TRAVEL AND TOURISM AND HOMELAND SECURITY: IMPROVING BOTH WITHOUT SACRIFICING EITHER

HEARING

BEFORE THE

SUBCOMMITTEE ON
COMMERCE, TRADE, AND CONSUMER PROTECTION

OF THE

COMMITTEE ON ENERGY AND
COMMERCE
HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

JUNE 23, 2004

Serial No. 108–96

Printed for the use of the Committee on Energy and Commerce

Available via the World Wide Web: http://www.access.gpo.gov/congress/house

U.S. GOVERNMENT PRINTING OFFICE

95–445PDF WASHINGTON : 2004

For sale by the Superintendent of Documents, U.S. Government Printing Office
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TRAVEL AND TOURISM AND HOMELAND SECURITY: IMPROVING BOTH WITHOUT SACRIFICING EITHER

WEDNESDAY, JUNE 23, 2004

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ENERGY AND COMMERCE,
SUBCOMMITTEE ON COMMERCE, TRADE,
AND CONSUMER PROTECTION,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2322 Rayburn House Office Building, Hon. Cliff Stearns (chairman) presiding.

Members present: Representatives Stearns, Shimkus, Shadegg, Radanovich, Bass, Terry, Otter, Barton (ex officio), Schakowsky, Gonzalez, Green, McCarthy, and Davis.

Staff present: Chris Leahy, majority counsel and policy coordinator; Brian McCullough, majority professional staff; William Carty, legislative clerk; and Jonathan J. Cordone, minority counsel.

Mr. STEARNS. Good morning, everybody. I am pleased to welcome everyone to the Commerce, Trade, and Consumer Protection Subcommittee hearing on "Travel, Tourism and Homeland Security: Improving Both Without Sacrificing Either."

Today's hearing will take a fresh look at our travel and tourism industries through the prism of the increased homeland security measures that were instituted in the wake of 9-11 attacks. We also will hear more about the current state of the industry and how the additional security measures necessitated by global terrorism are being facilitated and deployed by the U.S. travel and tourism sector.

With the official start of summer just having passed, our beaches, resorts and National Parks and amusement parks are in full swing and providing travelers, both domestic and international, the best this great country can offer. Families are packing up their cars, boarding planes and heading to destinations far and wide to enjoy their hard earned vacations.

As a member representing a State with a vast array of favorite destinations and attractions, I am especially pleased. I also realize that everyone in the country's 50 states—in fact, almost every community—feels the positive impact of travel and tourism in its local economy.

According to the Department of Commerce, the travel and tourism sector contributes an average of 3.5 percent to U.S. GDP and employs, directly and indirectly, over 17 million Americans. In fact,

the travel and tourism sector is one of the few with a trade surplus, due in part to the lucrative business from international visitors attracted to the incredible variety and quality of U.S. tourist destinations for both business and pleasure.

I think it is fair to say that the travel and leisure business is a serious business here in the United States. There is no question that the September 11 attacks severely impacted the travel and tourism business nationwide, particularly in States like mine that derive a very significant part of their economic wellbeing from the travel and tourism sector.

While the period following September 11 was full of anxiety and unprecedented challenges, average Americans dealt with its challenges and stayed on course with their own lives. Americans kept flying, driving, vacationing and simply living their lives in the face of this change. This resolve and optimism got us through some very dark days and now is contributing to the resurgence of this very important sector of the U.S. economy.

In fact, AAA reports that for the first 4 months of 2004, sales from their agents have jumped 23 percent over last year, and are beginning to close in on pre-9-11 levels. Recent surveys indicate that travelers feel more secure than ever when they travel and visit destinations.

Much of this renewed confidence is a direct result of the hard work being done to integrate heightened security into the existing travel and tourism infrastructure. The result is that more people are going on that dream vacation, because they feel things are safer than ever before.

I share that enthusiasm, and would like to commend the representatives from the travel and tourist industry and the Department of Homeland Security who have joined us today for their team effort to keep Americans and all travelers safe and able to enjoy all the fantastic sights and attractions this great country offers without undue fear and concern.

My colleagues, I would also like to especially welcome Mr. Barry Allred, Chairman of the Jacksonville Regional Chamber of Commerce, that represents an area I am especially proud to serve in the Congress and call home. Jacksonville, like the rest of the Nation, had a great deal to contend with after the 9-11 attacks: A travel and tourism sector battered by an immediate collapse in business activity and an economy heavily dependent on tourism.

I am very proud to say that Jacksonville has since weathered those difficult times by using novel marketing, expanding new tourism business investment, notably in the cruise ship business, and managing risk while developing a growing travel and tourism sector, skills and expertise that will serve the Jacksonville area as we proudly host the Superbowl in February next year.

Jacksonville's success highlights the importance of finding ways to help better facilitate coordination between the government authorities and stakeholders to make our skies and highways safer and our resorts and attractions more secure.

We are off to a good start, with much work to be done. Fundamental issues like security processing standards, international harmonization, passport/visa policy are challenges. So I look forward

to hearing from our witnesses on where things are today currently standing.

I am also anxious to explore how Congress can assist to improve industry-government cooperation in this continuing endeavor, including hearing about the progress we have made as well, and the obstacles that remain.

Again, I want to thank you all for your important work to establish the United States as the first and, I believe, safest choice for worldwide travel and tourism. I welcome the witnesses, and look forward to their testimony.

With that, my distinguished colleague. Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you, Mr. Chairman, for convening today's hearing on travel and tourism and homeland security. I appreciate the opportunity to address this critical aspect of the U.S. economy and U.S. national security. With the summer travel season official off to a start, today's hearing is particularly timely.

International travel is one of the largest exports for the United States, ahead of agricultural and automotive, and making it the largest services export category, amounting to 27 percent of all service exports. In 2003, the travel surplus in the travel and tourism sector was $4 billion.

This accounts for the higher level of spending by international visitors to the United States versus what U.S. residents spend abroad. International visitors, along with business travelers, constitute the most lucrative part of the U.S. travel market. According to data, international visitors spend four times what a domestic traveler spends while visiting.

In contrast to increased travel and tourism by Americans, international visitors, however, have been in slight decline, with about 40.4 million in 2003, down about 4 percent from 2002, and we certainly do hope that that is increasing.

I talked to my office, which my district is one of the most diverse in the country, and we have a lot of requests from people abroad who want to come and visit here. While in this time since 9-11, etcetera, we have rightfully taken a closer look at our visa processing system, major problems seem to exist.

Would-be international visitors have been subject to unnecessarily long visa approval times, have been arbitrarily denied visas, and have been inconvenienced in the process. Many of these travelers simply wish to come to the United States and spend money on travel, lodging, dining, entertainment and retail products.

If we want to help the industries that rely on those travelers and the huge profits they reap from them, we need to find ways to stop arbitrary visa denials and implement a policy with some realistic, consistent and responsible rationale.

My Congressional office has dealt with numerous cases where people have been invited to attend conferences and meetings on human rights, labor, the environment, and other issues, but because they are not personally wealthy, they are usually denied.

I have a case, and have had similar cases before, where a Russian scientist, a prominent and respected theoretical biophysicist who runs the General Physics Lab at the Russian Academy of Sciences, has been invited to speak at the Bio-Electromagnetic Society Conference this week. His case has been going through "ad-

ministrative processing" for months, and he was unable to attend the conference, because his visa never got approved. I sent four e-mails to the consulate on this case.

I have heard from constituents who have been separated from family members for years. Their relatives are repeatedly denied visas because of the assumption that they will try and stay here. These constituents have offered to put liens on their homes and businesses and to post bonds to ensure the return of their relatives, but there is not a process in place to allow for such assurances.

The partner of one of the city of Chicago's aldermen wanted his sister and parents to come for a visit from Mexico. They were repeatedly denied, despite the alderman's assurances that he would make sure they returned. Understand, being an alderman in Chicago is the highest level of office.

One constituent asked for our help getting her brother here for a visit from Pakistan to see their ill mother. He has a business, wife and kids in Pakistan and was still denied. A prominent member of the Indian community's daughter is getting married. Her fiance's parents have been repeatedly denied visitor's visas to attend the wedding, despite the fact that they own a business in India.

One woman from Columbia was very ill, wanted to see her sister before she died. Her sister was denied, because she does not have any financial assets. The constituent died, and we were able to get the sister here to pick up her sister's ashes and take them back to Columbia.

Musicians, including the famous Grammy winning Buena Vista Social Club, have been invited to participate in concerts or festivals here and have been denied. At some point, we had better start thinking seriously about how we view and approach the world and about how we are perceived. If we don't, people will choose to go elsewhere for vacations and business, and we had better get our priorities straight and devote needed resources to making America truly safer.

Again, thank you, Mr. Chairman.

Mr. STEARNS. I thank my colleague. Mr. Shimkus.

Mr. SHIMKUS. Thank you, Mr. Chairman. I appreciate the comments made by colleague from Illinois, and I have worked on some of these visa issues myself. There is legislation especially for Polish emigres that we are addressing the visa concern, and I think—I deal a lot with the NATO Parliamentary Assembly and our NATO allies in some of these new emerging democracies, former Eastern Bloc countries. Addressing the visa issue is a concern.

We need to treat them like we do any of our other allies in the North Atlantic Alliance. So I appreciate her comments on that.

Let me use the rest of my time just to welcome someone from Kosovo. She is Merinda Sana. She is in the back. She is probably going to be embarrassed if I introduce her. She is going to be shadowing me today. Now that might not be an exciting thing for many folks, but we are glad to have her. She studies economy and finance at the University of Pristina.

Merinda joined the Hope Fellowship Program with the purpose to gain an understanding of relations between governmental institutions, NGO's, and citizens of America to explore the procedures

and process of government. So we haven't had a chance to visit. She gets to see me in action in this subcommittee, Mr. Chairman, and I appreciate that, and I look forward to spending the day with her.

Ms. SCHAKOWSKY. Would the gentleman yield?

Mr. SHIMKUS. I will.

Ms. SCHAKOWSKY. If I could also introduce a guest from Kosovo—I want to say this right—Nafiyeh Berisha, who currently works in the Assembly of Kosovo as a deputy. She is also Vice President of the Committee for Labor and Social Welfare within the Assembly and represents the Democratic League of Kosovo and the Parliament.

So I welcome her today, and she will be shadowing me as well. Thank you.

Mr. SHIMKUS. It would be great for them to compare stories after they are done, Jan. I yield back, Mr. Chairman.

Mr. STEARNS. I thank my colleague.

The gentleman from Texas, Mr. Gonzalez.

Mr. GONZALEZ. I waive opening statement.

Mr. STEARNS. Mr. Terry.

Mr. TERRY. The same, waive.

Mr. STEARNS. Ms. McCarthy.

Ms. MCCARTHY. Waive.

Mr. STEARNS. Mr. Otter.

Mr. OTTER. Waive.

[Additional statements submitted for the record follow:]

PREPARED STATEMENT OF HON. CHARLES F. BASS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW HAMPSHIRE

Thank you, Mr. Chairman for holding this hearing. I will be very brief.

I first would like to apologize that we were unable to provide witnesses from New Hampshire for this hearing but I look forward to the discussion.

I want to stress the importance this hearing has on protecting American small businesses. Among all the other issues we'll talk about today, the H-2B visa program is a crucial resource to fill jobs in tourism and other seasonal industries throughout the nation. Reaching the 66,000 cap in early March will hurt businesses across the nation and particularly summer tourism in the Northeast.

In New Hampshire alone, this crisis will directly affect 600-700 jobs. Approximately, 65,000 people annually are employed in the hospitality and tourism industry in the Granite State.

In FY2003, 1,200 of those positions were held by H-2B workers that make up 1.8% of the NH tourism workforce. This may seem an insignificant number to some, however, most likely these positions will remain unfilled due to the inability to find a local workforce or recruit from other regions of the United States.

Without filling these positions—it will be financially detrimental both in the short- and long-term for small businesses. It will result in poorer service which will ultimately lower spending and discourage future travel to the mountain, lake, and seacoast areas of New Hampshire. This affects a $3.8 billion dollar industry in New Hampshire.

I look forward to the discussion of how to deal with this situation in a manner that will not sacrifice our national security. Again, I would like to thank the witness panel for coming to today.

PREPARED STATEMENT OF HON. C.L. "BUTCH" OTTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Thank you, Mr. Chairman, for providing us with the opportunity to look at the impact our nation's homeland security measures have on the day-to-day activities of the American people.

Summer is the time when many Idahoans pack up their cars or board airplanes to visit friends and family, travel to new and exciting destinations, or just get away for a little rest and relaxation. As many of them set out on these trips, it is timely that we take a look at how recent changes in security measures have changed the way they travel. New security measures have without a doubt brought the government into more direct contact with the lives of ordinary Americans, and I am interested to hear from our witnesses today how travelers are responding to this added government presence as they move from place to place.

Increased security has not only affected the normal activities of individuals, but it has had a significant impact on our nation's economic health. Tourism is a major component of Idaho's economy, and every year people come from all over the country and the world to fish, hike, and ski in my state. As many rural communities throughout my district have been forced to be less dependent on logging and other natural resource industries, they have increasingly turned to tourism to sustain their economies and provide jobs for Idahoans. Increased security regulations can significantly burden smaller communities that do not have the resources to meet the new demands we have put on them. It is important that we not overlook the rural areas of our country as we consider the impact these new measures are having on the economy.

Traveling is important for more than just the opportunity to "go on vacation." When we go to new places and meet new people, we get to experience a different kind of life and understand each other in new ways. It's not surprising that one of the greatest ways to promote freedom and democracy is to show it to people by letting them see it being lived out. Freedom is contagious, and when those who live under oppression see what they are missing, they will want it. In our quest to take the light of democracy to the dark places of the world, our best warriors and ambassadors are ordinary, freedom-loving Americans.

This is why I am so disturbed by our nation's current policy toward Cuba. We talk about bringing democracy to a people who have suffered under the harsh fist of a dictator for decades and we look for a regime change in this area of the world. And yet for forty years we have effectively shut off the Cuban people's access to democracy. We have not allowed Americans to travel to Cuba or encouraged American companies to do business with Cuba. Is anyone surprised, then, that in four decades we have seen little change in the political climate in that country? It is bad policy to say that we support families and then encourage the breakdown of the family unit by limiting the support Cuban-Americans can provide to family members still stranded in Cuba. It is bad policy to say that we defend our God-given freedoms, including the freedom to travel, and then deny American citizens the right to move about the world as they please. And it is bad policy to say that we long to see a democratic and free Cuba and then to refuse the Cuban people the opportunity to see freedom in action.

I look forward to spending time today examining how we can encourage travel to and within our country—and by extension, encourage the spread of freedom and democracy throughout the world. As we do, let's not forget those areas of world, like Cuba, where we have forgotten our ultimate goal in favor of outdated and ineffective policies.

PREPARED STATEMENT OF HON. JOE BARTON, CHAIRMAN, COMMITTEE ON ENERGY AND COMMERCE

Three years ago, we would have dismissed the suggestion that travel to and within the United States would be higher three years later under new, stricter security measures for travel coupled with higher fuel prices. Yet that is exactly where we find ourselves today. Forecasts predict this may be the best summer of travel in several years. The Commerce Department recently reported it was the best quarter ever for travel and expects that trend to continue. Additionally, some traditional tourist destinations are reporting record-breaking numbers of visitors this year.

We have an obligation to protect the safety of our citizens and international visitors traveling to and within America. The long-term health of the nation depends on protecting our borders and the safety of everyone within them. That does not mean, however, that we have to sacrifice our tourism industry for better security.

To the contrary, statistics demonstrating increased travel confirm that increased security measures and increased travel in the U.S. are not mutually exclusive. In fact, improved security can be an asset for our travel and tourism industry competing in a global market. The more comfortable foreign travelers feel about traveling here, the better it is for our tourism industry and everyone whose job is related to tourism.

It is important to recognize the economic benefits of travel and tourism and why they are vitally linked to maintaining security. And make no mistake; the economic impact is significant. The Commerce Department projects receipts from foreign travelers at $86 billion dollars this year. That will equate to a $3 billion dollar surplus. It is one of our few industries that have consistently maintained a trade surplus.

The economic impact is not limited to the billions of dollars that visitors spend here. There is a multiplier effect. Industry calculates that the various segments of the market—from hotels, restaurants, airlines and local attractions—directly and indirectly employ 17 million workers.

Given this context, it is critical to maintain a system to continuously examine the progress and impact of security changes that have been implemented since 9-11. We need to ensure that the system provides a diagnostic monitor for both sides of the equation—security agencies and private industry—to evaluate and incorporate changes in information as they become available. Information and communication are two of the most valuable assets to providing meaningful security policy. Federal agencies have to effectively communicate their policy and regulations. Industry needs to be flexible to implement the changes and at the same time provide feedback or suggestions where they have the knowledge and experience that can enhance security.

This is no small task. Coordinating the many segments of the industry and the information flow is an enormous undertaking. By any measure, the Department of Homeland Security's progress to date is a remarkable accomplishment given their mandate to implement dramatic changes across all facets of our infrastructure in such a short period of time.

Nonetheless, we remain committed to a long-term strategy that can address security concerns efficiently. I am confident the process will be refined and changes will flow smoothly and seamlessly as we gain experience. In the meantime, we will continue to work with the affected industries to address their concerns and suggestions that will enhance tourism without diminishing safety and security.

Thank you Chairman Stearns, for focusing the subcommittee today on a critical aspect of homeland security. I yield back.

Mr. STEARNS. With that, we will start our first panel: Mr. C. Stewart Verdery, Jr., Assistant Secretary, Border and Transportation Security Directorate, Department of Homeland Security. We welcome your opening statement.

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

Mr. VERDERY. Mr. Chairman and madam ranking member and other distinguished members of the committee, it is a pleasure to appear before you today to discuss how the government can better facilitate travel and tourism in light of the need for enhanced security measures following 9-11.

As recognized in the opening remarks of the members, as well as the testimony submitted for the next panel, the ability of prospective students, scientists, tourists, and business partners to visit our country is crucial to our society.

If that travel is disrupted because potential visitors believe that travel to the United States is too inconvenient, we will experience a devastating effect on our economy in the short run and, equally important, the ability of foreign visitors to come to our country is critical in furthering scientific development and promoting the image of America abroad. Of course, we recognize that travel within our own borders, especially via aviation, must be both safe and convenient.

My written testimony details in great length many of the programs in place or underway to secure our borders and facilitate lawful trade and travel, and I will take just my few minutes here today to discuss how the Border and Transportation Security Direc-

torate, part of the Department of Homeland Security, is integrating these policies.

Now these are usually implemented by our bureaus, Transportation Security Administration, Immigration and Customs Enforcement, U.S. Customs and Border Protection. We are trying to ensure a unified approach to border protection and transportation security.

Now we are making revolutionary changes that are necessary and possible in how we decide whether a prospective visitor should be admitted to the country, and how that visitor is screened and vetted along the way. If you think of points where our government interacts with a potential visitor, almost none are the same as they were in 2001.

The visa process, an international flight, the port of entry, the departure—all these have changed significantly in less than 3 years, and more changes are in store. But our investments in better and more comprehensive watch lists and better data sharing and in advanced technology are making it much more likely we will be able to identify a terrorist or a criminal trying to enter our shores.

The Department of Homeland Security, and BTS in particular, work closely with industry partners to craft security conscious but passenger friendly policies. Today I will touch on our efforts to facilitate travel and tourism through our programs affecting visa policy, passenger processing, and operations at our 445 airports.

In relation to travelers required to obtain a visa to the United States, DHS assumed lead responsibility for establishing visa policy under the Homeland Security Act, and we have begun stationing employees in high risk areas to assist consular officials in the visa process.

We have listened to concerns, as was raised this morning, raised by industry and academia, and are reviewing programs which may be causing unnecessary travel delays. We will buildupon the US VISIT and CVIS programs to create a seamless process, based on biometrics. that will not only facilitate travel, but ensure the integrity of our immigration systems.

We also aim to improve the customer service aspect of visa issuance. This is a comprehensive review and will bear fruit in the near future.

We, of course, also need to secure travel under the Visa Waiver Program, which allows short term travel from low risk countries without a visa. In fiscal year 2003, about 13.5 million visitors, about 46 percent of legal arrivals, entered under the Visa Waiver Program. While visa-less travel, of course, encourages travel and trade with our allies, it may also be attractive to those wishing to avoid the visa security checks now conducted at U.S. consulates.

DHS and an inter-agency group are currently conducting reviews of the visa waiver countries, including site visits, to ensure that each country meets the statutory security measures required by Congress, most importantly reporting lost and stolen passports, which could be used by terrorists to enter the United States. We plan to have those reviews completed and reported to Congress by October.

Additionally, we are very supportive of Chairman Sensenbrenner's willingness to introduce and expedite passage of a bill

that was passed by the full House on June 14, extending by 1 year the deadline for countries in the Visa Waiver Program to include biometric features in their passports, and we are hoping for prompt Senate action on the legislation as well.

As Secretary Ridge has testified, this delay is required to meet technical challenges and does not reflect an unwillingness of these countries to secure their travel documents, and it is very important to remember that we are going to enroll visa waiver applicants in US VISIT beginning this fall which, hopefully, will address the security gaps associated with the extension or providing biometric watch list checks and identify verification for subsequent visits to the United States.

Also last summer, based on specific and credible threat intelligence, DHS and the State Department suspended the Transit Without Visa and International to International programs, which allowed transit through the United States between foreign countries without a nonimmigrant visa.

We are aware of the significant revenue that these programs generated for the airline and airport industries, and we are in the process of drafting a new regulation which will establish an improved transit process with its significantly enhanced security measures.

In an effort to better secure international travel, last month DHS finalized a landmark agreement with the European Union that permits the legal transfer to DHS of advanced passenger name record information, so called PNR information, from airlines flying between the EU countries and the U.S. PNR data helps us make a determination whether or not passengers represent a significant security risk, and also allows us to link known terrorists and criminals to co-conspirators.

Now whether a traveler arrives with a visa or not, DHS must ensure that the traveler is who he or she says that she is and that there is nothing in the traveler's history that suggests he or she may pose a threat to our country. Through the US VISIT program DHS is using biometrics such as digital photographs and digital inkless finger scans to determine whether the person applying for entry to the United States is the same person who was issued the visa, and whether he or she appears on a watch list or criminal data base.

Now this program has received much deserved praise for adding security without inhibiting travel, and I merely note the latest statistics for the record. As of yesterday, using US VISIT capabilities, Customs and Border Protection has processed 5,379,716 passengers, and DOS and DHS have identified 651 criminals and other inadmissible aliens, based solely on the biometric check.

Last, regarding domestic air travel let me briefly discuss the current effort underway by the TSA to secure and streamline passenger screening during this peak travel season. Working with the Air Transport Association, the Airports Council International, North America, the American Association of Airport Executives, and other important stakeholders, DHS has devised a strategy designed to accommodate the anticipated 200 million air travelers nationwide between Memorial Day and Labor Day weekends.

Strategies include passenger education to improve techniques at the passenger check point, and deployment of airport and airline personnel to assist these travelers. In addition, we are developing the ability to focus screening resources and facilitate travel of "registered travelers," in quotes, who have passed the background check.

In TSA's work on Registered Traveler or RT pilot program, we use biometric technology, security assessments, and adjustments to screening procedures to determine whether customer service can be improved without degrading security. On June 28, TSA will launch the first RT pilot in Minneapolis-St. Paul International Airport in concert with North West Airlines.

We also plan on testing pilots at LAX, George Bush Intercontinental Airport in Houston, Boston Logan, Ronald Reagan, and we appreciate our cooperation with United, Continental and American Air Lines.

We are proud of the efforts that we have made to secure the homeland and to facilitate the needs of travelers and tourists, but we recognize our efforts to develop 21st Century borders and transportation systems are not complete.

Mr. Chairman and other members of the committee, I look forward to your questions in these important areas. Thank you.

[The prepared statement of C. Stewart Verdery, Jr. follows:]

PREPARED STATEMENT OF C. STEWART VERDERY, JR., ASSISTANT SECRETARY FOR BORDER AND TRANSPORTATION SECURITY POLICY AND PLANNING, DEPARTMENT OF HOMELAND SECURITY

Chairman Stearns and other distinguished Members, it is a pleasure to appear before you today to discuss how the government can better facilitate travel and tourism, both domestic and international, in light of the need for enhanced security measures and policies in our post-9/11 world.

The travel and tourism industry is comprised of hotels, restaurants, shopping centers, travel agencies, airlines, passenger rail, buses, rental car agencies, theme parks, and convention and visitors bureaus, to name just a few. The travel and tourism industry has not yet fully recovered from the enormous and disproportionate impact of the September 11 attacks.

According to the Department of Commerce, travel and tourism represented $741 billion in direct and indirect sales, averaging 3.5 percent of the gross domestic product in 2003. According to the Travel Industry Association of America, more than 17 million Americans are employed in travel and tourism-related jobs, with an annual payroll of $157 billion in 2002. The industry is the first, second or third largest industry in 28 states and the District of Columbia, and it is estimated that in 2002, travel and tourism generated $93.2 billion in tax revenue for federal, state and local governments.

While enhancing the security of our nation, the Department of Homeland Security (DHS) and particularly the Border and Transportation Security Directorate (BTS) has worked with industry representatives including the Travel Industry of America, Business Travel Association, the Air Transport Association and others to craft polices aimed at encouraging business and leisure travel throughout the United States. In consultation with travel industry stakeholders we have initiated new policies and programs that will facilitate travel while ensuring the safety of our nation. Today I would particularly like to address changes in visa policy, passenger processing, and finally operations of our nation's 445 airports.

Visa Policy:

The movement of people across U.S. borders is critical to the U.S economy. Foreign tourists, businesspeople and legal workers are crucial to our success. There is a concern that with immigration and visa policy under a department dedicated to security, the service side will suffer. Over the past months, DHS has made a tremendous effort to combat this perception, and examine how we can change policies to facilitate travel while ensuring safety to our nation.

As you know, the Administration has made significant changes to the visa process and entry screening requirements since 9/11 to provide better security in light of the revised threat assessment to our national security. The percentage of visa applicants who are required to appear at a consular office for a personal interview has been steadily increasing over the past year. As of August 2003, the Department of State implemented a new policy which requires a personal appearance for non-immigrant visa applicants with a limited waiver to only a few categories of exceptions, such as diplomats. And in coordination with the Department of Justice and Department of State, we have added more interagency security checks.

Under the Homeland Security Act, DHS has assumed lead responsibility for establishing visa policy, and has begun stationing employees in high-risk areas to assist the consular officers in the visa process. Subject to certain exceptions, DHS can establish visa policy and has final authority over DOS-initiated visa guidance concerning: alien admissibility, classification, and documentation; place of visa application; personal appearance/interviews; visa validity periods and the Visa Waiver Program.

Over the past several months, DHS, and particularly BTS and the Bureau of Citizens and Immigration Services, have conducted a comprehensive review of the existing immigration laws, regulations, and policies to ensure that our immigration goals, policies, and laws are properly aligned in relation to visa issuance and policy. We have called on staff from US-VISIT, Customs and Border Protection and Immigration and Customs Enforcement to bring their best people and thoughts to the table to aggressively effectuate change in this arena. Furthermore, senior DHS leadership, including myself, have met with numerous private sector groups and schools to discuss their concerns and identify what policies have an impact on the business travel, international students, and scientific research, which are all vital to our economy.

We have listened and over the next few months DHS will work with the White House and interagency partners to consider changes to programs, as well as looking at new ways to facilitate secure travel through biometrics without causing any unnecessary travel delays We will build upon the US-VISIT system to create a seamless process that will not only facilitate travel but also ensure the integrity of our system. We are taking a fresh look at old doctrines like reciprocity and the customer service aspects of visa issuance. It is a comprehensive review and will bear fruit in the near future.

Pre-screening

One of the keys to security and travel facilitation is knowing who is getting on the plane so that our first line of defense is not when a passenger arrives at a United States airport.

Last month working with a broad coalition of interagency partners, BTS finalized an important agreement with the European Union that permits the legal transfer to DHS of advanced passenger name record (PNR) data from airlines flying between EU countries and the United States. The purpose of our negotiations was to obtain an adequacy finding, under the European privacy directive, which allowed Customs and Border Protection (CBP) to receive PNR data from major airlines.

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

Another important tool is Advance Passenger Information System (APIS) data. This is the information coded in the machine readable zone of your passport and transmitted electronically as part of a crew or passenger manifest to CBP for advanced analysis and for targeting of passengers traveling to and departing from the U.S. The National Targeting Center (NTC) uses PNR and APIS data in combination with a host of other passenger, cargo intelligence and threat information to conduct a risk analysis that helps to identify potential terrorists and targets for additional

scrutiny. During the period of heightened alert last December, the NTC played a pivotal role in analyzing information that led to the delay of several international flights that were determined to be at risk. In the coming months, DHS will develop guidance governing the transmission of APIS data. This rule will combine prior legacy US Customs Service Interim Rule and the legacy INS Proposed Rule, both of which have received substantial comments from the airline industry, together with TSA requirements for crew manifests.

Visa Waiver Program:

The Visa Waiver Program (VWP) enables citizens of certain countries to travel to the United States for tourism or business for ninety days or less without obtaining a visa. While visa-less travel encourages travel and trade with our allies, it also makes the program attractive to those wishing to avoid visa security checks conducted at U.S. consulates abroad. To help address this security vulnerability, the Enhanced Border Security and Visa Reform Act (EBSA) requires that beginning on October 26, 2004, VWP countries have a program in place to issue their nationals machine-readable passports that are tamper-resistant and incorporate biometric and document authentication identifiers that comply with International Civil Aviation Organization (ICAO) standards as a condition of continued participation in the VWP program. The law also requires that visitors coming to the United States under the VWP present machine-readable, tamper-resistant passports that incorporate biometric and document authentication identifiers, if the passport is issued on or after October 26, 2004. Furthermore, DHS is required to install equipment and software at all ports of entry to allow biometric comparison and authentication of these passports.

In FY03, over 13.5 million visitors (about 46 percent of all controlled arrivals) entered under the VWP.

There have always been concerns about possible security vulnerabilities created by any "visa free" travel programs. This is particularly true now, in light of recent enhancements to the visa issuance process. However, the permanent program legislation and subsequent amendments include provisions to address the law enforcement and security interests of the United States. The program now requires that:

- each participating Visa Waiver Program country certify that it has a machine-readable Passport (MRP) program;
- a VWP traveler present an MRP on 10/26/04—a deadline that the Secretary of State has already extended—following a one-year waiver by the Secretary of State;
- participating countries be evaluated against statutory criteria every 2 years;
- participating countries establish a program to issue MRPs that are tamper-resistant and incorporate biometric and document authentication identifiers that comply with standards established by the ICAO by October 26, 2004; and
- VWP travelers present "biometric-enabled" passports if the documents are issued after that date.

By law, DHS is required to review all participating countries periodically for continued participation and report to Congress. Several countries (Slovenia, Belgium, Italy, Portugal, Uruguay, and Argentina) were reviewed by the legacy Immigration and Naturalization Service (INS), and two (Argentina (2002) and Uruguay (2003)) were removed from the program. DHS, in coordination with the Department of State, is currently conducting reviews of the remainder of the countries and will complete the reviews by October. This will be the first comprehensive review of the countries and will form the "baseline" for future reviews. I can assure you that these reviews will not be a cursory process: we will be asking tough questions as to a VWP country's compliance with the statutory criteria. Among these are:

- a low nonimmigrant visa refusal rate;
- a machine-readable passport program, and after 10/26/04, biometric-enabled passport programs must be in place;
- a country designation may not compromise U.S. law enforcement and security interests, including enforcement of U.S. immigration laws and procedures for extraditions to the U.S.;
- the country must certify that it reports to the U.S. on a timely basis the theft of blank passports issued by that country; and
- low immigration violation rate (overstays, etc.).

Biometric Deadline and Biometric Enhancements

Under the Enhanced Border Security Act, after October 26, 2004, VWP applicants with non-biometric passports issued after that date will not be eligible to apply for admission under the VWP. While most VWP countries will be able to certify that they have a program in place, due to technological limitations, actually producing

biometric passports by that date will not be possible. Limiting VWP participation could lead to serious disruptions to travel and tourism because millions of VWP travelers may choose not to travel to the U.S., resulting in billions of dollars of lost revenue to the U.S. economy. It may also cause friction with some of our closest allies in the war on terror.

Additionally, the EBSA requires DHS to deploy passport readers to authenticate these passports. On April 21st, Secretary Ridge testified before the House Committee on the Judiciary that DHS is not currently in a position to acquire and deploy equipment and software to biometrically compare and authenticate these documents. DHS cannot today acquire one reader that will be able to read all chips utilized in the ICAO compliant biometrics passports. However we believe that by the fall of 2006, the technology required to successfully implement a security system based on the ICAO standards will be much more settled and allow DHS to derive benefits envisioned when the original EBSA was enacted." Accordingly, DHS and DOS jointly requested that the October 26, 2004 deadline be extended to November 30, 2006 for the production of ICAO-compliant biometric passports and the deployment of equipment and software to read them.

On June 14, The House approved bipartisan legislation, H.R. 4417, extending for one year the deadline by which countries in the Visa Waiver Program (VWP) must include biometric features in their passports; we are appreciative of Chairman Sensenbrenner's willingness to move extension legislation quickly. We need to continue the ability of VWP nationals to travel to the United States visa-free. At the same time, we are going to enroll VWP applicants in US-VISIT, which will alleviate any security gaps associated with the extension by providing biometric watchlist checks and identity verification for subsequent visits to the United States.

ICAO specifications for biometrics in passports are part of a process, not the end state. The international communities, both public and private sectors, are moving this process forward. Based on the information provided to us by these countries on their status and their expected implementation dates, as well as DOS's own experience as it moves to implement this standard for U.S. Passports, we believe that all countries will be compliant by the November 30, 2006.

US-VISIT

What DHS and ICAO are working toward is a seamless border, which expeditiously allows bona fide visitors to enter the country, while catching those seeking to do harm. We have been able to work toward this goal through the US-VISIT program.

Our border management system impacts the security of our citizens and our visitors, affects billions of dollars in trade and travel and helps define relations with our international partners. There is a need to improve this system and bring it into the 21st century with a new integrated system of technological processes that will keep our country's economic and national security strong. This 21st century technology will provide an important step toward achieving the President's goal of secure U.S. borders.

US-VISIT is a continuum of security measures that begins before individuals enter the United States and continues through their arrival and departure from the country. Using biometrics such as digital, inkless fingerscans and digital photographs, DHS is able to determine whether the person applying for entry to the United States is the same person who was issued the visa by DOS. Additionally, DOS and DHS use biometric and biographic data to check against lookout data, including extracts of criminal history data, improving DOS's ability to make visa determinations and DHS's ability to make admissibility decisions at entry.

US-VISIT procedures are clear, simple, and fast for visitors.

DHS deployed the first increment of US-VISIT on time, within budget, and has exceeded the mandate established by Congress as it includes biometrics ahead of schedule. On January 5, 2004, US-VISIT entry procedures were operational at 115 airports (covering 99% of air travelers who use visas to enter the United States) and 14 seaports. In addition, we began pilot testing biometric exit procedures at one airport and one seaport. As of June 8, more than 5 million foreign visitors have been processed under the US-VISIT entry procedures.

At various points in the pre-entry, entry, status management, and analysis processes, decision makers are supported by systems checks against data extracts from law enforcement and intelligence sources that identify persons of interest for various violations.

All names and fingerscans are checked against watch lists to identify known or suspected terrorists, criminals, and immigration violators. Terrorist watch list checks are coordinated through the Terrorist Screening Center (TSC).

As of June 18, US-VISIT has matched over 579 persons against criminal data and prevented more than 196 known or suspected criminals from entering the country. Four hundred and seventy-nine people were matched while applying for a visa at a State Department post overseas.

We respect our visitors' privacy and seek to enable them to pass through inspection quickly so they can enjoy their visit in our country. However, as people attempt to enter the United States, we must know who they are and whether they intend to do us harm. The ability of US-VISIT to rapidly screen applicants' biometrics and biographic information through watchlists and other selected data means we can have security and control without impeding legitimate travelers, and we can also help protect our welcomed visitors by drastically reducing the possibility of identity theft. Moreover, as visitors leave the country, we must know that they have not overstayed the terms of their admission.

US-VISIT will be rolled out in increments to ensure that the foundation is strong and the building blocks are effective. With the deployment of the entry components at air and seaports, we have made a strong beginning. We are on track to meet the December 31, 2004, deadline to integrate US-VISIT procedures at the 50 busiest land border ports of entry.

US-VISIT is dedicated to safeguarding the privacy of traveler information. US-VISIT has extended the principles and protections of the 1974 Privacy Act to all individuals processed through the program—even though the law only applies to U.S. Citizens and Lawful Permanent Residents. US-VISIT has implemented a privacy program that includes a privacy policy and a three-stage process for redress, if individuals have concerns about their information.

US-VISIT is critical to our national security as well as our economic security, and its implementation is already making a significant contribution to the efforts of DHS to provide a safer and more secure America. We recognize that we have a long way still to go. We will build upon the initial framework and solid foundation to ensure that we continue to meet our goals to enhance the security of our citizens and visitors while facilitating travel for the millions of visitors we welcome each year.

Air Transit Program

The former Transit Without Visa (TWOV) and International-to-International (ITI) programs allowed an alien to transit through the United States without a nonimmigrant visa while en route from one foreign country to a second foreign country with one or two stops in the United States. Under the TWOV program, a passenger seeking to transit through the United States was admitted as a transit passenger by a DHS inspector and departed the Federal Inspection Service (FIS) area. A TWOV passenger was permitted to make one additional stop in the United States. Under the ITI program, the ITI passenger was inspected by a DHS inspector but was not admitted to the United States and did not leave the secure FIS area.

The primary purpose of the TWOV and ITI programs was to facilitate travel for many qualified aliens allowing them to transit the United States en route to a specified foreign country without a passport or visa. However, both programs also served to provide the aviation industry with significant financial returns. CBP estimates that these programs generated approximately $130 million in revenue for participating domestic airlines per year. In addition, many U.S. airports have also relied heavily on the TWOV/ITI programs for revenue. For example, Iberia Airlines has threatened to move its hub operation from Miami due to the lack of a transit without visa program. If it moves its operation to a Caribbean island, Iberia has estimated the loss of revenue to South Florida to be $157 million. Cathay Pacific has moved its operation from Anchorage, Alaska, to Vancouver, Canada, due to the suspension of the TWOV/ITI programs. One vendor in the Anchorage In-Transit Lounge estimates that the Anchorage International Airport alone is losing $1.1 million a year due to Cathay Pacific's inability to transit Anchorage with its 132,000 ITI passengers per year.

On August 7, 2003, the Secretary of Homeland Security and the Assistant Secretary of State for Consular Affairs published regulations suspending the TWOV and ITI transit programs. The suspensions were based on specific, credible intelligence that certain terrorist organizations had identified these programs as a way to gain access to aircraft without first obtaining a visa in order to: (1) take over the aircraft to use as a weapon of mass destruction, or to simply cause damage to the aircraft; or (2) to abscond during their layover in the United States in order to gain illegal entry to the United States.

In August and September 2003, BTS conducted field visits and held meetings with airline industry and the Departments of State and Transportation on the possible reinstatement of a security-enhanced transit program. On September 22, 2003, the

public comment period concerning the suspension of the TWOV and ITI programs expired. BTS reviewed 17 comments submitted by the air and sea industries on the regulation and formulated a proposed plan to potentially reinstate a program to allow transit without a visa, the Air Transit Program (ATP).

On January 12, 2004, special transit procedures were initiated at Miami International Airport for certain groups of international passengers, including passengers holding Visa Waiver Program country passports, passengers in possession of a visa to enter the U.S., and Canadian citizens. Similar programs were implemented on a case-by-case basis at Los Angeles, Orlando, and San Juan International Airports.

DHS is now in the process of drafting a new regulation, which will set forth a program that will allow airports to have air transit lounges, but ensure that the right security measures are in place. We are working with Office of Management and Budget and through the interagency process to finalize this regulation.

Transportation

DHS also recognizes that airline transportation is an essential component of travel and tourism, being one of the major means of moving travelers to tourist destinations. Since the terrorist attacks of September 11, the United States has made tremendous strides in revamping our aviation security system to respond to what was previously the unthinkable, and the airline industry has worked closely with the federal government in carrying out these efforts. DHS is committed to continuing its work with transportation stakeholders such as air carriers, the tourism industry, and airports.

Facilitation in Airports

DHS, airports and major airlines together devised a strategy designed to help accommodate an anticipated 200 million air travelers nationwide between the Memorial Day and Labor Day weekends. The Aviation Partnership Support Plan (APSP) identifies numerous steps each partner can take to smooth the flying experience. Tactics include passenger education to improved techniques at the passenger checkpoint and the deployment of airport and airline personnel to assist travelers.

On the Memorial Day weekend TSA began a multi-level program to increase passenger throughput at U.S. airports. This includes a focus on specific airports requiring special attention. In planning for the summer travel season, TSA built upon nearly two years of experience with high peak travel periods, working with the Air Transport Association, the Airports Council International-North America, and the American Association of Airport Executives to develop a plan that deals proactively with a wide range of challenges posed by the summer travel period. The normal increase in air travel occasioned by summer vacation plans is only one dynamic that is factored into TSA's planning, and TSA is mindful that the summer period will require the agency to sustain robust operations over a longer period than during the winter holiday season. A number of special events scheduled for the summer months will require particular attention, not only because they will increase the concentration of travel to particular airports for short periods of time, but also because the nature of the events may attract the attention of those who wish to do us harm.

TSA distributed a guidebook to airport Federal Security Directors (FSDs) and other TSA airport staff detailing "best practices" covering a comprehensive range of techniques to speed and enhance throughput at the screening checkpoints. The guidance is easy to understand and use, and will be amended as techniques are refined and improved. As part of the APSP, we identified twenty-five "focus airports" for special attention. These airports warrant particular examination for a variety of reasons that have an impact on the level of traffic through the airport-size, proximity to special events that may be threat targets, or proximity to high-traffic summer vacation destinations. At the focus airports, we are coordinating with our stakeholders to provide additional resources to support the screening process, such as exit lane monitors, queue handlers, or ticket checkers. TSA also provides additional staffing to support screening utilizing headquarters personnel and administrative staff in the field on a temporary basis. Also, our National Screening Force (NSF) is being mobilized as necessary.

Since the release of the APSP, FSDs have initiated discussions with their airport and local air carrier stakeholders to determine which best practice opportunities can be implemented locally. Many airports submitted their plans early, demonstrating the commitment from all parties to collaborate on reducing summer wait times. Our industry partners are undertaking a wide range of initiatives from funding part-time non-screener support for the checkpoint and queuing lines to assisting TSA with local outreach programs to providing more space surrounding the checkpoint for passengers to ready themselves for screening. For example, at Chicago O'Hare, the airport is removing some queue space to add additional divestiture tables. At

Fort Lauderdale, air carriers are providing personnel to assist in managing the queues at checkpoints throughout the airport.

At Logan International Airport in Boston, TSA is using the materials provided in the APSP to enhance and clarify training for screeners in checkpoint screening procedures, and Logan already supplements TSA screening by providing exit lane monitors. At Logan, Massport is an extremely important partner in our security efforts. Every morning, TSA, Massport, airlines, airport concessionaires, and other governmental stakeholders convene to discuss and resolve operational issues at the airport. TSA also meets weekly with Massport and the airlines to project passenger volumes, helping TSA efficiently schedule screener resources and prepare for the activity levels in the immediate days ahead.

We also recognize the importance of educating summer travelers and helping them prepare for what can be expected at our busy airports during this high travel season. In conjunction with the release of our APSP guidebook, we are conducting national and local media campaigns to help prepare summer travelers to do their part in easing traffic through our Nation's airports. We are expanding existing passenger outreach efforts with a more comprehensive passenger assistance program, called READY-SET-GO, to dispense advice to travelers and to increase awareness of procedures that will speed up throughput. First, this campaign instructs passengers to start getting READY for travel at home, by packing and dressing in a way that will expedite processing through x-ray machines and magnetometers, and getting information about how long it will take to get to the airport, park, check in, and check baggage. Second, passengers are encouraged get SET for screening by arriving at the screening checkpoint with identification and boarding pass accessible, placing carry-on items on the x-ray belt, and listening to the guidance of the screener regarding divestiture of metal items and shoes. Third, guidance instructs passengers to GO through the magnetometer; listen to instructions for a second pass through the magnetometer, if necessary; retrieve property; quickly move away from the screening area if waiting for other passengers; and proceed to the departure area. To ensure wide dissemination to travelers, the passenger guidance is posted on TSA's website, and TSA works with the airlines to continue providing updated travel support information to passengers on carriers' websites.

Our expectation is that these best practices should be maintained for the benefit of security and efficiency, even after the summer travel season is over. In addition to best practices, over the longer term, there are three broad areas that we are pursuing to enhance the security of and customer satisfaction with the civil aviation system: (1) improvements in technology; (2) physical changes to airports; and (3) better utilization of information to focus screening resources.

Improvements in technology play a critical role in making our screening operations more effective, more efficient, less time consuming, and less costly. Technology that is already deployed to detect weapons, explosives, and other prohibited items at passenger checkpoints include more than 1,700 Enhanced Walk Through Metal Detectors (EWTMD), 1,219 Explosives Trace Detection (ETD) units, and 1,801 x-ray machines.

To make our civil aviation system more secure and less burdensome, we are developing the ability to focus screening resources on those passengers who actually constitute a higher risk, while at the same time foregoing enhanced screening procedures on passengers who pose a lower risk. TSA's work on the Registered Traveler (RT) Pilot Program will use biometric technology, security assessments and adjustments to screening procedures to determine whether customer service can be improved without degrading security. TSA envisions that a fully implemented RT program would be purely voluntary and would offer qualified participants an expedited travel experience. Volunteer participants in the RT Pilot Program will be requested to submit personal data, such as biometrics (fingerprint and iris scan), that will be used for identity verification. Participants in the program will still be required to submit to a modified screening procedure for weapons, explosives, and prohibited items at the checkpoint.

TSA has collaborated with key internal and external stakeholders regarding the feasibility of such a program. On June 16, TSA Acting Administrator Stone announced the launching of the first RT pilot at Minneapolis-St. Paul International Airport with Northwest Airlines later this month. In late July, TSA will implement the program in Los Angeles International Airport in coordination with United Airlines. In early August, TSA will begin operating in George Bush Intercontinental Airport/Houston in coordination with Continental Airlines. By the end of August, TSA intends to have the program also active in both Boston Logan International Airport and Ronald Reagan Washington National Airport both in coordination with American Airlines.

While TSA is not planning to charge a fee to passengers to participate in the RT Pilot Program, TSA will await the results of the Pilot Program to determine the feasibility and effectiveness of broader implementation, including what costs, if any, would be incurred by those passengers who wish to participate in a future phase of the voluntary program. If implemented on an expanded basis, the RT program would most likely be funded via a fee-for-service business arrangement. Upon conclusion of the pilots, results will be analyzed to ascertain security and customer service benefits and to determine the best approach for proceeding.

Mr. Chairman and other distinguished Members of the Committee, this concludes my prepared statement. I would be pleased to answer any questions at this time.

Mr. STEARNS. I thank you, and I will start the questioning. We are here this morning in this subcommittee hearing, and we are talking about perhaps one of the most important security practices in the United States, how to protect the country from people that come here by air, from outside the country.

You have talked about your pilot program in Minneapolis. I myself have often thought we should have a trusted travelers' program to allow a lot of people that come and go to either Europe or Asia or within the United States the opportunity to move more expeditiously.

I guess that is what this Registered Traveler pilot program is. You say you are using biometrics to coordinate in this program.

Mr. VERDERY. That is right. The applicants will——

Mr. STEARNS. Maybe explain a little bit about this pilot program. You are hoping then this program could be used throughout the United States ultimately?

Mr. VERDERY. Let me describe it. The applicants at each of these pilots will provide biometric finger scans and biographical information that will be checked first on our watch list and other criminal data bases to see if they are appropriate applicants. So they will essentially go to the airport, register, and the next time they come back, they will be able to get their biometrically enhanced identity card that can be used for——

Mr. STEARNS. Does that card have their fingerprints on it?

Mr. VERDERY. It will have it embedded, yes.

Mr. STEARNS. Embedded? So they will just take this and scan it through?

Mr. VERDERY. To verify the cardholder is the same person that is in front of the checkpoint.

Mr. STEARNS. So they check their scan on their fingerprints as well as the card or just the card?

Mr. VERDERY. The card is verified to make sure it is the same human being, that the person who went through the background check and received the card is actually the person standing in front of you.

Mr. STEARNS. How do they test the person in front of you that he or she is that—with that card?

Mr. VERDERY. The readers can do a one-to-one match. Is the biometric embedded in the card the same as the fingerprint actually there in front of you. It is like we use in the US VISIT program. So essentially, that will be the biometric check that will determine is this person who enrolled and passed the background check, thereby giving us the assurances that we can use the expedited screening measures.

The trick, though, of course, is we are not going to turn off the X-rays, of course. We have to maintain the high levels of security,

but there are things on the margin we can do to speed things up at the checkpoint. We are looking at providing dedicated lanes in most of these pilots to speed these people through in these five pilot projects.

In terms of the deployment more broadly, we are going to look at these pilots, see what happens. Are customers willing to do this? We hope that they are. We think that they will, but we need to understand the public reaction to this. We expect that there wills be a fee down the road. There is not a fee for the pilots.

Mr. STEARNS. There will be a fee for registering.

Mr. VERDERY. We believe that down the road, if this is expanded, there will be a fee for registering, although there is not a fee to participate in these pilots.

Mr. STEARNS. You know, I think people would pay it if they realize they could be expedited.

Mr. VERDERY. We agree.

Mr. STEARNS. Just like an upgraded American Express card, you pay for a little bit of the facilitation.

Mr. VERDERY. Exactly. That's right. In terms, though, of the plans down the road, we are working with existing funds on this right now. Lots of airports—we are beginning with five. This is something that, if it works and passengers like it and there is improved security, then the process can be rolled out.

As we move forward, I don't think we are going to see a universal rollout. I can't give you a time certain. We have to see what the results are before we promise any kind of grandiose scheme, but we think this is something passengers are going to want. The airlines have asked to work with us on it. We appreciate the airports. We think it is a very promising program.

Mr. STEARNS. You say you have collected European passenger name record data for over a year. Has this indicated—been successful? In other words, has this data brought you enough information to say that you actually stopped terrorists coming into the United States? Give me the credibility of this information and how is it going?

Mr. VERDERY. Well, we use the PNR which I mentioned, which essentially is the information that would be in your travel record that you would give a travel agent or Expedia or another online service, along with the APIS information, which is the stuff that is embedded at the bottom of your passport that you have scanned in when you arrive at the airport. Those two work together to provide us information that is then screened against watch list and the like.

They work together quite well, and we have found terrorists, criminals, inadmissible aliens frequently, more on the latter two, of course. But it is key for vetting these flights before they take off, which is a huge security advantage if we can scrub these flights, especially if there is any kind of indicia of a threat, before they take off in a European or other foreign city.

So access to this information is absolutely critical.

Mr. STEARNS. Just a last question. The House passed legislation extending the deadline by 1 year, which requires countries under the Visa Waiver Program to include biometrics passports. I guess, how have other countries—their participation been, and what is

the difference between that program and the US VISIT program that you are using?

Mr. VERDERY. Well, Congress has a law in place that requires countries in the Visa Waiver Program to do two things. One is to certify they have a program in place to develop the biometric passports, to have the biometric data embedded in the passport. We believe all those countries are going to meet that. They have a program that is underway.

The second part, though, is that for each individual traveler, beginning October 26, if they get a passport after that day, the passport itself has to have the biometric embedded in it. That is where the problem is.

These countries are not going to be able to meet this deadline, because the technical standards set by international organizations are just in the process of being finalized, and the time between that date and when we actually produce passports is a lot longer than between now and October.

So we have asked for a 2-year extension. The House has passed 1 year. We are working with the Senate on how that would play out over there. Again, as I mentioned, this is not a question of will. The countries are proceeding to develop these programs, as we are with our own biometric passport program, but they are not going to be able to do it by this fall.

In terms of US VISIT, though, what we decided to do—We initially had exempted Visa Waiver travelers from the rollout of VISIT, which began in January, because we couldn't handle the load of passengers right from the get-go. We decided to go after the higher risk travelers. But starting the target, September 30, the Visa Waiver travelers, which is quite a number, as I mentioned, about 46 percent of travel, will begin being enrolled in US VISIT.

So when they get to the port of entry, just like a visa holder, they will be checked against watch lists. They will provide their finger scans, the picture. That will be vetted against all of our watch lists, criminal data bases, to see if there is any kind of indicia of a match.

So that is a huge security enhancement. In many ways, it replaces the benefit that the biometric passport was supposed to provide. We think it is a better answer, but we do want to have the biometric passport down the line when it is feasible for those countries.

Mr. STEARNS. Thanks. My time has expired. The ranking member?

Ms. SCHAKOWSKY. I appreciate your telling me that some policies are being reviewed and that the customer service aspect is also being reviewed. We get a lot of complaints about that as well, of people just being rudely treated, feel that they have been mistreated. So I look forward—Actually, maybe we could have a further conversation about that.

Mr. VERDERY. Sure.

Ms. SCHAKOWSKY. I wanted to raise another issue, which is very important to me. One of the witnesses on our second panel, Ms. Friend who is President of the Association of Flight Attendants, is going to speak to the need for additional security training for flight attendants.

I have been reading some about that, and found that it ranges from maybe 20 minutes to a video to more significant training. But now that we have secured the pilot's doors, we leave in most instances, because we don't have marshals on all flights—I don't know what the percent is, but the first lien of defense, the first responders, then are the flight attendants, who feel themselves and, therefore, their passengers to be quite vulnerable without adequate training.

I wondered if you have read the testimony, if you agree that there is room to improve the level of security on commercial aircraft, if you think providing additional training to flight attendants should be part of those efforts, if you are concerned about the inconsistent training, and what you plan to do about it, what Congress should do about it, if anything.

Mr. VERDERY. Well, we agree with Ms. Friend. We do need to do more in this area. We have gotten different sets of guidance from the Congress over the several years since 9-11 on how that program would look. Three different pieces of legislation have affected how we would implement that. But now that we understand where the rules of the road are, TSA, one of our bureaus, is moving forward pretty quickly with that guidance on what the training would look like.

I know this was a subject of a hearing yesterday over on the Senate side. So we have a plan that is in the works to provide that training to the flight attendants. We definitely agree that they are a line of defense. They are part of this layered system of security, along with everything else, the air marshals, the doors, the screening, the passenger vetting and everything else.

So it is an important element that we need to get right.

Ms. SCHAKOWSKY. And what is the timeline on that? It seems such an obvious gap in our security protocols.

Mr. VERDERY. I believe we are looking at unveiling a guidance fairly soon. The trick then is to get people into training, which takes time. We are talking many thousands of individuals that we need to have the opportunity to be trained. So I think you will be seeing some results fairly quickly.

Ms. SCHAKOWSKY. And is this going to be training that is paid for by the airlines? How do you envision—Are the airlines cooperating and moving forward on this plan?

Mr. VERDERY. The airlines are cooperating with TSA on this. In terms of who would pay, we are still working out the details as to whether or not this would be an airline cost or a cost of an individual person who desires to get the training or perhaps it could be a shared responsibility.

Ms. SCHAKOWSKY. Excuse me. Did you say of the individual who desires to get the training?

Mr. VERDERY. That's right. Part of this would be a voluntary program for attendants who wish to have the training. Not everybody would—There is no requirement that every single attendant receive this training. It is a voluntary basis.

Ms. SCHAKOWSKY. Quite frankly, I find that really shocking, that we would say that flight attendants who feel like understanding how to protect their passengers or themselves as a—you know, well, maybe I will—This is not some sort of career enhancement.

We are talking about safety, that we would even consider charging those individuals to have that training.

I just want to go on record—that is the first I heard of that—that that would be, in my view, and I think in the view of the traveling public, absolutely outrageous that this would be viewed as some sort of voluntary, optional thing. So let me just say that.

Mr. VERDERY. I understand. There's two issues. There is the issue of whether or not it is mandatory, and there is the issue of the fees. They are separate, but I take your point.

Ms. SCHAKOWSKY. Okay. Let me just quickly ask: What could be the reason for a month's long and finally failed effort to get a biophysicist, the head of the General Physics Lab in Russia, to come to—Why are we having so much trouble getting these widely internationally recognized people to be able to come for a meeting?

Mr. VERDERY. For scientists there is a particular program that has led to delays that we are taking a close look at, and I will just get into it here for a second. It is a program called Visa MANTIS, which requires inter-agency reviews of applicants with significant scientific background who might have access to sensitive technology in this country that they could not get in their home country.

So if they are coming in for a course of study or a conference, if they are not a student, those require inter-agency reviews in Washington, FBI, CIA, Homeland Security, Department of State, other agencies. The speed of those depends on the applicant. Sometimes they are fast. Occasionally, they are slow.

So this is one of the key areas we are looking at in terms of MANTIS. Are there ways that we can speed up these checks, both with better data sharing or perhaps extending the time period that the check would be good for? But you were right on. We hear these complaints all the time of noted scientists or students in a course of study that have trouble getting in for conferences.

We are working extremely hard to try to fix this, but you can also imagine the dilemma. The last thing you want is to bring somebody into the country who is here to steal knowledge to use against us. So it is a tricky balance, and we are addressing it pretty fast.

Mr. STEARNS. The lady's time has expired. Mr. Shimkus.

Mr. SHIMKUS. Thank you, Mr. Chairman. I will be pretty brief. I have made two calls in my 8 years to embassies to try to continue to find out these questions and try to make sure there is a good review of a visa application. Both times they did go and do an extra step. One was in the Philippines, and most recently was 2 weeks ago in Russia. Both of them were denied.

What I did ask them to do was an extra step in this difficult process of making a decision of really, in essence, a flight risk, someone who doesn't have the documents. But they also then, especially in the most recent example—They gave me examples of what that applicant can do in the next round, in the next year, to make sure that they wouldn't be—in essence, they would be here on a tourist visa, and they wouldn't be a flight risk.

So it is frustrating when you have credible constituents who you know they are upstanding members of the community, maybe people that I have known for many, many years, 20 years, full faith

and credit in them. I am just throwing that out in that they have—I have deferred to their judgment and haven't pushed it any further, and hopefully, it will work out if this individual does the steps that they say she should be able to do to make her more applicable and able to get a tourist visa next year.

It is hard, and I have worked through it, but the State Department has been respectful. I think they have gone the extra mile for me.

Mr. VERDERY. Sir, if I could respond to that just very quickly. One thing that I think is a misconception among some is that the numbers of people who have been rejected for visas has gone up sharply since 9-11 because of security checks and the like. That is actually not the case.

The numbers overall of the percentage of people who are denied remains about the same. Yes, it is. And again——

Mr. SHIMKUS. Yielding my time to my colleague.

Mr. VERDERY. And the reason is because the overwhelming majority of people who are denied has nothing to do with scientists or terrorism or anything else. It is this intending immigrant question: Do they intend to leave? The consular official is required to make a determination that they are not going to overstay, that they are not coming here to reside. That is a statutory provision.

Now I will say, over the long haul, as we build out the US VISIT system with an exit capability where we actually will know when people are overstaying—right now the overstay rates and tracking is not very good. That may give us the flexibility to be more generous on the front end for people who don't have demonstrable ties to their home country.

So the long term issue, I think, about something about the exit will really help in this regard.

Mr. SHIMKUS. Can I get the Department to look at H.R. 3956, which is my bill along with Congresswoman Nancy Johnson. It addresses the Polish visa issue. Would you address, if you could, what is perceived to be a difference in visa standards to new NATO countries versus the old incumbent NATO countries and a two-tiered different standard which now, since they are all members of the Alliance, you would think there would be similarities.

Mr. VERDERY. Of course, we will be happy to take a look at it. This issue has been raised directly by the Polish government and other similarly situated governments. The key thing to remember is that the Visa Waiver Program, which I have mentioned in my remarks, is a Congressionally created program that has very strict criteria on which countries are eligible, based on overstay rates, denial rates for visas, and cooperation with us on terrorism, reporting of lost and stolen passports.

There is a whole slew of factors, and certain countries just don't meet those criteria, even if—Well, they just don't meet the criteria. We will willing to look at anything we want. It helps us on the resources end if we can get people into the program, but they have to meet the criteria.

I will say, we have established a Visa Waiver Program Office within our directorate to handle both the country reviews of the existing countries, as well as applications or interest from other countries and to make those kinds of assessments.

The EU has raised this issue with us, because they have a legal issue. All the countries of the EU are supposed to be treated the same on visa issues. So we understand there is a big dilemma there that we are working with them on this. So we will take a look at it, and I will be happy to get back to you.

Mr. SHIMKUS. Yes, and any suggestions you can make as far as what we should do, how we should augment or even words back to the countries themselves, and encouraging them to meet some minimum standards, that would be helpful.

Thank you, Mr. Chairman. I yield back.

Mr. STEARNS. I thank the gentleman. The gentleman from Texas, Mr. Gonzalez.

Mr. GONZALEZ. Thank you, Mr. Chairman. Mr. Verdery, I represent half of San Antonio. We are 150 miles from the Mexican border, but the economic health of all those border cities along there directly impact my district. So that is part of my parochial interest.

I know there is a great interest, obviously, in combatting terrorism, and we don't want to do anything to frustrate that effort, but we also need to be realistic about it, and that is why we are having this hearing today.

You have already indicated that the implementation of US VISIT and such is delayed along the land borders for a year. Is that correct?

Mr. VERDERY. Well, the Congressional mandate is that we deployed at the end of last year at airports and seaports and at the large land ports of entry at the end of this year, and the smaller ones next year. So it is not a delay. That is the schedule we were given, and we are on track to meet that.

Mr. GONZALEZ. Is there a request for a delay of the implementation at these large border crossings?

Mr. VERDERY. No. We are committed to meeting the requirements of the statute, which essentially means having the integrated data bases and systems at the ports of entry to allow the biometric and biographic checks in secondary visa applicants or other people that are referred to as secondary at these large land ports of entry.

We do not envision any changes, significant changes, on primary which is where most of the folks will be coming through, especially on the Mexican border, and we have committed that the border crossing card holders, which is the majority of travel, will not be enrolled in VISIT until we can do that in a way that expedites their travel and doesn't create unacceptable wait times.

Mr. GONZALEZ. What timeframe are you talking about?

Mr. VERDERY. Well, we have just, as you know, ordered the prime contract late last month for the system side of VISIT. So we are working with the contractor now to ascertain the system times, but we are looking at the full biometric rollout for the land borders at the big ports of entry sometime in 2005.

We will have the systems integration in place at the end of this year, which is the statutory requirement, but we will have the biometric infrastructure in place throughout 2005.

Mr. GONZALEZ. Is that realistic?

Mr. VERDERY. We believe it is.

Mr. GONZALEZ. We won't be here next year looking at extensions and such?

Mr. VERDERY. I don't believe so.

Mr. SGONZALEZ. All right. Can we start off with a basic understanding or agreement. Let's see if you agree with me that the economic impact of what may be happening at these airports when individuals are coming into our country, though it could be great and with some consequence, doesn't compare to what would transpire in the consequences on the economies of these border cities on individuals crossing the border.

I don't know if you have ever been to Laredo and Brownsville and McAllen It is incredible. If we have a system that impedes that, I can assure you of economic disaster for all of south Texas. I am not even talking about the other southwestern States. Of course, I don't represent them, but obviously, we share a similar situation.

Would you agree with that assessment about economic impact being totally different and has to be weighed when you implement policy?

Mr. VERDERY. Definitely. We would agree that increasing wait times at ports of entry on the southern border, which already are long in some cases, would be a problem on the economic side, as well as the social side. So we are committed. In fact, I think we are statutorily bound to implement solutions that do not impede legitimate trade or travel. So that is why we are building this out in increments, to make sure that we don't.

We have a very good working relationship with the ports of entry, with the communities along there, the Chambers of Commerce, the Border Trade Alliance, with the Mexican government, to try to find the solutions that will allow us to do the check-in/check-out without impeding travel.

We are looking principally at using advanced technology so people can get through without actually having to get out of the cars, which we understand would create unacceptable wait times. So this is something we need to work with the border communities. We have port-by-port outreach plans. Each port is different. So this is why it is going to be a staged process.

Mr. GONZALEZ. As you make these statements, it is with the full understanding that this does not impede or diminish your efforts in combatting terrorism.

Mr. VERDERY. That is right. And again, people have to remember, the border crossing cardholders, which is the most travel along the Mexican border. These are people who have gone through a background check, have a biometrically enhanced travel document. It is available to be reviewed in secondary, if the inspector has any reason to send somebody to secondary.

So there is a check of sorts. It is not the same as the full US VISIT capability that we would envision down the road, but there is a significant anti-terrorism program in place on the southern border.

Mr. GONZALEZ. My fear, coming from Texas and the southwestern border is, historically, the way we have been portrayed as a source many times of illegal activities and danger points, and now with the added burden and suspicion of terrorists, it is just

something that almost plays right into the hands of those that have that type of view.

I know, when I served on Financial Services, it was always the border banks who were looking at illegal activity and deposits of ill gotten gain, money laundering, when the truth is it was all happening out of New York most of the time.

I think we have the same situation here, and that is my biggest fear, and I don't know what you do on a public relations part of it, trying to dispel some of those fears that individuals have where they say, you have so many people coming across the border; wouldn't that be the most likely place for the terrorists to blend in and make entry into the country?

That is a question, of course, that I think you would be well prepared to respond to, and I would be more than happy to assist you, as well as all of the members representing the border states. But I do want to thank you. I am going to be following up with written questions which have been submitted, obviously, through my office by many of the business individuals along the border. I may not represent them, but in many ways my district's economic star is hitched to their wagon, and I think that goes for many, many communities.

It has been my experience that the understanding of how we operate along the southwestern border has an inverse proportion as far as understanding. The more you move up northerly in the United States, the less of an understanding. It is quite legitimate. It is a way of life, and it just doesn't impact the southwest border States. I think other Members of Congress need to really look at what trade means along the borders for the health of their own economies and that of our country.

With that, I will say thank you. I will submit questions to you, if I can have one assurance from you. It has been my experience that we submit questions. We don't get answers for an awful long time. That was my experience on Financial Services, and I don't mean just Alan Greenspan.

So if you will promise me a timely response, that way you will save my staff a lot of grief, because I will be checking with them and wondering why we didn't get a response.

Mr. VERDERY. We endeavor to please on the questions, and I will commit to try to get them back as soon as we can. You can imagine how many questions do come in, but we will make sure we make a special effort on this hearing.

In terms of the points you raised, if we have just a minute, the US VISIT program team, I think, has a very good understanding of the economy and the social fabric on the southern border. The folks at Customs and Border Protection have put onto the US VISIT team the program managers.

The directors are down there quite a bit, working with the port directors, to understand how each port functions, because that is the key thing. You can't put in an omnibus solution.

Each port has to have its own particularized solution that recognizes the flows, whether it is all passengers. Are they pedestrians? Are they cars or trucks, these kinds of things? So we are working on a kind of port-by-port specific basis with a good mindset toward facilitating that travel.

I would take just a few seconds on kind of the introduction of your remarks. One of the reasons behind the President's Temporary Worker's Initiative, which I know is not the point of this hearing, is to steer that traffic through the ports of entry.

We do have people crossing illegally. We have seen our efforts on the Arizona border. There isn't a border initiative. I have seen an increase in activity. The Temporary Worker Initiative is designed to steer traffic through the ports of entry where we can do these kind of terrorism checks on people so that we can remove some of the hay off the haystack and really focus in on those people who can't come through a port of entry because they would be denied entry.

So I know it is not the point of this hearing, but it is how we buildup the southern border.

Mr. GONZALEZ. All right. Thank you. My time is up. Thank you, Mr. Chairman.

Mr. STEARNS. The gentleman's time has expired. The chairman of the full committee, Mr. Barton.

Chairman BARTON. Well, thank you, chairman, and thank you for holding this hearing. I have one question kind of off the subject and one question on the subject.

The off the subject question: DOT just announced their pilot program for frequent flyers in certain airports. Do you have anything to do with that?

Mr. VERDERY. You are probably talking about the TSA program, the registered traveler program. Yes, we oversee that. Yes.

Chairman BARTON. Well, I just want to encourage you to expedite it. I, like most of my colleagues, fly thousands of miles a week, and I am willing to be fingerprinted and eye-printed and, you know, back searched and everything else, if it helps get through the airports. So I have been fighting for 2 years to get that going.

Mr. VERDERY. The first pilot starts in Minneapolis, I believe, next week. As I mentioned earlier, there will be five total. One of them is at Reagan.

Chairman BARTON. When does that one start?

Mr. VERDERY. I am not sure of the exact timeframe. It is sometime in the next 6 to 8 weeks, and it will run for about 90 days. We are going to then sit down with the results to figure out were there improvements in time, something the passengers—is it worth it to them? We think it will be.

Chairman BARTON. Members of Congress that want to participate—what do we need to do? Honest, do we just—How do we apply for it? Through the airlines that we use?

Mr. VERDERY. Each pilot has an airport and airline partner, and I forget exactly which. Reagan's, I think, is—I want to say it is United.

Mr. STEARNS. Will the gentleman yield? I think one of the pilot programs is in Houston.

Mr. VERDERY. That is right.

Chairman BARTON. Well, it doesn't help me, if it is not in Dallas.

Mr. STEARNS. Oh, okay.

Chairman BARTON. We want Dallas, and we want American Airlines between Dallas and Washington.

Mr. VERDERY. Any particular time of day? Seriously, this is something, if it works as well as hope it will, will be rolled out to other airports, but we have to understand the improvements in screening that we can provide without degrading security. As you know, being a frequent traveler, the process from the time your car shows up at the airport to the time the plane lifts off has so many different steps, how can we shorten those?

Some of those are under TSA's control at the check point. Some of them are not. Some of them are the parking or the lounges or getting through your ticket check-in. All that plays together. So this is something we need to work on and would like to work on with you.

Chairman BARTON. Okay. My on-the-subject question: What special precautions, if any, have been taken for all the cruise ships that we have out of the various ports, because you have got 3,000 people in a—They are actually totally immobilized when they are on that ship. Are there some special precautions that are being taken for security purposes on those boats?

Mr. VERDERY. We have actually done a number of things in the cruise ship area, and I am not sure I will be able to get them all to you right now. But among the ones that I am aware of sitting here today: As I mentioned, US VISIT, we are deploying that to major seaports. I believe 14.

So on the passenger and crew side, those folks are being entered and exited to make sure that they are not hopping on the ship at a port of call and then coming back in, avoiding immigration. So there is that check, similar to the airports. The pilot for the exit is down in Miami, but it is on the entrance at 14 places.

The Coast Guard is doing a number of things on securing the ports where these big cruise ships and other ships would be coming in. There is a big initiative that comes into effect on July 1 on port security that the Secretary had an event on earlier this week in Los Angeles to try to make sure that the ports themselves are secure.

There are other things that both Coast Guard and Customs and Border Protection are doing in this area, which I would be happy to get to you after the hearing.

Chairman BARTON. Thank you. Thank you, Mr. Chairman.

Mr. STEARNS. Thank the chairman. Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman and the chairman of the full committee. I am glad Houston is on that list, and I appreciate that.

Mr. Chairman, I would like to put my full opening statement in the record.

Mr. STEARNS. By unanimous consent, so ordered.

Mr. GREEN. Thank you.

[The prepared statement of Hon. Gene Green follows:]

PREPARED STATEMENT OF HON. GENE GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

I'd like to thank Chairman Stearns for holding this important hearing as millions of families have already started traveling for summer vacation. It is of the highest importance that the government keep this travel season safe.

Intercontinental Airport is in my Congressional district, and it is the eighth busiest airport in the United States. It serves over 15,000 passengers daily and over 34

million passengers go through it gates each year, making it the 14th busiest airport in the world.

The people who work at Intercontinental Airport take pride in the efficiency with which they process international passengers. Usually, their commitment to safety and expediency keeps people moving which keeps commerce moving throughout our city and our country. However, inadequate numbers of inspectors at Intercontinental Airport has caused great delays and great concern.

I have contacted DHS and when they existed, the INS, on this issue no less than 5 separate times over the last two years.

Most recently, just one month ago, I joined Senators Hutchison and Cornyn, and the rest of my Congressional Colleagues from Houston to voice our concern regarding the number of inspectors at Intercontinental Airport. Currently, there are 59 inspectors working right now. However, 86 inspectors are authorized. As a result, people traveling through Intercontinental Airport have a long wait.

Last summer, the normal waiting time to get processed for an international flight was 90 minutes. Well over 11,000 passengers missed their connecting flights. The wait is twice as long as the 45 minute goal that has been set by Customs and Border Protection. There were occasions when passengers had to wait as long as four hours. This is unacceptable.

These wait times result in some travelers missing connecting flights. Many airlines are then forced to expend resources on providing hotel rooms for people, rebooking flights, and boosting customer service staff because security wait times are too long.

In January of 2005, a new terminal will open at Intercontinental with 24 gates and 80 primary inspection booths. As this committee examines how we can ensure the safety of our passengers efficiently and effectively, I ask that we examine the impact of inadequate staffing levels at our nation's high-volume airports.

Thank you Mr. Chairman. I yield back the balance of my time.

Mr. GREEN. Mr. Secretary, I represent a district in Houston, and I am fortunate. We have actually two ports of entry. Intercontinental Airport is a port of entry, and we also have the Houston ship channel in the Port of Houston.

Since 9-11 with the heightened awareness not only for the airlines but also for my port and the largest foreign tonnage, the petrochemical complex, one of the frustrations I have seen is that—and these are both constituents, and they are job centers for my area, Intercontinental Airport because of the cargo and the passengers and, of course, the Port of Houston—and the frustration, not so much for the port, although we need to do better and we know that and we will get there, but with the wait time at Intercontinental Airport, particularly for international processing.

I know my office has talked to you about that. I know meeting with the HS staff over the last number of years and on a bipartisan basis from the Houston area delegation, the average wait time for international passengers should be 45 minutes, and last summer in Houston it was 90 minutes.

What we were seeing is that—and we found out that Intercontinental Airport has only 69 percent of the inspectors that were authorized by the agency, 59 currently at Intercontinental Airport where we have 86 authorized. Past data from the last year show that Houston is receiving lower levels of staffing as a percentage of authorized full time positions than any other airport of a comparable size.

So I have a line of questioning. One: Is a 45 minute wait time—is that the goal of the DHS for international passengers?

Mr. VERDERY. There is not a specific time goal, because it, obviously, depends on the passenger flows and the time of day and the like, as well as special security events, like we saw an increase in backlogs at Dulles over the last few weeks with the Reagan events.

But an hour is considered unacceptable under normal circumstances, and at that point we begin to take corrective action.

So it depends, but 45 minutes is not out of the realm of a normal situation.

Mr. GREEN. Again, the past data shows that we have a smaller number of staff, and meeting with both DHS folks here and also in Houston at the airport and looking at other ports of entry, whether it be Miami, Atlanta, DFW or Chicago, we did see there was significant disparity between the positions authorized and filled at different ports of entry, and Houston was one of the lowest.

From a personal experience last August when some of my colleagues were coming back, I am glad some of those folks weren't my constituents, because I represent the folks who live around the airport, but the number of people who were delayed and missed their connecting flights. What is frustrating is that they will not come through Houston again, because if I was in Baltimore or New York or anywhere else, if I miss my connecting flight coming through Houston, why I would look to Atlanta or Miami or Dallas or anywhere else.

So I would hope that the competition with our airlines would not be based on a government function, which is to clear those passengers through the screening.

Again, I know the folks very well. Like Congressman Barton, I go home every weekend and represent the airport, whether it is the city officials or Continental Airlines, which is our biggest partner, or the DHS, and they are doing everything they can. But again, at one time they had allowed overtime. We lost that. So we would see that backlog pick up.

Since we have had our meetings, and I know the airport and major airlines estimate that we will need as many as 125 full time inspectors from our current authorized of 86. The reason for that is we are getting ready to open a new international terminal, and part of it is already open, but we will see, I think, 24 new gates that are international, and again it was designed from DHS in mind to be able to speed the passengers through.

I know you may not be able to give me answers today, but are we going to be able to see an increase in authorization, but not just authorization but also see an increase in the number of positions that are filled for Houston Intercontinental Airport?

Mr. VERDERY. Well, Customs and Border Protection has to frequently reevaluate the kind of distribution of personnel, because as you mentioned, airports are going through expansions or new terminals or airlines have new service. We just saw that a new airline servicing Dulles has started this week or last week.

So they are constantly kind of reshuffling the figures to meet the traffic flows. I am hoping that, since the figures that you cited—I am hoping that the situation has improved since you had those figures, but I need to go back and check and figure out exactly what the CBP plan is to meet the demand you mentioned with the new gates.

Mr. GREEN. January 2005 in typically the spring travel season, the summer travel season. I was just fortunate, and the three Members of Congress with me. We were coming back from Inter-

national, and we used our international passports to get through, but I don't do that on a regular basis, simply because some of those folks in line are my constituents, and I learned a long time ago, I don't cut in front of my constituents, whether at the food line or the airline.

I would appreciate, you know, if you could get with me. I know Houston is one of the 25 focus airports for the aviation partnership support, and again there is a great working relationship between DHS and our local city of Houston and Aviation Department and our major carrier is Continental.

I continue to work with you and see how we can do it to make sure we have those positions not only authorized but filled.

Mr. VERDERY. That is right. It is a continual issue of making sure that positions that are authorized are filled. We have, obviously, these large numbers, you know, tens of thousands of employees. You do have turnover, and you have to replace people appropriately.

We have the same issue on the screener front with TSA. People do leave, and we have to replace them with full time or part-time people and make sure we are up to our statutory position numbers. One thing I might point out is that again we have not seen that delays are being caused by the new biometric systems being put in place via US VISIT. It is a staffing issue or configuration issues. It is not the biometric part of the system.

Mr. GREEN. That is correct. I have seen that. I, like a lot of members, would encourage as much of that as we can with biometric, and I will go get my eyes examined or whatever I need to do to be able to go through, and I think most frequent travelers would do that.

Mr. VERDERY. I mentioned in response to Mr. Barton's question about the Reagan. It is actually American Airlines that is the partner at Reagan. I just wanted to correct the record on that.

Mr. GREEN. Thank you, Mr. Chairman.

Mr. STEARNS. Mr. Bass.

Mr. BASS. Thank you, Mr. Chairman, and thank you for coming, Secretary Verdery. I appreciate your testimony. I have a single question for you that isn't exactly along the lines of the questions you have heard so far today.

As you know, the H2B visa program has been a crucial resource to fill jobs in tourism and other seasonal industries throughout the Nation, and I would only say that it looks as if INS is doing a pretty good job administering it, because they apparently reached the $66,000 cap in early March. This has created quite a problem for the tourism industry in my neck of the woods, in the northeast, because there are—we are approximately 600-700 jobs short now for summer help in our tourism industry in New Hampshire, and I would assume it is the same in other states.

I am wondering if you have any perspective on this issue or any recommendations as to what we might do in order to balance the admission process perhaps or increase the numbers or do something so that we don't have, in a growing economy, real difficulty in meeting the obligations to provide good services in the tourist area.

Mr. VERDERY. Congressman, I have heard this issue raised in a number of circumstances by a wide range of industries affected by this cap, but just for clarification: Within our department, when INS was dissolved by the Congress, it was essentially divided into three parts.

The enforcement at the ports of entry went to Customs and Border Protection. The investigative side went to Immigration and Customs Enforcement, which are both in our BTS Directorate where I work. The services side went to the new Bureau of Citizenship and Immigration Services or CIS, which is not in BTS.

The enforcement of this $65,000 cap for H2B, as you mentioned, is under their authority. As I understand it, this is a Congressional statutory number. So that it is not in our discretion or in CIS's discretion to waive it or ignore it. They have tried to be as flexible as they can within the bounds of the law to make sure that all the applications are being handled and——

Mr. BASS. Is it within their discretion to balance the—or to spread out the application process over the year a little better, or not?

Mr. VERDERY. I don't know. I would imagine that they have a first come, first serve requirement. Again, I know they hit the cap far in advance of the end of the fiscal year. But I know they are working the problem, but I don't think I can give you any specific recommendations to fix it.

Mr. BASS. Thank you, Mr. Chairman.

Mr. STEARNS. Mr. Davis.

Mr. DAVIS. Thank you, Mr. Chairman. Mr. Secretary, I want to briefly share with you an experience I had which, I think, is constructive and has a good ending.

It was brought to my attention in my home in the Tampa Bay area that a gentleman on a flight—I think it was from New Zealand to Los Angeles—had a video tape of people sauntering in and out of the cockpit, enjoying the view and visiting with the very friendly pilots. This was aired on television and produced, as you can imagine, a pretty staunch outrage from Democrats and Republicans about why was this happening.

The real outrage was the fact that this retired—I think he was a locomotive engineer—was calling the FAA, the TSA, and Homeland Security and was getting the run-around. Nobody knew who was in charge. It was government at its worst.

I picked up the phone and called Asa Hutchinson, for whom I have high regard, and you may have already heard about this, and Asa, to his credit and who is very busy, looked at it, and the result was an emergency amendment to guidelines resulting in a rule or proposed rule that perhaps is in—hopefully, is in effect now that says any carrier flying over our air space has to have standards compatible to ours.

So I guess I just want to underscore two things to you. I think it is incumbent on all of us that we have a system that empowers the public and does not shut them out. Ultimately, if it had not been for this retired locomotive engineer, this policy probably would not be in effect.

Second, that we all resist the temptation to commit the unpardonable sin, which is to be defensively reactionary when peo-

ple point out that we make mistakes every day, and there is always a way to do it better.

So it is a positive experience I have. I think it is instructive for all of us, and I just wanted to share it with you.

Mr. VERDERY. Well, I appreciate that. As you know, I work for Under Secretary Hutchinson, who I know you served with up here, and I think he is very responsive to these types of things. I remember you raised this with him, and there was action taken to make sure the same standards apply for over-flight carriers as carriers operating in the country.

We have seen a number of incidents where we have had to do—fill in the gaps, so to speak, and this was one of them. But there's others where problems are brought to our attention, and TSA has stepped up to the plate to issue emergency amendments or other directives to fill those gaps.

Again, I think it is a credit to the Under Secretary who took this one, and we appreciate you bringing it to our attention.

Mr. DAVIS. Thank you, Mr. Chairman.

Mr. STEARNS. I thank my colleague, and I think we have no more questions for the first panel. I just would reiterate that Jacksonville is having the Superbowl next year, and we hope perhaps that Jacksonville might be one of the demonstration projects where we would have the expediting of travelers, trusted travelers, so to speak.

Mr. VERDERY. Late January, is it?

Mr. STEARNS. Yes.

Mr. VERDERY. I'll take a look at it, sir.

Mr. STEARNS. All right. Have a look at it.

We will have the second panel come up. Thank you for your attendance. Mr. Fred Lounsberry, who is Senior Vice President, Universal Studios Recreational Group; Mr. Eric Pearson, Senior Vice President, E-Commerce, Intercontinental Hotels Group; Mr. Mark Brown, Executive Vice President, Association and Club Services, AA; Mr. Barry Allred who is Chairman of the Jacksonville Regional Chamber of Commerce, Jacksonville, Florida; and Ms. Patricia Friend, International President, Association of Flight Attendants—CWA.

We want to welcome the second panel, and we would like to have each of your opening statement. Mr. Lounsberry, we will start with you, if that is possible. We will go from my left to my right.

Welcome. Thank all of you for taking time from your important schedule to come here to testify.

STATEMENTS OF FRED J. LOUNSBERRY, SENIOR VICE PRESIDENT OF SALES, UNIVERSAL STUDIOS RECREATION GROUP; ERIC PEARSON, SENIOR VICE PRESIDENT, E-COMMERCE, INTERCONTINENTAL HOTELS GROUP; MARK H. BROWN, EXECUTIVE VICE PRESIDENT, ASSOCIATION AND CLUB SERVICES, AAA; BARRY ALLRED, CHAIRMAN, JACKSONVILLE REGIONAL CHAMBER OF COMMERCE; AND PATRICIA A. FRIEND, INTERNATIONAL PRESIDENT, ASSOCIATION OF FLIGHT ATTENDANTS—CWA

Mr. LOUNSBERRY. Thank you. Mr. Chairman, Ranking Member Schakowsky of the subcommittee, thank you very much for the opportunity to present testimony this morning.

I appear here today as the Senior Vice President of Sales for Universal Parks and Resorts and the past Chairman of the Travel Industry Association of America or TIA. Immediately after the horrible events of 9-11, I had the unique challenge and the honor to chair both TIA and Visit Florida, the partnership effort to market the chairman's great State to the world.

What I experienced in those roles was a dedication by the travel industry and our government partners to ensure our industry kept reaching out to our international friends, while spreading the message that the welcome mat was still out, all of this in the context of the obvious need for heightened security in our country.

I appear before you today to first thank and congratulate the House and Judiciary Chairman Sensenbrenner on the handling of one issue and urge your consideration in the near future on three others. House passage of a 1-year extension of the biometric passport requirements for Visa Waiver countries will ensure that visitors from 27 of our strongest allies will be able to enter this country in a way that enhances U.S. security and, at the same time, does not jeopardize the $80 billion in expenditures the international traveler is expected to bring to our shores in 2004, plus the millions of U.S. jobs this spending supports.

One area that has unintentionally suffered during the country's need for increased homeland border security is the border crossing of school groups and educational scientific exchanges. Specifically, I would like to address the situation of Mexican grade and middle school aged children who, in a pre-9-11 world were allowed to enter the United States under humanitarian waivers.

I applaud Congressman Filner who has picked up the case of these children and filed H.R. 2525, the Visitors Interested in Strengthening America Act. All of us can remember taking school sponsored trips when we were younger. Imagine adding an additional $100 visa requirement, including the time and effort needed to obtain the document, to the cost of that trip. Now imagine this increased cost in areas where parents can't afford to take a day from work to obtain and prepare this nonrefundable application, not to mention the substantial additional expense.

The United States, through the mandatory visa requirements, has literally stopped these exchanges with Mexican school districts. The school trips were multiple purposes. To the school children they represent the ability to better understand and respect the cultural differences and similarities with their neighbors to the north, while enjoying facilities that are not present in their own country.

These experiences should be allowed to continue unencumbered. They will not only lead to stronger ties between our countries for generations to come, but in addition, destinations are able to make 1-day trips affordable for the children, while filling a much needed revenue gap during slow times that protects jobs as well.

This was a perfect win/win scenario, mixing public policy and commerce prior to 9-11. We must once again work to allow these school children to visit the United States and not force them to become unintended victims of our necessary and well intentioned efforts to tighten border security.

Our industry urges Congress to consider allowing these children to once again enter under humanitarian waivers or broaden existing classifications such as the F-1 or F-3. As with so many other matters, a judicial solution is possible if Congress and the Department of Homeland Security work together to jointly solve this issue.

Mr. Chairman, I raise another issue critical to your own backyard of Orlando and many others around the country. Universal is concerned that Custom and Border protection inspector cutbacks have occurred since the three legacy agencies, Immigration, INS, Customs and Agriculture, have merged.

I would submit in your record a correspondence describing the issue and reflecting Universal's point of view from Bob Gault, President of Universal Orlando, dated June 9, 2004, to the Honorable Robert C. Bonner, Commissioner of Customs and Border Protection at DHS.

It is our understanding that, because legacy INS inspectors are automatically paid overtime for any Sundays or holidays they work, many districts have had to reduce staffing on other peak international rival days to meet their budget requirements. While the Department may be successfully meeting budget, we are leaving the valuable international visitors waiting in their planes until inspectors finally become available.

The time to process these valued visitors can be as high as 1½ hours, which does not include the time needed to clear additional screens by Customs and Agriculture.

If this is a new budgeting reality in a post-9-11 DHS system, then Congress must allocate enough resources to appropriately staff to the need, and serve these important and valued visitors in a more efficient, timely manner, lest other competing world destinations will gain a competitive tourism advantage over the USA.

Finally, the United States needs not only to be as traveler friendly as possible. It must aggressively market to the world that it is open for business. The message has been received loud and clear that our borders have become more secure. We now need to tell the legitimate business and leisure traveler that security has been achieved but not at the cost of their travels.

Congress attempted to send this message through a $50 million appropriation to market the country's heritage and splendor to the world and showcase American values, freedom and way of life to visitors from around the world. Unfortunately, that money was rescinded in the waning hours of last year's session before anyone could react.

TIA and others must again work with you to once again reestablish this appropriation, so that we remain the leader in global tourism, drawing international visitors to our shores and protecting American jobs. The successful marketing efforts of Visit Florida, the public/private tourism marketing effort in my home state, can be looked to as a model for such a program.

In closing, I am proud to report, our industry is in a recovery mode from the effects of 9-11, but we continue to face many challenges. Working together with your good offices, we can continue to grow our industry and take advantage of international opportunities that exist, all within the critically important context of enhanced security.

Our joint success will keep our country safer, keep hundreds of thousands of Americans employed for decades to come, and permit us to continue to showcase America's way of life to visitors from around the world. Thank you.

[The prepared statement of Fred J. Lounsberry follows:]

PREPARED STATEMENT OF FRED J. LOUNSBERRY, SENIOR VICE PRESIDENT OF SALES, UNIVERSAL PARKS AND RESORTS

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to present testimony this morning concerning the relationship between international commerce/tourism and homeland security. The balancing of these two issues by Congress and the tourism community at large has, and will continue to, play a pivotal role in the re-emergence of our national economy in a post 9-11 world.

I appear here today as the Senior Vice President of Sales for Universal Studios Parks and Resorts. Immediately after the horrible events of 9-11, I had the unique challenge and the honor to chair both the Travel Industry Association of America (TIA) and Visit Florida—Florida's public/private partnership effort to market the Chairman's great State to the world. What I witnessed in those roles was a dedication by the travel industry, and our government partners, to ensure our industry kept reaching out to our international friends while spreading the message that the welcome mat was still out. Members of Congress and representatives of the tourism community jointly informed the international traveler that America was still a welcoming harbor to cultures from all around the world . . . all of this in the context of the obvious need for heightened security in our county.

We must not rest on our laurels after having weathered the initial storm. Instead we must look forward to strengthening our international opportunities while continuing to work toward an even safer America. To that end, I appear before you today to congratulate the House on its handling of one issue and urge your consideration in the near future on three others.

The House of Representatives last week passed a one-year extension to the biometric passport requirements for Visa Waiver Country travelers. Judiciary Chairman Sensenbrenner, after conducting hearings on April 21st, wisely understood that while increased requirements to enhance border security are important, they must be implemented in a way that is technologically sound, administratively efficient and practical. The judicious compromise worked out by the Administration and this House, when passed by the Senate, will ensure that visitors from twenty-seven of our strongest allies will be able to enter this Country in a way that enhances U.S. security while remaining sensitive, inoffensive and respectful to the cultures from where they come. Placing these visitors into the U.S. Visit Program during the interim implementation of the biometric identifiers allows us the comfort of knowing the U.S. enjoys a more secure entry system than before. At the same time it does not jeopardize the $80 Billion in expenditures the International traveler is expected to bring to our shores in 2004 or the one million U.S. jobs this spending supports.

One area that has unintentionally suffered under the country's need for increased homeland security is border crossings of school groups and educational/scientific exchanges. While I understand the University systems around the nation are focusing on the latter, it is my intent to discuss the issue of school children. Specifically the situation of Mexican grade and middle school age children who in a pre 9/11 world were allowed to enter the United States under humanitarian waivers. I applaud Congressman Bob Filner who has picked up the case of these children and filed H.R. 2525—The Visitors Interested in Strengthening America Act—2004 (VISA)

All of us can remember taking school sponsored trips when we were younger. Those trips usually entailed going to local places of historic significance. Not surprisingly, many of those very trips were planned for right here in Washington, D.C. Imagine adding an additional $100 visa requirement including the time and effort needed to obtain the document. Now imagine this increased cost in areas where the parents can't afford to take a day away from work to obtain and prepare this non-refundable application, not to mention the substantial additional expense. This new cost would have played an important part in the decision making of many school trips those of us in the room today were able to enjoy. This is exactly what we have now done to Mexican school children, who simply want to come across the border with their schoolmates to learn about our culture and people. These children, many from families barely making a minimum wage, save all year to join their classes on these annual trips. The United States, through the mandatory Visa requirements, has literally stopped these exchanges with the Mexican school districts.

The school trips serve multiple purposes. To the Mexican school children, they represent the ability to better understand and respect the cultural differences and similarities with their neighbors to the North while enjoying facilities that are not present in their own country. These experiences should be allowed to continue unencumbered. They will only lead to stronger ties between our countries for generations to come. Another side of this issue relates to the zoos, museums and attractions, where these visiting children mean much-needed visitation during off peak attendance seasons. Through discounting programs, the destinations are able to make one-day trips affordable for the children while filling a much needed revenue gap during slow times that protects jobs as well.

This was a perfect win-win scenario mixing public policy and commerce prior to 9/11. We must once again allow these school children to visit the United States and not force them to become unintended victims in our necessary and well intentioned efforts to tighten border security. We more than sympathize with INS and State who understand the dilemma Southern California, Texas and Arizona are experiencing, but do not have statutory authority to change or resolve. Our industry urges Congress to consider allowing these children to once again enter under Humanitarian waivers or broaden existing classifications such as the F-1 (Canadian Part Time Students) or F-3 (Significant Public Interest). As with so many other matters, a judicious solution is possible if Congress and the Department of Homeland Security (DHS) work together to jointly solve this issue.

Mr. Chairman, I raise up another issue critical to your own backyard of Orlando and many others around the country. Universal is concerned that Custom and Border Protection (CBP) inspector cutbacks have occurred since the three legacy agencies—Immigration (INS), Customs and Agriculture have merged. I submit for your record a correspondence describing the issue and reflecting Universal's point of view from Bob Gault—President of Universal Orlando dated June 9th, 2004 to the Honorable Robert C. Bonner—Commissioner of Customs and Border Protection at DHS.

It is our understanding that because Legacy INS inspectors are automatically paid overtime for any Sunday or holidays they work, many districts have had to reduce staffing on other peak international arrival days to meet their budget requirements. While the department may be successfully meeting budget, we are leaving the valuable international visitors waiting in their planes until inspectors finally become available. The time to process these valued visitors can be as high as one and a half hours, which does not include the time needed to clear additional screens by customs and agriculture. If this is a new budgeting reality in a post 9/11 DHS system, then Congress must allocate enough resources to appropriately staff to the need and serve these important and valued visitors in a more efficient , timely manner lest, other competing world destinations gain a competitive tourism advantage over the USA.

Also, the United States needs not only to be as "traveler friendly" as possible but must aggressively market to the world of travelers that it is open for business. The message to the world has been received loud and clear that our borders have become more secure. We now need to tell the legitimate business and leisure traveler that security has been achieved, but not at the cost of their travels. Congress attempted to send this message through a $50 million appropriation forming a public/private partnership on the Federal level to market the Country's heritage and splendor to the world. Unfortunately that money was rescinded in the waning hours of last year's session before anyone could react. The Travel Industry Association, Travel Business Roundtable and others must work with you to once again re-establish this appropriation, so we remain the leader in global tourism drawing international visitors to our shores and protecting American jobs. The successful marketing efforts of Visit Florida, the public/private tourism marketing effort in my home state can

be looked to as a model for this much needed US federal tourism marketing initiative.

In closing, I am proud to report our industry is in a recovery mode from the effects of 9/11 but, we continue to face many challenges. Working together with your good offices, we can continue to grow our industry and take advantage of international opportunities that exist . . . all within the critically important context on enhanced security. Our joint success will keep our country safer, keep hundreds of thousands of Americans employed for decades to come and permit us to continue to showcase America's freedom and democracy to visitors from around the world.

Mr. STEARNS. Thank the gentleman.

Mr. Pearson, welcome.

STATEMENT OF ERIC PEARSON

Mr. PEARSON. Good morning, Chairman Stearns, Ranking Member Schakowsky, and members of the subcommittee. I am Eric Pearson, and Senior Vice President of E-Commerce for Intercontinental Hotels Group, which is the world's largest and most global hotel company, doing business in nearly 100 countries.

I first want to thank you for the opportunity to be here today to present a hotel industry perspective on tourism in the United States post-9-11. In addition to representing Intercontinental Hotels Group, I am also a frequent business traveler. I have spent a significant amount of time traveling, especially overseas, being part of a global hotel company.

Now notwithstanding time away from family, it has been a rewarding experience to travel around the world conducting business while learning different cultures. It does, however, come with increased concerns about the safety of our borders, our airways, and ports of entry, which appears to be never ending for terrorists.

It should come as no surprise that the United States receives tremendous economic benefit from travel and tourism and, according to a report by the World Travel and Tourism Council, this year the industry, both directly and indirectly, will account for nearly 17 million jobs and $1.2 trillion in gross domestic product.

International travel alone is one of the largest exports of the United States and the largest services sector export category. These international travelers spend more and stay longer than our domestic travelers, and generated over $13 billion in tax revenue last year.

Unfortunately, these travelers are declining and, for every 1 percent drop in international arrivals, we lose 173,000 jobs and $1.2 billion in tax revenue. Over the pat years, we have seen the results of tax revenue losses, which negatively impact our schools, our police and fire departments and, yes, ultimately apply pressure to raise other taxes to offset budget deficits across the Nation.

These tax shortfalls are further impacted by the promulgation of new business practices employed by travel websites putting additional pressure on the various tax authorities.

At IHG our current trading and business is steadily improving, and we are experiencing an encouraging recovery in North America and abroad. This is driven by strong leisure demand, which has outpaced the recovery of business travel which derives a higher rate of business.

D.K. Shifflet & Associates, the leading travel research firm, suggests that business traveler recovery should begin late in 2004. All

of this recovery, all of it, requires and assumes no negative impact, should airport delays increase or, worse, new terrorist activities occur, creating greater fear and uncertainty amongst our travelers.

Clearly, we all share a common goal of keeping our citizens and visitors safe as they travel around the country. In the wake of 9-11 we have been challenged to device innovative ways to address the Nation's security concerns without compromising the ability of legitimate foreign travelers to enter and exit our borders, described recently in May by Secretary of State Colin Powell as the secure borders' open doors policy.

Now keeping our borders secure while at the same time keeping our doors open to foreign visitors can certainly be viewed as conflicting goals. Nonetheless, both are fundamental to preserving the freedom and strength that defines America.

I would like to take a few moments this morning to examine how various U.S. policies, initiatives are affecting this delicate balance between security and openness. In terms of the Visa Waiver Program, IHG is concerned about the impending October 26, 2004, deadline for travelers from Visa Waiver Program countries to present passports containing biometric identifiers in order to gain entry into the United States.

We believe incorporating biometric technologies into passports is an effective and efficient way to strengthen security at our Nation's borders without impacting travelers. However, these nations must be given sufficient time to develop and implement these new technologies.

We commend the U.S. House of Representatives for recognizing this necessity in passing H.R. 4417, which provides a 1-year extension. We do urge Congress to act quickly and send legislation to the President that will give these countries sufficient time to comply with passport requirements. of course, failure to do so will create uncertainty, backlogs and delays that will have the effect of driving legitimate foreign visitors away.

The US VISIT provides the ability to screen travelers in order to assure dangerous criminals and suspected criminals do not illegally enter the United States, which is a key component in keeping our country safe from terrorists.

The program, which requires international visitors to provide digital photographs and finger scans upon entry into the United States, appears to be achieving its purpose without significant delays in the entry process. We know, however, that the enrollment of an estimate 13 million additional travelers this fall, when the Visa Waiver Program travelers are added to the program, could provide a challenge to the ability of the system to function efficiently and accurately.

A further challenge looms on December 31, 2004, the deadline to integrate US VISIT procedures at the 50 busiest land ports of entry. We encourage the Congress and the administration to take all steps necessary to ensure that our land borders are adequately staffed and have the tools needed to accurately screen foreign visitors in a timely fashion.

As I am sure this committee is aware, hotels are particularly vulnerable to terrorist threats. The ability to ensure against those risks are key to the economic viability of our industry. We, there-

fore, were extremely pleased to learn last week that the Treasury Department has extended a provision of the Terrorism Risk Assurance Act requiring commercial property and casualty insurers to offer terrorism coverage.

The provision extends for an additional year through 2005 a requirement that insurers offer terrorism coverage on commercial policies. Treasury Secretary Snow's decision to act now rather than wait until the September 1, 2004, statutory deadline provides greater certainty and less market disruption in the terrorism insurer's market. However, it is equally important that Congress take action to reauthorize and extend this initiative beyond 2005.

The proposed Registered Traveler pilot program is really a good example of deploying innovative products and services to ensure new policies designed to protect the public don't negatively impact domestic travelers. As a Nation, we are accustomed to programs that offer convenience and time savings, even at additional cost.

As such, the program will be welcomed by travelers who want hassle free travel and, hopefully, promote future business with them. We support this initiative and its expedited screening process and reduce the wait time for travelers without compromising security.

In closing, as multiple committees of Congress and Federal departments and agencies work to enact policies and procedures designed to protect the United States from future terrorism threats, harmonization of what can often be perceived as duplicative or conflicting requirements imposed upon the tourist industry and the traveling public must continue to be a priority.

We commend the subcommittee and the Congress for its efforts to date, and we look forward to continuing to work with you to identify ways to protect our country from further terrorist attacks while keeping our doors open to foreign visitors and their significant contribution to our economy.

As I mentioned in my opening remarks, traveling has been a rewarding experience. Let us ensure that we don't discourage legitimate travelers, both domestic and international, from experiencing this great country. Thank you.

[The prepared statement of Eric Pearson follows:]

PREPARED STATEMENT OF ERIC PEARSON, SENIOR VICE PRESIDENT, E-COMMERCE, INTERCONTINENTAL HOTELS GROUP

Chairman Stearns, Ranking Member Schakowsky and Members of the Subcommittee, I am Eric Pearson, Senior Vice President, E-Commerce, for InterContinental Hotels Group (IHG), the world's largest and most global hotel company doing business in nearly 100 countries. As you may already know, we are actively involved in several industry organizations focused on advancing travel and tourism including the Travel Business Roundtable and the World Travel & Tourism Council.

I want to thank you for this opportunity to provide a hotel-industry perspective on tourism in the United States in a post 9/11 world. In addition to representing InterContinental Hotels Group, I'm also here as a frequent traveler who spends a significant amount of time traveling, especially overseas, being part of a global company. Notwithstanding time away from family, it has been a rewarding experience to travel around the world conducting business while learning different cultures. It does, however, come with increased concerns about the safety of our borders, airways, and ports of entry which continue to be targeted as entry points for potential terrorists.

Travel & Tourism Economic Impact

It should come as no surprise that the United States receives tremendous economic benefit from travel & tourism. According to a report by the World Travel & Tourism Council, this year the industry both directly and indirectly will account for nearly 17 million jobs, roughly 12% of total employment, and $1.2 trillion in Gross Domestic Product, roughly 11% of total GDP. International travel alone is one of the largest "exports" for the U.S. and the largest services sector export category favorably impacting our balance of trade. These travelers spend more and stay longer than our domestic travelers and generated over $13 billion in tax revenues last year. Unfortunately, these travelers are declining as a direct result of post 9-11 concerns coupled with confusion about our security policies going forward. For every 1 percent drop in international arrivals, we lose 173,000 jobs and $1.2 billion in tax revenue.

Over the past few years, we've also seen the results of lost local and state tax revenue which negatively impacts our schools, police and fire departments, and ultimately applies pressure to raise other taxes to offset budget deficits across the nation. These tax shortfalls are further impacted by the promulgation of new business practices aggressively employed by travel websites in the wake of 9-11 putting additional pressure on the various tax authorities. Efforts by state officials in Massachusetts, Florida and prospectively by others to collect their proper share of taxes adds more confusion to the mix.

Current Trading

At IHG, our business has been steadily improving in the past year and we are experiencing an encouraging recovery in both North America and the UK. We are also seeing tentative signs of the beginning of a recovery in Europe and trading in Asia Pacific has returned to pre-SARS levels. Growth remains occupancy driven in all regions with early evidence of potential rate recovery in some US markets and London. This is driven by strong leisure demand which has outpaced the recovery of business travel. As we know, it is the business traveler that drives higher rated business. D.K. Shifflet & Associates, a leading travel research firm, suggests that business travel recovery should begin late in 2004. This is good news for the hotel industry given the 80+ million room night shortfall last year over 2001. All of this recovery, of course, assumes no negative changes in travel behaviors resulting from increased delays at airports, or worse, new terrorist activities, creating greater fear and uncertainty among consumers and businesses.

Clearly, we all share a common goal of keeping our citizens and visitors safe as they travel about the country. In the wake of the September 11, 2001, we have been challenged to devise innovative ways to address the nation's security concerns without compromising the ability of legitimate foreign travelers to enter and exit our borders. It is what Secretary of State Colin Powell described in a May 12th address to the U.S. Chamber/Travel Business Roundtable Travel and Tourism Summit as the Department's "Secure Borders/Open Doors" policy.

Keeping our borders secure while at the same time keeping our doors open to foreign visitors might be viewed by some as conflicting goals. Nonetheless, both are fundamental to preserving the freedom and strength that defines America. I would like to take a few moments this morning to examine how various U.S. policies and initiatives are affecting this delicate balance between security and openness.

Visa Waiver Program

IHG is concerned about the impending October 26, 2004, deadline for travelers from Visa Waiver Program (VWP) countries to present passports containing biometric identifiers in order to gain entry to the United States. We believe incorporating biometric technologies into passports can be an effective and efficient way to strengthen security at our nations' borders without impacting travelers. However, VWP nations must be given sufficient time to develop and implement these new technologies. IHG commends the U.S. House of Representatives for recognizing this necessity in passing H.R. 4417, which provides a one-year extension of the deadline to October 26, 2005. We understand that the Senate is considering similar legislation to extend the deadline. We urge Congress to act quickly to send legislation to the President that will give VWP countries sufficient time to comply with the biometric passport requirements. Failure to do so will create uncertainty, backlogs and delays that will have the effect of driving legitimate foreign visitors away.

US-VISIT

The ability to screen travelers in order to assure that dangerous entities or suspected criminals do not illegally enter the United States is a key component in keeping our country safe from terrorists. Indeed, the Department of Homeland Security

reports that the US-VISIT program has stopped almost 200 criminals or suspected criminals from entering the United States since the initial phase was implemented in January at 115 airports and 14 seaports. The program, which requires international visitors to provide digital photographs and finger scans upon entry to the United States, appears to be achieving its purpose without significant delays in the entry process. We note, however, that the enrollment of an estimated 13 million additional travelers this fall when VWP travelers are added to the program could provide a challenge to the ability of the system to function efficiently and accurately. A further challenge looms in the December 31, 2004, deadline to integrate US-VISIT procedures at the 50 busiest land ports of entry. We encourage the Congress and the Administration to takes all steps necessary to assure that our land borders are adequately staffed and have the tools needed to accurately screen foreign visitors in a timely fashion. Finally, we note that the exit component of US-VISIT is still a work-in-progress. Our industry looks forward to working with the Subcommittee and DHS to assure that US-VISIT exit procedures are both efficient and effective.

Terrorism Risk Insurance Act (TRIA)

As I'm sure this Subcommittee is aware, hotels are particularly vulnerable to terrorist threats. The ability to insure against those risks is key to the economic viability of our industry. We therefore were extremely pleased to learn last week that the Treasury Department has extended a provision of the Terrorism Risk Insurance Act requiring commercial property and casualty insurers to offer terrorism coverage. The provision extends for an additional year, through 2005, a requirement that insurers offer terrorism coverage on commercial policies. Treasury Secretary Snow's decision to act now, rather than waiting until the September 1, 2004 statutory deadline, provides greater certainty and less market disruption in the terrorism insurance market.

However, it is also important for Congress to take action to reauthorize and extend this initiative. It is my understanding that today, Congressman Richard Baker (R-LA) and others will introduce a bill to do just that. We encourage you and your colleagues to promptly engage in the review necessary to consider and approve such an initiative.

Registered Traveler

The proposed Registered Traveler pilot program is a good example of deploying innovative products and services to ensure new policies designed to protect the public don't negatively impact the domestic travelers. As a nation, we are accustomed to programs that offer convenience and time savings even with an additional cost. These include toll roads and electronic passes, convenient stores, and even express passes at theme parks to reduce waiting in lines. As such, this program will be welcomed by travelers who want hassle free travel and hopefully promote future business with them. IHG supports this initiative as it expedites the screening process and reduces the wait times for travelers without compromising security.

Other Issues

These and other issues are addressed at length in written testimony presented to this Subcommittee by the Travel Business Roundtable. IHG is an active member of the TBR, serves on its Executive Committee and supports its views on Homeland Security issues. We recommend TBR's testimony to the Subcommittee, and encourage you to tap TBR's significant source of knowledge and information on travel and tourism issues if they can be of service in any way.

Conclusion

As multiple committees of Congress and federal departments and agencies work to enact policies and procedures designed to protect the United States from future terrorist threats, harmonization of what can often be duplicative or conflicting requirements imposed upon the tourism industry and the traveling public must continue to be a priority. We commend this Subcommittee and the Congress for its efforts to-date, and we look forward to continuing to work with you to identify ways to protect our country from further terrorist attacks while keeping our doors open to foreign visitors and their significant contributions to our economy.

Thank you for the opportunity to present these remarks. I would be happy to answer any questions you may have.

Mr. STEARNS. I thank the gentleman.

Mr. Brown, welcome.

STATEMENT OF MARK H. BROWN

Mr. BROWN. Thank you, Mr. Chairman and committee members. On behalf of AAA, we appreciate the opportunity to testify today. I am Mark Brown. I am Executive Vice President of AAA. I am based down in Florida. We work throughout the United States and also work very closely with the AIT and FIA, foreign motoring organizations.

AAA Travel is one of the largest leisure travel agency organizations in the United States, with over 1,000 locations, and we do about $3 billion in leisure sales. We believe AAA provides a unique perspective on the impact of security procedures and what they have had on both travel and tourism.

We are, first and foremost, of course, a membership organization representing and serving over 47 million members throughout North America. Over the years, we like to think that we have been a leader, an advocate for safety, security and mobility of travelers.

Mr. Chairman, Americans today continually reassess how, when and where they travel. The good news is that Americans are traveling again in record numbers. In the first 4 months of the year alone, AAA sales, as you already noted, are up about 25 percent. TIA's and AAA's projections for July 4 holiday travel support that. Nearly 40 million people are expected to take a trip more than 50 miles away from home.

AAA recently surveyed a random sample of U.S. adults. We asked their opinions about how recent safety and security measures have affected their travel habits. We found that security concerns and safety measures have not caused most people to change their patterns.

Sixty-four percent of respondents said that they have made no changes due to security concerns, and only—only 8 percent said that they would specifically avoid air travel. Interestingly, when we asked more about air travel security, we found that 80 percent of the travelers were confident about today's airport and in-flight security systems, while about 11 percent were not entirely confident.

Overall confidence in security measures related to all forms of travel, be it car, train, automobile, to places like amusement parks, taking cruises, etcetera, was even higher, with 91 percent of those surveyed confident in today's current security measures.

We have about 36,000 employees with AAA, many of whom are travel counselors and travel agents, and they have the front line impact with customers. They tell us that security related questions really take five forms from the customers. Customers want to know how much time they should allow for check-in, which we talked about this morning, and it varies a great deal; what items can and cannot be packed in a carry-on bag—there seems to be discrepancies in that area; how can we keep bags secure without locks—that is a tough one to answer; what are the requirements for personal identification—each airline site and the State Department have different things written up; and finally, what destinations should be avoided due to security concerns.

There does not appear to be a great deal of anxiety over the cruise industry travel, because, frankly, the cruise industry has done a pretty good job of putting safety procedures in place and have been following them for a number of years.

When it comes to overall security, our agents tell us generally that travelers do not question the need for strong security measures, and travelers will endure a certain level of hassle. The traveling public is paying more than ever for security through fees on airline tickets and through use of their tax dollars.

As a result, the travelers really deserve a system that not only provides the security they want but also a high level of service as well, and these things, Mr. Chair and committee members, should not be mutually exclusive.

In a competitive service environment, if we don't meet the customer expectations, as we all know, they go elsewhere. Well, in the travel industry there is another kind of competitor, and that competitor is called not traveling at all. That could mean billions of tourism dollars, both from inbound tourists and also for domestic tourists.

We recognize and applaud the extraordinary efforts that have really taken place since 9-11 and where we are at today. However, AAA suggests the following improvements that would ease traveler anxiety and increase the efficiency of providing safe and secure travel.

First, more should be done to resolve the numerous complaints about inconsistencies and unpredictability experienced at various airports around the country. Second, when security procedures bog down, TSA officials must exercise more flexibility to act quickly and open new lines and move passengers around airports and have personnel available to inform the customer what is going on.

Third, TSA should have the ability to move resources, maybe nose counts, from less congested airports to airports experiencing higher than normal congestion. This can vary by season.

Finally, the Department of Homeland Security should have a process in place to continually monitor consumer attitudes about the effectiveness and the efficiency of safety measures. All of us travel extensively. How many of us have been actually asked about our experiences as we go through security?

Mr. Chairman, there is a—and committee members, there is an inherent tension between, on the one hand, fail safe security and, on the other hand, this thing we call freedom of mobility. Security experts continually look at and reevaluate the threats that we have for security, and they adjust accordingly. So, too, we shouldn't forget about the customer satisfaction in the desire to provide the very best security that we can provide. We think that, with communication, consistency, and basic care for the customer, this could certainly be accomplished.

Thank you for the opportunity to comment.

[The prepared statement of Mark H. Brown follows:]

PREPARED STATEMENT OF MARK H. BROWN, EXECUTIVE VICE PRESIDENT, ASSOCIATION & CLUB SERVICES, AAA

INTRODUCTION

On behalf of AAA, thank you for the opportunity to testify today. My name is Mark Brown, and I am AAA's Executive Vice President for Association and Club Services. In that capacity, I oversee travel operations at AAA's National Office in Orlando and am responsible for implementing the overall strategic direction for AAA's travel agency operations.

AAA provides a unique perspective on the impact security procedures have on travel and tourism. We are—first and foremost—a membership organization and we strive to represent the best interests of our members, who are the traveling public. We also are a major provider of travel services.

By way of background, AAA is a not-for-profit, fully tax-paying federation of 76 clubs across the United States and Canada. Collectively, AAA Travel is one of the largest leisure travel agencies in the United States with more than 1,000 travel agency locations and annual sales of over $3 billion. As North America's largest leisure travel organization, AAA and our counterpart in Canada (CAA) provide travel, insurance, financial and automotive-related services to over 47 million members. Since its founding in 1902, AAA also has been a leader and advocate for the safety, security and mobility of all travelers.

CURRENT STATE OF TRAVEL/TOURISM

The travel and tourism landscape has changed dramatically since the tragic events of September 11, 2001. The specter of terrorism worldwide has forced many Americans to reassess how, where and when they travel. The good news is Americans are traveling again, and in record numbers. In the first four months of this year alone, AAA Travel sales have jumped 23 percent over last year, and we are closing in on pre-9/11 sales volumes. Our projections for the July 4th holiday support that trend, with nearly 40 million Americans expected to travel 50 miles or more from home for the holiday—a record number, up 3.4 percent from last year.

People are certainly hitting the road in record numbers. Overall, the number of TripTiks AAA provided to members increased 6.7 percent from 2002 to 2003. First quarter 2004 numbers compared to first quarter 2003 are up 20 percent.

There are a number of factors that impact travel and tourism. Safety and security issues are among them. To determine just how significantly those factors affect travel, and to gauge consumer confidence in the nation's travel security systems, AAA recently surveyed more than 1,000 U.S. adults, soliciting their opinions on how recent safety and security measures have affected their travel habits.

We found that security concerns and safety measures have not caused most people to change their travel habits. Sixty-four percent of respondents said they have made no changes due to security. Only eight percent said they avoid air travel, while five percent said they travel less often, and a small percentage of others said they plan more driving trips and stay closer to home.

We asked specifically about airport security and found that 40 percent of respondents were either extremely confident or very confident in today's airport and inflight security systems. Another 40 percent were somewhat confident. On the broader question of overall confidence in security measures relating to all forms of travel—by car, train and plane to resorts, cruises, amusement parks, and so forth—confidence was even higher. Fifty-five percent were very or extremely confident, and another 36 percent somewhat confident.Travel Agent Perspective

As I said earlier, AAA clubs have more than 1,000 travel agency offices throughout the U.S. and Canada. Our agents routinely field questions and concerns from customers as they book their travel reservations and plan drive trips.

Travelers' security-related questions most often relate to air travel, although we also receive questions and complaints about border crossing delays and security requirements. Mainly, travelers want to know how much time to allow for check-in procedures at airports, what items can and cannot be packed in carry-on luggage, how to keep bags secure without locks, and what are the requirements for personal identification.

Our agents tell us that travelers want thorough security and, in general, will endure a certain level of security "hassle" in the interest of safety. Most travelers understand the need for increased security and are becoming accustomed to the new procedures. However, our agents receive frequent complaints about long lines and the unpredictability of wait times at airports. Consumers complain about lack of privacy and are concerned that items in unlocked bags could be lost or stolen. They also are frustrated with the inconsistencies in security procedures from one airport to the next.

There does not appear to be anxiety over cruise travel because the cruise industry has done a good job of promoting the safety of cruising. Cruise clients are used to the normal strict identification procedures for entering and exiting a ship prior to sailing or during ports of call. The additional screening procedures implemented by the cruise industry do not seem to have caused passengers undue inconvenience. And, there's also the presence of the Coast Guard to help passengers feel secure.

Members also ask our travel agents about the overall security of specific destinations, and ask what destinations to avoid due to security concerns. AAA travel

agents provide a wide variety of information to our members and customers to address these questions and concerns. Agents provide access to State Department travel warnings, Consular Information Sheets, FAA information, handouts from the Transportation Security Administration and information from airlines, tour companies and cruise lines. Most AAA club web sites link to these resources as well. Some clubs also host security seminars that include security information handouts or presentations by TSA representatives, airport managers, FBI officials and local police.

In addition to agent interaction, AAA issues local and national press releases and other public advisories with tips for safe and hassle-free travel. Many clubs include security-related articles in their member publications, which collectively have a circulation of about 30 million households.

Travelers generally do not question the need for current security measures, but many do question the lack of consistency and efficiency. Early TSA goals of "world-class security and world-class customer service" have not yet been achieved. The traveling public is paying more than ever for security through their security fees on airline tickets and their tax dollars. They also pay through time spent waiting in lines at airports, at border crossings with Canada and Mexico, at parks, at museums, and other places with security check points.

When the TSA was being formed, some stars of the service economy loaned senior managers to the government to help rapidly build this sprawling, customer-intimate organization. This customer focus must remain and spread across other government security contacts with travelers, with processes continually being evaluated and improved for the average traveler.

Travelers deserve an efficient system that not only provides security, but a high level of customer service. World-class customer service and security must go hand-in-hand. They are not mutually exclusive objectives.

Customer service is about more than just polite, well-dressed employees. World class customer service is about designing systems where customers' high expectations are met. Sufficient staffing is certainly a part of this—ensuring that there are enough employees to handle the volume of customers at peak times.

At AAA, we "mystery shop" our travel agents. This is common across the service business. The GAO does some of this within the federal government, but it's with the intention of trying to "penetrate" security. What about checking the experience of the overwhelming majority of travelers who simply pass through security because they want to look at the Liberty Bell, tour the Smithsonian, meet their Congressman, or fly to see their grandchildren?

Customers are inseparable from the service experience. Fortunately, customers can be taught to contribute to making that experience better. Providing clear signage and instructive announcements about security procedures to customers before they reach security checkpoints can prepare customers to help make the process smoother for everyone.

In a competitive service environment, if we don't meet customers' expectations, they go elsewhere—other hotels, other travel agents, other banks, other auto mechanics. In the travel industry, there is another kind of competitor—not traveling. For international travelers, that means not coming to the United States to spend billions of dollars annually. For domestic travelers, that means not going to parks, not flying, not staying in hotels—again, with billions of dollars in economic impact. Fortunately, we're not at that point. People are still traveling. It is important that we meet their expectations of safety and security with minimal hassle.

RECOMMENDATIONS

Based on input from our members and travel agency personnel, AAA suggests the following improvements that would ease traveler anxiety and increase the efficiency of providing a safe and secure travel environment.

1. More can and should be done to make security procedures seamless and predictable. When the legislation creating the Transportation Security Administration was debated three years ago, AAA stressed the importance of consistency and uniformity. We understood that the task would not be completed overnight. We recognize the Herculean efforts that have been made to get us where we are today. However, we hear more complaints about inconsistency and unpredictability than most anything else.

2. On-site information and better communication can go a long way toward alleviating customers' concerns. When security procedures bog down, TSA officials must exercise flexibility to act quickly to open new security lines, move passengers to other less congested security points in the airport, and, above all, have personnel available to inform passengers what to expect.

3. Hand in hand with the above, TSA should have the ability to move its own personnel from less congested airports and areas of the country to airports experiencing higher than normal congestion at peak periods. There should be checks and balances in place to ensure that enough of the right personnel are at the right place at the right time. That includes personnel trained to anticipate any emergency.

4. The Department of Homeland Security should have processes in place to continually monitor consumer attitudes about the effectiveness and efficiency of security measures. This applies to all places that security touches travelers—airports, ports, border crossings, national parks, museums, etc.

CONCLUSION

In summary, AAA's message to you today is that the American traveling public is resilient. They love to travel and will adapt to reasonable measures that enhance their safety. There's an inherent tension between failsafe security and free mobility. Security experts continually reevaluate threats and adjust security measures accordingly. So, too, must they evaluate the customer side of the security process. Travelers deserve the most efficient, thorough system possible to ensure safety. With communication, consistency and caring for the customer, this can be accomplished.

Mr. STEARNS. Thank you.

Welcome, Mr. Allred.

STATEMENT OF BARRY ALLRED

Mr. ALLRED. Thank you, Mr. Chairman. Thank you for those kind introductory remarks you gave me in your opening statement, and you will hear in my testimony today an affirmation of some of your comments about Jacksonville.

Members of the committee, my name is Barry Allred, and I am currently the volunteer Chair of the Jacksonville Regional Chamber of Commerce. I am very pleased to have the opportunity today to share our views with you concerning where we have been, where we are, and where we are going with a particular focus on the area of northeast Florida, including Jacksonville, and to some degree, a reflection of the State of Florida as a whole and the Nation.

The Jacksonville Regional Chamber of Commerce has over 4,000 member companies, representing a variety of businesses, of which 90 percent are small businesses. Our community is not overly skewed toward tourism and, because of that, we may represent a more balanced view of the overall economy today.

Jacksonville is located in northeast Florida, touching the Atlantic Ocean on the east, with a downtown area 15 miles along the St. John's River. We are blessed with many natural assets, including the Intercoastal Waterway, beautiful marshlands, and large forested areas unlike anything you might expect elsewhere in Florida.

Jacksonville is, first and foremost, a business city that has been named the hottest market in the United States for expansion and location of businesses by Expansion Management Magazine three of the last 6 years. Our strategic location provides great accessibility for tourist opportunities in the southeastern United States, and at the same time provides an outstanding business location for the development and distribution of products and services.

The attacks of 9-11 jolted the Jacksonville area very much like every other part of the United States. Our companies were looking for answers and trying to decide whether to pull back or accelerate in the aftermath of this terrible event.

Tourism was, in fact, the first and most severe industry impacted, as people were traumatized by the events and uncertain

about flying or travel after the attacks. Our Chamber of Commerce held a series of meetings to discuss the issues of operating a company in an uncertain environment and managing risk while moving forward with your business.

The response was very strong and very positive, and our small business on the whole chose to take a more aggressive position rather than retrench in the face of great uncertainty, if not danger.

On the tourism side, the most immediate impact was the reduction of air travel to various destinations. Our approach, through our Convention and Visitors Bureau, was to analyze our market opportunities and begin to encourage a larger "drive market" for people in the southeastern United States to vacation closer to home and without air travel.

Following a difficult fourth quarter in 2001, the new strategy began to work, and business has been rebounding for the past 2 years. Although we are not yet ahead of previous levels from the year 2000, we expect to be at or above those levels by the fourth quarter of this year.

Air service and corresponding tourism travel have also returned to normal levels of activity. We do believe people still have concerns about flying. However, most of those concerns have been allayed.

We believe that Jacksonville is fairly representative of those markets that were able to utilize a "drive market" strategy to recovery more quickly, and it seems most locations in Florida as a whole, and in the United States, have had a relatively strong rebound and are nearing more normal levels on the tourism front.

A week ago, I completed the development mission in four European countries and met with about 25 companies. The only negative issue encountered concerning the United States was the great difficulty with passport and visa issuance under a post-9-11 system. We were told that it was discouraging both business and pleasure visits to the United States.

I am no expert in this process, but I would hope security needs of the United States and the need to expedite document processing can both be addressed. It will make our friends more comfortable and interested in travel in the United States.

I also believe that Congress should consider financing support to marketing efforts, especially in Europe, which encourages U.S. travel along with developing smooth document processing approach and a user friendly explanation of that process. This could greatly increase the flow of money to the United States and help our economy. I realize that this is a delicate balance between security and access, but it is a very important one.

Another piece of evidence of our recovery is Jacksonville's new cruise ship business. Prior to 9-11, no cruise ship served north of Cape Canaveral in Florida. After 9-11 Jacksonville became an attractive market and is now served by two cruise ship lines, because people prefer to drive to a cruise rather than to fly. Our new cruise service has been very successful.

What has changed for Jacksonville and any location hosting major events is the substantially increased cost of dealing with security. Next February, as the chairman mentioned earlier, Jackson-

ville will host the Superbowl, and in doing so we will bring over 100,000 people to our city during the week of the game.

The process of hosting large numbers of people carries with it a very large price tag, one that goes beyond the capability of the community or even the State to be able to handle. These security issues are not related to any specific community or to any State, but instead they are national issues associated with our democracy and our international relations.

That being said, I encourage you to consider greater support at the Federal level for communities dealing with security for major national events.

A strategic issue that you as the Congress must wrestle with is the balance between security and reasonable comfort for travelers. As a Nation, we have agreed that we will not allow terrorism to disrupt our lives, and we will move forward, despite efforts to keep us from doing so.

This means that we must be ever mindful of security requirements to make air and other forms of travel as safe as is reasonably possible. At the same time, we have to balance those needs for security with a level of reason that encourages people to be willing to utilize the efficient forms of mass transportation.

Striking that balance between reasonable, effective security and effective and efficient operations is an important and difficult responsibility for you, as you establish regulations through the governmental process. We urge you to listen to the experts from both sides, those advocating the best and most efficient security and those representing the travel and tourism industry, making the clearest judgments possible on the tolerance levels of our traveling public.

In the broader economy of Jacksonville and Florida, we have had significant success in our overall growth and development. Florida has managed to add jobs every month since 9-11, in spite of the concerns for the economy and international terrorism.

Our companies recognize that the markets for their products and services are worldwide, not just in Florida or the southeast or the U.S. as a whole. We develop our strategies on taxation, business environment and economic development with a broad view of the need for our companies to compete on a global scale. The results of single events and even the national economy should not be determining factors for success or opportunities for growth.

The result is that on a national, State and local level, we must be diligent to fairly tax our producers of products and services, to allow them to be competitive at each level and, most importantly, at the international level where we compete with the entire world.

Companies in this country need a competitive environment, beginning with a balanced taxation and regulation environment that allows for the greatest efficiencies. We believe in what we are doing in Jacksonville and in the State of Florida, and we urge Congress to evaluate and enact legislation and taxation policies that accommodate the requirements for competitiveness that makes our Nation's companies so strong.

Thank you, Mr. Chairman.

[The prepared statement of Barry Allred follows:]

PREPARED STATEMENT OF BARRY ALLRED, CHAIRMAN, JACKSONVILLE REGIONAL CHAMBER OF COMMERCE

Mr. Chairman and members of the Committee, my name is Barry Allred and I am serving this year as the chairman of the Jacksonville Regional Chamber of Commerce. I am very pleased to have the opportunity to share our views with you today concerning where we have been, where we are and where we are going with a particular focus on the area of Northeast Florida including Jacksonville, and to some degree a reflection of the state of Florida as a whole and the Nation.

The Jacksonville Regional Chamber of Commerce has over 4,000 member companies representing a variety of businesses of which over 90% are small businesses. Our community is not overly tilted toward tourism and because of that, may be a more balanced view of the economy today.

Jacksonville is located in Northeast Florida touching the Atlantic Ocean on the East with a downtown area 15 miles inland on the St. Johns River. We are blessed with many natural assets including the intracoastal waterway, beautiful marshlands and large forested areas unlike anything you would expect in Florida. Jacksonville is first and foremost a business city that has been named the "hottest market in the United States for the expansion and location of business" three of the last six years. Our strategic location provides great accessibility for tourist opportunities in the Southeastern United States and at the same time provides an outstanding business location for the development and distribution of products and services.

The attacks of 9/11 jolted the Jacksonville area much like every part of the United States. Our companies were looking for answers and trying to decide whether to pull back or accelerate in the aftermath of this terrible event. Tourism was, in fact, the first and most severe industry impacted as people were traumatized by the events and uncertain about flying or travel after the attacks.

Our Chamber held a series of meetings to discuss the issues of operating a company in an uncertain environment and managing risk while moving forward with your business. The response was strong and very positive and our small businesses, on the whole, chose to take a more aggressive position rather than re-trench in the face of great uncertainty, if not danger.

On the Tourism side, the most immediate impact was the reduction of air travel to various destinations. Our approach through our Convention and Visitor's Bureau was to analyze our market opportunities and begin to encourage a larger "drive market" for people in the Southeastern United States to vacation closer to home and without air travel. Following a very difficult 4th quarter in 2001, the new strategy began to work and business has been rebounding for the past 2 years. Although we are not yet ahead of the previous levels from the year 2000, we expect to be at or above those levels by the last quarter of this year.

Air service and corresponding tourism travel also have returned to near normal levels of activity. We do believe people still have concerns about flying; however, most of those concerns have been overridden. We believe that Jacksonville is fairly representative of those markets that were able to utilize a driving market to recover more quickly, but it seems most locations in Florida as a whole and the United States have had a relatively strong rebound and are nearing more normal levels on the tourism front.

A week ago I completed a business development mission to four European countries and met with about 25 companies. The only negative issue encountered concerning the United States was the great difficulty with passport and visa issuance under the new system. We were told it was discouraging both business and pleasure visits to the United States. I am no expert on the process but I hope security needs of the United States and the need to expedite the processing can be addressed, which will make our friends more comfortable and interested in travel to the Untied States. I also believe that Congress should consider providing financial support to marketing efforts especially in Europe, which encourages U.S. travel along with developing a smooth processing approach and an explanation of that process. This could greatly increase the flow of money into the Untied States and help our economy. I realize this is a delicate balance but a very important one.

Another piece of evidence is Jacksonville's new cruise ship business. Prior to 9/11 no cruise ships served north of Cape Canaveral in Florida. After 9/11, Jacksonville became an attractive market and now is served by 2 cruise ship lines because more people want to drive to a cruise than fly. Our new cruise service has been very successful.

For Jacksonville and any location hosting major events, what has changed is the substantially increased cost of dealing with security. Next February, Jacksonville will be the host of the Super Bowl and in doing so will bring over 100,000 people

to our city during the week of the game. The process of hosting large numbers of people now has a very large price tag associated with it—one that goes beyond the scope of a community or even a state to be able to handle. The reasons for these concerns are not related to any community or to any state but instead to the national issues associated with our democracy and our international relations. That being said, another issue I would like you to consider is greater support at the Federal level when dealing with security for major national events.

A strategic issue that you as a Congress must wrestle with is the balance between security and reasonable comfort for travelers. As a nation, we have agreed that we will not allow terrorism to disrupt our lives and will move forward in spite of efforts to keep us from doing so. This means that we must be ever mindful of security requirements to make air and other forms of travel as safe as is reasonable.

At the same time, we have to balance those needs for security with a level of reason that encourages people to be willing to utilize efficient forms of mass transportation. Striking that balance between reasonable and effective security, and effective and efficient operations is an important and difficult responsibility as you establish regulations through the governmental process. We urge you to listen to experts on both sides of the fence—those providing the best and most efficient security and those representing the travel and tourism industry making the clearest judgment on the tolerance levels of our traveling public.

In the broader economy of Jacksonville and Florida, we have had significant success in our overall growth and development. Florida has managed to add jobs every month since 9/11 in spite of concerns for the economy and international terrorism. Our companies recognize that the market for their products and services are worldwide not just in Florida or the Southeast or the U.S. as a whole. We develop our strategies on taxation, business environment and economic development with a broad view of the need for our companies to compete on a global scale. The results of single events and even the national economy should not be the determining factor of success and opportunities for growth.

The result is that on a national, state and local level, we must be diligent to fairly tax our producers of products and services to allow them to be competitive at each level and most importantly at the international level where we compete with the world. Companies in this country need a competitive environment beginning with balanced taxation and regulations that allow for the greatest efficiencies. We believe we are doing that in Jacksonville and in the state of Florida and urge Congress to evaluate and enact legislation and taxation that understands the product competitiveness requirement that makes our nation's companies strong.

Thank you, Mr. Chairman.

Mr. STEARNS. I thank you.

Ms. Friend. Thank you.

STATEMENT OF PATRICIA A. FRIEND

Ms. FRIEND. Chairman Stearns, Representative Schakowsky, and members of the committee, my name is Pat Friend. I am a flight attendant, and I am the International President of the Association of Flight Attendants—CWA. AFA is the representative of 45,000 flight attendants at 26 carriers.

Thank you for this opportunity to speak to you today on the crucial matter of flight attendant security training, and why it is important to travel and tourism in the airline industry.

The job of a flight attendant is, first, to protect the flying public. It is a job that we love, and it is one that we do with pride and care. We are trained to evacuate an aircraft in case of an accident, to fight fires in the air, to manage abusive passengers, to administer first aid, and to give comfort. But unbelievably, we still have not been trained to appropriately handle a security crisis on board our airplanes.

On three separate occasions, Congress has specifically acknowledged the need for this vital training. The Air Transportation Security Act, the Homeland Security bill, and most recently, the 2003 FAA reauthorization bill all recognize that flight attendant security

training is part of a comprehensive strategy to combat terror in the skies.

While the TSA does appear to be moving forward on developing an advanced voluntary training program, they have skipped over the basic mandatory training that is called for in the Vision 100 FAA reauthorization. That is the training that we need.

One of the arguments we have heard against this is cost. Imagine, Mr. Chairman, what the price in human suffering will be if passenger aircraft are again used as weapons, and what will be the cost to our aviation industry and to our economy? How many pleasure travelers will aviation lose? After all, these are people for whom travel is discretionary. They can choose whether or not they want to explore someplace new or simply spend their leisure time at home.

This quote from the 9-11 Commission reiterates what AFA has been saying since September 11: "We also learned how hijackers beat the last line of defense on the four flights, because the professionals had been trained to cooperate with hijackers, not fight them." Unfortunately, very little has changed since that horrible day.

Many of our flight attendants, even those at major airlines, are still being trained to cooperate with aggressors and to try to appease them. Do you believe that asking a terrorist the equivalent of, are you having a bad day?, is an effective way to protect our skies. I apologize if I am sounding flip, but that is truly the reality of the state of flight attendant security training today.

Watching a 13-minute video is not effective security training, nor is taking a written test for which you have been thoroughly prompted with all of the answers. Absent a mandated program from the TSA for basic, mandatory training, airline security training programs for flight attendants will continue to be diluted over time, as it becomes a race to the bottom to see which airline can get away with the cheapest and the shortest training program.

Cockpit doors are now reinforced. Some pilots carry guns. Federal air marshals are on selected flights, and vigorous airport security protocols have been established. There are new procedures in place for almost every aspect of aviation security. The public is well aware of these changes that have been made to help ensure their safety. However, there is still one crucial link missing.

Flight attendants are the real first responders to an on-board incident. Yet we remain frustrated and troubled that our role in aviation security continues to be ignored and denied.

Not every commercial flight has a pilot with a gun in the cockpit, nor does it have a Federal air marshal. But with very few exceptions with the very smallest of our aircraft, every commercial flight in this country has at least one flight attendant on board. It is that flight attendant who, if properly trained, can be our best security asset and a last line of defense against another terrorist attack.

We have been advised that trainees in the Federal flight deck program and the Federal air marshal programs are often told, if it becomes necessary, just shoot through the flight attendant. What would the response be from travelers if they were aware of this? Wouldn't they fear for their own safety even more, and doesn't it

make more sense to train the flight attendant to assist in a crisis rather than to just be the human shield?

In fact, both the FFDOs and the air marshals have stated that it is their preference to have the flight attendant as a trained ally, one with the skills, the knowledge, and the ability to help foil a terrorist.

Flight attendants are the front line safety personnel on the aircraft and the first responders to in-flight safety and security incidents. Yet efforts by AFA and many in the Congress to provide them with meaningful security training have been unsuccessful.

I know that the members of this committee and indeed a majority of Congress realize that we need updated, meaningful security training, and it is only with your insistence that we will get the tools we need and that we want in order to fulfill our job to protect our passengers. Please help us in our quest for a minimum, clear, consistent, industrywide, standardized security training, training that will truly close the aviation security gap.

On September 11, 2001, 25 heroic flight attendants lost their lives trying to protect their passengers and the security of the cockpit. Their wrists were bound. Their throats were slashed, and they died, helpless to help those whom they were entrusted to protect. Please help me to ensure that that never happens again. Mandate appropriate security training for flight attendants. Thank you.

[The prepared statement of Patricia A. Friend follows:]

PREPARED STATEMENT OF PATRICIA A. FRIEND, INTERNATIONAL PRESIDENT, ASSOCIATION OF FLIGHT ATTENDANTS—CWA, AFL-CIO

Members of the Committee, Ladies and Gentlemen, my name is Pat Friend and I am a flight attendant and the International President of the Association of Flight Attendants—CWA. AFA is the representative of 45,000 flight attendants at 26 carriers. Thank you for this opportunity to present this testimony on the crucial matter of flight attendant security training.

The job of a flight attendant is first to protect the flying public. It is a job that we love and one that we do with pride and care. We are trained to fight fires in the air, to administer first aid, to evacuate an aircraft in case of an accident, deal with abusive passengers and to give comfort. We receive comprehensive training in how to handle all these situations onboard the aircraft and are now officially recognized for these roles through FAA certification. Unbelievably, almost three years after the horrific events of September 11th, 2001 we still have not been trained to appropriately handle a security crisis onboard on our airplanes.

On September 11, 25 heroic flight attendants lost their lives trying to protect their passengers and the security of the flight deck. Their wrists were bound, their throats slashed, and they died with the knowledge they would no longer be there to help those whom they were entrusted to protect. We must not forget the heroic flight attendants we lost that tragic day. We all learned from the September 11th Commission report in January and heard first hand the phone call placed by flight attendant Betty Ong on American Airlines flight 11. Her calm demeanor and professionalism in the face of this attack was a true testament to her, and all flight attendants,, ability to put their training to good use. As one television commentator stated after hearing the presentation of her taped phone conversation, "She carried out her job professionally and reacted well to her training. Unfortunately, she had received the wrong kind of training." I could not agree more and clearly the 9-11 Commission felt the same.

Following is a quote from the 9-11 Commission after the January 27th hearing which reiterates what we have been saying since September 11th: "We also learned how hijackers beat the last line of defense on the four flights, because the professionals had been trained to cooperate with hijackers, not fight them." I agree completely with this statement and applaud the 9-11 Commission for highlighting this tragic oversight in our security training as it existed prior to September 11th. Unfortunately, I am here to report to you that nothing has changed since that horrible

day. We are no better prepared today to handle a situation like that which occurred on September 11th and our training is still woefully inadequate.

Congress has taken many actions to improve the overall safety of the aviation system. Screeners have been federalized and are receiving updated training. Screening procedures have been tightened. Flight deck doors are now reinforced, many pilots carry guns, and armed federal air marshals are on select flights. There are new procedures in place for many aspects of aviation security. We have supported these efforts and will continue to support all efforts that make our aviation system, and our workplace, more secure. However there is still one crucial link missing. We remain frustrated and troubled that the needs of flight attendants in order to adequately perform their roles in making the aviation system more secure have been delayed, denied and ignored. Our skies are not safe and they will not be safe until flight attendants receive the training necessary to protect our passengers from another September 11.

Many steps can be taken to improve aviation security, but regardless of how many steps are taken, one must view the entire aviation system as a whole and make sure that each and every loophole has been closed. As you well know, loopholes remain and the most glaring is the continued delay in implementing industry-wide, comprehensive flight attendant security training. We know that potential weapons are still making it onboard the aircraft, as the GAO has reported, even though screening procedures have been improved. Not every commercial flight has a pilot with a gun, nor does it have a federal air marshal. But, with a few exceptions for very small aircraft, every commercial flight in this country has at least one flight attendant on board, in the cabin. It is that flight attendant, who properly trained, can be our best security asset to help protect against those weapons that are still clearly making it onboard.

Besides learning how to protect ourselves and to defend the passengers in the cabin, it has become clear that with the introduction of guns onboard the aircraft, another reason to be trained has made itself abundantly clear. We are told that trainees in the FFDO and the federal air marshal programs are sometimes told, if necessary, to shoot through a flight attendant. The Washington Post reported in December of 2002 that air marshals still shoot the flight attendant mock-up in their training simulations and are still graduating from the program. Doesn't it make more sense to train that flight attendant to assist in a crisis rather than to be a human shield? In fact, both FFDO's and air marshals have stated it would be their preference to have the flight attendant as a trained ally—one with the skills, the knowledge and the ability to foil a terrorist.

Flight attendants are the front line safety personnel on the aircraft, as recognized by the 9-11 Commission. We are truly the first and last line of defense in the aircraft cabin. We recognized the problems with our security training immediately following September 11th and have been trying diligently since then to get the federal government to realize this fact and take the appropriate action to guarantee that we receive adequate and necessary security training.

I know that the members of this Committee and a majority of Congress realize that flight attendants need updated and meaningful flight attendant security training. On three separate occasions Congress has specifically acknowledged the need for this training; the Air Transportation Security Act, the Homeland Security Act, and the 2003 FAA reauthorization bill. Yet, these many attempts to provide flight attendants with meaningful security training have not been successful.

The legislative history and struggles to enact security training are well known to the members of this Committee, but for the sake of the record, I would like to reiterate them. Immediately following the attacks of September 11th, AFA began to call on Congress to direct the Federal Aviation Administration (FAA) to update flight attendant security training. As the 9-11 Commission made clear, the anti-hijacking training provided to flight attendants prior to the September 11th attacks did not reflect the reality of the new threats posed to the domestic aviation system. Terrorists were no longer looking for hostages to trade for political demands. Instead, terrorists now have an evil goal to use our workplace, the aircraft, as a weapon of mass destruction. It was only logical and clear to the flight attendants of this country that our training needed to be updated in order for us to effectively fulfill our role to protect the safety and security of passengers.

That is why AFA worked closely with Members of Congress to update and expand required flight attendant security training through the Air Transportation Security Act (ATSA) in the fall of 2001. The final legislation that was passed by Congress and signed by the President included a number of provisions in section 44918 that required the FAA to update and improve currently existing flight attendant security training requirements. These provisions called on the FAA to require that carrier flight attendant security training programs be updated and changed to reflect the

current security and threats that flight attendants may face onboard the aircraft. It was the intention of AFA that with the FAA approving these updated programs, all carriers across the industry would implement similar if not identical training programs.

However, in the immediate months after passage of ATSA it became abundantly clear that the security training programs being implemented by the carriers and approved by the FAA were not adequate or consistent. There was a wide variance in the type of training and the hours spent on the training. Some carriers were showing flight attendants a twenty-minute video, while others were conducting two full days of voluntary, hands-on training. Even more amazing was the fact that all of these programs received approval from their FAA Principle Security Inspectors (PSIs). Actions such as these only highlighted to us the fact that the FAA was not adequately prepared to handle supervision of the security training programs.

Security training discrepancies in the aviation system led to many flight attendants unprepared for any future terrorist attack onboard an aircraft. We at AFA strongly stated repeatedly that all flight attendants, regardless of the carrier employing them, must receive the same level of adequate security training. The system would not be effective if it was simply a patchwork quilt of programs that varied significantly from carrier to carrier.

It was at this time that AFA began to lobby Congress to implement requirements for flight attendant security training that included a set number of hours for the training programs. These mandates would have to be enforced so that all carriers were providing the same basic level of security training for all flight attendants in the US aviation system.

During the spring of 2002, as legislation began moving in the House and Senate that would allow pilots to carry firearms, AFA again lobbied Congress to mandate 28 hours of detailed flight attendant security training at all carriers, with the training program to be develop by the security experts at the Transportation Security Agency (TSA). AFA arrived at this proposal after consulting with numerous security and training experts and after experts completed 5 months of instructional system design work with various groups of flight attendants and pilots.

This ideal legislative language was approved in an amendment to the Homeland Security Bill by an overwhelming, bi-partisan vote in the Senate of 87-6 on September 5th, 2002.

In our opinion, the final language that emerged from the conference committee working out the differences between the House and Senate versions of the legislation eventually took a step back from the original Senate language in that it did not mandate a specific number of hours for training. It did however call on the TSA to issue a rule mandating a set number of hours for extensively detailed flight attendant security training that would be implemented by all carriers and mandatory for all flight attendants.

I must admit that this was not our ideal language, for we have learned that if Congress is not specific in spelling out details, the FAA and now the TSA have been susceptible to pressure from the airline industry in weakening meaningful and comprehensive requirements. However, we began to cooperate with TSA under the framework of the legislation and with those tasked by TSA to develop this rule in order to guarantee that the training requirements and the final rule issued by the TSA would be as effective and comprehensive as possible. We were also pleased to read on November 19th, a letter from TSA Under Secretary Admiral James Loy in response to an October 10th letter from Representative Peter DeFazio asking him about the position of having 28 hours of training, which stated "We (TSA) generally agree that, as an additional ring of security, flight attendants, well trained in first line defense techniques, will enhance the overall security of the aircraft while in flight. Additionally, we believe that the proposed 28 hours of security training time is reasonable to ensure basic skills are learned and adequately maintained over time."

We were optimistic that the TSA working groups designed to develop the security training would do the right thing. However, we underestimated the opposition by our employers, the nation's air carriers to implementing comprehensive security training. They made repeated back door legislative efforts to gut the requirements in the Homeland Security Act that would have required them to abide by any industry wide training standards. It appears to have been their goal, through these repeated legislative efforts, to make security training for flight attendants voluntary, make the flight attendants pay for the training themselves and prevent any industry wide standards for such security training.

As Congress began work on the FAA Reauthorization legislation, the air carriers continued their efforts to eliminate meaningful flight attendant security training. Finally, AFA and other flight attendant labor unions met with airline representa-

tives to see if it was possible to reach some common ground on flight attendant security training requirements. In the end, the language included in the final House version of the FAA Reauthorization split flight attendant security training into two parts. A basic, mandatory level of security training that included a number of provisions such as crew communication and coordination, psychology of a terrorist and basic moves to defend oneself. The second tier of training was a more comprehensive, voluntary level of training which would include more aggressive methods of self-defense and be more physical. We believed that the intention of this second tier would be the flight attendant equivalent of the voluntary FFDO program. Yet I will remind the Committee that it is not voluntary that we are on the other side of the locked flight deck door.

This language was not ideal for AFA, but it did at least create a basic, mandatory level of security training with the requirement that TSA must develop regulations and guidelines for that training. We felt strongly that this basic, mandatory level would be industry wide, and that TSA would issue those guidelines and regulations. All interested parties had agreed that the TSA "shall" issue those regulations, and the original legislative language reflected that intention.

It was reported to AFA, and subsequently confirmed by numerous sources, that at this point Continental Airlines, through last minute, back-room legislative machinations was successful in changing the language regarding basic, mandatory flight attendant security training from "TSA shall issue guidelines" to "TSA may issue guidelines." By changing this one word, the ability to force TSA to issue these industry-wide guidelines was removed. By changing the mandate, TSA, which has proven to be under the pressure of the carriers, would now not be required or mandated to issue those regulations for the crucial, mandatory flight attendant security training.

Since passage of the FAA Reauthorization, it has become clear to AFA and other interested parties, that the TSA has stopped working on developing those guidelines for basic, mandatory flight attendant security training. In fact, some of the individuals that were tasked at TSA with developing the program as called for under the Homeland Security Act have had their positions eliminated and work on developing these regulations and guidelines has been shelved. Without a mandate from Congress directing that TSA shall issue those guidelines, it is my belief that TSA will continue to remain under the pressure of the airlines to not issue those guidelines.

At this time the security training programs at each airline have only become worse. The programs have been simply watered down more and more over time as it becomes a race to the bottom to see which airlines can get away with the cheapest and easiest program. Flight attendants and the safety and security of the flying public are the ones suffering the most from this race to the bottom.

I continue to be baffled by the obstinate opposition by some air carriers to comprehensive, mandatory flight attendant security training programs. We also have never received a clear answer from them on why they have fought every attempt to make our aviation system the most secure in the world. The only arguments we have heard are that it is too costly for them to train their flight attendants and that security training goes against their corporate culture. Let me say that I and my members would be the first to wish that our world hadn't changed so dramatically on September 11th. But unfortunately that is the reality of the situation today and like it or not, corporate culture must also change. Like it or not, flight attendants are the eyes, ears and first line defenders in the cabin of the aircraft. We did not wish for this position, it's the reality of our world today. To continue to ignore and fight that reality only puts many more lives in jeopardy.

It also has been said that flight attendants do not need extensive security training as the passengers will come to their aid. While that may seem to be the case, it may not always prove to be reality. It is a false hope that we cannot rely on. Recently, a flight attendant for a major airline was attacked by an abusive passenger. The passenger lunged at the flight attendant. He was attempting to grab her. Not one passenger came to her assistance. It was only because of the fact that she had taken basic self-defense classes in college, and remembered that training, was she able to break free from the attacking passenger.

The other argument we have heard against this is cost. However, if through this training only one life is saved, there is no price that can be put on it that is not worth paying. We have also attempted to work with the carriers in order to try and find a way that the federal government may step in to assist in paying for this added cost associated with protecting our countries aircraft. We have been rebuffed every time.

Where does that leave flight attendants today in their ability to respond to another terrorist attack onboard aircraft? Well, as I pointed out earlier, we are no better prepared than we were on September 11th. Security training at the airlines,

where it even exists, is meaningless. Why do I say, "where it even exists"? Because I can report from one of our members at one major airline who recently completed his recurrent training, which should have included a review of his initial security training, that no time was spent on security training. The carrier did spend over an hour however on a program entitled "corporate ethics" where the flight attendants were trained on important topics like how taking an opened, half bottle of water, was considered theft of company property. When the flight attendant asked the company why there was no time devoted to the important topic of security training, he was told that "there wasn't enough time".

We've received reports from another major carrier, that they have included security training in their recurrent training. However, for all intents and purposes, their security training has been given only as an afterthought. This carrier showed a six-minute video followed by a few minutes of questions and discussion. Another major carrier devotes approximately one hour, which includes watching a fifteen minute video. The class does however spend an hour devoted to a course entitled "Equal Treatment of Customers."

It appears that the carriers are getting around the requirements for security training by including important security procedures in home study packets. Flight attendants are given the information in booklets, which they are supposed to read on their own time at home. As we've learned from the examples I have outlined, there is clearly no further discussion of the security principles. We remain concerned that important security training procedures could potentially be circulated to the general public and any potential hijackers in training via these home study packets.

What recourse do we have to address these problems? Unfortunately, we do not have many tools available to correct these deficiencies in training. However, section 603 (6) of the Vision 100—Century of Aviation Reauthorization Act as passed last year provides that TSA shall monitor air carrier training programs. It states: "In determining when an air carrier's training program should be reviewed . . . the Under Secretary shall consider complaints from crew members." AFA has received thousands of letters from our members directed to TSA urging the agency to conduct an audit of their carrier's training programs due to the fact that they feel the programs are insufficient. I urge the Members of this Committee to take the actions necessary to make sure that the TSA lives up to the requirements of this section and conducts thorough and meaningful audits of the carrier training programs to ensure that they are meeting the requirements outlined in the law.

Recently, the TSA stated in a letter to the Chairman of this committee that they have been making progress on developing the guidelines for the advanced, voluntary security training outlined in the Vision 100 Act. Is it logical that TSA would develop an advanced security training program, when they have yet to develop even the basic, mandatory level of training called for in the Act?

It is clear that the airlines will continue to provide inadequate and weak training programs until the TSA does its job and issues regulations that require a standardized, industry-wide, meaningful security -training program. These regulations should guarantee that airline training programs incorporate topics such as, but not limited to, psychology of a terrorist, verbal commands, items readily available onboard to assist in self-defense, physical means to defend oneself and more importantly crew communication and coordination. This last part is vitally important if all three parts of the onboard aviation security team; the pilots, air marshals, if present, and flight attendants all know how the other groups have been trained to react. Our members need to know how to slow down the hijackers long enough for those with deadly weapons to stop the terrorist or for a pilot to land the aircraft.

I, and my members need your help. We refuse to shirk our responsibility to the flying public but we have been trying for almost three years to get our employers to give us what we need. It is evident that is not going to happen without your diligent oversight of TSA and directing them to stop the delays. It may be necessary for this Congress to once again pass legislation that makes the federal government do what it should have done immediately after September 11th.

It is only with your insistence that we will get the tools we need and want to fulfill our job to protect our passengers. Please help us in our quest for a minimum, clear, consistent, industry-wide standardized security training developed by TSA—one that will truly close the "aviation security gap."

In closing, I would like to leave you with one thought: The only people who were successful in saving lives on September 11 were those flight attendants who actually abandoned their training. With the help of their passengers they prevented Flight 93 from being used as a missile. Despite their training to acquiesce, they fought back. Yes, they still lost their lives, but they lost them saving the lives of countless others—most likely the lives of those of you sitting here in this Committee room.

Do not allow the lesson they taught us be in vain. Mandate appropriate, industry-wide security training for flight attendants.

Mr. STEARNS. Ms. Friend, thank you. I think I will start with you, just because you had quite a, I think, emotionally strong argument here, because so many did die and were helpless in the process.

As I understand, what you want is Congress to mandate and, I guess, to obviously fund support for the training of the flight attendants?

Ms. FRIEND. The short answer to both those questions is yes. The FAA reauthorization bill breaks the security training down into two parts, basic training and then a more advanced training. Unfortunately, the language in the legislation was changed at the last moment to say that the TSA may develop guidelines for these trainings. It was changed from "shall develop" to "may develop." Of course, the moment that happened, the TSA put any work they were doing on that basic training on the shelf.

Mr. STEARNS. Put it on the back burner.

Ms. FRIEND. Yes. So we would absolutely like for the Congress to tell the TSA that they must develop these guidelines, so that we have consistent training. We believe that the cost of providing aviation security is a shared cost. It is a shared cost by the people who use the transportation system. It is shared by the people who provide the transportation system, but we believe it is also a shared responsibility of our government to provide safe and secure transportation.

Mr. STEARNS. Is the European Community or the countries in the Pacific Rim—do they provide a training for their flight attendants?

Ms. FRIEND. They all provide different levels of training.

Mr. STEARNS. I mean more than we do in the United States, or not?

Ms. FRIEND. In some instances, yes, I would say. I couldn't make a blanket statement.

Mr. STEARNS. Could we say that the European Union is a paradigm, a pattern for us to follow?

Ms. FRIEND. No, I would not. We are trying to set the standard.

Mr. STEARNS. Set the standard. Okay. I would say to Mr. Allred, after listening to the fellow from Homeland Security, he mentioned Minneapolis, Los Angeles, Houston, Boston, and Washington, D.C. I am going to write him a letter and ask him to consider Jacksonville, particularly in light of the Superbowl.

So I will ask for your input to see if we can get a demonstration project for sort of a trusted traveler, so that, if nothing else, to try and make him aware how important it is to expedite travel into Jacksonville because our airport is not a large airport, but we are going to have a lot of demand. So probably he should be more aware of that. So I intend to write that letter.

Mr. Brown, I guess, a question perhaps not so much on the subject, but a number of your 43 million people that participate, it doesn't appear that the high price of gasoline is affecting the traveling at all. Is that correct? Do I hear you say that?

Mr. BROWN. Well, you know, that is a tough question to answer, only because it affects lower income people and people on fixed incomes much harder than it does people perhaps taking a vacation.

An 800 mile trip with 20 miles to the gallon—at the current gas prices, it costs about $20 more this year.

I think, if oil prices went up to $50 a barrel with gas prices in the ballpark of $3.00, we will see some very——

Mr. STEARNS. A 20 percent increase?

Mr. BROWN. Yes, very big changes in behavior at that point.

Mr. STEARNS. So that would affect it then?

Mr. BROWN. Yes.

Mr. STEARNS. Mr. Pearson, you are actually saying, contrary to what I hear maybe from Mr. Allred or others, that the international traveler coming into the United States is down. It has not reached pre-9-11 levels?

Mr. PEARSON. International travel specifically is down. It is still down from even last year. The surplus that Ranking Member Schakowsky mentioned, about $4 billion surplus, actually was at a peak at $26 billion in 1996. So significantly, over the last 8 years, and post-9-11 we have seen that decline.

It was out of a Department of Commerce study that highlighted that specifically about that, but it is declined. So the testimony is around ensuring we don't further—We encourage that growth, encourage that international travel coming inside the country by having programs in place that encourage that.

I think the key point about the harmonization, chairman, is there are lots of programs out there that are all for the right purposes. It is finding a way to effectively create an umbrella communication and marketing program which clearly articulates the benefits and the policies and procedures for travelers coming abroad. I think that is a big challenge of all these programs and policies being implemented.

Mr. STEARNS. But, Mr. Allred, you are saying that the travel and tourist activity in Jacksonville area is recovered to pre-9-11, in your opinion?

Mr. ALLRED. My statement was that we anticipate that it will by the fourth quarter of this year.

Mr. STEARNS. Okay. Mr. Pearson, you are an international organization. So you have lots of hotels in Europe. How has the business in Europe—has that been affected by 9-11?

Mr. PEARSON. Oh, absolutely. I mean——

Mr. STEARNS. So if I go to Belgium or to Paris or to London or to Germany, I am going to find those hotels are not at the pre-9-11 occupancy, too?

Mr. PEARSON. That is correct. I mean, it was definitely a world impacting travel impact.

Mr. STEARNS. Do you think it is because of the hassle of the airports more than anything or is it just fear?

Mr. PEARSON. I think the broader issue is the fear. I think the broader issue is the economic recovery globally, but I do think that it is a global issue. It is not just a U.S. issue in terms of supporting these travelers.

Mr. STEARNS. You know, when you look at the passenger screening procedures, the cargo screening, flight marshals on some of them, and Ms. Friend mentioned they are not on all of them but they are on some of them, obviously the reinforced cabins—I mean,

it seems like with all that, and if all the passengers knew it, they would not be concerned anymore about the takeover of a plane.

It just seems to me then, it comes down to, when I go down to Orlando or I go to Jacksonville—not so much Jacksonville, but Orlando, sometimes you have to wait a very long time just to get through the screening process. I would think, if I was trying to make a decision on traveling, if I could go by car, I might consider it.

Mr. PEARSON. Interesting point, Mr. Chairman. There is some research by D.K. Shifflet as well about people's tolerance for driving versus flying, and pre-9-11, if it was less than 4 hours, business travelers or travelers abroad would say, you know, it is only 4 hours, I will just jump in the car and go. Now post-9-11, it is moved to 6 hours, because inherently it included some time associated with airport delays and so forth.

So another point is there is some other research about—There is, I wouldn't say increased hassle, but still a concern about hassle for traveling.

Mr. STEARNS. Mr. Lounsberry, I think all of us were a little curious and not aware of how much your business is impacted by these children that come over from other countries or, I guess, what you are saying is this sort of border patrol cutback has hurt your school trips.

Mr. LOUNSBERRY. Right, particularly in southern California.

Mr. STEARNS. Coming in through San Diego?

Mr. LOUNSBERRY. Through San Diego and our Universal Studios Hollywood, yes. And I would assume that you could go across the southeast border, and you would have similar situations in Texas, that kind of thing, coming across for field trips, but southern California, particularly.

Mr. STEARNS. Well, that was a new point, I think. I was talking to my committee staff on this. How would you like us in Congress to help? Just by increasing border control?

Mr. LOUNSBERRY. Well, I think it is taking a lot, and I think, as we have heard today, a lot of pilot projects now as kind of the base security seems to be moving along, and going into place. Now is the time to take a look at some of these situations that are huge economic issues for certain areas, but probably not enough in what's been having to be done in the last 3 years to make the list, move into the top 5 or 10 list of projects, to take a look at now some of these regulations that have just kind of left situations like this in the dust, to come back and look. What can be done? How can it be accommodated, all within the context of maintaining security?

We know it is not a factor that impacts the entire country, but it is certainly important to certain economic regions, and we would hope that we can now look at some of these particular situations and, given the technology and the new processes that have been laid out and going into place, is there a way to fit them into this somehow while still maintaining everything we have to do.

Certainly, the border situation in the southwest presents a whole other set of circumstances, but we think we need to start coming back to some of these "one of," so to speak. But I am sure there are others, not just in the southwest but elsewhere, that should be addressed, because they are important.

Mr. STEARNS. True from Canada, too.

Mr. LOUNSBERRY. Canada. I would assume the norther border is the same situation. So perhaps looking at some—This is a pilot project, so to speak, to see if certain economic areas that are impacted by these kind of programs can be addressed and fit into one of these programs to bring this business back to the U.S. and our southern neighbor, something that has been very important and has been lost in this process.

Mr. STEARNS. My time has expired. Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you. Ms. Friend, you heard the testimony in response to my questions in the first panel from Department of Homeland Security. I wondered what your reaction was, and if you were aware that there was even under consideration a plan that would actually charge flight attendants for training, clearly indicating its optional nature, but also putting up barriers, I would think, to people accepting that kind of training. Tell me your reaction.

Ms. FRIEND. The previous witness was referring to the advanced portion which, according to the FAA reauthorization of 2003, is intended to be voluntary. But it is intended to—It was intended to build on a mandatory basic training module that deals with all kinds of issues like the psychology of a terrorist and crew coordination and very basic self-defense.

Then there was a secondary piece that went on that would offer on a voluntary basis perhaps at the individual's expense more extensive personal defense training. That is what he was referring to, that they are working on guidelines for the advanced portion which they will then, for some mechanism, and there has been some discussions about how they would do that, they would offer and make available in locations across the country. But it is pointless, because it doesn't build on anything, because there hasn't been the basic training.

I would expect that it would be a miserable failure, and they would not have anyone sign up for the advanced training. Simplistically, it is sort of like signing up for a third year language course when you haven't had the first and the second year.

Ms. SCHAKOWSKY. So what is needed to get the basic training done? Does Congress need to act? Does the administration have the authority right now, and have you done estimates of what the cost would be to properly train flight attendants?

Let me just say this about the so called advanced training. I mean, I think everyone knows that there are not the marshals on every single flight, and we know that the cockpit doors are now sealed. I am just wondering.

It would seem to me that the kind of so called advanced training that you are talking about, that at least someone on every flight, I would think, ought to have that. Otherwise, it seems that in a crunch we would be relying on passengers. We may anyway be relying on passengers. I don't think that is a horrible thing. I think passengers have a new psychology, too, about how to respond.

This basic training—are there cost estimates? Go ahead.

Ms. FRIEND. Well, let me just comment on a couple of things. Yes, the cockpit door is secured—is reinforced. But that is only secure as long as it is closed, and it is opened periodically throughout

the flight and those of you that fly often have seen the flight attendant standing practically in front of the cockpit door or basically the front of the cabin when it is opened.

Again, I am not quite sure what the reaction is supposed to be when someone comes charging down the aisle when that door is open.

Ms. SCHAKOWSKY. But let me stop you there. Who makes the decision? Are there no rules about that door being closed, and then is it a pilot that decides that?

Ms. FRIEND. It is the pilot that decides, and I believe there—I know there are FARs that speak to the door is only supposed to be opened in the case of physical necessity, which means handing in food or when the pilot comes out for physical reasons. It is supposed to remain closed at all other times, and it does.

There is a greater consciousness and a greater awareness, but to your basic question about cost: The cost is in time, is in lost time, if you will, the time that the individual flight attendant would not be in service or working while they were getting the training.

That again is going to depend on, of course, what is the person's rate of pay. But it is a cost of doing business, of providing a secure environment. I mean, we are selling safe travel, and we have not closed the loop to provide all of the reassurance that we need to.

As far as what needs to be done, the language says that the TSA may develop these training guidelines, including all of these various components. They have the authority to do so, but they don't have a mandate to do so, and they are responding to pressure from the industry, and they have chosen not to do so.

Part of the reauthorization language said that one of the other responsibilities and authority of TSA is that they should audit the training programs that are being offered, at the request—and they would act on the request of a flight attendant who said I don't think I am getting adequate security training; would you look at my company's training.

We know that they have received hundreds of requests for an audit, which they have not acted on at this point. So urging them to, at the very least——

Ms. SCHAKOWSKY. Have there been any audits done?

Ms. FRIEND. There have been no audits done. There have been no audits. It is an issue that I intend to take up. I have finally obtained a meeting with Admiral Stone for next month where I intend to take that up with him, whether or not he intends to act on the requested audits, as he is required to in the FAA reauthorization.

Ms. SCHAKOWSKY. Well, I would like to have my office, I personally, to work with you on that, to try and get those audits completed.

My time is up, but I really want to thank each and every one of the panelists for your very thoughtful testimony. We do need to—It is a fine balance that we are trying to achieve, and I appreciate all the really thoughtful input that you had to our committee. So I thank you.

Mr. STEARNS. I thank the gentle lady. Before we go, I had a few more questions.

Mr. Allred, what is Jacksonville doing in terms of security for the Superbowl. I guess the question would be how are you interacting with Federal, State authorities to prepare for such a large event, and is there anything we in Congress could do to help cities like yourself, either with Homeland Security or with the State government?

Mr. ALLRED. Thank you for that question, Mr. Chairman. I can tell you that the city as a whole, and in particular the Superbowl host committee, has been very diligent over the last 20 months in planning and preparing for the Superbowl, including sending delegates from our fire protection agency and our sheriff's office to Houston last year to study the issues involved with security.

We have some unique characteristics to our Superbowl hosting opportunity this year in that, because we have the beautiful St. Johns River that flows right through the heart of Jacksonville, and because we needed additional room capacity, we have engaged cruise ships as a part of our accommodation plan for the Superbowl.

There will be three large cruise ships in Jacksonville during the time of the Superbowl. As has already been pointed out here this morning, that introduces some additional unique security requirements.

We are currently short some $7.5 million in necessary funding to address the issues related to strictly security with the Superbowl, and that pertains to primarily the additional labor element that is required. There is some equipment required, but it is primarily a labor element that is required for the additional time to provide the security, both landside and seaside, for the Superbowl this year.

That is why I made the comment as a part of my remarks, that because this is a national event and because the security issues are driven by national concerns, we would ask the Congress to consider an appropriation to address at least a portion, if not all, of the cost of these security issues.

Mr. STEARNS. Do you deal with—what was it, New Orleans last year? The Superbowl?

Mr. ALLRED. It was Houston last year.

Mr. STEARNS. Houston. Do you coordinate with them and say, you know, what did you do, and try to replicate everything they did?

Mr. ALLRED. Absolutely. We started with Tampa a few years ago, San Diego, and then Houston. So our learning curve has been strong now for a number of years, and we certainly expect to leverage off of what others have done, what they have learned, as well as to ratchet up a notch or two based on the downside of some of their experiences.

Mr. STEARNS. Mr. Lounsberry, you heard Mr. Pearson say their international travel is down. Has Universal's share of international visitors increased or decreased?

Mr. LOUNSBERRY. We have had an amazing recovery in the past couple of years. We are still not—2000 was a record year.

Mr. STEARNS. So you are not to that level?

Mr. LOUNSBERRY. So we are getting close. You know, we have still got the real key summer and fall periods where we are antici-

pating we are going to get pretty close to the pre-9-11. 2000 was a record year, and we are not going to probably get to that level.

One thing I would like to add to that is, you know, the U.S. share of international travel has been dropping for the last 10 years, and it really goes back——

Mr. STEARNS. Forgetting 9-11?

Mr. LOUNSBERRY. Yes. Set that aside. That just compounded the issue. So we remain uncompetitive in the world as far as market——

Mr. STEARNS. Even with the drop in the dollar?

Mr. LOUNSBERRY. It has helped, but still we are losing share. We continue to use share, and to regain the share will take a Herculean effort. A lot of these security issues—In fact, the biometric deadline that, hopefully, now will pass the Senate and we will get that under control——

You know, those kind of issues—The absence of a marketing effort on behalf of the United States leaves us without a real mechanism to communicate the positive messages.

What is played in the tabloids in the U.K. is, you know, you are going to have to wait 5 hours to get into the United States, and that is why this timing is so critical, so that all the U.K. business to the U.S. coming in the fall, really August-September, doesn't get stymied as we approach that period.

So it is really back to, I believe, an issue—I have sat before your subcommittee in the past—about really the U.S. marketing effort internationally, and the fact that we are rebounding now, we should not lose the fact that we are still behind the curve, and with the added security awareness that the world has of the United States, it even gives us more the reason to get a positive message about not only the American way of life but what the real story is on coming to the U.S., because U.S. visit is not onerous.

I have had a number of demonstrations, but I am sure there is going to be a fear factor out there starting October 27, visitors coming from the U.K., that they are going to be waiting in line to get into the United States. It is really the ability to balance that message.

So we desperately need a way to get a positive marketing message out.

Mr. STEARNS. And I think you or Mr. Pearson mentioned the idea of having some kind of advertising program, much like we do for McDonald's or other corporate—IBM. We have the government subsidized program for advertising, and I think what you are suggesting is something along that line to help. It might be difficult.

We have deficits. But you know, Americans should realize that we are getting a trade surplus off this, and when we see all the trade deficits in the news—I mean your industry plus medical devices plus intellectual property rights and motion pictures, we have trade surpluses. In the areas where we can compete, we should continue to expand and not just bemoan the areas that we have trade deficits but accentuate the positive.

So your industry is the area that we can do it, and we have so much to show. I spent the weekend in Idaho, in northern Idaho, and I was just so surprised to see how beautiful it is. It is about a half-hour east of Spokane and all the lakes up there, and it was

just unbelievably beautiful, and there is so much that you almost would say to Europeans or to the Pacific Rim, you know, the United States is not just one area. There's just tons of beautiful areas to see.

Is there anything that you heard from the Assistant Secretary of Border and Transportation Security on policy and planning, anything that you heard him say that you would like to comment on? I thought he was very articulate and seemed willing to answer any questions.

If you have any questions you would like me to ask on your behalf, I would be glad to submit them. We are trying to, obviously, expedite the time delays at the airport, particularly this registered traveler pilot program that he is doing, and see if we can get that more implemented, and also point out to him the need to accentuate the positive in this Homeland Security, but tourism and trade, like that, is a surplus that we would like to accentuate. But is there anything you would like to say about his testimony? Yes, Mr. Brown?

Mr. BROWN. Mr. Chair, I just have one comment. I think that what was lost a little bit in his presentation was that, yes, we are doing a lot of the right things, but we are not asking the people that use the products and services, you know, what are the shortfalls.

I came back from Schiphol Airport in Amsterdam last week to Newark, and the security clearance was duplicated probably by U.S. security people, I imagine, at the gate in Schiphol. But you know, as you go through the plane and ask people, they said, we would do it again.

I think that the tragedy is that there were flaws in that whole security process, and there are in this country, and there's inconsistencies. There are some things that work well in some areas, and others——

Mr. STEARNS. So we should do a customer comment?

Mr. BROWN. Well, yes, and we don't need to spend a lot of money doing it, a lot of government money. We need to put—In my view, we need to put our security—The perception of our travelers is that we need to protect the perimeters.

Ms. Friend makes some good points about airlines should train flight attendants, but it is absolutely required that we protect the perimeters and that we actually ask the customers what they see. They help us with this. That would be the only thing I would add to his presentation.

Mr. STEARNS. Thank you. Well, I am ready to close the subcommittee. I thank all of you for coming and giving your opening statements and answering the questions. I think it has been very helpful.

There will be a written report on this. We have a stenographer. So if there's anything you want to add, by unanimous consent, we can add later. So again, we will continue. We might have another hearing on this matter, and we will also look into some of the things, Ms. Friend, that you brought up, and I think I will talk to the ranking member, because she seemed very interested in following up on your comments, particularly making that word from

"may" to "shall" and see what we can do, because we are most appreciative for the flight attendants.

I see them all day long, and their work is constant, and I don't think they are appreciated as much as they should be, and to think that they are sort of the unsung heroes in this whole thing and were pretty much just left to defend themselves without any training, I think, is unfortunate. I think your statement is eloquent and important, and it is good that we have it for the record.

With that, the subcommittee will adjourn.

[Whereupon, at 12:20 p.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows:]

PREPARED STATEMENT OF DOUGLAS B. BAKER, DEPUTY ASSISTANT SECRETARY OF COMMERCE FOR SERVICE INDUSTRIES, TOURISM AND FINANCE

INTRODUCTION

Chairman Stearns, Ranking Member Schakowsky, I would like to thank you for your leadership and the leadership of Chairman Barton. I also thank you for asking me to testify before you today on a very important topic. Your hearing "Travel, Tourism, and Homeland Security: Improving Both Without Sacrificing Either," was called just a few weeks after the Department of Commerce hosted its own conference.

On June 10, the Department hosted a conference entitled "International Travel to the U.S.: Dialogue on the Current State of Play." We had hundreds of private sector attendees; three panels addressed the issues surrounding temporary entry to the United States and took questions from attendees. Several U.S. Government officials addressed the audience, including Under Secretary of Commerce for International Trade Grant Aldonas, Assistant Secretary of State for Educational and Cultural Affairs Patricia S. Harrison, Staff Director for the House Committee on the Judiciary Steve Pinkos, and Assistant Secretary of Homeland Security for Border and Transportation Security Stewart Verdery.

We organized this conference because we saw that many industries were struggling to understand new security measures and were also impacted by a perception that they will be unable to get foreign visitors into the United States for temporary visits. We taped the proceedings. Presentations, transcripts, and supporting documents from the conference will be compiled on CD/ROMS for use by the Commercial Service and made available to the public, and we will submit copies to this subcommittee. Additionally, over the next month, we will review the findings and issues from the conference and will post a report on our website.

SECURITY NEEDS

The need for border security is a huge geographic challenge to our country. We share a 5200 mile border with Canada and a 1900 mile border with Mexico. We have more than 300 international land-based ports of entry. We also have a maritime system that includes 95,000 miles of coastline and navigable waterways that connect us to a global transportation network B with over 300 seaports, 429 commercial airports, and several hundred thousand miles of highways and railroads. The security enhancements have the potential for affecting the movement of goods and services.

Last year, more than 40 million international travelers visited the Unites States. They generated over $80 billion in revenue for this country through their expenditures. International travel represents the U.S.'s top services sector export and has produced a travel trade surplus since 1989. However, this trade surplus has decreased from a high of $26 billion in 1996 to $4 billion in 2003.

Overall, based on Department of Commerce data, travel and tourism represented $741 billion in direct and indirect sales, the international portion totaling over 80 billion in 2003.

The attacks of September 11, 2001, brought the economic contribution of this industry and border security into sharp focus. Our goals since then have been to ensure the security of U.S. citizens and international visitors and to facilitate legitimate travel and trade B all while safeguarding the privacy of visitors to the United States and of U.S. citizens and residents.

Everyone agrees that border security is key to this effort to save lives, protect property, and utilize limited government resources wisely. We have made great

strides in developing the technologies and processes to enable this security, to identify those who would do harm by employing the best technologies to ensure we are secure, yet still able to enter and leave the country easily and safely.

The Student and Exchange Visitor Information System (SEVIS) program, US VISIT, and the development and implementation of biometric technologies for visas and passports have all become key steps in heightening our security.

These security measures have made our nation safer, but that is only part of the equation. We must also work to facilitate legitimate travel. Facilitating legitimate travel to our country is an important goal. Foreign travel to the United States provides significant benefits to the culture and economy of our nation and promotes freedom and democracy across the globe. The Department of Commerce continues to work to make the United States a welcoming nation.

COMMERCE ROLE IN ENSURING ECONOMIC SECURITY WITH BORDER SECURITY

The Department of Commerce served on the Data Management Improvement Task Force formed prior to 9/11, which was predicated upon industry and government coordination and made recommendations for the improvement of entry and exit systems for this country.

Since 9/11, the Department of Commerce has been proactive and engaged in industry outreach. Secretary Donald L. Evans convened a meeting of the leaders of the travel and tourism industry sectors within a week of the attacks. Since that time, he has engaged in roundtable discussions across the country with a variety of service and manufacturing sectors and brought the concerns and issues home to interagency efforts.

The Department of Commerce chairs the Tourism Policy Council (TPC), an interagency group composed of 15 government offices and agencies dedicated to coordinating policy considerations affecting travel and tourism. This Council, and its Working Group, has served as a platform for mutual deliberations, industry input and the dispersing of information concerning efforts for visa and entry/exit policy changes. TPC News Alerts have been issued to Commercial Service officers in American embassies to communicate changes and rulings related to traveler requirements and documentation to the local population for visiting the United States.

The Department of Commerce's U.S. and Foreign Commercial Service works to ensure clear communication from the business community and travel and tourism industry on visa and entry and exit policies and implementation.

The Department of Commerce works with the Homeland Security Council to ensure that commerce and economic security concerns are duly considered during policy deliberations. In this capacity, the Department of Commerce also serves on the Welcome to the USA International Travel Perceptions Interagency Working Group to effectively develop a unified, interagency, strategic communications plan that addresses and attracts international visitors to the U.S. for education, business, and other commercial or leisure purposes. The goal includes: identifying real concerns among potential travelers, providing them current facts and figures, educating them about the entry and exit processes and above all, assuring these travelers that they are indeed wanted and welcomed in the United States.

One of the most important accomplishments of the interagency process was the G-8's accepting and subsequently adopting a 28-point action plan for enhancing and coordinating security measures that facilitate travel. The Secure and Facilitated International Travel Initiative was adopted by the G-8 at the recent meeting at Sea Island, Georgia and it will ensure that improvements we make today will be adopted by our trading partners tomorrow.

HOW TO SECURE OUR BORDERS, BUT KEEP OPEN DOORS

What we need to do is consider the best ways to ensure that we keep out the dangerous few, while those with legitimate interests are allowed to enter on reasonable terms. The failure to strike this balance could result in a situation where the borders are physically secure, but at a cost of closing off many critical contacts with the rest of the world. Alternatively, no one wishes for our borders to so open as to allow those who would do us harm into the country.

This broader conception of security, includes the critical matter of America's global image, and maintaining its strong position as the leader in key intellectual and commercial endeavors.

Our attracting the finest minds from around the world fuels the dynamism of the United States and our economy. Indeed, America's position in the arts, sciences, and the economy depends on contact with foreign students and professors, patients and doctors, businessmen and clients, and many innovative others.

If the best minds can no longer practice science in the United States or study in the top universities, or people find it hard to practice or receive the best medical treatment, over the longer term we lose something important B our position as leaders in our respective fields, as the standard for higher education, as pioneers in the sciences and technology on which the next economic breakthroughs will depend.

If people cannot visit America and be exposed to the best we have to offer, they will go elsewhere, and America's influence will diminish over time. The economic impact would also be profound.

In today's global economy, even those who do not engage in international trade are subject to what happens in the international markets. Our commercial strength lies in leading and adapting to the great changes in business that have produced the global market place.

If business people cannot visit for training, to close deals, to participate in new ventures enabled by trade liberalization, or visit to take delivery of major purchases—this hurts the U.S. economy and slows the international trends that have contributed to our economic growth.

If our entry policies make it more difficult for suppliers to operate, our private sector entities suffer. On the demand side, if our policies prevent customers from reaching us, it's the same result.

STAKES FOR THE U.S. ECONOMY

Services exports exceed $270 billion each year, and our perennial trade surplus in services was approximately $65 billion last year. Many of those services depend on temporary contacts and visits from foreign nationals; these visits contribute to human development, culture, and mutual understanding. If this inbound channel of contacts becomes too difficult, we may lose out to services firms located abroad and find ourselves facing something of a brain drain. If the top technical people cannot come here, they will go elsewhere. And we'll be the worse for it.

Consider **education**: International students attending universities and training entities were largely responsible for $13.7 billion in exports in 2003. A March 2004 Council of Graduate Schools survey indicated that the total number of international applications to the 113 responding graduate schools dropped 32 percent for fall 2004 from fall 2003, across all major countries of origin and for all major fields. Survey respondents included 60 percent of the top 50 universities. These 113 schools enroll nearly half of all international graduate students in the United States. Among other factors, potential student visitors frequently point to new, more stringent visa standards as an obstacle to studying in the U.S.

Losing foreign students means a lost opportunity to expose more people to American democracy and culture, which can serve as soft diplomacy for peaceful progress.

In **medicine**, American hospitals and clinics have long been the chosen destination for foreign patients' needing advanced treatment and surgery. Hospital revenue from such patients is typically double that of foreigners' share of patient volume. So, if 5 percent of a hospital's patients are foreign nationals, they typically account for 10 percent of that hospital's total revenue. This substantial revenue stream often finances vital hospital or clinical functions, such as care of inner-city patients and medical personnel training.

Travel and tourism industries contribute an average of 3.5 percent to our GDP annually. International travel is the largest services export category. In 2003, travel and tourism contributed approximately $80 billion in exports, which resulted in a travel trade surplus of approximately $4 billion.

Visa limitations impact a range of **services industries**, from training corporate staff of U.S. firms operating abroad to hosting visitors. Temporary entry rules affect how efficiently those activities happen, and in turn affect services and manufacturing industries across the national economy.

The tide is turning. In the first quarter of 2004, the U.S. welcomed 8 million international visitors. This was an increase of 12 percent over the same period of 2003. Nineteen of the top 20 visitor markets registered gains for the quarter. This follows the 3 percent increase from fourth quarter 2003. We must continue to fine-tune our entry/exit policies.

LINKAGE TO TRADE POLICY

Visa policies are directly linked to trade liberalization and our belief that free trade is beneficial, spreading economic prosperity and peaceful governance. Trade negotiations are inseparably linked to these issues as well. Great progress has been made in liberalizing trade in goods over the years. Today, we aim to increase trade in services, the next great threshold for trade liberalization.

Services represent close to 75 percent of U.S. GDP, but only about 25 percent of U.S. international trade. Clearly there is room to grow this sector, especially in light of the great competitiveness of U.S. services providers. Much of the most interesting work in trade policy today concerns the development of new trade disciplines that deal with services, investment, and the associated intellectual property rights. These disciplines are inherently more complex than those related to manufactured goods, yet all are taking place against a backdrop of falling telecommunications costs and the availability of computers and advanced IT equipment and software worldwide.

All of these developments support openness in international travel to match the new openness of international markets. If we develop a border security regime that does not permit the necessary contacts and visits to deal with trade in complex services, we lose something valuable. As Under Secretary Aldonas stated at the Department of Commerce conference on June 10th, security must be understood comprehensively, so as to preserve our national interests, and specifically, our objectives in trade and trade policy.

CONCLUSIONS

Our security needs today are greater than ever before, and they must be developed in a comprehensive manner. It is not enough to simply secure the borders B we need a comprehensive system that will provide unrivaled border security with full provision to allow foreign visitors to come to the United States for the many legitimate purposes they have.

The economic stakes are great for many leading edge sectors of the American economy, in both services and manufacturing.

We have all accepted a bit of inconvenience to ensure our safety. That is an acceptable trade off. However, we must also work to ensure that additional security precautions have a minimal effect on trade and economic growth.

Perhaps even more important over the long term, our position at the leading edge of science, technology, education, and the global economy as a whole, could be at risk if we close our doors to the many legitimate visitors who are exposed to some of the finest characteristics of American life and values. This is why we work hard to ensure legitimate travelers are welcomed to the United States.

My office at the Department of Commerce will continue to work collaboratively with our colleagues at the Homeland Security Council and the Departments of Homeland Security, State, Justice, and Transportation. We will continue to be vigilant and ensure that we keep our nation safe while welcoming visitors to our country who are such an asset to our nation and our economy.

PREPARED STATEMENT OF THE TRAVEL BUSINESS ROUNDTABLE

INTRODUCTION

The Travel Business Roundtable (TBR) would like to thank Chairman Stearns and Ranking Member Schakowsky for holding this important hearing on the ways in which homeland security regulations are affecting the travel and tourism industry, the nation's economy as a whole and the image of the U.S. abroad.

TBR is the pre-eminent umbrella organization for the travel and tourism industry. A CEO-based organization, TBR represents the industry's broad diversity, with more than 85 member corporations, associations and labor groups. The travel and tourism industry is a consistent engine for economic development and job creation, employing some 17 million Americans with an annual payroll of $157 billion. Travel and tourism is the first, second or third largest industry in 29 states and the District of Columbia. In the last decade, travel and tourism has emerged as America's largest services sector export and the third largest retail sales industry. The industry is in 50 states, 435 Congressional districts and every city in the United States.

No other industry is more affected by the implementation of stringent security measures than travel and tourism, and no other industry has more to lose should another terrorist attack occur on American soil. That being said, TBR vigorously supports the efforts of Congress, the Department of Homeland Security, the State Department and the Bush Administration to establish and implement laws and regulations that will protect our borders, our citizens and our visitors. However, it is vital that the government entities that are implementing these programs consider their collective impact on the traveling public. Being ever mindful of Homeland Security Secretary Tom Ridge's admonition about the need to create the proper balance between protecting our homeland and promoting free and open commerce, TBR's goal is to ensure that the paramount objective of protecting our nation's secu-

rity is pursued in a manner that is effective, coherent and does not unnecessarily compromise our nation's economic vitality.

IMPACT ON INTERNATIONAL TRAVEL

International travel is one of the largest exports for the U.S., ranking ahead of agricultural goods and motor vehicles, and it is the largest services sector export category. It continues to be an engine for economic development, directly generating payroll revenues of more than $23 billion and tax revenues of more than $13 billion in 2003. International visitors spend more and stay four times longer than their domestic counterparts. However, according to the U.S. Department of Commerce, the number of international travelers to the U.S. dropped from 41.9 million in 2002 to 40.4 million in 2003. This is a sharp decline from 2000, when a record 50.9 million international visitors traveled to the U.S. At the same time, our travel trade surplus, which peaked at $26.3 billion in 1996, has plummeted to $4 billion in 2003. With every 1 percent drop in international arrivals to the U.S., 172,000 jobs are lost and $1.2 billion in tax revenue is left unrealized. These numbers simply cannot be permitted to continue to decline.

TBR commends the efforts of Homeland Security Secretary Tom Ridge, Special Assistant for the Private Sector Alfonso Martinez-Fonts and others at the Department of Homeland Security for their cooperative efforts with our industry to achieve a balance between our national security and the free flow of commerce. They have taken on the difficult task of protecting our nation while simultaneously serving as passionate proponents for vibrant domestic and international travel growth, among both business and leisure travelers.

Among the many concerns TBR has with respect to balancing security and travel, an immediate one is the impending biometrics deadline for Visa Waiver Program (VWP) countries. Currently, the 27 nations in the program—many of whom are our closest allies—are uncertain if they will soon be required to obtain visas to travel to the U.S. On June 14, legislation that would delay the deadline until 2005 was passed on the House floor. TBR supports this effort as a good first step but believes that time is running out. While the U.S. government debates whether a one- or two-year extension is more appropriate, our international competitors are using this uncertainty to challenge our portion of the international market share. Likewise, these countries are spending millions of dollars to attract those same travelers that might otherwise come to the U.S. For instance, the Australian government just announced a new global marketing campaign to increase travel to and within Australia, committing more than $600 million (AUS) over the next four years to tourism promotion. If it hopes to retain—let alone grow—market share, the U.S. will have to put forth a greater effort and make a financial investment to attract international travelers. The messages of confusing and cumbersome entry requirements are having just the opposite effect, and once patterns of travel have changed, it will be extremely difficult and expensive to bring international visitors back.

BIOMETRIC PASSPORTS

The rapidly approaching October 26, 2004 deadline requiring travelers from VWP countries to present passports containing biometric identifiers was established in the Enhanced Border Security and Visa Entry Reform Act of 2002, and as a statutory requirement, can only be modified by congressional action. While TBR strongly supports efforts by Congress and the Administration to implement this program as an additional means of strengthening security at our nation's borders, we are concerned that doing so without the necessary technological resources could compromise that security and cause harm to the travel and tourism industry, our bilateral relationships and the nation's image around the world.

VWP countries are among our closest allies and largest trading partners, representing 68 percent of all overseas visitors to the U.S. in 2002 and spending approximately $38 billion in our country. Without a delay in the passport deadline, VWP travelers will be required to apply for visas to travel to the U.S., thus increasing FY05 visa applications to almost double the FY03 demand. As a consequence, and in addition to a $100 visa fee, these visitors will most likely be subjected to the additional scrutiny and hassle of the visa process, which has already experienced heavy backlogs and turned away legitimate travelers. The State Department has testified on numerous occasions that it would not have the resources to process this additional workload.

On January 28, 2004, Assistant Secretary of State for Consular Affairs Maura Harty testified before the House Select Homeland Security Subcommittee on Infrastructure and Border Security that VWP countries were given only 17 months' notice to comply with the biometrics requirement—a process that normally takes years

for a nation to research, develop and implement. Reports from the United Kingdom and Japan, among many other affected countries, show that they will be unable to technologically comply with this requirement until late 2005 at the earliest. Moreover, the few manufacturers that produce the technology these countries need to fulfill the biometrics requirement have indicated that they cannot meet the demand in such a short timeframe, and given the time constraints, would be unable to vouch for the security of the biometric information contained in the passports. For these reasons, the travel and tourism industry feels a great sense of urgency to delay the deadline. It is noteworthy that even the United States, which is not required to comply with this requirement, will not be prepared to issue biometric passports until 2005. This suggests that we are asking our allies to conform to deadlines that we ourselves cannot meet.

TBR is heartened that Administration officials understand the importance of addressing this issue. In a March 17th letter that Secretary Ridge and Secretary of State Colin Powell sent to House Judiciary Committee Chairman Jim Sensenbrenner, they requested a two-year extension of the biometrics deadline for VWP citizens. Secretaries Ridge and Powell voiced their own fears that if the deadline is not extended, "travelers will vote with their feet and go elsewhere."

The introduction of S. 2324 by Senate Judiciary Committee Chairman Orrin Hatch (R-UT) and Immigration Subcommittee Chairman Saxby Chambliss (R-GA) and Ranking Member Edward Kennedy (D-MA), among others, requesting a two-year extension, and H.R. 4417 by Chairman Sensenbrenner and others, requesting a one-year extension, are both evidence that those with jurisdiction over this issue are taking it very seriously. TBR is deeply grateful to these Members of Congress and the other co-sponsors. On behalf of the international traveling public, TBR urges Congress to take quick action to reach a consensus that will establish a workable deadline for VWP countries. It is crucial that Congress enact legislation extending this deadline in an expeditious manner to ensure that the affected countries can plan accordingly and so that potential travelers from those countries, who are deciding now where to travel in the fall, have sufficient notice of what will be required of them. The absence of certainty about security measures is hurting the U.S. in the international marketplace, and our competitors abroad are using this uncertainty against us. We are concerned that potential international travelers to the U.S. will decide to travel elsewhere if the deadline is not soon delayed.

TBR believes that the VWP is a valuable component of our relationship with participating countries. Moreover, many believe that abandoning the VWP would significantly impair our nation's economic activity. The VWP facilitates tourism and trade with our allies around the world. Members of the program undergo biennial reviews by DHS, with help from the State Department. Such reviews are currently being conducted and will be completed by July 15, 2004.

The Department of Homeland Security announced recently that it would further secure the VWP by enrolling all visitors from participating nations in the US-VISIT program upon their entry to the U.S. by September 30, 2004. To date, our friends who participate in the VWP have been agreeable to the changes in the their travel procedures, and we must continue to nurture these relationships. It is imperative that Congress grant VWP countries sufficient time to comply with the deadline for biometric passports. In working cooperatively with these countries, we can simultaneously guard our borders and our economy.

US-VISIT

The US-VISIT program was implemented at 115 airports and 14 seaports in January and requires international visitors holding visas issued by U.S. consulates overseas to submit digital finger scans and a digital photograph upon entry into the United States. These biometric readings are then matched against the existing visa files and national and international watch lists. TBR is pleased to learn from DHS that US-VISIT has matched more than 500 travelers attempting to enter this country against criminal databases and has stopped approximately 200 criminals or suspected criminals from crossing our borders. TBR is also pleased that no significant delays in the process have been reported to date.

While TBR supports the enrollment of VWP travelers in the US-VISIT program as an additional security measure, we are concerned about how efficiently the system will function when these estimated 13 million travelers are added this fall. DHS Undersecretary for Border and Transportation Security Asa Hutchinson testified before the Senate Judiciary Committee on June 15 that the infrastructure in place will continue to function efficiently and accurately through the expansion. However, the General Accounting Office (GAO) recently reported that inadequate testing had been done on the system prior to implementation in January. TBR hopes that these prob-

lems have been rectified and that the system is prepared to efficiently accommodate such a large volume increase.

We are encouraged by the effectiveness of the entry portion of US-VISIT to date. However, the deadline to integrate US-VISIT procedures at the 50 busiest land border ports of entry (POEs) is December 31, 2004. While DHS officials have said that they are on track to meet this deadline, it is essential that our land borders be adequately staffed and technologically capable to accurately screen those entering without creating gridlock at our borders.

The exit component of US-VISIT has been in place at one airport and one seaport since January. However, this test phase has not proven to be as successful as the implementation of the entry portion. Additional testing of the exit component is necessary in order for DHS to create a process that is user-friendly and accurate. While it is important that the government know when a visitor has overstayed his or her allotted time frame, it is also important that we not confuse travelers with a complex procedure or burden airline employees to assist in performing this task. US-VISIT, while successful thus far in implementation, has many more hurdles to overcome, and the travel and tourism industry is ready and willing to assist DHS in any way possible.

As the Customs and Border Protection (CBP) inspectors administering the US-VISIT system—and all of our immigration and customs inspection processes—are some of the first faces international visitors see as they step foot on American soil, it is imperative that they maximize the opportunity to create a positive first impression with these travelers. Just because the focus is on security, that does not preclude common hospitality. To these visitors, who have likely heard negative stories about entry into the U.S., a friendly welcome and a smile could be enough to turn a trip into a successful, enjoyable and repeatable travel experience.

VISA PROCESSING

Released earlier this month, a survey conducted on behalf of eight U.S. international business groups, including the Association of for Manufacturing and Technology (AMT), the National Foreign Trade Council (NFTC) and the U.S.-China Business Council (USCBC), estimated that U.S. exporters have lost more than $30 billion in revenue and indirect costs over the past two years due to delays in visa processing for foreign business travelers. Of over 700 companies surveyed, 60 percent said that business travel visa delays had hurt their companies through lost sales and increased costs. In May, at the second annual Travel and Tourism Summit cosponsored by TBR and the U.S. Chamber of Commerce, Secretary of State Colin Powell acknowledged that more still needs to be done to welcome travelers to the U.S. "Openness is fundamental to our success as a nation, economically, culturally and politically. Our economy will sputter unless America remains the magnet for entrepreneurs from across the world," he said in an April 21st editorial in The Wall Street Journal. Legitimate business travelers, and leisure travelers as well, must not be locked out of our country by an understaffed or arbitrary visa process, and that process must not continue to deter U.S. economic growth.

TBR was heartened to hear State Department reports that staffing at overseas consular posts has increased, and we hope that this will help meet visa demand in a manner that is timely and systematic. Over the past three years, the visa process, which requires in-person interviews, a $100 fee and travel to sometimes-distant consular offices, has become burdensome to international travelers. The expense and uncertainty is creating a negative image abroad and is causing the U.S. to lose these travelers to other countries as well as lose out on important business opportunities. TBR encourages the State Department to increase its outreach to U.S. embassies abroad and to continually update its website to give clear, factual and timely information about the requirements involved in traveling to the U.S. so that potential visitors know what to expect, can plan accordingly and feel welcomed as they travel to the U.S. Communication is the key to opening our doors to our friends abroad.

DESTINATION MARKETING FUNDING

As a direct result of Senate Appropriations Committee Chairman Ted Stevens' (R-AK) leadership, the FY03 Consolidated Appropriations Resolution funded a $50 million destination marketing campaign whose goal it was to increase inbound international arrivals from five of our largest international markets—Canada, Mexico, Japan, Germany and the United Kingdom. Two unfortunate rescissions in the Consolidated Appropriations Act of FY04 reduced the available pool of dollars to $6 million and a focus on only one country, the UK. Continued international uncertainty about visa obligations, coupled with an anemic federal destination marketing effort,

conspires to continue to disadvantage us amongst the lucrative and bourgeoning international travel market. Confusion among international travelers about the ease of travel to the U.S. is dissuading many from making the trip. To these travelers, perception is reality, which is in turn reflected in real consequences for our economy.

H-2B VISAS

The issuance of H-2B visas, which facilitate the travel of seasonal non-agricultural workers to the U.S. to fill temporary unskilled positions that employers are largely unable to fill with American workers, ended when its cap of 66,000 was reached in March. The travel and tourism industry urged Congress to increase the cap because many seasonal employers had not yet staffed their businesses for the coming summer travel season. Although legislative solutions were sought, an agreement has not yet been reached; attempts to save the summer of 2004 for these businesses have been futile. Non-immigrant workers, many of whom rely on U.S. employment summer after summer, could not be granted visas because of the cap. TBR anticipates that many small businesses will be left inoperable or operating at less than full capacity during the busy summer months. A legislative remedy must be reached before these businesses are forced to suffer harsh economic losses for another summer.

REGISTERED TRAVELER

Homeland security policy not only affects international travel to the U.S., but also can serve to delay and frustrate domestic travelers. Passenger screening lines at some of the nation's busiest airports have taken hours to go through. One proposed remedy is the Registered Traveler program, whose pilot phase was announced on June 16 by the Transportation Security Administration (TSA). Slated to begin on a voluntary basis later this month in Minneapolis, the program will ask participating travelers for personal information, have their names matched against existing government databases, have their fingerprints taken and irises scanned. The same basic screening procedures will apply to these passengers, but they will be exempt from checks in secondary screening. TBR supports the development of this program, as it expedites the screening process for patrons of the airline industry without compromising airline security.

CAPPS II

The Computer Assisted Passenger Pre-Screening System (CAPPS II) initiative has undergone serious scrutiny recently. As a fully functioning system, CAPPS II would require airlines to provide personal information to the government on all passengers traveling through the U.S. Risk assessment technology would then rank passengers according to their possible threat to security and assign them to one of three risk categories—acceptable, unknown or unacceptable. According to homeland security appropriations legislation that is currently pending in the House and Senate, CAPPS II will not receive further federal funding until certain privacy requirements set by DHS and the General Accounting Office (GAO) have been met. TBR is supportive of efforts by congressional appropriators to ensure that TSA is held to the highest standards of transparency and conducts thorough due diligence as it seeks to develop and implement an effective program. It is imperative that the U.S. refrain from putting in place any security measures that have not been adequately tested.

AIRPORT STANDARD PROCEDURES

TBR is fully aware that TSA is working diligently to provide the tightest security possible at our nation's airports. We recognize that the task before them is a daunting one and applaud their efforts to date. However, the lack of standardization of screening procedures among the nation's airports confuses and frustrates travelers. From the screening of checked baggage to the submission of identification cards at check-in and at the gate, the experience is always different from airport to airport. TBR believes that informing passengers of what to expect at each airport and ultimately establishing consistency among the airports will make the process go more smoothly for both passengers and screeners.

RAIL SECURITY

Last month, DHS issued a directive outlining minimum federal security standards for the nation's passenger rail systems and other mass transit systems. TBR commends DHS for recognizing the need to implement security measures for our nation's rail systems. A passenger and baggage screening pilot program was tested in

New Carrollton, Maryland in May, and here at Washington's Union Station, screening of baggage is now underway. We encourage Congress to work with DHS to ensure that America's railways are safe from terrorist threats and are able to financially provide that security to its passengers. We further urge Congress and the Administration to remove all funding barriers and make intercity passenger rail eligible for the grants funds available to assist commuter properties in enhancing their security.

INFORMATION SHARING

Recent events have unfortunately placed one segment of the travel and tourism sector, the shopping center industry, in the spotlight as a target for a terrorist attack. In April there was a phone threat of an alleged terrorist bomb at a Los Angeles mall. Two weeks later WNBC-TV in New York ran a news story that local shopping malls in the Tri-State area were on high alert for terrorist activity following the reported release of DHS bulletins and classified documents warning of such events. Last week Attorney General Ashcroft gave a press conference about a Somali immigrant who had been trained in terrorist camps and had hatched a plan to attack a Columbus, Ohio mall. Thankfully, none of the alleged attacks or incidents became reality. Yet sadly, stories like these will continue to make the news. While we respect the public's right to know and the valid concerns about security, we would strongly encourage DHS to become more pro-active and sensitive to the public relations aspect of its terror alerts and to carry over that sensitivity to those conducting press briefings. Clearly this is an area where DHS must direct more resources. We would recommend that DHS extend its communications outreach with the shopping center industry and other relevant business sectors when situations occur.

When the incidents mentioned above unfolded, DHS's interaction with the shopping center industry was inadequate. For example, the day after the WNBC-TV news story aired, the trade association for shopping centers contacted the Private Sector office at DHS. Neither that office nor the Public Affairs office knew of the news report and to date has not provided a written explanation of the information contained in it. The experiences with the Department can be best described as a series of disconnects. TBR believes that information sharing between the government and the private sector is a critical component in safeguarding our nation against terrorist threats but one that demands improvement and better coordination.

TERRORISM RISK INSURANCE

The provision of the Terrorism Risk Insurance Act (TRIA) of 2002 requiring insurance companies to make terrorism insurance available on the same terms and conditions as property and casualty insurance was set to expire at the end of 2004. Treasury Department Secretary John Snow's recent announcement of the extension of the "make available" provisions of TRIA through the end of 2005 was most welcome.

Following the terrorist attacks of September 11, insurance coverage for terrorist acts was largely unavailable, thus affecting billions of dollars of commercial real estate and threatening the potential economic activity that would come with creating new shopping malls, hotels, sports stadiums and other public spaces. The "make available" provision created by TRIA stabilized the insurance market and would have been devastating to the economy should it have expired. Further, TBR encourages Congress and the Administration to work together to extend TRIA beyond 2005 so that the marketplace for terrorism risk insurance and the economic stability it provides can be sustained.

CONCLUSION

Clearly, there are myriad homeland security policy measures that, while aiming to protect our homeland, are simultaneously having a negative impact on our country's image, industries and economy. International travelers and domestic travelers alike are confused about what will be required of them to visit America. Uncertainty about airport screening procedures and visa and passport requirements, combined with a lack of communication and a large-scale marketing campaign, are discouraging travelers from making the effort to come to the U.S. It is incumbent upon Congress, the Administration and the U.S. travel and tourism industry to work together to show potential international visitors that travel to this country is both achievable and desirable. Through careful implementation of policy procedures, effective communication and hospitable execution of those procedures, we can revitalize the travel and tourism industry while safeguarding our nation's borders. In doing so, we can reshape our nation's image, bolster its economy and workforce, and attract travelers back to the safe and welcoming United States. TBR appreciates the

efforts to date of this Subcommittee, as well as other congressional stakeholders and Administration officials, and we pledge to work with all interested parties to make this goal a reality.

MEMBERSHIP

Jonathan M. Tisch, Chairman, *Travel Business Roundtable*, Chairman & CEO, Loews Hotels; Affinia Hospitality; Air Transport Association; American Airlines; American Express Company; American Gaming Association; American Hotel & Lodging Association; American Resort Development Association; American Society of Association Executives; Amtrak; Asian American Hotel Owners Association; ASSA ABLOY Hospitality; Association of Corporate Travel Executives; Business Travel News; Capital Management Enterprises; Carey International; Carlson Hospitality Worldwide; Cendant Corporation; Choice Hotels International; The Coca-Cola Company; Commonwealth of Puerto Rico; Delaware North Companies Inc.; Detroit Metro Convention and Visitors Bureau; Diners Club International; Fairmont Hotels & Resorts; FelCor Lodging Trust; Four Seasons Regent Hotels & Resorts; Greater Boston Convention & Visitors Bureau; Greater Fort Lauderdale Convention & Visitors Bureau; Greater Miami Convention & Visitors Bureau; Gucci; The Hertz Corporation; Hilton Hotels Corporation; Hotel Employees and Restaurant Employees International Union; HRW Holdings, LLC; Hyatt Hotels Corporation; Inc Magazine; InterActiveCorp; InterContinental Hotels Group; International Association of Convention and Visitors Bureaus; International Council of Shopping Centers; International Franchise Association; Interstate Hotels & Resorts; Interval International; JetBlue Airways Corporation; Las Vegas Convention & Visitors Authority; Loews Hotels; LA INC, The Convention and Visitors Bureau; Lufthansa Systems North America; Mandalay Resort Group; Marriott International Inc.; Maryland Office of Tourism Development; McDermott, Will & Emery; The Mills Corporation; Nashville Convention and Visitors Bureau; National Basketball Association; National Business Travel Association; National Football League; National Hockey League; National Restaurant Association; Nederlander Producing Company of America; New York University; Northstar Travel Media, LLC; NYC & Company; Omega World Travel; Pegasus Solutions, Inc.; Philadelphia Convention and Visitors Bureau; PricewaterhouseCoopers, LLP; Smith Travel Research; Starwood Hotels & Resorts; Strategic Hotel Capital Inc.; Taubman Centers, Inc.; Tishman Construction Co.; United Airlines; Universal Parks & Resorts; United States Chamber of Commerce; United States Conference of Mayors; USA Today; Vail Resorts, Inc.; Virginia Tourism Corporation; Walt Disney Parks and Resorts; Washington D.C. Convention and Tourism Corporation; Waterford Group, LLC; WH Smith USA; World Travel and Tourism Council; Wyndham International; and Zagat Survey, LLC.

PREPARED STATEMENT OF THE TRAVEL INDUSTRY ASSOCIATION OF AMERICA

The Travel Industry Association of America (TIA) submits the following comments for the record, and commends the Subcommittee for holding a hearing on a topic of considerable importance to the U.S. travel and tourism industry.

TIA is the national, non-profit organization representing all components of the $585 billion U.S. travel and tourism industry. TIA's mission is to represent the whole of the travel industry to promote and facilitate increased travel to and within the United States. Our more than 2,000 member organizations represent every segment of the industry throughout the country.

International business and leisure travel to the U.S. is a vital component of our national economy. In 2002, over 42 million international visitors generated $83.5 billion in expenditures, $12 billion in federal, state and local tax revenue, and accounted for one million jobs nationwide. International travel and tourism to the U.S. is a service export, and in 2002, generated a positive balance of trade of $5.5 billion.

International visitation has continually declined over the past three years. Overseas travel to the U.S. was down 31.8% in 2003 compared to 2000 levels. This decline has drastically reduced the flow of tax revenue to all levels of government and reduced our international balance of trade. Since 2000, the loss of international travel to the U.S. has cost our economy $15.3 billion in expenditures.

The decline in travel is due to a variety of reasons, including fear of travel because of terrorism, a downturn in the global economy and confusion over new U.S. visa and border security procedures. While some of the causes are beyond the reach of an individual country, actions by the U.S. government can either enhance or harm our nation's ability to attract increased international travel to the U.S. and create more jobs and economic opportunities for states and cities across the country. For this reason, it is imperative that the federal government continue to move in

the direction of advancing homeland security in a manner that does not deter legitimate international visitors from entering the U.S. for business or pleasure.

There is no industry more interested in working to prevent a repeat of the tragic events of September 11, 2001. The U.S. travel industry lost valued employees that day, and saw tens of billions of dollars of spending vanish overnight. Some businesses went bankrupt and 350,000 tourism-related jobs were lost in the aftermath of those horrible actions.

Protecting the homeland from further attacks remains one of the government's most important functions, and TIA and the U.S. travel industry continue to cooperate with all branches of government to do our part in this effort. Homeland security is, indeed, everyone's business.

Yet, there must be way to protect this nation while continuing to welcome all international visitors. We are heartened by the Administration's recent pronouncements that they now realize there must be some "adjustment to the adjustments" concerning border security and new requirements that only serve as a disincentive for international visitors.

Any movement in the direction of further closing our borders and isolating the U.S. from the rest of world would create greater risk and not maker our nation safer. This would only serve to transform the perception of "Fortress America" into reality. Such a restrictive security atmosphere would jeopardize our ties with key nations and create severe economic hardships for thousands of American workers. For these reasons, we must continue to seek greater homeland security and improved economic security, all the while continuing to engage in the world marketplace of commerce, ideas and cultural exchange.

While the outlook for international travel to the U.S. for 2004 is quite positive, TIA remains concerned about a number of issues related to homeland security.

US-VISIT

The first of these involves the US-VISIT (U.S. Visitor and Immigrant Status Indicator Technology) program, which TIA and the U.S. travel industry strongly support. The program at airports and seaports has proven to be quite successful in providing another layer of border security, while continuing to process travelers in an efficient manner.

There still remain some concerns regarding US-VISIT, such as the slowness in deploying "exit" control at more airports and seaports, and the potential for delays involving arriving visitors where there is insufficient staffing to allow for processing in less than an hour's time. We also have some concerns about implementation of US-VISIT along the U.S. land borders with Canada and Mexico. However, we have great confidence in the US-VISIT leadership team, and believe they will continue to operate the program in a business-like manner, continuing to seek input from the travel and business community and other affected stakeholders.

Visa Waiver Program—Biometric Passport Extension

TIA continues to believe the Visa Waiver Program must be continued and utilized to its maximum potential in order to continue facilitating travel from most of our largest markets. To that end, the extension of the biometric passport requirement deadline for the 27 Visa Waiver Program countries is one of the top legislative priorities for the U.S. travel industry in 2004. We are pleased with the leadership shown by House Judiciary Committee Chairman Sensenbrenner and Ranking Member Conyers, and also appreciate the good work of Senators Chambliss, Kennedy and others in the Senate to move legislation forward to extend this deadline. We remain confident this will occur, avoiding any disruption in the more than 13 million international travelers who enter the U.S. annually through this vital program.

Visa Waiver Program—Machine-Readable Passport Requirement

Another important requirement has already been extended for one year through the good work of the Administration. This is the requirement that all Visa Waiver Program travelers possess a machine-readable passport (MRP) to enter the U.S. after October 26, 2004. The original deadline was October 1, 2003, but Congress wisely permitted the Administration to exercise some administrative flexibility with this provision.

While the MRP requirement helps to enhance border security as Visa Waiver travelers enter the U.S., the remaining problem is that in some of the VWP countries a substantial portion of the population does not yet have a newer, machine-readable passport. TIA is currently exploring ways to work with the Departments of Homeland Security and State to raise awareness of this approaching requirement. More aggressive and pro-active outreach and communication by both the public and private sector concerning these new rules and requirements is necessary in order

to raise awareness, improve understanding, and increase acceptance by prospective international visitors.

Inspector Staffing Levels and Customer Service Training

Earlier in this testimony we briefly refer to concern over insufficient numbers of front-line (Customs and Border Protection, or CBP) inspectors and the impact this can have on wait times for inbound international travelers. A combination of a weakened U.S. dollar and renewed confidence in international travel to the U.S. has resulted in higher levels of inbound travel into the U.S. in 2004. The travel industry remains concerned that the Department of Homeland Security does not have sufficient inspection staff to avoid long delays at peak arrival times. This could result in international visitors missing connecting flights or beginning their itineraries behind schedule. A one or two hour wait upon arrival in the U.S. is not an appropriate beginning for international visitors who plan to remain in the U.S. and spend several thousand dollars supporting the U.S. economy and employing American workers.

In addition to the matter of sufficient staffing levels, there remains concern about customer service training for CBP inspectors. These inspectors are there to enforce immigration laws and determine the admissibility of foreign nationals seeking entry to the U.S. But, they also serve as front-line ambassadors for the United States. Their level of courtesy and professionalism can either benefit or harm the U.S. image and possibly determine if that visitor will return to the U.S. for subsequent trips. It is critical that all inspectors at airports, seaports and land border crossings conduct themselves with the greatest level of professionalism at all times. This happens through improved and more frequent training in customer service strategies. The U.S. travel industry has many of the leading companies in the U.S. whose personnel are out on the front lines dealing directly with customers, and many of these companies are willing to assist the U.S. government in learning how to teach these "hospitality" techniques and strategies to inspectors.

Visa Issuance Process—Delays and Costs

While at most visa-issuing posts abroad (consulates and embassies) there are not significant delays in issuing non-immigrant visitor visas (B-1/B-2), there are still nearly twenty or so posts where the wait time to secure a personal appearance interview exceeds 30 days. While we are pleased this is not the norm at most consulates and embassies, wait times—and the perception of long wait times—can still serve as a disincentive for some travelers to come to the United States.

TIA is working directly with the Department of State to address some of these "perception" issues and help make the case worldwide that wait times for typical non-immigrant visitor visas are minimal. While the private sector can do its part to help dispel myths and rumors, it is up to the federal government to address actual wait time problems, customer service, and training issues for consular officers. Additionally, mandatory in-person interviews are having a negative impact. Now prospective travelers must invest greater time and expense in taking a trip to a U.S. consulate or embassy for the purpose of securing a visa to take the "ultimate trip" to the U.S. While we acknowledge this is a difficult balancing act, the in-person interview and now collection of biometric identifiers from applicants is a burden on those seeking to travel to the U.S. for business or pleasure. The federal government must think creatively about ways it can achieve both enhanced security and ease of use in the area of visa issuance.

In closing, TIA believes there are any numbers of ways the private sector and government can work together to continually improve homeland security while at the same time making sure the welcome mat is out for international visitors. This is oftentimes referred to as a matter of balancing homeland security with economic development. It is has also been suggested as less a balancing act and more a matter of committing to achieve both goals simultaneously.

TIA and its more than 2,000 member organizations are committed to doing all it can to help make this nation, its citizens and its international guests as safe and secure as possible. We call on the federal government to continue a commitment to homeland security in a way that also facilitates legitimate international travel in order to provide for economic growth and jobs, cultural enrichment and an improved image of the U.S. abroad. This is the proverbial "win-win" which we all seek and which our country must have during these new and challenging times.

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