

Executive Summary
International Travel Conference - June 10, 2004

Introductory Remarks

Douglas B. Baker - Deputy Assistant Secretary of Commerce for Service Industries, Tourism and Finance

Remarks focused on the importance of economic growth, new jobs creation and the dropping unemployment rate and the need to continue to expand growth and be vigilant to ensure that the increases in border security do not stifle growth. Noted that if citizens of our trading partners cannot travel to the United States to conduct business, get a world class education, receive state-of-the-art medical attention or just visit our cities and natural wonders, we are jeopardizing our economic health. So there is a balance we need to strike as a government: keep the economy growing and expanding and protect our homeland from those who wish to harm us. Both goals are important and both can be achieved through a coordinated effort. Focused on the Department's work with colleagues at State and Homeland Security to ensure that, as the government moves forward with new security measures, the impact on trade and the economy is limited. Highlighted guests from the private sector who were there to give a gauge of how successful our work has been and hopefully point out where we can make improvements.

Conference purpose: to hear from a broader community and listen to questions and concerns.

Keynote: Balancing Border Security and Economic Security

Grant D. Aldonas - Under Secretary of Commerce for International Trade

Remarks focused on previous jobs with Senator Roth and the Finance Committee had examined the Custom's Service focusing on what was done right and what needed to be improved. During that process, found that Congress was willing to act on problems when confronted with the facts, set priorities and identify the resources needed and try to achieve goals, as long as credible foundation exist for the request. Noted that the value of the conference was to hear from the attendees to reflect opinions policy discussions in the Administration and with Congress to build a more appropriate infrastructure. Focused on the need to be more proactive than reactive in today's world, and the role industry will play.

Noted the technology and business practices are available to deal with visa's and security issues: the systems and tools are in place. Business must be active participants in the process. Business's role is to step forward to let us know the technologies out there. US business has always brought about innovation. Highlighted the Free Trade Agreements as opening trade, current technology allows a global supply chain, and the security infrastructure to allow us to match security with this openness. Also noted that his personal experience with the President, Secretaries Powell, Ridge, Evans, proved they all understand that if we do not strike the balance necessary the terrorists have won.

Policy Background – Origins of the Legislative Requirement

Steve Pinkos - Staff Director, House Committee on the Judiciary

Noted that the Bush Administration and the Congress are cognizant of the importance of striking a balance between providing security and not harming U.S. economic interests.

Focused on pending legislation to extend the requirement for visa waivers countries to have biometric identifiers on travel documents. Noted the H1-B and H2-B visa caps had already been hit for the year and various proposals to deal with this. The most active proposal is in the Senate to raise the cap and believes the House will be more likely to consider new legislation if it comes from the Senate. Highlighted political tension around immigration policy and job issues. Noted it is easier to consider changes in visa policy when economy is doing well so as the economy continues to improve the environment will improve to consider visa legislation.

Framing the Environment: Milestones Now and in the Future

Stewart Verdery - Assistant Secretary of Homeland Security for Border and Transportation Security

Noted President Reagan's vision of America and a vision of a secure world plays right into what the conference was about: Allowing people to travel freely and allowing the economy to flourish were on his agenda and are on our agenda today. Noted his (Verdery) belief that the United States is halfway through revolutionary changes necessary to allow international travelers to be admitted to the country and how visitors be screened or vetted. Highlighted the changes that have occurred over the last three years and noted many more to come. Focused on the importance of facilitating legitimate international travelers and being proud to be a country of open doors. The need to facilitate international arrivals to attend colleges, do research, vacation, conduct business and go home is critical and important to the nations economy.

Focused on the Administration's implementation significant changes in the visa screening and application process in light of the increase security concerns since September 11 and new regulations to limit waivers of visas, personal appearances for non-immigrant visa applicants. Raised the Visa Waiver program, noting that last year (2003) 13.5 million visitors traveled on the visa waiver, 46 percent of all travel to the United States. Discussed aviation security being done in a layered approach, no single bullet approach, the use of Biometric passports, Visa enhancement, appropriate use of airline passenger data, US-Visit program, traditional airline security measures such as improved cockpit doors, air marshals on certain flights. Mentioned the recently concluded an agreement with European Union on air travel, permitting legal transport of passenger data while respecting European privacy laws and our need to have this information for security reasons.

US-VISIT Program Implementation

Jim Williams - Director, US-VISIT Program, U.S. Department of Homeland Security

Mr. Williams discussed the history of the US-Visit program and stated that they are exceptionally pleased with the program. The presentation focused on the following four goals of the US-VISIT program: 1) Enhance the security of our citizens and visitors. 2) Facilitate legitimate travel and trade, it is a directed goal from the President on down and it is important the system does not adversely impact commerce, especially our \$81 billion travel and tourism industry. We can make sure to find ways to speed things up. 3) Insure integrity into our immigration system. We want people to come here. 99.9 percent of people come for legitimate reasons: to study, travel, visit family, business and other reasons. We want to make sure that those kinds of people are law abiding legitimate visitors with the intent to follow the law. 4) Safeguard the personal privacy of our visitors.

Barbara Kostok - Managing Director, Passport Facilitation, Air Transport Association of America

Highlighted Associations close relationship with DHS in reference to the US-Visit program. Pleased with the US-Visit program's implementation. Noted in the short amount of time DHS has had to implement their programs, it is remarkable how far they have come in a short time. Association is concerned about long lines and whether the FIS facilities can handle the amount of traffic once the visa waiver program is added in September. The issue is whether DHS will have the number of inspectors available to handle the volume of people. Supportive of CAPPS II program but are concerned about privacy issues for our customers.

Urges the DHS to explore the possibility of combining screening and exit processing and leveraging the existing programs that are in place to better meet the needs of the traveling public, while enhancing vital security needs. ATA very strongly desires to see a seamless fully integrated approach to passenger processing and screening.

Elyse Wander - Senior Vice President - Government Affairs and Member Programs
Travel Industry Association (TIA)

Described TIA's mission and its support to development and expand the new exit program that will increase security at US points of entry while at the same time facilitate in-bound legitimate travelers. Focused on TIA's cooperation and positive experiences working with DHS on the US-Visit program. TIA still has some concerns, which mostly center on delays at U.S. points of entry. Pleased that DHS is working to minimize problems at seaports and borders and urge the government to use every opportunity available to them to improve inspection efficiencies.

Milestones of Visa Implementation

Catherine Barry - Bureau of Consular Affairs, U.S. Department of State

People have to remember that they must strike a balance between the needs of national security, legitimate travel, and immigration. She notes the strategic interests of an effective visa policy are: facilitation of commerce, tourism, academic, family reunification, scientific exchanges, and refugee resettlement.

She highlighted a few steps taken to strengthen the integrity of the Visa Process.

- 1) Greatly increased the use of the level of data shared between State, law enforcement and intelligence agencies;
- 2) Made available visa information to immigration officers of DHS at ports of entry;
- 3) Tightened visa requirements;
- 4) Enhanced training for consular officers;
- 5) Joined other USG agencies in the creation of a new terrorist screening center;
- 6) Established 60 standard operating procedures for visa operations to be implemented by consular officers abroad.
- 7) Introduced the use of biometrics in U.S. visas issued abroad (i.e. a digital photo and electronic fingerprints of the visa recipient's index fingers).

Emphasized the importance of machine readable passports, especially for the visa waiver program. The next difficult challenge is implementing biometric identifiers on travel documents. The technology exists but many countries are not prepared for this step.

Marlene Johnson – Executive Director and Chief Executive Office, NAFSA: Association of International Educators

Her organization conducted a small survey to find out that nearly two-thirds of the responding schools said their international enrollments were down. Along with other surveys, it appears that the “hassle factor,” seemed to be the biggest reason for the decline.

NAFSA recommendations:

- 1) The Secretary of State and Homeland Security must articulate an operational visa policy that defines the appropriate balance and that can guide the decisions of consular officers.
- 2) Such a policy must provide greater focus for consular reviews.
- 3) For those applications that are sent to Washington for interagency review, more enforceable time guidelines are needed to ensure their expeditious consideration.
- 4) Congress must act to provide resources for the streamlined visa system that we seek.

She noted that we need to step up the pace on improvements and fixing the visa system is only the beginning of the solution. Once we've done that, we must turn our attention to regaining the international student market that we have been systematically throwing away for the past three years.

Theresa Brown – Director, Immigration Policy, U.S. Chamber of Commerce

One in eight jobs in the U.S. is in travel and tourism. There have been a lot of changes to the visa and security process. There is an increase in person to person interviews, the development of the US/VISIT program, the new entry/exit procedures, the new biometric requirement, more screening at the consular offices, increase in the number and extent of background and security checks and the interior registration of foreign nationals, and NIRS.

The first phase was to get rid of the loopholes. Now in the second phase the USG needs to integrate all those things that have been put into place. The government and the private sector must work together to do this. Delays mean costs. She cited a lack of USG resources.

Stephen Trachtenberg – President, The George Washington University

Mr. Trachtenberg states that America is stronger economically, richer culturally, more secure militarily and healthier socially because of the steady increase in the number of immigrants, international students, and education and research personnel who have come here. As the USG strives to strike a balance between its border security and its economic security it must agree on what the benefit of international students, scholars, researchers and teachers are to the United States.

U.S. universities are losing out to universities in other countries who are aggressively courting international students. Not only does the U.S. do virtually nothing to attract foreign students, the J1 and F1 visa system is seen as hostile to students since 9-11. The USG is making it harder in other ways for students, imposing a \$100 student fee and new social security requirements. Nationally the number of foreign applications to U.S. graduate schools has declined by one-third in one year alone. These are future inventors and entrepreneurs of tomorrow.

Leonard Karp – Executive Vice President and Chief Operating Officer, Philadelphia International Medicine

Mr. Karp's focus was on the international health services industry.

A number of patients have problems acquiring a visa for treatment in the United States. The United States economy is hurt when patients are not able to receive life saving treatment in the US because of visa delays. In addition, he expressed concern about visa delays for scientists and researchers getting visas to come work in U.S. hospitals. This is affecting business relationships. The US has to deal with this overall issue in a more balanced way.

The growth of US international patient rates in over the last decade before September 11 grew by 11 percent a year which was one of the fastest growing segments of the services market. Since 2001, however, the US has lost about 25-30 percent of potential patients. Many other countries are trying to fill the void left by the US such as Germany, Britain, Singapore, India and the Far East. Other governments have developed marketing programs to bring patients to their country.

Suggestions for the government:

- better customer training and customer services of consular officers;
- the U.S. has to do a better job getting the word to the rest of the world;
- ask the U.S. ambassadors to meet with the local press and others members of the local medical community.

Policy Implications for Conducting and Booking Business

Alfonso Martinez-Fonts, Jr. - Special Assistant to the Secretary, U.S. Department of Homeland Security

Mr. Martinez noted he was appointed to Special Assistant to Secretary Ridge to be an advocate for the private sector to get the right message to the secretary; to share the information on how to deal with fighting terrorism; to create private/public partnerships for fighting terrorism; and to provide the economic analysis capability to look at cost and impact of regulations that the Department is promulgating. He said that fighting terrorism is not a federal issue, but a national issue, and that every traveler has to be part of this effort. To frame this discussion, he said one of the dilemmas we face in America concerning the security issues for cargo and people, is whether we want to achieve fast movement or accurate safety. He suggested that, one approach is to open our doors and allow all trucks and persons to enter the United States without being checked or another approach is to stop every truck, container, and interrogate every person coming into the United States. The latter approach would in effect stifle the economic system in America and allow the terrorist to win without firing one shot. Therefore, we need to obtain fast and secure procedures, allowing people and goods to enter our borders that will not hurt us.

Matt Bates - Chairman of Visit USA Association-United Kingdom

Mr. Bates is Chief Executive Officer of Bates Consultancy and Secretary of Visit USA-Europe and represents one of the major players for leisure tourists coming to the United States. He noted the Visit USA organizations, which now total about 50 voluntary organizations around the world, were formed in the wake of disbanding the U.S. Travel and Tourism Administration in the 1990s. Mr. Bates said their organizations work closely with the Department of Commerce commercial service officers based in embassies around the world.

In reference to the United States entry process, Mr. Bates urged that the United States needs to balance the security needs with making travelers welcome, make user friendly, and consistent. He also stated that travelers are more concerned with the consistency, quality, and a friendliness of the overall customer experience at the port of entry rather than the amount of time it takes to get the information.

Shannon O’Kelly – Executive Director of International Business Development, New York Presbyterian Hospital

Mr. O’Kelly explained the policy implications to the medical community and why this issue is so important. He noted that for every healthcare dollar spent three are generated for hotel, shopping, and entertainment.

He said that since September 11, 2001, entry for skilled scientists, physicians, and nurses along with patients from Asia, including China and India are increasingly difficult resulting in increased competition in the medical field from locations like Thailand, India, and Singapore. He understands security concerns are paramount, consulates are overburdened, and prospective patients can give incomplete or misleading information, but he hopes that the patients can receive the care they need when they need it. He recommends that there is open communication between hospitals and U.S. consular staff, relaxation of having to pay a visa fee following a rejection for incomplete information, a stabilization of visa procedures, and reminder to our border officials that the patient’s first impression of the United States is in the consulate interview and at the entry.

Robert Vastine - President of the Coalition of Service Industries, and Chairman of the International Trade Advisory Committee on Services (ITAC 10)

Mr. Vastine said that CSI and the ITAC look at this issue through the particular lens of international trade and the movement of people between countries. He explained that movement of people is a mode of supply of services trade that is encompassed by the rules of the General Agreement on Trade and Services. In the GATS it is known as “mode four” of supply of services. Mode four refers explicitly to temporary entry of persons, not immigration. He noted this country has a huge stake in this form of trade, which has become more difficult as a result of September 11, because the administration of the immigration laws has itself become a trade barrier. He urged everyone to join in educating Congress about the distinction between temporary entry of people, and immigration. Tourists, medical patients, students, lecturers, consultants and similar experts who enter the US for temporary assignments are necessary to the US economy. They are not immigrants.

Bill Connors - Executive Director and Chief Operating Officer, National Business Travel Association

Mr. Connors noted that big corporations experience the same difficulties as what others have expressed earlier. He said he could give numerous examples of companies losing multi-million dollar deals because they could not get their potential buyers into the United States to make the transactions. He urged everyone associated with the travel industry to help convince lawmakers that this is a viable and important sector to the United States and global economy.

He noted that Congress makes the laws and the government officials only implement them.

Therefore, it is important that we speak with one voice to our lawmakers. Emphasized the need to have an efficient flow of passengers for all nations while also securing our borders. He said that if the lawmakers do not pay attention to this industry seriously, then there will be catastrophic results, economically, personally, and humanly.

International Diplomatic Implications

Patricia S. Harrison - Assistant Secretary, Bureau of Education and Cultural Affairs, U.S. Department of State.

Ms. Harrison and her Bureau work to foster mutual respect and understanding between the United States and other countries through international education and exchange programs. Each year, her office facilitates about 35,000 cultural, academic, and professional exchanges. As we reach out to people, they then have a personal knowledge of who we are and what we value. She cautioned that if we begin to lose the student market, we lose the opportunity to inform and engage with the successor generations. She emphasized that we cannot replace the value of face-to-face interaction and noted it is important to have people come to the United States to experience this country firsthand.