

**SAFETY AND CONVENIENCE IN CROSS-BORDER  
TRAVEL: AN ANALYSIS OF THE WESTERN HEMI-  
SPHERE TRAVEL INITIATIVE**

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**HEARING**

BEFORE THE

SUBCOMMITTEE ON WESTERN HEMISPHERE,  
PEACE CORPS AND NARCOTICS AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

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**SAFETY AND CONVENIENCE IN CROSS-  
BORDER TRAVEL: AN ANALYSIS OF THE  
WESTERN HEMISPHERE TRAVEL INITIATIVE**

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**THURSDAY, JUNE 9, 2005**

U.S. SENATE,  
SUBCOMMITTEE ON WESTERN HEMISPHERE,  
PEACE CORPS AND NARCOTICS AFFAIRS,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 2:30 p.m., in room SH-216, Hart Senate Office Building, the Hon. Norm Coleman, chairman of the committee, presiding.

Present: Senators Coleman and Dodd.

**OPENING STATEMENT OF HON. NORM COLEMAN, U.S.  
SENATOR FROM MINNESOTA**

Senator COLEMAN. This hearing of the Senate Foreign Relations Subcommittee on Western Hemisphere, Peace Corps and Narcotics Affairs will come to order.

If you study the Constitution, you will not find a section entitled the "Law of Unintended Consequences," but it might as well be there. For every action of the Federal Government, there are major reactions we did not intend or perhaps even imagine that require us to pay attention to the impact of our actions and to address negative ramifications as soon as or even before they appear.

The tragedy of September 11 showed the weakness in United States border security. Since then, we have taken a host of actions to bolster homeland security. We have aggressively moved against terrorists at home and abroad, and have taken many necessary steps to stop terrorists from entering our country.

We have strengthened the rules that govern who may enter the country. Sometimes, however, the very efforts we undertake to make us safer and stronger can have unintended or even counterproductive consequences. I have spoken at length about the counterproductive effects of the new barriers to students seeking to study in the United States.

At today's hearing, we will consider what I believe could be the unintended consequences of another policy; one which could make it far more difficult for Americans who travel between the United States, Canada, Mexico, and the Caribbean.

For decades, travel between the United States, Canada, Mexico, Central America, and the Caribbean has been covered under what is known as the Western Hemisphere exception. It seems logical to

have different rules to govern travel between the United States and our closest neighbors. Americans have been able to use drivers' licenses and birth certificates to visit and return from these destinations. In turn, we have worked with these countries to modernize the borders between us and to strengthen North America's external border. I would note, parenthetically, having just come back from Europe last week, in Europe they are actually coming together and trying to make it easier to travel between countries.

However, legislation passed last year, and the proposed implementation of that legislation, threatens to fundamentally change the way Americans travel in this part of the world.

Section 7209 of last year's National Intelligence Reform Act stipulated that the Departments of Homeland Security and State, and I quote, "shall develop and implement a plan as expeditiously as possible, to require a passport or other document or combination of documents deemed by the Secretary of Homeland Security to be sufficient to denote identity and citizenship for all travel into the United States by United States citizens and by categories of individuals for whom documentation requirements have previously been waived." The legislation goes on, "This plan shall be implemented not later than January 1, 2008, and shall seek to expedite the travel of frequent travelers, including those who reside in border communities; and in doing so, shall make readily available a registered traveler program."

To implement these measures, on April 5 the State Department and Department of Homeland Security unveiled the Western Hemisphere Travel Initiative, which over time will increase the document requirement for Americans traveling in this part of the world.

By the end of this year, a passport or other accepted document will be required for all air and sea travel to and from the Caribbean, Bermuda, Central and South America.

On December 31, 2006, the new document requirement will apply for all air and sea travel to and from Canada and Mexico as well.

And starting January 1, 2008, a passport or other accepted document will be required for all air, sea, and land border crossings.

While I support the general intent of this legislation, I am concerned about its impact on average Americans. One of the challenges of Washington policymakers is to ensure that our laws make sense to average Americans outside the Beltway.

Minnesota is a border State; 2.2 million people travel through the International Falls border-crossing site every year. People in my State cross the border to fish or hunt, shop, trade or just evaluate the hockey talent in our neighbor to the north. Particularly since the NHL strike is, I think, coming to an end, this is a very, very important effort.

Crossing the border is part of their routines. Many frequent travelers in my State do not have passports because they have never needed them. They need to be able to cross with the IDs they carry in their wallets. Passports are difficult and costly to obtain, especially for people who live outside of a major city.

This policy also has the potential to seriously hurt the travel industry. Cruises in the Caribbean and Mexico appeal to American

tourists in part because of the ease in getting to these locations without a passport.

Millions of Americans visit Mexico, Canada, and the Caribbean each year because of the ease and affordability of these destinations. The new regulations will change this and could have a devastating impact on the U.S. travel industry just as it is beginning to recover from the post-9/11 slump.

There is little question that these new requirements will hamper legitimate interstate travel between the United States and our neighbors. While alternative documents such as SENTRI, NEXUS, FAST and border-crossing cards may also be used in lieu of a passport, these documents also cost money and are often inconvenient or perhaps inappropriate for average Americans.

I am also concerned about the pace of this initiative. The first requirement is supposed to take effect before the end of this year. Yet, the departments still have not issued their much-anticipated Advanced Notice of Proposed Rulemaking to lay out the details on how the program is to be implemented. This needs to happen sooner rather than later, so travelers have time to prepare.

As this process moves forward, I hope the administration will take the concerns of this subcommittee into account, as well as, I might add, the concerns of President Bush himself.

I also hope that those who are watching and participating in this hearing will make their views known directly during the rule-making process once it begins.

Like so many other policy issues, it comes down to a question of balance. Today our country is challenged to strike the right balance between a need to increase security along our borders while simultaneously upholding our tradition of openness to travelers, students, and trade.

While September 11 illustrated the need for improvements on the security front, a fortress America mentality will not keep our country secure and prosperous in this era of globalization. We need to be vigilant of terrorists. But we cannot give them the victory of making us twist ourselves into a pretzel in the name of security.

Our goal today is to seek the proper balance between security and conducting normal business and travel.

To address this question of balance, this committee will hear from four witnesses. Our first panelists will discuss plans by the State Department and the Department of Homeland Security to implement the Western Hemisphere Travel Initiatives.

Members of our second panel will shed light on how this policy is going to affect real people, how it fits into the real goal of enhanced security for all Americans.

We will begin with Ms. Elaine Dezenski, Acting Assistant Secretary for Policy and Planning at the Department of Homeland Security's Border and Transportation Security Directorate. In this position, she is responsible for ensuring that the policies enacted by BTS meet their objective of enhancing homeland security.

Prior to this position, Ms. Dezenski has served as the Deputy Assistant Secretary for Policy and Planning in the BTS Directorate, as Director of Cargo and Trade Policy at BTS; and as Director of Maritime, Land and Cargo Policy at the Transportation Security Administration.

Before joining the DHS, Ms. Dezenski was a Special Assistant to the Administrator of the Federal Transit Administration. She has also served in the office of Congressman Sherwood Boehlert, and began her professional career with the transportation division of Siemens Corporation.

Next we will hear from Mr. Frank Moss, Deputy Assistant Secretary for Passport Services at the State Department's Bureau of Consular Affairs. In this position, he is responsible for overall management of the Department's efforts to adjudicate and produce passports for more than 7 million American citizen customers each year.

Prior to this assignment, Mr. Moss served as the Executive Director of the Bureau of Consular Affairs, and as Senior Advisor for Border Security to the Assistant Secretary of State for Consular Affairs.

He has also worked in the office of the coordinator for counterterrorism, as refugee coordinator at the U.S. Embassy in Khartoum, Sudan, and for the U.N. High Commissioner for Refugees in Pakistan.

Ms. Dezenski, we will begin with you. Please summarize your remarks. Your full testimony will be included in the hearing record.

**STATEMENT OF HON. ELAINE DEZENSKI, ACTING ASSISTANT SECRETARY FOR POLICY AND PLANNING, BORDER AND TRANSPORTATION SECURITY DIRECTORATE, DEPARTMENT OF HOMELAND SECURITY, WASHINGTON, DC**

Ms. DEZENSKI. Thank you very much, Chairman Coleman. We appreciate the opportunity to be here today to talk to you about a very important issue and a very timely issue. I would like to request that my written statement be submitted for the record.

Senator COLEMAN. Without objection.

Ms. DEZENSKI. Thank you. As you mentioned, the Intelligence Reform Act of 2004 mandated that DHS and the State Department develop and implement a plan to require U.S. citizens and foreign nationals to present a passport or other authorized travel documents that denote both identity and citizenship when entering the United States.

Our ability to detect fraudulent documents is absolutely critical to the success of a broader border management strategy system that combines technology, human resources, and policy to address the terrorist threat, and to expedite the travel of legitimate citizens and visitors.

Last fiscal year, our border inspectors intercepted over 78,000 fraudulent documents, so this problem is very real. The Intelligence Reform Legislation specifies a deadline of January 1, 2008, to implement the new document requirements. As my colleague, Frank Moss, will tell you, we are working very closely with the State Department to meet this ultimate deadline and to achieve the security gains without unnecessarily disrupting the flow of people at the border.

Our biggest challenge is at the land border, where we handle over a million crossings a day. We know that in communities like International Falls, border crossings are often routine activities

such as going to church and visiting family. They are part of everyday life, not just occasional trips to foreign countries.

That is why we are communicating so regularly and directly with many of the stakeholder groups and prospective travelers inside and outside of our borders; people who have the most concerns about how these changes will affect them, their businesses, and their communities. Throughout the process, we will continue to do everything we can to keep them fully informed and to take those needs into account.

Let me emphasize a few key points before I turn it over to my colleague from the State Department. First, our goal is to ensure travelers entering the United States have quality secure documents. Secure documentation is required to positively determine the identity and the citizenship of travelers; and this is a prerequisite to ascertaining whether or not they pose a risk.

When we meet that standard for all those who are crossing into our country we will be able to better combat terrorism, identity theft, document fraud, and illegal immigration. Ultimately, this will make it easier, not harder, for good, law-abiding people to enter the United States, especially when we take advantage of all the benefits of new technologies, such as biometrics.

Since January 2004, for example, we have used biometric technology in our US-VISIT program, which is our entry/exit process. Biometrics have made it almost impossible for those who intend to do us harm or to break our laws to enter through our ports of entry under a false identity.

They are enabling us to catch criminals and immigration violators, and they are depriving would-be terrorists of one of their most powerful tools, fraudulent travel documents.

Second, we want to avoid a last-minute rush for travelers to comply with this—the new provisions, and we want to avoid unnecessary confusion at the time of implementation. So, as we implement these new requirements, we need to do so in a way that gives the populations most affected sufficient time to obtain the documents that they will need.

We are developing a series of implementation milestones, building up to the January 1, 2008, deadline. I must emphasize that the Advance Notice of Proposed Rulemaking, which includes this proposed implementation schedule is still under review and has not been placed in the Federal Register.

Once it is published, we will allow ample time for public comment, and the requirement will not be final until we hear fully from the public and explore every option for taking their concerns into account.

Last, I would like to emphasize that while DHS and State have identified the passport as the principal document of choice, we are also exploring the use of other secure documents or combinations of documents that can prove identification of that traveler and their citizenship, particularly at the land borders, again where we have significant numbers of crossings and challenges in terms of that facilitation.

The ultimate plan will include registered traveler programs that expedite the travel of previously screened individuals, particularly those who reside in border communities.

We have a couple of programs in place like NEXUS, SENTRI, and FAST, but I think it is fair to say that these programs were not originally designed as an alternative to the passport, so as we move forward, we really need to think about the registered traveler concept as part of the broader border management strategy. And what we envision in that regard is, based on a global enrollment system and a uniform set of requirements for an RT-type card that could, in fact, fit in your wallet and may be biometrically enabled, and could work at multiple types of border crossings, not just at the land border, but also in other modes.

And we are looking at the expansion of this concept and taking our existing programs to move into this, what we consider to be, sort of, a new vision for the RT program.

So we will be continuing to work through that process as we finalize the regulatory requirements. We will be looking at the broader management strategy for the border to make sure that we have accommodated as appropriate.

This concludes my oral remarks. And thank you once again for the opportunity to testify.

[The prepared statement of Ms. Dezenski follows:]

PREPARED STATEMENT OF ELAINE DEZENSKI, ACTING ASSISTANT SECRETARY FOR POLICY AND PLANNING, BORDER AND TRANSPORTATION DIRECTORATE, DEPARTMENT OF HOMELAND SECURITY, WASHINGTON, DC

Chairman Coleman and Ranking Member Dodd and other distinguished members, it is a pleasure to appear before you today to discuss the approach that the Department of Homeland Security (DHS) is taking to address the travel document provisions of the Intelligence Reform and Terrorism Prevention Act of 2004.

The Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) mandates that, by January 1, 2008, the Secretaries of Homeland Security and State develop and implement a plan to require all U.S. citizens and foreign nationals, who currently do not require a passport to enter the United States, to present a passport or other appropriate secure identity and citizenship documentation when entering the United States regardless of the origin of the travel. Under current regulations, U.S. citizens who travel solely within the Western Hemisphere do not require passports to return to the United States. A similar "exemption" applies to most Canadian and Bermudan citizens entering the United States. In addition, Mexican citizens traveling directly from Mexico or Canada may present the United States-issued "B-1/B-2 Visa and Border Crossing Card" without a passport.

The Western Hemisphere Travel Document Initiative (WHTI) is the joint response from the Departments of Homeland Security (DHS) and State (DOS) to existing security concerns as well as the documentary requirements of IRTPA. Further, the WHTI has been designed to strengthen border security and facilitate entry into the United States by legitimate travelers. It will also assist the Government in reducing the market for stolen documents, as well as thwarting identity theft.

This initiative will require all United States citizens, Canadians, and citizens of Bermuda and Mexico, as well as citizens of Caribbean countries currently exempt from the passport requirement pursuant to section 212(d)(4)(B) of the Immigration and Nationality Act, to have a passport or other authorized secure documentation denoting nationality and identity when entering the United States. It will also standardize the documents which may be presented at ports of entry to demonstrate both identity and citizenship.

In accordance with IRTPA, DHS, and DOS have identified the passport as the principal document of choice right now, particularly in the airport and seaport environments. However, we will also explore the use of other secure documents, or combination of documents, denoting identity and citizenship, particularly for land border use, where we face the most pressing implementation challenges. The plan will include registered traveler type programs to expedite the travel of previously screened travelers, particularly, those that reside in border communities. The WHTI, along with the biometric entry-exit system (i.e. US-VISIT), registered traveler programs, and coordinated screening capabilities, are part of a larger strategic vision for an immigration and border management enterprise that ensures the ap-

appropriate mix of technology, personnel, and systems connectivity to support security and facilitation of legitimate travelers.

While the goal of the WHTI is to strengthen border security and facilitate entry of legitimate travelers into the United States, we do understand the implications for industry, business, the general public or even our neighbors to the north and south. We are committed to working with affected stakeholders to mitigate these implications as this initiative gets underway.

Given the enormity of this change in practice, the Department of Homeland Security and the Department of State, in consultation with other Government agencies, have agreed to adopt a phased implementation plan for the WHTI. The specific timeline for the phases has yet to be finalized and is under active discussion within the administration. We will elicit and consider comments on all aspects of the plan. Both DHS and DOS recognize the unique issues that this initiative will raise, and we will remain flexible when working with affected communities.

It is important to keep the context of this initiative in mind when balancing facilitation and security concerns. DHS officers inspect about 1.1 million people at our borders every day and the security layers we add to our inspections processes take into consideration appropriate facilitation efforts such as "trusted traveler" programs.

Recognizing that we want to balance security with facilitation, there are some additional documents that we may consider as alternative documentation of identity and citizenship. This is primarily the case at the land border where we think we may have some flexibility to look at four different documents.

The first document is the BCC or the Border Crossing Card, which is given to Mexican nationals who are coming across to the United States on a regular basis. In order to get a BCC, you must have a passport, and, since the BCC is a B-1/B-2 visa when presented with a passport, the process is nearly identical to issuance of a visa. Another card that we think could be deemed a suitable alternative document is the SENTRI card. SENTRI, which stands for Secure Electronic Network for Travelers Rapid Inspection, is also a program that is utilized to facilitate travelers at the southern border. In order to obtain a SENTRI card, you need to provide some type of proof of citizenship, a BCC, if required, as well as other documentation. You also go through a background check and other types of checks.

On the northern border, working with Canada, we have two existing programs using cards. The first is the NEXUS card, which is similar to the SENTRI card in that it facilitates travelers who have jobs on the other side of the border, for example, or people who are routinely visiting family. The NEXUS card is also linked to certain documentation requirements. For example, you can provide a passport to get a NEXUS card; you can also provide a birth certificate and other types of documents that provide proof of citizenship.

The other card that we would be looking at is called the FAST card, or Free and Secure Trade card, and this applies to commercial truck drivers at both the northern and southern borders. It is commercially focused with the goal of facilitating cargo coming across the border, while enhancing security associated with the truck driver of that particular truckload. With the FAST program, we have specific requirements, including background checks, documentation requirements, and biometric requirements.

As we move forward, we fully anticipate that additional ideas will be coming forward for registered traveler type programs, and that we will continue to look at options as they may become available, whether that is harmonizing within the Department to get to some type of global registered traveler program that could be applied at either border, or looking at specific programs that can be expanded.

The WHTI is an important step in protecting homeland security, and DHS and DOS will use all available resources to implement this travel initiative by the deadline set forth in law. Mr. Chairman and members of the subcommittee, I want to thank you for the opportunity to present this testimony today. I would be pleased to respond to any questions that you might have at this time.

Senator COLEMAN. Thank you very much, Ms. Dezenski.  
Mr. Moss.

**STATEMENT OF FRANK MOSS, DEPUTY ASSISTANT SECRETARY FOR PASSPORT SERVICES, BUREAU OF CONSULAR AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC**

Mr. MOSS. Chairman Coleman, thank you very much for providing me this opportunity to describe how the Department of

State, in close cooperation with the Department of Homeland Security, will enhance U.S. border security and, we believe, facilitate travel through implementation of the Western Hemisphere Travel Initiative, WHTI, to comply with section 7209 of the Intelligence Reform and Terrorism Prevention Act of 2004.

I would ask that my full statement be submitted for the record.  
Senator COLEMAN. Without objection.

Mr. MOSS. In light of Ms. Dezenski's comments, I will focus on the implications of the WHTI for the Department of State.

As you know, and have so eloquently stated, the scope of the WHTI is challenging. The State Department estimates that some 2 million Americans travel each year to the Caribbean without a passport and more than 4 million other Americans do the same by air or sea to Canada and Mexico.

American citizens also make about 100 million land border crossings each year. To help assess the land border implications of this program, the State Department has contracted with outside experts who will survey land border crossers in July at 16 ports of entry on the northern and southern border to help us develop more accurate data on this aspect of the WHTI.

Given the enormity of this change in practice, the Department of Homeland Security and the Department of State, in consultation with other government agencies, have agreed to propose a phased implementation program for the WHTI.

The specific timeline for the phases, as Ms. Dezenski has said, has yet to be finalized and is under active consideration within the administration.

A phased implementation program will help us accrue the security advantages as soon as possible, facilitate travel at an earlier stage, and give us the opportunity to inform the tens of millions of travelers who will be affected by this policy.

Last, by spreading out over time a projected increase in the Department's workload, we will be able to acquire and develop the resources needed to meet that aspect of the WHTI, which will be met by U.S. passports.

Obviously, a key objective of the Bureau of Consular Affairs is to ensure that passport services are provided in a secure, efficient, and courteous manner. In fact, in order to make applying for a passport as convenient as possible for American citizens, we have more than 7,000 sites at post offices, clerks of court, or other government agencies where they can apply for a passport. In the case of Minnesota, Mr. Chairman, there are more than 140 such facilities.

Although we are able to meet current demand for U.S. passports, we expect to see significant resource shortfalls over the next 3 years based on projected passport demand increases.

In 2004, the Department of State's Office of Passport Services issued over 8.8 million passports, a workload increase of some 22 percent over the prior year total. Workload this year is up another 13 percent, putting us on target to issue more than 10 million passports to American citizens this year.

Based on our current analysis of the scope of the WHTI and other projected growth in passport demand, we expect that applications for passports will total about 12 million in fiscal year 2006,

about 14 million in the following year, and reach a potentially sustainable annual demand of 17 million by fiscal year 2008.

We look forward to working with Congress as we seek the resources needed to implement WHTI in a fashion that does not inconvenience American travelers.

We also recognize that there are many circumstances where obtaining a U.S. passport is not the optimal solution for travel, particularly in communities along the northern and southern borders. And the Intelligence Reform Act recognizes this by including the option of using another secure document or other documents that denotes citizenship and identity when entering the United States. My colleague has already discussed these alternatives.

Both State and DHS recognize that a critical part of successful implementation is public participation in the regulatory process. With this in mind, we will soon solicit public comments as a way to refine the implementation of the WHTI.

The departments have prepared an Advance Notice of Proposed Rulemaking, ANPRM, and expect that the comments we receive, after it is published, from the public, the private sector, state and local governments, and foreign governments will have a material effect on the rules we develop.

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

We look forward to receiving public comments with great anticipation and are committed to making sure that concerns and interests are explored thoroughly.

The ANPRM process is an important step in informing the public of this important change in travel requirements that we will support with a sustained, extensive public outreach effort. In addition to explaining the new requirements to the American public, the Department of State will also work with our hemispheric neighbors to make sure that they are aware of the requirements of the WHTI and that they have adequate notice to take the necessary steps to comply with them without hindering the legitimate flow of people and goods between our nations.

At this time, I am happy to answer my—any questions.

Senator COLEMAN. Thank you.

Mr. MOSS. Thank you, Mr. Chairman.

[The prepared statement of Mr. Moss follows:]

PREPARED STATEMENT OF FRANK E. MOSS, DEPUTY ASSISTANT SECRETARY FOR PASSPORT SERVICES, BUREAU OF CONSULAR AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Chairman Coleman, Ranking Member Dodd, distinguished members of the subcommittee, I am pleased to have this opportunity to describe how the Department of State, in close cooperation with the Department of Homeland Security, plans to augment U.S. border security and facilitate international travel by establishing new documentary standards pursuant to the Intelligence Reform and Terrorism Prevention Act that U.S. citizens and certain foreign nationals must comply with to enter the United States from nations in the Western Hemisphere. I will refer to this program as the Western Hemisphere Travel Initiative (WHTI).

In the aftermath of September 11, the Department of State's Bureau of Consular Affairs conducted a comprehensive review of our procedures for adjudicating the travel documents that we have the legislative authority to issue: U.S. passports and immigrant and nonimmigrant visas. The U.S. passport is arguably the most valuable travel and identity document in the world. As the report of 9/11 Commission

noted, travel documents are as valuable to terrorists as weapons, and we have taken steps to improve both the security features of the passport, as well as the underlying adjudicatory process that determines who is entitled to one.

In general, U.S. law requires that American citizens enter the United States in possession of a valid passport. There is one major exemption—United States citizens can travel to many destinations in the Caribbean as well as Mexico, Canada, and Panama without a passport. Canadian citizens traveling from within the Western Hemisphere are also allowed to enter the United States with only limited documentation such as a driver's license. In the spring of 2003, the Department of State embarked on interagency consultations to address this potential vulnerability.

Discussions of possible remedies quickly made clear that what will augment U.S. border security will also facilitate international travel. Currently, to determine whether someone is an American citizen, Customs and Border Protection (CBP) officials may be presented with thousands of different birth certificates by travelers, not to mention other situations where the traveler makes an oral declaration to be an American citizen. My colleague, Elaine Dezenski from the Department of Homeland Security, will address this issue in more detail in her testimony. Suffice it to say that both DHS and State believe that we can strengthen border security and facilitate entry processing by ensuring that travelers present documents in which border inspectors have confidence in both the validity of the document and the validity of the decision originally made to issue the document. To simplify and secure entry requirements, we believe that a limited number of recognized—and secure—identity and citizenship documents is preferable.

Congress clearly endorsed the view that we should enhance border security within the Western Hemisphere by requiring passports or other secure documents denoting citizenship and identity for travel when it enacted section 7209 of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA). This legislation, which was signed into law on December 17, 2004, requires that the Secretary of Homeland Security, in consultation with the Secretary of State, develop and implement by January 1, 2008, a plan to require U.S. citizens and non-U.S. citizens, currently exempt from the passport requirement for travel within the Western Hemisphere, to present a passport or other authorized documentation that denotes identity and citizenship when entering the United States. The law provides for only limited circumstances under which the documentary requirement may be waived for U.S. citizens or non-U.S. citizens within the Western Hemisphere, such as emergent or humanitarian circumstances or in the national interest.

Importantly, section 7209 also requires that the Secretaries of Homeland Security and State seek to facilitate the travel of frequent travelers, including those who reside in border communities.

We enthusiastically welcome legislative support for the Western Hemisphere Travel Initiative (WHTI) and appreciate the flexibility in determining what document or combination of documents will be adequate to establish identity and nationality.

Given the enormity of this change in practice, the Department of Homeland Security and the Department of State, in consultation with other Government agencies, have agreed to adopt a phased implementation plan for the WHTI. The specific timeline for the phases has yet to be finalized and is under active discussion within the administration, although the plan must be implemented by January 1, 2008, in accordance with the law.

The scope of this potential program is challenging. The State Department estimates that some 2.0 million Americans travel each year to the Caribbean without a passport and more than 4.0 million Americans do the same by air or sea to Canada and Mexico. And, American citizens make about 100 million land border crossings each year, which represents total number of trips made, not individuals. To help assess the land border implications of this program, the State Department has contracted with outside experts who will survey land border crossers in July at 16 ports of entry to help us develop more accurate data on the scope of this aspect of WHTI.

Based on the scope of WHTI, it appears that there are a number of advantages to phasing in the requirement in an orderly fashion over the next 3 years. Our plan is to complete implementation by January 1, 2008. First, by beginning implementation in advance of that deadline, we will begin to accrue the security advantages and build up the capacity to administer such a program as soon as possible, as well as benefit at an earlier stage from the travel facilitation envisioned by the Congress in crafting the legislation. Phased implementation will also give us the opportunity to reach out and inform the tens of millions of travelers who will be affected by the changes.

Importantly, by spreading out, over time, a projected increase in the Department's workload, we will be able to acquire and develop the resources needed to meet the increased demand for U.S. passports and other documents satisfying section 7209.

Naturally, passport demand is a matter of intense interest to the Department of State. Will American citizens choose to obtain U.S. passports to fulfill the documentary requirement set forth in the IRTPA? We expect that many will, especially those who travel by air or sea. As I noted, the U.S. passport is undoubtedly the world's premiere identity and nationality document. One of the key objectives of the Department's Bureau of Consular Affairs is to ensure that passport services are provided in a secure, efficient, and courteous manner. In order to make applying for a passport as convenient as possible for American citizens, we have more than 7,000 sites around the country located at post offices, clerks of court, or other Government offices where they can apply for a passport.

We are currently able to meet demand, but based on projected passport demand increases over the next 3 years, we expect to face significant resource shortfalls as we implement the WHTI. In 2004 the Department of State's Office of Passport Services issued over 8.8 million passports—a workload increase of some 22 percent over the prior year total. Workload this year is up another 13 percent, putting us on target to issue more than 10 million passports to American citizens this year. And, based on our current analysis of the scope of WHTI and other projected growth in passport demand, we expect that applications for passports will total about 12 million in fiscal year 2006, about 14 million in fiscal year 2007, and reach a potentially sustainable annual demand of 17 million by fiscal year 2008.

We look forward to working with Congress as we seek the resources needed to implement WHTI in a fashion that does not inconvenience American travelers.

We also know that there are many circumstances where obtaining a U.S. passport is not the optimal solution for travel—particularly in communities along the northern and southern borders—and the IRTPA recognizes this by including the option of using another secure document or other documents that denotes identity and citizenship when entering the United States. My colleague from the Department of Homeland Security will discuss these alternatives.

Both the Department of State and the Department of Homeland Security recognize that there are a host of issues that must be addressed thoroughly to implement the WHTI smoothly and successfully. A critical part of successful implementation is public participation in the regulatory process. With this in mind, we will soon solicit public comments as a way to refine the implementation of the WHTI. The Departments have prepared an Advance Notice of Proposed Rulemaking (ANPRM) and expect that the comments we receive after it is published will have a material effect on the rules we develop. The Department of State is committed to making sure that concerns and interests are explored thoroughly and look forward to these comments with great anticipation.

The ANPRM process is an important step in informing the public of this important change in travel requirements that we will support with a sustained, extensive public outreach effort. In addition to explaining the new requirements to the American public, the Department of State will also work with our hemispheric neighbors to make sure that they are aware of the requirements of the WHTI and that they have adequate notice to take the necessary steps to comply with them without hindering the legitimate flow of people and goods between our nations.

At this time, I am happy to answer any questions you might have about the Department of State's role in supporting the Department of Homeland Security's implementation of the Western Hemisphere Travel Initiative.

Senator COLEMAN. Thank you very much, Mr. Moss.

First, let me say that I certainly recognize—this committee recognizes—it is a great challenge and a great responsibility that is in front of you.

Just to perhaps clarify a few things. You talk about RT cards, which means? RT means?

Ms. DEZENSKI. Oh, I am sorry; registered traveler.

Senator COLEMAN. That is right. Okay.

And, Mr. Moss, you talk about 140 sites in Minnesota. Do you have a chart that shows that?

Mr. MOSS. Yes; I do.

Senator COLEMAN. All right.

Mr. MOSS. Just one moment.

[Pause.]

Mr. MOSS. In view of simplicity, we do not have them noted location by location, but if you actually go to our website, you can find the specific location down to the street address.

[Chart.]

[Note.—The information contained on the chart presented by Mr. Moss can be viewed on the Web site: [travel.state.gov](http://travel.state.gov).]

Senator COLEMAN. My concern, Mr. Moss, even by looking at the chart, is that in the areas that are most impacted, which is the northern border, are the places where there is the least opportunity to get a passport. Let me read, if I can, a constituent message that I received.

Senator Coleman, I just spent \$300 to get passports for my family of five so we could be able to travel to Canada and fish a few times each year. It took 4 to 6 weeks to get the passports, and I have heard rumors that the price of passports will be going up soon. I followed the trend and tried to beat what I believe to be the rush to comply with what I believe will become a mandate. However, as a parent of three children, ages 17, 14, and 10, I question why they need passports to travel back and forth to Canada. I can assure you and others that my children do not match the profile of anything that threatens us, yet my wife and I had to incur this extra cost because of a desire to continue to fish in Canada.

First, what is the cost of a passport for an adult and a child?

Mr. MOSS. Okay. What I would like to do is describe it. It falls into two categories, not just adult and children, but a first-time applicant versus a renewal.

For a first-time applicant, the total fee, the fee you pay to the acceptance agent, one of these 140-odd entities, plus the fee you pay that goes to the U.S. Treasury, and what the State Department retains, is a total of \$97 for an adult, \$82 for a child, and then a renewal is commensurately \$30 less in the case of the adult. Each child's renewal under the age of 16 is essentially a de novo adjudication.

Senator COLEMAN. And how many years is a passport good for?

Mr. MOSS. A passport is good for an adult for 10 years. For a child it is good for 5.

Senator COLEMAN. Can you give your thoughts on lowering the costs of passports if, in fact—and I am not there yet by the way—but if, in fact, we are going to make passports required? Have there been discussions of actually lowering the cost of passports?

Mr. MOSS. Well, the first point I would make, Mr. Chairman, is that, as I said in my testimony, we do not see the passport as being the only answer to this program, especially along the land borders. That is why I think the cooperation we have with the Department of Homeland Security is so important.

I can tell you, however, we are looking at the fee, because the passport fee or the \$97 fee is really composed of three elements. One is the cost of the passport book itself, which is increasing, because of the inclusion of biometrics. Another cost is actually adjudicating the passport, deciding if someone is, in fact, a U.S. citizen.

And, finally, there is the issue of what we call the—in State Department speak—the expected cost of American Citizen Services, as people travel abroad.

Clearly, the number of passport applicants is increasing. That spreads that relatively fixed cost of Citizen Services over a larger population. And we are certainly looking closely at the fee and will be doing so this summer.

I can make no assurance of what will happen with that. But I do want to let you and the committee know that we are looking at it very closely.

Senator COLEMAN. Among the alternative programs are the NEXUS and FAST programs. Ms. Dezenski, talk a little bit about those. Again, my concern is for the average person. They are going across the border on occasion, maybe to fish, maybe to just do a little commerce. Then there is the other side of it, too, which I will get to, which is the impact this has upon our Canadian neighbors and what kind of enrollments, what kind of passport coverage and saturation they have, and the potential for economically impacting these communities negatively, because they do not have high levels, high concentration of passport saturation.

But first could we step back? Tell me a little bit about NEXUS and FAST and how they work, and how they apply to the average citizen.

Ms. DEZENSKI. Sure. There are actually three programs—the NEXUS program, which is utilized at the northern border; the SENTRI program, which is—essentially it is the applicable program for the southern border; and the FAST program, which is used at both northern and southern borders, but is primarily utilized for commercial traffic, so truck drivers. So that one is an option in terms of a registration-type program, but is really focused on the commercial traffic.

So the northern border, the NEXUS program is a program that requires a background check, an in-person meeting with customs officials. The submission of certain types of information. You go through an enrollment process, and it takes, I believe, about 4 or 5 weeks to obtain the card.

It is primarily focused on those who have frequent crossings, business travelers—

Senator COLEMAN. For commercial travelers, or—

Ms. DEZENSKI [continuing]. Business travelers. Anyone can apply for the card and, in fact, you do not have to be a U.S. citizen. You can be a foreign national and apply for the NEXUS card as well.

So it is heavily utilized at certain crossings that tend to be higher volume crossings. And, again, it was not a program that was intended to be a substitute for a passport. It was really a facilitation type of a program, which now has security applications and is, I think, the precursor to what we are going to be looking at for a broader registered traveler-type concept that could be used at multiple types of border crossings.

The SENTRI program, of course, is very similar to it, but, again, only applicable at the southern border.

Senator COLEMAN. And when you say border crossings, is this program then available at a limited number of border crossings at this stage?

Ms. DEZENSKI. There are a limited number of enrollment centers, so you would have to go to the nearest enrollment center to go through the interview process. And we do not have an enrollment center in Minnesota at this time.

We are looking at where we need to expand based on where these requirements will take us.

Senator COLEMAN. One of the comments made is the schedule for implementation. I think both you and Mr. Moss said at this point that is flexible. In my opening statement, I noted that I believe that this was the schedule that by the end of this year, a passport or other accepted document will be required for all air and sea travel to and from the Caribbean, Bermuda, Central and South America. And then on December 31, 2006, the new document requirement will apply for all air and sea travel to and from Mexico and Canada as well. And starting January 2008, a passport or other accepted document will be required for all air, sea, and land border crossings.

Am I correct that that schedule is not now a firm schedule?

Ms. DEZENSKI. Well, it is still under review with OMB and within our Departments. We have not actually issued that advance notice yet.

When we announced this initiative about 6 or so weeks ago, that was the proposal that we were looking at at the time. So we will finalize it and will be able to talk more about it once the advance notice goes out. But we are very well aware of the concerns that have come up about the potential implementation schedule.

Senator COLEMAN. I just want to be clear, though, because we do not have the notice out. As we sit here today on the 9th day of June, is it the Department's intention to require a passport for all air and sea travel to and from the Caribbean, Bermuda, Central and South America by the end of the year? As of today, is that still the intention?

Mr. MOSS. Mr. Chairman, what I would first note is that the real impact of this is on travel to and from the Caribbean and one country in Central America. The other countries basically require a passport to enter and we, therefore, expect the traveler to use it on the way back in.

We are taking, as Elaine said—Ms. Dezenski said, a very hard look at this issue of the schedule. There is the possibility of perhaps making this into a two-phase program as opposed to three phases.

We also recognize that, obviously, delay in the publication of the Advance Notice of Proposed Rulemaking does put into question the entire schedule that we had in that April announcement. So I would ask that you bear with us for another week or so while we finalize this within the executive branch.

Senator COLEMAN. But is it then clear that you will take into account the delay, that you will have a full period for people to respond, that those responses will be carefully and thoughtfully evaluated and will factor into any final decision?

Mr. MOSS. Absolutely. And the other point I would make is that the public announcement on April 5 has really already triggered some of the types of comments that would normally be received to an ANPRM process, and that is, of course, already affecting the

policy deliberations. But we will have a full public comment period under the—as we laid out in the original announcement.

Senator COLEMAN. Thank you.

Ms. Dezenski, you noted that you have been communicating regularly with stakeholders regarding this. What are they telling you?

Ms. DEZENSKI. It depends on the stakeholder group. I mean, we have certainly heard from the American Society of Travel Agents, who I know will join us for the next panel. And we have heard of concerns regarding the implementation schedule. We have also heard from stakeholders that, to a certain extent, some surprise that those requirements are not already in place.

Many people already carry their passports because they think it is a requirement. And, in fact, if you travel to the Caribbean on a cruise, the cruise lines often require you to have a passport. So it may not be a Federal requirement, but the cruise lines have implemented that.

So it depends on which part of the requirements we are addressing. And, of course, when we talk to folks who are primarily affected at the land border, there are concerns about what the alternatives might be for the routine types of crossings that we discussed earlier.

Senator COLEMAN. Certainly it is an essential part of the concern. The commercial piece is also important.

But getting back to land border crossings, you also in your testimony talked about the importance of quality secure documents. What do we have in place today? How would you evaluate the system today?

Ms. DEZENSKI. The system in terms of checking documents?

Senator COLEMAN. We have people going back and forth, a million a year by land border, by land crossings. I have got the figure here. We are talking millions of folks going back and forth. Is it your testimony that today we do not have in place a system of secure documentation checks?

Ms. DEZENSKI. We do—well, I think we are checking documents very regularly. I think the problem is that there is not always uniformity in type—in terms of the types of documents that are utilized.

For example, there are over 6,000 different types of birth certificates, and many different types of driver's license formats, so the ability for our border inspector to look at a birth certificate, for example, and determine whether that is a legitimate document and denotes U.S. citizenship can be very challenging, particularly when you want to move people across the border very quickly.

So what we are hoping we get to, is a bit more harmonization to not only help the passenger, but help our border inspectors make a determination more quickly.

Senator COLEMAN. I am trying to get an assessment from you of where we stand today, how bad the system is currently. I mean, we are talking about a very significant change here. We have millions of people crossing every day.

Thank God, we have been relatively safe. Folks have done a good job. But we are talking about the family of five, who is living up in International Falls or a little town right next door to it, or go further west to Hallock or Warroad. We are saying, "You are going

to need to get passports for you and your kids.” And I am trying to assess the level of danger today in the system that we have in order for me to get a better understanding of how much we have to change it.

Ms. DEZENSKI. Right. Well, I think we would agree with some of the results of the 9/11 Commission that there are vulnerabilities, particularly at the land border, where we do have folks who are exempted from certain types of documentation requirements, and that we do need to strengthen and close those vulnerabilities—strengthen the requirements and close those—

Senator COLEMAN. One—

Ms. DEZENSKI [continuing]. Loopholes.

Senator COLEMAN. One last question. You talked about biometrics. Is that kind of looking in the eye and seeing whether that works for you? Is there thought of using that more extensively?

Ms. DEZENSKI. Yes, there is. As you know, we have rolled out biometrics as part of the US-VISIT entry/exit program, and some of the programs that I have mentioned, NEXUS and SENTRI, also have biometric requirements. You have to give your fingerprints, for example, so we can run the appropriate background checks.

So we think there is lots of applications for biometrics along with certain types of chip technologies, use of radio frequency technology, for example, to make it easy to move through by flashing a card, for example.

But everything has to be tied into some type of process that ensures that you are clean beforehand. So we have a lot of work to do in that area, but I think you will see that in terms of the development of the exit system and entry system moving forward. And, of course, as we look at programs like the TWIC, the Transportation Worker Identity Card, although not applicable in this instance, it is the same concept, which is let us vet—let us make sure that people have access to places where they should have access.

Senator COLEMAN. All right. My wife is signed up with Northwest Airlines. They have a biometric program, and she thinks it is great.

Ms. DEZENSKI. Yes.

Senator COLEMAN. On the other hand, I would suspect that there would be a lot of Americans who would be very concerned about each of their kids being fingerprinted or the Government having on file a biometric pattern for every single person in this country. So there are some cultural and practical concerns.

It would seem to me that if we could find a driver’s license that worked that you could—you know, when I go fish, I keep my fishing license and my driver’s license in my pocket. I do not keep my passport.

And it would seem that this would be so much simpler if we could find some standard kind of identification that people are comfortable with that would not create a sense of greater intrusiveness and infringement upon some personal privacies, because I think you are going to get quite a reaction.

My last question is: Did anybody respond to the President when he raised his concerns?

Ms. DEZENSKI. Did we respond within the executive—

Senator COLEMAN. Yes. Did you write a letter back or tell him that we are rethinking this?

Ms. DEZENSKI. I am not aware of any correspondence, but I mean we certainly agree with the President that we have to be flexible in terms of how we move this forward.

Senator COLEMAN. I appreciate that. I am very pleased to have a very distinguished ranking member here, Senator Dodd.

Senator Dodd, I will turn it over to you, both for an opening statement and for any questions you may have.

**STATEMENT OF HON. CHRISTOPHER J. DODD, U.S. SENATOR  
FROM CONNECTICUT**

Senator DODD. Thanks, Mr. Chairman. My—is this on? Yes.

Senator COLEMAN. Yes.

Senator DODD. My apologies for being a few minutes late. I had the Woodstock Middle School from Connecticut down, all 800 of the 8th graders around the steps of the Capitol, so my colleague knows what that is like, so—I did not want to be late.

But let me thank you, Mr. Chairman, for doing this, having this hearing, and I thank our witnesses as well. This is always a tough section to deal with, the consular sections. I admire people who get involved in this subject matter. It is hard. And I am grateful to you for your dedication.

I am trying to think. I was recalling as we were looking at the map of Minnesota here. I guess a map of Connecticut really would not be terribly effective in this discussion, but—

Mr. MOSS. We happen to have one.

Senator DODD. I do not know how my colleagues in Massachusetts, New York, and Ohio are going to feel about this. There are some in my State who think they should have passports to come through, but I appreciate you bringing it up. [Laughter.]

I am thinking as I was listening to Norm talk about the issues of border towns in Minnesota, a year or 2 ago, 3 years ago, I gave the commencement address at the University of North Dakota in Grand Rapids, which is a separate story itself, how a guy from Connecticut ended up at the University of North Dakota giving a commencement address, but it was a great experience.

I was actually out there a day early, and I wanted to go to see Grand Forks, the town. And this was the town, you may recall, not many years ago that actually had this huge flood. And then in the midst of the flood, the town caught on fire, and so they could not even get to the buildings that were burning.

And I met with the mayor and they really did a great job of rebuilding that small community in North Dakota. But there was a meeting in the mayor's office that morning, and he asked me if I wanted to come and attend. And it was on this subject matter, ironically, the morning of the commencement address.

And in the meeting, was—I think he had most of the Federal agencies that would be affected—I think the immigration office, the customs offices, and so forth, as well as FBI and other people were all there to talk about what needed to be done.

And there was one wonderful vignette that occurred, that I may have already shared this story with the chairman of the committee. One gentleman got up—and Grand Forks, for those who are not fa-

miliar with where it is, is not that far from the Canadian border. I do not know how far, but it is relatively close, certainly within a commuting distance for people who work back and forth.

And I forget how many roads there are between Canada and North Dakota, but not many actually that cross the border. And apparently up until then, at least, border control consisted in some areas of putting down two snow cones at 9 p.m. at night and then picking them back up again at 9 a.m. in the morning, and that was pretty much what the border controls were.

And one gentleman got up in the room and he had a business in North Dakota that employed a lot of people from Canada. And he pointed out that his business opened at 8 a.m. in North Dakota and that he had quite a few people who crossed the border to come to work.

He said, "Now, the border does not open until 9 a.m., but no one has ever been late for work," the point being this is a rather porous border at that time going back and forth.

Anyway, again, I thank the chairman for doing this, and obviously this issue goes—is an interest, obviously, to all Americans because it speaks very directly to our national security issues, economic issues, and public diplomacy concerns, which are not an insignificant factor at all, in our view. So I thank you for doing this.

As all of us know, and this may be repetitive, the chairman may have made these points, but let me repeat them. Last December, of course, the Intelligence Reform and Terrorism Act of 2004 was signed into law. The legislation included a provision which required the Secretary of Homeland Security, in consultation with the Secretary of State, to develop a plan, which is what we are there to talk about, that would enable us to verify the identity and citizenship of all travelers entering the United States.

This coordination led to the establishment of the Western Hemisphere Travel Initiative. According to the Department of Homeland Security, this initiative will—and I am quoting—"require all travelers to and from the Americas, Caribbean, and Bermuda to have a passport or other accepted document that establishes the bearer's identity and nationality to enter or reenter the United States." It will also primarily affect two groups of people, U.S. citizens who do not currently have valid passports and foreign nationals who currently are not required to present a passport to travel to the United States, mainly Canadian and Mexican citizens.

In April 2005, DHS announced its plan to implement this initiative. Three deadlines—the chairman just recently discussed this—have been promulgated. The beginning of December 31, it was supposed to take effect for all travel to and from the Caribbean, Central America, and South America. On December 31, 2006, it will take effect for all air and sea travel to and from Mexico and Canada; December 31, 2007, apply to all air, sea, and land border crossings.

And you have indicated that you want a little time before the—some adjusting of those dates. Is that what I heard you say?

Mr. MOSS. We are certainly looking at the three dates in view of the same delays and in view of some of the reactions from the public and other governments, especially to the first deadline, but

clearly we still have to have this program in effect by December 31, 2007. That is, of course, written into law.

Senator DODD. Well, without a doubt, last year's Intelligence Reform Legislation was an important milestone in beginning to implement the recommendations of the 9/11 Commission. That legislation rightly addressed the issues of cross-border travel and border security and, indeed, the tragic events of September 11 made it all too clear that these systems were broken and in need of major reform.

And it is essential that we act, in my view, responsibly to tighten our borders to protect America and its citizens.

I think it is also very critical that when we address these issues, we seek to strike a balance—and this is where I would like to make some emphasis, if I could—to strike the balance between national security interests on the one hand and our Nation's economy, its vitality obviously, and public diplomacy on the other.

After all, for years, the United States has been a beacon for foreign tourists. This tourism has helped to drive our economy even in the worst of times. It has also left an impression with tourists of what America is all about, what our country means, and who we are as a people.

And this person-to-person interaction, I think, has helped tremendously over the years to spread what America's values are and its ideals in a way that I do not think ever gets achieved through other means in many ways. And I say that with all due respect to other efforts.

But we should not underestimate the value of what one average American—what the impression of one average American makes—can make on a first-time visitor to this country or a repeat visitor, for that matter.

First, I would like to touch on just the economic issues, if I can. Although there have been modest increases in the number of international arrivals in the United States, over the past 2 years the number of such arrivals has declined overall since 2000. These applications are also down, as are the number of visas issued.

As fewer and fewer people visit our great country, I think our economy is going to be hurt by that. This does not only affect service industries and restaurants—such as restaurants, shops, and hotels, it also affects those who supply these industries. So what we could see is a ripple effect in our economy.

Second, I think we must not overlook the public diplomacy issues, which are at stake here as well, and we should not underestimate them. Namely, when foreign citizens, I mentioned a minute ago, visit the United States, they have an opportunity to see our land firsthand and to meet our people, average people, firsthand. They interact with Americans and they get a chance to experience the freedom and democracy, which rightly make us proud as citizens of this great country.

In essence, this person-to-person contact allows American citizens here to become ambassadors of American ideals, without ever having to leave their communities.

And equally as important, it also turns those who visit our Nation into our unofficial ambassadors when they return to their

countries. The importance of this dual effect should never be taken for granted, and I hope it never will be.

Last, there is another impact that we often do not take into account, and that is the possibility of reciprocal restrictions imposed by foreign nations on U.S. travelers. After all, as we—when we tighten our restrictions here, other countries may do the same, so we must ensure that any reforms we implement would be equally palatable if they are imposed on Americans traveling abroad. Otherwise, we could risk complicating the process for many thousands of our citizens who travel on personal and business reasons. And complications arising from such a situation could have a further negative effect on our economy here at home.

None of this, of course, should take away from the legitimate and vital need to protect our national security and our borders, which is why the Western Hemisphere Travel Initiative is the topic of our hearing here today.

But it certainly is my hope that as we move forward with this program, that we will always seek to strike that balance, that reasonable intelligent balance that protects our security and keeps us open as a welcoming place, as we have been for so many decades.

And I am also struck, Mr. Chairman, by the fact that in so many instances, of course, we fail to appreciate how intelligent and—unfortunately, how intelligent these—some of these terrorists can be, and the idea that they are going to follow a normal pattern of behavior to come into our country is—I think can be terribly naive with their determination to get here.

And so we need to make sure that we do not give these terrorist organizations far greater victories than they have already achieved in many ways.

I want to say terrorism—terrorists are less concerned about the damage that they do with a specific attack. The real rationale is the effect of the attack. What do we do as a result of what they have done?

And, in a sense, you are watching a lot of these things and I am worried in some ways that we try to fix everything, and we become so restrictive that we lose the essence of who we are and what we stand for as a people.

So, just a couple of quick questions for you, and the chairman sort of touched on them a bit here. And I will try to be fast on these, as well—we have got another panel to come—but I am just curious as to whether or not any assessments have been made as you are looking at this. And if you have not, yourself, are others doing this on things like NAFTA?

I was a supporter of NAFTA. I believe it was very important for us. And are we looking here—are we seeing any effects of this? And, if so, we ought to—that ought to be part of the discussion, it seems to me, as we go forward.

I hope to be a supporter of CAFTA. We are having discussions about that and hopefully—and this is not a—this is going to be a tough battle in any circumstances—and the implications could be very important, if we do not get this right.

But I do not need to tell you how important it is going to be if that is to work, that there be a free flow here, back and forth. If there is not, then we can end up passing a trade agreement that

has less of the positive impact than we would like to have because of actions we are taking that may appear unrelated to some, but it will be very directly affected.

I am curious about the tourism issue, and I mentioned here, but I wonder if you are seeing any reaction to this at all?

The public diplomacy—again, I mentioned the visa applications, and the numbers are declining. We have raised issues—I know we did with Condoleezza Rice. I think we all raised the questions when she was here, in this very room at her confirmation hearing, the concerns we have about the number of students who are coming here and how—what a benefit this has been to us over the years to have these students who come to the United States to get undergraduate degrees or graduate degrees. And we are watching a decline, not so much in the graduate degree area, but the undergraduate degree area.

And I know there are steps being made to try and deal with that, but I have run into it several times in other countries where I have been. It has been raised by foreign nationals there about what has happened, several cases of their own students deciding to go to Europe, deciding to go to India, going to China to study, because it was far easier for them to go there to get an advanced degree than come here.

I hope I do not have to preach to anyone about the value that has been to us, particularly since the post-World War II period, of the literally hundreds of thousands of people. In fact, I was struck when President Bush was in Georgia recently and, of course, welcomed ceremoniously by this wonderful new president, who by the way got a degree at Columbia University.

You run into this all the time around the world. I certainly have.

My brother taught at Georgetown for 27 years in the foreign service school. And I cannot go to a country in Latin America—literally cannot go to one where I do not run into some minister or some businessperson that had my brother as a professor over the last 27 years that was at Georgetown University.

I hope in our effort to get better on the national security issues we are not going to watch that kind of flow be damaged. So I would be interested in your observations you are making about that.

And the reciprocal question—ironically, this morning I was out getting a haircut, and the fellow who is the barber has a daughter who is at Georgetown, who is going to Chile to do—she is at Georgetown, a junior at Georgetown. She is going to do a semester in Santiago, Chile. He was describing to me the amount of work that is being required of her by the Chilean Embassy for her to go down as a student.

And without thinking necessarily about the hearing this afternoon, I was curious as to whether or not we are watching the Chilean Government all of a sudden ratcheting up the kinds of requirements that they are imposing upon kids going down to study in response to what we may be asking of them.

If that is a fact, then so be it, if that is what we have to go through. But I am curious as to whether or not you are seeing any trend lines here on reciprocal behavior. So there is a series of questions there, some of which go beyond your direct portfolio, but obviously you are going to be—you are important witnesses to us.

And, again, I thank you for what you do. I have a deep appreciation for people in the consular section. It can be a thankless job and really do—you do tremendous work.

I have been in offices all across the world and to sit in there and watch what—the lines that form around our consular offices everywhere in the world, people seeking to come here for one reason or another, and the job, day in and day out, to be there, to process that and make determinations, I wish more Americans could watch people do it, the respect they should have for people who do this job, in my view, is just—I—and the respect I have is tremendous. So I thank you on behalf—if you could mention to your staff and others how much this Senator appreciates the work your people do.

Mr. MOSS, Senator, thank you very much for your kind words about my colleagues in the consular services around the world and I also take that as applying to my colleagues and my staff who process and get passports here in the United States.

If I could try and touch on the issues you just raised, first of all, an important element in our rulemaking process will be the fact that we are required to do an economic analysis of the Western Hemisphere Travel Initiative. We have split lead responsibilities on different aspects of that. That actually rests with staff of the Department of Homeland Security, but they will be looking very closely at the economic analysis, the NAFTA issues, the tourism issues, things of this nature.

In terms of the tourism issue, one thing that I can tell you for sure is that several of the Caribbean countries have expressed reservations over the current timing cycle that we have. They are concerned that this may, in fact, disadvantage tourism to the Caribbean versus going to Mexico for the coming 2005/2006 tourism season. That is one of the reasons why we are also taking a second look at the ANPRM.

In terms of the public diplomacy, the number of students, obviously this is not a Western Hemisphere issue, because clearly the Western Hemisphere program largely affects the travel of American citizens, but it is certainly an issue that we are well aware of your views on, as well as that of the chairman.

I think we are doing a much better job on this issue. For example, during the summer period when students are trying to get their student visas, we have expedited appointment systems for them and things like this.

We certainly recognize, as you have so eloquently stated, the value of an American education, literally the one-to-one relationships, as you put it, for the American ambassador in the small town in the United States or the university professor. I think we are doing a very good job at that. Can we do better? Obviously, we are always looking for opportunities to improve.

You are right about a decline in visa applications since 2001. I think that decline has largely leveled off, but certainly it has not begun to recover to the levels we saw then. However, those levels may have been slightly inflated by some work we were doing in Mexico in the 1999–2001 period. But the reality is still, we are processing fewer visas than we were a few years ago.

In terms of reciprocity, I think there has been a general tightening of visa requirements around the world. You are talking about

the daughter of your barber and the steps she has to take to get a visa to be a student in Chile. I really think the governments around the world do want to have a better understanding of who is in their country and who is leaving their country, in much the same way as we are trying to do through our US-VISIT program.

In terms of issues like the collection of biometrics, we are certainly seeing biometrics becoming a more widespread phenomenon in the visa world. The European Union is moving in that direction. At least one other country I can think of, after we imposed our fingerprint requirement a year and a half ago, did impose a requirement on American citizens. That has been more the exception than the rule, but it has happened.

But certainly it is something that we recognize. But, of course, sovereign governments are making their own decisions right now on who they wish to admit and what types of screening they may subject people to before they come, just as happens, quite honestly, not just with students but with casual visitors as well.

Senator DODD. Yes.

Mr. MOSS. I hope that helps to answer some of your questions.

Senator DODD. It does. It does.

Mr. MOSS. Thank you.

Senator DODD. And I appreciate that. And you will keep us posted, because I think this is going to be a story that is going to develop and I would be very interested in how it is working and maybe keeping the subcommittee and the full committee up to speed on a regular basis on what these numbers are looking like, because the trend lines, I think, will be important for us to watch.

Mr. MOSS. I certainly appreciate that offer. I know my colleagues from our public affairs and congressional relations office talk all the time to your staff, but we will make certain that they routinely see data on visa applications, and we can also share with them the data on passport applications, where, of course, the numbers are trending very much in a different direction up, upwards.

Senator DODD. Let me ask a naive question. I apologize for this, and I will wrap this up here.

Are we rotating—I mean I use the old cone system. You know, you are in the consular section and obviously you have people who make careers of it, but are we trying to move people in and out, as well? Because I know it can—this is very trying work and—

Mr. MOSS. You are absolutely right, it is very trying work. And it is certainly work virtually all officers do within their first couple of tours.

And then people begin to specialize in it and do it for the rest of their career. It is certainly considered a core responsibility of the State Department, and it is something in which we want all of our officers to have expertise, not just in a classroom setting, but actual hands-on practice. So we really view our ability to take our entry-level officers and have them experience consular work as a real benefit, not just for the provision of the service, but really to help them with their language skills and help them understand the country to which they are assigned.

Senator DODD. Yes. I just—you know, one thing and, again, I turn to our offices, our district offices where, at least in my case, all of the case work is done. I do not know whether Norm does the

same thing or not, but it is tough work to be a caseworker day in and day out on veterans issues or Social Security, problems coming in.

The effort we can make, and I want to say this carefully, because I do not want it to appear as though I am negating what I said earlier in commending, but the ability to be good diplomats, too, with those people coming in, the sense of fear that someone could have as a foreigner walking into that consular office and hoping and praying that they can get that visa to visit a family member or something else, and how they are received and how they are welcomed, even when, obviously, there are suspicions and so forth, they decide to turn people down, and I—for many people that is the only contact they will ever have with us.

And I do not know to what extent we really work at training people on that aspect of this, but I suspect you know what I am driving at here.

Mr. MOSS. Absolutely. I think I can probably speak of it a little bit more directly from the passport side, but you certainly go through the same process. You are coming into a government office. You have just been through a security screening process. Both on the visa side and the passport side, and, of course, on our citizen services side, we pride ourselves on delivering services using the best principles of customer service.

On the passport side, we are very proud of the fact that in the recent University of Michigan surveys that are done on customer service throughout the United States, we actually scored considerably above the standard for American corporate customer service.

The obvious issue for the visa process is, of course, that sometimes you have to say “no” to the applicant. What we try and explain to our officers, and we think we are very successful at that, is there is a way to tell someone “no” in a polite fashion so that they understand why. And they may not go away happy, but they, at least, go away believing you made a considered judgment in their case.

Senator DODD. Now, what are all these dots on the map in Connecticut for? What does that mean?

Mr. MOSS. I am sorry.

Senator DODD. Passport acceptance facilities.

Mr. MOSS. Those are some 220 different facilities around the state of Connecticut. They are post offices, clerks of court, other facilities, where someone can begin the passport application process.

Senator DODD. Oh, okay.

Mr. MOSS. This was in terms of the fact that we do—we may only have passport agencies in 16 cities—of course, one of which is in your State—but we do try and make the process as transparent and as simple as possible by having literally thousands of acceptances.

Senator DODD. I thought—as you go down to Stamford, Connecticut, you know, I was looking at one of these dots in my own hometown. I thought, how did I miss this?

Mr. MOSS. Well, excuse me. In fact, the agency is actually now in Norwalk, but in obviously the same, very much—

Senator DODD. Okay.

Mr. MOSS [continuing]. The same general area.

The point is here, though, for your constituents they do not have to go to Norwalk to get a passport. They can go into their local post office.

Senator DODD. Yes.

Mr. MOSS. And I will put in another plug for our Web site. If you go to [travel.state.gov](http://travel.state.gov), you can find this not just for Connecticut and Minnesota, but for every State in the United States, including directions, their operating hours, things of this nature.

Senator DODD. Thank you very, very much.

Mr. Chairman, I thank you for letting me take so much time.

Senator COLEMAN. Thank you, Senator Dodd. I would note that you have much more extensive coverage in Connecticut than we do in Minnesota.

Senator DODD. Yes. I do not think that was really smart to have Minnesota having fewer dots up there than Connecticut. I was not going to mention that, Mr. Chairman, but—

[Laughter.]

Mr. MOSS. Mr. Chairman, we are always looking for additional opportunities and additional post offices and clerks of court. We would be happy to work with you and your staff to identify more.

Senator COLEMAN. I think the key is—and I will just end on this, the challenge, particularly being a border State, and if you look at the map of Minnesota, you can see in the border areas, there is not the coverage, and those are the ones most affected. And so I really think you have to look at that.

There are four points I am going to make that I really want you to consider. When we look at other documentation, I think we need to expand the type of documents. And the fact is that SENTRI and NEXUS, really at this point, are not beneficial in terms of ease of getting them and applicability to some of these vast numbers, at least at the daily border crossings that people make in a State like Minnesota. And I would suspect if Chairman Collins were here, she would have the same perspective.

Second, and it ties into this, just making it easy as possible to get these documents. Particularly in those places where people's lives are going to be impacted on a regular basis. We have to reflect on that.

Third, the timing. You have already reflected some sensitivity to that, and this committee appreciates that. But the more time to plan, the less disruptive the implementation. And there needs to be ample time after the notice of rulemaking is out so folks can respond, and so those responses are taken into consideration.

Last, and not least, get the word out. You have got to let people know what we are looking at. Whatever we do, there are going to be significant changes. The system is different. When you have only 20 percent of the population with passports, you are talking about a massive change in human behavior, in American behavior, and I, like Senator Dodd, I worry about the impact. I worry about whether we have studied it. And once it happens, it happens. And the sensitivity, particularly in border areas, Senator Dodd, is that these are places that right now they are scraping to get by.

Senator DODD. Yes.

Senator COLEMAN. They do not have the masses of population. They do not have the masses of economy diversity and opportunity,

so you hit them in the gut on a travel piece, on a small, little thing, on what may be a little economic development to somebody in Stanford or Bridgeport or New Haven or Minneapolis, St. Paul—

Senator DODD. Yes.

Senator COLEMAN [continuing]. It may be a little thing to them, but it is what they've got. And so I think we have got to be very careful and carefully understand the impact.

Senator DODD. Yes.

Senator COLEMAN. So I thank both the witnesses. I thank you for the work that you do, and I look forward to continue working with you.

Mr. MOSS. Thank you very much.

Ms. DEZENSKI. Thank you, Mr. Chairman.

Senator COLEMAN. Thank you.

Our second panel will shed some light on how the Western Hemisphere Travel Initiative will impact the travel industry and how it fits into the overall picture of North American border security.

First, we will hear from Mr. Paul Ruden, Senior Vice President for Legal and Industry Affairs for the American Society of Travel Agents, ASTA, the world's largest association of travel professionals, including travel agents and the companies whose products they sell, ranging from tours to cruises to hotels and so on.

Mr. Ruden has been with ASTA since 1990, in this capacity and as acting chief operating officer. Prior to joining ASTA in 1990, Mr. Ruden was in private law practice in Washington, DC, for 19 years.

Mr. Ruden worked as a trial attorney at the Civil Aeronautics Board from 1967 to 1969.

Our final witness will help us put this issue into the broader context. Dr. Robert Pastor is vice president of international affairs and professor of international relations at American University, where he established and directs the Center for North American Studies, a public policy research and educational center.

Previous to his position at American University, Dr. Pastor was a professor of political science at Emory University and founding director of the Carter Center's Latin American and Caribbean program and the Democracy Project. He was director of Latin American and Caribbean affairs at the National Security Council from 1977 to 1981.

Dr. Pastor was also vice chair of the Council on Foreign Relations Task Force on the Future of North America.

Before we begin, I would like to enter three statements into the record, a statement from the United States Chamber of Commerce, a statement from Mark Travel Corporation, and a letter from the Travel Industry Association. And they will be entered without objection.

[The information follows:]

CHAMBER OF COMMERCE OF THE  
UNITED STATES OF AMERICA,  
*Washington, DC, June 8, 2005.*

Hon. NORM COLEMAN,  
*Chairman, Western Hemisphere, Peace Corps and Narcotics Affairs Subcommittee,  
Senate Committee on Foreign Relations, Washington, DC.*

Hon. CHRISTOPHER DODD,  
*Ranking Member, Western Hemisphere, Peace Corps and Narcotics Affairs Subcommittee,  
Senate Committee on Foreign Relations, Washington, DC.*

DEAR CHAIRMAN COLEMAN AND RANKING MEMBER DODD: On behalf of the U.S. Chamber of Commerce, I would like to thank you for holding a hearing this week on "Safety and Convenience in Cross-Border Travel: An Analysis of the Western Hemisphere Travel Initiative." The U.S. Chamber of Commerce is the world's largest business federation, representing more than 3 million businesses of every size, sector, and region. Thus, proper implementation of the Western Hemisphere Travel Initiative (WHTI) is of tremendous importance to us and we welcome the opportunity to submit these written comments in anticipation of the Advance Notice of Proposed Rulemaking expected to come out later this month. I would also like to take the liberty of requesting that this letter be included in the hearing record.

Our main concern with the WHTI is with the implementation of the land border-crossing requirements to be phased in by 2008. It is impossible to quantify, with any precision, the commercial impact of the new document requirements under the WHTI because we still do not know what the new document requirements will be. However, it can be reasonably estimated that if the document requirements are too strict, the impact on the American economy will be severe. Clearly, if documentation such as SENTRI, NEXUS, FAST, and BCC program cards are acceptable substitutes for a passport, the impact will be lessened.

The main debate, however, revolves around the acceptance of driver licenses together with birth certificates as a proper substitute to a passport in land border crossings. It is the chamber's position that if licenses and birth certificates comply with certain requirements—especially given the new requirements found in the REAL ID Act—they should also be authorized as appropriate substitutes to a passport. Section 7209 of the Intelligence Reform and Terrorism Prevention Act of 2004, the legal basis for the new regulations, clearly states that a passport substitute should be another document "or combination of documents" that are "sufficient to denote identity and citizenship."

This language would clearly allow for acceptance of a driver's license with a birth certificate—the best known combination of documents that denote identity and citizenship. We understand that training costs for border personnel may be less under a restrictive program authorizing a very limited range of documents; however, the possible commercial costs of a restrictive program must also be weighed.

For example, Canadian visitation to the United States alone is far greater than from any other foreign nation. There were 34.5 million visits by Canadians to the United States in 2003, which had a \$10.9 billion impact on our national economy. At the same time, fewer than 40 percent of Canadians hold passports and even a smaller percentage of children hold passports.<sup>1</sup> Thus, communities that cater to family vacationers face the prospect of losing a substantial number of the market audience. Further, many older Canadians own, rent, or lease residences in the United States for extended periods of time. While it is possible they would go through the process of obtaining a passport, visits by vacationing younger relatives would very likely be diminished.

The Buffalo Niagara Partnership, the Detroit Regional Chamber, and the Bellingham/Whatcom Chamber, which together represent employers in three border States that conduct over \$60 billion in annual bilateral trade with Canada, are an integral part of the local efforts by chambers of commerce, from San Francisco to Baltimore, in seeking the continuation of driver licenses with birth certificates as substitutes to passports. As these groups pointed out, last week in a letter to other chambers, a restrictive program would have an impact well beyond border communities.

Unfortunately, the Departments of Homeland Security and State have been dismissive of authorizing acceptance of a combination of a driver license and a birth certificate as a passport substitute. They acknowledge that a birth certificate and a driver license are sufficient to establish nationality and identity for the purpose of obtaining a passport. However, they argue that the difficulty of training border

<sup>1</sup> Data obtained from the Canadian Consulate in Buffalo, NY, by the Buffalo Niagara Partnership.

officers to determine the validity of these documents makes impossible to allow them to be acceptable substitutes to passports. This determination seems to have been made without a discussion with the States/provinces, business interests, and other affected parties, on possible fixes to their concerns.

In fact, new laws, such as the REAL ID Act, are undermining the Departments' position, given that driver licenses and birth certificates are becoming increasingly more secure. States have already been moving toward making these documents machine readable, coded with biometric identifiers, and other security and tamper resistant features. We are not advocating for the acceptance of "baptismal records, certificates of naturalization, [and] certificates of identity,"<sup>2</sup> which the Departments seem to be concerned about. We also understand that there are multiple State/provincial driver licenses and birth certificates. However, we believe the solution is in having reasonable prerequisites for the acceptance of driver licenses with birth certificates rather than to eliminate outright their acceptance, especially since they do, by the Departments own admission, serve to prove both identity and citizenship.

It is imperative that the Departments of Homeland Security and State reach out to all sectors affected by any change at the border and work with them to find solutions that facilitate trade and travel without jeopardizing national security. In the past private/public partnerships, such as the Data Management Improvement Act (DMIA) Task Force, which the chamber served on, have been instrumental in reaching consensus on difficult border issues. Solutions will require flexibility and may well require different identification systems for different types of visitors. Taking reliable documents "off-the-table" without substantial and formalized discussions with affected businesses would lead to a program that unduly penalizes American business and the American economy.

We appreciate the opportunity to provide these comments on the topic covered at the hearing, and the U.S. Chamber looks forward to continuing our relationship with the subcommittee and the Departments of Homeland Security and State to address these issues.

Sincerely,

RANDEL K. JOHNSON,  
*Vice President, Labor,  
 Immigration and Employee Benefits.*

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WILEY REIN & FIELDING LIP,  
*Washington, DC, June 7, 2005.*

Hon. NORM COLEMAN,  
*U.S. Senate, Hart Senate Office Building,  
 Washington, DC.*

DEAR SENATOR COLEMAN: On behalf of Tammy Lee, Vice President, Corporate Affairs of the Mark Travel Corporation, I ask that the enclosed testimony be placed in the record for the June 9 Committee on Foreign Relations hearing on "Safety and Convenience of Cross-Border Travel."

This is an extremely important issue to Mark Travel, one of the largest tour operators in North America, and its customers. There is significant concern about the ability of government agencies to process all passports from cross-border operations that would be needed under recent changes enacted by the Department of State.

Considering the importance of travel and tourism to the economic health of this country, it is important that actions not be taken that will discourage people from traveling.

Please let me know if you have any questions.

Sincerely,

EDWARD P. FABERMAN.

Enclosure.

PREPARED STATEMENT BY TAMMY L. LEE, VICE PRESIDENT, CORPORATE AFFAIRS, THE  
 MARK TRAVEL CORPORATION

Chairman Coleman, Senator Dodd, and distinguished members of this committee, on behalf of the more than 1 million passengers our company carries to Mexico and the Caribbean, I respectfully ask you to consider a short delay of the new require-

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<sup>2</sup> Answer by U.S. Customs & Border Protection to "Frequently Asked Questions," also available at [www.customs.gov/xp/cgov/travel/vacation/kbyg/west\\_hem\\_faqs/dhs\\_faqs.xml](http://www.customs.gov/xp/cgov/travel/vacation/kbyg/west_hem_faqs/dhs_faqs.xml).

ments for cross-border travel recently proposed by the State Department and Department of Homeland Security.

While we support the stricter border security proposals and agree with the need to protect the Nation's borders, we believe the proposed timeline will negatively impact the travel and tourism industry at a time when the industry is still somewhat stagnant—but showing positive signs of future growth and expansion.

Moreover, the new requirements will create unanticipated added costs for travelers who have already booked their vacations; and will place an extraordinary burden on the Department of State's ability to process all of the new applications in such an abbreviated timeframe.

In short, we all need more time to plan appropriately for the new requirements and execute the plan. The end of this year simply isn't enough time for the industry, the government, or consumers.

Here is why we are so concerned about this.

The Mark Travel Corporation is one of the largest tour operators and vacation packagers in North America.

We carry about 2.6 million passengers each year, and operate 16 vacation companies including: United Vacations, US Airways Vacations, Southwest Vacations, Midwest Airlines Vacations, ATA Vacations, Funjet Vacations, Funway Holidays, Mountain Vacations, Vacations by Adventure Tours, TransGlobal Vacations, MGM Mirage Vacations, Blue Sky Tours, Mark International, Conquest Vacations, Las Vegas and More, and Showtime Tours.

Of these 2.6 million passengers, annually, we carry about 1 million passengers to Mexico and approximately 130,000 passengers to the Caribbean.

We estimate that only 20–30 percent of our passengers currently have passports.

#### *Challenges to meeting the proposed timeline*

The new regulations would require all travelers entering or reentering the United States from Bermuda and nations of the Caribbean, Central and South America to show passports starting December 31 of this year. In addition, it would require passports for all travelers entering the United States by air and sea from Mexico and Canada by December 31, 2006, and extend the same requirements for all cross-border travel beginning December 31, 2007.

This proposal will immediately affect our company's 130,000 passengers to the Caribbean. It also immediately impacts other tour operators and vacation packagers as well as the hundreds of thousands of cruise ship passengers who currently sail without passports. The following year, our 1 million passengers to Mexico would be similarly impacted.

#### *Implementation must be fair and equal for all sectors of the industry*

Regardless of whether you are a tour operator, cruiseline, or other vacation retailer—we all face the same negative and cumbersome challenges in complying with this timeline.

We have heard from several sources that the cruiselines may be asking for an exemption from this policy and extension of the deadlines.

If such an extension is granted for one travel industry sector, it must be granted for all.

We all compete for the same customers and giving one group of travelers an exemption would be anticompetitive and unfair.

By giving an exemption or extension to one industry sector, such as the cruiselines, the Government would create an unlevel playing field and drive customers (particularly cost-conscious travelers) to choose the vacation option that doesn't require the passport expense or hassle.

#### *More time equals better implementation*

With all of these complexities and considerations, we all need more time to sort through the impacts and put together a well thought out plan for compliance.

Otherwise, implementing the new requirements according to the current timeline could quickly become a customer relations quagmire and open Pandora's Box for passport processing.

But most importantly, imagine the problems that this timeline would create for a large family or group planning an end-of-year vacation.

Therefore, we strongly urge you to delay implementation of these requirements.

#### *Justification for an extension*

Complying with the new requirements is extremely problematic given that:

- The State Department issues about 8.8 million passports each year and currently has the capacity to issue 10 million.

- The requirement could result in the need to issue approximately 17 million new passports each year.
- To meet this new demand, the State Department has said it may open new regional passport offices in Denver, Atlanta, and other cities. However, new offices are not yet open and operational.
- The State Department has not completed the recruitment and hiring process for the hundreds of new workers needed to comply with nearly twice the number of anticipated new passport applications.
- The Department of State (DOS) and Department of Homeland Security (DHS) still have not issued a formal Advance Notice of Proposed Rulemaking on the new passport requirements—which they were expected to do in mid-May.

To properly implement the new requirements the government, travel industry, and traveling public all need more sufficient notice.

#### *Recommendations*

With these factors to consider, we recommend the following:

- Direct DOS and DHS to immediately initiate the formal rulemaking process to get additional comments from travel and tourism on impacts.
- Delay the passport requirements for the Caribbean 1 year to December 31, 2006.
- Delay new passport requirements for reentry by air or sea from Mexico an additional 6 months to June 1, 2007.
- Request from the Appropriations Committee an allocation for a public awareness campaign on new passport requirements to be executed at the airports (at the ticket counters, screening areas, and customs inspection areas) and signage and marketing materials at all border-crossing check points.

#### *Benefits of extending the implementation*

Delaying the implementation timeline gives the United States travel and tourism industry the time to work with our marketing counterparts in the Caribbean and Mexico (the Caribbean Tourism Organization, Mexican Government, and convention and visitors associations) and create joint promotional campaigns to continue to stimulate United States vacation traffic to this region.

We would also have more time to work with our suppliers in these regions to offer marketing incentives to help defray the costs of the passports. Large resort companies, such as SuperClubs, are already starting to do this, but more time is needed for a more coordinated effort.

We would also have adequate time to upgrade our technology systems to be able to collect passport information and also alert customers who book vacations to Mexico, the Caribbean, or Canada, about the new passport requirements prior to them booking their vacations and applying payment.

Failing to alert customers of the new passport requirements in a proactive manner will certainly result in great customer dissatisfaction, higher cancellation rates, and more losses for our industry.

#### *Conclusion: Support . . . but delay*

In conclusion, we join the administration in support of the new recommendations to enhance border security, but ask that the proposals be implemented on a more reasonable timeline.

Doing so allows the State Department to hire additional workers for passport processing and train new and existing border-crossing and customs officials as well as allows us the necessary time to put into place a customer-friendly program to continue to encourage cross-border travel, without suffering additional staggering losses to our business.

Thank you, sincerely, for your consideration of our request. If we can be of assistance in the implementation of this new requirement, or other reasonable measures to improve border security, we would be happy to do so.

TRAVEL INDUSTRY ASSOCIATION OF AMERICA,  
*Washington, DC, June 9, 2005.*

Hon. NORM COLEMAN,  
*Chairman, Western Hemisphere, Peace Corps and Narcotics Affairs Subcommittee,  
 Committee on Foreign Relations, U.S. Senate, Washington, DC.*

Hon. CHRISTOPHER J. DODD,  
*Ranking Member, Western Hemisphere, Peace Corps and Narcotics Affairs Sub-  
 committee, Committee on Foreign Relations, U.S. Senate, Washington, DC.*

DEAR CHAIRMAN COLEMAN AND RANKING MEMBER DODD: I am writing to you on behalf of the Travel Industry Association of America's more than 2,000 member organizations both to thank you for holding this hearing on the Western Hemisphere Travel Initiative (WHTI) and to express our industry's concern regarding its potential impact on travel and tourism.

The Travel Industry Association of America (TIA) has a long history of working with Congress and the executive branch on issues impacting international travel to the United States. TIA's mission is to promote and facilitate increased travel to and within the United States. Long before the events of 9/11, TIA worked hard to promote international travel to the United States while supporting Federal efforts to enhance U.S. border security. Today we believe more than ever that this Nation can foster increased international travel and trade while at the same time incorporate new procedures designed to enhance U.S. homeland security.

Programs such as US-VISIT (United States Visitor and Immigrant Status Indicator Technology) and the incorporation of both machine-readable passports and biometric passports are all supported by TIA and the U.S. travel industry. In most cases, the only question is whether or not the timing of such new programs and requirements can occur in a manner that does not significantly disrupt inbound international travel.

In the case of the WHTI, TIA and its member organizations strongly support the move toward the use of passports or similar secure documents that permit preregistered travelers to cross the U.S. border with Canada or Mexico. We agree that U.S. security will be enhanced with this move toward the wider use of passports for entry into the United States by U.S. citizens and citizens of Western Hemisphere countries.

As in the past, our major concern lies in the timing of such a new requirement. The only mandate by Congress was to commence the use of passports or similar secure documents no later than January 1, 2008. The three-step phase-in of this requirement has been preliminarily proposed by the Departments of State and Homeland Security, and will reportedly be in a proposed rulemaking that has yet to be released.

We understand the Federal Government's desire to phase in the WHTI in order to ease the administrative burden of implementing it in its entirety on December 31, 2007, but in doing so the Federal Government will be creating unnecessary hardships on travelers and the U.S. travel industry that could potentially lead to billions of dollars in lost visitor revenue. Easing the Federal Government's administrative burden by shifting the onus to domestic and international visitors and the travel industry does not advance our Nation's economic, foreign policy, or homeland security interests.

TIA's members have raised several concerns with the WHTI, including the impact on the following travel sectors:

- Cruise travel, since the majority of cruise visitors departing the United States and traveling the Caribbean or up to Alaska via a Canadian port do not currently carry U.S. passports;
- Student and youth travel, both for American students traveling into Canada, Mexico, and other areas, and for students entering the United States from Canada and other countries; and
- Cross-border bus tours between the United States and Canada and Mexico, and whether or not these visitors would be negatively impacted by the cost of obtaining a U.S. passport.

TIA is currently working with more than 30 travel and tourism associations that all participate in the Travel and Tourism Coalition to develop an official, industry-wide position paper on the Western Hemisphere Travel Initiative, which will be submitted in response to the anticipated proposed rulemaking.

We appreciate the opportunity to express our support for the concept of moving to passports or other secure documents in order to enhance our Nation's homeland security, while at the same time expressing our concern regarding the timing of such a program and its likely negative impact on the U.S. travel industry.

We thank you in advance for entering this letter into the official hearing record in conjunction with your subcommittee's hearing on June 9, 2005.

Regards,

ROGER J. DOW,  
*President and CEO.*

Senator COLEMAN. Mr. Ruden, we will begin with your testimony. Please keep your remarks to 5 minutes, and your complete written statement will be entered into the record.

And then Mr. Pastor, we will follow with you.

Mr. Ruden.

**STATEMENT OF PAUL M. RUDEN, SENIOR VICE PRESIDENT OF  
LEGAL AND INDUSTRY AFFAIRS, AMERICAN SOCIETY OF  
TRAVEL AGENTS, INC., ALEXANDRIA, VA**

Mr. RUDEN. Thank you, Mr. Chairman. The American Society of Travel Agents appreciates your leadership in calling this first hearing into these important issues and is grateful for the opportunity to present the views of a broad range of interests in our industry.

To be absolutely clear, we and our related industries concur fully with the need to improve security at all U.S. borders and other points of entry. Sustaining consumer confidence to travel freely in the post-September 11 world is critical to the vitality of the national economy.

At the same time, we will gain little by achieving absolute security if fewer and fewer travelers are willing to run the security gauntlet. The goal should be a tourism policy that allows U.S. citizens to travel abroad free of unreasonable restrictions—a careful balancing between security and tourism concerns, as both you and Senator Dodd have indicated.

We respectfully submit that the WHTI, as proposed, fails to strike that balance and will have a devastating impact on the businesses and millions of jobs that comprise and depend upon the travel and tourism industry.

First and most importantly, there is insufficient time to implement the first phase of a new document program by the first announced effective date of December 31, 2005.

Even if, contrary to experience, the administrative processes can be completed swiftly, there will be insufficient time to educate the public about the regime and secure widespread compliance. Given these obstacles, a compelling case for rushing to a new system does not exist. It is not legally required, and no security crisis involving American travelers seeking to reenter the country has been identified.

Further, requiring passports will create a major new obstacle to millions of people who are otherwise ready to travel, including the growing numbers who make their travel plans close to departure. Passports are expensive to obtain and require significant advance planning.

Document alternatives, that themselves require a passport, are not an improvement as to cost or advance planning issues and are not solutions for most travelers most of the time.

Many travelers, including many students and senior citizens, especially in the border States, have enjoyed the freedom to travel to Canada, Mexico, and the Caribbean, relying instead on documents they already possessed, such as a driver's license or birth certifi-

cate. This freedom has encouraged huge numbers of travelers to move freely and spontaneously, for both leisure and business, across our neighbor borders, without material extra cost.

This freedom will disappear under a passport-based regime, especially if, as we fear, the demand for passports in the wake of a passport-based system well exceed the capacity for issuing them.

In addition, the markets affected by the first phase of WHTI are in direct economic competition with markets that will be brought into the program later. By raising costs and time barriers to traveling to the Caribbean, for example, while postponing the impact on Mexico and Canada, the program will create an economic incentive favoring some destinations over others.

Similarly, reducing the short-term impact of a new regime by exempting certain sectors of the travel industry from the requirements will create perverse effects on competition between sectors of the industry and must be avoided.

Another side of the coin is that in the cruise market, many travelers have already made bookings for 2006. If the proposed phasing occurs, these travelers will incur unexpected and significant cost increases, in many cases exceeding 25 percent of the vacation cost. Many will cancel, a lose-lose outcome for everyone.

The longer term, any way one looks at this, a new and imposing degree of formality, advance planning, and cost will be introduced for many people for whom cross-border travel for leisure and business has been an almost casual experience, particularly students and senior citizens.

Unless costs can be lowered and efficiencies introduced, the certain result is a reduction in travel demand for cross-border and nearby air/sea destinations.

Therefore, Mr. Chairman, first and foremost, the Departments of Homeland Security and State should withdraw the announcement regarding WHTI insofar as it introduces or provides for a December 31, 2005, implementation.

Second, we should seek development, in our view, of a single new travel instrument that accomplishes the security requirements of identification and entry/exit tracking, but does not provide for consular or other government services outside the United States, which we have been informed are the largest drivers of passport costs. There is still time, then, to find options that are not as expensive and are easier and faster to obtain than passports. We recommend exploration and testing by the Departments and consultation with the affected industries and the traveling public, an agenda directed at new approaches that will enhance security while minimizing disruptive impacts on the traveling public. ASTA would welcome the opportunity to participate in that process.

Third, we should consider linking the WHTI to the evolution of the Registered Traveler program, so that as more travelers have the option to qualify in advance and achieve rapid border processing without the need for a passport, the problem becomes self-correcting.

Fourth, consider adoption of commercially tested and proven methods of influencing consumer behavior by providing pricing incentives for early purchases, group purchases such as a family ap-

plication for passports where they are all submitted together, student and senior discounts, to name a few.

Finally, under no circumstances should any attempt be made to implement WHTI using passports as the core instrument less than 1 year after a final rule, whatever its content, is adopted.

Thank you for considering our views, and we look forward to your questions.

[The prepared statement of Mr. Ruden follows:]

PREPARED STATEMENT OF PAUL M. RUDEN, SENIOR VICE PRESIDENT OF LEGAL AND INDUSTRY AFFAIRS, AMERICAN SOCIETY OF TRAVEL AGENTS, INC., ALEXANDRIA, VA

The American Society of Travel Agents (“ASTA”) is pleased to provide the committee with its perspective on the Western Hemisphere Travel Initiative (“WHTI”), announced April 5 of this year by the Departments of State and Homeland Security.<sup>1</sup> For the presentation of this testimony, we have consulted with the American Bus Association (ABA), the Interactive Travel Services Association (ITSA), the International Council of Cruise Lines (ICCL), the National Tour Association (NTA), the Student Youth Travel Association (SYTA) and the Travel Industry Association of America (TIA). This testimony will share some of their concerns along with our own. Some of them will likely file separate statements for the record.<sup>2</sup>

We first want to make absolutely clear that the retail travel industry, and our related industries, concur fully with the need for improved security at all U.S. borders and other points of entry. We applaud the commitment of the State Department and the Department of Homeland Security to accomplish this difficult but vital goal. Our observation of the US-VISIT program suggests it is a true success story, in large part because of the measured and open consultative outreach through which it has been developed and implemented. Sustaining consumer confidence to travel freely in a post-September 11 world is critical to the survival and growth of our industry, the travel suppliers whose services we sell, and the national economy whose vitality depends upon a thriving travel and transportation industry.

At the same time, it is important that the Government have regard for the effects that enhanced security measures may have on the willingness of people to travel domestically and overseas. We will gain little to achieve absolute security and find fewer and fewer travelers willing to run the gauntlet to take a trip. Leisure travelers have choices of how to vacation, including the option to simply stay home, with disastrous consequences for our industry and the economy. Business travelers may have fewer options about whether to travel, but modern technology is providing new choices for them as well.

The goal should be a tourism policy that allows U.S. citizens to travel abroad and foreign citizens to visit our country, free of unreasonable restrictions and preconditions that deter law abiding people from traveling. A careful balancing between security and tourism concerns should be a key part of that policy.

We respectfully submit that the WHTI, as proposed, fails to strike that balance. As proposed, the WHTI will dramatically complicate the plans of American travelers and those traveling to the United States from countries in the Western Hemisphere. As a result, it will have a devastating impact on the businesses and millions of jobs that depend upon the travel and tourism industry.

As further predicate, we understand that the initial program announcement, at least nominally, contemplates the possibility of a substitute for passports, an “other secure, accepted document,” but, as noted earlier, none of the listed options is a real substitute for the typical leisure or business traveler. Moreover, the announcement clearly states that “the passport (U.S. or foreign) will be the document of choice.”

No other instrument that is low in cost and relatively easy to obtain has been identified. The original announcement of the program said that “additional documents are also being examined to determine their acceptability for travel. The public will be notified of additional travel document options as those determinations are

<sup>1</sup> ASTA was established in 1931 and is today the leading professional travel trade organization in the world. ASTA’s corporate purposes specifically include promoting and representing the views and interests of travel agents to all levels of government and industry, promoting professional and ethical conduct in the travel agency industry worldwide, and promoting consumer protection for the traveling public. ASTA has provided testimony to numerous legislative committees and fact finding bodies. ASTA is widely recognized as responsibly representing the interests of its members, the travel agency industry, and consumers of travel services.

<sup>2</sup> We have attached to this testimony copies of previously issued position papers from ICCL and SYTA.

made.” Without information about the nature of the documents being considered and the likely timetable for their disclosure and possible implementation, the possibility of their development is too little and too late when we are facing a December 31, 2005, initial implementation date. While Federal law is trying to induce improvements in the processes used to issue state drivers’ licenses, it appears that the Government does not plan to include any driver’s license, regardless of the circumstances of its issue, as a possible substitute for a passport. It therefore seems highly likely that the passport is going to be the instrument through which the WHTI is implemented.

That brings us to the core problems with the program as announced.

First, there is simply insufficient time to permit the first phase of a new document program to be developed and implemented before the first announced effective date of December 31, 2005. While we commend the sensitivity to business and other travel concerns underlying the phasing concept of the Departments of Homeland Security and State, we are extremely concerned that any attempt to proceed on the announced timetable will have severely disruptive effects on travel.

Although the advance notice of proposed rulemaking (ANPRM) described by the two Departments in their April announcement of this program and, presumably, the notice of proposed rulemaking to follow, will provide an opportunity for public and industry comments, the ANPRM has not been released. Insufficient time remains before the initial deadline for the Departments to thoroughly consider the expected large mass of comments, conduct necessary followup discussions and evaluations, extensively publicize the new requirements, whatever they ultimately are, and permit appropriate adjustments by travelers and the businesses that serve them. The first deadline is now barely 6 months away and the administrative regulatory process has not begun in a meaningful way.

Even if, contrary to experience, the required input processes can be completed swiftly, there will be insufficient time to fully educate the public about the new regime and secure widespread compliance. The Government will likely look to the travel industry to assist in the consumer awareness effort and many members of our industry will want to help. However, many private firms will be handicapped in their efforts to participate in public awareness campaigns regarding the new regime, because none could have anticipated the December 31, 2005, initial deadline and, therefore, will have no budgeted funds available for that purpose.

Given these obstacles, there is no compelling case for rushing to a new system. It is not legally required, as there is no mention, let alone a requirement, in the statute that the implementation be phased or that it be started as early as the end of 2005. The statutory deadline for implementation of that plan is January 1, 2008. Nor has any security crisis involving American travelers seeking to reenter the country been identified. Yet the primary focus of the new document plan is precisely those persons.

So, to be clear, the first major problem is not with the phasing concept as such, but lies in the attempt to start the phasing at the end of this year.

A second, and closely related, issue is that requiring passports, or travel cards that require a passport to obtain one, will create a major new obstacle to millions of people who are otherwise ready to travel, including particularly the growing numbers of those who make their travel plans close to departure. There are several components to this problem.

One is that passports are expensive to obtain and require significant advance planning. Publicizing the requirement and having the traveling public absorb it, and then comply with it, will necessitate substantial lead time and effort. Alternatives that themselves require a passport to obtain only complicate the situation—they are not an improvement from the standpoint of cost or advance planning. The options mentioned in the program announcements are not solutions for most travelers most of the time.

The Secure Electronic Network for Travelers Rapid Inspection (SENTRI) is more expensive and complex than passport requirements and even a casual examination of its rules and limitations will make clear that it is not a meaningful option for many Americans in WHTI.<sup>3</sup> The United States-Canada NEXUS Air Program is a pilot program of limited duration. Its \$50 fee is an annual cost to the traveler. The highway version of NEXUS requires the applicant to appear at one of five offices located in places such as Blaine, Washington; Detroit, Michigan; Port Huron, Michigan; and Champlain, New York.<sup>4</sup> NEXUS is not going to work for most U.S. citi-

<sup>3</sup> [http://www.cbp.gov/xp/cgov/travel/frequent\\_traveler/sentri.xml](http://www.cbp.gov/xp/cgov/travel/frequent_traveler/sentri.xml).

<sup>4</sup> <http://www.cbsa-asfc.gc.ca/travel/nexus/faq-e.html#12>.

zens. The Free and Secure Trade, or FAST, program is for shippers<sup>5</sup> and the Border Crossing Card is for Mexican citizens only.<sup>6</sup>

Another element of the obstacle is the reality that many student travelers and senior citizens, especially, though not exclusively, in border States, do not have passports. In the past these travelers have had the freedom to travel to Canada, Mexico, and the Caribbean without a passport, relying instead on documents they already possessed, such as a driver's license or birth certificate. This freedom has encouraged the making of close-to-departure decisions to travel across the borders. Huge numbers of travelers have been able to move freely and spontaneously, for both leisure and business, across our neighbor borders, without material extra cost. This freedom will disappear under a passport-based regime.

Yet another dimension of the advance planning impact is the question whether, in the time available, the Department of State can gear up sufficiently to handle a vast increase in passport applications in the normal course, without forcing many travelers to incur still higher costs for passport expediting services. While we have heard, anecdotally, that passport applications have increased in recent weeks, we have seen nothing that measures that increase against the total need if the new rules are made effective with the year-end 2005 deadline in place. Since the vast majority of Americans do not have passports now and since the markets affected by the WHTI are traveled predominantly by persons without passports, we anticipate the demand for passports in the wake of a rule requiring them may well exceed the processing capacity of the State Department.

A third aspect of the phasing problem is the diplomatic controversy that it will likely create. The markets affected by the first phase of WHTI are in direct economic competition with markets that will be brought into the program later. By raising the barriers, in terms of cost and time, to traveling to the Caribbean, while postponing the impact on Mexico and Canada, the Government will create an economic incentive for travelers to favor the latter regions over the Caribbean as a destination.

New passports cost close to \$100 for an adult, and the total out-of-pocket procurement cost exceeds that amount when passport photos are included. While the total cost of a new passport in the range of \$125 may not seem like much money, it must be remembered that in the travel industry price differentials of less than 10 percent of that amount are seen as critical to consumer choices among travel suppliers and between travel packages. Differences of \$125 per person would, therefore, certainly and significantly, affect destination choices, especially when the cost is multiplied for a family traveling together.

These concerns are supported by a study conducted by the World Travel & Tourism Council of the potential impact of the December 31, 2005, passport requirement on Caribbean markets. The WTTC analysis found that nine Caribbean destinations will be seriously impacted. According to the study, nonpassport U.S. visitors to some countries, such as Jamaica, account for 80 percent of total U.S. visitors. Other islands have somewhat lower, but still very large, shares of nonpassport U.S. visitors in the range of 15 to 30 percent.

These realities are a compelling reason why it is not feasible to reduce the impact of a new passport regime by exempting certain sectors of the travel industry from the requirements. To do so would have perverse effects on the competition between sectors of the industry, in addition to the market discrimination described earlier.

Yet another element of the phasing issues is that some travelers have already made vacation and other travel bookings for 2006. This is particularly true for the cruise market where, unlike some of the transborder land-based markets, substantial advance booking is common. If the proposed phasing occurs, these travelers will incur completely unexpected and significant cost increases. Since the cost of many tours and cruises to nearby destinations in Mexico and the Caribbean sell for as little as \$400, the per-person price increase from WHTI, as proposed, will exceed 25 percent of the vacation cost. Many will cancel because of the increase, a lose-lose outcome for everyone.

The longer term consequences of a passport-based regime are also troubling. We are informed that about 80 percent of motor coach passengers are students and senior citizens. Canada is the number one market for motor coach travel. Senior citizens also comprise more than 60 percent of the group tour business. While no hard data appears to exist, industry experience suggests that these groups are a large part of the estimated 75 to 80 percent of Americans who do not currently possess a passport.

<sup>5</sup> <http://www.cbsa-asfc.gc.ca/import/fast/menu-e.html#what>.

<sup>6</sup> [http://travel.state.gov/visa/temp/types/types\\_\\_1266.html](http://travel.state.gov/visa/temp/types/types__1266.html).

Any way one looks at this, the result is that the cost of international travel by U.S. citizens is going to rise significantly under the new document regime. And new advance planning restraints are going to be imposed on a large market of students and senior citizens, whose ability to travel on short notice will, therefore, be impaired. For many people for whom cross-border travel for leisure and business has been almost a casual experience, a new and imposing degree of formality will be introduced. Unless costs can be lowered and efficiencies introduced, the almost certain result is a reduction in travel demand for cross-border and nearby air/sea destinations.

Congress has wisely chosen to permit enough lead time that direct consultations with industry groups can be held that could lead to new approaches that will enhance security while minimizing any intrusive and disruptive impact on the traveling public. Options that are not as expensive, and easier and faster to obtain than passports, should be devised, explored, and tested by the Departments in conjunction with the affected industries and the traveling and touring public. In that regard, we urge senior representatives from the Department of State and Department of Homeland Security to convene discussions with executives and other experts from these affected industries, sitting together, at the earliest possible time. ASTA would welcome the opportunity to participate in such discussions. The goal would be to determine how security can be enhanced at our borders without unreasonably undermining a key segment of the economy.

The announcement of the initial December 31, 2005, implementation date has spawned a number of suggestions for modification of the timeline, as well as changes in the passport regime. We believe that, at least, the following are worth further consideration and ask the subcommittee to use its good offices to urge the Departments of Homeland Security and State to take these up.

First and foremost, the Departments of Homeland Security and State should withdraw the announcement regarding WHTI insofar as it provides for a December 31, 2005, implementation.

Second, in connection with the multisection discussions referred to earlier, consideration should be given to development of a single new travel instrument that accomplishes the security requirements of identification and entry-exit tracking, but does not provide for consular or other government services outside the United States that we have been told are the largest drivers of passport costs.

Third, consider linking WHTI to the evolution of the Registered Traveler program, so that more travelers would have the option to qualify in advance, achieve assured rapid processing at points of exit and entry without the need for a passport.

Fourth, consider adoption of commercially tested and proven methods of influencing travel document consumer behavior by providing pricing incentives for early purchases, group purchases (family applications submitted together), student and senior discounts, to name a few.

Fifth, under no circumstances should an attempt be made to implement WHTI using passports as the core document less than 1 year after a final rule is adopted.

Thank you for considering our views and we look forward to your questions.

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#### WESTERN HEMISPHERE TRAVEL INITIATIVE (WHTI)—ICCL POSITION PAPER

The International Council of Cruise Lines (ICCL) hereby has taken the following position regarding the above captioned matter on behalf of its members. ICCL is a nonprofit trade association, whose membership comprises over 90 percent of the North American cruise industry, representing the vast majority of the berth capacity for passengers embarking from U.S. ports.<sup>1</sup> Since 1968, ICCL and its predecessor organization have represented the interests of the cruise industry before domestic and international regulatory bodies.

The ICCL clearly understands that the U.S. Government has a legitimate need to enhance the security at the borders, and requiring passports (or other appropriate documents) is an essential step in that effort. In general, the cruise industry believes that a standardized document simplifies the process of border crossing and adds to security.

However, the membership of the ICCL has serious concerns with several aspects of the proposed rule, which, for ease of discussion, are outlined and reviewed issue by issue.

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<sup>1</sup>ICCL member lines include: Carnival Cruise Lines, Celebrity Cruises, Costa Cruise Lines, Crystal Cruises, Cunard Ltd., Disney Cruise Line, Holland America Line, NCL America, Norwegian Cruise Line, Orient Lines, Princess Cruises, Radisson Seven Seas Cruises, Royal Caribbean International Ltd., Seabourn Cruise Line, Silversea Cruises, and Windstar Cruises.

## PROPOSED PHASE-IN

Although ICCL was aware of the January 1, 2008, implementation date required in the Intelligence Reform bill, we were not consulted in advance regarding the announced phase-in schedule for the passport requirements and believe the December 2005 phased-in announced date for the Caribbean is very problematic.

The State Department proposes that the phase-in approach gives sufficient notice to industry and travelers. In reality, this is not sufficient time, and the proposed phase-in approach unfairly affects travel to Bermuda, Caribbean, and Central and South America as compared to Mexico and Canada. The fact is, the decision to take a cruise is often determined by a traveler many months in advance. Travel agents are currently booking cruises to the Caribbean region for the 2006 season. Since the proposed rule has not yet been published, the final rule is unlikely to be finalized until winter 2005. That schedule will not allow sufficient time for cruise passengers to get a passport nor will it allow the industry to promote the new requirements. How will those passengers already booked on cruises to the Caribbean be treated? After a reservation is made, travel agents have little opportunity to interact with passengers until they show up for their vacation at the port.

## ADVERSE DISCRIMINATION OF TRAVEL TO THE CARIBBEAN

From the fall of 2005 until January 1, 2007, if a U.S. citizen is thinking of booking a vacation crossing international borders to the Western Hemisphere and they do not yet have a passport, they will likely choose Mexico or Canada over anywhere else because of the extra cost (\$97) and time of obtaining a passport. If they are a last minute traveler without a passport, there will be no other option but Mexico or Canada. The December 31, 2005, deadline clearly favors Mexico and Canada over other regions in the Western Hemisphere.

The cruise industry had over 10 million passengers in 2004; over 8 million were North Americans. The Caribbean is the most heavily visited cruise destination accounting for approximately 45.1 percent of all cruise line placements. In 2004 it is estimated that there were over 3,578 cruise ships that visited the region with a total passenger potential of 6,380,021 visitors. Based on these numbers, it is easy to understand why the industry is concerned with the proposed December 2005 deadline.

## PASSPORT COSTS

Passports currently cost \$97. Initially, this could be cost prohibitive for a family of four or larger, who may decide to choose another vacation within the United States that will not require a passport. The State Department has estimated that 20 percent or less of all Americans have U.S. passports.

## NEW U.S. PASSPORT REQUIREMENTS

The State Department recently issued a new rule on biometric requirements for future U.S. passports, which are anticipated to be in effect by 2006. It seems counterproductive and less secure to require millions of Americans to obtain passports by the end of 2005 under the current passport parameters. The State Department will be proposing a new electronic passport which is supposed to enhance security. Would it not be better to have travelers wait until next year and get the new version than to purchase a less secure passport this year?

## PROPOSALS/SUGGESTIONS

Implementation of all phases of the proposed passport program should be delayed until January 2008. The proposed regulations discriminate against travelers to the Caribbean and air/sea travelers with the 2006/07 activation date.

Delaying the action date will give much-needed time for the Federal Government, the travel industry and, most importantly, the traveling public, to adapt to the new passport program.

Create a separate (shorter) queue for those Western Hemisphere travelers who are in possession of a passport and widely publicizing this benefit.

To conclude, ICCL does not believe there is any basis for treating travelers to the Caribbean, Bermuda, and Central and South America any differently from travelers to Mexico or Canada, and would suggest that any implementation deadlines be revised to treat both regions the same. ICCL will be working closely with other travel industry associations and will be submitting comments regarding these and other concerns to the State Department once the proposed rule is published.

## PROPOSED WESTERN HEMISPHERE TRAVEL INITIATIVE

(By the Student and Youth Travel Association)

## OVERVIEW

On April 5, 2005, the U.S. Departments of State (DOS) and Homeland Security (DHS) issued an Advance Notice of Proposed Rulemaking (ANPRM) regarding the proposed Western Hemisphere Travel Initiative requiring all United States citizens, Canadian citizens, citizens of the British Overseas Territory of Bermuda and citizens of Mexico to have a passport or other secure document to enter or reenter the United States by January 1, 2008. Security and safety is, and always has been, of utmost importance to travelers and the travel industry, especially for senior citizens and young travelers. Cross-border travel provides cultural and educational experiences that promote lifelong learning and peace through tourism. However, cross-border tourism for students, youth, and senior citizens, especially those traveling in groups, will be adversely affected by this initiative with negligible improvement to security or safety.

## BACKGROUND

1. On December 17, 2004, the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA, also known as the 9/11 Intelligence Bill) was signed into law mandating that the DHS, in consultation with the DOS, develop and implement a plan to require U.S. citizens and foreign nationals to present a passport, or other secure document when entering the United States by January 1, 2008.

2. On April 5, 2005, the DOS and DHS issued the ANPRM announcing the proposed Western Hemisphere Travel Initiative that moved up the timeline for implementation as follows:

- December 31, 2005—Passport or other accepted document required for all travel (air/sea) to or from the Caribbean, Bermuda, Central and South America.
- December 31, 2006—Passport or other accepted document required for all air and sea travel to or from Mexico and Canada.
- December 31, 2007—Passport or other accepted document required for all air, sea and land border crossings.

3. Canada and Mexico are the number one and two destinations for U.S. citizens traveling outside the United States. Often the first out-of-country travel experience for U.S. citizens, especially for students and youth, is either Canada or Mexico.

4. Age 16 and older: The passport fee is \$55. The security surcharge is \$12. The execution fee is \$30. The total fee is \$97. Additionally, there are expenses for a photo, transportation, and overnight delivery service (DOS recommended for both submitting and receiving). The total actual cost is normally \$150–\$200 per passport.

5. Under Age 16: The passport fee is \$40. The security surcharge is \$12. The execution fee is \$30. The total fee is \$82. Additionally, there are expenses for a photo, transportation, and overnight delivery service (DOS recommended for both submitting and receiving). The total actual cost is normally \$145–\$185 per passport.

6. Fee to expedite passport is an additional \$60.

## EFFECT

1. Many senior citizens do not have passports. Since seniors comprise the largest market for group travel in the United States, the passport requirement will make it more difficult for them to visit our neighbors to the north and south.

2. Most students and youth do not have passports. Student/youth travelers in North America will be negatively impacted. Student tours provide a way for young residents of North America to learn about their neighbors and this hemisphere's diverse culture and history. Placing an additional obstacle on student tours (for negligible security gain) creates barriers for cross-border educational/cultural programs and deprives them of experiences that will enhance their ability to compete globally.

3. The cost of obtaining a passport adversely affects students, youth, families, and senior citizens.

- For student/youth groups it will add \$100 or more to their trip cost.
- A family of four would incur an extra expense of over \$600 to travel to Mexico or Canada.
- The passport fee could make a cross-border trip unaffordable to low-income youth and senior citizens on a fixed income.

4. Youth who are at-risk, disadvantaged, and/or physically/mentally challenged, may be especially impacted by the proposed passport initiative.

5. At a time when the U.S. Educational System is promoting no child left behind, the number of students who are unable to participate with their classmates in school-based student tours to our neighboring countries will increase.

6. Tour operators specializing in cross-border group travel will be negatively impacted.

7. A decrease in cross-border tourism will adversely affect those employed in the tourism industry, thus, also having a negative economic impact.

#### RECOMMENDATIONS

1. Implementation of all phases of the proposed passport program should be delayed until January 2008. The proposed regulations discriminate against travelers to the Caribbean and air travelers with the 2006/07 activation date. Delaying the action date will give much needed time for the Federal Government, the travel industry and, most importantly, the traveling public, to adapt to the new passport program.

2. Lower the total cost of a passport for under age 16 and senior citizens to no more than \$50.

3. Allow student/youth travelers, traveling with an adult who has appropriate secure travel documents, to use photo identification and proof of citizenship (i.e. birth certificate) as secure documents to satisfy U.S. entrance acceptance.

4. Find ways to increase application efficiency and reduce the time it takes to obtain a passport for applicants with appropriate documentation.

Senator COLEMAN. Thank you very, very much, Mr. Ruden.  
Mr. Pastor.

#### **STATEMENT OF DR. ROBERT A. PASTOR, VICE PRESIDENT OF INTERNATIONAL AFFAIRS, PROFESSOR AND DIRECTOR OF THE CENTER FOR NORTH AMERICAN STUDIES, AMERICAN UNIVERSITY, WASHINGTON, DC**

Dr. PASTOR. Thank you, Senator Coleman. It is good to see you, Senator Dodd.

I appreciate the invitation to speak before your committee and to place, as you requested, the issue on your agenda in a broader context.

As you know, I have been one of the cochairs of a task force on the future of North America sponsored by the Council on Foreign Relations. The title of the report is called, "Building a North American Community."

We included 31 people from all of the parties in all three countries. We proposed a blueprint with very specific recommendations on where we should go from here.

I would say that the discussion at this hearing is symptomatic of the problem that we face and it diverts us from the solution.

By focusing on passports at the two borders, we are thinking too small about a problem that has grown phenomenally as a result of two pivotal events in the last decade, NAFTA and 9/11.

By thinking small, we are drawn into tradeoffs that are actual traps. For every step that we take to secure ourselves, we pay a higher price in terms of harassment of travel and in terms of the costs of our goods transiting the border.

As a result of NAFTA, our country has become much more dependent on our two neighbors for our prosperity and as a result of 9/11, our country has become much more dependent on our two neighbors for its security.

Only by framing the issue before you today in its broadest context will we succeed in transcending this tradeoff between prosperity and security. Let me, therefore, very briefly summarize the four main points in my statement to you.

First, in the United States, we take our two neighbors for granted, but since NAFTA, North America has become the largest free-trade area in the world, larger than that of the European Union.

While Mexico and Canada are more dependent on the United States since NAFTA, we have not adequately recognized how much more dependent we have become on our two neighbors.

We export more each year to Canada and Mexico by—we export almost twice as much more to Canada and Mexico each year as we do to the 25 nations of the European Union and almost 4 times more than what we export to China and Japan.

Our two largest sources of energy are not in the Middle East or in South America. They are Canada and Mexico.

The largest source of legal and illegal migration is our Mexican neighbor to the south.

Our two borders are crossed each year more than 400 million times.

Second, the agenda that we face has changed since NAFTA, but we have not kept policy apace to the economic and social integration of those changes.

The new agenda requires us to address challenges like the development gap between Mexico and the United States, transportation and infrastructure, immigration, education, energy, institution building, security, and a different way of thinking about our two neighbors than we have in the past.

NAFTA was not designed to address any of those issues. It was designed simply to dismantle trade and investment barriers. It succeeded in doing that. It is our job now to focus on the second decade agenda.

Third, the summit of March 23 succeeded in being more than just a photo op, which was what characterized the previous summits of the three leaders. But the truth is that it did not adequately address this full agenda that we discussed, and I am not optimistic that the reports that have been requested from the Ministers in all three countries are going to take us very far down this road.

I think there are many reasons why that is the case. And I would hope that your committee pursues the report that comes out on June 23. But in our Council on Foreign Relations task force, we decided to take a broader vision than what the three executive branches have done.

And we have identified not only a vision that says that our prosperity succeeds and is enhanced to the extent that the prosperity of all three countries are improved, but is diminished to the extent that we do not address each country's problems.

We recommend a North American security perimeter, a common external tariff, a North America investment fund, which has been proposed also by Senator John Cornyn, new institutions like the North American Advisory Council, a North American inter-parliamentary committee that would join your United States/Mexico and United States/Canadian interparliamentary committee, a North America commission on competition, or on antitrust, centers for North American studies to be supported like the European Union supports its EU Centers in this country, additional scholarships for our students to travel in all directions.

As vice president of international affairs at American University, my job is to encourage our students to travel abroad and to encourage international students to come to American University. And they are going. Our students are going at twice the rate they have gone 3 years ago.

But students from Canada and Mexico are much fewer than ever before. And it is not easy to get our students to want to go to Mexico and Canada. These problems should be addressed.

Let me address, specifically, the challenge before this committee, today, by referring to the problem of how do we define a security perimeter, that the best way to secure the United States, today, is not at our two borders with Mexico and Canada, but at the borders of North America as a whole, and to recognize that each of the three governments have to feel a stake in addressing the terrorist challenge.

And the question is what should they do? I think what we need is, first, a common exclusion list, better intelligence sharing among the three countries than we have had up until now, combined training by immigration and customs, and security personnel that work the borders between the two countries and the security perimeter, exchange of personnel that bring Canadians and Mexicans into the Department of Homeland Security as individuals and with their perspective that would enlarge our own vision of our own security.

A common external tariff would relieve the pressure on the borders by allowing our inspectors to stop focusing on goods transiting and eliminate rules of origin, but concentrate their limited time on security and terrorist matters.

A North American border pass that would combine and unify the existing SENTRI, NEXUS, BCC, and FAST into one single biometric North American border pass or passport, if you will, that would be secure and that would invite people to apply for that under a common system among our three countries.

These are some of the specific ways that we could address this issue without having to consider, but just introducing a passport for people that are reentering and that would, at the same time, guarantee our security overall.

In conclusion, if you look closely at public opinion polls as I have done in all three countries, and in particular, a poll that was done in 2003, you will see that a majority of the people in all three countries actually believe that we will have an economic union in North America in 10 years.

Despite the fact that we are taking few steps in that direction, the majority believe that we would be better off if we had a more integrated policy on a range of economic issues; security, transportation, and even defense-related issues.

And a majority that believe that we would benefit by a North American security perimeter.

Too often we focus on our differences between the countries. I think it is time now to take the debate within this country to a new level and to think about ourselves as part of a larger North America and to define what we mean by a true North American community.

This may not seem urgent at this moment, but it is in our long-term interest. And the longer we put off the harder questions about how do we relate to our neighbors, the more we will pay the price of that. Our security and prosperity depend on our ability to define what we mean by a North American community.

Thank you, sir.

[The prepared statement of Dr. Pastor follows:]

PREPARED STATEMENT OF DR. ROBERT A. PASTOR, VICE PRESIDENT OF INTERNATIONAL AFFAIRS, PROFESSOR OF INTERNATIONAL RELATIONS, AND DIRECTOR OF THE CENTER FOR NORTH AMERICAN STUDIES, AMERICAN UNIVERSITY, WASHINGTON, DC

Chairmen Lugar and Coleman and members of the committee, I appreciate the invitation to testify before your committee. You asked me to place the issue of the Western Hemisphere Travel Initiative within the context of North American cooperation and border control and to relate it to the recent report by an Independent Task Force on the Future of North America sponsored by the Council on Foreign Relations in New York. The Chairs and Vice Chairs of the three nation, 31-person Task Force were John F. Manley and Tom d'Aquino of Canada, Pedro Aspe and Andres Rozental of Mexico, and William F. Weld and I from the United States. Entitled "Building a North American Community," the report offered a blueprint of the goals that the three countries of North America should pursue and the steps needed to achieve those goals.

The focus today is on the new requirement for all citizens of the United States, Canada, Mexico, and Bermuda to have a passport to travel among our countries. It is intended to secure the homeland, but I question whether this approach will achieve the goal, and I fear that it will harm other U.S. interests and divert us from more effective paths toward securing our continent.

As we approach the fourth anniversary of 9/11, it is time for us to step back from our trauma and the border and examine the problem in a broader context. The best way to assure security is not at our borders with Canada and Mexico and not by defining "security" in conventional and narrow terms. We need to think about these issues in the context of a continent that is integrating economically and socially at a rapid rate. The problem is that the three governments have failed to understand this phenomenal transformation. Policy has not kept pace with the market, and our security is endangered as much by the limits of our vision as by the terrorists who threaten us.

Defensive about Europe's example, we have failed to learn from their experience and succumbed to the opposite mistake. Whereas Europe built too many intrusive, supra-national institutions, we have practically no credible institutions. Instead of trying to fashion a North American approach to continental problems, we continue to pursue problems on a dual-bilateral basis, taking one issue at a time. But incremental steps will no longer solve the security problem, or allow us to grasp economic opportunities. What we need to do now is forge a North American Community, based on the premise that each member benefits from its neighbor's success and is diminished by its problems.

The subject of this hearing today—whether passports should be required to cross our two borders—is symptomatic of the problem. We are thinking too small. We need to find ways to making trade and travel easier while we define and defend a continental security perimeter. Instead of stopping North Americans on the borders, we ought to provide them with a secure, biometric Border Pass that would ease transit across the border like an E-Z pass permits our cars to speed through toll booths.

In my statement, I will comment first on the emergence of North America, the next decade's agenda, and the response by the three governments. Next, I will describe some of the recommendations of the Council Task Force Report and focus on the travel initiative and the security and border issues.

As a word of introduction, I have been working on issues related to North America for nearly 30 years—in the government, in a nongovernmental organization (the Carter Center) monitoring elections in Mexico, the United States, and Canada, and as a teacher and writer of five books and many articles on the subject of North America. Because I believe deeply that our security and prosperity depend on forging a new relationship with our neighbors, in September 2002, I established, and now direct, a Center for North American Studies at American University.

## THE EMERGENCE OF NORTH AMERICA

On January 1, 1994, the North American Free Trade Agreement (NAFTA) came into effect. If one judges a free-trade area by the size of its product and territory, North America became the largest in the world, larger than the European Union (EU). Yet that fact escaped all but a few analysts. It is widely known that the United States has the world's largest economy, but North America also includes the eighth (Canada) and ninth (Mexico) largest economies as well. (The Economist, 2004)

In the 11 years since NAFTA came into effect, U.S. trade (exports and imports) more than doubled with its two neighbors—from \$293 billion in 1993 to \$713 billion in 2004. Annual flows of U.S. direct investment to Mexico went from \$1.3 billion in 1992 to \$15 billion in 2001, and the stock, from \$14 billion to \$57 billion. The annual flows of U.S. investment in Canada increased eight-fold, and the stock of FDI increased from \$69 billion in 1993 to \$153 billion in 2002. Canadian investment flows to the United States grew from a stock of \$40 billion in 1993 to \$102 billion in 2001.

Travel and immigration among the three countries also increased dramatically. In 2004, people crossed the two borders about 400 million times. The most profound impact came from those people who crossed and stayed. The 2000 census estimated that there were 21 million people of Mexican origin in the United States. Nearly two-thirds of all Mexican-born immigrants arrived in the last two decades.

North America is larger than Europe in population and territory, and its gross product not only eclipses that of the EU but also represents one-third of the world's economic output. Intraregional exports as a percentage of total exports climbed from around 30 percent in 1982 to 58 percent in 2002 (compared to 61 percent for the EU). Our two neighbors export more energy to us than any other country, and U.S. exports to them were nearly twice those to all of Europe and nearly four times those to Japan and China in 2004. North America is no longer just a geographical expression. It has become a formidable and integrated region.

## NORTH AMERICA'S NEW AGENDA AND THE RESPONSE

With a few notable exceptions—such as trucking, softwood lumber, and sugar—where U.S. economic interests have prevented compliance, NAFTA largely succeeded in what it was intended to do: Barriers were eliminated, and trade and investment soared. A decade later, however, North America faces new challenges that require new policies.

- First, NAFTA was silent on the development gap between Mexico and its two northern neighbors, and that gap has widened.
- Second, NAFTA did not plan for its own success: It failed to invest in new roads and infrastructure to cope with more trade and traffic. The resulting delays raised the transaction costs of regional trade more than the elimination of tariffs lowered them.
- Third, NAFTA did not address immigration, and the number of undocumented workers in the United States jumped in the 1990s from 3 million to 11 million (55 percent or 6 million came from Mexico).
- Fourth, NAFTA did not address energy issues, a failure highlighted by the catastrophic blackout that Canada and the northeastern United States suffered in August 2003, and the dramatic growth in imports of natural gas by Mexico from the United States.
- Fifth, NAFTA created few credible institutions to coordinate policy, leaving the region vulnerable to market catastrophes like the Mexican peso crisis.
- Finally, NAFTA did nothing to address security, and as a result, the long-term effects of September 11 threaten to cripple North American integration.

This is the agenda for North America in the next decade. On March 23, 2005, President George Bush, President Vicente Fox, and Prime Minister Paul Martin met in Texas. This was not their first meeting, but the others had been little more than photo opportunities. The three leaders announced a "Security and Prosperity Partnership of North America," based on the premise that both security and prosperity are "mutually dependent and complementary." They declared that the partnership is "trilateral in concept," but the framework was incremental and dual-bilateral in fact.

Instead of addressing chronic problems like softwood lumber or sugar, the three leaders tasked their Ministers to chair working groups with "stakeholders" and produce a report in 90 days—by June 23—with concrete steps to achieve measurable goals. The first question, of course, is why these security and competitiveness goals have not already been implemented since most of them have been declared often,

and the security goals are, by and large, a part of the “smart borders” agreement. The answer is that our governments are not organized to address these questions on a trilateral basis, and so it should come as little surprise if the results are meager.

More importantly, compared to the agenda above, these steps are quite timid. The truth is that traffic has slowed at the border because of additional inspections, but it is not at all clear that the borders are more secure today than they were 4 years ago. The flow of unauthorized migrants is as high or higher. The Communique lacks a clear uplifting goal like a customs union. One cannot eliminate “rules-of-origin” provisions without a common external tariff, which the WTO equates with a “customs union.” Most important, there is no allusion to the paramount challenge of North America—the development gap that separates Mexico from its northern neighbors and, therefore, there is no proposal for dealing with that. There are no plans for dealing with education, energy, transportation, or establishing institutions that could prepare North American options or monitor progress. To move this agenda requires an organizing vision and political will.

There was a moment early in the Fox and Bush administrations when North American leaders appeared to grasp the essence of such a vision. In February 2001, Fox and Bush jointly endorsed the Guanajuato Proposal, which read, “After consultation with our Canadian partners, we will strive to consolidate a North American economic community whose benefits reach the lesser-developed areas of the region and extend to the most vulnerable social groups in our countries.” Unfortunately, they never translated that sentiment into policy (with the exception of the symbolic but substantively trivial \$40 million Partnership for Prosperity).

All three governments share the blame for this failure. President Bush’s primary goal seemed at first to open the Mexican oil sector to United States investors, while then-Canadian Prime Minister Chrétien showed no interest in working with Mexico. President Fox, for his part, put forth too ambitious an agenda with too much emphasis on radical reform of U.S. immigration policy. Bush’s initial response was polite, but he soon realized he could not deliver and postponed consideration. The illegal immigration issue remains thorny and unsolved. Ultimately, however, it is more symptom than cause: The way to reduce illegal immigration is to make Mexico’s economy grow faster than that of the United States.

The Council on Foreign Relations Task Force Report spells out such a vision. ([http:// www.cfr.org/pub8102/independent task force report/building a north american community.php](http://www.cfr.org/pub8102/independent_task_force_report/building_a_north_american_community.php)) Let me summarize and amplify some of its recommendations.

NAFTA has failed to create a partnership because North American governments have not changed the way they deal with one another. Dual bilateralism, driven by U.S. power, continue to govern and irritate. Adding a third party to bilateral disputes vastly increases the chance that rules, not power, will resolve problems.

This trilateral approach should be institutionalized in a new North American Advisory Council. Unlike the sprawling and intrusive European Commission, the Commission or Council should be lean, independent, and advisory, composed of 15 distinguished individuals, 5 from each nation. Its principal purpose should be to prepare a North American agenda for leaders to consider at biannual summits and to monitor the implementation of the resulting agreements. It should be an advisor to the three leaders but also a public voice and symbol of North America. It should evaluate ways to facilitate economic integration, producing specific proposals on continental issues such as harmonizing environmental and labor standards and forging a competition policy.

The United States Congress should also merge the United States-Mexican and United States-Canadian interparliamentary groups into a single “North American Parliamentary Group.” A third institution should be a “Permanent Tribunal on Trade and Investment.” NAFTA established ad hoc dispute panels, but it has become difficult to find experts who do not have a conflict of interest to arbitrate conflicts. A permanent court would permit the accumulation of precedent and lay the groundwork for North American business law.

Canada and Mexico have long organized their governments to give priority to their bilateral relationships with the United States. Washington alone is poorly organized to address North American issues. To balance U.S. domestic interests with those in the continent, President Bush should appoint a White House adviser for North American affairs. Such a figure would chair a Cabinet-level interagency task force on North America. No President can forge a coherent U.S. policy toward North America without such a wholesale reorganization.

For North America’s second decade, there is no higher priority than reducing the economic divide between Mexico and the rest of NAFTA. A true community or even a partnership is simply not possible when the people of one nation earn, on average,

one-sixth as much as do people across the border. Mexico's underdevelopment is a threat to its stability, to its neighbors, and to the future of integration.

Europe demonstrated that the gap could be narrowed significantly in a relatively short period with good policies and significant aid. The Council Task Force proposed serious reforms by Mexico coupled with a North American Investment Fund, which was also proposed by Senator John Cornyn. This is a far-sighted initiative that deserves the support of this committee and Congress. I have written a report explaining the need for such a Fund and the way it could work. (See [www.american.edu/cnas/publications](http://www.american.edu/cnas/publications))

North American governments can learn from the EU's efforts to establish EU Educational and Research Centers in the United States. Centers for North American Studies in the United States, Canada, and Mexico would help people in all three countries to understand the problems and the potential of an integrated North America—and to think of themselves as North Americans. Scholarships should encourage North American students to study in each other's country. Until a new consciousness of North America's promise takes root, many of these proposals will remain impractical.

#### THE TRAVEL INITIATIVE, THE INTEGRATION DILEMMA, AND THE SECURITY PERIMETER

September 11 and the subsequent U.S. response highlighted a basic dilemma of integration: How to facilitate legitimate flows of people and goods while stopping terrorists and smugglers. When Washington virtually sealed its borders after the attacks, trucks on the Canadian side backed up 22 miles. Companies that relied on "just-in-time" production began to close their plants. The new strategy—exemplified by the "smart" border agreements concentrates inspections on high-risk traffic while using better technology to expedite the transit of low-risk goods and people. The decision to require passports to reenter the United States after brief visits to Canada and Mexico is another example of an approach that is too narrow to solve so fundamental a problem.

Overcoming the tension between security and trade requires a bolder and more innovative approach. The three governments should negotiate and complete within 5 years a North American customs union with a common external tariff (CET). This would have a dual purpose. It would enhance the security on the border because guards could concentrate on terrorism rather than inspection of all the goods, and by eliminating cumbersome rules-of-origin provisions (which deny non-NAFTA products the same easy access), it would enhance efficiency and reduce the costs of trade.

At the same time, our Task Force recommends that all three governments define and defend a continental perimeter. This means that all three governments have to have confidence that a terrorist has no more chance of entering their own country as their neighbors. A common exclusion list, better intelligence-sharing, and combined training are needed. The three governments should establish a "North American Customs and Immigration Force," composed of officials trained together in a single professional school, and they should fashion procedures to streamline border-crossing documentation. The Department of Homeland Security should expand its mission to include continental security—a shift best achieved by incorporating Mexican and Canadian perspectives and personnel into its design and operation.

Instead of creating new obstacles at the border, we should find ways to ease traffic and harmonize safety and transportation regulations. As a May 2000 report by a member of Canada's Parliament concluded, "Crossing the border has actually gotten more difficult . . . While continental trade has skyrocketed, the physical infrastructure enabling the movement of these goods has not." The bureaucratic barriers to cross-border business impede as much as the infrastructural problems. There are 64 different sets of safety regulations in North America, 51 in the United States.

The North American Council should develop an integrated continental plan for transportation and infrastructure that includes new North American highways and high-speed rail corridors. The United States and Canada should each develop national standards on weight, safety, and configuration of trucking and then negotiate with Mexico to establish a single set of standards.

In addition, the United States and Canada should begin to merge immigration and refugee policies. It will be impossible to include Mexico in this process until the development gap is narrowed. In the meantime, the three governments should work to develop a North American Border Pass with biometric identifiers. This would permit expedited passage through customs, immigration, and airport security throughout the region. The program should build upon and unify the existing NEXUS (United States-Canadian) and SENTRI (United States-Mexican) programs. Only those who voluntarily seek, receive, and pay the costs for a security clearance would

obtain a Border Pass, which would be accepted at all border points within North America as a complement to passports.

These are alternatives to the Western Hemisphere Initiative. It is true that we have not done a good job of keeping track of people crossing the border, and the passage of the Real ID Act shows that there is a growing and grudging recognition that some form of National Identification Card may be needed. Congress really ought to address this issue head on. We should not use the driver's license, the Social Security card, the Medicare card, or our credit cards for anything other than the purpose for which they are intended. These cards are not intended to judge immigration status or citizenship. We will not only fail if we use them for that purpose; we will also undermine their real purpose. We don't want to discourage people from getting tested to drive because they fear that their status will be questioned.

Similarly, compelling Minnesotans to get passports to cross the border into Canada for a Sunday afternoon picnic is not the best way to approach the border security issue. What we need is a new approach to jointly police the perimeter, a North American border pass to facilitate travel, and a Customs Union to allow inspectors to concentrate on terrorists rather than tariffs on goods.

#### DEFINING A NORTH AMERICAN COMMUNITY

North Americans are ready for a new relationship. Studies over the past 20 years have shown a convergence of values, on personal and family issues as well as on public policy. An October 2003 poll taken in all three countries by Ekos, a Canadian firm, found that a clear majority believes that a North American economic union will be established in the next 10 years. The same survey found an overwhelming majority in favor of more integrated North American policies on the environment, transportation, and defense and a more modest majority in favor of common energy and banking policies. And 75 percent of people in the United States and Canada, and two-thirds of Mexicans, support the development of a North American security perimeter. The United States, Mexican, and Canadian Governments remain zealous defenders of an outdated conception of sovereignty even though their citizens are ready for a new approach. Each nation's leadership has stressed differences rather than common interests. North America needs leaders who can articulate and pursue a broader vision.

I hope this committee will pursue the North American agenda beyond the travel initiative considered here. On June 23, the three leaders promised to publish a report with specific recommendations on how to deepen North American integration. These should be reviewed together with Senator Richard Lugar's far-sighted bill for a "North American Cooperative Security Act" and Senator Cornyn's "North American Investment Fund." The time has come for us to define a true North American Community. Our security and prosperity depend on it.

Senator COLEMAN. Thank you very much, Dr. Pastor.

In many ways, it seems to me that as we see Europe trying to develop a system of lessening barriers and maximizing the economic potential of large land mass and a large economic base, a varied resource system, it almost seems, at least in this particular initiative, that we are kind of cutting ourselves off, that we are shrinking rather than expanding the opportunity that we have.

And, again, security issues are security issues, but I worry about the direction. And what I am hearing from you, Dr. Pastor, is that instead of thinking small, we have got to think big, and ultimately I think we will, but I worry about the disruption before we get there.

I want to thank both gentlemen for your very specific recommendations and specific suggestions. Mr. Ruden, if I can, you were very clear about the devastating impact if we move forward as scheduled with this passport requirement.

What I am hearing is, in effect, you are saying Cancun is going to do well in this, but Jamaica and the Bahamas and that kind of travel is going to suffer. So are we creating winners and losers with the schedule that we are on?

Mr. RUDEN. Well, I—Mr. Chairman, I think that is the inevitable effect if you phase this in, and I well appreciate the—and I think everyone does—the effort that State and Homeland Security were making to try to ease the transition by doing it in steps. In a certain sense, that makes sense, but there are, as you indicated in your opening statement, unintended consequences and implications of that.

There is a very strong economic competition between the countries in the Caribbean, some of whom have already got passport policies and some who do not. And regardless of what you think about that, that is the reality that we have to face in developing policy, so because the financial consequences and other issues associated with getting passports are so significant, they are going to cause people to make different choices about where they go if this regime is put in place. And that will affect the business in various parts of these areas and also Mexico and Canada eventually.

Senator COLEMAN. The numbers I have—I think the U.S. Chamber number is 34.5 million visits by Canadians to the United States in 2003, \$10.9 billion impact on the economy. Does the travel industry check the impact of folks coming in? I have the figure here somewhere, but I believe a very small percentage of Canadians have passports. Do we know, either of you gentlemen, whether we are working with Canada? I presume there is going to be reciprocity here. Do we know if we are working with them to change their system, to advertise to their people to do the things that have to be done?

Mr. RUDEN. I hope that we are preparing to do that. One of the difficulties here is that we do not really know what is going to happen next. And I have empathy for the folks from State and DHS, who are trying to do what the statute ultimately requires of them in an environment in which it is, I hope, clear now that December 31, 2005, simply does not work.

And the President has expressed his concerns about the overall question of passports, certainly to the end of this year as a non-starter, and it is just hard to imagine how we would cope with that, if you plug in the even minimum times to get through an ANPRM and then an NPRM that will follow it in a context where they are talking about as yet undisclosed alternatives to passports other than SENTRI and NEXUS and so forth, which I think everyone would agree do not work as substitutes.

We are in an environment of multiple variables. I do not know what the Canadians would even say to us if we said, “Get ready,” because we do not know what is coming.

Senator COLEMAN. Just one last followup, trying to look for an acceptable alternative. I did not hear that today. I did not hear from any of the witnesses a solution other than the passport, the NEXUS, the SENTRI, these are too narrow. They do not reach the population that has to be reached as we saw on the chart with Minnesota. We do not even have any of those processing abilities here in my State that I represent, a border State.

Is it simply a matter of needing a more secure driver’s license? At this point I am looking within the next year. What do you see as possible out there?

Mr. RUDEN. Frankly, I do not think in a year's time it is likely that you could bring 50 States' drivers' licenses to a state of secure issuances where the Federal Government would be prepared to accept them. And, in fact, there is a provision in the bill that was recently passed that deals specifically with this subject and says, State drivers' licenses will only be accepted by Federal agencies if they meet a rather imposing set of requirements covering their issuance and their security and so forth.

There is no way the States are going to get there in 1 year's time. So that instrument probably, or that possibility, may not exist realistically.

I do think, however, there is an enormous amount of creative talent available in our industry that if we could sit down as an industry, not one off meetings with us and other people, which are valuable and helpful to both of us, but an industry kind of conclave or process where we bring this talent together.

Everyone is committed ultimately to the same goal—better security, balanced with—against tourist—tourism interest and economic interest for the country. We could, I think—I am optimistic that we could find a way toward a new instrument that would achieve the objectives and have lower costs.

The cost issue is a very, very important question for millions of people, who do not have passports today. We are told by State that a huge part of the passport cost, that \$97, is the imputed component of overseas services that are rendered to citizens.

I could imagine a situation—and it is reflected in our recommendations—in which you have an instrument that is issued that does not call upon the United States Government to provide those services and therefore would be cheaper, because you would not have to impute those costs to it. It would be good for identification, good for citizenship. You would still have those components. And that instrument might be a path that we could follow.

Senator COLEMAN. I think, Mr. Ruden, that there would simply be a volume discount, going from 20 percent of the population to requiring everybody to have one. You would think it would be cheaper by volume.

The last question—and this is to Dr. Pastor. Reflecting on your background, the National Security Council, can you assess for us today the state of security regarding our borders with Canada and Latin America, Central America? Or how problematic is the current situation and how much of the change that we are talking about is being dictated because of fear that the gaps are so big that if we do not act we are going to suffer some terrible consequences?

Dr. PASTOR. It is very hard to give a definitive answer to that question, but I think if you took just one dimension of that, which is the flow of people, I think the unauthorized migration from Mexico to the United States has not been diminished since September 11. It has probably been increased. I think an increase in border patrol, though it has been significant, has not dramatically affected that. So I think if that is the dimension that you look at in terms of asking whether we are more secure or less on our borders, I guess one would conclude that we are less secure.

Senator COLEMAN. My frustration is that, in fact, this may be a little like the gun debate. Those folks that you are talking about

that are less secure, they are not going to get passports. And those folks who are going to get passports are probably the ones who are not the problem.

And I worry that that is the way we are looking at it. We are going to register all those who register and yet we still face massive border and immigration issues that are not at all addressed by what we are talking about here today.

Dr. PASTOR. No. That is quite correct. The issue of how do you affect unauthorized migration to the United States over the long term is not going to be solved by discussion of passports. It is going to be solved in the long term by reducing the development gap between Mexico and its northern neighbors on a significant enough commitment on the part of all three countries, particularly of Mexico, that would begin to have an effect very much like the European Union did for themselves.

They, in 15 years, significantly narrowed the development gap between their richer and poorer countries and eliminated the kind of internal migration that many had feared when they first came into the EU.

Senator COLEMAN. I appreciate that, Doctor Pastor.

Senator Dodd.

Senator DODD. That is a great point, because I think we missed that. We talked about further integration, the kind of investments that we should be making in the infrastructure. And this is an infrastructure issue, and is critical. And I just want to know—talking about having just come back after 5 years of chairing and cochairing the Spain Council, just had our annual meeting in Seville, and Mel Martinez is now taking over the cochairmanship of this organization.

Just watching what is happening in Spain, the tremendous investment of Spain and Portugal, Ireland, it is incredible what is happening. I mean, here was a country that 15 years ago, I think they were losing about 40,000 young people a year, who were immigrating out of Ireland to find jobs in England, Australia, and the United States. They now have a huge immigration problem because of the tremendous economy, in no small measure because of the tremendous investments that were made by the European Union to make sure that Ireland would be able to participate fully.

So it is a very, very good point, and one that we should think about. We think of this situation, sometimes we think of it as aside, as not being part of a seamless garment here, if you will, of dealing with national security and building the kind of relationships economically that you are going to have. Too often, I think, we have a stovepipe, sort of, in how we do these things, because there is the national security stovepipe and there is the economic issues, that stovepipe, all of that diplomacy, and failing to recognize, that really, they are all one and the same issue. You are not going to succeed in any one of these so-called stovepipes, unless you succeed in the other two.

And so you need to have—if you really want to deal with national security effectively, the economic issues play a huge role, and public diplomacy plays a huge role. And if you want to, you know, deal with public diplomacy, then you have to have good economics

and good national security, so there is a great inter-relationship here.

And you sort of touched on this already and I want to sort of—just raise sort of the same questions that I did with the witnesses from the consular section of the State Department. And I wondered—we have talked about NAFTA, Bob, but I wonder if you might also touch on CAFTA, because I think it is the next game here in town. And people say, “Well that was—NAFTA was then.”

But talk about CAFTA. Aside from the issues of whether or not you can actually come up with an agreement here that we can all support, or at least many people can support, tell me how this issue relates to CAFTA in your mind.

Dr. PASTOR. Well, if I could just follow your first point—

Senator DODD. Yes.

Dr. PASTOR [continuing]. And then I will answer that. Spain's growth and Ireland going from one of the poorest to the second richest—

Senator DODD. Right.

Dr. PASTOR [continuing]. Country in Europe was not just the result of free trade.

Senator DODD. No. No.

Dr. PASTOR. It was the result of \$500 billion, \$500 billion transferred from the richer countries of Europe to those countries. I have done a detailed analysis, even wrote a report on it, which I will be glad to give you a copy for the North American Development Bank.

They wasted a lot of that money. They made a lot of mistakes. We do not want to replicate what Europe did, but we can also learn a lot from them, because the two investments that made the biggest difference was infrastructure that connected their markets to the northern markets—

Senator DODD. Right.

Dr. PASTOR [continuing]. And post-secondary education just 10 percent of that.

So there is a plan that could make a huge difference. The bottom line, however, comes back to your question, which is that trade—free trade and free investment does promote growth. It does help. CAFTA is in our interest, but it is not sufficient, just as NAFTA was not.

You need to follow that with ways to take full advantage of this free trade and this competition, both by the United States and by the other countries like Mexico.

I think CAFTA is very small from the perspective of the United States. Even the most optimistic projections suggest that our income is raised by \$15 billion, theirs by \$5 billion. I mean the issue of CAFTA is the one that you have wrestled with and contributed so much over the last 30 years. It is the security of Central America and its implications for the United States.

And we cannot say “no” to Central America, the first time in its history where they are democratic, and they are looking toward the market of the United States.

Senator DODD. Yes.

Dr. PASTOR. That, I think, is the issue. We do not want to tangle all of the symbolic other areas or issues that are on the table, as

we sometimes address with free trade agreements, but which may be the case in this as well. I think we ought to focus on that.

But we also ought to think hard about: How do you build on a free trade agreement to make it work for all of the people and sustain the kind of public support that our country and that the Central Americans and Latin Americans need in order to keep pursuing free trade? Because that public support is missing right now.

Senator DODD. Well, just in the—again, your assessments—and I—and you sort of touched on this already, but we raised the issues about the reciprocity problems, which you have touched on, and the public diplomacy—and maybe you will also comment on this, Mr. Ruden, because I—there is a tendency to say, “Well, that is, you know—this is tourism.”

But I think we fail to ever appreciate the value of tourism, and it is hard to put numbers on it. People like to put numbers, “How many—what is your vacancy rate in hotels and how many meals were bought,” and so forth. The harder question is: To what extent does someone come here, leave—how do they leave here, with what attitudes about us?

I am sure there is no way we can really measure all of this. Do they come back again? What sort of experience—that we can measure. I suspect someone does not come back strictly for economic reasons, because they could go to some mall and make good purchases. But they had a wonderful experience here. They liked being here. And I wonder if there is any sort of support or evidence you can supply and the importance of this correlation.

Mr. RUDEN. Well, I do not have any particular data and I do not know that that data really exists, but the—when you engage in the business of tourism in other countries and we go to other countries frequently and interact with their tourism people and the commercial people in those countries that are looking to draw Americans there and also the countries that are sending people here, the view you generally get is that most people who come here, once they get here, have a favorable experience with America. And they take that back.

We hope that most of the people we are sending, that our members send out of this country—and I believe this to be true—have favorable experiences in the foreign countries they go to. So your point about diplomacy, the personal diplomacy of individuals traveling is at the core of what we are really all about. And there is no contrary evidence. Maybe that, as much as anything, is the proof. There is nothing to indicate that what—that your point is not completely correct.

Senator DODD. Can I ask you one question just because I—we were talking about it—I think it was this morning I was talking to some people about it. It is only anecdotal, and so I do not want to suggest that maybe it is as widespread as some people may think, but I am getting a lot more—because I am fairly close to New York and JFK, as an airport. I have a lot of constituents, obviously, who travel, particularly in western Connecticut. Fairfield County, a lot of people who work in New York, and are heavily involved in international travel on business.

I am getting a lot more complaints about how people are treated at that—at the entry points coming into the country, just

attitudinally. I mean, it is just—again, I do not want to overstate the case here, unless you are going to tell me that this is something you are hearing too, but the lack of that kind of, “Boy, we are glad you are here and we welcome you, and delighted you are going to be here and hope you will come back,” just that sense of basic business practices.

If you are running a small restaurant or haberdashery, or whatever else—the customer walks in the door. And I am worried that customers walking in our door are not being as warmly as—received as they may have been in the past, and whether or not you are picking up any of this at all. Is this a—Bob, you may want to comment on this, too.

Dr. PASTOR. Yes. Let me just say I think you are understating the case, Senator. I think we have a real problem out there and it is partly direct and it is partly indirect. And I can feel it in American University.

The direct effects occurred as a result of September 11 and our own fears. Our student population from the Middle East declined by more than half, and we have not recovered.

And when I have met with people in the Middle East or in Latin America or in Asia, they have repeatedly talked about how much more difficult it is to get a hearing at the United States Embassy, to get a visa. And they are discouraged.

We have—we have seen a tremendous decline in international students, which we are determined to reverse, but I think it is partly a result of that. And also frankly, I think there is a public relations problem we have in the world right now that you and others who travel know. It is very different.

You can see it in public opinion polls. You can see it in the polls in Canada and Mexico. They have persistently, over the last 25 years, been very high about Americans. You have seen a real dip in their attitude toward the United States. And some of that is a result of foreign policy difference, and some is a result of fears in the United States.

But we need to—I think our strength as a country relies on us as being an attractive model, and that has been diminished. And we need to, as a country, both parties, all of our leaders need to work together to try to reverse this image that people are getting about the United States right now.

So I think you are absolutely right. There is a serious problem out there.

Senator DODD. Well, it has come—we got a vote on here—but let me just—on this notion, because I think it comes down—obviously, look, we all recall the recrimination that can occur after 9/11, you know, how did these people get through the airport in Boston, how did they get on that plane, who was not doing their job watching these things? And you get that notion that, you know, people really had screwed up terribly.

So the word kind of goes out. And you create an environment that, you know, it is not going to happen on my watch. And so there is almost this hostile kind of environment that I really worry about. Do you want to—

Mr. RUDEN. Senator, I have a slightly different perspective on that, I think. I believe it is the case based on personal experience

and things I have read elsewhere that most people today who go to airports have one thing on their mind, and that is getting through what they perceive is a security gauntlet.

It is everywhere and it is imposing, it is threatening to your ability to reach your plane on time, especially if you arrive late. There is uncertainty a lot of times about—because things have changed fairly frequently. Do—when do I need to show my ID? How many times do I need to show it? Do I need to take my shoes off?

I think the people trying to do this by and large are doing a remarkably good job—

Senator DODD. I agree with that.

Mr. RUDEN [continuing]. And part of it is anxiety raised by the fact that we have a new deal here. It is a new system, and it is not going to go away.

I think it is working—US-VISIT, in particular, I think the State Department has done a remarkable job of promoting and advertising and implementing that. We thought at the outset there might be real big problems with that. And, in fact, it takes a few seconds, people go through it. I know there are some concerns—

Senator DODD. I am talking less about people coming into the country than I am talking about going through the airport out here at National. I am talking about the time when you get off that plane and you are coming through—before you have even met anybody, just an attitudinal—

Mr. RUDEN. I think that difficulty is probably true everywhere in the world that you have to go through customs and immigration. It is not a particularly warm experience. I have been to some countries which were near police states, and you knew it when you landed.

It was different. And by those standards coming into America for a foreign person, I think, is a great experience, but it is nonetheless an imposing thing to cross a national border and face those people looking at you as possible suspects.

Senator DODD. I say it is more anecdotal, but I have heard enough of it that it concerns me a little bit about—anyway, Mr. Chairman, thank you for a good hearing.

Senator COLEMAN. Thank you, gentlemen. Your testimony has been very helpful, very focused, very specific, and not only will we consider it, but we hope that the State Department and the Department of Homeland Security also considers it as well.

I will keep the record open for 7 days. This hearing is now adjourned.

[Whereupon, at 4:09 p.m., the hearing was adjourned.]