

**PROMOTING TRAVEL TO AMERICA: AN
EXAMINATION OF ECONOMIC AND SECURITY
CONCERNS**

HEARING

BEFORE THE

**COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE**

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

JANUARY 31, 2007

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ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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**PROMOTING TRAVEL TO AMERICA: AN
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WEDNESDAY, JANUARY 31, 2007

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 2:50 p.m. in room SR-253, Russell Senate Office Building, Hon. Byron L. Dorgan, presiding.

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

Senator DORGAN. [presiding] We will call the hearing to order today, this is the Senate Committee on Commerce, Science, and Transportation. It's a full Committee hearing on the issue of promoting travel to our country and an examination of the economic and safety concerns of those issues.

I am joined by my colleague, the Chairman of the full Committee, who has asked me to chair this Committee hearing. I am the Chairman of the Subcommittee that deals with the issue of tourism.

I am joined by the Chairman, Senator Inouye, and the former Chairman of this Committee, Senator Stevens.

I'd just like to make some very brief comments, then I will turn to my colleagues, and then we will turn to the witnesses.

We welcome all of you here today. A lot of very important work has been done by organizations and groups dealing with the subject of travel and tourism.

Travel and tourism is a very important part of our economy. It's well over a trillion dollars to the American economy, and it provides many jobs.

And in the shadow of 9/11 and also in the intervening years with the war in Iraq and other issues, we have seen substantial decline in the share of destination tourism to the United States versus tourism and travel and tourism around the rest of the world.

Consequently, there is a discussion going on in this country about what we can do to reach out to the rest of the world, and what we can do to promote travel and tourism in our country. We think it is important to tell the rest of the world, "You're welcome here. Come and see this country. We have a lot to offer; it is a great, great place." Understanding and seeing America firsthand is something, I think that promotes greater understanding around

the world about who we are and what we are about. I think all of us share a determination to see how we can better effectively—or more effectively, rather—accomplish that.

None of us, I believe, are interested, in any way, in sacrificing security issues in the name of the economy. We understand that what we need to do, and will do, in trying to promote travel and tourism in this country, has to be consistent with the interests of national security.

And again, in the shadow of 9/11, the issues of national security have become ever more important. We understand there is a war on terrorism and terrorists going on—we want to try to keep bad people out of this country. We want to have sufficient border security to try to prevent terrorists from entering our country. We understand all of that, and no one is more sensitive to that than my two colleagues who have been involved in the security and defense issues for many, many decades.

Although we are certainly familiar with that issue, and cognizant of it, we—at the same time—believe that you can develop an approach that recognizes and addresses our security interests, and at the same time does more to promote our travel and tourism.

Many of our allies have engaged in a much more aggressive campaign, fueled with substantial investment dollars to promote tourism to their countries, and at about the same time, we have—in many ways—retracted in this country.

We used to have a specific agency in the Commerce Department, that was abolished in the mid-1990s, to address some of these issues.

But we felt that it was important to both have an early hearing and have an opportunity to hear from witnesses about their views on this issue of travel and tourism and promoting our country as a destination for tourists. We felt it was important to also examine, in the context of that, economic and security issues.

So, I'm pleased that witnesses have come forward to testify today, and Mr. Chairman, thank you for allowing me—as the Subcommittee Chairman—to chair the full Committee hearing today.

[The prepared statement of Senator Dorgan follows:]

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

Today's hearing is the first in a series of hearings to examine the reasons why the United States is becoming less competitive in attracting international travelers. While travel and tourism is America's second largest services export industry creating a \$9.7 billion balance of trade surplus in 2005, other countries have gained market share to our detriment. In 1992, the United States had 9.4 percent of the total international travel market. In 2004, that number slipped to 6 percent, and if we do nothing to address this trend we will lose even more market share.

The absence of Federal leadership in travel promotion has encouraged states to fill that void, such as the efforts made by my home state of North Dakota. Tourism is an essential industry for North Dakota. It is the state's second largest industry, with visitors spending \$3.36 billion in 2004. The investment that North Dakota made to encourage travel and tourism has reaped enormous benefits, with the state getting a return of investment of almost \$82 for each dollar spent on travel promotion. While states have made inroads to attracting travelers, the lack of a coordinated Federal campaign creates a comparative disadvantage to countries that have centralized ministries or offices to encourage international travel to their countries. The example of North Dakota should be a lesson for the entire country. A small investment has the potential to create a significant windfall for our economy.

However, investing in promotion means nothing if the underlying impediments to international travel are not addressed. Travel industry leaders have done extensive research and polling to find that international travelers believe the process to come to America is one of the worst in the world. The visa application process has been inefficient, with travelers in some countries having to wait extended periods before receiving an answer on an application. And if the traveler is successful in obtaining a visa, he is met by a confusing and inhospitable border and entry process. Word of mouth is a powerful thing, and the terrible reputation we have earned is an additional hurdle to encouraging more people to visit America. It is not just about losing destination tourists. Businesses are losing clients to companies in other countries because of how hard it is to enter the United States. The economic health of the country however must also be balanced with homeland security. We should by no means decrease the security of the Nation for economic gain, but I believe there is room to make the visa and entry process more efficient and welcoming. Our competitors in the European Union appear to have found that balance. Our agencies can do the same.

I look forward to listening to today's witnesses and we will have a second hearing in the near future to hear from the State Department and the Department of Homeland Security. I plan to work with Chairman Inouye and the other members of the Commerce Committee to examine these issues thoroughly and begin work on legislation to address our competitiveness in the international travel sector. This is a great country, and we should welcome visitors to our shores to meet our people and experience our culture.

Senator Inouye.

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

The CHAIRMAN. Thank you very much, Mr. Chairman. May I ask that my full statement be made part of the record?

Senator DORGAN. Without objection.

The CHAIRMAN. When I do this, I'd like to note two facts. This is one of the very few major industries with a favorable trade balance at a time when our Nation is suffering from negative trade balances. I think it's the only major, industrialized country without a cabinet position in charge. All other countries have ministers—we don't.

I just hope that the government of the United States takes a much more serious look at tourism. Naturally, it's a major industry in Hawaii, but it's also a major industry in the United States.

Thank you very much, Mr. Chairman.

[The prepared statement of Senator Inouye follows:]

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

Travel and tourism is Hawaii's number one industry. In 2006, the Hawaii Department of Business, Economic Development and Tourism reported \$12 billion in tourism revenues—a 3 percent increase over tourism revenue in 2005.

This industry is just as important for the Nation's economy as it is for Hawaii. Travel and tourism is America's second largest services export industry and its third largest retail sales industry, generating a \$9.7 billion balance of trade surplus in 2005.

The travel and tourism industry has shown resilience since the terrorist attacks of September 11, but America has become a less desirable destination for many international travelers.

According to the U.S. Department of Commerce, in 1992, the U.S. attracted 9.4 percent of all international tourist arrivals from around the world.

In 2004, the United States attracted only 6 percent of total international arrivals.

Success in this industry is unpredictable because of uncontrollable influences such as natural or man-made catastrophic events or economic downturns that impact the pocketbook of potential travelers.

However, there are certain controllable factors such as capital investments, which can benefit the industry and help keep it competitive, and we all know a competitive industry provides a tremendous economic benefit to our Nation.

In fact, prior to 1997, the Federal Government made capital investments in tourism through coordinated advertising to international markets, and we remained competitive in attracting international visitors.

To further prove the point that capital investment works, the decline in international visits began in 1997 when the U.S. Government stopped providing funds for international advertising. The Federal Government reinstated funding for international advertising in 2003, but we have a long way to go to recover the lost world market share.

Another essential component is to ensure our borders are protected for both Americans and visitors. While we must secure our borders, we must do so in a manner that ensures our international friends continue to feel welcome. Many in the travel and tourism industry have expressed concerns with the sometimes overly aggressive measures used by the Department of Homeland Security and the Department of State as part of their effort to improve border security.

I look forward to hearing from the witnesses about how to balance these important goals.

Senator DORGAN. Senator Inouye, thank you very much.
Senator Stevens.

**STATEMENT OF HON. TED STEVENS,
U.S. SENATOR FROM ALASKA**

Senator STEVENS. Thank you, and I thank the Chairman for calling this hearing, it's a very important hearing and these four gentlemen have some interesting statements to make. I would ask that my statement be put in the record also.

Senator DORGAN. Without objection.

Senator STEVENS. And if—unless one of the witnesses offers it—I would offer, that the Blueprint to Discover America be entered into the record.

But, I'm looking forward to the witnesses' statements. Thank you very much.

[The prepared statement of Senator Stevens follows:]

PREPARED STATEMENT OF HON. TED STEVENS, U.S. SENATOR FROM ALASKA

Thank you, Chairman Inouye, for calling this hearing to discuss the important role that travel and tourism play in our country's economy and the current difficulties it faces. This industry is not only vital to our two states but it contributes a great deal to the Nation's prosperity.

To our witnesses, I thank you for being here today, and appreciate the time and energy each of you has spent to bring more visitors to the United States. Many of you have worked with Commerce Secretary Gutierrez in this endeavor and his and your efforts are appreciated.

The travel and tourism industry is the second largest private-sector employer in my state of Alaska. More than 24,000 Alaskan jobs rely on travel and tourism, contributing over \$2 billion dollars to the state's economy each year.

While attention to transportation security is vital for our country, it is equally important that our security not have the unintended consequence of driving away international visitors and commerce. If we do not allow for quick and efficient movement through our transportation systems we may soon hamper a critical piece of the Nation's economy. Our country's declining share of international visitors may be a warning sign that this already may be happening.

I look forward to hearing the results of your report, and working with both you and the Members of this Committee to address these important issues.

Senator DORGAN. Senator Stevens, thank you very much.

Let me begin by calling on Mr. Stevan Porter, the President of the Americas for the Intercontinental Hotels Group, Chairman, Discover America Partnership—the effort that my colleague from

Alaska just mentioned. Let me thank Mr. Porter for coming forward, and thank you and so many others for a lot of work that has gone into a very impressive proposal. Mr. Porter, you may proceed.

STATEMENT OF STEVAN PORTER, PRESIDENT, THE AMERICAS, INTERCONTINENTAL HOTELS GROUP; CHAIRMAN, DISCOVER AMERICA PARTNERSHIP

Mr. PORTER. Thank you, Chairman Dorgan, Chairman Inouye, and Members of the Committee.

First, just to let you know who IHG is, we are one of the world's largest hotel companies, we have a family of seven brands, which include Intercontinental, Crowne Plaza, Hotel Indigo, Holiday Inn, Holiday Inn Express, Staybridge Suites and Candlewood Suites. Our Americas region—which is our largest—is operated out of our headquarters office, in Atlanta, Georgia.

And, Chairman Inouye, in preparing for today's hearing, I was reminded within the company, of the pioneer efforts of one of our founders, one of Holiday Inns founders, Bill Walton, who served as Vice Chairman of our board at one point in his career. And in the 1970s, we commissioned him to come to Washington as the unofficial Ambassador on behalf of Holiday Inn, with a straightforward mission then—similar to now—to increase government awareness of the significance of the travel industry to the United States. I know he had the privilege of working directly with you during that time, and I think you got to know him as “Wild Bill,” and I would like you to know that he sends his greetings, and he's enjoying a well-deserved retirement.

Now, I come here today with my colleagues as a hotelier, but also as a businessman, and as Chairman of the Discover America Partnership. My colleagues, Jonathan Tisch, Jay Rasulo, and a number of others, started this partnership just last year to highlight the unique role that travel plays—not only in America's economic arena—but also in public diplomacy efforts, and to respond to a travel crisis that has resulted in a 17 percent decline in overseas travelers to the United States since 9/11.

That 17 percent—according to the Travel Industry Association—translates to something in the arena of 200,000 jobs, \$90 billion in spending, and \$15 billion in Federal, State and local taxes.

The Discover America Partnership believes that travel is a critical component of America's economic security and public diplomacy efforts, we also believe it's time to address this growing crisis, and to see international travel for what it truly is—an opportunity.

To help the United States welcome millions of more visitors annually, we've developed a three-step plan that can improve America's visa policy, entry procedures and perceptions about the travel process.

I'll focus my comments this afternoon on one step in the plan—entry procedures—and my colleagues will discuss visa policy and the need to change perceptions.

For many international travelers to the United States, a long flight is followed by an often daunting experience—navigating the scrutiny of the United States Customs and Border Protection process. Policies implemented, well-intentioned, over the past 5 years,

appear to have strengthened our security. Lost, however, have been efficiencies, and a semblance of customer service.

And, importantly, lost are meaningful high-economic impact events, such as the Pan-American Games, lost from San Antonio and awarded, ultimately, to Brazil. And the United States Olympic Committee, as we look ahead, which is one of our members, recognizes this as a similar concern in pursuing award of the 2016 Olympics to either Chicago or Los Angeles.

We're here today to offer our commitment to work with Congress and the Administration to assure international travelers a speedy and hassle-free entry process; turn our top inbound airports into world models; bring the considerable expertise of the travel and hospitality industry to provide foreign travelers with a positive first impression of the United States; and to develop an effective international registered traveler program; in short, America Welcomes You.

The specifics of how we propose to implement these steps are—as you've already noted—included in the Blueprint to Discover America, which we did submit to the Committee, along with my statement, and we would ask that it be made part of the hearing record.*

The hotel industry has a track record of stepping up to lend its expertise to managing the challenges facing our Nation. During the gasoline shortage of 1973 and 1974, Holiday Inns drew on the local knowledge of our hotel managers across the country, coupled with our unique HOLIDEX reservation system, to compile information on the availability of gasoline, and to serve as a central data collection point for the Federal Government.

Likewise, when Hurricane Katrina hit the Gulf Coast, IHG and many other hotel companies were quick to respond. We provided housing and meals for rescue workers, refugees, and those working to restore critical infrastructure to that ravaged area.

The Discover America Partnership seeks to continue that record of service, by lending the travel industry's expertise to assuring that foreign visitors to this country find their initial entry experience as welcoming and positive as the rest of their stay. We hope that Congress will join with us in making this a high-priority issue.

Thank you for the opportunity to testify before this Committee today, and I'll be happy to answer any questions you may have.

[The prepared statement of Mr. Porter follows:]

PREPARED STATEMENT OF STEVAN PORTER, PRESIDENT, THE AMERICAS,
INTERCONTINENTAL HOTELS GROUP; CHAIRMAN, DISCOVER AMERICA PARTNERSHIP

Chairman Inouye, Members of the Committee, good afternoon. My name is Stevan Porter and I am President, The Americas, of InterContinental Hotels Group (IHG). IHG is the world's most global hotel company with more than 3,600 owned, leased, managed and franchised hotels across nearly 100 countries and territories. IHG owns a portfolio of well-recognized and respected brands including InterContinental Hotels and Resorts, Crowne Plaza, Hotel Indigo, Holiday Inn, Holiday Inn Express, Staybridge Suites, and Candlewood Suites. IHG's Americas region is managed from our headquarters in Atlanta, Georgia.

I am here today not only as a hotelier, but also as Chairman of the Discover America Partnership. My colleagues Jonathan Tisch, Jay Rasulo and many others started the Partnership last year to highlight the unique role that travel can play

*The information referred to has been retained in Committee files.

in America's public diplomacy efforts and to respond to a travel crisis that has resulted in a 17 percent decline in overseas travelers to the U.S. since 9/11. According to the Travel Industry Association, this decline has resulted in a loss of nearly 200,000 jobs, \$90 billion in spending and \$15 billion in Federal, state and local taxes.

The Discover America Partnership believes that travel is a critical component of America's economic security and public diplomacy efforts. It's time to address this growing crisis and to see international travel for what it is: an opportunity.

To help the U.S. welcome millions of more visitors annually, we have developed a three-step plan that can repair America's visa policy, entry procedures and perceptions about the travel process. This plan is based on months of research, including analyses of how other countries address these important issues and in-depth conversations with officials in the Departments of Homeland Security, State, Commerce and Transportation. We also spoke with more than 2,000 international travelers to gain their perspective on obstacles to travel and what the U.S. might do to regain their business.

There are several key characteristics of this plan that I would like to bring to your attention:

1. Our plan enhances the security of our visa and entry process in significant ways by making needed investments in personnel and technology and by focusing human resources on travelers that pose the greatest threat.
2. Our plan outlines a holistic and user-focused approach to travel policy.
3. Our plan calls for relatively modest investments and changes to achieve revolutionary results. An annual investment of approximately \$300 million would cover the bulk of these proposals. Many of these proposals will actually achieve savings in other areas, by allowing government agencies to re-deploy resources elsewhere. The potential return on this investment is tens of billions of dollars for the economy, billions of dollars in added tax revenues and hundreds of thousands of new jobs.

Please allow me to focus on one step in this plan: entry procedures. My colleagues will discuss visa policy and the need to change perceptions.

For many international travelers to the United States, a long flight is followed by a daunting experience: navigating the scrutiny of the U.S. Customs and Border Protection process. Policies implemented over the past 5 years appear to have strengthened America's border security. Lost, however, have been efficiencies and a semblance of customer service.

I am here today to offer our commitment to work with Congress and the Administration to assure international travelers a speedy and hassle-free entry process; to turn our top inbound airports into world models; to bring the considerable expertise of the travel and hospitality industry to providing foreign travelers with a positive first impression of the United States; and to develop an effective international registered-traveler program. The specifics of how we propose to implement these steps are included in the "Blueprint to Discover America" which I have submitted to the Committee along with my statement. I ask that it be made part of the hearing record.*

The hotel industry has a track record of stepping up to lend its expertise to managing the challenges facing our Nation. During the gasoline shortage of 1973-1974, Holiday Inn drew on the local knowledge of its hotel managers across the country coupled with its then-unique HOLIDEX national reservation system, to compile information on the availability of gasoline and to serve as a central data collection point for the Federal Government. Likewise, when Hurricane Katrina hit the Gulf Coast, IHG and other hotel companies were quick to respond, providing housing and meals for rescue workers, refugees, and those working to restore critical infrastructure to the area.

The Discover America Partnership seeks to continue that record of service by lending the travel industry's expertise to assuring that foreign visitors to this country find their initial entry experience as welcoming and positive as the rest of their stay. We hope that Congress will join with us in making this a priority issue.

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

Senator DORGAN. Mr. Porter, thank you very much for your testimony.

*The information referred to has been retained in Committee files.

Next we will hear from Jonathan Tisch, who is Chairman and CEO of Loews Hotel. He has been involved in the effort that has just been described.

Mr. Tisch, you may proceed.

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

Mr. TISCH. Mr. Chairman, Senators Dorgan, Stevens, and Lautenberg, thank you very much for the opportunity to speak with you and discuss the issues that are important to the travel and tourism industry, and more importantly, to our entire country.

I am, as the Senator mentioned, Jonathan Tisch, the Chairman and CEO of Loews Hotels, and I also serve as Chairman of the Travel Business Roundtable, a CEO-driven organization whose mission is to raise the visibility of the travel and tourism industry here on Capitol Hill, and around the country, and to discuss the economic and social contributions which are vast, that our industry makes to this country of ours. And I also serve as Chairman of NYC & Company, which is New York City's travel, tourism, and visitors' agency.

Along with our strategic partner, the Travel Industry Association, we represent all sectors of the U.S. travel and tourism industry, as Steve just mentioned, an industry that has in excess of \$703 billion in expenditures, and employs about 7.5 million Americans directly, and about another 10 million more Americans indirectly.

As a member of the Discover America Partnership leadership group, I thank you for allowing my colleagues and me the opportunity to present before this Committee today.

Steve has just articulated the challenge, and has described the second part of our Blueprint for change. If I might, let's take a step back and review step one—reforming America's visa issuance system.

The State Department has put in place new programs and added staff to facilitate the visa process since September 11, 2001. However, the U.S. inbound travel market from overseas still lags behind the pre-9/11 levels, so that shows us that more can, and should, be done.

Before they ever have the opportunity to set foot on American soil, most international travelers—those that are not living in countries that are part of the Visa Waiver Program—must obtain a non-immigrant visitor visa. Two hurdles are large in this process—the distance from consular posts, and wait-times for interviews. And they have all too often made obtaining a visa cumbersome, and in some cases are re-directing travelers to other destinations.

Following September 11th, every visa applicant was required to have an in-person interview with a U.S. consular official. In places such as Brazil and India, with a total land mass equal, or in excess, to the United States, there are only four consulates in the entire country.

In these cases, potential visitors to the U.S. must take a trip, just to be considered for the right to visit us here in the United States. In 2005, the National Foreign Trade Council estimated that

U.S. businesses lost \$30 billion between 2002 and 2004, because of America's visa system.

According to the U.S. Government Accountability Office, during a recent 6-month period in 2006, 97 of the 211 visa issuing posts were reporting wait times in excess of 30 days, and 9 posts had wait times of over 90 days. Clearly, this is unacceptable. Especially when the State Department's own goal is to have wait times of 30 days or less.

As recently as November of last year, the wait times in India were as high as 184 days. Due to additional staffing resources, the State Department was able to process the backlogs and reduce wait times to under 1 week in three of the four consulates. We're pleased to see the progress has been somewhat sustained. This model should be applied to other problem locations, such as Mexico and Brazil. For all of the reasons Steve just laid out, we need more international visitors, not fewer, to come to the United States. We have the capability of welcoming more visitors, while at the same time, strengthening our security.

In our Blueprint, we lay out four recommendations for improving the visa process, while enhancing—enhancing—security. Number one, reduce wait times at all consular posts to less than 30 days. Number two, use technology for visa processing where distances are excessive. Number three, strengthen and expand the Visa Waiver Program; and, number four, enhance security and efficiency upon entry into and exit from the United States.

First, we are challenging the State Department to meet their own standard, and cut the wait times down to 30 days or less at consular posts. And we suggest several ways to do that.

For those posts with recurring problems, "rapid response" teams could be deployed. Consular officials and trained experts should be sent to handle the demand, similar to State's response in India.

We also believe that Congress should take an active role to assess the needs of consular offices overseas, and adequately fund staffing demands.

Our second recommendation is adapting 21st century technology, which is videoconferencing and Internet applications to better facilitate the visa process, and to lessen the hassle for visa applicants in geographically large countries, as I mentioned, such as Brazil, China, Russia, and India.

In fact, videoconferencing for visa interviews was one of the initiatives outlined in Secretary of State Rice and Secretary Chertoff's Secure Borders and Open Doors Plan, which was announced a year ago, in January of 2006.

For these plans to succeed, we ask that Congress enact legislation that allows for the use of technology and new methods of collecting information, when the appropriate security controls are in place, to facilitate interviews and other background checks.

Additionally, the reemergence of using American Chambers of Commerce overseas to expedite visa issuance for business travelers has been successful, and that progress should continue.

The third element for visa reform is strengthening our Visa Waiver Program, which allows travelers from lower-risk countries—our best trading partners—to come here without obtaining a visa. The VWP is essential for keeping our doors open to inter-

national travelers. Two-thirds of all overseas travelers to the United States come from Visa Waiver countries. By expanding the program, we can welcome more travelers, while consular resources can better be prioritized for higher risks.

The President recently announced that his plan is to do just that. By opening the Program to more of our allies, while requiring more personal information from travelers for security purposes, we boost our economy, our diplomacy, and our security all at the same time.

Our last visa recommendation is already being addressed by the Federal Government, and that is creating an effective exit tracking system. Today, our government is wary of letting more visitors into the country, because we are not sure if they will ever leave. The US-VISIT program has been an excellent example of using 21st century technology to protect our borders, but the exit component is still incomplete. We must build on this technology to carefully monitor the entry and exit of travelers, but to do so in a way that does not hinder travel.

It's time we use the resources at our disposal, and execute the same concept at our visa posts, and at our ports of entry.

In conclusion, Senators, this Blueprint lays out a comprehensive plan that strengthens our national security, at the same time, bolsters our economy, and creates more jobs here at home. By taking these actions, and communicating such progress to the public, we will also help turn around the negative perceptions of America. Thank you very much.

[The prepared statement of Mr. Tisch follows:]

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

Introduction

Good afternoon. Chairman Inouye and Ranking Member Stevens, I would like to thank you and Senator Dorgan for your attention to the travel challenges America is currently experiencing and for holding today's hearing.

I am Jonathan Tisch, Chairman and Chief Executive Officer of Loews Hotels, and Chairman of the Travel Business Roundtable, a CEO-based organization whose mission is to educate policymakers about the important social and economic contributions of the U.S. travel industry.

Along with our strategic partner, the Travel Industry Association (TIA), we represent all sectors of the U.S. travel and tourism industry—an industry that has \$703 billion in expenditures, employs 7.5 million Americans and has untapped potential for winning hearts and minds of people from around the world.

Along with this testimony, I would like to submit the "Blueprint to Discover America" as part of my statement for the record.

Need for a 21st Century Visa System

As a member of the Discover America Partnership's Leadership, I thank you for allowing my colleagues and me the opportunity to present before this Committee today. I would like to describe for you step one of our blueprint for change: reforming America's visa issuance system.

The State Department has put in place new programs and added staff to facilitate the visa process since 9/11. Some progress has been made. However, the U.S. inbound travel market from overseas still lags behind pre-9/11 levels. More can and should be done.

Overseas travel to the U.S. has declined 17 percent since 2001 while travel worldwide is steadily on the rise. A recent survey conducted by the Discover America Partnership showed that international travelers are 74 percent more likely to have a favorable opinion of the U.S. if they have actually visited here. In addition, those 2,000 travelers surveyed indicated they were 61 percent more likely to support the U.S. and its policies after having visited. Clearly, we need more international travelers; they strengthen our economy, our diplomacy and our security.

Before most international travelers (those not part of the Visa Waiver Program) ever have the opportunity to set foot on American soil, they must obtain a non-immigrant visitor visa. Two hurdles in this process—distance from consular posts and wait times for interviews—have all too often made obtaining a visa cumbersome, and in some cases are redirecting travelers to other destinations.

Following 9/11, every visa applicant was required to have an in-person interview with a U.S. consular official. In places such as Brazil and India—with a total land mass equal to or in excess of the United States—there are only four consulates in the entire country. In these cases, potential visitors to the U.S. must take a trip just to be considered for the right to visit the U.S.

According to the U.S. Government Accountability Office (GAO), during a recent six-month period in 2006, 97 of the 211 visa-issuing posts were reporting wait times in excess of 30 days, and nine posts with wait times over 90 days. This is unacceptable, especially when the State Department's own goal is to have wait times of 30 days or less.

As recently as November of last year, the wait times in India were as high 184 days. Due to additional staffing and resources, the State Department was able to process the backlogs and reduce wait times to under 1 week in three of the four consulates. We are pleased to see that progress has been mostly sustained. This model should be applied to other locations with lengthy wait times such as Mexico and Brazil.

Hurdles in the visa process have had an economic toll as well. In 2005, the National Foreign Trade Council estimated that U.S. businesses lost \$30 billion between 2002 and 2004 because of America's visa system. We need more international visitors, not fewer, to come to the U.S., and we have the capability of welcoming more visitors while at the same time strengthening our security.

In this "Blueprint to Discover America," we lay out four recommendations for improving the visa process while enhancing security:

1. Reduce wait times at all consular posts to less than 30 days;
2. Use technology for visa processing where travel distances are excessive;
3. Strengthen and expand the visa waiver program; and
4. Enhance security and efficiency upon entry into and exit from the U.S.

Reduce Wait Times

First, we are challenging the State Department to meet their own standard and cut the wait times to 30 days or less at all consular posts. We suggest several ways to do that. For those posts with recurring problems, "rapid response" teams should be deployed. Consular officials and trained experts should be sent to handle the demand—similar to State's response in India. We also believe that Congress should take an active role to assess the needs at consular offices overseas and adequately fund staffing demands.

Bridge the Distance for Interviews

Our second recommendation is adapting 21st Century technology, such as videoconferencing and Internet applications, to better facilitate the visa process and to lessen the hassle for visa applicants in geographically large countries such as Brazil, China, Russia, and India. In fact, videoconferencing for visa interviews was one of the initiatives outlined in Secretary of State Condoleezza Rice and DHS Secretary Michael Chertoff's "Secure Borders and Open Doors" plan, announced in January 2006.

For these plans to succeed, we ask that Congress enact legislation that allows for the use of technology and new methods of collecting information—when the appropriate security controls are in place—to facilitate interviews and other background checks. Additionally, the re-emergence of using American Chambers of Commerce overseas to expedite visa issuance for business travelers has been successful. That progress should continue.

Strengthen and Expand Visa Waiver Travel

The third element for visa reform is strengthening our Visa Waiver Program (VWP), which allows travelers from lower-risk countries—our best trading partners—to come here without obtaining a visa. The VWP is essential for keeping our doors open to international travel. Two-thirds of all overseas travel to the U.S. comes from VWP countries.

By expanding the program, we can welcome more travelers while consular resources can be better prioritized for higher risks. The President recently announced his plan to do just that. By opening the program to more of our allies while requir-

ing more personal information from travelers for security purposes, we boost our economy, our diplomacy and our security all at the same time.

Expand Upon US-VISIT

Our last visa recommendation is already being addressed by the Federal Government, and that is creating an effective exit tracking system. Today our government is wary of letting more visitors into the country because we are not sure if they are going to leave. The US-VISIT program has been an excellent example of using 21st Century technology to protect our borders, but the exit component is still incomplete.

We must build on this technology to carefully monitor the entry *and* exit of travelers, but do so in a way that does not hinder travel. It is time we use the resources at our disposal and execute the same concept at our visa posts and at our ports of entry.

Conclusion

In conclusion, this blueprint lays out a comprehensive plan that strengthens our Nation's security and at the same time bolsters our economy and creates more jobs here at home. By taking these actions and communicating such progress to the public, we will also help turn around the negative perceptions of America.

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

Next, we will hear from Mr. Jay Rasulo, who is Chairman of Walt Disney Parks and Resorts, and Chairman of the Travel Industry Association, and Chairman of the U.S. Travel and Tourism Advisory Board.

Mr. Rasulo, thank you for joining us. You may proceed.

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

Mr. RASULO. Thank you, Mr. Chairman.

On behalf of the Nation's travel and tourism industry, I appreciate the opportunity to appear before you to discuss our plan to increase the economic and diplomatic benefits of travel to the U.S.

I speak from three perspectives: First, as National Chairman of the Travel Industry Association, which represents the \$600 billion U.S. travel industry.

I also serve as Chairman of the U.S. Travel and Tourism Advisory Board. This is a panel of the industry's top CEOs that is charged with advising the Department of Commerce on the creation of a national strategy to compete for greater market share of the growing world travel and tourism market.

And finally, I'm Chairman of Walt Disney Parks and Resorts, which operates 11 theme parks on three continents, a top-rated cruise line, and 32,000 hotel rooms. Here in the U.S., our vacation businesses are responsible for creating 175,000 jobs, while contributing nearly \$9 billion in economic revenue each year to the local economies.

The challenge that has been described today is not merely an industry challenge, or even a private-sector challenge, it's America's challenge, one that both government and the private sector must address together.

When it comes to security and ease of travel, people sometimes mistakenly believe that we must choose one or the other—that we can't have both.

The Blueprint we've created shows that it is well within America's reach to be both more secure, and more welcoming. As my col-

leagues have described, the solution proposed must unfold in three steps. First, we must keep the visa process secure, but make it more user-friendly. Second, we must strengthen the security of our entry process, but make it more welcoming, and efficient.

But it's not enough to fix the problem. We must also tell the world that we've done it, because negative perceptions have a funny way of lingering long after the reality has changed.

That's why the third step of this process must be the creation of a nationally coordinated program that communicates these changes to the world.

In preparing the Blueprint to Discover America, we conducted quite a bit of research to understand why people are avoiding traveling to the U.S. And it was very clear to us that the confusion and misperception about the entry experience are significant deterrents to international visitation.

The Western Hemisphere Travel Initiative is a perfect example. This new law requires a passport from and to—for travel to and from Canada—and is causing considerable anxiety and confusion among travelers. Their confusion is unnecessary, and it's amplified because the U.S. has no dedicated resources to communicate these changes, to counter misperceptions, and to help people understand and navigate the process.

The government agencies are, individually, doing what they can on their existing budgets, and so is the private sector. Many companies, like Disney, are dedicating marketing and sales resources toward getting the word out. The Travel Industry Association has even set up a website called "get a passport now" which has been visited more than a million times.

But none of this is any substitute for a well-funded, nationally coordinated program that communicates these policies with a single voice. In fact, this is something that virtually every other industrialized country in the world is already doing.

Australia, for instance, spends \$113 million a year communicating and promoting itself to travelers. Canada spends \$58 million a year. But, the U.S. currently has no such program.

We envision the creation of a new federally chartered public-private entity. It would combine the expertise of the private sector with the oversight and coordination of the Federal Government. It would serve as the primary voice for all travel-related policies, and it would also coordinate our national strategies to maximize the benefits of travel to America.

This program would fill a vital gap in our current strategies to attract more visitors, and it would pay for itself many times over.

We estimate that almost all of the recommendations in our Blueprint could be implemented at a total cost of under \$300 million a year. If these changes resulted in an increase of only one million visitors, the additional tax revenue would cover the investment.

If we recaptured 10 million new visitors, which represents little more than one additional share point of world travel, the added tax revenue would be ten times what we invest, and that doesn't include the tens of billions of dollars added to the economy, and hundreds of thousands of new jobs.

But this effort also serves a larger national purpose. It would advance America's public diplomacy—the public face we present to the world.

Where I work, we often talk about the magic of Disney, but there is also a magic to America. People simply need to visit here to feel this magic. Our research has found that traveling to the United States makes a visitor 74 percent more likely to feel extremely favorably about this Nation. If we can get people through the gate, we can change their perceptions of America.

Imagine the goodwill that will result if we simply let people know we want them to come. Imagine the benefits that will flow to our Nation if peoples around the globe know that America remains an open, friendly, pleasant place to visit.

Again, I thank you for the opportunity to speak here today, and I look forward to addressing your questions.

[The prepared statement of Mr. Rasulo follows:]

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

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The challenge that has been described today is not merely an industry challenge or even a private sector challenge—it is America's challenge—one that both government and the private sector must address together.

When it comes to security and ease of travel, people sometimes mistakenly believe we must choose one or the other—that we can't have both. I believe this is a false choice. And the blueprint we have created shows that it is well within America's reach to be both more secure and more welcoming.

As my colleagues have described, the solution we propose must unfold in three steps.

First, we must keep the visa process secure, but make it more user-friendly.

Second, we must strengthen the security of our entry process, but make it more welcoming and efficient.

But it's not enough to fix the problem. We must also tell the world we did it, because negative perceptions have a funny way of lingering long after the reality has changed.

That's why the third step in this process must be the creation of a nationally coordinated program that communicates these changes to the world.

In preparing the Blueprint to Discover America, we conducted quite a bit of research to understand why people are avoiding traveling to the U.S. And it was very clear to us that confusion and misperceptions about the entry experience are a far bigger deterrent than the processes themselves.

The Western Hemisphere Travel Initiative is a perfect example. This new law requires a passport for travel to and from Canada—and it is causing considerable anxiety and confusion among travelers. Their confusion is unnecessarily amplified because the U.S. has no dedicated resources to communicate these changes, to counter misperceptions and help people understand and navigate the process.

The government agencies are individually doing what they can with their existing budgets, and so is the private sector. Many companies—including Disney—are dedi-

ating marketing and sales resources toward getting the word out. The Travel Industry Association has even set up a website called “get a passport now,” which has been visited more than a million times.

But none of this is any substitute for a well-funded, nationally coordinated program that communicates these policies with a single voice.

In fact, this is something that virtually every other industrialized country in the world is already doing. Australia, for instance, spends \$113 million dollars a year communicating and promoting itself to travelers. Canada spends \$58 million dollars. But the U.S. currently has no such program.

We envision the creation of a new public-private entity. We could call it, perhaps, the Corporation to Discover America.

It would combine the expertise of the private sector with the oversight and coordination of the Federal Government. It would serve as the primary voice for all travel-related policies, and it would also coordinate our national strategies to maximize the benefits of travel to America.

This program would fill a vital gap in our current strategies to attract more visitors. And it would pay for itself many times over.

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Imagine the goodwill that will result if we simply let people know we want them to come.

Imagine the benefits that will flow to our Nation if other peoples around the globe know that America remains an open, friendly, pleasant place to visit.

Again, I thank you for the opportunity to speak here today, and I look forward to addressing your questions.

Senator DORGAN. Thank you very much. I understand I mispronounced your name, it’s Mr. Rasulo.

Mr. RASULO. Quite all right, thank you.

Senator DORGAN. Thank you for being with us, Mr. Rasulo.

Finally, we will hear from James May. Jim May is President and CEO of the Air Transport Association.

Jim, thank you and welcome.

STATEMENT OF JAMES C. MAY, PRESIDENT/CEO, AIR TRANSPORT ASSOCIATION

Mr. MAY. Thank you, Mr. Chairman.

My name normally isn’t mispronounced, it’s easy. How’s that?

Thank you, Senator Dorgan, Chairman Inouye, Vice Chairman Stevens and Members of the Committee.

We’ve heard testimony about the “Blueprint to Discover America” today. And the three main goals, which are a faster and more secure visa system, more rapid processing of passengers at airports, and creating a more welcoming environment for international passengers. These are goals that we can agree upon.

The good news is that, and I’m sure it is the result of a lot of work by the Partnership members at this table and others, many

of these goals are, in fact, being addressed by several Federal agencies.

A quick review tells us that there are many committed people working together on these issues, both within the Administration, the travel and hospitality industry, and certainly, the airlines.

The Rice-Chertoff Initiative, the DHS/State Department “Secure Borders, Open Doors” initiative, the US-VISIT program, and the Commerce Department’s U.S. Travel and Tourism Advisory Board have all focused on these same goals to improve the international traveler experience.

These government initiatives, which include E-passports, model airports, developing a “single portal” for transmission of passenger information, adding new consular positions, and decreasing the wait time for visa applicants, are all needed to go a long way toward improving that passenger experience.

And as I compare the government’s programs with the objective of the Blueprint, I feel that those Blueprint objectives are, in fact—although in a different way—being addressed. Having noted the consistency of objectives between the Blueprint and many government initiatives, I think there is also one glaring inconsistency.

The Blueprint to Discover America runs counter to one of the key recommendations set forth by the Travel and Tourism Advisory Board which a couple of months ago, raised concerns about imposing taxes on passengers. It explained how new taxes can “increase the cost of travel and can dampen demand for inbound travel.”

The Partnership’s Blueprint suggests that their new objectives can be met with an investment of some \$300 million to underwrite such initiatives as training CBP and TSA officials in “customer service techniques.”

It goes on to suggest that all of the initiatives could be paid for with a \$5 fee for “all travelers leaving the United States via air,” or with a charge of approximately \$10 added to the cost of “purchasing the airline ticket.” Now, in fairness, the Blueprint also offers a third funding alternative, which is the issuance of about \$1 billion in tax credit bonds.

In my view, these fee proposals are wrong-headed and counter-intuitive. Why would we want to charge passengers more at the very time we’re trying to encourage more of them to visit the U.S.? It simply does not make sense. I’d like to remind the Committee that international airline passengers are, today, paying approximately \$50 in U.S. taxes and fees for each and every trip to America. In 2006, that number generated roughly \$3.3 billion to \$3.7 billion.

Now, what passengers should expect for that \$50, is an efficient system to get them through our airports, painlessly. If more needs to be done to expedite handling airline passengers, and processing visas—and I think it does—then the Federal Government needs to underwrite these efforts, not passengers.

The Blueprint also says that “all foreign travelers to the United States should be greeted at the inspection booth with the words, ‘Welcome to the United States’.” While I appreciate a warm welcome as much as the next person does, it’s hard for me to support charging passengers a \$5 fee to purchase a smile and a greeting.

The ATA strongly favors securing America's borders, and we can do that by eliminating inadequate processes, and transitioning to an electronic visa application form, making visa appointments on-line, sharing data among government agencies to avoid duplicative work, and adding even more consular positions and locations, all efforts that are underway.

Mr. Chairman, we are also quite sensitive to the need to balance the sometimes competing interests of post-9/11 security with ease of travel, something you mentioned in your opening comments. Our airlines frequently comment on the so-called "hassle factor" that security presents. But at the end of the day, we accept the reality that, in some instances, there are necessary tradeoffs.

ATA has been working very closely with government agencies to implement these initiatives. We have long been an advocate for full coordination among government agencies, a problem that exists at many different levels, and support a DHS-led "single face" at U.S. ports of entry.

I want to reiterate, we support the fundamental objectives in the Blueprint, to speed passengers through airports, to expedite visa processing, and enhance security, and to make the travel experience more enjoyable. For the most part, we think these objectives are, in fact, being addressed by the State Department, the Department of Homeland Security and the Commerce Department, but they could clearly be done with more vigor and with a greater sense of urgency, which we encourage this Committee to enforce.

America must effectively compete for international visitors, or millions of travelers will take billions of dollars that they would have spent here, and go elsewhere. Our airlines are eager to bring more international visitors to America, so that they can experience firsthand what we already know—America is a great country to do business with, and to visit. Thank you.

[The prepared statement of Mr. May follows:]

PREPARED STATEMENT OF JAMES C. MAY, PRESIDENT/CEO, AIR TRANSPORT
ASSOCIATION

Good afternoon, Chairman Inouye and Vice Chairman Stevens. I appreciate being here.

We have just heard testimony about the "Blueprint to Discover America." Their three main goals—a faster and more secure visa system, more rapid processing of passengers at airports, and creating a more welcoming environment for international passengers—are goals that we all agree upon.

The good news—and I am sure it is the result of the good work by Partnership members, is that these are also goals that are already being addressed by several Federal agencies.

The fact that we are sitting together today tells us that there are a lot of committed people working together on these issues in the Administration, in affected businesses, and in the airlines.

The Rice-Chertoff Initiative, the DHS/State Department "Secure Borders, Open Doors" initiative, the US-VISIT program, and the Commerce Department's U.S Travel and Tourism Advisory Board, have all focused on these same goals to improve the international traveler experience.

These government initiatives, such as E-passports, model airports, developing a "single portal" for transmission of passenger information, adding new consular positions and decreasing the wait time for visa applicants, are going a long way toward improving the passenger experience. As I compared the government's programs with the objectives of the "Blueprint," I felt that those "Blueprint" objectives were being addressed.

Having noted the consistency of the objectives between the "Blueprint" and the government initiatives, there is one glaring inconsistency. The "Blueprint to Dis-

cover America” goes against one of the key recommendations put forth by the government. The Travel and Tourism Advisory Board raised concerns about imposing taxes on passengers. It explained how those can “increase the cost of travel and can dampen demand for inbound travel.”

The “Blueprint” proposes to pay for all these initiatives with a \$5 fee for “all travelers leaving the United States via air” or with a charge of approximately \$10 to be added to the cost of “purchasing the airline ticket.” To be fair, the “Blueprint” offered a third funding alternative, the issuance of \$1 billion in tax free bonds.

Why would we want to charge passengers *more* at the same time we are trying to get more of them visit the U.S.? That just does not make any sense.

I would like to remind the Committee that international airline passengers are already paying approximately \$50 in U.S. taxes and fees for each trip to America. What passengers should expect for \$50 is an efficient system to get them through our airports.

Travel and tourism create spending of over \$650 billion a year in the U.S. and generate approximately \$100 billion in additional taxes for state, local, and Federal governments. If more needs to be done to expedite handling airline passengers or processing visas, and it does, the Federal Government needs to commit to use a portion of those additional tax revenues to these efforts.

The “Blueprint” also says that “all foreign travelers into the U.S. should be greeted at the inspection booth with the words ‘Welcome to the United States.’”

While I appreciate a warm welcome—it is hard for me to support charging passengers a \$5 fee to purchase a smile and a greeting.

The ATA strongly favors securing America’s borders, and we can do that by eliminating inadequate processes and transitioning to electronic visa application forms, making visa appointments online, sharing data among government agencies to avoid duplicative work, and adding even more consular positions and locations.

ATA has been working very closely with government agencies to implement these initiatives. We have long been an advocate for full coordination among government agencies and support a DHS-lead “single face” at U.S. airports of entry.

I want to reiterate—we support these fundamental changes in the “Blueprint” to speed passengers through airports, to expedite visa processing and enhance security, and to make the travel experience more enjoyable. We think they are already being addressed by the State Department, the DHS, and the Commerce Department—but that they could be done with a little more vigor and with a greater sense of urgency.

America has to effectively compete for those visitors or otherwise millions of travelers will take the billions that they would have spent here, and spend it elsewhere. Our airlines are eager to bring more international visitors to America so they can experience firsthand what we already know—that America is a great country to do business with, and to visit.

Thank you.

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

Let me ask a number of questions, and then turn to my colleagues.

First, if the recommendations that you suggest are implemented, from what countries would you expect that we would see the largest increase in travelers to the United States? Does anyone have an estimate of that? Mr. Porter?

Mr. PORTER. Yes, the Blueprint, as defined and described, would focus on international arrivals from overseas travelers, so we would see the largest amount of those coming—increasing the contribution from England, we’d see an increased contribution from Japan and from China, which are already big contributors, but we have seen decline. Similarly, Brazil has shown significant decline in the past 5 years, so that would be another country of focus, as well.

Senator DORGAN. The Discover America Partnership has provided a blueprint outlining objectives and tactics in a number of very specific areas, which is helpful, it seems to me, in terms of our evaluation of them.

I want to talk about the return on investment where we, too, embrace these ideas. What would be the benefits of such a program,

and what do you believe would be the return on investment for our country to pursue such a program?

Mr. PORTER. Very, very fair question.

First, in the construct of this strategic plan, very similar to the way we would pursue this inside any one of the companies that we represent, this is a combination of a variety of options among many that were evaluated. And these come forward as being what we think of as some of the strongest, but clearly open to review, discussion, and debate, sort of as we're having here today.

That said, within the three component parts—improvement in the visa process, we think, is an investment initially at about \$50 million, improvements in the entry procedures is about \$50 million, and then the notion of improving perceptions is an investment of about \$200 million. And, as we would execute down that path, clearly we think fixing the first two is the right place to start with that resourcing.

Once that would be agreed to, having passed through some of those objectives as benchmarks, thresholds we've laid out, then you'd move into the communications component, and the return as noted in there, we see as being sizeable.

And I think Jay did a nice job sizing that, it is to return us to a market share position that reflects, first, covering the decline—we've gone from about a 7.5 percent share to a 6 percent share—that one and a half points is roughly the 10 million visitors that we've described with the corresponding economic benefits. And the pie has gotten bigger at the same time.

So, not only have we lost position, but the pie has improved, so it's sort of a double loss of position.

Senator DORGAN. Mr. May seemed to suggest that the Rice-Chertoff joint vision has created some progress in a number of areas, and that perhaps it could be improved a bit, but I think, I think you seem to suggest that there has been substantial progress in these areas.

Do all of you agree with that, or is, or do—? I mean, I assume that the reason you've put this together is you believe much more needs to be done, is that correct?

Mr. RASULO. If I may, Senator.

I think that we all agree that progress has been made, and Rice-Chertoff, in fact, was used as an input to this blueprint in many ways, and gave us a vocabulary that we could share with both the State Department and the Department of Homeland Security in really trying to secure the very same goals.

I think the Blueprint pushes a little further in the use of technologies in specific reviews of staffing, and tries to isolate the problems with specific answers.

It also speaks to the area of promotion, to which the Rice-Chertoff initiative did not speak. And, if I may, just add on the issue of return, we have some information about valuable—the value of promotion in terms of return, both in terms of spending, and in terms of taxes.

The input here comes from a number of things—sort of an academic study from a group from Oxford, an Oxford organization—I don't remember the exact name, it's in the Blueprint—that showed that well-executed programs can return, in terms of spend-

ing, up to 75 to 1, but probably on average, 35 to 1, if you look at programs around the world.

In my home state, the State of California, we had a bit of a control experiment in that we promoted California internationally for a number of years, and then the funding was cut off and we lost it, we saw the effect down, and when it was reinstated, we saw the effect back up, and that was about 14 to 1. On average, we think in terms of tax revenue, the average is probably around 6 to 1.

Senator DORGAN. You're correct that the Rice-Chertoff initiative did not deal with the issue of promotion, but just one final point—other countries that are involved in promotion and a greater activity here to try to get a better share for their countries of the international travelers. Are they paying for these initiatives through—the public sector? The private sector? Or a combination? Do you have any information about that?

Mr. RASULO. Most are public, public funding. There are some that are public/private partnerships, with some matching. California is an example of that. There's contribution from the private sector, which is more than equally matched, but as a substantial contribution from the State of California. So, there are many public/private partnerships, but most have substantial government funding, as part of them. Canada, as an example, I believe is completely publicly funded.

Senator DORGAN. I'm going to have to ask other questions at another go round.

Mr. TISCH. Senator, if I can just add to that, we have released, today, this document which is the 1-year review of Rice-Chertoff. And it is appropriate that it is the day that we're talking to you about extending some of the ideas here, but then adding the Blueprint to it.

What the Blueprint does is put aside parochial concerns of various aspects of the travel and tourism industry, and works together toward a greater good. And when you ask about return on investment, I think you can look at the financial return, which my colleagues have discussed a bit, and it really focuses on some of—all of the Senators' opening comments, about helping us with the positive balance of trade.

Our industry is uniquely poised to be a vehicle for job creation, and for economic development. I serve, as I mentioned in my comments, as Chairman of New York City's Convention of Visitor's Bureau, and our industry is growing and we continue to create jobs.

To give you a sense of how important that international traveler is, we had a record year in 2006—44 million people visited New York City. Of that, only 18 percent were from international destinations, but they were responsible for 45 percent of all the visitor spending. That's why we need the international traveler. They stay longer, and they spend more money.

Now, you switch to the intangible results, and as we all know, and we're all deeply concerned about the image of America, Americans, and American brands overseas is at an all-time low. The results show that when you come to this country, you leave with a more positive image of us as a Nation. And when you combine the tangible and the intangible, we think that the Blueprint becomes the path to help our country on many fronts.

Senator DORGAN. Mr. Tisch, thank you.
Senator Inouye?

The CHAIRMAN. About 25 years ago, Ireland, the government of Ireland, spent more money promoting the Blarney Stone than the United States did for the whole country. What improvement have we had? Are we spending more than Ireland?

Mr. RASULO. Well, let me—let me answer that. From a nationally coordinated perspective, overseen by a Federal agency of any sort, or a centralized message, we spend zero. So we haven't, I guess, if they're spending anything on the Blarney Stone then it's more than us. And Ireland, in fact, is one of the many nations that spends against national tourism.

Needless to say, Senators, we as private entities, do invest in promotion overseas, but we cannot fill the essential role that a centralized, federally overseen program can do. Particularly, now that we know the biggest inhibitors are the entry process and the visa process, there is no private entity or state entity, that would be either a trusted source of that information, or the appropriate source of that information.

So, I think, to answer your question, there hasn't been an improvement.

The CHAIRMAN. Well, what countries have been the most successful in attracting international visitors?

Mr. PORTER. We have that detailed within the Blueprint.

Australia certainly jumps to the top of that list as having been highly effective in focused programs in spending, Canada would be another example of a country that has done quite well on that front, some of the European countries have stepped into that, as well. So they are wildly, most all countries for whom this industry is a significant contributor, are significantly ahead of the spending patterns of the United States.

The CHAIRMAN. What sort of visa and security processes do these countries have, as compared to the United States?

Mr. PORTER. You'll find in there, again, details on that. We know, and many of us travel frequently, England, Israel and others have been far more advanced in using technology to advantage entry into those countries. Those are good models. Australia has also been advanced in using technology to make it fast through the booking process to get access to that country. So, I think they are definitely good models that we can emulate in this country, for certain.

Mr. TISCH. And if you look at the historic competitors of the United States—Australia, and Japan, Italy—what we're now seeing is a big push by Middle Eastern countries, such as Dubai, Abu Dhabi, to grab a larger market share of conventions, conferences, by building enormous meeting halls and hotel facilities, restaurants—the whole travel and tourism infrastructure. They are throwing hundreds of millions of dollars to attract U.S. business that might now go to Las Vegas, New York, or Orlando, to their shores.

The CHAIRMAN. There's one thing in common with these countries—the government is involved.

Mr. TISCH. It is my understanding that the government is absolutely involved, sir.

The CHAIRMAN. Last September, I think the organization submitted recommendations to the Secretary of Commerce? What has happened? Have they been implemented?

Mr. RASULO. Senator, it just so happened that yesterday, the U.S. Travel and Tourism Advisory Board had a meeting with the Secretary, and reports are out from the Department of State and Homeland Security on some of the recommendations. And I think there—there is no, no doubt there has been incremental improvement in the processes.

The model airport program from the Rice-Chertoff Initiative has had some advancement, there has been some improvement on the visa side, but I think that we've only scratched the surface in finding the efficiencies that technology and appropriate staffing levels can provide, and haven't scratched the surface at all, although it was not a recommendation of the, of that particular paper—have not scratched the surface at all on the area of promotion and communication.

I would like to add, by the way, that since it's referenced, and I do chair that committee, it was referenced that the committee argued against the collection of fees or taxes from travelers.

Actually, what it recommended was against fees that don't benefit travel. And clearly, the aspects of the Blueprint we're discussing today are to the benefit of travel.

The CHAIRMAN. We have just implemented the new visa requirements in the Western Hemisphere. What will be the impact on visitors from those countries?

Mr. RASULO. Well, it's hard to know, and I'll defer to my colleagues, but right now, a very small percentage of our travel from Canada and to Canada is by air, relative to ground crossing. So far—we heard yesterday from a Director of Homeland Security, Michael Jackson, that 90 percent of the passengers arriving in the U.S. or going to Canada by air—do have passports. And that those who didn't have been accommodated, to date, in the early days, in ways that no one has been turned around, yet.

I think the real test against the WHTI is how efficiently we can implement the border crossing. Which is—which are frequent, are often not what you and I would think of as travel, but a trip to a movie, a trip to go shopping, a trip to a drug store that's at the end of town can be a border crossing in a lot of our border states.

And so, we've yet to see the impact of the ultimate implementation. We're all working quite hard to be sure that that is implemented with a deadline of—thanks to some of you—of mid-2009 to be sure that that gets implemented in a way that won't affect our flow from Canada which, of course, is our most important trading partner, and our most important travel partner in the world.

Mr. PORTER. And Chairman, if I may, just give some further illustration to that. Jay has pointed out at the outset of WHTI, with regard to air arrivals, we knew going into the penetration of passport holders for those arrivals is pretty high, so that has been borne out to be the case, and it has not had significant negative impact.

As we move to land arrivals—whether from Mexico or from Canada—lodging alone, we have roughly 50,000 hotels in the United States, and about 25 percent of those are within a hundred miles

of either the Canada or the Mexico border. And it is not an uncommon thing to have significant cross-border travel to enjoy many of the amenities of the United States, a broad array of industries. Penetration of passports in the population at large is sub-30 percent in the United States, similarly, sub-40 percent in Canada, so we think the potential for dramatic impact is significant, which goes back to the need to have coordinated communications on these initiatives, so we get the security right, but also make sure the doors stay open.

The CHAIRMAN. I notice my time is up, I thank you very much, Mr. Chairman.

Senator DORGAN. Senator Stevens?

Senator STEVENS. In the nineties, there was an organization called the U.S. Tourism Organization. Are you any of you aware of that one?

Mr. TISCH. I was a member.

Senator STEVENS. What happened to that?

Mr. TISCH. It lost its funding through the Commerce Department.

Senator STEVENS. It was federally funded to start?

Mr. TISCH. Yes, it was. And it was through the Commerce Department, sir, and it lost its funding.

Senator STEVENS. Are you of the opinion that there must be Federal funding to initiate this new program?

Mr. TISCH. We are of the opinion that there are private sector ways working with government, as Jay outlined, and we threw a few ideas out there. But, we do feel that we need some assistance in this, but the private sector understands our role, and our responsibilities, and wants to work with government to find ways to pay for the programs that we are calling for.

Senator STEVENS. We have initiated other programs such as the Pitman-Robertson program that deals with firearms and archery and activities like that—they're basically what we call a user-pay benefit trust fund concept—have you examined that concept?

Mr. PORTER. I don't believe we did directly, no. And just, again, going back to the intent behind the Blueprint—we thought it important, as we bring this initiative forward—to be honest about the fact that it requires resourcing. And we felt that it was important to try to put a fine line on the quantum of what that resourcing might be. And we also thought it was a requirement to put forward a variety of options as one approach to understanding how it might be resourced.

It would be our intent that this would advance into further discussion to further validate alternate resources. We're not necessarily committed to, or married to any one of these, but we clearly know that resourcing is a requirement, and we think there are a variety of options to sort that out.

Senator STEVENS. Have you presented this plan to the Department of Commerce now?

Mr. RASULO. We did. We did present that plan yesterday at the board meeting to Secretary Gutierrez and his staff, yes.

Senator STEVENS. And this Discover America Partnership Corporation—you envision that that would be authorized by Congress to start with?

Mr. PORTER. Actually, it could potentially be one approach to putting funding forward and having some oversight body in a relationship between the private sector and the government, advance this initiative, yes.

Senator STEVENS. Well, I want to make sure we understand that, if we proceed to have such a corporation created and implement a program through legislation, does that meet your desire? Do you want to cooperate with that?

Mr. PORTER. Yes, we do.

Senator STEVENS. Now, Mr. May, I understand what you're saying about exit fees and we've all had an acquaintance with that sort of thing. Is your industry, though, prepared to work with the travel agencies, the travel industry, to facilitate the development of the Partnership program and otherwise?

Mr. MAY. Senator Stevens, we have endorsed the principles of the Blueprint, and are happy to work with it. We have questioned, as you might imagine, some of the funding formulas that are attached to that, but I would suggest, in a manner reminiscent of the opening comments of Chairman Inouye, there are billions of dollars that are currently being spent on many of these different programs—whether it's US-VISIT, visa exit, Secure Flight, AQQ—we can go down a very long list. I would hope that this Committee would undertake, at the outset, to bring up representatives from the State Department, the Department of Homeland Security, TSA, CBP, ICE, and the other multiple alphabet soup organizations that are responsible for a very diverse enforcement of issues.

And if the State Department suggests that they are going to make significant progress with their programs—they've issued recent press releases to that effect—I think this Committee has an opportunity to hold their feet to the fire, and make sure the programs we have today are cost-effective, efficient, and are doing what they are intended to do, which is not to say that we shouldn't have more promotion, but I think there's a lot of work that needs to be done on making sure all of these programs are coordinated, and that we have a command and control structure that works effectively for the benefit of the international traveler.

Senator STEVENS. I think some of you were involved with the funds that—when I was chairman of the Appropriations Committee, we were able to get Congress to approve—those monies weren't all spent. Was that because of a lack of infrastructure in the Executive Branch to carry it out, or was there just not an agreement within the industry of where they should be spent?

Mr. RASULO. I had the pleasure of chairing the advisory committee that the legislation that you submitted called out for the spending of \$50 million that was appropriated for this very purpose. And that was an advisory committee to the Commerce Department.

Frankly by the time the effort was organized, by the time the board members were named—and, in fact, two of us were on that board—by the time it was named, it was already 6 or 7 months into the year, and it wasn't that we couldn't figure out how to spend the money, we knew exactly how we were going to spend it—we couldn't get through the Federal approval process quickly enough before the money got swept up in an omnibus bill, the om-

nibus bill at the end of the year. And we were left with \$8 million which we spent about \$6 million-plus in what we called a pilot program in the U.K., which I'm happy to say seemed to have had very positive results.

Senator STEVENS. Well, last—I see my time is up—the Duck Stamp, you know, sticks in my mind as a hunter. Hunters have supported the program which provides the money that assures conservation of the species that they hunt. It has been totally accepted by all involved in the hunting world of our country. Have you examined the ability of the industry to start out and raise money through some mechanism, such as a stamp or a certificate of membership? There are literally hundreds of thousands of people that are the periphery of your industry. And it seems that that would raise money, and have a continuous flow of money, if the program was successful. Have you looked at that form of mechanism of funding?

Mr. PORTER. That particular mechanism, no, we didn't. That's a great suggestion as we advance this into the working group, and think through what those broader options might be.

Thank you for that.

Senator STEVENS. Well, I think Senator Inouye and I have looked forward to working with you, because certainly our two states are very heavily supported by the travel and tourism industry. And we've seen the decline that you've mentioned, and we'd like very much to work with you to try and sort of bring back this industry, and have it bloom as it should, in terms of our total economy.

Thank you very much, Mr. Chairman.

Senator DORGAN. Senator Thune?

**STATEMENT OF HON. JOHN THUNE,
U.S. SENATOR FROM SOUTH DAKOTA**

Senator THUNE. Thank you, Mr. Chairman.

Panel, thank you for your testimony. I appreciate you having this hearing—tourism and travel is a very vital industry in my home State of South Dakota, and as the Senator from North Dakota is also aware, there are a lot of folks that come to our part of the world year in and year out. And, in fact, in 2006, visitor spending in South Dakota was \$864 million, so almost a billion dollars a year is being spent in the state, and that's a 7 percent increase over the previous year.

So, we've seen steady growth in tourism spending in South Dakota, and with the exception of the downturn right after 2001, that has been a trend line that has been pretty consistent. And, it's a big job creator. We have about 33,000 jobs in South Dakota that are related to our state's tourism industry.

And I think it makes sense to think strategically about how we can increase the number of international visitors who come to the United States. The money that they spend here in this country is money that we wouldn't otherwise realize in our economy, and so I look forward to working with others here in Congress, as well as with the Administration and industry groups to make sure that we're effectively competing for that share of international tourists.

And, I guess I just have a couple of questions for you. As I mentioned, tourism constitutes about \$900 million for South Dakota

annually, one of the proposals that you're talking about—the Discover America Partnership calls for the creation of a federally sponsored, nonprofit corporation to increase our country's market share of international tourists. And I guess one of my questions would have to do with how that would be organized, and would that Board of Directors include representation from rural tourism, from that part of the industry, as well?

Mr. PORTER. Yes, as conceived, it would be as far-reaching as could be. And within my own accountability, while we're a big corporation, I represent the voice of about 2,000 franchisees who are very much attached to business in their local constituency. And we conceive this to be as broad a representation as could be accomplished, and at the same time, make it a group that could advance the initiative.

Senator THUNE. Just as a follow-up question—and this is for anybody on the panel—but what else can we be doing to ensure that the rural destinations in our country are getting good exposure among potential international travelers? Obviously, we want people to visit Disneyland and Disneyworld—which we know they will—we also want them to visit Mt. Rushmore, and maybe to come through North America on their way to South Dakota.

Mr. RASULO. Well, Senator, in answer to your question, I think the only vehicle by which we can imagine promotion of places that don't have big, private-entity destinations, is through a nationally coordinated program, that markets America around the world. We, at Disney, are always going to have the resources, my colleagues at this table will have the resources, their companies will have the resources to promote our own businesses and big destinations, so will Las Vegas, so will New York, so will San Francisco, et cetera.

When you get to small—the Faulkner Museum, Mt. Rushmore, the National Parks—the funds are simply not there, and there's no entity large enough to speak to the world about South Dakota or North Dakota, or Mississippi or Arkansas or many other states.

So, the beauty of a nationally coordinated program that hooks people on the idea of coming to America at all as a destination, and allows local convention bureaus, with very small funds after that, to come in on the Internet, when people are not seeking, where am I going to go as a country? But, what am I going to do when I get there? They typically go to the Internet, and that allows, you know, kind of an even playing field for all destinations.

So, I think that's one way to think about, how can we help promote distant, small, rural tourism? This is one of the most effective ways.

Mr. PORTER. And, if I may just add to that, something we spoke about earlier is the impact of the Western Hemisphere Travel Initiative, which has potentially great impact for you, being a close State to the border of Canada. And it would be an organization like this that would lift up those issues, and put that communication out.

As Jay has pointed out, all of us as independents spend a lot of money for specific venues, brands, offers—what we don't have is this comprehensive voice on behalf of America, and what it means to come here and reinforcing a balance between policy and opening the doors.

Mr. TISCH. Senator, your question is very appropriate, especially coming from your state, because it's important to understand that travel and tourism is not just about corporate America, it's not just about the names that are represented at this table. It's about the Mom and Pops, who have been in this business for many, many years, who need the traveler to bring the income so that they can raise their families and educate their kids.

It is interesting to note that we met with Congressman Porter and Congressman Farr of the House Travel and Tourism Caucus this morning and Congressman Porter raised an idea that, I think, maybe it's time for us to give some thought to.

In 1995, there was the first-ever White House Conference on Travel and Tourism. And it brought together about 1,500 individuals that represented all 50 states in every aspect of travel and tourism.

And it really was the first time that the—once thought of as disparate entities—travel and tourism were able to meet in a setting to talk about issues that affect all of us—not just hotels, airlines, cruise lines, or the smaller operators.

And maybe now the time has come for us to have another White House conference on travel and tourism. The issues have changed, the industry has gotten bigger, the contributions that we make to this country are now more understood. And what struck me to your question, Senator, was that at this conference, now 12 years ago, every state sent a representative. So, the smaller operators were able to voice their concerns, and look at ways that we can all work together to promote the industry.

Senator THUNE. I know that marketing, clearly, is the name of the game, and you all do it very well. We've got some success stories in my State—I don't know if you've ever heard of a place called Wall Drug, but if you travel anywhere in the Midwest, you probably see signs.

But, Mr. Rasulo, you mentioned in your testimony that Australia and Canada spend about \$113 million a year, and \$58 million a year, respectively, on marketing their countries to international travelers. And I'm wondering if there's evidence that these expenditures have been effective—have they seen an increase in international travel as a result of that?

Mr. RASULO. We believe, and of course this is, you know, the old adage about marketing, half of it I don't know where it goes, I don't know which half works.

But, we have seen—when you look at the results that these countries get, and we look around the world, and people often say, "Well, of course, you know, the U.S. share is dropping, there are new destinations being added to the map, and they're sucking away shares of travel," but in fact, when you look at the statistics—all of the competitive nations to the U.S. are beneficiaries of the world travel growth. It is only a few—and mostly the U.S.—that are the net losers in share in the growth of travel. And in the case of overseas travelers to the U.S., the absolute numbers are declining.

So, I have to, I have to assume that that is in part due to their marketing out there, and their ability to attract. Academic studies say that this, the ratio of investment against spending in those countries is on the level, on average, of 35 to 1; tax revenue on the

level of 6 to 1; so, I think the evidence indicates that they are, but I couch what I say—and all of my colleagues can understand this well in the private sector—measuring the value of marketing is an art, as much as it is a science.

Senator THUNE. Thank you, and I see my time is expired, but I appreciate your testimony. I look forward to working with you and trying to get a bigger share of that international traveler dollar here in the United States.

Thank you, Mr. Chairman.

Senator DORGAN. Let me just make a point on the Western Hemisphere Travel Initiative. I share a very long border with Canada in North Dakota, and we've been very concerned about this issue. I believe when I was chairman of an Appropriations subcommittee, just prior to 9/11, 2001, I had offered a Northern Border Initiative, which really dealt with security. And I brought to a committee hearing an orange cone, and placed it on the desk and said, "This is security at a lot of our border checkpoints, and the polite drivers actually stop and move it as they walk in after the border's closed, or as they drive in, and the impolite drivers will just shred it at about 60 miles an hour." But that was border security. That has changed at all of those border ports of entry.

But the proposition that there should be a passport for everyone driving back and forth across the border was very troubling. A family of four going up to Winnipeg for the day, getting passports for \$400 or so for the family—I've been very concerned about this, on the Northern border and in all of our circumstance. We need—there is a kind of a tension between security and tourism and travel, and we need to resolve it in a way that's thoughtful and serious.

For example, right now, we have the new cards that are being proposed. But, my understanding is, the Postal Service is wanting \$25 per card, to process the card. So, we're trying to understand what that's all about.

Let me ask you this—I understand about the Initiative that has been offered by the State Department and the Department of Homeland Security and I want it to succeed. I've seen some evidence that there has been some improvement. But, it seems to me, not nearly enough improvement. And the fact is, government's a big bureaucracy, these agencies are big bureaucracies, nobody's ever accused them of speeding. It's very hard for them to change, and turn and adapt.

What if the Congress decided, based on the testimony of you here today that we don't have to do anything. This Rice-Chertoff Initiative, that's fine, you think it's pretty decent, moving in the right direction, that's enough. Is that what you're saying to us?

Mr. PORTER. No, it's not.

Senator DORGAN. Or do you think much, much more needs to be done?

Mr. PORTER. We clearly think much, much more needs to be done. And not dissimilar to any of our individual accountabilities, we all recognize, this is a journey that we are on. Our world changed on September 11th, we respect that. The world continues to change, and we respect that.

We think Rice-Chertoff was a great step in the right direction, and many of us were part of the discussions that led to that activ-

ity. But it's not as comprehensive as we think it needs to be. We don't think it has been resourced as effectively as it could be, and we've called that out here. And it doesn't allow for what, we think is one of the most important components, which is communication. So, clearly, we are suggesting that we need to advance that initiative beyond where we are today.

Senator DORGAN. Let me make another point, and ask a question. You want to promote our country—and, I think, for a lot of good reasons. You know, people come to this country. They think well of what they've seen here and what they experience here. It's very important at a time when our image is suffering around the world.

Senator Stevens talked about the Duck Stamp, or Ducks Unlimited—it was enormously successful as a fundraising device. Maybe there are ways in the private sector to do that. If not, there are calls for suggestions that the public sector finance it.

Let me ask a question about what other countries are doing. Those that are engaged in more aggressive promotion through advertising—"Come to our country, see our country," those countries that are doing that, are most of them using public sector funding? Is that how they're enhancing their ability to do that?

Mr. TISCH. Yes, they are using public sector financing.

Senator DORGAN. And, let me ask about the issue of an exit fee. I understand the concern about that from Mr. May, but having traveled some around the world, it's not unusual to discover on the way out, you have to stop at a kiosk someplace, and they want a few bucks from you, for one thing or another.

These exit fees, if exit fees were, in fact, implemented, how could they be implemented in a way in which they did not become a part of an airline ticket?

Mr. PORTER. Yes, I would imagine—as you've pointed out—there are a number of mechanisms that could be explored. And, I think, again, we are very open to exploring those mechanics. I think the key thing is to understand the benefits of any use of any kind of funding, and to make sure that we clearly have enumerated those, and have support behind those.

And that aside, not—just so much of the resourcing challenges each one of us faces every day, that you face every day—our sense is we can find a collective way to get there, and make it work.

Senator DORGAN. Senator Inouye, do you have any additional questions?

The CHAIRMAN. Just a note.

Hawaii's major industry, as you know, is tourism. It's a multi-billion dollar industry. But, what most people are not aware of is that in order to make this a successful industry, we spent a ton of money promoting Hawaii. And that's the only way to do it.

And right now we're in the midst of a promotion program of promoting our rural areas. Five years ago, very few people knew where Hana was, or Haiku, or Kohala. These places are now booming because of promotion and advertising.

So, I'm with you, and I'm most grateful to you for your testimony, and I hope we can get together to figure out—as the Chairman indicated—how to implement your recommendations?

Thank you very much.

Senator DORGAN. Senator Stevens?

Senator STEVENS. Thank you very much, gentlemen. I appreciate your appearance and your comments.

Senator DORGAN. Your suggestion that we also visit with the agencies that are involved in this is well-taken, and we will have those discussions, and we have actually had contact with them. And I think it is in our interest to—certainly Senator Inouye, and Senator Stevens, and myself, and others on this Committee—to try to see if we can put together some kind of legislation that advances the interest of the type we've discussed here today, and of the type that you've described today.

Again, the travel and tourism industry is an enormous part of our economy. And it creates many jobs which is very important; so, too, is security. You've all recognized that today in your testimony, and if we can find a way to work with you and engage with you on this—the work you've done on the Discover America Partnership—which I'm very impressed with—if we can continue to work with you and others, we'd like to find a way to put together a piece of legislation that we can offer here in the Congress.

And, Senator Inouye makes the point that all three of us are on the Appropriations Committee, as well.

[Laughter.]

Mr. PORTER. Very good.

Mr. TISCH. All the better.

Senator DORGAN. At any rate, we thank you very much for your testimony.

Mr. PORTER. Thank you, Senator. Thank you very much.

Senator DORGAN. This hearing is adjourned.

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

A P P E N D I X

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
JONATHAN M. TISCH

Question 1. Current law caps the number of aviation security screeners that the Transportation Security Administration may hire at 45,000, regardless of the agency's budget. I've suggested the first thing we need to do in order to fully staff the TSA and keep airline passenger security lines to a minimum is to remove this arbitrary cap of 45 thousand security screeners. Do you agree Congress should remove the cap and fund the agency's staffing needs to an appropriate level?

Answer. Concerning TSA staffing at airport security checkpoints, we believe there should be sufficient staff at each airport in order to screen business and leisure travelers in an efficient and effective manner. Reducing lines at peak travel times is especially important in order to ensure travelers do not miss their flights, and this requires a flexible workforce that can be scheduled to meet these hours of peak travel demand. This is especially important for millions of international travelers who land in the U.S., but must switch to domestic flights in order to reach their final destination. After being screened (inspected) by Customs and Border Protection, they must then be screened by TSA agents before boarding a domestic flight. Having the requisite number of screeners helps make the screening process more effective and ensures enhanced safety of air travel within the U.S. Often times, fully staffing an airport can be met by shifting the number of screeners between airports and adequately staffing during peak arrival times. It is important we find a way to stabilize this workforce, which has been characterized by high turnover, low morale and a high rate of on the job injuries. We should closely evaluate the number of screeners at all our airports and staff according to individual airport needs, and it is fundamentally important to find the balance between staffing and technology to make the system as secure and efficient as possible.

Question 2. Would you agree that more investment in passenger rail nationwide is critical to the future of tourism? Would the U.S. tourism industry be more interested in economic development opportunities spurred by transportation infrastructure projects like railroad stations if there were both a Federal policy and Federal funding for such projects, like there is for highways and airports?

Answer. The U.S. travel industry has long supported a well-funded intermodal transportation system in this country in order to provide true national mobility for business and leisure travelers. When we are not housing, feeding or entertaining visitors, various segments of our industry are helping travelers reach their intended destination safely and on time. Travel by air, rail, sea, or on the road are all essential elements for a prosperous travel industry now and in the future. We believe all levels of government (especially including the Federal Government and the states) must make significant investments in all modes of travel (including rail) in order to provide for safe and efficient movement of travelers to every corner of this great nation.

Question 3. Has your company invested in economic development opportunities surrounding intercity passenger railroad stations in other countries? If so, please explain how the presence of such a station has affected your business.

Answer. Loews Hotels are located principally in the U.S. (with the exception of two properties in Canada). We have no existing investments surrounding intercity passenger railroad stations in other countries nor plans for such currently. However, in looking at new investments, we do recognize the importance of passenger railroads in bringing people to and from destinations and the important role railways play in the travel and tourism experience.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
STEVAN PORTER

Question 1. Should Congress remove the cap and fund TSA's staffing needs to an appropriate level?

Answer. As I discussed in my testimony before the Committee, the Discover America Partnership believes the United States needs to invest in personnel and technology in order to enhance our Nation's safety and security and to assure that the process does not discourage international travel to the United States. The TSA screening process is a key link in the system, both for international and domestic travelers. The Partnership supports efforts by Congress to assure that the TSA workforce is sufficient to assure an efficient and effective screening process at airports across the country and that it is flexible enough to meet hours of peak travel demand.

Question 2. Would you agree that more investment in passenger rail nationwide is critical to the future of tourism?

Answer. With hotel properties in 100 countries and territories around the world, InterContinental Hotels Group understands that our country's ability to safely and efficiently move travelers from point to point is essential to a robust travel and tourism industry. The Discover America Partnership believes that significant investment by states and the Federal Government in all modes of travel, including rail, should be a national priority.

Question 3. Has your company invested in economic development opportunities surrounding intercity passenger railroad stations in other countries? If so, please explain how the presence of such a station has affected your business.

Answer. As president for the Americas, I am not aware of any such projects. However, we are surveying the other IHG regions, and I will submit to the Committee any examples identified in that survey.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
JAY RASULO

Question 1. Current law caps the number of aviation security screeners that the Transportation Security Administration may hire at 45,000, regardless of the agency's budget. I've suggested the first thing we need to do in order to fully staff the TSA and keep airline passenger security lines to a minimum is to remove this arbitrary cap of 45 thousand security screeners. Do you agree Congress should remove the cap and fund the agency's staffing needs to an appropriate level?

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Question 2. I understand your company was interested in developing a passenger rail system linking your theme park with the Orlando International Airport. Would you agree that more investment in passenger rail nationwide is critical to the future of tourism?

Answer. Providing for safe and efficient movement of travelers in all regions of the country is certainly a worthwhile investment. When we are not housing, feeding or entertaining visitors, various segments of our industry are helping travelers reach their intended destination safely and on time. Travel by air, rail, sea, or on the road are all essential elements for a prosperous travel industry now and in the future.

Question 3. Would the U.S. tourism industry be more interested in economic development opportunities spurred by transportation infrastructure projects like railroad stations if there were both a Federal policy and Federal funding for such projects, like there is for highways and airports?

Answer. As stated in response to the previous question, we agree with the U.S. travel industry in that a well-funded intermodal transportation system, including air, rail, road and sea, is essential. Proper public investment in these areas can spur private sector development opportunities.

Question 4. Has your company invested in economic development opportunities surrounding intercity passenger railroad stations in other countries? If so, please explain how the presence of such a station has affected your business.

Answer. New train stations in France have supported new development for Disneyland Resort Paris, and we believe these investments can be worthwhile for spurring private sector development.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. FRANK R. LAUTENBERG TO
JAMES C. MAY

Question. Current law caps the number of aviation security screeners that the Transportation Security Administration may hire at 45,000, regardless of the agency's budget. I've suggested the first thing we need to do in order to fully staff the TSA and keep airline passenger security lines to a minimum is to remove this arbitrary cap of 45 thousand security screeners. Do you agree Congress should remove the cap and fund the agency's staffing needs to an appropriate level?

Answer. The simple answer is that the Transportation Security Administration should be given all the resources it needs to implement, in the most efficient and effective way, the Congressional mandates in the Aviation Transportation and Security Act (ATSA). In ATSA, Congress very clearly required the Federal Government to provide for the screening of all passengers and property, including cargo, carried on passenger aircraft. In fact, Congress specifically required that the screening "shall be carried out by a Federal Government Employee."

The security issues facing America and the Department of Homeland Security are very significant. Indeed, the Comptroller General of the United States submitted testimony on February 7, 2007, to the Congress on the security challenges facing this country and the DHS. With respects to all modes of travel, GAO complemented DHS by saying that progress has been made "particularly in aviation" and that "DHS and TSA have taken numerous actions to strengthen commercial aviation security, including strengthening passenger and baggage screening, improving aspects of air cargo security, and strengthening the security of international flights and passengers bound for the United States."

That GAO testimony praised TSA for using covert testing and other means to measure effectiveness of airport screening systems and for working to enhance passenger and baggage screener training. GAO also noted that TSA has modified airport screening procedures based on risk. On the negative side, GAO said that TSA continues to face challenges in implementing a program to match domestic airline passenger information against terrorist watch lists and in "fielding needed technologies to screen airline passengers for explosives."

The GAO did raise an across-the-board criticism of DHS for not basing program investments on risk analysis. I believe the more detailed answer to your question depends on a thorough risk-analysis of all facets of the security problems facing this Nation. Since the air transport industry represents only one segment of the full picture, I would propose that the Congress undertake to hold hearings on the matter you raised so that all the security needs of the U.S. could properly be balanced before a decision is made as to whether to raise that cap, or not.

TSA has come a long way in just a few years and is doing an effective job of ensuring the security of our air transport system within the budget provided by the Congress. TSA has been coordinating with the Air Transport Association. The ATA and our member airlines will continue to work with the TSA to address new security concerns and to look for additional ways to improve the experience of airline passengers.

Restoring America's Travel Brand—A National Strategy to Compete for International Visitors (September 5, 2006) has been retained in Committee files.