AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 110–1065

PROMOTING TRAVEL TO AMERICA: AN EXAMINATION OF ECONOMIC AND SECURITY CONCERNS—PART II

HEARING

BEFORE THE

SUBCOMMITTEE ON INTERSTATE COMMERCE, TRADE, AND TOURISM

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

March 20, 2007

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

U.S. GOVERNMENT PRINTING OFFICE

39–695 PDF WASHINGTON : 2010

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

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

DANIEL K. INOUYE, Hawaii, *Chairman*

JOHN D. ROCKEFELLER IV, West Virginia
JOHN F. KERRY, Massachusetts
BYRON L. DORGAN, North Dakota
BARBARA BOXER, California
BILL NELSON, Florida
MARIA CANTWELL, Washington
FRANK R. LAUTENBERG, New Jersey
MARK PRYOR, Arkansas
THOMAS R. CARPER, Delaware
CLAIRE MCCASKILL, Missouri
AMY KLOBUCHAR, Minnesota

TED STEVENS, Alaska, *Vice Chairman*
JOHN MCCAIN, Arizona
TRENT LOTT, Mississippi
KAY BAILEY HUTCHISON, Texas
OLYMPIA J. SNOWE, Maine
GORDON H. SMITH, Oregon
JOHN ENSIGN, Nevada
JOHN E. SUNUNU, New Hampshire
JIM DEMINT, South Carolina
DAVID VITTER, Louisiana
JOHN THUNE, South Dakota

MARGARET L. CUMMISKY, *Democratic Staff Director and Chief Counsel*
LILA HARPER HELMS, *Democratic Deputy Staff Director and Policy Director*
MARGARET SPRING, *Democratic General Counsel*
CHRISTINE D. KURTH, *Republican Staff Director, and General Counsel*
KENNETH R. NAHIGIAN, *Republican Deputy Staff Director, and Chief Counsel*

SUBCOMMITTEE ON INTERSTATE COMMERCE, TRADE, AND TOURISM

BYRON L. DORGAN, North Dakota, *Chairman*
JOHN D. ROCKEFELLER IV, West Virginia
JOHN F. KERRY, Massachusetts
BARBARA BOXER, California
MARIA CANTWELL, Washington
MARK PRYOR, Arkansas
CLAIRE MCCASKILL, Missouri

JIM DEMINT, South Carolina, *Ranking*
JOHN MCCAIN, Arizona
OLYMPIA J. SNOWE, Maine
GORDON H. SMITH, Oregon
JOHN ENSIGN, Nevada
JOHN E. SUNUNU, New Hampshire

CONTENTS

	Page
Hearing held on March 20, 2007	1
Statement of Senator DeMint	34
Statement of Senator Dorgan	1
Prepared statement	2
Statement of Senator Inouye	3
Prepared statement	3

WITNESSES

Borlaug, David, President, Lewis & Clark Fort Mandan Foundation	43
Prepared statement	45
Edson, Stephen A., Deputy Assistant Secretary for Visa Services, U.S. Department of State	22
Prepared statement	23
Estrada, Jamie P., Deputy Assistant Secretary for Manufacturing, International Trade Administration, U.S. Department of Commerce	5
Prepared statement	6
Jacksta, Robert M., Executive Director, Traveler Security and Facilitation, Office of Field Operations, CBP, DHS	12
Prepared statement	14
Johnson, Rex D., President and CEO, Hawaii Tourism Authority, Hawaii Convention Center	35
Prepared statement	36
Martinez-Fonts, Jr., Alfonso, Assistant Secretary, Private Sector Office, DHS	18
Prepared statement	20
Peck, Ron, President and COO, Alaska Travel Industry Association	46
Prepared statement	48
Prosser, Chad, Director, South Carolina Department of Parks, Recreation, and Tourism	38
Prepared statement	40

APPENDIX

Response to written questions submitted by Hon. Daniel K. Inouye to:	
David Borlaug	64
Stephen A. Edson	61
Jamie P. Estrada	55
Robert M. Jacksta	60
Rex D. Johnson	63
Alfonso Martinez-Fonts, Jr.	60
Ron Peck	63
Chad Prosser	64

PROMOTING TRAVEL TO AMERICA: AN EXAMINATION OF ECONOMIC AND SECURITY CONCERNS—PART II

TUESDAY, MARCH 20, 2007

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

The Subcommittee met, pursuant to notice, at 10:02 a.m. in room SR–253, Russell Senate Office Building, Hon. Byron L. Dorgan, Chairman of the Subcommittee, presiding.

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

Senator DORGAN. We'll call the hearing to order this morning.

This is the Subcommittee of the Commerce Committee, the Subcommittee on Interstate Commerce, Trade, and Tourism. And I'm joined by my colleague, Senator Inouye, the Chairman of the full Committee this morning.

I want to make a very brief statement then call on Senator Inouye to make a statement, after which we will hear from our first set of witnesses.

Today's hearing is the second in a series of travel promotion hearings designed to examine how our country can remain competitive internationally in the travel industry. Generating about 8.3 million jobs, the U.S. travel industry both serves as a major employer and constitutes an indispensable part of our economy. According to the Department of Commerce, in the year 2006, international tourism spending in the United States was comprised of $107 billion.

Despite these impressive numbers, the country has seen a decrease in its market share of international travelers. In order to preserve this sector of our economy and expand it, we must work with expediency to reverse the decline.

In the first travel promotion hearing, we heard from the private sector of the problems that the travel and tourism industry faces today. The Discover America Partnership pointed to a complex visa application process, an intimidating, often bewildering experience for travelers at ports of entry, a problem with our reputation around the world, as some factors that undermine international travelers desire or ability to visit our great country.

In addition, the Partnership advocated for the creation of a nationally -coordinated travel promotion initiative. One that would both highlight destinations throughout our country and inform international travelers about how best to navigate the U.S. visa and entry process.

While in the past few years the Department of Commerce has worked on limited promotions, particularly to Japan and the United Kingdom, the Department has lacked the resources to conduct a comprehensive and coordinated effort.

I believe that a more aggressive approach is warranted. Since September 11, 2001, the United States' market share of international travel has decreased. The Commerce Department, working in concert with industry experts, I believe, should work to rebuild America's place in the travel market.

In doing so, we need not compromise our national security. We can strengthen security at our borders without closing our doors to friendly visitors.

In addition, creating a more welcoming climate for new arrivals would be a boon to our country's diplomacy. To come to America and to visit America is to understand more about our country and to feel good about what this country represents. Travelers overwhelmingly leave this country with a better impression of America and its people. They take this goodwill back to their native lands and raise the esteem of the United States overseas.

In fairness to our Federal agencies, the Departments of State and Homeland Security have not only recognized the need to improve the entry process via technological efficiency, but they've also created a framework for facilitating international tourism while maintaining national security. And they have begun to implement the goals established in the Rice-Chertoff Joint Vision in a thoughtful way, but I believe more can and more should be done.

Today, we'll hear testimony from two panels of witnesses in considering how to attract more international visitors without jeopardizing our country's security or safety. The first panel will consist of Government representatives from the Departments of Commerce, State, and Homeland Security. The second panel will consist of industry leaders from across the country. We will hear about their respective experiences in attracting visitors to their states and about how the Federal Government can better serve them.

Based on the testimony we hear today and what we have heard in the first hearing, I plan to introduce legislation, with my colleague Senator Inouye and my colleague Senator Stevens, and others, that will reinvigorate America's tourism industry. So let me thank all of the witnesses for being here. Let me call on my colleague, Senator Inouye, who comes from a state that knows a little something about tourism, the State of Hawaii.

[The prepared statement of Senator Dorgan follows:]

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

Today's hearing is the second in a series of travel promotion hearings designed to examine how the United States can remain competitive internationally in the travel industry. Generating approximately 8.3 million jobs, the U.S. travel industry both serves as a major employer and constitutes an indispensable part of our economy. According to the Department of Commerce in 2006, international tourism

spending in the United States comprised $107.4 billion. Despite these seemingly impressive numbers, the country has seen a decrease in market share of international travelers. In order to preserve this vital sector of our economy, we must work with expediency to reverse the decline.

In the first travel promotions hearing, we heard from the private sector of the problems that the travel and tourism industry face today. The Discover America Partnership pointed to a complex visa application process, an intimidating and often bewildering experience for travelers at ports of entry, and a tarnished reputation around the world as factors that undermine international travelers' desire or ability to visit our great country. In addition, the Partnership advocated for the creation of a nationally-coordinated travel promotion initiative. An initiative that would both highlight destinations throughout America and inform international travelers about how best to navigate the U.S. visa and entry process.

While in the past few years, the Commerce Department worked on limited promotions to Japan and the United Kingdom, the Department has lacked the resources to conduct a comprehensive and coordinated effort. I believe that a more aggressive approach is warranted. Since September 11, the United States' market share of international travelers has significantly decreased. The Commerce Department working in concert with industry experts should work to rebuild America's place in the travel market.

In doing so, we need not compromise our national security. We can strengthen security at our borders without closing our doors to friendly travelers. In addition, creating a more welcoming climate for new arrivals would be a boon to diplomacy. Travelers overwhelmingly leave this country with a better impression of America and its people. They take this goodwill back to their native land and raise the esteem of the United States overseas.

In fairness to our Federal agencies, the Department of State and the Department of Homeland Security have not only recognized the need to improve the entry process via technological efficiency, but they have also created a framework for facilitating international tourism while maintaining national security. They have begun to implement the goals established in the Rice-Chertoff Joint Vision in a thoughtful way, but I believe that more work can be done.

Today we will hear testimony from two panels of witnesses in considering how to attract more international visitors without jeopardizing our safety. The first panel consists of government representatives from the Departments of Commerce, State, and Homeland Security. The second panel consists of industry leaders from Hawaii, North Dakota, Alaska, and South Carolina. We will hear about their respective experiences in attracting visitors to their states and about how the Federal Government could better serve them.

Based on the testimony we hear today and what we heard in the first hearing, I plan to introduce legislation to reinvigorate America's tourism industry.

Senator Inouye?

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

The CHAIRMAN. I thank you very much, Mr. Chairman. I'd like to have my statement made part of the record.

Senator DORGAN. Without objection.

[The prepared statement of Senator Inouye follows:]

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

Encouraging international travelers to visit the United States is both economically and diplomatically beneficial to our country. As we know from experience in Hawaii, attracting visitors to the United States requires a great deal of investment in marketing and promotion.

Travel and tourism is Hawaii's number one industry and, the state actively markets to residents in countries around the world, including Japan, Australia, the United Kingdom, and Germany.

Most states, however, do not find it economical to devote large resources to international advertising. That is unfortunate, given the many natural and cultural treasures this country has to share. Travelers around the world would be willing and eager to spend more time visiting America, if they knew what we have to offer.

In 2006, international receipts for travel-related tourism spending reached $107.4 billion. Travel and tourism exports accounted for 7 percent of all U.S. exports and

26 percent of services exports last year. The travel industry is a driving force for the U.S. economy and its potential has barely been tapped.

As an added benefit, tourism greatly advances international goodwill. Studies have shown that, after visiting the United States and interacting with Americans, 74 percent of visitors have a more favorable opinion of our country.

This does not surprise me because, with all due respect to the State Department, Americans in their natural environment are among the best diplomats in the world.

In recent years, however, the international reputation of the United States has suffered. America became a less desirable destination for international travelers as a result of the September 11 terrorist attacks.

In addition, in the wake of the attack, the Administration tightened visa application and border entry procedures. Addressing national security is of paramount importance and we must protect our Nation from terrorists. But some of the changes had the unintended consequence of deterring legitimate international travelers from coming to America.

I was pleased that Secretaries Rice and Chertoff initiated the Rice-Chertoff Joint Vision in January 2006 to establish new procedures designed to facilitate travel without compromising security.

Despite good efforts of both agencies, many in the travel and tourism industry continue to express concerns about the efficiency of the visa application process and the perception that the U.S. entry process is unnecessarily antagonistic.

I am interested in hearing from the witnesses on the status of implementing the Joint Vision and their thoughts on the recommendations of groups such as the Discover America Partnership and the U.S. Travel and Tourism Advisory Board.

The CHAIRMAN. However, I'd like to agree with you that encouraging international travelers to visit the United States is both economically and diplomatically beneficial to our Nation. And, it requires a great deal of investment in marketing and promotion. It doesn't come cheap. We've learned that in Hawaii.

And, as you've indicated, 74 percent of those who visit us, leave America happy and with a positive reason to be here. They'd like to come back again. However, since 9/11 because of the requirements of security and such, many visitors have been reluctant to return and we have a challenge ahead of us. And, I can assure you that I'm on your side, Senator.

And I'd like to welcome all the witnesses. Thank you very much.

Senator DORGAN. Senator Inouye, thank you, thank you very much. And thanks for the contribution that the beautiful State of Hawaii provides for our interest in attracting additional visitors. It's a——

The CHAIRMAN. Please come to us. We need your money.

[Laughter.]

Senator DORGAN. It is truly a paradise.

Our first panel today is Mr. Jamie Estrada, the Deputy Assistant Secretary for Manufacturing at the U.S. Department of Commerce. He'll be followed by Mr. Robert Jacksta, Executive Director, Traveler Security and Facilitation, U.S. Customs and Border Protection at the Homeland Security Department. Mr. Al Martinez-Fonts, Assistant Secretary of the Private Sector Office of the U.S. Department of Homeland Security. Mr. Stephen Edson, Deputy Assistant Secretary for Visa Services, Department of State.

We appreciate all of you being here today. I do want to point out that there has been a series of votes scheduled since we scheduled this hearing. The votes will begin at 10, excuse me, at 11:30, so my hope is if we can complete this hearing by about 11:45, we'll be able to get over and begin the series of votes. There are three votes. Otherwise it would require a rather lengthy recess.

But, let me thank all four of you for representing the Federal agencies that have a role in this issue of international tourism.

Let us start with you, Mr. Estrada. Let me say that the entire statements of all of you will be made a part of the permanent record and we would ask that you summarize.

STATEMENT OF JAMIE P. ESTRADA, DEPUTY ASSISTANT SECRETARY FOR MANUFACTURING, INTERNATIONAL TRADE ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Mr. ESTRADA. Thank you. Chairman Dorgan and Chairman Inouye, and distinguished members, thank you for the opportunity to provide you with an update on the United States travel and tourism industry and for your continued support of this critical sector of our economy.

Today, the most important message I can communicate is this—that key economic indicators show that the industry has recovered from the 9/11 terrorist attacks. The travel and tourism industry in the United States is strong and continues to be one of the most lucrative for our economy. And the United States remains a top market, the top market for travel receipts. International visitors in the United States set a new record level of spending in 2006.

First, allow me to give you the good news before discussing some of our existing challenges. In 2006, the industry generated more than $1 trillion of sales, representing 2.6 percent of total GDP. It contributed to our positive balance of trade in services. In fact, we posted our 18th consecutive annual trade surplus in travel. Also, in 2006, the industry exported more than $107 billion in travel and tourism-related goods and services, which is 5 percent higher than the record set in the year 2000, and the chart here reflects that.

Earlier this month, Secretary Gutierrez announced that 51.1 million international visitors traveled to the United States in 2006, with 9 countries breaking records from previous years. This represents an increase of over 4 percent over 2005, and next year looks even better. In 2007, international visitor levels are projected to surpass the 2000 record, reaching an estimated 52.9 million visitors. This clearly demonstrates the industry's resiliency as we move forward.

Although the industry is making significant progress, the United States still faces many complex challenges. And through extensive cooperation with our counterparts in government and the private sector, we are addressing those challenges. We understand that government and the private sector must find the right balance of security, while creating a welcoming environment for visitors to the U.S.

The events of 9/11 demonstrated that our Nation must adopt new travel security documents and screening procedures. This is no small undertaking. And, I would like to compliment the work of the Departments of Homeland Security and State on this effort. We have worked with them to provide industry perspectives in the development and implementation of many of these measures.

To hear from the industry executives first hand, Secretary Gutierrez turned to the Travel and Tourism Advisory Board, a private sector advisory board consisting of a cross section of the industry. He asked the Board to recommend how the government can

better support the industry's competitiveness, in a post-9/11 world. These recommendations have been referred to the Tourism Policy Council, which is made up of 17 Federal agencies engaged in travel and tourism policies. This effort highlights the focus of both government and industry, in providing an enjoyable and welcoming international travel experience.

A key role for the Department of Commerce is to identify export opportunities and eliminate barriers to entry into those markets. We do that through our Office of Travel and Tourism Industries and our Commercial Service, with nearly 200 offices worldwide. Specifically, Commercial Service officers work to match U.S. suppliers with international buyers. A perfect example of this, is our successful work with the Las Vegas Convention and Visitors Authority, which resulted in 3,000 more Brazilian and Chinese visitors to the Las Vegas area generating over $4 million in additional revenue.

Turning toward the future, the industry outlook is very promising. As I mentioned earlier, the Department forecasts a record number of travelers will come in 2007, marking a full recovery since the attacks of 9/11. In addition, we forecast a 21 percent increase in travelers over the next 5 years, reaching 61.6 million visitors by 2011. Overseas markets will significantly contribute to this projected growth, especially from South America and Asia. We feel confident that the travel and tourism sectors are on track to deliver increasingly strong performances for years to come.

In conclusion, the travel and tourism industry in the United States leads the world in market share of global travel revenues, and is well on the way to enjoying record levels of visitors. We believe that the appropriate role for government is to create a positive business climate by promoting supportive policy within our own government, while also working with other governments to remove market impediments and build bridges to new markets. We are working with our interagency colleagues, through the Tourism Policy Council, to address industry concerns and recommendations.

In addition, we are hopeful that the United States and the European Union can reach an "Open Skies" agreement, which could generate significant opportunities, not only for travel and tourism, but for other industries as well. With these and similar efforts, we will create the most competitive business climate for the private sector so that it may continue to reach record highs.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Estrada follows:]

PREPARED STATEMENT OF JAMIE P. ESTRADA, DEPUTY ASSISTANT SECRETARY FOR MANUFACTURING, INTERNATIONAL TRADE ADMNISTRATION, U.S. DEPARTMENT OF COMMERCE

Chairman Dorgan, Ranking Member DeMint, and distinguished members of the Subcommittee, thank you for the invitation to appear today to update you on the status of the United States travel and tourism industry. I would also like to take this opportunity to thank you for your support of this important sector of our economy.

The travel and tourism industry in the United States is strong and continues to be the most lucrative travel and tourism industry in the world. I am pleased to report that international visitors to the United States set a new record level of spending in 2006. While we are enjoying record levels of revenues, it is also noteworthy

that sectors such as hotels and lodging and restaurants are achieving new levels of profitability.

Although the industry is making significant progress, the United States faces its share of challenges due to the impact of 9/11, uncertainties in the airline industry, and increased competition from emerging destinations. We are working to address these issues collaboratively with our colleagues at the Departments of State and Homeland Security and with the private sector.

Tourism and the U.S. Economy

I would like to begin by sharing with you the good news before discussing existing challenges.

The travel and tourism industry is a major contributor to our Nation's gross domestic product (GDP). Travel and tourism represent 2.6 percent of GDP and generated more than $1 trillion of sales in 2006 alone.[1]

The travel and tourism industry is one of America's largest employers, with more than 8 million Americans employed. It is important to highlight that over 90 percent of the U.S. travel and tourism industry is classified as small and medium-sized businesses.[2]

The travel and tourism sector has been a substantial contributor to our positive balance of trade in services. The United States has enjoyed a continuous surplus in travel since 1989. A surplus occurs when international visitors spend more in this country than we do when traveling abroad. In 2006, the United States exported more than $107 billion in travel and tourism-related goods and services and posted its 18th consecutive annual trade surplus in travel. In fact, travel and tourism generate over one-fourth of total U.S. services exports, according to the Bureau of Economic Analysis.

Key sector indicators are largely positive. According to Price Waterhouse Coopers, in 2006 lodging industry profit levels have returned to the previous record level of $22.5 billion. In addition, data from the Bureau of Economic Analysis indicate total restaurant sales were less affected by 9/11 relative to other travel and tourism sectors and have steadily increased 15 percent in real terms between 2000 and 2005.

Recent Trends and Challenges

Following the events of September 11, 2001, U.S. travel and tourism receipts and international visitor levels both sharply declined. Receipts declined roughly 22 percent from the peak in 2000 to a trough in 2003. As the accompanying chart indicates, travel and tourism receipts in 2006, at $107.8 billion, are 5 percent over the record set in 2000. At the same time, our 2007 international visitor levels are projected to surpass the 2000 record, reaching 52.9 million. This clearly demonstrates the industry's resiliency as we move forward.

The United States is first in the world with respect to travel receipts, with nearly double the value of receipts generated by France, even though they lead the world in visitation. While receipts provide a critical measure to gauge the industry's strength, it is true that global market share of visitors to the United States has fallen since its peak in 1992. However, global market share of visitors alone does not give an accurate measure of performance. In fact, eight out of the world's top ten markets have lost market share of global visitors. This is due to the reality of considerably more competitors in the global arena for travelers today than in 1992. In addition, much of global growth in visitors is due to short trips. For example, while France and Spain are the world's number one and two markets for numbers of international visitors, much of their leading positions are attributable to intra-regional travel (*i.e.,* people from Spain visiting France and vice versa). Therefore, concerns about declining market share should be put in perspective. In summary, multiple yardsticks are necessary to accurately assess the performance of travel and tourism as an export value.

While the U.S. travel and tourism industry is strong and growing, in recent years it has had to wrestle with various challenges in a post-9/11 environment.

I would now like to focus on how we are responding.

The development of new security processes has challenged both government and the private sector to achieve the right balance of security while continuing to welcome visitors and facilitate their entry into the United States. Secretary Gutierrez requested that the Department of Commerce's Travel and Tourism Advisory Board (TTAB) make recommendations on how the Federal Government can support the travel and tourism industry's efforts to compete for international travelers. The TTAB is a private sector advisory board comprised of 15 industry leaders, rep-

[1] U.S. Department of Commerce, Travel and Tourism Satellite Accounts.
[2] U.S. Chamber of Commerce.

resenting various sectors of the industry. These recommendations have been referred to the Tourism Policy Council (TPC), which is led by the Secretary of Commerce and made up of 17 Federal agencies engaged in travel and tourism issues and policies. The TPC is currently engaged in a review of these recommendations and member agencies are actively moving forward on implementing a number of them. I am pleased to report that many of the issues covered by the TTAB's recommendations were already being addressed by the Departments of Homeland Security and State. We believe that this cooperation indicates that government and industry are largely in agreement on the way to move forward.

Safety and Security

At the Department of Commerce, we believe that the safety and security of Americans and those who visit our Nation are paramount. The events of 9/11 demonstrated that our Nation must migrate to a new generation of travel security processes in order to protect our citizens and guests. This requires the development of new and secure travel documents and ways of matching individual travelers to those documents in order to verify entry and departure, as well as screening procedures to ensure that air travel to and from the United States is safe.

This is no small undertaking, and requires the development of new technologies and new work processes and collaboration and communication with other nations, the travel industry and consumers. Government and industry share a vision that upon completion of this effort our system will in fact result in the United States being one of the most accessible and safest nations for people to visit. Such a system is good for our economy, good for our national security, and good for our public diplomacy.

We have worked with the Departments of Homeland Security and State to provide industry perspectives in the development and implementation of some of these measures and see progress being made toward this goal. Allow me to briefly review a few examples in this regard.

The Departments of State and Homeland Security are collaborating with the travel and tourism industry and the Department of Commerce on Model Ports of entry projects at the Houston International Airport and the Washington Dulles International Airport. The goal of this initiative is to ensure a more welcoming environment for international visitors through improved entry procedures and passenger assistance measures.

Another challenge is implementation of the next phase of the Western Hemisphere Travel Initiative (WHTI), which requires that all tourist travelers, including U.S. citizens, traveling to and from Canada, Mexico, the Caribbean, and Bermuda have a passport, or other acceptable documents, to enter or re-enter the United States by land or sea. The Administration will make every effort to ensure that implementation and communication of the land and sea requirements will be as successful in facilitating travel into the United States as were the implementation and communication of the requirements for travel by air. Implementation of the requirements for air has not inhibited travel to the United States from within the Western Hemisphere.

We will continue to work with our colleagues at the Departments of Homeland Security and State to facilitate input from business and industry, provide statistical analysis, and assist the efforts of those agencies to communicate the new requirements to industry and the traveling public.

Visas

The United States welcomes legitimate travelers from all regions. More than 68 percent of our international travelers not from Mexico and Canada come to the United States from Visa Waiver Program (VWP) countries and 60 percent of all our receipts (exports) come from VWP countries.[3] The VWP enables nationals of 27 countries to travel to the United States for tourism or business for stays of 90 days or less without requiring them to obtain a visa, and is an important program for the health of the U.S. travel and tourism 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 at the same time, the policy should ensure that to the extent possible, legitimate travelers are permitted entry. In the transition to the next generation of travel security processes, we are challenged to meet the demand for visas as quickly as both the government and the private sector would like. 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 posi-

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

tions, investing in automating outdated systems, and finding new ways to streamline the visa process while maintaining all necessary security measures.

In November 2006, President Bush announced his intention to work with Congress to reform the VWP. It is in our interest to ensure that countries across the globe join us in implementing travel security processes that ensure the safety and security of travelers to the United States and protect our national security interests. Reforming the VWP and extending it to countries that demonstrate a commitment to security will facilitate travel to our country while maintaining the safety and security of our people.

Tourism Export Expansion

The Department of Commerce identifies U.S. export opportunities and eliminates barriers to entry into those markets. The Department is currently working to identify key travel and tourism markets and facilitate access to markets with significant growth potential, such as China and India.

Travel and Tourism Promotion

U.S. Commercial Service

Staff in the Department's Commercial Service, who work in 108 offices in the United States and in more than 80 countries worldwide, helps to increase U.S. travel exports. This effort is effectively delivered through the Commercial Service's Travel and Tourism Team, which has a total of 125 (74 international and 51 domestic) travel and tourism industry sector specialists. The Team also has partnerships with other U.S. Government agencies such as the Department of State, the National Park Service, and the Department of Homeland Security.

In some countries, the Team coordinates with the local Visit USA Committee. These Committees are primarily comprised of local travel agencies, tour operators, marketing companies and representatives of U.S. companies selling travel to the United States (*e.g.,* airlines, destinations, hoteliers, attractions, *etc.*). The Team is instrumental in providing a variety of market entry services to the Visit USA Committees, including seminars, trade show support, and opportunities for the travel and tourism industry to gain exposure with local media.

The Commercial Service officers work to match U.S. suppliers with international buyers. They do this by assisting U.S. businesses with trade shows (over 200 in the past 3 years), travel missions, familiarization tours, and other marketing venues to sell U.S. travel products and services. In 2006, the Team participated in 79 travel and tourism events. Since 2005, the Commercial Service has posted over 735 export successes, accounting for over $61 million in the travel and tourism sector. As an example, the Las Vegas Convention and Visitors Authority (LVCVA) worked with Commercial Service officers on trade missions to Brazil and China to sell Las Vegas as a destination for trade shows. The LVCVA reports that since the trade missions an additional 3,000 Brazilian and Chinese visitors have visited the Las Vegas area, equating to approximately $4,515,000 of revenue.[4]

Department of Commerce International Tourism Promotion Program

In 2005, Congress provided the Department of Commerce with $9.6 million to conduct an international tourism promotion campaign to market the United States as a travel destination. The program was implemented for a second year in the United Kingdom. In addition, a pilot program was implemented in Japan in the Fall of 2006. A third-party research study by Longwoods International indicated that the initial campaign in the United Kingdom returned $117 in spending on travel to and within the U.S. for every $1 of advertising expenditures. Japan is on track to show positive results as well.

Congress further allocated $3.948 million for international tourism promotion. The TTAB recommended that these funds be used to provide a grant or cooperative agreement to develop a web portal for the Nation's top five source markets. In March 2007, a $3.9 million cooperative agreement was awarded to the Travel Industry Association for this purpose.

The promotion campaigns in the United Kingdom and Japan demonstrate that marketing the United States as a travel destination can be effective. We encourage the U.S. travel and tourism industry to consider the results of these programs as it makes its own marketing plans.

Facilitation of Chinese Group Leisure Travel to the United States

Trends reveal that there is significant potential for growth of Chinese tourism to the United States. In fact, Chinese visitation to the United States increased 19 per-

[4] Las Vegas Convention and Visitors Authority.

cent last year compared to 2005. However, Chinese policies restrict group leisure travel to destinations, such as the United States, that do not have a bilateral agreement with China. Traditional agreements of this kind are not in keeping with U.S. laws or open market principles. We are working through the Strategic Economic Dialogue and through the U.S.-China Joint Commission on Commerce and Trade to open this market through a commercial agreement tailored to the United States which would comply with all of our laws. The Department of State, through the TourTrack program, has demonstrated how the U.S. might facilitate visas for legitimate travelers who wish to engage in group leisure travel to the United States, should the Chinese government eliminate its market restrictions on this type of travel.

Brazil Dialogue

The Department of Commerce is engaged in a series of commercial dialogues with Brazil, including discussions on travel and tourism. Brazil is becoming an outbound travel market again, due to the increased strength of its economy. We are working to support the Departments of State and Homeland Security in exploring such possible policy changes as extending visa length from 5 years to 10 years on a reciprocal basis. Such an agreement would ease pressures on visa issuance, reduce costs for individuals and families to come to the United States, and facilitate market access.

Air Linkages

Air service is key to tourism growth. The liberalization of air services between countries generates significant additional opportunities for airlines, consumers, travel and tourism, and other industries. To date, the U.S. Government has initiated and completed over 70 Open Skies bilateral agreements with foreign countries. In addition, more liberalized (but not yet "Open Skies" *per se*) agreements are in place with China and Japan. An Open Skies agreement with the EU was initialed on March 2, 2007. Under the agreement, key gains for the United States will include greater access to London's Heathrow airport, cargo rights in the UK, and Open Skies treatment for new EU Member States. We are hopeful that a final agreement can be achieved.

Forecast

Now let us look toward the future—what we believe will be a bright future for the U.S. travel and tourism industry. The Department of Commerce forecasts a record number of travelers will come to the United States in 2007. This will mark a full recovery since the attacks of 9/11, surpassing the previous peak in 2000. In addition, we forecast a 21 percent increase in travelers over the next 5 years, reaching 61.6 million visitors by 2011. Overseas markets, especially South America and Asia, will significantly contribute to this projected growth. *Chart 3* includes 2011 projections for the top ten markets. We feel confident that the travel and tourism sectors are on track to deliver increasingly strong performances for years to come.

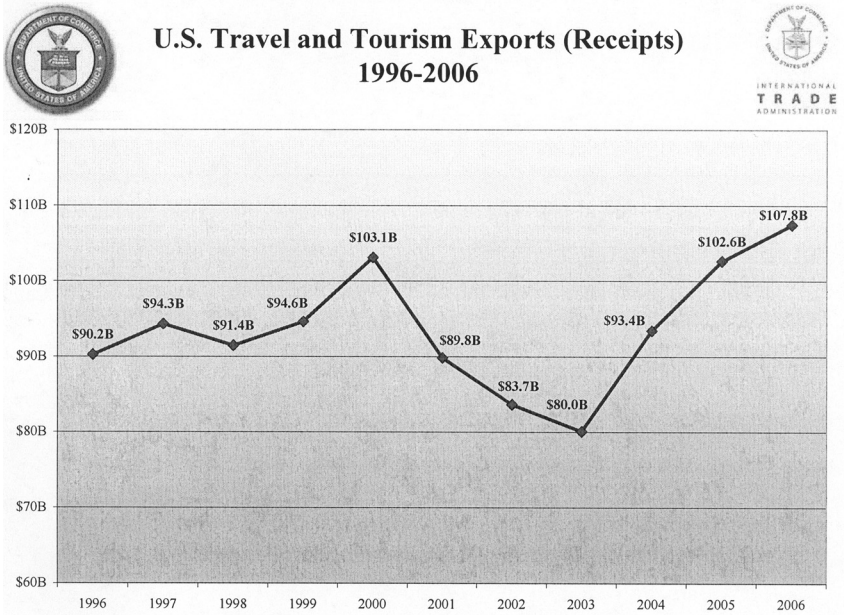
Conclusion

The travel and tourism industry in the United States leads the world in market share of global travel revenues and is well on its way to enjoying record levels of visitors. We are on track for full recovery since 9/11 and project continued growth in international travel for the next 5 years. Since the last quarter in 2003, both arrivals and receipts have been on the rise.

We believe that the appropriate role for government is to create a positive business climate by promoting supportive policy within our own government and working with other governments to remove market impediments and build bridges to new markets. We are working with our colleagues at the Department of Homeland Security and the Department of State to evaluate and respond to industry concerns and evaluate industry recommendations. I am pleased to report that the majority of industry concerns have previously been identified and are being addressed, largely through the Rice-Chertoff Joint Vision: Secure Borders and Open Doors. This document, issued in January 2006, outlines next steps on issues such as Model Ports of Entry, Improved Visa Processing, and Improved Exit Systems.

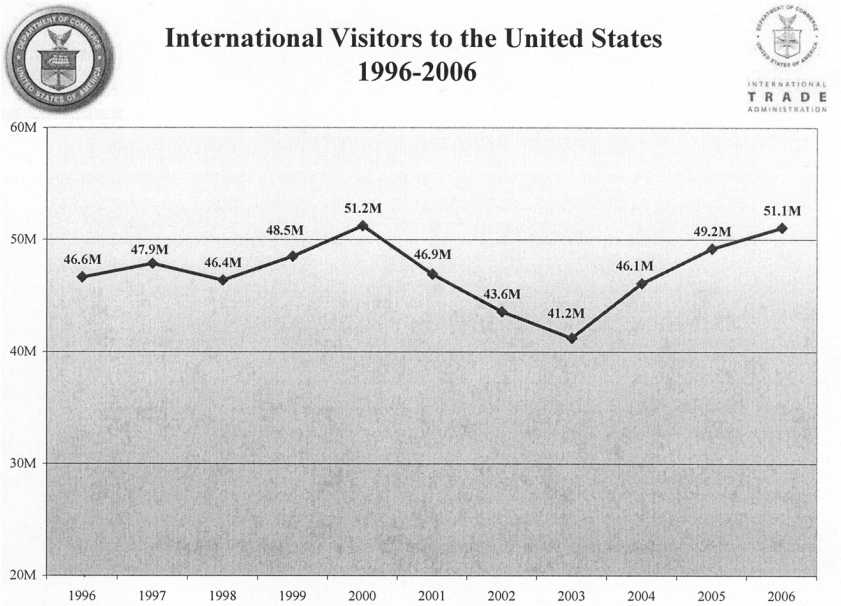
At the Department of Commerce, we are working to open new markets and improve market access in countries like China and Brazil. We are reviewing additional growth markets to identify and remove barriers to entry. In this way, we will create the most competitive business climate for the private sector to continue to reach record highs.

Chart 1



Source: U.S. Department of Commerce, Office of Travel and Tourism Industries, Bureau of Economic Analysis

Chart 2



Source: U.S. Department of Commerce, Office of Travel and Tourism Industries.

Chart 3

Top Origin Markets for International Travelers to the United States (2006 and 2011 projected)

	Orgin of Visitor	2006 (000s)	2011P (000s)	2011P/2006 (% change)
	International Total	51,061	61,556	21%
1	Canada	15,993	19,106	19%
2	Mexico	13,400	15,699	17%
3	United Kingdom	4,176	5,213	25%
4	Japan	3,673	4,661	27%
5	Germany	1,386	1,707	23%
6	France	790	923	17%
7	South Korea	758	958	26%
8	Australia	603	746	24%
9	Italy	533	653	23%
10	Brazil	525	672	28%

p=projected

Source: U.S. Department of Commerce, Office of Travel and Tourism Industries.

Senator DORGAN. Mr. Estrada, thank you very much. We appreciate your testimony.

And, next, we'll hear from Mr. Robert Jacksta, who is with the Department of Homeland Security, more specifically, the U.S. Customs and Border Protection. Mr. Jacksta, welcome. Your entire statement will be made a part of the record.

STATEMENT OF ROBERT M. JACKSTA, EXECUTIVE DIRECTOR, TRAVELER SECURITY AND FACILITATION, OFFICE OF FIELD OPERATIONS, CBP, DHS

Mr. JACKSTA. Good morning, Chairman Dorgan and Chairman Inouye, and distinguished members.

I am pleased to be here today to discuss how the Department of Homeland Security and specifically, U.S. Customs and Border Protection, CBP, is moving forward on programs that will facilitate travel, but still provide the level of security required to protect the United States.

As you know, CBP's number one priority is to prevent terrorist and weapons of mass effect from entering the United States, at the same time ensuring that legitimate trade and travel are facilitated through our Nation's ports of entry (POE).

We have over 7,000 miles of shared borders with the Canadians and the Mexicans. We have over 326 ports of entry throughout the United States. And each day, CBP officers must inspect more than 1.2 million travelers coming across our land, air, and sea POEs. Last year alone, CBP welcomed over 423 million travelers to our Nation. During Fiscal Year 2006, CBP processed a record 87 million passengers arriving from international locations by air, the second consecutive fiscal year the number of such passengers has

exceeded pre-9/11 numbers. And, our initial look at 2007 indicates that it continues to grow.

As part of our layered approach to border security, CBP has a number of initiatives to ensure security, while facilitating low-risk travelers. I'd like to talk about some of those programs.

One of the most important programs we have is the "Trusted Traveler Program," which allows us to facilitate the crossing of low-risk, frequent travelers, and commercial truck drivers at our land border locations as well as some of our pre-clearance air locations in Canada.

We have the SENTRI program on the southern border, which allows these travelers to come through. We have the NEXUS program, which is a joint effort with the Canadians up on the northern border, and at our pre-clearance locations in Canada. Today, we have close to 325,000 international travelers using our Trusted Traveler Programs.

We also have the FAST program, which is a program that's in place for commercial truckers. This is also an extremely important effort to ensure the facilitation of trade across our land border locations.

To enhance border security and to increase facilitation of legitimate travelers, the standardization of travel documents is a critical step for DHS and Department of State (DOS). Currently, thousands of different documents can be used by a traveler on a daily basis, and our officers have to be familiar with them. In Fiscal Year 2006, we seized over 209,000 individuals crossing our borders with fraudulent documents, or some type of fraudulent claim to citizenship that the officer questioned. It is an extremely important issue for us and we need to be vigilant in that area.

Senator DORGAN. What was that number, again?

Mr. JACKSTA. That number was 209,000 travelers.

The Western Hemisphere Travel Initiative (WHTI) is a joint effort by DHS and the DOS to address security vulnerabilities and increase traveler facilitation. The initial phase of WHTI went into effect January 23, 2007, obligating all air travelers, regardless of age, to present a passport or other acceptable document. Compliance rates, so far, are over 99 percent. As early as January 2008, most U.S. citizens and Canadians traveling in the Western Hemisphere by land or sea will be required to present a valid passport or other WHTI-compliant documents, as determined by DHS.

As part of the Rice-Chertoff Initiative announced in January 2006, and in partnership with the private sector and state and local governments, DHS has introduced a pilot model airport program to ensure a more welcoming environment for foreign visitors. The pilot project is at the Houston and Dulles Airports and will feature customized video messages for the public with practical information about the entry process. Directional signage and banners to guide travelers through the entry process have already been installed at these locations. New brochures explaining the inspection process to the public are being printed and will be made available in April 2007. We will continue our effort to work with the travel industry, the airlines, and the airport authorities, to ensure that we have a better facilitation process for travelers arriving in the United States.

One of the most important things that CBP puts a priority on is the professionalism of our officers. CBP officers are committed to the highest standards of professional conduct. Our professionalism training starts at our training academy and continues throughout the CBP officer's career through classroom training, virtual learning lesson plans, and daily musters. We consider this an important issue that we emphasize to our officers and supervisors to ensure that when people arrive at the United States, they are welcomed into the United States. We will continue to work on these programs to enhance security, but at the same time providing facilitation.

In summary, Mr. Chairman, I have outlined a broad array of initiatives today that, with your assistance, will help CBP continue to protect America from terrorist threats, while fulfilling our other important traditional missions. Thank you, again, for this opportunity to testify. I will be happy to answer any questions if you have them.

[The prepared statement of Mr. Jacksta follows:]

PREPARED STATEMENT OF ROBERT M. JACKSTA, EXECUTIVE DIRECTOR, TRAVELER SECURITY AND FACILITATION, OFFICE OF FIELD OPERATIONS, CBP, DHS

Good morning Chairman Dorgan, Senator DeMint, and 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 facilitate travel but still provide 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 and 326 official ports of entry, and each day Customs and Border Protection (CBP) officers must inspect more than 1.2 million passengers and pedestrians. Last year alone, CBP welcomed over 423 million travelers through our ports of entry. During Fiscal Year 2006, CBP processed a record 87 million passengers arriving from abroad by air, the second consecutive fiscal year the number of such passengers has exceeded pre-9/11 levels.

As America's frontline border agency, CBP employs highly trained and professional personnel, resources, and law enforcement authorities to discharge our priority mission of preventing terrorists and terrorist weapons from entering the United States. CBP has made great strides toward securing America's borders while facilitating legitimate trade and travel and ensuring the vitality of our economy.

As part of our layered approach to border security, CBP operates several "trusted traveler" programs, including the Secure Electronic Network for Travelers Rapid Inspection (SENTRI), Free and Secure Trade (FAST), and NEXUS programs. These bi-national 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; and other identity documentation, such as a driver's license or ID card. An intensive background check against law enforcement databases and terrorist databases is required and includes fingerprint checks and a personal interview with a CBP officer. Approximately 325,000 SENTRI, NEXUS, and FAST cards have been issued. SENTRI is now operational at the nine largest Southwest border crossings, and as of November 1, 2006, the Global Online Enrollment System (GOES) is available for SENTRI applicants. With GOES, SENTRI applicants may register and input their applications at a single location, the Williston Centralized Vetting Center. This centralized location will help facilitate increased accuracy and quicker processing time of SENTRI applications.

In December 2006, enrollment in the NEXUS Air, Highway, and Marine programs was harmonized. As of February 2007, 119,861 members are now "in for one, in for all" and can cross the border using any of the three modes of transportation (air, land, and sea) at participating locations. These programs are implemented in partnership with the governments of Canada and Mexico, and many citizens of these countries currently participate in the programs.

The standardization of travel documents is a critical next step to securing our Nation's borders and increasing the facilitation of legitimate travelers. Currently, there are thousands of different documents a traveler can present to CBP officers when attempting to enter the United States, creating a tremendous potential for fraud.

In Fiscal Year 2006 alone, over 209,000 individuals were apprehended at the ports of entry trying to cross the border with fraudulent claims of citizenship or false documents. The Western Hemisphere Travel Initiative (WHTI) is a joint effort by DHS and the Department of State to address this security vulnerability and increase traveler facilitation.

The initial phase of WHTI went into effect January 23, 2007, obligating all air travelers, regardless of age, to present a passport, NEXUS Air Card, or Merchant Mariner Card for entry to the United States. The implementation of the air portion of WHTI was highly successful, with documentary compliance rates nearing 99.9 percent and no interruption to air transportation. This high level of compliance was due to the holistic and collaborative planning approach taken by DHS and the Department of State, starting well before the new rules went into effect. An aggressive public outreach campaign aimed at increasing awareness of the new documentary requirements was a critical first step, as was working closely with private industry and air carriers from the planning stages through implementation, in enforcing the new rules in a flexible and reasonable manner.

As early as January 1, 2008, U.S. citizens traveling between the United States and Canada, Mexico, Central and South America, the Caribbean, and Bermuda by land or sea will be required to present a valid passport or other WHTI-compliant documents, as determined by DHS. As with the air portion of the WHTI requirement, we are taking a holistic and collaborative approach to implementing these new requirements. As an example, DHS recently announced its intent to propose, as part of the forthcoming Notice of Proposed Rulemaking (NPRM) on WHTI, significant flexibility regarding travel documents required for U.S. and Canadian children. This proposal, which will be subject to public comment as part of the WHTI NPRM process, would allow U.S. and Canadian citizens, ages 15 and younger and with parental consent, to cross the border at land and sea ports with a certified copy of their birth certificate as an alternative to a passport or other WHTI-compliant identity card. U.S. and Canadian citizen children, ages 16 through 18, traveling with public or private school groups, religious groups, social or cultural organizations, or teams associated with youth athletics organizations would also be able to enter, under adult supervision, with a certified copy of their birth certificate. This proposal does not affect the documentary requirements for air travel within the Western Hemisphere, as I have outlined earlier.

In partnership with the private sector and state and local governments, DHS has introduced a pilot "Model Airport" program to ensure a more welcoming environment for foreign visitors. The pilot projects at the Houston Intercontinental Airport and Washington Dulles International Airport feature 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 Model Airport program is progressing as scheduled. By March 23, 2007, CBP will complete the customized video providing practical information about the entry process to arriving international travelers. Broadcast systems explaining the entry process to travelers while they are in the Federal Inspection Services (FIS) area will be installed and operational at the Houston Intercontinental Airport by April 2, 2007, and at the Washington Dulles International Airport by April 17, 2007. The directional signage and banners to guide travelers through the entry process have already been installed in the FIS area of both airports. New brochures explaining the inspection process to the public are being printed and will be made available in April 2007.

The Model Ports concept document is complete and has been distributed to stakeholders. The Performance Measurements Committee, tasked with identifying recommendations to improve the international passenger arrivals process has met and is analyzing the collected data. CBP entry documents are currently being reviewed to determine the feasibility of document consolidation. In addition, CBP is in the process of reviewing the current professionalism initiative for enhancement measures, and Disney has expressed its desire to participate in the process. CBP is currently scheduled to meet with Disney executives on March 29, 2007, to discuss CBP's current professionalism initiative process and conduct a walk-through to evaluate the CBP process in the FIS at the Orlando International Airport.

The "Blueprint to Discover America Partnership" has been reviewed by CBP, and we are in agreement with its three main goals: a faster and more secure visa system, more rapid processing of passengers at airports, and the creation of a more welcoming environment for international passengers. The Rice-Chertoff Initiative, the DHS/State Department "Secure Borders, Open Doors" Initiative, the US–VISIT Program, and the Commerce Department's Travel and Tourism Advisory Board (TTAB) have all focused on these same goals to improve the international traveler

experience. Through various government initiatives, such as requiring e-passports for Visa Waiver Program (VWP) travelers, setting up Model Airports, and developing a "single portal" for transmission of passenger information, we are going a long way toward improving the air passenger experience. We support the fundamental objectives in the "Blueprint" to speed passengers through airports, to expedite visa processing and enhance security, and to make the travel experience more enjoyable. We will continue to work collaboratively and expeditiously toward meeting these goals.

The DHS Travel Redress Inquiry Program (DHS TRIP) is a single point of contact for individuals who have inquiries or seek resolution of difficulties experienced during their travel screening at transportation hubs—like airports and train stations—or while crossing U.S. borders. Difficulties such as denied or delayed airline boarding, denied or delayed entry or exit at a port of entry or border checkpoint, or continuous referral to additional (secondary) screening can be addressed through DHS TRIP. Travelers who have been repeatedly identified for additional screening can file an inquiry to have erroneous information corrected in DHS systems. Information provided by travelers is used solely to process their request for redress, and safeguards are in place to protect the privacy of any personal information provided.

An effort similar to DHS TRIP is the Primary Lookout Over-Ride (PLOR), a systems upgrade created in February 2006, that benefits antiterrorism security measures as well as international travelers by alleviating additional screening procedures for individuals with the same, or similar, biographical information as watch-listed individuals. This system upgrade allows CBP officers at ports of entry to eliminate the need for secondary inspections on subsequent trips in cases where travelers' names, birthdates, or other biographical information match those of high-risk individuals. This is only done once the CBP officer has verified that a particular individual is not the person of interest. It is important to note that PLOR does not involve the collection of any new data, does not create new databases or lists, and does not require any action on the part of the traveler. To date, this process has resulted in over 17,000 additional inspections being avoided—a significant savings in both processing times and operational costs.

CBP collects biometrics on almost all non-U.S. citizens at the primary inspection area in our air and sea ports and at the secondary inspection in our land ports. Through the US–VISIT system, CBP checks individuals against a fingerprint-based watchlist of known or suspected terrorists, wants and warrants, immigration violations, and other criminal history information and verifies whether a person is the same one previously encountered by DHS and/or the Department of State. The US–VISIT Program has substantially added to CBP's screening capabilities, enhancing our ability to process travelers in a timely and secure fashion. US–VISIT's transition to a full ten-fingerprint collection system is paramount to further strengthening and expanding our screening capabilities.

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 and use that information to advise airlines whether passengers should not be boarded on a flight to the United States. Since IAP became operational, 1,500 passengers have been prevented from boarding planes bound for the United States. Of those, nine were prevented from boarding flights due to security concerns—four were on the Transportation Security Administration (TSA) No-Fly list, and five were the subject of TIDE records with sufficient derogatory information to support a refusal of admission. TIDE is the comprehensive terrorist database. In addition, 88 passengers attempting to travel with fraudulent documents were stopped, and 1,403 that were otherwise improperly documented were also intercepted. To date, IAP has saved CBP $2.26 million in processing costs and the airlines $2.21 million in fines.

The Carrier Liaison Program (CLP) was developed to enhance border security by helping commercial carriers to become more effective in identifying improperly documented passengers destined for 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 and document fraud summaries and alerts. In addition, CBP is developing the 24/7 Carrier Response Center phone line to provide real-time entry requirements and document validity advice to carrier staff worldwide. The U.S. Immigration and Customs Enforcement (ICE) Forensic Document Laboratory (FDL) supports the CLP in multiple ways and provides 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 delivered at U.S. ports of entry and at airports abroad by experienced CLP officers and is customized to meet the needs of specific carriers or locations based on performance analysis or emergent circumstances. CLP officers also assist carriers to develop and implement strategies to reduce travel document abuse. To date in FY 2007, CBP has completed 31 training sessions—17 overseas and 14 at U.S. ports of entry—and over 1,900 airline personnel and document screeners have been trained. CBP has scheduled training at over 40 overseas locations and 30 U.S. ports of entry this fiscal year. For FY 2008, CBP anticipates training sessions at over 50 overseas locations and 30 U.S. ports of entry.

In January 2005, CBP created the Fraudulent Document Analysis Unit (FDAU) to collect documents, provide ports with analysis of document trends and intelligence information, and target persons being smuggled into the United States using fraudulent documents. Between January and December 2005, the FDAU received 40,875 fraudulent documents confiscated at ports of entry and mail facilities. Working with the FDAU, CBP expects the seizure of fraudulent documents to increase.

The Advance Passenger Information System (APIS) was developed in 1988 in cooperation with the airline industry as a voluntary program. This program established a system for the electronic transmission of passenger and crew biographical data by commercial carriers. Commercial carriers and the international community recognize APIS as a standard for passenger information processing and enhanced security. APIS information is a critical tool that allows CBP to target high-risk travelers while facilitating the progress of legitimate travelers through the entry and clearance process.

On April 7, 2005, the APIS Final Rule (AFR) was published in the *Federal Register,* requiring the submission of manifest information by all commercial air and sea carriers arriving into or departing from the United States. Additionally, the AFR established the required data elements and timelines for manifest submissions. Pursuant to the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004, the CBP Pre-Departure Notice of Proposed Rulemaking (NPRM) was published in the *Federal Register* on July 14, 2006. The NPRM proposed that commercial carriers transmit APIS manifest data prior to departure from, and arrivals to, the United States. The NPRM offered two options: carriers could continue to use the current manifest transmission format for submission, or carriers could start using APIS Quick Query (AQQ), where a single APIS message would be submitted as passengers check in. As part of the DHS commitment to establishing a common reporting process for carriers submitting traveler information, CBP has been working with TSA to align the CBP Pre-Departure requirements with the Secure Flight program. The APIS Pre-Departure final rule is undergoing final DHS and CBP review prior to submission to the Office of Management and Budget (OMB).

As reflected in the *National Strategy for Pandemic Influenza*, the goals of the Federal Government's preparedness and response to a potential pandemic are to stop, slow, or otherwise limit the spread of the pandemic to the United States; limit the domestic spread of a pandemic, and mitigate disease, suffering and death; and to sustain our infrastructure and mitigate the impact to our economy and the functioning of society. CBP must be prepared to maintain essential services, mitigate against the introduction, 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 effective and appropriate 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 United States, 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:

First, travelers should be sure to declare everything they bring in from abroad, even if the item is 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.

Second, travelers need to be aware that every food product, fruit, and vegetable *must* be declared to a CBP officer and must be presented for inspection. 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. It is important to remember that the rules and regula-

tions are in place to protect the American economy, plant and animal wildlife, and the health of the American people.

Mr. Chairman, Members of the Subcommittee, I have outlined a broad array of initiatives today that, with your assistance, will help DHS continue to protect America from terrorist threats while fulfilling our other important traditional missions. But our work is not complete. With the continued support of the Congress, DHS will succeed in meeting the challenges posed by the ongoing terrorist threat and the need to facilitate ever-increasing numbers 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 DORGAN. Mr. Jacksta, thank you very much for being here.

Mr. Al Martinez-Fonts is the Assistant Secretary in the Department of Homeland Security and it says Assistant Secretary for the Private Sector office. Would you explain to us exactly what that means?

STATEMENT OF ALFONSO MARTINEZ-FONTS, JR., ASSISTANT SECRETARY, PRIVATE SECTOR OFFICE, POLICY DIRECTORATE, DHS

Mr. MARTINEZ-FONTS. Yes, sir.

Senator DORGAN. And, welcome Mr. Martinez-Fonts.

Mr. MARTINEZ-FONTS. Thank you very much, Mr. Chairman, Chairman Inouye.

The Private Sector Office has an overall mission to provide America's private sector with a direct line of communications to the Department of Homeland Security. We utilize information received from the private sector and promote departmental policies to the private sector, so it's really a two-way street.

Thank you very much for inviting me here today to join my colleagues, especially Bob Jacksta from CBP, as well as my colleagues from the Department of Commerce, and the State Department.

The Department of Homeland Security Private Sector Office, was given in the Intelligence Reform and Terrorism Prevention Act of 2004 the very important responsibility of working with, and consulting with, the travel and tourism industry. As a result, a significant effort of our office's work goes toward this goal.

I, first, would like to emphasize that we've established and maintained a very strong relationship with the industry's largest organizations, including the Travel Industry Association of America, the Travel Business Roundtable, and the World Travel and Tourism Council. We've also reached out and worked well with other sector-specific organizations, including, but not limited to, the American Bus Association, National Restaurant Association, the International Council of Cruise Lines, and I could go on and use up more than my 5 minutes. We also work with individual companies, such as Disney Parks and Marriot Hotels. As a result of these relationships, we have learned private sector best practices and have encouraged their use by the U.S. Government.

As you've already heard, the Rice-Chertoff Vision, which is commonly referred to as the Rice-Chertoff Initiative, was announced on January of 2006 by the Secretaries of State and Homeland Security, in order to focus effort on the important need to facilitate travel, while ensuring the security of the Nation. Secretary Chertoff has tasked my office with coordinating progress on the objectives

laid out within the Rice-Chertoff Initiative. The Private Sector Office has played an integral role in forming and coordinating a successful network to make this happen.

This is formulated into a network which has three levels. First, coordination within the Department of Homeland Security. Second, the interagency approach facilitating communication among multiple departments of the U.S. Government, and third, the linkage to the private sector.

Let me give you a quick overview by discussing the first level of coordination within DHS. Over the past year, we have worked with all of the DHS components that have something to do with travel and tourism, including Customs and Border Protection, the Transportation Security Administration, the Privacy Office, the office of Civil Rights and Civil Liberties, U.S. Immigration and Customs Enforcement, USCIS, US–VISIT, and the Policy Directorate, to which I report.

This leads me to the second level of the network. This is coordination amongst DHS and other governmental agencies. We at the Private Sector Office have collaborated closely with the Department of State's Bureau of Consular Affairs to meet the goals outlined in the Initiative. One of the examples of that coordination, between the departments is the extension from 90 days to 120 days in the time before the start of classes that international students can apply for a visa.

In addition to collaborating with the State Department, the network includes a strong partnership with the Department of Commerce, also represented here today. This includes participation in the Tourism Policy Council, led by Secretary Gutierrez, and comprised of 17 agencies and offices in the Federal Government. This network, this three-tiered network that I mentioned would not be complete without the involvement of the private sector, including the airlines, amusement parks, hotels, universities, hospitals, and trade associations.

It is at this level that the Private Sector Office lends value by exchanging useful information and advocating for private sector interests when policies, such as the Western Hemisphere Travel Initiative, or WHTI, are being drafted. Our office also helps to incorporate best practices. Government agencies must coordinate better, not only amongst themselves, but with private industry, as well.

One example of a system where all three levels come together is the creation and implementation of the Secure Borders Open Doors Advisory Committee, and like everything else in government, it has an acronym, SBODAC. An advisory Committee of the Rice-Chertoff Initiative, it is formed under the auspices of the Homeland Security Advisory Council. The SBODAC represents a broad spectrum of private sector partners that are impacted by the Rice-Chertoff Initiative. The creation of SBODAC was one of the 13 objectives. Secretary Chertoff selected the members of the Committee, including leaders from academia, business, healthcare, the media, and the travel and tourism industry.

Another example of collaborative work we've done with private industry is the air roll-out of the Western Hemisphere Travel Initiative, WHTI. In the months before the roll-out, we worked with travel and tourism stakeholders to make sure that people were

aware of the passport requirements far in advance of the deadline. Success was demonstrated as 94 percent of the Americans that entered by land had passports, and over 99 percent of the travelers had passports by the second day.

I'd like to close today by emphasizing that completion of the objectives of the Rice-Chertoff Initiative require successful work and coordination within agencies, between agencies, and through public-private partnerships. We are using this three-tiered network to reach our goals.

Thank you, Chairman Dorgan, Chairman Inouye for being here today, thank you for providing me the opportunity to update you on our efforts. I look forward to your questions.

[The prepared statement of Mr. Martinez-Fonts follows:]

PREPARED STATEMENT OF ALFONSO MARTINEZ-FONTS, JR., ASSISTANT SECRETARY, PRIVATE SECTOR OFFICE, POLICY DIRECTORATE, DHS

Good morning, Chairman Dorgan, Senator DeMint and members of the Subcommittee. Thank you for inviting me to be here today to join my colleague Mr. Robert Jacksta in representing the Department of Homeland Security (DHS) and to discuss the efforts of the Department to facilitate travel and tourism policy for the United States. The DHS Private Sector Office was given in the Intelligence Reform and Terrorism Prevention Act of 2004 the very important responsibility of working with, and consulting with, the travel and tourism industry. As a result, significant effort of our office goes toward this goal. This is in addition to the overall mission of our office, which is to provide America's private sector with a direct line of communication to DHS, utilize information received from the private sector, and promote Departmental policies to the private sector.

I first would like to emphasize that we have established and maintained very strong relationships with the industry's largest associations, including the Travel Industry Association of America, Travel Business Roundtable, and the World Travel and Tourism Council. We have also reached out to and worked well with other sector-specific organizations, including, but not limited to, the American Bus Association, the National Restaurant Association, the International Council of Cruise Lines, NAFSA: the Association of International Educators, the American Hotel and Lodging Association, and the Air Transport Association. We also work with individual companies, including Disney Parks and Resorts and Marriott Hotel. As a result of these relationships, we have learned private sector best practices and have encouraged their use by the U.S. Government.

As you may know, the Rice-Chertoff Joint Vision, which is commonly referred to as the Rice-Chertoff Initiative (RCI), was announced in January of 2006 by the Secretaries of State and Homeland Security in order to focus efforts on the important need to facilitate travel while ensuring the security of the Nation. Secretary Chertoff has tasked my office with coordinating progress on the objectives laid out in the RCI. The Private Sector Office has played an integral role in forming and coordinating a successful network to make this happen. This network has three levels: (1) coordination within DHS; (2) inter-agency approach, facilitating communication among multiple departments of the U.S. Government; and (3) linkages to the private sector.

Let us start by discussing the first level of coordination within DHS. Over the past year, we have worked with all DHS components that affect travel and tourism. This includes U.S. Customs and Border Protection, the Transportation Security Administration, the Privacy Office, the Office for Civil Rights and Civil Liberties, U.S. Immigration and Customs Enforcement, U.S. Citizenship and Immigration Services, US-VISIT, as well as my own Directorate, the Policy Office. The Policy Office sets DHS policy. As you may know, DHS sets the visa policy which the Department of State then executes—an example of a close and productive working relationship between the agencies.

This leads me to point out the second level of the network: coordination among DHS and other governmental agencies. When Secretary Rice and Secretary Chertoff announced their Joint Vision, it was the continuation of a very productive relationship between the Departments. We at the Private Sector Office have collaborated closely with Department of State's Bureau of Consular Affairs, to meet the goals outlined by the initiative. One example of streamlined coordination between the De-

partments is the extension from 90 days to 120 days of the amount of time before the start of classes that international students can apply for a visa. This extension was approved by both DHS and State and is currently being implemented by the Department of State at U.S. Consulates around the world and communicated on the Department's website. This ruling makes studying in the United States more convenient and attractive to international students.

In addition to collaborating with State, the network includes a strong partnership with the Department of Commerce. This includes participation with the Tourism Policy Council, led by Secretary Gutierrez and comprised of 17 agencies and offices of the Federal Government.

This network also is not complete without involvement by the private sector, including the airlines, amusement parks, hotels, universities, hospitals, and trade associations. It is at this level where the Private Sector Office lends value by exchanging useful information advocating private sector interest when policies such as the Western Hemisphere Travel Initiative (WHTI) are being drafted. Our office also helps to incorporate best practices. Government agencies must coordinate better not only amongst themselves, but with private industry as well. A system for promoting cooperation between the government and the private sector to promote travel to the United States is a recommendation laid out by the travel and tourism industry. We recognize the value of public-private partnerships.

One example of a system where all three levels come together is the creation and implementation of the Secure Borders Open Doors Advisory Committee (SBODAC), an advisory board to the RCI, formed under the auspices of the Homeland Security Advisory Council (HSAC) in coordination with the Department of State. The SBODAC represents a broad spectrum of private sector partners impacted by RCI and its programs and completes one of the 13 RCI objectives. Secretaries Rice and Chertoff selected the members of the Committee including leaders from academia, business, hospitals, media, and the travel and tourism industry.

The first meeting of the SBODAC was held on December 6, 2006, and focused on Model Ports of Entry and One Stop Redress. Present at the meeting were representatives from private industry in addition to officials from the Departments of State, Homeland Security, Commerce, and Education. The SBODAC has since formed four working groups to address various components of RCI: (1) public diplomacy and international outreach; (2) visa policy and processing; (3) critical success factors and metrics; and (4) ports of entry. These working groups are meeting throughout the month of March of this year with colleagues from DHS and the Department of State to start putting forth recommendations with the goal of achieving a balance between security and economic prosperity.

Another example of this third level of the network is DHS' work with the Department of Commerce's Travel and Tourism Advisory Board, headed by Mr. Jay Rasulo of Disney Parks and Resorts, whom I know testified before you on January 31 of this year. Our office joined the Department of State in presenting a six-month RCI Progress Report to the TTAB at their July 2006 meeting in Chicago. In other meetings with the TTAB, we have reported on the status of the Western Hemisphere Travel Initiative and heard the concerns and recommendations of the Board.

One recent example of this is our work with U.S. Customs and Border Protection to incorporate the participation of the Travel Industry Association, Disney Parks and Resorts, and Universal Parks and Resorts into a task force that will form recommendations to improve the entry process.

Another example of collaborative work we've done with private industry is collaboration during the air roll-out of the Western Hemisphere Travel Initiative. In the months before the roll-out, DHS worked with our travel and tourism stakeholders, including the airlines, hotels, travel distribution channels (such as Expedia and Orbitz), to ensure that travelers were aware of the new passport requirements far in advance of the deadline. Success was demonstrated by the numbers, as 94 percent of Americans that entered the U.S. by air had passports the week before implementation and 99 percent of travelers had passports by the second day after implementation of the air rule. We will continue our collaboration with the travel and tourism industry with the land and sea rollout.

While we have had the pleasure of helping to form the network of players for RCI, we are also pleased to witness the progress that others have made on the Initiative. In addition to the SBODAC, DHS and the Department of State are on a path to meet all 13 of the RCI objectives. Today I especially want to highlight the efforts of my colleague, Mr. Robert Jacksta, in leading DHS full speed ahead on RCI's first objective in creating our two Model Ports at Washington Dulles International Airport and Houston Bush-Intercontinental Airport, with new signage already up and more progress on recommendations already on the way. I would also like to highlight the success of DHS' first one-stop travel screening redress program, known as

DHS Traveler Redress Inquiry Program (TRIP). The system satisfies another of RCI's objectives and has begun receiving redress requests as of February 20, 2007.

While we are pleased with the successes of the past year, we are also aware of the continuing need to evaluate and improve on our efforts. At the Private Sector Office, we understand the importance of this industry to our Nation and are continuously assisting DHS in finding the right balance between economic vitality and national security. We are cognizant of the need for our government and private sector partners to work closely in order to facilitate travel in a safe and secure manner and demonstrate the greatness of this Nation to international visitors. As the industry's research has pointed out, traveling to the United States makes visitors 74 percent more likely to feel extremely favorable about our country. The *Blueprint to Discover America* lays out some policy recommendations, which I would welcome the opportunity to address for you during the question and answer session. Many of these recommendations are consistent with current government programs which have been underway since the inception of RCI.

I close today by emphasizing that completion of the objectives of RCI requires successful work and coordination within agencies, between agencies, and through public-private partnerships. We are using this three-tiered network to reach our goals. Thank you Chairman Dorgan, Ranking Member DeMint, and members of the Subcommittee for providing me the opportunity to update you about our efforts. I look forward to your questions.

Senator DORGAN. Mr. Martinez-Fonts, thank you very much. Finally, we'll hear from Mr. Stephen Edson, who's the Deputy Assistant Secretary for Visa Services at the Department of State.

Mr. Edson, you may proceed.

STATEMENT OF STEPHEN A. EDSON, DEPUTY ASSISTANT SECRETARY FOR VISA SERVICES, U.S. DEPARTMENT OF STATE

Mr. EDSON. Thank you very much, Chairman Dorgan, Chairman Inouye. I appreciate this opportunity to discuss how the Bureau of Consular Affairs is facilitating the travel of legitimate international visitors to the United States, while vigilantly protecting U.S. border security for the benefit of Americans and our foreign visitors.

Together with our colleagues in the Departments of Homeland Security and Commerce, we have implemented changes to strengthen U.S. border security through the visa process. And, we've also worked tirelessly to ensure that the visa process is the beginning of a positive welcome to the United States, for all legitimate travelers. Security is, and must remain our primary concern, but welcoming international visitors is also a matter of our national security.

Our efforts have produced results. We've turned a corner and our metrics are positive across the board. Non-immigrant visa issuances in FY 2006 rose 8 percent over the previous year, with business and tourist visa issuances increasing by 12 percent. We issued an all-time high of 591,000 student and exchange visitor visas last fiscal year. We've seen increases from every region in the world, but the numbers for some of our key business and travel markets are particularly marked. For example, business and tourist visa issuance is up 12 percent for Indian citizens, 16 percent for Chinese, 13 percent for Koreans, and a whopping 70 percent for Brazilians.

We put structures in place to ensure the visa process is not the daunting ordeal it is sometimes portrayed to be. Visa applications are up 5 percent worldwide. And the growth and demand is explosive in some markets. Clearly, travelers still seek to come to the United States and we're dedicated to helping them get here.

I'd like to take this opportunity to say a few words about the unprecedented demand by American citizens for U.S. passports. Applications received for the first 5 months of Fiscal Year 2007 are 44 percent higher than for the same period last year. We see this demand as a positive development. Currently, 74 million Americans, approximately one-quarter of the population, are documented with a U.S. passport. As more of our fellow citizens obtain these secure documents, our border becomes more secure and more efficient.

The Department of Commerce figures on international arrivals are good news and we welcome them. Yet, we're still not satisfied. To continue to meet the demand for visas, to continue to keep our national welcome mat out, and to continue to facilitate legitimate travel, we want to introduce additional enhancements. For those travelers who require a visa, the wait for an appointment can impact short-term travel plans. Despite the explosive demand I described earlier, nearly 90 percent of our 219 visa issuing posts currently have average wait times of under 30 days. And, at the large majority, the wait time is actually less than 1 week.

Many of the overall changes we've already introduced will help to keep that wait time down. We're employing customized solutions to tackle situations in particular countries with persistent and unacceptably high appointment wait times. We will open additional consular facilities in key countries. The Department has obtained funding for a fifth consulate in Hyderabad, in southern India. A team, led by Under Secretary for Management Fore, was in Hyderabad earlier this month to inspect the proposed site, and we hope to actually open a consulate there, including the provision of visa services, beginning in Fiscal Year 2008.

The Bureau of Consular Affairs exploits advanced technologies to automate consular processes wherever possible. Our strategy for meeting our visa demand challenges, includes exploring how technology can provide consular officers with the information to make more rapid and accurate decisions and collapse the distance between the consular officer and the traveler.

Mr. Chairman, our efforts to facilitate legitimate travel to the United States, while protecting the security of this nation, will continue. Improving America's welcome for foreign visitors, and countering lingering misperceptions about that welcome, will require joint efforts by both government and private stakeholders. We look forward to working with business groups and our partner agencies toward that goal. And, in the meantime, we will ensure the welcome begins with an efficient, accessible, and secure visa process.

Thank you.

[The prepared statement of Mr. Edson follows:]

PREPARED STATEMENT OF STEPHEN A. EDSON, DEPUTY ASSISTANT SECRETARY FOR VISA SERVICES, U.S. DEPARTMENT OF STATE

Chairman Dorgan, Ranking Member DeMint, distinguished members of the Subcommittee:

I appreciate this opportunity to discuss how the Bureau of Consular Affairs is facilitating the travel of legitimate international visitors to the United States while vigilantly protecting U.S. border security for the benefit of Americans and our foreign visitors.

Secretary of State Condoleezza Rice identified these objectives as part of the mission of the Department of State to the Senate Foreign Relations Committee on February 8, 2007, when she said, "The State Department mission extends to defending our borders and protecting our homeland. We must strive to remain a welcoming nation for tourists, students and businesspeople, while at the same time increasing our security against terrorists and criminals who would exploit our open society to do us harm."

Together with our colleagues in the Departments of Homeland Security and Commerce, we strive constantly to strike the right balance between protecting America's borders and preserving America's welcome to international visitors and our fundamental openness to the world, which is the source of our strength and sense of ourselves.

Secure Borders, Open Doors

The context for all our efforts with regard to visa procedures continues to be September 11, 2001. On that terrible day, when so many Americans and citizens from 90 other nations lost their lives in New York, Pennsylvania, and Virginia, we saw the lengths to which some would go to exploit our open society to do us harm. I think that all people of good will can appreciate that we had to act swiftly and decisively in the aftermath of 9/11 to address our Nation's border security needs.

Since 9/11 the Department of State has instituted numerous changes to the way U.S. visas are processed. Some of these changes were instituted by law, others through the interagency process. Together, they legitimately aim to improve the security and integrity of the visa process for the benefit of both U.S. citizens and our international visitors.

As we have implemented these changes to strengthen U.S. border security through the visa process, we have worked tirelessly to ensure that our visa process remains the beginning of a positive welcome to legitimate travelers. Security is, and must be, our primary concern, but welcoming international visitors is also a matter of national security. Foreign visitors accounted for $107.4 billion in spending and other economic activity in the United States in 2006, according to Department of Commerce figures. International students contribute an additional $13.5 billion each year to the institutions that they attend and the surrounding communities where they live and study.

Beyond the financial benefits that are clearly good for our nation, we need to remain the welcoming country that the United States has traditionally been because of the intangible benefits of such a posture. It is essential that we provide visitors with a positive experience because that experience has incalculable influence in shaping impressions and opinions of our Nation and our people. The best advertisement for America *is* America.

Our policy of increasing the national security of the United States while welcoming international visitors is captured by the phrase "Secure Borders and Open Doors." These objectives are by no means mutually exclusive; in fact, they are mutually reinforcing. We can, and must, achieve both. Meeting these two objectives presents us with management, resource, security, and public diplomacy challenges. We are proceeding aggressively yet deliberately, in order to get the balance right.

Implementing the Rice-Chertoff Joint Vision

In January 2006, the Secretaries of State and Homeland Security launched the "Rice-Chertoff Joint Vision: Secure Borders and Open Doors in the Information Age" as a commitment to striking that balance. This initiative aims to improve:

- The efficiency, predictability, and transparency of the visa process;
- The security of U.S. passports and other travel documents; and
- The U.S. Government's ability to screen visa applicants and travelers who arrive at our borders.

Our efforts to implement the goals and spirit of the Joint Vision began long before the formal launch of this plan. Over the past year we have made significant progress in advancing these objectives. Let me take this opportunity to highlight some recent achievements.

Improvements to the Visa Process

We have made changes that enhance the efficiency, predictability, and transparency of the visa process and thereby facilitate international travel.

We introduced an electronic visa application form, or EVAF, and mandated its use at consulates worldwide in November 2006. EVAF use reduces data entry errors, eliminates duplicative data entry, and increases the number of applicants whom consular staff can interview daily.

We introduced an Internet-based visa appointment system. All consular posts have placed appointment wait times online on our website at *travel.state.gov,* so that visa applicants have more information to plan their travel.

Since 2001 we have created 570 new consular positions at posts worldwide to handle visa demand.

Visa processing delays have been cut dramatically:

- By fully automating the process and streamlining information-sharing with other agencies, we have drastically reduced to 2 weeks in most cases the amount of time it takes to process security clearances. We are constantly working with our interagency partners to reduce this time frame while still meeting our legal obligations in this area.
- We have also established a process for individuals or their legal representatives to inquire through our public inquiries division about the status of clearance requests.

We have responded to suggestions from the business and academic communities and established mechanisms to assist student and business travelers, thus improving the welcome America provides to these key sectors:

- All posts have established mechanisms to expedite visa appointments for legitimate business travelers, students, and international exchange visitors. We do not want students to miss the start dates for their planned study, or legitimate business travelers to have to forego a business meeting, because they could not get an appointment.
- A Business Visa Center (BVC) located in the Visa Office explains the visa process to U.S. companies, convention organizers, and others who invite employees or current or prospective business clients to the United States. The BVC handled almost 2,800 requests from American businesses for information and assistance in cases involving over 139,000 business travelers in 2006.
- Many posts have imaginative programs—often organized in conjunction with local branches of the American Chamber of Commerce (AmCham)—to facilitate business and tourist travel. For example, Consulate General Shanghai's Corporate Visa Program (CVP) with AmCham Shanghai lessens the interview wait time for business applicants—most interviews take place within a week after application materials have been submitted—and establishes effective communication channels between AmCham and the Consulate General. Shanghai processed over 9,600 visas for nearly 500 CVP member companies through its program last year.

These efforts have produced results. We have "turned the corner," and our metrics are positive across the board. Nonimmigrant visa issuances in FY 2006 rose 8 percent over the previous year, with business/tourist visa issuances increasing by 12 percent. We issued an all-time high of 591,000 student and exchange visitor visas in FY 2006. We have seen increases from every region in the world, but the numbers for some of our key business and travel markets are especially marked. For example, business/tourist visa issuance is up 12 percent for Indian citizens, 16 percent for Chinese, 13 percent for Koreans, and 70 percent for Brazilians.

We have put the structures in place to ensure that the visa process is not the daunting ordeal that it is sometimes portrayed to be. Visa applications are up 5 percent worldwide. The growth in demand is explosive in some markets—for example, 17 percent in China and 30 percent in Brazil. Clearly, travelers still seek to come to the United States, and we are helping them get here while still ensuring national security.

Secure Travel Documents

As part of the promotion of secure travel documents, the first phase of the Western Hemisphere Travel Initiative (WHTI)—that all travelers arriving in the United States by air present a passport or other approved document—went into effect on January 23. The overwhelming majority of arrivals from destinations that previously did not require a passport did in fact present a passport. DHS facilitated entry for the handful that did not. U.S. Customs and Border Protection (CBP) reports 99 percent compliance with the passport requirement. This smooth transition was the result of aggressive outreach by the travel industry, foreign countries affected by WHTI legislation, and the Departments of State and Homeland Security, and is an excellent example of how government and the private sector can work together to facilitate international travel.

The Department of State began issuing diplomatic e-passports on December 30, 2005, and official e-passports in April 2006. We began issuing e-passports to the

public on August 14, 2006. All our domestic passport agencies have been fully converted to issue e-passports. Conversion of the two remaining mega-centers is forthcoming, pending sufficient blank e-passport inventory.

We are also aggressively moving forward with the Department of Homeland Security on a "Model Ports of Entry" concept. Our goal is to ensure that international visitors' positive experience continues from the time they make a visa appointment to the time they pick up their bags at baggage claim.

While it does not directly relate to the Rice-Chertoff Joint Initiative, I want to take this opportunity to say a few words about the unprecedented demand by American citizens for U.S. passports. Applications received for the first 5 months of Fiscal Year (FY) 2007 are 44 percent higher than for the same period last year. Two key factors are driving this increase. January through April is typically the peak passport demand period, as travelers prepare for spring and summer holidays. In addition, the WHTI requirements created a surge in demand which began in November 2006.

We see this higher demand as a positive development. Currently, 74 million Americans—approximately one-quarter of the population—are documented with a U.S. passport. As more of our fellow citizens obtain these secure documents, the more secure and efficient our Nation's borders will be. The Department of State is committed to ensuring that Americans will have passports when they need to travel.

In anticipation of this high demand for passports, the Department of State hired more than 250 additional passport adjudicators in the past year and will hire an additional 86 this year. This month alone, 49 new passport adjudicators began work. The National Passport Center (NPC) is operating 24 hours a day in three shifts per day; all 16 passport agencies are working overtime to get passports out to applicants as quickly as possible. In April, the Department of State will increase its passport issuance infrastructure with the opening of a "mega-processing" center in Hot Springs, Arkansas, which will have the capacity to produce as many as 10 million passport books annually.

Future Enhancements to the Visa Process

The Department of Commerce figures show that we experienced the highest number of international arrivals in 2006 since 2000 and project that 2007 international visitor levels, at 52.9 million, will surpass the 2000 record. Those figures are good news, and we welcome them. Yet we are still not satisfied. To continue to meet the demand for visas, to continue to keep our national welcome mat out, and to continue to facilitate legitimate international travel, we want to introduce additional enhancements.

We plan to introduce several changes over the next 2 years. Many of these innovations—on which we have been working for many months—parallel suggestions made by the U.S. Travel and Tourism Advisory Board (TTAB), the Discover America Partnership, and others. Please allow me to describe these changes in detail.

Reducing Visa Appointment Wait Times

For those travelers who require a visa, the wait to get an appointment can impact short-term travel plans. Despite the explosive demand I described earlier, nearly 90 percent of our 219 visa-issuing posts currently have average wait times of 30 days or less, and at a large majority the wait time is less than 1 week.

Many of the overall changes we've already introduced to streamline the visa process have helped to keep down wait times. We are employing customized solutions to tackle situations in particular countries with persistent and unacceptably high appointment wait times. In October 2006, for example, we sent a team of experienced current and retired officers on temporary duty to India to help the consulates there process a backlog of appointment requests, reducing wait times from over 100 days to less than 10. Since that effort, appointment wait times have begun to gradually increase again. We view this as a positive sign, indicating that visa applicants who might have in the past been deterred by the appointment wait time are now choosing to apply for visas. A fresh wave of temporary duty support is currently in India assisting posts to manage the continued heavy workload.

"Surges" such as we employed in India can be useful in tackling short-term situations, and we may use them in other places. They aren't a viable long-term solution in places with structurally high visa demand. We need to consider and implement other approaches.

Aligning Consular Assets To Meet Demand

We must ensure that we have our consular assets appropriately deployed where we need them, so that we can provide consistent, timely, quality consular services to our clientele.

After careful analysis of detailed workload figures submitted by posts, and considering other factors that impact workload and productivity, such as the fraud environment and physical plant, we have concluded that consular sections in several regions are understaffed to meet current and anticipated workload, while posts in other regions are overstaffed.

To correct the imbalance, the Bureau of Consular Affairs plans to transfer approximately 30 consular positions from overstaffed to understaffed posts and create 22 additional positions. Most of these will be entry-level positions, although some mid-level positions will be included as well. There will be gains and losses at posts in all bureaus, but we anticipate net gains at certain posts in Asia and the Western Hemisphere—places like India, China, Brazil, and Mexico. Most of the transfers will come from European posts.

We have begun this repositioning exercise and expect it to continue over the coming two to 3 years, in order to provide time to create the positions and identify suitable officers, ensure there is adequate space to accommodate new personnel, and minimize the disruption to posts that are identified for position transfers.

We will open additional consular facilities in key countries. The Department of State has obtained funding to open a fifth consulate in Hyderabad, in southern India. A team led by Under Secretary for Management Henrietta Fore was in Hyderabad earlier this month to inspect the proposed site. We hope to be able to open a consulate in Hyderabad, to include the provision of visa services, in FY 2008.

Technological Improvements

The Bureau of Consular Affairs exploits advanced technologies to automate consular processes wherever possible. This promotes security and efficiency by reducing or eliminating data entry, printing, shipping, storage, and filing burdens on our posts worldwide. Our strategy for meeting our visa demand challenges includes exploring how technology can provide consular officers with the information to make more rapid and accurate decisions and to collapse the distance between the consular officer and the traveler.

Building on the successful and widespread use of the EVAF, we anticipate moving to an entirely paperless, electronic visa application process by the end of 2007.

Current law and regulations require the incorporation of biometrics in all U.S. visas and the State Department meets this requirement by collecting two fingerprint scans from each visa applicant. The prints are verified against interagency databases to screen for terrorists and others who may be ineligible for a visa. Two fingerprint scans provide a limited amount of data, and our experience is that they yield a large number of "false positive" results, which can delay the visa process and inconvenience legitimate travelers. Ten fingerprints provide a greater number of data points and much more accurate responses, allowing us to more broadly screen individuals to better verify identity and ensure that the individual does not pose a risk to security prior to travel to the United States. We are piloting the collection of ten fingerprints at five posts (London, San Salvador, Riyadh, Dhahran, and Asuncion) and plan to deploy this technology at every post by the end of 2007.

We are also exploring other technological developments, such as remote data collection and visa adjudication and interviews via digital videoconference. Pilot tests of remote data collection at several locations in the field (U.K., Germany, Japan, and Samoa) demonstrated that the technology is not yet fully mature. We must address technical issues concerning data transmission and security, as well as legal issues, before we are able to incorporate remote adjudication into a workable visa system.

Similarly, although we have successfully tested interviews via digital videoconference between London and Belfast, there are considerable technical and security issues to resolve before we can consider wider application of this technology—including, for example, ensuring that the video image on the screen and the fingerprint data sent in remotely belong to the same applicant. We will continue to explore the possibilities of this and other technologies for our ability to provide remote visa services and for improving visa services overall.

In February 2007, the Bureau of Consular Affairs established a worldwide customer service standard by which every nonimmigrant visa applicant at any post should be scheduled for an appointment within 30 days. The customer service standard for students and U.S.-interest business visas is 15 days or less. In addition, all applicants who are found eligible for a visa and who do not require additional security-related processing should expect the visa to be issued within 3 days of the interview. As I previously noted, we already meet these standards at the majority of our posts. Our goal is that by the end of 2008, 100 percent of posts will be able to meet this 30-day appointment benchmark.

To achieve this goal, posts have been instructed to conscientiously update appointment wait times. The Bureau of Consular Affairs will continue to monitor appointment wait times closely. We will work with posts that approach or exceed the benchmark to refine internal management practices and devise solutions, and we will consider the use of temporary duty assistance when warranted.

Public Diplomacy: Dispelling Misperceptions

Despite the initiatives we have taken, despite the U.S. visa issuance and demand numbers, and despite the international visitor figures, there is still the perception in some quarters that the visa process discourages travelers from seeking to come to the United States. In some cases, that perception is borne of the small number of cases where travelers encounter real difficulties. In many cases, however, it is fueled by stories in the media which rely on outdated statistics or anecdotes that do not reflect current realities. I regret this very much, particularly given what has been done by my colleagues at the Department of State and at embassies and consulates overseas.

We need to dispel misperceptions. We have been doing so with an aggressive public outreach campaign. Assistant Secretary of State for Consular Affairs Maura Harty has spoken to a number of business audiences over the past 2 years, and she takes every opportunity to reach out to international audiences during her official travel overseas. Most recently, she addressed the Istanbul Chamber of Commerce on March 5, and in February she spoke to the American Chambers of Commerce in Shanghai, Guangzhou, and Macau regarding our efforts to facilitate legitimate tourist and business travel to the United States. She has published letters to the Editor on the same subject which have appeared in outlets such as *The Economist* and *The New York Times.* We raise this important issue at every opportunity during our extensive domestic outreach program. Ambassadors and other officials lead our outreach efforts overseas, speaking to business and student groups and placing op-ed articles in local newspapers to encourage travelers to consider travel and study in the United States.

We have also consulted closely with the travel community over the past 3 years to take their concerns into account and solicit suggestions on how we can improve the visa process without compromising national security. A "Secure Borders, Open Doors" Advisory Committee, composed of government and travel community representatives and established under the Rice-Chertoff Joint Vision, held an inaugural meeting on December 6, 2006, to devise strategies to get our message out to legitimate travelers: America wants you and we welcome you.

Mr. Chairman, our efforts to facilitate legitimate travel to the United States while protecting the security of this Nation will continue. Improving America's welcome for foreign visitors, and countering lingering misperceptions about that welcome, will require joint efforts by both government and private stakeholders. We look forward to working with business groups and our partner agencies toward that goal. In the meantime, we will ensure that our welcome begins with an efficient, accessible, and secure visa process.

Senator DORGAN. Mr. Edson, thank you very much. Let me ask a couple of questions and then call on my colleague, Senator Inouye, the Chairman of the full Committee.

First, Mr. Estrada, you indicated that there's good news and I don't want to dismiss good news at all. I think all of us should take a look at areas where we succeed and areas where we fall short and fix those areas where we fall short and encourage those where we succeed.

But, you started by talking about the international tourism here as robust and increasing, and so on. The testimony by Rex Johnson, the President and CEO of Hawai'i Tourism Authority—says this, "Please note reports that say international travel to the U.S. is increasing are misleading. When you remove Canada and Mexico, and look solely at overseas travel, the number of visitors is declining and doing so precipitously. According to figures from the Department of Commerce in 2006, inbound travel declined from each of America's top five markets." And, from the Discover America Partnership, "Since 2001, the U.S. has experienced a 17 percent

decline in overseas inbound travel. Between 2004 and 2005, the U.S. witnessed a 10 percent decline in business travel, while Europe experienced an 8 percent increase. Recent monthly reports by the Department of Commerce show a steady decline in travel of Western Europeans to the U.S."

So, let me reconcile the hopeful, optimistic report with this issue. My understanding has been that we have lost a portion of our share of international travel, so, can you respond to that Mr. Estrada?

Mr. ESTRADA. Yes, sir. The issue here, is that eight of the ten markets have also declined, while at the same time, there's more competition for international travelers with other markets growing as well. So, we are competing with those other markets, while at the same time, markets where we have traditionally received visitors have also declined as well. This would include not just Canada and Mexico, but it would also include markets such as France and Spain and Russia, as well.

Senator DORGAN. But, is it your notion that the pie itself, of international travel, is decreasing, you say. Is it your notion that our share of that is about the same, or increasing, or is our share of international travel down since 2001?

Mr. ESTRADA. I would acknowledge that our share of overseas travel has, indeed, declined. But, at the same time, putting it in context with other markets, where markets have also declined, as well.

Senator DORGAN. Right. Obviously, that pushes the question of, should we, can we, will we, develop a more significant effort as a country to reach out and, not only welcome, but encourage international travel to our country? I mean, obviously a part of that would be with the Commerce Department. Ten years ago or so, we had an agency in the Commerce Department for that very purpose, that was disbanded, but, I think that much of the discussion here with those of us on this panel and others will be, what can we do, then, to reach out to try to recapture some of that?

Mr. Jacksta, can you tell me the Model Ports experience? You have announced a Model Ports program at Washington, Dulles, and Houston. Can you tell us the results of that, at this point, or what the status is?

Mr. JACKSTA. Yes, sir. Right after the announcement of the Rice-Chertoff Model Port Initiative, Dulles Airport and Houston Airport were selected. And, based on that selection, CBP, DOS, and DHS reached out to the airport authorities and asked them to work with us. We've had a number of meetings with both the Houston and Dulles Airport authorities and with the big carriers that provide service there: Continental Airlines, Lufthansa, and United. We sat down with them and had a number of conversations on what were some of the things that we could do to improve that process.

We actually had individuals from the private industry there also, suggesting some things that we could possibly use for sending the message out to the traveling public advising them of what the message should be, and how they can help themselves be facilitated through the process.

We also worked with various organizations to figure out what's the best way to get the message out. As a result of those discus-

sions, we are now moving forward with a video that will be shown to arriving travelers as they wait in the queue for their immigration processing. And what that video is going to do, is explain to them the process, and explain to them some of the requirements that they're going to have to meet, but also let them know what's the next steps are after they go though the immigration processing, claiming your bags, and going out. Trying to make the person feel welcomed, and also making sure that they understand there's a process that needs to be gone through to get in the United States.

We're also improving on the signage, we're improving on the messaging that we're getting out. We're working with the airport authorities to provide additional interpreters to help us with translations. And, we're also working on taking a look at what other types of professionalism training can we deliver to the people there.

Senator DORGAN. Mr. Edson, what can you tell us about the issue of visas and, you indicate that substantial progress has been made in reducing wait times. Are there some outliers still out there that you're concerned about? Because with the testimony from some indicating that there are some people in some countries that are deterred, or at least are sort of overwhelmed in terms of trying to get a visa just by the wait times, are there some problem areas, and if so, where are they?

Mr. EDSON. Certainly, there are, we monitor the wait times on an ongoing basis and look particularly at any place that has a time—a wait of more than 30 days.

The countries that have had the largest, the most explosive growth, in particular, India—historically China, but not for the past 6 months—China, Brazil, and Mexico are places where we're always watching to see that we are able to keep up. Brazil and India, India right now, because of a dedicated push over a 6-month period where we've actually redirected resources from elsewhere in the world. We've been able to get those wait times down. Brazil and Mexico are still fairly high.

Senator DORGAN. What are the wait times in Brazil and Mexico and India? Do you know?

Mr. ESTRADA. As of yesterday, we picked some Brazil places. Rio was 44 days, Sao Paolo was 79 days, and Recife was 83 days. Brasilia is under 30 days.

Senator DORGAN. What will be done, for example, to reduce the Sao Paolo, 79 days, you said? That's a rather lengthy time.

Mr. EDSON. Right. It a—we're trying to address it with a combination of redirecting resources, identifying people we can send for temporary duty, expanding the work day, looking at additional facilities, and more creative processing models, when they're possible, either practically or under the law. A combination of that, and fundamental examination of the visa process with our colleagues at DHS, to look at areas where we might be able to securely process in a more streamlined manner, without compromising at all on the security.

Senator DORGAN. Mr. Martinez-Fonts, we had testimony from the Discover America Partnership at the last hearing.

Mr. MARTINEZ-FONTS. Yes, sir.

Senator DORGAN. Have you been in touch with that organization? Have you had consultation with that organization?

Mr. MARTINEZ-FONTS. Yes, sir. We are quite familiar with the group. We have been in constant and regular communication with them from the time that they began their process of preparing their information.

We were somewhat saddened that they did not share their information with us as they had promised us some time before. They came to the Rice-Chertoff Initiative meeting, it was an open meeting, and they were there and listened to a lot of what we were doing. And despite some of that information, some of the things they put on their report was not, did not really include what we were saying.

But, we have had a very, I'll call it, a very cordial relation, a very respectful relationship, with that group, despite the fact that we don't feel they're sometimes wanting to listen to some of the things that we have to say. But, we know them well, we work with them, and I think we've got the same goal, so, we're trying to get it done.

Senator DORGAN. There's a natural tension here, with respect to goals, which I think all of us understand: the need to make certain that we secure our borders, keep terrorists out, and at the same time, that we welcome international visitors. I think at the last hearing, someone was making the point that when you process massive numbers of people moving in and out of lines and so on—we have companies, theme parks, and others that do that routinely, that, they have got it down to a science and maybe some training from the people that do this would be helpful. And yet, I understand that if someone's in a theme park waiting in line for a ride, you're not trying to figure out which one of those people might be a terrorist. It's a very different kind of circumstance that we're trying to understand here.

So, the Federal agencies have a significant role in: (a) protecting our country, but (b) at the same time, facilitating an opportunity for people around the world to come and visit, and see and experience this country of ours. It's a very important thing to have happen, the second piece. The first piece is paramount, as well, but there's kind of a natural tension there that we're trying to resolve. How do we get this right?

Let me call on my Chairman, Senator Inouye.

The CHAIRMAN. Mr. Chairman, I thank you. I have a whole load of questions, but I will ask a few.

Mr. Estrada, soon after 9/11 we developed, and established, the Advisory Board. And last September's Advisory Board issued recommendations. My question, number one, is the Board working? Number two, what do you intend to do with the recommendations?

Mr. ESTRADA. Senator Inouye, I believe that the Board is working very well. It receives the highest level of attention from the Secretary all the way down throughout the organization. And, the information that has been shared from the Travel and Tourism Advisory Board, has been transferred into the Tourism Policy Council, which the Secretary chairs. And, the Council is in the process of reviewing those recommendations.

The CHAIRMAN. So, none have been carried out?

Mr. ESTRADA. Certain recommendations have been discussed within the interagency process with our colleagues here at the Department of Homeland Security and at the State Department.

The CHAIRMAN. Are these recommendations practical?

Mr. ESTRADA. I think there are some parallel goals within what we've seen within the private sector report, such as the Discover America Partnership or, the recommendations were in the areas of visa processing, and with the other areas, as well, involving Homeland Security and State. So, those have been discussed and are in the process of being——

The CHAIRMAN. Will you submit to the Committee a report on the status of these recommendations?

Mr. ESTRADA. We would be happy to, Senator.

The CHAIRMAN. Mr. Jacksta, you spoke of the trusted traveler. Is it working?

Mr. JACKSTA. Yes, sir. We believe very strongly that it's an important part of our effort to get individuals who travel across the border on a frequent basis and are low-risk. There is a process that they have to go through to apply. We do a background and fingerprint check of them, and, we have our CBP officers actually interview the individuals. Once all those processes have taken place, we give them an expedited lane at select land border locations. That allows the vehicle to come up and, based on information we already have in our systems, we can facilitate a greater number of vehicles in a shorter amount of time than the regular lines, in which we have to stop, identify, and look at the documentation. So, it's a successful program.

To make sure it continues to be successful, we have what we call "compliance checks." Individuals are randomly selected and we do an inspection to ensure those individuals are not—because of the fact that they're in the trusted program—of the belief they can go right through and possibly bring contraband in. Every once in a while, sir, we do catch people through these compliance checks.

The CHAIRMAN. We've been advised that a similar type of program will be instituted for American travelers traveling within the United States. When will that be implemented?

Mr. JACKSTA. Sir, that's an important program that we want to implement for international travelers coming into the United States, U.S. citizens at the airports, and the domestic airports in the U.S. We are working with the DHS to figure out exactly how we're going to move forward with that program, as well as the funding, and fees necessary for those individuals to participate in the program.

And, that's being done right now. I know DHS believes it's an important part of the effort, and it's also an important part of the Model Port concept. So, I hope, in the next couple of months, sir, to be able to provide information to DHS so that they can move forward with the program.

The CHAIRMAN. I go through security on every trip I take back to Hawaii or within the United States. And, in my case, I find that about 70 percent of the time I get stopped and searched. Is that the usual?

Mr. JACKSTA. Sir, I think you're speaking specifically about the Transportation Security Administration (TSA) requirement. And, I don't want to talk about the TSA requirement since I don't know exactly how their program works. But, if we need additional information, we can get back to you on it, sir.

The CHAIRMAN. I don't mind that, but my question to anyone of you, how do our security requirements compare with those of our friends abroad? Do Americans have a difficult time getting through their lines? Do British citizens have a difficult time getting through?

Mr. JACKSTA. We continue to have discussions with other governments on exactly what processes they have in place. We want to exchange best practices. The travelers going to these foreign locations at certain times, I would assume get stopped, depending on what country they're coming from, based on risk management—who are the individuals, where are they coming from, and for what purpose? We use that type of risk management also, in the United States, making a decision, looking at the documentation. That's why we feel very strongly that WHTI and requiring specific documents for travel through our ports of entry is extremely important.

So, it's looking at the entire process; looking at the documentation; looking at the traveler; where he is coming from, and looking at the visa information that may be collected. We'll continue to discuss with other governments the best way to process travelers.

Mr. MARTINEZ-FONTS. Chairman Inouye, if I may just add something, that there are two sides to not so much the story, but TSA is doing the checking up-front as you're getting on the airplane, CBP if you're an international traveler. And, your question about how other international, how other countries handle this. From purely personal experience, traveling on government business to Europe, primarily, I would say it's a mixed bag. A place like Frankfurt on getting on an airplane, it's extremely, extremely thorough, much more so than I've seen. People being asked to remove articles of clothing as they're going through the line because it keeps beeping. On the way in, in some places, again, as Mr. Jacksta said, they take a look and do an assessment and if your name comes up clean or you're cleared then they let you through—but it's really, different countries are doing it different ways. And, I'm not sure that there is, you know, we could say, here's a place that's doing just a great job. And, there are two sides to it, getting on the airplane and then arriving in a country.

The CHAIRMAN. I thank you very much, Mr. Martinez-Fonts.

Mr. Edson, of the thousands of visas that you have issued, what percentage have been issued to men and women who later turned out to become questionable?

Mr. EDSON. Questionable from a national security sense?

The CHAIRMAN. Yes.

Mr. EDSON. I would have to report back for the record with a number, but it's extremely small. It would only occur in cases where derogatory information became known to the U.S. Government subsequent to visa issuance. And, we now have processes in place that go back and proactively search our database of issued visas to match it against watch list information to ensure that that doesn't occur. Or when it does occur we can revoke the visa and flag the traveler for DHS and other law enforcement agencies.

The CHAIRMAN. So, you have found that your program is successful?

Mr. EDSON. We believe that it's successful, yes.

The CHAIRMAN. Well, I thank you all very much. I'd like to submit my questions.

Senator DORGAN. Without objection.

We've been joined by our colleague, Senator DeMint, the Ranking Member on this Subcommittee. Senator DeMint, welcome. We've just finished hearing from the first panel and are about to call up the second panel.

STATEMENT OF HON. JIM DEMINT, U.S. SENATOR FROM SOUTH CAROLINA

Senator DEMINT. I apologize for being late. Could I just have one question——

Senator DORGAN. Of course.

Senator DEMINT.—for Mr. Estrada? I know in a lot of our discussions, we're looking at how we might possibly fund an increase in our effort to improve tourism here. And, it is my understanding that the Administration's position is against additional taxes or fees that would involve travelers or businesses. Is that the position?

Mr. ESTRADA. Yes, Senator. It is correct.

Senator DEMINT. OK, thank you.

Senator DORGAN. Let me thank all four of you for being here today, and we will submit some additional questions for the record. And, we appreciate your work. Thank you very much.

As you depart, we will call on panel two. Panel two consists of: Mr. Rex Johnson, President and CEO of Hawaii Tourism Authority, Mr. Ron Peck, President and Chief Operating Officer, Alaska Travel Industry Association; David Borlaug, President, Lewis & Clark Fort Mandan Foundation; Mr. Chad Prosser, the Director of the South Carolina Department of Parks, Recreation, and Tourism.

If we could have you come forward and take your seats, we would appreciate that. I'm going to invite my colleague, Senator Inouye, to introduce Mr. Rex Johnson from Hawaii as our first presenter on this panel. I want to welcome all four who've traveled to Washington, D.C. to join us at this hearing. And, Senator Inouye, would you wish to introduce Mr. Johnson?

The CHAIRMAN. Thank you very much. Mr. Johnson is an extraordinary citizen of Hawaii. He joined the Tourism Authority in July of 2002. Prior to that, he was with the University of Hawaii, part of the research programs. And, then he got into the Nature Conservancy of Hawaii, then one of the top officials of State Transportation and Hawaii Community Development Authority. So, if you're talking about someone with experience, he's got it. And, he has made us, well, as a result of his work, we have the lowest unemployment in the United States.

Senator DORGAN. Mr. Johnson, thank you for being with us. We've always thought that the tourism promotion for Hawaii rested with Senator Inouye——

[Laughter.]

Senator DORGAN.—here in the U.S. Senate, but obviously there are others working on it as well. We welcome you.

STATEMENT OF REX D. JOHNSON, PRESIDENT AND CEO, HAWAI'I TOURISM AUTHORITY, HAWAII CONVENTION CENTER

Mr. JOHNSON. There are a whole lot of people working on it. Thank you very much, Mr. Chairman, Chairman Inouye, members.

I am Rex Johnson, and I'm flattered by the introduction. As background, I'm also a member of the USTTAB and I serve as Secretary of the Western States Tourism Policy Council, a consortium of 13 western state tourism offices, that work together to support public policies that enchance the positive impact of tourism on the American West.

Since 1976, tourism has been Hawaii's number one industry. It currently provides one in every four jobs in the state, produces $12.4 billion or approximately 23 percent, of the state's gross state product, and contributes about $1.3 billion tax revenues to the state and county government.

International visitors contribute $4 billion of this amount and account for about 32 percent of the visitor arrivals. From a marketing perspective, the HTA spends approximately $50 million annually in marketing programs designed to support a healthy tourism economy.

The programs support advertising, promotion, public relations, trade relations, and other marketing efforts in our major market areas of North America, Japan, other Asia, which is everything except Japan in Asia, Europe, and Oceania.

Unfortunately, the condition of Hawaii's international tourism markets has weakened over the years. Travel to Hawaii from some international tourism markets has fallen by 50 percent from their peak periods. Easing international travel into the United States would provide a significant benefit for Hawaii tourism. The expense and difficulty of obtaining visas has had a negative impact on markets such as Korea and Taiwan, which have declined with the imposition of stricter travel policies. In this regard, we particularly commend the Senate for recently approving the recommendations of this Committee, which will strengthen and expand the Visa Waiver Program.

A recent survey by the Discover America Partnership, revealed that international travelers believe the U.S. has the world's worst entry process. This perception creates a significant disadvantage for the U.S. in its efforts to compete for world travelers.

As pointed out in the Discover America Partnership, travelers from America's top-source countries are either declining significantly or failing to keep pace with the sizable increases in travel to other destinations.

There are many reasons for this decline, including the increased and enhanced travel restrictions related to understandable homeland security concerns, as well as greater competition from destinations abroad for the international traveler. Another reason is the fact that today, nearly every industrialized country in the world—with the exception of the U.S.—has a nationally-coordinated program designed to promote its destination to international travelers. It's imperative that the U.S. implement its own nationally-coordinated public-private marketing campaign in order to be competitive with these countries.

And that brings me to my final point, the need for the U.S. to develop a national tourism strategy to compete for a greater share of the growing travel and tourism market. That's the intent behind the U.S. Travel and Tourism Advisory Board recommendations and the Discover America Partnership Blueprint. I would be remiss in not also emphasizing that another benefit of the nationally-coordinated marketing program for international tourism would be to enhance the image of the United States around the world. Nothing will contribute more to the positive view of our Nation among the world citizens, than the personal experience of visiting here, meeting face to face with our wonderfully hospitable and welcoming citizens, and experiencing American culture and values first-hand. At a time when our Nation's international image has fallen, tourism could dramatically help reverse those attitudes.

I'd like to thank you very much for the opportunity to provide these comments.

[The prepared statement of Mr. Johnson follows:]

PREPARED STATEMENT OF REX D. JOHNSON, PRESIDENT AND CEO, HAWAI'I TOURISM AUTHORITY, HAWAII CONVENTION CENTER

Good morning, Mr. Chairman and members of the Committee. I am Rex Johnson, President and CEO of the Hawai'i Tourism Authority (HTA), the official tourism agency for the State of Hawai'i. It has been my pleasure to serve Hawai'i in this capacity for the past 3 years.

For your information, I am also a member of the U.S. Travel and Tourism Advisory Board (USTTAB), which serves in an advisory capacity to the Secretary of Commerce. In addition, I serve as Secretary of the Western States Tourism Policy Council (WSTPC), a consortium of 13 western state tourism offices, that work together to support public policies that enhance the positive impact of tourism on the American West.

On behalf of the State of Hawai'i and the twelve other WSTPC member state tourism offices, I am pleased to be here today to provide testimony on opportunities to enhance and promote international travel to the United States. To clarify, my testimony will be composed of three parts.

HTA's Efforts To Promote Travel To Hawai'i

First, is the Hawai'i Tourism Authority's (HTA) efforts to promote travel to Hawai'i. To begin, I would like to state the importance of tourism to Hawai'i. Since 1976, tourism has been Hawai'i's number one industry. As the chief generator of employment in Hawai'i, tourism currently provides about one in every four jobs in the state in direct travel-industry jobs or in indirect employment. Hawai'i's travel and tourism industry also produces $12.4 billion, or approximately 23 percent of the state's gross state product, and contributes $1.3 billion tax dollars to the state and county government, or 23.2 percent of total state and county tax revenues.

From a marketing perspective, the HTA spends approximately $50 million annually in marketing programs designed to support a healthy tourism economy. The programs support advertising, promotion, public relations, trade relations and other marketing efforts in our major market areas of North America, Japan, other Asia (excluding Japan), Europe and Oceania. Our efforts cover a variety of markets, including meetings, conventions and incentive travel in the business sector; weddings and honeymoons, leisure travel, cultural tourism, and other markets related to vacation travel. While Hawai'i tourism in total generates $12 billion in visitor spending annually, international visitors contribute about $4 billion of this amount and account for approximately 32 percent of visitor arrivals.

Unfortunately, the condition of Hawai'i's international tourism markets has weakened over the years, due in many respects to the issues outlined in the USTTAB white paper which I will talk about shortly and in the blueprint that has been developed by the Discover America Partnership. Travel to Hawai'i from some international markets has fallen by 50 percent from their peak periods. These markets are strategically important to Hawai'i because they provide a stability and diversity to our visitor industry base and support other sectors of our economy such as retail and entertainment.

Federal Efforts That Would Aid State Tourism

That brings me to my second point and that is, what the Federal Government can do to assist state tourism. For one, maintaining and expanding the Visa Waiver Program (VWP) is central to keeping the U.S. competitive for inbound international travel. Currently, more than two-thirds of all overseas travelers enter the U.S. under the VWP. Easing international travel into the United States would provide a significant benefit for Hawai'i tourism. The expense and difficulty in obtaining visas has had a negative effect on markets such as Korea, and Taiwan, which have declined with the imposition of stricter travel policies. In this regard, we particularly commend the Senate for recently approving the recommendations of the leaders of this committee and other Senators and adding provisions to the 9/11 Commission Act, which will strengthen and expand the Visa Waiver Program. We will be urging the House of Representatives to concur with these Senate provisions.

Additionally, the negative experience of international visitors going through our security systems is a deterrent for some to travel to the U.S. According to a June 2006 survey of international travel agents, 77 percent believe the U.S. is more difficult to visit than other destinations. A recent survey by the Discover America Partnership revealed that international travelers believe that the U.S. has the "world's worst" entry process. This perception creates a significant disadvantage for the U.S. in its efforts to compete for world travelers. However, with more efficient access to our country and hospitality training for our security professionals, travel to the U.S. will definitely be easier to promote.

Recommendations Made by USTTAB and the Discover America Partnership

Since 1992, America's share of the world travel market has fallen 35 percent, despite a healthy boom elsewhere. The price tag for this loss is staggering—about $300 billion in revenue over the last 15 years. In particular, since 2001, the U.S. has experienced a 17 percent decline in overseas inbound travel. In comparison, between 2004 and 2005, the U.S., witnessed a 10 percent decline in business travel while Europe experienced an 8 percent increase. As pointed out in the Discover America Partnership Blueprint, travelers from America's top source countries are either declining significantly or failing to keep pace with sizable increases in travel to other destinations. The gravity of the situation is more significant in light of a U.S. dollar that is 30 percent cheaper than it was 5 years ago.

Please note, reports that say international travel to the U.S. is increasing are misleading. When you remove Canada and Mexico, and look solely at overseas travel, the number of visitors is declining—and it is doing so precipitously. According to figures from the Department of Commerce, in 2006 inbound travel declined from each of America's top 5 markets.

There are many reasons for this decline, including the increased and enhanced travel restrictions related to understandable homeland security concerns, as well as greater competition from destinations abroad for the international traveler. Another reason is the fact that the U.S. is one of the only industrialized nations in the world that lacks a nationally-coordinated program to compete for world travelers. Today, nearly every industrialized country in the world, with the exception of the U.S., has a nationally-coordinated program designed to promote its destination to international travelers.

For example, Australia spends $113 million dollars a year communicating and promoting itself to travelers, while Canada spends $58 million. In comparison, the Travel Industry Association (TIA) estimates that all the combined states together spend about $25 million, but notes that many of the allocations are small. It is imperative that the U.S. implement its own nationally-coordinated public-private marketing campaign in order to be competitive with other countries in the dynamic new world market.

A promotional program of this type could explain our travel policies to world travelers, highlight improvements in the process and invite millions more to enjoy the unique American experience every year.

And that brings me to my final point—the need for the U.S. to develop a national tourism strategy to compete for a greater share of the growing travel and tourism market. That's the intent behind the U.S. Travel and Tourism Advisory Board recommendations and the Discover America Partnership Blueprint. Together, these documents provide well-founded proposals to improve international travel to the United States that we fully endorse. The HTA, along with other state tourism offices and organizations, are especially supportive of a promotional program to establish a national image for the United States as a visitor-friendly destination, while supporting improvements to security and entry formalities that ease the ability of visitors to enter our country.

Without the benefit of a program establishing a national brand to promote visitation to the United States, some of our uncoordinated spending on international marketing is dedicated to diverse branding programs that, in other countries, would be initiated and focused by a national ministry of tourism. If we had the support of a national promotional program as envisioned by the U.S. Travel and Tourism Advisory Board and the Discover America Partnership Blueprint, our efforts would be much more effective, since the national program would create a "visit USA" brand and a better selling environment.

Importantly, the development of a national strategy as outlined above would be immensely productive for all states, including Hawaii. As an example, the programs that would originate from this strategy could include creating a brand for America that is not just friendly and welcoming, but is also consistent with Hawai'i's "aloha spirit."

I would be remiss in not also emphasizing that another benefit of a nationally-coordinated marketing program for international tourism would be to enhance the image of the United States around the world. Nothing will more contribute to a positive view of our Nation among the world's citizens than the personal experience of visiting here, meeting face to face with our wonderfully hospitable and welcoming citizens and experiencing American culture and values first-hand. At a time when our Nation's international image has fallen to unprecedented levels, tourism could dramatically help reverse those attitudes.

Conclusion

In closing, I would like to thank you for the opportunity to speak with you today. On behalf of the HTA and my colleagues in the travel and tourism industry, we look forward to working with you, the Federal Government and others in support of the 9/11 Commission Act and other legislation that will enhance the competitiveness of our Nation in the global tourism market and help improve our international position.

Senator DORGAN. Mr. Johnson, thank you very much. I'd like to call on my colleague, Senator DeMint to introduce Mr. Prosser, from South Carolina.

Senator DEMINT. Thank you, Mr. Chairman.

Chad, I appreciate you being here and I want to thank you as Director of the South Carolina Parks, Recreation and Tourism for agreeing to testify this morning.

Chad has been a real leader since he came onboard in 2003. He has led a restructuring effort that has streamlined the agency and he has worked with the Governor and State Legislature to secure additional resources for tourism promotion.

Chad has also been an active member of the community and taken a leadership role in many charitable organizations in the state.

So, Chad, I appreciate you coming up this morning and look forward to your testimony.

Senator DORGAN. Mr. Prosser, welcome.

STATEMENT OF CHAD PROSSER, DIRECTOR, SOUTH CAROLINA DEPARTMENT OF PARKS, RECREATION AND TOURISM

Mr. PROSSER. Thank you.

Senator DEMINT. Chad, is your microphone on, did you push, is there a button to push?

Mr. PROSSER. Sorry. Can you hear it now? All right. Tourism is South Carolina's largest export, Mr. Chairman, contributing more than $16 billion annually to our economy. The industry accounts for 11 percent of our state's employment, and generates over $1.1 billion in tax revenue.

As I mentioned, international visitation is a small portion of our overall tourism, but it's an important source of high-value tourists. It's a real challenge for us to promote our products internationally, alone. We've seen modest growth in international visitation, but there's tremendous untapped potential.

Mr. Chairman, you referenced the loss of market share. And this is particularly troubling, given the increase in outbound travel for many of our key markets, as well as the devaluation of the dollar, which has effectively put the United States on sale as a travel destination.

According to the recent Discover America Partnership survey, we're losing market share because we lack a coordinated message to welcome international visitors. International visitors are concerned about being detained or treated rudely by U.S. immigration officials, and they perceive that the United States does not want their travel business. My own experience with international tour operators and visitors confirms this.

Visualize a local restaurant. Now, let's assume the restaurant does not advertise it is open for business, it has no signage to indicate its location to potential customers, and the restaurant requires reservations, but has no one available to answer the phone when you call, so it's difficult to book one. Additionally, when by chance, customers come to the restaurant, the maître d' is rude and asks why these folks have come. The restaurant might have the best food in town, and good service once you get past the reception desk, but it's unlikely to have a thriving business.

This is the situation in which we find ourselves today in the travel business. In a world of choices, we cannot afford unnecessary obstacles to hinder our ability to compete. So what is the solution? When folks travel between states, they're greeted by state welcome centers. Unfortunately, our reception at international airports is less than welcoming. Security must remain paramount, but our Customs and Border Patrol agents can make positive differences in the process, appearance, and customer service that they offer our international visitors. We do this every day in state welcome centers.

The Senate 9/11 bill and the Rice-Chertoff Initiative are positive steps. You should continue to monitor these initiatives and how they are implemented on the front line. Additionally, America must work deliberately to communicate that we welcome international travelers. You might ask why we need a nationally-coordinated program. The answer is simple. The tourism industry, while it's large in the aggregate, is made up of mostly small businesses. It's highly fragmented, and while you see the CEOs of major airlines or multinational hotel groups representing the industry, 90 percent of the industry is small business.

And, because tourism touches so many dissimilar enterprises, it's very difficult to coordinate joint programs among these small businesses. When thousands of diverse businesses are involved, only government can represent their collective interest on a large scale.

A fascinating parallel can be drawn to the U.S. Small Business Administration. Why does this agency exist? According to the SBA, it's to preserve free competitive enterprise, building America's fu-

ture, and helping the United States compete in a global marketplace.

These are the exact reasons the Federal Government should be involved to help small tourism businesses compete globally. By supporting a nationally-coordinated marketing program, you're not subsidizing the marketing budgets of large corporations in the travel industry. Instead, you are leveling the playing field for thousands of small businesses, so that they can compete in a global market for tourists. The tourism industry can survive without Federal assistance, but the industry cannot thrive and reach its full potential without the Federal Government lending a helping hand.

The right to travel freely has become a hallmark of American life and a cornerstone of our economy. Sharing that part of American culture with the world not only supports our diplomatic efforts abroad, but also works to strengthen prosperity at home.

If I could take you back to that restaurant I spoke about earlier. Imagine the impact a few simple improvements could have on its business. Now, multiply that impact thousands of times to understand the potential impact on employment, tax revenue, and prosperity in our country.

Let's put out our open sign, Mr. Chairman. Thank you.

[The prepared statement of Mr. Prosser follows:]

PREPARED STATEMENT OF CHAD PROSSER, DIRECTOR,
SOUTH CAROLINA DEPARTMENT OF PARKS, RECREATION AND TOURISM

Good Morning Mr. Chairman and members of the Committee. I appreciate the opportunity to appear before you today to discuss how the Federal Government might aid the states in growing America's tourism industry. I am the Director of the South Carolina Department of Parks, Recreation and Tourism. Because of South Carolina's coastline, freshwater lakes, mountains, and extraordinary culture, tourism is the state's largest export. Tourism contributes more than $16 billion annually to South Carolina's economy, accounts for 11 percent of the state's employment and generates over $1.1 billion in yearly state and local tax revenue.

South Carolina is not alone in the prominent role that tourism plays in our state's economy. For many states, tourism ranks as one of the top three industries. Worldwide, tourism is the fourth-largest export industry after chemicals, automobiles and fuel. It is the largest service export, making up more than a 30 percent of world service exports and accounting for one out of every ten jobs around the globe. More importantly, tourism continues to grow steadily. Over a span of 25 years from 1975 to 2000, tourism grew by 4.6 percent per year compared with overall GDP growth worldwide of 3.6 percent. Tourism is a growing and healthy industry, but while the industry has continued to grow worldwide, visitation to the United States by overseas travelers has dropped 17 percent since 2001. This is particularly troubling given that outbound travel from many of our key overseas markets has increased, and the value of the dollar has decreased, effectively putting the United States "on sale" as a travel destination. For instance, outbound international travel from Europe grew by 3.2 percent last year. But travel from the United Kingdom to the United States declined by more than 3.7 percent from 2005 to 2006. The numbers are even worse for Germany, which is the second-largest overseas market for South Carolina after the United Kingdom. From 2000 to 2005 travel from Germany was down more than 20 percent. It is clear that not only is the United States not reaping the benefits of a growing international travel and tourism market, we are losing ground to emerging destinations and other competitors.

How, then, do we explain this loss of trade in the context of increasing international travel and a cheap dollar, factors which should contribute to growth? Data from a 2006 survey of non-U.S., international travelers conducted for the Discover America Partnership show that it is neither the product nor the people of the United States that deter international travel. Interestingly, this survey shows that 72 percent of international visitors describe their time here as "great" once they get beyond the airport experience.

According to the Discover America Partnership survey, the reasons we are losing ground in the international travel market are related to the lack of an inviting message to let potential visitors know that they are welcome in the United States, along with the confusing, difficult and sometimes hostile entry process. The survey shows that most visitors are more concerned about being detained or treated rudely by U.S. immigration officials than they are about the threat of crime or terrorism. They fear that they will be detained for hours because of a simple mistake or misstatement at a U.S. airport. They also perceive that the United States makes little effort to attract visitors and that the U.S. Government does not want their travel business. I can tell you anecdotally from my own discussions with international tour operators and direct experience with international visitors that these are the primary deterrents keeping legitimate visitors away from our country.

Visualize a local restaurant. Now, let's assume that this restaurant does not advertise that it is open for business and it has no signage to indicate its location to potential customers. This restaurant also requires reservations, but has no one available to answer the phone when you call so it's difficult to book a reservation. Additionally, when by chance customers come to the restaurant, the maître d' is rude and questions why the customers have come to his restaurant. This restaurant might have the best food in town, and it might even offer great service once you get past the reception desk, but with all of the obstacles on the front end it's unlikely to have much business. This is the situation in which the United States finds itself today as a travel destination. In a world of choices we cannot afford unnecessary obstacles that hinder our ability to compete.

So what is the solution? Here in our own country when travelers cross state borders they are greeted by state welcome centers. But when international visitors arrive at our airports, they are met by long lines leading to immigration desks. Of course immigration processing is necessary and security must remain of paramount importance; however, there are tools and techniques that Customs and Border Patrol agents could borrow from travel professionals to make the reception experience less unpleasant. Small improvements in process, appearance and customer service training could make a positive difference in the minds of visitors. Picture frontline immigration officers wearing a welcoming logo on their uniforms instead of a badge. Wouldn't that help visitors to feel more welcomed? Would it remind the agents that part of their job is to treat visitors courteously? I'm certainly not suggesting that our Customs and Border Patrol agents become travel counselors handing out brochures and giving directions. But the job of ensuring that our borders are secure can be done with the same welcoming attitude and professionalism that is displayed daily by those who work in our state Welcome Centers.

The Senate 9/11 Bill and the Rice-Chertoff Initiative are positive steps. Congress should continue its efforts to make the entry process more welcoming and efficient while closely monitoring how these initiatives are implemented on the front lines.

In addition to making it easier for legitimate visitors to enter our country, America must work deliberately to communicate that we are open for business and that we welcome international travelers. Sharing with an international audience the things that make this country special serves both the economic and diplomatic interests of our country. I support the recommendations of both the Discover America Partnership and the U.S. Travel and Tourism Advisory Board to reestablish a nationally-coordinated umbrella marketing program to enhance our national image and to ensure that American businesses can fully participate in the growing market for international tourism.

Some have asked why a nationally-coordinated marketing campaign cannot be launched without the participation of the Federal Government. It's a natural question. I'm often asked the same question with regard to South Carolina's umbrella marketing campaign. The answer is simple. The tourism industry, while it is a large industry in the aggregate, is made up of mostly small businesses. It's highly fragmented. In fact, while you often see the CEO's of major airlines or multinational hotel groups representing the industry, nationwide 90 percent of tourism businesses are small and medium-sized, according to the U.S. Chamber of Commerce.

In South Carolina, half of the tourism industry is comprised of small businesses. Because the tourism economy touches so many dissimilar enterprises, ranging from small inns and restaurants to gas stations and farms that give tours to visitors to supplement their income, it is very difficult to coordinate these businesses for the purposes of a mass cooperative marketing effort. In fact, it would not make economic sense for these businesses to contribute to a national or international marketing campaign. It's a great challenge even at the local level to coordinate the activities of these small businesses. Even among the large corporations or the state tourism organizations, there are not enough resources or common strategic interests to coordinate an umbrella marketing effort for the United States. South Carolina

is a member of Travel South USA, which is the oldest multi-state tourism marketing cooperative in the country. But even with the combined strengths of the twelve states that comprise Travel South, we are only able to focus on a portion of one international market, Canada, with mostly publicity and promotional efforts supplemented with a small amount of advertising limited to the Greater Toronto area. When thousands of diverse small businesses are involved, only government can effectively represent their collective interests on a national or international scale. It's a role that my department plays at the state level, and a role that the Federal Government should play at the national level.

A fascinating parallel can be drawn to the U.S. Small Business Administration. Why does this agency exist? According to the SBA website, it exists to, among other things, "preserve free competitive enterprise and to maintain and strengthen the overall economy of our Nation . . . building America's future and helping the United States compete in today's global marketplace." These are the exact reasons that the Federal Government should be involved in a nationally-coordinated international marketing effort. Such an effort would allow the tourism industry as a collection of small businesses to combine their strengths in order to compete in the international marketplace. No single business or trade association alone can accomplish this without the coordination of the Federal Government. Small businesses are the backbone of America and they are the majority of the tourism industry. These businesses can compete for international travelers, but they need Federal cooperation to create a brand for America in the international marketplace.

The predecessor agencies of the SBA were formed to respond to the special needs of small businesses following the Great Depression and World War II. During the Korean War, Congress created another organization to handle small business concerns. Do we not find ourselves in a similar predicament now in a post-9/11 world? I'm not suggesting that the structure of a nationally-coordinated tourism campaign mirror the scope of the SBA. However, we do need national coordination in our effort to counter the challenges that we face in today's global market for tourists.

I'm not here to tell you that the sky is falling. In fact, South Carolina tourism is growing. Even our international visitation has seen modest growth over the last 5 years. In 2005, the last year for which data are available, South Carolina hosted more than 173,000 overseas visitors. As a state, 2 years ago we doubled our budget for international marketing. This increase was part of a strategic shift to attract more high-value visitors. International visitors are a particularly attractive market because of their long stays and high spending levels. South Carolina, however, is a second-tier market for most international visitors. We are a destination where international visitors come once they have visited New York City or the Florida theme parks. We have products such as golf, beaches and cultural experiences that are a very attractive to international visitors. But it is a real challenge for us alone to get that word out in a crowded global marketplace. Imagine how a small state like South Carolina could benefit if the United States once again had a nationally-coordinated marketing effort to drive travel here and to let the international consumer know about the diversity of product available in our country.

It is important to realize that by supporting a nationally-coordinated marketing program you are not subsidizing the marketing budgets of large corporations in the travel industry. Instead, you are leveling the playing field for thousands of small businesses so that they can combine their strengths in order to compete in a global market for tourists. The tourism industry can survive without assistance from Washington. We have proved that over the last decade since the closure of the United States Travel and Tourism Administration. But the industry cannot thrive and reach its full potential without the Federal Government lending a hand to do for the industry what it cannot do for itself. The tourism industry must participate in any national effort; however, the impetus for the program can only come from our government. Upon closer examination, the U.S. tourism industry is not big business, it is a large industry made up of predominantly small businesses. Therefore, assistance to tourism is assistance to American small business.

Unlike many mature industries, we have only scraped the surface of the potential for the U.S. tourism. The right to travel freely and safely has become a hallmark of American life and a cornerstone of our economy. Sharing that part of American culture with the world not only supports our diplomatic efforts abroad, but also works to strengthen economic prosperity at home.

Mr. Chairman, thank you again for the opportunity to share my thoughts with you today. I would be happy to respond to any questions that you might have.

Senator DORGAN. Mr. Prosser, thank you very much. We appreciate you being here.

Next, we will hear from David Borlaug. Let me just take a moment to say that David Borlaug is a North Dakotan. He's President of the Lewis & Clark Fort Mandan Foundation. But, that really understates what he has done.

He is, I think, the leading spokesman in North Dakota and the leading worker in our region to enhance tourism. One of the great epic expeditions, I would say to my colleagues, in the history of our country, was the Lewis and Clark expedition and they spent more time—in fact they decided to winter in North Dakota—spent more time in North Dakota on that journey than in any other part of our country.

And, Mr. Borlaug, both in our region and also nationally, has served in the leadership position on many of these issues. And, he speaks today as the President of the Lewis & Clark Fort Mandan Foundation and also on behalf of North Dakota's interest.

Mr. Borlaug, thanks for you leadership, and we appreciate your being here today.

STATEMENT OF DAVID BORLAUG, PRESIDENT, LEWIS & CLARK FORT MANDAN FOUNDATION

Mr. BORLAUG. Well, thank you, Chairman Dorgan, Chairman Inouye, and Senator DeMint for inviting me here today. And it is an honor to represent both the Lewis & Clark Fort Mandan Foundation, and the State of North Dakota at this important hearing.

Let me say at the outset that I join with other members of the travel industry, my colleagues here, in heartily endorsing the recommendations of the Discover America Partnership and the USTTA, which have been lobbying for the return of a centralized government-endorsed promotional entity to provide leadership in attracting international visitors to the United States.

The specific recommendations of the Discover America proposal, in particular, are well thought out, prudent, and will result in a very effective organization dedicated to promoting travel to our country. It is my fervent hope that these recommendations will be given serious consideration in the Congress, and I thank you for thoughtfully considering all of these proposals.

North Dakota, in spite of a tourism marketing budget that ranks among the lowest in the Nation, has been promoting itself to the international market for the past 15 years. With our limited resources, we have focused particularly on the Scandinavian countries. And as a result, North Dakota, I am proud to tell you, is now among the top five destinations for all Norwegian air travel.

Two weeks ago, North Dakota joined with our neighbors Montana, Wyoming, and South Dakota, spending a week promoting the four-state region to the travel industry of Denmark and Sweden. One of the ways that we are showcasing our region is comparing our geographic size. Nearly two and a half times the size of Germany with our combined low population, barely larger than Copenhagen. This is what those Scandinavian visitors want to hear—that we offer a land of beauty with national parks and other tourist destinations, unspoiled by the traffic and crowds to which they are accustomed. What they are seeking, and what we offer in North Dakota and the other prairie and mountain states, is simply, the real America.

Statistically, after foreign visitors have come to New York City, Disney World, Las Vegas, or any of our other leading attractions, they are eager to see another side of our country. A land that spreads out in front of them on the blue highway with a vastness that takes their breath away. A land with more than terrific scenery, but incredible stories to tell. In North Dakota, we call it, legendary. With Lewis and Clark, Sacagawea, General Custer, Sitting Bull, and Theodore Roosevelt among our cast of legendary historic figures, you can see the attraction we offer foreign visitors who are fascinated by the American West, the real America.

When you make the decision to create a new centralized entity to promote international tourism, please include in its charter that it promotes all of the United States, not just those metropolitan areas which appear to have the greatest appeal. We all have something to offer these visitors, each in our own unique way.

Not long ago, our Lewis & Clark Fort Mandan Foundation, which operates the North Dakota Lewis & Clark Interpretive Center and the reconstructed Fort Mandan, the expedition's winter home, as Senator Dorgan referred—we hosted travel writers from Norway, Sweden, Denmark, Germany, and France all within a 10-day period. These nation's travelers are hungry for information about our special part of America, and writers and photographers keep coming back because they just can't drink it all in during one visit.

But, my nonprofit foundation cannot afford international marketing. We rely on our state tourism division, which has a total budget of only $4 million a year. However, we have made the most of our limited resources, and by joining with a coordinated national effort, we know that we can attract more and more visitors here.

I was asked, in what specific areas the Federal Government may assist our efforts. Let me give you one request. The effectiveness of any marketing campaign is built upon good solid research. We must know what our best target market is, to maximize the utilization of resources. States need to better understand the habits and intentions of international travelers once they arrive on our shores. For years, our industry has been asking for data which will tell us where foreign travelers are headed after they have entered the key ports of entry. This information is gathered, but not made available to the states.

If we could simply get this information, where people are going after they have entered our gateway airports, this would be extremely valuable in knowing where to target our messages. We are not asking to compromise national security. We are not asking for names and addresses, this is not about telemarketing. We just want the total numbers, by region. This seems a reasonable request for our industry to make, and one that I hope will be agreed upon soon.

Thank you, again, for inviting me here today and for your commitment to America's travel industry.

[The prepared statement of Mr. Borlaug follows:]

PREPARED STATEMENT OF DAVID BORLAUG, PRESIDENT, LEWIS & CLARK FORT MANDAN FOUNDATION

Thank you, Chairman Dorgan and members of the Subcommittee for inviting me here today. It is an honor to represent the Lewis & Clark Fort Mandan Foundation and the State of North Dakota at this important hearing.

Let me say at the outset that I join with other members of the travel industry in heartily endorsing the recommendations of the Discover America Partnership and the USTTA, which have been lobbying for the return of a centralized, government-endorsed promotional entity to provide leadership in attracting international visitors to the United States.

The specific recommendations of the Discover America proposal, in particular, are well thought-out, prudent and will result in a very effective organization dedicated to promoting travel to our country. It is my fervent hope that these recommendations will be given serious consideration in the Congress. Thank you for thoughtfully considering these proposals.

North Dakota, in spite of a tourism marketing budget that ranks among the lowest in the Nation, has been promoting itself to the international market for the past 15 years. With our limited resources, we have focused on Scandinavian countries in particular and as a result, North Dakota is now among the top five destinations for all Norwegian air travel.

Two weeks ago, North Dakota joined with our neighbors Montana, Wyoming and South Dakota, spending a week promoting the four state region to the travel industry of Denmark and Sweden. One of the ways that we are showcasing our region is comparing our geographic size, nearly 2½ times the size of Germany, with our low combined population—barley larger than Copenhagen.

This is what those Scandinavian visitors want to hear, that we offer a land of beauty with national parks and other tourist destinations unspoiled by the traffic and crowds to which they are accustomed. What they are seeking, and what we offer in North Dakota and the other prairie and mountain states is *the real America*.

Statistically, after foreign visitors have come to New York City, Disney World, Las Vegas or any of our other leading attractions, they are eager to see another side of our country. A land that spreads out in front of them on the blue highway with a vastness that takes their breath away. A land with more than terrific scenery, but incredible stories to tell. In North Dakota, we call it *Legendary*. With Lewis and Clark, Sacagawea, General Custer, Sitting Bull and Theodore Roosevelt among our cast of legendary historic figures, you can see the attraction we offer foreign visitors, who are fascinated by the American West—the Real America.

When you make the decision to create a new centralized entity to promote international travel, please include in its charter that it promotes *all* of the United States, not just those metropolitan areas which appear to have the greatest appeal. We *all* have something to offer those visitors, each in our own unique way.

Not long ago, our Lewis & Clark Fort Mandan Foundation, which operates the North Dakota Lewis & Clark Interpretive Center and the reconstructed Fort Mandan, the Expeditions' winter home of 1804–05, hosted travel writers from Norway, Sweden, Denmark, Germany and France, all within a 10-day period. These nations' travelers are hungry for information about our special part of America, and writers and photographers keep coming back, because they just can't drink it all in during one visit.

My non-profit foundation cannot afford international marketing on our own. We rely on our state tourism division, which has a total budget of only $4 million a year. However, we have made the most of our limited resources, and by joining with a coordinated, national effort, we know that we can attract more and more visitors here.

I was asked what specific areas the Federal Government may assist our efforts. Let me give you one request. The effectiveness of any marketing campaign is built upon good, solid research. We must know what our best target market is, to maximize the utilization of resources. States need to better understand the habits and intentions of international travelers once they arrive on our shores.

For years, our industry has been asking Homeland Security for data which will tell us where foreign travelers are headed after they have entered the key ports of entry. This information is gathered, but not made available to the states. If we could simply get this information, where people are going after they have entered our gateways airports, this would be extremely valuable in knowing where to target our messages. We are not asking to compromise national security. We are not asking for names and addresses. This is not about telemarketing. We just want the total numbers, by region. This seems a reasonable request for our industry to make, and one that I hope will be agreed upon soon.

Thank you again for inviting me here today, and for your commitment to America's travel industry.

Senator DORGAN. Mr. Borlaug, thank you very much.

Finally, we will hear from Mr. Peck. Mr. Peck, you know that Alaska is well and aggressively represented on this panel.

STATEMENT OF RON PECK, PRESIDENT AND COO, ALASKA TRAVEL INDUSTRY ASSOCIATION

Mr. PECK. Yes, I do, Senator, very much.

Senator DORGAN. I emphasize, aggressively. Senator Stevens was intending to be here but could not. He spoke to the State Legislature, I believe, in Alaska yesterday——

Mr. PECK. Correct, Senator.

Senator DORGAN.—so he asked me to apologize for his absence, but we very much appreciate having you with us. And we would ask that you proceed.

Mr. PECK. Thank you, Chairman Dorgan, and members of the Interstate Commerce, Trade, and Tourism Subcommittee. My name is Ron Peck. I am President and Chief Operating Officer of the Alaska Travel Industry Association or ATIA. I have served in this capacity for four and a half years and been employed in the visitor industry for almost 30 years.

Tourism is very important to Alaska. It is the number two private sector industry in the state, directly contributing $1.5 billion to the economy, over $130 million in taxes will be contributed to the state this year, and we hire—we annually employ 40,000 people.

ATIA is a broad-based coalition of over 1,000 visitor-related businesses. We represent large and small companies, including bed and breakfasts, fishing lodges, cruise companies, airlines, and tour operators. We are a trade association that acts as an advocate on land-use planning and assessment issues. But ATIA is not a government agency, we are a nonprofit service organization. Our real main mission though, is to promote Alaska as a premier destination internationally, and nationally. We do this on behalf of the state through an annual contract.

Prior to 2000, three distinct organizations did advocacy work and destination marketing for Alaska. Two of those agencies were government entities, one was a trade association. Overlap and inefficiencies existed. And, most importantly, funding for destination marketing fluctuated dramatically, declining from a high of $15 million in 1990 to $7 million in 2000.

A new, unique creative plan that involved private and public sector involvement was implemented. Essentially the three organizations were dissolved. The state reduced the Department of Tourism to an office and totally eliminated the second government agency. The former trade association was also dissolved. The idea was to consolidate, be more efficient, and increase effectiveness. We believe ATIA has done that with this unique marketing partnership.

We are pleased with the level of private sector involvement. Thirty-five marketing experts and stakeholders volunteer to create and develop the annual marketing plan, that is then approved by the State of Alaska and implemented by ATIA staff.

Again, the unique part of this relationship is that we've actually reduced government staffing levels, and increased private sector involvement at no cost to the state. Funding for the program is on a 50/50 match basis with the state contributing $5 million and private sector matching that, which allows for a core marketing program of $10 million.

But, I must say, due to recent new taxes on our visitor industry in Alaska, the funding model may need to change, but the excellent working relationship between private and public sector will continue. The success of our concept is proven. Other states, such as Washington, have studied the ATIA model, and are considering implementing changes to their destination marketing efforts.

Addressing international travel, from the Alaska visitor industry perspective, almost 250,000, or 15 percent of Alaska's 2006 summer visitors were international arrivals with the major countries of origin being Canada, the U.K., German-speaking Europe, Australia, Japan, and Korea. International visitors are an integral part of the traveler mix to Alaska. We as an industry, need to work diligently to make our great country as inviting and visitor-friendly as possible, yet we fully understand the importance of keeping our country, our borders, and our citizens, safe from terror and violence.

Some specific suggestions for your consideration: continue working to simplify the visa application and approval process. From first-hand experience, I have been made aware of exhausting and exasperating steps that are involved in obtaining a visa. Expand the Visa Waiver Program, and consider including a larger number of countries, such as South Korea. Improve customs and border processes by hiring the additional 200 officers in the recently passed legislation by the Senate.

Thanks to Senator Stevens and Senator Inouye for their efforts in this regard. I believe that this specific action will help alleviate perceptions that we are not a welcome country—a welcoming country to our international guests. Establish and promote a public-private partnership that focuses on global promotion, tasked to market the U.S.A. as a great place to visit. We should also focus on communicating effectively, and to clearly explain what U.S. visitor policies are as well as marketing the U.S. as a destination. One specific usable communication-media that I believe should continue to be enhanced is the Internet. In four short years with refinement and improvement, our *TravelAlaska.com* site has more than doubled in number of unique visitors. It has definitely enhanced our ability to sell Alaska to our visitors. I believe that the web can do likewise internationally for future visitors.

Similar to Alaska's model that blends the marketing promotion expertise and flexibility of the private sector, with oversight from the Government. Such an effort could change misconceptions of the U.S.A., and bring more international visitors to America.

Thanks to this Committee for this opportunity to present some of Alaska's visitor efforts and experiences.

[The prepared statement of Mr. Peck follows:]

PREPARED STATEMENT OF RON PECK, PRESIDENT AND COO,
ALASKA TRAVEL INDUSTRY ASSOCIATION

Chairman, Vice Chair and members of the Senate Commerce Committee, my name is Ron Peck, I am President and Chief Operating Officer of the Alaska Travel Industry Association. I have served in this capacity for 4.5 years. I have been employed in the visitor industry for almost 30 years. ATIA is a broad-based coalition of over 1,000 visitor-related businesses. We represent large and small companies including B&B's, fishing lodges, cruise companies, airlines, and day tour operators.

We are a trade association acting as an advocate on land use, planning, and assessment issues. ATIA is not a government agency. We are a nonprofit service organization. Our other main mission is promote Alaska as a premier travel destination nationally and internationally. We do this on behalf of the State of Alaska through an annual contract.

Prior to 2000, three distinct organizations did advocacy work, and the destination marketing for Alaska. Two of those agencies were government entities and one was a trade association. Overlap and inefficiencies existed. Funding for destination marketing fluctuated drastically, declining from a high of $15M in 1990 to $7M by 2000.

A new, unique and creative plan that involved both private and public sector involvement was implemented. Essentially the three organizations were dissolved. The state reduced the Dept. of Tourism to an office and totally eliminated the second government agency. The former trade association also also dissolved.

The idea was to consolidate, be more efficient increase effectiveness. We believe that ATIA has done just that with this unique private/public partnership. We are also pleased with the level of private sector involvement. Thirty-five marketing experts volunteer from the private sector to create and develop the annual marketing plan that is then approved by the SOA and implemented by ATIA staff. Again the unique part of this relationship is that we have actually reduced government staffing levels, and increased the private sector involvement at no cost to the SOA.

Funding for the program is done on a 50/50 percent match basis, with the state contributing up to $5M, which allows for a core marketing program of $10M. Because of recent additional specific taxes on the visitor industry in Alaska, the funding model may need to change but the excellent working relationship between the public and private sector will continue.

The success of our concept is proven and other states such as Washington have studied the ATIA model and they are considering implementing changes to their destination marketing efforts.

Addressing International Travel—We as an industry fully understand the importance of keeping our country, our borders and our citizens safe from terror and violence. From the Alaska visitor industry perspective almost 250,000 (15 percent) of Alaska's 2006 summer visitors were international arrivals with the major countries of origin being Canada, U.K., German-speaking Europe, Australia, Japan and Korea. International visitors are an integral part of the traveler mix to Alaska. We as an industry need to work diligently to make our great country as inviting and visitor friendly as possible. Some specific suggestions for your consideration:

- Continue to work toward simplifying the visa application and approval process. From first hand experience I have been made aware of the exhaustive and exasperating processes and steps that are involved in obtaining a visa.
- Expand the Visa Waiver Program—and consider including a larger number of countries such as South Korea.
- Improve Customs and Border processes by hiring the additional 200 officers in the recently passed legislation by the Senate. Thanks to Vice Chair Stevens and Senator Inouye for their efforts in this regard. I believe that this specific action will help alleviate perceptions that we are not a welcoming country to our international guests.
- Consider developing an International Registered Traveler Program. Other countries have developed IRT programs that work to ensure security by focusing attention on lesser known travelers. A good example for Alaska is with Japan and the business traveler volume for commercial fishing-related business between Japan and Alaska.
- Establish a public-private partnership focusing on global promotion tasked to market the U.S.A. as an great place to visit. We should also focus on communicating effectively to clearly explain U.S. policies as well as marketing the U.S. as a destination. One useful media-specific vehicle of communicating that I believe should continue enhanced is the Internet. In four short years with continued refinement and improvement our *TravelAlaska.com* site has more than doubled in the number of unique visitors. It has definitely enhanced our ability to

sell Alaska to our visitors. I believe that the web can do likewise for our future international visitors.

Similar to Alaska's model that blends the marketing promotion expertise and flexibility of the private sector with oversight from the government, such an effort could change misconceptions of the U.S.A., and bring more international visitors to America. Thanks to the Senate Commerce Committee for this opportunity to present some of Alaska's visitor experiences.

Senator DORGAN. Mr. Peck, thank you very much.

I will call on Senator Inouye first, for questions, followed by Senator DeMint and I will ask the final questions.

Senator Inouye?

The CHAIRMAN. Mr. Chairman, I'd like to submit my questions. I just have a few here.

Senator DORGAN. Without objection.

The CHAIRMAN. There are several matters that all of you agree upon. International traveling is very important, and second, there should be a working partnership between the U.S. Government and the states.

Mr. Johnson, you spoke of a coordinated program. How do we coordinate this?

Mr. JOHNSON. Chairman Inouye, I think that if we are able to have an office in Washington, D.C., and I suggest that it might be in the Department of Commerce, where the states could coordinate their efforts, as far as international marketing goes. Then all of us would be on an even—even footing and we would market the United States as a destination rather than our individual states.

We would still, underneath marketing the United States as a destination, and a friendly place to be, each state would still compete with one another with the marketing dollars that they had available. So, I see it as an office here in Washington, D.C. that coordinates us.

The CHAIRMAN. Chairman Dorgan will be submitting a draft of a bill for our consideration. And, I think he's going to do it within 10 days. I would like to receive from all of you, a list of three major obstacles that, by legislation, we could address. Obstacles that somehow we deliberately, or inadvertently, have laid down. That I would appreciate very much. Thank you.

Senator DORGAN. Senator Inouye, thank you very much.

Senator DeMint?

Senator DEMINT. Thank you all for being here. You've clearly brought out a very serious issue for our country. It not only affects tourism. The same issues are true in the business world, business travel. Trade shows are no longer held here because of the difficulty of getting visas and conventions. Companies are given many reasons to locate overseas, rather than try to sell their products here. So, it's a big issue.

I think we really need to think about how we solve this problem, because if you like how the government runs our Customs agency now, you'll love how they promote and manage the advertising of tourism. We need to be careful. I spent most of my life in the advertising business, and I know the quickest way to ruin a bad product is to advertise it. And, we've got to start with our product problem, which you've brought up.

We've got a problem with our visas and we need to expand the waivers. Clearly, our Customs agency needs to move people through, and welcome them in a way that we're not doing now. So, to rush to advertise or promote, would be a huge mistake. Clearly, we've got to fix how we get folks in this market.

I do think some of you have mentioned ideas that might be helpful. Instead of looking at how we can spend millions and millions abroad on promotion—and I'm not even aware, Mr. Chairman, if we have a national website that has links to 50 states to tourism. It would seem like we could set something like that up, and contract it out and have links to every state, ads by category that could help pay for it so that you wouldn't necessarily—I mean I know, when I tell people from overseas I'm from South Carolina, they're not necessarily aware where South Carolina is. But, if they could go to a United States website and find out about every state, look at categories that might tell them about the open range in North Dakota or the beautiful beaches in South Carolina—we may be trying to make this more complicated than it is.

If we fix our visa system and our Customs processing, perhaps we do coordinated things at the Federal level that could allow people to access every state without looking at some huge new government-managed program that isn't going to work any better than our Customs agency does. But, I just, any quick comment.

I know the Chair, we've got votes and the Chairman has the last word here, but, Chad, I'll start with you and then see if——

Mr. PROSSER. Well, Senator, I would agree that marketing begins with product, and certainly we need to address these facilitation issues before we begin aggressively advertising. I think we have a perception issue abroad that we do need to overcome, and as we fix these facilitation issues, we need to then get that message out that we do welcome international travelers. And for South Carolina, like North Dakota, we're a secondary, second-tier market. International travelers come to us after they've been to the Florida theme parks or visited New York City. Part of what needs to happen at the national level is to advertise that diversity of product that we have in the country.

There is an effort, the Department of Commerce has issued a contract, to the Travel Industry Association to actually create such a website using a lot of the existing content. So, that is a positive development. But, I think any advertising that would eventually come about, needs to be highly influenced by the private sector in terms of its strategy and its content.

Senator DEMINT. Mr. Peck?

Mr. PECK. Senator, I would agree with Mr. Prosser's comments about the private sector being involved. And, I also think that what we need to look at is a consistent message and that we're in the marketplace for the long term. You don't turn things around overnight, from a marketing perspective. And, you know, we may not see some realization of that in a 2–3 year time frame, but I absolutely believe that with a consistent marketing message in the marketplace, competing against countries that are spending a lot of money in a lot of different ways, we can regain some of that market share.

Senator DEMINT. Thank you, Mr. Chairman.

Senator DORGAN. Senator DeMint, thank you very much.

First of all, thanks to the four of you for giving us a different perspective. Let me read to you a quote that is in the front cover of the Discover America Partnership document. They testified at the last hearing we held. This is a quote that's, it's on the second page. It's from an Ian Jeffrey, a British visitor who has been coming to the United States with his wife for 15 years. Here's what he said last November, "We are citizens of a country regarded as one of the closest allies the U.S. has, yet on arrival we are treated like suspects in a criminal investigation, and made to feel unwelcome."

Now, that's what I described about the tension here, the tension of trying to make certain that we keep terrorists out of our country, and at the same time wanting to welcome international visitors because we understand that that's a significant part of our economy, and to continue to keep, to acquire our share of international tourism. That tension exists and it's real and we have to deal with it.

It's interesting, all of you come from, you come from four different states, all wanting to tell people about your States, to say, come to our state. We have unbelievably deep riches of interest for you, and yet, in most cases you have rather limited budgets—Hawaii, perhaps more, I don't know that—but, you know, North Dakota, South Carolina, rather limited budgets with which to internationally advertise. And I think, some of the suggestions you've made this morning make a lot of sense.

It does make sense, it seems to me, for this to be, I think all of you have said, there needs to be a national effort. An effort by which our country reaches out to say to people around the world, "You're welcome here, we want you to come here, to see our country is to believe and understand what a democracy can be and how wonderful our country is."

It's not just about visiting, it's about diplomacy in many ways. So, I think all of you have described the interest at some more national effort very well.

Mr. Borlaug, you were describing—I was just thinking about this—in my state, if I might just for a moment brag about North Dakota. When you think of the characters in North Dakota's history, Lewis and Clark, Sacagawea, General Custer, Sitting Bull, Theodore Roosevelt, it's an unbelievable legend of characters, I should say legendary characters, instead of legend of characters. And, yet, a smaller state like North Dakota does not have much of a budget with which to promote that to international travelers.

And that's the point, my guess is every state has the same, I don't know what your legendary attractions would be and people would be in South Carolina, but I bet you can, Mr. Prosser and Senator DeMint can carry on at great length about that. So, let me just ask one or two questions and say thank you for your contributions.

One of the discussions here is a Federal policy issue that's going to be very controversial. I think Senator DeMint was kind of alluding to it with his first question today. Some are saying at Discover America Partnership that you have to find some mechanism, some fee to raise some funding to have a national effort. Some are talking about an exit fee, a kiosk at an airport, just as an example. So, that when you leave the country, you pay a $5 fee. Apparently,

that happens in many countries. You leave the country, you pay an exit fee. Some are saying that would be an appropriate way to raise some money for a national effort here. Give me your reaction to that. It's a national policy issue, but what's your sense of it?

Mr. Johnson?

Mr. JOHNSON. Mr. Chairman, I'm totally for it. I mean, we need to put together a bundle of money, not a bundle being large, but we need to put together a hunk of money to——

Senator DORGAN. Was it a hunk or a bundle?

[Laughter.]

Mr. JOHNSON. Some amount of money, Mr. Chair, excuse me, hunks and bundles. We need to put together some money to be able to pull this off. And until we can make America its own destination—which the remainder of the world seems to have already been able to do—we are not going to have this coordinated policy that we talked about today.

Senator DORGAN. Anybody else?

Mr. PROSSER. Mr. Chairman, I think a dedicated source of funding is important, because generally when you need to be out in the market is when the economy has had a downturn and that's when you need to be spending more. And so, it's often difficult, we find at the state level. Even coordinating the resources that we're getting with what we need, to be actually spending those resources. So having a constant dedicated source, I think, is beneficial when you're talking about this type of activity.

Mr. PECK. Senator, I alluded earlier that our program is based on matched private sector funding. When you institute new taxes, those voluntary contributions have a tendency to go away, so I would agree with Mr. Prosser. I'm not going to comment which is the best, but I do believe that there needs to be some sort of structured assessment in order to make it work and make it fair for everyone. Because in some cases, you'll have some that will participate if you do it on a voluntary basis, and some will not. So, I would agree with Mr. Prosser, it needs to be fair and equitable.

Mr. BORLAUG. I really think a $5 exit fee is entirely prudent. I checked out of my hotel yesterday in Washington, D.C. and I believe I paid about an $80 exit fee——

[Laughter.]

Mr. BORLAUG.—with lodging taxes. And we all know that lodging taxes are utilized all across the country to fund convention and visitors bureaus and other forms of promotion. It's really an extension of the same thing.

Senator DORGAN. Were any of you involved in tourism in the mid-1990's when there was an agency inside of the U.S. Commerce Department, whose explicit purpose was for promotion and that sort of thing? Were any of you working in tourism at that point? I'm curious to get the reflection of whether that was helpful, beneficial, or did that program provide something we should learn from, and take from, as we try to develop some new program?

Mr. BORLAUG. I think, Senator, the one thing to learn from that is, I like the approach of a nonprofit corporation chartered by the Federal Government, but independent of the Federal Government with employees then who are unencumbered by the restraints that Federal status then conveys to individuals like that. And, there are

many models for this in the Federal Government, there are certainly models for it in state governments all across the country and I really, really like that approach.

Mr. PECK. I would totally agree with Mr. Borlaug. I think that even though we may have some funding problems, we're very proud of what we do with the fact that we have 35 stakeholders in our industry—large businesses and small—who are very involved in bringing more visitors to Alaska. And, I think you can do the same thing on a national basis, when you get the private sector involved to that level.

Mr. PROSSER. I would agree. I think that organization could be very small, administratively, so that the maximum amount of the resources are spent on the marketing campaign itself.

Senator DORGAN. Senator Inouye's request of you is a good request. I think as we try to put together a piece of legislation, I mentioned Senator Inouye, Senator Stevens, we will certainly work with Senator DeMint as a Ranking Member. As we try to put together some legislation here, it's very important for us to try to understand what are the dos and dont's? In other words, what are the most effective approaches for people like you, and organizations like yours, that are out there working in the states? So, I'll be very interested in receiving the information that Senator Inouye has requested as we begin to try to put this together.

Senator Inouye, do you have anything further?

The CHAIRMAN. I'd like to congratulate you for convening these hearings because I remember—I've been here long enough to know that, at one time, tourism was handled by, not an Assistant Secretary, but just someone who was protocol-wise below our administrative assistant.

In most countries, major countries, there is a cabinet member, a ministerial position on tourism. The United States is the exception and I think these discussions will raise the importance of such a position. And, I hope that the Government of the United States takes note of that.

Senator DORGAN. Senator DeMint, do you have anything further?

Senator DEMINT. No, this is very good input and I look forward to working with both Chairmen and coming up with some ideas. I like the commitment toward an independent group. We don't need to think Federal Government, we do need to think national. And, I can just assure you that anything we develop that's managed by the Federal Government will not work. And so, I hope we, I can get that out of your mind——

[Laughter.]

Senator DEMINT.—but the idea of a national coordinating agency; I happen to believe, if we did a national website, used an independent group, sold advertising, not only to states, but to major tourist sites, we could create a fair amount of revenue and we need to look at the money that we need.

But, the first thing, if we can't fix our visa and our Customs systems, there's no need to spend millions and millions promoting our country, because all we're going to do is turn people away faster. But, thank you very much.

Senator DORGAN. Now, Senator DeMint, neither of us aspire to work in a Federal Government that doesn't work. We aspire to

work in a Federal Government that can work and that we're proud of, I know. This issue of a government agency in the Commerce Department, some sort of quasi private-public, I mean all those things, I think, are things that we will be discussing. And I appreciate very much the input.

The four of you have traveled some distance to be with us today and I think this is a logical conclusion of the two hearings, to hear from people in the various states who are actually out there trying to figure out how we can attract people to our region, to our state. And, your testimony is very helpful.

This hearing is adjourned.

[Whereupon, at 11:31 a.m., the hearing was adjourned.]

A P P E N D I X

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO JAMIE P. ESTRADA

Question 1. At the hearing, you agreed to provide a report to the Committee regarding the Secretary's response to the recommendations made by the U.S. Travel and Tourism Advisory Board (USTTAB) to the Secretary last September. As part of that report, please detail what steps Secretary Gutierrez has taken and plans to take to implement the recommendations. Please provide this report along with answers to the questions below.

Answer. The Secretary of Commerce asked for and received recommendations from the Travel and Tourism Advisory Board (TTAB) on how the government can assist industry in increasing their numbers of international customers. These recommendations addressed government policies under the purview of the Department of Homeland Security (DHS) and the Department of State (DOS), as well as the Department of Commerce. The Secretary asked that DHS and DOS become *ex-officio* members of the TTAB in order to ensure effective communication at the highest levels. The Secretary leads the interagency Tourism Policy Council (comprised of over 18 agencies and offices in the USG involved in travel and tourism activities) which is dedicated to coordinating tourism policy considerations. Following receipt of their recommendations, the Secretary invited the TTAB to present its recommendations directly to the Tourism Policy Council (TPC). He then requested a policy assessment from the TPC to ensure that the concerns of the industry were being addressed appropriately. A copy of this assessment in tabular form is attached (*see* page 56). The implementation of many of the recommendations is an ongoing process; therefore, this assessment represents progress to this point in time.

Question 2. The USTTAB was created after 9/11 to advise the Secretary of Commerce on travel promotion issues. How well has the USTTAB worked to date?

Answer. The TTAB is an effective mechanism to communicate concerns of the industry to the Federal Government. The Secretary of Commerce and Under Secretary of the International Trade Administration have been actively engaged in TTAB meetings. The TTAB has been responsive to the Secretary's requests for advice on Gulf Coast recovery issues and in providing recommendations on ways to increase international travel to the U.S.

Question 3. The USTTAB report advocates for a nationally-coordinated marketing strategy to enhance our international competitiveness for tourism dollars. How successful have the Commerce Department's efforts been in promoting travel to the United States to date? Does the USTTAB's recommendation make sense?

Answer. As was reported to the Committee, the international tourism promotion programs implemented by the Department of Commerce to date have been successful. In 2004, the $6.1 million International Tourism Promotion Program was launched in the United Kingdom. A travel market research and marketing company estimated a return on investment of $117 to $1 for the Department's tourism promotion media campaign that year, which suggests that privately funded promotional campaigns would be cost-effective.

The Administration continues to believe that it is more appropriate and effective to entrust the tourism marketing function to states, travel destinations and the private sector. It is our view that the resources of the Federal Government are best used in addressing other issues critical to the U.S. travel and tourism industry such as but not exclusive to liberalization of air services, visa issuance and passenger entry facilitation.

At the Department of Commerce, we are focused on the export promotion of tourism. Staff in the Department's Commercial Service, who work in more than 100 offices in the United States and in more than 80 countries worldwide, help to increase U.S. travel exports. This effort is effectively delivered through the Commercial Service's Travel and Tourism Team, which has a total of 125 (74 international and 51 domestic) travel and tourism industry sector specialists. In 2006, the Team partici-

pated in 79 travel and tourism events. Since 2005, the Commercial Service has posted over 735 export successes, accounting for over $61 million in the travel and tourism sector.

Question 4. If additional funding were available for a promotions program, would the Department of Commerce be able to make the travel promotions campaign more effective?

Answer. The Administration believes that promoting travel and tourism is most effective if carried out by the private sector and destinations with funding from the private sector. It is our belief that the resources of the Federal Government are best used in addressing other issues critical to the U.S. travel and tourism industry such as but not exclusive to liberalization of air services, visa issuance and passenger entry facilitation.

Summary of The Tourism Policy Council Review of the Travel and Tourism Advisory Board

[Recommendations to the U.S. Secretary of Commerce—''A National Strategy to Compete for International Visitors: The U.S. Government Response'']

TTAB Recommendation Category 1: Make It Easier for People to Visit	Specific recommendations	Actions taken
Remove Unnecessary Barriers to Travel	Reduce disruption threatened by implementation of WHTI	• Implementation requirements were divided into two phases: requirements for travel by air (January 2007), and requirements for land and sea (2008). • DHS and State worked with travel and tourism stakeholders and the Canadian Government to ensure that travelers were aware of the new passport requirement. • Ninety-four percent of Americans crossing our borders had passports the week before implementation and 99 percent of travelers had passports at the border by the second day after implementation of the air rule. • In the forthcoming Notice of Proposed Rulemaking (NPRM) on WHTI, DHS intends to propose allowing U.S. and Canadian children under the age of 18 to travel with a certified birth certificate rather than a passport or WHTI-compliant identity card under certain circumstances. • State hired more than 250 additional passport adjudicators in the past year, and will hire 86 additional this year to keep up with increased demand for passports as a result of WHTI. • State is working to introduce the Passport Card as a more convenient and cost-effective travel document for U.S. citizens who regularly cross the border. • DHS is working with Canada to expand the NEXUS program for low-risk, pre-vetted travelers, and intends to propose acceptance of the NEXUS, SENTRI, and FAST enrollment documents under WHTI. • DHS has signed a memorandum with the State of Washington to develop an enhanced driver's license that could be used for cross-border travel under WHTI.

Summary of The Tourism Policy Council Review of the Travel and Tourism Advisory Board—Continued

[Recommendations to the U.S. Secretary of Commerce—"A National Strategy to Compete for International Visitors: The U.S. Government Response"]

TTAB Recommendation Category 1: Make It Easier for People to Visit	Specific recommendations	Actions taken
Remove Unnecessary Barriers to Travel	Facilitate issuance of nonimmigrant visas to legitimate travelers; address visa staffing and visa waits; improve overseas visa facilities	• State introduced an electronic visa application form (EVAF) and an Internet-based visa appointment system, and all consular posts have placed appointment wait times online (*travel.state.gov*). • Since 2001 State has created 570 new consular positions worldwide to handle visa demand. Visa processing delays have been cut dramatically. The amount of time it takes to process visas has been reduced to 2 weeks in most cases. Fewer than 3 percent of travelers are subject to additional security reviews in Washington. • All State posts have established mechanisms to expedite visa appointments for legitimate business travelers, students, and international exchange visitors. • State established a Business Visa Center (BVC) to explain the visa process to U.S. companies, convention organizers, and others. • Nonimmigrant visa issuance in FY 2006 rose 8 percent over the previous year, with business/tourist visa issuances increasing 12 percent.
Remove Unnecessary Barriers to Travel	Maintain and expand the Visa Waiver Program	• In November 2006, President Bush announced his intention to work with Congress to reform the Visa Waiver Program. The Administration has determined that reforming the Visa Waiver Program so as to extend participation to countries that demonstrate a commitment to security and meet other criteria that are more flexible than the current standards; thereby facilitating travel to the United States while maintaining security.
Remove Unnecessary Barriers to Travel	Build on the success of US–VISIT to address barriers to air travel.	• The US–VISIT Program has been successful in enabling DHS officers to screen foreign passengers entering the United States against integrated databases that contain information on individuals with criminal, immigration violation, or terrorism-related histories. Between January 2004 and March 31, 2007, DHS processed more than 80 million international travelers through US–VISIT without negatively impacting wait times. • DHS is working to expand biometrics-based exit capability to airports in the United States. This will identify overstays and promote the integrity of the immigration system.

Summary of The Tourism Policy Council Review of the Travel and Tourism Advisory Board—Continued

[Recommendations to the U.S. Secretary of Commerce—"A National Strategy to Compete for International Visitors: The U.S. Government Response"]

TTAB Recommendation Category 1: Make It Easier for People to Visit	Specific recommendations	Actions taken
		• DHS is transitioning from the collection of two fingerprints to a 10-fingerprint collection system, which is a crucial component of the U.S. Government's ability to screen travelers entering or re-entering the United States.
Create a Welcoming First Impression	Staff inspection services; incorporate hospitality in DHS reviews; better coordination with other governments, welcome visitors, and issue accurate and timely communications on requirements	• DHS and State, in partnership with the private sector and State and local governments, have introduced a pilot "Model Airport" program to ensure a more welcoming environment for foreign visitors.
		• Pilot projects at Houston Intercontinental and Washington Dulles International Airports feature 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.
		• DHS and State worked with travel and tourism stakeholders and the Canadian Government to ensure that travelers were aware of the new passport requirement under WHTI.
		• DHS has created a one-stop redress program known as the Traveler Redress Inquiry Program (TRIP) for travelers who have been unduly detained or delayed in the U.S. arrival screening process. As of March 29, 2007, over 3,700 inquiries have been received through the TRIP program.
		• CBP has met with executives of an Orlando destination attraction to discuss CBP's current professionalism initiative process and conducted walk-throughs of the Federal Inspection Stations at Orlando, Houston, and Dulles International Airports.
Provide a Stronger Voice for Travel and Tourism in Government	Create an elevated voice for travel and tourism within government and reinvigorate the Tourism Policy Council (TPC)	• The Secretary of Commerce meets regularly with the private sector Travel and Tourism Advisory Board (TTAB) to discuss travel and tourism industry concerns.
		• The TTAB's recommendations are taken to the Tourism Policy Council (TPC) for policy review and discussion. The TPC is comprised of 17 Federal agencies and is chaired by the Secretary of Commerce.

Summary of The Tourism Policy Council Review of the Travel and Tourism Advisory Board—Continued

[Recommendations to the U.S. Secretary of Commerce—''A National Strategy to Compete for International Visitors: The U.S. Government Response'']

TTAB Recommendation Category 1: Make It Easier for People to Visit	Specific recommendations	Actions taken
		• DHS and State have created the Secure Borders Open Doors Advisory Committee (SBODAC) to represent a broad spectrum of private sector partners from academia, businesses (including travel and tourism-specific businesses), and hospitals impacted by the Rice-Chertoff Initiative (RCI) and its programs.
Discourage Inappropriate Taxes, Fees, and Regulations	Discourage inappropriate taxes and fees	• The policy review of this recommendation is underway.
Discourage Inappropriate Taxes, Fees, and Regulations	Review CBP rates	• The policy review of this recommendation is underway.

Summary of The Tourism Policy Council Review of the Travel and Tourism Advisory Board

[Recommendations to the U.S. Secretary of Commerce—''A National Strategy to Compete for International Visitors: The U.S. Government Response'']

TTAB Recommendation Category 2: Ask People to Visit Us	Specific recommendations	Actions taken
Ask People to Visit Us	Promote a coordinated message that communicates American experience; benefit all regions equally; ensure U.S. is top of mind with travelers	• Staff in the Department of Commerce's (DOC) Commercial Service, working in 108 offices in the United States and in over 80 countries worldwide, serves as the national sales force to increase U.S. travel exports. The Commercial Service has established a Travel and Tourism Team, which has a total of 125 travel and tourism industry sector specialists. • The Administration believes that advertising and promotion should be funded by states, destinations and the private sector.
Ask People to Visit Us	Enhance our national image	• Assistant Secretary of State for Consular Affairs Maura Harty has spoken to business audiences over the past 2 years and reaches out to international audiences during her official travel overseas. • Ambassadors and State officials have been instructed to lead outreach efforts overseas, speaking to business and student groups and placing op-ed pieces in local newspapers to encourage travelers to consider travel and study in the United States.

Summary of The Tourism Policy Council Review of the Travel and Tourism Advisory Board

[Recommendations to the U.S. Secretary of Commerce—"A National Strategy to Compete for International Visitors: The U.S. Government Response"]

TTAB Recommendation Category 3: Demonstrate the Value of Travel and Tourism	Specific recommendations	Actions taken
Demonstrate the Value of Travel and Tourism	Assess methodologies for return on investment measures for marketing campaigns	• The Administration's position is that it is the role of the private sector to assess methodologies for return on investment measures for marketing campaigns.
Demonstrate the Value of Travel and Tourism	Enhance the travel and tourism industry's contributions to the economy and job creation	• DOC is working to open new markets and improve market access in countries like China and Brazil that have great tourism growth potential. • DOC is reviewing additional international growth markets to identify and remove barriers to entry to create the most competitive business climate for the private sector to continue to reach record highs in travel and tourism.
Demonstrate the Value of Travel and Tourism	Measure perceptions of U.S. among international travelers	• The private sector has conducted such studies.
Demonstrate the Value of Travel and Tourism	Support for permanent funding of statistical programs to track ROI	• The DOC is the only source of statistical data on travel and tourism and measures the contribution of travel and tourism to the national economy. • DOC maintains an integrated statistical system that reports international arrivals and expenditures, projects growth in international travel, and through the Travel and Tourism Satellite Accounts, measures the total economic impact of travel and tourism on the economy. Business and government use this information for policy and planning purposes. • The Administration's position is that private sector funding for statistical programs on travel and tourism should be solicited. • A plan for private sector funding has been developed and submitted to industry groups for comments and will be modified and implemented based upon the comments obtained.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO ALFONSO MARTINEZ-FONTS, JR. AND ROBERT M. JACKSTA

Question 1. Can you explain what steps the Department of Homeland Security (DHS) is taking to ensure that international travelers know what to expect during the entry process?

According to the Discover America Partnership, surveys indicate that our inspection process is both confusing and unfriendly. Given the USTTAB report and data from groups like the Discover America Partnership, what steps has the DHS taken to make the entry process welcoming to international travelers?

Answer. DHS/CBP is addressing the issues that were raised by the Discover America Partnership by implementing its Model Ports Initiative, which came about as a result of the Rice-Chertoff Joint Vision Initiative. This initiative envisions the use of the best new technologies and most efficient processes to improve border security, while facilitating travel and welcoming visitors to the United States. Imple-

mentation of the Model Ports Initiative is moving forward at Dulles International and Houston Intercontinental Airports. To date:

- Video monitors have been installed in both Federal Inspection Services (FIS) areas at the Dulles International and Houston Intercontinental Airports to better communicate with the public;
- The CBP Welcome to America video is now operational in the Houston FIS and will be operational in Dulles with a projected date of May 2007. This video explains the entry process;
- The directional signage and banners to guide travelers through the entry process have been installed in both FIS areas; and
- In addition, the Office of Public Affairs has arranged for brochures to be developed and distributed to Houston Intercontinental and Dulles International Airports. These brochures "Welcome to the United States: A Guide for International Visitors" and "CBP Traveler Entry Forms" explain the entry process and provide information to facilitate international travelers through that process. The brochures have been developed and are now being translated into multiple languages. Eventually, these brochures will be distributed to all ports of entry.

Question 2. Would an increase of 200 Customs officers in the 20 international airports with the highest average number of foreign visitors allow the DHS to process travelers more efficiently?

Answer. U.S. Customs and Border Protection (CBP) monitors and tracks the ever-evolving staffing needs at our ports of entry and facilities to ensure there are sufficient resources to accomplish its missions. CBP uses advanced technology, risk management principles and prioritizes its workload to meet staffing requirements.

CBP currently determines the optimal level of staff at ports of entry (POE) by analyzing criteria such as volume, processing times, facility constraints and expansions, number of terminals/lanes, threat and risk factors, and overtime usage. Each Field Office submits quarterly resource submissions to ensure that the proper number of positions is allocated to appropriate areas. These submissions, combined with national and local initiatives and the current financial plan, are the driving factors in allocating personnel.

CBP's Office of Field Operations (OFO) has developed a staffing allocation model for CBP Officers and Agriculture Specialists at POEs. The first phase of the model, focusing on CBP Officer—Air Passenger Processing has been completed and approved by CBP. The second phase, to include the remaining components in air, land, and sea, is under development.

This model will be used as a decision-support tool and national guide for future allocations of resources. The model addresses staffing needs and has the capability of adjusting to changes in workload, processing time, complexity, and threat levels. The primary data driving the model is the recent volume statistics for key Officer and Agriculture Specialist activities.

Question 3. What are your plans for implementing the US–VISIT exit program for air passengers? How will you work collaboratively with the airlines? Do you anticipate that the program will be burdensome on the airlines? If so, how do you propose to alleviate these burdens?

Answer. During FY 2007 DHS will work with Federal partners and stakeholders to refine the operational, policy and technology decisions to complete exit requirements at air ports of entry. It also includes plans to ensure the US–VISIT exit solution is in technical alignment with the CBP and TSA programs. While the initial focus will be on commercial air environments, DHS will also begin work on a sea environment solution that will emulate the technology and operational plans for the commercial air environment.

DHS has begun outreach with the airline industry. The Department is communicating the benefits of this new initiative and efforts to minimize the impact passenger data requirements may have on carriers. DHS is also considering several acquisition strategies.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUYE TO STEPHEN A. EDSON

Question 1. The State Department has made progress in reducing the visa interview wait times in a number of countries. What specific steps did the State Department initiate to reduce those wait times?

Answer. Nonimmigrant visa wait times are affected by numerous factors, including staffing, physical space limitations, changes in demand, and appointment scheduling procedures. As a result, the steps we take to reduce wait times are contingent upon the conditions at each post.

In India, for instance, wait times increased due to high demand this year (India's workload has increased 55 percent compared with the same period last year). U.S. Ambassador David Mulford identified the issue as a main priority and, in coordination with the Department, committed all available Embassy resources to processing applications for nonimmigrant visas. Embassy staff from other departments assisted in visa interviews.

The Department assigned temporary duty officers to India from other parts of the world. These efforts initially resulted in a 52 percent increase in visa processing. While demand will continue to increase, the appointment system now more accurately reflects the workload after this short-term surge of accelerated processing.

Our posts in Brazil also have historically long appointment wait times due to increased demand and limited visa validity. The number of applications has increased dramatically from FY 2004—FY 2006 (more than 100 percent in Brasilia and Recife, over 25 percent in Rio, and almost 100 percent in Sao Paolo) due to an improved Brazilian economy and a favorable exchange rate. Visa validity continues to contribute to increased wait times because the length of validity of visas we issue to Brazilians is limited by the length of validity of visas issued by the Brazilians to Americans traveling to Brazil, thus requiring frequent travelers to reapply at relatively short intervals. Although the topic of expanded visa reciprocity has been raised on several occasions, the Government of Brazil has not yet agreed to lengthen their visa validity. Since April 2007, visa applicants can schedule their interview at any of the consular sections in Brazil according to individual preference, instead of the past system of requiring applicants to be interviewed at the post within their consular district. This system allows applicants to apply where wait times are shorter, thus more effectively balancing the workload between posts.

Wait times in Mexico for H–2 (temporary worker) visas were on the rise, due to increased demand, staffing gaps, and the requirement that all applicants for H–2 visas apply in Nuevo Laredo. Beginning in January of 2007 the Department allowed H–2 applicants to apply at most other Mexican posts, which has decreased wait times countrywide to less than 2 weeks. The Department also sent additional temporary staff to Nuevo Laredo.

Our posts in China also face the same type of increased demand (between 40 and 60 percent compared to the same period last year). In the summer months, as demand increases, posts add additional appointments to decrease wait times: for example, Beijing is currently in the process of adding between 700 and 1,000 additional appointments for July and will add a similar number in August, if necessary. Like many other posts, our China posts manage workload by providing expedited processing for students, exchange visitors, members of the American Chamber of Commerce, and group tourist travel, allowing them to process high-priority cases in a timely manner.

Question 2. What is the goal of the State Department with respect to the maximum time a visa applicant should have to wait for an interview, and what is being done worldwide to achieve this goal?

Answer. In February 2007, the State Department set a global performance indicator that all applicants should receive an appointment for an interview within 30 days, if they so desire. The global performance indicator for student visas and U.S.-interest business visas will be 15 days or less with each post using an expedite channel for appropriate student, international visitor, business, and other cases. Those found eligible for a visa and not requiring additional processing, such as Security Advisory Opinions (SAOs) or fraud investigations, should expect their visa to be issued within two to 3 days after their interview.

Seasonal shifts and variations in conditions at posts, such as unexpected staffing vacancies, security problems, or natural disasters, will affect posts' ability to maintain these standards year-round, but we are committed to making this an achievable mark in most posts. *Force majeure* situations will sometimes leave some posts unable to meet this goal until a new building is in place, or civil unrest abates, or a host government loosens up on staffing restrictions.

In order to meet these standards, the State Department has:

- Committed to opening new consulates in key countries (like Hyderabad, India) while transferring consular positions to high-demand countries like India and China.
- Created 570 new consular positions since September 2001 to meet growing global demand.

- Supported increased visa validity on a reciprocal basis with other countries.
- Mandated an electronic visa application form to promote efficient data entry, and increase the number of applicants each office can interview daily.
- Posted all posts' visa appointment wait times on-line.
- Directed all posts to give students and urgent business travelers priority appointments.
- Opened the Business Visa Center (BVC) to explain the visa process to U.S.-based businesses and to foreign employees, clients and partners who want to travel to the United States. The BVC fielded 3,003 inquiries and assisted 132,618 travelers from January 1 through July 11, 2007.
- Invested in technology to improve data-sharing and speed interagency clearance processing.
- Piloted a web-based appointment system in a number of posts. The ultimate goal is to have one uniform appointment system for all posts, coupled with a fully electronic visa application.
- Planned to implement ten-print fingerscan collection at all posts by the end of calendar year 2007.
- Committed to making the visa process as uniform, efficient, and transparent as possible, while maintaining our borders safe for visitors and citizens.

Question 3. Of the thousands of visas that you have issued, what percentage has been issued to men and women who later turned out to be questionable from a national security standpoint?

Answer. In FY 2006, the State Department issued 6,285,783 visas. Of that number, the Department prudentially revoked 368 visas for reasons relating to national security. In FY 2007 to date, the Department has revoked 294 visas for reasons related to national security. A prudential revocation is not a determination that a foreign national posed a national security risk, but rather a determination that after the visa was issued information came to light indicating that the foreign national needed to apply for a new visa in order to reestablish his or her eligibility.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. DANIEL K. INOUYE TO REX D. JOHNSON

Question. From your perspective, what are the three major obstacles to international visitors coming to the U.S. that we could address in legislation?

Answer.

(1) Lack of a nationally-coordinated marketing campaign to increase the U.S. market share of the global tourism market. While this would probably take at least a couple of years to show any results once the program would be launched, it is the most glaring disadvantage faced by the U.S. in international markets.

(2) Streamlined U.S. immigration and customs inspection procedures with a much more "visitor friendly" philosophy and approach.

(3) Expansion of the Visa Waiver Program to include prime markets such as Korea and Brazil, and more attention to the surging Chinese and Indian markets.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. DANIEL K. INOUYE TO RON PECK

Question. From your perspective, what are the three major obstacles to international visitors coming to the U.S. that we could address in legislation?

Answer. Obstacle #1—Intense competition exists for international visitors.

The United States is sorely lacking when it comes to competing against other countries for the international visitor. Other countries are expending substantial capital to lure potential visitors to their destination. Ireland, Norway, Australia, New Zealand and Japan to (name a few) have deliberate, consistent and strong marketing efforts that include extensive media advertising (television, newsprint, magazine), strong international sales representation, Internet marketing, and international trade show representation. Certain countries even elevate the importance of tourism by establishing a ministry of tourism and establishing it as part of the government's cabinet.

Suggested Solution—Establish a public/private partnership focusing on global marketing promotion efforts. The public/private partnership should not be part of

the U.S. Government but a nonprofit entity tasked specifically to market the U.S.A as a great place to visit. Consider a model similar to Alaska's that blends the marketing and promotion expertise and flexibility of the private sector with input and financial support from the government. Marketing experts could be selected by a nonpartisan panel of government and private sector representatives. These marketing experts would be tasked with specific oversight and development of the marketing effort. Such a system would ensure that the private sector's knowledge of the marketplace, expertise and interests are taken into consideration and acted upon by the nonprofit marketing entity. Additionally, such a system ensures that the implementation and execution of the marketing plan is accomplished efficiently and effectively.

Obstacle #2—Funding an international marketing effort.

Obviously it takes resources—money to operate and carry out this important task. A permanent funding source is imperative.

Suggested Solution—Similar to other locations such as New Zealand, Japan, Mexico, and Canada establish a departure fee. Prior to boarding international flights when leaving the U.S.A., a simple departure tax or assessment of $5 to $10 would be appropriate and could readily fund an international marketing effort. The funds should be dedicated specifically for U.S. international tourism marketing efforts. In the interest of maintaining good relations and commerce with our neighbors, consider waiving the fees for departures to Canada, Mexico and the Caribbean.

Obstacle #3—Challenges with the visa approval process.

Inherent challenges exist with respect to the visa procurement process including:

- Lengthy delays.
- Multiple visits requiring extensive travel and associated travel costs.
- Perception that the U.S.A. is a difficult country to visit and not welcoming.

Suggested Solutions

- Develop a comprehensive communications effort as part of the overall marketing campaign that reaches impacted countries, giving specific detailed information regarding the process for application and approval.
- Consider developing an international registered traveler program. Other countries have developed IRT programs that work to ensure security and allow for focusing attention on lesser known travelers. A good example for Alaska is with Japan and the business traveler volume for commercial fishing related business.
- Expand the Visa Waiver Program to additional countries "friendly" to the U.S.A. such as Korea.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. DANIEL K. INOUYE TO DAVID BORLAUG

Question. From your perspective, what are the three major obstacles to international visitors coming to the U.S. that we could address in legislation?

Answer.

1. America's image problem.
2. Border/port of entry issues for travelers.
3. Lack of coordinated promotion effort.

I believe that following the recommendations of the Discover America Partnership, forming an independent, yet federally-chartered entity funded by an exit fee assessed against all outbound flights will get us back on track with both the first and third issues.

The way we treat our visitors is something. that needs to be addressed with the various government agencies involved, and the spotlight you have brought to this issue with these hearings is a good start.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. DANIEL K. INOUYE TO CHAD PROSSER

Question. From your perspective, what are the three major obstacles to international visitors coming to the U.S. that we could address in legislation?

Answer.

1. Establish a nationally-coordinated program to communicate to international audiences that the United States is open to legitimate international business and leisure travelers and welcomes their travel business.

This program should:

- Communicate to international consumers the improvements that are being made in our country's entry process.
- Promote an umbrella brand for the United States based on those common elements that make our country and culture distinct. Special emphasis should be placed on conveying the diversity of product and scenery that are available within the United States. This is particularly important to smaller states such as South Carolina, which is a secondary market for most international travelers; but which has many niche products of interest to international visitors.
- Be a public/private partnership that maximizes the impact of limited funds for international marketing from Federal, state and local governments, as well as, private-sector sources. Federal appropriations for this program should come from a dedicated, recurring revenue source so that the program can execute a consistent and effective strategy over the long term.
- Be planned and managed by an oversight board comprised of travel industry professionals representing the diversity of the travel industry, including travel service providers, state and local tourism offices, and the small businesses that comprise the bulk of the U.S. tourism industry.

2. Raise the profile of the travel and tourism industry within our Federal Government in order to provide improved public-sector leadership and enhanced coordination among Federal agencies, and with international organizations that impact the travel and tourism industry.

- In most countries, Tourism is the primary portfolio of a ministerial or cabinet-level official. Many U.S. states, including South Carolina, also have a cabinet-level officer with primary responsibility for tourism. Currently, tourism is a small part of a portfolio overseen by a Deputy Assistant Secretary who also has responsibility for many other unrelated industries. I suggest that a new position be created within the Department of Commerce at the *Under Secretary level* to represent the needs of the travel and tourism industry. This position could be created by reallocating existing staff and resources. However, by its elevated status, the new position would ensure that the travel and tourism industry is properly represented within the Federal Government and externally with the industry, international organizations and foreign governments.
- Federal Government support of the travel and tourism industry should focus primarily on policy, research and industry liaison.

3. Create an effective system for tracking international visitors to the United States.

- This critical information is needed to develop market intelligence about the preferences and activities of international visitors.
- Current travel and tourism statistical programs were designed decades ago for the sole purpose of providing balance of trade information. Since that time, international travelers to the U.S. have become an important part of the economies of individual states. Sample sizes in the current system do not give reliable figures on international visitors to individual states, particularly smaller states. This information is needed by states, destinations and the private sector for business planning, benchmarking and accountability purposes. Legislation that improves the collection and sharing of more detailed international visitation data would provide secondary ports of entry with sufficient data to perform meaningful analysis.
- The Federal Government must coordinate data collection on international visitors.

○