diminished if the WHTI goes into effect as written, and the convenience factor for travel to the United States is gone.

This will cause the United States to become less competitive in the travel and tourism market, and the tourism businesses of New Hampshire and the other border States will pay a significant and disproportionate toll.

To put some numbers on it:

- Estimates in the United States are that 1 in 12 Canadians will stay home following implementation of the WHTI, as written, resulting in a loss to the United States in Canadian spending of $500 million a year. (The Western Washington Center for Business and Economic Research.)
- However, Canadian estimates put that number higher, at an anticipated $785 million lost by 2008 if the WHTI requirements are not amended. (The Conference Board of Canada.)
- In addition, a poll of Canadians and Americans on both sides of the border by Zogby International, has concluded that 55 percent of the 60 percent of Canadians who do not presently have passports will not get them.

This suggests that, in actuality, 1 in 3 Canadians will stay home, 4 times the original estimate, and that the reduction in spending will be far, far higher (perhaps 4 times higher) than a half a billion dollars a year.

This is getting serious, and what is seriously needed is a mitigation of the effects of the WHTI on the economies of the border States.

The solution may be to cap the cost of an alternative border crossing document at $25, as has been suggested, and to exempt children, or at a minimum, waive the fee for children (who generally do not possess passports, but who are part of every "family trip").

Additionally, a delay of at least 18 months is needed to create and distribute the alternative documents in the United States and Canada, and to install the technology to read the cards at the border.

All of these would help moderate the effects of the change and preserve the free flow of legitimate traffic across the border without compromising national security.

Canada is expected to put in place reciprocal legislation to allow Canadians to go to the United States. This should be addressed in any amendment to the WHTI.

The effects will be palpable in New Hampshire, where travel and tourism is the second largest industry, and especially in the White Mountains, where tourism is the main economy. The businesses of the Mount Washington Valley around North Conway depend on Canadians who make spontaneous shopping trips to the dozens of outlet stores that rely on the influx of visitors.

The result will be a ripple that will depress the economy of all businesses in the region. None of these alternatives is good news for any New Hampshire business, in or out of the tourism industry.

This problem is going to be very real, and very disturbing to the businesses in the White Mountains region that I represent, and for whom a continuation of the free flow of Canadian visitors can be the difference between red and black ink, extinction or survival.

On behalf of my the businesses in the White Mountains, I urge you to support efforts to mitigate the effects of the implementation of the WHTI on the border States by reducing the cost of border crossing documents to a nominal level, and exempting or waiving the cost for children, most of whom do not have passports but who are part of every family vacation, and by delaying implementation for at least 18 months until technical issues can be resolved.

Thank you.

Senator SUNUNU. Thank you very much.

Mr. Goode, welcome.

STATEMENT OF HENRY GOODE, DEPUTY DIRECTOR, NEW HAMPSHIRE DIVISION OF TRAVEL AND TOURISM DEVELOPMENT, CONCORD, NH

Mr. GOODE. Thank you. Thank you, Senator, for holding this field hearing and allowing us to address this committee. I am here today representing Alice DeSouza, the Director of Travel and Tourism Development for the State of New Hampshire, and present her testimony.

On behalf of the tourist industry throughout New Hampshire, I urge you to support efforts that will minimize the negative impacts on New Hampshire's economy that will surely result if the WHTI as currently proposed is adopted.

To give you a sense of the economic impact of the Canadian visitor market, I offer the following. Canadian travel to New Hampshire represents our largest international vacation travel segment with an estimated 328,000 1-night or more stays in 2004, which was a 6 percent increase over 2003.

The average spending by Canadian overnight travelers was up 46 percent in 2004 over the year 2000.

Additionally, in 2004, there were an estimated 465,000 day trips to New Hampshire to visit family and friends and to take advantage of tax-free shopping at an increasingly attractive exchange rate.

Recognizing the significant impact on our economy of the Canadian travel dollar and the considerable opportunity for developing further the tourism market from Canada, our office, Travel and Tourism Development, has established a relationship with Travel Marketing Experts, Inc., who promote tourism to New Hampshire on our behalf.

Following are a few comments from Christopher Ryall, president of that company: The Western Hemisphere Travel Initiative will affect both tourism and trade between our two countries. New Hampshire and other border States are especially vulnerable to sustaining losses from this initiative.

From a Canadian perspective, the requirement of a passport will be a hindrance and a costly exercise. Currently, passports for Canadian citizens are only valid for 5 years versus 10 years in the United States.

The current fee for an adult passport, 16 years or older, is $92 Canadian and $39 for a child's passport 3 to 15 years of age. For a family of four, once photos are secured, papers submitted, et cetera, the costs will reach close to $300.

For senior travelers, who for decades have not been required to have a passport to travel to the United States, the process and expense of obtaining a passport is likely to result in remaining in Canada.

It is our belief that if WHTI's implemented in its current form, it will have a major impact on those short getaways or same-day visits to New Hampshire. Of the 793,800 New Hampshire visits, 465,000 are same-day visits. State Parks, retail outlets, area attractions, and New Hampshire's craft shops will all feel the impact of this loss.

It is quite clear that from both sides of the border, neither government currently has adequately funded or has allocated necessary human resources to handle the onslaught of increased passport applications, if indeed people apply for them.

Finally, besides the devastating effect of WHTI in its current form and time frame would have on tourism revenues, it will also have tremendous impact on the close to $400 billion in trade between Canada and the United States, again with the border States bearing the brunt of the loss.

It is impossible to think of New Hampshire's people, places, and traditions without recognizing the important role our relationship with Canada has had in shaping New Hampshire and the economic contribution that relationship provides.

I urge you to support all efforts to mitigate the certain devastating impact WHTI in its present form will have on New Hampshire's social and economic future.

Specifically, reduce the cost of border crossing by waiving the cost of children and seniors, most of whom who do not have passports but who are part of the majority of the family vacations and visits to family and friends here as well, to a nominal fee for families and for seniors and delay implementation for at least 18 months in order to resolve technical and procedural issues from both sides of the border.

Thank you, Senator.

[The prepared statement of Mr. Goode follows:]

PREPARED STATEMENT OF HENRY GOODE, DEPUTY DIRECTOR, NEW HAMPSHIRE DIVISION OF TRAVEL AND TOURISM DEVELOPMENT, CONCORD, NH

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- Canadian travel to New Hampshire represents our largest international vacation travel segment, with an estimated 328,000 1-night or more stays in 2004, a 6 percent increase over 2003.
- The average spending by Canadian overnight travelers was up 46 percent in 2004 over the year 2000.
- Additionally, in 2004, there were an estimated 465,000 day trips to New Hampshire to visit family and friends and to take advantage of tax-free shopping and an increasingly attractive exchange rate.

"Recognizing the significant impact on our economy of the Canadian travel dollar and the considerable opportunity for developing further the tourism market from Canada, this office has established a relationship with Travel Marketing Experts, Inc., who promote tourism to New Hampshire on our behalf. Some comments from Christopher Ryall, President of that company":

"The Western Hemisphere Travel Initiative will affect both tourism and trade between our two countries. New Hampshire and other border States are especially vulnerable to sustaining losses from this initiative.

"From a Canadian perspective, the requirement of a passport will be a hindrance and costly exercise. Currently, passports for Canadian citizens are only valid for 5 years versus 10 years in the United States. The current fee for an adult passport (age 16 years and older) is $92 Canadian and $39 for a child's passport (3–15 years of age). For a family of four, once photos are secured, paperwork submitted, etc., the cost will reach close to $300. For senior travelers, who for decades have not been required to have a passport to travel to the United States, the process and expense of getting a passport is likely to result in their remaining in Canada.

"It is our belief that if WHTI is implemented in its current form, it will have a major impact on those short getaways or same-day visits to New Hampshire. Of the 793,800 New Hampshire visits, 465,000 are same-day visits. State parks, retail outlets, area attractions, and New Hampshire's craft shops will all feel the impact of this loss.

"It is quite clear that from both sides of the border, neither government currently has adequately funded or has allocated the necessary human resources to handle the onslaught of increased passport applications—if indeed people apply for them at all.

"Finally, besides the devastating affect WHTI in its current form and time frame would have on tourism revenues, it will also have a tremendous impact on the close to $400 billion in trade between Canada and the United States, again with the border States bearing the brunt of the loss."

"It is impossible to think of New Hampshire's people, places, and traditions, without recognizing the important role our relationship with Canada has had in shaping New Hampshire and the economic contribution that relationship provides.

"I urge you to support all efforts to mitigate the certain devastating impact WHTI in its present form will have on New Hampshire's social and economic future.

"Specifically, reduce the cost of border crossing by waiving the cost for children and seniors, most of whom do not have passports, but who are part of the majority of the family vacations and visits to family and friends to a nominal level for families, seniors, and delay implementation for at least 18 months in order to resolve technical and procedural issues on both sides of the border."

Thank you.

Senator SUNUNU. Thank you, Henry. Let me begin with you.

You may have mentioned it in your testimony, but I'm curious to know what percentage of employment in this State is travel- or tourism-related.

Mr. GOODE. I don't have that number right off the top of my head.

Ms. O'CONNOR. I don't have the exact number, but I do know that travel and tourism is the second life's breadth of our economy in New Hampshire.

Senator SUNUNU. Thank you. And, Henry, I think it's safe to say that all regions of this State would be affected, certainly more visits in the North Country, but is the industry pretty well represented in all 10 counties effectively?

Mr. GOODE. Statewide, yes.

Senator SUNUNU. Does your Department have any ongoing efforts to monitor the crossings, volume of traffic, or delays with your counterparts in Canada?

Mr. GOODE. Not to my knowledge.

Senator SUNUNU. And, Jayne, to what extent have you seen or felt any outreach efforts at the Federal level?

I mean, are there members or participants in the industry in the White Mountains that have joined together to speak about these issues? Have you had any visits or communications by representatives from Homeland Security or the State Department?

Ms. O'CONNOR. In the White Mountains I have not seen any of that take place for the most part. I have to say that there are some organized efforts to have the folks from the passport centers at such things as the international powwow which is for organized travel agents and tour operators from around the world.

What it doesn't get to—what it only gets to are the people who actually plan their trip through a tour operator.

Senator SUNUNU. It hasn't dealt directly with the travel industry?

Ms. O'CONNOR. Not directly with the consumer.

Senator SUNUNU. You talked in nice clear, specific terms about the cost and made recommendations with regard to the cost.

What about the issue of delays? To what extent do you think that delays at the border have an impact on traffic and the number of visits and is there anything that White Mountain Attractions has done to try to monitor or quantify the effect of border delays?

Ms. O'CONNOR. I think because our border crossings mostly happen through Vermont and Derby Line has a fairly efficient setup right now, we only occasionally hear of delays.

The delay that concerns me more is the 4 to 6 to 8 weeks of securing documentation and the effect it will have on spontaneous trips.

It's very common now for us to have families or friends gather for a quick trip to Montreal or Drummondville or somewhere up over the border and the same thing for the folks who are coming down from Canada, so the delay in getting documentation is what really scares me.

I'm not sure how to get around that; and that's why I feel that the educational aspects of this is going to be very, very important first to minimize the damage.

Senator SUNUNU. Well, I thank you both. Your comments about Derby Line are well taken. Fortunately or unfortunately, that was the crossing that recently had the delays due to the ID checks at the border; but perhaps it's a positive step in that we begin to see and understand what the impact of these new requirements might be and that puts us in a better position to deal with the kind of

mitigation that both of you have raised in your testimony and in looking at appropriate costs, appropriate documentation, and appropriate exemptions for either younger or older Americans.

Again, I want to thank all of our panelists for their testimony, thank our audience members. I know there are a lot of people who are here today that have a very direct interest in these issues, a very direct interest in trade, in commercial, in business issues, as well as the travel and tourism and the cultural ties that exist today and have existed for decades between New Hampshire and Canada.

My goal as a member of the Foreign Relations Committee is simply to make sure that these views are well represented, that we carefully consider all of these proposals for mitigating the impacts while providing for reasonable, realistic security at our borders and around the world.

So, the panelists have been extremely helpful in making this hearing a success and, with that, the hearing is adjourned.

[Whereupon, at 11:25 a.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF JIM ROCHE, PRESIDENT, BUSINESS AND INDUSTRY ASSOCIATION, NEW HAMPSHIRE

Senator Sununu, thank you for the opportunity to comment on issues relating to the Western Hemisphere Travel Initiative. For the record, my name is Jim Roche and I am president of the Business & Industry Association, New Hampshire's State Chamber of Commerce.

It goes without saying that the BIA appreciates and supports the need for strong border security and understands the significant and serious terrorist threats and potential terrorist activity against our country. At the same time, we believe you are aware and understand the importance of the tourism industry to New Hampshire's economy. Canada is not only our most important trade partner, Canadian visitors contribute millions in general fund revenue to New Hampshire each year via rooms and meals tax dollars, liquor sales, and business taxes from tourism-related establishments. Tourism is an engine that drives job creation and economic growth for the State and the region.

In fact, travel and tourism is New Hampshire's second largest industry in terms of jobs and out-of-state dollars, according to the New Hampshire Division of Travel and Tourism, and Canada remains the top country of origin of overnight international visitors to the State. In 2002, 279,000 Canadians visited New Hampshire overnight, spending $36 million, or an average of $129 per person per visit.

We are concerned that provisions in the Western Hemisphere Travel Initiative could kill the goose that lays this golden egg, or at the very least, stunt its growth. It doesn't take much in the way of discouraging tourism before the U.S. and New Hampshire economies begin to suffer. The Business for Economic Security, Tourism and Trade, an international coalition of businesses and trade associations from across the United States and Canada that share a common concern about the ramifications of the Western Hemisphere Travel Initiative, has estimated that losing just one out of 12 Canadian visitors to the States will result in a loss of more than $532 million.

Because the potential for unintended negative consequences is so clear, the BIA is asking for a delay in the implementation of WHTI until the summer of 2009, and we support the Senate's recent passage of a resolution doing just that. We also strongly urge you to consider and support provisions of the Coleman Amendment that exempt children under 18 who are traveling with parents, or at the very least, waives fees associated with new documentation; and cap the cost of new documentation at $20, or at the minimum, an amount that will not deter people from engaging in travel between our State and Canada.

Once again we thank you for taking the time to consider our thoughts, and for organizing this special Senate Foreign Relations Subcommittee on International Operations and Terrorism field hearing.

PREPARED STATEMENT OF FRANCE DIONNE, QUEBEC'S DELEGATE TO NEW ENGLAND, BOSTON, MA

The Government of Quebec firmly believes that security is a prerequisite for trade and fully supports the underlying objectives of the WHTI, namely those related to enhancing security and harmonizing identity document standards between Canada and the United States. However, we are very concerned about the negative impact that the current proposal would have on trade, tourism, and the daily lives of thousands of citizens in border communities in both the United States and Canada, including Quebec communities. For example, a study published last year by the Conference Board of Canada estimated that the implementation of the WHTI would result in a reduction of approximately US $265 million in expenditures in the United States by Canadian tourists in 2008.

To a large extent, our mutual economic prosperity depends on our ability to maintain a Canada-United States border that is secure, open, and free-flowing. Sig nificant progress has been accomplished in this area, particularly through the implementation of the Canada-U.S. Smart Border Action Plan, to which Quebec is a contributor. Major infrastructure investments made by Governments in both Canada and the United States since 2001 have facilitated cross-border travel and have contributed to a more secure border.

The Canada-United States border relationship is unique with more than 300,000 business people, tourists, and regular commuters traveling between Canada and the United States every day, and more than $1.1 billion in two-way trade each day, contributing therefore to a real improvement in the standard of living of Canadians and Americans. Quebec is a key economic partner of the United States and of New England, in particular. In 2004, Quebec alone was the fourth-largest destination for American exports. We import annually more than $20 billion in goods from the United States. Close to 2 million trucks cross the Quebec-United States border in both directions every year, as an estimated 64 percent of trade in goods between Quebec and the United States is shipped by truck.

Quebec is a particularly important international market for New England businesses. In 2005 alone, it has imported more than $3.5 billion in New England products. Thousands of jobs in the United States also depend on investments by Quebec companies and the ability of these businesses to export products back to Canada. This economic relationship goes beyond trade, however. On average, some 3 million Quebecers visit annually the United States. These trips generate over $1 billion in yearly revenues for the U.S tourism industry. Last year, 320,000 Canadians citizens visited the Granite State, and, with the stronger Canadian dollar, we can anticipate that this number will increase this year. As well, important and vibrant cultural and family relationships exist between Quebec and New Hampshire. Some 25 percent of New England population is from French-Canadian origin.

We believe strongly that the Canada-United States border must be secure, open, and free-flowing. In response to the changing security environment, the Government of Quebec has implemented, over the past few years, critical measures in order to make a tangible contribution to continental security. On the domestic front, the Government of Quebec has updated its legislative framework, upgraded its operational capabilities, and strengthened cooperation among all security and law enforcement agencies. In the area of identity, the Government has devoted considerable efforts to ensure that civil status documents are delivered only to authorized individuals, and to strengthen their authenticity and traceability. These foundation documents are the cornerstone to an effective harmonization of identity document standards.

Cooperation with northeastern United States is a key component of Quebec's security strategy. Since December 2003, we have signed bilateral security cooperation agreements with all four bordering States, including with New Hampshire. Quebec, along with 10 United States, is a member of the Northeast Regional Homeland Security Directors Consortium. We are cooperating with New England States through the Conference of New England Governors and Eastern Canadian Premiers. Quebec is also participating with the State of New Hampshire in the Canada-U.S. Cargo Security Project (CUSCSP), which aims at providing a rapidly assembled prototype test-bed for elements of cargo container supply chain security. The CUSCSP is a binational public-private partnership and is coordinated by the N12 Center for Infrastructure Expertise located in Portsmouth, NH. Furthermore, last week, the Government of Quebec has released its new International Policy, which recognizes the transformation of the international security environment since September 11, 2001. In fact, one of the core objectives of our international policy is to contribute to the security of Quebec and the North American continent. Key initiatives in this area include measures aimed at strengthening our collaboration with the northeastern

States, at both the bilateral and regional levels, as well as securing Quebec electricity infrastructures, some of which serve the New England market.

In our opinion, the WHTI does not fully take into account the special nature of the Canada-United States border, notably the economic interdependence between the two countries and transborder regions, including the broader northeast of the continent, which is more and more integrated through trade and investment, as well as on the energy front. These binational regions are key engines of economic growth. The WHTI could therefore have a highly negative impact on the flow of cross-border traffic and harm North America's economic competitiveness. In our view, the initiative would have a significant impact on our citizens and economies located in the first 250 miles on both sides of the border because of the frequent movements that this easy car driving range offers to support international trade, investment, and tourism activities. As well, the Government of Quebec is very much aware of the particular relationships that unite border communities and the unique set of challenges they would face with the implementation of the current WHTI proposal.

Furthermore, very important questions remain regarding the way the U.S Government intends to implement the WHTI. The procedures for checking the new travel documents at the border have not been determined; the feasibility of deploying the technology is still unknown; the impact on border infrastructures and cross-border flows has not been assessed; and, most importantly for border States, the economic and social impact of the WHTI has not been fully studied.

Given these deficiencies, we feel that the timetable set forth under the Intelligence Reform and Terrorism Prevention Act is unrealistic. Hasty deployment of the WHTI, as currently outlined, would significantly limit the benefits of efforts devoted in recent years to improving security and enhancing the flow of traffic at the Canada-United States border. On October 28, 2005, the Premier of Quebec, Mr. Jean Charest, wrote to the U.S. Secretary of State and the U.S. Secretary of Homeland Security to encourage the U.S. Government to adopt a flexible and reasonable approach in implementing the WHTI which would meet security imperatives while minimizing the negative impact on border crossings by legitimate travelers.

It is important to note that numerous governors, premiers, United States and Canadian legislators, and representatives of binational regional forums, including the Conference of New England Governors and Eastern Canadian Premiers (NEG/ECP), and the Council of State Governments' Eastern Regional Conference, have expressed similar views with regard to the WHTI. On May 13, 2006, in Newport, Rhode Island, the NEG/ECP adopted an important joint resolution concerning the Western Hemisphere Travel Initiative. More specifically, the resolution, which was adopted on a proposal by Quebec and Vermont:

- Requests the United States Government, following the Regulatory Planning and Review process outlined in Executive Order 12866, to conduct an economic and social analysis of the anticipated impact of WHTI on cross-border trade, tourism, and local community activities;
- Urges the United States Government and the Government of Canada to fully explore, in close consultation with States and provinces, options with regard to the implementation of the WHTI, including time lines, terms, technologies, transition measures, and alternative identity documentation;
- Confirms the NEG/ECP's intention to work with other interested parties and organizations to urge Congress to delay the implementation of the WHTI;
- Urges the United States Government to revise the terms of the implementation of the WHTI, to ensure that the border between Canada and the United States remains secure and open.

Recent legislative initiatives in Congress indicate that its Members are paying increasing attention to the legitimate concerns that have been expressed by border communities, as well as by business and the travel and tourism industries about the implementation of the WHTI. We are encouraged by these proposals, which represent, in our view, steps in the right direction. We are also encouraged by recent statements by President Bush confirming his administration's intention to work closely with the Government of Canada. We are very confident that through close collaboration between governments on both sides of the border, we will succeed in implementing the right measures.

The Government of Quebec, for its part, wants to participate actively in the search for practical solutions that reconcile security imperatives with maintaining an open, free-flowing border. We share the United States' security concerns and will continue to contribute actively to continental security. We nevertheless feel that it is very important that any new measures taken by American authorities to control travelers' identity take into account the unique nature of the border between our

two countries, and avoid any negative impact on the tourist industry, on good-neighbor relations between border communities and on North American competitiveness.

A copy of the Premier's Charest letter to Secretary Rice and Chertoff is included as part of our submission.

GOUVERNEMENT DU QUEBEC,
Quebec, October 28, 2005.

Ms. Condoleezza Rice,
Secretary, Department of State, Washington, DC.

Mr. Michael Chertoff,
Secretary, Department of Homeland Security, Washington, DC.

DEAR SECRETARY RICE AND SECRETARY CHERTOFF: The Government of Quebec has taken note of the publication of the Advance Notice of Proposed Rulemaking on the Western Hemisphere Travel Initiative (WHTI). I would like to take advantage of the public comment period to express our serious concerns with regard to the WHTI, as currently drafted.

We firmly believe that security is a prerequisite for trade. To a large extent, our mutual economic prosperity depends on our ability to maintain a Canada-United States border that is secure, open, and free-flowing. Major progress has been made in this area, particularly through the implementation of the Smart Border Action Plan, to which Quebec is a contributor.

In response to the changing security environment, the Government of Quebec has implemented, over the past few years, critical measures in order to make a tangible contribution to continental security. Cooperation with northeastern U.S. States, particularly through bilateral and regional agreements, is a key component of Quebec's security strategy. On the domestic front, we have updated our legislative framework, upgraded our operational capabilities, and strengthened cooperation among all security and law enforcement agencies. In the area of identity, the Government has devoted considerable efforts to ensure that civil status documents are delivered only to authorized individuals, and to strengthen their authenticity and traceability. These efforts make Quebec a reliable, credible United States partner when it comes to detecting, preventing and stopping terrorist activities.

The Government of Quebec fully supports the underlying objectives of the WHTI. We are however very concerned about the negative impact that the WHTI, in its current form, will have on trade, tourism, and the daily lifestyles of thousands of citizens in border communities in both the United States and Canada. The fees and requirements for obtaining a passport, which is the only identification document specifically authorized under the current proposal for the WHTI, constitute significant obstacles that limit the number of people who hold this identification document and will substantially reduce transborder travel in both directions. In our opinion, the current WHTI proposal does not fully take into account the special nature of the Canada-United States border, notably the economic interdependence between the two countries and transborder regions. As such, the initiative could have a highly negative impact on the flow of cross-border traffic and harm North America's economic competitiveness.

Canada and the United States are neighbours and steadfast allies. Over the years, they have developed a unique bilateral relationship that is extremely advantageous for both countries. Since the implementation of NAFTA in 1994, bilateral trade has grown significantly, to reach over CDN $550 billion in 2004, contributing therefore to a real improvement in Canadian and American citizens' standard of living. Quebec imports annually about CDN $25 billion in goods from the United States. We are a key economic partner of a number of American States. For example, Quebec is New England's second-biggest international market and imported about CDN $3.8 billion in New England products in 2004. That same year, the State of New York exported close to CDN $3 billion in goods to Quebec. Thousands of jobs in the United States depend on investments by Quebec companies and the ability of these businesses to export products back to Canada.

Hundreds of thousands of Americans and Canadians cross the border each day, for business reasons, vacations, and 1-day pleasure trips. On average, some 3 million Quebecers visit annually the United States. These trips generate average expenditures of CDN $1.3 billion per year. According to a recent study by the Conference Board of Canada, the implementation of the WHTI will mean a CDN $319 million drop in expenditures in the United States by Canadian tourists in 2008.

In 2004, over 1.8 million trucks crossed the Quebec-United States border in both directions, and an estimated 64 percent of trade in goods between Quebec and the United States was shipped by truck. Major investments have been made by Govern-

ments in both Canada and the United States since 2001 to upgrade infrastructure and facilitate cross-border travel. However, the procedures for checking the new travel documents required under the WHTI will have negative impact on the flow of cross-border traffic, as the current technology cannot allow for swift processing at border crossings. Given these technological deficiencies, we feel that the timetable set forth under the Intelligence Reform and Terrorism Prevention Act is unrealistic. Hasty deployment of the WHTI, as currently drafted, could significantly limit the benefits of efforts devoted in recent years to improving security and enhancing the flow of traffic at the Canada-United States border.

For all of these reasons, the Government of Quebec considers that the American and Canadian authorities should closely examine the following measures:

- Explicit recognition of FAST and NEXUS members' cards as alternatives to a passport and the implementation of measures by the American and Canadian Governments designed to enhance the advantages of and encourage citizens' participation in the FAST and NEXUS programs;
- Establishment of a binational task force in order to strengthen border management and security cooperation between all pertinent government authorities.

Given the issues raised by the current WHTI proposal, the Government of Quebec proposes that the deployment of the initiative be postponed. We feel that this postponement is necessary in order to allow authorities at the Federal, State and provincial levels in both countries to continue to consult their populations, carry out impact assessments and examine alternative measures to the passport requirement, notably the use of other common identification documents and exemptions for certain categories of tourists and border community residents.

The Government of Quebec wants to participate actively in the search for practical solutions that reconcile security imperatives with maintaining an open, free-flowing border. To this end, it will set up, in the next few weeks, an interdepartmental committee responsible for consulting and drafting proposals and recommendations on the security of identification documents that fall under provincial jurisdiction.

I want to reiterate that Quebec shares the United States' security concerns and will continue to contribute actively to continental security. We nevertheless feel that it is very important that any new measures taken by American authorities to control travelers' identity take into account the unique nature of the border between our two countries, and avoid any negative impact on the tourist industry, on good-neighbour relations between border communities, and on North American competitiveness.

Yours sincerely,

JEAN CHAREST,
Le premier ministre.