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BUILDING SECURE PARTNERSHIPS IN TRAVEL, COMMERCE, AND TRADE WITH THE ASIA-PACIFIC REGION

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BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION SECURITY

OF THE

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BUILDING SECURE PARTNERSHIPS IN TRAVEL, COMMERCE, AND TRADE WITH THE ASIA-PACIFIC REGION

Tuesday, May 8, 2012

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TRANSPORTATION SECURITY,
COMMITTEE ON HOMELAND SECURITY,
Washington, DC.

The subcommittee met, pursuant to call, at 12:30 p.m., in Room 311, Cannon House Office Building, Hon. Mike Rogers [Chairman of the subcommittee] presiding.

Present: Representatives Rogers, Walberg, Walsh, Jackson Lee, and Davis.

Mr. ROGERS. The Committee on Homeland Security, Subcommittee on Transportation Security will come to order. The committee is meeting today to hear different perspectives on how to build secure partnerships in travel, commerce, and trade in the Asia-Pacific region.

Ranking Member Jackson Lee is in a Judiciary hearing right now and will be along in a few minutes, but she has urged me to go ahead and get started. I know we have two panels and we are going to be interrupted by votes, so we are going to try to move it along so the second panel can get their testimony in before a couple of them have to leave for airplanes.

I want to thank all of our witnesses for being with us today. I look forward to your testimony. I know it takes a lot of time and effort to get ready for these things, so I do appreciate that commitment.

Last month, I led a delegation of Members to China, Japan, and South Korea and witnessed first-hand the importance of building new partnerships and continuing to improve existing relationships with the Asia-Pacific region. Strong U.S. engagement with this region is vital to both our economy and security. With such a vast number of people and products transiting through Asia and the United States every day, we rely on these partnerships to strengthen security and to facilitate the movement of people and goods safely and efficiently.

I look forward to today's discussion on cooperation between the United States and the Asia-Pacific region, particularly in regard to the Department of Homeland Security's footprint in Asia, information sharing between DHS and its private-sector partners, as well as the on-going work between the U.S. public- and private-sector entities and their Asia-Pacific counterparts.

The evolving terrorist threat to both commercial and passenger transportation systems requires us to constantly reevaluate how we approach international security in an effort to develop common security standards with our foreign partners in the most critical areas. This hearing is an opportunity to discuss the global partnerships that currently exist as well as new avenues for cooperation to encourage U.S. economic growth.

Again, I want to thank all the witnesses today. When Sheila Jackson Lee arrives, we will recognize her for an opening statement.

Right now, we are pleased to have several distinguished guests before us today on this important topic. Let me remind the witnesses that their entire written statements will appear in the record.

Our first witness is Mr. John Halinski, who currently serves as Assistant Administrator for the Office of Global Strategies at TSA.

Welcome back, Mr. Halinski. You are now recognized for your testimony.

STATEMENT OF JOHN W. HALINSKI, ASSISTANT ADMINISTRATOR, OFFICE OF GLOBAL STRATEGIES, TRANSPORTATION SECURITY ADMINISTRATION

Mr. HALINSKI. Thank you. Good afternoon, Chairman Rogers and distinguished Members of the subcommittee. Thank you for the opportunity to testify before you today.

During the next 30 years, Asia's share of world gross domestic product is expected to grow more than 50 percent. The Asia-Pacific region already accounts for 30 percent of passenger air traffic and 40 percent of freight movement. Such growth in the aviation market requires a more unified transportation security strategy for the region.

Summarizing TSA efforts in the region, I will start with Australia. Within Asia-Pacific, Australia is a vital strategic partner of TSA. We regularly share information, test advance screening technologies, and provide capability, improving training in tandem. Australia has been forward-leaning in the deployment of liquid screening equipment in addition to advanced imaging technology.

In Thailand, TSA has provided capacity development training and compliance support in an effort to raise baseline security at Bangkok's international airport. By coordinating efforts, TSA has successfully supported improvements that have resulted in positive change to the airport's threat rating.

TSA's partnership with Singapore is of critical importance. Singapore influences much of the Asia-Pacific region, particularly as they hold the chairmanship of the ICAO Aviation Security Panel. TSA and Singapore are in the process to establish mutual cargo recognition and a variety of other initiatives.

In China, sustained economic growth and increasing tourism are driving the need for aviation infrastructure development and capacity development. Boeing projects the Chinese aircraft fleet will increase 400 percent by 2030, making China the second-largest market for aircraft worldwide. Investment in China's aviation industry is likely to reach $230 billion in the next 5 years.

TSA is seeking new ways to engage with China and its Civil Aviation Administration. For example, TSA recently joined the Aviation Cooperation Program, or ACP, a robust public-private partnership between our countries. Hosted by the ACP, the 2011 U.S.-China Aviation Summit identified technical, policy, and commercial interests between the United States and China. Participants discussed topics such as international cooperation, airport development, air cargo infrastructure, and general aviation. In promoting specific commercial opportunities for U.S. businesses, TSA hopes to introduce U.S. security and safety technologies and operations to improve in aviation interests.

As Korea and Japan grow as major tourist transit points, it is critical that threats from other countries within the region be mitigated by using intelligence-based security measures. Korea's aviation market also has grown significantly. Its largest airport, Incheon International, was designed to handle 39 million passengers, but growth forecasts have rapidly exceeded that. Incheon is now being expanded in several phases to make it the largest hub in Asia, with an annual capacity of 100 million passengers and more than 7 million tons of cargo per year.

In May 2010, TSA and its Korean counterpart began establishing a formal bilateral cooperation group. Areas of mutual interest include joint airport inspections and collaboration on policy and technology for screening liquids, aerosols, and gels. I will also attend an Aviation Security Cooperation Group meeting in Seoul in 2 weeks.

Korea was the first country in the Asia-Pacific to purchase and deploy advanced imaging technology. The rollout of this equipment occurred just before the 2010 summit. TSA hopes to continue the collaboration on technology with Korea.

Going forward, TSA is coordinating efforts to engage with Japan on aviation security efforts, particularly as a regional partner in enhancing baseline aviation security in less capable countries. In addition to bilateral relationships, TSA engages with international partners via multilateral organizations, including the Asia-Pacific Economic Cooperation. The most important multilateral organization TSA engages with for the Asia-Pacific, though, is the International Civil Aviation Organization, or ICAO, a subsidy of the United Nations. TSA encourages Korea and Japan to play a more active role in ICAO and supports these nations as aviation security leaders in the region.

One of TSA's cornerstone programs in the international air cargo arena is the recognition of commensurate national cargo security programs. This program permits operators to accept cargo screened and secured further back in the supply chain and decreases the rescreening requirements at last-points-of-departure airports.

TSA has engaged China, Korea, and Japan on strengthening supply chain security. Key initiatives include developing baseline technology, defining high-risk cargo, appropriate mitigation methods, and further development of regulated agent and known consignor programs.

Thank you for the opportunity to appear today before you.

[The prepared statement of Mr. Halinksi follows:]

PREPARED STATEMENT OF JOHN W. HALINSKI

APRIL 18, 2012

Good afternoon Chairman Rogers, Ranking Member Jackson Lee, and Members of the subcommittee. Thank you for the opportunity to testify today about the Transportation Security Administration's (TSA) international cooperation on transportation security, challenges we face, and areas for improved partnerships that will promote both security and commerce.

TSA recognizes the significance of the growth in the Asia-Pacific region given that it is expected for the region's share of global GDP to increase significantly over the next 30 years. This will likely result in significant increases in the transportation sector as people and goods move to, from and within the region. With industry projecting that Asia-Pacific countries will account for roughly half of the world's air traffic growth by 2030, TSA has made a concerted effort to engage with the major economies of the region, including China, Korea, and Japan.

THE PEOPLE'S REPUBLIC OF CHINA

China's civil aviation sector has undergone significant development in the last two decades and continues on a fast-paced upward trajectory. Sustained economic growth and increasingly high tourism rates have driven the need for infrastructure development and capacity building in its aviation sector. With such expansion in the aviation sector, China is an important partner for TSA both on a bilateral basis and as a player in the transportation sector. TSA actively seeks new ways to engage with China and, in 2011, became a member of the Aviation Cooperation Program (ACP) which is a public-private partnership between the U.S. Government, the Chinese Government, U.S. industry, and the Chinese aviation industry.

In 2011, the ACP hosted the U.S.-China Aviation Summit to address areas of continued growth and partnership in aviation development between the two nations. Participants in the summit discussed airport development, air cargo infrastructure, airport and aircraft security, general aviation, air traffic management, airline operations and training opportunities. In promoting specific commercial opportunities for American businesses and expanding overall trade opportunities in China, TSA hopes to introduce U.S. security and safety technologies and operations that can improve immediate and long-term aviation interests globally.

TSA also hopes to work with its Chinese counterparts, the Civil Aviation Administration of China (CAAC) on aviation security technology development and standards including collaboration on product capability, standards, quality control and maintenance in order to harmonize the capabilities and standards of Chinese manufactured aviation security equipment to complement screening technologies internationally. Chinese technology experts currently test and qualify U.S.-manufactured equipment as part of the tendering process for equipment bids in China. In concert with these activities, TSA will continue testing aviation security equipment from Chinese companies to promote greater partnership in this area.

Going forward, TSA and its Chinese counterparts have agreed to exchange information and best practices regarding a number of aviation security programs including behavioral detection, supply chain security, and airport design. Additionally, both sides have committed to work toward harmonization in future multilateral forums. While the goal of "harmonization" is lofty, TSA will begin progress in this area by simply sharing positions in advance with CAAC and soliciting their comment/input for the upcoming International Civil Aviation Organization (ICAO) Assembly. To this end, Administrator Pistole recently met with CAAC counterparts in September 2011 and hopes to personally visit Beijing this year for an expanded conversation. Assistant Administrator Halinski also visited CAAC in Beijing in March 2012 and will return to China in May to participate in the China Civil Aviation Forum.

THE REPUBLIC OF KOREA

As a result of rapid economic growth, high exports, and increased tourism, Korea's aviation market has grown significantly. In May 2010, TSA and its Korean counterpart, the Ministry of Land, Transport, and Maritime Affairs (MLTM), signed a Terms of Reference establishing a formal bilateral cooperation group through which the two entities could pursue multiple work streams for consideration and possible action. Areas of particular mutual interest between the two countries include joint airport inspections and collaboration on policy and technology for screening of Liquids, Aerosols, and Gels (LAGs). The next Aviation Security Cooperation Group meeting is scheduled to take place in May 2012 in Seoul and will be attended by

Assistant Administrator Halinski. Administrator Pistole met with his MLTM counterpart for bilateral discussions at an ICAO meeting in Malaysia during January 2012. In addition, Korea was the first Asia-Pacific country to have purchased and deployed Advanced Imaging Technology (AIT). TSA assisted its Korean counterparts by providing resources and information regarding the technology and background information regarding U.S. studies on the equipment particularly in Automated Target Recognition for AIT and LAGs screening equipment. In addition to these activities, TSA has provided enhanced security measures on flights to Seoul during the lead-up to major international events including the G20 and Nuclear Security summit.

JAPAN

With its multiple international airports, eleven of which have last point of departure (LPD) service to the United States, Japan is considered a regional transportation hub and is a strong aviation security leader in international and multilateral fora. Following the March 2011 earthquake, tsunami, and subsequent Fukushima nuclear incident, Japan has focused its efforts inward on recovery and stabilization. Funding previously designated for aviation security infrastructure investments, particularly screening equipment such as AIT, has been reallocated to recovery efforts. While TSA had no direct role in disaster recovery, the incident highlighted the strong relationship shared with Japan, evident though constant communication and coordination.

TSA is coordinating efforts to re-engage with Japan on aviation security, particularly as a regional partner in enhancing baseline aviation security in other Asia-Pacific countries. Japan is active within the Association of Southeast Asian Nations (ASEAN) and regularly invites TSA subject matter experts to participate in the aviation security working group. Japan's Civil Aviation Bureau has also requested that TSA work on capacity building with the Japan International Cooperation Agency (JICA), which conducts aviation security training and hosts training sessions for a wide spectrum of nations. TSA participated in JICA training in February 2010 and has been offered the opportunity to participate in extended training at the Yokohama facility in the future. TSA intends to harmonize capacity development efforts to maximize the value of both USG and Japanese efforts.

MULTILATERAL ENGAGEMENT

In addition to our bilateral relationships, TSA engages with international partners via multilateral fora, including the Asia-Pacific Economic Cooperation (APEC), which supports sustainable economic growth and prosperity in the region with the collaboration of 21 economies. APEC also works to advance transportation security through the APEC Counter-Terrorism Task Force (CTTF) and the Transportation Working Group (TPTWG). Through key projects and proposals, TSA seeks to advance information sharing, capacity building, and public awareness in areas such as canine screening, cargo security, bus transportation anti-terrorism practices, and checkpoint optimization measures while encouraging economic development. APEC representatives from Japan, China, and Korea have engaged in these efforts by providing expert knowledge and feedback that help shape agendas to best address the needs of the participating economies while benefiting from the exchange of information and best practices on key transportation security issues.

From a global perspective, the most important multilateral forum with which TSA engages is ICAO, a subsidiary of the United Nations and aviation's international governing body. As the U.S. Government's representative to the ICAO Aviation Security Panel of Experts (AVSECP), TSA works with other international representatives to shape international aviation security standards on important issues such as cargo security and coordination of capacity development.

STRENGTHENING INTERNATIONAL COOPERATION

While transportation security varies from country to country, China, Korea, and Japan are leaders within the Asia-Pacific region. All three countries are compliant with baseline ICAO requirements following routine TSA airport assessments and air carrier inspection and are considered to have a strong security posture by TSA's international compliance branch.

A significant ICAO initiative to strengthen baseline aviation security is centered on promoting air cargo supply chain security practices amongst ICAO member-states. These efforts focus on defining high-risk cargo and appropriate mitigation measures, known consignors, and regulated agent security standards. Regulated agent programs are a widely-accepted baseline security measure implemented by

many member-states, though there is significant room for growth to expand and strengthen these principles in the region.

TSA's efforts are directly aligned with the *National Strategy for Supply Chain Security* and TSA's risk-based security approach for the aviation sector. Developed in close coordination with industry stakeholders, these efforts coalesce in a consistent message from both the U.S. public and private sector and enhance both the security and facilitation of commerce. To this end, TSA works to recognize National Cargo Security Programs (NCSPs) around the world in order to further strengthen international air cargo arena security regimes. This effort allows operators to accept cargo screened and secured throughout the supply chain, decreases the re-screening requirements at last-point-of-departure airports, limits backlogs, and facilitates commerce. TSA has been coordinating with Japan and is working with Korea to identify potential paths forward. We plan to engage China on a bilateral basis to evaluate their supply chain security systems, promote solutions which increase global security, and allow for the facilitation of international commerce.

CONCLUSION

TSA plans to continue strengthening supply chain security with China, Korea, and Japan. In addition to NCSP recognition, TSA will work to develop baseline technology standards and define high-risk cargo and appropriate mitigation methods. TSA also hopes to leverage the strength of China, Korea, and Japan across the Asia-Pacific region to harmonize training, capacity improvement, and outreach to developing countries. TSA will utilize multilateral fora such as APEC and ICAO, as well as bilateral engagement, to strengthen baseline international security standards while continuing to develop partnerships within the region.

Thank you for the opportunity to appear before you today to discuss TSA's cooperation with international partners on transportation security, challenges we face, and areas for improved relationships that will promote the free and secure flow of travelers and commerce.

Mr. ROGERS. Thank you, Mr. Halinski, for your testimony. We appreciate you being here today. I know your time is valuable.

Our second witness is Mr. Mark Koumans, who is the Deputy Assistant Secretary of the Office of International Affairs, the Office of Policy at DHS.

The Chairman now recognizes Mr. Koumans for his testimony.

STATEMENT OF MARK R. KOUMANS, DEPUTY ASSISTANT SECRETARY, OFFICE OF INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. KOUMANS. Good afternoon, Mr. Chairman and distinguished Members of the subcommittee. Thank you for the opportunity to discuss the Department's engagement in the Asia-Pacific region.

It is a pleasure to testify next to John Halinski, with whom I am in touch weekly, if not daily, as well as Ambassador Klemm, with whom I worked closely while he was coordinator for rule of law and law enforcement at the U.S. Embassy in Afghanistan.

Four of the top 10 U.S. trading partners—China, Japan, South Korea, and Taiwan—are in the Asia-Pacific region. Japan, Australia, and South Korea represent three of the top nine participants in the Visa Waiver Program, accounting for some 4.5 million visitors to the United States a year. Security treaties tie us to five allies in the region, and so DHS must work closely with partners in the region to safeguard our transportation networks, interdict threats, and facilitate trade and travel.

Today's interconnected world means that seemingly isolated events often have transnational origins and global consequences. Although the flow of goods, ideas, and people sustains our economy and promotes our interests, it also creates borderless security chal-

lenges. We share a vested interest in the region's stability, security, and prosperity.

We work with our partners to identify, detect, prevent, and respond to threats which endanger the United States and our allies. We are deepening and broadening our relationships with partners like Australia, Japan, and South Korea. We are building new partnerships with countries like China, Indonesia, and Malaysia. We are leveraging the momentum of APEC. Last week, Secretary Napolitano traveled to Australia and New Zealand, where she concluded several texts to cooperate more closely. In April, Deputy Secretary Jane Holl Lute traveled to Japan and India, and Assistant Secretary Bersin also visited Singapore and Malaysia.

I would like to highlight just a few of our regional efforts.

Trusted Traveler and Trusted Trader programs facilitate the secure movement of people and goods and help address the exploitation of the global supply chain. We are expanding the Global Entry program, as the Secretary said, in Canberra and Wellington. Global Entry allows expedited clearance for pre-approved low-risk air travelers upon arrival.

Customs and Border Protection's Customs-Trade Partnership Against Terrorism, or C–TPAT, is a major incentive for enhancing security for manufacturers and shippers. CBP conducts on-site validation of their facilities to help defeat supply chain disruptions. Companies benefit from expedited customs clearance. Mutual recognition agreements exist with Japan, New Zealand, and South Korea, and we have pilot programs in China.

As DHS builds our security programs, we find that we have ready partners in Asia-Pacific to address our law enforcement challenges. Our ICE and Secret Service officers stationed in the region work with their counterparts to disrupt criminal organizations, including those that present potential terrorist threats. DHS focuses its efforts on human smuggling, child sex tourism, smuggling, and counterfeiting, including counterproliferation, and intellectual property rights violations. Our efforts to disrupt and deter these security threats also strengthen the disruption and deterrence of transnational terrorists. In partnership with DOD and State, DHS shares knowledge and expertise with its Asia-Pacific partners via training programs.

I would also like to highlight the importance of information-sharing arrangements, such as our Preventing and Combating Serious Crime, or PCSC, agreements. PCSC agreements are part of the Visa Waiver Program's information-sharing requirements. We have signed agreements with Australia, South Korea, and Taiwan, and we have a substantially agreed text with New Zealand. We are seeking agreements with Brunei, Japan, and Singapore.

By building cooperative relationships and promoting capacity building, DHS is helping to raise the standard for regional transnational security and advancing our own security. We are committed to a DHS presence and support for partners in the region. DHS and United States leadership and engagement in the Asia-Pacific region is essential to our long-term security. The growth in Asia-Pacific will inevitably present both challenges and opportunities for the United States. DHS is committed to seizing opportunities and meeting those challenges.

Chairman Rogers and distinguished Members of the subcommittee, thank you again for the opportunity to testify. I have submitted a written statement that I am grateful you indicated would be included in the record. I would be happy to answer your questions.

[The prepared statement of Mr. Koumans follows:]

PREPARED STATEMENT OF MARK R. KOUMANS

APRIL 18, 2012

INTRODUCTION

Good afternoon, Chairman Rogers, Ranking Member Jackson Lee and distinguished Members of the committee. Thank you for the opportunity to discuss the Department of Homeland Security's engagement in Asia-Pacific, a dynamic region of integral importance to the Department's mission abroad.

As a diverse region, encompassing a broad range of cultures, societies, and economies, Asia-Pacific shares many common interests with the United States. The Department of Homeland Security (DHS) engagement in the region is predicated on a belief that we must work closely with regional counterparts to safeguard our shared transportation networks, interdict threats before they reach America's shores, and facilitate legitimate trade and travel.

The interconnected nature of world economies and international infrastructure means that seemingly isolated events often have transnational origins and global consequences. The increased flow of goods, ideas, and people around the world and across U.S. borders helps sustain our economy and promote our interests, but also creates security challenges that are increasingly borderless and unconventional. These trends are particularly evident in Asia-Pacific, where rapid economic growth is coupled with an array of non-traditional security threats. The attempted bombing of Northwest Flight No. 253 on December 25, 2009, and the subsequent air cargo plot that was exposed in October 2010, demonstrated that U.S. homeland security is interdependent with the security of other nations, and these threats can come from a variety of sources.

OVERARCHING ENGAGEMENT PRIORITIES

Before delving into the specifics of the Department's activities in Asia-Pacific, I would like to address the overarching guidance that drives our engagement abroad. The Department's first Quadrennial Homeland Security Review (QHSR), released on February 1, 2010, clearly states our five priority missions. Mission No. 1 is preventing terrorist attacks against the United States and the American people. DHS also integrates preventing terrorism into its four other primary missions—securing and managing our borders, enforcing and administering our immigration laws, safeguarding and securing our cyberspace, and ensuring resilience to disasters of all kinds.

Internationally, DHS accomplishes these five missions by:

- Working with international organizations to adopt common security standards;
- Developing agreements with key partner states to implement high security standards; and
- Enabling or encouraging partners to enhance security through concrete steps.

In order to prevent threats from reaching the homeland from abroad, we work with our international partners to try to identify, detect, prevent, and respond to threats. Many of them threaten not only the United States but also our allies, with whom we have made common cause in the struggle against the threat of terrorism. To this end, we work with foreign partners to respond operationally to security threats and to share knowledge and expertise that will ultimately improve our respective capabilities.

IMPORTANCE OF ASIA-PACIFIC TO DHS

As an Asia-Pacific country, the United States shares a vested interest in the region's stability, security, and prosperity. This interest is amplified by Asia's growing role as an engine for global economic growth, and its increasing engagement in transnational security issues. Today, the United States enjoys extensive trade and travel linkages with a number of countries in the region, including four of our top ten trading partners—China, Japan, South Korea, and Taiwan—and counts five treaty allies: Australia, Japan, the Philippines, South Korea, and Thailand.

This degree of economic interdependence makes securing and facilitating the legitimate movement of goods and people between the United States and Asia a matter of paramount importance. Our shared interests in protecting and promoting global prosperity have enabled DHS to forge strong working relationships with many regional counterparts, and create opportunities for expanded engagement across the entire homeland security mission set.

Despite the Asia-Pacific region's tremendous growth, the region still faces some of the most pressing security challenges of the 21st Century, including many nontraditional threats such as terrorism, cyber attacks, violent extremism, piracy, arms trafficking, and transnational crime. These challenges are compounded in some parts of the region by lack of effective border and immigration controls. Recent terrorist activity in Southeast Asia, including the disrupted plot in Bangkok in February 2012, indicate that, despite significant progress since 9/11, the region still faces serious threats. This, in turn, demands proactive and sustained engagement to build capacity, elevate security standards, and develop collaborative solutions for transnational challenges.

DHS ENGAGEMENT IN ASIA-PACIFIC: SIGNIFICANT PARTNERS, MYRIAD CHALLENGES

DHS engagement in Asia-Pacific is nested within the administration's broader strategy to increase American strategic engagement in, and focus on, Asia. In particular, the Department seeks to deepen and broaden relationships with its counterparts in Japan, South Korea, and Australia; build new partnerships with its counterparts in China, Indonesia, and Malaysia; and develop robust operational cooperation to address transnational threats.

Working bilaterally, and through multilateral fora such as the Asia-Pacific Economic Cooperation forum (APEC), DHS pursues a series of objectives within the region:

- Deny physical, ideological, or virtual safe havens to terrorists, violent extremists, and transnational criminals;
- Establish secure travel corridors that identify and criminals or terrorists while facilitating legitimate travel;
- Develop a safe, secure, efficient, and resilient supply chain;
- Promote robust information sharing arrangements that facilitate law enforcement cooperation while ensuring the protection of privacy in accordance with U.S. law and DHS policy;
- Develop mature bilateral dialogues on cybersecurity; and
- Enhance regional disaster response and emergency management capabilities.

DHS prioritizes its regional engagement based on a dynamic threat environment, vulnerabilities, and U.S. National security and foreign policy objectives.

DHS PROGRAMS IN THE ASIA-PACIFIC REGION

DHS works with our partners in the region to build a framework that shares security costs and responsibilities. Regional cooperation in the areas of port and border security capacity, combined with a general regional commitment to more enhanced cooperation, allows DHS to utilize a wide range of programs to address the rapidly evolving challenges of Asia-Pacific. I would like to highlight a few of our regional efforts.

Port Environment

The United States Coast Guard (USCG), working within the framework of the International Ship and Port Facility Security (ISPS) Code encourages bilateral and multilateral discussions throughout the region in an effort to exchange information and share best practices that align implementation and enforcement requirements to international maritime security standards. The USCG works closely with all of our regional trading partners including its partners in China, Japan, and South Korea, to promote reasonable and consistent implementation and enforcement of the ISPS code for enhanced maritime security in countries (and ports) that participate in global trade. The USCG also leads multilateral efforts to promote maritime safety and law enforcement through participation in and promotion of the North Pacific Coast Guard's Forum.

Air Environment

As we look at the geography of Asia-Pacific, it becomes immediately apparent that secure travel means aviation security. Passenger and air cargo movements are growing rapidly—the region surpassed North America as the largest aviation market in 2009, and in 2011, 10 of the top 30 airports, measured in terms of passenger travel, are in Asia-Pacific. The security of this travel requires the same standards for vigilance and due attention to security that we work to develop with our European part-

ners. The Transportation Security Administration (TSA) has developed an effective series of programs such as the intelligence-driven, risk-based screening methods Foreign Airport Assessment program, which Mr. Halinski will address, and DHS components deploy effective personnel, port and border security efforts, multiple layers of security structure.

The Immigration Advisory Program (IAP) is a partnership between DHS's U.S. Customs and Border Protection (CBP), foreign governments, and commercial air carriers to identify and prevent high-risk travelers who are likely to be inadmissible into the United States from boarding U.S.-bound flights. CBP officer teams are stationed or deployed on a temporary basis to work with foreign law enforcement and air carriers at key airports in host countries. The Immigration Advisory Program (IAP) teams in Asia-Pacific assess passengers and their documentation with targeting support from the CBP National Targeting Center to identify high-risk passengers. The CBP officers provide the on-site capability to question and assess travelers and serve as a direct liaison with foreign authorities. The IAP has been in operation at Tokyo-Narita since January 2007 and deployed to Seoul-Incheon from January 2008 and June 2011. From 2007, the IAP has provided 1,945 no-board recommendations to air carriers on flights from those locations. Identifying these high-risk travelers before they made it to the United States addressed potential threats before they reached our borders.

DHS programs also include Trusted Traveler and Trusted Trader programs that are essential for our international engagement in the region. These programs facilitate the secure movement of goods and people wherever they have been applied and represent essential steps forward in broader international security. These programs are the core elements that enable DHS to secure the Nation against the direct threat of transnational crime against the homeland—including the movement of terrorists—and secure the Nation against the exploitation of the global supply chain for illicit purpose. Global Entry is a U.S. program for U.S. citizens, lawful permanent residents, and growing number of foreign citizens that allows expedited clearance for pre-approved, low-risk air travelers upon arrival. The President's January Executive Order Establishing Visa and Foreign Visitor Processing Goals and the Task Force on Travel and Competitiveness supports development of similar partner nation programs and the potential for mutual recognition arrangements. These mutual recognition arrangements greatly facilitate movement through immigration control for pre-vetted international travelers. More importantly, these arrangements will allow the United States and our Asia-Pacific partners to focus our security efforts on those individuals about whom we know the least. CBP is in the process of establishing a mutual recognition arrangement with South Korea, and we see additional opportunities for expanding these arrangements with Australia, New Zealand, Japan, and Singapore. We are also working on providing Asia-Pacific Economic Community (APEC) Business Travel Cards to eligible U.S. citizens participating in CBP's trusted traveler programs. This will enable them to use dedicated entry lines at participating APEC economies and speed up our mutual private sector exchange. In addition, as my colleague Mr. Halinski will testify, TSA has efforts underway to achieve mutual recognition of air cargo security programs with foreign partners, effectively according them Trusted Trader status.

Supply Chain Security

In line with the recently released National Strategy for Global Supply Chain Security, DHS is working with key partners to develop regional commitment to efficient, secure, and resilient global supply chains Secretary Napolitano signed joint statements with New Zealand in 2011 and just recently with Singapore on April 11, with the intent of expanding on our already solid bilateral cooperative relationships by facilitating legitimate trade and travel, while preventing terrorists from exploiting supply chains; protecting transportation systems from attacks and disruptions; and increasing the resilience of global supply chains.

For example, through CBP's Customs Trade Partnership Against Terrorism (C–TPAT), DHS participates in on-site validations of manufacturing and logistics facilities to enhance cargo security in 97 countries. Mutual recognition between C–TPAT and the Authorized Economic Operators programs of our Asia-Pacific partners is a sharp incentive for enhancing security for the manufacturers and shippers that voluntarily participate in the program. Over the last 4 years, DHS has established mutual recognition of these programs with Japan, New Zealand, and South Korea. Pilot programs in China and other states are also promoting higher standards of security within the private sector with the objective of preventing costly disruption to international trade and commerce.

The Container Security Initiative (CSI) continues to be a highly successful program in partnership with foreign authorities to identify and inspect high-risk cargo

containers originating at ports throughout the world before they are loaded on vessels destined for the United States. Key Asia-Pacific partners include high-volume ports in China, Japan, Sri Lanka, the Philippines, South Korea, Malaysia, and Singapore.

As DHS continues to build upon cooperative security programs, we find that we have ready partners in Asia-Pacific to address cross-cutting challenges to our law enforcement activities. Our U.S. Immigration and Customs Enforcement (ICE) and U.S. Secret Service officers stationed in the region develop relationships and work with their local counterparts to disrupt criminal organizations, including potential terrorist threats. We focus our investigatory efforts on many forms of smuggling and counterfeiting including counter-proliferation, child sex tourism, intellectual property rights violations, and human smuggling. These criminal efforts would use many of the same gaps and weaknesses that violent extremists seek to exploit. Our efforts to disrupt and deter these non-traditional security threats also strengthen disruption and deterrence of the transnational terrorist.

Information Sharing Collaboration

I would also like to highlight the importance of information sharing arrangements such as our Preventing and Combating Serious Crime (PCSC) agreements with Asia-Pacific countries that are members of or seeking designation in the U.S. Visa Waiver Program. PCSC agreements establish the framework for a new method of law enforcement cooperation by providing each party electronic access to their fingerprint databases on a query (hit/no hit) basis. The agreement exemplifies the type of cooperative law enforcement partnership that enhances both sides' ability to more quickly and efficiently prevent and investigate crime and prevent the entry of criminals and terrorists into our respective countries. We have signed PCSC agreements with Australia, South Korea, and Taiwan, and are seeking similar such agreements with Brunei, Japan, New Zealand, and Singapore.

States in Asia-Pacific as disparate as Australia, Indonesia, Malaysia, and Japan are increasingly adopting sophisticated standards for positively identifying individuals, particularly criminals. DHS has worked with the Department of State, Department of Justice, and our partners in the region to develop collaborative programs, including assistance efforts where appropriate, to prevent the free movement of bad actors across international borders. The Philippines biometric initiative is a great example of cooperative sustained efforts to prevent potential criminal or terrorist travel. As part of this effort, an ICE Visa Security Unit worked directly with Philippine law enforcement units to catalogue biometric data on individuals convicted of terrorist acts.

By building cooperative relationships and promoting capacity building, DHS is helping to raise the standard for regional transnational security and, more importantly, concretely advancing the security of the United States. But, there is still important work to be done. Our aim in Asia-Pacific is to facilitate the development of a model for secure trade and travel. We applaud the Malaysian passage of their 2010 Strategic Trade Act, aimed at counter-proliferation and smuggling of strategic goods, but we must also work with our Malaysian customs counterparts in sharing best practices and practical solutions to the challenges that they face based on our experience in implementing export control legislation. We must also continue to develop and contribute to information-sharing arrangements, including PCSC agreements, in order to prevent the free movement of known threats and risks while ensuring the protection of privacy and civil rights. And we must remain committed to DHS presence and support for partners in the region.

CONCLUSION

United States leadership in the Asia-Pacific region is essential to our long-term security and DHS will continue to play an important role. The dramatic growth of Asian economies and our many linkages with the region require a proactive cooperative approach that anticipates sustained long-term growth while minimizing transnational threats. The growth in Asia-Pacific will inevitably present both significant challenges and opportunities for the United States. DHS is committed to meeting these challenges and seizing opportunities through comprehensive international engagement.

Chairman Rogers, Ranking Member Jackson Lee, and distinguished Members of the House Committee, let me conclude by reiterating that I look forward to exploring opportunities to advance our cooperation with Asia-Pacific partners. Thank you again for this opportunity to testify. I would be happy to answer your questions.

Mr. ROGERS. Thank you, Mr. Koumans, for your testimony.

Our third witness is Ambassador Hans Klemm. He is the economic coordinator and senior U.S. official for Asia-Pacific economic cooperation at the U.S. State Department.

The Chairman now recognizes Ambassador Klemm for his testimony.

STATEMENT OF HANS G. KLEMM, ECONOMIC COORDINATOR, U.S. SENIOR OFFICIAL FOR ASIA-PACIFIC ECONOMIC COOPERATION, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. KLEMM. Good afternoon. Thank you, Chairman Rogers and distinguished Members of the subcommittee. I am grateful to have this opportunity to testify before you today on building secure partnerships in travel, commerce, and trade with the Asia-Pacific region.

As President Obama and Secretary Clinton have underscored, much of the history of the 21st Century will be written in Asia. Secretary Clinton, in recognition of this, took her first overseas trip as Secretary of State to Asia in 2009 and has returned to the region 10 times since. I was pleased to hear and learn, Mr. Chairman, that you were also able to lead a fact-finding delegation to China, the Republic of Korea, and Japan just last month.

We are constantly striving to strengthen our economic and security partnerships in Asia. For example, last week the U.S.-China Strategic and Economic Dialogue took place. This is an important bilateral forum that allows the United States to address a wide range of issues with China. Also, the United States-Korea Free Trade Agreement recently entered into force, which will create substantial new opportunities for U.S. exporters to sell more American goods, services, and agricultural products to Korean consumers and support tens of thousands of new export-related jobs here at home.

In addition, the United States and Japan recently issued a Joint Statement on Global Supply Chain Security, which outlines ways to cooperate more closely to strengthen the security and resiliency of the global supply chain and promote the timely, efficient flow of legitimate commerce. Together, our two countries seek to ensure that regional and global supply chains are prepared for and can withstand evolving threats and hazards and can recover rapidly from possible disruptions from acts of terrorism or natural disasters.

These are just a few ways in which we engage bilaterally in this region.

Another vital component of our strategic pivot toward Asia has been the United States' elevated engagement with regional institutions, including the Association for Southeast Asian Nations and the forum for Asia-Pacific Economic Cooperation, or APEC. ASEAN sits at the center of many of the region's multilateral institutions, and we are taking steps to broaden and deepen our already strong partnership with this organization.

APEC, on the other hand, is also particularly important to the United States because it is our primary platform for multilateral engagement with the Asia-Pacific on economic interests. APEC works to secure the region's transportation networks, enhance the security and resilience of supply chains, and help protect the re-

gion's economic and financial infrastructure from attack or misuse. Because of its economic focus, APEC seeks ways to strengthen security while also facilitating the flow of legitimate travelers and commerce.

Today we face a challenge of continuing to promote both the prosperity and security of the United States as well as of the Asia-Pacific region. We are looking for new ways to collaborate and form partnerships, both bilaterally and multilaterally, with the international community. In the global society in which we live, America's future success now intrinsically is linked to the success of others.

Thank you, Mr. Chairman, for the opportunity to appear before you and the subcommittee today to discuss building secure partnerships in travel, commerce, and trade with the Asia-Pacific region. I am happy to answer any questions.

[The prepared statement of Mr. Klemm follows:]

PREPARED STATEMENT OF HANS G. KLEMM

MAY 8, 2012

Good afternoon Chairman Rogers, Ms. Jackson Lee, and distinguished Members of the subcommittee. Thank you for the opportunity to testify before you today on building secure partnerships in travel, commerce, and trade with the Asia-Pacific region.

It is my pleasure to be here with my colleagues, Deputy Assistant Secretary Mark Koumans from the Department of Homeland Security and Assistant Administrator for Global Strategies John Halinski from the Transportation Security Administration.

As President Obama and Secretary Clinton have underscored, much of the history of the 21st Century will be written in Asia. Secretary Clinton took her first overseas trip as Secretary of State to Asia in 2009 and has returned to the region ten times since. I was pleased to hear that Chairman Rogers led a fact-finding Congressional delegation to China, the Republic of Korea, and Japan just last month. The United States is committed to building mature and effective partnerships in the Asia-Pacific region that can mobilize common action and settle disputes peacefully, so that we can work toward fostering rules and norms that help manage relations between peoples, markets, and nations, and establish security arrangements that provide stability and build trust. We believe that now is the time to make the necessary investments towards ensuring a robust and coherent cooperative environment in the Asia-Pacific and that America's future success will be dependent on the success of the region as a whole.

The world of the 21st Century is increasingly linked by new technologies, rapid increases in international trade and financial flows, global supply chain networks, and the rapid proliferation of competitive companies. It poses both tremendous opportunities for trade and investment—and job creation—as well as new challenges. The United States is working to build a seamless economy in the Asia-Pacific by finding practical and concrete ways to strengthen regional economic integration, expand trade, and advance regulatory cooperation and convergence. Participating in Asia's growth is central to our economic prosperity, as it is one of the fastest growing regions and withstood the 2008 economic crisis better than the rest of the world.

We are constantly striving to strengthen our bilateral relations, which form the basis for many of our economic and security partnerships in Asia. Last week, the U.S.-China Strategic and Economic Dialogue convened. This is an important bilateral forum that allows the United States to address a wide range of issues with China. Also, the U.S.-Korea Free Trade Agreement recently entered into force, which will create substantial new opportunities for U.S. exporters to sell more American goods, services, and agricultural products to Korean customers and support tens of thousands of new export-related jobs here at home. In addition, the United States and Japan recently issued the U.S.-Japan Joint Statement on Global Supply Chain Security, which outlines ways to cooperate more closely to strengthen the security and resiliency of the global supply chain and promote the timely, efficient flow of legitimate commerce. Together, our two countries seek to ensure that regional and global supply chains are prepared for, and can withstand, evolving

threats and hazards, and can recover rapidly from possible disruptions such as terrorism and natural disasters. These are just a few ways in which we engage bilaterally in this region.

I also want to highlight a vital component of our strategic pivot toward Asia, the United States' elevated engagement with regional institutions, including the Association for Southeast Asian Nations (ASEAN), the East Asia Summit (EAS), the ASEAN Regional Forum (ARF), the ASEAN Defense Ministers Meeting Plus, the Secretary's Lower Mekong Initiative, and the Asia-Pacific Economic Cooperation (APEC) forum.

ASEAN sits at the center of many of the region's multilateral institutions, and we are taking steps to broaden and deepen our already strong partnership with ASEAN. In 2010, we were the first non-ASEAN country to open a dedicated Mission to ASEAN in Jakarta, and in 2011, President Obama appointed our first resident Ambassador to ASEAN, David Carden. We maintain communications on a range of issues, including policy, security, economics, standards, and energy, as part of our comprehensive engagement with ASEAN. We have also committed to support ASEAN's Strategic Transport Plan in our U.S.-ASEAN Plan of Action 2011–2015. Additionally, the ARF has proven itself to be an important body to address the region's pressing security concerns, including maritime security. We are working closely with the Coast Guard to co-host with Korea and Indonesia an ARF meeting to discuss civil maritime law enforcement cooperation and how we can build stronger partnerships in the region on issues like port security and environmental disaster response. The USTR-led Trade and Investment Framework Arrangement (TIFA) also represents our expanding engagement with ASEAN. This year, we are increasing our focus on U.S. export opportunities and commercial engagement with ASEAN, through the TIFA, as whole-of-government, and with a focus on concrete sectors that ASEAN is supporting through the ASEAN Master Plan on Connectivity. We are putting an infrastructure in place to sustain our increased engagement and help these institutions continue to develop into results-oriented and effective bodies capable of mustering collective action to address pressing transnational challenges.

In addition to ASEAN, APEC is particularly important to the United States because it is our primary organization for multilateral engagement with the Asia-Pacific on economic interests. The 21 APEC members account for 55 percent of the world's GDP, 45 percent of global trade, and 40 percent of the world's population. Sixty percent of U.S. export goods go to APEC economies and five of America's top seven trade partners are APEC members.

APEC is unique in that it already has the tools and focus to ensure regional economic prosperity by promoting policies that will spur long-term economic growth and ensure all citizens have the opportunity to thrive in the global economy. It promotes free and open trade and investment and initiatives to build healthy and resilient economies. APEC also maintains a unique partnership with the private sector—including many of the region's leading companies—which ensures that its initiatives are focused, constructive, and of tangible benefit to all economic stakeholders. It is a prime example of how we can leverage the interconnectedness of our economies to benefit the region.

APEC brings together officials at every level of government—from leaders to technical experts—to tackle a multiplicity of important issues in practical and concrete ways. While APEC's main focus is on strengthening regional economic integration by addressing barriers to trade and investment, its members recognize that security plays a vital role in a healthy and growing economy. APEC works to secure the region's transportation networks, enhance the security and resilience of the supply chains, and help protect the region's economic and financial infrastructure from attack or misuse.

APEC's commitment to securing the transportation of people and goods is reflected in the APEC Consolidated Counter-Terrorism and Secure Trade Strategy, endorsed by APEC Ministers last year. The Strategy highlights secure travel and secure supply chains as two of its priority areas of work over the next 5 years. In recent years, APEC committees have undertaken projects designed to protect aviation, land, and maritime transportation from terrorist attacks and other disruptions. Because of its economic focus, APEC seeks ways to strengthen security while also facilitating the flow of legitimate travelers and commerce. For this reason, APEC has taken a particular interest in fostering layered, risk-based approaches to security, which allows authorities to expedite legitimate trade and travel, while focusing on a small percentage of goods and travelers that may pose a greater risk.

One example of this approach is the Travel Facilitation Initiative (TFI). The TFI is a multi-year initiative that was introduced by the United States and was endorsed at the 2011 APEC Leaders Meeting. The TFI is meant to expedite the movement of travelers across the Asia-Pacific region, with the goal of enabling more effi-

cient, more secure, and less stressful travel. It benefits business and non-business travelers, the private sector and governments. The TFI includes a range of programs including: an *APEC Airport Partnership Program* envisioned to showcase best practices and build capacity on the efficient and secure processing of travelers for international departures and arrivals at airports; the *APEC Business Travel Card* which allows frequent business and government travelers expedited immigration processing; a *Network of Trusted Traveler Programs for Ports of Entry* which is still under development, but ultimately could dramatically reduce processing times for travelers while enabling high levels of security throughout the region. I would note that a bilateral Trusted Traveler program was agreed to last year and is currently under development between the Republic of Korea and the United States, and last week the United States and Japan announced they would work to establish a bilateral program as well. The TFI also includes the *Facilitation of Air Passenger Security Screening* which has the goal of fostering technologies and approaches that will increase travel efficiency and security in the region—APEC already supports capacity-building workshops to implement low-cost ways to screen passengers and baggage as well as canine security programs—and the *Advance Passenger Information Program.* By receiving passenger information in advance of travel, APEC economies can identify and mitigate risks and expedite the processing of legitimate travelers through ports of entry and focus resources on those requiring additional scrutiny. APEC as a whole seeks to enhance the resiliency of regional trade, travel, finance, and infrastructure against attacks and other disruptions, as this is critical to the health of our economic systems.

CONCLUSION

Today we face the challenge of continuing to promote the prosperity and security of the United States, as well as the Asia-Pacific region. We are looking for new ways to collaborate and form partnerships both bilaterally and multilaterally with the international community, because in the global society in which we live, America's future success is now intrinsically linked to the success of others.

Thank you for the opportunity to appear before you today to discuss building secure partnerships in travel, commerce, and trade with the Asia-Pacific region, I am happy to answer any questions you may have.

Mr. ROGERS. Thank you, Mr. Klemm, for that testimony.

The Chairman now recognizes himself for questions.

Mr. Halinski, you mentioned commensurate cargo screening. Tell me more about that. That is the first time I have heard that term. I know we have talked about the concept, but I didn't know you all had a program in place.

Mr. HALINSKI. Yes, sir. What I mean by that is the recognition of a country's national cargo security program. The way we look at that is a process where we do initial outreach to the government, we analyze the information that we obtain from them on their national cargo program. During that analysis, we look for compatibility so that they are commensurate so that we ensure that they are meeting the requirements for 100 percent screening of inbound cargo on passenger aircraft. Then, at that point, we visit and we ensure compliance to those measures. Then, at that point, we recognize them formally as having a program which is commensurate with the U.S. program for inbound cargo, sir.

Mr. ROGERS. So that is inbound cargo on passenger planes. You are not talking about just cargo planes, are you?

Mr. HALINSKI. Right now, sir, it is inbound cargo on passenger aircraft, sir.

Mr. ROGERS. Okay. That makes sense then. I was hoping that you had some program I didn't know about that dealt with cargo planes as well. As you know, that is a bigger problem.

But, anyway, I want to talk to you a little bit about TSA's national cargo security recognition program. How extensive is that

being used, what you just described? Now, you said it was with countries, not companies?

Mr. HALINSKI. It is with countries, sir. What we have done is we have done an analysis of what we consider—what we have found after an analysis is that approximately 20 countries account for 85 percent of the inbound cargo on passenger aircraft. So what we have done is we are approaching those top 20 countries to recognize their programs first, and then the other countries that are involved, with the idea that we will be able by the end of this year to ensure compliance to the regulation of 100 percent screening of inbound cargo, sir.

Mr. ROGERS. Of those 20 countries, how many have you been able to achieve agreements with?

Mr. HALINSKI. Right now, sir, we have accomplished nine. We are in the process of another four. I think by the end of this year we will have the top 20 complete, sir, plus a couple of the others.

Mr. ROGERS. Excellent.

Well, you know I am a big fan of the explosive-detection canines. My view is they provide a flexible, scaleable measure of screening that other technologies cannot. TSA currently does not certify private-sector canines for screening cargo, whether within the United States or in other countries. Does TSA have a plan to help develop these standards for canine screening outside the United States?

Mr. HALINSKI. Yes, sir, we do. In fact, we have worked—for example, we have what is called the "Quad Group," which is Australia, Europe, Canada, and the United States. We have a working group within there. The idea behind this group is to push forward advanced technologies and other policies throughout the world. We have a working group on canine. Additionally, we have——

Mr. ROGERS. On canine certification?

Mr. HALINSKI. Canine certification, yes, sir. We have also worked very closely with Europe for canine certification.

We are in the preliminary stages in the Asia-Pacific area, sir. Last year at the Asia-Pacific Economic Cooperation group meeting, we had a 2-day conference on canine for Asian countries. We have a lot of interest from Australia, New Zealand, Japan, Taiwan on canine programs sir. We also plan to have another 2-day seminar on canine programs for the Asia-Pacific this fall, sir.

Mr. ROGERS. Are you aware of any Asian country that is not utilizing canines to assist in baggage and cargo screening?

Mr. HALINSKI. Yes, sir. I would tell you that most of the countries in Asia-Pacific do not use canines currently.

It is something that we are trying to get out there to them. We believe that canines are a significant answer in that layered effect for cargo screening and passenger screening. We are trying to push that forward and, for lack of a better term, we are trying to market it to them, sir, so that they get on board.

Mr. ROGERS. Well, that was one of the things I found in all three countries that I visited. They were very interested. They look to us as the gold standard. So I think the more that they see those assets incorporated into our layered system, the more they are going to want to emulate that. As you know, I am a big proponent of vapor wake canines for the passenger screening as well as for the cargo, and I think there is a lot of interest.

But it is going to be very important that we reach some certification standards pretty soon. Do you have any kind of an idea about a time line as to when those certification standards may be achieved?

Mr. HALINSKI. Sir, I don't right now, but I can get back with you on a follow-up on when we think that will be achievable, sir.

Mr. ROGERS. I would appreciate that.

The Chairman is now happy to recognize the Ranking Member, who has graced us with her presence, my friend and colleague from Texas, Ms. Jackson Lee, for an opening statement and any questions she may have.

Ms. JACKSON LEE. Thank you very much, first of all, for this follow-up meeting, and to the witnesses that are here for their graciousness for being here today. Mr. Chairman, thank you again.

I would like to first join the administration in recognizing all the men and women in our intelligence and counterterrorism agencies for their role in yesterday's events that led to the disruption and capture of a suicide bomber from Yemen who intended to detonate an explosive aboard a U.S.-bound flight.

It is noted that the events that unfolded yesterday, and compounded by the events surrounded the failed attack aboard Flight 253 on December 25, 2009, display that we must address vulnerabilities of foreign airports with direct flights to the United States. The security at these last-point-of-departure airports is as critical to our aviation security as the security of our domestic flights.

Just as an aside, Mr. Chairman, and just putting it on the record, I think it is appropriate that we have, particularly our Transportation Security Committee—I imagine it will be something for the entire committee—but a full briefing on the incident that was at least announced yesterday.

I would also ask that we collaborate together in another hearing on aviation security. One of the issues that I raised early on was cabin security, but I think we are familiar with a new climate dealing with these items or these particular assets that detonate. What is in the public domain is how they are detonating, who is using them, the physical aspect of it, and who is at the genesis of it. So I would hope that we would be able to have that hearing.

But I look forward to hearing from Mr. Halinski today and continue the discussion on our efforts to strengthen international screening processes that yield sustainable detection capabilities for inbound flights. Recently, the subcommittee traveled on a CODEL to the Asia-Pacific region, and I must applaud its structure and its benefits. With a slight bit of humor, I had to let the Chairman proceed in one place. I was stuck in an airport for a period of time. But I gleaned what we were reviewing and reached there shortly thereafter.

So, Mr. Chairman, thank you very much for allowing me to join that delegation and be part of co-leading, co-sponsoring in joining you. We must continue to take critical steps to strengthen international cooperation on transportation security with the Asia-Pacific region.

One of the most interesting aspects of the trip was the opportunity to learn more about Japan's bullet train, also known as

high-speed rail. It is imperative to note that we are currently in a unique position with regards to ground transportation security policy. Unlike with aviation, we have the opportunity to build a brand-new mass transit system and develop superior security standards at the design level as opposed to retrofitting an existing system in response to an attack.

I look forward to continuing this dialogue with the Department and learning more about best practices gleaned from other countries on mass transit security.

With that, Mr. Chairman, I would like to submit for the record a statement by the U.S. High-Speed Rail Association which articulates significant findings concerning this matter.

Mr. ROGERS. Without objection, so ordered.

[The information follows:]

STATEMENT OF RICHARD P. LAWLESS, CEO, U.S.-JAPAN HIGH-SPEED RAIL, INC. (USJHSR)

APRIL 18, 2012

Good Morning, Chairman Rogers, Ranking Member Jackson Lee, and other Members of the Subcommittee on Transportation Security. My name is Richard Lawless, and I am the CEO for United States Japan High-Speed Rail (USJHSR), LLC.

It is my pleasure to provide a Statement for the Record for the committee today following the subcommittee's recent visits to Japan, South Korea, and China, during which Members and staff had the opportunity to ride high-speed trains in Japan and observe first-hand the safety and security systems supporting these important national transportation services.

Since beginning in Japan in 1964, high-speed passenger rail services have been embraced and further developed by Asian and European nations. The United States has been noticeably absent. It is long overdue for the United States to become more serious about how we can deploy true high-speed rail in the right markets in the United States, and how we can deliver these services reliably, safely, and securely.

In my statement today, I want to provide the committee with some additional information regarding Japan's high-speed rail safety and security programs to complement your trip experiences. I want also to touch briefly on our plans to deploy high-speed rail service in Texas, using Japan's considerable high-speed rail expertise and safety/security experiences.

CENTRAL JAPAN RAILWAY'S "TOTAL SYSTEM" APPROACH

Given the complexity of high-speed rail operations, high-speed railways must be conceived from the very beginning as a closely integrated system.

One of the world's best examples of a "total system" approach for high-speed rail is Central Japan Railway Company (JRC)'s Tokaido Shinkansen system. Since 1964, with the inauguration of the first high-speed train service in the world, what we still refer to today as the "bullet" train, the Tokaido Shinkansen has maintained a superlative performance record and a perfect safety record of no passenger fatalities or injuries due to train accidents, including derailments or collisions.

In addition, Japan's rail system is designed to withstand major natural disasters with sophisticated sensors and automated train-stop systems. The major 9.0 earthquake that struck Japan in March 2011 was a tragic event, but it proved the safety and effectiveness of Japan's high-speed rail system—by both alerting train operators to the event and braking automatically to prevent derailments and safeguard passengers.

A total system design for high-speed rail considers the physical and operational dynamics among all the major railway sub-systems (track, right-of-way, bridges and structures, tunnels, communications and signals, rolling stock, automated train control systems, operations centers, power and electrification, stations, support facilities). The challenge is to optimize and align these components to deliver service safely, securely, and efficiently.

We know there is much to be learned about the success of Japan's rail operations, including their approach to rail security.

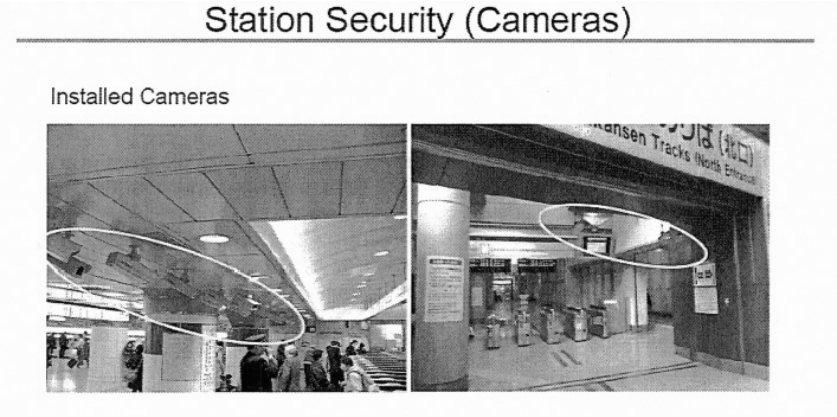
JAPAN'S HIGH-SPEED RAIL SAFETY & SECURITY SYSTEMS

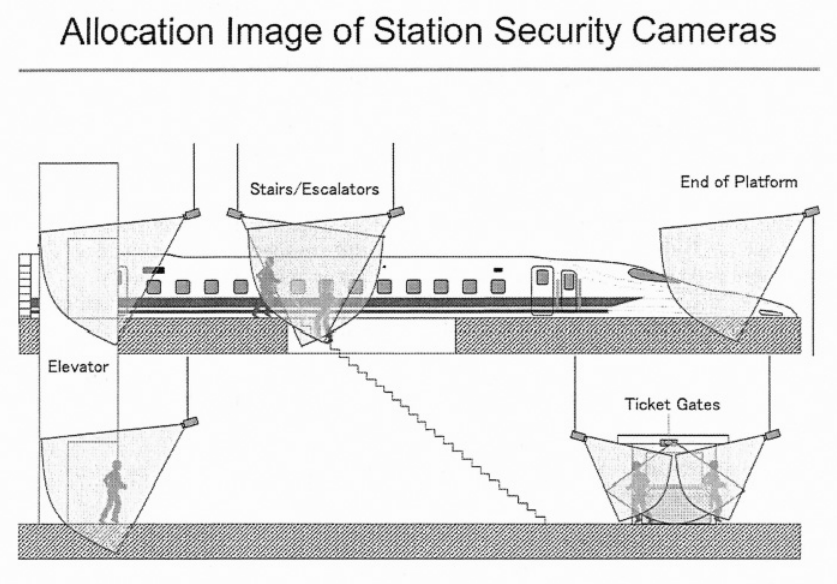
High-speed rail safety and high-speed rail security are closely linked, and the nexus between these system attributes is important to understand and appreciate.

Japan designed and constructed its Shinkansen system on what is known as a "sealed" corridor. This means that the high-speed rail system mainline tracks are grade-separated, solely dedicated to Shinkansen trains, and are specifically designed to restrict and prevent access by unauthorized vehicles or persons. The security provided by the sealed corridor of the Shinkansen system is further complemented by an integrated and layered perimeter of safety and security measures.

The majority of Japan's high-speed rail system is protected by barriers (including fences and walls), right-of-way monitoring, CCTV, and physical access control for key operations centers.

Without compromising security measures and protocols in use in Japan, here are some examples of Tokaido Shinkansen's security approach:

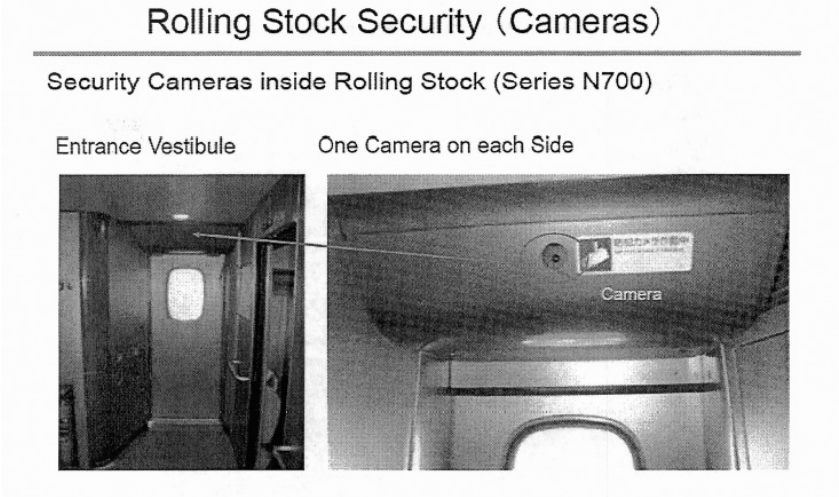




Security cameras are positioned in key locations of the station:

(1) ticket gates (entering and exiting),
(2) stairs/escalators/elevators, and,
(3) station waiting areas/platform.

Cameras will continuously record a passenger entering and leaving the gates of any Shinkansen station, making it extremely difficult for a suspicious person to trespass onto the premises unnoticed. Cameras on the platform are set in a position where they can monitor the track for the purposes of confirming safe boarding/deboarding of passengers and for quickly identifying trespassing or persons entering onto the tracks. On-board cameras and random patrols by police and security personnel further serve as detection and deterrent procedures to safeguard the 140 million and more annual Tokaido Shinkansen passengers (in fiscal year 2010).



On board JRC's Tokaido Shinkansen, which several of you experienced en route from Kyoto to Tokyo, train conductors are encouraged to communicate with passengers during their ticket checking. This kind of customer contact is a proven security measure. In addition to on-board staff, security guards board the train and patrol randomly.

Security personnel also monitor and patrol the Shinkansen right-of-way to ensure the integrity of the railroad. On the Tokaido Shinkansen line, there are 60–90 patrol teams dedicated to maintaining 24/7 coverage of the vital high-speed rail line.

The security approaches to protecting the Tokaido Shinkansen are an integral part of JRC's "total system" approach. All assets of the high-speed service are examined for vulnerability, hardening, monitoring, loss consequence, recovery, and redundancy. Over several decades of practice, Japan has demonstrated the effectiveness of using technology, railway staff, and design to provide a safe and secure high-speed service.

INTERNATIONAL RAIL SECURITY COOPERATION

The first international rail security conference was held in February 2005, 11 months after the March 2004 Madrid attacks, and 5 months before the attacks in London. This conference was sponsored by the Association of American Railroads (AAR) and the Amtrak Office of Inspector General and served as the beginning of on-going dialogs about rail security among international rail carriers, including mass transit, conventional rail, and high-speed rail.

Japan Railway companies continue to participate in these international discussions. In September 2011, the TSA sponsored a security conference in Baltimore, attended by railway security experts from the United States, United Kingdom, France, Germany, Belgium, Israel, Russia, Thailand, and Japan. Japan was also represented by representatives of its Ministry of Land, Infrastructure, Transportation and Tourism (MLIT).

The conferee working groups were solicited for describing both "current practice" and "best practice" for security measures on their systems. Information was shared as to roles and responsibilities of security personnel, training and exercises, alert systems, infrastructure monitoring, employee background checks, cooperation with responding agencies, and a myriad of related concerns. Conferees also discussed collective past experiences and lessons learned from their activities.

Future meetings for these international security events are planned, and Japan and USJHSR will continue to participate to garner as much knowledge as possible to further improve on safety and security design and practice.

OUR APPROACH TO HIGH-SPEED RAIL IN THE STATE OF TEXAS

The United States is a relative neophyte in true high-speed passenger rail operations (180–220 MPH), based on current generation steel-wheel technology, with some limited experiences in the Northeast Corridor Acela services, but with no real experiences outside that shared, congested corridor. International carriers have told us that true high-speed rail operations presents special challenges to secure and safeguard.

We know the best time to "design in" and "build in" security components is at start-up and with our eyes wide open. We have formed a new company, Texas Cen-

tral High Speed Railway, LLC (TCR). TCR is a Texas-based company dedicated to promoting high-speed intercity passenger rail within the Dallas/Fort Worth-to-Houston corridor.

Strongly supported by JRC, TCR and its partner USJHSR are uniquely organized to bring world-class high-speed intercity passenger rail to Texas. Working with community and industry stakeholders to market and deploy JRC's 5th generation "N700–I Bullet" train system and technology, TCR will offer to the State of Texas the world's safest, most efficient, most environmentally friendly, and most reliable intercity transportation solution.

One of our foremost concerns is the safety and security of our new railroad. In addition to working with DHS and TSA in their security conferences, we plan to work with the new national High-Speed Rail Policy Center at the Mineta Transportation Institute (MTI) at San Jose State University. They have already begun work on high-speed rail safety and security international benchmarking and best practices for the design, construction, and operation of new systems, and we will exchange information with them to ensure we capture all available technology and experience in our design.

We are very appreciative of the subcommittee's efforts to establish on-going dialogs with international transportation service groups, including Central Japan Railway Company, as their considerable experiences in operating safe and secure high-speed rail systems can be the foundation on which we build America's first generation high-speed rail system in Texas.

Ms. JACKSON LEE. However, our discussion on international cooperation does not end there. In October 2010, international cooperation and public-private interaction successfully intercepted explosive devices shipped on passenger and all cargo aircraft from Yemen. Today I look forward to hearing from the Department and Express Association of America about the most recent developments in private-public partnerships across all cargo and supply chain security.

This hearing offers an opportunity to continue a critical security dialogue on securing our skies while allowing for the flow of the passengers and goods between the United States and the Asia-Pacific region. Domestically, we try to ensure that commerce is not impeded by security requirements. However, our concerns about these important issues are magnified when the supply chain involves the international aviation arena.

Secretary Napolitano and Administrator Pistole have put forward this important issue of raising and harmonizing security standards before the governments of the world. In the last 2 years, the administration worked diligently to take significant steps to harmonize security standards and establish a stronger working relationship with the Asia-Pacific region. Agreements have been signed, and accords have been reached.

Today we must ask the question: How can the United States leverage these developments to secure aviation from terrorist attacks and ensure that terrorists do not sabotage our cargo supply chain? I remember speaking to those who pilot cargo planes and committing to them that we will not leave them out of this circle of security.

I welcome our witnesses today and look forward to your perspective and insight on the feasibility of increasing security at international airports and throughout the global supply chain.

This administration has taken significant steps to establish stronger relationships with countries across the Asia-Pacific region. Now, more than ever, we must collaborate with our partners abroad in government, at airports, with air carriers, and through-

out industry to reach solutions to the complex issues associated with aviation and the global supply security chain.

Let me say that America is embarking on high-speed rail, which is a complement to what we are doing here today. That was one of the items that we were able to see first-hand when we were in the Asia-Pacific area. Texas—Houston, Dallas, and other cities are excited about the opportunity for high-speed rail. We realize that on the West Coast they are eagerly waiting to begin. Texas is waiting to begin, and as I came back and reported on our efforts to my community, the excitement is without boundary.

We will be meeting and organizing to talk about not only high-speed rail but security. We learned best practices and learned what legislative initiatives we need to have in place. We also learned how to work internationally, again, on the transportation security circle. That certainly includes, in light of the last 24 hours, making sure that no one—no one—believes or ever can penetrate our aviation circle of travel and cargo on behalf of the American people and people around the world.

Mr. Chairman, I thank you for your extended courtesy. Just to offer, Mr. Chairman, I am in a markup right at this moment, and so I will likely be in and out. My staff will be here to take diligent notes, and hope that in the course of the hearing, before it is completed, I will be able to join you. But I will sit for a moment. But I wanted to thank you for your courtesies. I yield back my time.

Mr. ROGERS. I thank the gentlelady.

The Chairman now recognizes Mr. Walberg for any questions he may have.

Mr. WALBERG. Thank you, Mr. Chairman.

Thanks to the panel for being here today and sharing your experience and expertise.

Mr. Koumans, in your opinion, what are the biggest challenges to the security in the Asia-Pacific region?

Mr. KOUMANS. That is a very broad question, sir.

Mr. WALBERG. It is a broad question, but you can detail it as closely as you want.

Mr. KOUMANS. Yes. As I tried to say in my statement, the growth in trade and travel in the region presents one series of challenges, because as the size of the haystack increases when you are looking for those needles, that complicates the effort. So that is one that I would cite, is just the volume that we are contending with, the growth.

Second is, I would mention the not-insignificant terrorist threats that exist, particularly in Southeast Asia. We have seen some of the attacks, some of the arrests in recent months and years in Thailand, in the Philippines, and Indonesia. We all do what we can to work with those partners and to strengthen their ability to combat those threats.

Then, third, I would highlight organized crime. Organized criminality from many of the countries in the region takes different shapes, whether it be in the maritime environment, working with the Coast Guard in terms of the piracy threat that exists in certain parts of Asia-Pacific, mainly in Southeast Asia, or to other kinds of organized criminality that is involved in people smuggling, child

sex exploitation. It takes many different shapes, but I would characterize that as perhaps the third.

Mr. WALBERG. Thank you.

Ambassador Klemm, since the signing of the free trade agreement in 2007, what have been the economic implications for both the United States and South Korea since that signing?

Mr. KLEMM. Thank you, Mr. Representative.

Although initially signed in 2007, as you are aware, the legislation enabling the implementation of the Korea-U.S. Free Trade Agreement was not passed by Congress until the fall of last year and then signed into law by President Obama I believe it was October or November of last year. The agreement went into effect, finally, on March 15. Both governments have been working very hard since that date to ensure its implementation goes as smoothly and fully as possible.

To support the implementation and report on its progress, the two governments will be holding bilateral consultations during the course of next week here in Washington at the vice ministerial level, and also will be working to establish necessary oversight bodies, again, to ensure that the agreement smoothly and fully goes into effect as intended.

Because it has only been implemented essentially less than 60 days, it is probably too early to tell exactly the consequences of either——

Mr. WALBERG. We have not seen any trade increase in the short period of time?

Mr. KLEMM. I don't think we have the data yet, sir.

Mr. WALBERG. Okay.

Mr. KLEMM. But the anticipation, both from our business community as well as the Korean business community, is that they were intending to take full advantage of the agreement's benefits as quickly as possible.

Mr. WALBERG. Thank you.

Mr. Halinski, let me ask you, U.S. carriers depend upon foreign contract repair stations to perform necessary maintenance and repairs of aircraft. In 2008, the FAA since then has been unable to certify new foreign repair stations. Rulemaking has been taking place. February 2010 ended the public comment rulemaking period.

What impact would a finalized rule have on economic opportunity in Asia-Pacific?

Mr. HALINSKI. Sir, I think that when we look at the number of foreign repair stations in Asia-Pacific, there are approximately about 160 foreign repair stations in there. When there is a final rule, it would seem that the number of foreign repair stations would probably increase overall when there is a final rule.

We are looking at the matter. We understand that the rule has taken time. We are——

Mr. WALBERG. Significant time.

Mr. HALINSKI. Absolutely, sir. We are trying to work with both industry, conducting outreach while the rule is in process so that we are validating the rule—let me say, validating the rule by these outreach and visits—to ensure that there is security there. So we are trying to ensure that we are doing the due diligence from a security standpoint while the rule is being moved forward.

We have done a significant amount of outreach to industry in this case, sir. There is a total of approximately 750 foreign repair stations. About 458 of those are in Europe; as I said, about 160-some in Asia. We believe that number will increase when the final rule is there.

We also think that, until the rule is complete, one possible solution is to take that on a case-by-case basis, working with FAA to review the security at that particular site that is under application, do an analysis of the criticality of that and the threat, and possibly be able to give a temporary certificate as part of that——

Mr. WALBERG. Is that to be decided soon?

Mr. HALINSKI. I believe, sir, that is—we are working on that right now, sir. We are looking at a case-by-case basis to move forward on this while the rule is being made, sir.

Mr. WALBERG. Okay.

Thank you, Mr. Chairman.

Mr. ROGERS. I thank the gentleman.

The Chairman now recognizes the Ranking Member for any questions she may have.

Ms. JACKSON LEE. Thank you very much, Mr. Chairman.

Mr. Halinski, do you believe it is crucial for there to be a security matrix and a rule regarding the foreign repair stations from the TSA?

Mr. HALINSKI. Yes, ma'am, I do. I believe that there has to be a rule for security. We think that that is—we have reviewed this; we have done detailed intelligence analysis and also analysis of the criticality of some of the parts. We look forward to the rule when it is complete.

As I just stated, we have moved out and conducted a significant amount of outreach on the rule. What do I mean by outreach? We are trying to verify, are there security programs present in these locations? What we have found is, by and large, they do have security programs. Part of that is because——

Ms. JACKSON LEE. Let me just intrude because the time is short. What do you think the impact would be for FAA to certify without having the new security rules? Why is it important for them not to certify while you are reviewing and handling this rule?

Mr. HALINSKI. Ma'am, based on the analysis we have done, we know that there is some threat there, there is in vulnerability there. We would prefer that we would work closely with FAA on a case-by-case basis. Instead of opening it up for temporary certifications, we would prefer to work on a case-by-case basis with them on specific repair stations to ensure that they have a security program in place and that we have done an analysis on the criticality of that station.

Ms. JACKSON LEE. I am going to come back to you, Mr. Halinski.

Mr. Koumans, was it your testimony to say how many foreign repair stations we had in Asia-Pacific? Was that your testimony?

Mr. KOUMANS. No, that was not.

Ms. JACKSON LEE. All right. Who was the one that gave the number? How many do we have——

Mr. HALINSKI. That was mine, ma'am.

Ms. JACKSON LEE. Go ahead.

Mr. HALINSKI. It is roughly about 160 foreign repair stations in Asia-Pacific.

Ms. JACKSON LEE. All right. I assume all of them have not been assessed regarding security?

Mr. HALINSKI. No, ma'am. We have conducted outreach at approximately 58. That number we have based that outreach on is the criticality of the station and the threat posed, so that we are trying to get repair stations with the highest threat and the criticality based on what they repair in the station.

Ms. JACKSON LEE. All right, so——

Mr. HALINSKI. In other words, it is something that could affect the flight of the aircraft.

Ms. JACKSON LEE. Mr. Koumans, did you testify to the level of concern with security in that region? Was that your testimony?

Mr. KOUMANS. In general, yes. Now——

Ms. JACKSON LEE. Can you repeat it? What is the level of concern?

Mr. KOUMANS. Our level of concern in Asia-Pacific, I wouldn't say it is any higher or any lower than any other part of the world. We are at a constant state of vigilance, where we are working closely with our partners to address any threats that arise.

Ms. JACKSON LEE. But terrorists move around, right? Are you saying that it is equal to the Mideast? I mean, the Mideast is obviously diverse, but it is equal to what has been a concern coming out of the Mideast?

Mr. KOUMANS. Right. My intention, ma'am, was not to say that Asia-Pacific was any higher or any lower. We are at a constant state of vigilance. We are looking at threats wherever they might arise.

But you are absolutely right. In terms of where terrorists are currently active, where the U.S. military is engaged, clearly there are——

Ms. JACKSON LEE. South Asia would be a concern.

Mr. KOUMANS. The Asia-Pacific region is certainly a concern, as I mentioned a couple of minutes ago, particularly the Philippines, Indonesia, Thailand, some of the particular areas of concern.

Ms. JACKSON LEE. Let me just go—and thank you very much for that.

I wanted to frame the question, because I think again—let me just pose this again so that you can restate it, Mr. Halinski, of the importance of the FAA not certifying additional foreign repair stations until the final rule is issued. But as you do that—we have been working on this issue for a very long time, and I have great respect for the agency. But can I, in light of the last 24 hours—and I certainly know that the last 24 hours does not point to a foreign repair station. But what it does point to is that aviation infrastructure is still a target. That means that, without giving new ideas, you know that the foreign repair stations deal with flights or deal with aircraft at their vulnerability. I mean, they are trying to make them better or make sure that they are able to fly.

So, Mr. Halinski, can we raise the level of, if you will, crises for this rulemaking process to move on?

In working with DHS, in working with the leadership of the Secretary, let me put on the record, Mr. Chairman, this is absolutely

too long. It is absolutely imperative that we move forward. It is absolutely imperative that DHS and TSA move forward. It is absolutely imperative that it is a rule rather than any other approach, because as long as you continue to delay, you are going to find yourself entrapped with efforts, if you will, to move forward. That is understandable. So I am somewhat disappointed of how slow we have been moving.

Can you give me a best guess of when you expect to produce this rule so that the degree of threat that has been speculated on here today, in the last 24 hours, when we know that the aviation industry is a target, can have some relief as it relates to foreign repair stations, which this particular committee has been discussing for at least 6 years?

Mr. Halinski. You are at TSA.

Mr. HALINSKI. Yes, ma'am. I don't know that I can give you right off the top of my head, ma'am, a best guess on when the rule will be complete. I would tell you that we will put an emphasis on the rule; we will continue to push the rule. I don't know that I can give you a date or a best guess at this point, ma'am. I can get back on a follow-up with you or your staff, ma'am.

Ms. JACKSON LEE. I would appreciate if you would do that for the committee. But, more importantly, is it that you are limited in your best guess because it is winding its way somewhere and you can't put your hands on where it is?

Mr. HALINSKI. No, ma'am. We know where it is. The rule right now is under economic analysis at TSA. We are trying to finalize that economic analysis and get it up to DHS to continue the rulemaking process, ma'am.

Ms. JACKSON LEE. Well, let me close, Mr. Chairman, by saying I appreciate the detailed work in which Mr. Halinski is involved in, which Administrative Pistole is involved in. I would like a definitive answer.

I only say this with a sense of humor and not with any disrespect: Economics has never killed anybody, and so I think we can move it on out of economics at this point. I do think it is important that we don't undermine the economic structure of the industry, which I assume is what you are looking at. But I am very disappointed that we are still here talking about a rule when we need it greatly.

Can I acknowledge Mr. Danny Davis of Illinois, who is a Member of the committee, who is here? I thank him for being here today.

Thank you, Mr. Chairman. I yield back.

Mr. ROGERS. I thank the gentlelady. I know I can say with confidence that she speaks for all of us on this committee with expressing her frustration over this issue. I know Mr. Walberg has touched on it, but all of us are frustrated and feel like it should be moved along.

Mr. Klemm, in your testimony you stated that the United States introduced a multi-year initiative titled Travel Facilitation Initiative, TFI, that was endorsed by Asia-Pacific Economic Cooperation. The TFI is meant to expedite the movement of travelers across the Asia-Pacific region while also making it more secure and efficient.

Is APEC promoting a risk-based approach to both passenger and our cargo screening?

Mr. KLEMM. Yes, sir, it is.

I would like to spend a moment to perhaps discuss the Travel Facilitation Initiative but then also to point to the work that APEC has done on the nexus of security and travel facilitation.

As you mentioned, the leaders of APEC in November of last year endorsed a multiyear Travel Facilitation Initiative. That initiative has five main objectives: One, to support an airport partnership program so that best practices on passenger screening, for example, can be shared across international airports in the APEC region. The initiative also supports the further development of the APEC Business Travel Card.

In support of the Department of Homeland Security, the initiative is also supporting the further development of Trusted Traveler programs in the APEC region. Right now, as my colleague Mr. Koumans mentioned, there are very extensive consultations occurring between the United States and Korea on establishing a Trusted Traveler program, but similar consultations have also been done between Singapore and the United States, as well as Japan and the United States.

Mr. ROGERS. When do you expect full implementation of TFI in the Asia-Pacific?

Mr. KLEMM. It has a 5-year time frame, sir.

Mr. ROGERS. Great.

Mr. KLEMM. Two other, quickly, initiatives contained within them. One, as I mentioned earlier, is an air passenger security screening program and, also, work to support advanced passenger information sharing across economies within the APEC.

On the broader issue of does APEC support a risk-based approach to aviation security—yes, it does. There is a comprehensive counterterrorism and security program that was also agreed to by the organization in November of last year. Then in the past year, under United States leadership, a number of initiatives have been supported within APEC to support a risk-based approach to aviation security. There was a workshop, for example, held in Australia in June of last year and then also a workshop on low-cost/no-cost measures to strengthen aviation security that was held—or it will be held in early 2013.

Thank you, sir.

Mr. ROGERS. Thank you.

In your testimony, you also highlighted that President Obama appointed our first resident ambassador to the Association for Southeast Asia Nations. What are the responsibilities of this new resident ambassador?

Mr. KLEMM. Yes, Ambassador David Carden became—the United States has had an ambassador representing the United States to the Association for Southeast Asia Nations for quite some time. But up until Ambassador Carden, that individual has been resident here in Washington, simultaneously having other duties at the Department of State.

Mr. Carden took up his post I believe at the beginning of last year. Essentially, he represents the United States to that organization. It is a 10-nation association which has the goals of forming an economic community, much like the European Union, by 2015. The United States, as a consequence, has great interest in the eco-

nomic potential of ASEAN, but we also have an active engagement with them to work on issues such as maritime security, nonproliferation, education, and others.

Mr. ROGERS. Has he made any progress on enhancing our security agreements with any of these ASEAN nations?

Mr. KLEMM. I believe he has. Or perhaps it might be better said that the United States has. One objective that the administration pursued during the course of 2011 was to support a nonproliferation initiative that ASEAN has been pursuing for quite some time to make that region a non-nuclear zone. That is just one example, sir.

Mr. ROGERS. Great. Thank you. My time has expired.

The Chairman now recognizes the gentleman from Illinois, Mr. Davis, for any questions he may have.

Mr. DAVIS. Thank you very much, Mr. Chairman.

Mr. Halinski, in your testimony, you point to significant recent progress in U.S.-China relations. Particularly, you mention China's involvement with the Aviation Cooperation Program. Could you elaborate on how China's program participation supports our own aviation security relationship with China?

Mr. HALINSKI. Yes, sir. I think the best example that I think would illustrate this is, we have been working with China very closely. I have an office there; we have a TSA representative there. We have been working along with the FAA representative there to try to encourage the Chinese in the area of technology.

They are producers of aviation security technology. We are producers. What we have found is that there is a lot of Chinese-made aviation technology throughout the world. What we are trying to do is encourage joint standards because we think it is very, very important that there is a bar there where you have significant like standards, so that passing through different countries, if you are going through a walk-through metal detector or an X-ray machine, there is one standard for the world instead of standards that are very country-dependent.

We are working with China. We have invited the Chinese here this summer, the director-general of civil aviation, to talk about technology and where we can go with technology. We have also tried to increase the dialogue across the board in the area of capacity development, because we know that the Chinese do significant capacity development in areas in Africa and other parts of the world. We want to ensure that we work with them and are consistent on our approach in aviation security, sir.

Mr. DAVIS. Does the Aviation Cooperation Program offer benefits to the United States by affording increased visibility regarding Chinese transportation and cargo security packages?

Mr. HALINSKI. Yes, sir, I believe it does. We know that the FAA has probably made much further progress with us in this particular initiative, as have some U.S. stakeholders in working with the Chinese on the sale of aircraft, for example.

I would say that in the area of cargo we have had discussions with the Chinese. We regularly visit their airports. We view their cargo facilities. Coincidentally, China is also now on the Aviation Security Panel of the International Civil Aviation Organization. We have worked together as of at the annual meeting in March to en-

sure that we are working toward common cargo security standards world-wide.

Mr. DAVIS. Mr. Koumans and Mr. Halinski, under TSA's National Cargo Security Program, TSA verifies foreign cargo screening programs are commensurate with the level of security in the United States. To date, TSA has contacted representatives of all of the top 20 high-volume countries, which account for 84 percent of the cargo volume on passenger aircraft.

To what extent has DHS's Office of Policy and TSA's Office of Global Strategies been involved in working with foreign governments to facilitate their participation in the National Cargo Security Program?

Mr. HALINSKI. Sir, I will start out with that answer.

I would say that we work very closely with our partners in DHS, particularly in the area of cargo. For example, with DHS, in the Office of Policy, they have taken on board the global supply chain problem. We have had significant movement on that. The Secretary herself has been involved and gone to ICAO several times.

I think what is really pushing it forward, quite frankly, is the recognition that cargo is a global problem. It is involves not just ICAO, but we also are involving the World Customs Organization. So there are other components than DHS which are moving forward to push out and try to resolve the issue of cargo security.

So I think it is a two-pronged approach: One at a very international level, multilateral level, with ICAO, World Customs Organization; and then bilaterally, with the amount of push both DHS and TSA has put bilaterally in countries on cargo recognition as well as trying to come up with same standards.

I would say the third prong would absolutely be what we are trying to do with our stakeholders, the private sector, on cargo, trying to ensure that we are moving forward on cargo security without killing industry, sir.

Mr. DAVIS. Would you say that these efforts are being successful?

Mr. HALINSKI. Yes, sir, I would say they are, sir. I would say that since the cargo incident in Yemen significant progress has been made. It will continue. There is a very large push. In fact, in September of this year, there is an extraordinary meeting in Montreal of the International Civil Aviation Organization, where it is a ministerial level meeting of countries worldwide to discuss just security. That is unprecedented. Some of the things that they will be discussing and approving are international cargo standards.

Mr. DAVIS. Thank you very much.

Thank you, Mr. Chairman. I yield back.

Mr. ROGERS. I thank the gentleman.

Mr. Walberg, do you have any additional questions?

Mr. WALBERG. Yes, I do.

Mr. ROGERS. The Chairman recognizes the gentleman.

Mr. WALBERG. I don't want to belabor the point, Mr. Halinski. Well, I guess, in all honesty, I do want to belabor the point, just to make sure I understand.

You indicated that while the rule isn't finalized yet and public comment was completed in 2010, you indicated a case-by-case basis for foreign repair stations was being considered. Is it being considered or being implemented?

Mr. HALINSKI. Sir, I would say at this point it is being considered. We have talked about this. We want to try to move forward, but make sure that when we move forward we are using due diligence in this case. So it hasn't been finally decided, but we are moving forward to try to do this on a case-by-case basis, sir.

Mr. WALBERG. If you could, what would be some of the criteria on a case-by-case basis?

Mr. HALINSKI. Well, first off, sir, we would work very closely with FAA. Second, we would look at the criticality of the repair station that is there. Is it a high-critical repair station, or is it a low-critical repair station? What I mean by that is: Does that repair station deal with avionics that would take the bird out of the sky or does it fix the wheel on the catering cart?

Then we would look at the overall aviation security program that they have in place itself. Then we would turn to our intel section and look at the threat analysis that has been done for foreign repair stations. At that point, we would take that information, put it together. In TSA, sir, we use a risk-based approach to everything. I would say that we would make a decision based on those factors, sir.

Mr. WALBERG. Well, it sounds like you have some robust thinking on how you would do that, at this point. I would just encourage, along with my other colleagues, that we get this rule in place. It seems like a case-by-case basis—the criteria that you are considering certainly goes with the rule, certainly indicates a concern about the security and the necessity of dealing with that, but economically as well, to continue belaboring with the minutia, putting in place something that is not only in security terms protective but also economically helpful and protective. I just want to appeal as strongly as possible that we get this thing going here.

Let me go over to Ambassador Klemm on the same issue, coming from the Department of State. Do you have any security concerns about foreign repair stations in the Asia-Pacific?

Mr. KLEMM. Mr. Representative, this is an issue that the Department of Homeland Security and the Transportation Security Administration have the lead on, but——

Mr. WALBERG. But you certainly have concerns in that area.

Mr. KLEMM. We do have concerns, and we certainly are eager at any time to work closely with my colleagues as well as their departments to move this issue forward as appropriate.

Mr. WALBERG. Thank you, Mr. Chairman. I yield back.

Mr. ROGERS. I thank the gentleman.

As you all heard the beepers going off for the bells, we have been called for votes. I want to thank this panel for the preparation that you have made for this hearing and offering yourself for testimony. There may be some additional questions that Members have that they will submit to you, and I would ask that you get your answers back in writing within 10 days.

But, with that, this panel is dismissed. The second panel we will call up when we come back from votes, which will be between 2 o'clock and 2:10.

With that, this panel is dismissed, and this subcommittee is in recess.

[Recess.]

Mr. ROGERS. The subcommittee will come back to order from its recess. I appreciate your patience. I apologize for that interruption, but they don't ask me when they are going to call us for votes.

We are very happy to have our second panel with us now. Let me remind the witnesses that their entire statements will appear in the record.

Our first witness is Mr. Dow, who is the chief executive officer and president of the U.S. Travel Association.

Mr. Dow, you are recognized for your opening statement.

STATEMENT OF ROGER DOW, PRESIDENT AND CHIEF EXECUTIVE OFFICER, U.S. TRAVEL ASSOCIATION

Mr. DOW. Thank you, Mr. Chairman. Thank you for allowing me to speak first. I appreciate your courtesy. Thanks for holding this hearing, and also thanks for all the work that you and your subcommittee members do when it comes to travel security, especially with TSA.

When you look at international travel, it is a huge opportunity for increasing U.S. revenue, jobs, and at no cost to the American taxpayer, and especially in this Asia-Pacific area, whether it is hotels, restaurants, et cetera, small businesses, but even more important, the people that come to conventions and buy American products and services. If you look at exports from international travel, it is $153 billion for our economy.

The travel industry is truly a jobs generator these days when we need them. We have added 142,000 jobs in the past year, adding jobs about 34 percent faster than other industries because the industry is built and it is just a matter of turning on the faucet, which is an opportunity in Asia-Pacific. When you look at the Asia-Pacific, it is extremely critical. The growth in the past year in international travel, 24 percent of it came from four countries, and that was Australia, China, Japan, and South Korea. That growth stimulated some 233,000 jobs. So it is extremely important.

To give you a snapshot of just what it is, Japan is No. 4 in international inbound travel, 3.2 million travelers, spending over $5,000 each; South Korea and Australia, both a million travelers, spending $3,700 each. China has almost doubled in the past 2 years, so a huge increase from China. As I say, they buy so many business products.

Asia-Pacific is extremely important and can really be a way that we can drive economic recovery. But, unfortunately, even with that growth, it is not as great as it could be. The last decade, while long-haul travel in other countries is growing by 40 percent, or 60 million travelers, the United States only grew by 1½ percent, or 460,000 travelers. The opportunity to regain this travel and regain our share—we lost, went from a 17 percent share to 12 percent—really stands with these countries, especially Asia-Pacific.

There are three things that we need to really have a proper plan to make that happen.

First, we have to promote. Brand USA was recently created, which will begin explaining U.S. travel policies and promoting travel to the United States in these countries and also not cost the U.S. taxpayer—a great public-private partnership. In Japan, they will

be launching their campaign in Japan this month, and South Korea and China in the next couple of months.

Visas, the ability to get secure, efficient visas from China. The other three countries I mentioned are visa-waiver countries, as you know. But the challenge we have in China—we have five consulates. The wait time had been up over 100 days to get your interview. The State Department has done a terrific job this past year in bringing that down to under 2 weeks.

I think Congress has a key role to ensure that we keep sustaining this progress they have made and not have it just be a glitch. So we are looking for Congress' support for a 10-day standard, a multi-year visa. In Canada you can have a 10-year visa from China. It is only 1 year here, and it is one-third of the people going through. So just a multi-year visa would help. To also look at secure videoconferencing. When you look at the five consulates in China, I always say it is sort of like having one cashier at Costco during the holidays. I mean, the opportunity there is so big.

The last area is in the entry process. We need a secure and efficient process. Too many stories are about people coming to these countries and having to wait up to 3 hours. What we need is a multi-pronged approach here. First is to ensure a 20-minute standard. I am not talking about an average, because you could say 10 minutes earlier in the day and 4 hours later in the day, but 20 minutes per person. Find a sensible funding plan to get the people needed to reach that goal. Have metrics on customer service, because I think customer service and welcoming and security are not mutually exclusive. You can do both. To expedite Global Entry. The previous speakers talked about Global Entry. It is a phenomenal program. I am in it, and it is just amazing what it can do to relieve the pressure.

So I think if we are really going to look to be competitive in these global markets and increase our share beyond where they are, the stakes are high. With the right policies, we can get a phenomenal return to the taxpayers and to jobs.

I want to thank you for your on-going interest in this area. I pledge that our industry will help you do all the things needed to make sure we have safe and secure travel from the Asia-Pacific countries. Thank you.

[The prepared statement of Mr. Dow follows:]

PREPARED STATEMENT OF ROGER DOW

APRIL 18, 2012

INTRODUCTION

Chairman Rogers, Ranking Member Jackson Lee, and Members of the subcommittee: I am pleased to offer testimony on behalf of the U.S. Travel Association (U.S. Travel), the National, non-profit organization representing all sectors of America's travel industry. U.S. Travel's mission is to increase travel to and within the United States. Last year the $759 billion travel industry generated a total of $1.8 trillion in total economic output.

I applaud you for holding today's hearing, in the wake of your recent trip to the region, to discuss how to build stronger partnerships in the Asia-Pacific region in order to facilitate travel, trade, and commerce and spur greater economic growth and job creation in the United States. I would also like to thank you for the strong leadership you have demonstrated on travel security issues, particularly around TSA, during your time here in Washington.

THE ECONOMIC OPPORTUNITIES OF TRAVEL

Travel provides good, domestic jobs that cannot be outsourced. In 2010, travel supported 14.4 million jobs, including 7.5 million directly in the travel industry and 6.9 million in other industries, and is among the top 10 employers in 48 U.S. States and the District of Columbia. For example, travel directly employs nearly 78,000 Alabamans, contributes $7.2 billion annually to the Alabama economy and generates more than $889.5 million in State and local tax revenue. Similarly, travel directly employs more than 551,000 Texans, contributes more than $47.2 billion to the Texas economy and generates nearly $8 billion in tax receipts. In every region of America, travel helps pay the salaries of police, firefighters, and teachers without creating much new demand for those public services.

International travel to the United States in particular is one of the most effective forms of economic stimulus—and it doesn't cost taxpayers a dime. When international visitors travel to the United States, they inject new money into the U.S. economy by staying in U.S. hotels, spending in U.S. stores, visiting U.S. attractions, and eating at U.S. restaurants. In many cases, they are also here to conduct business by inspecting products and services they are purchasing, attending meetings, and negotiating business contracts.

Every dollar these visitors spend in the United States counts as an export—just like agricultural crops, minerals, or manufactured goods. In 2011, travel exports rose to a record $153 billion, larger than exports of other service industries as well as major manufacturing industries such as machinery, computers and electronic products, and aircraft. Expenditures made by international visitors made up 1 out of every 7 travel dollars spent in the United States. This record level of travel exports led to a record $43 billion travel trade surplus, which mitigated to some degree the $738 billion trade deficit in the United States in manufacturing and other goods.

Complementing this export growth is job growth for Americans. The employment recovery in the travel industry has outpaced the rest of the economy and much of this employment growth is being supported by the spending of international visitors traveling in the United States. Of the 142,000 jobs added in the travel industry in 2011, more than half (54 percent) were supported by international travel spending.

The most lucrative segment of international travel for the United States is the overseas market. These visitors tend to stay longer and spend more money while in the United States. On average, every overseas visitor spends $4,300 during their trip to the United States compared with less than $800 for Canadian and Mexican visitors. In fact, the spending of every 35 overseas visitors traveling in the United States supports 1 U.S. job.

In looking at the specific subject of this hearing, travel from the Asia-Pacific region makes up a critical element of the overseas travel market. Nearly a quarter (24 percent) of the increase in travel exports over the past 2 years has come from four countries in the Asia-Pacific region: Australia, China, Japan, and South Korea. Collectively, the spending by these four countries in 2011 supported 233,000 U.S. jobs, 14,200 more than were supported in 2010. Below please find a snapshot of travel from each country to the United States and how each contributed to exports and job creation in America.

- *Australia*.—From 2009 to 2011, the number of arrivals to the United States from Australia increased by 314,000 to over 1 million. With Australian visitors spending on average $3,900 during a trip in the United States, spending totaled $4.5 billion in 2011. This accounted for 10 percent of total U.S. exports of goods and services to Australia in 2011. The spending by travelers from Australia supported 34,000 jobs in the United States last year.
- *China*.—From 2009 to 2011, the number of arrivals to the United States from China increased by 565,000 to 1.1 million. Chinese nationals are now the highest-spending visitor to the United States, spending on average $5,300 during their trip. Spending from Chinese visitors to the United States totaled $5.7 billion in 2011. Since 2009, travel exports from China have increased by 59 percent, which is 20 percent faster than the growth rate of other U.S. goods and service exports to China. The spending by travelers from China supported 44,000 jobs in the United States last year.
- *Japan*.—From 2009 to 2011, the number of arrivals to the United States from Japan increased by 331,000 to 3.2 million. With Japanese visitors spending on average $5,100 during a trip in the United States, spending totaled $16.7 billion in 2011. This accounted for 14.5 percent of total U.S. exports of goods and services to Japan in 2011. Spending by travelers from Japan supported 127,000 jobs in the United States last year.

- *South Korea*.—From 2009 to 2011, the number of arrivals to the United States from South Korea increased by 401,000 to 1.1 million. With South Korean visitors spending on average $3,400 during a trip in the United States, spending totaled $3.8 billion in 2011. This accounted for 6.2 percent of total U.S. exports of goods and services to South Korea in 2011. The spending by travelers from South Korea supported 29,000 jobs in the United States last year.

  Much of the growth in travel from South Korea can be attributed to its entry into the Visa Waiver Program (VWP). The VWP allows the United States to sign bilateral visa-free travel agreements with countries that are certified by the Department of Homeland Security (DHS) as meeting stringent security standards. In South Korea's first year in the VWP, spending by South Korean visitors surged 23 percent, adding an extra $1 billion to the U.S. economy.

While it is clear that international travel to the United States, and in particular travel from the Asia-Pacific region, is helping to drive the U.S. economic recovery, the benefits are not as great as they could be. The United States' share of global international long-haul travel actually fell from 17 percent in 2000 to just 12.4 percent in 2010 despite a 40 percent growth in overall global travel. So while global international travel boomed over the last decade, America failed to keep pace. Thankfully, we have a chance to regain our lost market share and attract billions in new travel exports. On a world-wide basis, total international tourist arrivals are projected to grow another 36 percent between 2010 and 2020. Outbound long-haul travel from Australia, China, Japan, and South Korea specifically is expected to increase by 24 million over the next 5 years. This presents enormous economic and diplomatic opportunities for the United States. However, a proper plan must be put in place promptly to aggressively pursue a larger share of this market. In the Asia-Pacific region, our efforts must include three key elements:

(1) international travel promotion of America as a premier travel destination;

(2) a visa issuance process that efficiently secures visas for qualified Chinese visitors; and

(3) a more efficient and welcoming customs clearance process at major U.S. ports of entry for our international guests.

I will discuss each element in turn.

INTERNATIONAL TRAVEL PROMOTION

Thanks to the support of Chairman Rogers and Ranking Member Jackson Lee, in 2010 the Travel Promotion Act was enacted and created a public-private organization, known today as Brand USA, to help explain U.S. travel and security policies and develop global promotion campaigns to attract millions of additional visitors to the United States. Oxford Economics estimates that the travel promotion program authorized by the Act could attract as many as 1.6 million new visitors each year, generate as much as $4 billion in new visitor spending annually and create 40,000 new U.S. jobs. Recognizing that the United States was facing a global competitive disadvantage in the international travel marketplace, Congress showed strong leadership, and America will reap the rewards for years to come.

As a tangible first step in this regard, Brand USA will launch its first global advertising campaign to entice foreign travelers to visit the United States later this month. The first campaign will target the Japanese market along with the United Kingdom and Canada; South Korea has been identified for a second round of global advertising. We are confident that travel promotion will be a success and will help attract more international visitors to the United States.

VISA ISSUANCE PROCESS

The Chinese travel market is growing exponentially. Over the next decade, economists predict that long-haul travel from China will increase by 151 percent. The United States must aggressively pursue a large share of that out-bound travel from China, but to succeed it must be prepared to handle the growth in demand for U.S. visas. Unlike travelers from Australia, South Korea, and Japan, each visitor from China, must first apply and be granted a U.S. visa at an American consulate in order to travel to the United States. Once a visa is granted it is valid for just 1 year.

Initially, the State Department struggled with the growth in visa demand from China which resulted in crowded and cramped waiting rooms at U.S. consulates and visa processing waiting periods of up to 90 days. Working in partnership with the travel industry, the State Department has undertaken several constructive steps, most importantly dedicating more personnel and resources toward visa adjudication and has addressed the long delays in visa issuance.

We believe Congress can play a key role in ensuring that the visa reforms the State Department has implemented in China are sustained over time by working in support of the following recommendations:

- Codifying a 10-day visa processing standard for applications;
- Directing the State Department to tie visa personnel staffing levels to meeting a 10-day visa processing standard;
- Requiring yearly reports from the State Department on the short-, mid-, and long-term plan to meet visa demand from China efficiently;
- Granting Chinese nationals multi-year leisure and business visas; and
- Directing the State Department to pilot the use of secure video-conferencing technology to interview visa applicants remotely.

EFFICIENT AND WELCOMING CUSTOMS CLEARANCE PROCESS

In order to gain a larger share of the out-bound travel market from the Asia-Pacific region, it is essential that the United States process visitors securely and efficiently through our Nation's airports. Today, a shortage of inspection agents and inefficient staffing allocation decisions produce excessive delays in processing international passengers at some of this Nation's highest-volume international airports. Some international airports have reported to U.S. Travel that passengers arriving from long flights—some from the Asia-Pacific region—experience delays of up to 3 hours at U.S. customs processing facilities.

We would like to work with your subcommittee to find a sensible funding solution to ensure adequate staffing is provided to process international travelers visiting our Nation. Furthermore, we intend to continue our partnership with DHS and U.S. Customs and Border Protection (CBP), and hope you will join us in supporting the following recommendations that will result in a more effective and efficient entry process for millions of visitors from the Asia-Pacific region.

- Efficient Passenger Screening
  - Direct CBP to establish a passenger wait time goal of 20 minutes per individual at international airports, and use it as a performance measure to help CBP assess whether staffing levels are sufficient to address passenger volume.
- Airport Staffing Levels
  - Dedicate enough CBP officers to the Nation's top 20 highest-volume international airports to meet the 20-minute passenger screening goal.
  - CBP should brief Congress on its recently completed Workload Staffing Model and identify the resources needed to staff the Nation's airports appropriately.
  - CBP should also expand the Staffing Workload Alignment Tool (SWAT) to additional airports in order to better anticipate short-term staffing demands and reduce wait times at primary inspection areas.
  - Limit the practice of reducing authorized expenditures of CBP Officer overtime pay. Overtime pay inflexibility can lead to extended passenger processing wait times.
  - DHS should ensure that the $110 million in annual funding resulting from the elimination of the COBRA fee exemptions from Canadian, Caribbean, and Mexican air and sea travelers be reinvested into CBP staffing and facilitation at air and sea ports of entry.
- Implementation of a Customer Service Improvement Strategy
  - Develop comprehensive CBP customer service reports using the data submitted by passengers through CBP's comment cards, and include the reports in the *Air Travel Consumer Report* issued by Department of Transportation's Office of Aviation Enforcement and Proceedings (OAEP).
  - Work with the private sector to review existing customer service training and, where appropriate, develop new training techniques.
  - Establish metrics to measure the customer service performance of CBP officers at airports, and provide rewards for officers that demonstrate exceptional performance.
  - Direct CBP officers to greet passengers arriving at primary inspections with "Welcome to the United States" or "Welcome home."
- *Global Entry Program.*—CBP has implemented some travel facilitation recommendations quite effectively, such as the creation of a trusted traveler program for pre-approved, low-risk travelers known as the Global Entry program. This program provides fast-track immigration processing for previously vetted Americans and select international visitors. It adds significant efficiency to the entry process by removing participants in the program from the general processing queues and allowing them to use automated kiosks that can process the average person within 40 seconds. Additionally, Global Entry adds to the secu-

rity of our borders by gathering voluntarily provided background information from each program applicant. That information, in turn, is run against a series of terrorist watch lists and criminal history records before determining an applicant's eligibility to participate in Global Entry.

Currently, Global Entry is available broadly to citizens from Canada, the Netherlands, and Mexico. There is a very limited pilot program with the United Kingdom and Germany. As it relates to the Asia-Pacific region, the United States has signed an agreement with South Korea to participate in the program but it is not yet in operation. DHS has also begun to have discussions with Australia, Japan, and South Korea about Global Entry. Expanding access to Global Entry to more countries in the Asia-Pacific region is critical to our Nation's success as a strong partner on travel facilitation and security.

- CBP should fully and expeditiously implement the reciprocal agreement signed with South Korea for use of Global Entry this year.
- A reciprocal agreement should be signed with Australia that would allow Australian's access to Global Entry and American's access to Australia's trusted traveler program, known as SmartGate.
- A reciprocal agreement should also be signed with Singapore and Japan that would allow nationals from these two countries to apply for Global Entry access.
- CBP should work to develop a more user-friendly process for individual Global Entry enrollment registration to the program.
- CBP should prioritize implementation of the APEC Business Travel Card, which was authorized by Congress last year. By taking this step, CBP would facilitate the processing of American business leaders seeking to expand commercial relations with the growing APEC region.

CLOSING

Becoming more competitive in a global economy entails increasing our Nation's share of the travel market from the Asia-Pacific region and beyond. The stakes are high, but with the right policies, we should be successful. Thank you for your ongoing interest in travel exports. Our industry is eager to continue to work closely with you to welcome many more leisure and business visitors to the United States.

Mr. ROGERS. I thank you for that opening statement.

The Chairman now recognizes our second witness, which is Mr. Gary Wade, the vice president of security at Atlas Air Worldwide. He will be testifying on behalf of the Cargo Airline Association.

Mr. Wade is now recognized for 5 minutes.

STATEMENT OF GARY E. WADE, VICE PRESIDENT OF SECURITY, ATLAS AIR WORLDWIDE HOLDINGS, INC., ON BEHALF OF THE CARGO AIRLINE ASSOCIATION

Mr. WADE. Thank you, sir.

Good afternoon, Chairman Rogers, Ranking Member Jackson Lee, and Members of the subcommittee. I am vice president of security for Atlas Air Worldwide Holdings. I am here today to speak on behalf of the Cargo Airline Association, where I serve as the chairman of the association's Security Committee. I appreciate the opportunity to testify today.

The Cargo Airline Association is a Nation-wide trade organization representing the interests of the Nation's all-cargo air carriers. Operating safely and securely in a worldwide marketplace is the No. 1 priority of Atlas and the rest of the all-cargo air carrier industry.

Specializing solely in the transportation of cargo, CAA members are the primary drivers of a global economy that demands the efficient time-definite transportation of a wide range of commodities. Looking specifically at the Pacific region, Hong Kong alone, for example, processed 1.4 billion tons of cargo for export, about 20 per-

cent of the Asian market. The Asia-to-U.S. market today is estimated to be a 4 billion to 5 billion kilo market per year.

Atlas is a leading provider of global aviation operating services and owns a fleet consisting largely of Boeing 747 freighter aircraft, eight of which are in full-time service to the Asian market. In addition, Atlas offers world-wide ad-hoc charter service with significant uplift for the U.S. Air Mobility Command.

In 2011, Atlas operated more than 18,500 cargo flights, serving over 250 destinations in more than 90 countries. Last year, Atlas transported approximately 6 billion pounds of cargo around the globe. Atlas has also expanded in recent years for passenger charter service, which is based in Houston, Texas, that operate around the world, to include the Asia-Pacific region.

In applying the necessary security measures to protect our businesses, it is important to understand that the one-size-does-not-fit-all approach to the air cargo security is not as effective as a risk-based approach. As a practical matter, the aviation industry is composed of a myriad of businesses, each with their own unique operational models. These differing characteristics must continue to be taken into account in developing and implementing security policy.

Our industry has learned a lot since October 2010 when the dissemination of intelligence led to the interception of the explosive devices originating in Yemen and ultimately bound for the United States on all-cargo aircraft. Simply put, the importance of good intelligence in the identification of high-risk shipments, as we learned just yesterday, cannot be overstated. In addition to intelligence, isolating high-risk cargo involves the ability to learn as much as possible about the shippers and shipments as early as possible in the supply chain.

Administrator Pistole testified in front of this committee last June and stated, "TSA's existing security measures create a multi-layered system of transportation security that mitigates risk. No layer on its own solves all of our challenges, but in combination they create a strong and formidable system." We absolutely agree with Administrator Pistole and TSA's approach.

The approach that must be taken in securing the international supply chain is to screen 100 percent of shipments identified as high-risk. Using a risk-based approach is not only the right way to address cargo security, it is truly the most effective way to address cargo security.

Identification of high-risk shipments requires a combination of shared intelligence and the ability to learn as much as possible about shipments as early as possible in the shipping process. In turn, effective screening involves adequate training of security personnel, the application of the appropriate technology at the appropriate time, and, where available, the use of canines trained to detect explosives.

All segments of the cargo industry are engaged in efforts to enhance these elements of the security equation. For example, in conjunction with both TSA and CBP, industry members are participating in an extensive pilot program known as the Air Cargo Advance Screening Program, designed to provide as much shipment information as possible to the Government for purpose of targeting

anomalies and inconsistencies. TSA is also in the process of developing a Trusted Shipper concept that would recognize that certain repeat shippers may pose less of a threat than the occasional single shipper.

But it is important not to overlook low-tech initiatives to screen air cargo in both the international and domestic markets. Specifically, the use of canines has proven effective in the screening of air cargo, but the use of dogs has been hampered by the relative scarcity of TSA-trained animals. The use of canines should be aggressively expanded by permitting the use of private-sector but TSA-certified canines as a primary screening method.

Simply stated, the threat-based approach combined with Administrator Pistole's commitment to work collaboratively with the stakeholder community is the key to enhancing security across the transportation system.

[The prepared statement of Mr. Wade follows:]

PREPARED STATEMENT OF GARY E. WADE

APRIL 18, 2012

INTRODUCTION

Good afternoon Chairman Rogers, Ranking Member Jackson Lee, and Members of the subcommittee. My name is Gary Wade and I am the Vice President of Security for Atlas Air, Inc. I'm here today to speak on behalf of the Cargo Airline Association where I serve as the Chairman of the Association's Security Committee. I appreciate the opportunity to testify today on secure partnerships in travel, commerce, and trade with the Asia-Pacific region.

The Cargo Airline Association is the Nation-wide trade organization representing the interests of the Nation's all-cargo air carriers.[1] Specializing solely in the transportation of cargo, CAA members are the primary drivers of a world-wide economy that demands the efficient time-definite transportation of a wide range of commodities. Our industry segment has grown over the years to a point where, in fiscal 2011, it accounted for 87.6% of the Revenue Ton Miles (RTMs) in domestic markets (up from 70.0% in 2000) and 69.2% of the RTMs in international markets (up from 49.3% in 2000). By 2032 the all-cargo industry domestic share is predicted to reach 89.7%.[2] Looking specifically at the Pacific region, international air cargo RTMs had a significant increase in 2011 of 9.1%, increasing from 8.4 to 9.1 billion RTMs.[3]

Atlas Air, Inc. is a leading global provider of aviation operating services. Atlas owns a fleet consisting largely of Boeing 747 freighter aircraft which are leased to airlines and express carriers on a contract basis offering aircraft, crew, maintenance, insurance (ACMI), as well as offering world-wide ad-hoc charter service with significant uplift for the U.S. air mobility command. Atlas also has expanded in recent years to passenger-charter operations based in Houston, Texas that operate around the world to include the Asia-Pacific region. In 2011, Atlas Air operated more than 18,500 flights, serving over 250 destinations in more than 90 countries. Last year Atlas transported approximately 6 billion pounds of cargo around the globe.

OPERATING SECURELY IN TODAY'S WORLD

Operating safely and securely in a world-wide marketplace is a paramount priority of Atlas and the rest of the all-cargo air carrier industry.—We continuously strive to achieve the highest possible level of security while simultaneously operating a successful company and facilitating the flow of commerce throughout the globe. At the end of the day, smart effective security is smart business. None of us can afford to lower our guard in a world filled with potential terrorist threats.

In applying the necessary security measures to protect our businesses, it is important to understand that a "one-size-fits-all" approach to air cargo security is not as

[1] Association members include ABX Air, Atlas Air, Capital Cargo, DHL Express, FedEx Express, Kalitta Air, and UPS Airlines.

[2] FAA Aerospace Forecast, Fiscal Years 2012–2032, p. 48.

[3] FAA Aerospace Forecast, Fiscal Years 2012–2032, p. 23.

effective as a risk-based approach.—As a practical matter, the aviation industry is composed of a myriad of businesses, each with their own unique operational models. For example, all-cargo operators do not carry "passengers" in any generally accepted definition of that term; have substantial operations that never touch U.S. soil (sometimes in the livery of foreign carriers); provide substantial support services for the U.S. military; and in many cases, have control over the pickup and delivery, as well as the transportation, of cargo. Some all-cargo carriers offer a time-definite service and are generally known for their express operations, while other companies such as Atlas concentrate on traditional freight operations providing the transportation function through the air freight forwarder community. These differing characteristics must continue to be taken into account in developing and implementing security policy. Accordingly, all-cargo air carriers today operate under a different Security Program and different Security Directives than our passenger counterparts or the members of the indirect air carrier community. Each of these different regulatory requirements is tailored to address the unique threats and vulnerabilities of the separate industry segments.

THE RISK-BASED APPROACH TO TRANSPORTATION SECURITY

Transportation Security Administration (TSA) Administrator John Pistole testified in front of this committee last June and stated "TSA's existing security measures create a multi-layered system of transportation security that mitigates risk. No layer on its own solves all our challenges, but, in combination, they create a strong and formidable system."[4] We absolutely agree with TSA's approach and I would like to take the opportunity to explain what risk-based security means within the all-cargo community, including the measures being taking to mitigate identified risks in Asia and around the world.

We firmly believe that the approach that must be taken in securing the international supply chain is to identify high-risk shipments and to screen 100% of those shipments found to possess such high-risk characteristics.—Using a risk-based approach is not only the right way to address cargo security; it is truly the only effective way to address cargo security. Identification of high-risk shipments requires a combination of shared intelligence and the ability to learn as much as possible about shipments as early as possible in the shipping process. In turn, effective screening involves adequate training of security personnel, the application of appropriate technology, and, where available, the use of canines trained to detect possible explosives.

The importance of the role of good intelligence in the identification of high-risk shipments cannot be overstated.—Intelligence is absolutely crucial in enabling companies such as Atlas to target potentially dangerous shipments. To be effective, however, we must find better ways to communicate such intelligence to those in the air cargo supply chain. If there were any doubt about the role of effective intelligence, that doubt should have been erased by the events of October 28, 2010, when the dissemination of intelligence led to the interception of explosive devices on all-cargo aircraft originating in Yemen and ultimately bound for the United States.[5] The necessary intelligence sharing includes not only information on threats from U.S. Government sources to industry and from industry to TSA and/or Customs and Border Protection (CBP), but also cooperation from foreign governments. This foreign government component is clearly an on-going challenge that TSA and CBP continue to face.

In addition to the intelligence element, isolating high-risk cargo also involves the ability to learn as much as possible about both shippers and shipments as early as possible in the supply chain.—All segments of the air cargo industry are currently engaged in efforts to enhance these elements of the security equation. For example, in conjunction with both TSA and CBP, industry members are participating in an extensive program known as Air Cargo Advance Screening (ACAS) pilot program designed to provide as much shipment information as possible to the government for purposes of targeting potential anomalies. This program began with the express industry segment and is now expanding to passenger carriers, air freight forwarders, and traditional heavy freight operators.

TSA is also in the process of developing a Trusted Shipper concept that would recognize that certain repeat shippers may possess less of a threat than the occasional single shipper. In the case of Atlas, upwards of 90% of non-express cargo exported from Asia comes from repeat customers in the high-tech arena, such as Apple and

[4] Statement of John Pistole, House Homeland Security Committee Subcommittee on Transportation Security hearing on TSA Authorization legislation, June 2, 2011.

[5] It is perhaps important to note that the shipments intercepted through the application of intelligence had already been physically screened multiple times without uncovering the hidden explosives.

Samsung. Indeed, there are instances where certain shippers ship cargo from the same city pair with the same goods every month or every year. This predictability and understanding of the cargo being transported poses less of a threat to air cargo security compared to an aircraft loaded with shipments from many different shippers, some of whom may only occasionally ship on an airline or may be first-time shippers. The challenge is to mature this concept to permit the free flow of goods, while at the same time protecting against insider threats in the international environment. Eighty percent of the world's cargo comes from approximately 20 countries. Therefore, expanding ACAS coupled with a trusted shipper concept would produce a very effective security system and provide a foundation for what air cargo security should look like.

As noted above, it is important not to overlook "low-tech" initiatives to screen air cargo—in both international and domestic markets. Specifically, the use of canines has proven effective in the screening of air cargo, but the use of dogs has been hampered by the relative scarcity of TSA-trained animals. We firmly believe that the use of canines should be aggressively expanded by permitting the use of private, but TSA-certified, canines as a primary screening method.

While all of these initiatives apply generally to all international air cargo, they are particularly important in Asian markets where growth has far exceeded industry averages and further expansion of markets is expected in the coming years.

INDUSTRY/GOVERNMENT COOPERATION

Finally, it is important to point out that supply chain security, in Asia and elsewhere, can only be effective if the industry and Government work together to identify both problems and solutions. Administrator Pistole's commitment to work collaboratively with the stakeholder community to develop the programs necessary to enhance security across the transportation system has been applauded by industry. To his credit, the administrator has made good on his promise to engage the industry in formulating policy as we move forward. This cooperation, including the understanding of the operationally unique characteristics of the various industry segments, will result in the best possible security regime.

CONCLUSIONS

To summarize, growth in air cargo all over the world and in the Asia-Pacific region is predicted to grow steadily throughout the next several years. Therefore, the challenges we face today in transporting cargo throughout the world will only continue. Addressing the security challenges both domestically and globally will hinge on a few key factors. Perhaps the two most important points to stress include the necessity for good, reliable, and timely intelligence and the focusing of resources on a risk-based, threat-based security system. Atlas and the rest of the all-cargo industry will continue to work cooperatively with both TSA and CBP to develop and implement the best possible security regime. We've learned the threats are constantly evolving and we need to continue to adapt to these dynamic challenges whether they be from our homeland or abroad.

Thank you very much and I am happy to answer any questions from the committee.

Mr. ROGERS. Thank you, Mr. Wade, for your testimony. We appreciate you being here today. We know your time is valuable.

Our next witness is Dorothy Reimold, who currently serves as assistant director for security and travel at the International Air Transport Association.

The Chairman now recognizes Ms. Reimold for her statement.

STATEMENT OF DOROTHY REIMOLD, ASSISTANT DIRECTOR, SECURITY AND TRAVEL FACILITATION, INTERNATIONAL AIR TRANSPORT ASSOCIATION

Ms. REIMOLD. Chairman Rogers and Members of the committee, thank you for the opportunity to testify on behalf of IATA's 240 members on the importance of cooperation between the United States and Asia.

IATA member airlines traverse the globe, safely carrying passengers and cargo to their destinations. As our industry continues

to evolve, we must keep pace to ensure that this safety is never compromised and that the full benefit of aviation can be realized.

IATA recently partnered with Oxford Economics to assess the impact of aviation around the world, and the picture is clear: Aviation drives the world economy. Aviation provides 56.6 million jobs and 3.5 percent of the global GDP. These numbers are expected to grow in the coming years, with nearly 6 billion passengers, 82 million jobs, and $6.9 trillion in economic activity forecast by 2030.

Perhaps no part of the world better exemplifies the potential of aviation than the Asia-Pacific region. Given its exploding aviation markets, it currently represents 43 percent of the total jobs and 34 percent of the passenger traffic, the largest share of any individual region.

Whether in Asia-Pacific or elsewhere, aviation needs regulatory support to sustain its growth and to continue to be an economic catalyst. But we need to strike a balance. Aviation is one of the most heavily-regulated industries in the world, and this burden is increased by sometimes uncoordinated and conflicting regulations.

Growth also compels the need for a more harmonized approach to aviation security. The industry has changed dramatically over the last many decades, and while we have adapted to the changing environment, regulators have had to augment and sometimes patch systems to keep up with evolving threats, more passengers and cargo, and uncoordinated mandates. IATA believes that governments must continue to emphasize compatible security regulations. We support programs such as the Air Cargo Advance Screening Program being advanced by the CBP and TSA and laud their efforts to seek industry input.

The Asia-Pacific market is becoming a prominent voice in defining aviation security. As an example, consider the business model of low-cost carriers, which depend on the fast turnaround of aircraft. In Asia, LCCs have grown from nearly zero percent to 25 percent of the market over the last decade. The success of this bourgeoning market will depend on increased efficiency across the aviation system, including security.

In terms of passenger screening, we are proud of the vastly improved security environment that our collective efforts have provided. We also acknowledge that the combination of more people traveling and inconsistent security regulations and practices have resulted in less efficient security processing. This, in turn, has led to increased security costs, delays, and passenger frustration. The one-size-fits-all security screening model is outdated.

IATA commends Secretary Napolitano and Administrator Pistole for their leadership in moving toward risk-based security screening. IATA is currently working with governments and industry around the world to drive the evolution of passenger security with our Checkpoint of the Future concept. We believe that this evolution is fundamental to our industry's ability to grow.

Here again, we point to the need for a consistent regulatory approach. As with passenger screening, cargo security represents a challenge to the industry. The 2010 Yemen printer cartridge event is regarded by many as air cargo's 9/11 in terms of the changes it brought to the business.

IATA promotes two parameters to the solution. First, we must preserve speed along with security. Entire industry sectors have built their business models on the availability of a fast air cargo supply chain. If we don't keep the speed, business models around the world would change dramatically and, in fact, many could disappear. The second element is a need for a multi-layered approach that includes the entire value chain. We need to focus on risk management, securing the supply chain at the beginning, and utilizing technology. We recognize the efforts within the Asia-Pacific region to advance some of these elements.

It is also important to note that the International Civil Aviation Organization has been instrumental in driving toward harmonized security standards and has included both government and industry in these efforts. IATA will continue to advocate the need for harmonization at this year's High-Level Aviation Security Conference.

Global cooperation on security is complicated, and yesterday's news reinforces this all too well. But a complicated environment cannot create an excuse for lack of coordination or unilateral implementation of new regulations.

Chairman Rogers and Members, on behalf of IATA, thank you again for the opportunity to speak with you today.

[The prepared statement of Ms. Reimold follows:]

PREPARED STATEMENT OF DOROTHY REIMOLD

APRIL 18, 2012

Chairman Rogers, Ranking Member Jackson Lee, and Members of the committee, thank you for inviting me to testify on behalf of IATA's members on the importance of cooperation on aviation security between the United States and Asia. IATA's 240 member airlines crisscross the globe every day, safely carrying passengers and cargo to their destinations. At the beginning and throughout every stage of the journey, aviation security is paramount to the safety and success of our industry. As the industry continues to evolve, security must keep pace with the changing world to ensure the benefits of aviation are realized.

IATA recently partnered with Oxford Economics to study the impact of aviation on 57 countries around the world, and the picture is clear: Aviation drives the world economy. Aviation is responsible for 56.6 million jobs globally and 3.5% of global GDP. If aviation were a country, it would rank 19th in size by GDP. The industry is comprised of 23,844 aircraft, 3,846 airports, 192 air navigation service providers, 34,756 routes, and 1,568 airlines. All of these numbers are expected to grow over the coming years, with nearly 6 billion passengers, 82 million jobs, and $6.9 trillion in economic activity by 2030. In addition, aviation carries about 35% of global trade by value but only 0.5% of actual tonnage, representing 48 million tons of cargo and $5.3 trillion in value. Over the next decade, world trade is expected to nearly double, with emerging markets leading the way. Perhaps no part of the world better exemplifies the potential of aviation than the Asia-Pacific region, whence a significant portion of this growth will originate. And cooperation between the United States and Asia will have a dramatic impact on the future of aviation.

The Asia-Pacific aviation market is growing. The Asia-Pacific region represents 43% of total jobs and 21% of the GDP generated by the air transport industry worldwide. In 2010, airlines carried nearly 2.7 billion passengers. Thirty-four percent of that traffic belonged to the Asia-Pacific region, the largest share of any individual region. Beijing is the second-largest airport in the world in terms of passenger traffic, and of the top 10 countries by passenger traffic, four are from the Asia-Pacific region. Over the next 20 years, these numbers are expected to grow significantly. Passenger numbers are expected to almost triple in the region from 779.6 million in 2010 to over 2.2 billion in 2030. This increase represents an astounding 6.7% annual growth rate for passenger traffic, and cargo is expected to grow similarly in the region by 6.3% per year. However, if the region continues to press for liberalization in the industry and investment in infrastructure, this growth could be much larger.

Yet for all of its potential, aviation's continued ability to serve as an economic catalyst is highly dependent on regulatory relief and support. Open Skies agreements, such as the one between the United States and Japan, have greatly increased the opportunities for growth in the U.S.-Asia markets. But more work needs to be done. Aviation growth cannot translate into economic benefit unless we have a regulatory regime that supports it. And the unfortunate reality is that aviation is one of the most heavily-regulated industries in the world. Other transportation modes benefit from fewer regulations and better harmonization. For example, maritime cargo security regulations are far less burdensome than aviation security regulations, leading businesses to choose shipping over air freight. Fortunately for our industry, this isn't always an option. Speed remains a critical component for some industries, but without proper regulatory support, the full benefits of air freight cannot be realized.

Similarly, harmonization and cooperation in aviation security has never been more important. The aviation industry today is dramatically different than it was when the security checkpoint was designed some 40 years ago. While airports, aircraft manufacturers, and airlines have adapted to the industry's growth, regulators continue to augment and patch their current systems to keep up with evolving threats, more passengers, and uncoordinated approaches. Security lines are sometimes considered the single worst part of the travel experience. That's on the passenger side.

Cargo screening also suffers from myriad approaches and reactive over-regulation and imparts enormous cost on the cargo supply chain. We must change the paradigm in aviation security to be proactive instead of reactive and to fit the industry as we know it today. To this end, governments must renew their emphasis on compatible security regulations. We are excited about programs such as Air Cargo Advance Screening (ACAS), a program of the U.S. Customs and Border Protection (CBP) and the U.S. Transportation Security Administration (TSA) that is being developed with industry input. While the United States has been a leader in aviation security, the emerging Asia-Pacific market is quickly becoming a prominent voice in security regulation. In order to maintain aviation's competitiveness across borders, regulators from the United States and Asia must work together to promote regulations that both improve security and also support efficiency in the industry.

Inconsistencies and reactive, often duplicative regulations have led to less efficient security processing, which in turn has led to skyrocketing security costs for governments and industry, passenger frustration, and global confusion. Today's security checkpoint is outdated and does not fit our industry. Each passenger is processed at the same threat level, even though we know that all but a very select few travelers pose no threat to the system. Under Homeland Security Secretary Napolitano and Transportation Security Administrator Pistole we have seen important initiatives to move to a risk-based approach to screening. An example is TSA's PreCheck program, which will dramatically improve security and efficiency by focusing resources on passengers about whom a threat level is unknown or undecided. However, substantial challenges remain.

The one-size-fits-all mandate limits the ability to focus resources where threats are greatest. Additionally, while some have suggested that the market-based increase in carry-on baggage has led to this slowdown, we know this is not the case. We have assessed security throughput since 2005, and checkpoints were slowing down long before fare unbundling caused more carry-on bags. In reality, the requirement for passengers to remove jackets, shoes, and belts and to remove numerous items from their bags has dramatically slowed throughput at U.S. airports. And every new requirement at the checkpoint, such as the 3–3–1 rule for liquids and gels, leads to longer lines, more confusion, and more frustration. This slowdown has also hampered airline schedules. For instance, the business model of low-cost carriers (LCCs) depends on the fast turnaround of aircraft. In Asia, LCCs have grown from nearly 0% of the market to 25% over the last decade and are projected to reach 50 airlines by the end of 2012. The success of this burgeoning market will depend on increased efficiency across the aviation system, including security.

On top of these frustrations, global cooperation on security is complicated by a lack of coordination and by regulatory conflicts between nations and regions. Europe is looking to lift restrictions on liquids, aerosols, and gels next year, but what happens to the passenger transiting through one of Asia's major hubs? Screening practices for passengers vary from country to country, for instance: Shoes off in one country and not in the other. Furthermore, aviation security often suffers from significant duplication, such as at certain airports where boarding passes are checked at the entrance to the airport and then again at the checkpoint. This must change. Our industry must be able to be assured that security practices are consistent but unpredictable. They must be clearly understood, and they must be uniformly implemented.

IATA is working with industry and regulators from around the world to try to modernize and reform the security checkpoint through the Checkpoint of the Future project. We are working to evolve today's security checkpoint to focus on risk-based passenger differentiation and proactive, targeted screening. A pivotal piece of this reform will be global cooperation. Regulators must come together to address common challenges and to devise a path to create a truly global security system, where passengers can move more freely across borders through a more effective security regime. Efficiency does not preclude security. In fact, by increasing the effectiveness of security and focusing on proactive threat assessment and detection, efficiency improvements are virtually automatic. We imagine checkpoints in the future will allow passengers to walk through screening without cumbersome requirements to remove clothing or items from their bags. But the key to defining this future is to ensure that we undertake this evolution with a consistent and harmonized approach, especially for regulations.

As with passenger screening, cargo security represents a key challenge to industry and regulators. The 2010 Yemen printer cartridge incident was a reminder of the evolving challenge and the need for constant vigilance. Many regard it as air cargo's 9/11 in terms of the changes it is bringing to the air cargo business. There are two parameters to the solution. First, we must preserve speed along with security. Entire industry sectors have built their business models on the availability of fast air cargo supply chain links. If we don't keep the speed, business models around the world would change dramatically, and many could disappear. The second element is the need for a multi-layered approach that includes the entire value chain. The areas we should focus on are: Risk management; securing the supply chain upstream; and, using the latest technology.

On risk management, IATA is working with stakeholders and regulators to harmonize risk-assessment measures in compliance with the World Customs Organization SAFE standards. IATA, Airlines for America (A4A), the International Federation of Freight Forwarders Associations (FIATA), and other stakeholders are working jointly with regulators on projects such as the European Union and the U.S. Air Cargo Advanced Screening pilot project to achieve harmonized results. And a jointly developed e-Consignment security declaration is being put forward as a recommended practice within the International Civil Aviation Organization (ICAO) Annex 17 regulations. This will help facilitate a consistent provision of data to regulators for risk-management purposes.

The second element is securing the supply chain, and Asia-Pacific is in the forefront, as Malaysia launched the first IATA Secure Freight pilot initiative in 2010. Secure Freight evaluates the strength of a Nation's aviation security infrastructure and works with the civil aviation authorities to ensure that cargo has come from either a known consignor or regulated agent and has been kept sterile until it is loaded. It identifies the gaps within a security regime and helps to seal this process upstream, which will prevent bottlenecks at the airport. Meanwhile Kenya, Mexico, Chile, South Africa, Egypt, and the United Arab Emirates are set to start their own programs, and China and Brazil are showing interest.

Complimentary to the focus on cargo security is IATA's e-freight program, a supply chain initiative, which is designed to remove paper from cargo manifests in favor of electronic airway bills. To be successful, the air cargo value chain must meet customer expectations with efficient and quality products and processes. In addition, electronic information allows data to be kept in a secure, need-to-know channel and provides improved tracking of shipments within the supply chain. Moving to a completely paperless system is a huge challenge, and e-freight is the single most important project to shore up the competitiveness and efficiency of air cargo. The Asia-Pacific market is providing significant leadership in e-freight, and global participation by regulators and freight-forwarders will be pivotal to this program's success. It is imperative that the U.S. Government embrace the need for electronic commerce to keep America competitive with other nations and to facilitate trade between the United States and Asia-Pacific. This includes the expedited adoption of paperless documents for import and export shipments of all types.

On the technology side, we all know the present constraints of security systems. The good news is that regulators are listening to and involving industry in discussions on technology. It is clear that a robust risk assessment needs both physical and data screening programs. And of course these must be harmonized. The worst thing for both industry and states would be to have these programs competing with each other across airline networks. It is imperative that Customs Administrations and Civil Aviation Authorities coordinate their requirements and initiatives.

Cargo security harmonization is being driven by ICAO, which since the Yemen incident has undertaken a significant role in getting industry and regulators to the table. Secretary Napolitano and ICAO joined forces immediately following the inci-

dent to convene a series of conferences around the world to focus on harmonization, with the recognition that we are only as strong as our weakest link. In 2011, the ICAO Aviation Security Panel established a working group to address air cargo security concerns in an inclusive manner, in accordance with terms of reference that incorporate the relevant elements of the Secretariat Study Group on Supply Chain Security. The primary task of the new working group is to recommend practical measures that could be adopted by states on an urgent basis to enhance cargo security on passenger and cargo aircraft. In parallel, the ICAO Secretariat is carrying on with development of guidance material in the field of air cargo security, with a particular focus on international cooperation and information sharing, technology, and processes for the detection of explosives, personnel training, and quality control and oversight inspection systems to ensure proper implementation of supply chain security processes.

Passenger and cargo security are paramount to the continued safety and success of the aviation industry. We are confident that continued efforts by the TSA, ICAO, and other regulators as well as industry will continue to improve security and efficiency in passenger and cargo markets. Chairman Rogers and Ranking Member Jackson Lee, thank you again for the opportunity to speak to you today about the future of aviation and security. IATA applauds your commitment to improving aviation security and making the experience more enjoyable for passengers. The future of flight is bright, and your collaboration is vital to our continued success as an industry.

Mr. WALBERG [presiding]. Thank you, Ms. Reimold. It is hard to keep track of the players up here. Chairmen change so quickly. But thank you for your testimony.

Now I recognize Mr. Mullen for your testimony.

STATEMENT OF MICHAEL C. MULLEN, EXECUTIVE DIRECTOR, EXPRESS ASSOCIATION OF AMERICA

Mr. MULLEN. Thank you, Mr. Chairman. It is a real pleasure and an honor to be able to appear before the committee today.

I am going to focus my testimony today on the Air Cargo Advance Screening, or ACAS, project, which, as my colleagues have indicated, began in late 2010 after al-Qaeda in the Arabian Peninsula attempted to ship explosive devices hidden in printer cartridges coming out of Yemen on express delivery flights. While technical screening, canines, and physical inspection failed to detect the bombs, the plot was disrupted when specific intelligence describing the details of the threat allowed the express companies to immediately identify and neutralize the shipments.

The day after the Yemen bombs were discovered and the plot disrupted, the four member companies of the Express Association of America—DHL, FedEx, TNT, and UPS—had a telephone conference with senior U.S. Customs and Border Protection and Transportation Security Administration officials. We all agreed the express carriers needed to provide information on air cargo shipments from high-threat areas earlier in the supply chain so the government could complete its targeting process sooner in order to prevent a similar attack in the future.

The express companies were permitted to take the lead in developing an operationally feasible approach to providing this data, and this became the ACAS project. To date, information on over 18 million air cargo shipments has been analyzed by the ACAS unit. No terrorist threats to aviation have been detected, and no shipments have been designated as "do not load."

The express companies are constantly expanding the number of countries, which is now over 150, for which shipment data is transmitted, with the ultimate goal of providing global information on

shipments coming to the United States from any country. Deliveries from Asia to the United States represent a large percentage of the millions of packages moved by express delivery firms around the world on a daily basis. Some very high-volume Asian countries—China, Japan, and Korea—are considered low-risk for terrorist threats and are just now being added to the ACAS pilot. As more countries in the Asian region are added to ACAS, the resulting increase in the volume of information will require that both the Government and the private sector ensure adequate resources are available to provide the information, conduct the analysis, and respond operationally to the results of the targeting.

Several really innovative things were done to implement the ACAS project. For example, the express companies are providing access to their proprietary information and targeting systems to help CBP and TSA resolve anomalies in the shipment data. I cannot say enough about how skillfully CBP and TSA cooperated with each other and with the express delivery industry to make this project a success.

To establish ACAS, CBP, and TSA employed an approach that has come to be known as co-creation, in which the private sector determined at the outset an operational concept for the project and how the data will be transmitted. This approach differs significantly from the normal method of allowing the business community to comment on the Government's approach to a security issue only after a regulation has been drafted.

Based on the success of this approach, after the pilot project has run for a sufficient amount of time and the results are analyzed, the ACAS private-sector participants will engage with CBP and TSA to draft a regulation that is based on the operational lessons learned from the pilot.

I want to end by mentioning four key lessons we already have learned from the ACAS project. First, the private sector and the Government should approach a new security challenge from the outset as fully equal partners who share common goals and a dedication to finding a solution that will meet the highest security standards while preserving operational capabilities the private sector needs to remain fully competitive internationally.

Second, the Government needs to develop a more robust capability to share intelligence information with the private sector. Third, security programs can be tailored to private-sector business models in a way that is operationally feasible.

Fourth, analysis of all available information should be the basis for focusing technical screening resources on shipments identified as potential threats. Once screening has determined that a shipment is not a threat to aviation, that clearance should stay with the shipment regardless of it being transferred to another carrier, and additional screening should not be necessary.

So, again, I very much appreciate the opportunity to discuss these issues with you.

[The statement of Mr. Mullen follows:]

PREPARED STATEMENT OF MICHAEL C. MULLEN

APRIL 18, 2012

I. OUR RESPONSE TO THE YEMEN BOMB INCIDENT

On October 28, 2010, al-Qaeda in the Arabian Peninsula attempted to ship explosive devices hidden in printer cartridges coming out of Yemen and destined for the United States on express delivery air cargo flights. While technical screening, canines, and physical inspection failed to detect the bombs, the plot was disrupted when specific intelligence describing the nature of the threat was obtained which allowed the express companies to immediately identify and neutralize the shipments.

The day after the Yemen bombs were discovered and the plot disrupted, the four member companies of the Express Association of America (EAA)—DHL, FedEx, TNT, and UPS—had a telephone conference with senior U.S. Customs and Border Protection (CBP) and Transportation Security Administration (TSA) officials. All participants in the call agreed that providing information on air cargo shipments earlier would be a key step toward improving security and disrupting any future terrorist attempts to deliver a weapon through the air cargo supply chain. A series of meetings began which focused on concrete approaches to achieving this goal. Government agencies identified seven key data elements from the existing manifest submission that are critical to risk-targeting capabilities. The concept was to provide this data as soon as possible, with the complete information in the manifest on the aircraft continuing to be submitted in accordance with the Trade Act 4 hours before arrival. The express companies were permitted to take the lead in developing an operationally feasible approach to providing this data as early as possible in the supply chain. The express firms found the data could be transmitted several hours before the shipment left the last point of departure on its trip to the United States, and each company worked with the CBP National Targeting Center to develop the technical means to deliver the information.

II. DEVELOPMENT OF ACAS

The resulting project is named Air Cargo Advance Screening or ACAS. By January 2011 all four express firms were transmitting data on shipments from a list of countries identified by the Department of Homeland Security as high priorities. CBP and TSA initially focused the pilot program on express consignment operators since this sector of the trade accounts for more than 70% of all international air cargo shipments. The four members of the Express Association of America account for approximately 93% of the international air cargo shipments in the express consignment environment.

As operational experience with the ACAS pilot project increased, both the Government and the express companies found innovative approaches to improving the targeting and risk management process. The express companies are providing access to their proprietary information and targeting systems to help CBP and TSA resolve anomalies in the shipment data, which allows a more rapid risk assessment of the cargo. Express carrier personnel have worked with the ACAS Unit at the National Targeting Center to share their expertise on express delivery operations with Government personnel and to develop a deeper understanding of the Governmental targeting process. ACAS Unit personnel have visited express delivery hubs to gain awareness of the operational environment. CBP and TSA, and other key stakeholders, have developed and refined rules and weight sets within the automated targeting system to better identify shipments that pose a security risk to aviation. The express companies are constantly expanding the number of countries—now over 100—for which shipment data is transmitted, with the ultimate goal of providing global information on shipments coming to the United States world-wide. CBP and TSA are providing additional resources to the ACAS unit to manage the increasing volume of information and still ensure the shipment risk assessment process is completed expeditiously. In short, ACAS has become an extremely effective and well-developed partnership between the public and private sectors.

III. ACAS RESULTS

To date, information on 17.5 million air cargo shipments has been analyzed by the ACAS Unit. Over 250,000 shipments have been selected by the targeting system for further review and nearly 3,000 of these have been identified for additional data analysis or screening. No terrorist threats to aviation have been detected and no shipments have been designated as "do not load". Security concerns for identified shipments are mitigated through TSA-implemented security screening protocols con-

ducted by the carrier prior to lading. In the event of a "do not load" situation, protocols have been developed to engage host-country authorities and lines of communication are defined to ensure all relevant stakeholders would receive required information.

The key factor to the success of the ACAS project has been the flexibility displayed by both the public and private sectors. From the beginning, the Government agreed that no time deadlines would be applied to the submission of ACAS data, and no penalties would be assessed for inaccurate or incomplete data. The National Targeting Center developed a capability to accept ACAS data in any format and map the information to existing targeting databases, as opposed to requiring the data in a specific format from all participants. The private sector agreed to submit the data as early as possible in the supply chain, which has developed into a capability to transmit the information nearly as soon as it is recorded in express carrier databases. The transmission time is often 24 hours or more before the shipment is loaded on the aircraft that will bring it to the United States. As ACAS is expanded to additional countries and eventually the entire globe, maintaining a flexible approach to the information reporting will be critical to ensuring the continued success of the project.

IV. SCREENING ISSUES

ACAS also has served to illuminate issues around the operational protocols for screening shipments considered to be elevated risk. ACAS information analysis can result in a requirement to screen a shipment at origin, before it begins a trip to the United States that may involve several plane changes. We need to find a better way for the results of this screening, and the identification of a package as non-threat, to stay with the shipment as it moves through the supply chain, assuming it is kept in secure environments. Under existing TSA-regulated procedures and National requirements of other governments, shipments screened at origin often require re-screening, particularly at the last point of departure of the flight to the United States. A more rapid expansion of TSA's National Cargo Security Program is a potential approach to providing upstream screening that would meet TSA requirements. Developing an international version of TSA's domestic Certified Cargo Screening Program is another potential solution for this problem. The air cargo industry is developing a proposal to present to TSA on this issue.

V. ACAS EXPANSION

Deliveries from Asia to the United States represent a large percentage of the millions of packages moved by EAA members around the world on a daily basis. As more countries in the Asian region are added to ACAS, the resulting increase in the volume of information will require that both the Government and the private sector ensure adequate resources are available to provide the information, conduct the analysis, and respond operationally to the results of the targeting.

The volume of ACAS information is also expanding through the addition of more participants to the pilot project. Since late 2011 several passenger airlines and air cargo consolidators such as freight forwarders have engaged in the ACAS project, and information on the cargo being shipped and carried by these entities is being analyzed. CBP and TSA have published a plan to bring additional air cargo entities into ACAS, including heavy lift air cargo airlines. The Government has been particularly adept at realizing that the business models of the new participants are quite different from express delivery operations, and that a "one size fits all" approach is not feasible for ACAS.

VI. ACAS: THE NEW PUBLIC-PRIVATE PARTNERSHIP

ACAS represents a breakthrough in the development of public-private partnerships to achieve mutual security and trade facilitation goals, or, as the CBP Commissioner has described it, ACAS is a "game changer". To establish ACAS, CBP and TSA employed an approach that has come to be known as "co-creation", in which the private sector determined at the outset an operational concept for the project, how the data would be transmitted, and how the reaction to the results of the risk assessment would be managed. These pillars of the project were then discussed with the Government and refined to ensure the effort would meet their requirements. The private sector also decided the pace and direction of the expansion of ACAS to additional countries, within a set of priorities that was determined by CBP and TSA. This approach differs significantly from the normal method of allowing the business community to comment on the Government's approach to a security issue only after a regulation has been drafted.

Based on the success of this approach, CBP and TSA intend to use a similar method to eventually move ACAS to a regulatory framework. After the pilot project has run for a sufficient amount of time and the results are analyzed, the ACAS private-sector participants will engage with CBP and TSA to draft a regulation that is based on the operational lessons learned from the pilot and that incorporates the flexibility and feasibility of the approach employed in the pilot. The regulation will also not attempt to employ a "one-size-fits-all" approach, but will recognize the different business models of the ACAS participants and provide a flexible approach to ensuring optimum security, tailored to the specific industry entities in the air cargo environment. While participation in ACAS is now voluntary, CBP and TSA have often pointed out that the primary benefit of engaging in the ACAS pilot will be the opportunity to engage in the regulation writing process.

VII. LESSONS LEARNED

ACAS has already provided significant lessons learned, and as the project moves forward the members of the Express Association of America would like to see these lessons applied to establish a permanent air cargo security regime characterized by flexibility and driven by a determination to employ the most operationally feasible approach. The key lessons from ACAS are:

- The private sector and the Government should approach a new security challenge from the outset as fully equal partners who share common goals and a dedication to finding a solution that will meet the highest security standards, while preserving the operational capabilities the private sector needs to remain fully competitive.
- The Government needs to develop a more robust capability to share intelligence information with the private sector. More effective information sharing needs to occur in the short term in the event of a terrorist incident to ensure the operational response is optimally effective in disrupting the attack, as well as in the longer term to make the private sector more aware of trends that may indicate their resources are being targeted.
- Flexibility and a willingness to discard previous practices and adopt new procedures, sometimes overnight, is the key to defeating an adaptive terrorist enemy and ensuring attempted attacks do not have a serious negative impact on U.S. and global economic interests.
- Security programs must be tailored to private sector business models in a way that is operationally feasible, but still meets high security standards. The division of the international logistics system into four "modes"—air, sea, rail, and truck—is overly simplistic and creates operational inefficiencies. There are at least three air cargo business models and possibly more.
- Analysis of all available information should be the precondition for focusing technical screening resources on shipments that have been identified as potential threats. If this analysis indicates screening is required, it should occur as far upstream as possible, preferably at origin, to ensure a high-risk shipment is interdicted early in the supply chain. Once screening has determined that a shipment is not a threat to aviation, that result should stay with the shipment regardless of it being transferred to another carrier, and additional screening should not be necessary.

Mr. WALBERG. I thank the gentleman for your testimony.

I understand that Mr. Dow is on a tight time schedule here, and our having to recess has hurt that. So, understanding that you have to get to a carrier to do some travel, we certainly would say you are welcome to be dismissed.

If you have a moment, could I ask you one question before you leave? Going back, you were here for the testimony——

Mr. DOW. Yes.

Mr. WALBERG [continuing]. Of the previous panel, and specifically in relationship to the foreign repair stations. Has your industry been negatively impacted by the lack of rules for the foreign repair stations?

Mr. DOW. Our industry, as far as—I can't speak for the airlines, but the travelers, the consumers, and the business travelers have not. But I do think there is a necessity of getting those regulations in place.

Mr. WALBERG. Okay. Well, thank you, and pleasant journeys.

Mr. DOW. Thank you.

Mr. WALBERG. Let me recognize myself for questioning time here, since I am the only one in the room right now.

Let me turn to each member of the panel. I would like to ask for your response to this same question: In your opinion, what are the biggest challenges to security in the Asia-Pacific region?

Mr. Wade.

Mr. WADE. Well, the Asia-Pacific region is a large area to cover. I think you have to look at it in different sectors of that region. I think a large majority of the cargo coming out of Asia—as I said earlier in my testimony, we have eight aircraft dedicated to Asia—the large majority of it is coming out of Hong Kong and Shanghai, Korea, and Japan. I think the threat level there is different, demonstrably different, than it is in other places in the region, specifically Indonesia and the Philippines.

Mr. WALBERG. Why is that the case?

Mr. WADE. Both the Philippines and Indonesia are known to be the base for several extremist groups that have acted out and been part of or completely responsible for terrorist acts in the region, in the Philippines and in Indonesia.

So I think when you look at that region, one of the challenges is to understand that the risk-based model can be regionally directed, that you would not necessarily apply the same security measures in Hong Kong or Shanghai, certainly, as you would in Jakarta. So that is a big challenge for us. So recognize that, and apply the right security measure that meets and deals with the specific threat of the region.

Mr. WALBERG. Ms. Reimold, what are the biggest challenges of security in the Asia-Pacific region for you?

Ms. REIMOLD. Thank you, Mr. Chairman.

When we talk about Asia, as my colleague has mentioned, it is a very broad range of states and certainly landmass. But when we look at a country like China and look at its rapidly growing aviation market, we have to consider that along with growth comes some attendant considerations in terms of both safety and security. The ability to develop an aviation market like any other market and to do so safely and securely takes resources and it takes know-how. So I would propose that one of the challenges certainly that has been identified by the Civil Aviation Authority of China is its organizational capacity. So IATA, in fact, has a very robust capacity development program to try to help them build their organizational capacity. That is one area.

The second would be, there is a differing level of maturity between some of the established countries within Asia—Japan certainly comes to mind, and it has had a long-time aviation relationship with the United States—and then like an emerging market such as China.

You know, again, Australia has been a long-time partner with the United States, and we have had the ability to work with them on a number of issues and their aviation for our member airlines. The good news when you have a long-term partnership like that, you can look at some of the established carriers and have them work with some of the emerging countries to mentor the airlines.

So we have taken our capacity development into a mentoring relationship, as well.

I highlight these two areas because they are, you know, directly in response to your questions. The challenge, just to summarize again, is about organizational ability and capacity development.

Mr. WALBERG. Thank you.

Mr. Mullen, same question.

Mr. MULLEN. Thank you.

I would agree with Mr. Wade that when you look at the high-volume countries for air cargo out of Asia—China, Japan, Korea, Hong Kong, Singapore—that these are highly secure countries, both due to the relative absence of international terrorist activity in those countries but also the fact that the governments themselves have very strong security programs when it comes to air cargo and aviation in general. So when you add to that the relatively strong security programs that companies like the express industry and other air cargo industry bring to the table, I think you have an already very strong environment.

The key thing I think you need to look at is, if you are taking this already very secure operation and a very secure supply chain, what steps make sense to add what is only going to be an incremental increase in the amount of security that you can provide through additional Government activities? I think that is the challenge that has to be looked at very carefully.

Really, in the end, from Asia or any other part of the world, there is no such thing as 100 percent security. But you have to ask yourself, what is a reasonable cost to add a small amount of security, a kind of incremental amount of security, to this very secure system that already exists? I think that is the challenge for both Government and private sector going forward.

Mr. WALBERG. Okay. I appreciate that. Thank you.

We are waiting for a few other Members potentially to arrive. Based upon that, I will have the luxury of asking some further questions.

Going back to Ms. Reimold, would you talk a bit more about some of the over-regulation that you feel is placed on the aviation industry? You mentioned in previous statements about excessive regulations. What are some of those?

Ms. REIMOLD. Thank you, Mr. Chairman.

My comments were directed largely at the sometimes conflicting regulations. We certainly support the regulators' mandate to ensure that our systems remain safe and secure. Our concern, as expressed by our member airlines and certainly by other parts of our industry, are the inconsistency of the regulations—the shoes off in one country and not off in another country, liquids in a bag in one country and not in another country.

So I would like to characterize my comments in terms of the inconsistency and then sometimes that inconsistency leading to a direct conflict in regulations between one state and another.

Mr. WALBERG. Okay. We see some of that inconsistency in airports in the United States, as well, on some of those same things. Thank you.

Going back to a question I asked Mr. Dow before he left on the issue of foreign repair stations, have any of you seen negative im-

pacts to your specific area of the industry related to foreign repair stations?

Mr. Wade.

Mr. WADE. At Atlas we have not. We support the rule as it is proposed.

But I think one thing from a pure security standpoint that it is important to understand is that, speaking for Atlas, at foreign repair stations we have Atlas employees present during the large maintenance—or during all maintenance operations, large or small. So we have a USFA-certified mechanic who is there who, No. 1, validates the person doing the repairs as being qualified to do it, being qualified on that airframe, and after doing that they oversee the entire operation. I am not suggesting it is 24-hour-a-day oversight, but every repair has to be verified and signed off on by an Atlas mechanic who is FAA-certified.

Mr. WALBERG. That is in 400 stations?

Mr. WADE. That is in all the stations that Atlas uses.

Mr. WALBERG. Okay. Okay.

Mr. Mullen.

Mr. MULLEN. Mr. Chairman, my members have also not expressed a problem in this area, and I think the procedures that they are using are almost identical to what Mr. Wade described.

Mr. WALBERG. Okay.

Ms. Reimold.

Ms. REIMOLD. I would go back to my earlier comments about the potential of there being a direct impact when you have a growth market. It is easy to envision that while I am not personally aware of any direct member complaints from our airlines, but I could speculate that in a market like China that is forecast to order billions of dollars' worth of new aircraft and put those into service, that the issue could potentially get very serious if there are not enough repair stations to accommodate their service requirements.

Mr. WALBERG. Okay.

Let me ask one final question of each of you. What efforts has your industry made to encourage harmonization within the countries in the Asia-Pacific?

Mr. Wade.

Mr. WADE. We work very closely with TSA to come up with a harmonization policy that works for us. Harmonization not only in Asia but around the world is extremely important. As I mentioned earlier, Atlas flies to over 90 countries in over 170 locations a year. If you can imagine each one of those having their own set of rules and regulations for cargo security, it is an impossible task to meet each one of those regulations and the notifications required behind those.

Most recently, TSA has worked with the European Union on harmonization and what cargo security should look like there. I think it is important that TSA communicate closely with the aviation industry to make sure that they express our opinions and our methods of achieving the level of security, because no one knows our business as well as we do.

Mr. WALBERG. Are they open to those opinions? Is there a fairly free flow?

Mr. WADE. Yes, Administrator Pistole is. It is just important that we continue to express the opinions of the aviation community on how we can best achieve the regulations.

Specifically on this issue, it is the issue of 100 percent screening on all cargo aircraft as opposed to screening 100 percent of at-risk cargo. In my opinion, there is very little use in making a regulation that no one can comply with. We have to find regulations that accomplish the goal that we can comply with.

Mr. WALBERG. Okay.

Ms. Reimold, what would you add?

Ms. REIMOLD. I would add that, in addition to the relationship that IATA has established with ICAO as it works to harmonize the regulations, whether we are talking about passenger screening or cargo screening, there are some more direct efforts, I think, about the issue of the liquids, aerosols, and gels, the regulations, and the efforts going on in the European Union to remove the restrictions. We are working directly, through our member airlines, with the governments to ensure that there is a harmonized approach—if their restrictions are lifted in one part of the world, that they are lifted similarly.

This really comes into play in the Asia-Pacific region, as well. Australia is working very aggressively on testing some of the newer technologies to ensure that they can, you know, do a positive identification on the liquids, aerosols, and gels. Our role very much is to promote that information sharing among our member airlines and, in fact, with their respective governments.

Mr. WALBERG. Thank you.

Mr. Mullen.

Mr. MULLEN. Mr. Chairman, the express industry is also very active, working through ICAO, to ensure that air cargo security regulations are harmonized globally to the greatest extent possible. As you are well aware, this is an industry where minutes are extremely important to the success of the operation. The industry would also have an extremely difficult time dealing with a proliferation of different regulations, screening requirements, and information-reporting requirements from a number of different countries globally, including the United States.

So the harmonization efforts that are driven by adherence to ICAO rules we feel is the best approach to making sure that that challenge doesn't become too severe.

Mr. WALBERG. Okay. Thank you. My time has expired.

Welcome back, Mr. Chairman. I recognize you for any questions.

Mr. ROGERS. Thank you. I only have one thing that I would like to put on the record. I apologize for having to leave. I had to go to another hearing with the Armed Services Committee.

Mr. Wade, before the hearing, you and I discussed this topic, and I just want to make sure I get on the record what you shared with me in our meeting earlier today. That is, when you look at cargo screening technologies that are out there and you know that we have a lot of pressure to try to achieve 100 percent screening with some type of technology in the near future, what do you think is the most viable technology that would help the cargo industry achieve 100 percent screening of their merchandise?

Mr. WADE. Oh, I don't think there is any question, sir, that private-sector canine screening, from an undeveloped initiative standpoint, is by far the most important to us. It allows us flexibility. Canines can be retrained for new threats, very little cost, very quickly. As we know, terrorists adapt quickly and change. Once we find out their methodology, they will adapt those. We need to be able to do something in a manner to address that cost-effectively and quickly. Canines give us that capability.

The governments, including TSA and around the world, do not have the capability all the time or maybe any of the time to address all of the aviation needs given a specific threat. Private-sector canines give us that capability at a reasonable cost and immediate capability, especially concerned about the cargo. If there is a threat, the fact is the passenger carriers, and rightly so, are going to get the attention of the TSA canine teams. We understand that and agree with that, but that leaves us without an alternative of primary screening. So it is very important to us to see that measure move forward.

Mr. ROGERS. Great. I appreciate that, and I appreciate you putting that on the record for us.

Thank you, Mr. Chairman. That is all I have.

Mr. WALBERG. Thank you, Mr. Chairman.

I thank the witnesses for their valuable testimony today and the Members for their questions.

The Members of the committee may have some additional questions for the witnesses, and we will ask you to respond to these in writing, if you would, please. The hearing record will held open for 10 days.

Without objection, the committee stands adjourned.

[Whereupon, at 2:50 p.m., the subcommittee was adjourned.]