

**TOURISM IN AMERICA: REMOVING BARRIERS
AND PROMOTING GROWTH**

HEARING

BEFORE THE

SUBCOMMITTEE ON COMPETITIVENESS,
INNOVATION, AND EXPORT PROMOTION

OF THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION

UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

APRIL 5, 2011

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ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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TOURISM IN AMERICA: REMOVING BARRIERS AND PROMOTING GROWTH

TUESDAY, APRIL 5, 2011

U.S. SENATE,
SUBCOMMITTEE ON COMPETITIVENESS, INNOVATION AND
EXPORT PROMOTION,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:03 a.m., in room SR-253, Russell Senate Office Building, Hon. Amy Klobuchar, Chairman of the Subcommittee, presiding.

OPENING STATEMENT OF HON. AMY KLOBUCHAR, U.S. SENATOR FROM MINNESOTA

Senator KLOBUCHAR. OK, I think we're going to get started.

Thank you, everyone, for coming to this important Subcommittee hearing on tourism. We're really excited about this. We have a number of Senators here; Senator Blunt, who just signed on to be the Ranking Member of this subcommittee: He has a long, long history of support for the tourism in Missouri, and all across the country, so I was very excited when I found out he was going to be the Ranking Republican. Senator Ayotte is here, Senator Ensign, and Senator Begich. Thank you for joining us.

I also want to thank the witnesses who have come, some from a long way; but you guys like to travel, so you're OK with that.

I think when we look at this issue, to me, this is about jobs, whether it's a tourist traveling for business or a family traveling for vacation, each foreign visitor to our country spends an average of \$4,000.00 when they come to our country. You multiply that by several million, and we're talking about some serious money, not to mention some serious benefits for our economy. In 2009 alone, spending by overseas visitors supported some 900,000 American jobs and paid \$23 billion in wages to American workers.

And, so there is no question that international tourism represents a key force of our economy; whether it's visiting Las Vegas or whether it's visiting the mountains in Alaska and the Great Forest—there you go—Branscombe, Missouri, or—I'm ready for this—Lake Winnepesaukee, and I said it right. Yes. OK, that's good. But, I won't mention the Mall of America or Duluth, or any of the great things that we have.

So, here's the story, though: While foreign travelers still flock to America, we are losing our share of the market to other countries. Between the years 2000 and 2009, the American share of global tourism decreased by 31 percent. Now, we know we've had a tough

economic time, but this was going on before we had the tough economic time.

This decline represented \$509 billion in lost spending, 441,000 lost jobs. So, we need to get back in the game here. That's what we've been working so hard on this committee to do; but we took a first big step with passing the Travel Promotion Act.

I was proud to work on that bill. Senator Ensign played a major leadership role on that bill, as did Senator Dorgan, and we got that bill through. One of the provisions created the Corporation for Travel Promotion, or CTP, a public/private partnership passed with developing advertising campaigns to promote U.S. abroad and educate travelers about our country. As we all know, it's not going to cost us, the taxpayer, a cent of taxpayer money. It's paid for by a \$10.00 fee on foreign visas, and we've been paying that for other countries to advertise against us, so it's time for us to get in the game; and it will make a major difference.

The other thing that we want to focus on today is the Model Ports of Entry Program or MPOE. The goal of the MPOE is to make the Customs and Immigration process more favorable for international travelers; and the program is now operating in 20 of our country's busiest international airports. There's still room for improvement. In some airports international travelers wait more than 2 hours before clearing customs.

I know the Homeland Security Department is taking steps to make our airports more hospitable; and I was pleased that they are actually showing the video that we highlighted in one of our previous committee hearings that I chaired; and it's now being shown in those 20 airports. Now we have to get it on bigger screens, but we'll let the travel industry figure out how to do that.

Visa backlog: There's another key area where we can make it easier for tourists to visit the United States; that is the visa application process. It doesn't do much good to promote the U.S. to foreign travelers when those foreign travelers can't get a visa for months to visit the United States of America.

In a recent survey 73 percent of respondents said they would not visit the U.S. if they knew that it would take them 2 to 3 months to get a visa. Well, sadly, in several countries—many countries that's how long it's taking. Beijing—China, as a whole, it's in the 40's for how many days it takes, but Beijing, it can take 90 days to get a U.S. visa, and that's just to get an interview. Meanwhile, to visit countries like France, Germany, and Canada, it can take 10 days. So how do we fix this? Well, one way is to hire more temporary consular officers. I understand that the State Department is currently planning to do this in China and Brazil.

And I think it's important to point out that these officers will more than pay for themselves through visa application fees. And that's what we have to keep in mind as we talk about a tight economy and what we're dealing with right now with the budget, that we can pay for these people through the visa application fees that then get the money back to our country because they're going to spend—the foreign tourists are going to spend the money when they visit.

Another way to streamline the application process would be to implement video conferencing technology for interviews so that po-

tential tourists don't have to travel long distance for face-to-face visa interviews.

I also think it's worth considering changes to the Visa Waiver Program which allows citizens from concern countries to visit the U.S. without a visa. Currently only nine of the world's 75 largest countries are part of the program.

While keeping in mind that concern security issues are paramount here, I think we should consider expanding it to countries like Brazil, which already has reciprocal visa arrangements in Europe, which could be a great source of tourism for our country.

These are just a few ideas for improving the game here and making it easier for Americans to welcome foreign tourists and to add jobs to our country.

Before I start introducing the witnesses, I'd like to submit for the record a letter from Russell St. John, the Vice President of Global Marketing at the Datacard Group, which is a Minnesota-based technology company. The letter discusses the importance of creating and implementing international standards and best practices for verifying a person's identity during the visa application process. So, without objection, I hereby submit the letter to the record.

[The information referred to follows:]

DATACARD GROUP
Minnetonka, MN, April 4, 2011

Senator AMY KLOBUCHAR,
Washington, DC.

Dear Senator Klobuchar,

I'm writing this letter to offer our perspective and to express my appreciation and support of your efforts related to the Visa Waver issue. As a company that conducts business throughout the world, Datacard Group is frequently affected by delays and problems related to the issuance of travel visas.

As you know, Datacard Group has deployed more than 350 identity programs in more than 95 countries worldwide. Additionally, financial institutions in nearly every country of the world use Datacard® card personalization solutions to securely issue the majority of the world's payment cards.

This experience has given us a unique perspective on how the quality and security of a country's identity credentials—drivers' licenses, passports and national identity cards—is directly related the country's ability to issue travel visas in a timely manner.

The establishment of a citizen's identity is one of the fundamental considerations when a government agency is asked to issue a travel visa. The visa application process requires the verification of a number of support or breeder documents including the citizen's identification credentials. If those credentials have been issued using a non-standardized process, the agency is forced to undertake an independent investigation of the citizen, which is often expensive and time consuming.

However, if a country has an identification credential program that is based on internationally accepted standards for vetting and authentication of citizen identity, the Visa application could bypass the independent identity investigation.

One such set of internationally recognized standards have been developed by the International Civil Aviation Organization (ICAO). ICAO is associated with the United Nations and provides tools and best practices for issuing secure identity documents and to verify the authenticity of the credential and its holder.

Under ICAO standards, multiple mechanisms are utilized to not only verify identity, but also to prevent counterfeiting and fraud, including the use of smart chip enabled credentials. To date, nearly 100 countries, including the United States and most of Europe have adopted this technology in their passport programs and other identification schemes. As a result of this adoption, the technology has become more standardized and cost effective to implement.

Standards and best practices are driving down the cost of implementation of world class identification programs. These identification programs could be used to substantially reduce the need for secondary visa investigations, further lowering the cost of visa programs and speeding their issuance to the applying citizen.

Through changes to its Visa Waiver Program and the resulting changes in the ICAO standards and recommendations, the U.S. government played a key early role in driving global adoption of more security in identification programs. However, the full benefits of these changes have not yet been realized. For countries that have made these changes, there are opportunities to use identification more efficiently. For those that haven't made the changes, it is time to help those countries realize the benefits. We believe the United States can continue to play a key role by taking a leadership position on these efforts by promoting standards and best practices while providing encouragement and incentive for other countries to adopt them as well.

Senator Klobuchar, thank you once again for your work related to the Visa Waiver issue. If Datacard Group can be of any assistance in these endeavors, please do not hesitate to contact me directly.

Sincerely,

RUSSELL ST. JOHN,
*Senior Vice President
of Global Marketing,*
Datacard Group.

I'd like to now introduce our first panel of witnesses. But first, before I do that, Senator Blunt, would you like to make some opening comments?

**STATEMENT OF HON. ROY BLUNT,
U.S. SENATOR FROM MISSOURI**

Senator BLUNT. Well, I would, Chairman Klobuchar. First of all, I'd like to say thank you, for holding this hearing today. I look forward to working with you on this committee. I think it's critical in so many ways that we not only encourage foreign travel, but that we also encourage foreign commerce, and at the same time, help to secure the future of the country.

The travel and tourism industry is an important, and sometimes an overlooked sector of our economy; I think there's a sense that somehow this just happens or isn't impacted by gas prices or visa programs, or other things; and we need to do what we can to encourage that industry in our country for a number of reasons.

One reason which you've already mentioned, is that foreign travelers spend an average of almost \$4,000.00 per visit. And visitors from Brazil and China, two of the world's fastest-growing populations, spend far more; averaging about \$5,000.00, if you're a traveler from Brazil, and \$7,000.00 if you're a traveler from China. That multiplies in the economy in incredible ways, and our economy generates billions of dollars, and tens of thousands of jobs in tourism. So, not only do foreign travelers spend more than American domestic travelers, but they stay longer, and they almost always like us better than they did when they came.

In fact, if there was no other reason to encourage foreign travel than the foreign policy advantages of having people visit our country and go home and be greater ambassadors, frankly, for what the United States is all about, that would be one of the principle reasons we'd want to encourage travel.

From an economic standpoint it's clear that we need to encourage foreign travelers to come to the United States to grow our economy and to create that sense of who we are. That's why I have been a real proponent of travel promotion policies.

I sponsored, along with Bill Delahunt, the Travel Promotion Act in the House, in the last Congress. I think we passed it three

times; the third time was the Senate version, and we were glad that it passed the Senate version, but—

Senator KLOBUCHAR. I'm sure you will.

Senator BLUNT.—we kept looking for ways to get that done and we were glad that our friends in the Senate—you, and Senator Ensign, and others, were so involved in that.

The other part of this equation, of course, is ensuring that the process for travel visas for foreign visitors is secure and streamlined, but, sometimes those two terms come in conflict with each other. What's the most you can do to make this process as simple as you can, but at the same time you want to be sure you don't make it more simple than you should in ways that don't provide the security we need?

I'm interested, Chairman, in hearing the testimony from this—great panel that we have before us today. To hear them talk about the visa waiver system; to talk about the countries already enrolled in that program; perhaps we can even have a chance to talk about the countries that are in line, trying to do the things that they need to do. And I'd also be glad to hear what some of those things are that come up, either in your comments or in questions, to be sure that the countries that have this particular visa waiver advantage and the United States as well have done the things that we need to do to be sure that that remains an advantage for people on both ends of the travelers' destination, maintaining security here, but continuing to encourage travel from other countries as well.

And, so, Chairman, again, thanks for holding this hearing. I look forward to both panels.

And I yield back.

Senator KLOBUCHAR. OK. Thank you. Anyone else would like to make a few comments before the hearing begins?

Senator Ensign?

**STATEMENT OF HON. JOHN ENSIGN,
U.S. SENATOR FROM NEVADA**

Senator ENSIGN. Thank you, Madam Chair. I think both of you covered a lot of things that I would have covered in my opening statement. There's no question though, that the simplest, biggest issue right now, I think that you raised, has to do with the visa issue and streamlining that process, and, obviously, getting more of the consulars hired so that we can increase the number of people coming to the United States, because people don't realize that it's either number one or number two industry in the United States is tourism, and the more that we can help foreign travelers come into the United States, it improves our relations with people all over the world.

It does improve commerce. When people come here, they see opportunities to invest, and bring dollars to the United States; not only what they spend in tourism dollars but also what they spend in investment dollars by coming to the United States.

So, I think this is a very, very important hearing.

Senator KLOBUCHAR. OK. Senator Ayotte?

**STATEMENT OF HON. KELLY AYOTTE,
U.S. SENATOR FROM NEW HAMPSHIRE**

Senator AYOTTE. Thank you Chairman. I appreciate the opportunity to serve on this important subcommittee. Coming from the beautiful state of New Hampshire, tourism is a very important part of our economy. Really looking at this visa issue carefully so that we can streamline the process while protecting national security, I think is very important for our economy. I look forward to hearing from the witnesses today, and also working with members of this subcommittee to make sure that we can continue to encourage international visitors to come to our country. It is very good for our relationship with other countries, and also excellent for our economy. We know very much in our state how important it is and how much it adds to jobs in New Hampshire and also to our overall relationship with those around the world.

So, thank you very much.

Senator KLOBUCHAR. Thank you.

Senator Begich?

**STATEMENT OF HON. MARK BEGICH,
U.S. SENATOR FROM ALASKA**

Senator BEGICH. Thank you.

I will pass on a statement. I'm anxious for the folks to testify because I have a shopping list of questions, so I'll just leave that.

Senator KLOBUCHAR. That sounds very scary for our witnesses.

Senator BEGICH. Absolutely.

Senator KLOBUCHAR. OK, we'll start with the Hon. Nicole Lamb-Hale. She is the Assistant Secretary for Manufacturing and Services of the Department of Commerce, where she helps U.S. industries succeed internationally by strengthening their competitive position in foreign markets, to sustain and create American jobs.

Ms. Lamb-Hale previously worked as a Deputy General Counsel at Commerce and as managing partner in the Detroit office of an international law firm. When I introduce all of you and have you begin.

Next, Mr. David Donahue, who is the Deputy Assistant Secretary for Visa Services at the Department of State. Mr. Donahue has been with the State Department for quite some time. He has been on the front lines of the Consular Office at various postings around the world, and is intimately familiar with the challenges faced by our consular offices overseas.

Finally, Mr. John Wagner is the Executive Director, Admissibility and Passenger Programs, in the Office of Field Operations at U.S. Customs and Border Protection—that's a really long title.

Mr. Wagner has 20 years of experience in the field, beginning his career as a Customs Inspector, and joining the Office of Field Operations in 1999. At the Customs and Border Protection he has responsibility was for all travel-related policies.

So we welcome the three of you.

I also note that we have a second panel, Senator Begich, so you can keep half your shopping list for the second panel as well.

All right, we'll start with you, Ms. Lamb-Hale. Thank you.

**STATEMENT OF HON. NICOLE Y. LAMB-HALE,
ASSISTANT SECRETARY OF COMMERCE
FOR MANUFACTURING AND SERVICES,
U.S. DEPARTMENT OF COMMERCE**

Ms. LAMB-HALE. Thank you, Chairman Klobuchar, Ranking Member Blunt and distinguished members of the Subcommittee, thank you for giving me the opportunity to speak to you about the efforts of the International Trade Administration and the Department of Commerce in implementing the Travel Promotion Act of 2009 and encouraging travel and tourism in general. In the United States, travel and tourism is a \$1.3 trillion sector of the economy, supporting 7.7 million American jobs.

The news regarding travel and tourism continues to paint a positive picture for the United States.

Secretary of Commerce Gary Locke announced on March 16 that a record-breaking 60 million international visitors arrived in the United States in 2010, shattering by 17 percent the previous record set in 2000. These international travelers spent more than \$134 billion during their visits, a 12 percent increase from 2009. For the year 2010, the United States had a trade surplus of nearly \$32 billion in travel and tourism, and an increase of 50 percent over the 2009 surplus. The latest travel and tourism figures underscore the importance of this industry to strengthen the U.S. economy.

Travel and tourism plays a critical role in the Department's export promotion strategy. This effort directly supports President Obama's National Export Initiative goal of doubling exports by the end of 2014.

Upon the enactment of the TPA, the Department, as required by that Act, established the Office of Travel Promotion, or OTP, which is currently housed in my unit of ITA in the Office of the Assistant Secretary for Manufacturing and Services.

ITA's Deputy Assistant Secretary for Services has been named the interim Director of the OTP. The Department has actively communicated progress on the TPA's implementation to this committee, and to industry stakeholders.

The establishment of the OTP in ITA leverages ITA's longstanding and unmatched expertise, knowledge, and industry contacts in the travel and tourism sector, much of which resides in ITA's Office of Travel and Tourism Industries, or OTTI. As you know, the TPA dictates the creation of the Corporation for Travel Promotion to enhance the competitiveness of U.S. exports of the Travel and Tourism industry. As required by the TPA, the Secretary of Commerce appointed 11 members of the Corporation's Board of Directors in September 2010, following consultation with the Secretaries of State and Homeland Security.

In fulfilling the OTP's liaison duties, the interim OTP Director and staff have formed a strong relationship with the Board of the Corporation. The Board holds monthly Board meetings, and the interim OTP Director and staff have participated in each one.

In furtherance of the TPA, ITA is closely collaborating with the DHS and State. ITA has worked closely with DHS to support its efforts to implement the Electronic System for Travel Authorization, or ESTA, fee collection system, which collects federally sourced funds for the Corporation.

Through the interagency Tourism Policy Council, ITA has partnered with State and DHS to disseminate information regarding the implementation of the ESTA fee and to explore ways to better facilitate and communicate improvements into entry process for foreign visitors into the United States.

These efforts have also engaged the National Security Council's Interagency Policy Committee, or IPC.

As mentioned earlier, President Obama's National Export Initiative sets the goals of doubling exports by the end of 2014 to create several million new jobs. Export promotion is vital to its success.

With a relatively small and strategic federal investment in export promotion, we can build upon our aggressive efforts to help American companies sell their American-made goods and services overseas.

Investments in export promotion boast a great return on investment. The Fiscal Year 2012 budget request for the ITA includes an increase of \$78.5 million to support NEI-related efforts, which will create a projected \$4.4 billion in additional exports and 22,000 new jobs. The Fiscal Year 2012 proposed budget will be critical in successfully implementing the goals of the TPA as well by bringing more foreign visitors to the U.S., and more foreign buyers, distributors, and partners to U.S. trade shows.

In closing, the Department of Commerce will maintain consistent and open communication with the Corporation and its board, and with staff at DHS and State, leveraging both OTP and Office of Tourism—Travel and Tourism Industries. We will continue to coordinate with DHS and State through the IPC and their interagency TPC. We will work with the TPC's Travel Facilitation subcommittee to consider the Travel and Tourism Advisory Board's recommendations for improving the U.S. entry process.

Additionally, we will continue our close collaboration with the Department of the Treasury and the Corporation to establish procedures for making disbursements to the Corporation in accordance with the TPA. This collaboration will ensure the smooth transfer of funds to the Corporation on an ongoing basis.

The potential of the TPA to create new opportunities for U.S. travel and tourism exports plays a critical role in supporting the President's National Export Initiative and in stimulating the U.S. economy.

This is an exciting time for the United States to engage in the global marketplace and proactively compete for international visitors. After all, more international visitors to the United States means more people eating in our restaurants, staying in our hotels, shopping in our malls, visiting our attractions and learning more about our values and people.

Chairman Klobuchar, Ranking Member Blunt, and distinguished members of the Subcommittee, thank you again for inviting me to speak, and I will be happy to answer any questions that you have.

[The prepared statement of Ms. Lamb-Hale follows:]

PREPARED STATEMENT OF HON. NICOLE Y. LAMB-HALE, ASSISTANT SECRETARY OF
COMMERCE FOR MANUFACTURING AND SERVICES, U.S. DEPARTMENT OF COMMERCE

Chairwoman Klobuchar, Ranking Member Blunt and distinguished members of the Subcommittee, thank you for giving me the opportunity to speak before you about the efforts the International Trade Administration and Department of Commerce are taking in implementing the Travel Promotion Act and encouraging travel and tourism in general. In the United States, travel and tourism is a \$1.3 trillion sector of the economy, supporting 7.7 million American jobs.

The news regarding travel and tourism continues to paint a positive picture for the United States. Secretary of Commerce Gary Locke announced on March 16, that a record breaking 60 million international visitors arrived in the United States in 2010, shattering by 17 percent the previous record set in 2000. These international travelers spent more than \$134 billion during their visits, a 12 percent increase from 2009. For the year 2010, the United States had a surplus of nearly \$32 billion in travel and tourism, an increase of 50 percent over the 2009 surplus. In addition, seven of the top 10 countries generating overseas visitation to the United States posted new records: Australia, Brazil, France, Italy, India, South Korea, and the People's Republic of China. These markets combined for a record 26 million overseas visitors, surpassing the record set by the same group of countries in 2000.

The latest travel and tourism figures underscore the importance of travel and tourism to strengthening the U.S. economy. Travel and tourism plays a critical role in the Department of Commerce's (Department) export promotion strategy. This effort directly supports President Obama's National Export Initiative goal of doubling exports by the end of 2014.

The Travel Promotion Act of 2009 (TPA), and its creation of the Corporation for Travel Promotion (CTP), enhances the competitiveness of the travel and tourism industry and promotes U.S. travel and tourism exports. Many other nations operate aggressive programs that actively market their countries as desirable destinations around the world. The CTP will help the United States join the game and encourage travelers across the globe to visit our country.

The following is an overview of the Department's efforts to support the TPA through the establishment of the Office of Travel Promotion (OTP), to build a relationship with the CTP, and to collaborate with the Departments of State (State) and Homeland Security (DHS).

The Office of Travel Promotion

The OTP has been established and is currently housed in my unit of the International Trade Administration (ITA), the Office of the Assistant Secretary for Manufacturing and Services. ITA's Deputy Assistant Secretary for Services has been named the interim Director of the OTP. The Department has actively communicated to apprise the travel and tourism industry of our progress on the TPA's implementation.

As set forth in the TPA, the functions of the OTP are to: (1) serve as a liaison to the CTP and support and encourage the development of programs to increase the number of international visitors to the United States for business, leisure, educational, medical, exchange, and other purposes; (2) work with the CTP, the Secretary of State, and the Secretary of Homeland Security: (a) to disseminate information more effectively to potential international visitors about documentation and procedures required for admission to the United States as a visitor, (b) ensure, with DHS and State, that arriving international visitors continue to be welcomed with accurate information and in an inviting manner, (c) to collect accurate data on the total number of international visitors that visit each state, and (d) to enhance the entry and departure experience for international visitors through the use of advertising, signage, and customer service; and (3) support state, regional, and private sector initiatives to promote travel to and within the United States.

The establishment of the OTP in ITA leverages ITA's longstanding and unmatched expertise, knowledge, and industry contacts in the travel and tourism sector, much of which resides in ITA's Office of Travel and Tourism Industries (OTTI). Even before the TPA was enacted, ITA was already actively pursuing many of the functions and responsibilities assigned to the OTP by the TPA, primarily through OTTI.

The Corporation for Travel Promotion

The TPA established the CTP as a non-profit corporation with the purpose of promoting the United States as a travel destination. In accordance with the TPA, the Secretary of Commerce appointed the 11 members of the CTP's Board of Directors (Board) in September 2010, following consultation with the Secretaries of State and Homeland Security. ITA played a key role in the process of selecting candidates for

the Board. The initial search for applicants was well-publicized and included notices in the *Federal Register*, as well as notices to trade associations and the general public through ITA's industry listserve and the OTTI website. Our search produced many extremely well-qualified applicants.

The members of the Board represent various regions of the United States, and each individual has experience and expertise in a specific sector of the U.S. travel and tourism industry as required by the TPA. The CTP's Board has filed articles of incorporation in the District of Columbia, established officers (Chair and two Vice Chairs), and received \$2.5 million from the Department of Treasury for start-up costs. The Board is intent on hiring the Executive Director for the CTP in the immediate future, and it is actively working to define its annual objectives, marketing plan and strategy, and annual budget. Mr. Stephen Cloobek, the Chairman of the CTP Board, will speak more specifically on what the CTP is doing to meet the legislative goals of the TPA.

In fulfilling the OTP's liaison duties, the interim OTP Director and staff have formed a strong relationship with the Board of the CTP. The Board holds monthly Board meetings (either in person or via conference call), and the interim OTP Director and staff have participated in each one.

Collaboration with the Departments of Homeland Security and State

ITA, through the OTP and OTTI, has worked closely with DHS to support DHS' efforts to implement the Electronic System for Travel Authorization (ESTA) fee collection system, which collects the federally-sourced funds for the CTP. Through the interagency Tourism Policy Council (TPC), ITA has partnered with DHS and State to disseminate information regarding the implementation of the ESTA fee and to explore ways to facilitate the entry process for foreign visitors into the United States.

DHS and State have been actively engaged in meeting the challenges posed by an increase in demand for visas and an increase in the number of travelers to the United States. The Department of Commerce is working with both DHS and State on an interagency team led by the National Security Council's Interagency Policy Committee to more effectively communicate to industry and travelers the efforts the Departments are making to better serve the traveling public. These efforts include making visa processing more efficient, secure and customer-friendly, as well as the shifting of resources to the visa sections in our embassies abroad and to the U.S. ports-of-entry to ensure that the entry experience is efficient and welcoming. These efforts will also support and complement the work of the CTP in promoting international visitation to the United States.

Report to Congress on the Office of Travel Promotion

As required by the TPA, Secretary Locke provided a description of the OTP's work to date with the CTP, the Secretary of State, and the Secretary of Homeland Security to the Senate Committee on Commerce, Science, and Transportation; the Senate Committee on Homeland Security and Governmental Affairs; the Senate Committee on Foreign Relations; the House of Representatives Committee on Energy and Commerce; the House of Representatives Committee on Homeland Security; and the House of Representatives Committee on Foreign Affairs. The report was transmitted to Congress on March 11, 2011.

Travel Promotion Key to the National Export Initiative

With a relatively small and strategic federal investment in export promotion, we can build upon our aggressive efforts as part of the National Export Initiative (NEI) to help American companies sell their American-made goods and services overseas.

The FY 2012 budget request for the ITA includes an increase of \$78.5 million to support NEI related efforts, which will support a projected \$4.4 billion in additional exports and 22,000 new jobs. The NEI also involves ITA's continued work to assist companies and create trading opportunities by identifying, overcoming, and resolving trade policy issues and barriers and ensuring that our trade partners fully meet their obligations under our trade agreements. These efforts mean leading more trade missions; helping U.S. companies win more foreign procurement bids; and providing more business to business matchmaking services to U.S. companies. The budget will be critical in successfully implementing the goals of the Travel Promotion Act as well by bringing more foreign visitors to the United States and more foreign buyers, distributors, and partners to U.S. trade shows.

Conclusion

The Department of Commerce will maintain consistent and open communication with the CTP and its Board, and with staff at DHS and State, leveraging both the OTP and OTTI. We will continue coordination with DHS and State through the

NSC's Interagency Policy Committee and the Tourism Policy Council, and we will work with the TPC's Travel Facilitation subcommittee to consider the recommendations of the Travel and Tourism Advisory Board for improving the U.S. entry process. Additionally, we are collaborating closely with the Department of Treasury and the CTP to establish procedures for making disbursements to the CTP in accordance with the TPA. This collaboration will ensure the smooth transfer of funds to the CTP under the TPA on an ongoing basis.

The potential of the TPA to create new opportunities for U.S. travel and tourism exports plays a critical role in supporting the President's National Export Initiative and stimulating the U.S. economy. This is an exciting time for the United States to engage in the global marketplace and proactively compete for international visitors. After all, more international visitors to the United States means more people eating in our restaurants, staying in our hotels, shopping in our malls, visiting our attractions and learning about our values and culture.

Chairwoman Klobuchar, Ranking Member Blunt, and distinguished members of the Subcommittee, thank you again for inviting me to speak. I will be happy to answer any questions that you have.

Senator KLOBUCHAR. OK, thank you very much.
Mr. Donahue.

**STATEMENT OF DAVID T. DONAHUE,
DEPUTY ASSISTANT SECRETARY OF STATE FOR VISA
SERVICES, U.S. DEPARTMENT OF STATE**

Mr. DONAHUE. Chairwoman Klobuchar, Ranking Member Blunt, and distinguished members of the Subcommittee, it is a distinct honor to share with you today the accomplishments of my colleagues at the State Department's Bureau of Consular Affairs in our efforts to facilitate the legitimate travel of millions of tourists, businesspeople, students, and others to the United States.

This is a good news story. The good news is that international arrivals to the United States continue to climb. In 2010, 60 million international visitors entered the United States, a 17 percent increase from 2006. As has already been stated by the Senator, international tourists, business visitors, and students not only boost our economy, but also leave here with a better understanding of American culture and values.

While many of those coming to the United States travel without visas via the Visa Waiver Program, millions need visas to come here. For the Bureau of Consular Affairs, our challenge has been to meet the increasing worldwide demand for visas without compromising the security of our nation's borders.

In Fiscal Year 2010 we saw a 7.6 percent increase in visa demand, and issued 6.4 million visas. Through the first 5 months of Fiscal Year 2011, worldwide visa issuances are 13.4 percent higher compared with the same period last year.

Demand for visas climbed at a dramatic pace in the world's fastest emerging economies. Since 2005, the visa issuances in China have doubled, and increased by 50 percent in India, 52 percent in Russia, 24 percent in Mexico, and more than 50 percent in the Middle East and North Africa. In Brazil, visa issuances have nearly tripled to more than half a million annually.

In this brief statement, I will highlight some of the ways the Department of State and the Bureau of Consular Affairs are meeting this challenge through increased staffing, peak season temporary help, management and procedural innovation, and improved technology.

My written testimony provides more detail on our efforts to keep pace with travel demands, especially in these fast-growing economies.

Since 2007, we have created 114 new consular officer positions and moved another 74 existing positions from lower to higher priority posts, concentrated in the countries with the greatest needs. Twenty-four new slots went to posts in Brazil, and another 24 went to China, and 14 new positions went to India, including to staff our new consulate in Hyderabad, India.

This fiscal year, at no cost to the American taxpayer, we will continue to add consular officers and support staff to our posts facing the greatest demand.

To cope with seasonal and short-term spikes in demand in Brazil and China, the Bureau of Consular Affairs also makes extensive use of temporary duty assignments.

We are also exploring possible alternative staffing models, which would be funded by visa fees, including limited, non-career appointments for consular adjudication staff, targeting qualified people who already have foreign language proficiency.

Meeting higher visa demand also means boosting many critical services that support our processing functions, such as administrative and clerical personnel, guards, and security, information management, communications, facilities and infrastructure.

Assistant Secretary Jacobs is leading the preparation of twenty-year plans for China, India, and Brazil to ensure that we have the resources to meet both near and long-term demand for visas in these fast-growing economies.

Wherever possible we have sought to maximize resources we have on hand. Consul managers are exploring new ways to manage their work flow. World-wide new technology, a global contracting support system, and online application forms are helping to boost efficiency.

All of our overseas posts have business facilitation programs or other procedures to expedite visa appointments for business travelers with legitimate needs for earlier appointment dates. In addition, we give priority scheduling appointments for student visa applicants, so they can get to the United States in time to start the semester.

We continue to work with our interagency partners to streamline security-related clearances processes, understanding that new processes can never compromise the level of scrutiny demanded in today's world.

We consider each of these strategies to address higher visa demand. I can assure you that foremost in our minds is the need to maintain vigilance against travelers who want to do us harm.

None of the provisions I'm sharing with you diminishes in any way, the security screening that is an essential part of the visa process.

Around 90 percent of our posts currently have wait times of less than 20 days; 74 percent have wait times of less than 7 days.

While much of our consular operation is primarily funded on the basis of fee for services, budget cuts could reduce the administrative platform overseas that supports visa operation limiting the options available to us in the future.

Nonetheless, the Bureau of Consular Affairs will continue its commitment to meet the needs of international travel and trade to the fullest extent possible. This is important not only to our Nation's economy, but maintains America's reputation for openness, fostering exchange, and seeking mutual understanding.

Thank you, Madam Chairwoman, Ranking Member, and members of the Subcommittee for this opportunity to testify. I would be pleased to take any questions you have.

[The prepared statement of Mr. Donahue follows:]

PREPARED STATEMENT OF DAVID T. DONAHUE, DEPUTY ASSISTANT SECRETARY OF
STATE FOR VISA SERVICES, U.S. DEPARTMENT OF STATE

Chairwoman Klobuchar, Ranking Member Blunt, and distinguished members of the Subcommittee, it is a distinct honor to share with you today the accomplishments of my colleagues in the Bureau of Consular Affairs in our efforts to facilitate the legitimate travel of millions of visitors, businesspeople, students, and others to the United States.

The good news is that international arrivals to the United States continue to climb. In 2010, 60 million international visitors entered the United States, a 17 percent increase from 2006. The Department of Commerce predicts that by 2015, international arrivals will reach nearly 83 million.

We know that international tourists, business visitors, and students boost our economy, but these visitors also leave here with a better understanding of American culture and values. According to the Department of Commerce, last year international visitors contributed \$134 billion to the U.S. economy supporting more than a million jobs. More international travel means more spending on airlines, tours, hotels, services, and export purchases, all of which means more American jobs.

For the Bureau of Consular Affairs, our challenge has been to meet the increasing worldwide visa demand from these potential visitors without compromising the security of our nation's borders. We are meeting that challenge, even as we continue to deal with new and growing demand for international travel.

After September 11, overseas travel to the United States dropped by 40 percent. Some travelers deferred trips voluntarily, while others experienced increases in visa processing time as we implemented new security requirements in 2002 and 2003. Since 2003, however, nonimmigrant travel to the United States has grown steadily, with demand for visas rising in virtually all of our 222 visa-issuing posts worldwide. After a slight drop in visa issuances during Fiscal Year 2009—mainly because of global economic conditions and the addition of nine new countries to the Visa Waiver Program (VWP)—in Fiscal Year 2010 we saw a 7.6 percent increase in demand, to more than 8.2 million visa applications. Of those, we issued 6.4 million visas.

Through the first 5 months of Fiscal Year 2011, worldwide visa issuances are 13.4 percent higher compared with the same period last year.

Approximately half of the total overseas visitors to the United States enter through the Visa Waiver Program (VWP), which allows nationals of certain designated countries to enter the United States for tourism or business for up to 90 days without obtaining a visa. The VWP, administered by the Department of Homeland Security in consultation with the Department of State, added nine new countries in the last 2 years bringing the current number to 36 participating countries.

The greatest growth in travel comes from the world's fastest emerging economies, where we have seen demand for U.S. visas increase at a dramatic pace. Since 2005, visa issuances in China have doubled. During the same period visa issuances have climbed by 51 percent in India, 52 percent in Russia, and 24 percent in Mexico. Since 2005, visas issuances in the Middle East and North Africa have risen more than 50 percent.

In Brazil, where we maintain four visa-issuing posts—São Paulo, Rio de Janeiro, Brasilia, and Recife—an economic boom has created a more prosperous middle class. In 5 years, we have seen nonimmigrant visa issuances nearly triple to more than half a million annually. At the same time, Brazilian refusal rates for visitor visas have dropped from 20 percent to less than 5 percent.

Department of State Responses to Burgeoning Demand

This growth in visa demand represents a major and ongoing challenge for the Department of State and the Bureau of Consular Affairs. We have responded with increased resources, peak season temporary staffing, management and procedural innovation, and improved technology. We still face resource gaps in some of the fast-

est-growing economies. We continue to focus our efforts on assisting our posts in those countries.

Since 2007, we have created 114 new consular officer positions and moved another 74 existing positions from lower to higher priority posts. We have concentrated most of our new resources in the countries with the greatest need. Twenty-four new slots went to posts in Brazil and another 24 went to China. Seventeen were added to Mexico. Another 14 new positions went to India. In October 2008, we opened a new consulate in Hyderabad, India, where a twelve-officer consular section facilitates U.S.-India trade relationships in this hub of high-technology business.

This fiscal year, at no cost to the American taxpayer, we will continue to add consular officers to our posts facing the greatest demand. Of the 20 new consular officer positions created in Fiscal Year 2011—funded through the Machine Readable Visa (MRV) fees paid by visa applicants—the majority are being deployed to China and Brazil. To cope with seasonal, short-term spikes in demand in Brazil and China, the Bureau of Consular Affairs also makes extensive use of temporary duty assignments.

As demand continues to rise, normal intake of Foreign Service Officers is expected to decline. For this reason, we are exploring possible alternative staffing models, which would also be funded by MRV fees. These new models include limited non-career appointments for consular adjudication staff, targeted to qualified people who already have foreign language proficiency.

The addition of nine new countries to the VWP allowed us to shift resources to other posts. While this was a welcome development, it is not a solution that can be widely applied. Adding countries to the VWP is governed by law. The countries where we have the largest resource needs presently do not meet the legal requirements to be considered for the program.

We remain aware that meeting higher visa demand is not just a matter of adding more consular officers. It also means boosting the many critical services that support our processing functions, such as administrative and clerical personnel, guards and security, information management, and communications. It means larger and better facilities and infrastructure. A greater number of visa line officers also creates the need for more supervisors, experienced consular officers who provide policy and management guidance and ensure the quality and accountability of our work. We cannot ignore the levels of adequate support and supervision that are essential to the success of any visa operation.

Wherever possible, another important goal is to maximize the resources we have on hand and consular managers are exploring new ways to manage their workflow. For example, posts in Brazil, India, and China have increased hours of operation to better utilize their overwhelmed facilities. Mexico expanded their facilities and developed more efficient procedures to handle case intake and applicant biometrics.

We have implemented policy changes making it easier in Brazil, China, India, and Mexico for applicants to apply at any of our posts in their countries, not just the one covering the “consular district” where they live. This permits more efficient use of country-wide processing capacity.

In addition, we have sent additional TDY officers to supplement posts with critical needs, including 2,128 hours of TDY time in China and 5,344 hours in Brazil over the last 18 months. We also instructed all overseas posts to establish procedures to expedite visa processing for business persons and students with time-sensitive travel.

We have consolidated and improved outsourced services for managing visa appointments at overseas posts; finding efficiencies of scale through global contracts. This new system, called the Global Support Strategy (GSS) is already in place in a number of countries, including Canada and Mexico, and other countries will transition to the new service over the coming months.

Increasing the validity length on visas is another strategy for reducing the need to re-apply for a U.S. visa. Brazilians, Indians, and Mexicans receive ten-year visas. Unfortunately, Chinese tourist and business travelers and students currently only receive 1 year visas. Section 221(c) of the Immigration and Nationality Act requires us to set visa validities “insofar as practicable” to accord foreign nationals the same treatment upon a reciprocal basis that their country accords to U.S. citizens. This is not just law, but in my opinion, it is good policy. It is not in our interest, for example, to give a Chinese business traveler an advantage not available to American business travelers. Our goal is, wherever possible, to negotiate longer periods of visa validity with foreign governments, but our bottom line is equal treatment for our own citizens. We have been working with our Chinese counterparts to encourage them to cooperate on expanding reciprocity for citizens of both our countries. We also take every opportunity to encourage U.S. and Chinese business leaders to make this point with Chinese officials.

Meeting the demand for visa interviews is only part of our resource challenge. We are likewise improving our issuance process, the time it takes to get approved visas into travelers' hands. All nonimmigrant visa applicants worldwide now apply using our online form. Having application data in electronic format from the start allows us to instantly move that data throughout the process. We are developing a new generation of visa processing software that will automate additional procedures and help us further reduce our past reliance on paper.

We continue to work with our interagency partners to streamline security-related clearance processes, understanding that new processes can never compromise the level of scrutiny today's world demands. In part, more efficient screening will help to minimize delays some legitimate travelers face because of false hits, caused by the unavoidable fact that the world is full of very common names. As we improve algorithms and increase the number of data elements used in name-based screening, we will continue to reduce the number of cases delayed by these false name matches.

Eliminating some categories of applicants from the personal interview requirement would help cut wait times and staffing costs. Under INA sec. 222(h), the Secretary of State has the authority, subject to certain limitations, to waive the personal interview requirement on the basis of a U.S. national interest or if necessary because of unusual or emergent circumstances. We are considering whether there are limited categories of low-risk applicants from low-risk countries for which the Secretary might exercise her interview waiver authority without compromising the security or integrity of the visa process. This is a step forward we will take only with concurrence from our law enforcement partners and with your support.

The Bureau of Consular Affairs has studied the idea of conducting visa interviews by video link. While technologically possible, we concluded that a combination of security and productivity concerns make video interviews impractical in the field. The bottom line is that they cut rather than improve consular officer efficiency. In addition, a two-dimensional video does not provide the full sensory information gained from an in-person interview. Given the demands of our high-volume processing environment, security and budget constraints, other processing and automation initiatives represent better and more efficient uses of our resources.

As we consider each of these strategies to address higher visa demand, I can assure you that foremost in our minds is the need to maintain vigilance against travelers who want to do us harm. We have seen time and again that extremists will exploit any vulnerability. None of the provisions I am sharing with you have diminished in any way the security screening that is an essential part of the visa process. Some actually improve the efficiency of our security procedures. We believe that security and travel facilitation are not mutually exclusive. Along with our interagency partners, we continue to seek solutions that maintain an appropriate level of caution while minimizing disruption and inconvenience for legitimate travelers.

Appointment Wait Times

The steady increase in visa demand worldwide has resulted in longer wait times to obtain visa interviews at some of our posts. The Bureau of Consular Affairs has set a goal that wait times for an appointment should not exceed 30 days. In fact, around 90 percent of our posts currently have wait times of less than 20 days and 74 percent have wait times of less than 7 days.

Unfortunately, in about 10 percent of our posts, wait times still exceed 20 days and sometimes stretch longer than our 30-day target. This includes Brazil and some posts in China. We will continue to focus resources on these posts, but cannot immediately assign enough qualified adjudicating officers to bring down these wait times in the next few months.

Despite wait times, we have seen trade with and tourism from these countries surge ahead unchecked. In fact, the number of U.S. arrivals from countries with higher visa appointment wait times—Brazil, China, and India—boomed last year, and even grew at a rate faster than arrivals coming from most VWP countries. Moreover, U.S. exports to Brazil, China, and India also continue to climb. Assistant Secretary Jacobs has mandated that we develop a twenty-year plan to meet visa demand in China, Brazil and India. We are just completing our plan for China with ambitious goals in staffing, facilities and other resources. We expect that, by continuing to streamline our visa processing systems, and by carefully allocating our resources, we will cut back on the wait times and continue to facilitate travel and trade in these countries.

All of our overseas posts have business facilitation programs or other procedures to expedite visa appointments for business travelers with legitimate needs for earlier dates. In addition, we give priority in scheduling appointments for student visa applicants, so they can get to the United States in time for the start of the semester.

As we work to transform our visa operations to meet an ever-growing demand for travel, the Bureau of Consular Affairs will continue to consult with the trade and business communities and the travel industry. We understand that foreign tourism and business are important economic engines. We recognize the value American business places on emerging markets such as in China and India. While in China last March, I met with American business leaders in Beijing and American Chamber of Commerce members in Guangzhou. Assistant Secretary Janice Jacobs has also recently visited our posts in Brazil, India, and China.

While much of our consular operation is primarily funded on the basis of fee-for-services, deep budget cuts could reduce the administrative platform overseas that supports visa operations and limit the options available to us in the future.

The Bureau of Consular Affairs will continue its commitment to meet the needs of international travel and trade to the extent possible. This is important not only to our Nation's economy, but maintains America's reputation for openness, fostering exchange, and seeking mutual understanding.

Senator KLOBUCHAR. Thank you, very much, Mr. Donahue.
Mr. Wagner.

**STATEMENT OF JOHN WAGNER, EXECUTIVE DIRECTOR,
ADMISSIBILITY AND PASSENGER PROGRAMS, OFFICE OF
FIELD OPERATIONS, U.S. CUSTOMS AND BORDER
PROTECTION, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. WAGNER. Chairwoman Klobuchar, Ranking Member Blunt and distinguished members of the Subcommittee, thank you for the opportunity to appear today to discuss the roles of U.S. Customs and Border Protection in the implementation of the Travel Promotion Act and CBP's efforts to facilitate legitimate trade and travel while securing our nation's borders.

CBP is responsible for securing our nation's borders while facilitating the movement of legitimate travel and trade vital to our economy. CBP is the largest uniformed federal law enforcement agency in the country, with about 20,000 CBP officers stationed at air, land, and seaports nationwide. These forces are supplemented with approximately 2,300 agriculture specialists and other professionals.

On average, CBP processes approximately 352 million travelers a year at ports of entry, and processes 25.8 million in trade entities annually.

To counter the threat of terrorism and secure our borders, CBP relies on a balanced mix of professional law enforcement personnel, advanced technologies, and modernized facilities and infrastructure both at and in between the ports of entry. Using Advanced Passenger Information and our National Targeting Centers, CBP Officers utilize advanced targeting, screening, and inspection technologies to quickly identify persons or cargo that warrant additional security, and address document deficiencies without unduly impeding the traveling public or commerce.

In January 2006, the Department of Homeland Security in collaboration with the Department of State introduced a vision to enhance border security while streamlining security processes and facilitating legitimate travel.

As a result, the Model Ports Initiative was developed by CBP in partnership with industry stakeholders to improve the arrival experience for international travelers through improvements to staffing, signage, brochures, instructional videos, and technology. The initiative has been a great success, and there are now 20 model airports in the continental United States.

A key part of this has been the Passenger Service Managers. Passenger Service Managers have been designated at each model port to ensure that any customer concerns during the inspection process are immediately addressed. Posters displaying the name and contact information of the Port Director and the Passenger Service Manager are displayed throughout the inspection processing area.

Model ports have also established joint working groups with airport authorities and carriers to improve wait times.

CBP is currently piloting two initiatives to more efficiently process travelers and reduce wait times.

In May 2010, CBP designated primary inspection lanes for international travelers arriving at Houston's Intercontinental Airport without checked baggage. This pilot program called One Stop allows approximately 800 passengers per day to bypass the baggage carousels and exit the federal inspection service area more quickly. Initial results suggest that users of One Stop will save approximately 17 minutes per trip as a result of participation in the program.

Further, passengers with luggage will also benefit from shorter wait times due to the fewer number of passengers in the main lanes.

Another program, called "Express Connection" designates primary inspection lanes for travelers with closely scheduled connecting flights. Airline personnel or the terminal operator identify eligible travelers and direct them to designated primary lines for CBP processing. Express Connection is currently operational at five of CBP's model ports and we are currently using the best practices learned at these locations to develop a set of guidelines for implementation at other ports around the U.S.

Initial results suggest that the Express Connection program could save the air carriers \$2.2 million to \$3.5 million per year by reducing the number of missed connections. This cost savings are a result of avoided overnight stay, passenger reimbursements, or rebooking costs.

In an effort to further improve model ports, CBP, in coordination with the DHS private sector office, and travel industry representatives have developed a customer service survey that will be conducted this spring.

Currently we also use common cards that are available at all ports of entry, and will be used in addition to the survey to serve as a benchmark for passenger satisfaction, and CBP professionalism at the 20 model ports.

We're continuing to enhance and expand our trusted traveler programs so that we can better focus our attention on higher risk, unknown travelers. Global entry is aimed at facilitating lower risk travelers in the air environment. Global entry members use automated kiosks at the 20 designated airports or the model ports to complete their CBP declarations, allowing travelers to bypass the regular passport control queues, helping to reduce overall wait times for other travelers as well.

Today global entry has 121,000 members, reduced the average wait times for participants by more than 70 percent with 131 ki-

osks, used nearly 800,000 times, approximately 16,600 CBP inspectional processing hours have been saved.

Similar to global entry, Nexus, a bilateral program with the Canadian Border Services Agency, offers pre-approved low-risk travelers' expedited travel between the U.S. and Canada, through designated lanes and kiosks at the land borders and at airports.

The Sentry Program offers the same benefits at the U.S.-Mexico land border ports.

CBP is currently working to integrate these trusted traveler programs into a single application process that will allow members to choose benefits in the various travel environments based on their particular needs.

Also helping to expedite land border travel, CBP has been launching ready lanes. A Ready Lane is a vehicle primary lane that accepts only RFID-enabled travel documents.

In June 2010, CBP launched a Ready Lane pilot at the Ambassador Bridge in Detroit. On the southern border the first lane opened in October 2010, in Del Rio, Texas. In December 2010, we opened a lane in El Paso.

Just last week we opened lanes in Donna-Rio Bravo in Progresso, Texas as well, and we're opening lanes in Arizona this week.

The results to date suggest that this program successfully expedites the flow of legitimate travel. Vehicle through put has increased by as much as 25 percent in these lanes and wait times for travelers with RFID-enabled documents to have been reduced by an average of 12 seconds per vehicle. CBP plans to deploy ready lanes in additional high-volume lane-crossings in the near future.

The successful implementation of ESTA has also helped us to facilitate the flow of legitimate travel. ESTA is used to determine the eligibility of visitors to travel to the U.S. under the Visa Waiver Program.

It provides DHS with the ability to conduct advance screening of VWP travelers, enabling DHS to preclude some travelers who are ineligible for the VWP from initiating travel to the United States.

We've even used the electronic information gathered through ESTA to eliminate the Form I-94W, which is a paper form that provides a record of VWP arrivals and departures for foreign visitors.

Automation of the I-94W was completed in the summer of 2010 and resulted in up to a 58 percent reduction in inspection processing time for VWP applicants.

Senator KLOBUCHAR. Mr. Wagner, you've gone over your time.

Mr. WAGNER. OK.

Senator KLOBUCHAR. If you just sum it up here?

Mr. WAGNER. Yes. With that I thank you for the opportunity to testify on behalf of CBP.

[The prepared statement Mr. Wagner follows:]

PREPARED STATEMENT OF JOHN WAGNER, EXECUTIVE DIRECTOR, ADMISSIBILITY AND PASSENGER PROGRAMS, OFFICE OF FIELD OPERATIONS, U.S. CUSTOMS AND BORDER PROTECTION, U.S. DEPARTMENT OF HOMELAND SECURITY

Introduction

Chairman Klobuchar, Ranking Member Blunt, and distinguished members of the Subcommittee: thank you for the opportunity to appear today to discuss the role of U.S. Customs and Border Protection (CBP) in the implementation of the Travel Pro-

motion Act and CBP's efforts to facilitate legitimate trade and travel while securing our Nation's borders.

CBP is responsible for securing our Nation's borders while facilitating the movement of legitimate travel and trade vital to our economy. Our purview spans more than 3,900 miles of border with Canada, 1,900 miles of border with Mexico, and 2,600 miles of shoreline. CBP is the largest uniformed federal law enforcement agency in the country, with over 20,700 Border Patrol Agents operating between the ports of entry and more than 20,600 CBP officers stationed at air, land, and sea ports nationwide. These forces are supplemented with approximately 1,200 Air and Marine agents and 2,300 agricultural specialists and other professionals. On average, CBP processes approximately 352 million travelers a year at ports of entry and processes 25.8 million in trade entities annually.

To counter the threat of terrorism and secure our borders, CBP relies on a balanced mix of professional law enforcement personnel, advanced technologies and modernized facilities and infrastructure both at and between the ports of entry. Using Advanced Passenger Information and our National Targeting Centers, CBP Officers utilize advanced targeting, screening and inspection technologies to quickly identify persons or cargo that warrant additional scrutiny and address document deficiencies without unduly impeding the traveling public or commerce.

Model Ports Initiative

In January 2006, the Department of Homeland Security (DHS) and the Department of State (DOS) introduced a joint vision to enhance border security while streamlining security processes and facilitating legitimate travel. As a result, the Model Ports Initiative was developed by CBP in partnership with industry stakeholders to improve the arrival experience for international travelers through improvements to staffing, signage, brochures, instructional videos, and technology. The initiative has been a great success and there are now 20 Model Airports in the continental United States.

In addition, Passenger Service Managers (PSM) have been designated at each Model Port to ensure that any customer concerns during the inspection process are immediately addressed. Posters displaying the name and contact information of the Port Director and PSM are displayed throughout the inspection processing area, allowing travelers to contact port management regarding their experience during the inspection process. PSMs have been given training on de-escalating stressful situations and are tasked with providing professionalism and cultural sensitivity updates and training to CBP officers.

The Model Ports have established joint working groups with airport authorities and carriers to improve wait times. New line posts and other modifications have been made to improve queuing efficiency and ultimately reduce overall processing time. CBP is currently piloting two initiatives to more efficiently process travelers and reduce wait times, including a pilot to provide designated processing areas for passengers arriving with no checked baggage and a new process for passengers arriving with tight connections to coordinate with air carriers in order to decrease the number of missed connections from international flights. I will discuss these pilots in more detail later in my testimony.

CBP is constantly working to further improve the Model Ports. In coordination with the DHS Private Sector Office and travel industry representatives, we have developed a customer service survey to allow us to evaluate and improve the Model Ports Initiative. The survey will be conducted in the spring of 2011 and results should be available within a few months. Customer feedback is also collected through the Comment Card program. Comment Cards are available and distributed at all ports of entry and results are distributed monthly to the ports of entry so that managers can appropriately adjust procedures in order to ensure efficient processing. The Comment Card program and the upcoming survey will serve to benchmark passenger satisfaction and CBP professionalism at the 20 Model Ports of Entry.

Global Entry

We are continuing to enhance and expand our trusted traveler programs, which expedite the processing of known, low-risk travelers so that we can better focus our attention on higher-risk, unknown travelers. Global Entry, CBP's newest trusted traveler program, which launched in 2008, is aimed at facilitating low-risk travelers in the air environment. To use Global Entry, applicants must pass a thorough security assessment to include biographic- and fingerprint-based database checks and an interview with a CBP officer. Applications for membership in the program can be submitted online using CBP's Global Online Enrollment System. Using automated kiosks at the 20 designated airports of the Model Ports Initiative, Global Entry

Members may bypass the regular passport control queues, and complete their CBP declarations via touch screen.

To date, more than 121,000 travelers have enrolled in the Global Entry program. Global Entry has reduced average wait times for Global Entry users by more than 70 percent for the participants, with more than 75 percent of travelers using Global Entry processed in less than 5 minutes. The 131 Global Entry kiosks have been used nearly 800,000 times, equal to approximately 16,600 CBP inspectional processing hours. These hours are then expended on the normal passenger processing, helping to reduce overall wait times.

Global Entry membership is currently limited to U.S. citizens, U.S. lawful permanent residents (LPRs), Canadian citizens, and Mexican citizens. Additionally, in a joint arrangement with the Netherlands, CBP allows Dutch citizens to participate in Global Entry, and U.S. citizens to participate in the Dutch trusted traveler program, FLUX. CBP is also engaging in discussions with several other countries—including the United Kingdom, Germany, Korea and Japan—for similar arrangements to exchange trusted traveler membership benefits.

Global Entry provides similar benefits as the NEXUS and SENTRI trusted traveler programs. NEXUS is a bilateral program with the Canadian Border Services Agency (CBSA), which offers pre-approved, low-risk travelers expedited travel between the U.S. and Canada through designated lanes and kiosks at the land border and in airports. SENTRI offers pre-approved, low-risk travelers expedited entry into the U.S. through designated lanes at the U.S.-Mexico land border ports. Like Global Entry, membership in these programs is valid for 5 years, and the application process, membership requirements, and standard of vetting are the same. Beginning in December 2010, all NEXUS members and all U.S. citizens and LPRs in SENTRI were extended Global Entry benefits at no additional fee. In addition, Global Entry eligibility was extended to qualifying Mexican citizens. CBP is currently working to integrate all of its trusted traveler programs into a single application process that will allow members to choose benefits in the various travel environments based on their particular needs.

Ready Lanes

A Ready Lane is a vehicle primary lane that only accepts travelers using RFID-enabled travel documents. In June 2010, CBP launched a Ready Lane pilot at the Ambassador Bridge in Detroit. In October 2010, the first Ready Lane along the southern border opened in Del Rio, Texas, and in December 2010, a Ready Lane opened in El Paso, Texas. The results to date suggest that this program successfully expedites the flow of legitimate travel. Vehicle throughput has increased as much as 25 percent in these lanes and wait times for travelers with RFID-enabled documents have been reduced by an average of 12 seconds per vehicle. CBP plans to deploy Ready Lanes to additional high volume land crossings in the near future.

Private Sector Partnerships and Innovations

As I mentioned earlier, CBP, in coordination with our private sector partners, is currently piloting two initiatives to more efficiently process travelers and reduce wait times. Starting in May 2010, CBP designated primary inspection lanes for international travelers arriving at Houston's George Bush/Houston Intercontinental Airport without checked baggage. Under this program—called “OneStop”—approximately 800 passengers per day are allowed to bypass the baggage carousel and exit the federal inspection service area more quickly. Initial results suggest that users of OneStop will save approximately 17 minutes per trip as a result of participation in the program. Further, the initial results suggest that passengers with luggage will also benefit from shorter wait times due to the fewer number of passengers in the main lines.

Another program, called “Express Connection,” designates primary inspection lanes for travelers with closely scheduled connecting flights. Airline personnel or the terminal operator identify eligible travelers and direct them to designated primary lanes for CBP processing. “Express Connection” is currently operational at five of CBP's Model Ports of Entry and we are currently using the best practices learned at these locations to develop a set of guidelines for implementation at other ports of entry around the U.S. Initial results suggest that the “Express Connection” program could save air carriers \$2.2 million to \$3.5 million per year by reducing the number of missed connections. This cost savings manifest as avoided overnight stay passenger reimbursements or rebooking costs.

ESTA

The Electronic System for Travel Authorization (ESTA) was one of the security enhancements mandated by the Implementing Recommendations of the 9/11 Commission Act of 2007. ESTA is an automated system used to determine the eligibility

of visitors to travel to the United States under the Visa Waiver Program (VWP) and whether such travel poses a law enforcement or security risk. ESTA provides DHS with the ability to conduct advance screening of VWP travelers, enabling DHS to preclude some travelers who are ineligible for the VWP from initiating travel to the United States. Prior to ESTA, VWP travelers did not undergo any screening prior to their arrival in the United States—their application for entry to the United States occurred upon arrival.

To facilitate the ESTA application process for VWP travelers, the ESTA website is available in 21 languages in addition to English and contains links or pop-up windows with additional information. The implementation of ESTA has been very successful, with a compliance rate of more than 99 percent and with more than 99 percent of applications receiving an immediate decision.

The Travel Promotion Act of 2009 required that DHS establish a fee for the use of ESTA, consisting of \$10 per travel authorization to fund travel promotion activities, plus an amount that will ensure recovery of the costs of providing and administering ESTA. CBP conducted an ESTA fee analysis and determined that a \$4 fee is necessary to ensure recovery of the full costs of providing and administering ESTA. Therefore, effective September 8, 2010, CBP began collecting a \$14 fee for each ESTA application.

The successful implementation of ESTA has helped us to facilitate the flow of legitimate travel. We now use the electronic information gathered through ESTA to eliminate the Form I-94W—a paper form that provides a record of VWP arrivals and departures—for foreign visitors arriving by air and sea. Automation of the I-94W was completed in the summer of 2010 and resulted in a 58 percent reduction in the inspection time for VWP applicants for admission—streamlining passenger processing and improving the overall traveler experience at our ports of entry.

CBP is currently looking into the possibility of automating the regular Form I-94—the paper record of arrivals and departures by non-VWP travelers—by using data from the Advanced Passenger Information System (APIS) program. APIS collects biographic information on a person's travel document—enabling air carriers to submit pre-arrival and departure manifest data on all passengers and crew members.

IAP

The Immigration Advisory Program (IAP) is part of CBP's layered border strategy designed to prevent terrorists and other high-risk travelers from boarding commercial aircraft bound for the United States. IAP officers are posted in a number of foreign airports and use the full array of CBP's pre-departure screening capabilities, as well as skills in passenger analysis, interviewing, and document examination, to identify high-risk passengers prior to departure.

IAP officers make a “no board” recommendation to carriers and host governments regarding passengers bound for the U.S. IAP and ESTA reduce the number of passengers who are declared inadmissible upon arrival in the United States. In addition to the clear security benefit of this advanced screening, these programs help air carriers avoid penalties for transporting inadmissible passengers and having to provide for the cost of transporting the passenger to their origin point.

In addition to IAP, CBP Regional Carrier Liaison Groups (RCLG) located in Honolulu, New York (JFK), and Miami are now involved in pre-departure targeting for all high-risk travelers. RCLGs assist CBP in denying boarding to mala fide passengers on all flights destined to the United States from foreign locations that do not have an IAP presence. This expands the Nation's zone of security beyond our physical borders by preventing passengers who may be inadmissible, or who possess fraudulent documents, from traveling to the United States. The RCLGs also work with carriers to facilitate the boarding of U.S. citizens and other bona fide travelers who may encounter issues with their travel documents, and provide 24/7 assistance on other immigration related issues.

Conclusion

Chairman Klobuchar, Ranking Member Blunt, and distinguished members of the Subcommittee, thank you again for this opportunity to testify on behalf of U.S. Customs and Border Protection. DHS is committed to securing our Nation's borders while facilitating the movement of legitimate travel and trade so vital to our economy. I would be pleased to answer your questions.

Senator KLOBUCHAR. That's a really nice summary.
[Laughter.]

Senator KLOBUCHAR. All right. Well, I first wanted to thank all of you. I mean, clearly, this has been on your mind. I know that we've been working with you for years on this, and I want to appreciate it.

I also am thinking of your boss, Secretary Locke, will be on the front line, we hope in China, actually dealing with this, so this is going to be good. He's going to be able to like put his work into practice when he gets to China.

And, that, obviously Secretary Clinton and Secretary Napolitano, both come from states where tourism is near and dear to their hearts. So, I appreciate the work that's being done.

I wanted to first get to Mr. Donahue about the visa wait times; and I appreciated those numbers about how tourism has been. We've seen the increases with the economy improving. That's great. Probably some of your work has helped, but the international market has improved; and I think you said 16 percent increase, something like that, Ms. Lamb-Hale, but the issues is that our share is still not where it was back in, say, 2000.

I think the number we had was that if we could get back to our market share now with the improved numbers that we could get an additional 19 million visitors by 2015.

So, I'm glad we're doing a little better, but we have to do much better.

So one area of concern is the recent spike in visa processing times in certain countries. We have a chart here, I think, that we were going to show. Wait times last year in China and Brazil exceeded the State Department guideline of 30 days.

As you can see, what happened—this snapshot of China and Brazil, 48 days, 101 days, and you compare that to the U.K., and you can see why a visitor might choose to go to the U.K., instead of going to the United States.

I guess a few questions: Why does the State Department decide on a 30-day guideline, and why does it compare so unfavorably with processing times for other countries in their China consulates?

And I know you're doing things to improve it, but that's my question.

Mr. DONAHUE. Thank you very much for the question. First of all, I'd like to say that the times do change during the year, but those were certainly the—some of the worst times we saw in China and Brazil, and that those are things that we try to fight against.

The comparison with the U.K.'s is quite different because of the different theory of visa adjudication. They do interview by exception, which means that in most cases people do not come in for an interview. We do, almost universal interview, and that makes a big difference.

So, in the case of China, they have visa application acceptance centers, but those applicants don't go to an embassy or consulate in China to meet with a British officer, to have their visa eligibility determined. So, that's probably the biggest difference in the difference in wait times.

Senator KLOBUCHAR. OK; and we know one of the ideas—I tossed out some ideas here at the beginnings of how we can deal with this, getting more consular officers—temporary consular officers when you have, sort of hot spots like this, where we want to meet

the demand, and it can be paid for, I understand, from the visa application fees.

Could you explain how that works, and would we need any Congressional action to ensure that the additional temporary consular officers will be self-funded through the increased fees that they would generate, so we're not taking it off the backs of taxpayers?

Mr. DONAHUE. We are looking at every option for sending more officers overseas, having more visa-adjudicating officers.

We start with our officers we have. As I said, we repositioned a number of officers. For example, when Korea went to visa waiver, we moved a number of those officers into other posts that had a greater demand.

We're looking at all of our posts to make sure that the officers there need to be there; whether we can do with one officer rather than two in some of our—our smaller posts, so that we have those officers. In addition to that—

Senator KLOBUCHAR. I'm just trying to think outside—

Mr. DONAHUE. Yes. No—

Senator KLOBUCHAR.—the box before we have that so that—

Mr. DONAHUE. Right.

Senator KLOBUCHAR.—we meet this demand and get these people to come to our country instead of Great Britain.

Mr. DONAHUE. Right. In addition to that, we are—we are looking at the idea—well, not looking at the idea—we're moving forward with a plan to hire limited non-career appointments. These will be language scholars. We would envision people who already have Portuguese or Chinese, who would be hired for a limited maximum of 5 year-appointments. They would go through the same training, and they would have most of the same requirements to enter into the program as a foreign service officer would be, but they would not be life-long career people expected to have a life-long career in the Foreign Service.

Senator KLOBUCHAR. So, would you need Congressional authorization to get more of those or—

Mr. DONAHUE. No, we would not.

Senator KLOBUCHAR.—to do that.

And they could just pay for themselves with these visa applications?

Mr. DONAHUE. They will be able to pay for themselves, their salaries, their individual costs through visa operations. There are—as I mentioned earlier, there are a number of systemic issues at the platform.

All the things that go with having a physical place to be, those generally are not paid for out of visa fees, and they would come out of the State Department budget if we had to have more windows, if we build more buildings. And we're looking at that.

Senator KLOBUCHAR. OK. Because we know we get a lot of money out of this when they come to our country, so I'm just trying to figure out one other issue. How about extending the certain low-risk visas' length? For example, why should a high-level Chinese business executive, making repeated trips to the U.S., need to re-apply for a visa every single year? What do you think about the idea of allowing consular officials the flexibility to grant longer visa validating periods?

Mr. DONAHUE. Well, we fully support the idea of having maximum validities with our partner countries, and, of course, we have 10-year visas in both Brazil and India, and many, many other countries.

China has been a difficult situation, because by law we're required to have visas issued in the validity that matches that of the country that—of how that country treats Americans going to that country. And we have been in negotiations with the Chinese.

And I welcome anything that you can do, that the members here can do, that our business colleagues can do to encourage China to open up, allow Americans to have long-term visas, to travel to China; and we look forward to extending the visa validity because we're—

Senator KLOBUCHAR. OK, very good. I'm going to turn it over to my colleagues here, but just two things we suggested: One would be an agreement with China, but the first, a temporary—temporary consular officials, you could just do that on your own, if you wanted. And it's just you have some issues with space and management; but I just wanted to make that clear.

Mr. DONAHUE. Yes.

Senator KLOBUCHAR. All right, thank you very much.

Senator Blunt.

Senator BLUNT. What is the China time-frame for Americans visiting China?

Mr. DONAHUE. Americans visiting China, I think they can get up to 1 year—a business person can, but it is very rare. We don't see that very often. Quite often we see a single entry, 3 months; and we are pushing very hard that they need to extend their visa.

Senator BLUNT. And we give a visa for how long?

Mr. DONAHUE. We usually give 1 year.

Senator BLUNT. One year—

Mr. DONAHUE. Multiple entries.

Senator BLUNT.—their maximum time.

Mr. DONAHUE. Yes, correct.

Senator BLUNT. Mr. Wagner, on the model ports, are we moving toward more model ports of entry? How many other ports are there, and what—are we moving toward having all our ports be model ports of entry?

Mr. WAGNER. Yes, some of the things we've implemented under the Model Ports Initiative we are looking at broader application.

The 20 model ports covers the great majority of the air traffic to the United States. So, it's some of the less-busy airports that would not be considered in that topic.

Senator BLUNT. Have they all met the model port standards; and what have you learned from the 20 different applications of model ports?

Mr. WAGNER. We've learned a lot of things. We've changed the way we queue people up and line them; we've taken a lot of lessons from the private industry, just on how we queue people through. We have a lot of work to do, still on some of the conditions of the facilities.

We're working closely with the airport authorities to make the physical environment more welcoming and more open and—and

really just a nicer environment to arrive in, when they come into the United States, that's the first thing you see on arrival.

We've made great progress in some of the airports with that. They've been very well worked with us with clearer signage, bright, open, friendly, welcoming physical environments as well.

We've redesigned our entire basic inspection academy for new officers with a renewed focus on professionalism, just in how they carry their day-to-day activities, how they answer people. We've given the officers in the front lines specific scripts, like to say, welcome home, or welcome to the United States; and we're finding just those little key things that, you know, we thought we were doing a much better job than we were. We just need to remind the officers to continue to focus on that, because they have a very, very difficult job to do; and when those tired and irritated travelers arrive at those ports, it's a very fine line of what we have to do not to set them off further, right, at irritableness, and you know, just like little things, like welcome home or welcome to the United States, goes a long way to—

Senator BLUNT. Ms. Lamb-Hale, under the Travel Promotion Act, is there any of that funding be available for physical improvements in some of these facilities?

I think your mike is not on.

Ms. LAMB-HALE. Thank you so much for the question. Under the Travel Promotion Act, the ESTA fees that we mentioned are available to fund the activities of the Corporation for Travel Promotion to promote the United States. We really need to work together with industry to improve the facilities that folks who visit our ports of entry see and to help with that, making that experience better.

Senator BLUNT. I think that we'll talk if we have the people who are on the Board up later, but I think maybe some of that could be used to even encourage some kind of matching program at some of these facilities, because I think what Mr. Wagner mentioned is really a key to the first place you see in the United States is often not what you'd hoped to see at the place you've invested your time and money to come and visit.

Mr. Donahue, how many countries are on the Visa Waiver Program?

Mr. DONAHUE. Thirty-six.

Senator BLUNT. And, what was the last country that we added?

Mr. DONAHUE. The last country was—

Senator BLUNT. Was it Malta? Have we added anything since Malta?

Mr. DONAHUE.—I'm thinking Greece was the very last one.

Senator BLUNT. And that was what, then?

Mr. DONAHUE. That was 2010.

Senator BLUNT. 2010 we did add Greece in 2010? And whose—is there a list, now, of countries that are trying to get there?

Mr. DONAHUE. I can defer to my colleague from CBP, but we are talking to a number of countries who are interested. There are a number of steps. But we are not in—right now we are looking at the countries who came on. We brought in nine new countries in 2009–2010, and we are getting them up to speed—are getting the old countries, the countries that have been in for a long time, to meet the same standards as the new countries we brought on.

Senator BLUNT. And, is that done by Mr. Wagner's organization, as opposed to yours?

Mr. DONAHUE. It's—it's an interagency. But we work closely with our colleagues in CBP and other agencies—with the interagency.

Senator BLUNT. That's what I thought, and I was a little confused when you'd defer on that—

Mr. DONAHUE. Yes.

Senator BLUNT.—to them.

So, what's the list look like, now, of countries that are in the process? Does anybody have that?

Mr. WAGNER. I don't have it offhand.

Senator BLUNT. If you don't, would you get it?

Mr. WAGNER. Yes, we can get it.

Senator BLUNT. I'd like to know which countries you're working with, and some sense of where they are in the process of accommodating the way they have to change their procedure for us to be comfortable with that procedure; and in the countries that we have added to the visa waiver list in the last 4 or 5 years, I'd also be interested in any increase in travel from those countries; do either of you have that?

Mr. WAGNER. I don't have that today. I know that, in particularly in Korea, the last year has seen a huge increase in travel to the United States.

Senator BLUNT. Yes. Give me those numbers of the people we've added since 2005—the countries we've added, rather; and what's happened with the travel from those countries as they have been able to benefit from visa waiver.

And, then Ms. Lamb-Hale, as I recall the Travel Promotion Act, the fee that's used for that Act is a fee on individuals from visa waiver countries, right? Is that right?

Ms. LAMB-HALE. It's correct. It's part of the travel authorization system, and that fee does not come from taxpayer dollars.

Senator BLUNT. Right.

Ms. LAMB-HALE. It comes from the travelers.

Senator BLUNT. It comes from the travelers—

Ms. LAMB-HALE. Yes.

Senator BLUNT.—and we anticipate will amount to how much annually?

Ms. LAMB-HALE. You know, I can certainly get that number to you. I know that those numbers are pretty impressive, though, Senator.

So, I think that we'll have a great opportunity to use those funds to really improve the experience of folks who are traveling to the United States.

Senator BLUNT. Have you—

Ms. LAMB-HALE. But I can certainly provide that.

Senator BLUNT.—have you given the new Board a number to work with this first year, of money they should anticipate coming in?

Ms. LAMB-HALE. I can get that to you, Senator.

Senator BLUNT. All right.

Ms. LAMB-HALE. I don't have the exact figure.

Senator BLUNT. Maybe if you don't have it, they will. I think they'll be up next, but if not, I'd like to see that.

Ms. LAMB-HALE. Yes, we can get that to you.

Senator BLUNT. Thank you, Chairman.

Senator KLOBUCHAR. Very good. Thank you.

Senator Ensign.

Senator ENSIGN. Thank you, Mr. Donahue. Do we have any statistics on, like for everyone you add, how many more tourists we could bring to the United States each year?

Mr. DONAHUE. We don't have a figure for that, and a visa officer can do somewhere between 8 and 12, depending on—thousand visas a year, depending on the country where they're serving. So, it varies quite a bit. And, I think it's important to know that if you issue a visa in most countries, maybe you only see that person once in their whole life because we can, again, renew the visa even after those 10 years, without them coming in.

So, there's a multiplier effect on those who have—once they have their visa.

Senator ENSIGN. The reason I bring that up is it seems like a pretty easy numbers game to justify, you know, hiring the extra staff to do, basically, whatever it takes, especially in these kind of economic times. I mean, my state's not the only one that's very tourism-dependent. The entire country benefits greatly from these overseas travelers, and even when they come to visit one of our specific states, international travelers usually travel to several places in the United States.

So, I think just from an encouragement standpoint, we can't encourage you enough. I can't tell you, across my state, how many people have told me that their customers wait, and wait, and wait, to get to the United States.

You're seeing the huge explosion of gaming in Macau. A lot of those people actually want to come to the United States. And we talk about the balance of trade, you know, and those are dollars that come to the United States instead of dollars that obviously go to Macau; and those can create jobs here. And, it's not just obviously gaming; it's all of the other, you know, benefits; the people that come here to do that also go to the Grand Canyon; they go to the Mall of America; they, you know, people like to visit Alaska. All of those other places that we have, the reason that we wanted the Travel Promotion Act in the first place, because we know we have so much to sell here in the United States.

So, you know, I want to add my voice to the Chairman here, that it is critical that we start adding some of these people, and do it as quickly as possible. And, you know, I've talked to quite a few people who are now learning Mandarin just because of the opportunities, not only in China, but some of them are actually having trouble finding jobs; so you may want to advertise this. If this is something that you all are going to be hiring for, you may want to get the word out there, because there are a lot of people who are looking for jobs, and this may be a place where they could find some of those.

Some of the proposals being advocated by the private sector include doubling the number of visas by some of these countries—China, Brazil, and India—and allowing Brazil to enter the Visa Waiver Program, taking greater advantages the Chairman talked about, about video-conferencing.

Can you discuss some of those issues, what you all are doing?

Mr. DONAHUE. Sure. As I mentioned earlier, the first thing we're trying to do is make sure that we can get those people in and get the interviews quickly. And, we share your concern for doing that. We understand the importance to our economy, as does Secretary Clinton.

The idea of video conferencing is one that we have tried. It does not—there are two problems with it: we don't think it will be more efficient; in other words, we will not interview more people—won't bring more people in, and in fact, will have just the opposite effect—impact. We believe that the process of video interviewing will—an officer will be able to do less interviews a day.

In addition, the purpose of the in-person interview is to really assess the person who's standing in front of you, to make a determination whether they're going to use the visa properly. And, in a two-dimensional Skype-type situation, even with the best technologies, we don't believe that we'll be able to make those decisions, because it's a three-dimension live presence that we feel is very important.

Senator ENSIGN. Why do they feel safer than we do? What was the decisionmaking process there?

Mr. DONAHUE. Yes. This is a different theory, I think, when you look at that. We made a decision, after 9/11 that we needed to have that personal interview when we were going to issue a visa to someone. We felt that that was very important to our national security, and it was placed in the law following 9/11.

So, it's a different theory. I think there's another thing about the vastness of our country and the openness of our society, the fact that we don't have national identification cards. We're a free and open society, so that once you've arrived here, if your intention is to stay, it's pretty easy to do so.

Senator ENSIGN. I see my time is up, Madam Chair. I appreciate it.

Senator KLOBUCHAR. Thank you. Senator Begich?

Senator BEGICH. Thank you, Madam Chair. Thanks for holding this meeting. To the new Ranking Member, thank you also for your work on the House side in regards to the tourism industry.

Let me—several questions, but first, just let me say thank you all very much for being here, and being part of helping promote the country in getting more visitors here.

In Alaska, it's a \$2 billion business for us; and someone—in our family we're also in the tourism business a little bit, so we know some degree of it. So, let me first—a couple questions first to John, if I can—Mr. Wagner, if I could ask you—and I'm going to give you a specific issue in Alaska, and maybe you could follow up with this, and that is, we have a new chartered airline from Europe, it goes from Zurich and Whitehouse—or Whitehorse in Canada, but it has a stopover in Anchorage.

But, in 2003 we got rid of a program called IT—ITI, which allowed people to get off that plane in a secure area, not getting, you know, out of the secure area, and then getting back on the plane as they moved back over to their final destination, whichever side it was going to.

Now, if they do that, everyone is required to have a visa. When this program was suspended in 2003 there was discussion that you revisited it, and to be very frank with you, now the airline is considering not doing the stopover in Anchorage because of that, honestly, burdensome—they're not leaving the secure area, but everyone on the plane will be required to have a visa in order for it to have that stopover and to disembark.

Are you—one, are you familiar with the ITI program, and are their efforts to revisit this, I mean from our perspective, obviously, that has a direct negative impact on our economy, even though it's small, but their landing fees are built to refuel there, and also if they stop off in those duty-free shops there to shop and spending money in the economy?

Can you respond to that?

Mr. WAGNER. Yes, thank you for the question. And, in 2003 in coordination with the Department of State, we did suspend the international to international ITI and the transit without visa programs based on some very specific credible intelligence we had that said that people were going to try to exploit that lack of a visa to try to get here and—and do us harm.

We have not yet re-implemented that program, either one of the two. We recognize the—the interest in the carrier industry, in the airport industry, to re-employ those kinds of programs. I don't think we're comfortable yet with the types of security arrangements that I think we would need to re-implement that type of a program.

Senator BEGICH. Have you engaged with the carrier industry at all?

Mr. WAGNER. We've had a lot of discussions with them. I'm actually headed to LAX later this week to talk with New Zealand Air about what they're trying to do through a transit process there.

I'd like to be able to find a way to do it, it's just that intelligence is still credible today, and having people coming here without the benefits of either a visa or going through the ESTA Program for the visa waiver travelers, just doesn't give us that visibility into who's here and who's coming, and who's arriving, and what their intentions are. So, it's difficult.

Senator BEGICH. Are you—but you're not closed to continuing trying to find an opportunity for these carriers who want to have stopovers in the U.S.?

Mr. WAGNER. Oh, absolutely discuss ideas and—and continue to discuss it.

Senator BEGICH. Will you keep our office informed as to how you progress on some of these discussions you're having?

Mr. WAGNER. Yes, sir.

Senator BEGICH. Mr. Donahue, I want to first say, I'm not sure I buy the VTC argument, but I'll leave that. I'll tell you all the business we do in Alaska, a lot of it we have to do through video conferencing, but I'll leave that for another discussion.

My question is more of a broader—and that is—and you answered a lot about in regards to the expanding the temporary or limited time hires. What's the plan? In other words, everyone has some concerns, so when are you going to bring folks onboard, and

what's the volume of people that you'll bring onboard; when will they be trained; when will they start doing this?

Mr. DONAHUE. Well, it's a constant process, and we brought, as I mentioned, a number onboard every year. Ramping that up is the next step, and so we're looking at—we have a plan that shows, you know, as anyone would do, we look at where we think the visas are going to go, and in consultation with our folks—our friends in Commerce, and then we try to make sure that we're going to be staffed up to meet that demand. And, it's, you know—and we have quite a spreadsheet of how many more we'll need at each of the posts we have in China and Brazil.

Senator BEGICH. Can I hold you there? Can you share that with the Committee?

Mr. DONAHUE. I think we can, sure.

Senator BEGICH. OK, great. I'm almost out of time, but I just have one quick question—or actually, a quick question and then just a comment from folks.

First, Ms. Lamb-Hale, thank you very much for being here, and I know, Helen, thank you for traveling to Alaska and going on a whirlwind tour. We appreciate that.

When will you have the permanent position of Director for the Office of Travel Promotion in place?

Ms. LAMB-HALE. Thank you for the question, Mr. Begich. We, as I mentioned, do have an interim Director; our Deputy Assistant Secretary for Services is currently the Director, and we are working through the process, and we do believe, in a very short period we will have a permanent Director.

Senator BEGICH. Short measure, weeks? Months?

Ms. LAMB-HALE. I would say in a very short period of time, Mr. Begich. I don't want to commit to an exact frame, timeframe, but I can tell you that we're very focused on ways to maximize the work of the OTP and our existing office that Helen Marano runs, of Office of Travel and Tourism industries, just to make sure that what we do is efficient and maximizes the use of taxpayers' dollars.

Senator BEGICH. I'm going to hold you to it to shorten it.

Ms. LAMB-HALE. OK.

Senator BEGICH. And, I'll leave it there, Madam Chair.

Senator KLOBUCHAR. Thank you.

Senator BEGICH. The only question I had—but I know this panel has to go—and that is, I would just want, maybe for the record, very quickly, if there's a government shutdown, what happens to the services you all offer, and how many visas will not be processed?

You don't have to answer now, because I think we're out of—I'm out of time. I think it's a great—it's an important question because I think—

Senator KLOBUCHAR. So, we'll have them answer that, what, a week from now?

Senator BEGICH. Yes, because they won't have time, but I would love—I mean, if time allows after the—I know Mr.—Senator Boozman's here, and I don't want to allow him—invalidate on his time, but I'd be very curious, because you're going to have thousands of people who won't get visas, I'm guessing, but maybe I'm wrong.

Mr. DONAHUE. It's a big problem because of, again, our officers are paid from fees, but our platform is not—is paid from appropriated funds.

Senator KLOBUCHAR. OK, thank you very much.

We now move on to Senator Boozman from the state of Arkansas, home of tourism spots like the Ozark Mountains and Mammoth Hot Springs.

**STATEMENT OF HON. JOHN BOOZMAN,
U.S. SENATOR FROM ARKANSAS**

Senator BOOZMAN. Very good.

Senator KLOBUCHAR. Thank you.

Senator BOOZMAN. The Clinton Library and numerous other hotspots.

Senator KLOBUCHAR. Thank you.

Senator BOOZMAN. But, I do appreciate you and Senator Blunt having this hearing.

I think this is a great example, you know, have a lot of stuff going on here, where there's some acrimony, but this is an area that, in a very bipartisan way, we all agree, that we've got to get this straight.

And, I think, we talk a lot about the economy and stuff and the benefit there, but also there's tremendous benefit from people from other countries coming here, experiencing America, the image that—I think that's a very positive image.

So, I'd like to ask just a couple things: One of the things that I'm always concerned about, are we working together, to get these things done—Commerce Department—and hopefully, this is the case—feels like we're going to have a significant increase in travel to our country if we can get here.

Can you tell us a little bit about how you are working together to anticipate and meet the growth that we're going to have in the future?

Mr. DONAHUE. Thank you for the question, Senator. We work very closely; in fact, I spend probably as much time with Commerce as I do with any agency in the U.S. government. We are—I'm on the Travel and Tourism Advisory Board as an ex-officio member. I'll be going out to—I attend their conferences, and we share information. I work with them on—the Travel and Tourism Advisory Board on their advice to Secretary Locke on what we need to do to improve the visa issuance policy. So, I think it's a very close working relationship, and we look for ideas with the industry; spend a lot of time with the industry.

Mr. LAMB-HALE. If I could add to that, Senator. By the way, I wanted to tell you that my family is from Arkansas, so I know Arkansas very well.

Senator BOOZMAN. Whereabouts?

Ms. LAMB-HALE. Camden, actually.

Senator BOOZMAN. Oh, very good.

Ms. LAMB-HALE. But, what I did want to say is, to echo what Mr. Donahue said, we work very closely. We have the Travel Policy Committee Council that is an interagency group. Through the National Security Council we work very closely in an interagency pol-

icy committee to discuss ways to make the travel experience to the United States much better.

The Travel and Tourism Advisory Board was also mentioned. That really provides policy advice to the Secretary of Commerce that can then be used by the Corporation as it begins to—its work on promoting the United States.

So, I think that we've really done quite a good job of collaborating. The White House has been involved. There's a big recognition that this industry is important and it drives job growth.

Senator BOOZMAN. Mr. Donahue, I was a member of the NATO Parliament, and so I traveled extensively in that in the House, and have been to a number of different entities overseas and I'm always amazed. I understand very much how hard those—our Ambassadors and their staffs work to represent us and do all these things.

I guess what I would like to know is that—that consular officers, that are taking care of these, they do have a lot of different responsibilities. In a 40-hour work period, how much time is there—are they devoted, as far as taking care of visas and things like that?

Mr. DONAHUE. The consular officers, depending on the post and—and the demand for visa services, may spend the entire—their entire workweek doing nothing but visas. In other posts where the demand is less, they may do American citizen services; they may provide—do fraud work; they may do emergency services, passports. So, it just depends.

But, in large posts, the posts we're talking about today, most of the officers who are visa officers spend their entire workweek doing visas.

Senator BOOZMAN. And, that's allocated—the time that they spend, is that allocated at that facility, or does it come out of Washington, or—

Mr. DONAHUE. No, they're—they're—they're assigned to the consulate abroad.

Senator BOOZMAN. No, I understand that, but once they're there, does the—does the entity there decide how much time is going to be spent on visas, or does that come out of Washington as to how much time?

In other words, who decides how much time the consular official is going to spend working on visas?

Mr. DONAHUE. Well, the embassy is—is—you know, works in a collegial manner with the Department as far as deciding where the work goes, but consular officers are there to do consular work and spend most of their time doing consular work. A political officer would be doing political work.

So, when we assign someone, and we're paying for it from MRV fees, we expect to be spending the vast majority of their time doing visas, doing consular work.

Senator BOOZMAN. And, for the most part, we've got enough people to get that done?

Mr. DONAHUE. Well, we—in most posts—in 90 percent of the posts we have wait times under 20 days, and in 74 percent I think they're under 7 days. So, in most places I think we're OK. It's just this huge ramp up of demand in these two countries that have been a challenge to us.

Senator BOOZMAN. Can you send us a list besides the two countries where we're struggling?

Mr. DONAHUE. Sure. I can send you the list.

Senator BOOZMAN. Thank you, Madam Chair.

Senator KLOBUCHAR. We're going to move onto our next panel now, but I wanted to just remind you all of what we're talking about here, when—even though we have seen increases in the last few years, we want to see even better increases because of all the jobs, and just this—I thought this chart, while it looks complicated, it's interesting.

So, our current market share right now of the international travel industry is 28.5 percent; and if we had saved our 2000 market share, right, it was 42.8. Now, we know we're going to see some decreases, but we shouldn't have seen that big of a decrease.

And, that's what we're trying to change, and if we could just get up to that market share, or anywhere close to it, we could get an additional \$60 billion in spending in the United States of America.

So, as we look at how to expand this economy, I believe it's private sector jobs. I believe a lot of it has to do with exports; and tourism is one of our export treasures. So, that's what we have to think about as we move forward, is how we are going to get that market share back. And, so, that's what I want to leave you with as you all go back to your jobs.

Mr. Wagner, I just wanted to mention, I'm a big fan of your TSA people. I know they've got a lot of grief, so I always like to say that any moment, that they've got tough jobs, which they remind me of every time I go through the airport.

OK, thank you, the three of you. We will have our next panel up. Thank you.

OK, we're going to get started here, and I will give all the introductions for our second panel, and they're going to talk about what they're seeing out there in the field as we look at ways to recapture our country's share of the global tourism market.

First of all, we have Mr. Stephen Cloobek, who is the Chairman and CEO of the Diamond Resorts Corporation, which includes Diamond Resorts International, a hospitality brand with over 190 branded and affiliated resorts in 28 countries around the world.

Mr. Cloobek has over 25 years of experience in the tourism area. He has also recently been elected as the Chairman of the Corporation for Travel Promotion that we've been discussing today.

Second, Ms. Nancy Johnson is the Executive Vice President for Development at Carlson Hotels, headquartered in my home state of Minnesota. She has worked in various roles at Carlson since 1989, including as Executive Vice President for Carlson Select Service Hotels and several management roles with Carlson Country Inn Suites Hotel chain.

Third, Mr. John Sprouls is the CEO of Universal Orlando Resorts and Executive Vice President at Universal Parks and Resorts, where he has 15 years experience. He is also a member of the U.S. Travel Association and U.S. Secretary of Commerce's Travel and Tourism Advisory Board.

And, finally, Mr. Roger Dow is the President and CEO of the U.S. Travel Association, a role he has had since 2005. He previously spent 34 years at Marriot International where he served as

a summer lifeguard at a Marriot Hotel and ended up as Senior Vice President for Global and Field Sales.

OK, that would be like when I started as a waitress at Baker's Square Pie Shop, but I spilled 12 iced teas on one customer, and that was the end of my career there.

But, you made it up through the ranks, Mr. Dow. Congratulations.

Mr. DOW. Thank you.

Senator KLOBUCHAR. OK, we'll start with Mr. Cloobek.

**STATEMENT OF STEPHEN J. CLOOBECK, CHAIRMAN,
CORPORATION FOR TRAVEL PROMOTION**

Mr. CLOOBECK. Thank you, Madam Chairperson, and Ranking Member Blunt.

I've already submitted my testimony in advance. I'm not going to bore you all with the details that we've reviewed before by members of the Administration.

I thought I'd give you just an open dialogue as to what we've accomplished so far.

We have a diverse 11-member board with a high level of expertise in all fields of travel and tourism. We were appointed in late last fall. We met—our first meeting, I believe, in October, and we tried to coalesce as quick as we could. We were all appointed to organize ourselves without any government support.

I'm proud to say, quickly, we were incorporated in D.C., created our bylaws and articles of incorporation, and created a position of Chairperson, which I ascended to, and two Vice-Chairs, Carolyn Bateta of California Tourism, and George Fertitta of New York and Co.

We wanted to make sure when we created this organization that we were open, we were transparent; so we decided to have open board meetings, which we have on a monthly basis, some via phone, some throughout the United States. We're moving the corporation all over the United States.

We made sure that all of meeting minutes are on our website, the *corporationfortravelpromotion.org*, and you're welcome to see any of those meeting minutes.

We've also made sure that all stakeholders have been included—all states, all territories.

In addition to that, we've reached out to all of the constituent groups; we talked to TTAB policy; we've worked very closely with Helen Marano at Commerce, with regard to research.

We have made sure that we're using all these dollars that were given to us in a very wise fashion. To date, we've been given \$10 million in administrative funds, two and a half million dollars, which has been given to us; and I can tell you today we've only spent \$180,000.

We've asked for a lot of pro bono and in-kind work from various law firms and other folks within the travel and tourism industry.

It's our mission not to squander these funds. We are looking at this based on the return-on-investment capital, and I know that's kind of a funky concept here in Washington, but in business, that's the concept that we use every single day.

So, for every dollar we spend, we look at that return back to us, and what we're getting for that. We've made a lot of progress with regard to putting forth what our message will be. None of those \$10 million are authorized for us to use toward marketing, pursuant to the statute.

So, we would ask you to think about, today, if we are ready to put forth some marketing efforts throughout the world, how we access some of those \$10 million, since we have—we've really not squandered any of the dollars, and we've got them to spend, we'd like to spend them on marketing moneys.

But, herein lies an issue: In working with the President's Export Council and other interagencies we've been extremely collaborative; we are concerned with this budget that could swell as large as \$200 million to spend on international marketing efforts. In our total collaboration what we do to spend that money has to be thought of based on return-on-investment capital, as I said; and because of that, I'm concerned a little bit about what we found, candidly.

You mentioned some of these issues before: Visa wait times; why don't we adopt the U.K. system? We've really put up tremendous borders with regard to, you know, what we'd like to do in promoting the United States. And, if we want to use these dollars wisely, we, of course, can look at all the visa waiver countries, but for us to sit back and wait for China to have a bilateral treaty with the United States—I don't think we do that in business. We're looking at 21—twenty-to-one return on invested capital here. We're not spending any CAPEX. The country's built. All we're asking folks to do is show up.

And, we have to really worry about how we're representing ourselves when we're interviewing for visas. And, if we make somebody wait 20 days, 30 days, 40 days, 120 days, are we really being inviting?

So, I would ask you to think about that, and perhaps sit down with the State Department. We're trying to do as much as we can to facilitate a great collaboration, and I think we're doing a good job. We should have an Executive Director hired within the next, you know, 30 days; and you're going to see some tremendous efforts from us going forward.

And, I look forward to any of your questions.

[The prepared statement of Mr. Cloobek follows:]

PREPARED STATEMENT BY STEPHEN J. CLOOBECK, CHAIRMAN OF THE BOARD,
CORPORATION FOR TRAVEL PROMOTION

Chairwoman Klobuchar, Ranking Member Blunt, and honorable members of the Subcommittee, thank you for your leadership on the issue of growing the U.S. economy through travel and tourism. By helping the U.S. compete in the world travel market we will create jobs and drive economic growth here at home.

My name is Stephen J. Cloobek. I am Chairman and Chief Executive Officer of Diamond Resorts International, a global destination resort business based in Las Vegas. We have nearly 200 resorts in 28 countries around the world, including destinations throughout the continental United States and Hawaii, Canada, Mexico, the Caribbean, Europe, Asia, Australia and Africa.

I am also the Chairman of the Board of the Corporation for Travel Promotion (CTP), which, thanks to your leadership, was established to help the United States capture a greater share of international travel and the spending it brings. Senator Klobuchar—a stalwart champion for this industry—and Senator Blunt—lead co-sponsor of the Travel Promotion Act in the House—I thank you both and this subcommittee for your leadership and courage on behalf of the CTP Board and the trav-

el industry as a whole. I have a strong personal belief that travel promotion will make America more competitive in the global marketplace and that the work of the CTP will boost our country's economy. I believe we share this perspective, and I look forward to continuing the partnership with like-minded leaders in Congress like you.

Today I will provide you with an update on the Board's progress since our appointment by Commerce Secretary Gary Locke in late fall 2010. We are off to an excellent start as we work toward the legislative goals of providing useful information to those interested in traveling to the United States, identifying and addressing perceptions regarding U.S. entry policies, and maximizing the economic and diplomatic benefits of travel to all areas of the United States.

Why We Must Compete for International Travel

Travel is America's largest service sector export, representing 25 percent of all U.S. service exports and 7 percent of all goods and services exported in 2010. When international visitors come to the U.S., they spend close to \$4,000 per person on hotels, restaurants, attractions, retail and other activities. This added up to \$134 billion last year, which supported hundreds of thousands of jobs in communities across the country.

But despite this good news, the U.S. should have done much better.

The U.S. has been losing share in the long-haul international travel market for many years as travel globally has boomed. Our failure to simply keep pace with the growth of the rest of the world has cost the U.S. an estimated 68 million "lost" arrivals, \$509 billion in total spending, \$32 billion in direct tax receipts and 441,000 travel-related jobs that could have been created or sustained in the years over the past decade.

There are several reasons for this. First, other countries and destinations have grown more competitive; they are spending more on marketing and promotion. For example, in 2009, Mexico spent \$173.8 million, Australia spent \$106.7 million, and France spent \$96.0 million on their respective national travel promotion programs. Second, there are simply more destinations for travelers to choose from now. And until this year, the U.S. has been one of the only industrialized nations in the world that lacks a nationally coordinated program to attract international travel.

Now, thanks to your leadership, we have a program that is designed to address that competitive shortcoming.

About the Corporation for Travel Promotion

No taxpayer dollars are used to fund the Corporation for Travel Promotion. The first 50 percent of the program's funding is required to come from the private sector. For every dollar that the private sector contributes to the program, an additional dollar of funding is contributed through a nominal \$10 fee paid by those visitors who have been exempted from paying the \$140 fee to acquire a visa.

This funding will be used to create a world-class marketing and promotion program designed to attract more visitor spending to the U.S., in order to drive economic growth and job creation.

While it is still too early to say exactly what the marketing campaign will look like, the range of tactics will include advertising, social media, outreach to intermediaries, trade show presence and many other activities in key international markets, as deemed most effective to yield the highest possible return on investment.

Oxford Economics, a globally respected economics firm, estimates that this program could deliver a return on investment of 20:1. That includes 1.6 million new visitors annually, \$4 billion in new annual spending, and 40,000 new U.S. jobs.

What We Have Accomplished So Far

Last fall, U.S. Secretary of Commerce Gary Locke appointed the Board of Directors, and in October we held our first meeting to discuss a work plan and move toward formation of the Corporation.

At the outset, the Board agreed on two core principles. The first is transparency in all our actions and decisions; our monthly Board meetings are open to the public, and meeting records are posted on our website. The second is a commitment to maximizing return on invested capital (ROIC); we will make use of all existing resources from the government and industry partners, such as market research. We look for free or donated meeting spaces, so that every single dollar of the Travel Promotion Fund can be used to maximize ROIC for the U.S. economy.

Since our first meeting, the 11-member Board has been working to achieve a number of milestones on an accelerated timetable and engage in regular activities to keep the public informed of our actions and the program moving forward. Our progress to date includes:

- Monthly Board meetings—emphasizing full transparency—that are open to the public for comments and questions;
- Completion of various legal filings, including non-profit status;
- Initiation of the 501(c)(6) filing;
- Hiring of firms to conduct third-party audits and perform day-to-day accounting functions;
- Issuance of request for proposals (RFPs) for legal counsel;
- Evaluation of resources and needs, with an eye toward developing a strategic plan to guide the early years of the entity;
- Creation of Board committees and request for industry participation on advisory boards to expand the CTP's expertise;
- Meeting with Canadian Tourism Commission and numerous U.S. destinations to help develop in-kind contribution standards;
- Memorandum of understanding (MOU) with the Departments of Treasury and Commerce regarding in-kind contributions, to be finalized upon review of third-party auditors;
- Meetings with and continued communication and cooperation with the Departments of Commerce, State and Homeland Security and Customs and Border Protection;
- Cooperation with the Travel and Tourism Advisory Board and the President's Exports Council to align goals and strategies;
- Analysis of existing market research from sources including the Office of Travel and Tourism Industries, Oxford Economics and numerous destinations, and identification of future research needs;
- First promotional video to be revealed next month;
- Creation of a website (*www.corporationfortravelpromotion.com*) to inform stakeholders and other interested parties about our ongoing progress; and
- Ongoing outreach to policymakers and inclusiveness with industry stakeholders in all states and territories for input and advice.

What Is Ahead

We are committed to using resources as efficiently and effectively as possible, in order to maximize the return for the U.S. economy. The CTP has spent only a fraction of a percent of the original funding from the Department of the Treasury. Wherever possible we have leveraged available resources from government agencies, our Board members and the industry at large.

Moving forward, the marketing money we spend will be based on return on invested capital. And we look forward to launching our in-kind contributions campaign in the coming months, so that when matching funds become available on October 1, we will be able to hit the ground running with our marketing program. Our Board members and members of our staffs have already donated hundreds of hours in services to the CTP, in addition to more than \$70,000 worth of travel and meeting expenses that will be available for matching.

Our next major step is to hire an executive director and senior staff. That search is well underway, and we hope to make an announcement soon.

As we work to ensure that international visitors are invited and encouraged to come to America, we will also work simultaneously with the Departments of State and Homeland Security to ensure that this new influx of travelers can be accommodated by our visa and entry systems. From new consular offices where backlogs are high to finding more efficient alternatives to in-person visa interviews, and from loosening bottlenecks at our Nation's airports to a simple "Welcome to the United States" greeting from CBP, we pledge to work with Congress and the administration to find creative and secure solutions—for both the short-term and long-term—to improve our existing systems so that this important economic opportunity is not wasted.

To close, I want to reiterate that we are 100 percent committed to transparency, and I invite you all to visit our website and review our minutes from past meetings and mark your calendars for our future meetings.

By business standards, the CTP has gotten off to a rapid start that makes us well poised to achieve the maximum return on investment generated from America's greatest export—travel and tourism. The CTP has a critical job ahead of us, and we are up to the task. I would like to thank you again for your leadership and look forward to our continued partnership and collaboration with Congress and the administration.

Senator KLOBUCHAR. Thank you very much.
Ms. Johnson?

**STATEMENT OF NANCY JOHNSON, EXECUTIVE VICE
PRESIDENT DEVELOPMENT, CARLSON HOTELS, AMERICAS**

Ms. JOHNSON. Thank you, Chairman Klobuchar, Ranking Member Blunt, and other distinguished members.

I come to you with a little bit of a discussion that you've already heard on the importance of the travel and tourism issue that we are addressing, but also for a request for better government efficiencies and a better sense of urgency to the problem.

I represent Carlson Companies, which is a family-owned business that has over 1,070 hotels and 900 restaurants, and a major owner of Carlson Wagonlit Travel. We have 150,000 employees in over 150 countries, and today, Carlson is lead by Chair, Marilyn Carlson Nelson and CEO, Hubert Joly.

It was my distinct pleasure to work with Hubert in his position sitting on the Travel and Tourism Advisory Board and as Chair of the Subcommittee for Travel Facilitation.

Travel, and in particular, international tourism is a vital part of our economy. And, that has been said time and time again. But it is tourism in general that oftentimes gets overlooked, and is an invisible export.

Now, President Obama's goal of doubling the exports over the next 5 years can quite easily and logically be addressed by paying attention to tourism, but all we have to do is to make sure that, as was stated, facilitate visa processing; and then when they come to our borders, welcome them as guests to our country.

And, that is the key issue. I've been in the hospitality business for over 40 years, and in our hotels, if we did not treat every customer that walked through that door as if they were a guest in our house, they would go stay somewhere else. And that is what our international travelers are doing to us today.

Now, today, while some issues surrounding impediments to tourism are looked at as being perception rather than reality, it is a fact that international tourists find the United States less inviting; and it is more difficult to enter than other countries.

Given that, I think Senator Klobuchar pointed out the dollars that are involved in bringing in these international visitors. We need to make sure we pay particular attention at our ports-of-entry on how we greet these customers.

Treating tourists in a respectful and efficient manner at our borders is important for at least two reasons: Studies show that some potential tourists choose to not visit our country because there is a negative general perception by international visitors as how they will be treated; and then the second problem is the delay in the passengers meeting—making their connecting flights. They're worried that they will not be able to connect through and get onto their connecting flights, which is a great loss of revenue to our airline industry.

In 2009, 39 percent of overseas travelers to the United States waited more than 30 minutes, and some have waited as long as 2 hours. This is simply too long. The visa point of entry problem has

run—has been brought forward to government bodies many times in the past.

After September 11, Mr. Bill Marriott and Marilyn Carlson Nelson testified at a hearing very similar to this one on the importance of tourism to the national economic recovery. In 2009, the Travel and Tourism Advisory Board made a recommendation to the Secretary of Commerce that is very similar to the ones that our subcommittee made to Secretary Locke.

And, even President Obama has gathered tourism industry leaders to advise him on how to improve travel and tourism export deficiencies.

I believe, and I ask this panel—this committee to listen to these industry leaders. It is time that we pay attention to this valuable asset that we have in travel and tourism; and together we can make a difference.

Addressing the visa and customer service experience is something that has already been done, as was mentioned by the previous panel. We've done—made some improvements, but the big problem is, is that we have not established key benchmarks in gathering metrics that allow us to set goals for improvement. That has to be done across government agencies; and it is critical for us to move forward. So, collecting the number of overseas international visitors and our market—establishing our market share; monitoring wait times; number of travelers enrolled in our Global Entry Program; and, in addition, the recommendation has been made to the Secretary of Commerce to establish goals, solid goals that a wait time of less than 20 minutes at our ports of entry, to strengthen our model airports.

To correct a misstatement before, only 2 out of the 20 airports are actually established with the model airport entry.

And then to ramp up our Global Entry Program.

In her book, *How We Lead Matters*, Marilyn Carlson Nelson reflects on a conversation with former Prime Minister of Israel, Shimon Peres regarding the impact that tourism could have on peace in the Middle East. Marilyn reflected, "I have always felt privileged to be associated with an industry that raises living standards and provides entry-level jobs as well as lifetime careers. As the Prime Minister reminded me, its contribution is even greater. Through the continuing exposure facilitated by the tourism industry to others of different cultural, religious and political backgrounds, there is hope that we can chip away at the hatred and prejudice that separate us. There is, indeed, work to be done."

Thank you. And, I look forward to your questions.

[The prepared statement of Ms. Johnson follows:]

PREPARED STATEMENT OF NANCY JOHNSON, EXECUTIVE VICE PRESIDENT
DEVELOPMENT, CARLSON HOTELS, AMERICAS

Thank you, Senator Klobuchar and Senator Blunt, for holding this very important hearing.

Background

My name is Nancy Johnson, Executive Vice President of Development for Carlson Hotels and the incoming chair of the American Hotel & Lodging Association which represents nine thousand hotel members.

I have worked in the hotel industry for 40 years and I have had the privilege of working for Carlson for 22 years. Carlson is a family-owned, global hospitality and

travel company. Headquartered in Minneapolis, Minnesota, Carlson encompasses more than 1,070 hotels in 77 countries; more than 900 restaurants in 60 countries; and a majority stake in Carlson Wagonlit Travel, the global leader in business travel management. Carlson operates in more than 150 countries and its brands employ about 150,000 people.

Today Carlson is led by Chairwoman, Marilyn Carlson Nelson and CEO, Hubert Joly. Hubert Joly also sits on the Travel and Tourism Advisory Board (TTAB), which reports to the Department of Commerce. Hubert is Chairman of the Travel Facilitation subcommittee of TTAB. The TTAB was formed to advise the Secretary of Commerce on opportunities to stimulate travel and tourism and subsequently increase jobs and economic growth.

The Importance of Travel

Travel, and in particular international tourism, is a vital part of our economy. International travelers stay in our hotels, rent cars, go to our theme parks, eat in our restaurants, shop at our stores, and hire our tour operators. Research shows that International tourists spend on average between \$3,000 and \$4,000 during each of their trips to our country.

Tourism oftentimes does not get the attention it deserves. Tourism has been referred to as the “invisible export” because its benefits are often overlooked even though it generates more export revenue than automobiles and computers. It surpasses agricultural exports by two to one. This spending supports approximately 900,000 jobs and \$23 billion in wages. Put simply, overseas visitors create jobs and economic opportunity in communities across the United States.

Increasing international tourism is one of the easiest ways to help achieve President Obama’s goal of doubling exports over the next 5 years. To increase tourism, we do not need to build a new factory. We just need to find ways to get more legitimate travelers into our country. Equally important—we need to make sure they have a positive experience when they visit the United States.

As other witnesses have discussed, more and more countries are competing for the same international tourists to come to their country. So, if a potential tourist has a negative perception of how they will be treated in the United States, they will choose to spend their money in a different country. *It is in our national interest to ensure international tourists have a positive experience during their visit to the United States.*

Today, while some issues surrounding impediments to tourism may be perception versus reality, and while progress is being made, the U.S. does suffer from a real performance gap as it relates to the way we treat visitors.

Impediments to Increasing International Tourism—Getting Tourists through the Border

In particular, the experience of international visitors at the country’s borders is a source of concern. Being a Global company, Carlson is uniquely qualified to give testimony to the part of entry experience our employees and business associates realize regularly. In the hotel industry if we are not hospitable to people—if we do not put on a friendly face—our customers will go somewhere else.

We look at our borders the same way. If a person has a bad experience entering the country they probably will not come back. And when they go home, they will tell their friends and neighbors about their bad experience. In a world where other countries are vigorously competing for tourist dollars, we have to make their experience in our country—from beginning to end—pleasant and enjoyable. Treating tourists in a respectful and efficient manner at our borders is important for at least two reasons:

1. Studies show that some potential tourists choose to not visit our country because there is a general negative perception by international visitors as to how they will be treated by U.S. border officials; and
2. Delays in passenger screening is the major cause of missed international connections, which is a significant source of loss for U.S. airlines.

It is vital to our economy that our government recognizes the importance of addressing these problems, which is one of the reasons that I am here today. I am not generally active in politics. However, a conference call with several government agency representatives last year galvanized my interest in the travel facilitation issue. The conference call was scheduled to discuss how to increase international tourism. During the call, an executive suggested several measures that would be more efficient and financially self-sustaining. We were told by government officials that the government does not look at the travel facilitation issues with an “eye to-

ward return on investment.” You can understand why this conversation called me to action.

Clearance Time for International Tourists

In 2009, 39 percent of overseas travelers to the U.S. waited more than 30 minutes to be cleared through immigration at the Nation’s airports. And there are far too many instances of people having to wait up to 2 hours to simply get through the customs and immigration lines. This is simply too long.

Moreover, these statistics are based on incomplete data, because we do not keep good data at our borders. This makes it very hard for us to pinpoint a lot of our problems and come up with the best solutions.

In the hotel industry, that attitude toward data collection would lose market share and brand positioning. For instance, at our hotel call center in Omaha we know exactly how long it takes a reservation agent to serve a customer and how many customers an agent can handle in an hour and how many agents we need to staff for peak call times. I can tell you that our average talk time is 187 seconds resulting in an average of 19 calls per hour. It is keeping data like this that allows Carlson to be a world leader in hospitality.

But All is Not Lost

The visa and port of entry problem has been brought forward to government bodies many times in the past; after September 11, 2001, Mr. Bill Marriott and Marilyn Carlson Nelson testified at a hearing very similar to this one on the importance of tourism to the national economic recovery. In 2009, the Travel and Tourism Advisory Board made recommendations to the Secretary of Commerce that are very similar to the ones industry representatives are presenting today. And, President Obama has gathered tourism industry leaders to advise him on how to improve travel and tourism export deficiencies.

I believe it is time to listen to these industry leaders that have so graciously donated their time and talent to help the United States improve. Together we can make a difference . . . together, we can improve both the perception and the actual image of the United States, and consequently improve our economic position among the leading nations around the globe. This problem is not insurmountable. With the cooperation of our government counterparts we can right the ship.

Addressing the visa and customer service experience related issues can be done through a few measures at minimal net direct cost to the U.S. tax-payers and an effective partnership with the State Department, the Department of Homeland Security, Congress, local airport authorities and the travel & tourism industry.

First, we need to establish key metrics:

- Number of overseas international visitors and market share
- Wait times at visa processing centers in key emerging countries
- Number of visa processing locations in key emerging countries
- Number of countries added to the Visa Waiver program
- Wait times at model ports
- Number of travelers enrolled in Global Entry Program
- Number of countries with reciprocal agreements
- Traveler satisfaction at the Nation’s borders
- Image of the U.S. amongst international travelers

In addition, the Travel Facilitation subcommittee of TTAB has made recommendations to address the issues related to the customer service experience at the Nation’s borders, including:

1. Establish a goal for wait time at international airports and cruise terminals of less than 20 minutes and measure the performance against that goal;
2. Strengthen the implementation of the Model Ports of Entry program, through an increased staffing flexibility and customer service focus and through a public/private partnership established at each model port (“Adopt an airport program”);
3. Ramp up the Global Entry Program for U.S. citizens, permanent residents, and trusted international visitors to reach a number of participants sufficient to materially reduce the workload of the Customs and Board Protection officers.

The tourism industry has offered to share industry best practices on staffing models and marketing solutions to various branches of government to improve our port of entry process. We are hopeful that the administration will take advantage of our offers. If the United States is to improve our standing as a world leader in the tour-

ism industry, we need to be the best in the world in visa and port of entry operations.

In her book *How We Lead Matters: Reflections on a Life of Leadership*, Marilyn Carlson Nelson reflects on a conversation with the former Prime Minister of Israel Shimon Peres regarding the impact tourism could have on peace in the Middle East. She wrote, "I have always felt privileged to be associated with an industry that raises living standards and provides entry-level jobs as well as lifetime careers. As the Prime Minister reminded me that day, its contribution is even greater. Through the continuing exposure facilitated by the tourism industry to others of different cultural, religious and political backgrounds, there is hope that we can chip away at the hatred and prejudice that separate us. There's work to be done."

Thank you and I look forward to answering your questions.

Senator KLOBUCHAR. Thank you, Ms. Johnson.
Mr. Sprouls.

STATEMENT OF JOHN SPROULS, CEO, UNIVERSAL ORLANDO RESORT; AND EXECUTIVE VICE PRESIDENT, UNIVERSAL PARKS AND RESORTS

Mr. SPROULS. Thank you, Chairwoman Klobuchar, Ranking Member Blunt, and members of the Subcommittee, for this opportunity to focus on tourism as a key driver in the United States economy.

As our country emerges from difficult economic times, our industry stands ready to play a leadership role in job creation.

Universal Orlando, alone, recently made a tremendous investment toward our own growth in the growth of the Central Florida economy with a project called "The Wizarding World of Harry Potter."

Because our business is both national and international, our investment has helped to grow travel both to Central Florida and to the United States. This increased visitation required us to hire more than 1,000 new workers in 2010.

A large percentage of our growth and our hope for the future comes from the international market. If we and the entire industry are to continue to grow, we will need to work with you to remove the significant regulatory barriers that exist in some of the top international travel markets.

I am talking about the process of gaining entry into the United States for those tourists who are foreign nationals traveling to the U.S. from a non Visa Waiver Country.

I respectfully request, Madame Chair, that a copy of a February 1, 2011, letter and study presented to Secretary Locke on behalf of the Tourism and Travel Advisory Board's Travel Facilitation Subcommittee be placed into the record of this committee meeting. The report outlines many of the issues and potential solutions being discussed today.

[The information referred to is attached to Mr. Sproul's statement.]

The President's recent comments during his visit to Brazil provide the industry with hope that these recommendations are being taken seriously within the Administration.

Let me be clear about an important point: Our industry absolutely supports having a secure border. We absolutely agree that security has to come first and foremost in the eyes of the federal government. But we don't believe that position must be at odds

with creating an efficient, user-friendly process for international travelers who want to visit the United States.

If travelers from a specific country demonstrate continued respect for our rules, including low overstay rates and low visa processing denials, then there has to be an easier way for that country to gain entry into the Visa Waiver Program.

If we don't follow an objective process, we will continue to lag behind others in realizing the economic gains from emerging foreign markets critical to our continued growth.

We must start by making the visa application process more timely and efficient for the applicant. As booking cycles for leisure and business travels continue to compress, we can't continue to condone the wait times of today. Like everyone else, travelers will follow the path of least resistance and go where they feel welcome.

And while I give those at the State Department high marks for trying to address the situation, current wait times for visa applicants in our embassies and consulates in certain regions of the world are simply not acceptable. This situation will only become worse when the Corporation for Travel Promotion starts targeting specific regions with the new travel promotion funds.

The Corporation and State Department must work closely together to ensure one doesn't drive demand that the other can't handle, otherwise, both private and federal marketing dollars will not see the return-on-investment.

An example of two key emerging markets is identified on this chart to my right. Brazil and China are being looked at by those countries competing for tourism business as strong opportunities to take business away from the United States. For example, if you look at the chart, Rio currently has a 107-day wait period for a visa interview. As travel booking cycles become shorter and shorter, visa processing times, such as those in Rio, are simply outside acceptable parameters. Brazilian travelers from Rio who typically vacation in the states during the July through August summer time frame now fall outside the booking cycle for summer 2011 travel.

[The information referred to is attached to Mr. Sproul's statement.]

These same travelers will now most likely find alternative destinations. A wait time of that duration screams for urgent attention, and in the future we must trigger automatic manpower shifts or technology upgrades within the embassy and consulate corps to address.

The TTAB's recommendation was to immediately add a few hundred officers to these areas of most urgent need.

Distance becomes a problem in many of these emerging markets. Mature markets tend to have sufficient embassies and consulates to address the needs of a specific country, but in the case of emerging markets we've not reacted quickly enough to establish our outreach locations. An example in Brazil would be the City of Manuas, with a population of more than 2 million people, and it's located more than 1,000 miles from the closest consulate. We expect a family to travel a greater distance than I flew to attend this committee hearing on the chance they will be awarded a visa to come to our shores.

The cost in time and money simply places an artificial barrier in the way of these important travelers, who spend an average of over \$5,000 per person over during their visits.

We're very pleased that during President Obama's visit to Brazil he agreed that more progress needs to be made on these visa concerns, and we stand ready to work with him and Congress on this task. The most important step that can be taken with the Brazilian market is to stop requiring visas from Brazilians all together.

All of South America, the European Union and Russia have already granted Brazilians visa-free travel privileges for short visits. While Brazil does not currently qualify for visa-free privileges with the U.S., it is likely that Brazil could meet the requirements in the next couple of years.

Therefore we urge Congress to press the State Department to form a formal working group with Brazil that will outline specific actions that Brazil could begin to take today to meet the visa waiver requirements. Through this working group, progress in meeting the program's qualifications can then be measured and evaluated.

We also urge the Committee to support S. 497, which is bipartisan legislation recently introduced by Senators Mikulski and Kirk, that updates the Visa Waiver Program framework to reflect improved capabilities to track travelers entering and exiting the U.S.

The simple math alone tell us we need to look at the issue of visas differently.

Brazilians have spent \$3 billion in international destinations globally during January and February 2011, a 38 percent increase over the same 2010 period. Our tourism sector stands prepared to welcome these visitors, but first we need our partners in government to work with the industry to ensure these people are welcomed.

The private sector, Congress, and the Executive Branch are partners in what must be a seamless travel experience. Working together we can create thousands of new jobs while increasing the image of America across the globe.

I look forward to answering any questions you may have, and again thank you for this opportunity.

[The prepared statement of Mr. Sprouls follows:]

PREPARED STATEMENT OF JOHN SPROULS, CEO, UNIVERSAL ORLANDO RESORT; AND EXECUTIVE VICE PRESIDENT, UNIVERSAL PARKS AND RESORTS

Thank you, Chairwoman Klobuchar, Ranking Member Blunt and members of the Subcommittee. My name is John Sprouls, and I appear before you today as CEO of Universal Orlando Resort and EVP of Administration worldwide for Universal Parks and Resorts. We currently have theme parks in Orlando, Hollywood, Japan and Singapore as well as on-going contractual arrangements in Korea and Dubai. I also have the honor of serving as a member of the U.S. Travel Association and United States Secretary of Commerce's Travel and Tourism Advisory Board (TTAB) focusing my time on the Travel Facilitation Subcommittee.

I want to commend the Subcommittee on showing the foresight to focus on tourism as a key driver in the United States economy. As our country emerges from difficult economic times, our industry stands ready to play a leadership role in job creation. Universal Orlando alone recently made a tremendous investment toward our own growth and the growth of the Central Florida economy with a project called "The Wizarding World of Harry Potter." Because our business is both national and international, our investment has helped to grow travel both to Central Florida and

to the United States. This increased visitation required Universal Orlando to hire more than 1,000 new workers in 2010.

A large percentage of our growth—and hope for the future—comes from the international market. If we—and the entire industry—are to continue to grow, we will need to work with you to remove significant regulatory barriers that exist in some of our top international travel markets.

I am talking about the process of gaining entry into the United States for those tourists who are foreign nationals traveling to the United States from a non Visa Waiver Country. I respectfully request Madame Chair, that a copy of a February 1, 2011 letter and study presented to Secretary Locke on behalf of the TTAB's Travel Facilitation Subcommittee be placed into the record of this committee meeting (Attachment A). The report outlines many of the issues and potential solutions being discussed today. The President's recent comments during his visit to Brazil provide the industry with hope that these recommendations are being taken seriously within the Administration.

Let me be clear about an important point: Our industry absolutely supports having a secure border. We absolutely agree that security has to come first and foremost in the eyes of the federal government. But we don't believe that position must be at odds with creating an efficient, user-friendly process for international travelers who want to visit the United States. If travelers from a specific country demonstrate continued respect of our rules, including low overstay rates and low visa processing denials, then there has to be an easier way for that country to gain entry into the Visa Waiver Program. The process should be based solely upon benchmarks previously mentioned, rather than the political winds of the day. If we don't follow an objective process, we will continue to lag behind others in realizing the economic gains from emerging foreign markets critical to our continued growth.

We must start by making the visa application process more timely and efficient for the applicant. As booking cycles for leisure and business travel continue to compress, we can't continue to condone the wait times of today. Like everyone else, travelers will follow the path of least resistance and go where they feel welcome. And while I give those at the State Department high marks for trying to address the situation, current wait times for visa applicants in our embassies and consulates in certain regions of the world are simply not acceptable. This situation will only become worse when the Corporation for Travel Promotion starts targeting specific regions with the new travel promotion funds. The Corporation and State Department must work closely together to ensure one doesn't drive demand the other can't handle. Otherwise both private and federal marketing dollars will not see their return on investment.

An example of two key emerging markets is identified on this chart (Attachment B—Brazil and China). Brazil and China are being looked at by those countries competing for tourism business as strong opportunities to take business away from the United States. Please note Rio in particular currently has a 113-day wait period for a visa interview. As travel booking cycles become shorter and shorter, visa processing times such as those in Rio are simply outside acceptable parameters. Brazilian travelers from Rio who typically vacation in the States during the July through August time-frame now fall outside the booking cycle for summer 2011 travel. These same travelers, without current visas, will now most likely find alternative destinations. A wait time of that duration screams for urgent attention and in the future must trigger automatic manpower shifts or technology upgrades within the embassy/consulate corps to address. The TTAB's recommendation was to immediately add a few hundred officers to these areas of most urgent need.

Distance becomes a problem in many of these emerging markets. Mature markets tend to have sufficient embassy/consulates to address the needs of a specific country. In the case of emerging markets we have not reacted quickly enough to establish our outreach locations. An example in Brazil would be the City of Manaus, with a population of more than 2 million, is located more than 1,000 miles from the closest consulate. We expect a family to travel a greater distance than I flew to attend this committee hearing on the chance they will be awarded a visa to come to our shores. The cost in time and money simply places an artificial barrier in the way of these important travelers, who spend an average of \$5,100 per person over 10 days during their visits.

We are very pleased that during President Obama's visit to Brazil he agreed that more progress needs to be made on these visa concerns and we stand ready to work with him and Congress on this task. The most important step that can be taken with the Brazilian market is to stop requiring visas from Brazilians all together. All of South America, the EU and Russia have already granted Brazilians visa-free travel privileges for short visits.

While Brazil does not currently qualify for visa-free privileges with the U.S., it is likely that Brazil could meet the requirements in the next couple of years. Therefore we urge Congress to press the State Department to form a formal working group with Brazil that will outline specific actions that Brazil could begin to take today to meet the visa waiver requirements. Through this working group, progress in meeting the program's qualifications can then be measured and evaluated.

We also urge the Committee to support S. 497, bipartisan legislation recently introduced by Senators Mikulski and Kirk that updates the Visa Waiver Program framework to reflect improved capabilities to track travelers entering and exiting the U.S. and improves annual reporting to increase oversight and transparency of the program.

Other countries have decided to make the investment in these emerging markets. In China, where the United States has placed five embassy/consulate locations to process visas, the United Kingdom has twelve, France and Canada have six each, Germany five and Italy four. Each of these countries has a lower intent-to-visit factor versus the United States, but yet has a greater or similar outreach footprint as this Country. Until the United States can determine a way to adjust processing locations to meet current demand, Universal will support utilizing technology to assist in solutions, *i.e.*, visa videoconferencing where interviews can be conducted over a secure channel.

Universal supports making two changes to on-going State Department operations. We support allowing the State Department to develop a smaller consulate footprint that will serve singularly as a processing center. Congress would need to authorize these processing centers while allowing the State Department to keep funds generated from applicants to offset start-up costs and staffing. We also believe greater latitude needs to be provided to State, in consultation with the Department of Homeland Security, in determining when to waive the personal interview requirement. Two examples provided in the TTAB's report are Brazilian teens younger than 16 or Chinese students re-applying for student visas. Neither of these categories should automatically call for an interview when paperwork and backgrounds are in order.

The simple math alone tells us we need to look at the issue of visas differently. Brazilians have spent \$3.07 billion in international destinations globally during January and February 2011, a 38 percent increase over the same 2010 period (source: Brazil's Central Bank). The United States tourism sector stands prepared to welcome these visitors to our shore, but first we need our partners in government to work as one with the industry to ensure these travelers are welcomed with open arms. The private sector, Congress and the Executive Branch are partners in what must be a seamless travel experience. Working together we can create thousands of new jobs while increasing the image of America around the globe.

I look forward to answering any questions you may have and again thank you for this opportunity to appear in front of the Subcommittee.

ATTACHMENT A

THE TRAVEL AND TOURISM ADVISORY BOARD
February 1, 2011

Secretary GARY LOCKE,
U.S. Department of Commerce,
Washington, DC.

Dear Secretary Locke,

On behalf of the Travel and Tourism Advisory Board, we would like to thank you for your ongoing support to the travel and tourism industry and the opportunity you have given us to contribute to its development by appointing us to this Advisory Board. Through this letter, we are respectfully submitting the conclusions of our work on facilitating international travel to the United States.

In short, we believe that facilitating international travel to the United States offers the opportunity to contribute in a major way to President Obama's goal to "double the country's exports over the next 5 years, an increase that will support two million jobs in America."

Specifically, we have reached three conclusions:

1. The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually if it can recapture its lost market share of overseas international travel by 2015, or, said differently, if it can grow the number of international visitors from overseas from 23.8 million in 2009 to 40 million in 2015. Irrespective of the target that one would like to

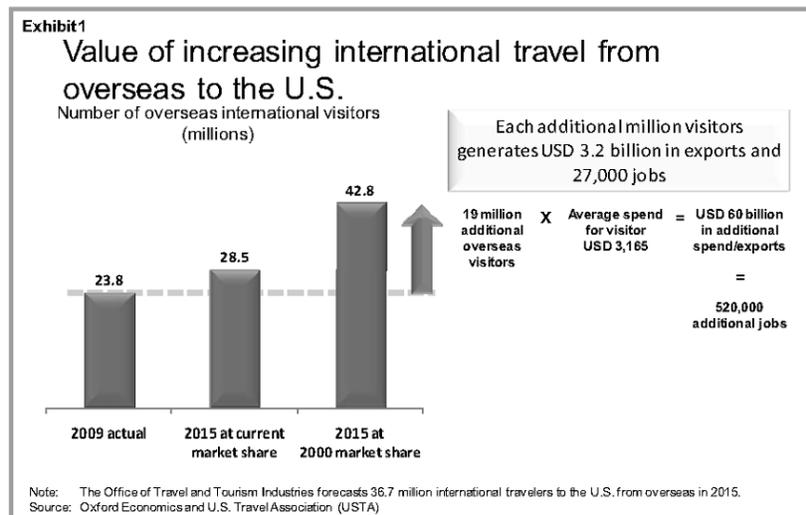
select, it should be noted that each additional million international visitors from overseas generates USD 3.2 billion in additional exports and creates 27,000 new jobs (*see Appendix A for details*);

2. Challenges with visas and the experience crossing the country's borders are important obstacles to travel to the U.S. At a time when the country is in the process of beginning to promote travel to the U.S. in international markets, it seems quite appropriate to address these obstacles (*see Appendix B for details*);

3. Addressing the visa and customer service experience related issues can be done through a few measures at minimal net direct cost to the U.S. tax-payers and an effective partnership with the State Department, the Department of Homeland Security, Congress, local airport authorities and the travel and tourism industry.

While our findings and recommendations are detailed in the attached report, we would like to summarize our recommendations here.

Building on a number of efforts that have been initiated by the administration and Congress to address some of the visa and border issues,¹ the Travel and Tourism Advisory Board has developed 10 concrete recommendations to address key visa and customer service issues. At the risk of repetition, increasing the number of international visitors from overseas to the U.S. to more than 40 million by 2015 would create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually (Exhibit 1).

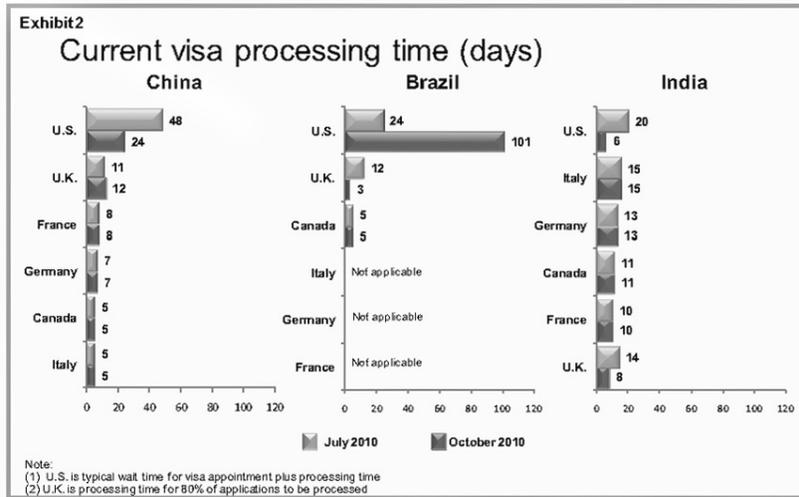


Specifically, the Board has the following *seven recommendations to address the key visa-related issues*. The first four recommendations are focused on improving the quality of service as it relates to visa processing. The following three recommendations would drastically reduce the need for in-person interviews for visa processing, which is a major source of issues and workload today.

Recommendation number 1: Establish a maximum wait time of 5 days for visa processing to make it competitive with the European countries.

Out of the 222 overseas posts that the State Department operates, the wait time for an in-person interview was less than 7 days at 164 posts. However, the wait time in China, Brazil, and to a lesser extent India, have tended to be quite long (*i.e.*, several weeks) and significantly higher than the wait times for the countries that the U.S. is competing with (Exhibit 2). Reducing the wait time in these critically important countries to 5 days would help make travel to the U.S. more competitive.

¹This includes trusted traveler programs, a few pilot efforts in some model airports, the ramp up of the visa waiver program, the Travel Promotion Act, and various efforts to improve visa processing.



Recommendation number 2: Add a few hundred officers in visa processing centers in key emerging countries to reduce wait time and meet growing demand.

We recommend that you encourage the State Department to quickly ramp up the staffing of visa processing centers in key emerging countries (notably China, Brazil and India) by a few hundred officers. Across China and Brazil, 500–600 additional officers would seem sufficient to meet growing demand and reduce wait times (Exhibit 3).



The net cost to the U.S. tax-payers to add these resources is non-existent as each officer generates about USD 1.5 million in fees per year (Exhibit 4).

Exhibit 4		<i>Illustrative</i>	
Economics of increased staffing			
Non-immigrant visa workload per staff	China Average 8,100		Brazil Average 12,514
		X	
Fee per visa application		USD 140	
		=	
Increased revenue per additional staff	USD 1.13 million	to	USD 1.75 million
		-	
Cost per staff		USD 0.5 million	
		=	
Net revenue increase per incremental staff	USD 0.63 million	to	USD 1.125 million

Source: U.S. Department of State, Travel and Tourism Advisory Board analysis

According to the State Department, this incremental staffing should take the form of officers with a limited time contract to avoid creating a glut of permanent State Department employees. Also, the State Department should consider the extent to which implementing video conferencing would be helpful in optimizing the deployment of its staff. The actual staffing requirement may eventually be reduced if and when recommendations number 5, 6 and 7 are implemented. We believe that this is not a reason to delay the immediate addition of incremental staff because of the attractive return and the flexibility of limited time contracts.

Recommendation number 3: Add 4–6 visa processing locations each in China, Brazil and India. We recommend that you ask the State Department to quickly increase the number of processing locations in the key emerging countries, probably adding 4–6 visa processing locations each in China, Brazil and India (Exhibit 5). The key criteria for choosing the additional cities should be their size and economic importance. Priority cities in China should probably include: Chongqing, Dalian, Shenzhen, Tianjin, and Wuhan.

Exhibit 5		
Top cities in key countries with and without U.S. processing locations		
Cities in China	Cities in Brazil	Cities in India
Chongqing	São Paulo	Mumbai
Shanghai	Rio de Janeiro	Delhi
Beijing	Salvador	Bangalore
Guangzhou	Brasília	Kolkata
Tianjin	Fortaleza	Chennai
Chengdu	Belo Horizonte	Hyderabad
Xi'an	Curitiba	Ahmedabad
Wuhan	Manaus	Pune
Shenzhen	Recife	Surat
Harbin	Belém	Kanpur
Hangzhou	Porto Alegre	Jaipur
Shenyang	Guarulhos	Lucknow
Changchun	Goiânia	Nagpur
Nanjing	Campinas	Jalandhar
Dalian		Puducherry
Jinan		Chandigarh
Nanchang		Cochin
Fuzhou		

U.S. processing locations

Recommendation number 4: Enable the State Department to retain all the visa processing and consular fees to cover the costs of its consular staffing and visa processing activities.

The rationale for this recommendation and the expected benefits are to enable the State Department to develop its visa processing activities with a profit center focus, i.e., keep adding officers until profitable demand is met.

Recommendation number 5: Increase the validity of non-immigrant visas for Chinese visitors to 10 years.

The rationale for this recommendation and its expected benefits are to reduce the workload of the officers as visa renewals represent a significant share (30 percent) of the current workload in China and to reduce the burden for Chinese visitors. We note that such a measure has been taken for other countries, including Brazil and India.

Recommendation number 6: Give the State Department more *discretion* as it relates to in-person interviews.

We recommend that you work with Congress to give the State Department more discretion as it relates to in-person interviews. Congress should find out from State and Homeland Security whether in-person interviews are necessary and appropriate for 100 percent of prospective visitors from non-visa waiver countries or whether technology and judgment could enable the State Department to grant visas to certain visitors without an in-person interview and without compromising security.

One option would be to move to a principle of interview-by-exception, *i.e.*, the practice of many of the countries we compete with. Another option would be for the Secretary of State to take greater advantage of the authority she has under INA sec. 222(h), subject to certain limitations, to waive the personal interview requirement on the basis of a U.S. national interest or if necessary because of unusual or emergent circumstances. The State Department is in fact considering possible categories of applicants for whom the Secretary might exercise her interview waiver authority (for example, Brazilian teens younger than 16 or Chinese students re-applying for student visas).

Recommendation number 7: Restore the ability of the Secretary of Homeland Security to admit countries into the Visa Waiver Program (VWP) with a refusal rate of 10 percent or less by decoupling the air exit requirement from the VWP. Work with key strategic partners to facilitate their entry into the program.

As was experienced with South Korea, including a country in the visa waiver program has a large positive impact on the volume of international travel from that country to the U.S.

We recommend that you ask the State Department to nominate additional countries for inclusion in the visa waiver program over the next few years. To this end, The TTAB recommends that you ask Congress to separate the requirement to implement a biometric air exit system from the Visa Waiver Program. Such a change would once again allow the Secretary of Homeland Security to designate new countries as Visa Waiver Program members by restoring the visa refusal rate cutoff of 10 percent. This action would pave the way for several strategic markets to join the program, facilitating the entry of millions of new visitors to the United States.

Major international partners around the world that merit consideration include, in particular, Brazil as well as other key countries from South America, *e.g.*, Argentina and Chile (Exhibit 6). According to the Department of Homeland Security, there are other factors, beyond the refusal rate issue, which make Brazil, Argentina, and Chile ineligible for VWP membership under current law. For example, they have not signed the required information sharing agreements (PCSC and HSPD-6); the required reporting of lost and stolen passports to INTERPOL is either rare (in the case of Brazil) or non-existent (Argentina, Chile); Brazil does not offer visa-free travel to U.S. passport holders, and charges a combined \$160 fee for entry; and only Brazil currently issues biometric passports—another legal requirement for entry into the VWP.

While it may take a while before these countries are ready, we recommend that the administration take a proactive approach to moving the process forward, given the economic weight of these countries and that Brazilian citizens do not need a visa to visit the Schengen countries today.

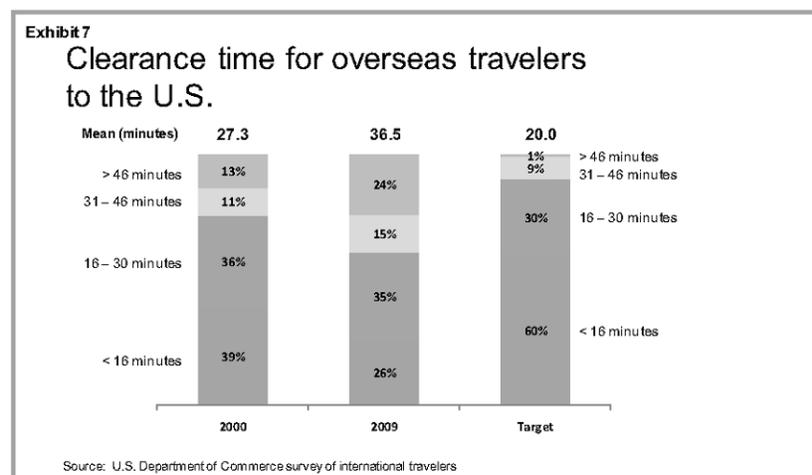
Exhibit 6

The case for Brazil

	GDP per capita (USD, 2009)	2010 GDP growth rate (%)	Currently a visa waiver country?	Visa refusal rate
Greece	29,195	-4.0	Yes	
Portugal	21,481	1.3	Yes	
Malta	19,737	1.7	Yes	
Czech Republic	18,124	2.0	Yes	
South Korea	17,059	6.0	Yes	
Slovakia	16,222	4.0	Yes	
Estonia	14,692	1.8	Yes	
Hungary	12,900	0.5	Yes	
Lithuania	11,273	1.3	Yes	
Latvia	10,826	-1.0	Yes	
Chile	9,629	5.0		5.0%
Brazil	8,116	7.0		5.2%
Argentina	7,660	6.0		3.1%
China	3,744	10.3		13.3%
India	1,134	8.5		26.8%

The Travel and Tourism Advisory Board then has *three recommendations to address the issues related to the customer service experience at the Nation's borders:*

Recommendation number 8: Establish a goal for wait time at international airports and cruise terminals of less than 20 minutes and measure the performance against that goal (Exhibit 7).



Recommendation number 9: Strengthen the implementation of the Model Ports of Entry program, through an increased staffing flexibility and customer service focus and through a public/private partnership established at each model port (“*Adopt an airport program*”).

Building on a number of current initiatives, steps can be taken to reduce peak wait times and improve the customer service experience at key ports. They include:

- Increasing staffing flexibility of the CBP officers, *e.g.*, enabling the use of flexible working hours and part-time labor to be better able to meet fluctuations in

the number of incoming travelers, and enhancing the use of scheduling system and staffing models;

- Enhancing the overall customer service focus, *e.g.*, deploying the traveler satisfaction survey developed by the Department of Homeland Security, updating the Explore America International Travelers survey last conducted in 2006, continuing to deploy customer service training, and directing CBP officers to greet arriving passengers with “Welcome to the United States” or “Welcome home.”

A promising approach to get this done, and make the arrival experience more welcoming, would be to establish a public/private partnership at port level with the local port authority, DHS representatives, and main relevant airlines and local travel and tourism companies, to make the arrival experience more welcoming.

We, therefore, recommend that you work with the Department of Homeland Security, local port authorities and the travel and tourism industry to initiate such public/private partnerships for each key port.

Recommendation number 10: Ramp up the *Global Entry Program* for U.S. citizens, permanent residents, and trusted international visitors to reach a number of participants sufficient to materially reduce the workload of the Customs and Border Protection officers (*i.e.*, 10 million). This entails specifically working with the Department of Homeland Security to:

- Ramp up the Global Entry Program for U.S. citizens and permanent residents, *e.g.*, by:
 - Enhancing marketing efforts, including encouraging the State Department to provide information about Global Entry to people who are applying for a U.S. passport; and by leveraging the loyalty program of global travel and tourism industry players;
 - Continuing to increase the number of participating airports, *e.g.*, by adding the Minneapolis-Saint Paul International airport;
 - Ensuring that the Global Entry kiosks are well placed in the arrival halls of participating airports;
 - Utilizing the Department of Commerce posts around the world to educate travelers about the program.
- Expand the Global Entry Program to international visitors, *e.g.*, by:
 - Finalizing negotiations with the U.K., France, Germany and Japan to allow reciprocal use of the Global Entry Program;
 - Opening the Global Entry Program to holders of long-term, non-immigrant visas such as E, L or O visas;
 - Integrating the APEC Business Travel Card (ABTC) in the program. The ABTC allows travelers designated by governments of the APEC region as key business leaders to receive expedited visa interviews and to use specialized entry lines upon arrival in APEC countries.

Finally, the Committee suggests a number of steps to accelerate progress and *follow through* on these recommendations. Specifically, we believe the following steps could be quite impactful:

- Organize early in 2011 a *joint meeting* of President Obama with yourself, the Secretary of State and the Secretary of Homeland Security focused on setting the goal of achieving *more than 40 million overseas visitors per year by 2015* and taking the measures necessary to facilitate international travel to the U.S.;
- Ensure the participation of President Obama and yourself at the *World Travel and Tourism Summit* to be held in Las Vegas on May 17–19, 2011, which can provide a great platform for the administration to send the right message to the world;
- Establish a public/private partnership or *working group* with the mission to drive progress in the implementation of the above recommendations and toward the goal of achieving more than 40 million international visitors per year by 2015:
 - Its members could include: representatives of the White House, the State Department, the Department of Homeland Security, the Department of Commerce, the Corporation for Travel Promotion, the U.S. Travel Association, the Air Transport Association, and a few U.S. airlines and travel and tourism enterprises;

- It would establish and track a set of key performance indicators to monitor progress on the above mentioned issues (Exhibit 8);
- It would meet quarterly to discuss progress and issues, and would report annually to the President and Congress.

Exhibit 8

Key metrics (examples):

- Number of international overseas visitors and market share
- Wait times at consular offices in key emerging countries
- Number of visa processing locations in key emerging countries
- Number of countries added to the Visa Waiver program
- Wait times at model ports
- Number of travelers enrolled in Global Entry Program
- Number of countries with reciprocal agreements
- Traveler satisfaction at the nation's borders
- Image of the U.S. amongst international travelers

Mr. Secretary, we believe that the country has a unique opportunity to create a large number of jobs and stimulate its exports by taking these measures. We are ready to discuss these recommendations in greater detail and to work with your staff, the State Department and the Department of Homeland Security on next steps. We thank you for focusing your time on these matters and giving us the opportunity to have a positive impact.

Sincerely,

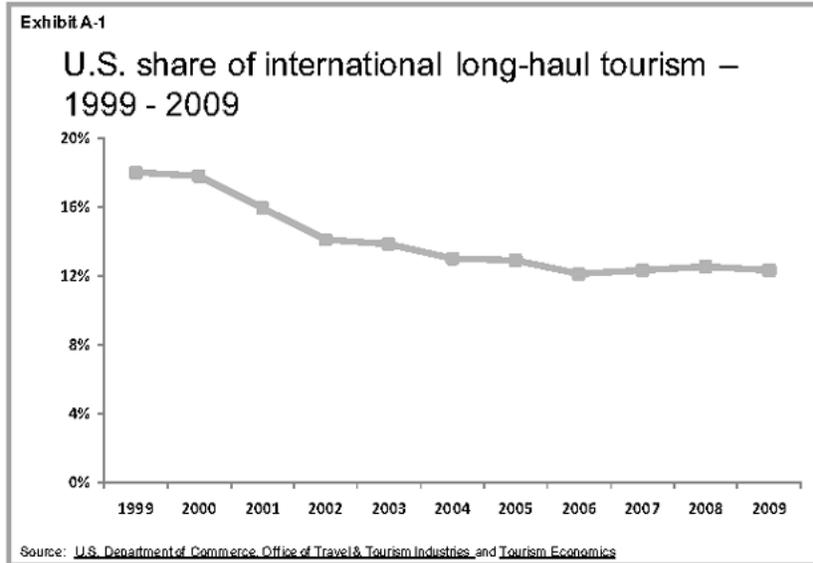
ROSSI RALENKOTTER,
Chairman,
Travel & Tourism Advisory Board.
HUBERT JOLY,
Chairman,
Travel Facilitation Subcommittee.

APPENDIX A

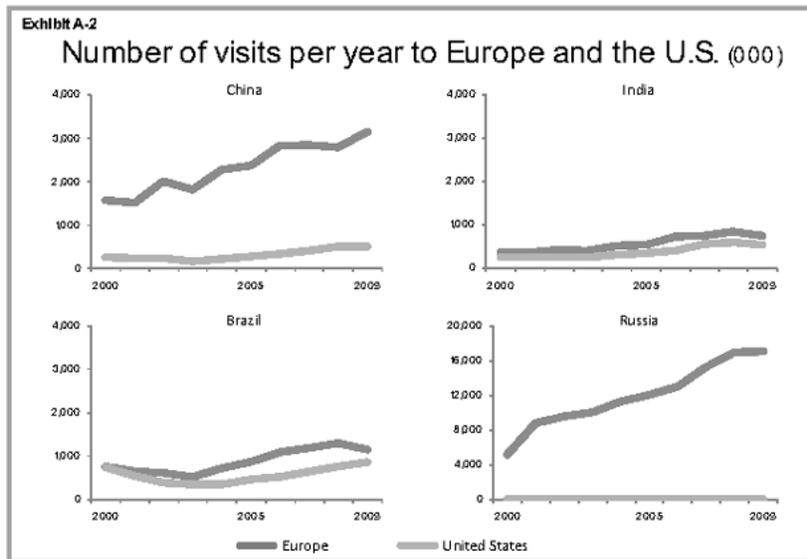
The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually if it can recapture its lost market share of overseas international travel, or, said differently, if it can grow the number of international visitors from overseas from 23.8 million in 2009 to 40 million in 2015. Irrespective of the target that one would like to select, it should be noted that each additional million international visitors from overseas generates USD 3.2 billion in additional exports and creates 27,000 new jobs.

International travel to the U.S. is already a major source of exports and jobs today. In 2009, there were 23.8 million overseas arrivals in the U.S. These overseas visitors generated USD 75 billion in spending in the country (excluding international air travel), representing about 700,000 jobs. In addition, international travel to the U.S. indirectly contributes to exports, as some of these visitors decide to acquire U.S. products and services when they visit trade shows and/or potential suppliers.

However, the U.S. has lost a third of its market share in the last 10 years (Exhibit A-1). Compared to 25.9 million in 2000, the U.S. would have had 34 million overseas visitors in 2009 instead of 23.8 million if it had held share, *i.e.*, almost 50 percent more. While part of the market share loss can be explained by competition from an increasingly diverse set of countries, it is striking that most of the market share loss happened in the 2001-2 timeframe, coinciding with heightened security concerns by the U.S.



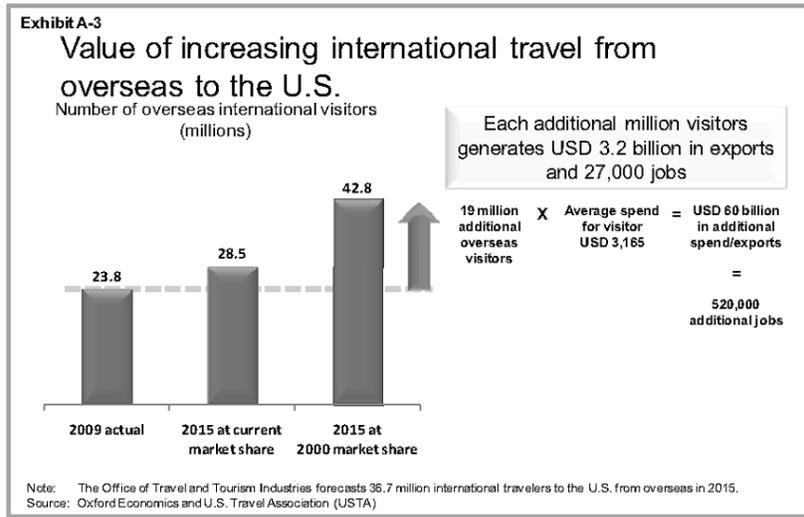
Particularly noteworthy for the future is the fact that the U.S. performance has lost ground in the key BRIC countries that represent the fastest growing part of the world's economy and of the international travel market. As an example, the number of annual visits from China to Europe is around 3 million versus 500,000 to the U.S. Similar gaps exist for the other BRIC countries (Exhibit A-2).



This is particularly troubling as the BRIC countries in general and Asia in particular represent a major, fast growing part of the world's economy and of the international travel market. As a group, the GDP of the BRIC countries is expected to represent 20 percent of the world's GDP in 2014 versus 15 percent in 2009 and 7 percent in 1999. The middle-class of China and India will soon reach several hundred million individuals with a purchasing power comparable to that of the devel-

oped countries, many of whom are and will be eager to travel internationally. This represents a dual opportunity for the United States: the opportunity to sell U.S. products and services to these countries; and the opportunity to attract visitors from these countries who are interested in visiting the United States as tourists or as business people. It is critical that the United States does not miss this opportunity.

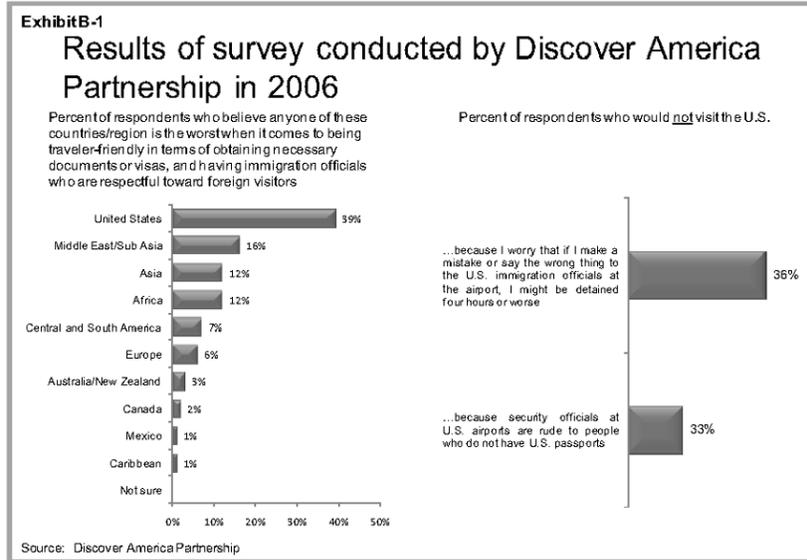
Looking ahead, the value to the U.S. economy of recapturing the lost market share of international travel from overseas is the creation of up to 500,000 new jobs and the generation of up to USD 60 billion in additional exports annually, as every additional million visitors from overseas generates USD 3.2 billion in additional revenue or export and creates 27,000 jobs (Exhibit A-3).



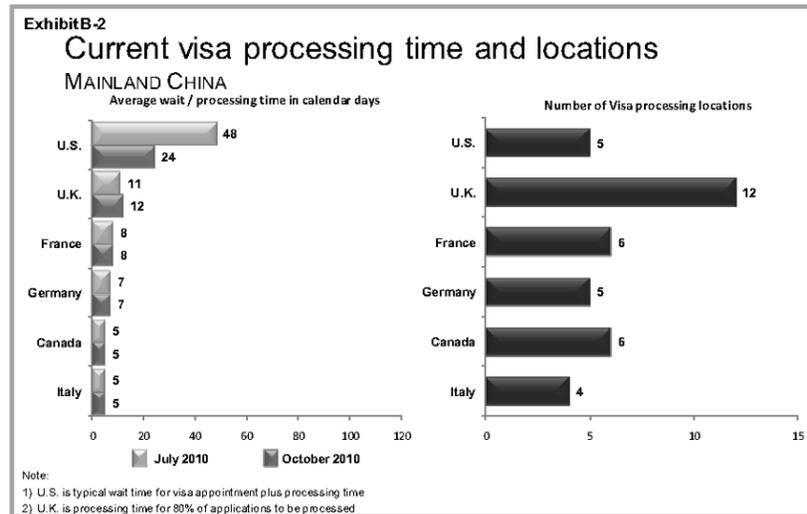
APPENDIX B

Challenges with visas and the experience crossing the country's borders are important obstacles to travel to the U.S. At a time when the country is in the process of beginning to promote travel to the U.S. in international markets, it seems quite appropriate to address these obstacles.

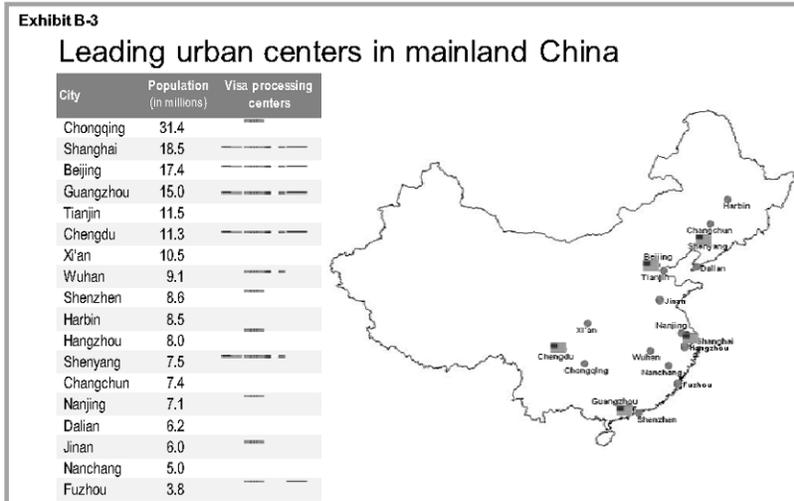
This is highlighted by various pieces of market research and benchmark data detailed in the attached report. As an example, according to a survey conducted by Explore America in 2006, 39 percent of international travelers believe that the United States is the worst country or region when it comes to being traveler-friendly in terms of obtaining necessary documents or visas, and having immigration officials who are respectful toward foreign visitors. This compared with 16 percent for the Middle East, 12 percent for Africa, and 6 percent for Europe (Exhibit B-1).



While some of the issue may be perception versus reality, and while some progress may have recently been accomplished, the U.S. does suffer from a real performance gap as it relates to the way it treats potential visitors. As an example, a Chinese citizen wanting to travel to the United States needs to wait several weeks to have an appointment for the required in-person interview. This compares to 5–12 calendar days for a trip to a European country. This is quite an obstacle (Exhibit B–2).



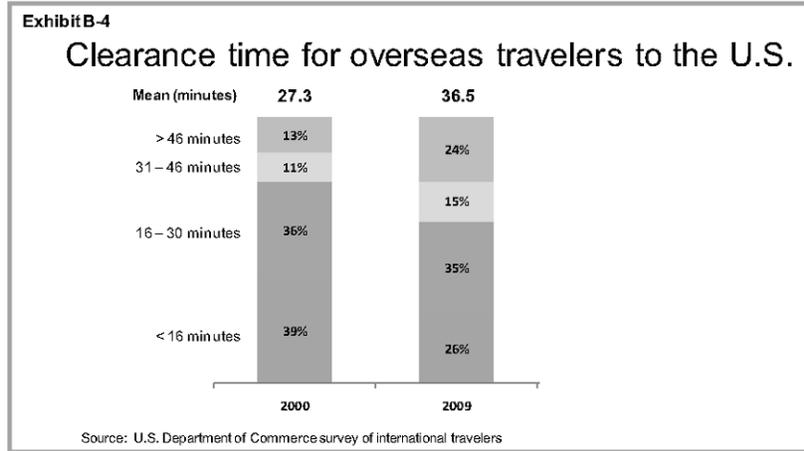
An aggravating factor is the fact that the United States has visa processing centers in only five cities, compared to 12 for the United Kingdom. As a result, there are 10 cities in China with more than 2 million urban inhabitants who do not have a U.S. visa processing center (Exhibit B–3).



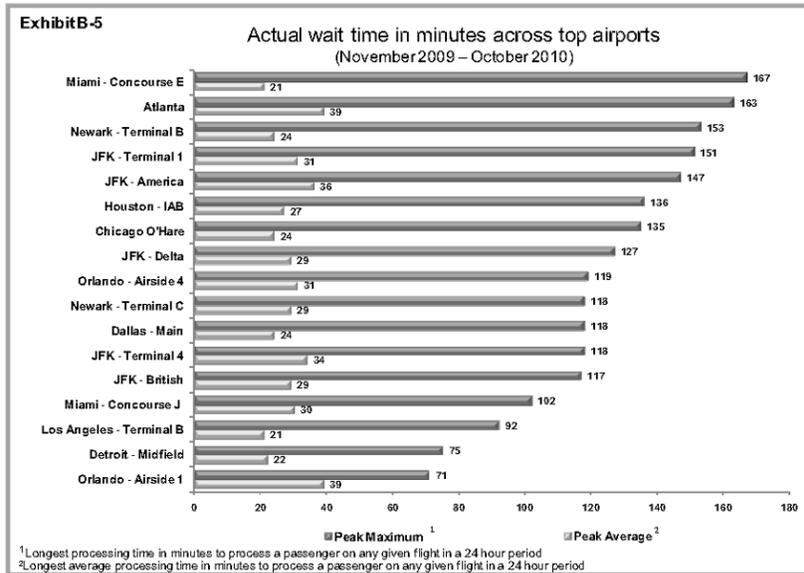
As it relates to Brazil, the competitive issue is even more serious. The European Schengen countries do not require a visa for Brazilian citizens to visit them. In contrast, a Brazilian citizen will need to make an appointment at one of four U.S. visa processing centers and wait several months for that appointment (wait times in Brazil have been quite high). This means that a trip to the United States often requires a Brazilian citizen to make two trips if he or she wants to travel to the U.S.—one trip to a city with a visa processing center and then the trip to the U.S. itself. This is an expensive and cumbersome process (USD 2,600 for a family of four from Manaus needing to go to Brasilia to get their visa).

The situation of wait times is somewhat better in India, although quite uneven across visa processing centers. However, the number of U.S. visa processing centers is five compared to 11 for the U.K. As a result, there are eight cities in India with more than two million inhabitants who do not have a U.S. visa processing center.

The experience of international visitors at the country's borders is also a source of concern for two main reasons: the general perception of international visitors as relates to processing time and the way they may be treated at the border is quite mixed; in addition, delays in passenger screening is the major cause of missed international connections, which is a significant source of loss for U.S. airlines. In 2009, 39 percent of overseas travelers to the U.S. waited more than 30 minutes to be cleared through immigration at the Nation's airports (Exhibit B-4).



In addition, wait times are quite unpredictable and peaks can be quite extreme (Exhibit B-5).



While it would be inappropriate to assume that the visa wait time and travel required to a visa processing center are the only drivers of the difference in number of visitors, every element counts. Specifically, as the global economy becomes more integrated, being able to fly to and from the key partners of the global economy—at short notice and efficiently—becomes increasingly important.

Average Wait Time For Visas to the United States from Select Chinese and Brazilian Cities

41 Days

Beijing, China

SUNDAY MONDAY TUESDAY WEDNESDAY THURSDAY FRIDAY SATURDAY

107 Days

Rio De Janeiro, Brazil

101 Days

Brasilia, Brazil

63 Days

Shanghai, China

50 Days

Recife, Brazil

118 Days

Sao Paulo, Brazil

Longer Visa Wait Times = Delayed Take-Off for U.S. Exports, Job Creation

Senator KLOBUCHAR. Thank you very much, Mr. Sprouls.
Mr. Dow.

STATEMENT OF ROGER DOW, PRESIDENT AND CEO, U.S. TRAVEL ASSOCIATION

Mr. Dow. Well, thank you very much, Chairman Klobuchar, and Senator Blunt, and the esteemed members of the Subcommittee.

I'm pleased to offer testimony today on behalf of the U.S. Travel Association, which is a non-profit association which represents America's 790 billion travel industry. And, our mission is simple: To increase travel to and within the United States. Last year this industry generated \$1.8 trillion in economic output and 14 million good domestic jobs that cannot be outsourced.

I thank you for holding this hearing today because it shows a critical role that international travel plays in both meeting the nation's export goals and improving our economy.

Since we're talking about competitiveness here in the international sector, I'd like to show you a short video clip that illustrates the steep hurdles that international visitors face when they plan travel to the United States.

This is a short news segment that was played on national TV in Brazil on the eve of President Obama's visit last month, and it records the reactions of Brazilians who are attempting to apply for a visa in the U.S. Consulate.

I think this is the reality you'd like to see.

Senator KLOBUCHAR. Good.

Good morning, Brazil, is that the name of the show?

[Video Presentation.]

Mr. Dow. So, I think if you look at this, it shows vividly that the U.S.'s entry process is frustrating, bureaucratic, inefficient, and costly to the potential traveler; and this is no way to present our country to friendly visitors from outside. And, as you pointed out, other countries are taking big advantage of this.

To quickly boost U.S. exports, accelerate U.S. economic growth, and create new American jobs that can't be outsourced, we have to address self-imposed barriers, and it would not reduce security, and would not cost the taxpayers a dime, as Mr. Cloobek has mentioned.

If America were to reclaim our historic share, as you've said, of overseas travelers by 2015 and maintain that share for 5 years, that adds \$100 billion to the U.S. economy during the next decade and creates 700,000 needed new American jobs.

Travel is already America's largest export industry. Its \$134 billion in exports in 2010 created a \$32 billion trade surplus. If you look at this chart that we have over here, that large, purplish line, is basically a million jobs coming from the travel sector. The other shorter lines are from transportation equipment, like Boeing planes; machinery, like Caterpillar Tractors, 300,000 jobs each; or electronics, 300,000 jobs. So, you see, this is equal to all those added together.

And, we're outperforming America's top manufacturing industries, and is this a very labor-intensive industry. So, you basically have \$110,000 spent by a traveler equating to a single job created.

So, we've got to put an end to these barriers that are going on; and one of the ways to solve that is quickly through increased promotion, which has been talked about; another would be to improve this inefficient process that we have. If a traveler can't predict what's going to happen, then they can't plan their trip; and these 100-day delays that Mr. Sprouls was talking about don't allow for planning.

If you look at what's going on with the competition, I want to address a couple of things that were said: One, Mr. Ensign asked, is there an example of what visa reforms did? Yes. South Korea in 2009 and 2010 when they got visa waiver status increased 49 percent, while the rest of the world was almost flat, or decreased. And, that was over a 38 percent increase over the year before. So, this would be a huge increase.

I'd also like to address video conferencing. It was said that video conferencing isn't efficient. I was told by the State Department that once a farmer had calluses on his hand; he said he was a farmer but he didn't have calluses on his hand. They spotted it. The next day I sent a picture to the *New York Times* of a physician in New York City examining an eyeball of someone in Los Angeles.

The State Department's own testimony has said that this works, and does not take away efficiency. And, that was said in 2009.

And, last, we're willing to put up with this frustration that people experience, and that's a shame, because while Brazil did increase travel to the U.S., Brazil's travel to Western Europe, has increased 225 percent during the same time.

So, the bottom line is that we can't be satisfied with, well, it is okay to make travelers a little uncomfortable because numbers are going up. We've got to address this, and I implore this group to make this a high priority.

Thank you.

[The prepared statement of Mr. Dow follows:]

PREPARED STATEMENT OF ROGER DOW, PRESIDENT AND CEO,
U.S. TRAVEL ASSOCIATION

Introduction

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

I applaud you for holding today's hearing to discuss the critical role that international travel plays in meeting the nation's export goals and improving the U.S. economy. I would also like to thank you for the strong bipartisan leadership you have demonstrated on travel issues during your time here in Washington.

The Economic Opportunities of Travel

Travel provides good, domestic jobs that cannot be outsourced. In 2010, travel supported 14.1 million jobs and is among the top 10 employers in 48 U.S. states and the District of Columbia. For example, travel directly employs more than 140,000 Minnesotans, contributes \$11 billion annually to the Minnesota economy and generates more than \$3 billion in state and local tax revenues in Minnesota. Similarly, travel directly employs more than 125,000 Missourians, contributes more than \$12 billion to the Missouri economy and generates nearly \$2 billion in tax receipts in Missouri. In every state and county across America, travel helps pay the salaries of police, firefighters and teachers without creating much new demand for those public services.

I am here today to tell you that increasing travel to the United States is the most effective form of economic stimulus—and it doesn't cost taxpayers a dime. International travel is the export sector that is easiest to boost. When visitors travel to the United States from abroad, they inject new money into the U.S. economy by staying in U.S. hotels, spending in U.S. stores, visiting U.S. attractions and eating at U.S. restaurants—purchases that are all chalked up as U.S. exports that contribute positively to America's trade balance.

Larry Summers, the former director of the National Economic Council, recently observed that "the easiest way to increase exports and close the trade gap is by increasing international travel to the United States."

Our own analysis shows that if the U.S. recaptured its historic share of worldwide overseas—or long-haul—travel by 2015 and maintained that share through 2020, it would add nearly \$100 billion to the economy over the next decade and create nearly 700,000 more U.S. jobs. Increasing America's share of worldwide long-haul travel is a no-brainer and, with the right policies, should be relatively easy to do.

International travel is already America's largest export, representing 8.7 percent of U.S. exports of goods and services in 2010 and nearly one-fourth of services exports alone. The travel industry's \$134.4 billion in exports contributed more than any other industry to America's \$1.8 trillion worth of total goods and services exports. And in a time of yawning national trade deficits, the travel sector enjoys an overall trade surplus: \$31.7 billion in 2010.

Increasing travel exports is more than just a sound economic goal, American livelihoods depend on it. Last year, every \$110,000 of overseas visitor spending in the United States supported one new U.S. job. Thus, for every 37 new visitors spending on average \$3,000, one new job is created. In comparison, every one million dollars spent on manufacturing goods supported less than three jobs last year. Therefore, compared to each of the top five export-related manufacturing industries, the travel industry delivered significantly more jobs (see Appendix A).

Unlike other goods and services, the barriers to travel are primarily self-imposed. There are no trade agreements to be negotiated or tariffs to reduce with other countries. The principle barriers to increased travel to the United States are the inefficiencies, uncertainties and delays that characterize our visa and entry process and

that discourage foreign tourists and business travelers from visiting the United States.

If this country is serious about achieving the national goal of doubling exports within 5 years, Congress and the Administration have to show America welcomes legitimate international visitors by reducing barriers to their entry. The stakes are enormous. The 10 years from 2001 through 2010 were a lost decade for America's travel industry and the U.S. economy. While global international travel grew over the last decade, America failed to keep pace. The opportunity costs of this slippage are staggering. If America had kept pace with the growth in global long-haul international travel between 2000 and 2010, 78 million more travelers would have visited the United States, adding \$606 billion to the U.S. economy and supporting more than 467,000 additional U.S. jobs.

It is unconscionable that in a time of weak economic growth, followed by deep recession, government neglect of this booming export sector caused America to leave so much economic prosperity on the table. We cannot afford to make the same mistake in this current decade. As described below, these lost opportunities are not a tradeoff with security—we can have robust, growing and secure travel.

On a worldwide basis, total international tourist arrivals are projected to grow 36 percent between 2010 and 2020, resulting in \$2.2 trillion in direct travel spending and 62 million jobs. Over the same period, international travel revenue as a share of global GDP is forecast to increase by 10 percent.

The most lucrative segment of international travel is overseas travel because they stay longer and spend more money. Each overseas visitor to the United States spends an average of \$3,000 at hotels, restaurants, retail and other U.S. businesses—and that doesn't even count the value of goods purchased and deals done while here. It is time for America to compete in a serious way for these valuable international traveler dollars.

Increasing secure travel to the United States also is an integral part of a successful foreign policy. As noted by a federal advisory committee to the Departments of Homeland Security and State in 2008:

Our long-term success requires not only that we deter and detect determined adversaries, but also that we persuade millions of people around the globe of our ideals—democratic freedom, private enterprise, human rights, intellectual pursuit, technological achievement. That persuasion requires human interaction, and each visitor to the United States represents such an opportunity. Raw statistics are important in analyzing our achievements and challenges, but so are the attitudes we display. Treating prospective and actual visitors with dignity and respect will reinforce, not diminish, our security.

Our efforts must include three key elements: first, overseas promotion of America as a premier travel destination; second a reduction in visa barriers to inbound international visitation, which includes expansion of the Visa Waiver Program to new allies; and third, a streamlined and more welcoming customs clearance process at major U.S. ports of entry for our international guests. I will discuss each element in turn.

International Travel Promotion

This committee, including Senator Klobuchar, and the House Energy and Commerce Committee, including then-Representative Blunt, led the effort last year to pass the Travel Promotion Act and create a public-private partnership to explain U.S. travel and security policies and welcome more visitors to the United States. Oxford Economics estimates that the travel promotion program authorized by the Act could attract as many as 1.6 million new visitors each year generate as much as \$4 billion in new visitor spending annually and create 40,000 new U.S. jobs. Facing a global competitive disadvantage, Congress showed a will to act, and America will reap the rewards for years to come. We are confident that travel promotion will be a success and will help attract more international visitors to the United States.

The Visa System

The single greatest roadblock to increased overseas visitation is an inefficient visa system that can discourage travelers from considering the United States as a preferred destination. Promoting America as a desirable travel destination and streamlining the immigration clearance process will not lead to increased visitation if travelers are unable to obtain a required U.S. visitor's visa.

Look at the situation from a leisure or business traveler's point of view. In some countries, the wait time for U.S. visas can be as long as 100 days. The \$140 visa application fee is non-refundable and, of course, applying for a visa is no guarantee that a visa will be issued with nearly 20 percent of applicants being refused. The

real cost of obtaining a U.S. visa is far greater, particularly when potential visitors do not live near a consular post issuing visas and therefore must travel hundreds if not thousands of miles and pay for a flight and hotel to make a mandatory trip to a U.S. consulate, and then wait hours for an interview that, on average, lasts for 3 minutes.

Another disturbing aspect of the visa process is the lack of transparency, even in the way that visa interview dates are issued. Recent interviews with tour operators in China and India confirm what the GAO discovered in 2007: that some consulates artificially limit the availability of interview dates to cutoff the queue and mask the backlog—making it next-to-impossible for people to assess how long they will have to wait before they can actually travel to the United States. This lack of accurate information has obvious ramifications for all kinds of travelers: How can you schedule a business trip or vacation if you do not know how long it will take for your visa to come through? Our research suggests that there is no predicting how long the visa application process will take—and there is no getting your money back if you fail.

U.S. Travel and the entire travel community understand that issuing visas is a complex and sensitive process, but there are many opportunities to increase efficiency without compromising security. On multiple occasions over the past decade, the U.S. Government Accountability Office (GAO), the U.S. Department of State Office of Inspector General (OIG), and federal advisory committees and non-partisan think tanks have noted that the Department of State does not have a long-term strategy for managing visa operations, and have recommended initiatives to improve efficiency and reduce interview wait times. While the Department of State has made progress on some fronts, its efforts to date seem to be band-aids rather than permanent solutions, and many long-standing recommendations have yet to be implemented.

Congress and the Administration have an opportunity to take the lead and accelerate reform by focusing on improving the visa system's efficiency and productivity while maintaining strict security standards. Needed reforms include:

- *Improved applicant processing.* Reassigning existing consular officers to, or hiring temporary commissioned consular officers for, the consulates with the heaviest visa demand, such as consulates in Brazil, China and India.
- *Greater access to U.S. Consulates.* Piloting the use of secure videoconferencing technology to conduct visa interviews remotely.
- *Increased efficiency.* Negotiating longer visa terms with China. Currently, the U.S. and China only provide each other one-year visa terms. In contrast, the United States has 10-year visa terms with Brazil and India. This change would reduce the visa workload of U.S. consulates in China, which would allow them to process U.S. visas more efficiently. This change will not cost any new tax dollars nor reduce U.S. security, yet it would have a significant economic benefit.

In addition, the Executive Branch should increase its efforts to expand the Visa Waiver Program (VWP) to qualified countries. The VWP offers significant security benefits to the United States by requiring participating countries to meet stringent criteria related to law enforcement cooperation, information-sharing agreements, travel document standards, and in-country inspection. As Marc Frey, the former director of the VWP Program at DHS wrote recently, “the security value of conducting a visa interview with every one of millions of travelers is vastly outweighed by the security benefits of the Visa Waiver Program that pinpoints data about who poses a threat, provides documents that are harder to forge, enhances foreign security standards, and allows routine auditing of those standards by the U.S. Government.”

Brazil is currently one of the most obvious candidates for potential inclusion in the program. While Brazil does not currently qualify for visa-free travel status, it is likely that Brazil could meet the requirements in the foreseeable future. Establishing a “road map” process for countries to improve their security posture for eventual evaluation for the VWP can provide a useful structure for countries to be considered.

- *Institute formal VWP working groups.* Therefore, we urge that Congress press the State Department to form a formal working group with Brazil and other potential candidates that will outline specific actions that each country could begin to take today to meet the visa waiver requirements. Through this working group progress in meeting the program's qualifications can then be measured and evaluated.
- *Enact The Secure Travel and Counterterrorism Partnership Program Act of 2011.* We also urge the Committee to support bipartisan legislation recently introduced by Senators Barbara Mikulski and Mark Kirk (S. 497) that updates

the VWP framework to reflect improved capabilities to track travelers entering and exiting the United States and improves annual reporting to increase oversight and transparency of the program.

All of these reforms can be implemented quickly and at little or no cost. The pay-off in increased visitation, new tax revenues, U.S. jobs and economic growth would be substantial.

America's greatest opportunity to increase travel exports lie with the rapidly growing economies of Brazil, China and India. These three countries have burgeoning middle-class populations that are spending billions on overseas travel, and they represent the lion's share of the projected future growth in international travel. Having grown more than 140 percent from 2000 to 2010, global long-haul outbound travel from Brazil, India and China shows no signs of slowing and is projected to more than double in the next 10 years, growing by an estimated 107 percent.

U.S. Travel is currently working to complete a comprehensive report on the U.S. visa process for visitors from Brazil, China and India and offer more details on these and other recommendations for a 10-year strategy to increase U.S. travel exports. We expect to issue the report in May and hope to work with this Committee and other committee in Congress to enact the report's recommendations.

Immigration Processing upon Arrival into the United States

Over the last decade, as recommended by the 9/11 Commission, the U.S. Government has rightly built additional layers of security into America's border entry process. However, the way some of these policies are implemented has had the unintended effect of alienating some international travelers. Overseas visitors complain about hour long waits at the inspection areas at airports and of unfriendly treatment by inspection officials.

This negative perception of the U.S. entry process was on full display in 2009 when President Obama traveled to Copenhagen to help promote Chicago's bid for the Olympic Games. An International Olympic Committee (IOC) member from Pakistan, in the question-and-answer session following Chicago's official presentation, pointed out to the President that entering the United States can be "a rather harrowing experience."

When IOC members are expressing concern to our President about the kind of welcome international visitors would get from airport officials when they arrive in this country to attend the Olympic Games, we need to take seriously the challenge of reforming our entry process to make sure we are welcoming our friends around the world, even as we ensure a secure system.

Since 2006, our industry has partnered with the Department of Homeland Security's U.S. Customs and Border Protection (CBP) agency offering strategic advice from private-sector experts on how to provide improved customer service and increased efficiency in traveler facilitation. CBP has implemented some recommendations quite effectively, such as the adoption of a welcome video—produced by Disney—that is now played at all major international U.S. airports, and the creation of the Global Entry Program to fast-track previously vetted Americans and select international visitors returning from international trips. We intend to continue our partnership with CBP to ensure additional progress is made to the entry process in key areas such as:

- Passenger screening throughput.
 - Direct that 150 of the 300 CBP officers in the President's Fiscal Year 2012 budget request be assigned to the top 20 international U.S. airports.
 - Establish a passenger wait time goal of 20 minutes per individual and use it as a performance measure to help CBP assess whether staffing levels are sufficient to address passenger volume and develop a more accurate method for collecting passenger wait time information for travelers.
- Implementation of a customer service improvement strategy.
 - Develop comprehensive CBP customer service reports and include them in the *Air Travel Consumer Report* issued by Department of Transportation's Office of Aviation Enforcement and Proceedings (OAEP).
 - Work with the private sector to review existing customer service training and provide new training recommendations.
 - Establish metrics to measure the customer service performance of CBP airports of entry, and provide rewards to ports that demonstrate exceptional performance.
 - Direct CBP Officers to greet passengers arriving at primary inspections with "Welcome to the United States" or "Welcome home."

- **Transparency and Oversight.** Issue quarterly reports to Congress on the Model Ports of Entry Program that includes specific actions taken by CBP at each of the 20 participating airports and includes metrics used by CBP to measure progress.

In addition, U.S. Travel released a report last month that presents a comprehensive review of aviation security conducted by a blue ribbon panel of experts representing all essential stakeholders that—for the very first time—takes account of the traveler’s point of view. That report examines the problems that add to the “hassle factor” of air travel within the United States and lays out a comprehensive checklist of recommendations for Congress on aviation security reform that will maintain security while making the system more efficient. Several of the recommendations are aimed at smoothing the process for international visitors arriving in the U.S., especially those who need to connect to additional flights within the U.S. including:

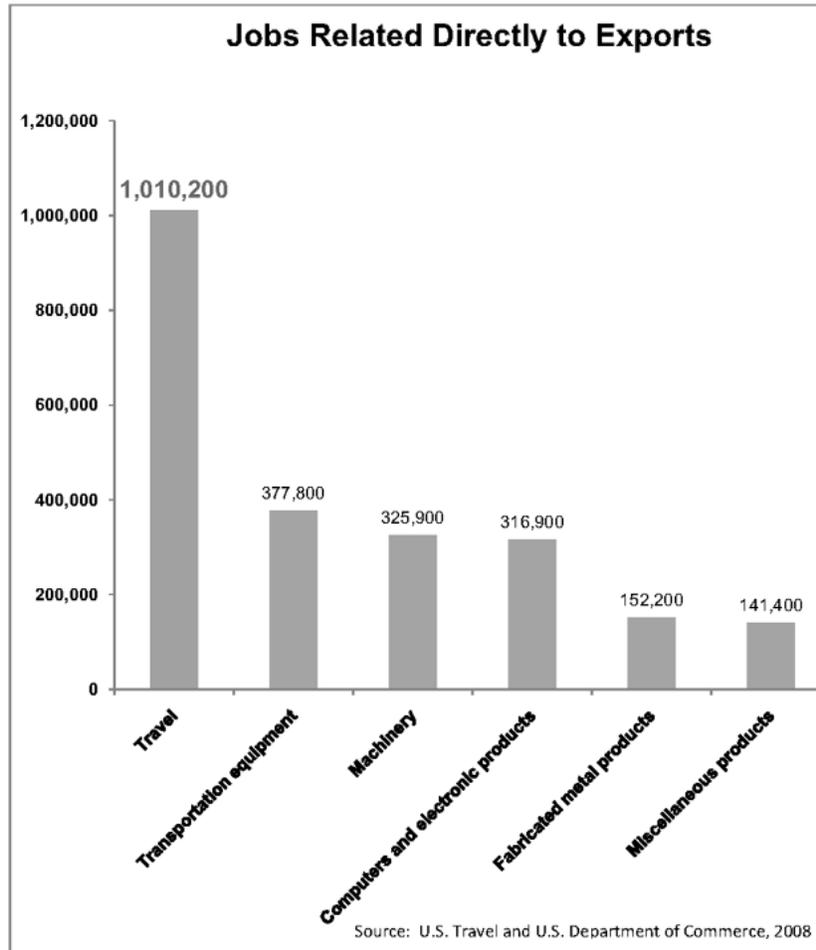
- *Reduce Duplicative TSA Screening for International Arrivals.* DHS should enable certain low-risk passengers who are traveling to another domestic airport to forego checked baggage and passenger screening upon landing in the U.S.
- *Expand trusted traveler programs to qualified international passengers.* DHS should expand access to international trusted traveler programs for international passengers entering the U.S., as well as lead efforts to establish a multinational network of streamlined entry procedures for low-risk travelers.
- *Eliminate duplication between TSA and Customs and Border Protection (CBP).* DHS should streamline its operations at U.S. international airports to reduce unnecessary duplication and leverages CBP and TSA resources, authorities, and capabilities.
- *Push for international cooperation with U.S. security standards.* The federal government must continue to push for international cooperation in the development of international aviation security, including both bilateral and multilateral approaches, as well as with organizations such as the International Civil Aviation Organization (ICAO), to strengthen aviation security efforts while promoting travel and protecting travelers’ rights.

Conclusion

In summary, we believe that travel exports offer the best opportunity to boost U.S. exports over the next 5 years. We also believe that increased travel offers the best, lowest cost, most efficient means of boosting U.S. economic growth and creating new U.S. jobs. The economic data on travel supports our conclusions.

We look forward to working with the members of this Subcommittee to ensure that America is harnessing the power of travel to create economic opportunity, accelerated growth and job creation.

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



Senator KLOBUCHAR. Very, very good. That was a good response.

Senator Blunt, do you want to go first?

Senator BLUNT. Well, thank you, Chairman, and thank the four of you for being here; and Mr. Cloobek, particularly, good luck with this effort you're starting. Very seldom do you have an opportunity to start something like this, and I'm glad to see you and your board engaging in this.

What you will be able to do with travel promotion, with marketing later in the year, I know you said you'd like to be doing that quicker, but where are you on your plans on how you're going to allocate funds? Are you going to have some kinds of partnerships; will you be able to develop; and what are some of the guidelines for those partnerships, where, I assume you anticipate you would

have private sector dollars working along with these public sector dollars that you're going to be allocated?

Mr. CLOOBECK. That's correct, Senator. The first \$10 million that we're looking for is in cash. If you look at the statute, we have to raise \$10 million in cash first; and hopefully, we'll raise another \$40 million in-kind for our double-match year one, starting fiscal 12, which starts in October.

We always—we have tremendous support with—and with working with USTA and the stakeholders and Tourism and Travel. We anticipate receiving tens of millions of dollars of in-kind dollars.

With regard to working with the Canadian Tourism Corporation, working with the state of California, working with New York, and Florida, finding the best ways of collecting research, not reproducing it, we believe the Commerce Department's numbers are just fine. And, the government pays a lot of money for that; so we're using those.

And, you know, we believe that we're off to a fast start. What we're concerned about is, yes, we can spend those dollars in visa-waiver countries, but when we sit with the President's Export Council, and we sit with USTA and other stakeholders, we're finding that there are certain folks in Washington, bluntly, Senator, that don't want to say yes. They're afraid of that word.

In business we have to take risks; and if we want to grow GNP jobs through tourism and travel, we're going to have to take a little bit of risk. We're going to have to open up our borders and show people this great country that we have.

We don't have to spend any money to do it, other than the marketing dollars that we have putting forth through the ESTA fees.

Senator BLUNT. Let me be just as blunt here—maybe even more so—

Mr. CLOOBECK. Please.

Senator BLUNT.—since I start out the day pretty blunt.

[Laughter.]

Senator BLUNT. I think that's good—what you're talking about is good—a good thing for your board to understand, but there are a lot of places in the world where people can come without visa obstacles, and if I was you, I'd be very focused on that. I think you hear the other panel members and the people up here concerned as you are about what we do to make the visa process work better.

There are plenty of people that can come from other countries, though, and—my sense would be—your focus is trying to do what you can to get travelers to come where travelers are going to be coming from; and I know you're going to do that.

I just don't want you to get so frustrated in this other element that we don't take full advantage of this great opportunity. And, I know you will, but we want to be looking for how we market, you know, Mr. Dow and I spend a lot of time over the course of about 4 years talking about how other countries market in our country, to encourage Americans to travel there, and we didn't have any similar program going on. And, so, this is a great opportunity. I know you're absolutely capable of being the best Chairman that we can possibly have for this effort, and I look forward to that.

I imagine there are people here from the agencies of the three former—the three other panelists. They all left before they heard

your testimony, but we'll see that they have attention drawn to the things you've drawn attention to.

And, Mr. Dow, in terms of the kind of marketing, what do you hear from your members that they'd like to see this new agency do; and how do they partner up with that?

Mr. DOW. Well, first of all, Mr. Blunt, I appreciate your approving the Travel Promotion Act three times, and you were threatening to also vote for it when you got to the Senate. So, thank you, but you didn't have to.

Senator BLUNT. I thought it would be the Blunt Bill in the House and the Blunt Bill in the Senate, but we got that taken care of, with—

Mr. DOW. Mr. Sprouls is here and represents attractions in Florida and et cetera, and people tend to come to Florida, New York, Las Vegas, California, et cetera, and, I think the big opportunity here at this office is to level the playing field for areas like Missouri, Minnesota, and Alaska to get that second or third experience because one thing we have are options while many countries are one-trick ponies.

Senator BLUNT. Right.

Mr. DOW. What we have is what people look for in authentic travel. So, I think what this is going to do, it's going to push those trips out and level the playing field for a lot of the secondary locations that don't have the dollars themselves.

Senator BLUNT. More days stayed, more places visited.

Mr. DOW. You got it.

Senator BLUNT. Thank you, Chairman.

Senator KLOBUCHAR. Thank you.

Senator Ensign?

Senator ENSIGN. Well, thank you.

I have a big concern, and Steve, I want to welcome, by the way, and I'm proud of the job that you're doing with your board.

But, when we saw something like the video that Mr. Dow showed, when you spend your marketing dollars, and then they have those kind of things happen in those countries, that blunts the good will that you can, sometimes—you know, people can remember a bad story a lot more than they do a good story. And, I'm very concerned about that there is this perception out there. It's one of the reasons we wanted the Travel Promotion Act in the first place, was to try to overcome some of the perceptions. But, some of those perceptions are actually reality, as we've seen with the wait times; and I guess if you're out there promoting, do you fear that the wait times will just get worse if the bureaucracy doesn't get out of the way?

Mr. CLOBECK. Well, therein lies, you know, a conundrum of business. If we create tremendous demand, can we keep up? And, we are concerned that there is a, you know, a philosophy within State; and if we were to handle that in business, we would go hire 500 or 1,000 more people; whereas the State Department said, "well, we're hiring 120."

And, candidly, we wouldn't operate that way in business. And, it is a very big concern that we have, because we are going to create marketing messages and promote this country, Brand U.S.A. for the first time, and do so in a way to dispel those messages. We're

going to educate folks in other countries on how wonderful our land is, and how easy that process is; and you will be greeted nicely when you show up. But, we—we can't have videos like that like as USTA has presented today.

Senator ENSIGN. Well—go ahead.

Ms. JOHNSON. Senator Ensign, if I could interject here, on that, the presentation that was made to Secretary Locke—and I want to submit this for the record—it states that the metrics have to be obtained, and we have to establish goals.

To your point, we need an end and we need to fix the process, measure and establish goals for improvement and market. And, then, you know, it has to all be done simultaneously in a rather urgent fashion, to be able to gain the economic growth that we're looking for.

Mr. CLOOBECK. I can tell you this, Senators, that I have visited the ports with Customs and Borders. I have personally been there. I have looked at the Trusted Traveler Program, which is fantastic, but we're market—not even marketing that well enough for the United States yet; and hopefully Customs and Borders will do a good job.

But, they are working hard, and the Department of Homeland Security is extremely open-armed with regard to their hospitality sector, helping them come in and script and train. So, it's not like the government, you know—I don't want to keep bashing people, because we keep hearing that. But, Homeland Security is really trying hard. Customs and Borders is trying hard. We have a problem in the United States of the entry process. It starts when you make a reservation for a hotel, you've got to be sweet because that's when the vacation starts.

Senator ENSIGN. Yes, I just want to make a couple of comments on that: We know that this is a very difficult time, post-911. We all understand that. I think that everybody does; and they have a delicate balance, balancing security with, you know, getting tourists into the country. But, we also know what works. And, you mentioned, if this was the private sector, you would hire 500 to 1,000 new people. One is, it doesn't cost any money to do that, although the logistics of some of that with some of the space may come play, as was mentioned today, but still, that should be overcome.

Because we hear a lot about outsourcing of jobs; you know, manufacturing. We outsource jobs. Well, you can't outsource tourism jobs. In other words, our jobs are here, unless you don't get the tourists to come here; thereby you outsource the jobs to other countries, which is exactly what we're doing, by losing market share.

We can in-source those jobs very easily by not a heck of a lot of dollars spent, \$20 earned; I mean, that's a pretty good investment on anybody's balance sheet; and we need to recognize that. I think that's one of the reasons this hearing was very important, is to bring these kinds of issues to the forefront so that the folks who are in the government understand what's at stake here; how much economic prosperity can be gained by all of this.

So, I think this hearing is very important going forward.

Mr. CLOOBECK. Thank you, Senator. And, we've known each other for a long time, and I've known others on this great com-

mittee. You know that I don't take no for an answer, and I'm not exactly, you know, the guy with kid gloves. I'm a bull in a china shop. So, I'm going to continue to do that in a very polite and delicate way, to push this forward, because we've got a lot of money to market this great land with.

Other countries are doing the same thing against us, and this is—this is a non-brainer for GDP and jobs for this.

Senator ENSIGN. Thank you, Madam Chair.

Senator KLOBUCHAR. Thank you.

Senator Bennet? Senator Begich.

Senator BEGICH. Thank you, Madam Chair. I'm listening to this discussion, and I think we're all on the same path in wanting to increase the volume. I mean, when you mentioned the South Korea visa issue and how quickly tourism went up, I know Alaska—15 percent of our market is international travelers, and that's a huge number for us; and as everyone knows, they stay longer and spend more. And, we like that. And, they come back. They're repeat customers.

And, so, I guess the frustration I have is, I'm trying to figure out—you're going to increase supply, which I am 100 percent for; but what I just heard the panel before is a slow process to make sure that supply comes through the gates.

And if a customer—it's like a restaurant—you know, when they come once and they don't like the soup—the service the first time, they're not coming back. Or, they'll take a longer time to come back.

So, I'm struggling with what's the trigger here to pull. I know, Steve, I'm not worried about you and what you'll do to get some of those guys focused in the bureaucracy, but maybe what really should happen here—and I don't want to add burden to the Chair and the Ranking Member, but maybe we have to say, from this committee's standpoint, we want those interagency people to sit down with you in a time certain, to develop what strategies will be.

For example, when I heard that they were going to have some temporary folks hired and they actually have a schedule, and—I don't know if you've seen that schedule, any of you, because that will determine how you market, I'm assuming. What I see here is a lack of coordinated plan by the agencies with you folks who are about to fill the lineup, which I'm excited about.

So, maybe we have to say, look, if the agencies that are here—and I'm kind of looking through you, Steve, to write to Helen there, because she's one of the agency people still here—and I don't know who else is here from the agencies, but to get you in a room and say, OK, they have these plans, these programs, how do we integrate that with the supply to marketing, which I'm all for. I mean, the more money you put into marketing, the better off we're going to be down the road.

But, when you plow that money in, the system's going to feel the pinch, and I—I have your sense, and many of you that testified—that the system is not ready to accept this full load that's about through.

Thank you.

Mr. CLOBECK. Senator, if you could ask the Secretary of State to have this as a high priority, we would really appreciate that.

Senator BEGICH. Well, we need it from both, the Secretary of State—

Mr. CLOOBECK. In Congress we have terrific support from Congress.

Senator BEGICH. Good.

Mr. CLOOBECK. We have terrific support from Homeland Security.

Senator BEGICH. OK.

Mr. CLOOBECK. I don't think—you know, we have other things going on in the world that the Secretary of State has to deal with right now, but we really need the attention at the highest levels, or attention to be brought to the folks within that department to visit with us. We welcome that.

Senator BEGICH. Excellent.

Mr. Dow?

Mr. DOW. Yes. We've been working just as hard as you work on putting the travel promotion together. There's a 2.0 plan of a blueprint of what could be done quickly and with little or no cost to taxpayers, and that will be coming out in May. And, we'll get that right to you as it comes out.

But, it is detailed, step-by-step-by-step of things that you can do that are no-brainers. And if you could encourage that kind of dialogue, it would really be terrific and add a lot.

Senator BEGICH. Are you going to present that plan to State Department, Commerce, also?

Mr. DOW. Yes.

Senator BEGICH. OK.

Mr. DOW. We'll submit it to them; we'll submit it to our Congressional leaders and Senators.

The other thing is, you have to look beyond just the economics. When President Obama went over to speak on behalf of the Olympics, the very first question he was asked was: Mr. President, why should anyone come to your country to see the Olympics when getting into the country's a fairly harrowing—exact words—experience? And, we lost the Olympics.

And, we also lost the Pan Am Games. And when people come here, they're 74 percent more likely to feel very good about America and American policy. This is our own public diplomacy.

Senator BEGICH. Yes, it's a great foreign affairs policy, you're absolutely right. There's no question about it, and it's not only from people that own the businesses, but the minute they walk out the door into a hotel or restaurant that—that person at the front is a powerful, you know, foreign affairs person in a lot of ways. So, I guess my—knowing that you're having this plan, I'm just trying to figure out the lever point here. But, if you have a plan, I think maybe what we have to do is then turn to the agencies and say, OK, how do you integrate what you're doing with what you think can be done, and move forward?

Because otherwise, I see two paths happening, and it makes me very nervous because the government path is always slow to respond, but in this case, the way you said it, Steve, is, we got to make some decisions. And, yes, there may be a little risk, and we might not be as successful in some areas but, hey, that's the way it works. But, if we go by our history—and I use again, Korea as

an example, we know, if done right, everything goes the right direction, and we have some bumps in the way.

So, I—I just encourage maybe from a committee standpoint, when you finish that, submit it to the Chairwoman and Ranking Member will be helpful, and then maybe we have to take a role of saying to the agencies, now, give us your response and your timetable; because as you noticed in the last panel—and no disrespect to them—what I learned about government officials when they testify, they always use certain phrases: Soon, possible, we're working on it, we have some ideas, we're thinking about it; never a timetable until it's too late. And, so that's why I was very aggressive on holding them to a schedule. So, if you have this plan, I think from our end I think it would be a great opportunity—

Mr. DOW. We'll see that you get it first and I can offer the encouragement and share one together.

You asked a question, and I'll answer it for you: What happens when the government shuts down? Regarding 1996, there's a CRS report that said that shutdown cost 20,000 to 30,000 visa applications. So, at \$4,000 a pop, you're talking some serious money.

Senator ENSIGN. Real money.

Mr. CLOOBECK. And, Senator Blunt, if I could just answer one question you asked before: We're collecting about \$350,000 a day, and we don't know what's going to happen in May, June, July peak periods, but that's a sizable amount of money that we'll have to market with.

Senator KLOBUCHAR. OK. Very good.

Well, Mr. Dow, I wanted to follow up. Thank you very much. Thank you for giving us that report immediately. As you know, we've been pushing. We've gotten clearly more focused on this in terms of processing these visas, but nowhere where we need to go; and when you look at ten people—and I think Mr. Cloobek's point was a good one of how many we really need and the fact that it won't cost us taxpayer money; that we can make it off the visa applications.

If you had to pick one or two things you think would be the most important thing to move forward on right now to increase tourism and add jobs to America of your blueprint, what would it be?

Mr. DOW. I think some of the most important things would be greatly increasing those facilities, putting targets in place, knowing the measurements of what it would cost—

Senator KLOBUCHAR. Talking about the visa processing?

Mr. DOW. That's for the visa processing, yes.

Also, when it was asked about video conferencing, you can put people in Kansas and Missouri, and they can speak Mandarin and be looking at this person interviewing. You could rapidly increase capability just like that, and not have the hassle and the hurdle of getting someone in-country and all the cost and housing.

Senator KLOBUCHAR. Exactly.

Mr. DOW. So that would be very important. The ability to, as Mr. Cloobek said, to get reciprocity, to take the first step forward.

What we're doing with China, although there are some issues that Homeland Security has, but the main issue is that China won't blink and we won't blink on a 1-year visa; and someone ought to step forward and say, OK, we're going to do a 3-year visa.

That is 30 percent of the capacity right there in China, is their—

Senator KLOBUCHAR. That 3-year visa.

Mr. DOW. Yes.

Senator KLOBUCHAR. OK, and the video conferencing, is that done by other countries?

Mr. DOW. I'll have to get back to you on that. I think they've been trying it in Australia and a couple places, but let me get back with a specific answer.

Senator KLOBUCHAR. OK. All right, very good.

Mr. Sprouls, the same question. What do you think should be our top priorities?

Mr. SPROULS. Well, I think clearly, adding a lot more of the—excuse me—adding significantly greater amounts of people in the consular offices to work in the backlog.

The idea of video conferencing, and being able to put people in Kansas or somewhere else, also gives us the advantage that you could shift those people very, very quickly so that we could manage the seasonality of it.

I think another part, which may require a bit of a legislative solution is, there are groups of people—and we've had conversations with the State Department—that are very low risk; for example, Chinese students returning for another year, because of the way we're dealing with them currently, have to get a visa again; have to go stand in line again.

Brazilian children, under the age of 15, have to travel with their parents to go for the visa interview as opposed to just the parents receiving a visa interview, and being able to manage them through documentation. We could take some people out of the line, which would help to reduce the backlog as well, if we could give the State Department some discretion in terms of identifying specific groups of people where the interview isn't mandatory.

Senator KLOBUCHAR. OK. Ms. Johnson?

Ms. JOHNSON. Well, I would agree with what has been said. I believe that the video conferencing is a solution for the future. I think it is something that we—we should be trying and looking at in allowing us to keep the jobs in the United States, if you will.

And also, I think that the measurement of the metrics being unified across the government agencies so that we collect the wait times, so that we know where we are—

Senator KLOBUCHAR. You want to expand a little bit on that? I know you mentioned it.

Ms. JOHNSON. Yes. We, in collecting the data for the report that we made to Secretary Locke, we were getting mixed information from different agencies, and no one agency could really give us true facts on wait times to get through the port of entry visa process—immigration process. And it was, you know, Homeland Security had some numbers, Congress was great with their numbers, but they weren't all the same.

So, what we recommended is that we would establish key metrics across, you know, State, Homeland Security, and Commerce and say, OK, these are the metrics that we're going to collect; and then we are going to set a goal, you know, 20 minutes to get through. That's the goal. And so the average time would be 20 minutes.

You establish a goal, and everybody works to that goal, and has the same understanding; and you know, you can't manage what you can't measure, and if you want to improve it, you need to know what you're doing.

So it is just a simple logic of being able to collect the data and the numbers to really improve the processes.

Senator KLOBUCHAR. OK. Mr. Cloobek, last question.

Mr. CLOOBECK. Senator, let's take a little risk. Let's market Brand U.S.A., and let's do it in a way that shows what great American hospitality's all about. We have a great land here. We can't let the CEO of Emirates Airlines, who's coming in to buy tens and tens of Boeing business jets, wait weeks for a visa.

We know what the issues are. We've got a lot of marketing dollars to go forward and spend in visa waiver countries and we're going to do a great job of it. And we're going to increase GDP and jobs, but I ask you again, let's take a little bit of a risk.

Senator KLOBUCHAR. OK, very good. Well, I wanted to thank all of you; and I kept this chart up here for a reason, to point out even though we've had some increases in tourism, which we want, the issue for us is how we get an even bigger increase, and how we recapture some of that market share that we had before.

Just the example used, the one example of a business person trying to get over to buy things, I recently learned that international patients planning to receive medical care at the Mayo Clinic in Minnesota had to cancel their plans because of delays in processing visas.

So, this is a big deal in our country, and I believe that we have the wherewithal to change it.

As we approach this, number one, we'll be getting that Promotion Act implemented, which I know you and your board, are working on. I understand that October is the first time under the law that you can start advertising, that's correct, so we'd love to have it sooner, but the way Washington works right now, I don't know if we could open that up, but we could certainly look at that. But, the hope would be we would get the advertising going on in October; and then second, the model ports of entry, expanding on some of these pilots and other things that we've been working on I think will be key.

The visa backlog, for me, is my personal interest, because I think either it is adding those numbers—it just makes no sense to me that we can't add those. We have people that want jobs. We have a way to support this, which won't be taxpayer money; and this should be our major push with the State Department.

And, guess what? It sounds like we can do it without Congress having to do everything except call attention to it, which we're pretty good at doing.

And so, that's why I like seizing on that, as well as trying to get that video conferencing going as we tried for so long to do.

The Visa Waiver Program, another thing we can push on to try to add or countries to that, and get that going.

So, I just want to thank all of you. These are jobs for our country. It is a way I like that point that this is an issue and an area where you have such labor-intensive jobs compared to some of

these great high tech things that I adore, and are great in my state and one of our biggest economic drivers.

I know that as we become more and more advanced that the jobs are there, they are better-paying jobs, but there are less jobs; and so we have to also look at areas where we have high labor-intense jobs so people have a place to work; one of them, clearly, is tourism. The jobs are right here in our country, so we have to make this our top priority as we move forward.

So, I want to thank all of you for being here. I don't know if you wanted to add anything, Senator Blunt.

Senator BLUNT. You know, again, Madam Chairman, thanks again for having this conference. I think we all are focused on the visa challenge, though, I believe that we could look at a letter, Chairman, and other things that—to the State Department that would help there. I didn't hear quite as much today as I'd hoped to hear, about what we're doing to make it better for people who can get here. There are plenty of people who can get here, and, you know, I don't know if, under this program we designed, Roger and Mr. Cloobek, either one, I don't know if there's a way to encourage the actual ports of entry to be more appealing when you get here, whether there is some kind of matching grant potential out there that—ports of entry airports—

Mr. CLOOBECK. Senator, we're not authorized under the statute to spend any money for capital expenditures, or any kind of physical assets.

Senator BLUNT. OK.

Mr. CLOOBECK. But I believe that we can, in conjunction with stakeholders like USTA and other people in Travel and Tourism, to get corporations, perhaps, to handhold our ports of entry, our international ports. I believe in Orlando—

Mr. SPROULS. Yes, Senator, in Orlando, we've done exactly that. We've been able to partner, actually, with DHS, and partner with all of the stakeholders in Central Florida, to get together and do something about the experience coming in; everything from gathering some funds in terms of doing Capitol paintings and pictures and those kinds of things; but also consulting with, and advising about lines should be done, all of the things dealing with the experience from the moment the plane lands.

And, we've been pretty successful; in fact, I think we'll be demonstrating Orlando as a true model port sometime later this spring, to show the other model ports how it can really be done; and it has been a great public/private partnership there.

So there are—there is a lot that can be done, and that can be done very, very quickly.

Mr. DOW. Another simple thing that can be done is directing CBP officers to say, welcome home, welcome to the U.S., as you've heard Mr. Wagner testify.

Mr. CLOOBECK. How about smiling?

Mr. DOW. It's nice to have. And, also talk to the travelers. We've offered from hotel companies, et cetera, to do customer service training, offered to do it for free. I think if CBP was directed to do this, it would be very helpful. The industry will put their own skin in the game, their own people, et cetera, and we could really help, because security and a hospitable attitude are not mutually exclu-

sive. You can have great security and you can be friendly and welcome people.

Senator BLUNT. Right. And, I guess my point would be that the marketplace of people who can come without a visa problem is not saturated.

Ms. JOHNSON. Yes, absolutely.

Senator BLUNT. And, you know, we need to be sure that when they do come, and they go home, that they're telling everybody what a great experience this was, not what a bad experience this was. And, these are for people who can come now just because we've opened—we do have lots of visa waiver countries.

Those are actually the travelers who fund this program and—and I'm interested in that, as well as what we can do to make it easier for travelers who have a hard time coming here.

Let's also remember there are a lot of travelers who have an easy time coming here if we make this the kind of place that we—that they want—that they want to come and they want to return to; and—and that's really the target, whether it's making it easy, and by growing that group with easier visa policies or not, we have lots of people who can come to the country that aren't coming; and part of this is—part of this is how we encourage them to come here, and then how we ensure collectively, this is the best possible experience when they are here.

Mr. DOW. To your point, the *London Times* ran a full-page article on a Sunday with a Statue of Liberty over a stop sign saying: Ten reasons not to go to America. You can get the Disney experience in Paris; you can shop in Milan; you can gamble in Macau; you can ride the beaches in Australia. And we have to change that, because that's what we're up against.

Ms. JOHNSON. And, Senator Blunt, in the long presentation and in the copy of the documentation that was sent to Secretary Lock on the recommendations for travel facilitation it does speak specifically to a private/public sharing of model airport entries so they can market like Orlando is doing with Universal Studios and Minneapolis could be with Carlson or—you know, the ports of entry would all have a private partner that could help market the country, and the destination, and really make it welcoming. But, you're absolutely right, greeting the people when they come into our borders is essential in treating them in a hospitable manner.

Senator KLOBUCHAR. All right. Well, very good. I see that Mr. Olson from the Minnesota Chamber of Commerce is here, so I can call to talk about our direct issues here of business, and I really, truly believe that if we can increase tourism here, we're going to increase jobs; we're going to do a lot better of a job for our country.

I want to thank Senator Blunt for being our Ranking Member. You did a great job today. It comes with a vast amount of knowledge over from the House. I think you saw a huge number of Senators that stayed here the entire time; weren't running off, were engaged, and are interested, Mr. Dow, in taking that blueprint you have, and really taking ideas into action.

So, I want to thank all of you for being here.

Good luck, Mr. Clobeck; we're looking forward to seeing those first ads, and we will meet again soon to see the results.

Thank you, everyone.

We'll keep the record open for 2 weeks.
[Whereupon, at 12:07 p.m., the hearing was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF HON. TOM UDALL, U.S. SENATOR FROM NEW MEXICO

New Mexico describes itself as the “Land of Enchantment,” and each year my state welcomes 10 million visitors. This is 5 times the number of people who call New Mexico home.

Visitors travel from around the world to attend New Mexico’s many festivals and cultural events, such as our annual Balloon Fiesta and Santa Fe Indian Market. With its unique local art community and stunning landscapes from Shiprock to the White Sands dunes, New Mexico has a lot to offer to visitors.

Tourism and travel support over 100,000 jobs and contribute \$6.1 billion to the state’s economy. Many of these jobs are in rural areas with high rates of unemployment.

Yet tourism in New Mexico and other parts of the United States provide more than an economic boost. Tourism is a form of public diplomacy that fosters good will for our country around the world.

I am pleased that Congress passed the Travel Promotion Act, a bill that I was proud to co-sponsor. Giving the tourism sector a voice within the federal government that is commensurate with its economic and strategic importance is an important step to ensure our nation’s competitiveness.

Thankfully, the tourism industry is projected to improve in the next 5 years. But America must continue to compete for its share of the international tourism market in a tough economic climate.

I look forward to learning about the Corporation for Travel Promotion’s progress and hearing from this panel on how we can make our country more welcoming for foreign visitors.

In conclusion, I want to extend my thanks to Senator Klobuchar for calling this hearing today and thank our witnesses for sharing their input and insights into how tourism can thrive again here in the United States.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. AMY KLOBUCHAR TO
HON. NICOLE Y. LAMB-HALE

Question 1. One issue which I want to pursue on an ongoing basis is our current system (or lack thereof) for tracking travel metrics. In an era where we know exactly how many Twitter followers we have, I was surprised to find that we do not have simple answers to offer prospective travelers to the following types of questions: how long will it take to be interviewed for a visa? How many citizens of each country fail to leave the U.S. on time? How many CBP officers would we need at Dulles to process flights in under 30 minutes? We are ceding market share because we lack the basic business model our country needs to compete with other countries. I would like for this subcommittee’s members to receive these statistics so that we can publish them as part of our effort to improve our country’s visa and port of entry systems. What travel statistics do you receive from the State Department or the Department of Homeland Security on a regular basis?

Answer. The Department of Commerce and the Department of Homeland Security (DHS) share data on a regular basis to enable Commerce to publish the official monthly, quarterly, and annual census of overseas travelers to the United States. Specifically, DHS supplies Commerce with entry data tapes from the I-94 immigration forms completed by arriving international visitors and from DHS’ Electronic System for Travel Authorization.

Additionally, Commerce distributes its international travel forecasts to DHS and the Department of State to assist them with strategic planning. DHS regularly shares with Commerce information on its Customs and Border Protection staffing levels at U.S. ports-of-entry, processing times at U.S. borders, and initiatives to enhance the international visitor’s customer experience when arriving in the United States. State frequently sends Commerce statistics on demand for U.S. visas, visa

interview wait times, visa refusal rates, and staffing levels at U.S. Embassies and Consulates around the world. State also maintains on its public website, *travel.state.gov*, appointment wait times for every single visa-issuing post worldwide. This information is updated weekly. All of the available information is used collaboratively by the three Departments to strategize on solutions to better facilitate travel to the United States.

Question 2. Will you commit to working with us to bring this type of visibility on travel metrics?

Answer. The Department of Commerce welcomes the opportunity to work with you to bring visibility to travel metrics.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. MARK BEGICH TO
HON. NICOLE Y. LAMB-HALE

Question. Will you please let my office and the Commerce Committee know when a permanent director is appointed to head the Office of Travel Promotion?

Answer. The Department of Commerce shall be glad to notify your office as soon as a permanent director of the Office of Travel Promotion is appointed.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. ROY BLUNT TO
HON. NICOLE Y. LAMB-HALE

Question. The Commerce Department is projecting significant growth in international arrivals to the U.S., especially from expanding markets like China, India, and Brazil. However, it does not appear that the State Department or CBP is working under the same factual scenarios in projecting their needs on staffing and infrastructure. Can each of you explain the degree of common planning across agencies and how our government is working effectively to meet the expected growth in travel?

Answer. The Department of Commerce's International Trade Administration (ITA) is working closely with the Department of Homeland Security's (DHS) Customs and Border Protection (CBP) and the Department of State to address travel facilitation issues in support of the expected growth in international travel to the United States. Commerce, State, and DHS meet regularly to discuss travel issues under the auspices of the President's Economic Council and the Travel and Tourism Advisory Board. ITA, through its Office of Travel Promotion and Office of Travel and Tourism Industries, has worked closely with CBP to support CBP's efforts to implement the Electronic System for Travel Authorization (ESTA) fee collection system, which collects the fees to fund the Corporation for Travel Promotion (CTP). Through the interagency Tourism Policy Council, ITA has partnered with CBP and State to disseminate information regarding the implementation of the ESTA fee and to explore ways to facilitate the entry process for foreign visitors into the United States. These efforts will support and complement the work of the CTP in promoting international visitation to the United States.

The Department of Commerce is also working with both DHS and State on an interagency team led by the National Security Council's Interagency Policy Committee to more effectively communicate to industry and travelers the efforts the three Departments are making to address travel facilitation issues and better serve the traveling public.

More broadly, DHS has put in place programs to improve security and facilitate the flow of legitimate trade and travel. This includes the Model Ports of Entry Program and Global Entry trusted traveler program.

State is working to meet demand for visas by making visa processing more efficient, secure, and customer-friendly and shifting resources to its embassies and consulates experiencing higher levels of visa demand. Visa demand in Brazil, China, and India, for example, is up 29 percent year to date and demand continues to grow. State's Bureau of Consular Affairs (CA) has responded to this demand with increased resources, peak-season temporary staffing, management and procedural innovation, and improved technology. Additionally, since November 2008, DHS designated nine new countries into the Visa Waiver Program. This brings the total to 36 countries under this program, which represents 62 percent of tourist or business travelers entering the United States by air.

United States Department of State,
Washington, DC.

Dear Senators Klobuchar and Blunt,

I want to thank you for the opportunity to share with you the accomplishments of my colleagues in the Bureau of Consular Affairs in our efforts to facilitate the legitimate travel of millions of visitors, businesspeople, students, and others to the United States.

As I stated in my testimony on April 5, 2011 before the Subcommittee you chair, the good news is that international arrivals to the United States continue to climb. The Department of Commerce's Office of Travel and Tourism Industries reports that 2010 was a very good year for the United States tourism industry. In 2010, 60 million international visitors entered the United States, 5 million more than the year before. Visits from Asia, South America, and the Middle East demonstrated the strongest growth, due to record level visits from Brazil, India, and China.

I listened carefully to the testimony of the second witness panel and want to assure you that the Bureau of Consular Affairs has a long-term plan to address the concerns expressed. Our challenge is to meet the increasing worldwide visa demand from these potential visitors without compromising the security of our nation's borders. I would like to extend an invitation to you and your colleagues to visit any of our consulates to see first-hand how we are managing and meeting this challenge.

Attached you will find answers to the four questions raised at the hearing as well as charts which outline our consular repositioning plans. I understand that our respective staff will be meeting to discuss additional questions and concerns which were raised by the private sector witnesses. I look forward to our fruitful cooperation on the implementation of the Travel Promotion Act.

Sincerely,

DAVID T. DONAHUE,
Deputy Assistant Secretary for Visa Services.

Question 1. Has there been any increase in travel to the U.S. from countries which entered VWP since 2005?

Answer. The chart shows the admission data, provided by DHS, for all non-immigrant travelers from the nine countries that have joined the VWP since 2005. All countries joined early in FY 2009, except Greece, which joined mid-FY 2010. While some amount of the change from FY 2009 to FY 2010 may be a result of countries joining the VWP, other factors, such as the global economic recovery, may also contribute.

Nonimmigrant Admissions to the United States			
Country	FY 2008	FY 2009	FY2010
Czech Republic	59,805	77,395	78,856
Estonia	13,179	20,437	15,105
Greece	82,518	75,426	85,968
Hungary	53,664	60,937	70,626
Latvia	14,533	15,892	22,237
Lithuania	15,991	20,188	23,613
Malta	5,556	5,258	6,139
Slovakia	28,702	36,341	41,609
South Korea	1,007,466	906,006	1,198,900

Question 2. How many countries are in the process of entry into VWP?

Answer. Several countries have inquired about joining the VWP, but none currently meets all of the requirements, nor has any been nominated by the Secretary of State to the Secretary of Homeland Security for designation in the program. DHS and State have held in-depth discussions with Chile, Croatia, and Taiwan, at their request, on specific requirements for membership in the program, including the information-sharing mandates of the 9/11 Commission Act. However, no aspirants currently meet all of the eligibility requirements. The Department, with DHS, will continue to discuss VWP requirements with interested aspirants; although VWP membership may not be imminent, many of the VWP requirements are best practices that are beneficial to all countries and the security of international travel.

Question 3. Please share the CA spread sheet on visa demand and NIV staffing needs projections with the Committee.

Answer.

Non-Immigrant Visa Demand and Staffing Projections

The Bureau of Consular Affairs evaluates consular workload demand for all consular posts on a yearly basis taking into consideration the following factors: (1) year-to-year increases in volume demand; (2) changes in processing requirements; (3) environmental complexity factors; (4) input from individual posts on staffing via Mission Strategic Plans, Consular Workload Statistics System, Office of the Inspector General Reports, reports from Consular Management Assistant Teams, reports from Regional Consular Officers, and interactions with consular and front office management at post; and (5) external economic factors and their impact on consular demand. In reviewing these materials, CA determines a priority order for staffing needs and works within the Department to create and fill new consular positions as expeditiously as possible. In addition, CA suggests the “repositioning” of consular officer positions if a decrease in workload merits it. In the case of “repositioning”, a post which is overstaffed will lose an officer position to an understaffed post.

Consular Repositioning FY 2011—Phase One

<i>Mission China</i>	
Beijing	2 FS04 positions
Chengdu	1 FS04 position
Guangzhou	1 FS04 position
Shanghai	3 FS 04 positions; 1 FS03 position
Shenyang	1 FS04 position
<i>Mission Brazil</i>	
Brasilia	1 FS04 position
Recife	1 FS04 position
Rio	2 FS04 positions
Sao Paulo	3 FS04 positions; 1 FS03 position
<i>Mission Haiti</i>	
Port au Prince	2 FS04 positions
<i>Mission Israel</i>	
Tel Aviv	1 FS03 position

Consular Repositioning FY2011—Phase Two (proposed new positions)

Mission	Post	Number of positions	Grade of positions	Notes
Mission Argentina	Buenos Aires	2	FS04	Increased visa demand
Mission Armenia	Yerevan	2	FS04	Iranian applicants
Mission Brazil	Brasilia	1	FS04	Workload demands (all)
	Rio	2	FS03, FS04	
	Sao Paulo	1	FS03	
Mission China	Beijing	1	FS03	Workload demands (all)
	Guangzhou	2	FS04	
	Shanghai	1	FS03	
Mission India	Mumbai	1	FS03	Add NIV manager
	New Delhi	2	FS04	ACS volume/complexity
Mission Kenya	Nairobi	1	FS03	FPM—regional IV cases
Mission Kuwait	Kuwait City	1	FS04	ACS volume
Mission Russia	Moscow	1	FS04	Workload demand
	Vladivostok	1	FS04	Workload/district size
Mission Saudi Arabia	Dhahran	1	FS04	Workload demand
Mission Turkey	Ankara	1	FS04	ACS and IV volume
Mission Vietnam	Hanoi	1	FS04	ACS and NIV volume
	Ho Chi Minh City	1	FS04	IV growth
Mission Yemen	Sana'a	1	FS03	Complexity of work
Regional Consular Officer		1	FS02	Increase RCO visits
<i>Total</i>		<i>25</i>	<i>1 FS02; 7 FS03; 17 FS04</i>	

Repositioned jobs

Mission Australia—Abolish Canberra FS04 position, number 30073004, and establish new FS04 consular position in Melbourne.

Total—1 abolished position, 1 new position

Mission China

Interview Windows and Adjudicators Needed

Fiscal Year	Mission China	Windows Needed to Process Consular Workload (15% Annual Growth)	
	Adjudicators Needed to Manage Consular Workload (15% Annual Growth)		
2011	97	62	Total No. of Adjudicators (2010): 90
2012	108	70	Total No. of Windows (2010): 103
2013	118	83	
2014	128	90	FY 2013 New Guangzhou Consulate:
2015	142	96	Gain 24 Windows
2016	156	104	FY 2013 Chengdu Renovations:
2017	173	113	Gain 8 Windows
2018	193	123	FY 2013 Shanghai Consular Expansion:
2019	214	135	Gain 15 Windows
2020	242	148	FY 2014 New Beijing Annex:
			Gain 15 Windows

Assumptions:

** 15 percent annual growth in visa applications

** Windows being used for two shifts per day.

** Does not take into account possible economic downturn or other factors that could negatively impact Chinese travel.

** Chinese government grants permission and permits for construction projects

Question 4. Please share the list of the countries with growing NIV demand and which are a challenge to staff.

Answer. Of particular concern over the next several years will be staffing levels in Brazil, China, and, to a lesser extent, India. We increased staffing considerably in India in the mid-2000s, and expect that we will need further resources there within the next two to 3 years. In Brazil and China, CA has added 18 new positions (China) and 15 new positions (Brazil) since 2008. We expect to add 14 more positions to each of those countries within the next year (some of those positions will be limited non-career appointments). Mexico is also one of our “Big Four” posts. In fact, it is the largest consular demand post in the world. In the mid 2000s, CA added 10 positions to Mission Mexico to help meet workload demands there. At this time, workload in Mexico is steady.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. AMY KLOBUCHAR TO
DAVID T. DONAHUE

Question 1. Since 2000, the U.S. has lost a significant market share of Brazilian visitors. Due largely to difficulties in the visa process, Brazilian travelers have chosen other destinations around the world. One potential solution to this problem would be the addition of Brazil into the Visa Waiver Program (VWP). To be admitted to the program a country must fulfill several requirements including a current overstay rate under 3 percent. Even if they currently do not meet all the requirements, I believe it may be appropriate for the two countries to initiate a bilateral dialogue on steps Brazil can take to enhance its prospects to qualify for the VWP. As you know, the U.S. engaged in initial discussions with 13 countries in 2005—leading to the addition of 7 countries into the VWP in 2008.

Can you provide to the Committee information on Brazil’s current and historical overstay rates? Building on the President’s recent comments in South America, would the Department be willing to begin discussions with Brazil on the requirements to be considered for admission to the VWP? During the hearing, you committed to providing the Committee with a list of countries currently being considered for the VWP. Can you provide a status report with respect to each such country, including timelines for discussions of particular security requirements, scheduled reviews or meetings, or other metrics related to their inclusion in the VWP?

Answer. The Department of Homeland Security has responsibility for overstay data as it is based on data from travelers in the United States. Please refer to U.S. Customs and Border Protection for information on overstay rates.

For the purposes of membership in the Visa Waiver Program (VWP), refusal rates are currently the leading metric and are calculated for visitor (B category) visas each Fiscal Year. Going back to Fiscal Year 2005, the visa refusal rates for Brazil are as follows:

FY 2005: 24.2%

FY 2006: 13.2%

FY 2007: 9.6%

FY 2008: 5.5%

FY 2009: 7.0%

FY 2010: 5.2%

The Department of Homeland Security (DHS) has the lead on the VWP, with support from the Department of State. Any engagement with Brazil on VWP will be determined by DHS; the Department of State would support DHS with any discussions as appropriate.

At this time, Brazil does not meet most of the key requirements for membership. Among other requirements, Brazil does not meet the 3-percent visitor visa refusal rate requirement, does not offer reciprocal visa free travel to U.S. travelers, and has not engaged on any of the information-sharing requirements.

Several countries have inquired about joining the VWP, but none currently meets all of the requirements. DHS and State have held in-depth discussions with Bulgaria, Chile, Croatia, Poland, Romania, and Taiwan, among others, at each of their requests, on specific requirements for membership in the program, including the information-sharing mandates of the 9/11 Commission Act; however, none currently meets all of the eligibility requirements. The Department and DHS will continue to discuss VWP requirements with interested countries. Although VWP membership may be a future occurrence for some, many of the VWP requirements are best practices that are beneficial to all countries and the security of international travel.

The Secretary of State has the authority to nominate new countries to DHS for VWP membership. However, we don't usually exercise this authority until a country has met most of the major requirements for membership, including the refusal rate. We have learned that formal nominations create unmanageable expectations if the outstanding requirements are out of our control. Both DHS and State will discuss VWP requirements with countries and, as appropriate, engage with them on the requirements absent formal nomination by the Secretary of State.

Question 2. I understand that the State Department has authority to determine the duration of a visa to the U.S., but that it has made it a policy to provide terms that are only equal to or less than what an American would receive if headed to the other country. In some circumstances, this may be counterproductive; especially given the amount of money repeat tourists spend in our country. Not only is it an added hassle, but making a repeat visitor get another interview also blocks the interview slot for another visitor. How is the Department's current policy in our country's best interest? Is the Department of State's current policy regarding reciprocity mandated by statute or a regulatory decision by the department, and would the Department be open to re-evaluating this policy?

Answer. Sections 221(c) and 281 of the Immigration and Nationality Act (INA) require that U.S. visa validity be determined on the basis of reciprocity. The goal of visa reciprocity is to obtain progressive visa regimes, consistent with U.S. national interests, laws and regulations, while encouraging international travel that benefits U.S. citizens and the U.S. economy. U.S. law requires the validity of visas, *including number of entries and fees*, to be based insofar as practicable on the treatment accorded to American citizens.

The INA sets the legal requirements of reciprocity. We defer to Congress on whether these sections of law should be changed.

INA 221 (c) Period of Validity; Requirement of Visa [8 U.S.C. 1201]: "A non-immigrant visa shall be valid for such periods as shall be by regulations prescribed. In prescribing the period of validity of a nonimmigrant visa in the case of nationals of any foreign country who are eligible for such visas, the Secretary of State shall, insofar as practicable, accord to such nationals the same treatment upon a reciprocal basis as such foreign country accords to nationals of the United States who are within a similar class; except that in the case of aliens who are nationals of a foreign country and who either are granted refugee status and firmly resettled in another foreign country or are granted permanent residence and residing in another foreign country, the Secretary of State may prescribe the period of validity of such a visa based upon the treatment granted by that other foreign country to alien refugees and permanent residents, respectively, in the United States."

INA 281 nonimmigrant visa fees [8 U.S.C. 1351]: "The fees for the furnishing and verification of applications for visas by nonimmigrants of each foreign country and for the issuance of visas to nonimmigrants of each foreign country shall be prescribed by the Secretary of State, if practicable, in amounts corresponding to the total of all visa, entry, residence, or other similar fees, taxes, or charges assessed or levied against nationals of the United States by the foreign countries of which such nonimmigrants are nationals or stateless residents: Provided, that non-

immigrant visas issued to aliens coming to the United States in transit to and from the headquarters district of the United Nations in accordance with the provisions of the Headquarters Agreement shall be gratis.”

Question 3. With respect to consulates in Brazil, China, and India: Based on a 40 hour work week, approximately how much time does each officer spend conducting nonimmigrant visa interviews, and how is the allocation of time determined? How much of the 8 hour work day of each consular officer is spent conducting nonimmigrant visa interviews?

Answer. Consular officers devote the vast majority of their time to visa adjudication. Typically, officers spend more than half their workdays interacting with visa applicants face-to-face in an interview window, but adjudicatory work extends beyond the face-to-face interaction. As part of the adjudicatory process, officers must verify the identity of the applicant, assess the applicant’s qualifications for the visa, review historical data about the applicant, and resolve any issues that emerge. In many cases, officers can complete certain activities outside of the applicant’s presence—this improves the applicants’ experience and allows us to reduce demand for interview windows. For example, in China, consular officers reuse previously captured fingerprints and make extensive use of waiver of interview procedures to process applicants renewing their visas without a face-to-face interview. The Department is working to expand these waivers of interview procedures to posts in Brazil and India through the establishment of offsite biometrics collection centers that will allow us to complete computer-based adjudications for many more Brazilian and Indian applicants.

Given our ability to complete certain processing steps outside the applicant’s presence, the Department does not focus on “time in interview window” as a core metric but rather emphasizes overall productivity across the consular section. The Department relies on consular managers to actively monitor and manage the overall adjudication process to determine how best to deploy consular officer resources.

Question 4. With respect to consulates in Brazil, China, and India: How many consular officers do you have conducting nonimmigrant visa interviews in each consulate in each country?

Answer. At present, the Department has 55 consular officer positions in Brazil (including 8 positions established in May 2011), 90 in China, and 88 in India. To ensure the Department is able to respond to all types of consular requirements—from supporting an evacuation in the Middle East to responding to a surge in visa demand—the Department does not assign officers to a single task. Instead, every consular officer overseas is authorized and expected to complete those tasks which are the highest priority for that consular post at any given time. At present, the majority of our officers assigned to these three countries are focused on non-immigrant visa processing.

The Department has recently undertaken a comprehensive review of consular officer needs and staffing options for Brazil and China in particular. Over the coming year, the Department plans to create four more consular officer positions in Brazil and 13 in China, and is working on a pilot program to hire an additional 10 visa adjudicators in each country through the use of limited non-career appointments (LNA). If the pilot is successful, we hope to expand this program. The Department believes India has sufficient consular staffing to address its workload at present.

Question 5. With respect to consulates in Brazil, China, and India: How many interview windows are available to conduct the nonimmigrant interviews in each consulate in each country? How many windows are used for other types of visas?

Answer. The Department has 53 interview windows in Brazil, 103 in China, and 112 in India. Interview windows are not dedicated to specific types of visas, and they may be used for a variety of different purposes at different times, such as serving American citizens or conducting immigrant visa or anti-fraud interviews.

Question 6. With respect to consulates in Brazil, China, and India: On average, how many applicants are interviewed by each consular officer per day in each consulate in each country?

Answer. As noted above, the Department does not track “interviews per officer” as a core performance metric. Instead, we focus on the overall productivity of our consular sections since we are able to process growing numbers of applicants without requiring an interview. Year to date, the Department has processed 41 percent more visas in Brazil, 29 percent in China, and 17 percent more visas in India compared to last year.

Question 7. With respect to consulates in Brazil, China, and India: How many days a year do consular officers conduct nonimmigrant interviews at each consulate in each country?

Answer. Generally, consular sections are open for consular services except for U.S. and local holidays (as defined by the host government) and one training day each month. Consular officers are entitled to these holidays plus any annual and sick leave they have accrued (in accordance with the Department's policies). Consular officers are expected to provide consular services whenever the section is open to the public and they are at work.

Question 8. With respect to consulates in Brazil, China, and India: Are there a minimum number of applicants that each officer and each consulate is required to process daily, monthly or yearly? What is the maximum number of visa interviews scheduled in each consulate in one day or month?

Answer. The Department does not establish either a minimum or maximum number of applicants/interviews by officer or by consular section. The Department relies on its consular managers in each consular section to schedule an appropriate number of appointments based on demand, case complexity, and officer availability.

Question 9. With respect to consulates in Brazil, China, and India: How does each consulate set the availability of future visa interview appointment slots-for example, after how many days do you cutoff scheduling future visa interview appointments?

Answer. The Department relies on its consular managers in each consular section to make future visa appointments available in a reasonable fashion given local conditions.

Question 10. With respect to consulates in Brazil, China, and India: What is the average interview time per applicant in during non-peak periods?

Answer. Consular officers are trained to obtain the required information and render a decision as quickly as possible. Interview length depends on a variety of factors including the complexity of the language used during an interview, the sophistication of the visa applicant, any issues that might arise during the course of the interview that must be resolved, and the nature of the visa requested.

Question 11. With respect to consulates in Brazil, China, and India: When are the peak periods for visa application activity at your consulate? What is the average visa interview wait time during these peak periods compared to the rest of the year?

Answer. Peak seasons vary from country to country and post to post. Peak demand in China is May through September. Peak season in Brazil is June through November. Peak seasons in India are May through July and the month of November.

While visa appointment wait times tend to be longer during these peak periods, they are also affected by other factors, such as the staffing situation at a particular post at a given time. In FY 2010, the average peak and non-peak visa wait times were respectively 47 days and 20 days for Brazil, 33 days and 14 days for China, and 15 days and 12 days for India.

Question 12. With respect to consulates in Brazil, China, and India: Does your consulate ever conduct visa interviews on Saturdays or in the evenings? If so, when?

Answer. The Department has offered special interview hours on Saturdays and U.S./local holidays under exceptional circumstances, but consular sections are not staffed to do so on a regular basis. Limits on our local staff and restrictions imposed by landlords of many of our host country facilities also hinder our ability to do this. Consular managers are responsible for deciding when these extra interview slots are needed and how best to schedule those extra slots to accommodate local conditions and staff availability.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARK BEGICH TO
DAVID T. DONAHUE

Question 1. Mr. Donahue, as the Corporation for Travel Promotion begins to market Destination USA, it is likely the Department of State will need additional capacity to process the expected increase in foreign visitors. During the hearing you indicated the Dept. of State has a spreadsheet of where it anticipates resources for processing visas will be needed, and that you would be able to provide it for the Committee. Can you please provide the above mentioned spreadsheet for the Committee?

Answer. The spreadsheet is enclosed.

Mission China

Interview Windows and Adjudicators Needed

Fiscal Year	Mission China	Windows Needed to Process Consular Workload (15% Annual Growth)	
	Adjudicators Needed to Manage Consular Workload (15% Annual Growth)		
2011	97	62	Total No. of Adjudicators (2010): 90
2012	108	70	Total No. of Windows (2010): 103
2013	118	83	
2014	128	90	FY 2013 New Guangzhou Consulate:
2015	142	96	Gain 24 Windows
2016	156	104	FY 2013 Chengdu Renovations:
2017	173	113	Gain 8 Windows
2018	193	123	FY 2013 Shanghai Consular Expansion:
2019	214	135	Gain 15 Windows
2020	242	148	FY 2014 New Beijing Annex: Gain 15 Windows

Assumptions:

** 15 percent annual growth in visa applications

** Windows being used for two shifts per day.

** Does not take into account possible economic downturn or other factors that could negatively impact Chinese travel.

** Chinese government grants permission and permits for construction projects

Question 2. What is the average wait time from application to issuance of a travel Visa?

Answer. In 95 of our 220 posts worldwide, wait times for visa appointments are less than 7 days, and in another 166 posts, wait times are less than 20 days. After the interview, the vast majority of qualified applicants—97 percent—receive their visas within 2 to 3 days.

Question 3. If a consulate or embassy hires additional officers to interview visa applicants, will the increased revenue from processing additional Visas make these hires self-sustaining?

Answer. Assuming visa demand remains unsated, the revenue generated by each consular officer will help to offset most of the costs of their positions, but not all.

Consular fee revenues support consular operations. Because of the complicated and intertwined nature of the work of our missions abroad and the State Department, many of the support functions, such as facilities, the General Services Office, and human resources, are funded through appropriations, not fees. Appropriations which help support our work abroad include: Diplomatic and Consular Programs, Embassy Security, Construction and Maintenance, and the Working Capital Fund. Thus, the fees generated from the additional consular positions will contribute to supporting consular operations related to their costs, but not all of the associated support costs.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. ROY BLUNT TO
DAVID T. DONAHUE

Question 1. It is my understanding that each consular officer generates an average of \$2.7 million in revenue for the State Department through visa fees on applications and interviews. Can you explain how State currently uses those funds and, specifically, what portion of that funding goes to hire new consular employees who perform duties relating to visa processing?

Answer. The Department of State uses visa fees to cover costs related to providing consular services worldwide. The Department funds the Border Security Program (BSP) through a combination of Machine Readable Visa (MRV) fees, other Enhanced Border Security Program fees, the Western Hemisphere Travel Surcharge, and Visa Fraud fees.

The MRV fee is a critical revenue stream that funds most of the BSP. Within the BSP, MRV fee revenue funds the salaries and support costs for overseas consular officers, a number of Locally Employed Staff, domestic consular staff, and other Department of State bureau staff directly involved in Border Security support (e.g., Diplomatic Security, Information Resources Management, the Office of the Secretary, and Administration). In FY 2011, an estimated \$435 million, or twenty-two percent of BSP funding, will be used to fund the salary and support costs associated with hiring and maintaining consular employees who perform duties related to visa processing.

Note: As visa fee revenues vary based on visa demand, the Department of State does not calculate or track revenue on a per officer basis. Such calculations would vary widely year over year, from post to post, and by officer, and is not a useful measure for planning purposes.

Question 2. I recognize that the Department of State has an unbelievably diverse portfolio of challenges and crises to manage but it also has to fulfill its basic missions. Its role to vet the desire of the millions of foreign visitors to the U.S. is such a core mission. However, this mission does not appear in key mission statements, it does not appear to be part of any planning for building of facilities or use of advanced technology, and it is barely even mentioned in the department's budget submission. Is the constant imbalance between what we need and what we are getting inevitable or are there ways to make attracting visitors to the U.S. part of the department's long-term planning?

Answer. The Department recognizes the importance of travel and tourism to the United States and is committed to adjudicating and issuing visas to eligible applicants, effectively and efficiently. For this reason, Consular Affairs (CA) has sought to utilize our existing physical infrastructure efficiently and increase capacity and capability through the use of advanced technology instead of dramatically increasing our overseas staff and facilities. This is a strategic priority for the Department and has been featured prominently in our strategic plans. The opening sentences of the Congressional Budget Justification for Consular Affairs states: "The mission of the Bureau of Consular Affairs is to protect the lives and interests of U.S. citizens overseas and to strengthen U.S. border security through the vigilant adjudication of U.S. passports and visas."

In FY 2011, the Department's nonimmigrant visa workload is anticipated at approximately 8.4 million applications. After our adjudication, we anticipate issuing more than seven million nonimmigrant visas.

To keep up with the visa demand while effectively adjudicating each eligible application, the Department is employing advanced identity-verification techniques such as biometrics, and pursuing information-sharing agreements with interagency partners. To increase productivity and more effectively use our human resources, we are using electronic processing and pre-interview analysis of applications. Further, the Department is developing modern, integrated systems that provide maximum information to adjudicators and make adjudication and issuance of visas more efficient. For example, we are leveraging new technologies to enhance our Security Advisory Opinion procedures and Global Citizen Services program, CA's next-generation software, which will result in more effective and efficient service provision and more secure document issuance.

In addition to improving on our technologies, we are beginning a pilot program of hiring limited non-career appointments (LNAs) to meet demands at our highest-volume posts. At two of our highest volume posts, China and Brazil, we plan to hire ten LNAs as entry-level visa adjudicators for each country. Our goal is to have this new staff on the job in Brazil and China in early 2012.

These initiatives also serve to improve our customer service and responsiveness. While the task of marketing the United States to possible foreign tourists is outside of the Department's purview, we hope to encourage applications for visas by tourists, businesspeople, and students by ensuring that the public is aware of the visa process, can easily meet information requirements, and is served in an efficient and timely manner.

CA's budget request is different than most Department of State budget requests because CA is, uniquely, primarily fee-funded. While CA keeps a portion of its fees and surcharges to fund consular operations, CA does not retain all of the fees and surcharges. Approximately 30 percent of all revenue collected goes to the Department of Treasury. The other 70 percent is shared with other bureaus within the Department of State, mostly in support of the Border Security Program (BSP). CA's portion of that funding helps to maintain current services; to provide base level funding for passport, visa, and other essential services to American citizens overseas; and to modernize current technologies. The BSP chapter provides additional details on the fees used to support domestic and overseas consular operations. The BSP supports domestic and overseas consular operations and focuses on five fundamental objectives: information, connectivity, infrastructure, integrity, and human resources.

Question 3. The lack of transparency and lengthy wait times seemingly create a burdensome visa process for international visitors from non-VWP countries. While these issues remain one of the main obstacles for potential visitors, I remain particularly concerned with the English language requirement in the visa process. The need for the visa application to be submitted in English provides a significant chal-

lenge for travelers from non-English speaking countries. Would State look into changing these requirements to ease the visa application?

Answer. We use visa applications for three principal purposes: to gather information from the visa applicant, to use in interagency security screening, and to use as evidence in court cases involving violations of U.S. law. While we agree that allowing visa applicants to complete their visa applications in their native language would ease the visa application process for them, such a policy would pose unacceptable security vulnerabilities for the United States.

We provide visa applicants with translations of the questions on the visa application form in 20 foreign languages. U.S. embassies and consulates overseas and local service providers are available to assist visa applicants with questions on the visa application. In the last 5 years visa applications worldwide have increased 34 percent, and are up 124 percent in China, 51 percent in India, 52 percent in Russia, 24 percent in Mexico, and 234 percent in Brazil.

At 95 of our 220 posts worldwide, wait times for visa appointments are under 7 days and at another 166 posts, wait times are under 20 days. We have an aggressive program to increase staffing in China and Brazil to bring down wait times in these countries. All embassies and consulates have websites that clearly explain the visa application process to increase transparency. We also note that many applicants are issued visas valid for up to 10 years and they may be able to renew their visa without returning to the consular section.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. AMY KLOBUCHAR TO
JOHN WAGNER

Question 1. International visitors are a critical component of the U.S. travel economy, but between 2000 and 2007, overseas travel to the U.S. fell 8 percent (or approximately 2 million travelers) even though overseas travel around the world grew by 28 percent (or 35 million travelers) over the same period. The average international visitor spends approximately \$4,000 during a trip, therefore, the failure to keep pace with the growth in international travel since 2000 has cost the U.S. economy an estimated \$509 billion in total spending and \$32 billion in direct tax receipts. In an effort to increase the U.S. share of international visitors, we must ensure that the entry process does not deter first time or repeat travelers from visiting the U.S. To that end, has DHS established baseline data and developed clear metrics going forward in order to assess the efficiency of the CBP workforce? If not, does the Department intend to look into developing performance metrics as a way to ensure effective use of their current resources?

Answer. CBP management is always looking for effective ways to use our resources. We continually evaluate our performance and our way of doing business. We also continue to engage with our stakeholders to improve the entry process for international travelers. Some of the recent efficiencies that CBP has implemented include the expansion of trusted traveler programs, the automation of forms such as the I-94W, and the recent pilot programs such as One Stop Clearance and Express Connections.

In terms of metrics, we measure compliance through a random sample of travelers in a program called COMPEX (the Compliance Measurement Examination System) that analyzes the sampled pool to determine the compliance of the travelers with the various CBP programs. Developed under the former U.S. Customs Service, COMPEX randomly selects travelers entering the country for more detailed inspections to include baggage, immigration and agriculture inspections. Its results are used to estimate the total amount of potential illegal activity passing undetected through U.S. ports of entry in the Land Privately Owned Vehicle and Air passenger environments.

Additionally, CBP measures the amount of time international passengers wait for CBP processing upon arrival at a U.S. airport. One of the key wait time measures is the percentage of passengers with wait times less than or equal to 30 minutes, which has increased slightly over the last four quarters from 79.0 percent to 80.0 percent.

CBP has also launched the Global Entry program for frequent, low-risk travelers. Approved participants can use an automated kiosk to complete the immigration/customs/agriculture requirements. There are currently over 650,000 travelers eligible to use the program. Global Entry is active at the USA's twenty busiest international airports. Global Entry has reduced average wait times for Global Entry users by more than 70 percent for the participants, with more than 75 percent of travelers using Global Entry processed in less than 5 minutes. The Global Entry kiosks have been used over 937,000 times. This equates to a savings of approximately 15,617

inspectional hours. These hours are then expended on the normal passenger processing, helping to reduce overall wait times.

Question 2. What performance metrics currently exist at airports of entry to ensure effective use of resources?

Answer. CBP continually reviews the performance of personnel and programs in the airport environment to make sure that we are using our resources correctly and efficiently. Additionally, CBP closely monitors wait times and passenger ratios (U.S. citizen, lawful permanent resident, and nonimmigrant) as these groups require slightly different processing procedures. CBP is working to develop a workload staffing model (WSM) to assist in requesting personnel and aligning staffing levels at the ports of entry. The WSM for CBP officers is expected to focus on all aspects of CBP processing for passengers and cargo in the air, land, and sea environments.

The model is expected to assess staffing needs based on workload data, processing times, complexity, and threat level factors. The WSM is expected to provide a proposed level of staffing for CBP officers for each port of entry. The data and factors in the model will provide guidance regarding the shifts in traveler and trade volumes that change year over year, processing time changes, effects of transformational initiatives and other key items that influence the model's assessment of the number of officers required to manage the workload.

Question 3. As for officer staffing, does CBP have a system in place which anticipates various staffing needs at ports of entry in order to properly allocate resources and meet officer demand?

Answer. CBP uses the metrics described above as a notional guide in the allocation of available resources. As explained below, the model is under development.

The WSM will not eliminate the judgment of experienced personnel when making decisions on allocating staff. The model will be a decision support tool. It will not entirely capture the complexity of the operations at the ports of entry, and thus cannot completely and accurately determine resource requirements. Therefore, final decisions regarding resource allocations will continue to be made in consultation with operational managers and program managers at the ports of entry and headquarters.

CBP must take other factors into account when allocating resources, such as overtime constraints, special enforcement initiatives, wait times and specific local issues.

The WSM is expected to analyze multiple factors that influence staffing needs. Some of the operational assumptions and metrics the WSM is expected to include are:

- The workload of key CBP officers;
- The level of effort or processing times for carrying out tasks;
- Staffing for supervisors and special targeting or enforcement teams; and
- The expected time away from direct work for holidays, leave, training and Temporary Duty (TDY).

Question 4. What is the status of the CBP airport staffing model that has been promised to Congress?

Answer. The model remains under development. When it is finalized, the model will be provided to additional stakeholders.

Question 5. With regard to customer service issues, I believe it is in everyone's best interest to ensure that the treatment of international visitors and returning U.S. citizens is pleasant. Unfortunately, I often hear complaints from constituents about poor customer service or treatment by CBP officers and would like to see that CBP continues to make improvements in this area. I understand that CBP has processes in place to collect feedback from travelers on their entry experience through the use of comment cards. How does CBP currently use the travelers' comments to make improvements in the process?

Answer. CBP compiles the comment card responses and distributes them to the field for each port of entry on a monthly basis. Written comments are reviewed at Headquarters and distributed to the field for corrective action when necessary.

Question 6. Also, I would be interested in receiving a report from CBP on traveler feedback—can you please provide the Committee with that report, with information about the most frequently cited areas of concern, and any actions the agency has to address these concerns?

Answer. A customer service survey in which over 25,000 travelers will be interviewed concerning their experience during the arrival process will be completed over the next 3 months. Results of the survey are expected to be available before the end of this Fiscal Year.

Question 7. All aspects of the travel experience should be conducted professionally and with highest level of customer service. Can you describe the current customer service training in place at CBP? Have you consulted with the private sector on customer service issues in the past or would you be willing to work with them to improve internal training?

Answer. Through the Model Ports Initiative, CBP has developed additional requirements for the Office of Training and Development, Field Operations Academy. Modifications were made to the program to reinforce professionalism and core values throughout the entire basic academy training program. The changes included the presentation of a professionalism curriculum, requirements for drill and ceremony (where the trainees undergo regular uniform and Personal Appearance Standards inspections), and professionalism topics threaded into every class. The private sector has been a partner in the Model Ports Initiative.

Outside of the Model Ports Initiative, the Field Operations academy has not consulted with the private sector to develop or improve internal customer service training. The basic training program for CBPOs is accredited by the nationally recognized Federal Law Enforcement Training Accreditation (FLETA) Board. To achieve accreditation, an agency must undergo a voluntary assessment of their training program to ensure that the program's administration, training staff, training development, and training delivery meet the highest standards.

As part of our broader efforts to strengthen customer service, CBP procured contractors to design, install and implement audio and video technology in the passport primary queuing area through the Model Ports program. CBP's informational video, "Welcome to the United States 'Simple as 1, 2, 3,'" presents travelers with step-by-step instructions on what to expect during CBP processing. The video is subtitled in Arabic, Spanish, Japanese, German, Russian, French, Chinese and Korean. Walt Disney Parks and Resorts donated a video, "Welcome: Portraits of America," that provides arriving travelers with welcoming images of the United States. This video is also available on the U.S. Department of State website and is being shown in consular offices throughout the world.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARK BEGICH TO
JOHN WAGNER

Question 1. Mr. Wagner, I look forward to working with you toward facilitating the reintegration of transit programs at our international airports. Prior to the suspension of ITI and TWOV, Ted Stevens Anchorage International Airport (ANC) had a long history of accommodating international transit passengers and would be a logical airport for a pilot program. During the hearing we discussed the International-to-International (ITI) program, which previously allowed international transit passengers to remain in the secure international transit lounge, without having to obtain a visa or clear U.S. customs. Given the geographical location of Alaska, the opportunity for international service has arisen by carriers continuing on to other destinations or making an en route stop prior to arriving in Alaska. This is the best viable opportunity for growing international direct service to our state.

As you mentioned, this program, along with the TransitWithout Visa (TWOV) program, was suspended in 2003 and now CBP requires all passengers to have a visa and clear U.S. customs even if they don't plan to set foot in the U.S. outside of the airport. I am concerned with the impact the suspension of these programs is having on efforts to increase international travel to Alaska.

When the program was suspended, CBP and the Dept. of State indicated an intention to reinstate a system for transit passengers after additional security measures were in place. During our discussion, you indicated CBP was not yet comfortable with re-implementing either program but remains interested in finding a solution. Is CBP considering alternative processes which would both allow for passengers to deplane without having to secure a visa and would provide CBP with the necessary visibility of who is entering the country?

Answer. The March 2011 Report by the President's Task Force on Puerto Rico's Status recommended that CBP initiate a resource impact analysis to assess the DHS facilities, personnel, and information technology resources that would be required to establish secure in-transit programs for U.S. airports. Previously, the Departments of Homeland Security (DHS) and State (DOS) suspended the Transit Without Visa (TWOV) and International-to-International (ITI) programs on August 2, 2003, due to national security concerns. The action was based on credible intelligence information concerning specific threats that could use these programs to circumvent the need for visas to enter the United States. Unfortunately, those risks continue today.

Under section 7209(d) of the Intelligence Reform and Terrorism Prevention Act (Pub. L. No. 108-458), the Secretaries of DHS and DOS may not waive travel document requirements for aliens proceeding in transit through the United States until they implement a security plan for secure transit passage areas to prevent aliens from illegally entering the United States.

Question 2. What types of outreach has CBP engaged in with air carriers and airports in an effort to accommodate international transit passengers?

Answer. Since August 2, 2003, CBP has allowed carriers who meet specific conditions to exercise special transit procedures (STP) at particular ports of entry. Ports currently using this process include Dallas, Los Angeles and Houston. The special transit procedures facilitate passengers in transit, but do not waive any of the required entry and travel documents.

Question 3. What criteria do airports and carriers need to meet which would eliminate the security risks that led to a suspension of ITI and TQOV?

Answer. The criteria that need to be met include providing the same information found in existing entry and documentary requirements.

Question 4. Almost 8 years have elapsed since ITI and TQOV were suspended. What is CBP's timeline for establishing a pilot program or process to reintegrate transit passengers at U.S. airports?

Answer. The national security concerns identified in 2003 remain concerns today. CBP has established secure transit procedures at designated airports that facilitate passengers in transit.

The March 2011 Report by the President's Task Force on Puerto Rico's Status recommended that CBP initiate a resource impact analysis to assess the DHS facilities, personnel, and information technology resources that would be required to establish secure in-transit programs for U.S. airports.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. ROY BLUNT TO
JOHN WAGNER

Question 1. The entry process is the first experience for international visitors on U.S. soil and can greatly impact a traveler's first impressions of the U.S. A negative experience with long wait times and poor customer service can influence their future travel decisions and further perpetuate America's negative image as of a difficult travel destination. Conversely, a smooth and welcoming process could have a positive impact on U.S. diplomatic efforts world-wide as visitors return home and share their experience with their peers. This is particularly true for influential visitors that travel internationally frequently for meetings and events on behalf of high profile international organizations or corporations.

Since its implementation, the Global Entry program has vastly improved the entry process for pre-cleared U.S. citizens and international travelers from a select few countries. Does the Department have any plans to expand the Global Entry program beyond its current enrollment options?

Answer. Yes, the Department has plans to expand the Global Entry program beyond its current enrollment options. U.S. Customs and Border Protection (CBP) recently expanded Global Entry participation to qualified Mexican nationals, as well as citizens & residents of Canada through the NEXUS program. Eligible SENTRI program members have also been granted Global Entry benefits. CBP has signed Joint Statements declaring the intention to develop trusted traveler arrangements with the United Kingdom, Germany, and the Republic of Korea.

In addition, CBP works with the private sector to expand enrollment opportunities. CBP offers companies the opportunity to hold mobile enrollment events, where CBP goes to corporate offices and conducts Global Entry interviews. CBP has also worked with American Express and with several airlines—including Delta Air Lines, American Airlines, United Airlines, and Continental Airlines—to promote the program.

Question 2. Notably, would you consider offering Global Entry enrollment to certain groups of foreign citizens of key international organizations and/or key business people of critical significance to our export economy?

Answer. CBP is strategically engaging countries to develop trusted traveler arrangements. CBP has reached out to those countries with the highest numbers of frequent international travelers to the U.S.

CBP is open to other discussions and would welcome any suggestions or recommendations regarding other partners to approach.

Question 3. The President has proposed a goal for the U.S. to double its exports by 2015. This goal includes increasing service exports such as international travel

to the U.S. The Commerce Department is projecting that there will be a 25 percent increase in overseas visitors between 2009 and 2015 most of which will come through our airports. At a time when agencies are being asked to do more with fewer resources it is critical to increase accountability and transparency to make certain CBP is operating in the most efficient manner in meeting this potential surge in arrivals at airports. Has CBP discussed the arrival projections with the Department of Commerce? What role does interagency planning play in projecting what resources CBP will need to meet this surge in arrivals while maintaining its goal to process visitors in under 30 minutes?

Answer. CBP works very closely with the Department of Commerce (Commerce). Many of the statistics that Commerce uses in their estimates come from arrival/departure information from CBP. We also work closely with Commerce on tourism and travel promotion, in projects like the Travel and Tourism Advisory Board, the Corporation for Travel Promotion and the Interagency working group at the White House. Interagency planning will also be critical moving forward as a change in one part of the stream of visitors can adversely impact another stakeholder downstream.

We are aware that Commerce is projecting an increase in overseas visitors and continue to work with our stakeholders to address the expected volume of passengers with our current resources and infrastructure. For example, CBP has recently met with air carriers at several major airports to discuss scheduling issues with flights and CBP personnel. We look forward to that continued support in dealing with our mutual priorities.

CBP has recently started three new innovative programs with stakeholders that could help deal with the increase in passengers arriving in the U.S. "One-Stop," which started in Houston, provides designated primary inspection lanes for international travelers arriving with no checked baggage, thereby allowing them to bypass the baggage carousels and exit quickly. Another innovative program is "Express Connection" which designates inspection lanes specifically for those travelers with closely scheduled connecting flights. This program has the potential to save air carriers between \$2.2 million and \$5 million dollars a year.

CBP has also launched the Global Entry program for frequent, low-risk travelers. Approved participants can use an automated kiosk to complete the immigration/customs/agriculture requirements. There are currently over 650,000 travelers eligible to use the program. Global Entry is active at the USA's twenty busiest international airports. Global Entry has reduced average wait times for Global Entry users by more than 70 percent for the participants, with more than 75 percent of travelers using Global Entry processed in less than 5 minutes. The Global Entry kiosks have been used over 937,000 times. This equates to a savings of approximately 15,617 inspectional hours. These hours are then expended on the normal passenger processing, helping to reduce overall wait times.

Question 4. The Model Ports of Entry program has seen slow growth since the expansion to the top 20 airports in 2007. This initiative was developed to improve and expedite the entry experience for foreign visitors and returning U.S. citizens. Can you explain what constitutes a "Model Port" and why has implementation been slow despite stakeholder commitment and appropriated funding for the program?

Answer. A "Model Port" is a partnership with industry stakeholders to improve signage, brochures, instructional videos and technology such as the Global Entry program to expedite trusted travelers. Congress approved a one-time appropriation of \$40 million in the Consolidated Appropriations Act, 2008 (Pub. L. No. 110-161). The appropriation was made for CBP to expand the Model Ports initiative to the largest 20 international airports by volume of visitors and hire 200 additional CBP officers. CBP allocated the funding for the additional 200 CBP officer positions, overtime at model ports locations and model ports equipment and services such as audio and visual distribution systems, information technology costs, posters and signage.

CBP deployed improved signage to the Model Ports that is clear, concise, and understood by most international travelers; revised and updated CBP's informational video, *Welcome to the United States "Simple as 1, 2, 3"* in FY 2010 to reflect the elimination of the I-94W and included subtitles in eight languages: Arabic, Spanish, Japanese, German, Russian, French, Chinese and Korean; implemented the use of special service representatives to aid in directing travelers to open CBP primary booths and partnered with airline representatives to ensure CBP forms are completed prior to arrival in the processing area. Additionally, CBP worked with the airport authorities or terminal operators to successfully design and install audio and video technology in the passport primary queuing area at the 20 model ports. The final project deployed over 200 monitors to 36 passport primary inspection areas and is seen by over 25 million visitors to the United States.

CBP has developed additional requirements for the Office of Field Operations Basic Academy. Modifications were made to the program to reinforce professionalism and core values throughout the entire basic academy training program. The changes included the presentation of a professionalism curriculum, requirements for drill and ceremony (where the trainees undergo regular uniform and Personal Appearance Standards inspections), and professionalism topics threaded into every class.

Since the establishment of the Model Ports Initiative in 2008, CBP has made improvements in various aspects to elevate the program to the next level of service. CBP has worked with its stakeholders to develop and implement processes and programs to improve the arrivals experience for international travelers. Some of those improvements include “Express Connection,” “One Stop” and the expansion of Global Entry.

The “Express Connection” pilot at Chicago O’Hare, JFK, Atlanta-Hartsfield, Boston Logan, and Miami International Airports provides a special lane for expedited processing during peak international flight arrival hours for pre-selected passengers with connection times of 80 minutes or less.

The “One Stop” pilot at the Houston Intercontinental Airport enables pre-selected passengers with only carry-on luggage to receive full CBP processing at the primary booth, and then directly exit the facility through a dedicated exit point, rather than queuing up at the CBP baggage checkpoint.

The Global Entry program is one of the key features of the Model Ports Initiative and has been operating under pilot program authority since 2008. DHS anticipates establishing Global Entry as an ongoing program and expanding the program to additional airports.

Currently, CBP has arrangements with the Governments of the Netherlands, and Mexico. Canadian citizens and residents can acquire Global Entry benefits through membership in the NEXUS program. CBP has signed joint statements of intent with the United Kingdom (UK), Germany, and South Korea. There are over 650,000 trusted traveler members with Global Entry benefits.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. TOM UDALL TO
ROGER DOW

Question. I am pleased to hear of the recommendations implemented to help make U.S. passport and customs control areas at airports more inviting, including adoption of a welcome video produced by Disney. Could you speak about any lessons learned from this experience that might also apply to creating a welcoming, inviting first impression at Canadian and Mexican border crossings where travelers arrive by car?

Answer. Since 2006, we have collaborated with U.S. Customs and Border Protection officials to offer strategic advice from private-sector experts on industry best-practices to help improve customer service and increase efficiency in traveler facilitation at our borders. One of recommendations that CBP has implemented quite effectively is the Global Entry Program to fast-track previously-vetted Americans and selected international visitors returning from international trips. Another, as you pointed out, is the Disney-produced welcome video that is now played at all major international U.S. airports.

Regarding your specific question, it may be difficult to show a welcome video at land ports of entry from Canada and Mexico, we believe the spirit of this approach can be applied to other aspects of CPB customer service at both land and airport. Some of the most obvious steps are simple and economical.. For instance, it is our view that land border entries could be improved by:

1. Directing CPB officers to greet passengers visitors at primary inspections with the following greeting “Welcome to the U.S.”
2. Developing comprehensive CBP customer service reports and including them in the *Air Travel Consumer Report* issued by Department of Transportation’s Office of Aviation Enforcement and Proceedings.
3. Establishing baseline metrics to measure the improvements in passenger facilitation and customer service performance of CBP Officers.

Each of these reforms could be implemented quickly and at little or no cost; would increase management efficiency in facilitating the entry process; and would yield public diplomacy benefits by enhancing the entry experience for overseas visitors who will describe their impressions upon their return home. Toward this end, we will continue our partnership with CBP to ensure that additional progress is made

both at land and air points of entry—and appreciate your continued interest in these objectives.

WRITTEN QUESTION SUBMITTED BY HON. TOM UDALL TO
STEPHEN J. CLOOBECK

Question. One of the CTP's goals is to ensure that the benefits of tourism are spread amongst the states and amongst urban and rural areas. How will the CTP ensure that the benefits of tourism reach rural states such as New Mexico?

[The witness did not respond.]

WRITTEN QUESTIONS SUBMITTED BY HON. MARK WARNER TO
STEPHEN J. CLOOBECK

Question 1. One of the major provisions of the Travel Promotion Act of 2009 was the creation of the Corporation for Travel Promotion (CTP), which is tasked with executing a plan “to ensure that international travel benefits all States and the District of Columbia and to identify opportunities and strategies to promote tourism to rural and urban areas equally, including areas not traditionally visited by international travelers.” Virginia offers tourism opportunities that span the full range from urban—such as the sites in Richmond on the Civil War Trail—to rural, including the Crooked Road heritage music trail in Southwest Virginia. What is the CTP doing to maintain the appropriate balance in promoting the variety of travel opportunities across the U.S.?

[The witness did not respond.]

Question 2. Section 203 of the Travel Promotion Act requires that the Office of Travel and Tourism Industries expand and continue its research and development activities, including “expanding the number of inbound air travelers sampled by the Commerce Department’s Survey of International Travelers to reach a 1 percent sample size and revising the design and format of questionnaires to accommodate a new survey instrument, improve response rates to at least double the number of States and cities with reliable international visitor estimates and improve market coverage.” Data provided by this survey is an important source of information for state tourism agencies, allowing them to make informed decisions in how to use limited marketing funds. Implementation of the survey is currently underfunded. Would it be possible to develop a public/private partnership to share the increased costs of the data collection to increase the sample size?

[The witness did not respond.]

Travel and Tourism Advisory Board

Travel Facilitation Subcommittee

February 1, 2011—Presentation to Hon. Gary Locke, Secretary of Commerce

Creating 500,000 new jobs and generating USD 60 billion in additional exports annually by facilitating international travel to the United States

Members of the Travel Facilitation Subcommittee of the Travel and Tourism Advisory Board

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Gina Marie Lindsey, Executive Director, Los Angeles World Airports

John Sprouls, Chief Executive Officer, Universal Orlando Resort, and Executive Vice President, Universal Parks and Resorts

Perry John P. Tenorio, Managing Director, Marianas Visitors Authority

Main agencies and organizations consulted as part of committee's work*U.S. Department of Commerce*

Helen N. Marano, Director, Office of Travel and Tourism Industries
 Michael Masseman, Director, Office of Advisory Committees
 Jennifer Pilat, Deputy Director, Office of Advisory Committees—International Trade Administration

U.S. Department of Homeland Security

Douglas A. Smith, Assistant Secretary for the Private Sector
 Bridger McGaw, Director, Office of Private Sector
 Adrienne C. Wong, Policy Analyst, Private Sector Office

U.S. Department of State

Patrick Kennedy, Under Secretary for Management
 Janice Jacobs, Assistant Secretary of State for Consular Affairs
 David Donahue, Deputy Assistant Secretary for Visa Services, Consular Affairs
 Edward Ramotowski, Managing Director, Office of Visa Services

U.S. Travel Association

Roger Dow, President and CEO
 Patricia Rojas, Vice President, Government Relations

U.S. Chamber of Commerce

Randel Johnson, Senior Vice President, Labor, Immigration and Employee Benefits

American Hotel & Lodging Association

Joe McNerney, President and CEO
 Marlene Colucci, Executive Vice President, Public Policy

Introduction

- In January 2010, President Obama established the goal to “double the country’s exports over the next 5 years, an increase that will support two million jobs in America.”
- *Facilitating international travel to the United States offers the opportunity to contribute to this goal in a major way. Recapturing the market share that the U.S. has lost over the last 10 years and growing with the market would create up to 500,000 new jobs, i.e., a quarter of the President’s target.* In addition, international travel to the U.S. indirectly contributes to exports, as some of these visitors decide to acquire U.S. products and services when they visit trade shows and/or potential suppliers.
- The administration and Congress understand the importance of international travel to the U.S., as they have been working together for example to adopt and then to implement the Travel Promotion Act. Building on this, the Administration has the opportunity to make a significant difference in this area by addressing two issues:
 - Continuing to *improve the visa process for visitors from key emerging countries, most notably China, India and Brazil;*
 - Enhancing the process for overseas international visitors as they go through the country’s borders.*
- The purpose of this document is to provide a summary of the findings and recommendations of the Travel Facilitation Sub-Committee of the Travel and Tourism Advisory Board established by Secretary Locke.

This document covers three main points:

1. The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually if it can recapture its lost market share of overseas international travel by 2015, or, said differently, if it can grow the number of international visitors from overseas from 23.8 million in 2009 to 40 million in 2015. Irrespective of the target that one would like to select, it should be noted that each additional million international visitors from

overseas generates USD 3.2 billion in additional exports and creates 27,000 new jobs;

2. Challenges with visas and the experience crossing the country's borders are important obstacles to travel to the U.S. At a time when the country is in the process of beginning to promote travel to the U.S. in international markets, it seems quite appropriate to address these obstacles;

3. Addressing the visa and customer service experience related issues can be done through a few measures at minimal net direct cost to the U.S. tax-payers and an effective partnership with the State Department, the Department of Homeland Security, Congress, local airport authorities and the travel and tourism industry.

In summary, the Travel Facilitation sub-committee has the following *seven recommendations* to address the key visa-related issues. The first four recommendations are focused on improving the quality of service as it relates to visa processing. The following three recommendations would drastically reduce the need for in-person interviews for visa processing, which is a major source of issues and workload today.

Recommendation number 1: Establish a maximum wait time of 5 days for visa processing to make it competitive with the European countries

Recommendation number 2: Add a few hundred officers in visa processing centers in key emerging countries to reduce wait time and meet growing demand

Recommendation number 3: Add 4-6 visa processing locations each in China, Brazil and India

Recommendation number 4: Enable the State Department to retain all the visa processing and consular fees to cover the costs of its consular staffing and visa processing activities

Recommendation number 5: Increase the validity of non-immigrant visas for Chinese visitors to 10 years

Recommendation number 6: Give the State Department more discretion as it relates to in-person interviews

Recommendation number 7: Restore the ability of the Secretary of Homeland Security to admit countries into the Visa Waiver Program (VWP) with a refusal rate of 10 percent or less by decoupling the air exit requirement from the VWP. Work with key strategic partners to facilitate their entry into the program.

The Travel Facilitation sub-committee has *three recommendations* to address the issues related to the customer service experience at the nation's borders:

1. Establish a goal for wait time at international airports and cruise terminals of less than 20 minutes and measure the performance against that goal;

2. Strengthen the implementation of the Model Ports of Entry program, through an increased staffing flexibility and customer service focus and through a public/private partnership established at each model port ("*Adopt an airport program*");

3. Ramp up the *Global Entry Program* for U.S. citizens, permanent residents, and trusted international visitors to reach a number of participants sufficient to materially reduce the workload of the Customs and Border Protection officers (10 million?).

Finally, the Committee suggests a number of steps to accelerate progress and follow through on these recommendations:

1. Organize early in 2011 a *joint meeting* of President Obama with the Secretary of Commerce, the Secretary of State and the Secretary of Homeland Security focused setting the goal of achieving *more than 40 million international overseas visitors per year by 2015* and taking the measures necessary to facilitate international travel to the U.S.;

2. Ensure the participation of President Obama and Secretary Locke at the *World Travel and Tourism Summit* to be held in Las Vegas on May 17-19, 2011, which can provide a great platform for the administration to send the right message to the world;

3. Establish a public/private partnership or *working group* with the mission to drive progress in the implementation of the above recommendations and toward the goal of achieving more than 40 million international overseas visitors per year by 2015.

This document covers three main points:

1. *The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually if it can recapture its lost market share of overseas international travel by 2015, or, said differently, if it can grow the number of international visitors from overseas from 23.8 million in 2009 to 40 million in 2015. Irrespective of the target that one would like to select, it should be noted that each additional million international visitors from overseas generates USD 3.2 billion in additional exports and creates 27,000 new jobs;*
2. Challenges with visas and the experience crossing the country's borders are important obstacles to travel to the U.S. At a time when the country is in the process of beginning to promote travel to the U.S. in international markets, it seems quite appropriate to address these obstacles;
3. Addressing the visa and customer service experience related issues can be done through a few measures at minimal net direct cost to the U.S. tax-payers and an effective partnership with the State Department, the Department of Homeland Security, Congress, local airport authorities and the travel & tourism industry.

The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually if it can recapture its lost market share of overseas international travel by 2015.

- International travel to the U.S. is already a major source of exports and jobs today:
 - In 2009, there were 23.8 million overseas arrivals in the U.S.
 - These overseas visitors generated USD 75 billion in spending in the country (excluding international air travel), . . .
 - . . . representing about 700,000 jobs
 - In addition, international travel to the U.S. indirectly contributes to exports, as some of these visitors decide to acquire U.S. products and services when they visit trade shows and/or potential suppliers.
- However, the U.S. has lost a third of its market share in the last 10 years. Particularly noteworthy for the future is the fact that the U.S. performance has lost ground in the key BRIC countries who represent the fastest growing part of the world's economy and of the international travel market.
- The value to the U.S. economy of recapturing the lost market share of international travel is the creation of up to 500,000 new jobs and the generation of up to USD 60 billion in additional exports annually.

International travel to the U.S. is already a major source of exports and jobs today

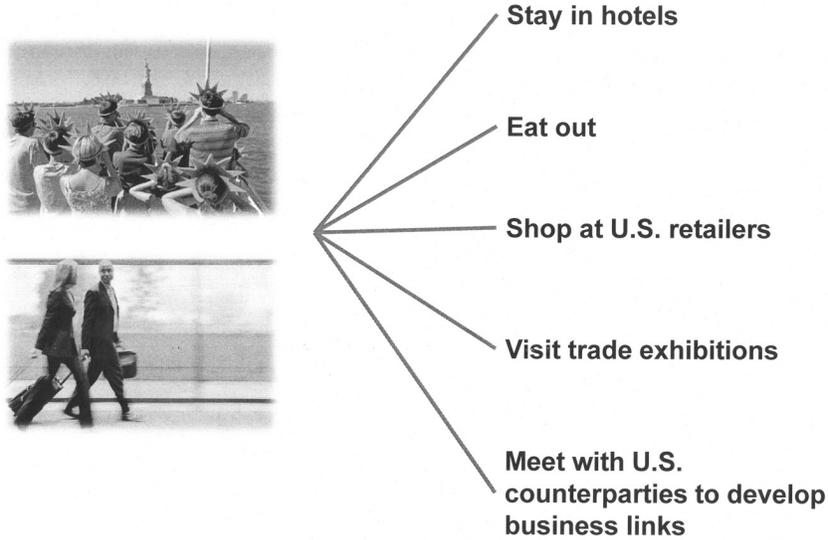
Contribution of international travel to the U.S. economy

	Impact of total travel and tourism industry in the U.S. ²	Long-haul international travel to the U.S. ²
Spending	USD 704 billion ¹	USD 75 billion ¹
Jobs	7.4 million	700,000

¹Excluding international passenger fares

²U.S Travel Association, 2009 data

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Leisure travelers benefit a wide range of businesses when they visit the U.S.

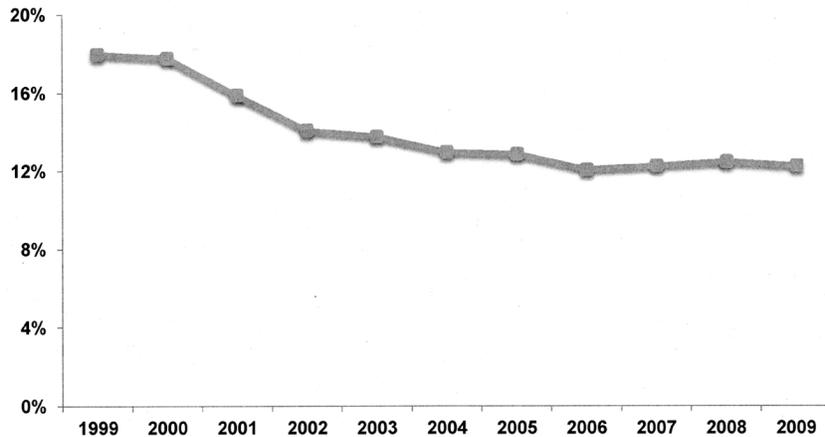
Percent of Visitors

	Total	India	Australia	Brazil	Korea	China
Visiting amusement parks	47%	48%	43%	51%	47%	44%
Visiting historic sites	44%	42%	46%	48%	49%	33%
Visiting Parks: National, State, etc.	42%	39%	42%	39%	39%	52%
Visiting art or cultural Museums, Art Exhibits, etc.	41%	33%	35%	48%	49%	41%
Visiting zoos, aquariums or science museums	38%	31%	44%	48%	38%	31%
Unique dining experience	38%	47%	35%	31%	51%	24%
Attending Concerts, Theatre, Dance, etc.	34%	31%	28%	44%	40%	29%
Shopping at an outlet mall	30%	33%	24%	34%	31%	29%
Shopping at individual retail stores that were not part of a mall	28%	14%	12%	42%	35%	38%
Shopping in a mall	25%	24%	20%	27%	22%	33%
Visiting a museum store	25%	26%	22%	22%	21%	35%
Shopping at a museum store	13%	19%	9%	12%	9%	17%

Source: Mandala Research commissioned by Shop America and Macy's
Total respondents n = 2,500

The U.S. has lost a third of its market share in the last 10 years. While part of the market share loss can be explained by competition from an increasingly diverse set of countries, it is striking that most of the market share loss happened in the 2001–2 time frame, coinciding with heightened security concerns by the U.S.

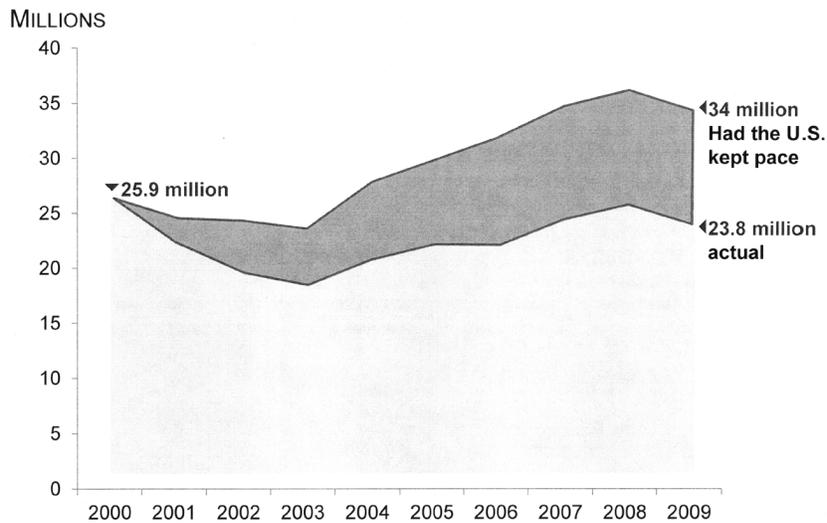
U.S. share of international long-haul tourism – 1999 - 2009



Source: U.S. Department of Commerce, Office of Travel & Tourism Industries and Tourism Economics (OTTI)

Compared to 25.9 million in 2000, the U.S. would have had 34 million overseas visitors in 2009 instead of 23.8 million if it had held share, *i.e.*, almost 50 percent more.

Overseas arrivals



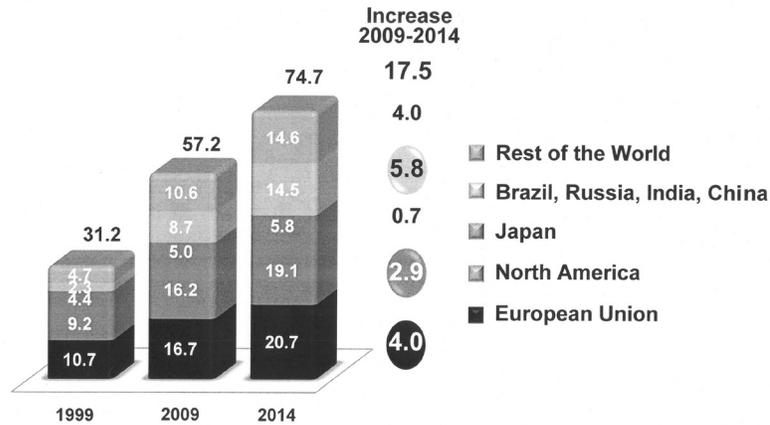
Source: U.S. Travel Association (USTA), Tourism Economics, Office of Travel & Tourism Industries and Tourism Economics (OTTI)

The BRIC countries in general and Asia in particular represent a major, fast growing part of the world's economy and of the international travel market.

—As a group, the GDP of the BRIC countries is expected to represent 20 percent of the world's GDP in 2014 versus 15 percent in 2009 and 7 percent in 1999.

—The middle-class of China and India will soon reach several hundred million individuals with a purchasing power comparable to that of the developed countries, many of whom are and will be eager to travel internationally.

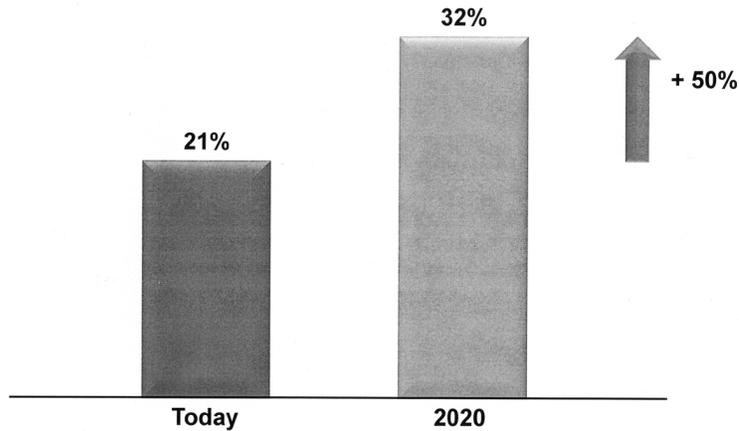
GDP by region (USD trillion)



Source: IMF

A report developed by Oxford Economics commissioned by Amadeus indicates that Asia will account for 32 percent of global travel spend in 2020, up from 21 percent today.

Share of Asia in global travel spend

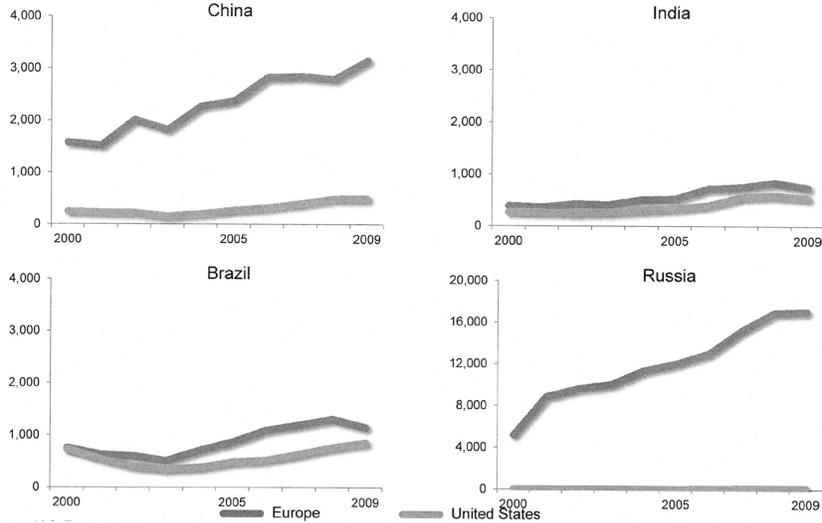


Source: Oxford Economics

This represents a dual opportunity for the United States: the opportunity to sell U.S. products and services to these countries; and the opportunity to attract visitors from these countries who are interested in visiting the United States as tourists or as business people. It is critical that the United States does not miss this opportunity.

Yet, the U.S. has lost ground over the last 10 years with each one of the BRIC countries. As an example, *the number of annual visits from China to Europe is around 3 million versus 500,000 to the U.S.* Similar gaps exist for the other BRIC countries.

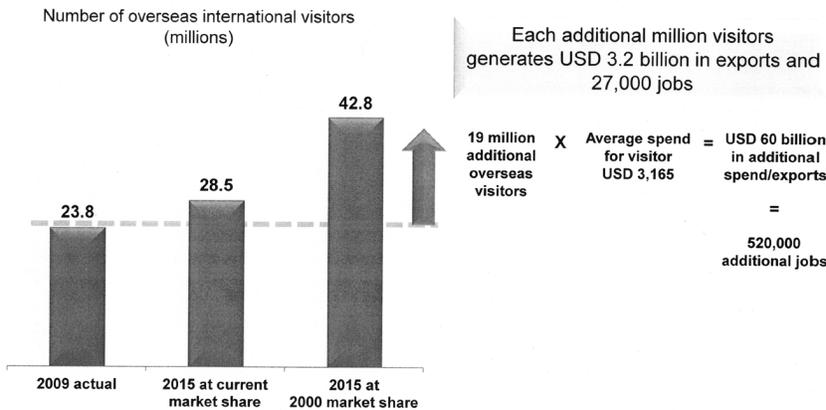
Number of visits per year to Europe and the U.S. (000)



Source: U.S. Travel Association (USTA)

The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually if it can recapture its lost market share of overseas international travel by 2015.

Value of increasing international travel from overseas to the U.S.



Note: The Office of Travel and Tourism Industries forecasts 36.7 million international travelers to the U.S. from overseas in 2015.

Source: Oxford Economics and U.S. Travel Association (USTA)

This document covers three main points:

1. The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually if it can recapture its lost market share of overseas international travel by 2015, or, said differently, if it can grow the number of international visitors from overseas from 23.8 million in 2009 to 40 million in 2015. Irrespective of the target that one would like to

select, it should be noted that each additional million international visitors from overseas generates USD 3.2 billion in additional exports and creates 27,000 new jobs;

2. *Challenges with visas and the experience crossing the country's borders are important obstacles to travel to the U.S. At a time when the country is in the process of beginning to promote travel to the U.S. in international markets, it seems quite appropriate to address these obstacles;*

3. Addressing the visa and customer service experience related issues can be done through a few measures at minimal net direct cost to the U.S. tax-payers and an effective partnership with the State Department, the Department of Homeland Security, Congress, local airport authorities and the travel & tourism industry.

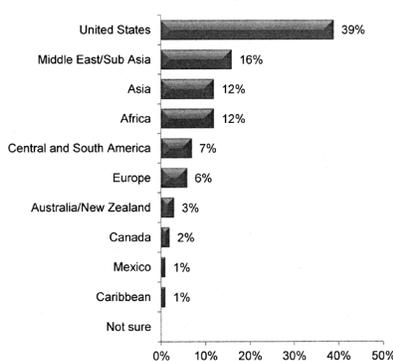
Challenges with visas and the experience crossing the country's borders are important obstacles to travel to the U.S. At a time when the country is in the process of beginning to promote travel to the U.S. in international markets, it seems quite appropriate to address these obstacles.

While it would be inappropriate to assume that the visa wait time and travel required to a visa processing center are the only drivers of the difference in number of visitors, every element counts.

Specifically, as the global economy becomes more integrated, being able to fly to and from the key partners of the global economy—at short notice and efficiently—becomes increasingly important.

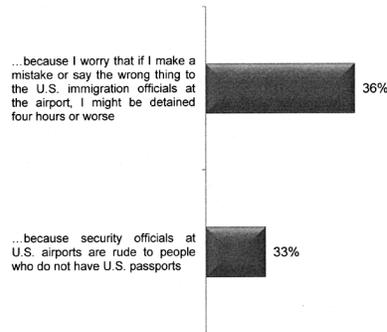
Results of survey conducted by Discover America Partnership in 2006

Percent of respondents who believe anyone of these countries/region is the worst when it comes to being traveler-friendly in terms of obtaining necessary documents or visas, and having immigration officials who are respectful toward foreign visitors



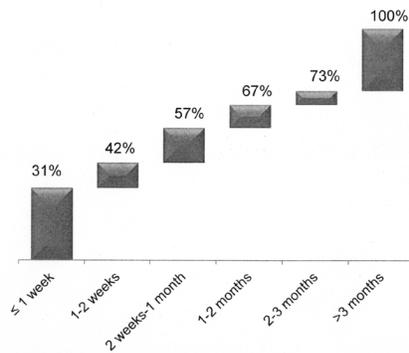
Source: Discover America Partnership

Percent of respondents who would not visit the U.S.

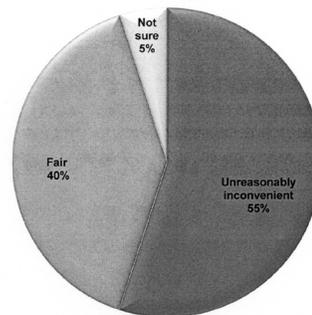


Results of survey conducted by Discover America Partnership in 2006

Percent of respondents who would not visit the U.S. based on length of visa process



Percent of respondents who feel the U.S. visa application process is unreasonably inconvenient



Source: Discover America Partnership

Visa and security related issues are major obstacles to travel to the U.S. for Chinese, Indian, and Brazilian travelers.

Consumer survey: China, India, Brazil

Q: Compared to other countries you are familiar with, how easy would you say it is to travel to the U.S.?

	China	India	Brazil
Very easy	7.1%	3.7%	2.6%
Somewhat easy	14.6%	16.1%	3.0%
Somewhat difficult	37.5%	39.8%	22.5%
Very difficult	28.3%	23.4%	48.4%
Nearly impossible	12.5%	17.0%	23.6%

Q: Which of the following determines make it easy/difficult to travel to the U.S.?

	China	India	Brazil
Cost	42.5%	35.4%	29.3%
Visa process	36.9%	30.3%	37.5%
Security measures by U.S. government	31.3%	45.1%	52.9%
Lack of flights	12.5%	9.4%	3.4%
Other	9.8%	6.2%	2.4%

Q: What is it about the visa process that is most difficult for you?

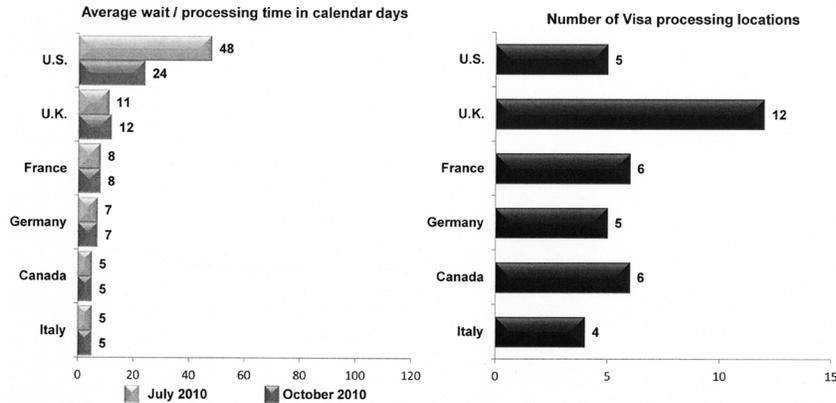
	China	India	Brazil
Distance we have to travel to consulate	23.3%	4.8%	8.4%
Cost of the visa	27.9%	12.4%	26.3%
Amount of documentation required	12.7%	22.8%	43.0%
Concern that getting rejected will impact future applications	18.1%	33.8%	35.5%
Length of time it takes to get an interview	31.7%	17.0%	12.8%
No refund on a rejected visa application	30.4%	12.0%	18.8%
Other	1.9%	7.1%	9.0%

Source: Mandala Research

Today, while some of the issue may be perception versus reality, and while some progress may have recently been accomplished, the U.S. does suffer from a real performance gap as it relates to the way it treats potential visitors. As an example, a Chinese citizen wanting to travel to the United States needs to wait several weeks

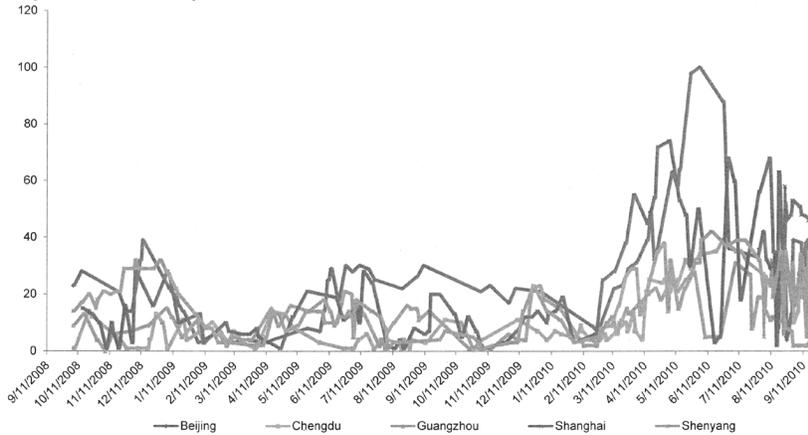
to have an appointment for the required in-person interview. This compares to 5–12 calendar days for a trip to a European country. This is quite an obstacle.

Current visa processing time and locations MAINLAND CHINA



Note:
 1. U.S. is typical wait time for visa appointment plus processing time
 2. U.K. is processing time for 80 percent of applications to be processed
 Wait time performance can be erratic and particularly high at times.

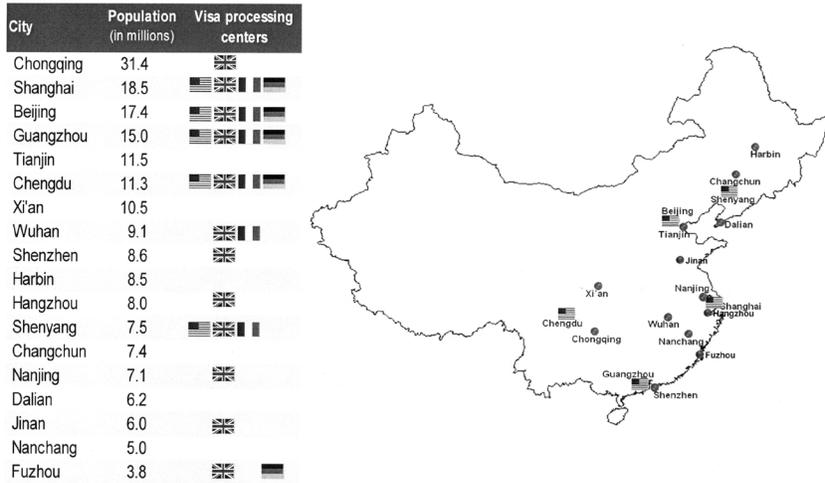
Typical appointment wait time for visitor visa applicants (B-1 and B-2)



Source: Consular Consolidated Database

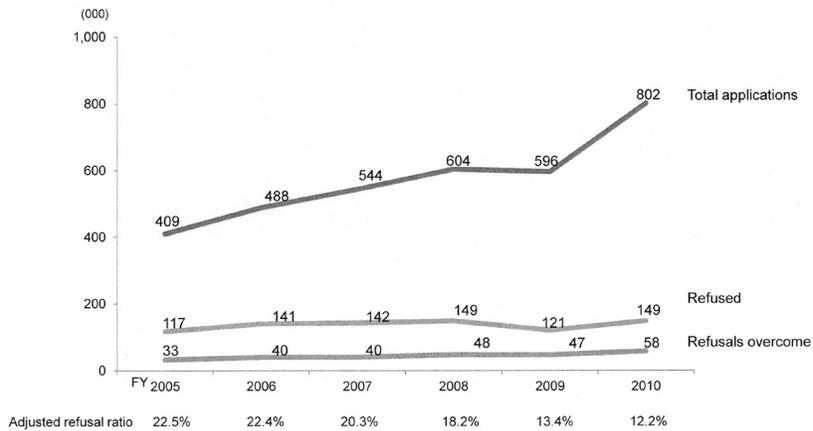
An aggravating factor is the fact that the United States has visa processing centers in only five cities, compared to 12 for the United Kingdom. As a result, there are 10 cities in China with more than 2 million urban inhabitants who do not have a U.S. visa processing center.

Leading urban centers in mainland China



While another visa-related issue has been the high refusal rate experienced by prospective Chinese travelers, it has been declining sharply in the last 3 years.

Visa applications and refusals CHINA



Source: U.S. Department of State database

Anecdotal evidence highlights missed opportunities.

“As the lead agency for the international business development in Illinois, the most daunting challenge is to see the potential investors fail their visa interviews at the U.S. Consulates and Embassy in China.

At last month’s International Machine Tool Show I saw a booth with brochures and exhibits but no one manned the booth because the manufacturer from China didn’t get visa approvals at the U.S. Embassy in Beijing for its sales people. It was a big loss for the company because they paid the full fare for the booth and other related cost.

In May this year, when Chicago and Illinois hosted the 2010 BIO Conference at Chicago’s McCormick Place, China had planned to send a delegation for 400 business leaders but only about 70 were able to get their visas.”

“Still another example, China’s National Reform Commission and its affiliated National Investment Association has been working on an investment project to send about 200 Chinese companies to invest in Illinois. The State of Illinois Office of Trade and Investment hosted the Chinese organization in Chicago. They signed an agreement with the O’Hare Lake Office Park for a lease of over 400,000 square feet office space for 100 in-coming companies.

The first two companies on this project got their visas denied at the U.S. Embassy on September 21 and 24 respectively and here is the dialogue between the visa officers and the visa applicants:

Applicant number one——

Question: Have you ever been to the U.S.?

Answer: No.

Question: Do you have relatives in the U.S.?

Answer: No.

Applicant number two——

Question: How much is your monthly salary?

Answer: 38,000 RMB

Questions: How many employees do you have in your company?

Answer: 60

The visa officer denied the visa and refuse to give a reason.

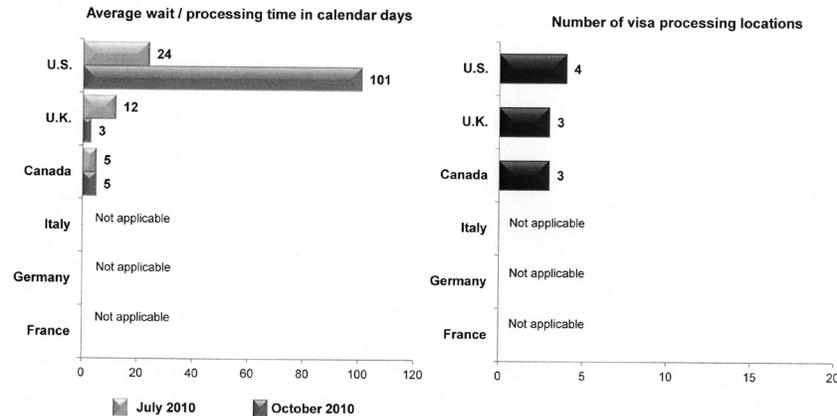
Situations like such are numerous and shocking. It make it from very difficult to nearly impossible for Illinois’ FDI promotion in China.”

“We have had employees from China and India decide not to accept a U.S. assignment because a family member was unable to accompany them after a visa was denied. In those cases, we have no clear understanding as to why the visas were not issued.”

As relates to Brazil, the competitive issue is even more serious. *The European Schengen countries do not require a visa for Brazilian citizens to visit them. In contrast, a Brazilian citizen will need to make an appointment at one of four U.S. visa processing centers and wait several months for that appointment* (wait times in Brazil have been quite high).

Current visa processing time and locations

BRAZIL

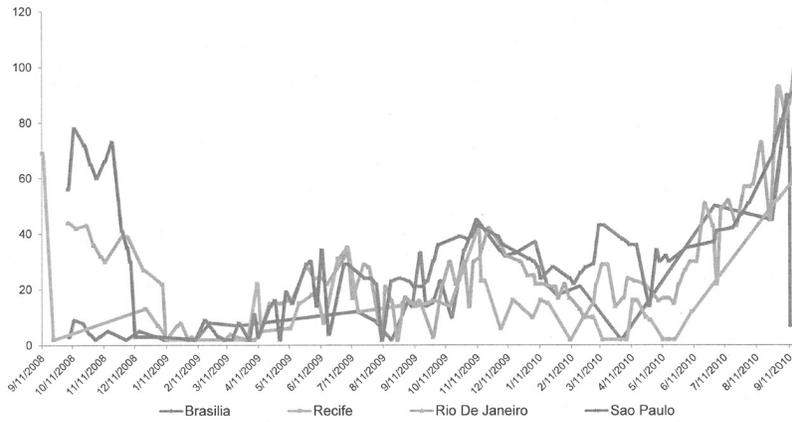


Note:

- (1) U.S. is typical wait time for visa appointment plus processing time
- (2) U.K. is processing time for 80 percent of applications to be processed

Wait times in Brazil have been quite high and erratic.

Typical appointment wait time for visitor visa applicants (B-1 and B-2)



There are nine cities in Brazil with more than one million inhabitants without a U.S. visa processing center.

Brazil LEADING URBAN CENTERS

City	Population (2010 estimate in millions)	Visa processing centers
São Paulo	11.0	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Rio de Janeiro	6.2	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Salvador	3.0	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Brasilia	2.6	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Fortaleza	2.5	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Belo Horizonte	2.5	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Curitiba	1.9	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Manaus	1.7	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Recife	1.6	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Belém	1.4	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Porto Alegre	1.4	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Guarulhos	1.3	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Goiânia	1.3	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil
Campinas	1.1	USA, UK, Germany, France, Italy, Spain, Japan, Canada, Mexico, Russia, China, India, South Korea, Australia, New Zealand, Brazil



This means that a trip to the United States often requires a Brazilian citizen to make two trips if he or she wants to travel to the U.S.—one trip to a city with a visa processing center and then the trip to the U.S. itself. This is an expensive and cumbersome process.

Visa application cost – family MANAUS TO BRASILIA

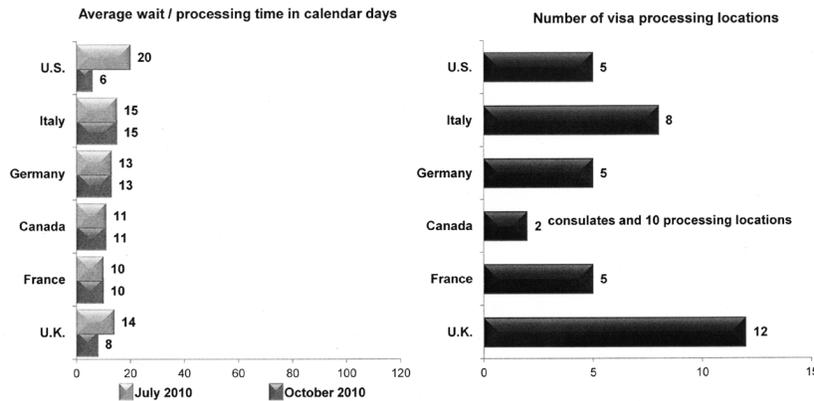


	USD
Flight (x4):	1,726
Hotel:	170
Visa (x4):	560
Application fee (x4):	120
Passport delivery fee (x4):	80
Total:	2,600

The situation of wait times is somewhat better in India, although quite uneven across visa processing centers.

However, the number of U.S. visa processing centers is five compared to 11 for the U.K.

Current visa processing time and locations INDIA

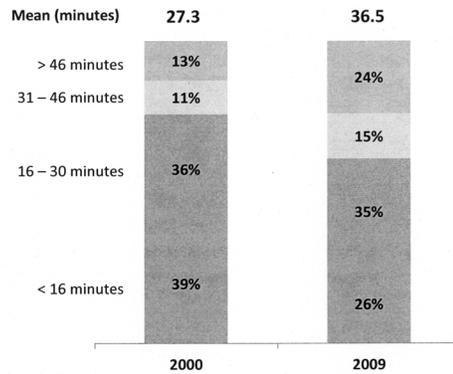


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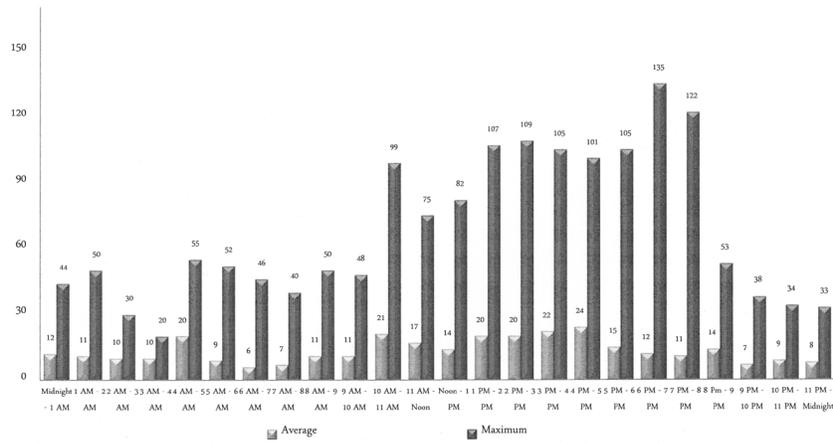
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Clearance time for overseas travelers to the U.S.



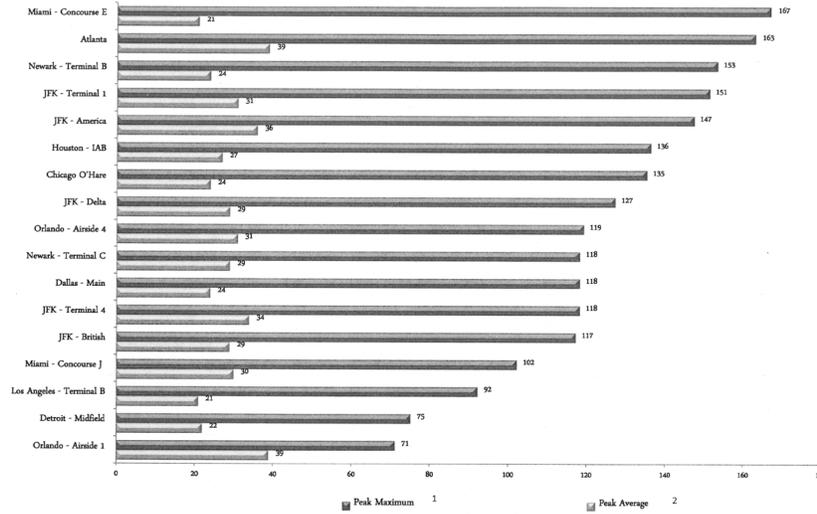
Source: U.S. Department of Commerce survey of international travelers
Actual wait times tend to vary widely during the day.

Processing Time in Minutes
Chicago O'Hare – Terminal 5
(November 2009 – October 2010)



Actual wait times tend to vary widely across airports and peaks can be quite extreme.

Actual wait times in minutes across top airports
(November 2009 – October 2010)



¹ Longest processing time in minutes to process a passenger on any given flight in a 24 hour period

² Longest average processing time in minutes to process a passenger on any given flight in a 24 hour period

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1. The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually if it can recapture its lost market share of overseas international travel by 2015, or, said differently, if it can grow the number of international visitors from overseas from 23.8 million in 2009 to 40 million in 2015. Irrespective of the target that one would like to select, it should be noted that each additional million international visitors from overseas generates USD 3.2 billion in additional exports and creates 27,000 new jobs;
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It should first be noted that a number of efforts have been initiated by the administration and Congress to address some of the visa and border issues.

Recent Efforts

<i>Global entry</i>	The U.S. Customs and Border Protection agency (CBP) initiated the Global Entry Program in 2004.
<i>Model airport</i>	In 2006, the U.S. Administration launched a pilot "model airport program." Initiated collaborative local airport initiatives, e.g., in Orlando, Atlanta and Los Angeles.
<i>Visa waiver program</i>	With the addition of Greece in 2010, 26 countries are now included in the visa waiver program.
<i>Travel Promotion Act</i>	The Travel Promotion Act was signed by the President on March 4, 2010.
<i>Visa processing</i>	In 2010, the State Department established a task force to address visa issues in China.

Global Entry

- The U.S. Customs and Border Protection (CBP) agency has initiated in 2004 the Global Entry program, a solution that provides frequent low-risk travelers expedited processing through U.S. immigration checkpoints. Global Entry applicants are vetted by CBP through a name-based and biometric security review, as well as a personal interview.
Once admitted into the program, participants entering the U.S. utilize automated kiosks located in the CBP inspection area to move through the inspection process without undergoing a person-to-person CBP interview.
- The program launched on June 6, 2008, at JFK International Airport and today the following 20 airports serve as global entry enrollment and processing locations: Atlanta, Boston, Chicago O'Hare, Dallas, Detroit, Fort Lauderdale, Fla.; Honolulu, Houston International, Las Vegas, Los Angeles, Miami, Newark, N.J.; Orlando (Sanford), Fla.; Philadelphia, San Juan, P.R.; San Francisco, Seattle, Washington Dulles, and additional JFK terminals.
- Though the program was launched originally without a start-up appropriation, the House Homeland Security Appropriations Subcommittee provided USD 10 million in FY09 for Global Entry to promote its expansion.
- As of today, approximately 100,000 individuals have been enrolled in the program, and Global Entry members have used the kiosks approximately 600,000 times.
- In addition to being available to U.S. citizens and legal permanent residents, CBP concluded an agreement in April 2009 with its counterpart in the Netherlands to harmonize Global Entry with their international trusted traveler program. The U.S. and Mexico recently signed a MOU to expand Global Entry to Mexican nationals. Additional agreements with other interested countries such as the United Kingdom, Germany, France and Japan are under discussion and would allow nationals from these countries to use the Global Entry program in the U.S.

Model Airport

- In January 2006, then Secretary of State Condoleezza Rice and then Secretary of Homeland Security Michael Chertoff created a pilot "model airport" program to reduce passenger processing wait times and establish a more welcoming environment at inspection areas for travelers.
- The pilot program was subsequently launched at Houston's George Bush Intercontinental Airport (IAH) and Washington Dulles International Airport (IAD).
- In 2007, Congress fully authorized a Model Ports Program and appropriated USD 40 million to expand it to the 20 U.S. airports with the highest number of inbound international visitors and hire no fewer than 200 new Customs and Border Protection (CBP) officers at these model airports.

With the addition of Greece in 2010, 36 countries are now included in the visa waiver program

Visa Waiver Countries:

Andorra	Hungary	New Zealand
Australia	Iceland	Norway
Austria	Ireland	Portugal
Belgium	Italy	San Marino
Brunei	Japan	Singapore
Czech Republic	Latvia	Slovakia
Denmark	Liechtenstein	Slovenia
Estonia	Lithuania	South Korea
Finland	Luxembourg	Spain
France	Malta	Sweden
Germany	Monaco	Switzerland
Greece	The Netherlands	United Kingdom

Source: *travel.state.gov*

Visa Issues—Example

- Ambassador Janice Jacobs, the Assistant Secretary responsible for consular affairs, has established an internal task force to drastically increase the ability of the State Department to process visas from emerging countries, starting with China.

- A number of measures have been taken to improve performance in the short term, including opening certain centers on a number of Saturdays. As a result, significant wait time reductions have been accomplished in China, even though they are not yet at competitive levels.

In summary, the Travel Facilitation sub-committee has the following *seven recommendations* to address the key visa-related issues. The first four recommendations are focused on improving the quality of service as it relates to visa processing. The following three recommendations would drastically reduce the need for in-person interviews for visa processing, which is a major source of issues and workload today.

Recommendation number 1: Establish a maximum wait time of *5 days* for visa processing to make it competitive with the European countries

Recommendation number 2: Add *a few hundred officers* in visa processing centers in key emerging countries to reduce wait time and meet growing demand

Recommendation number 3: Add *4-6 visa processing locations* each in China, Brazil and India

Recommendation number 4: Enable the State Department to *retain all the visa processing and consular fees* to cover the costs of its consular staffing and visa processing activities

Recommendation number 5: Increase the *validity* of non-immigrant visas for Chinese visitors to 10 years

Recommendation number 6: Give the State Department more *discretion* as it relates to in-person interviews

Recommendation number 7: Restore the ability of the Secretary of Homeland Security to *admit countries into the Visa Waiver Program (VWP)* with a refusal rate of 10 percent or less by decoupling the air exit requirement from the VWP. Work with key strategic partners to facilitate their entry into the program.

The Travel Facilitation sub-committee has *three recommendations* to address the issues related to the customer service experience at the nation's borders:

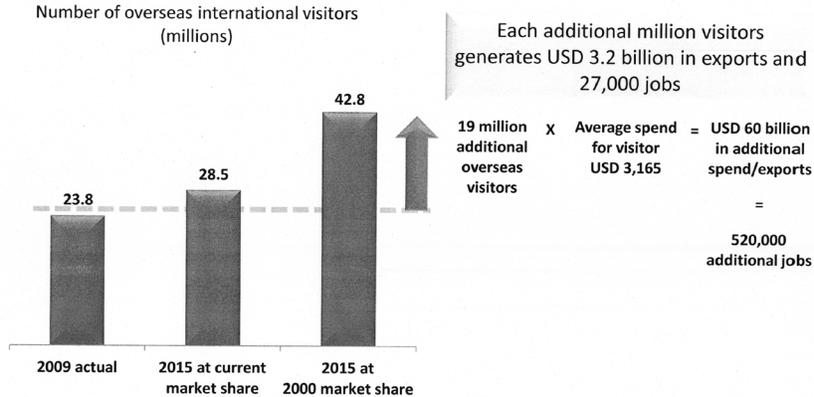
1. Establish a goal for wait time at international airports and cruise terminals of less than *20 minutes* and measure the performance against that goal;
2. Strengthen the implementation of the Model Ports of Entry program, through an increased staffing flexibility and customer service focus and through a public/private partnership established at each model port ("*Adopt an airport program*");
3. Ramp up the *Global Entry Program* for U.S. citizens, permanent residents, and trusted international visitors to reach a number of participants sufficient to materially reduce the workload of the Customs and Border Protection officers (10 million?).

Finally, the Committee suggests a number of steps to accelerate progress and *follow through* on these recommendations:

1. Organize early in 2011 a *joint meeting* of President Obama with the Secretary of Commerce, the Secretary of State and the Secretary of Homeland Security focused setting the goal of achieving *more than 40 million international overseas visitors per year by 2015* and taking the measures necessary to facilitate international travel to the U.S.;
2. Ensure the participation of President Obama and Secretary Locke at the *World Travel and Tourism Summit* to be held in Las Vegas on May 17-19, 2011, which can provide a great platform for the administration to send the right message to the world;
3. Establish a public/private partnership or *working group* with the mission to drive progress in the implementation of the above recommendations and toward the goal of achieving more than 40 million international overseas visitors per year by 2015.

The goal: increase the number of international overseas visitors to the U.S. to more than 40 million by 2015.

Value of recapturing the lost market share of international travel



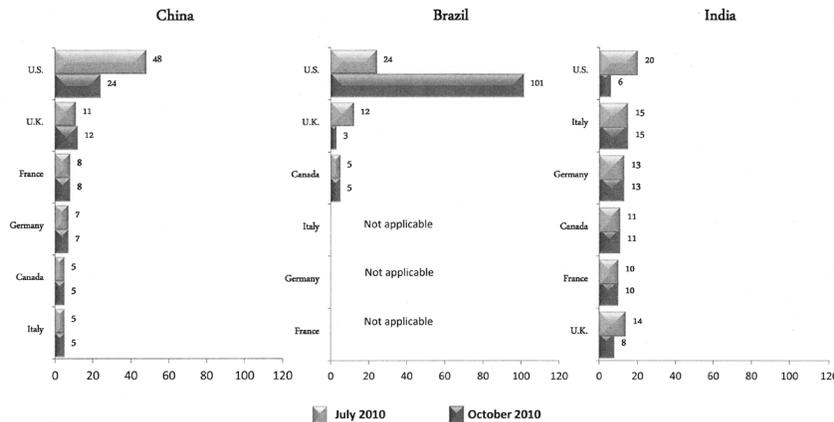
Note: The Office of Travel and Tourism Industries forecasts 36.7 million international travelers to the U.S. from overseas in 2015.

Source: Oxford Economics and U.S. Travel Association (USTA)

Recommendation number 1: Work with the Secretary of State to establish a target wait time for visa processing that would be competitive and adequate. A maximum wait time of 5 days would seem appropriate to make it competitive with the European countries.

Out of the 222 overseas posts that the State Department operates, the wait time for an in-person interview was less than 7 days at 164 posts. However, the wait time in China, Brazil, and to a lesser extent India, have tended to be quite long (*i.e.*, several weeks) and significantly higher than the wait times for the countries that the U.S. is competing with. Reducing the wait time in these critically important countries to 5 days would help make travel to the U.S. more competitive.

Current visa processing time (days)



Note:

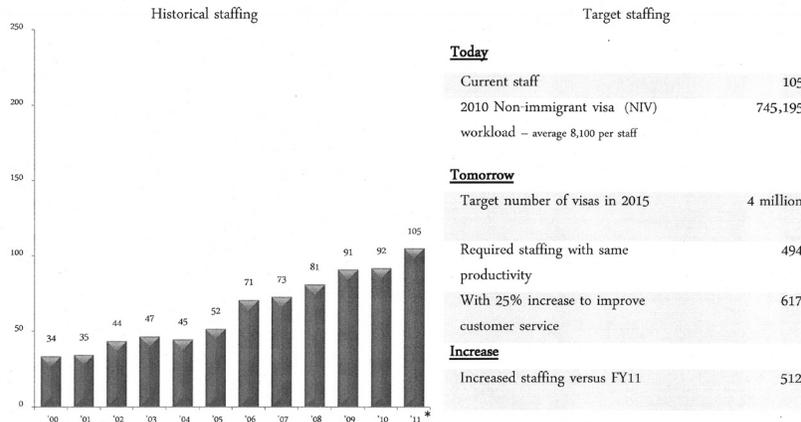
- (1) U.S. is typical wait time for visa appointment plus processing time
- (2) U.K. is processing time for 80 percent of applications to be processed

Recommendation number 2: Encourage the State Department to quickly ramp up the staffing of visa processing centers in key emerging countries by a few hundred officers.

- A ballpark figure for incremental staffing is a few hundred officers. Across China and Brazil, 500–600 additional officers would seem sufficient to meet the growing demand and reduce wait times.
- The cost to the U.S. tax-payers of adding these resources is non-existent as each officer generates about USD 1.5 million in fees per year.
- According to the State Department, this incremental staffing should take the form of officers with a limited time contract to avoid creating a glut of permanent State Department employees.
- The State Department should consider the extent to which implementing video conferencing would be helpful in optimizing the deployment of their staff.
- The actual staffing requirement may eventually be reduced if and when recommendations number 5, 6 and 7 are implemented. We believe that this is not a reason to delay the immediate addition of incremental staff because of the attractive return and the flexibility of limited time contracts.

Staffing of mission China

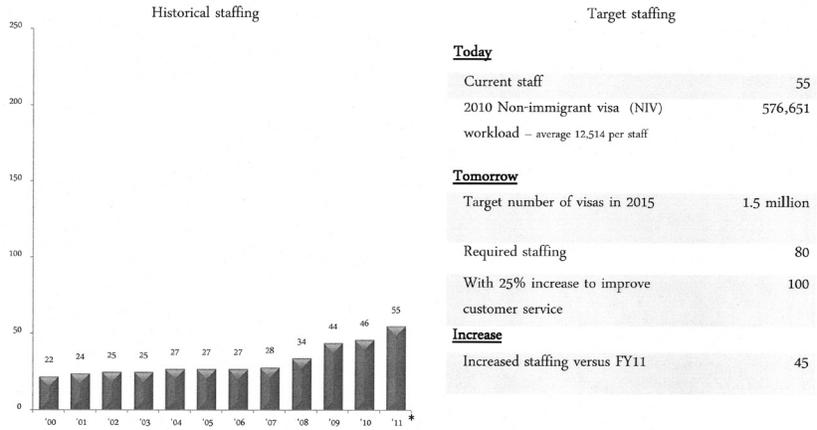
Illustrative



*Note: FY2011 Final staffing numbers may shift slightly depending on the outcome of the FY2011 consular repositioning exercise. Positions will be established in FY2011 but officers may not arrive at post until FY20123
 Source: U.S. Department of State

Staffing of mission Brazil

Illustrative



*Note: FY2011 Final staffing numbers may shift slightly depending on the outcome of the FY2011 consular repositioning exercise. Positions will be established in FY2011 but officers may not arrive at post until FY2012

Source: U.S. Department of State

The net cost to the U.S. tax-payers of adding these resources is non-existent as each officer generates about USD 1.5 million in fees per year.

Economics of increased staffing

Illustrative

	China Average	Brazil Average
Non-immigrant visa workload per staff	8,100	12,514
		X
Fee per visa application		USD 140
		=
Increased revenue per additional staff	USD 1.13 million	USD 1.75 million
		to
Cost per staff		USD 0.5 million
		=
Net revenue increase per incremental staff	USD 0.63 million	USD 1.125 million
		to

Source: U.S. Department of State, Travel and Tourism Advisory Board analysis

Recommendation number 3: Ask the State Department to quickly increase the number of processing locations in the key emerging countries, probably adding 4–6 visa processing locations each in China, Brazil and India.

The key criteria for choosing the additional cities should be their size and economic importance. Priority cities in China should probably include: Chongqing, Dalian, Shenzhen, Tianjin, and Wuhan.

Top cities in key countries with and without U.S. processing locations

Cities in China	Cities in Brazil	Cities in India
Chongqing	São Paulo	Mumbai
Shanghai	Rio de Janeiro	Delhi
Beijing	Salvador	Bangalore
Guangzhou	Brasilia	Kolkata
Tianjin	Fortaleza	Chennai
Chengdu	Belo Horizonte	Hyderabad
Xi'an	Curitiba	Ahmedabad
Wuhan	Manaus	Pune
Shenzhen	Recife	Surat
Harbin	Belém	Kanpur
Hangzhou	Porto Alegre	Jaipur
Shenyang	Guarulhos	Lucknow
Changchun	Goiânia	Nagpur
Nanjing	Campinas	Jalandhar
Dalian		Puducherry
Jinan		Chandigarh
Nanchang		Cochin
Fuzhou		

 Visa processing locations

Recommendation number 4: Enable the State Department to *retain all the visa processing and consular fees* to cover the costs of its consular staffing and visa processing activities.

Rationale/expected benefits: enable the State Department to develop its visa processing activities with a profit center focus, *i.e.*, keep adding officers until profitable demand is met.

Recommendation number 5: Increase the *validity* of non-immigrant visas for Chinese visitors to 10 years.

Rationale/expected benefits:

- reduce the work load of the officers as visa renewals represent a significant share (30 percent) of the current work load in China;
- reduce the burden for Chinese visitors. We note that such a measure has been taken for other countries, including Brazil and India.

Recommendation number 6: Work with Congress to give the State Department more *discretion* as it relates to in-person interviews.

Congress should find out from State and Homeland Security whether in-person interviews are necessary and appropriate for 100 percent of prospective visitors from non-visa waiver countries or whether technology and judgment could enable the State Department to grant visas to certain visitors without an in-person interview and without compromising security.

One option would be to move to a principle of interview-by-exception, *i.e.*, the practice of many of the countries we compete with. Another option would be for the Secretary of State to take greater advantage of the authority she has under INA sec. 222(h), subject to certain limitations, to waive the personal interview requirement on the basis of a U.S. national interest or if necessary because of unusual or emergent circumstances. The State Department is in fact considering possible categories of applicants for whom the Secretary might exercise her interview waiver authority (for example, Brazilian teens younger than 16 or Chinese students re-applying for student visas).

Recommendation number 7: Restore the ability of the Secretary of Homeland Security to *admit countries into the Visa Waiver Program (VWP)* with a refusal rate of 10 percent or less by decoupling the air exit requirement from the VWP. Work with key strategic partners to facilitate their entry into the program.

As was experienced with South Korea, including a country in the visa waiver program has a large positive impact on the volume of international travel from that country to the U.S.

We recommend that you ask the State Department to nominate additional countries for inclusion in the visa waiver program over the next few years. To the end, the TTAB recommends that you ask Congress to separate the requirement to implement a biometric air exit system from the Visa Waiver Program. Such a change would once again allow the Secretary of Homeland Security to designate new countries as Visa Waiver program members by restoring the visa refusal rate cut-off of 10 percent. This action would pave the way for several strategic markets to join the program, facilitating the entry of millions of new visitors to the United States.

Major international partners around the world that merit consideration include, in particular, Brazil as well as other key countries from South America, *e.g.*, Argentina and Chile. According to the Department of Homeland Security, there are other factors, beyond the refusal rate issue, which make Brazil, Argentina, and Chile ineligible for VWP membership under current law. For example, they have not signed the required information sharing agreements (PCSC and HSPD-6); the required reporting of lost and stolen passports to INTERPOL is either rare (in the case of Brazil) or non-existent (Argentina, Chile); Brazil does not offer visa-free travel to U.S. passport holders, and charges a combined USD 160 fee for entry; and only Brazil currently issues biometric passports—another legal requirement for entry into the VWP.

While it may take a while before these countries are ready, we recommend that the administration take a proactive approach to moving the process forward, given the economic weight of these countries and that Brazilian citizens do not need a visa to visit the Schengen countries today.

Criteria for a Country to Be Included in the VWP

- The requirements to join the VWP are set forth in Section 217 of the Immigration and Nationality Act, as amended by the Implementing Recommendations of the 9/11 Commission Act of 2007, and in other statutes (for example, 8 U.S.C. § 1732 sets forth the applicable travel document standards).
- The standard requirements include a non-immigrant visa refusal rate below 3 percent, offering reciprocal visa-free travel for U.S. citizens for business or tourist visits of up to 90 days, issuing International Civil Aviation Organization (ICAO) compliant e-passports; sharing lost and stolen passport information with the United States through INTERPOL or other means; sharing information regarding whether citizens and nationals of that country traveling to the United States represent a threat to the security or welfare of the United States or its citizens; and cooperation on repatriation matters. These requirements include conclusion of various international agreements and/or arrangements.

Source: Visa Waiver Program Criteria Take Away Paper, Unclassified document provided by the State Department to the Travel Facilitation subcommittee of the Travel and Tourism Advisory Board

Criteria for a Country to Be Included in the VWP

- Regarding visa refusal rates, the 9/11 Act gave the Secretary of Homeland Security the authority to waive the less than 3 percent non-immigrant visa refusal rate requirement and consider for VWP membership countries that have visa refusal rates of between 3 percent and 10 percent and that meet additional statutory and other program requirements, including the strengthening of document security standards and airport and aviation security. This authority was suspended on July 1, 2009, because a biometric air exit program was not implemented by June 30, 2009. The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009, required DHS to conduct pilot tests of the biometric air exit solution, postponing DHS' s ability to notify Congress that the air exit system fully satisfies biometric requirements set forth in the 9/11 Act. DHS has conducted biometric air exit pilots and is currently evaluating the pilot program results; however, it remains uncertain when DHS will implement a biometric air exit solution that will enable resumption of the authority to waive the less than 3 percent non-immigrant visa refusal rate requirement for VWP membership.

Source: Visa Waiver Program Criteria Take Away Paper, Unclassified document provided by the State Department to the Travel Facilitation subcommittee of the Travel and Tourism Advisory Board

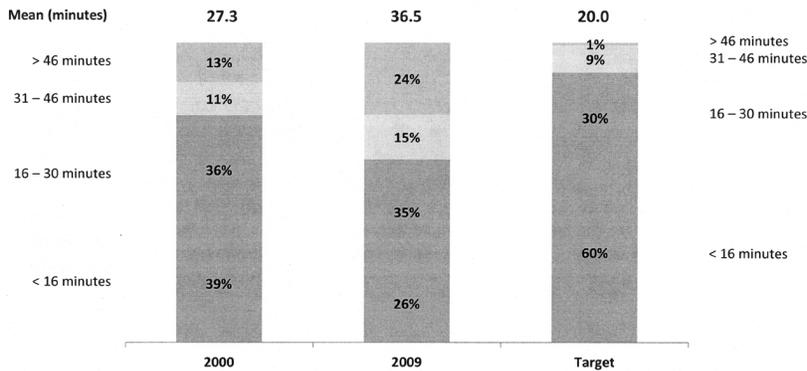
The Case for Brazil

	GDP per capita (USD, 2009)	2010 GDP growth rate (%)	Currently a visa waiver country?	Visa refusal rate
Greece	29,195	-4.0	Yes	
Portugal	21,481	1.3	Yes	
Malta	19,737	1.7	Yes	
Czech Republic	18,124	2.0	Yes	
South Korea	17,059	6.0	Yes	
Slovakia	16,222	4.0	Yes	
Estonia	14,692	1.8	Yes	
Hungary	12,900	0.5	Yes	
Lithuania	11,273	1.3	Yes	
Latvia	10,826	-1.0	Yes	
Chile	9,629	5.0		5.0%
Brazil	8,116	7.0		5.2%
Argentina	7,660	6.0		3.1%
China	3,744	10.3		13.3%
India	1,134	8.5		26.8%

Recommendation number 8: Establish a goal for wait time at international airports and cruise terminals of less than 20 minutes and measure/publish the performance against that goal.

Clearance time for overseas travelers to the U.S.

For discussion



Source: U.S. Department of Commerce survey of international travelers

Recommendation number 9: Strengthen the implementation of the Model Ports of Entry program, through an increase staffing flexibility and customer service focus and through a public/private partnership established at each model port. Launch *Adopt a model port* initiative with the private sector.

Staffing Flexibility

- Enable the use of flexible working hours and part-time labor to be better able to meet fluctuations in the number of incoming travelers
- Enhance the use of scheduling system and staffing models

Customer Service Focus

- Deploy DHS traveler satisfaction survey
- Update Explore America International Travelers survey
- Continue to deploy customer service training, and direct CBP officers to greet arriving passengers with “Welcome to the United States” or “Welcome home”

Public/private Partnership at Each Port—“Adopt a Model Port”

- Establish public/private partnership at port level with the local port authority, DHS representatives, and main relevant airlines and local travel and tourism companies, to make the arrival experience more welcoming

Illustrative

Airport	Airlines	Travel and tourism companies
Atlanta		
Boston		
Charlotte		
Chicago	 	 
Dallas/Fort Worth		 
Denver		
Detroit		
Houston		
Las Vegas	 	
Los Angeles	  	 

Illustrative

Airport	Airlines	Travel and tourism companies
Miami		
Minneapolis/St Paul		
New York	 	   
Newark		  
Orlando		 
Philadelphia		
Phoenix		
San Francisco		
Seattle		
Washington DC		 

Recommendation number 10: Ramp up the Global Entry Program for U.S. citizens, permanent residents, and trusted international visitors to reach a number of participants sufficient to materially reduce the workload of the Customs and Board Protection officers (10 million?).

- Ramp up the Global Entry Program for U.S. citizens and permanent residents, *e.g.*, by:
 - Enhancing marketing efforts, including encouraging the State Department to provide information about Global Entry to people who are applying for a U.S. passport; and by leveraging the loyalty program of global travel and tourism industry players;

- Continuing to increase the number of participating airports, *e.g.*, by adding the Minneapolis-Saint Paul International airport;
- Ensuring that the Global Entry kiosks are well placed in the arrival halls of participating airports;
- Utilizing the Department of Commerce posts around the world to educate travelers about the program.
- Expand the Global Entry Program to international visitors, *e.g.*, by:
 - Finalizing negotiations with the U.K., France, Germany and Japan to allow reciprocal use of the Global Entry Program;
 - Opening the Global Entry Program to holders of long-term, non-immigrant visas such as E, L or O visas;
 - Integrating the APEC Business Travel Card (ABTC) in the program. The ABTC allows travelers designated by governments of the APEC region as key business leaders to receive expedited visa interviews and to use specialized entry lines upon arrival in APEC countries.

Finally, the Committee suggests a number of steps to accelerate progress and *follow through* on these recommendations:

1. Organize early in 2011 a *joint meeting* of President Obama with the Secretary of Commerce, the Secretary of State and the Secretary of Homeland Security focused setting the goal of achieving *more than 40 million international overseas visitors per year by 2015* and taking the measures necessary to facilitate international travel to the U.S.;
2. Ensure the participation of President Obama and Secretary Locke at the *World Travel and Tourism Summit* to be held in Las Vegas on May 17–19, 2011, which can provide a great platform for the administration to send the right message to the world;
3. Establish a public/private partnership or *working group* with the mission to drive progress in the implementation of the above recommendations and toward the goal of achieving more than 40 million international overseas visitors per year by 2015.

Establish a public/private partnership or *working group* with the mission to drive progress in the implementation of the above recommendations and toward the goal of achieving more than 40 million international overseas visitors per year by 2015.

- Its members could include: representatives of the White House, the State Department, the Department of Homeland Security, the Department of Commerce, the Corporation for Travel Promotion, the U.S. Travel Association, the Air Transport Association, and a few U.S. airlines and travel and tourism enterprises;
- It would establish and track a set of key performance indicators to monitor progress on the above mentioned issues;
- It would meet quarterly to discuss progress and issues, and would report annually to the President and Congress.

Key metrics (examples):

- Number of overseas international visitors and market share
- Wait times at visa processing centers in key emerging countries
- Number of visa processing locations in key emerging countries
- Number of countries added to the Visa Waiver program
- Wait times at model ports
- Number of travelers enrolled in Global Entry Program
- Number of countries with reciprocal agreements
- Traveler satisfaction at the nation's borders
- Image of the U.S. amongst international travelers