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S. HRG. 109–1134

THE STATE OF THE U.S. TRAVEL AND TOURISM INDUSTRY

HEARING

BEFORE THE

SUBCOMMITTEE ON TRADE, TOURISM, AND ECONOMIC DEVELOPMENT

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

JUNE 22, 2006

Printed for the use of the Committee on Commerce, Science, and Transportation

U.S. GOVERNMENT PRINTING OFFICE

66–404 PDF WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

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ONE HUNDRED NINTH CONGRESS

SECOND SESSION

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THE STATE OF THE U.S. TRAVEL AND TOURISM INDUSTRY

THURSDAY, JUNE 22, 2006

U.S. SENATE,
SUBCOMMITTEE ON TRADE, TOURISM, AND ECONOMIC DEVELOPMENT,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:03 a.m. in room SD–562, Dirksen Senate Office Building, Hon. Gordon H. Smith, Chairman of the Subcommittee, presiding.

OPENING STATEMENT OF HON. GORDON H. SMITH, U.S. SENATOR FROM OREGON

Senator SMITH. Ladies and gentlemen, Senator Dorgan and I and the Co-Chairman, Senator Inouye, welcome you all here. We call this hearing to order.

This is the Subcommittee on Trade, Tourism, and Economic Development. Today's hearing will examine the state of the U.S. travel and tourism industry and potential barriers that may affect America's competitiveness.

I want to thank all of our witnesses for rearranging their schedules to appear before the Subcommittee. I especially want to welcome Todd Davidson, from the Oregon Tourism Commission, for taking the time to be here today. We thank you very much.

Travel and tourism has become one of the world's most important sources of employment. It stimulates enormous investment in infrastructure and provides governments with substantial tax revenues. Most recent statistics show that travel and tourism is one of the United States largest employers, with 7.3 million jobs and a payroll of $163 billion. Travel expenditures reached nearly $600 billion and generated almost $100 billion in tax revenues for local, State, and Federal Governments last year.

In my State of Oregon, travel and tourism is the number one contributor to the gross state product and ranked among the top three industries of Oregon, employing over 89,000 of my fellow Oregonians.

Travel and tourism is firmly established as the number one industry in many countries and the fastest growing economic sector in terms of foreign exchange earnings and job creation. In fact, many new tourism jobs and businesses are created in small communities and often help those living in small communities to be able to remain in those small communities. But, despite its robust economic performance, tourism's contribution to the prosperity of

American life has not been fully realized or taken advantage of as a powerful driver of jobs, community development, small business growth, and generator of export income. As the world is traveling in record numbers, the United States has not taken full advantage of this potential.

I'm concerned to hear that the U.S. has now fallen behind France and Spain as only the third most popular travel destination in the world, and may soon slip behind China. As we focus on the development of a coordinated national travel and tourism campaign, we must also review some of our burdens and policies which may prevent international travel to the U.S. Our international visitors need to know that America has secure borders, but also open doors.

Again, we welcome you. And, Senator Dorgan, your comments?

STATEMENT OF HON. BYRON L. DORGAN, U.S. SENATOR FROM NORTH DAKOTA

Senator DORGAN. Mr. Chairman, thank you very much. And I think this is a very important hearing to hold.

I really think it's time for us to rethink what we're doing in this country with respect to travel and tourism. The tourism industry is a very important industry. You described the jobs and the contribution to the country's economy. But that industry now labors under the shadow of 9/11, with all of the resulting issues that have attended post-9/11 policies and concerns here in this country.

I've spent a fair amount of time recently working on the issue of cross-border travel with Canada. How difficult will we make it for routine cross-border travel between the U.S. and Canada? We have 70 million people that come south every year, and the proposition of "maybe they all ought to have a passport" was a proposition that I know will dramatically reduce the cross-border travel for tourism and for commerce. So, I mean, that's just one part of this. I've been working with the State Department, the Commerce Department, and Homeland Security, on those issues.

But I think, given what is happening in the world, given the fact that we know America, at this point, is not very well thought of in much of the world, there is concern about our country and its policies, and some anger, and so on, I think we should, at this point, consider what kind of—what kind of impact a different kind of public policy might produce. We need a public-sector/private-sector new partnership to promote travel and tourism. You know, we appropriated, I think, $6 million to have some—a campaign to market the United States as a travel destination. That's a tiny drop out of a small faucet. And I think the opportunity, one, to entice foreign visitors to come to this country as a destination, and, two, at the same time to describe this country in very positive ways at a time when we need that description across the world, I think, should cause us to reevaluate what we have done in the past and what we're doing now. There was a time when we had a department and a full-blown campaign in the public-sector, saying, "This is, in significant ways, our responsibility, as well." I don't think it is solely our responsibility, but I would like to see us engage now in a new approach with the private sector in a public-/private-sector partnership with an entirely new campaign and a new approach and new resources. I know it's hard to find those new resources,

but one of the things that's very important is what the rest of the world thinks of this country. I can't think of a better way to address some of that than through the right type of advertising, internationally, about the United States, its advantages, its wonders, and its ability to serve as a wonderful travel destination once again.

So, I'm really pleased you've called this hearing. You've got some great witnesses. I have, down on the third floor, just below us, an Energy hearing going on at exactly the same time, so I won't hear all of the witnesses, but I'm anxious to work with you and see if we can't develop a fresh approach and a new direction with respect to these issues.

Mr. Chairman, thank you very much.

Senator SMITH. Thanks, Senator Dorgan.

Senator Inouye?

STATEMENT OF HON. DANIEL K. INOUYE, U.S. SENATOR FROM HAWAII

Senator INOUYE. First, congratulations on scheduling this hearing. And after listening to the profound remarks of my colleague, Senator Dorgan, I'd just like to add this. I'd like to welcome the witness from Hawaii—she's on the second panel—Dr. Pressler. But the remarks of our colleague, I think, makes good sense. The time has come for reappraisal.

And, with that, may I ask that my statement be made part of the record?

Senator SMITH. Without objection. It'll be included.

[The prepared statement of Senator Inouye follows:]

PREPARED STATEMENT OF HON. DANIEL K. INOUYE, U.S. SENATOR FROM HAWAII

I would like to take this opportunity to welcome our witnesses, and in particular, Dr. Virginia Pressler of Hawaii, who will share with this committee her unique perspective on tourism and healthcare.

Travel and tourism is an essential industry not only for my state but also for the Nation. Travel and tourism is this country's second largest services export industry and its third largest retail sales industry, generating a $4 billion balance of trade surplus.

While the travel and tourism industry has shown resilience since the terrorist attacks of September 11, America has become a less desirable destination for international travelers. According to the U.S. Department of Commerce, in 1992, the U.S. attracted 9.4 percent of all international tourist arrivals from around the world. In 2004, the U.S. attracted only 6 percent of total international arrivals. Accordingly, our trade surplus related to tourism was $22.2 billion in 1992, but only $4 billion today.

The tourism industry provides a tremendous economic benefit to our Nation, and like all industries, we must make necessary capital investments to stay competitive. In fact, prior to 1997, the Federal Government made capital investments in tourism through coordinated advertising to international markets, and we held our own against the world in attracting international visitors. However, the decline in international visits began in 1997 when the U.S. stopped providing funds for international advertising. The Federal Government reinstated funding for international advertising in 2003, but we have a long way to go to recover the lost market.

Another essential component is to ensure our borders are protected for both Americans and visitors, but we must secure our borders in a manner that still allows our international friends to feel welcome. Many in the travel and tourism industry have expressed concerns with the ongoing efforts of the Department of Homeland Security and the Department of State to improve border security. I look forward to hearing from the witnesses about how to balance these important goals.

Senator SMITH. So, we'll turn now to our first panel. We're pleased to be joined by the Honorable Frank Lavin, Under Secretary for International Trade, U.S. Department of Commerce. Welcome, Mr. Secretary. And Ambassador Wanda Nesbitt, Principal Deputy Assistant Secretary, the Bureau of Consular Affairs, the U.S. Department of State, welcome. And Mr. Robert Jacksta, who is the Executive Director of the Traveler Security and Facilitation, the Office of Field Operations, U.S. Customs and Border Protection. And Dr. James LeDuc, Influenza Coordinator, Centers for Disease Control and Prevention, out of Atlanta, Georgia.

Mr. Secretary, why don't we start with you?

STATEMENT OF HON. FRANKLIN L. LAVIN, UNDER SECRETARY FOR INTERNATIONAL TRADE, U.S. DEPARTMENT OF COMMERCE

Mr. LAVIN. Thank you, sir. Mr. Chairman, Ranking Member and Co-Chairman Inouye, I'm grateful for this opportunity to speak on this topic. I'm very much in sympathy with the sentiment of your remarks, opening up, and I want to thank you for your leadership on this issue.

Let me offer some general comments on the industry.

I think, as a starting point, simply stated, our view is that the travel and tourism industry in the United States is strong, because the United States has the most innovative and the most diverse travel and tourism industry in the world. We have a range of experiences as varied as New York City to the Alaskan wilderness to Disney World to Yellowstone to Waikiki to our Nation's Capital, that no one can match. And, on top of that, being a tourist destination second to none, we think we have a support industry that is second to none with the dedication to quality service, marketing, and entertainment. And so, it is no surprise that the statistics show that the number of international visitors to the United States is on track to set a record-high number this year.

But, having said all that, the travel and tourism industry in the United States also faces its share of challenges. As the Senator alluded, the impact of 9/11, international pandemics such as SARS, and even consolidation in the U.S. airline industry have all contributed to the challenge the industry faces. But I'll, if I can, elaborate on the statistics, then talk a bit about the challenges.

This industry is a major contributor to our Nation's economy. It represents some 2.6 percent of our GDP, generated some $1 trillion in sales in 2005, and our figures show that one out of every 16 Americans is employed by travel- and tourism-related business, and 94 percent of those businesses are classified as small businesses.

In 2005, the United States exported some $100 billion in travel- and tourism-related goods and services to 49 million international visitors. For perspective, total exports to trading partners such as Germany and the United Kingdom were $54 billion and $83 billion, respectively.

So, while the industry is strong and growing, in recent years it has had to grapple with core challenges. Due to the tragic events of September 11, 2001, and the subsequent impact of SARS, the United States travel and tourism receipts and international visitor

arrivals declined sharply. We have a chart which shows the receipts declined some 22 percent from the peak of 2000 to the trough of 2003. So, this chart gives you an indication of an industry, although fundamentally strong, that has suffered in recent years from these events. In fact, we could say few industries in the United States might have felt the impact of that terrible day as much as this particular industry.

Both the U.S. Government and the industry itself have responded with a range of initiatives to protect our country and to help the industry. The bottom line is this, nothing is more important than the safety and security of Americans and those who visit our Nation. We don't see an inherent conflict between the goal of security and the goal of tourism facilitation. And, indeed, an efficient system would underpin both objectives. And I want to compliment my colleagues here at the table who are looking at initiatives such as the Model Airport Initiative and the Western Hemisphere Travel Initiative, which we think meets both those objectives. It also calls to mind the Visa Waiver Program, which stands out as a mechanism that protects our country's security and helps tourism. And it should be no surprise that 68 percent of our visitors come from Visa Waiver Program countries. I think we need to continue to search for ways to improve our visa process so we do safely guard our borders, while providing responsive service to legitimate travelers.

Looking ahead, we have several areas where we're trying to focus our efforts. First, we are focused on facilitation of Chinese group leisure travel to the United States. It is currently part of our trade negotiations. The United States is not an approved destination for Chinese tourists, and we're working with Chinese officials to see if we can get that changed and tap into the Chinese tourist market.

Second, in our view, two of the key drivers of tourism to the United States are the Open Skies agreements and the Air Traffic Liberalization agreements, and we continue to pursue those in concert with the Department of Transportation.

Third, as the Senator alluded, we are conducting a Tourism Promotion Program. We have had a 2-year run of advertisements in the U.K., and we are launching in Japan. If the Committee is interested, we have a tape of the advertisement, which we would be happy to play at the conclusion of my remarks.

And, fourth, we are looking at how we best market to the emergence of specialty tourism in areas, such as healthcare and education, to take care of our very strong service industry and those key sectors.

Finally, I would like to make a comment, if I may, on the impact of Hurricane Katrina. We have had a special program in the Gulf region to help promote tourism to that key market. Airline traffic dropped to almost zero after Katrina. It has now recovered about two-thirds. We've got another chart. We can see the impact of Katrina. We've made a grant for tourism promotion, just to help the people of the New Orleans region.

In conclusion, the industry in the United States is rebounding from the shocks of 9/11. Since the last quarter of 2003, both arrivals and receipts have been on the rise. The sector is on track to surpass the 2000 highwater mark, in 2006. The U.S. industry is

growing at twice the world rate in global arrivals, and we want to create a positive climate by removing business barriers at home and abroad, building bridges to new markets, working with the Travel and Tourism Advisory Board to identify these impediments, and finding these public-private solutions the Senator has alluded to. We are committed to ensuring that the United States remains the finest travel and tourism destination in the world.

Thank you, sir.

[The prepared statement of Mr. Lavin follows:]

PREPARED STATEMENT OF HON. FRANKLIN L. LAVIN, UNDER SECRETARY FOR INTERNATIONAL TRADE, U.S. DEPARTMENT OF COMMERCE

Chairman Smith, Chairman Stevens, and members of the Subcommittee, thank you for the opportunity to update you on the status of the United States travel and tourism industry. Thank you also for your leadership in this important sector of our economy.

The travel and tourism industry in the United States is strong. Simply stated, the United States has the most innovative and the most diverse travel and tourism industry in the world. We offer experiences as varied as New York City to the Alaskan wilderness, Disney World to Yellowstone National Park, and Waikiki beach to our Nation's Capital. The United States is a travel destination second to none. The travel and tourism industry in the United States is the most capable in the world, with a dedication to quality service, marketing and entertainment. The prospect that international visitors in the United States might set a new spending record this year is testament to these facts.

The travel and tourism industry in the United States also faces its share of challenges from the impact of 9/11, to international pandemics such as SARS, to the continuing economic uncertainty of the airline industry.

Tourism and the U.S. Economy

Let me give a brief overview of the industry before discussing existing challenges.

The travel and tourism industry is a major contributor to our Nation's gross domestic product (GDP). Travel and tourism represents 2.6 percent of GDP and generated more than $1 trillion of sales in 2005 alone. [1]

In 2005, the United States exported nearly $103 billion in travel and tourism-related goods and services to more than forty-nine million international visitors. For perspective, total exports to trading partners such as Germany and United Kingdom were $54 billion and $83 billion respectively. [2]

It is no surprise that the travel and tourism industry is one of America's largest employers. Indeed, one out of every sixteen Americans is employed by travel and tourism-related businesses, ninety-four percent of which are classified as small businesses. [3]

Recent Trends and Challenges

While the United States tourism industry is strong and growing, in recent years it has had to grapple with core challenges.

Due to the tragic events of September 11, 2001 and the subsequent impact of the SARS outbreak, the United States' travel and tourism receipts and international visitor arrivals sharply declined. As the accompanying chart shows, receipts declined roughly 22 percent from the peak in 2000 to a trough in 2003. However, the industry has proven its resiliency recovering since 2003 to nearly record levels. Through 2005, we are .5 percent (one half of 1 percent) off our record receipts (exports) in 2000 and our arrivals are down just 4 percent from the all-time high in 2000.

Let me now touch on how we are responding to the post–9/11 environment.

Safety and Security

When it comes to transportation policy, nothing is more important than the safety and security of Americans and those who visit our Nation. I would like to compliment the work of the Departments of Homeland Security and State on this effort. We see no inherent conflict between our goal of tourism facilitation and the goal of

[1] U.S. Department of Commerce, Travel and Tourism Satellite Accounts.
[2] U.S. Department of Commerce, Bureau of Economic Analysis.
[3] U.S. Department of Commerce, Travel and Tourism Satellite Accounts.

security. Indeed, in our view, an effective system can move people in a rapid, friendly manner while concurrently focusing on security. Allow me to briefly review a few examples in this regard.

First, as an example of security initiatives that are efficient and tourist-friendly, the Departments of State and Homeland Security recently announced a "model airport" project to be implemented at both the Houston International Airport and the Washington Dulles International Airport. The goal of this initiative is to ensure a more welcoming environment for foreign visitors through improved entry procedures and passenger assistance measures.

Second, we are anticipating the implementation of the Western Hemisphere Travel Initiative (WHTI), which will require all travelers, including U.S. citizens, traveling to and from Canada, Mexico, the Caribbean, and Bermuda to have a passport or other accepted document that establishes the bearer's identity and citizenship to enter or re-enter the United States. Technological advances will allow us to strengthen border security and streamline the process to provide efficient entry into the United States.

Third, we are also working with the Departments of Homeland Security and State to assess various policies regarding the movement of people across our borders should a pandemic influenza occur. Through the Security and Prosperity Partnership, the United States is reaching out to its neighbors to collaborate on a coordinated policy regarding this issue. We are also collaborating with the Department of Health and Human Services in the development of guidelines for industry response should an outbreak occur.

Visas

One of the challenges to increasing tourism is the reluctance of foreign travelers to accept the greater investment in time and effort necessary to obtain a visa after 9/11, due to the heightened security requirements and changes in the visa process. For example, the process now requires an in-person interview.

It is in the U.S. interest that visa applicants have ready access to our services. We support our colleagues at the Departments of Homeland Security and State in their efforts to administer a system that safely guards our borders while providing responsive, friendly service to potential visitors who we welcome.

Over the last few years, the Department of State has taken a number of steps to improve the transparency, efficiency and predictability of the visa process. These efforts have included adding new consular positions, investing in automating outdated systems, and finding new ways to streamline the visa process, while maintaining all necessary security measures.

Over 68 percent of our overseas travelers come to the United States from Visa Waiver Program (VWP) countries and 60 percent of all receipts (exports) come from VWP countries.[4] VWP enables nationals of 27 countries to travel to the United States for tourism or business for stays of 90 days or less without obtaining a visa. This is an important program to the U.S. travel and tourism industry and the discontinuation of VWP would severely affect the industry.

For citizens of non-VWP countries, a visa is necessary for entry to the United States. We must ensure that our visa policy excludes those who would do our country harm, but be vigilant that legitimate travelers are permitted entry. The Departments of State and Homeland Security are working every day to strike the right balance between "Secure Borders and Open Doors."

Tourism Export Expansion

It is important for us to also consider various policies and promotion issues affecting tourism.

Facilitation of Chinese Group Leisure Travel to the United States

There is significant potential for growth of Chinese tourism in the United States. The impediments to this expansion lie in requirements imposed on leisure travelers by the Chinese government. Specifically, Chinese policies do not permit travel and tourism advertisements for destinations, such as the United States, that do not have an "approved destination status" agreement with China. This is currently part of our trade negotiations, and we are hopeful that we will achieve progress.

Air Linkages

The liberalization of air services between countries generates significant additional opportunities for the airlines, consumers, travel and tourism, and other industries. To date, the U.S. Government has initiated and completed over 70 Open Skies

[4] U.S. Department of Commerce, Office of Travel and Tourism Industries.

bilateral agreements with foreign countries. In addition, more liberalized (but not yet "Open Skies") agreements are in place with China and Japan. In November 2005, the United States and the European Union reached an ad-referendum agreement on an Open Skies agreement that would affect all of its member countries.

Travel and Tourism Promotion

In the United States, the private-sector, states, localities and destinations provide the bulk of travel and tourism promotion. Having said this, in 2004, Congress directed the Department of Commerce to conduct a $6 million campaign to market the United States as a travel destination. A private-sector Travel and Tourism Advisory Board was established, and they recommended allocating the funds to a pilot program in the U.K., which is our Nation's largest tourism export market which had suffered a decline after 2001.

The objectives for the Department of Commerce's U.S. Tourism Promotion Program were to: (1) increase awareness of the United States as a travel destination; (2) increase positive perception of the United States as a travel destination; (3) increase interest and future intent to visit the United States; and (4) increase economic benefits from visitation.

A campaign was developed using the tagline "You've Seen the Films, Now Visit the Set™". Using films featuring U.S. destinations as a vehicle to showcase America as a desirable and exciting long-haul destination for U.K. travelers. The cooperation of all of the movie studios and actors resulted in securing these film clips and images at no cost to the government.

An independent research schedule was developed to ensure the highest standards of accountability for the campaign. The reports concluded that the campaign met all of our goals. The advertising increased awareness by reaching approximately 12.8 million people in the U.K.. The advertising increased by 10 percentage points the number of people who mentioned the United States as a "dream destination" (above those who did not see the campaign.) The campaign increased the number of those who said they intend to travel to the United States by approximately 2 million people. A high percentage of those intended travelers actually converted into sales, with 362,000 visitors who saw the campaign booking a trip to the United States.

This program was continued for a second year in the U.K., and a second pilot program is being launched in Japan this month, again with funding directed by Congress. An additional $4 million has been appropriated, and we will continue to work with the Advisory Board to devise the best use of these funds.

We hope that the private sector will consider these results as they develop their own marketing strategies.

Specialty Tourism

A developing phenomenon in the U.S. tourism industry is in the emergence of specialty tourists who visit our Nation to take advantage of specific services, such as our healthcare and higher education systems. While not necessarily a pure tourism purchase decision, some elements of the travel and tourism industry play an important role in the consumer decision-making process.

Medical

The United States continues to be the top destination for advanced medical treatment and features many of the world's leading hospitals and clinics. By 2001, foreign visitors to the United States spent approximately $1.9 billion on medical treatment. Following a sharp drop-off related to 9/11 and SARS, among other factors, these services exports totaled $1.46 billion in 2002, $1.571 billion in 2003 and $1.661 billion in 2004.

Foreign competition for these patients and others who might in the past have preferred to visit the United States for treatment has been growing in recent years.

Education

Travel to the United States for university, college, and community college degree programs and specialized training courses by foreign visitors represents another specialized form of travel. Education, or "educational tourism," represents more than $14 billion in U.S. services exports and is recovering from the setbacks of 9/11.

In both medicine and education, we believe strongly that the United States offers the finest systems and institutions in the world and encourage people to come here for their education and for advanced medical treatment. These two areas provide some of the best ways to build the reputation of the United States.

Gulf Coast Region

We are aware that Hurricanes Katrina and Rita have devastated the tourism industry in the Gulf Region. The challenges that affect many businesses there are no

less profound for the travel and tourism industry. The Commerce Department has made a grant of $500,000 to the Southeast Tourism Society to market the region to travelers. Our Travel and Tourism Advisory Board held its first meeting after rechartering in New Orleans in March. At the Secretary's request they have submitted a strategy for recovery of tourism in the region. The Secretary has shared this document with the 16 members of the Tourism Policy Council and they will discuss these recommendations at their next meeting in July.

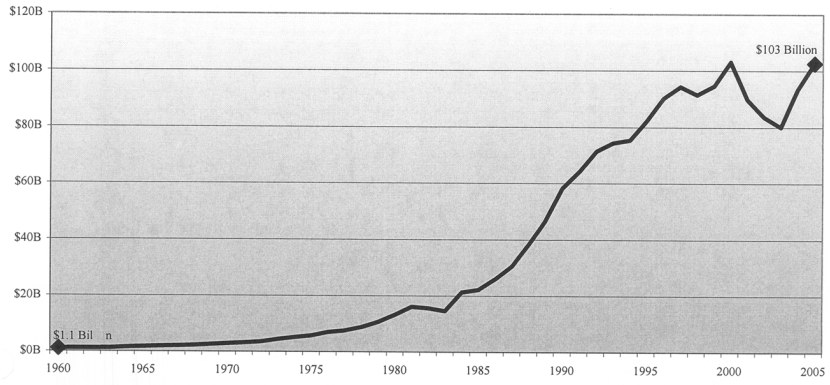
Travel to the affected parts of the Gulf Coast Region is increasing. Airport operations at the New Orleans International Airport dropped precipitously following Hurricane Katrina in late August 2005. Airline arrivals and departures declined 93 percent in September 2005 compared to September 2004. Airline passenger traffic has since grown to over 500,000 passengers a month from a low of 43,000 in September 2005.

Conclusion

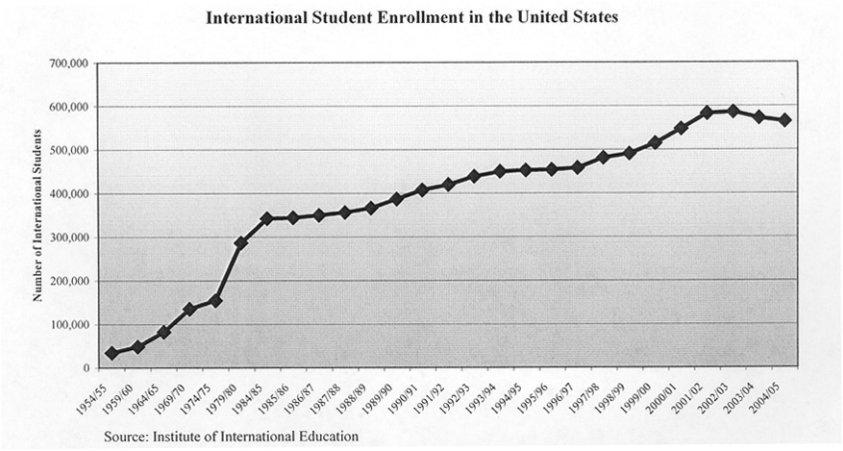
The travel and tourism industry in the United States is rebounding from the shocks of 9/11, and SARS, and is dealing effectively with the continuing economic challenge of the airlines. Since the last quarter in 2003, both arrivals and receipts have been on the rise. We anticipate, all other things being equal, that the sector will surpass the 2001 benchmark in 2006. The U.S. industry is growing at twice the world rate in global arrivals.

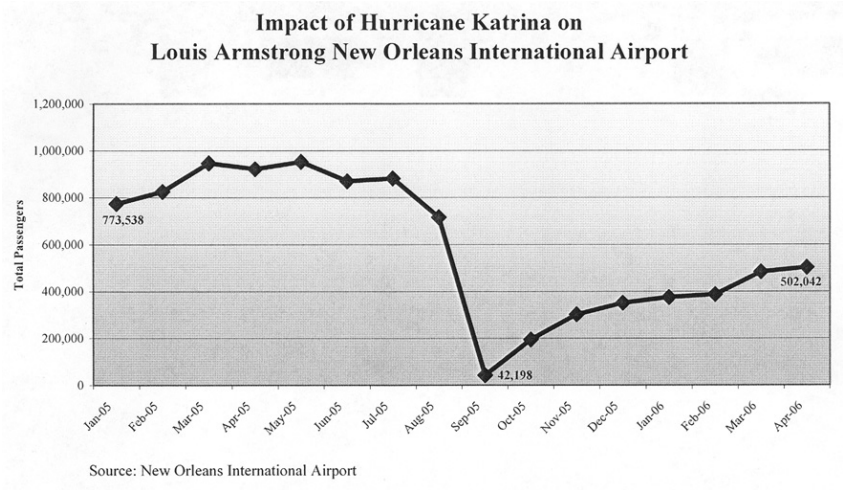
We believe that the appropriate role for government is to create a positive business climate by removing barriers within our own government and working with other governments to remove market impediments and build bridges to new markets. We are working with the private sector to develop a national tourism strategy that will further identify impediments to growth, and public-private solutions. We have taken and continue to take action to support the recovery of the travel and tourism sector in the Gulf Region. We are in discussions with our trading partners to facilitate market access. Our goal is to develop a comprehensive travel and tourism policy framework to foster the development of the finest travel and tourism industry in the world.

U.S. Travel and Tourism Receipts (Exports)
1960-2005



Source: U.S. Department of Commerce, Bureau of Economic Analysis





Senator SMITH. Thank you, Mr. Secretary.

Ambassador Nesbitt?

STATEMENT OF HON. WANDA L. NESBITT, PRINCIPAL DEPUTY ASSISTANT SECRETARY, BUREAU OF CONSULAR AFFAIRS, DEPARTMENT OF STATE

Ambassador NESBITT. Chairman Smith, Co-Chair Senator Inouye, thank you very much for giving us this opportunity to talk about the efforts of the Department of State, and specifically the Bureau of Consular Affairs, to meet our commitment to the policy of secure borders and open doors.

Secretary of State Condoleezza Rice summarized this commitment at her confirmation hearing when she said, and I quote, "Our interaction with the rest of the world must be a conversation, not a monologue, and America must remain open to visitors and workers and students from around the world. We do not, and will not,

compromise our security standards, yet we cannot close ourselves off from the rest of the world."

We, in the Bureau of Consular Affairs, are very cognizant of how our work impacts the travel and tourism industry. Our mission is to strive for the ideal balance between protecting our borders and promoting a vibrant, open, and global society here at home. The challenge is not an easy one, but we firmly believe that these objectives are not contradictory, that when America is more secure for Americans, it is more secure for everyone.

We are also very much aware of the economic benefits generated by international visitors. When Assistant Secretary Maura Harty or I speak to consular officers who are in training, for example, we remind them that last year the United States welcomed approximately 49 million foreign visitors, who spent over $100 billion here on travel-related expenses. We know that, beyond the dollar signs, the goodwill that we engender among foreign visitors who come to the United States either to attend school, do business with us, or experience some of our cultural and tourist opportunities, that their experience is priceless.

At the same time, we must balance the security requirements of protecting our homeland. The context for today's U.S. visa policy and security posture is September 11, 2001. In the period following 9/11, we took a long, hard look at visa procedures, and we implemented many changes. We continue today to review those procedures regularly to make sure that we are doing everything possible to make this country more secure for our citizens and our guests.

Consular officers posted overseas are responsible for adjudicating more than 7 million visa applicants annually in a manner that both protects U.S. borders and facilitates the travel of legitimate visitors and immigrants to the United States. This work is the backbone of our "Secure Borders and Open Doors" policy.

Today, 97 percent of approved travelers receive their visa in 1 to 2 days. We have streamlined the clearance process for those applicants who are subject to additional screening so that they, too, can expect a prompt response. We continue to make improvements by automating and updating visa processing systems, with a view to achieving greater transparency, efficiency, and predictability.

Since 9/11, we have added 515 new consular officer positions around the world, we've enhanced training programs and interviewing techniques and counterterrorism detection, while continuing to emphasize the need for efficiency and the importance of facilitating legitimate travel. We are also exploring ways to use cutting-edge technology to facilitate the visa process even further.

Just a few recent examples of some of the actions that our Embassies and Consulates abroad have taken to facilitate travel include things we've done specifically for the business community. Many of our posts abroad now have formal programs which they use to enroll major companies, and this permits their employees to obtain expedited appointments. It permits those foreigners who American businesses are inviting to the United States to essentially go to the front of the line so that there is no delay in their processing.

Here in Washington, we've created a Business Visa Center to provide information to businesses who are inviting foreigners to the

United States for either business or other types of conventions. We have made many efforts to increase the transparency of the visa process for every category of visitor. All of our posts maintain websites that provide up-to-date information on how to apply for a visa, on what the wait time is for an appointment so that they can plan ahead and they can obtain the services they need well in advance of their trip.

We are also working to implement, in as smooth a manner as possible, new legal requirements passed by the Congress as part of the Intelligence Reform and Terrorism Prevention Act of 2002. As I'm sure you know, Mr. Chairman, that Act requires that all travelers, including Americans, present a passport or other secure document denoting identity and citizenship to enter the United States. We plan to implement the requirement through the Western Hemisphere Travel Initiative, and, from the outset, we have reached out to business, to industry, and to the general public to solicit their views. And we will continue to do so.

From those interactions, we've learned, for example, that many residents of border areas see a need for a less expensive and more convenient travel document than a traditional passport book. Those interactions were the genesis for the development of a passport card, which was announced by Secretaries Rice and Chertoff this past January. We continue to work with our partners at DHS on the development of this card, and we are confident that it will be a useful facilitator of cross-border travel.

Finally, Mr. Chairman, I would like to mention that the Bureau of Consular Affairs is an active participant in the Department of State's Avian Flu Working Group, chaired by Ambassador John Lange, our Special Representative for Avian and Pandemic Influenza. Our role is to provide, and to make sure, that information is available to Americans who are residing or traveling abroad, so that they can take whatever steps they deem necessary to prepare for a potential outbreak. And, in the event of an avian flu outbreak, Consular Affairs will stay in contact with, and will assist Americans abroad, as much as possible, within the limits of our authority.

I thank you, once again, for giving us this opportunity to describe the measures that we are taking to improve the passport and visa adjudication processes, and I'll be happy to take any questions you have.

[The prepared statement of Ambassador Nesbitt follows:]

PREPARED STATEMENT OF HON. WANDA L. NESBITT, PRINCIPAL DEPUTY ASSISTANT SECRETARY, BUREAU OF CONSULAR AFFAIRS, DEPARTMENT OF STATE

Chairman Smith, distinguished members of the Committee:

Thank you for inviting me to speak with you today about the efforts of the Department of State and in particular, the Bureau of Consular Affairs (CA), to balance border security objectives with our commitment to ensuring the United States remains "Open for Business."

Introduction

Secretary of State Condoleezza Rice summarized this commitment during her confirmation hearings when she stated "Our interaction with the rest of the world must be a conversation, not a monologue, and America must remain open to visitors and workers and students from around the world. We do not and will not compromise our security standards, yet if our public diplomacy efforts are to succeed, we cannot close ourselves off from the rest of the world."

As the Secretary's words illustrate so well, the Department of State recognizes that this country is at its best when we remain true to our finest principles, to our history, and our common ideals. America is a Nation of immigrants, and has always welcomed visitors from all over the globe, whether they come for tourism, business or study. We recognize that our Nation's well-being is fortified by the contributions—both the quantifiable and those we cannot measure—that visitors make to our society.

The Department of State is cognizant of the economic benefits generated by international visitors to the United States. Last year we welcomed approximately 49 million foreign visitors and they in turn spent over $100 billion here on travel-related expenses. On the academic front, international students contribute approximately $13 billion annually to our economy as they pursue a wide range of educational opportunities available in this country. Furthermore, we continue to facilitate legitimate business travel to the United States. Beyond the dollar signs, the good will that we engender among foreign visitors who visit the United States, attend our schools, do business with us, visit their family members, and experience some of the cultural, economic and tourist opportunities that this country has to offer, is priceless.

At the same time, however, we must balance the security requirements of protecting our homeland. The context for today's U.S. visa policy and security posture is, quite simply, September 11, 2001. In the immediate aftermath of 9/11, the U.S. Government moved quickly to shore-up our Nation's border security and reassure American citizens and international visitors alike that our Nation was safe and secure. After conducting a top-to-bottom review of visa procedures and implementing myriad changes since 2001, we continue working day after day to make sure we have the strongest possible shield in place to protect our country, our citizens—and our guests.

Our mission is to strive for the ideal balance between protecting our borders and promoting a vibrant, open, and global society here at home. While the challenge is not an easy one, we firmly believe that these objectives are not contradictory. And when we make this country more secure for American citizens, we make it more secure for everyone.

Visa Processing

Consular officers overseas in our Embassies and Consulates serve literally on the front-lines of the global war on terror. We have the responsibility for adjudicating immigrant and nonimmigrant visa applications in a manner that protects U.S. borders and deters illegal immigration, while continuing to ensure that family members of American citizens can join them in the U.S., and allowing us to continue to welcome legitimate visitors into our country. This is the essence of the work we do and the backbone of the "Secure Borders, Open Doors" policy.

Today, 97 percent of approved travelers receive their visa in one to 2 days. For the two-and-a-half percent of visa applicants who, for national security reasons, are subject to additional screening, the Department has streamlined the interagency process so that even this small percentage of the overall number of applicants can expect an answer promptly. We continue to make improvements by automating and updating visa processing and screening systems so the overall result is greater transparency, efficiency and predictability—for all our valued visitors—while at the same time promoting security. For example, we are working diligently to transition to 10-print biometric collection and screening for both visa applicants and visa waiver travelers.

In order to adjudicate over 7 million visa applications annually, the Department of State has created more than 515 consular positions since September 2001. The Department has enhanced the training of consular officers overseas in interviewing techniques and counterterrorism, while continuing to also emphasize the need for efficiency and the facilitation of legitimate travel. We are also exploring ways to use cutting-edge technology to transform traditional visa application methods. For example, at many posts applicants can use an Electronic Visa Application form that reduces our data-entry times.

Despite numerous improvements and encouraging statistics on the increased number of visas applications abroad, misperceptions about the visa process still persist. This is true overseas, as well as here at home. The Bureau of Consular Affairs, along with all U.S. Embassies and Consulates, has been engaged in a variety of outreach efforts, particularly to international students and the business community. We want business people, exchange visitors, and tourists to know that America's welcome mat is still out. We want everyone to know that the Department of State is committed to ensuring that the visa application process, or a misperception of it, does not serve as an impediment to legitimate travel to the United States.

Travel Facilitation

The Department of State recognizes that business visitors and tourists are essential to the economic security of our Nation. For that reason, we have instructed all of our overseas posts to facilitate legitimate business and urgent travel and we regularly survey them on their efforts. Our Embassies and Consulates have responded in innovative ways. Many have established formal business facilitation programs that enroll major companies and permit their employees to obtain expedited appointments, or expedited processing on the day of interview. Others expedite appointments for groups or schedule group appointments, and establish specific time blocks when business groups may appear for an interview. Still others set aside specific time blocks to allow certain categories of nonimmigrant visa applicants to appear without a scheduled interview slot.

The Bureau has made efforts to increase the transparency of the visa process to benefit every category of nonimmigrant visa applicants. All our posts maintain websites that provide information on how to apply for a visa. Each posts strives to make their website as useful as possible; some have even worked directly with host governments to get feedback on how their citizens navigate the site and how the United States Government's information could be better communicated to that audience. On the websites, visa applicants can also find estimated wait times for a visa interview appointment. This feature enables business people and tourists alike to plan and make arrangements for their trip—regardless of whether they will spend that trip in an office building or at an amusement park.

In addition to these initiatives, many of our Embassies and Consulates have established business facilitation units to serve as a point of contact for the business community. And our posts around the world have integrated regular business visa training for consular officers into their normal operations to update consular officers on a country's economic conditions, provide information on the structure of the country's business community, and discuss business visa interviewing techniques.

In Washington, the Bureau has partnered with our Embassies and Consulates to create a Business Visa Center, to assist U.S. companies and convention organizers by explaining the visa process when they invite employees or current and prospective business clients and partners to the United States. The Business Visa Center provides information to U.S. companies about the application process for visitor visas for those seeking to travel to the U.S. for business purposes and works with both the companies and the consular officers, when needed, to communicate information effectively between U.S. businesses and posts worldwide.

Here are some more specific examples of how our Embassies and Consulates overseas are extending the welcome of the United States to business travelers and tourists:

- In addition to conducting active outreach with business organizations, Mission India operates a very successful Business Executive Program (BEP) designed to facilitate legitimate business travel, develop relationships with business with strong ties to the United States, and help visa officers make more informed decisions. Employees of the hundreds of companies in India registered in this program have separate lines for screening and interviews.
- Over 600 companies that are members of AmCham China have been accepted into the Business Visa Program managed by Embassy Beijing. Member companies' employees may apply at the Embassy any day of the week and bypass the standard waiting period for a visa interview. Over 10,000 business visa applicants were processed through this channel last year.
- Embassy Singapore instituted a walk-in procedure allowing applicants to apply, be interviewed and (if approved) obtain their visas within 1 day in many cases. They also discussed establishing a business traveler facilitation program in conjunction with AmCham Singapore, but the AmCham indicated that such a program was not necessary or desirable as the international business community is satisfied with Post's current visa processing procedures and speed!
- Our Consulate General in Sao Paulo established a Business Travel program that includes U.S., multinational and well-known Brazilian companies that routinely send business travelers to the United States. The Consulate General receives requests directly from the companies' H.R. departments by e-mail and sets special, expedited appointments for prospective business travelers in the afternoons. Any business traveler whose company is not a participant in the business travel program may also obtain an expedited interview by sending a faxed or e-mailed request.
- And finally, Embassy Seoul has enrolled 141 companies into its Business Referral Program. Companies routinely conducting business activities in the U.S. or

with U.S.-based businesses are eligible for the program. Member company employees receive expedited visa appointments and speedier processing the day of the interview.

- CA's own statistics also show that visa issuances are on the rise. The number of business and tourist visas issued rose to 3 million in 2005 and are being issued even more efficiently in 2006.

These are only a few of the many ways that the Department of State supports business relationships between U.S. firms and their potential clients, partners and customers all over the world.

Passports and WHTI

Another central component of our border security efforts is the adjudication and issuance of U.S. passports. This document is among the most valuable citizenship and identity documents in the world. As the global community becomes more connected all the time, the demand for passports continues to grow. Last year, we issued over 10 million passports and we are well on the way to issuing about 13 million this year. More recently, and in response to the surging demand, the Bureau received approval to hire an additional 130 government personnel to adjudicate passport applications. The Department has also made commensurate increases in private sector staff at our passport facilities.

We are also working on a significant initiative called the Western Hemisphere Travel Initiative or WHTI that will affect travel to the U.S. by American citizens as well as citizens of Canada, Mexico and Bermuda. WHTI is our plan to implement a provision in the Intelligence Reform and Terrorism Prevention Act of 2004 that established a legal requirement for American citizens and travelers from other countries in the Western Hemisphere to enter the United States, beginning January 1, 2008, with a passport or other accepted form of documentation denoting citizenship and identity. This requirement will apply to travel to the United States from Canada, Bermuda, the Caribbean and Mexico as well.

The goals of the Western Hemisphere Travel Initiative are to strengthen our border security and facilitate re-entry into the United States for American citizens. This requirement streamlines the review process so only a limited number of documents that denote citizenship and identity can be presented at Ports of Entry, rather than one of more than 8,000 different versions of documents currently in use today.

The Department of State is also engaged with our hemispheric neighbors to make sure that they are aware of the requirements of WHTI. We want to ensure that WHTI does not hinder the legitimate flow of people and goods between our nations. Because WHTI represents a significant change to current practice, we are planning to roll it out in phases, and provide advance notice to the public to help people get a passport or other secure document in time for their planned travel.

Throughout this process, we have been engaging the public, including citizens, business leaders, and local government. Many residents of border areas requested a less expensive, more convenient travel document than the traditional passport book for land border crossings.

As part of the Rice-Chertoff Initiative, Secretaries Rice and Chertoff announced in January the development of a passport card that carries the rights and privileges of a standard U.S. passport. 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 card will be produced as part of a system of Border Management travel documents called People, Access, Security, Service (PASS).

Conclusion

It is our government's fundamental commitment to balancing our security needs with the *openness* of the United States that the Department of State is striving to maintain each day. We have taken extraordinary measures to make the passport and visa adjudication processes more efficient and more accessible and we have done so with an unwavering commitment to highest security standards. We believe these actions benefit American public at home and abroad, as well as the foreign citizens that visit our country by facilitating their legitimate travel.

Mr. Chairman, members of the Committee, I thank you again for inviting me to participate in this hearing and to explain the Department's efforts to promote exchange through travel and trade within the context of our commitment to Secure Borders *and* Open Doors.

I look forward now to answering your questions.

Senator SMITH. Ambassador Nesbitt, just to clarify, will the passport card replace the old passport?

Ambassador NESBITT. No, it will not. We would issue both.

Senator SMITH. You'd issue both because the card can't be used everywhere.

Ambassador NESBITT. That's correct.

Senator SMITH. But where it can be used, it'll just be done electronically, and, I suspect, easily.

Ambassador NESBITT. That's our hope, certainly.

Senator SMITH. That's the hope, OK.

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

Mr. JACKSTA. Good morning, Chairman Smith, Co-Chairman Inouye. I am pleased to be here to represent DHS and Customs and Border Protection today and to talk a little bit about what we're doing with facilitation of travelers, as well as making sure that our borders are secure.

The United States has over 7,000 miles of shared borders with Canada and Mexico. We have 325 ports of entry. And each day, CBP officers at the ports of entry must inspect close to 1.1 million travelers coming into the United States.

With that, last year we welcomed over 431 million international travelers to the United States. During Fiscal Year 2005, we saw close to 86 million travelers coming to our airports. And that's the first year that we actually saw an increase over the pre-9/11 numbers.

As the guardian of our borders, CBP is charged with the management, control, and protection of our Nation's borders, both at and between the official ports of entry. CBP employs highly-trained, professional personnel, resources, and law enforcement authorities to discharge our priority mission of preventing terrorists and terrorist weapons from entering the United States. Carrying out our important mission entails not only improving security, but also extending our zone of security out from the United States.

Our strategy uses advance electronic information and an automated risk-management system that identifies and targets high-risk travelers well before their arrival into the United States. CBP has also initiated partnerships with other governments and the private sector, and created trusted, vetted traveler programs to identify low-risk travelers and allow them to quickly pass through our borders.

At our Nation's ports of entry, CBP uses sophisticated detection technology to rapidly screen high-risk cargo for weapons, radiation, and other contraband. In addition, all CBP officers receive antiterrorism training, which enables them to recognize, identify, and interdict individuals who pose a risk to the United States.

In Fiscal Year 2005, over 84,000 individuals were apprehended at the ports of entry trying to cross the border with fraudulent documents. On an average day, CBP intercepts more than 200 fraudulent documents, arrests over 60 people at the ports of entry, and

refuses entry to hundreds of noncitizens, a few of which are criminal aliens and are attempting to enter the United States.

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. Standard documents will eliminate the time-consuming, manual process of reviewing and validating a host of distinct birth certificates and driver licenses. Having standardized documents will enable an automated reading and vetting of the information, which will enable us to increase traveler facilitation.

As part of our layered approach to border security, CBP employs a host of trusted-traveler programs. This includes the SENTRI program, which is down on the southern border, the Free and Secure, FAST program, which is for commercial travelers on the northern border and on the southern border, as well as the NEXUS program, on our northern border. These programs facilitate the crossing of low-risk travelers and commercial truck drivers at the land borders through dedicated lanes. To date, approximately 225,000 individuals are enrolled in these programs and are currently using the systems. These are programs that have been worked, together with the Canadians and the Mexicans, who both participate in the program with us.

At the center of our targeting is the CBP's National Targeting Center, where CBP personnel use automated targeting systems to analyze advance information about passengers before they arrive in the United States. This allows us to take appropriate action when flights arrive at our ports of entry.

Today, CBP collect biometrics on certain non-U.S. citizens at air, land, and sea locations, through the US–VISIT system. This system checks the individual against a fingerprint-based watchlist of known or suspected terrorists and other criminal information. The US–VISIT program has substantially added to CBP's screening capabilities to process travelers in a timely fashion.

We also have the Immigration Assistance Program, where we have officers stationed overseas to screen individuals before they get on planes to the United States. We have the Carrier Liaison Program, which is a program that we work with the industry. We have trained their employees to discover fraudulent documents and to discover possible individuals trying to enter the United States illegally. We have trained close to 1,200 individuals this past year.

In addition, we have various working programs with the Department of State and with other agencies, trying to ensure that we protect the borders by making sure that our officers are aware of the various responsibilities and the laws that are needed to be enforced.

We have the Model Ports of Entry Program, where we've identified both the Dulles and Houston Airports as locations where we are going to work with the industry and the airport authorities to improve the processing.

And, finally, we are working with CDC/HHS to ensure that we have a plan, a program, and a response to a possible threat of avian flu.

These are some of the programs that we are trying to ensure we can facilitate low-risk travelers, and, at the same time, make sure

that individuals that are a threat are identified, and appropriate actions are taken at our ports of entry.

I would be happy to answer any questions you may have.

[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

Good morning, Chairman Smith, Ranking Member Dorgan, distinguished members of the Subcommittee, I am pleased to be here today to discuss how the Department of Homeland Security (DHS) is moving forward on programs that will provide traveler facilitation while still providing the level of security required to protect the United States. This is an enormous challenge. We have over 7,000 miles of shared borders with Canada and Mexico, 325 official ports of entry, and each day DHS Customs and Border Protection (CBP) Officers must inspect more than 1.1 million passengers and pedestrians. However, last year alone, CBP welcomed over 431 million travelers through official ports of entry. During Fiscal Year 2005, CBP processed a record 86 million air passengers arriving from abroad, the first year that the number of air passengers has exceeded pre-9/11 levels.

CBP is charged with the management, control, and protection of our Nation's borders, both at and between the official ports of entry. As America's front-line border agency, CBP employs highly trained and professional personnel, resources, expertise and law enforcement authorities to discharge our priority mission of preventing terrorists and terrorist weapons for entering the United States. Carrying out our extraordinarily important mission entails not only improving security at and between our ports of entry along the entire length of our land and maritime borders, but also extending our zone of security beyond our physical borders.

CBP has implemented a "smart border" strategy to provide security and enforce U.S. laws both at and between ports of entry, as well as extending our security zone beyond our own borders. This strategy uses advance, electronic information and an automated risk management system that identifies and targets high-risk cargo and people well before arrival in the United States. CBP has also initiated partnerships with other governments and the private sector trade community, and created trusted, vetted traveler programs, to identify low-risk cargo and people and allow them to quickly pass through the border, thereby freeing up CBP resources to focus on unknown, higher-risk traffic. At the ports of entry, CBP uses sophisticated detection technology to rapidly screen high-risk cargo for weapons, radiation, and other contraband. All CBP officers receive antiterrorism training to better enable them to recognize, identify, and interdict individuals who pose a terrorist risk.

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 increased traveler facilitation.

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 sixty people at ports of entry, and refuses entry to hundreds of non-citizens, a few dozen of which are criminal aliens that are attempting to enter the United States.

On March 23, 2005 in Waco, TX, President Bush, along with Canadian Prime Minister Martin and Mexican President Fox, unveiled the Security and Prosperity Partnership for North America (SPP), a blueprint for a safer and more prosperous continent. The Leaders agreed on an ambitious security and prosperity agenda, which will keep our borders closed to terrorists and open to trade. The three leaders established ministerial-level Security and Prosperity working groups. Secretary Chertoff chairs the security agenda while Secretary of Commerce, Carlos Gutierrez, chairs the prosperity agenda.

The Leaders met again this year on March 31 in Cancun to review progress and renew commitment to enhance the security, prosperity, and quality-of-life of the citizens within North America. The leaders announced the creation of a North American Competitiveness Council (NACC). The Council will be made up of members of the private sector from each country who will meet annually with security and pros-

perity Ministers and will engage with senior government officials on an ongoing basis. CBP looks forward to its role in working with the NACC.

As part of a layered approach to border security, CBP employs a host of programs. CBP's 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 Border Crossing Card (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 at which 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.

At the center of our targeting efforts is CBP's National Targeting Center (NTC), where CBP personnel use the Automated Targeting System (ATS) to analyze advance information about passengers before they arrive in the Untied States. The NTC employs sophisticated risk assessment rules and algorithms based upon strategic intelligence about terrorist threat, and incorporates data from numerous national intelligence and law enforcement databases, to screen all passengers traveling to the United States for potential terrorist connections or terrorist risk factors.

CBP collects biometrics on certain non-U.S. citizens at primary in-air and sea ports and at secondary in-land ports and, through the US–VISIT system, checks the individual against a fingerprint-based watchlist of known or suspected terrorist, wants and warrants, immigration violations, and other criminal history information as well as to determine whether the person is the same one previously encountered by DHS or State. The US–VISIT Program has substantially added to CBP's screening capabilities without impacting CBP's ability to process travelers in a timely fashion. At the ports of entry, CBP's Counter-Terrorism Response Unit can conduct intensive questioning and inspection, search, and interview of individuals. CBP has developed clear and comprehensive policies for responding when we encounter a terrorist watch-listed individual or suspected terrorist.

In partnership with the private sector and state and local governments, DHS and the Department of State have introduced a pilot "model airport" program to ensure a more welcoming environment for foreign visitors. The pilot projects at the Houston and Dulles airports entail such features as customized video messages for the public with practical information about the entry process, improved screening and efficient movement of people through the border entry process, and assistance for foreign travelers once they have been admitted to the United States.

The Immigration Advisory Program (IAP) extends our zone of security outward by screening overseas passengers before they board aircraft destined for the United States. IAP teams identify high risk and terrorist watch-listed passengers using the Automated Targeting System in CBP's National Targeting Center, and advise the airline whether the passenger will be admissible to the United States upon arrival.

The Carrier Liaison Program (CLP) was developed to enhance border security by increasing commercial carrier effectiveness in identifying improperly documented passengers destined to the United States. The primary method for accomplishing this mission is by providing technical assistance and training to carrier staff. Technical assistance includes publication and distribution of information guides, document fraud summaries and alerts. In addition, CBP is developing the 24/7 Carrier Response Center phone line that provides real-time entry requirements and document validity advice to carrier staff worldwide. The U.S. Immigration and Customs Enforcement Forensic Document Laboratory (FDL) supports CLP in multiple ways, to include providing FDL Document Alerts to the CLP for distribution to airline personnel.

The CLP provides training on U.S. entry requirements, passenger assessment, fraudulent document detection and imposter identification using state-of-the-art document examination material, equipment and training tools. Training is customized to meet the needs of specific carriers or locations based on performance analysis or emergent circumstances. Training is delivered at U.S. ports of entry and at airports abroad by experienced CLP officers. CLP officers also assist carriers to develop and implement strategies to reduce travel document abuse.

In January 2005, CBP created the Fraudulent Document Analysis Unit (FDAU) to collect documents, provide the ports with analysis of document trends and intelligence information, and to target persons being smuggled into the United States

using fraudulent documents. By the end of December 2005, the FDAU received 40,875 fraudulent documents confiscated at ports of entry and mail facilities. Working with the FDAU, CBP will increase this number in the future.

As you are aware, Avian Influenza, or "bird flu," is a highly contagious viral infection that has the potential to threaten our economy and the public health. The goals of the Federal Government's response to a potential pandemic are to stop, slow, or otherwise limit the spread of a pandemic to the United States and to sustain our infrastructure and mitigate the impact to our economy. CBP must be prepared to maintain essential services, mitigate against the spread and consequences of a pandemic, and protect our workforce and the public. CBP is working with our DHS partner agencies, as well as the Centers for Disease Control and Prevention (CDC), to develop an effective strategy for entry-exit procedures and travel restrictions during a pandemic.

CBP officers are committed to the highest standards of professional conduct. We want to assist the millions of legitimate travelers who pose little or no threat, in gaining proper entry into the U.S., both safely and efficiently. As part of this effort, CBP recently implemented a campaign to educate travelers. Here are some of the best pieces of advice CBP can provide to travelers to help them have a safe, efficient and enjoyable trip abroad:

Declare everything you are bringing in from abroad, even if you bought it in a duty-free shop. All passengers arriving on a plane must complete a CBP declaration form. This declaration prevents the unintentional introduction of prohibited items, such as fruits and food products that could introduce devastating diseases and pests into the United States, and severely damage U.S. agriculture. If items purchased abroad are intended for personal use or as gifts, they are eligible for duty exemptions. If they are intended for resale, they are not. If any duty is owed, a CBP officer will assist you in paying that duty.

Many travelers look forward to bringing home special food items from abroad. However, it is important to "know before you go" which items can and cannot be brought into the United States from abroad. Every food product, fruit and vegetable *must* be declared to a CBP officer, and must be presented for inspection. It is important to remember that the rules and regulations are in place to protect the American economy, plant and animal wildlife, and the health of the American people.

Members of the Subcommittee, I have outlined a broad array of initiatives today that, with your assistance will help CBP continue to protect America from terrorist threat while fulfilling our other important traditional missions. But our work is not complete. With the continued support of the Congress, CBP will succeed in meeting the challenges posed by the ongoing terrorist threat and the need to facilitate an ever-increasing number of legitimate shipments and travelers.

Thank you again for this opportunity to testify. I will be happy to answer any questions you may have.

Senator SMITH. Thank you very much.

Doctor——

Dr. LEDUC. LeDuc, yes. Jim LeDuc.

STATEMENT OF JAMES W. LEDUC, PH.D., COORDINATOR FOR INFLUENZA, CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Dr. LEDUC. Good morning, Senators. Thank you for the invitation.

It's my pleasure to discuss with you today the very important global threat that we face in pandemic influenza. During my comments, I'll summarize for you, very briefly, the worldwide situation with regard to avian influenza, then describe some of the preparedness activities that we've undertaken, both within the United States and globally.

Highly pathogenic H5N1 avian influenza infections in both animals and humans have spread significantly since the beginning of this year. The World Organisation for Animal Health, the OIE, has received reports of millions of infected domestic poultry and wild birds in more than 50 countries in Asia, the Middle East, Europe,

and Africa. As of the 20th of June of this year, the World Health Organization has reported a total of 228 human infections, and more than half of those have ended in death.

Almost all human cases have been directly or indirectly associated with exposure to sick or dying poultry, although limited human-to-human transition cannot be ruled out in a few instances. Ongoing careful laboratory analysis of virus isolates from these outbreaks has documented continued genetic and antigenic changes in the viruses. But, importantly, there's no evidence to suggest that the virus has acquired the ability to be easily transmitted from person-to-person.

As part of our global preparedness efforts, we continue to work very closely with the World Health Organization and other international organizations to build national capacity within nations at risk so that they are better prepared to recognize and investigate possible outbreaks of avian influenza. This involves assistance in training and outbreak investigation techniques and building adequate laboratory capacity so that appropriate clinical specimens are obtained and fed into the WHO Global Influenza Network for comprehensive characterization. This critical first line of defense is essential for early recognition of a potential pandemic and will allow us to attempt to aggressively control an outbreak early on, onsite, before it spreads. This foundation of international collaborations is the first pillar of our national strategy to defend against pandemic influenza. An outbreak anywhere is a threat everywhere.

We are making similar investments with State and local governments to better prepare for the possibility of pandemic influenza. We have built upon the existing laboratory response network, first created to diagnose diseases of bioterrorism potential, so that they can also rapidly and accurately diagnosis avian influenza, should suspect cases occur in their communities. And we're working very closely with State and local officials to develop and exercise plans to respond to pandemic influenza. Part of these efforts is the augmentation of the Strategic National Stockpile to include stocks of antiviral drugs and other essential items that will help each community respond to a potential pandemic.

And, finally, significant investments have been made to enhance our national vaccine production capabilities so that a vaccine against pandemic influenza can be produced and delivered as quickly as possible. It's important to stress, however, that we will need to have the virus causing the pandemic in hand before we can make an effective vaccine; thus, a critical product of our international collaborations is to ensure that we have access to pandemic virus strains early on as quickly as possible.

In closing, let me say that we clearly recognize the devastating economic and societal impact that a global influenza pandemic would have on all sectors of our national economy. We take our responsibility as the protector of our Nation's health very seriously, and our goal is to provide the most accurate information, guidance, and recommendations as quickly as possible, based on solid scientific facts and proven intervention strategies. We're working hard to coordinate our efforts, as you've heard, with other government agencies, with State and local communities, and with the private sector, as well as with our international partners. The investments

that we are making will help us to better prepare for pandemic influenza, and they'll also help us to address the threat of bioterrorism, as well as the next SARS or other emergent diseases.

Thank you very much, sir.

[The prepared statement of Dr. LeDuc follows:]

PREPARED STATEMENT OF JAMES W. LEDUC, PH.D., COORDINATOR FOR INFLUENZA, CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. Chairman and members of the Subcommittee, I am pleased to be here today to provide an update on the potential for an influenza pandemic and to give you a status of public health preparedness, specifically related to travel and trade issues. Although most of my testimony will focus on the current threat of avian influenza A (H5N1), it is important to keep in mind that a pandemic could emerge from other influenza strains and that continued national and global vigilance is essential. The Department of Health and Human Services (HHS) and its Centers for Disease Control and Prevention (CDC) are leaders in this effort, working in close partnership with colleagues from the Departments of Commerce, State, Agriculture, and Homeland Security, state and local leaders, and many other organizations in the United States and throughout the world.

The Current Status of H5N1 Influenza Virus

Highly pathogenic avian influenza A (H5N1) virus infection in both animals and humans has spread significantly since the beginning of 2006. As of June 21, 2006, the World Organisation for Animal Health (OIE) had received reports of infections in millions of domestic poultry and wild birds in more than 50 countries in Asia, the Middle East, Africa, and Europe. As of June 21, the World Health Organization (WHO) had confirmed human cases of H5N1 influenza in 10 countries: Azerbaijan, Cambodia, China, Djibouti, Egypt, Indonesia, Iraq, Thailand, Turkey, and Vietnam. As of June 21, WHO had confirmed a total of more than 225 human cases since January 2004, with an overall fatality rate of greater than 50 percent. Although almost all cases of human infection with the H5N1 virus appear to have resulted from some form of direct or close contact with infected poultry, some clusters indicate that the possibility of limited human-to-human contact, particularly infection within family clusters, merits close attention. In addition, scientists at CDC, WHO, and other organizations have documented ongoing genetic changes in the virus. These changes have important implications for our preparedness efforts in developing influenza pandemic vaccine.

Despite the detection of some genetic changes, scientists have not yet observed fundamental changes in the virus's genetic structure that might allow H5N1 viruses to be transmitted more efficiently from person to person. If such changes were to occur, they would heighten our concern about the virus attaining the capacity for sustained, rapid human-to-human transmission, which is necessary for a pandemic to occur. What we have begun to see is an increasing number of situations where limited human-to-human spread may have occurred among family members who have had close contact with individuals infected with the virus.

Whether the H5N1 virus evolves into the next pandemic or a pandemic originates from another highly pathogenic influenza strain, continued preparedness is essential. Seasonal influenza causes about 200,000 hospitalizations and 36,000 deaths in the United States each year. In economic terms, seasonal influenza in the United States costs about $37.5 billion annually in healthcare costs and lost productivity. Based on evidence from influenza pandemics in the 20th century, computer models, and other research, CDC estimates that a moderate influenza pandemic could cause about 865,000 hospitalizations and 209,000 deaths in the United States. A severe pandemic could cause an estimated 9.9 million hospitalizations and 1.9 million deaths in the United States. In addition, unlike seasonal influenza, a pandemic could begin at any time of year and could seriously disrupt both domestic and global travel, trade, and other social and economic infrastructure for months or years. It is extremely difficult to calculate estimates of the economic impact a moderate or severe influenza pandemic may have on the United States or on other nations.

Comprehensive, Highly Collaborative Preparedness Planning

CDC and scientific colleagues throughout the world generally agree that as the influenza virus continues to evolve, an influenza pandemic is likely at some point and could be extremely difficult to contain. The comprehensive, highly collaborative preparedness planning now underway is vital to minimize the impact of such an

event. CDC plays a major role in executing public health strategies established by HHS and other departments. These strategies are focused on: ensuring early detection and reporting; a high capacity for laboratory and epidemiological investigations; containment and rapid responses to outbreaks; and sharing of and training on best practices to benefit from lessons learned as we move forward. Public health is one component of much broader preparedness planning founded on guidance from the World Health Organization and the President's *National Pandemic Influenza Preparedness Strategy.* CDC public health preparedness fits within the framework of the *National Strategy for Pandemic Influenza Implementation Plan* published on May 3, 2006, by the White House Homeland Security Council (HSC), ongoing coordination with the Department of Homeland Security (DHS) and the Department of State (DOS), and execution of strategies described in the *HHS Pandemic Influenza Preparedness Plan* released in November 2005. CDC and other HHS agencies are finalizing and exercising their own internal operations plans in conjunction with the strategies, objectives, and performance measurements contained in overarching preparedness plans developed by HSC, DHS, HHS, and other departments and organizations.

Preparedness Measures Related to Trade and Travel Issues

Using the Fiscal Year (FY) 2006 emergency supplemental funds that Congress appropriated to further public health preparedness for an influenza pandemic and its regularly appropriated funds, CDC has begun implementing key projects, many in partnership with other organizations. These projects are grouped broadly under the areas of increasing laboratory capacity and research, improving domestic and international surveillance, strengthening resources for containment and rapid response, and strengthening public communications activities. I will describe a few of the projects that relate most directly to trade and travel.

Laboratory Capacity and Research

The capacity on early detection and reporting of outbreaks caused by H5N1 and other highly pathogenic influenza viruses depends first on strong laboratory capacity and research. The results of these initiatives would have a major impact on travel and trade concerns:

- CDC, the National Institutes of Health (NIH) within HHS, and global partners such as WHO have made significant progress in monitoring changes in the H5N1 virus since they first caused human infections in 1997 and have continued to develop pandemic influenza vaccine reference candidates. CDC and NIH are cooperatively testing candidate reference vaccines, including a series of preclinical and clinical trials to evaluate their safety and dosage requirements. The number of H5N1 vaccine doses on hand is calculated on the basis of different dosage requirements. Interested manufacturers are working closely to prepare limited quantities of these candidate vaccines. This research will be essential both to promptly identify an actual pandemic influenza strain that can be used to make an appropriate vaccine and to have manufacturing and other resources ready to test, produce, and distribute a pandemic vaccine as quickly as possible.
- CDC and its partners regularly monitor the effectiveness of antiviral medications that could be used to help with treatment during early and later stages of an influenza pandemic. Limited epidemiological evidence suggests that one group of antiviral medications, neuraminidase inhibitors, may be effective in fighting H5N1 virus infection when administered promptly and in sufficient quantities. No clinical evidence to date suggests that resistance in H5N1 viruses to neuraminidase inhibitors is present among viruses circulating in birds or untreated humans. Current neuraminidase inhibitors licensed for use in the United States are oseltamivir (Tamiflu™) and zanamivir (Relenza™). CDC works closely with several manufacturers to maintain these antiviral medications, along with other vital resources, in the U.S. strategic national stockpile, for distribution domestically when needed to high-risk priority groups. HHS, DOS, and the Department of Defense (DOD) also work together to help place strategic antiviral supplies in areas of the world where outbreaks are likely to happen, in an effort to contain early pandemic influenza outbreaks as closely as possible to their source.
- CDC has as one of its major responsibilities the development and testing of new rapid diagnostic tests. CDC distributes these tests to the domestic Laboratory Response Network (LRN) laboratories and to those the LRN certifies for use in making preliminary identifications of H5 viruses. This saves time in the diagnosis by allowing more efficient and rapid provisional diagnosis locally at the LRN labs, with CDC providing subsequent confirmatory testing in its BSL–3-

enhanced laboratories. Since December 2005, CDC has made major advances in new rapid diagnostic tests and is now supplying diagnostic tests for H5N1 virus to LRN-certified laboratories. The FY 2006 Emergency Supplemental funds are making it possible for CDC to increase the pace of its research in this area.

- CDC continually analyzes genetic sequence data as the H5N1 virus evolves and supplies viruses and the sequence data, in coordination with WHO and the countries of origin, to certified public and private scientific facilities in the United States and throughout the world.
- HHS recently announced contracts to further both current egg-based vaccine development technology and novel, cell-based technology. The egg-based research will help scientists and manufacturers develop interim solutions that could be particularly important should a pandemic begin in the next one or 2 years. The new emphasis on cell-based research could advance a process to significantly increase the quantity of influenza vaccine produced during a similar amount of time as egg-based technology takes. Funding for both types of research continues to be an essential component of the Nation's comprehensive national pandemic influenza preparedness.

Domestic and International Surveillance

Domestic and international surveillance networks are essential in analyzing and reporting on potential threats to travel and trade:

- CDC has worked with numerous partners since 1990 to strengthen its domestic surveillance network for seasonal influenza and other public health threats. Now, as part of the comprehensive *National Response Plan,* CDC continues to enhance this network and is facilitating active partnerships between states and private healthcare facilities, such as hospitals, that detect and report cases of suspected influenza infections. Although our role in this area is limited, it is essential that states and private healthcare facilities work together to build greater overall capacity to detect and report potential pandemic influenza outbreaks as quickly as possible. The system depends on strong, longstanding working relationships among many health professional groups, as well as on utilizing advances through technologies.
- International surveillance is equally critical in preparing for an influenza pandemic. CDC serves as one of the four WHO Global Collaborating Centers for Influenza. In this capacity, CDC plays a vital coordinating role in ongoing global surveillance of continually evolving influenza viruses. To strengthen its own international surveillance, CDC has invested for a number of years in country and regional training for many nations that now are directly affected by H5N1 influenza. With the help of FY 2006 Emergency Supplemental funds, CDC is establishing an on-ground regional presence with Global Disease Detection (GDD) Response Centers in five key global areas: Egypt, Guatemala, Kenya, Thailand, and PR China. This is part of CDC's efforts to strengthen global surveillance capacity by establishing a network of Global Disease Detection and Response Centers strategically placed in each of the six WHO regions. Each GDD Response Center will design and implement key interventions aimed at the early identification and containment of pandemic health threats, whether an act of terrorism or the natural emergence of a deadly infectious pathogen like pandemic influenza. To provide additional support internationally, the agency has enhanced collaborations with WHO regionally and in its Geneva headquarters and has made resources available bilaterally to 13 countries, with more targeted in the coming months. The agency also has posted expert influenza coordinators within three countries that have been hit by the H5N1 virus: Cambodia, Laos, and Vietnam. Posting additional influenza experts in countries and regions that have been hardest hit in recent months is a high priority of the agency. Within the Federal Government, CDC coordinates this and other efforts with DOS and DOD. In particular, the U.S. Naval Medical Research Units (NAMRU) in Indonesia and Egypt are playing a valuable role in prompt confirmatory testing of H5N1 samples from human cases.
- Surveillance of wild and migratory birds, as well as small and large flocks of poultry, has become increasingly important as the H5N1 virus has spread across continents. CDC is working in concert with many groups, including the Wildlife Conservation Society, the Smithsonian Institution, the Department of Agriculture (USDA), the Department of the Interior (DOI), and international organizations such as the Food and Agriculture Organization of the United Nations and OIE to assure comprehensive global surveillance of poultry and mi-

gratory bird pathways, and in collaboration with Federal partners to ensure the importation and exportation of healthy poultry and fowl.

Containment and Rapid Response

Protection of travelers and integrity of safe trade depend on containment and rapid response actions. This is one of the most important areas in which CDC is strengthening its capacity:

- CDC is a leader in a USDA-coordinated multi-agency, scenario-based plan to help ensure a seamless response to the first animal and human outbreaks caused by H5N1 virus or other highly pathogenic influenza strains in the United States. A "playbook" of possible scenarios for first outbreaks has been developed, and CDC will participate with other agencies in conducting exercises with these scenarios in the coming months.
- Under the Security and Prosperity Partnership, CDC also works with our Canadian and Mexican neighbors on public health issues related to the detection and containment of influenza virus infection at out borders. CDC serves on a border working group that includes representatives from Canadian and Mexican public health departments to plan and implement border guidance.
- CDC regularly updates HHS regulations to prohibit the transfer of dangerous select agents into the United States. In the case of highly pathogenic influenza strains such as the H5N1 virus, CDC is acting quickly to prohibit entry of birds and bird-products from countries with confirmed or suspected cases.
- Using regularly appropriated funds and Supplemental Emergency funds from FY 2005 and FY 2006, CDC has significantly enhanced vital quarantine stations at key points of entry, which provide first-line defense to detect and evaluate potentially infectious diseases arriving in the United States. Key roles for the quarantine stations include working in concert with state and local health departments and with other Federal partners to address community mitigation of outbreaks due to highly contagious diseases, and preparing for influenza pandemics using 21st century approaches to traditional non-pharmaceutical interventions. These types of interventions include voluntary isolation and quarantine, social distancing, and infection control strategies. The partnerships are essential to prevent importation and interstate spread of communicable diseases through U.S. ports of entry and in ensuring a coordinated, effective response to emerging disease threats. Sixteen of these quarantine stations currently are in international airports across the United States, and two others are located at major points of entry across the southern land border; two additional stations are scheduled for opening by the end of Calendar Year 2006. Depending on resources, CDC plans to increase the number of quarantine stations to as many as 25 in FY 2007.
- Through $350 million in FY 2006 Emergency Supplemental funding, CDC is administering HHS collaborative agreements with 62 grantees—50 states, six U.S. territories, and six large metropolitan areas. The collaborative agreements are helping these grantees move forward on their preparedness efforts, including identification of potential gaps and carrying out exercises of components of their preparedness plans.
- CDC is working closely with partners at the Department of Labor and HHS to identify research gaps regarding personal protective equipment for use during an influenza pandemic and to update guidance for the public, first responders, and other health professionals. Developing effective guidance is a high-priority area that also is highly complex, requiring unified national guidance on use of masks, respirators, and other resources, as well as decisions about how to store, distribute, and replace these materials quickly during an influenza pandemic.
- CDC and other agencies also are developing practical guidance on non-pharmaceutical interventions that will be especially important during the early months of an influenza pandemic. This includes guidance for healthcare facilities and general public infection control, social distancing practices, isolation procedures, criteria for school and business closures, and voluntary quarantine measures if necessary. Additionally, CDC is enhancing its research agenda around the effectiveness of various non-pharmaceutical interventions that will be necessary to mitigate the impact and contain a pandemic influenza virus internationally, at our borders and within communities in the United States.

Communications

Travel and trade concerns are closely allied with the need for timely, accurate information for the public, health professionals, businesses, and other groups. HHS

and CDC work closely together to provide a broad-based approach to public communications activities, including efforts that incorporate risk communications principles that will be essential when a pandemic occurs. This system of communications activities already is helping alert and educate the public, health professionals, authorities, and others about practical action to take in preparation for an influenza pandemi:.

- The HHS *www.pandemicflu.gov* website, the CDC Traveler's Health web section (*www.cdc.gov*), the CDC Information Hotline, the Health Alert Network, and the Epi-X alert network are primary components of a multi-faceted public communications initiative.
- CDC and other agencies also collaborate with DHS on developing practical guidance for the private sector, educational institutions, and other priority groups preparing for a pandemic.
- HHS is nearing the end of a series of comprehensive state pandemic influenza planning summits across the country that have significantly raised awareness of the potential impact of an influenza pandemic. These summits have served in many cases as an initiative for new levels of contacts between the Federal Government and state and local preparedness groups. CDC has been a leader in each of these events and continues to follow-up with states, territories, and tribal leaders.
- From a communications perspective, the administration of the state and local collaborative agreements noted above provides a highly effective forum for CDC and grantees to communicate frequently, which helps to integrate effective risk communications principles into overall pandemic communications planning and activities.

Challenges

Despite these important strides, our Nation is not yet where we need to be in our public health preparedness for the next influenza pandemic. HHS has led advances in many areas that will contribute to a quick and effective response. CDC, NIH, the Food and Drug Administration, and other HHS agencies are committed to the best possible preparedness and response to an influenza pandemic. The advances we are making have resulted from three major factors: dedication to the highest science-based standards, a spirit and history of collaborative learning and action, and the necessary public and private support of required fiscal and human resources.

We face some significant challenges. A pandemic will require rapid response on many levels—from U.S. communities to areas across the world. Rapid outbreak response requires rapid detection, seamless reporting, prompt, transparent information sharing, and strong, ongoing core laboratory and research capacity. The next influenza pandemic is a multi-year threat that requires a multi-year approach to fiscal and human resources. This is particularly important as the Federal Government seeks ways to encourage ongoing involvement of partners such as vaccine manufacturers, as well as continued state and local preparedness. Thank you for the opportunity to share this information with you. I am happy to answer your questions.

Senator SMITH. Doctor, we read of bird flu in other countries among those handling chickens and ducks and other things, and I'm wondering, do we have any instance of that coming into the U.S.? I'm not aware of one.

Dr. LEDUC. There have been cases of highly pathogenic avian influenza in the United States, but only in poultry. I'm unaware of any human cases——

Senator SMITH. Human, yes.

Dr. LEDUC.—in the United States.

Senator SMITH. So, nothing as it relates to travel that has been——

Dr. LEDUC. No, no.

Senator SMITH.—brought through an airport, that you know of.

Dr. LEDUC. No, not that I'm aware of.

Senator SMITH. OK.

Mr. Secretary, I know there is always a debate as to what the role of tourism ought to be within the Federal Government, wheth-

er you leave it to the market or government can do more to make it a sparkplug. Some countries even have Cabinet-level secretaries in charge of tourism. Do you believe tourism has a sufficient place in the Federal Government?

Mr. LAVIN. Well, Mr. Chairman, I agree that tourism definitely needs a strong voice in the Federal Government. I can assure you, the Secretary of Commerce—beyond my particular role, the Secretary himself—has personally committed to seeing that the tourism industry in the United States is strong and successful. And I know he participates personally with our Travel and Tourism Advisory Board. He charged the Travel and Tourism Advisory Board to develop a national tourism strategy. He personally convened the meeting of the Advisory Board in New Orleans after Katrina to, again, ask them what could be done to put a recovery program into place. So, he is personally committed to the success of that industry.

Senator SMITH. It's my understanding that the Department of Commerce recently received the results from a one-year tourism promotion campaign in the United Kingdom. Is that correct?

Mr. LAVIN. That is correct, sir.

Senator SMITH. Can you share any of the results of that $6 million we spent in the U.K.?

Mr. LAVIN. Right. We've spent $6 million in advertising in the United Kingdom, and then we are in the middle of a $4 million campaign right now in Japan. And we run a series of surveys before and after, to test the effectiveness. And we ended up with a number of statistics that we thought were significant, in terms of the impact they had on awareness of the U.S. as a tourism destination and the number of tourists who've subsequently visited the U.S. and had seen those ads. And I think, in the latter category, we ended up with something like 380,000 or 360,000 tourists who had visited the U.S. and had seen the ads. Is that correct; 360,000? In the former category, I think we determined that awareness of the United States went up by just over 10 percent.

Senator SMITH. Was there any uptick, in terms of tourism from the United Kingdom to the United States because of this?

Mr. LAVIN. Well, there certainly is an uptick because of tourism advertising from the United Kingdom, and we can also discern that a number of these tourists saw the ads. It's——

Senator SMITH. Yes.

Mr. LAVIN.—a bit more conjectural, Mr. Chairman, to——

Senator SMITH. Yes.

Mr. LAVIN.—determine how to—how do we ascribe the role of the ad in shaping that decision?

Senator SMITH. Sure. I also understand you have a clip.

Mr. LAVIN. We do have. I'd be happy to show the Senators the ad.

Senator SMITH. We'd love to see it.

[Video presentation.]

Senator SMITH. The only way that could have been any better, is if Oregon had been mentioned.

[Laughter.]

Senator SMITH. Hawaii, too.

[Laughter.]

Senator SMITH. Very good.

Senator Inouye, questions?

Senator INOUYE. I note in your testimony that 97 percent of visa applications are processed in 1 or 2 days. Is that correct, Madam Secretary?

Ambassador NESBITT. Not exactly, sir. The 97 percent are people who have been interviewed and approved for a visa. Once they're approved, then they get their visa within 1 to 2 days.

Senator INOUYE. Is the visa policy uniform throughout the world, or are certain countries favored?

Ambassador NESBITT. It's uniform throughout the world, in the sense that there is set legislative criteria that every applicant has to meet in order to qualify for a visa, and that criteria is the same everywhere throughout the world.

Senator INOUYE. Now, for example, do you have group issuance in all countries?

Ambassador NESBITT. No, we don't have group issuance anywhere. We interview, and we're required to interview, every individual and make a judgment about every individual.

Senator INOUYE. You don't have any group issuance?

Ambassador NESBITT. Not to my knowledge, sir. There are many instances in which there are performers, and we would have the entire group come at the same time. But we——

Senator INOUYE. Then why are we working on a special program for the Chinese for group issuance?

Ambassador NESBITT. That's a little bit different. We do not—we are not considering group issuance. The Chinese—and perhaps my colleague from Commerce would like to discuss it a little further—the Chinese do have certain agreements under their approved destination status program. And, some of the agreements that they currently have provide for group issuances. One of the reasons we have not reached an agreement with the Chinese is that we can't do group issuances.

Senator INOUYE. Do we have pre-clearance in most countries?

Ambassador NESBITT. The Department of State does not have pre-clearance during the visa process, but the Department of Homeland Security has pre-clearance or pre-inspection in 14 locations in 5 countries at present.

Mr. JACKSTA. I think I can answer that, sir. We have pre-clearance in Canada, Aruba and in the Bahamas, where we have CBP officers stationed in those locations to inspect the individuals before they get on the plane to the United States. When the flight arrives in the United States, that allows them to go to the domestic terminal directly.

Senator INOUYE. None in the European countries?

Mr. JACKSTA. In the European environment, we have what we call the IAP program, the Immigration Assistance Program, where we station officers—a few officers over in Poland, in the Netherlands, and the U.K. They work with the airlines to assist with the review of documentation to ensure only individuals that have the proper documentation get on the planes to the United States.

Senator INOUYE. Do we do that in Latin America? South America?

Mr. JACKSTA. Right now, there is nothing that we do in those locations with the pre-clearance or the IAP programs, but we are looking at additional locations, and hopefully we'll be able to expand the programs to those locations that are the highest risk for possible fraudulent documents and individuals using fraudulent documents to get into the United States.

Senator INOUYE. Do we have that in Asia?

Mr. JACKSTA. In Asia, right now, we do not. But we're also looking at certain airports overseas, in Asia, that we think would be the right places to go to have our officers do prescreening of certain travelers to ensure that there aren't fraudulent documents being utilized to get into the United States. Our strategy is to extend the border out and to stop the individuals before they get on the airlines, which poses a security risk.

Senator INOUYE. I've been receiving communications from the Republic of Korea about special visa arrangements. What is the status of those discussions?

Ambassador NESBITT. I believe you're talking about the Visa Waiver Program, sir. South Korea has been interested, for many years, in qualifying for the Visa Waiver Program, and we have ongoing discussions with them about what the requirements are. Ultimately, that's a decision that would be made not purely by the State Department, but in conjunction with DHS, once Korea meets all of the legislative criteria for the Visa Waiver Program.

Senator INOUYE. I was told that we discontinued our program we had in selling tourism in Europe, internationally. Is that correct?

Mr. LAVIN. The active promotional program run by the Federal Government is the ad campaign which we've run for 2 years in the United Kingdom. There are a range of other promotional programs. Most tourism promotion in the United States is handled by localities or municipalities or by private companies. But, at the Federal Government level, the only program we've run is this 2-year program in the U.K., Senator.

Senator INOUYE. Is it true that most European countries have the person in charge of tourism in a Cabinet position?

Mr. LAVIN. I couldn't speak to what most European countries do. I think we are probably one of the largest markets in the world that doesn't centrally direct tourist promotion from a national level. And if you look in markets such as Australia or Germany, it is typically done through a national body; whereas, in the United States it is typically done by states and localities.

Senator INOUYE. I see. Well, things have improved.

My last question is to the Doctor, here. Are we prepared?

Dr. LEDUC. Are——

Senator INOUYE. I know this is a broad question.

Dr. LEDUC. Are we prepared for a——

Senator INOUYE. A pandemic.

Dr. LEDUC.—pandemic of avian influenza? We're certainly more prepared than we were yesterday, and we continue to be making efforts to prepare both the Nation and globally.

There clearly is a tremendous amount of work yet to be done. And I think the magnitude of the problem is such that it's not going to be an easy fix. I think this is a marathon, as opposed to a sprint, as our Director likes to say.

Senator INOUYE. I believe I saw a movie, not too long ago, where a plane was approaching the United States and it was discovered that one of the passengers had avian flu, or something like that, and they didn't know what to do. What would you suggest, if that ever happened?

Dr. LEDUC. We have in place a number of quarantine stations at our international air facilities. I think the total number of quarantine stations are 18 today, and will be 20 by the end of either this year or next year, I forget which. And I know that there is a desire to increase that number to at least 25 so that all the major air and land crossings have a quarantine station. The scenario would be that if there was a—and this happens with some regularity—if there's a passenger that becomes ill on an airline, they call in advance, the airplane is met, the individual is handled locally at the airport, put into isolation, if appropriate, and taken directly to medical facilities. We have medical officers at many of our quarantine stations, and the goal is to have them at all of them.

Senator INOUYE. And that process is now in place?

Dr. LEDUC. Yes, sir. There are 18 in place today. Not all of those have medical officers, but the majority do.

Senator INOUYE. Thank you very much.

Thank you, Mr. Chairman.

Senator SMITH. Thank you, Senator Inouye.

Ambassador Nesbitt, I just have one question, then need to get—one additional question—then we need to go to the second panel before—I think some votes are scheduled shortly after 11.

The Western Hemisphere Travel Initiative is nearing a deadline without any clarification on how this will be tested or implemented. At least that's my understanding. The cruise industry is also very concerned about the phasing-in of this Travel Initiative, beginning with air and sea travel in December 2006; and then land travel in 2007. They're concerned about confusion of the passengers on what documentation they will need, and when. I wonder if you agree with that concern, and how we can avoid all the confusion that might result.

Ambassador NESBITT. We're certainly aware of the concern, and we understand the concerns associated with it. The January 1, 2008, deadline is set in law, so we are doing our best to try and meet that deadline. The division between having an implementation date that applies to air and sea, versus land-border crossings, that decision was arrived at in an effort to try and obtain the benefits of going to a reduced number of documents as soon as possible. And since most travelers who fly internationally already use a passport, the thinking was that it would be less burdensome and could be implemented earlier, and that we would then be able to give people more time to prepare for the land-border crossings.

But, yes, we're aware that there are concerns about that, and we will try to address them.

Senator SMITH. That's great.

Thank you all for your testimony. We want to express our appreciation for what you do to promote tourism and to facilitate it. And thank you so very much.

Our second panel will have four witnesses: Mr. Jay Rasulo, Chairman of Walt Disney Parks and Resorts; Mr. Jonathan Tisch,

who is the CEO and Chairman of Loews Hotels; Mr. Todd Davidson, Executive Director, Oregon Tourism Commission; and, finally, Dr. Virginia, or "Ginny," Pressler, Senior Vice President of Strategic Business Development at Hawaii Pacific Health, and she is Senator Inouye's witness.

Senator SMITH. Mr. Rasulo, why don't we start with you?

STATEMENT OF JAY RASULO, CHAIRMAN, WALT DISNEY PARKS AND RESORTS; CHAIRMAN, TRAVEL INDUSTRY ASSOCIATION; CHAIRMAN, U.S. TRAVEL AND TOURISM ADVISORY BOARD

Mr. RASULO. Great, thank you.

Mr. Chairman, on behalf of our Nation's travel and tourism industry, I appreciate the opportunity to appear before you to discuss America's competitive position within the fast-growing world travel and tourism market.

I speak today from three perspectives. First, as 2006 Chairman of the Travel Industry Association, which represents the $600-billion U.S. travel industry, I also serve as Chairman of the U.S. Travel and Tourism Advisory Board. This is a panel of the industry's top CEOs that is charged with advising the Department of Commerce on the creation of national strategy to compete for a greater share of the world's growing travel and tourism market. And, finally, I'm Chair of Walt Disney Parks and Resorts, which operates 11 theme parks on three continents, a top-rated cruise line, and 32,000 hotel rooms. Here in the U.S., our vacation businesses are responsible for creating 175,000 jobs, while contributing nearly $9 billion in economic revenue each year to their local economies.

In each of these roles, I've spent a lot of time assessing the future of the world travel and tourism market. There are three realities about that market that I'd like to share with you today.

The first reality is that, in terms of future job creation and economic impact, travel and tourism is one of the most significant growth industries in the world. Country-to-country travel is expected to double over the next 15 years, driving a huge share of the world's job creation, economic growth, and tax revenue. This is a market that is well worth the United States winning.

The second reality is that, within this fast-growing market, consumer expectations, their behaviors, and their booking patterns are evolving at breakneck speed. Today's world travelers not only have more money to spend, they have an increasing number of worthwhile destinations to choose from, they have better access to information, and they expect a higher level of service and ease of movement than ever before. In short, they expect travel destinations to compete for their business. Countries that adapt to these two realities will position themselves to reap a windfall of new jobs and economic growth.

And that brings me to the third reality: The United States will have to adopt a much more competitive mindset in order to reap the benefits of the windfall I've just described. The days in which we were able to rely simply on reputation and word-of-mouth to attract international travelers are long gone. In order to succeed in this new world market, we have to compete.

To illustrate this reality, I'd like your permission to show a short video that has been prepared by our sister brand at Disney, ESPN, which illustrates the high stakes involved in this growing competition.

Senator SMITH. Go right ahead.

[Video presentation.]

Senator SMITH. Hence, the need of this hearing.

[Laughter.]

Mr. RASULO. So, that's clearly an outcome that we do not want to see. But my fear is that we will, unless we adjust our game plan.

Although visitation continues to rise in the U.S.—and this year, we are projected to reach an all-time high—the rest of the world is doing even better and outpacing our growth. In fact, since 1992, America's share of the world travel market has fallen 35 percent. Had the U.S. grown as quickly as the rest of the world over this period, we could have added $286 billion in economic revenue to the U.S. economy and millions of additional jobs.

In order to recapture our share of this growing market, there are two investments that we must make. First, we must ask people to visit us by investing in a nationally-coordinated marketing strategy to move the United States higher on the list of dream destinations. Second, we must invest in creating a first impression of hospitality and friendliness at our borders. Relatively small investments in these two areas will yield very high returns.

For each 1 percent of market share that we gain back, $12.3 billion is added to the U.S. economy, 150,000 more jobs are created, and $2.1 billion in additional tax revenue is raised. And I'm pleased to say that the Travel and Tourism Advisory Board is now engaged in putting together a recommended national strategy to address these two areas. We expect to formally submit this recommended strategy to Secretary Gutierrez later this summer.

I'll conclude by highlighting an even greater reward, the opportunity to win hearts and minds around the world by signaling that our doors are open and that our welcome mat is out.

We all took notice of the recent Pew Global Attitude Survey, which found that the opinion of the United States had fallen in many parts of the world. In today's environment, America's image and reputation matter more than ever, and the Pew Survey was a wake-up call that a great—the greater character of our country and the friendliness of our people are not adequately reflected in world opinion.

I suggest that my industry, the travel and tourism industry, can be a powerful partner to help overcome these misperceptions. I also add that the simple act of asking people to visit us, whether through marketing or friendlier borders, will communicate a great deal about our country, as well. It will demonstrate to the world that we're an open, welcoming, and friendly society, and the millions of travelers who accept the invitation will then meet our people and experience our values firsthand, generating the kind of positive word-of-mouth that marketers can only dream of. With apologies to Von Clausewitz, tourism is diplomacy by other means.

Considering the world we live in today, we simply can't afford not to invest in this type of grassroots public diplomacy. With the

right investment, we can lay out the biggest, brightest, and most alluring welcome mat the world has ever seen.

Thank you, and I'm happy to answer any questions.

[The prepared statement of Mr. Rasulo follows:]

PREPARED STATEMENT OF JAY RASULO, CHAIRMAN, WALT DISNEY PARKS AND RESORTS; CHAIRMAN, TRAVEL INDUSTRY ASSOCIATION; CHAIRMAN, U.S. TRAVEL AND TOURISM ADVISORY BOARD

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To illustrate this reality, I'd like your permission to show a short video, produced by our sister brand, ESPN, which illustrates the high stakes involved in this growing competition:

[ESPN VIDEO]

This is an outcome we do *not* want to see. But my fear is that we *will* . . . unless we adjust our game plan.

Although visitation continues to rise in the U.S., and this year we are projected to reach an all-time high, the rest of the world is doing even better and outpacing our growth.

In fact, since 1992, America's share of the world travel market has fallen 35 percent.

Had the U.S. grown as quickly as the rest of the world, we could have added $286 billion in economic revenue to the U.S. economy, and millions of additional jobs.

In order to re-capture our share of this growing market, there are two investments we must make.

First, we must *ask* people to visit us, by investing in a nationally-coordinated marketing strategy to move the United States higher on their list of dream destinations.

Second, we must invest in creating a first impression of hospitality and friendliness at our borders.

Relatively small investments in these two areas will yield a very high return, bringing billions in revenue and millions of additional jobs to the United States.

And I'm pleased to say that the Travel and Tourism Advisory Board is now engaged in putting together a recommended national strategy to address these two areas.

We expect to formally submit this recommended strategy to Secretary Gutierrez later this summer.

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In today's environment, America's image and reputation matter more than ever. And the Pew Survey was a wake up call that the great character of our country and the friendliness of our people are not adequately reflected in world opinion.

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Considering the world we live in today, we can't afford not to invest in this form of grassroots public diplomacy.

With the right investment, we can lay out the biggest, brightest, most alluring welcome mat the world has ever seen.

Thank you.

Senator SMITH. Thank you.

Mr. Tisch?

STATEMENT OF JONATHAN M. TISCH, CHAIRMAN, TRAVEL BUSINESS ROUNDTABLE; CHAIRMAN/CEO, LOEWS HOTELS

Mr. TISCH. Chairman Smith, Co-Chairman Inouye, thank you for the invitation.

I'm Jonathan Tisch. I am the Chairman and CEO of Loews Hotels. I'm also the Chairman of the Travel Business Roundtable, an organization with 85 members representing various aspects of the travel and tourism industry, retail, sports, publishing, and our mission is to educate our policymakers about the significant economic and social contributions our industry makes to this country.

I also wear a third hat. I serve as Chairman of NYC & Company, which is New York City's travel, tourism, and visitor's agency.

Along with our strategic partner, the Travel Industry Association of America, the Travel Business Roundtable represents all sectors of the $650-billion U.S. travel and tourism industry. As you've heard, 5 years after 9/11, the good news is that people are traveling, once again. But the real promise of travel and tourism lies not in what has occurred, but what we can still achieve. International travel is on the rise; however, we are uncertain if we will reach pre-9/11 numbers this year. In addition, the uptake in international visitation, it should be noted, is largely attributable to increases in visitors from Canada.

Today, I'd like to discuss some of the barriers that impede travel within, but especially to, the United States, their consequences on our Nation's economy, social and homeland security issues, and

ways which the industry can help lift the barriers while helping to secure our borders.

Please be mindful that there is no industry more committed to finding the proper balance between security at our Nation's borders and facilitating free and open commerce and travel across those same borders. As we saw on 9/11, a terrorist attack can cripple our entire industry.

The four barriers I'd like to discuss today are the WHTI, entry-exit procedures and visa policy, the perception of the hurricane-ravaged Gulf Coast, and, as Jay mentioned, the deteriorating image of U.S. around the world.

The travel and tourism industry fully supports the homeland security intent of WHTI, which calls for fewer and more secure travel documents for those traveling across our borders. We have never questioned why, or if, WHTI should be implemented. We are concerned with how and when. The land-border deadline is approaching, but no procurement for alternate travel documents has been issued, nor has any testing of cards or readers been conducted, and time for mounting a public education campaign and issuing the cards to the millions who will need them is running out.

TBR and TIA commend Chairman Ted Stevens and Senator Patrick Leahy for their amendment to the immigration reform bill extending the statutory deadline to June 1, 2009. We realize that a straight extension is not the entire solution to WHTI, but it's a good first step to ensure that there is enough time to get it right.

While the newly created visa business centers have helped alleviate some of the hassles of international travel, there are still under-staffed Consulates, long interview wait times, and very long trips to get to the interview. The average visa wait time in Brazil is 70 days, while the average in India is 132 days. These lengthy times are clearly unacceptable.

Fortunately, wait times in countries such as China and Korea have been reduced, due to additional staffing and expansion of interview hours. Being in the hotel business, we all understand that you never get a second chance to make a first impression. When a guest arrives, he should be looked in the eye, greeted with a smile, and offered world-class service. If our front desk agent does that, I increase my odds of the guest returning to my hotel. The same should apply to visitors to our country.

CBP and Transportation Security Administration inspectors, as well as consular officers overseas, should receive customer service training and be evaluated based on their performance in keeping with new professional standards. In addition, staffing levels should be closely monitored to utilize inspectors' efficiency and avoid backlogs.

When Hurricane Katrina hit the Gulf Coast, it wiped out one of the Nation's most vibrant and rapidly growing travel and tourism economies. There will be a long recovery time. Unfortunately, international travelers and Americans alike still perceive the devastation and despair immediately following Katrina as the current norm. We must reverse this image. Travel and tourism was the heart and soul of the Gulf Coast. The region is beginning its recovery, but the area still vitally needs additional housing for workers to return to the area, and, more importantly, aid for changing the

negative perception of the area. A promotion campaign to let the world know the once-devastated region is now open for business is desperately needed. We suggest a one-time appropriation to the Mississippi Gulf Coast and New Orleans Convention and Visitors Bureau to support this effort.

The final barrier I'd like to mention is one that Jay mentioned a moment ago, and that's America's deteriorating image abroad. The impediments we erect at our borders contribute to the ever-worsening image of our country overseas. Studies consistently show that when international travelers come to our country and experience American culture and hospitality firsthand, their perceptions of America, and Americans, change, almost without exception, for the better.

So, in addition to serving as an important economic generator, travel and tourism is a very, very vital vehicle for diplomacy. As a Nation, we are not using this vehicle effectively. At a time when the U.S. is the travel bargain of the world, we are still losing international travel market share. Worldwide international travel increased at a rate of 52 percent between 1992 and 2004, but, as you've heard, our overall market share has declined by 35 percent.

Now that I've laid out our most difficult obstacles, let me pose a few solutions.

The following are recommendations for Congress on how to alleviate the negative, unintended impacts of these barriers while continuing to strengthen border security.

Grant an extension for WHTI, and work closely with State and DHS to effectively implement it.

Direct the State Department and DHS to work with travel and tourism experts to include customer service and hospitality training in CBP and consular office curriculum and to assist in evaluating the inspection area for more effective queuing techniques and smarter use of staffing.

And appropriate one-time funding to promote the Gulf Coast as a travel destination that is, as we say in New York City after 9/11, open for business.

As you're aware, Secretary of State Rice and DHS Secretary Chertoff announced their joint vision for Secure Borders and Open Doors on January 17. Our industry fully endorsed this initiative and was encouraged by the announcement. We are now awaiting government action. The industry can play a significant role in both consular and customs officer training in the Model Ports of Entry program at Washington, Dulles, and Houston airports to help carry out this vision.

The industry is also working with the Commerce Department through the U.S. Travel and Tourism Advisory Board. We're currently devising the Gulf Coast tourism revitalization recommendations and comprehensive national tourism policy recommendations, both commissioned by Secretary Gutierrez. It is essential that the public- and private-sectors work together to remove the barriers facing legitimate travelers wishing to visit the U.S.

Marketing and promotion are also key pieces to the overall strategy. As an industry, we believe that a nationally-coordinated marketing strategy is a crucial investment that we all must make. It's

not enough to alleviate the burdens on travelers; we must also notify those travelers that the welcome mat has been rolled out.

My final recommendation is one that Senator Dorgan mentioned while he was with us this morning, and that is for the private sector and the public sector to work more closely together. We, at the Travel Business Roundtable, for the past 5 years, have been calling for a Presidential Advisory Council on Travel and Tourism, comprised of public, private, and nonprofit-sector individuals, and Federal, State, and local officials, whose goal it is to advance policy matters that impact tourism development. Most major nations, as you've heard, have made travel and tourism promotion and policy coordination of tourism issues centerpieces of their national economic growth plan. The United States must make the travel and tourism industry's growth a national priority, as well.

In summary, the travel and tourism industry is an integral part of making America's economy, borders, and international relations strong. Our impact is clear. We must maximize our potential.

Thank you for the opportunity. I look forward to answering any questions.

[The prepared statement of Mr. Tisch follows:]

PREPARED STATEMENT OF JONATHAN M. TISCH, CHAIRMAN, TRAVEL BUSINESS ROUNDTABLE; CHAIRMAN/CEO, LOEWS HOTELS

Introduction

Good morning. I am Jonathan Tisch, Chairman and Chief Executive Officer of Loews Hotels, and Chairman of the Travel Business Roundtable. Loews Hotels, headquartered in New York City, operates 16 distinct properties across the United States and 2 in Canada, including The Loews Regency in New York City and our most recent addition to the Loews family, The Madison, a Loews Hotel, here in Washington, D.C. The company employs more than 7,000 people across the U.S. The Travel Business Roundtable (TBR) is a CEO-based organization originally established to continue the momentum of the 1995 White House Conference on Travel and Tourism. TBR's mission is to educate elected officials and policymakers about the importance of our industry on the Nation's economic and social well-being. Along with our strategic partner, the Travel Industry Association of America (TIA), we represent all sectors of the U.S. travel and tourism industry.

Chairman Smith and Ranking Member Dorgan, thank you for holding this important hearing on the state of the U.S. travel and tourism industry. It was my honor to have testified before this Subcommittee almost 4 years ago to report on the industry as it was beginning to recover from the horrific effects of September 11, 2001. At that time, our industry united to focus on getting travelers back on planes, in hotels and restaurants and to our theme parks, museums and shopping centers. The collective efforts of diverse travel and tourism interests have helped restore a great deal of confidence in travel to and within the U.S.

Current State of the Industry

The travel and tourism industry defines the service economy across the globe, expecting to generate $6.5 trillion of economic activity around the world in 2006.[1] Our industry creates jobs and careers; we fulfill important social policy goals, such as moving people from welfare to work; we contribute more than $99 billion in tax revenue for local, state and Federal Governments that support essential services; and we are one of very few industries that creates a multi-billion dollar trade surplus. We are a significant presence in all 50 states and 435 Congressional districts.

Though the industry is comprised of approximately 18 distinct sectors, natural disasters, government mandates and global challenges can and do create industry unity. When Hurricane Katrina debilitated an entire region and destroyed once vibrant commerce, the industry united to help New Orleans and the Mississippi Gulf Coast begin rebuilding. When the U.S. Government promulgated a biometric passport deadline that the U.S. Government could not meet, the industry united to en-

[1] World Travel and Tourism Council.

sure that Visa Waiver Program (VWP) countries had sufficient time to produce the most secure travel documents possible. When studies showed (and continue to show) that the deteriorating international opinion of America and Americans could be changed when international travelers actually visit the U.S., the industry united to offer our services as a public diplomacy tool.

Five years after 9/11, people are traveling again; industry employment is strong, directly providing 7.3 million U.S. jobs; and the industry continues to be an economic generator, accounting for roughly $645 billion in direct travel expenditures, $163 billion in direct travel-generated payroll and a $4 billion balance of trade surplus, to help offset a worsening national trade deficit.[2] So, you may ask, if the industry has recovered since 9/11 and is currently healthy, why are we here today to discuss the current state of the travel and tourism industry? Simply stated: We could do much more.

The real promise of travel and tourism lies not in what has occurred but rather in what can yet be achieved—for America as an interdependent part of a global economy, in dissuading an increasingly hostile and skeptical world about our country and its people, and for border security policies that can protect our homeland without discouraging essential international commerce.

International travel to the U.S., which reached its peak in 2000 with 51.2 million visitors, hit its low in 2003 with only 41.2 million visitors. Since that time, international travel has been increasing steadily, reaching 49.4 million in 2005; however, we are still uncertain if we will reach pre-9/11 numbers this year.[3] In addition, the uptake in international visitation is largely attributable to Canadian travel. In 2005, Canadian travel surpassed pre-9/11 levels with an increase of 2 percent. However, travel from overseas was still far from hitting the 2000 mark, down 16.5 percent. Apparently, we have much work to do to get overseas travelers back to the U.S. In addition, our strongest travel market, Canada, faces new challenges with the impending implementation of the Western Hemisphere Travel Initiative (WHTI).

Today I would like to discuss some of the barriers that impede travel within—but especially to—the United States, their consequences for our Nation's economic, social and homeland security, and the ways in which this industry can help lift the barriers while helping to secure our borders. It may sound like a contradiction in terms, but allow me to explain further.

In April, the World Travel & Tourism Council (WTTC), in partnership with TBR and TIA, hosted the 6th Annual Global Tourism Summit here in the Nation's Capital. Corporate and government travel and tourism leaders attended from all across the globe. It may surprise some of you to know that most developed countries have Cabinet-level officials focused solely on generating tourism, and more than 130 countries have official, government-sponsored tourism offices. These nations have recognized that a coordinated national tourism policy fulfills numerous domestic goals, including job creation, expanding trade surpluses and creating economic vitality on a multi-regional basis within their countries. These nations also spend hundreds of millions of dollars on tourism promotion because they see a tremendous return on investment.

During the summit, I frequently heard the question from our international counterparts, "Do you still want us to come here?" These visitors were asking in reference to the barriers—from the sometimes cumbersome visa process to the tighter requirements of WHTI to the long and unwelcoming inspections by Customs and Border Protection officials at U.S. ports-of-entry. International travelers are experiencing a certain "hassle factor" just to enter the U.S. that lends to a perception of "fortress America."

As I enumerate the barriers that impede travel to the U.S. and hurt us in the global marketplace, please be mindful that there is no industry more committed to finding the proper balance between security at our Nation's borders and facilitating free and open commerce and travel across those borders. As we saw on 9/11, one terrorist attack can and will cripple our entire industry.

What follows should update the Subcommittee on where our industry currently stands and where it hopes to go.

Barriers to Travel

Western Hemisphere Travel Initiative

The travel and tourism industry fully supports the homeland security intent of the Intelligence Reform and Terrorism Prevention Act of 2004, calling for Customs

[2] Travel Industry Association of America.
[3] Office of Travel and Tourism Industries, U.S. Department of Commerce.

and Border Protection officers to inspect fewer and more secure travel documents for those traveling across our borders. We have never questioned why or if the Western Hemisphere Travel Initiative, or WHTI, should be implemented. We are concerned with how and when.

Our greatest concern about WHTI is Federal communication and cooperation. The Departments of State (State) and Homeland Security (DHS) are working together to release the Notice of Proposed Rulemaking (NPRM) on the air and sea WHTI deadline, scheduled for the end of this year. With that deadline only 7 months away and cruise travelers currently booking their winter trips, we do not know what the requirements will be. The absence of this rulemaking could cost the cruise lines millions in lost business.

An even larger problem involves the January 1, 2008 deadline for land-border travel. TBR and TIA support the concept of a PASScard, which was introduced jointly by State and DHS in January, as a lower-cost, easier-to-obtain and easier-to-carry variation of the passport. However, State and DHS cannot agree on what type of technology will be incorporated in the PASScard. Therefore, no procurement has been issued nor has any testing of cards or readers been conducted, and time for mounting a public education campaign and issuing the cards for the millions who will need them is running out.

As the deadline approaches with no certain timeline in place from State and DHS, the travel and tourism industry is supportive of making sure there is sufficient time to implement WHTI effectively. If our northern border is congested on January 1, 2008 due to a poorly implemented WHTI, not only will the security of our borders be compromised but our relationship with our largest trading partner will also be damaged. TBR and TIA commend Senators Ted Stevens (R–AK) and Patrick Leahy (D–VT) for their amendment to the immigration reform bill extending the statutory deadline by 17 months to June 1, 2009. We realize that a straight extension is not the entire solution to WHTI, but it is a good first step to ensure that there is enough time to "get it right."

The U.S. Government has done little to pursue a true bilateral solution to WHTI with Canadian officials. The success of the NEXUS frequent traveler program at our northern border argues for increased cooperation with the Canadian government.

The arrests of 17 terrorists in Canada on June 2 and 3 illustrates that terrorism still threatens our borders. While this incident is disheartening, it is also encouraging in that these terrorists were apprehended before they were able to attack. The capture of these men was the result of cooperative counterterrorism investigations between U.S. and Canadian officials. This example shows us that working on a bilateral approach to WHTI with the Canadian government on the development of alternate travel documents is essential for ensuring our northern border is as secure as possible.

As with biometric passports for Visa Waiver Program (VWP) countries one year ago, we must secure the appropriate amount of time to do the job at hand properly. Our allies around the world deserve that, and our security demands it.

Perception of the Gulf Coast

Almost one year ago, the worst natural disaster this country has ever seen ripped through our Nation's Gulf Coast, destroying homes, families, businesses and a way of life. Hurricane Katrina, followed by Hurricanes Rita and Wilma also wiped out one of the Nation's most vibrant and rapidly growing travel and tourism economies. Overall, in the affected areas of Louisiana, Mississippi and Alabama, the travel and tourism industry accounted for 260,000 jobs and a payroll income of $3.7 billion. In 2004, the industry generated $18.3 billion in travel-related sales for the region. Many in our industry, like so many others, lost everything.

In Katrina's aftermath, the industry showed great leadership and cooperation. Travel and tourism was *the* heart and soul of the Gulf Coast. The region is beginning its recovery; New Orleans welcomed 350,000 visitors to Jazz Fest, and three of the Mississippi Gulf Coast casinos have reopened and are operating at full capacity. Unfortunately, international travelers and Americans alike still perceive the devastation and despair immediately following Katrina as the current norm. We must erase these images. TBR and TIA, on behalf of the industry, offered policy recommendations to Congress immediately following the hurricanes. Many tax provisions were included in the hurricane relief package passed by Congress and signed by the President in December, but tax incentives for conventions and other visitors to the area, additional housing for workers to return to the area, and most importantly, a promotion campaign to let the world know the once devastated region is now open for business are still desperately needed.

The U.S. Travel and Tourism Advisory Board (USTTAB), of which I am a member, has issued recommendations to Commerce Secretary Carlos Gutierrez at his re-

quest that detail these lingering needs, and we would be happy to share them with the Subcommittee.

Entry-Exit Procedures and Visa Policy

As stated earlier, overseas visitors have been traveling to the U.S. less frequently since 2000. According to the U.K. Travel Barometer, since 2004, U.K. citizens are consistently attributing the top barrier to travel to the U.S. as entry procedures, from poor information about requirements to long visa processing times.[4]

When an overseas traveler arrives in the United States, his first point-of-contact is a CBP officer, and it could take up to 2 hours in line before this exchange even takes place. Being in the hotel business, I understand that you never get a second chance to make a first impression. When a guest arrives, he should be looked in eye, greeted with a smile and offered world-class service. If our front desk agent does just that, I increase my odds of his returning to my hotel. The same should apply to guests of our country. CBP and Transportation Security Administration (TSA) inspectors, as well as consular officers overseas, should receive customer service training, and be evaluated based on their performance in keeping with new professionalism standards.

In addition, staffing levels must be closely monitored to utilize inspectors efficiently and avoid backlogs. As reported by *USA Today* on Monday, wait times in security lines still vary widely across the country. While TSA screener staffing has increased in locations such as Kahului Airport in Maui, where wait times are minimal, staffing has been decreased at Orlando International Airport, where wait times have in some cases exceeded 50 minutes.

Leaders in the industry have offered our expertise in these areas to work with DHS and State to conduct training at the Federal Law Enforcement Training Center (FLETC) and consult with airports on queue management and creating a more welcoming atmosphere. The industry is working closely with State and DHS on a Model Ports-of-Entry program using Washington Dulles and Houston as pilot airports. The objective is to begin carrying out the Rice-Chertoff Joint Vision, which I will discuss in more detail later in my testimony.

While the newly created Visa Business Centers have helped alleviate some hassles of the international traveler, the burdens on travelers due to understaffed Consulates, long interview wait times and long trips to the interview are not eased. For instance, the average visa wait time in Brazil is 70 days, while the average in India is 132 days. Considering the informal goal within the State Department is not having wait times exceed 30 days, these lengthy wait times are unacceptable. Fortunately, not all the news is bad since wait times in countries like China and Korea have been reduced due to additional staffing and expansion of interview hours. Ultimately, it comes down to providing sufficient resources (staff, interview space, etc.) to both effectively screen visa applicants and efficiently process those individuals who simply wish to travel here for pleasure, business, study or exchange.

The travel and tourism industry knows about hospitality and maximizing resources and staff. Our offer to extend our services to State and DHS still stands, and we hope to be called upon soon.

Public Diplomacy

In addition to serving as an important economic generator, travel and tourism is a vehicle for diplomacy. As a Nation, we are not using this vehicle effectively. At a time when the U.S. is the travel bargain of the world, we are still losing international travel market share. Worldwide international travel increased at a rate of 52 percent between 1992 and 2004, but America's share of that lucrative travel market declined by 35 percent.[5] America, formerly the most visited travel destination in the world, is now third, behind France and Spain and still declining. The U.S. used to be the most aspirational destination for international travelers; it is now sixth.[6] The barriers I have enumerated not only discourage travelers from coming here, they also contribute to an ever-worsening image of the U.S. abroad. Studies consistently show that when international travelers come to the United States and experience American culture and hospitality firsthand, their perceptions of America and Americans change, almost without exception, for the better.

Unfortunately, our Nation's image is continuing to deteriorate. In March 2005, the Lowy Institute conducted the most comprehensive national survey ever in Australia. Australians were asked to identify the most highly esteemed countries in the world. Japan, a nation at war with Australia just 60 years ago, ranked first; China came

[4] U.S. Department of Commerce.
[5] World Tourism Organization.
[6] The Anholt-GMI Nation Brands Index.

in second; and the U.S. trailed significantly behind. Australians were then asked to name the two greatest threats to world peace. The overwhelming majority of Australians ranked both Islamic fundamentalism and the United States of America as the two greatest threats. The Pew Research Center reported that the percentage of British citizens having a favorable view of the United States fell from 75 percent in the Summer of 2002 to just 56 percent in June 2006.

The new Pew Global Attitudes Project study released last week showed that these attitudes are not improving. The study examined opinions of the U.S. in 15 countries. Of the 11 countries surveyed in both 2005 and 2006, only 3 had a more favorable opinion of the U.S. than in the previous year. Significant downturns were seen in Spain, where only 23 percent of the Spanish public have a favorable opinion of the U.S., down from 41 percent last year. Another significant drop was in India, where 56 percent had positive views of America as opposed to 71 percent in 2005.

Fortunately, travel and tourism can help to reverse those trends. A 1-percentage point increase in international travel would mean 7.6 million more visitors who could return to their home countries as Ambassadors for the United States.[7] That same mere 1 percentage point increase would have a huge impact on the U.S. economy: an additional $12.3 billion in spending across the U.S.; 150,000 more jobs; $3.3 billion in new payroll; and $2.1 billion in new Federal, state and local tax revenues. The numbers speak for themselves. We must act now to create momentum on what will take years to rebuild.

Airline Taxes and Airline Modernization Funding

There are two critical areas of concern to the travel and tourism industry specifically facing the U.S. airline industry. First, airlines and their passengers paid almost $16 billion last year in 15 separate taxes and fees to the Federal Aviation Administration (FAA) and DHS. These taxes have contributed to the difficulties U.S. airlines continue to face as they recover from the effects of 9/11. Congress should seriously assess the effects this significant tax burden has on business, leisure travelers and the aviation industry.

Second, there is a critical need to upgrade the U.S. Air Traffic Control Organization. Last year, U.S. airline operations grew to a record 11.5 million departures with carriers transporting 736.6 million passengers. Experts are projecting the demand for air traffic control to triple over the next 20 years. The airspace above major metropolitan areas is already congested and is rapidly approaching saturation. This growth reinforces the need to modernize our antiquated ATC system and implement technology upgrades that will accommodate the growing demand being placed on the system. This Committee will have the opportunity to play a pivotal role in addressing these concerns next year when the Airport and Airways Trust Fund Act will be reauthorized. We strongly encourage you to use this historic opportunity to support the technologies and user-based funding that will accommodate the needs and growth of this vital part of our national infrastructure.

State and Local Excise Taxes

While not a Federal governance issue, another obstacle facing the travel industry throughout the Nation is the increasing tax burden that is being placed on the traveling public.

Whether it is hotels, car rentals or any other travel-related service, these customers—both leisure and business travelers—are more and more the subject of discriminatory taxes imposed by state and local authorities, often to fill the general treasury. These taxes are politically expedient because they target "tourists" and other "out-of-towners." Put another way, they are "visitors, not voters." Worse yet, there is often no special benefit for travelers, nor a direct connection between the use of funds and those paying the taxes. It is just seen as easy money. These tourism taxes threaten to diminish the multiplier effect that tourism brings, and the effect may well be a net loss of overall tax and tourism revenue.

Industry Recommendations

The following are recommendations for Congress on how to alleviate the negative, unintended impacts of these barriers while continuing to strengthen border security:

- Grant an extension for WHTI and work closely with State and DHS to effectively implement it;
- Direct the State Department and DHS to work with travel and tourism experts to include customer service/hospitality training in CBP and consular officer cur-

[7] Travel Industry Association of America.

riculum, to assist in evaluating the inspection area for more effective queuing techniques and smarter use of staffing;

- Appreciate travel and tourism's immense potential as a vehicle for enhancing our image around the globe;
- Appropriate one-time funding to the New Orleans and Mississippi Gulf Coast Convention and Visitor Bureaus to promote the Gulf Coast as a travel destination that is "open for business;" and
- Make travel and tourism a national policy priority.

Rice-Chertoff Joint Vision

As you are aware, Secretary of State Condoleezza Rice and DHS Secretary Michael Chertoff on January 17 announced their "Secure Borders and Open Doors in the Information Age" initiative (RCI). Even before September 11, 2001, and especially since that time, the travel industry has been calling for homeland security initiatives that protect our country but also protect our economic and social vitality. In her remarks, Secretary Rice expressed her gratitude specifically to the travel and tourism industry as a private partner who contributed to this vision.

The three broad categories within the Rice-Chertoff Vision include: (1) Renewing America's Welcome with Improved Technology and Efficiency, (2) Travel Documents for the 21st Century, and (3) Smarter Screening. These are issues we have been trying to bring to light over the past 5 years, as travel and tourism is at the heart of all of them.

Our industry fully endorsed RCI and was encouraged by its announcement. We are now awaiting government action. As previously stated, the industry can play a significant role in both consular and customs officer training and the model ports-of-entry program. We eagerly await the announcement of the public-private advisory committee to lead these efforts, and we look forward to partnering with State and DHS to turn these ideas into reality.

USTTAB Policy Recommendations

In addition to the recommendations for Gulf Coast tourism revitalization commissioned by Secretary Gutierrez, he also called upon the USTTAB to develop comprehensive national tourism policy recommendations. The proposal, which is under development, will highlight three main areas: public diplomacy and ease of travel, marketing and promotion, and return on investment. It will be submitted to the Secretary this fall, and is the result of collaboration among all Board members and the industry as a whole.

U.S. Destination Marketing Campaign

As I have discussed throughout this testimony, the public- and private-sectors must work together to remove the barriers facing legitimate travelers wishing to visit the U.S. However, once the burdens are alleviated, it will be just as important to notify those travelers that the welcome mat has been rolled out. As an industry, we believe that a nationally-coordinated marketing strategy is a crucial investment that we all must make.

Presidential Advisory Council on Travel and Tourism

Most major nations in the world have made travel and tourism promotion a centerpiece of their national economic growth plans. To facilitate that goal, each of these nations has made policy coordination of the many and overlapping issues affecting this industry a policy priority. The United States should and must make tourism a national priority.

TBR has long advocated for a Presidential Advisory Council on Travel and Tourism, whose mission would be to help the U.S. retain its edge against its competitors as the premier travel destination in the world and to promote public diplomacy through travel to America. The Council would be created by Executive Order as a Federal advisory committee under the Federal Advisory Committee Act (FACA). Its members should be public, private and nonprofit sector individuals, and Federal, state and local officials. These members would represent a diverse range of business, government and nonprofit organizations with experience relating to policy matters impacting tourism development. The Council would pursue five essential objectives:

- Raise awareness of the economic importance of travel and tourism and the unique role of tourism in promoting public diplomacy;
- Foster tourism policy development and coordination within the Federal Government;
- Demonstrate how effective tourism policy can be implemented;

- Develop appropriate benchmarks to measure tourism policy success; and
- Create a crisis plan in the event of another catastrophic attack on U.S. soil.

Based on the information presented here today, I think you will agree that such an entity would be invaluable for achieving our shared goals.

Conclusion

On June 7, the Bureau of Economic Analysis at the Department of Commerce announced that real tourism output increased at an annual rate of 5.5 percent in the first quarter of 2006, the industry's fourteenth consecutive quarter of positive growth. In addition, on June 14, the Federal Reserve released its beige book findings for mid-April to early June, citing that the economy expanded during this period but that the growth is slowing down. In seven of the 12 Fed districts, travel and tourism was cited as one of the region's most active industries. The Fed is keenly aware of the impact of travel and tourism economies in each of these districts, whether positive or negative.

The travel and tourism industry is an integral part of making America's economy, borders and international relationships strong. The companies and associations represented here today appreciate the opportunity to share our thoughts and suggestions. We look forward to continuing our efforts to elevate the industry's importance and to working with this Subcommittee and full Committee as we move forward. Thank you, and I look forward to your questions.

TRAVEL BUSINESS ROUNDTABLE—MEMBERSHIP

Jonathan M. Tisch, Chairman, Travel Business Roundtable; Chairman/CEO, Loews Hotels

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JetBlue Airways Corporation
Las Vegas Convention & Visitors Authority
Loews Hotels
Marriott International, Inc.
Marriott North American Lodging Operations
Maryland Office of Tourism Development
McDermott, Will & Emery

The Mills Corporation
Nashville Convention and Visitors Bureau
National Basketball Association
National Business Travel Association
National Football League
National Hockey League
National Restaurant Association
Nederlander Producing Company of America
New York University
Northstar Travel Media, LLC
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Philadelphia Convention and Visitors Bureau
The Port Authority of New York & New Jersey
Strategic Hotel Capital Inc.
Taubman Centers, Inc.
Tishman Construction Co.
Travel Industry Association of America
UNITE HERE
United States Chamber of Commerce
The United States Conference of Mayors
Universal Parks & Resorts
USA Today
Vail Resorts, Inc.
Virginia Tourism Corporation
Walt Disney Parks and Resorts
Washington, DC Convention and Tourism Corporation
Waterford Group, LLC
The World Travel & Tourism Council
Zagat Survey, LLC

The Travel Business Roundtable (TBR), a strategic partner to the Travel Industry Association of America (TIA), is a CEO-based organization representing all sectors of the travel and tourism industry. The mission of TBR is to educate elected officials and policymakers about the importance of the travel and tourism industry to the Nation's economy.

TIA BOARD OF DIRECTORS

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Walt Disney Parks & Resorts
Western Leisure, Inc.
Wyndham International

TIA is the national, nonprofit organization representing all components of the $650 billion travel industry. With over 2,100 members, TIA's mission is to represent the whole of the U.S. travel industry to promote and facilitate increased travel to and within the United States.

Senator SMITH. Mr. Tisch, it is very interesting, your comment about hospitality training. I know Marriott and Hyatt have such a program for their employees. I imagine Loews does as well.

Mr. TISCH. Yes.

Senator SMITH. I believe I understood your testimony that the U.S. Government, as it interfaces with tourists, ought to have that same training. Is there anything like that going on?

Mr. TISCH. We, as an industry, have offered up our assistance to the State Department and DHS. If you look at Model Ports, we are starting to work with them. We just have not seen the progress that, as an industry, we had hoped for.

Senator SMITH. So, they're not necessarily doing that. They're not utilizing the private assets.

Mr. TISCH. To the best of my knowledge.

Mr. Davidson, thank you for coming from Oregon. Tell us what we're doing in Oregon.

STATEMENT OF TODD DAVIDSON, EXECUTIVE DIRECTOR, OREGON TOURISM COMMISSION; CHAIRMAN, NATIONAL COUNCIL OF STATE TOURISM DIRECTORS; PAST-CHAIR, WESTERN STATES TOURISM POLICY COUNCIL

Mr. DAVIDSON. Mr. Chairman, it is my pleasure to be here and to have traveled here last night, although it was supposed to be yesterday afternoon that I arrived, but 3 hours on the tarmac in Chicago delayed me just a little bit as thunderstorms over Indiana slowed us down.

Mr. Chairman and members of the Subcommittee, I am Todd Davidson, and I have the privilege and pleasure of serving as the Executive Director of the Oregon Tourism Commission. I also serve as Chair of the National Council of State Tourism Directors and Past-Chair of the Western States Tourism Policy Council.

It's my pleasure to appear before you today, and I commend you, Mr. Chairman and Senator Inouye, for holding this hearing here today, in a timely and in an important manner.

In many states, tourism is a primary driver of that state's socioeconomic future. It's often identified as a major employer, contributor to the gross state product, and an engine for small business growth and development.

In Oregon, due to the important position that tourism has taken in the state's economy, the state legislature enacted the Tourism Investment Proposal in 2003. This significant piece of legislation implemented a 1-percent statewide lodging tax and dedicated 100 percent of the revenue to Travel Oregon, taking our budget from $3 million annually to an estimated $8.5 million annually.

Oregon is now experiencing growth rates in visitor expenditures in the range of 7 percent per year, our fastest rate of growth in the past 5 years. And in 2005, as you noted, Senator, visitor spending in Oregon reached nearly $7.5 billion.

But as substantial as the economic contributions of travel and tourism are for Oregon and for this Nation, they could be greater. And the fact that in 1992, the U.S. received over 9 percent of all international travelers in the world, but, by 2004, had fallen to garnering only 6 percent, should be of concern to us all.

Since 9/11, homeland security needs have understandably been given highest priority. The travel and tourism industry supported efforts to improve homeland security, and has worked closely with Congress and the Departments of State and Homeland Security to address those needs. Yet, often policies with the laudable goal of

improving national security result in discouraging international visitors from coming to the U.S. The barriers to international travel that have been discussed, that are posed by the Western Hemisphere Travel Initiative and by entry-exit procedures and visa policies, have been well explained this morning in the testimony of the Travel Business Roundtable and the Travel Industry Association. I add my strong support to their positions and their policy recommendations.

I also strongly endorse the recommendation that the Federal Government needs to reenter the global tourism marketplace, in partnership with the travel and tourism industry, to show the world that the U.S. is a desirable and a welcoming destination.

In addition, it must be noted that not all challenges facing the industry are solely focused internationally. For both domestic and international travelers, a safe and efficient transportation system is indispensable. And not only are safe roads essential, but some roads are compelling attractions in their own right, as evidenced by the National Scenic Byway Program. This program recognizes those byways that have unique scenic, historic, and cultural qualities. These are the roads that Americans love.

In Oregon, we've found that our Scenic Byways Program creates desirable attractions for domestic and international visitors alike. Oregon's award-winning *Guide to Scenic Byways* highlights our natural attributes and our attractions, and it proposes itineraries for our visitors to use in planning their trips. This is one of the most popular pieces for our international guests. And this guide, and many of the enhancements to Oregon's Byway Program, have been developed with funding from the Federal Highway Administration.

Yet, according to a recent study by Cambridge Systematics for the U.S. Chamber of Commerce, the existing revenue streams into the Federal Highway Trust Fund leave gaps of $23 billion to $48 billion a year in meeting the Federal share of capital investments necessary to both maintain and improve the Nation's highway system, respectively. The same study projects that the Highway Trust Fund could be in deficit as early as 2008, well before the end of the SAFETEA–LU authorization period. I strongly encourage the Federal Government to take action to address the potentiality of a Highway Trust Fund going into deficit.

I also share the concern about the need to upgrade the U.S. Air Traffic Control Organization, and join in urging this committee to address these concerns next year, when the Airport and Airways Trust Fund is reauthorized.

In addition, I urge Congress to continue full funding for the Essential Air Service Program, because many rural communities depend on the assistance from this program to maintain their air service, and many travelers, likewise, then rely on this air service to visit rural destinations and our public lands.

Indeed, America's public lands are not only preservers of our natural resources and our natural heritage, but they are icons of the American experience and popular attractions for millions of visitors. In Oregon, over 50 percent of the state's land mass is in public ownership, and nowhere, as you know, Senator, is the prominence of iconic grandeur afforded to Oregon more powerfully than

on these public lands—in Crater Lake National Park, the Lewis and Clark National Historic Park, the entire Oregon coast, the Mount Hood National Forest, just to name a few—yet, these public lands face manifold obligations.

To focus on just one example specifically, the Mount Hood National Forest serves 4 million people a year that visit the national forest. More than a million people receive their drinking water from Mount Hood. The total forest acreage is 1.1 million acres, with 17 percent designated as wilderness. There are 812 miles of recreational trails and 268 resident wildlife species, including seven that are endangered. Pressures on the Federal public lands are complex, and we're beginning to see trends in visitation stagnate, and even decline, for some national parks and Federal lands.

To avert that outcome, I urge that Congress carefully examine the vital role of Federal lands as attractions for our visitors, and that the Federal land agencies be given the staff and budgets necessary for them to budget their dual mission of preserving the resources while providing for the enjoyment of the public.

Now, I'm confident that all of today's testimony has illuminated the fact that travel and tourism policy currently involves several levels of our Federal system of government. The Federal Tourism Policy Council that was established by Congress in 1981 has performed a useful role in this regard, but it has been handicapped by limited authority and a lack of participation by senior policymaking officials. For this reason, I strongly endorse the recommendation of the Travel Business Roundtable for establishment of a Presidential Advisory Council on Travel and Tourism. The stature and credibility such a Presidential Council would make, it would result in making it a promising vehicle to formulate, coordinate, and oversee public policies affecting travel and tourism.

We know the industry has a tremendous impact on the U.S. economy, and its potential economic and diplomatic impact could be even greater by addressing these aforementioned barriers.

I appreciate the opportunity to present these ideas and suggestions, and I'm happy to answer questions and provide further information.

[The prepared statement of Mr. Davidson follows:]

PREPARED STATEMENT OF TODD DAVIDSON, EXECUTIVE DIRECTOR, OREGON TOURISM COMMISSION; CHAIRMAN, NATIONAL COUNCIL OF STATE TOURISM DIRECTORS; PAST-CHAIR, WESTERN STATES TOURISM POLICY COUNCIL

Good morning, Mr. Chairman and members of the Subcommittee. I am Todd Davidson and I have the privilege and pleasure of serving as the Executive Director of the Oregon Tourism Commission, the official tourism office for the State of Oregon.

It is a pleasure for me to appear before you today on behalf of the Oregon Tourism Commission, the National Council of State Tourism Directors (NCSTD), and the Western States Tourism Policy Council (WSTPC).

The NCSTD, a council of the Travel Industry Association of America, brings together the tourism directors from all 50 states, the District of Columbia, and the five U.S. territories—and their staffs. The NCSTD serves state/territory tourism offices as:

- A common, unified voice.
- A catalyst for developing programs that benefit all states and territories.
- A harmonizer in the diversity of needs, priorities and values.

The mission of the NCSTD is to provide a forum for the exchange of ideas and leadership on travel industry issues impacting states and territories.

The WSTPC is a regional consortium of thirteen western state tourism offices, including the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. The WSTPC mission is to support public policies that enhance the capacity of tourism and recreation to have a positive impact on the economy and the environment of states and communities in the West.

We commend you, Mr. Chairman, as well as Senator Dorgan and the other members of the Subcommittee, for holding this important and timely hearing. Travel and tourism is a significant part of the Nation's economy and we believe its economic impact will be even greater if the industry and the Federal Government can work together to develop and implement appropriate public policies.

Size and Scale

Although nearly everyone is a tourist at one time or another, usually many times over, and although one would be hard put to identify a state, a Congressional District, or a region that does not attract tourists—to the delight of local businesses—the size and scale of travel and tourism is often not fully appreciated.

A top-line summary would disclose that travel and tourism is one of America's largest employers, with 7.3 direct travel-generated jobs (one in every eighteen U.S. non-farm jobs is in travel and tourism) and $163 billion in travel-generated payroll. It is one of America's largest retail sales industries, producing $645 billion in direct travel expenditures and nearly $100 billion in Federal, state and local tax revenue. And travel and tourism is one of America's largest service exports, with $93.3 billion spent by international visitors in the U.S., resulting in a $4.0 billion balance of trade surplus for our country. (2004 data)

In Oregon, in recognition of the important position that tourism has taken in the state's economy, the state legislature enacted the Tourism Investment Proposal in 2003, which implemented a 1 percent statewide lodging tax and dedicated 100 percent of the revenue to Travel Oregon to carry out its mission. This legislation took our budget from 47th in the U.S. at $3 million/year to an estimated $8.5 million annually.

And today, Oregon is experiencing growth rates in visitor expenditures in the range of 6.5–7.5 percent growth each year—our fastest rate of growth in the past 5 years. And I am thrilled to stand before you today and celebrate the fact that visitor spending in Oregon reached nearly $7.5 billion last year!

Through every program, great idea and minor tweak the Oregon Tourism Commission implements—we strive to never take our eyes off of the prize—it's about jobs. Good jobs for Oregonians.

> Jobs where they can learn work maturity skills and jobs where they can establish their careers.
>
> Jobs where they can become part of a major multi-national corporation and jobs where they are the sole-proprietor—showing up every morning to unlock the door.

Today, more than 88,000 Oregonians owe their jobs to visitors traveling and spending dollars, Euros, Yen and other currencies in our state.

Unfulfilled Potential

As substantial as the economic contributions of travel and tourism are for the Nation, they could be greater. With regard to the international market, for example, the U.S. is just now returning to the level of international visitors that we had before 9/11, buoyed primarily by the growth of Canadian travel to the U.S. Despite that recovery, the U.S. share of the global tourism market declined 36 percent between 1992 and 2004, when world tourism grew 52 percent. The fact is that in 1992 the U.S. received 9.4 percent of all international travelers but by 2004 the figure had fallen to 6 percent.

While declining global market share was occurring prior to 9/11, national policies dictated by homeland security concerns have exacerbated this trend by making international travel to the U.S. more protracted and less convenient.

While the figures may not be as stark for the unrealized potential of increased domestic travel, where steady increases have been the rule for more than half a century, the potential for expansion is apparent when barriers to growth posed by infrastructure shortcomings are understood.

Barriers to International Visitation to the U.S.

For many years, the U.S. has not fully appreciated the economic and diplomatic importance of the global tourism market. As a Nation, we have not sufficiently recognized that millions of international visitors to the U.S. are a vital *export* for our Nation, whose expenditures for food, accommodations, travel, admissions and shopping have a highly positive impact on our balance of trade and support millions of American jobs. We have not completely realized that the experiences of millions of international visitors interacting with Americans from every walk of life make a significant contribution toward showing the world what we are about as a people. We have not understood that we as a Nation are engaged in an intense competition with other nations for this global tourism market and that, without a commitment from the national government to engage in that competitive marketplace, we are severely disadvantaged in that competition.

As noted above, even before 9/11, our competitive global tourism position was slipping. Even before 9/11, our systems for distributing and processing visas and for inspecting and welcoming international visitors were inadequate. Even before 9/11, the Federal Government had abandoned its modest efforts to promote and market our Nation as a prime global tourist destination. Since 9/11, these problems have become worse.

Since 9/11, homeland security needs have understandably been given the highest priority and this has meant stricter visa requirements and tighter border control and inspection processes. The travel and tourism industry has supported efforts to improve homeland security and has worked closely with Congress and with the Departments of State and Homeland Security to address those needs. The industry has been impressed especially by the January 17, 2006, announcement of the Rice-Chertoff Joint Vision and has pledged full cooperation in its implementation. Yet, it is clear to our industry that too often policies with the laudable goal of improving national security have had the inadvertent consequence of discouraging international visitors from coming to the U.S.

The barriers to the facilitation of international travel posed by the Western Hemisphere Travel Initiative (WHTI) and by entry-exit procedures and visa policies are well explained in the testimony today of the Travel Business Roundtable (TBR) and the Travel Industry Association of American (TIA) and we express our strong support for the positions and policy recommendations advocated by Mr. Tisch and Mr. Rasulo on behalf of their two organizations.

There is no need here to reiterate the reasoning and the explanations provided by TBR and TIA. We would like, however, to emphasize the potential negative impact of the WHTI on western states. Seven of the thirteen WSTPC states border directly on Canada or Mexico and all thirteen of these states receive large numbers of international tourist-visitors, especially from Canada. We do not challenge the need for more secure and verifiable identification requirements for travelers across our land borders and we do not argue with the strategy and goals of the WHTI. But we do believe that the Departments of State and Homeland Security need more time to develop and implement a workable means of identifying cross-border travelers quickly, efficiently and effectively. We are concerned that these two departments will not be able to implement their current deadlines in a way that balances homeland security with the goal of free and open travel.

We also wish to endorse strongly the recommendation that the U.S. national government needs to reenter the global tourism marketplace, in partnership with the travel and tourism industry, to show the world that this country is a desirable travel destination and that we want and welcome their business.

A Necessary Transportation Infrastructure

For both domestic and international travelers a modern, safe and efficient intermodal transportation system is indispensable. When the traveler is confronted by interminable highway congestion, by crowded and delayed flights and by difficulties either flying or driving to rural areas that have so many scenic and historic attractions to offer visitors, then travel and tourism suffers and declines and the entire Nation loses. There is no more significant barrier to travel and tourism than poor transportation.

Not only are good, safe roads absolutely essential to travel and tourism, with eighty percent of all travel taking place on the roads, but some roads are compelling attractions in their own right. A notable example is the National Scenic Byways Program, which recognizes those roads that have unique scenic, historic or cultural qualities. These are the roads that Americans love. In Oregon, we have found that our scenic byways are prime attractions to our fellow Americans but also to international visitors.

In Oregon, one of the most popular programs, especially the accompanying collateral materials, with our international guests, as well as the international travel trade and media is the award winning *Oregon Guide to Scenic Byways.* Of course the guide highlights Oregon's natural attributes and attractions, but more importantly, the scenic byways enable us to develop itineraries and packages for our visitors to use in planning their trips. For Oregon, a strong byways program makes the planning of a vacation easier for our visitors. The *Guide* and many of the enhancements to Oregon's byway program have come through funding from the Federal Highway Administration.

Yet, we are concerned over the future of the Federal highway program. According to a recent study by Cambridge Systematics for the U.S. Chamber of Commerce, the existing revenue streams into the Federal Highways Trust Fund leave significant gaps in meeting the Federal share of capital investments necessary to "maintain" and "improve" the Nation's highway and transit systems. The average annual Federal fiscal gap to "maintain" highways and transit systems through 2015 is projected to be $23 billion and the average annual fiscal gap to "improve" highways and transit systems through 2015 will be $48 billion. This same study projects that the Federal Highway Trust Fund will soon be facing a fiscal crisis of historic proportions and it could be in deficit as early as 2008, well before the end of the SAFETEA–LU authorization period in 2009.

Not only will this surface transportation funding crisis affect overall road safety and efficiency, it will have a direct impact on such "tourism-friendly" transportation programs as scenic byways, transportation enhancements and national park roads.

Toward this end, we recommend that the Federal Government take action soon to cope with the immediate problem of a Highway Trust Fund going into deficit.

With regard to air transportation, we share the concern about the need to upgrade the U.S. Air Traffic Control Organization and join in urging this Committee to address these concerns next year when the Airport and Airways Trust Fund is reauthorized. We look forward to suggesting more detailed recommendations when reauthorization is being considered.

We also urge Congress to continue full funding for the Essential Air Service Program. Many rural communities are dependent on that funding assistance to maintain air service and many domestic and international travelers rely on that air service to visit tourist attractions that would otherwise be relatively inaccessible.

The Crucial Importance of the Federal Lands

America's national parks, forests, wildlife refuges and other Federal lands are not only the preservers of our natural resources and our national heritage. They are also immensely popular attractions for millions of domestic and international visitors who go there to admire, enjoy, recreate and get inspiration. Yellowstone, Yosemite, Zion, the Grand Canyon, Denali, Mt. Hood, the Everglades, Mount Rushmore, the Great Smokies, the Blue Ridge Parkway and other national parks and forests are icons of the American experience. Nearly 25 percent of all international visitors visit a national park during their time in the U.S. In the West, where the Federal agencies manage so much territory—more than sixty percent of the land area in several states—the Federal role is seemingly omnipresent.

In Oregon, over 50 percent of the state's land mass is in public ownership and nowhere is the prominence of iconic grandeur afforded to Oregon more than on these public lands—for example, Crater Lake National Park, the Lewis and Clark National Historic Park, the entire Oregon Coast (under the jurisdiction of the Oregon Parks and Recreation Department), and the Mt. Hood National Forest just to name a few.

To focus on one example specifically, Mt. Hood is likely one of the most prominent icons in Oregon. It stands proudly on the horizon above the Portland skyline from Washington Park, and it beckons international and domestic visitors as they fly up the Columbia River Gorge to land at Portland International Airport. In short, the Mt. Hood National Forest serves or provides:

- Four million people who visit Mt. Hood every year.
- More than one million people who receive their drinking water from Mt. Hood.
- Total forest acreage of 1.1 million with 17 percent designated as Wilderness.
- 812 miles of recreational trails.
- And 268 resident wildlife species with seven that are endangered.

Pressures from outside the Federal lands are manifold and, as a result, we are beginning to see trends in visitation stagnate and even decline for some national parks and other Federal lands. The consequences of this include lost opportunities for new generations to experience the grandeur of the great outdoors, lost opportuni-

ties to enhance health and fitness through recreation and outdoor activities on the Federal lands and lost opportunities to showcase these iconic American experiences to the world.

No barrier to travel and tourism may have a more severe impact than a decline in the appeal and enjoyment of the Federal lands. For the industry, for the gateway communities that serve the Federal lands and for the American people, the risk is great.

To avert that outcome, we urge that Congress carefully examine the vital role of the Federal lands as natural and recreational attractions for our domestic and international visitors and that the Federal land agencies be given the staff and budgets necessary for them to balance their dual mission of preserving the natural and historic resources while providing for the enjoyment of the public.

The MDCP: A Useful Model

Sometimes a major barrier to realizing the tourism potential of a community or a region is simply a lack of appreciation for what the area has to offer and a lack of understanding of the nature of the tourism market—especially the international tourism market.

A program already operating at the U.S. Department of Commerce provides a salutary example of how the Federal Government can work in partnership with state tourism offices and other state agencies to overcome the barrier created by this lack of understanding. This is the Market Development Cooperator Program (MDCP) that operates out of the International Trade Administration. Although designed as a means of promoting manufacturing exports, it has demonstrated a capability of serving tourism as a service export.

In 2002, the Western States Tourism Policy Council received a $400,000 three-year MDCP award. This is a cooperating agreement that requires the WSTPC to provide a 2:1 match of $800,000. The WSTPC has used this MDCP agreement to develop a model training program that has educated more than 1,200 business persons and local officials in gateway communities near the national parks, forests and other Federal lands throughout the WSTPC states. This training shows these local leaders how to recognize and develop what they have to offer the international tourism market and how they can enter and succeed in that global market. Graduates of this training program are now participating in major international tourism trade shows in the U.S. and abroad, explaining what their gateway communities have to offer visitors attracted to the nearby national parks, forests and other Federal lands. (*Note:* Travel South, a consortium of southern State Tourism Offices, received an MDCP award several years ago, which it used in a slightly different international tourism marketing campaign.)

We believe the MDCP is an excellent example of an effective partnership between the Federal Government (the Commerce Department and the Federal land agencies), the states (the State Tourism Offices) and the private-sector (local tourism businesses) that synergistically combines the best resources of each to build local economies through the engine of tourism.

We recommend that the MDCP be refined with a tourism-specific mission and be given expanded resources to work with more states and communities.

Intergovernmental and Interagency Coordination and Cooperation

Travel and tourism policy is complex and multi-faceted, involving all levels of our Federal system of government and many different agencies. In the preceding testimony, we have referred to programs and policies involving multiple Federal departments and agencies, including the Departments of State, Homeland Security, Transportation, Interior, Agriculture and Commerce, and more than a dozen of their responsible agencies. We have also referred to the role of State and local governments.

As a result, a multi-agency approach is essential in developing policies and programs that will enable travel and tourism to fulfill its potential with regard to economic development and international understanding. The Federal Tourism Policy Council, originally established by Congress in 1981, has often performed a useful role in this regard but it has been handicapped by limited authority and a lack of participation by senior policymaking officials. For this reason, we endorse the recommendation of the Travel Business Roundtable for establishment of a Presidential Advisory Council on Travel and Tourism. We believe the stature and credibility of such a Presidential Council would make it a promising vehicle to formulate, coordinate and oversee public policies affecting travel and tourism that would be beneficial to the Nation.

Summary and Conclusions

Travel and tourism has a huge, but often little known, impact on the U.S. economy but its potential economic and diplomatic impact could be even greater with

the removal of several significant barriers and an effective public-private partnership.

U.S. barriers to international travel have been aggravated by understandable efforts to ensure maximum homeland security without fully considering the impact of stricter entry-exit procedures and visa policies on free and open travel. The Western Hemisphere Travel Initiative is of particular concern because of the importance of Canadian travel and the likelihood that the Departments of State and Homeland Security will not be able to implement their current deadlines without unduly damaging travel across our land borders.

The U.S. would also benefit greatly from a resumption of Federal support for an international tourism marketing partnership with the private travel and tourism industry that would show the world that the U.S. is a prime tourism destination. The Oregon Tourism Investment Proposal provides an example of what can be accomplished with wise and focused public policies.

Two major domestic barriers that can prevent travel and tourism from fulfilling its potential are threats to the fiscal stability of the transportation infrastructure and a perceived decline in the appeal and enjoyment of the Federal lands. Oregon benefits greatly from its National Scenic Byways Program and from the appeal of the Mt. Hood National Forest and other Federal lands and would suffer correspondingly from any decline in either.

The Market Development Cooperator Program provides a useful model for a Federal-State-local and public-private partnership to develop the tourism product. As shown by the WSTPC experience, the MDCP can be used to educate and train local tourism businesses and community leaders through cooperative partnerships and then assist them in developing and marketing themselves in broader tourism markets.

A comprehensive, intergovernmental and interagency approach will be essential in developing and implementing public policies that will best fulfill the potential of travel and tourism. A Presidential Advisory Council on Travel and Tourism could help provide such an approach.

We appreciate this opportunity to present these ideas and suggestions and will be happy to answer questions or provide further information. Thank you.

Senator SMITH. Thank you, Todd. Those are all excellent. I do have to apologize that there is a series of three stacked votes. But, aloha, Dr. Pressler. We do want to hear from you.

I'm afraid that we'll have to put our questions to you in written form. Senator Inouye has been around here long enough that he should control the Senate agenda and when we vote, but——

[Laughter.]

Senator SMITH. Do you want to introduce your witness, Senator?

Senator INOUYE. Dr. Pressler is one of the great citizens of Hawaii. She has served in the government, in the private sector. And she is, without question, one of the Nation's experts on health. She has, I think, every degree that one can hope to get, from M.D., master's degree—how many master's degrees do you have?

Dr. PRESSLER. Three.

Senator INOUYE. Three.

Senator SMITH. That's three more than I have.

[Laughter.]

Senator INOUYE. So, I'm honored to present Dr. Pressler.

STATEMENT OF VIRGINIA "GINNY" PRESSLER, M.D., MBA, FACS, SENIOR VICE PRESIDENT, STRATEGIC BUSINESS DEVELOPMENT, HAWAII PACIFIC HEALTH

Dr. PRESSLER. Thank you.

Good morning, Chairman Smith, Co-Chairman Inouye. My name is Dr. Virginia Pressler. I'm Senior Vice President for Hawaii Pacific Health, which is the four-hospital system in Hawaii of Kapi'olani Medical Center for Women & Children, which is the only children's specialty hospital in the Pacific; also, Straub Clinic &

Hospital, Pali Momi Hospital, and, on Kauai, Wilcox Hospital/ Kauai Medical Clinic.

I would like to express particular appreciation to Senator Inouye for his role in helping to create this subcommittee.

You have my written testimony, so I will keep my remarks brief.

Tourism and health are the two largest industries in Hawaii, representing $11 billion and $7 billion, respectively, of the gross state product. Seven million tourists per year visit Hawaii. More than one-third of these visitors are from Japan, Europe, Latin America, and other foreign countries. Japanese tourists are a particularly important segment of Hawaii's international tourism market, representing 1.5 million visitors in 2004, and spending 70 percent more per day than visitors from the western United States.

Twenty-four thousand visitors per year have reason to visit our emergency rooms, for reasons ranging from coral cuts to heart attacks, drownings, and major trauma, including major burns. Half of these emergency room visits are from international visitors. The Straub Burn Unit in Hawaii serves a vital role as the only burn unit in the Pacific.

I would like to share a few brief stories from representative patients who would not have survived had the burn unit not existed in Honolulu.

The first is a professional volcanologist who fell through the crust of an advancing lava flow as part of his work with the Volcano National Parks. He sustained severe burns to his lower extremities and spent 2 months in our Straub Burn Unit. Twenty years later, he continues to send letters of appreciation from Florida to the physician and staff who saved his life.

Two North Carolina visitors were severely burned in a plane crash while viewing the Volcano National Parks. They were air-evacuated from the Big Island to the Straub Burn Unit. Their chance of survival was estimated at less than 20 percent. They visited Straub, just 2 weeks ago, to express their thankfulness for the fact that the Straub Burn Unit saved their lives.

Five tuna fishermen from Kwajalein Island were evacuated to the Straub Burn Unit, when their large fishing boat had a flash fire in the engine room, killing the captain and severely burning these five men. They all survived their critical burns through the care they received at the Straub Burn Unit.

A Japanese visitor sustained severe injury to her lower leg with developing gangrene, in an accident on the Island of Lanai. She was treated in the burn unit at Straub, due to the severity of her wounds. This was 5 years ago, and she and her husband visit the Straub Burn Unit to express their thanks when they come to Hawaii from Japan each year to visit.

The Straub Burn Unit provides consultation to the entire Pacific. It is not uncommon to treat sailors from ships from within one- to two-thousand miles of Honolulu. We also receive periodic consults and patients from Tripler Army Medical Center.

The Burn Unit operates at a significant loss each year, but it is maintained by Hawaii Pacific Health as a vital service to the entire Pacific.

Finally, more than 11,000 visitors come to Hawaii for planned medical treatment each year. We recently had a woman from Korea

who came to one of our hospitals for a laparoscopic colon resection for cancer because we have a surgical oncologist who is trained in this procedure.

The potential for medical tourism remains largely untapped in Hawaii. Can you think of a better place to recover from heart disease or cancer? It is particularly attractive for Asians, because they feel comfortable being cared for by physicians and caregivers who are frequently Asian and also speak their language.

We appreciate the work of this subcommittee and all the Federal efforts to help keep Hawaii as a safe travel destination. The work of the Centers for Disease Control on pandemic preparedness is particularly appreciated, as Hawaii is likely to be the portal of first entry for any kind of avian flu or other pandemic.

Thank you for the opportunity to testify. I'm happy to answer any questions.

[The prepared statement of Dr. Pressler follows:]

PREPARED STATEMENT OF VIRGINIA "GINNY" PRESSLER, M.D., MBA, FACS, SENIOR VICE PRESIDENT, STRATEGIC BUSINESS DEVELOPMENT, HAWAII PACIFIC HEALTH

My name is Dr. Virginia Pressler, Senior Vice President, Strategic Business Development for Hawaii Pacific Health (HPH) which is the four hospital system of Kapi'olani Medical Center for Women & Children, Kapi'olani Medical Center at Pali Momi, Straub Clinic & Hospital, and Wilcox Hospital/Kauai Medical Clinic. In addition, HPH has 23 clinics and numerous outreach programs.

Access to quality medical infrastructure is essential for any tourism destination to remain competitive. In addition to the beach and weather. Hawaii's advantage as a premier tourism destination is due to the reputation of its medical infrastructure—both personnel and facilities. Hawaii is both a dream destination for international travelers and at the same time one of the remotest places in the world. Visitors come to Hawaii knowing that when they visit—in the case of a medical emergency—they will have access to medical care that is at a standard comparable to any mainland facility.

As you are probably aware, Hawaii continues to be one of the premiere destination choices for both domestic and particularly foreign travelers. In 2004, the number of visitors by air to Hawaii increased by 8.5 percent from the previous year to approximately seven million. Two million three hundred thousand of these visitors (34 percent of total) were visitors from Japan, Canada, Europe, Oceania, Latin America or other foreign countries. The economic impacts are significant. Tourism expenditures in Hawaii were close to $11 billion in the year 2004 and have continued to increase since. Japanese visitors are a particularly important segment of Hawaii's international tourist market. In 2004, the number of Japanese tourists increased by 8.6 percent from the previous year reaching 1,482,085. More significantly, the Japanese represent the highest daily expenditures spending more than 70 percent more per day than our U.S. West Coast visitors.

With this many visitors, it is inevitable that many will require emergency and/or unplanned medical treatment. The Hawaii State Department of Business, Economic Development and Tourism estimates that in 2004, close to twenty four thousand visitors needed to access our emergency rooms for medical care. Approximately half of those visits were international tourists.

An example of emergency services that are accessible for all visitors is emergency burn services at Straub Clinic and Hospital—an affiliate of Hawaii Pacific Health. The Straub Burn Unit was founded in 1983, to serve as a primary and tertiary burn treatment center for Hawaii and the Pacific Region. The Straub Burn Unit serves as both a primary and tertiary burn treatment center for Hawaii and the Pacific region providing care for both residents and non-residents. Patients come to the Straub Burn Unit from not only all parts of Hawaii, but also areas within the Pacific Basin. The Straub Burn Unit has also provided care to patients from Tripler Army Medical Center and continues to be a source of advice and consultation because Tripler does not have a consistent burn care program. The Straub Burn Unit includes three intensive care unit rooms designated specifically for burn patients, transport lift to place patients within the burn tub, and highly specialized beds for greater patient comfort and care. The patients treated at the Straub Burn Unit benefit by having their care provided locally, eliminating the need for travel to the

mainland thus avoiding increased risk and expense and also facilitating family support, a very important component of a burn patient's recovery.

Since its opening in 1983 through 2004, the Straub Burn Unit has admitted a total of 783 patients with 675 residents and 108 non-residents. The numbers are not as important as the fact that the Center serves an invaluable resource for unplanned and emergent care. (See attached letter from Dr. Schulz with specific examples of patients served). Most importantly, the Center also serves as an essential public health resource in the event of a major airline disaster. With the rapidly increasing number of flights to and from Hawaii annually, the Burn center will play a key role in the recovery and treatment of injured passengers. Financially, the Burn Unit operates at a loss given the low rate of reimbursement. However it is an essential service that Hawaii Pacific Health maintains to ensure that both residents and visitors alike have access to specialized care in the event of an emergency.

Finally, medical infrastructure is also a vital component in an area we have not fully explored in Hawaii—Medical Tourism. Many foreign countries such as India, South Africa and Thailand have invested in medical infrastructure to attract foreign tourists by providing specialized care. The medical treatments range from simple comprehensive medical check-ups to elective procedures such as rhinoplasty, liposuction, breast augmentation, orthodontics, and LASIK eye surgery. These destinations often also provide medical services for larger and life-saving procedures such as joint replacements, bone marrow transplants, and cardiac bypass surgery. These medical tourism destinations typically offer numerous options for tourists including sightseeing and shopping within a resort like setting. The bundling of superior medical services with the benefits of a desirable tourist location has worked well for places like India. Already in Hawaii more than 11,000 visitors come for planned medical treatment. Given Hawaii's location and reputation as a tourist destination—this potential remains largely untapped.

Thank you for this opportunity to testify. I would be happy to answer any questions you may have.

STRAUB CLINIC & HOSPITAL
Honolulu, HI, June 16, 2006

VIRGINIA PRESSLER, M.D.,
Senior Vice President,
Strategic Business Development,
Hawaii Pacific Health,
Honolulu, HI.

Dear Doctor Pressler:

Thank you for your recent inquiry. It is very timely since recently I have been in contact with four patients who were treated at our Straub Hospital; who would not have survived had the unit not existed in Honolulu. The first letter was from a patient who fell through the crust of a advancing lava flow on the Big Island as part of his work with the Volcano National Parks Center. He sustained severe burns to his lower extremities. This coincided with a recent visit from two 65+ visitors from North Carolina who were severely burned in a plane crash on the Big Island when they were viewing the Volcano National Park. These patients, under our instruction, were incubated at Hilo Hospital and air evacuated to the Bum Unit at Straub. Their chance for survival was less than 20 percent and this surely would have been significantly reduced if they had been transferred to a burn center on the mainland if in fact, we could have found air transportation for them from Honolulu International Airport to a mainland burn center. They visited with me in my office 2 weeks ago with their two daughters who are RNs and were extremely thankful for our efforts in saving their lives. These patients shared a similar severe prognosis with five tuna fishermen from a large boat fishing near Kwajalein Island. A flash fire in the engine room led to the death of the boat's Captain and severe burns to five fishermen. They were air evacuated from Kwajalein to the Straub Burn Unit and all survived their critical burns. Last, I received a letter from a patient and her husband from Japan last week. Five years ago she sustained a severe injury to her lower leg with developing gangrene in an accident on Lanai. She was treated in our Burn Unit due to the severity of her wounds. They visit our Burn Unit every year, when visiting on vacation, and are extremely thankful for the treatment they received.

We not only supply treatment at Straub Clinic Burn Unit, but we provide consultation with all of the islands and the pacific basin. It is not uncommon to treat sailors from ships from within 1–2 thousand miles of Honolulu or to receive questions regarding less critical burns from emergency room physicians on the Big Is-

land, Kauai, Lanai, and Molokai. We additionally receive periodic consults and patients from Tripler Army Medical Center since they no longer provide burn care treatment for critical burns and due to periodic deployment of their plastic surgeons and general surgeons they do not have a consistent burn care program. We additionally do periodic seminars for nurses and physicians throughout the islands and would clearly be responsible for the triaging and treatment in the event of a catastrophic fire or thermal event.

I hope you find this information helpful and we are very thankful for Congressional consideration regarding the Straub Clinic & Hospital Burn Unit.

Sincerely yours,

ROBERT W. SCHULZ, M.D.,
Plastic Surgeon.

Senator SMITH. Doctor, I can't think of a better place to recover from Congress than Hawaii, and have done so in a number of recesses, particularly over Christmas.

[Laughter.]

Senator SMITH. I'm going to have some questions I'll submit in written form.

But before I turn it over to Senator Inouye, let me apologize, again, for being interrupted by a series of votes. We really appreciate your coming here. You have helped fill in the pieces of this puzzle of how America can better its opportunity in tourism. And each of you has a part of that, and helped give us some marching orders, I think, where we can apply pressure on our government to do a better job.

Senator Inouye?

Senator INOUYE [presiding]. I thank you.

I gather, from the testimony, that most of you feel that the government is not providing much assistance; instead, it's providing a lot of obstacles; and they haven't received the message yet. I asked the question of one of the witnesses from the government, and there was—97 percent receive their visas in one or two days, but that's 97 percent of the approved travelers. You indicated that in Brazil the average applicant takes 130 days?

Mr. TISCH. The wait time——

Senator INOUYE. Yes.

Mr. TISCH.—in the visa process.

Senator INOUYE. If that's——

Mr. TISCH. And——

Senator INOUYE.—the case——

Mr. TISCH. And you have to get to the Consulate, so it's also the time of—taken out of your day to take your family, if that's how you're—who you're going to travel with to get to the Consulate.

Senator INOUYE. How long is the waiting or the application time in Paris?

Mr. RASULO. Well, Paris, Senator, is participating in the Visa Waiver Program, so there is no visa that is necessary for travel to and from France.

Senator INOUYE. And what about Britain?

Mr. RASULO. Same. There are 27 countries that participate in a Visa Waiver Program, which are the countries that are—you know, the largest number of visitors to the United States.

Senator INOUYE. What is it in the Philippines?

Mr. TISCH. I don't have that information, sir.

Mr. RASULO. I don't either, but it—suffice to say that, since 9/11, Senator, any traveler—foreigner wishing to come to the

United States, not from a visa waiver country, has to appear in person at a Consulate. Every member of the family has to appear in person.

In Brazil, for example, which is a vast country, there are only four locations that individuals can go to be interviewed. So, quite often, Brazilians have to make a trip to go to a city where there is a Consulate to be interviewed, make their interview, then go back home and wait for the approvals.

Senator INOUYE. Do you believe that our government has a policy of preference?

Mr. RASULO. I would not necessarily describe it as a policy of preference—or I should say, I'm not aware of that—but one that clearly does not—that presents obstacles for people who are not part of the Visa Waiver Program to come, in the form of waiting times, which is quite often outside the planning horizon of international travelers; meaning they decide to come to the United States 2 months before their vacation, only to find out that it's 130 days to apply for a visa—so, needless to say, they don't come—and that the process can be costly. It's $100 to be interviewed, which is nonrefundable, even if you are not approved—and sometimes quite cumbersome.

Senator INOUYE. Do you believe that the process is necessary?

Mr. RASULO. I think that some process of personal interview——

Senator INOUYE. 130 days?

Mr. RASULO.—is probably necessary; however, one could question why that can't be done by videoconference, why it has to be done in person. I think we need to figure out how to either better staff or better use technology to preapprove and accelerate the process.

Senator INOUYE. And, Mr. Tisch, you are serious about conducting classes. Is it that bad?

Mr. TISCH. From the stories that we hear—some anecdotal, some from individuals who come to our shores and come to our properties, come to our theme parks—we hear the stories that are troubling. And the industry does stand ready to assist the government. We do offer hospitality in the travel and tourism industry, and we have offered up our services, and continue to. And we do have a good working relationship with State and DHS, in terms of having us explain the challenges and trying to find solutions together, and we will continue to assist, where we can.

Senator INOUYE. If I may, I'd like to submit questions to all of you, because I might very well lose my credentials if I don't vote.

[Laughter.]

Senator INOUYE. And the two votes, incidentally, if you're interested—the two votes are in reference to Iraq—how do we get out of there?

So, with that—is it a recess? The hearing is adjourned.

[Whereupon, at 11:27 a.m., the hearing was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF CHARLES W. BRAY, PRESIDENT/CEO, INTERNATIONAL ASSOCIATION OF AMUSEMENT PARKS AND ATTRACTIONS

I would like to thank Chairman Smith and the Committee for holding this important hearing to explore the state of the United States tourism industry. The nearly $645 billion annual travel and tourism industry is one of America's largest employers. As part of the service sector, the travel and tourism industry helps comprise the single largest and fastest growing component of our economy. The industry is critical to the economic well-being of our country, states and cities. However as a diverse and decentralized industry its power and value to our economy is often overlooked by policymakers and economists alike.

America's amusement parks and attractions are renowned worldwide and are a draw for Americans as well as visitors from around the world. Whether driving regionally for an end-of-year school field trip to an amusement park or flying around the world for a 10-day trip to Orlando, our parks and attractions are a driver of travel and tourism. As the President of the International Association of Amusement Parks and Attractions, I welcome the opportunity to submit testimony about the state of the industry. Attached you will find the Executive Summary of a comprehensive study that we commissioned with the Travel Industry Association of America last year which provides detailed information on the economic impact of the parks and attractions industry.

The International Association of Amusement Parks and Attractions (IAAPA) represents 4,500 members worldwide ranging from large amusement and theme parks, such as Walt Disney World and Universal in Orlando, to small independently-owned parks and major industry suppliers. The contributions of IAAPA members to both domestic and overseas economies are staggering. Travel and tourism enjoyed a $1.3 trillion share of the U.S. economy in 2004. Travelers' spending in 2005 generated $103.5 billion in tax revenue for local, state, and Federal Governments in the U.S. The 328 million amusement park guests who visited U.S. parks and attractions in 2004 spent $47.8 billion directly on admission, concessions and services while visiting the more than 600 U.S. amusement parks. Amusement parks and attractions not only help support the U.S. economy, they also stimulate growth in local businesses and communities. The amusement industry provides jobs for upwards of 500,000 year-round and seasonal employees in the U.S. Many individuals' first jobs are in the amusement industry. The industry is a huge employer of youth and takes special pride in hiring, training and promoting America's youth.

The population that visits amusement parks and attractions in the U.S. is not strictly limited to domestic visitors; people traveling from other countries make up a large portion of visitor numbers. Amusement and theme parks in the U.S. alone attracted more than 10.6 million overseas travelers in 2004. These travelers spent an estimated $3.7 billion on expenses related to their travels. The forecast for total travel expenditure by international visitors in 2006 is $88.3 billion. As shown by the data, both domestic and foreign visitors of amusement parks and attractions are extremely beneficial to the economy.

Tourism has steadily improved in the last 5 years, and all indications show that this has the potential to be a good year for the industry and that attendance at amusement parks and attractions will continue to increase. However, there are several factors that have the potential to impact the industry. While we recognize that some of these factors cannot be controlled, such as the weather, others can be influenced by policymakers.

Fuel Costs: Increasing gas prices could impact travelers' ability to visit amusement parks and attractions. People who are planning to travel less or not at all this summer cited the reason as the price of fuel 26 percent of the time. Fuel costs will drive up vacation costs for both drivers and those who fly to their destinations. Energy costs have the potential to negatively impact attendance this year.

Security with Accessibility: It is critical that legitimate foreign visitors who want to travel to the United States are able to obtain visas in a timely, efficient and eco-

nomical manner. It takes visitors from some Latin American countries months to obtain visas to come to the United States, and the interviews required to obtain the visas often require a special trip within their country, at a great expense. This creates a great disincentive to travel to the United States. If improvements are not made, we will lose these travel and tourism dollars to other countries. We support the goals of the Rice-Chertoff Initiative announced in January to better utilize technology to facilitate legitimate travel to the United States.

IAAPA is also concerned that ample consideration, implementation time, and public promotion be provided before the border requirements for the Western Hemisphere Trade Initiative (WHTI) go into effect. The WHTI, a part of the Intelligence Reform and Terrorism Prevention Act of 2004, requires passports for all travel across U.S. borders by January 1, 2008, and travelers over water and by air as of January 1, 2007. While IAAPA understands the need for border protection, we stress the importance of the timing and manner of any new requirements. IAAPA would support the following changes to WHTI which are included in the Comprehensive Immigration Reform Act of 2006, S. 2611:

- 18-month extension of deadline for implementation of the WHTI to June 1, 2009;
- Authority to issue a passport card for U.S. citizens valid for travel over land and sea ports between the U.S. and Canada, Mexico, the Caribbean or Bermuda. The total passport card application fee would be under $24 and the fee for children under 18 would be waived;
- State Department/DHS are required to conduct a trial program with at least one state whereby its driver's license can meet the requirements for border crossing;
- State/DHS are empowered to determine that certain Canadian issued identity documents are valid for entry into the U.S.;
- Development of a limited process to permit citizens of the U.S. to cross the international border if they return within 72 hours;
- Development of a procedure to accommodate groups of children traveling by land across an international border under adult supervision with parental consent without requiring a government-issued identity and citizenship document; and
- Ample public promotion of the WHTI and its requirements.

The World Travel and Tourism Council estimates that 8.7 percent of the world's jobs are created by the travel and tourism industry. This, along with the data given above, speaks volumes about the importance of the travel and tourism. The amusement park and attractions industry is proud of the positive impact our members have had in creating jobs and revenue in the United States. We respectfully ask the Committee to consider the issues we presented. I would be happy to provide any additional information that would be beneficial to your understanding of the industry. Thank you for holding this hearing on this important and timely issue.

THE ECONOMIC IMPACT OF DOMESTIC AND OVERSEAS TRAVELERS WHO VISIT AMUSEMENT/THEME PARKS AND OTHER ATTRACTIONS IN THE UNITED STATES—2005 Edition

Sponsored by: International Association of Amusement Parks and Attractions

Prepared by: The Research Department of the Travel Industry Association of America, Washington, D.C.

Introduction

With the large volume of domestic travelers and overseas visitors to the United States interested in amusement/theme parks and other attractions today, there is no doubt that this type of travel is a significant part of the U.S. travel experience. Amusement/theme parks and other attractions generate billions of dollars for destinations by attracting visitors who spend money not only on those attractions, but also on related items such as transportation, lodging, food and retail shopping.

The Economic Impact of Travelers Who Visit Amusement/Theme Parks and Other Attractions in the United States emphasizes the importance of amusement/theme parks and other attractions defined in this report as valuable products for the tourism industry and the economy. This report, which is sponsored by International Association of Amusement Parks and Attractions (IAAPA), provides analyses of the economic impact generated by both domestic and overseas travelers in the United States who visited amusement/theme parks and other attractions in 2004. Domestic

travelers could have visited at least one of five other attractions—zoos/aquariums/ science museums, historical places/sites/museums, performing arts events, cultural events/festivals, and art galleries/museums. Overseas travelers could have visited at least one of six other attractions, including historical places, cultural heritage sites, the American Indian community, concerts/plays/musicals, art galleries/museums, and ethnic heritage sites.

This report includes estimates of travelers' spending during their trips visiting amusement/theme parks and other attractions as well as the employment, payroll income and tax revenues generated by those expenditures. Detailed analyses of total travel volume, total trip expenditures, average trip spending and itemized expenditures by groups of travelers (defined by type of attraction and primary purpose of trip) are included in this report.

The survey data used in this study do not provide information on whether the visit to the attraction was the primary reason for the trip, an important but not the primary reason for the trip, or just an incidental activity. For the purpose of this study, for domestic travelers citing "entertainment/ sightseeing" as the primary purpose of their trips, expenditures for the entire trips were included, covering not only their spending in amusement/theme parks and other attractions, but also on transportation, food, lodging and retail shopping. For those domestic trips that included one or more of the attractions above but whose primary purpose was not for "entertainment/sightseeing," only expenditures on admission fees paid to the amusement/ theme parks and attraction(s) and some other incidental spending in the attractions were included.

Based on data available for this study, domestic travel volume was measured in person-trips, which may have included one or more visits to amusement/theme parks and other attractions during one trip.

Overseas travelers' expenditure estimates were based on the Office of Travel and Tourism Industries' In-Flight Survey data. For the purpose of this report, the estimates include overseas travelers' spending on amusement/theme parks and other attractions, as well as spending on other travel-related items outside of parks and attractions (offsite) by those travelers who cited "leisure" as their main purpose of travel, and visiting amusement/theme parks or other attractions as the only recreational activities during their trips in the United States. International airfares are not included in other related items outside of parks and attractions.

Estimates of domestic travelers' impact were derived using the Travel Industry of America's (TIA's) proprietary Travel Economic Impact Model (TEIM). Detailed analyses of travel volume and characteristics as well as expenditure patterns were based on TIA's TravelScope® and TIA's Travel Expenditure Survey data. Data from the U.S. Amusement Industry Consumer Survey conducted by IAAPA were also employed.

The TEIM was developed by the Research Department at TIA to provide annual estimates of the impact of the travel activity of U.S. residents on national, state and local economies in this country. The TEIM estimates travel expenditures and the resulting business receipts, employment, payroll income and tax receipts generated by these expenditures.

TIA's Travel Expenditure Survey, a national mail survey conducted in 2005, investigated 25 traveler-spending categories such as air tickets, auto rentals, lodging, restaurant meals and amusement/recreation. It also collected information on travel characteristics for different groups of travelers. The proportions of trip expenditures by different traveler groups, the shares of each spending category in total travel spending, and average levels of each spending category were estimated using the survey data and incorporated with total expenditures generated by the TEIM.

TravelScope is a cooperative research effort, funded by states, cities and other participants, and managed by the Research Department of TIA. TravelScope is a national mail survey conducted monthly that collects visitor volume, market share, trip characteristics and demographics for all U.S. residents' travel. Once collected from traveling households, survey results are projected to the populations of households in each of the 48 contiguous states based on the responding household's state of residence. This method ensures the statistical accuracy needed to measure U.S. travel volumes.

TravelScope data in this report encompass domestic trips (*i.e.,* within the United States) taken by U.S. residents during the 2004 calendar year. This survey does not collect data on U.S. residents traveling outside the United States or on international visitors' activity in the United States. For this report, travel is measured in terms of person-trips and household trips. To qualify, a trip must be at least 50 miles one way away from home, or include one or more overnight stays in paid accommodations. Respondents are instructed to not include trips commuting to/from work or school or trips taken as a flight attendant or vehicle operator. One person-trip

equals one person on one trip at least 50 miles one way away from home, or includes an overnight stay in paid accommodations. See appendix A for more information.

The In-Flight Survey is a monthly survey conducted by the Office of Travel and Tourism Industries in the U.S. Department of Commerce. The survey collects information from both U.S. resident and non-U.S. resident international air travelers. This study uses the survey results of non-U.S. resident oversea air travelers.

Executive Summary

In 2004, visitors to amusement/theme parks and other attractions, including domestic and overseas travelers and local visitors, spent $57.3 billion on those parks and attractions, as well as on other items related to their trips.

Total domestic and overseas travelers visiting amusement/theme parks and other attractions in the United States directly spent an estimated $47.8 billion in 2004.

Total travel spending, including direct and secondary (indirect and induced) or "multiplier" output, reached $113.3 billion. Of this, $65.5 billion was generated though secondary impact.

In 2004, domestic and overseas travelers visiting amusement/theme parks and other attractions directly generated more than 612,000 jobs, $13.3 billion in payroll income, and $8.0 billion in tax revenue.

Including direct and secondary impact, every million dollars spent by travelers visiting amusement/theme parks and other attractions produced nearly 27 jobs in the United States in 2004. Moreover, every dollar spent by these travelers generated 71 cents in total payroll income.

Domestic Travelers Visiting Amusement/Theme Parks and Other Attractions in the United States

U.S. travelers generated more than 260.4 million person-trips that included one or more visits to amusement/theme parks and/or other attractions in 2004. That represented 22 percent of the 1.2 billion total U.S. domestic person-trips taken in 2004. More specifically, 78.9 million person-trips included at least one visit to an amusement/theme park, accounting for 6.8 percent of the 1.2 billion total domestic person-trips. A total of 15.6 percent of U.S. domestic person-trips (181.6 million) included at least one of five other attractions as an activity.

Domestic travelers visiting amusement/theme parks and other attractions spent an estimated $44.1 billion in 2004. That included all travelers' spending on amusement/theme parks and other attractions, as well as spending on other travel-related items outside of parks and attractions by those travelers who cited "entertainment/sightseeing" as their main purpose of travel. Business and other leisure travelers' spending outside of parks and attractions were excluded.

Total domestic traveler spending, including direct and secondary (indirect and induced) or "multiplier" output, reached $103.8 billion. Of this, $59.8 billion was generated though secondary impact.

Domestic travelers' spending directly generated 564,000 jobs, $12.3 billion in payroll income, and $7.4 billion in tax revenue in 2004.

Including direct and secondary impact, domestic travelers' spending generated a total of 1.2 million jobs and $31.2 billion in payroll income for the U.S. economy.

Overseas Travelers Visiting Amusement/Theme Parks and Other Attractions in the United States

More than 10.6 million overseas travelers to the United States included a visit to an amusement/theme park or other attraction in 2004. More specifically, 5.0 million travelers visited amusement/theme parks and 5.6 million visited at least one of six activities or events: historical places, cultural heritage sites, the American Indian community, concerts/plays/musicals, art galleries/museums, and/or ethnic heritage sites. That represented 52 percent of the 20.3 million total overseas travelers who visited the United States in 2004.

Overseas travelers visiting amusement/theme parks and other attractions spent an estimated $3.7 billion in 2004.

Total travel spending, including direct and secondary (indirect and induced) or "multiplier" output, reached $9.4 billion. Of this, $5.7 billion was generated though secondary impact.

In 2004, overseas travelers visiting amusement/theme parks and other attractions directly generated 48,100 jobs, $992.8 million in payroll income, and $620.8 million in tax revenue.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. GORDON H. SMITH TO HON. FRANKLIN L. LAVIN

Question 1. It is estimated that international visitors spend 4½ times more than domestic travelers. What specifically could the Department of Commerce do to help promote tourism and facilitate U.S. entry for international travelers?

Answer. The Department's Office of Travel and Tourism Industries (OTTI) and U.S. and Foreign Commercial Service (USFCS) work together to promote and facilitate travel and tourism to our country. This includes:

- Actively participating in over 20 travel tradeshows annually and interaction with Visit USA programs around the world;
- Collecting and analyzing critical data in coordination with the Bureau of Economic Analysis (BEA) that is used by the industry to develop business plans;
- Promoting industry interests before the Department of Homeland Security (DHS) and Department of State (DOS) regarding policies related to border entry and issuance of visas;
- Advancing policy initiatives through the Tourism Policy Council (TPC), which is led by the Secretary of Commerce and comprises 17 agencies of the Federal Government;
- Participating in international trade negotiations that seek to remove market access impediments and to enhance the competitive position of U.S. companies; and
- Representing U.S. interests before international policy-setting fora, such as the Asia Pacific Economic Cooperation (APEC) and the Organization for Economic Cooperation and Development (OECD).

Question 2. Almost all developed countries have a cabinet level official charged with tourism promotion and diplomacy. In the United States, this mission is hidden deep in the Department of Commerce and seems to primarily focus on research and statistics. What is the Department's plan for promoting travel and tourism? Do you think the Federal Government has a role in tourism promotion? How can the Commerce Department be more proactive in U.S. travel and tourism promotion?

Answer. The Department's mandate for travel and tourism promotion is to analyze the domestic economic environment and make recommendations to improve the competitiveness of the U.S. Travel and Tourism Industry. The Department also develops programs to improve access to international markets by U.S. travel and tourism exporters and works with other government agencies to eliminate barriers. In this process the Department works to ensure industry views are considered in the Federal policy decisionmaking process. This supports promotional efforts led by private sector and state, local and tribal entities to attract travel and tourism to the United States. Specific activities are outlined in *Question #1.*

The Secretary of Commerce has been personally committed through the Travel and Tourism Advisory Board (TTAB) to work with the industry to ensure its global competitiveness. Recently, the Board submitted its recommendations for strategies to revive the Gulf Region and create a National Tourism Strategy. This strategy creates an opportunity for the Department to be more proactive in promoting travel and tourism by: (1) leading efforts through the TPC to define specific roles and responsibilities of the Federal Government; (2) determining areas where domestic policy changes can be made to create a more conducive environment for sustained growth in the industry; and (3) exploring opportunities for public-private partnerships for policy and promotion activities.

Question 3. The Commerce Department chairs the Tourism Policy Council (TPC), which consists of 17 Federal agencies, aimed at promoting and streamlining tourism issues across the Federal Government. It is my understanding that this Council has met only once in the past 4 years? There certainly are many Federal barriers across agencies that hinder domestic and international tourism. Can you explain why the Administration has not made the TPC a priority? Why do you think it is so difficult for tourism to get the attention of policymakers?

Answer. The TPC met nine times in 2002 and six times in 2003. In 2006, the Secretary called for renewed quarterly TPC meetings as a result of increased interest in travel and tourism policy issues at the Administration level. This year, the TPC met in March and July, and the next TPC meeting is planned for early October. The Secretary views the TPC as a vital tool for ongoing Federal policy coordination and as a forum through which to vet the National Tourism Strategy developed by the Travel and Tourism Advisory Board. The level of Federal interagency attendance at the 2006 TPC meetings has been substantially higher than in past years.

This underscores the interest by policymakers in U.S. travel and tourism issues that cross-cut the Federal Government.

Question 4. What role does the private sector have in promoting the U.S. tourism market?

Answer. The private sector primarily leads U.S. travel and tourism promotion efforts in the U.S. and abroad. This is accomplished both by individual companies and through industry-wide collaboration. In addition, state tourism offices as well as convention and visitor bureaus conduct the grassroots promotion of destinations. In international markets, overseas Visit USA Committees actively promote travel to the United States. They comprise the private sector representative offices and branches of U.S. companies, as well as tour operators, travel agencies, and media business that promote or sell travel to the United States.

Question 5. How would a national campaign market the entire U.S., including rural areas?

Answer. In 2004, Congress tasked the Department with the responsibility of directing an international tourism promotion and marketing campaign. This was a unique opportunity for the Department to demonstrate to the private sector the potential effectiveness of a well-executed international promotion program. The Department's campaign in the United Kingdom and Japan was made possible through numerous public-private partnerships. For example, in year one of the United Kingdom campaign, over 80 states, cities, and companies collectively contributed $2 million to the Department's efforts. In year one of the Japan campaign, over 50 states, cities, and companies gave $750,000. Consumer research conducted during the campaign indicates that the beauty of the U.S. natural environment, together with the excitement of U.S. urban areas and man-made attractions, are what differentiate the United States as a travel and tourism destination. The Department's campaign focused on the diversity of travel experiences in the United States, including the beautiful natural environments, rural areas, exciting cities and inspiring national monuments.

Question 6. What is the economic impact to the U.S. economy for travel and tourism as compared to other large industries in the U.S.?

Answer. The travel and tourism industry is an important component of the U.S. economy. According to the U.S. Department of Commerce Travel and Tourism Satellite Accounts, the industry accounts for 2.6 percent of U.S. gross domestic product (GDP), which, positions it below ambulatory healthcare services (3.5 percent of GDP), about the same as hospitals and nursing home facilities (2.7 percent), and broadcasting and telecommunications (2.7 percent), but *higher* than the important industries of utilities (2.0 percent), chemical products (1.6 percent), legal services (1.4 percent), farming (1.2 percent), computer and electronic products (1.1 percent), and motor vehicles, bodies and trailers, and parts (1.0 percent). (Source: BEA)

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO HON. FRANKLIN L. LAVIN

Question 1. The Department of State (State) statistics show a precipitous decline in the number of nonimmigrant visas they issued to foreign travelers seeking entry into the United States in the immediate aftermath of September 11, 2001. This year, the number of nonimmigrant visas issued to travelers is expected to rebound to pre-September 11 numbers. To what do you attribute the decline in nonimmigrant visas issued to foreign travelers seeking entry into the United States following the events of September 11, 2001?

Answer. Following September 11, global international travel trends shifted from long-haul international or overseas travel to short-haul destinations where the traveler stays closer to home with an increase in the use of auto or rail transportation versus airlines.

Additionally, the industry has been negatively affected by SARS (2003) and unfavorable exchange rates for many countries (2001–2004).

Question 2. Do you think new policies on visa issuance and entry have contributed to the decline in market share for U.S. tourism exports?

Answer. The Department of Commerce's Office of Travel and Tourism Industries Travel Barometer, which solicits feedback on travel issues from the industry, suggests that there is no widespread empirical evidence to support this opinion.

Question 3. If the events of September 11, 2001 do not alone explain the decline in nonimmigrant visas issued by United States Consulate offices throughout the world, what other factors may explain the decline in nonimmigrant visas issued?

Answer. There has been a 7 percent annual growth in global travel since 1950, but, with the exception of China, there has been some decline in the top 10 markets, including the United States. Therefore, it is not just the United States facing this challenge. Countries such as China and India are benefiting from more regional and domestic travel. These countries are also marketing to keep their traveling populations at home.

Question 4. Current policies stifle Chinese citizens' ability to travel to the United States. China continues to restrict its citizens' leisure travel to countries, like the United States, which have not yet received Approved Destination Status (ADS). Furthermore, the failure of the Department of State (State) to process Chinese citizens' visas in a timely fashion complicates the U.S.'s efforts to prosper from a sizable Chinese population's desire to visit the United States.

The Chinese government has not designated the U.S. as one of China's official tourist destination countries. China's government must grant a country ADS before Chinese citizens may engage in leisure travel to that country. In recent years China has broadened the leisure travel opportunities available to its citizens by granting ADS to Canada and 25 European countries. Numerous Chinese citizens circumvent their home country's ADS requirement by classifying trips to the United States as business trips. While not technically classified as "tourists," almost all Chinese citizens who travel to the United States on business incorporate leisure activities into their travel itineraries.

Maura Harty, the Assistant Secretary of State for Consular Affairs, testified before the House Committee on Government Reform in September 2005. Secretary Harty presented statistics illustrating that the issuance of nonimmigrant visas to Chinese citizens traveling to the United States, though still 13.5 percent below the number of nonimmigrant visas issued before September 11, increased in Fiscal Year 2004 by 26 percent and grew an additional 11 percent in the first half of Fiscal Year (FY) 2005. Harty dispelled concerns that there was a lack of American consular staff to issue nonimmigrant visas to Chinese citizens by explaining that nine new consular positions have been created for China in FY 2004 and FY 2005, the Consulate in Guangzhou and Consulate General in Shanghai have moved into new consular facilities, and the Chinese cities of Beijing, Shanghai, and Guanghzou have all collaborated with local chapters of the American Chambers of Commerce to implement programs facilitating the issuance of business visas to employees. Additionally, Secretary Harty stressed that the state remains dedicated to demonstrating to China and India that it will more efficiently process the visas of their citizens. Secretary Harty stated that since September 2001, the State has augmented the resources it uses to process the visas of Indian and Chinese citizens as evidenced by its creation of 515 consular positions and its enhancement of the consular officers' training. Secretary Harty told the House Committee that as of the date of her testimony, 97 percent of all visa applicants around the world who are found qualified to receive visas receive them in one to two days.

Are you aware of Chinese and Indian foreign travelers commonly experiencing a delay in receipt of their nonimmigrant visas for travel to the United States?

Answer. China and India have been highlighted as two of the countries where assistance should be focused in the visa processing area.

In China, the delay in visa processing wait is primarily due to the requirement for face-to-face interviews with all non-immigrant visa applicants. However, processing time varies significantly by location within China itself. For example, visitor visa processing wait time in Shenyang is reported to take only one day while in Shanghai it reportedly takes a 42-day wait. In New Delhi, the reported wait time for visas is approximately 2 days.

The Department of State is responsible for issuing visas, and their website provides consumers tracking of wait times for visas to be processed. This information can be accessed at the following URL: *http://travel.state.gov/visa/temp/wait/tempvisitors_wait.php.*

The Travel and Tourism Advisory Board (TTAB), comprised of private sector travel and tourism industry executives, recently submitted their recommendations to the Secretary of Commerce for the development of a national tourism strategy. Identified within these recommendations is the need for thorough review and possible revision of existing visa policy. The Tourism Policy Council (TPC), a group of more than 20 Federal agencies who deal with varied issues related to travel and tourism, including the Departments of State and Homeland Security, will be discussing the TTAB's recommendations at the next TPC meeting.

Question 5. How have newly created consular offices expedited the visa process for citizens of China and India? Do you sense that your Department is aware of the

economic benefits associated with an influx of Chinese and Indian tourists, traveling on nonimmigrant visas to the United States?

Answer. The Department of Commerce understands the benefits of Chinese and Indian travelers to the U.S. economy. In 2005 total travel and tourism spending in the United States from India was $1.6 billion (representing a 16 percent increase over 2004) and $1.5 billion from China (representing a 38 percent increase over 2004).

The Travel and Tourism Advisory Board and the Tourism Policy Council are also keenly aware of the positive impact of additional international visitors to the United States, and are working diligently together to ensure that the Nation's "Secure Borders, Open Doors" program is as welcoming as possible, enabling legitimate travelers access to the United States.

Consular offices fall under the purview of the Department of State, which is better suited to address the first part of this question.

Question 6. What efforts are being undertaken by persons within the United States' public- and private-sectors to facilitate the United States being granted Approved Destination Status by the People's Republic of China?

Answer. Under a U.S.-China tourism cooperation agreement, the United States and China have identified the intent to obtain a commercial facilitation agreement to enable group leisure travel to the United States. This agreement is currently being developed by the Department of Commerce in conjunction with the Departments of State and Homeland Security. Private-sector entities in Nevada, Hawaii, Guam, and the City of Los Angeles have all gained marketing and promotion access to Chinese markets.

A Travel and Tourism Working Group, under the U.S.-China Joint Commission on Commerce and Trade (JCCT), has been focusing on enhancing the U.S.-China relationship in travel and tourism through trade, investment and cooperative efforts in business facilitation and education and cultural exchange. At the most recent meeting of the Working Group, in April 2006, the United States and China signed a two-year work plan and agreed to pursue an agreement or framework that would facilitate Chinese outbound leisure travel to the U.S.

Question 7. How many more non-immigrant visas per year does the United States expect to grant if China grants the United States Approved Destination Status?

Answer. The Department of Commerce's travel forecasting of Chinese visitors to the United States is done using the current econometric model, which is based on current regulations regarding outbound travel, and has not taken into account any ADS or ADS-type alternatives. The Office of Travel and Tourism Industries (OTTI) reports that inbound arrivals from China to the U.S. showed a 20 percent increase in 2004 over 2003 arrivals and a 24 percent increase in 2005 over the previous year. Without catastrophic or disruptive events occurring globally, OTTI estimates that the current growth pace will continue in the 20–30 percent range for the rest of the decade.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. GORDON H. SMITH TO HON. WANDA L. NESBITT

Question 1. Ambassador Nesbitt, during the hearing, you defended the Department's decision to impose an accelerated deadline for implementation of the Western Hemisphere Travel Initiative (WHTI) on air and sea passengers (one year in advance of the date required by law). You explained "most travelers who *fly* internationally already use a passport" and therefore the requirement "could be implemented earlier" than the law requires. However, this did not justify the accelerated deadline for cruise passengers. In fact, cruise lines have provided data to the Department demonstrating that most travelers who *cruise* in the Western Hemisphere *do not* have a passport. I understand that officials from the Department have cited conflicting data from unnamed "Mexican officials in Cancun", though it seems to me that cruise lines would have the more reliable data on this topic. Given the data from the cruise industry, do you still believe it is appropriate and fair to impose a deadline on cruise passengers before the law requires it?

Answer. We believe that there are a number of advantages to phasing in the requirement. By beginning implementation in advance of the January 2008 deadline, we will begin to accrue the security advantages as soon as possible and 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.

The statistics available to the Department indicate that there is a small population of cruise travelers to the Caribbean who would need to get passports. A study

commissioned by the Department to help us develop more accurate data on the potential impact of WHTI estimated that over 65 percent of U.S. citizens traveling on cruises to the Caribbean possessed valid U.S. passports. The statistics provided to us by the International Council of Cruise Lines (ICCL) support this data. ICCL indicates that 50–65 percent of cruise passengers for mid-length (6–8 days) or longer (9–17 days) cruises have passports.

It is worth noting that we already see concrete evidence that many Americans, especially those who travel by air or sea, are applying for passports. Passport demand in the United States has increased 20 percent in each of the past two Fiscal Years; in FY 2004, we issued 8.8 million and in FY 2005, 10.1 million. This year we expect to issue over 12 million passports. Immigration inspectors and travel sector resources have also reported significantly higher percentages of travelers with passports. Our assessment is that American travelers are becoming accustomed to the need for a passport.

Question 2. I commend the State Department and the Department of Homeland Security for working to develop a less expensive alternative to the passport like the PASScard. It is my understanding, however, that State Department officials intend to limit the use of the PASScard to surface crossings, leaving cruise passengers ineligible to use the new card. This inequitable treatment seems patently unfair to cruise passengers. This decision is particularly confounding given the robust security measures taken by cruise lines. A cruise ship is a controlled environment with limited access. All crewmembers and guests are placed on an official manifest that is provided to the Department of Homeland Security prior to the cruise departure for review. Moreover, when cruise lines return to the United States, an arrival list is sent again to the Department of Homeland Security 96 hours in advance of arrival. Given the tremendous resources used to ensure security on cruise ships, please explain why Americans choosing this mode of travel will not receive the same opportunity to use a PASScard as those who cross the border by car—a border crossing for which border patrol receives no advance notice.

Answer. The passport card was devised in response to clear indications from border community residents, local governments, and businesses about the need for a simple, easy document to facilitate travel across our land-borders by American citizens. We have practical reservations about the use of a card designed to be used at land-borders for broader international travel. We are aware of suggestions that the passport card also be approved for cruises and air travel within the Western Hemisphere, however, we believe that creating special exemptions for certain types of international travel would result in greater confusion for the traveler and increase costs, in the long-run, to our citizens. Furthermore, travel by air or sea is much more likely to present the need for, or the opportunity, to stop in a third country.

Both State and DHS recognize that there is a need for a convenient and less expensive travel document for U.S. citizens who regularly travel across the Canadian and Mexican land-border environment. Cruise travel is far more likely to include, or present the need, to stop in or transit a third country. For their own protection, U.S. citizen travelers in this situation should utilize a globally interoperable document—the U.S. passport—for such travel.

A traveler going to the Caribbean by sea in 2008 will be fully documented to travel, not just to the Caribbean countries that currently require passports but anywhere else in the world. Obtaining a passport will be as quick and easy as the process to obtain a passport card. According to statistics from the cruise industry, about 90 percent of their customers book their travel through a travel agent and about 59 percent of them book 4–6 months prior to travel, more than enough time to acquire a passport.

The cruise industry as a whole has been proactive in encouraging patrons to obtain passports. We believe this is reflected in the increased demand for and increased use of passports by this target group. In concert with our colleagues from DHS, we have engaged in numerous outreach events with the public as well as business and travel industry groups to make sure that they are well aware of WHTI requirements and that they have adequate notice to take the necessary steps to comply with them. We have assured the cruise industry that we are happy to continue working with them to get the message out.

A critical part of successful implementation of the WHTI is the rulemaking process, and both agencies look forward to public comment in response to the Notice of Proposed Rulemaking regarding the air and sea aspects of WHTI that was published on August 11 in the *Federal Register*.

Question 3. Please clarify the waiting periods for a visa in non-waiver countries. Please describe efforts you are taking to shorten these waiting periods.

Answer. The wait period for a non-immigrant visa interview varies from country to country. At some of our posts, particularly during peak travel seasons, the demand for non-immigrant visa (NIV) interviews exceeds our workload capacity resulting in a wait time that can range from one day to 30 days or longer. Posts with a waiting period have been instructed to establish procedures to grant expedited appointments for legitimate business travelers with urgent needs, for students and exchange visitors, and for applicants seeking emergency medical care. Our posts have also developed individual business facilitation programs that work best for their regions.

In order to keep the wait for an NIV appointment as short as possible, the Department has added staff and improved consular space at many posts. While these steps have helped more than 80 percent of our posts to keep their wait times short, the remainder have appointment delays above 30 days. These delays are often due to staffing shortages, space issues, or an unanticipated rise in visa applications. We continue to try to identify creative solutions to aid our posts and ensure that the traveling public is not faced with major delays.

Question 4. How does this "In-Person" interview affect your operation? It seems like there should be some flexibility for interview waivers (like seniors, children, frequent business visitors)? What technology (videoconferencing, etc.) are you considering to improve this process? When can the Committee expect to hear about shortened wait times?

Answer. As you know, the Intelligence Reform and Terrorist Prevention Act made it mandatory for most non-immigrant visa applicants to appear at an embassy or consulate in person for an interview. We believe that a personal interview is often the most critical part of the visa process. It gives the consular officer an opportunity to clarify information on the visa application and determine the *bona fides* of the applicant.

There are already some exceptions to the in-person interview requirement. For instance, travelers under 14 years old and over 79 years old do not need to appear in person. In addition, diplomatic and official travelers, and those travelers who are renewing a non-immigrant visa in the same classification within twelve months, need not appear in person. The consular officer may also waive an interview if it is warranted in the national interest or because of unusual circumstances. We are available to discuss other instances in which waiving the interview might be warranted.

Congress mandated that we collect biometric data from each visa applicant beginning in October 2004. As a result, there are some cases in which we are allowed to waive the visa interview but due to the fingerprint requirement, must require the traveler to appear in person at a consular section. We are interested in working with the Department of Homeland Security (DHS) and Congress to determine if there is a way to capture fingerprints only once, particularly for frequent travelers, and thereafter do only a simple verification. We are also interested in working with Congress to give consular officers more leeway to waive the interview for travelers who have been appropriately screened and assessed for risk, such as frequent business travelers.

It is our objective to provide courteous and timely service to all persons requesting consular assistance. We will continue to explore the possibility of doing offsite interviews and will be happy to apprise you of any progress on this front. Our ability to shorten wait times will depend largely on our ability to provide additional resources to those posts where demand is outpacing our capacity.

Question 5. Can you briefly explain the Model Ports of Entry program in the Rice-Chertoff announcement? How are you working with the private sector on this program?

Answer. As part of the Rice-Chertoff Joint Vision announced by Secretaries Rice and Chertoff in January of this year, we are working with DHS to establish two model international ports of entry (POEs) at Washington Dulles and Houston. These pilots are an opportunity to partner with the private sector and local governments to design and test a variety of facilitation techniques. State and DHS are working with Dulles and Houston airport authorities, the travel industry, airlines, and other private sector representatives to test and demonstrate concepts for model airports in order to create a more welcoming environment for foreign visitors. DHS is analyzing best practices at ports of entry, including improved screening and more efficient movement of travelers through the entry process; customized video messages with practical information about the entry process; and more instructional signage. Private-sector representatives will meet with State and DHS in the near future to establish a timetable and attempt to identify funding.

Question 6. It is estimated that international visitors spend 4½ times more than domestic travelers. What specifically could the State Department do to help promote tourism and facilitate U.S. entry for international travelers?

Answer. The events of 9/11 affected tourist and business travel in many ways. In particular, there was a perception that the visa process was more difficult, due in part to delays in that process from increased security procedures like special screening requirements and fingerprinting. However, the State Department has worked hard to improve our process since then. In fact, tourist and business visa issuances are expected to top 3.04 million in FY 2006, up from an FY 2003 low of 2.5 million.

We have worked to increase the transparency of the visa process to benefit the U.S. business community and our international travelers. Embassies now display interview wait times on their websites; have established dedicated interview times for business travelers; and allow companies to register for expedited applications for their affiliates. Our own website, *www.travel.state.gov,* receives between 400,000 and 1 million hits per month from interested parties.

State is piloting a web-based appointment system which, if successful, will be made available to all posts. That system will also include an electronic visa application system to allow consular officers to do time-consuming security checks before the applicant arrives at the visa window. We are piloting a model for processing visa applications through remote interviews. We continue regular institutional outreach with the travel, business, and academic communities to solicit their views and enlist their support with innovations and advocacy.

State is working with DHS as part of the Rice-Chertoff Initiative to renew America's welcome with improved technology and efficiency. In July 2005 we opened a worldwide Business Visa Center (BVC), that is a wholly virtual operation. The BVC assists U.S. companies and convention organizers by explaining the visa process when they invite employees or current and prospective business clients to the United States. The BVC staff provides information to U.S. companies about the application process for visitor visas (B–1) for those seeking to travel to the U.S. for business purposes. The BVC received over 100 inquiries in the first 2 weeks of operation and the numbers of telephone and e-mail inquiries have continued to grow. In July 2006, the BVC handled over 400 inquiries. We estimate that over 20,000 international travelers are indirectly assisted each month by the BVC's provision of conference and visa information to U.S. companies.

We will continue to engage the business community, along with the Economic Bureau and the Departments of Commerce and Homeland Security, on ways to further improve the facilitation of legitimate travelers, while maintaining the security of the United States.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO HON. WANDA L. NESBITT

Question 1. Can you comment on results you have seen with the Model Airport Program's implementation?

Answer. The Department of Homeland Security is the lead agency in developing Model Ports of Entry, an initiative that is just getting started. Working with airport authorities, the travel industry and airlines, and other private-sector participants, our plan is to test and demonstrate concepts at Dulles and Houston that will create a more welcoming environment for foreign visitors. DHS will soon complete an analysis of best practices at ports of entry, including improved screening and more efficient movement of people through the entry process; customized video messages with practical information about the entry process and more instructional signage.

During the peak summer travel season, Dulles utilized "yellow shirt Ambassadors" to help visitors through the entry process. In addition, new signage has been installed and welcome videos are shown at baggage carousels.

It is important to keep in mind that the Departments of State and Homeland Security can only afford to make marginal, yet important changes, such as improving customer service and adding signage. A major infusion of private-sector funds is needed to complete any structural changes at a Model Port of Entry.

Question 2. What are your plans to expand the Model Airport Program to other airports?

Answer. We hope that the best practices developed in the pilot Model Ports of Entry program will be adopted at other airports.

Question 3. How have improvements by State and the DHS to visa processing procedures benefited foreign business travelers?

Answer. Improvements to visa processing have included improving our consular sections, adding staff, and developing facilitation programs. We have also taken a

number of steps to improve the transparency, efficiency and predictability of the visa process and have worked with our interagency partners to streamline our security clearance procedures, bringing the average processing times down from several months to just 1–3 weeks. These improvements have resulted in benefits to the U.S. business community and our international travelers. Embassies now display interview wait times on their websites; some have established dedicated interview times for business travelers; and allow companies to register for expedited appointments for their affiliates.

In addition, in July 2005, we opened a worldwide Business Visa Center. The Business Visa Center (BVC) assists U.S. companies and convention organizers by explaining the visa process when they invite employees or current and prospective business clients to the United States. The BVC staff provides information to U.S. companies about the application process for visitor visas (B–1) for those seeking to travel to the United States for business purposes. The BVC receives hundreds of inquiries a month and we estimate that over 20,000 international travelers are indirectly assisted each month by the BVC's provision of conference and visa information to U.S. companies.

Over the past year, we have met regularly, along with colleagues from the Department's Bureau of Economic and Business Affairs (EB) and the Departments of Commerce and Homeland Security with members of the business community to discuss ways to further improve the facilitation of legitimate travelers, while maintaining the security of the United States.

Question 4. It seems that business travelers are the only category of persons to prosper from improved State and the DHS procedures that allow for the more efficient processing of visas to date. What steps have State and the DHS taken to ensure that other categories of foreign travelers, such as leisure travelers, will have their visa wait period shortened?

Answer. The Department is doing significant outreach, both here and abroad, to encourage travel to the United States by students, professional workers, and tourists. After 9/11, there was a perception that the visa process was more difficult, due in part to delays from increased security procedures like special screening requirements and fingerprinting. The State Department has worked hard to improve our process since then and we are seeing a turnaround. Tourist and business visa issuances are expected to top 3.04 million in FY 2006, up from an FY 2003 low of 2.5 million.

After the visa interview takes place, most approved travelers receive their visas in 48 hours. Many posts send passports with issued visas back to applicants using a pre-paid courier service, so that the applicant does not need to travel to the Consulate a second time to pick up the issued visa.

In fact, only a small category of travelers, less than 3 percent worldwide, wait more than 48 hours to receive their visas. These travelers' applications often require additional interagency clearances. Wait times for clearances have decreased over the past year to an average of 14 days; however, delays have increased this summer due to resource constraints in some agencies and increased Security Advisory Opinions (SAOs) from posts. We continue to work with other agencies to expedite clearances for students and emergency travelers, and expect the delays to shorten as our agency partners add more staff to support the SAO clearance process.

We also are working to facilitate visa processing for students to ensure that foreign students who choose American institutions are able to enroll and attend class. CA has issued new guidance allowing students to apply for visas 120 days in advance of their studies, and DHS is in the process of changing their regulations to allow students to enter the U.S. 45 days before their classes start, rather than 30 days.

We increased to one year the validity of the clearances granted to certain groups of scientists and scholars who participate in joint-research programs. Travelers who need to make repeated visits within a given year may now do so without our consular officers having to go back to Washington for an additional name check if they are in these categories. The turn-around time for a common student visa clearance, the "Visas Mantis" clearance, was reduced to less than 14 days worldwide after we created a separate team dedicated to MANTIS clearances and streamlined the interagency clearance process. In addition, students only require one initial MANTIS for their period of study, up to 4 years.

Consular officers and other Embassy personnel have been active overseas in reaching out to student and academic groups to promote U.S. higher education. Public appearances, press articles, and web-chats have all carried the message that a wide variety of educational opportunities in the United States are available for foreign students. For example, the Embassy in Dhaka hosts a monthly radio program called "*Ask the American Consul*" where student and other visa issues can be dis-

cussed. In China, consular officers participate in web-chats, which have generated over 100,000 hits each time.

Question 5. The average time a visa applicant must wait to get a visa interview varies greatly from country to country. What factor or set of factors would State and the DHS attribute this to?

Answer. In some posts, and particularly during peak travel seasons, the demand for non-immigrant visa (NIV) interviews exceeds our workload capacity. As you noted, wait times vary from country to country depending on current staffing levels, NIV workload changes, and physical setup. Some posts therefore have a wait time for interviews which ranges from one day in posts as varied as Beijing, Ankara, Nuevo Laredo, and Warsaw, to 30 days or longer in posts such as Manila, Caracas, Vancouver, and Tashkent.

While the State Department is working hard to minimize the wait times for non-immigrant visa appointments worldwide, we realize that there is a significant appointment backlog at a good number of overseas posts. Therefore, we asked our consular sections to establish procedures whereby those visa applicants with urgent travel needs, such as medical emergencies, can get expedited appointments.

Question 6. What is being done to remedy this problem? Do you plan to implement videoconferencing technology in all Embassies and Consulates for visa interviews?

Answer. In order to keep the wait for an NIV appointment as short as possible, the Department has added staff and improved consular space at many posts. While these steps have helped more than 80 percent of our posts to keep their wait times short, the remainder of our posts have appointment delays above 30 days. These delays are often due to staffing shortages, space issues or a rapid increase in visa applications.

Posts with waiting periods have established mechanisms to expedite appointments for legitimate business travelers with urgent needs, students and exchange visitors, and applicants seeking emergency medical care. Our posts have also developed individual business facilitation programs that work best for their regions. We will continue to work with those posts to come up with creative solutions to aid them in reducing the appointment backlog while at the same time ensuring that every application is properly screened according to applicable laws, regulations, and security concerns.

As you know, the Intelligence Reform and Terrorism Prevention Act made it mandatory for most non-immigrant visa applicants to appear at an Embassy or Consulate in person for an interview. This increased the total number of individuals our consular officer now need to see in person.

There are some exceptions to the in-person interview requirement. For instance, travelers under 14 years old and over 79 years old do not need to appear in person.

Congress also mandated that we collect biometric data from each visa applicant as of October 2004 (applicants under 14 and over 79 as well as diplomatic and official travelers are exempt). As a result, there are some cases in which we could waive the visa interview but we do not because of the need to collect fingerprints. We are working with the Department of Homeland Security (DHS) to find a way to reduce this burden for certain frequent travelers. We are also interested in working with Congress to give consular officers greater flexibility in applying the interview requirement, particularly for travelers who have already been appropriately screened and assessed for risk, such as frequent tourist or business travelers.

Question 7. When addressing a House Committee in September 2005, Assistant Secretary of State Maura Harty announced State Department plans to enlarge the consular staff at many American Consulate offices throughout the world. Have these plans been executed? Do you expect extra consular staff to reduce the often lengthy visa interview wait times experienced by many visa applicants?

Answer. Our ability to shorten wait times will depend largely on our ability to provide additional resources to those posts where demand is outpacing our capacity. We have added 570 new consular staff worldwide since 2001. In addition, we have dramatically increased our ability to provide temporary consular officers to posts that need assistance and are now providing more such help than ever before. The Bureau of Consular Affairs continues to add retired, experienced consular officers to our roster of people available to provide temporary assistance to posts. We have also worked with posts to increase use of the electronic visa application form and other technological tools to streamline visa processing and started up new "call centers" to assist consular sections in contracting out the visa appointment process. We have seen significant reductions in wait times due to these advances, but continue to work toward the elimination of lengthy waits for visa appointments.

It is our objective to provide courteous and timely service to all persons requesting consular assistance. We regret the delays encountered by some applicants. While

consular officers attempt to be as sensitive as possible to the need for expeditious processing of applications, they must first conscientiously administer the Immigration and Nationality Act. While we want to do our best to facilitate legitimate travel, we cannot compromise the security of the visa issuing process or of the United States.

Question 8. What additional steps have been taken by State and the DHS to expedite and ease the issuance of visas while ensuring that our national security is protected?

Answer. An important part of our visa process is our consular lookout database, which contains information from past visa cases as well as other agencies. When an officer determines that an applicant matches a "hit" in the database, in many cases he or she must send a request for a security review of the case in Washington. Slightly over 217,000 Security Advisory Opinions (SAOs) were conducted in FY 2005; in the first 10 months of FY 2006, the Visa Office processed nearly 180,000. Despite annual increases in SAO volume, the Visa Office and its interagency partners have made steady progress in reducing SAO processing times while making those times more predictable. By the end of FY 2005, average SAO processing time had fallen to 20 working days, from 26 days in FY 2004, and nearly 60 days in FY 2001.

"Visas Donkey" processing, which covers a specific interagency review of certain visa applicants and is generally the longest duration category, fell dramatically from an average of over 53 days in FY 2004 to an average 37 days in FY 2005. After falling to an historic low of about 15 working days this spring, Visas Donkey processing currently stands at 2004 levels due to staffing issues at one of our principal interagency partners. We expect this increase in the Visas Donkey processing time to be temporary as these staffing issues are addressed and as the next phase of our SAO Improvement Project (SAO–IP), which further automates the SAO clearance process and consists of upgraded interagency connectivity, is about to come on stream.

We also work with our interagency partners take special steps to expedite the SAO clearances of United Nations General Assembly (UNGA) applicants, students and exchange visitors, and Diversity Visa Lottery applicants so they can meet their planned travel dates.

On the Immigrant Visa side, our National Visa Center (NVC) in Portsmouth, New Hampshire, helps to reduce post workload, speed up the visa process, and enhance security by collecting and reviewing immigrant visa petitions and supporting documents, running an FBI check, and investigating possible fraud before the visa case even is sent to post. NVC is also scheduling appointments for a number of posts in a pilot program we hope to expand in future.

We have also worked closely with DHS to streamline the waiver process. Visa applicants who are statutorily ineligible for visas are sometimes able to receive waivers of those ineligibilities to allow them to travel. As of September 8, all NIV waiver requests are transmitted electronically to DHS/CBP, allowing us to receive a response in a shorter amount of time as well as effectively track and record these requests.

Question 9. For many foreigners traveling to the United States for the first time, the first experience they have with the United States will be the experience they have obtaining a visa through our Embassies and Consulates. Travel to the United States is more likely when that first impression is a positive one. Do you currently train staff in customer service? If not, do you plan to do so in the future? How can we ensure that foreigners' first impression of the United States is one of "welcome and open arms?"

Answer. In the 31-day mandatory basic consular training course, our instructors emphasize to new officers that they are the face of the United States abroad and that the way they communicate their decisions to a visa applicant is just as important as the decision they make; their actions leave a lasting impression on each person they interview. We reinforce that message with over 35 mock interviews where each officer must interview an applicant for a visa, make a decision based on immigration law, and communicate that decision clearly and politely to the applicant. As part of this training, our new officers also receive a three-day course on consular interviewing techniques where they are taught the best way to build rapport, gather information and make a decision, all while presenting a positive view of the United States. During that training, we record the officers doing a visa interview and provide specific feedback on their decisionmaking, interview techniques, and diplomacy. Our goal is to leave each applicant with a positive impression of the United States, whether or not he or she qualifies for a visa under immigration law.

We reinforce that same message through regional consular workshops, advanced training for mid-level and senior officers, and periodic guidance to all consular officers abroad. We know that our officers are on the front lines of diplomacy as well as national security, and we feel both are equally important.

Question 10. Are there any e-Passport programs currently being tested? What problems do State and the DHS foresee in implementing the widespread use of e-Passports?

Answer. The Department of State has been involved in a comprehensive testing program of e-Passports for more than a year. Most of this testing has been under the auspices of the U.S. National Institutes of Standards and Technology (NIST). The testing is designed to assess the reliability, durability and electronic performance of products offered by a number of vendors competing for contracts to support the U.S. e-Passport program.

Based on the results of that testing, the Government Printing Office, the State Department's operational partner in the e-Passport program, has awarded a number of contracts to vendors. Products from one vendor, Infineon, are incorporated into the U.S. diplomatic passports that we began issuing in December 2005, and into official passports that were issued beginning in April 2006. On August 14, at our Colorado Passport Agency, we began issuing the first U.S. e-Passports to the public.

During the Summer of 2005, the State Department, partnering with the Department of Homeland Security and in collaboration with Australia and New Zealand, launched an operational field test to measure the overall performance of the e-Passport and the efficiency of e-Passport readers in airport environments. A second phase of testing was conducted in early 2006 and included the United States, Australia, New Zealand and Singapore. These tests provided valuable information about the functional systems, operational processes, and general characteristics of the e-Passport.

Based both on testing to date and real world performance of e-Passports issued by many governments, the Department of State does not foresee any systemic problems with the introduction of U.S. e-Passports. Nearly 40 nations, including many who are not participants in the U.S. Visa Waiver Program, have active e-Passport programs. The widespread introduction of this technology reflects the importance attached by many governments to strengthening border security by preventing the use of passports by anyone other than the person to whom that passport was originally issued by his or her national government.

The State Department is well aware that the issue of privacy and e-Passports has generated significant attention from the public and some privacy advocates. In discussing this issue it is important to note that the only data written to the chip in a U.S. passport is the same data (digital photograph, name, date of birth, etc) found on the data page of a U.S. passport. Furthermore, and consistent with the State Department's public commitment not to issue e-Passports until we were confident that any security vulnerabilities were addressed, the Department has made a number of fundamental improvements to the U.S. passport in terms of personal data security. These include:

- The use of a metallic material in the front cover and spine of the passport to address the risk of data skimming (reading data without the knowledge of the authorized bearer);
- Introducing Basic Access Control to ensure that the passport chip can be read only after an electronic key is generated based on data found in the Machine Readable Zone of the passport; and
- The adoption of Random Unique ID numbers which address the risk of tracking by ensuring that the passport chip generates a different ID number each time it communicates with a passport chip reader.

Based on all of these initiatives, the Department of State is confident that the U.S. e-Passport protects personal privacy information.

Question 11. Have you been in contact with or worked with any foreign governments in the development of the e-Passport?

Answer. The U.S. e-Passport was developed consistent with the globally interoperable biometric specifications adopted by the International Civil Aviation Organization (ICAO). The Department worked with ICAO Member States, including Germany, Australia, New Zealand, the United Kingdom, The Netherlands, Canada, Japan, Switzerland, Singapore, France, Finland and Italy, to develop standard operational processes for the e-Passport.

Governments throughout the world have recognized that they must learn from each other as they deal with the challenges of e-Passports. There has been an unprecedented series of international meetings to exchange information on "lessons

learned" and to test various products and processes involved with the deployment of e-Passports.

Partnering with the Department of Homeland Security and in collaboration with Australia, New Zealand, and subsequently, Singapore, the State Department participated in an operational field test to measure the overall performance of the e-Passport, assess the operational impact at airports and the efficiency of e-Passport readers. These tests provided valuable information about the functional systems, operational processes, and general characteristics of the e-Passport.

The Department has a long history of assisting other governments to identify and implement advanced technology, ICAO compliant, travel documents. Since 9/11 and the 2003 passage of the ICAO standards on biometrics and travel document issuance security, contacts with other governments have at least doubled. Over the past 2 years, an average of about 20 countries per year have consulted with us on e-Passport technology, passport issuance rules, methods and security, and fraud prevention practice.

Question 12. What would be the process for phasing-out use of the current passport booklets and moving to e-Passports? When does State and/or DHS estimate the e-Passport process will be implemented, and when can we expect the phase-out of current passport booklets?

Answer. The Department of State began issuing the first-ever tourist e-Passports to the public at the Colorado Passport Agency on August 14, 2006. Diplomatic and Official e-Passports are already being issued at our Special Issuance Agency in Washington, D.C. The Department expects to fully transition to e-Passport production domestically in 2007. Previously issued passports without electronic chips will remain valid until their expiration dates.

Currently valid passports will remain valid until their original expiration date. There will be no requirement for citizens to replace their existing passport with an e-Passport before its normal expiration date.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO JAMES W. LEDUC, PH.D.

Question 1. After the outbreak of the Severe Acute Respiratory Syndrome (SARS) virus in China in 2002, the disease spread to a reported 31 countries and caused 8,437 deaths, severely affecting China's international tourism industry. In fact, following the announcement of the SARS outbreak and quarantines, China's gross domestic product (GDP) dropped significantly from 9.9 percent in the first quarter of 2003, to 6.7 percent in the second quarter.

After the SARS outbreak in China in 2002, we saw China's GDP drop drastically, mostly due to the negative effect the disease had on the tourism industry. What can we do to prevent the same situation from happening in the U.S., with the Avian Flu?

Answer. When a new influenza A virus strain emerges that causes illness in humans and allows sustained transmission among humans (*i.e.,* a pandemic strain of influenza), it could have a serious negative impact on the GDP of the United States and many other countries. The impact could be felt in multiple parts of the world at the same time, because pandemic viruses can spread rapidly throughout the world. The tourism industry could be highly affected, as could many others industries in a severe pandemic (*e.g.,* healthcare, food, transportation, and other industries basic to the social infrastructure). The potential length of an influenza pandemic also should be considered in relation to GDP, including the challenges to local economies that depend heavily on industries such as tourism. An influenza pandemic could have one or more waves, each lasting 6–10 weeks, that affect a community over several months followed by annual epidemics.

The highly pathogenic avian influenza A (H5N1) viruses (often called "bird flu"), which have caused more than 250 human illnesses and almost 150 deaths worldwide since 2003 (as of September 28, 2006) and have resulted in the deaths and culling of millions of poultry, is currently of grave concern for public health worldwide. The H5N1 avian virus thus far has not caused sustained transmission from human-to-human. However, influenza viruses are constantly changing, and surveillance is ongoing to detect any changes in the virus that might make it more likely to transmit among humans and also to look for epidemiologic evidence of sustained human transmission.

The SARS outbreak was able to be contained within a relatively brief time, even though the coronavirus that causes the infection was not identified until after the multi-country outbreak started. The 2002–2003 SARS outbreak was spread mostly in relatively contained settings (*e.g.,* institutions, hospitals, planes). An avian influ-

enza outbreak among people, especially one that evolves into a pandemic, probably would spread much more quickly and simultaneously in multiple settings (shopping areas, schools, businesses, neighborhoods) during many months or even years and in multiple countries at the same time. Another important difference between influenza and SARS is that persons with SARS do not become infectious until they are obviously ill and are most infectious in the second week of their illness, while persons infected with influenza may be infectious the day before they become ill or when they have very mild symptoms. In addition, the time from exposure to illness onset (the incubation period) for SARS is typically 2–7 days but can be as long as 2 weeks, while the incubation period for influenza averages 2 days (range 1–4 days). The longer incubation period and lack of transmission during the incubation period make SARS more easily contained than pandemic influenza would be.

The avian influenza A (H5N1) virus has not been detected in the United States or anywhere else in the Americas. It is not known what impact the first detection of H5N1 avian influenza in poultry or wild birds might have on the U.S. However, the United States has an effective animal health surveillance system as a vital component of its National Pandemic Influenza Preparedness Plan that should minimize large economic impacts due to infected poultry. HHS would also be involved in conducting surveillance for any human cases if H5N1 were detected in the United States. H5N1 outbreaks in poultry and other bird populations in European countries have been able to be contained quickly. However, in other countries, outbreaks of avian influenza viruses in poultry have resulted in huge economic losses to that industry. It is difficult to determine at this point the impact of H5N1 outbreaks among birds have had on tourism in countries with and without human cases.

Actions to minimize the economic impact on tourism and other vital industries will require a multi-year, sustainable preparedness and response system involving both domestic and international partnerships. The system must be able to identify avian influenza promptly, quickly contain outbreaks, emphasize continued laboratory and epidemiological surveillance and research, and ensure that people are well informed about health protection, including non-pharmaceutical interventions.

Question 2. In a worst case scenario, where the Avian Flu begins to spread from human-to-human in the U.S., would it be possible to quarantine the multitude of tourists to prevent the disease from spreading? How would we do this?

Answer. If an avian influenza such as the H5N1 virus were to evolve into a form that allowed sustained human-to-human transmission and such transmission were already ongoing within the United States, it would be extremely difficult to contain the disease by placing large groups of tourists in quarantine. Early in a pandemic, it will be most important to try to contain community outbreaks through non-pharmaceutical interventions, because a vaccine will not likely be available at the beginning of a pandemic. Non-pharmaceutical interventions may include social distancing, closing schools, limiting large gatherings, promotion of hand washing and cough etiquette, and possibly voluntary isolation of those infected and/or quarantine of close contacts of ill persons. As the pandemic progresses and the virus becomes more widely dispersed, these types of actions probably would have a more limited benefit.

Question 3. The fatality rate of the Severe Acute Respiratory Syndrome (SARS) virus is only about 10 to 20 percent, while the Avian Flu has a fatality rate of over 50 percent. The SARS virus also has a slower mutation rate than the Avian Flu, meaning that a new strain of the Avian Flu can develop faster than those of the SARS virus, making it difficult to keep up with demand for effective vaccinations.

I understand the bird flu has a fatality rate over 50 percent, while the SARS virus fatality rate is only 10 to 20 percent. What does this mean in terms of how we would control the outbreak of the bird flu if that were to occur?

Answer. The currently circulating avian influenza A (H5N1) strains that are resulting in fatality rates over 50 percent may or may not evolve into a pandemic strain of influenza. In order to control illness in humans, outbreaks in poultry and exposure to ill birds and poultry must be controlled. For now, the H5N1 virus lacks the ability to efficiently transmit from person-to-person. Almost all confirmed human cases have involved direct contact with infected birds. This and other factors illustrate problems involved in drawing meaningful comparisons of fatality rates between SARS and avian influenza or an influenza pandemic. In addition, in past influenza pandemics, the fatality rates have been much lower, on the order of 0.1 percent to 2 percent.

Despite this difficulty, some non-pharmaceutical interventions found effective in minimizing transmission of SARS also would be important for minimizing the spread of pandemic influenza during its early stages, including hand washing, social distancing, and use of cough etiquette. These types of self-protection are especially

important while an effective vaccine is being researched, developed, and manufactured.

SARS helped spur collaborative public health approaches between government officials, health professionals, and community leaders. The current pandemic influenza preparedness actions are building on these networks as well as involving experts in animal health.

Question 4. I understand that the mutation rate for the bird flu is much faster than that of the SARS virus. How much faster is the mutation rate and exactly how does this effect the process of making vaccinations?

Answer. The ongoing global surveillance and research necessary to monitor changes in a virus such as H5N1 are among the greatest challenges in preparing for an influenza pandemic. Mutation and other changes in influenza viruses occur continually. In contrast, the SARS corona virus changes much less frequently. As influenza viruses change, scientists must decide which strains present the greatest threat and which should be used in the development and manufacture of influenza vaccines. Scientists also must continually test antiviral medications to determine whether they can be used for treatment or prevention during both yearly influenza outbreaks and during a potential pandemic. Both of these efforts require considerable public and private resources, as well as a high degree of international collaboration among scientists, government officials, and others.

Question 5. Do you think the U.S. will be prepared for the threat of a potential pandemic such as the bird flu anytime in the near future?

Answer. If the world faced an influenza pandemic within the next year, many scientists would agree that the United States and other countries would not be effectively prepared. Great strides have been made. These must now be sustained and improved.

The U.S. Government, states, and localities are making considerable progress in pandemic influenza preparedness. Health professional groups and the private sector also are showing a high interest in preparedness for a pandemic. The magnitude of the threat is great from a public health perspective and will require continued, focused resources to make and sustain the progress needed on many fronts. These include surveillance, epidemiological and laboratory capacity and research, and response strategies essential for early containment yet flexible enough to maintain assistance over the course of many months or years.

Question 6. What else can we do legislatively to help prevent the spread of such a deadly disease such as the Avian Flu?

Answer. CDC greatly appreciates the strong support Congress has given in response to the current threat that avian influenza A (H5N1) and other influenza viruses pose, including the yearly threats from annual influenza that result in an average of 36,000 deaths and over 200,000 hospitalizations. As the public health system addresses influenza preparedness and response, CDC and its partners also must be ready to confront other emerging infectious diseases, as SARS taught us. Sustained support of national, state and local, and international surveillance and research for both annual influenza and pandemic influenza are critical to promptly detect and control avian H5N1 outbreaks, pandemic influenza, and other emerging infectious diseases. Support for epidemiologic and laboratory infrastructure for seasonal influenza is vital as a safeguard for pandemic influenza. Critical actions that Congress might consider in the future include:

- Continued support of Federal assistance for states, territories, tribal nations, and localities for influenza laboratory and epidemiologic surveillance and response capacity.
- Support for capacity building within CDC and other agencies that will establish a strong foundation for conducting surveillance, response and research of seasonal influenza and pandemic threats and the surge capacity necessary when an influenza pandemic occurs.
- Continued support for the development of international surveillance and laboratory capacity. This takes sustained efforts, dedicated funding and technical assistance. Further development of international surveillance and laboratory capacity will serve the Unites States as well as other countries, allowing all to become more able to identify and investigate novel avian influenza viruses such as H5N1 or other new pathogens such as SARS.
- Support of more international collaborations to strengthen health services in countries affected by the H5N1 virus.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. GORDON H. SMITH TO JAY RASULO

Question 1. It is my understanding that almost all developed countries have a cabinet level official charged with tourism promotion and diplomacy. From your experience, which countries have done it right—to protect their borders but open its doors to tourists?

Answer. Most industrialized countries, including for instance Australia, Canada, the U.K. and France, have well-funded and nationally-coordinated efforts to compete for international travelers. These countries typically have minister or cabinet level offices devoted to inviting travelers to visit, and coordinating government policy in order to facilitate visitation.

Canada invests $80 million per year on its national marketing program, and Australia invests more than $100 million. Even New Zealand, a country 1/74 the size of the U.S., invests $43 million each year promoting itself to world travelers. Each of these countries provides a great example of how to run a nationally-coordinated campaign that motivates travelers to visit them.

The research that is currently being conducted by the Discover America Partnership, an organization comprised of members of the travel and tourism industry, will help us learn from these countries so that we can make an informed recommendation as to what the U.S. ought to be doing.

Question 2. What is the U.S. Government's role to promote its tourism industry? Is there anything else our government should do to better address your industry's needs?

Answer. While the private-sector should play a leading role in implementing a campaign to promote travel to the U.S., there are also roles that the government is uniquely suited to help fulfill:

- Marshal Resources of Private-Sector: The Federal Government can act as a galvanizing force to marshal the resources of the private sector travel and tourism industry.
- Ensure Efforts Benefit Entire U.S.: The Federal Government is in a unique position to ensure that a nationally-coordinated destination marketing program is one that benefits tourist destinations throughout the U.S.—rather than select destinations on the two coasts.
- Publicize Travel Requirements: The government should also play a key role in helping to publicize issues that cut across different agencies, so that marketing efforts are not marred by confusion and misinformation. For instance, the communication of changes in documentation requirements would require coordination between the Departments of State, Homeland Security and Commerce.
- Open Doors in Foreign Markets: With its extensive network of Consulates, Embassies and trade offices, the Federal Government can help open doors in foreign markets, and contribute on-the-ground resources to supplement communications efforts.

Question 3. What are the key countries you are targeting in the next 10 years for international visitors to the U.S.?

Answer. The industry, working through a new organization called the Discover America Partnership, is developing a blueprint for a destination marketing campaign that will identify the markets we should be targeting. This blueprint should be complete by the end of 2006.

However, we are confident in predicting that those countries will include the today's top source markets: Canada, the United Kingdom, Japan, Germany and Mexico. We also believe that China and other Asian countries, which are rapidly rising as sources of international tourism, should also be a focus of our efforts.

Question 4. How can U.S. travel and tourism be used as a public diplomacy tool to improve some of America's negative image?

Answer. Dollar for dollar, investing in a nationally-coordinated destination marketing campaign is perhaps the most effective vehicle to strengthen the U.S. image in other parts of the world. Such a campaign would accomplish the following:

1. *Demonstrate that our Doors are Open and the Welcome Mat is out.* Actions speak louder than words, and the simple act of asking people to visit communicates a powerful message in and of itself—even to those who are not able to accept the invitation. We look forward to the day that people around the world receive such an invitation from the United States.

2. *Bring Potentially Millions of Additional Visitors to the U.S.* Whether tied to a company or a country, positive word-of-mouth is the most powerful form of

marketing. Research conducted in six of the top travel markets to the U.S.—Brazil, Canada, France, Germany, Japan and the U.K.—established that while 38 percent of those who had never visited the U.S. had a positive image of the U.S., 54 percent of those who had visited viewed the U.S. positively. Likewise, only 61 percent of those who had not visited the U.S. had a positive view of the American people, compared to 72 percent of those who had visited. By giving these visitors a powerful firsthand experience of our values and hospitality, we can create millions of grassroots Ambassadors.

3. *Communicate America's Story to the World Through a Well-Executed Marketing Campaign.* The best marketing campaigns contribute to building a long-term brand in addition to selling a product. Many other countries are doing this very effectively, with destination marketing that communicates the values and culture that define them. The U.S. should be in the international marketplace with similar ads that invite the world to experience the land of life, liberty and the pursuit of happiness.

Question 5. How has the Internet and media changed the way foreign countries market their destinations?

Answer. The Internet and proliferation of media channels has had a dramatic effect on consumer expectations. Consumer behaviors and booking patterns are evolving at breakneck speed. Today's world travelers not only have an increasing number of worthwhile destinations to choose from, they have better access to information, and they expect a higher level of service and ease of movement than ever before.

However, it is also worth noting that while the Internet is a powerful source of information for travelers, traditional media such as television, radio and print, as well as outreach to key travel buys and tour operators, is still a core component of any effective destination marketing strategy.

Question 6. The U.S. still leads the other foreign countries in total receipts, totaling $75 billion in 2004. With these figures and the recent rise in U.S. tourism, why should we be considering new policies and programs to promote tourism?

Answer. The U.S. has captured none of the nearly 20 percent growth in country-to-country travel since 2000.

By the end of 2005, North America was the only sub-region (what is a sub-region?) of the world to have recorded a decline in arrivals since 2000 .

U.S. share of international travel has fallen 35 percent since 1992—from a high of 9.4 percent to the current 6.1 percent. Had the U.S. maintained its share of the world travel market, 27 million more travelers would have visited the U.S. in 2005.

U.S. share of revenue from international travel has fallen 29 percent since 1992—costing the U.S. an estimated $43 billion in 2005 alone. The cumulative cost since 1992 is estimated at $286 billion in economic growth and millions of jobs.

In 2004—the most recent year for which world statistics are available—the U.S. took in $8 billion less from foreign visitors than it did in 2000, at the same time that total world receipts were $149 billion higher.

Meanwhile, lucrative overseas travel to the U.S. is still down 16.5 percent from 2000, with corresponding revenues down 8 percent in 2005.

Compared to 10 years ago, the U.S. international tourism balance of trade has declined nearly 72 percent—from $26.3 billion in 1996 to $7.4 billion in 2005.

A June 2006 TIA survey of professional travel agents and purchasers showed that 77 percent believed that the U.S. is more difficult to visit than other destinations, while only 6 percent found it easier.

Question 7. What suggestions do you have for the Department of Commerce to be more of an advocate for the U.S. travel and tourism industry?

Answer. Create an elevated voice for travel and tourism within the Department of Commerce. While the Office of Travel and Tourism Industries has served a valuable role in providing research and expertise on the industry, and has served effectively in the international organizations for government policy deliberations and representation, a dedicated higher-ranking office with the power to coordinate government policy to enhance the Nation's competitive standing in the global travel market is sorely needed. This office should be designed to accomplish the following:

- Serve as an institutional home and voice for the industry.
- Energize the interagency process regarding travel and tourism through an elevated Tourism Policy Council with *ex-officio* status for private sector representation. All government decisions that potentially affect this industry should receive early attention in the interagency process.
- Identify existing private sector advisory committees, ensure that they include the right representatives from the industry and see that their recommendations

are widely shared across agencies and with other private sector groups and the public.

- Coordinate the roles of other government agencies to more effectively expand travel and tourism promotion, product development and infrastructure needs and development.

Question 8. What is industry doing to communicate the new regulations of WHTI to the public so that those planning a trip will be prepared for the new procedures and can obtain the necessary travel documents? Television, radio, Internet, newspapers, travel magazines?

Answer. The industry is working through all possible channels to communicate this scheduled implementation, including on industry participants' websites and through travel agents. Still, as a policy change designed to protect all Americans, the burden of educating the public regarding these new requirements must not be left to the travel and tourism industry to shoulder alone. Moreover, we urge consideration of much-needed changes in implementation of these new regulations in order to avoid unduly harming travel to and from the U.S.:

1. Development of an inexpensive alternative to the passport—like the proposed PASScard—must be completed before implementation of WHTI. This new card will provide relief to the infrequent travelers whose destinations are limited to crossing the northern border or perhaps taking a round trip cruise in the Caribbean.

2. The new requirement should not discriminate against cruise ship travelers. First, the PASScard, which the State Department currently intends to make available only to travelers at land borders, should also be made available to cruise travelers. Second, current plans call for an accelerated implementation of WHTI for cruise travelers that at the beginning of 2007, just 4 months from now should be changed to reflect the original date mandated by Congress. WHTI should only be implemented for cruise passengers after PASScards are made available.

3. Finally, as noted above, before this program is launched, it's essential that the government be prepared to support the industry in launching a massive public information campaign aimed at educating travelers.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO JAY RASULO

Question 1. Mr. Rasulo, you note in your testimony that travelers expect destinations to compete for their business. Taken as a whole, how do you think the United States is doing in that competition right now and what can we be doing to improve our position *vis à vis* our competitors?

Answer. The American travel and tourism industry has been significantly outperformed by our global competitors. The United States has captured none of the nearly 20 percent growth in country-to-country travel since 2000. As outlined in my testimony, we need to make two investments to compete more effectively. First, we must *ask* people to visit us, by investing in a nationally-coordinated marketing strategy to move the United States higher on their list of dream destinations. Second, we must invest in creating a first impression of hospitality and friendliness at our borders.

Question 2. In your testimony, both of you advocate a nationally-coordinated marketing strategy to enhance our competitiveness for tourism dollars. Why does the Federal Government need to spend taxpayer dollars on an industry that has shown the resilience to rebound since September 11, 2001?

Answer. Investing in attracting international travelers is in the national interest—both economically and diplomatically. Statistics show that investment in tourism has a great return on investment in terms of jobs, economic growth and tax revenue. More importantly, marketing the U.S. to international visitors will help improve America's image—which is a top national priority.

While the private sector has done its best to rebound from the events of September 11, 2001, and in fact, visitation continues to rise in the United States, the rest of the world is doing even better and outpacing our growth. Since 1992, America's share of the world travel market has fallen 35 percent. Had the United States grown as quickly as the rest of the world, we could have added $286 billion in economic revenue to the U.S. economy, and millions of additional jobs. There are roles in improving this performance that the government is uniquely suited to help fulfill, such as developing a nationally-coordinated marketing strategy.

Question 3. Can you give the Committee your impressions of how well the Travel and Tourism Advisory Board has worked to date? What can we expect to see in your recommendations to Secretary Gutierrez later this month?

Answer. The mere existence of the Travel and Tourism Advisory Board is significant, because it demonstrates that the Congress recognizes the importance of this industry for economic development and international diplomacy. Likewise, we are pleased that Secretary Gutierrez and the Administration as a whole recognize the industry's role as an economic driver and cultural Ambassador. The Travel and Tourism Advisory Board has now been given a much broader, and much more significant, mandate. Secretary Gutierrez has charged the Travel and Tourism Advisory Board with the creation of a national tourism strategy.

The Board was asked to identify the necessary elements of a competitive national travel and tourism program and to provide recommendations on how the United States can compete more effectively in the new world market. We submitted our recommendations to the Secretary in early September. Our proposals focused on promotion, ease of travel and public diplomacy, and measuring return on investment. For your convenience, I am attaching a copy of the recommendations.*

Question 4. Give us your impressions on the effectiveness of the "Visit America" advertising campaign. How would you conduct a similar campaign in the future? Where can our limited resources be most effectively targeted?

Answer. The campaign has certainly been productive despite its limited scale, and demonstrates the potential benefits of a larger campaign. The original authorization for this effort was $50 million, intended to target the top five source countries for travel to the U.S. Before we could create and launch the campaign, the vast majority of the money was eliminated in a rescission, leaving us with just $6 million to conduct a small campaign in the United Kingdom:

- According to research commissioned by the Department of Commerce, the campaign achieved a high return—estimated by Longwoods International at 117 to 1. Whether or not this number is correct, there is little doubt that this campaign has achieved a significant ROI.
- The campaign increased the number of those who said they intend to travel to the United States by approximately 2 million people. A high percentage of those intended travelers actually converted into sales, with 362,000 visitors who saw the campaign booking a trip to the United States.
- A "best practices" independent research schedule was developed to ensure the highest standards of accountability for the campaign. The reports concluded that the campaign met all of our goals.
- The advertising increased awareness by reaching approximately 12.8 million people in the U.K.
- The advertising significantly increased the positive perception of the United States as a travel destination, increasing by 10 percentage points the number of people who mentioned the United States as a "dream destination" (above those who did not see the campaign).

The industry, working through a new organization called the Discover America Partnership, is developing a blueprint for a destination marketing campaign that will identify the markets we should be targeting. This blueprint should be complete by the end of 2006.

However, we are confident in predicting that those countries will include the today's top source markets: Canada, the United Kingdom, Japan, Germany and Mexico. We also believe that China and other Asian countries, which are rapidly rising as sources of international tourism, should also be a focus of our efforts.

Question 5. You note that the current uptake in international visitation is largely due to an increase in Canadian travel. Do you think this trend will continue after the Western Hemisphere Travel Initiative is fully implemented? How do we achieve the correct balance between protecting our borders and not hindering unplanned and spontaneous travel?

Answer. The industry is cognizant of the fact that the Western Hemisphere Travel Initiative, if not implemented in a reasonable manner, may have an enormous adverse effect on the travel and tourism industry. We welcome the recent modifications made by Congress intended to ensure a more successful implementation.

For our part, we have been working through all possible channels to communicate the approaching WHTI requirements to the traveling public, including on industry

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*Available at: *http://tinet.ita.doc.gov/ttab/docs/2006_FINALTTAB_National_Tourism_Strategy.pdf*.

participants' websites and through travel agents. Still, as a policy change designed to protect all Americans, the burden of educating the public regarding these new requirements must not be left to the travel and tourism industry to shoulder alone.

Question 6. How do you think international travelers perceive travel to the United States in a post-September 11 environment and what can be done to dispel the "fortress America" conception that many travelers have?

Answer. The many steps the government has taken to exclude potential terrorists, while supported by the travel and tourism industry, regrettably may have created the impression that the United States does not welcome international visitors. The United States has become less competitive than other countries because of the growing perception that it is more difficult and more costly to travel here compared to other international destinations. Surveys demonstrate that potential international visitors now deliberately avoid travel to the United States due to real and perceived barriers to entry. For example, a Department of Commerce's Travel Barometer report, which surveys international travel professionals, recently noted that, "Starting in 2004, entrance procedure to the U.S. consistently has registered as the top barrier for travel. These barriers included the following factors: misinformation for consumers on entry and exit requirements to the USA, actual entrance procedures to visit the USA, visa processing time. Two-in-three program participants consider misinformation for consumers on entry and exit requirements as a travel barrier."

The Travel and Tourism Advisory Board's recommendations to Secretary Gutierrez included multiple proposals designed to combat these perceptions. The recommendations are presented in four categories: (1) provide a stronger voice for travel and tourism in government; (2) remove unnecessary barriers to travel; (3) create a welcoming first impression; and (4) avoid inappropriate taxes, fees, and regulations. I attach the full set of recommendations for your review.*

Question 7. In your testimony, you advocate the creation of a Presidential Advisory Council on Travel and Tourism. How would you envision this public-private partnership working? From your perspective, would this be the type of body to carry out advertising and marketing campaigns in the future?

Answer. I defer to my colleague Jonathan Tisch on this response.

Question 8. How can consular officials create a better first impression on travelers seeking entry to the United States for the first time? Would you recommend some type of customer service training for all consular and customs officials? How would you conduct this training?

Answer. There are a number of steps that we could take to create a better first impression on travelers seeking entry to the United States. This is an element of the Travel and Tourism Board's recommendations to Secretary Gutierrez. To summarize, we propose staffing Federal Inspection Services and TSA fully and efficiently at land, air, and sea ports. The industry stands ready to assist in developing a Model Ports of Entry project, including sharing expertise in management of line waits and staffing patterns, establishing pre-clearance facilities, improved signage, and providing a warm welcome to international visitors. We urge DHS to incorporate hospitality within its goals and performance review process. We also urge the U.S. Government to work to better coordinate security requirements with other governments. Finally, we urge the government to ensure accurate and timely communications regarding travel requirements directly to the traveling public.

The industry has offered its assistance on customer service training for consular and customs officials. We remain willing to cooperate, and we are flexible in how best to accomplish that training.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. GORDON H. SMITH TO JONATHAN M. TISCH

Question 1. It is my understanding that almost all developed countries have a cabinet-level official charged with tourism promotion and diplomacy. From your experience, which countries have done it right—to protect their borders but open its doors to tourists?

Answer. Other countries realize the need to invite travelers to visit their destinations, and that means establishing a budget for marketing inbound tourism. A comprehensive study soon to be released by the World Tourism Organization (WTO) explores the structures and budgets of National Tourism Organizations. The largest tourism budgets in 2005 are the following:

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*Available at: *http://tinet.ita.doc.gov/ttab/docs/2006_FINALTTAB_National_Tourism_Strategy.pdf*.

Country	U.S. Dollars
Greece	151.4 million
Mexico	149.2 million
Spain*	119.7 million
Malaysia*	117.9 million
Australia	113.3 million
United Kingdom	82.9 million
Ireland	82.1 million
South Africa	70.2 million
Cyprus	64.5 million
France	63.3 million
U.S.*	6.1 million

*Funded 100 percent by national government.

Question 2. What is the U.S. Government's role to promote its tourism industry? Is there anything else our government should do to better address your industry's needs?

Answer. The U.S. Government must recognize the great potential the travel and tourism industry has as a vehicle for public diplomacy across the globe. At a time when America's image abroad is tarnished, through international people-to-people interaction—which is only achievable through travel—we have the ability to influence the opinions of billions. A recent Pew Global Attitudes survey showed that international visitors to the U.S. are 42 percent more likely to hold positive opinions of the U.S. than those who have not visited.

It is the government's role to ensure that those who want to travel to the U.S. are able to do so without unnecessary hassles caused by stringent security measures implemented post-9/11. The travel and tourism industry supports the government's efforts to secure our Nation's borders from future terrorist attacks, but we must also be sure to welcome legitimate business and leisure travelers at the same time.

The U.S. Travel and Tourism Advisory Board, of which I am a Member, has recently submitted to the Secretary of Commerce recommendations for a national tourism policy. This document represents the hard work and vision of more than a dozen U.S. travel and tourism leaders and serves as a blueprint for Congress and the Administration on how to approach the challenge of balancing security and the free flow of commerce. The document will be released to the public in September.

Question 3. What are the key countries you are targeting in the next 10 years for international visitors to the U.S.?

Answer. As you know, the U.S. has spent and is spending its marketing dollars in the U.K. and Japan. They are our largest overseas inbound travel markets. As our largest overall inbound market, Canada will also be a key target, especially as the Western Hemisphere Travel Initiative is being implemented.

Question 4. How can U.S. travel and tourism be used as a public diplomacy tool to improve some of America's negative image?

Answer. Travel and tourism is a public diplomacy tool that has not yet realized its full potential. The difference between visitors' and non-visitors' positive feelings toward the U.S. in some of our largest markets are quite dramatic based on the following research from GMI, Inc. (2005):

Country	Visitors' Positive Feelings (in percent)	Non-Visitors' Positive Feelings (in percent)
U.K.	61	44
Japan	46	28
Germany	45	27
France	52	17

Clearly travel makes a difference.

The September launch of the Discover America Partnership is one way the industry is rising to the occasion. The goal is to draw attention to travel as the prominent solution to the U.S. image problem. In addition, the efforts of the USTTAB are highly focused on promoting more travel to the U.S., through more efficient visa processes, reasonable passport regulations, and more welcoming entry procedures.

Question 5. How has the Internet and media changed the way foreign countries market their destinations?

Answer. Foreign countries are increasingly using the Internet to market their countries as destinations. According to the WTO study, 3.4 percent of the above countries' marketing funding goes toward the Internet. The U.S. travel industry,

through the USTTAB, recommends the most recent $4 million appropriation through Commerce be used to enhance marketing tools on the *DiscoverAmerica.com* website.

Question 6. The U.S. still leads the other foreign countries in total receipts, totaling $75 billion in 2004. With these figures and the recent rise in U.S. tourism, why should we be considering new policies and programs to promote tourism?

Answer. Five years after 9/11, we have still not matched 2000 inbound travel levels. In terms of overall travel numbers, we are almost there. However, this rise in inbound international travel is deceptive because most of the increase is due to a rise in Canadian and Mexican travel to the U.S. These markets have taken a 10 percent increase, while our overseas market is lagging 17 percent behind 2000 levels. In addition, with the WHTI deadline approaching, we must be careful how we implement new travel document requirements on our closest neighbors. U.S. overall world market share has decreased 19 percent from 2000 to 2004, and 36 percent between 1992 and 2004. The U.S. had 9 percent of world market share in 1992, today we have 6 percent.

When waits for visas in India are 150 days (currently in New Delhi) for visitors, we should be considering new policies and procedures for ensuring those visitors who want to come here are able to do so.

Question 7. What suggestions do you have for the Department of Commerce to be more of an advocate for the U.S. travel and tourism industry?

Answer. The industry is greatly appreciative of Secretary of Commerce Gutierrez's leadership with the USTTAB. By asking for industry recommendations about travel and tourism policy, the Department of Commerce has accumulated a wealth of knowledge from industry leaders. The Department should work with the Departments of State and Homeland Security and the private sector to implement these recommendations.

Question 8. What is industry doing to communicate the new regulations of WHTI to the public so that those planning a trip will be prepared for the new procedures and can obtain the necessary travel documents? Television, radio, Internet, newspapers, travel magazines?

Answer. The travel and tourism industry is currently awaiting the final WHTI rulemaking from the Departments of State and DHS. Our members are updated at each step toward making the final rules. We believe there should be a modest deadline extension for land-border travel and that PASScards should be made available for cruise travelers. As soon as DHS and State indicate they are prepared to meet the deadlines, we will work with them to educate the traveling public.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. GORDON H. SMITH TO TODD DAVIDSON

Question 1. Is the Oregon Tourism Investment Program a good model for marketing the U.S. as an international tourism destination? What lessons can we extract from the Oregon experience to guide a national program to make the U.S. more competitive in the global tourism market?

Answer. The Oregon Tourism Investment Proposal is one of several programs that should be explored as models for a national tourism marketing effort. The OTIP represents a vibrant public-private partnership where an industry-lead coalition worked with elected officials to craft legislation that established a stable funding source (1 percent statewide lodging tax on all forms of transient lodging) and removed much of the bureaucratic and administrative oversight by establishing the Oregon Tourism Commission as a semi-independent agency. Other funding and administrative models that I recommend should be explored include Minnesota, Missouri, California and Florida.

There are several lessons learned that are applicable to a national effort. These include:

1. There is a role for government for creating awareness and demand for a travel destination. This is true for Oregon and is true for the United States.

2. The removal of bureaucratic barriers will create a more market-driven and market responsive organization. Such an organization will be better positioned to maximize the return on investment of their available resources.

3. That a vibrant, well-funded advertising effort can reduce and eliminate a loss of market share and stimulate the economy through increased visitor expenditures and the subsequent job creation.

Question 2. Please tell us more about what Oregon has done to market itself as a tourism destination.

Answer. The Oregon Tourism Commission implements a fully integrated marketing and development program. We have four strategic areas of focus that we address in our marketing plans and they are:

Strategic Area #1—Maximize the return on public and private investments in tourism.

> This strategic area focuses on the return on investment generated by the Commission's marketing programs: media advertising, communications and collateral material, and State Welcome Centers. Ensuring that marketing investments made by the Commission and its private-sector partners are translating into real economic benefits is a high priority. Measurements range from generating trips from advertising to maintaining consumer awareness in key markets.

Strategic Area #2—Reduce seasonal fluctuations in travel and tourism-related industries and maintain the average stay by encouraging visitors to be destination-oriented in this state.

> All of the Commission's marketing and development programs emphasize year-round tourism where feasible, and promote destination tourism throughout the state. The measurements related to this strategic area of focus are found primarily in the media advertising, public relations, communications and tourism development program areas.

Strategic Area #3—Encourage visitors to come to Oregon from the primary international target markets of Canada, Germany, Japan and the United Kingdom.

> With the non-stop international air service of Lufthansa German Airlines', Mexicana Airlines' and Northwest Airlines' into Oregon, this area of focus continues to be increasingly important. Working in cooperation with key partners, including the Port of Portland, the Commission will strive to invest limited dollars strategically in attracting new visitors from Europe, Mexico and Asia to support this service, as well as from Canada.

Strategic Area #4—Cooperate with local, regional, national, tribal and private-industry tourism entities.

> Partnerships are a critical component of the Commission's ability to position Oregon positively in the travel marketplace. With limited state dollars, partnerships help the Commission leverage funding and grow the reach of our marketing and development programs. This area focuses on meeting similar goals identified in *Strategic Area #1* in that the return on investment generated by tourism marketing activities is critical to the state and its tourism industry. In addition, the Commission provides tools for developing the industry statewide, including up-to-date research, the Q Program, rural tourism development, "niche" market development and training, the annual Governor's Conference on Tourism and State Welcome. Of equal importance, this plan will call for a more proactive role for the Tourism Commission in unifying the industry around marketing objectives, industry awareness building and policy development.

Question 3. How much appeal do Oregon Scenic Byways have to domestic and international tourists? How does Oregon market its scenic byways?

Answer. Oregon was an early adopter of developing a strong scenic byways program and has benefited as a result. Oregon now has the largest number of All America Roads in the U.S. and has received several Federal grants to support the safety, interpretation and marketing of our scenic byways. One grant enabled us to produce the *Oregon Scenic Byways Guide* which has become our most popular guide for our European visitors. The presence of the byways creates "suggested itineraries" for our visitors and introduces them to our natural, cultural and historical landscapes throughout the state, but especially in our most rural areas. Oregon promotes the byways in publication, on their website *www.TravelOregon.com,* in press release and e-newsletters.

Question 4. What will be the potential impact of the 2010 Olympics in Vancouver on Oregon tourism? What is being done to maximize that impact?

Answer. The proximity of the 2010 Olympics being held in Vancouver, B.C. holds potential benefit for Oregon. So, we are working with the Pacific Northwest states of Washington, Idaho and Montana, as well as the provinces of Alberta and British Columbia to explore joint marketing programs. Specific opportunities we have identified include establishing a visitor information center near the Olympic Village to

reach the visitors traveling to the Games, positioning the Northwest as a training facility for Olympic teams wishing to acclimate to the region's elevation and climate, and marketing to the noncredentialed media that follow the Games to do travel and lifestyle oriented stories.

Question 5. What effect could the Western Hemisphere Travel Initiative have on Oregon? What is being done to cope with that impact?

Answer. Oregon has benefited from strong Canadian travel for decades. And with the Mexicana flights serving PDX, Oregon is experiencing growth in Mexican arrivals as well. While the Oregon Tourism Commission supports enhanced security measures to protect our Nation, we remain concerned the January 1, 2008 deadline poses a real threat to cross-border travel between the U.S. and its neighbors within the Western Hemisphere. We are particularly concerned about the impact of the proposed WHTI on Canadian travel to the U.S., and will continue to work with the Travel Industry Association, the Travel Business Roundtable and the Administration to find workable solutions that enhance border security while continuing to facilitate the entry of millions of legitimate international visitors. And while we are encouraged by the adoption of the Stevens-Leahy amendment, the fate of Immigration Reform legislation in the Senate or beyond that in a Senate-House conference committee is uncertain.

Question 6. What role does the private sector play in marketing Oregon tourism?

Answer. There are numerous critical and pivotal roles played by the private sector in the promotion of Oregon as a travel destination. Some examples include:

1. The private sector is the ultimate purveyor of the product we create demand for. While the Tourism Commission's efforts do create awareness and demand for the destination, the financial transaction occurs with the private sector businesses delivering the experience.

2. The private sector represents the vast majority of the membership of the gubernatorially-appointed Tourism Commission: five members are from the lodging sector, three are from the tourism industry-at-large and one is from the public-at-large.

3. The private sector leverages our marketing efforts by helping host tour operators and travel media, purchasing product ads that reflect the Brand Oregon style, and providing exemplary service to our visitors to increase repeat visitation.

Question 7. How does the recent increase of tourism in Oregon compare with other states?

Answer. The increase in visitor expenditures in Oregon for the past 2 years has been on an even pace with the national average—approximately 7 percent per year. The importance of this is that prior to the implementation of the Oregon Tourism Investment Proposal, Oregon's visitor industry was growing at a slower pace than the national average. We were losing market share. At one time, Oregon's marketing budget was 46th in the country out of 50 states at $3 million annually while the average state tourism budget in the U.S. was approximately $13 million annually. Today, with the implementation of the OTIP, Oregon's budget is $9 million annually. And, while this is still below average for all state tourism office budgets, we are far more competitive at this level and have been able to secure additional market share and keep pace with the national average rate of growth.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO VIRGINIA "GINNY" PRESSLER, M.D., MBA, FACS

Question 1. In Dr. Pressler's testimony she states that more than 11,000 visitors have come to Hawaii for planned medical treatment. This is in addition to the numerous visitors that need unplanned medical assistance from the Hawaii healthcare system while visiting the islands. With the growing number of planned and unplanned visitors using Hawaii's healthcare facilities, do you feel that this is in any way hindering the treatment the local community receives from the healthcare system in Hawaii?

Answer. The connection between tourism and access to Hawaii's healthcare facilities by local residents is a mixed bag. As mentioned in my testimony, there is a growing awareness that Hawaii is strategically placed to become a premiere medical tourist destination given its location advantage, existing tourist amenities and the reputation of its quality healthcare system. Any investment to develop facilities to meet this growing demand will have positive spillover effects for local residents as

well—*provided these are tourists originating from countries with adequate health insurance coverage.*

For example—generally speaking—U.S. mainland, East Asian, and European visitors with commercial healthcare coverage generally reimburse our healthcare providers far better than Hawaii health plan reimbursement rates. These patients provide a welcome source of revenue for our healthcare facilities which enables them to improve services in our local community.

However tourists with government coverage—for example U.S. Mainland patients covered by their state Medicaid plans create a problem for us since State Medicaid agencies require a provider application completed for each hospital and each physician for every state from which we treat patients. Given the administrative burden, for physicians, it is easier for us to simply write off the claim than seek reimbursement.

Similarly Pacific Island patients are covered under government programs that pay inadequately. At Kapi'olani Medical Center for Women & Children we have received $46,000 in the last 9 months for CNMI Medicaid patients during which time these patients have incurred $1.6 million in billed charges. These inadequate reimbursements create a major burden on our local healthcare system.

So again to go back to your initial question, the impact of tourism driven medical visits on our healthcare industry depends entirely on the *type* of tourists visiting and the health insurance they are covered by.

Question 2. You have seen an increase in the amount of visitors coming to Hawaii because of the healthcare system. Have you also seen an increase in the number of doctors and nurses seeking to come to Hawaii to fill those greatly needed positions?

Answer. Hawaii's remoteness is the factor defining both the urgency in having access to medical specialty resources nearby as well as the difficulty in attracting the number of doctors and nurses. The distance from Honolulu to Los Angeles (2,563 miles) is greater than Washington, D.C. to Los Angeles (2,297 miles). Tokyo, Japan—where a significant number of Hawaii tourists originate—is 3,856 miles from Honolulu. Knowing that Hawaii hospitals are capable of providing quality healthcare is reassuring to any traveler who must overcome great distances and part of what makes Hawaii a destination of choice. Distance makes it an imperative that specialty care is available on the island.

However, distance is also a continuous barrier for Hawaii in recruiting the healthcare professionals we need. Similar to other remote rural areas, Hawaii is handicapped in recruitment efforts by not being in proximity to large pools of healthcare labor supply. As a result, Hawaii faces an anticipated shortage of 2,267 registered nurses in the next 5 years and 4,593 by 2020. Similarly, securing specialty physicians to practice in remote areas is also challenging. These shortages are already evidenced in the local residents via access to specialty care, particularly in our rural communities over the past few years. Patients suffer from delays in treatment and sometimes forego treatment altogether.

As Hawaii continues to grow as a tourist destination, and more planned and unplanned medical visits increase, soon these shortages will also have an impact upon Hawaii's tourism industry. For example, our Burn Center at Straub Clinic & Hospital will be the first responders in the event of a major airline or shipping disaster as it is the only specialized burn center in the entire Pacific Basin. The extent of our ability to provide care for such a catastrophe will have long lasting impacts to Hawaii's perception as a safe destination for people to travel to.

Hawaii desperately needs special consideration for financial support for recruitment and retention of qualified healthcare professionals so we can continue to provide quality care to both our local community and our domestic and international visitors.

WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO ROBERT M. JACKSTA*

Question 1. The Departments of State (State) and Homeland Security (DHS) are devising plans to produce an alternative form of the U.S. passport that can be used at land-border crossings. State and the DHS envision the alternative passport as being a wallet-sized card that would cost less than a traditional passport and be easier to obtain. The alternative passport would only be used by U.S. citizens crossing the land-borders between the United States and Canada and the United States and Mexico.

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*Response to written questions was not available at the time this hearing went to press.

In addition to reduced cost and convenience, what are the strengths of creating an alternative passport card system to be used by U.S. citizens traveling between the United States and Mexico and the United States and Canada? Would the administrative costs associated with transferring over to a new form of passport outweigh the benefits to be realized by the card's use?

Question 2. Many in the travel and tourism industry fear that the Western Hemisphere Travel Initiative (WHTI) will hinder northern border crossings and inhibit spontaneous and unplanned travel to the United States. What would you say to these concerns?

Question 3. Have you worked with the Canadian or Mexican governments to help them understand and meet the requirements of the WHTI?

Question 4. The Government Accountability Office (GAO) has noted that the deadline for implementation of the WHTI is in danger of being missed. How do you expect our neighbors to comply with the new border entry requirements if we have not fully implemented the initiative?

Question 5. What do you perceive as being weaknesses to developing a substitute for the traditional passport booklet used by American citizens as they cross borders between the United States and its neighboring countries of Mexico and Canada?

Question 6. Will creation of a new passport to be used for travel between the United States and its neighboring countries of Mexico and Canada complicate State and the DHS's ability to require that citizens traveling to countries noncontiguous to the United States possess a more traditional passport booklet?

Question 7. Currently, the U.S. Government issues Border Crossing Cards (BCCs) to Mexican nationals who cross the U.S. border on a regular basis. Because the BCC is a B–1/B–2 visa when presented with a passport, the process to obtain a BCC nearly mirrors the visa issuance process, thus necessitating a background check and interviews. Border Crossing Patrol is considering whether BCCs can serve as alternatives to the wallet-size passport cards being proposed by Departments of State (State) and Homeland Security (DHS). What are some drawbacks to possibly permitting the Border Crossing Cards (BCCs) to substitute as passports for Mexican nationals crossing the Mexico-United States border?

Question 8. Does Customs and Border Patrol (CBP) fear the circulation of a greater number of varying types of security documents, such as traditional passport booklets, wallet-size passport cards, and BCCs, will further incite production of counterfeit passports, thus threatening the United States' efforts to protect its borders?

WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO JONATHAN M. TISCH *

Question 1. The Travel Business Roundtable (TBR) and the Travel Industry Association (TIA) support the concept of a PASScard, as introduced by State and DHS, as a means of having a less expensive and easier to obtain passport. The TBR and the TIA remain concerned that the Departments of State (State) and Homeland Security (DHS) have not yet chosen the type of technology that will be integrated into the PASScard. The TBR and the TIA have acknowledged the necessity of mounting a public education campaign regarding the PASScard once State and the DHS agree on the type of technology that will be integrated into a PASScard.

What are the Travel Business Roundtable's (TBR) and the Travel Industry Association's (TIA) ideas about what technology should be integrated into a Pass card?

Question 2. Do TBR and TIA have any suggestions as to how State and DHS can more efficiently create a PASScard, using the newest technology, and mount a successful public education campaign on PASScards?

Question 3. Are other countries developing something similar to a PASScard that would satisfy the requirements of the Western Hemisphere Travel Initiative (WHTI)? Is the State Department working with any foreign governments to assist them in the development of alternative passports, such as e-Passports or PASScards?

Question 4. In your opinion, what is the best way to balance the dual needs of national security and facilitating tourism? Should biometrics be a requirement for all persons entering the country? Is the PASScard the best available alternative to comply with the statutory requirements of the Intelligence Reform and Terrorism Prevention Act (IRTPA)?

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* Response to written questions was not available at the time this hearing went to press.

Question 5. As the deadline approaches for State and DHS to release the Notice of Proposed Rulemaking (NPRM) on the Western Hemisphere Travel Initiative (WHTI) for air and sea entries, the Travel Business Roundtable (TBR) and the Travel Industry Association (TIA) fear that confusion, due to a poorly implemented WHTI, will frustrate the tourism business. The deadline for the release of NPRM remains 7 months away. In the Immigration Reform bill recently considered in the Senate, Senators Stevens and Leahy sponsored an amendment to extend the statutory deadline for 1 year. From an industry perspective, what do you believe is the best way to proceed with the development of the WHTI?

Question 6. What are some of the difficulties in implementation of WHTI that can be addressed between now and the statutory deadline for implementation?

Question 7. Do you believe that a properly implemented WHTI will have a positive or negative impact on tourism? National security?

Question 8. How much revenue do TBR and TIA estimate the travel and tourism industry will lose it the NPRM and PASScards are not implemented more expeditiously?

Question 9. Pre-Hurricane Katrina Louisiana, Mississippi, and Alabama prospered from a tourism industry which accounted for 260,000 jobs and a payroll income of $3.7 billion. In 2004, the tourism industry generated $18.3 billion in travel-related sales for the Gulf Coast region. Following Hurricane Katrina, many Americans and international travelers still perceive the devastation accompanying Hurricane Katrina as the current norm.

On behalf of the travel industry, the Travel Business Roundtable (TBR) and the Travel Industry Association (TIA) have offered policy recommendations to Congress following Hurricane Katrina. TBR and TIA recommend that there be tax incentives for conventions and visitors traveling to the Gulf Coast region and a promotion campaign to inform the world that the Gulf Coast region has revitalized its charm and appeal to travelers. How have the TBR and the TIA tried to improve possible travelers' perceptions of the Gulf Coast region?

Question 10. Has Congress been successful in furthering some of the TBR and the TIA's suggestions for revitalizing the Gulf Coast region's appeal to American and international travelers?

Question 11. The Travel Business Roundtable (TBR) and the Travel Industry Association (TIA) have found that while newly created Visa Business Centers have alleviated some hassles inherent to international travel, international travelers still encounter long visa interview wait times and lengthy trips to available visa interview destinations. The TBR and the TIA report the average visa interview wait time in Brazil to be 70 days and 132 days in India. TBR and TIA admit that visa interview wait times have been reduced in countries like China and South Korea due to additional staffing and more interview hours.

Where have you seen the shortest visa interview wait times? Is there a strong correlation between short visa interview wait time in a particular country and the number of travelers within that country who choose to travel internationally?

Question 12. How do you suggest the State Department improve visa interview wait times?

Question 13. What suggestions do you have for the new Model Airport program? Do you think this can be a successful program to extend "America's welcome" to international travelers?

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