U.S. TRAVEL AND TOURISM ADVISORY BOARD

Room 4830 DOC Building 14th & Constitution Avenue, N.W. Washington, DC

Tuesday, June 9, 2009

The meeting was convened, pursuant to notice, at 9:36 a.m., MS. MARILYN CARLSON NELSON, Chairman, presiding.

APPEARANCES:

MEMBERS OF THE BOARD

CHAIRMAN MARILYN CARLSON NELSON Chairman and Chief Executive Officer Carlson Companies

VICE CHAIRMAN WILLIAM DeCOTA Director of Aviation Port Authority of New York and New Jersey

MS. DAWN DREW Vice President and Publisher National Geographic Traveler

MR. ADAM SACKS Managing Director Tourism Economics

MR. JEREMY JACOBS, SR. Chairman and Chief Executive Officer Delaware North Companies

MS. NOEL IRWIN-HENTSCHEL Chairman Co-Founder and Chief Executive Officer American Tours International

MR. DAVID KONG President and Chief Executive Officer Best-Western International

U.S. GOVERNMENT

HON. GARY LOCKE Secretary of Commerce

MR. DAVID DONAHUE U.S. Department of State

MR. BRIDGER McGAW
Department of Homeland Security

MS. TRACEY HANNAH
Department of Homeland Security

MS. KATHLEEN KRANINGER
Department of Homeland Security

MS. MARY SAUNDERS
U.S. Department of Commerce

MR. CARLOS MONTOULIEU
U.S. Department of Commerce

MR. J. MARC CHITTUM U.S. Department of Commerce

ALSO PRESENT:

MR. CHRIS MEYER, CEM, CMP Vice President Las Vegas Convention and Visitors Authority

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CHAIRMAN CARLSON NELSON: Well, good morning everyone, and welcome to the meeting of the U.S. Travel and Tourism Advisory Board. I'd like to officially call the meeting to order.

We have the great honor -- actually, Mr.

Secretary, your reputation as an advocate for our industry has preceded you. Quotations from Pow-Wow have been circulating, and nothing pleased us more than to realize that, as a governor, you had actually experienced the extraordinary job creation that results from our industry.

So we're all looking forward to an opportunity to partner together and to address what, at the present time, is a very serious issue. We consider our travel and tourism to be more than "an industry". We consider it actually to be a sort of collection of industries.

As you yourself have quoted, the impact is far and wide, and right now we are almost desperately in need of some collective action not only to deal with the issues that we face today, but in fact to prepare for what could be a future that, with new travelers coming who we'll reference later from the middle class that is developing around the world, and certainly we

want to be able to welcome them to this beautiful country with open arms and facilitate and expedite their travel.

But I do not want to get ahead of ourselves.

I want to begin by asking our committee to introduce themselves to you, and then perhaps you will honor us by saying a few words to introduce yourself to us.

After that, we're going to go through our recommendations for the record, and then we'll have a bit of conversation where some of our committee members will give you a little color on the particular areas of the recommendation that they feel particularly strong about. But I hope it can be very interactive.

I think we found at our last committee meeting that it was quite satisfying for all of us, in that we had a real exchange and we feel very comfortable to have you ask questions, and we may ask, if we may, of you as well. Collectively, we would like to actually continue to make a difference.

So let me begin. I'll ask Bill DeCota to begin. If everybody would introduce themselves--I think you've just done it briefly, but you might do it again, your affiliation--and then perhaps just briefly, what the greatest concern you have relative to your own particular area of activity. Later we'll talk more

broadly about the industry in general, but you might express some of the concerns that your particular operation is facing.

Would you begin, Bill?

MR. DeCOTA: Thank you, Marilyn and Secretary. It's wonderful to be here. I am Bill DeCota. I am Director of Aviation for the Port Authority of New York and New Jersey, and I believe it is probably the largest airport system in the world. There are approximately 110 million passengers, about 3 million tons of cargo. We truly believe we are where America greets the world.

I run Newark Airport, Kennedy Airport,

LaGuardia Airport, Teterboro Airport in New Jersey,

which is one of the premier business airports, which is

one of the missed opportunities, I think, that we have

described in the briefing paper that we've given you in

terms of business aviation.

I also have recently purchased, about a year and a half ago, Stuart Airport up in Newburg, New York because it's a very under-utilized asset 65 miles north of New York. Clearly, capacity of airport infrastructure is central to what I do; fundamentally, airports just exist to get people and cargo out of land vehicles into air vehicles, and vice versa, but they

are enormously important to trade, travel, commerce, and tourism in this country.

I was very thrilled when I found out that I could be the Vice Chair to Marilyn Carlson Nelson, because there's no person that I know of who's a bigger advocate for travel, but even more important, commerce, in the United States than Marilyn and the Carlson Companies and the things that they do.

This is really another very prime example of what I try to do. I try to really make businesses successful, make sure that people get employed, that people can go and visit. The state of our country's airport infrastructure is an issue, but also air traffic control, one of the biggest things, most important things.

The port authorities created a coalition called NextGen Now. It's basically the National Alliance to Advance NextGen, and it's looking for multi-year commitments of significant funding in order to revolutionize the air traffic control systems and to evolve from land-based radar beacons to satellites. So that's a big piece of it.

Of course, on another level, the second subcommittee's work that's going on in terms of travel facilitation is vitally important to us, to be able to

process international visitors, to remove barriers, to be able to get people visas, to have processing capabilities, to bring people in, to have security that serves as a fortress, but at the same time brings down the barriers.

The economic sustainability issues, we cannot understate, because since the deregulation of the airline industry in 1978, airports have had to really manage, do an awful lot of evolution of who carriers are; carriers that once existed no longer exist, many new ones were formed, they didn't have a very long shelf life.

So all of these issues are really of importance to me, but if I had to advocate very loudly on behalf of anything, NextGen is at the top of my agenda. I just appreciate the Commerce Department's focus on all of these issues today and appreciate all of the work of the committees that Marilyn has chaired, because I think they have done some very good work that you will be very interested in.

SECRETARY LOCKE: Thank you. Thank you.

MS. IRWIN-HENTSCHEL: Hi. My name is Noel Irwin-Hentschel, with American Tours International. Thank you for this opportunity to share with you some of our concerns relating to our industry. I just

returned from China and southeast Asia. Our image in Asia is a major concern for tourism because we have an opportunity there with the MOU signing that took place for many more tourists to come from China to the United States.

But the concern for safety in America, first with the bus accidents that have been happening because of the underground industry that has been operating here for the Chinese traveler which resulted in the death of a 16-year-old girl, amongst others, is one of the concerns and we're working with NTA on rules of the road to try to prevent it from happening again. But then the second part of a safety issue is the swine flu and the opinion there that America is the place not to come because of the concerns that they will get the swine flu.

So it's really very important, we believe, that there be a strategic plan for how to counteract the negative media. From what we have seen, in discussing with your commercial service officers, by the way, which I want to really say that they are fantastic in China and also in Vietnam, they've made great introductions.

I would recommend that if there's more budget or where there's more budget, that the more Commercial

Service Officers could really help the tourism industry because they already have the infrastructure in place to be able to just add resources there for doing training and promotion.

That is the other part of our concern, is this Travel Promotion Act that is in the process of potentially passed, that has left out a great part of the industry. All the small business owners, all the medium business owners have not been brought into the discussions of it, and yet there's potential for them to be assessed so there is major concern as to why they have not had a say, unless they are going to be exempt from assessment like the airlines have been.

But the other part of the Travel Promotion Act that is of concern is the funding to go to discoveramerica.com, which really is focused on Expedia, Travelocities, and the OTAs who have had the resources to pay to play, but who also have not been paying their taxes. So that, again, is from the medium and small business owners in the tourism industry, which we hope to be able to have a voice and to share that.

We need travel promotion for sure, but the

Department of Commerce, with their Commercial Service

Officers and the international tour operators playing a

part in that, is very critical because that's the other part of it. The plan right now of the business going to these companies like Expedia and Travelocity is that it will cut out the international tour operators who have been supporting the United States of America and all the money that's coming in has been coming from those tour operators from around the world who now also do not have a voice in this.

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But that and the need for government-togovernment -- as I shared before, in China, it was brought to our attention that perhaps by America participating in the Shanghai World Expo, that perhaps that could have a bearing on the Chinese government right now telling people not to come to America. Especially students have been advised not to come here because of the flu. We know America is safe. need for the Chinese people to know that it's safe to come here. We believe that it would be really helpful, when you have an opportunity to speak government-togovernment, for that to happen.

CHAIRMAN CARLSON NELSON: Thanks, Noel. should move on.

> MS. IRWIN-HENTSCHEL: That's it. Thank you. CHAIRMAN CARLSON NELSON: Jeremy? MR. JACOBS: I will keep this brief.

I'm

Jeremy Jacobs. I am Chairman and CEO of Delaware North Companies. I'm the owner of the Boston Bruins hockey team. I'm Chairman of the National Hockey League. I'm also Chairman of the University of Buffalo Council.

Virtually every business in the company's portfolio touches travel. We have about 50,000 employees around the world, with the majority in the U.S. operations. The company operations include global sports stadia, arenas, worldwide airports, destination resorts, national and state parks, and gaming/entertainment venues. The company's locations range from the south here, the Kennedy Space Center, to Yosemite National Park out in California.

I own and built the TD Bank North Garden in Boston. We run such places such as London Wembley Stadium or the Australian Open. I caught your remarks on CNBC. I thought they were very helpful and very constructive, and I want to thank you for them, Mr. Secretary.

SECRETARY LOCKE: Thank you.

MR. DONAHUE: I'm Dave Donahue with the State Department. Our biggest concern would be, how do we serve those growing new classes we're seeing are future travelers to the United States.

MS. DREW: Good morning. I'm Dawn Drew, Vice

President of Travel at the National Geographic Society. My job has recently changed. Through our Global Media Group we reach, through television, magazines, dot-com, and other publications, about 40 million people worldwide a day. We are principally content developers.

One of the reasons I am so happy to be part of this advisory board is because most of our content that we develop is about travel. Many people will tell you that the first inspiration they have to go anywhere started when they were reading National Geographic. I spend about a third of my time -- they'll tell you other things, too.

(Laughter)

MS. DREW: But I spend about a third of my time traveling out of the country. I work a lot, as Noel said, government-to-government, our group with other governments. I just came back on Friday from India. It was my fifth trip there in the last nine months.

The things that are top-of-mind for me, and one of the reasons that I like being on this, is that I really hope that we can address sustainability with regard to travel, not just environmental sustainability, but cultural sustainability. It's a

message that we don't get out enough about our country.

People wonder what the culture really is here, because
we're known as a melting pot.

Furthermore, I would like to start to do some things here where we develop tourism inbound and outbound, on a two-way basis, not just inbound tourism to the United States. Working with other countries like China, India, Vietnam, Brazil, there are some pretty extraordinary things going on there and they would like to partner with us, as opposed to just hear from us about one-way inbound travel. I think that there are some ways that we could do some pretty extraordinary things together. It would benefit the cruise lines and the airlines, as well as everyone else here.

Third of all that is top-of-mind for me, is

State Department warnings and the news media. It seems
that the more negative we get, the more negative they
get overseas, which is why there's this growing
perception that we're not a safe place to come. I
think that the swine flu episodes have really come back
to hurt us, and I think that there have got to be ways
that we can, as a committee, collaborate and figure out
how to start to control the news media. For my part,
I'm trying to keep positive at National Geographic and

make sure that what we do is continue to tell people to travel. Thank you.

MR. SACKS: My name is Adam Sacks. I'm the Managing Director of Tourism Economics. I think for us--and I could speak on behalf of our clients, particularly destinations and hotel chains--there are two things of greatest concern that we're hearing. The first is on the meetings side. Where business has been the weakest is on meetings, conventions, and certainly incentive travel.

I think a big part of changing the landscape there -- of course, there are economic fundamentals that are driving this, but part of it is making the case that these are essential to business operations--indeed, business performance. I think there's actually research that's coming out to support that, but I think that's part of our message. It's a big part of the industry. To continue to reinforce that, it's essential that these meetings, bringing people together, is a big part of what makes companies work and what makes them perform well.

The other thing that we are interacting about quite a bit does relate to travel promotion. Yesterday I was with a group of ministers, tourism ministers, from an association, about 30 of them together. They

were aware of the Travel Promotion Act. I was moderating the sessions. They said, should we be scared that the U.S. is going to fund this--and they're not U.S. destinations, they're international--and that all of the market is now going to go to the U.S. and we're going to lose market share?

(Laughter)

MR. SACKS: Actually, Helen Marano was in the group and she said "yes, be afraid. Be very afraid". I think there's a positive thing to glean from that, which is that from a competitive standpoint, we've been at a disadvantage because we haven't had that central marketing function.

To be able to bring that, and hopefully to bring together not just large companies, but mid-sized, and all the destinations and the diversity under a single umbrella could have a major, major impact.

Indeed, from the analysis that we have done for the U.S. Travel Association, as indicated, it would be a game-changer. To be able to fund this the way that it's been envisioned to be funded would truly change the market position of the U.S. and have tremendous, tremendous economic implications. Thank you.

CHAIRMAN CARLSON NELSON: Thank you.

David Kong?

MR. KONG: Good morning, everyone. I'm David Kong, the President and CEO for Best-Western

International. And since Bill Marriott is not here, I can say we're the world's largest hotel chain.

(Laughter)

MR. KONG: I'm also the incoming chair for the American Hotel Lodging Association.

Mr. Secretary, I have three points I'd like to start with. Number one, is the economy, obviously, weighs heavily on our minds. We need to try to improve the rhetoric and encourage travel and encourage business meetings.

Number two, credit is still a huge issue. We have a lot of hotels that would like to renovate and there are lots of developers that want to build hotels and create jobs, and the money is simply not available.

The third point is what has been said already. I think international travel, inbound travel, is extremely important for our country. If you look at the statistics, the fact that we lose 668 million, I think, travelers from 2000 to 2008, and the fact that they spent about \$4,500 each person, that is a pretty sizeable loss from our economy. So I want to echo what's been said about the Travel Promotion Act, and certainly appreciate all the support that you have

extended to the industry. I appreciate all the comments you've made and want to count on your continued leadership. Thank you.

CHAIRMAN CARLSON NELSON: Thank you.

MS. KRANINGER: Good morning, Mr. Secretary.

It's a pleasure to be here. I'm Kathy Kraninger, with
the Department of Trans-- Transportation? That would
be five years ago.

(Laughter)

MS. KRANINGER: I'm with Department of
Homeland Security. I'm here with two of my colleagues
who are in the Private Sector Office, and we are able
to present to you today some of the programs that DHS
has launched in the last year and the progress that
we've made with those. I think it's important from our
standpoint to recognize the partnership that we have,
certainly with the Department of State and with the
travel and tourism industry.

We've had some very successful implementations recently and I think we must add to the clarity for travelers as to what is required to come to the United States, what they can expect certainly from processing, particularly at the borders, at airports, and we are certainly working hard to make sure our operations reflect that flow and are welcoming to visitors and

travelers to the United States. So, we'll continue to do that.

MS. HANNAH: I'm Tracey Hannah, as Kathy said, from the Private Sector Office at Department of Homeland Security.

Mr. Secretary, I worked with the former Governor of Arizona's Policy Advisor of Regulatory Affairs, and she gets the tourism thing--Arizona being a major tourism state--and understands the implications of regulations and policies on businesses and trade and tourism. So we have a Secretary of Homeland Security that is very sensitive to the issues that travel and tourism present. Thank you.

MR. McGAW: Good morning, Mr. Secretary, Madam Chair, members of the board. My name's Bridger McGaw. I'm the Acting Assistant Secretary for the Private Sector Office. I appreciate the opportunity for us to all be here today. As we saw with the H1N1 response, the most appropriate and effective messaging we can do as a group is to better communicate what we want to see as the outcomes for our operations, whether they be promoting tourism or informing the traveling public on what they can do to better protect themselves.

The Department of Homeland Security continues to be committed to promoting the open and secure travel

and the transfer of goods and services, but we also are looking forward to a more robust participation and coordination with the travel industry on how to best communicate with the traveling public in advance of, and during, various crises. So, thanks for having us.

CHAIRMAN CARLSON NELSON: Thank you all. I think, Mr. Secretary, we're looking forward to fall when you're going to be convening the Travel Policy Group. One of the great advances that we feel has been made in the last couple of years is this close collaboration between Homeland Security, State Department, Commerce, and the recognition that we have to work in really lock-step, and also between Federal Government and state, which I think is another area that you're going to bring real expertise, because this issue has such a broad impact.

In businesses we do reengineering and we try to be seamless from the beginning of the experience all the way through the feedback that we get at the end of the experience. I think that there's no way for this to happen across our businesses and our industry without the collaboration, and we look forward to your intensely driving that so we can be even more successful.

We have seemed to have the sun, the moon, and

the stars aligned because we have a President who cares deeply about having the world acknowledge that this is a warm, collaborative people who would like to reach out across the world. We have you now in this position and we have an industry, with the possibility of this Travel Promotion Act, that if we find the right way to communicate it, can really enable not only this industry, but the diplomatic initiatives of the country, as well as the badly needed economic impact. So that said, we look forward to hearing from you, if we may, as to what your thoughts are. We were delighted to see your appointment, and we look forward to hearing from you.

WELCOMING REMARKS

Secretary Gary Locke

SECRETARY LOCKE: Well, thank you very much,
Marilyn. And to the members of the committee, thank
you for taking time out of your very, very busy
schedules and traveling distances to attend this
meeting. I very much appreciate also my colleagues
from Department of Homeland Security and the Department
of State. David, Bridger, Tracey and Kathleen, thank
you very much.

And to the members of the advisory committee,
I'm familiar with just about everything, your products,
your services, your hotels, your destinations, your
magazines, and of course just the tours that you all
provide.

In talking with some of you, we've stayed in some of your resorts. For instance, Jeremy's Delaware Company operates Harrison Hot Springs, and that's a destination that several families, including ours, go to every single year and the kids just love it there. Just give them a swimming pool and that's all they need, you know? Just a swimming pool and a nearby beach.

Then all the years as governor, I have used

Best-Western. When I was a legislator, one of the places I stayed at when I was in the state legislature is now a Best-Western facility. On the campaign, and even as Commerce Secretary, as we travel from city to city, we've used Radisson, we've used Best-Western. So, keep up the great work.

And everyone knows National Geographic magazine, and everybody sees those great pictures and says, oh, we've got to go there, we've got to go there. So I just appreciate the great, great work that you do. And everybody, of course, has flown through JFK and LaGuardia.

(Laughter)

SECRETARY LOCKE: And wondering, how come we're still on the tarmac?

(Laughter)

SECRETARY LOCKE: And, of course, international travel is so very, very important, so I thank you all for being here.

We, of course, know how important travel and tourism in the hospitality industry is to our economy, contributing almost \$1.3 trillion a year to our economy, thousands and thousands—tens of thousands—of jobs. Tens of thousands of jobs. And, of course, we know that those who work in the travel/tourism/

hospitality industry support many other jobs. They eat in restaurants, they shop in malls, they remodel their homes, they purchase automobiles, they just support so many other jobs throughout the economy.

And so these are tough times and we need to try and help the industry get through them, but we know that there will be better times. In fact, you all have been one of our greatest contributors to redressing the balance of trade issues. In preparation for the Pow-Wow conference down in Miami, I realized that the tourism and travel sector is considered a service. It's part of the services industry and is considered part of the export business.

Because while foreign travelers coming into
America spend money here, we actually call it an export
because it's actually American jobs supporting people
in other countries, even though they consume that
product here and we're not actually sending that
product out. But it's really foreign money, foreign
currency coming into the United States, the same way
that if we were to send goods, manufactured goods, to,
let's say, Australia, or to France.

Those French companies, Australian companies would pay and that money comes back into the United States and to companies here in the United States. It

is not different in terms of travel, where visitors from Australia or France are contributing to our economy, but actually making the transaction here in the United States and consuming the product here in the United States.

So we know that perhaps by the end of 2010, growth will start picking up again, perhaps at 3 percent. We'd like to make it--obviously all of you would like to make it--even stronger and more robust. But in the meantime, we need to figure out how we can prepare for that brighter future in terms of airport congestion, airport capacity, visas, clear rules, expectations of foreign visitors when they come, issues in terms of Homeland Security, just clarifying the requirements as, Canadians, for instance, have traveled across the border into the United States.

We know that a lot of Canadians do come down for shopping, for visits, for tourism, and for recreation, and even for business. So we need to really have clear guidelines and clear procedures, and people need to know what they can expect when they come to the United States.

With respect to visas, it's been an issue long of concern for me, not just in terms of visitors, but also business travel. We know that the more business

travel coming to the United States, the more that they're exposed to the United States, that supports the tourism and travel industry. They may want to come back strictly for recreation in the future, but we need to figure out how we can streamline the visa processing procedures, make it very clear, but also make it much more customer-friendly. I know that the State Department is concerned about this as well.

So I look forward to all of your comments and your feedback on what we can do together, working between the public and private sector, and then obviously getting ideas that the Federal agencies can share. Obviously we have to address the issues of security. We need to address the issues of policy and the Federal agencies will be talking and hopefully taking your recommendations, your ideas to heart to improve our system, to make us more seamless, to make us more efficient, while addressing very legitimate and paramount government objectives.

So I want to thank you all for inviting me, and I look forward, in the remaining time that we have, to talk about some of your recommendations. I know that, for instance, you're working very hard on the Travel Promotion Act that's been talked about here. I very much support the concept and need to try to get

the Federal agencies together on board so that we can figure out if there's a way to raise some additional funds to promote tourism, to help market the United States.

We see advertisements in our publications, on television, promoting Hong Kong, Macau, Paris, other parts around the world, and it would be great if the United States could do the same. I think, quite frankly, we have so much to offer.

We have such great things to offer, scenic wonders, great recreational opportunities, beautiful, gleaming cities and a really vibrant culture, music, arts. Quite frankly, America is not monolithic. We have incredible diversity of people, cultures, and lifestyles in every part of the United States. Having all of us who have just experienced the 4:00 or 5:00 thunderstorms here, we have great diversity of weather.

(Laughter)

SECRETARY LOCKE: I can put in a plug for Seattle. You've all seen it now. It rains a heck of a lot less in Seattle than it does here in Washington, DC.

(Laughter)

SECRETARY LOCKE: So with that, Madam Chair, I'll turn it over to you.

CHAIRMAN CARLSON NELSON: Thank you. Thank
you, Mr. Secretary. Well, we really appreciate your
observations.

I might add that unless there's any new data, the data that I have been quoting for a couple of years is that, of the top 40 industrialized countries, we are the only one who has not had a national promotion welcoming travelers. This really has had, without question, an impact on the yield that we have gotten from the growing travel market. So we are determined to collectively redress that.

We've been working on it for many years now and the moment has come where we really must get it passed, we must execute. We must work out whatever the differences are, because it's just too important for us. It's not anything that any one of us can do individually, it's something we have to do collectively. We certainly appreciate your sensitivity to that.

POLICY REVIEW BRIEF

Marilyn Carlson Nelson

CHAIRMAN CARLSON NELSON: Now what we'd like to do, since this is our inaugural meeting with you, Mr. Secretary, we're going to present you a policy review brief. I'm sure you've been briefed about our brief.

(Laughter)

CHAIRMAN CARLSON NELSON: But we would like to officially present that to you. I'm going to quickly move through our recommendations.

We intend, in September, to fill this out in a little bit more granular way, and also there are several of these things that are works in progress that may actually be moving forward through the summer before the August recess. So in September it would be wonderful if we could have our meeting before you convene your policy group, because that would allow you to utilize any new insights we might have at that point to inform any of those discussions.

But I'm going to quickly run through the recommendations and then we'll have a discussion.

First with respect to airport congestion infrastructure, we're seeking the Commerce Department's support for passage of the FAA reauthorization

legislation for full funding of NextGen initiatives in the appropriation bills for compatible technologies with our international partners.

I think any of us in business are realizing that without compatible technologies, that it just can confound the kind of global communication that we need. For permanent removal of the Alternative Minimum Tax penalty for airport private activity bonds and the ability to advance refund bonds, it sound a bit arcane, but progress was made there and it was really a deterrent to getting the kind of investment that we need, and I think Bill will speak to that a little bit later.

With respect to travel facilitation, several of the committee members are here. We're seeking the Commerce Department's support for certainly passage of the Travel Promotion Act of 2009, with considerations for the funding mechanism.

Continued advocacy for the visa waiver program. We've made progress. We're going to hear more about that here, but we need real intensity and advocacy. We added eight countries in 2008. They actually generate the preponderance of travel to the country, so that if we're able to extend that we have several countries that are certainly, we feel,

justified for consideration there, and that perhaps you could help us to drive that initiative.

Encouraging the DHS to develop a plan to increase the ESTA compliance rates by identifying which groups of travelers are still unaware of the requirement. That also may be helped by the Travel Promotion Act, which may clarify some of the information that needs to be shared.

We'd like policies to ensure that those who arrive at an airport who are yet unaware of ESTA requirements, that we can provide an opportunity for them to apply for an ESTA authorization on site in order to board a U.S.-bound plane. That clearly makes sense.

We'd like support for timely actions in using appropriated funds for the Model Ports of Entry Program. This is an excellent program, but we need to accelerate the execution and implementation. We need to encourage the Customs & Border Protection to develop and operate within a set of best practices and performance standards that could be shared nationally, because the point of model ports was ultimately to roll this out nationally. So one of the keys is to develop best practices and performance standards so, in fact, we can accelerate that roll-out.

The appropriate staffing of resources to the CBP for the operation of airports and seaports, the elimination of duplicate screening of passengers on both connecting and originating flights in the United States. This is something we should be able to work with security on because it's just clearly a duplication of cost, time, and an inconvenience to travelers.

Finally, with respect to our third area of focus, which was economic sustainability, we certainly intend to work with the Department to support the U.S. Travel Association's Meetings Mean Business campaign.

I think Adam spoke eloquently to that, but it's unfortunate that what happened has actually had such a profound impact on important meetings and events across the country. It was an unintended consequence, but indeed it was a really dramatic consequence.

So, we would like the proactive adoption of the industry guidelines for meetings and events for the TARP recipients and somehow we've got to get it back that it's not politically incorrect to have business travel and meetings and events. In fact, it's a facilitator of business.

Implementation of NextGen technologies, which Bill spoke about and will speak again, to ensure

greater efficiencies, safety, and capacity for the industry. Sometimes the airlines are blamed when people are sitting on the tarmac.

In fact, we've got to get this Next Generation technology. Right now when we're considering infrastructure, if there's ever been a time that the nation should be able to embrace this idea without undermining the impression of safety, we need to at the same time make sure that we ensure going forward that we have the right technologies to assure safety.

Research and development in alternative fuels. Of course, this is related to the energy policy initiatives, but it really relates again to the fact that if we move to any kind of carbon emission cap and trade, that we want to be absolutely sure that the industry does not get unfairly penalized, which would be unfortunate.

I think the industry accounts for somewhere around 2 percent of the emissions, but between looking at alternative fuels and looking at the facilitation from the industry, we have to be very careful that an industry that is set to lose \$9 billion this year does not bear an unequal weight of that very important initiative.

So I think that according to the protocol,

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1	that the next thing I should do is ask for the
2	committee I need a motion to approve the briefing as
3	has been developed by all of you.
4	MR. DeCOTA: So moved.
5	CHAIRMAN CARLSON NELSON: Is there a second?
6	MR. KONG: Second.
7	CHAIRMAN CARLSON NELSON: All in favor?
8	(Chorus of Ayes)
9	CHAIRMAN CARLSON NELSON: Then we officially
10	submit to you the briefing that we have prepared.
11	I think that allows us then to open the
12	discussion for further discussion and any input. We
13	have committee members here, and we'll move through
14	this. Then we will come back to our guests and
15	hopefully have time for the Secretary to hear your
16	comments as well.
17	But maybe Bill, you did your previous
18	introduction on one breath.
19	MR. DeCOTA: Yes, I did.
20	CHAIRMAN CARLSON NELSON: I'm not sure anybody
21	taking notes could accurately do that. You must have
22	been able to read a bedtime story on one breath.
23	(Laughter)
24	CHAIRMAN CARLSON NELSON: But I think if you
25	could underscore, you really are the most eloquent and

knowledge person on NextGen. It's just something that if we had to say one forward-looking recommendation of this committee when we were constituted, it was that the longer term has got to be addressed, and it relates to NextGen.

So, Bill?

SECRETARY LOCKE: Well, actually, if I could just interrupt for a moment.

CHAIRMAN CARLSON NELSON: Please.

SECRETARY LOCKE: I'm very familiar with Next Generation and air traffic control systems. In fact, I had dinner with Secretary of Transportation LaHood, and I can tell you that he is absolutely committed. That's one of his top priorities, is the implementation and the installation and moving forward on NextGen.

I have also interacted with some companies that are involved in NextGen and have some very interesting proposals and are pioneers in NextGen air traffic systems, and have actually been installing NextGen in some of the very mountainous airports around the world where NextGen is so critical to air safety, as well as reducing air fuel consumption. So, it's a very, very exciting prospect and so we just need to support Secretary LaHood's initiatives in trying to get that implemented.

MR. DeCOTA: And the only thing I would add, because that's wonderful news, Mr. Secretary, and we appreciate your awareness and your strong support of this, clearly there is the debate right now that is going on in Congress over the FAA Reauthorization Act, getting the House and Senate to agree that funding needs to be provided in significant amounts over a multi-year period. There is always a debate about who pays.

One of the points that this group addressed was that even if this is a \$20 to \$25 billion multi-year effort, that the economic benefits are enormous when you consider that trade, travel, commerce, and tourism are about \$1.9 trillion of the U.S. economy. So, we think that that is an issue that can be surmounted.

There needs to be very strong management structure put in place at the FAA level, with the DOT, with the Joint Program Development Office, to make sure it can get put in place in a very timely way. We're looking to see if discrete elements can be implemented quickly that have benefits.

Your point about sitting on the tarmac at my airports is unfortunately something that's repeated, but you know, delays are unfortunately a nationwide

problem. Even if you go to the best on-time performance airport in the country of any major airport, there's still a 20 percent chance you're going to be delayed on the ground. So, that's going to be an issue. So I think if all of those issues can get tied together, and we just need to continue to push.

Our National Alliance to Support NextGen now has 378 grassroots members, from small community colleges in California, to multiple states. There are places like Birmingham, Alabama and Bangor, Maine that know that they're not going to get air service in places like Newark if this doesn't happen. So, we appreciate your support.

The other piece is the airport infrastructure.

Under the economic stimulus program, airports were only given additional money out of what is called the Airport Improvement Program, which is a pot of money aviation funds for itself. My own airport system only got \$20 billion. So, Marilyn mentioned permanent exemptions from the Alternative Minimum Tax. There are discussions right now about pass-through facility charges which are used to fund airport investment.

Figuring out ways to keep pace with airport investment that's happening in other countries, which is simply astounding. Take a look at what Beijing did

for the Olympics, and what they're now doing as phase two as just an example, what India is doing with airports. Our airports need to keep pace and they just can't in this kind of an economic environment without Federal support of financing programs.

CHAIRMAN CARLSON NELSON: Are you familiar with the National Alliance to Support NextGen? Maybe you could make sure -- I'm sure Helen probably is, but why don't you send the detail? Because as these things move through, the broader the support that we can help to generate. We just hope you will utilize these relationships when you need them, and we'd like to make sure that we are on call to be at your service in order to help when needed.

SECRETARY LOCKE: Great.

CHAIRMAN CARLSON NELSON: Why don't we go to Jeremy? Unless anyone else has anything on that subject that you want to add, we'll go to Jeremy for any comments he might have from travel facilitation. Christopher is here. Christopher Meyer.

Unfortunately, one of our committee members was on an up escalator and somebody had a travel roller bag that rolled down and actually crushed his vertebrae and he's in the hospital, so we're going to do something a little out of order, and that is ask Christopher, who's

not on the committee, to come sit for the moment. It would be fine, and we feel it's the least we can do to help.

So Jeremy, do you want to make some comments in terms of travel facilitation? Then Christopher is on that committee, or is representing that committee, and also Noel.

MR. JACOBS: Forgive me. I'm going to digress just a little bit, Marilyn. I want to make this point familiar to you. I had an experience recently. I am part owner of Pebble Beach, and one of the experiences we had, we had a financial institution that had a \$1 million deposit. Everything was totally paid for up front. It was not a participant in TARP, but walked away from that deposit, leaving it there because of the implied stigma about corporate spending.

What we have seen across the country, one of our greatest losses has been in conferences, as Adam spoke to, and only because there has been this stigma, and very much generated from government insofar as corporate spending. We've never seen anybody react faster than we've seen corporations react. It's easy to send out a memo and say, we're going to stop this kind of travel, and everybody stops it. We've seen a 30 percent drop in that in this country here. These

are healthy companies that can afford it, but are not doing it.

I just left the National Hockey League yesterday. They said, should we have a conference this year? It's going to cost us X dollars. I made the observation, I'm paying one player \$7.5 million. I think I can afford to go there. But they said, what's the perception going to be? I think that's what we're going to have to be aware of, is that healthy companies should be encouraged to spend. We aren't going to save our way into prosperity, we're going to spend our way into it by developing business. I want to make that observation and have it shared with you.

Marilyn has done a yeoman's job in developing the prospects of where we're going, and if you want to take over from there I can take the next step.

MR. MEYER: Good morning. My name is Chris Meyer.

CHAIRMAN CARLSON NELSON: One second.

Perhaps, Mr. Secretary, you and all of us, when we're meeting with people who are CEOs of other industries, could mention that one of the ways to get the consumer going again is actually to step up and make it public that you're going to have meetings. Everybody's looking for green shoots. I think that there is some

pent-up demand. If a few people were to actually step out and say we see this moving, we want to have a meeting, we want to have the travel, there is demand because we know how important the meetings are. It's just being sort of contained by this unusual perception.

Sorry, Chris. Please go ahead.

MR. MEYER: No problem.

Good morning, Mr. Secretary. My name is Chris Meyer. I'm with the Las Vegas Convention and Visitors Authority. I'm also the incoming chairman for the International Association of Exhibits and Events, which represents more than 11,000 trade shows across North America.

I'm here to add some clarity about what the meaning of "face-to-face" is. No industry is more reliant upon face-to-face meetings than ours, and that includes everybody in the travel industry. The economic benefit of people having face-to-face meetings is immeasurable: it encourages commerce, it encourages interaction, and it gets down to the basic human factor that we are all humans and we like to have that interaction. Staring at a computer screen for eight hours of a day is not going to create commerce. Yes, you can do on-line ordering and all that other good

stuff, but at the bottom line it's all about us getting together, just like we're doing today.

We were in the crux of the storm that began in the fourth quarter of 2008 and continued through the first two quarters of this year, and 30 percent is probably minuscule to some communities; others have been hit less severe, some have been hit far more severe. We have about 22,000 meetings and events a year that come to Las Vegas. Just in the first quarter of this year we saw over 402 of those cancel. That cost us \$160 million in direct economic spending that we'll never recover from in Las Vegas.

But we're here to talk about the more global aspect of the meetings and event industry. We want to encourage the visas. There is some low-hanging fruit out there. If you look at the way we issue business visas, for example, there are countries that we give five-year business visas for and other countries we only give a year.

If we're going to go to the trouble of screening a person to come on a business visa to the United States, why would we only give them a year pass?

I mean, that's low-hanging fruit. If you did two years, at least they would have the chance to come back a couple of times and be able to create commerce for

the United States. As you well stated, it's an export.

If we go to the face-to-face and what we've done, we've talked about meetings in a lot of global terms. We've talked about them. In my career I never thought I'd have to talk to the press so much about what the value of face-to-face meetings were, but unfortunately that's had to happen. But if we look at all the global stuff that you read out there, oh, most important events in human history have happened because of a meeting.

Well, that's all well and good. But what I found resonates the best, is when you look at, every single community in the United States holds a job fair, and a job fair is really a basic and a classic example of a trade show. You have a buyer and seller relationship. In this particular case it's an employee and an employer. They're sitting across a desk from one another, interviewing.

It's being held in a conference room, typically in a hotel. It's being organized by somebody, so that's your event planner. Somebody has to set it up, somebody has to tear it down, and somebody has to market it. So every community is impacted by meetings in some way, some shape, and some form, and it's providing a benefit to that particular

community. I think those are some of the things that we need to look at when we try to vilify what business meetings are about.

It is as simple as calling out that, hey, I'm on my way to attend a business meeting in this particular destination. I mean, all of us are looking for the green shoots and we can't "unring" the bell, but the value of face-to-face, I think, is where we all need to be and talk about that, promote that concept and allow people to digest how this benefits the entire — it benefits them directly by having job fairs.

Obviously that's a benefit to your community.

We engage the Commercial Service. We work with the Department of Commerce, but we engage the Commercial Service around the world. We run a program called the Trade Show Trade Missions. We've done that actually nine times all around the world, where we go out and we hire Department of Commerce—actually, Commercial Service in this particular case—and we bring our trade show organizers out into the field to have them talk to the business people in—country so that they come to our trade shows in Las Vegas in particular, but to the United States so that they can look at buying goods and services from us. It's a very simple program.

One thing I've got to comment on is, your folks out in the field are absolutely wonderful. We have had such a great relationship with the Commercial Service and we are looking forward to continuing that. As a matter of fact, we'll be running another Trade Show Trade Mission in the fall to promote some new service that we've got coming into Las Vegas.

CHAIRMAN CARLSON NELSON: Thanks, Chris.

I think what we're going to do, is quickly go to the final committee, and then anyone who hasn't spoken. But I'm sensitive to the Secretary's time.

Dawn or Adam, do you want to speak on your committee's work?

MS. DREW: Sure.

CHAIRMAN CARLSON NELSON: This is economic sustainability.

MS. DREW: Right. I definitely support an effort to establish some guidelines for the meetings and events business. I mean, our business is down, which is why we're not having meetings. It's not because of the way it looks. We've decided that when our business goes back up and we're healthier, we will have meetings. However, I think that some policies or some guidelines for the companies that are not healthy certainly are in order at this point from this office.

It will allow meetings to happen without the media and the public scrutiny that I think would occur.

Also, we haven't mentioned research of the fuel alternatives because I think that's going to be really important in getting people to travel. People are not traveling as much because it's more expensive. We just did a survey of readers of one of our magazines and we found that they will travel any way they can, except to fly, which is not good this summer because of the perceptions are that flights are going up because fuel costs more, gas has just gone up. So any type of research that we can do to provide some alternative fuel options are going to be really important, I think, to keeping the consumer on the road.

CHAIRMAN CARLSON NELSON: Adam?

MR. SACKS: I think keeping in context -- I think, Bill, you stated to us that the airline industry in particular contributes a very small percentage to carbon emissions when we consider some of the larger energy landscape, when we think about energy alternatives for utility generation and coal versus alternatives. I think there we have a much more significant impact that we can make, with a lesser negative impact that what the transportation sector might face.

Then the only other thing that I would add is also related to meetings because I think what we're finding more and more is that meetings are a part of the sustainability of commerce. I thought, just to play on one thing that you said, you said, "the value of face-to-face meetings is immeasurable". We had the ignoble task of measuring that over the recent months for the U.S. Travel Association, and that study will be coming out next month.

But as a sneak preview to that, there's a lot of details behind this, a lot of surveys and econometric analysis, but apparently it's measurable.

(Laughter)

MR. SACKS: For every dollar that a business invests in business travel--and this is the average across all kinds of business travel--businesses are experiencing a return of \$12.50 in revenue and about \$3.50 in profits. This is according to executives, it's also according to econometric analysis of industry performance.

So I think that's where we have a compelling case to make. There are obviously policy considerations, but fundamentally we want businesses to perform well and we need to help equip them to make the right decisions.

1 CHAIRMAN CARLSON NELSON: I really look 2 forward to that particular survey. 3 Noel, the Secretary has to leave. Can you, in 4 two sentences--you're the last one to speak--on 5 facilitation specifically? MS. IRWIN-HENTSCHEL: Well, I'd like to thank 6 7 Helen and Isabel and Julie here from the travel 8 industry for what they do, and to ask that we could 9 work together on a strategic plan for the travel facilitation and for the training that needs to happen 10 internationally and how to best maximize your 11 Commercial Service Offices throughout the world for 12 13 doing the training, because the money that comes from 14 the Travel Promotion Act is not only money for TV commercials or that kind of promotion, but really what 15

I would just add, from all the comments made, that it seems like our image abroad and internally is key to our strategic plan for travel facilitation.

can be allocated to training the market about the U.S.

SECRETARY LOCKE: David, did you have a comment?

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CHAIRMAN CARLSON NELSON: David? Sorry. Wе have so many people at that end.

MR. KONG: I wasn't on any subcommittee, but I want to use the opportunity to thank Homeland Security

and the Department of State also. They've seen a dramatic improvement in the Customs offices, the TSAs, and how we welcome international travelers, because that was a problem a few years ago. There's been a marked improvement, and I want to compliment the hard work that's been done. Thank you.

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CHAIRMAN CARLSON NELSON: I think we all do.

Mr. Secretary, do you have any final comments
for us?

SECRETARY LOCKE: Well, again, Marilyn, I want to thank you for chairing this very important committee featuring such very distinguished people. I can tell you that, first of all, I know firsthand the importance of international travel into the United States and how many jobs it supports, and even sports promotes tourism into the United States, whether people from Canada coming to watch a Seattle Seahawks game, or I mentioned this in Miami, people who come from Japan just for a weekend to watch Ichiro play for the Seattle Mariners. I've actually been in restaurants where I've overheard people commenting that they just flew in and they're having dinner on Friday night and they're getting ready to go to the Mariner's game on Friday, Saturday, and they watch the Sunday game, then they have a flight back to Japan.

CHAIRMAN CARLSON NELSON: We need more of them.

(Laughter)

SECRETARY LOCKE: So, I mean, that is incredible of tourism. But we also have a great deal of Americans who are interested in visiting the sites and wonders and cultures around the world, thanks to publications like National Geographic and others. So while we're focused on trying to bring more tourism into the United States, we also know the value of tourism to U.S. companies all around the world.

Clearly the issue of travel and trade shows and marketing shows have taken a hit. When we've heard of proposals by distressed companies, companies receiving Federal money, engaged in planning very lavish travel and meetings, et cetera, et cetera -- and I have to tell you, I served on the board of a company, until I took this job, that was going through some tough economic times.

When you're laying off employees, when you're cutting back on salaries, when you're furloughing people, the board of directors have to be very, very careful in terms of the type of meetings they have and not engaging in activities that seem insensitive, that are indeed insensitive, to rank-and-file employees. So

you have to be measured.

And yet, as Chris said, and many others have said here, there is no substitute for face-to-face meetings and for even distressed auto companies. They have to have these marketing efforts where they are showcasing their next line-up of vehicles and trying to reward their dealers and helping to encourage those dealers to stay in the fold and to redouble their efforts to sell their products. So, it all has to be done with balance.

I know that the President has met with many of the leaders of the tourism industry, and you all have indicated to him just how important your industry is to the economy and how some statements from the administration and the White House, perhaps, have had a dampening effect on things like events at Pebble Beach, and so forth.

So I do know that the President and administration are very concerned, are very caring about the travel industry, the hospitality industry, from the restaurant workers, to the people who work in the hotels, to people in the airlines, and to the tour operators. So I know that the President has tried to now promote reasonable activities, especially among companies that are in distressed financial situations,

and especially if they're receiving Federal help.

The American taxpayer just says, how can companies that are almost bankrupt, receiving our Federal funds, when we are struggling as a taxpayer, how can those corporations use those funds for very lavish, lavish, over-the-top type activities? So it all has to be done with reason and all activities must be measured. But again, non-TARP recipients should be encouraged to continue with normal activities. And, of course, let me just say, we've always enjoyed Las Vegas, too.

(Laughter)

MR. MEYER: An endorsement.

(Laughter)

SECRETARY LOCKE: But I would be more than happy to continue, to go on the air and talk to the press about the need for keeping up with business travel, promotions, and conferences and conventions, how they are so important to the economies of cities and towns all across America, and obviously to the travel/tourism/hospitality industry.

I also think that the more that the industry can promote their environmentalism, that will be a selling feature. That will be a selling feature, whether it's the fuel efficiency of airlines and

airplanes, to the practices of the tour boats or the tour ships docking up and hooking up to shoreside power and not running their diesel engines.

For instance, we in the Port of Seattle have engaged in a project where the tour operators, the cruise ships, actually dock in. When they dock, instead of idling on diesel power for however long they're there before they take off for Alaska, they're actually plugging into shore power and all of our electricity is by hydro, so it's very clean, renewable electricity.

But even eventually some day, as we get into technology, diesel buses, and if they're perhaps on bio fuels that's even better, but if they're still using diesel, if they're plugging in to electricity instead of running on idle and creating emissions, that's even better. I know the practices in many of the hotels are saying, leave your towels hanging and they won't be washed. Although I sometimes wonder why it is we leave our towels hanging and they still wash them, you know?

(Laughter)

SECRETARY LOCKE: I thought I was trying to help save the environment and they're still washing them and changing them every single day. But anyway, I appreciate a lot of the efforts that you have. And

these are good marketing efforts, but they also appeal to the consciousness of the American public because people enjoy travel. People really enjoy traveling and we need to encourage more travel within the United States, as well as travel from outside the United States. It's important for people to understand the history of the United States, the culture, the natural beauty of our country.

So to all of you involved in this industry, I thank you. I thank you for your work. You've come up with some great ideas on improvements, whether on Homeland Security, State Department, and for us in the Department of Commerce. So, keep up the great work. Thank you.

CHAIRMAN CARLSON NELSON: Thank you. (Applause)

CHAIRMAN CARLSON NELSON: Well, it is wonderful to have a voice and a face that is really as close to an ambassador as we've had in Washington for a long time. I think any ways that we can individually or collectively help, we need to do that.

Why don't I ask -- let's see. I was going to say, Kathleen, can you be seen well enough? Why don't you move to the end. I was going to have you move over here, but we'll have you move there. And David, maybe

why don't you step around or switch with Chris, because we're really looking forward to being able to see and hear you. We're sorry that the Secretary had to leave.

It looks like if each of you could take maybe eight or nine minutes, and that will give us a couple of minutes for questions and comments. But I was appreciative that David was thoughtful enough to acknowledge the progress that's been made because this is an area that we've all been concerned about and we still know there's much left to do.

But Kathleen, would you like to begin?

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DHS PRESENTATION - ESTA, WHTL, U.S. VISIT EXIT PROGRAM

Kathleen Kraninger

Department of Homeland Security

MS. KRANINGER: Sure. Thank you for the opportunity again to be here, and thank you again for the support that all of you have given us, both individually and certainly collectively as a board. The Department of Homeland Security, of course, has only been with us for six years, so the progress that we continue to make towards a more mature organization is also helping in our operations, and the TSA in particular certainly was a new agency. Customs and Border Protection was also a newly merged agency, bringing together different skill sets.

So again, we had a lot of change, particularly in the post-9/11 era up until the last couple of years in really forming identity, shaping operations, maturing organization, and understanding how we should do our business to certainly then support your businesses. We recognize the important relationship between the travel and tourism industry, really, and particularly CBP and TSA operations, because we spend a lot of time with the traveling public.

The perception that the traveling public has as they go through our processes, of course, affects

the way that the United States is seen by travelers. We recognize that and hopefully have met some of the recommendations that you have made over the years, and will continue to work with you on those things.

So as I've said, I'm happy to be here today really to talk about successes that we have had, and the first one to start with really, I think, helps in both the security facilitation and partnership theme, and that's the Western Hemisphere Travel Initiative. We of course instituted that in the aviation environment in 2007 and it was without incident, frankly.

We had 99 percent compliance the day that we actually instituted what was essentially a passport requirement, because those traveling internationally—on an airplane in particular—expect to have to carry their passports and are generally people who have a passport. So that particular change was not that dramatic. Approaching the land and sea environment, we knew, posed different challenges.

The Secretary knows very well, and we spend a lot of time in border communities, you are really talking about cross-border communities where grocery stores, hockey games, businesses, where the banks are, where you live, you're crossing the border on a very

regular basis. So from that standpoint we again recognize that border operations have an impact on people's daily lives.

So institution of a document requirement at the borders, while essential for security from our standpoint, knowing who is entering the country, that they are in fact eligible to enter, and from a facilitation standpoint, again, knowing who should legitimately be allowed to enter allows us to speed those individuals through quickly, focus on individuals who deserve more scrutiny and attention, and enables us to more effectively do our job on both fronts.

So it was essential to ensure successful implementation on June 1st of this year, so we really have spent the last several years working with you, working with the State Department, to ensure that we had three things going for us.

One, is that documents were available. There are alternatives to people to service their needs, whether it's partnering with the states, or the government of Canada, the provinces, and certainly our own documents from State and from DHS. State has issued 1.3 million passport cards.

The states and provinces have issued 200,000 enhanced driver's licenses. So we have four states and

four provinces issuing those documents. We have about 550,000 Trusted Traveler cards out there. All of those options, again, provided people with the opportunity to get what makes sense for them in terms of how frequently they travel across the border and what's most convenient for them.

We certainly worked very closely, again, with all of you to get construction out there of the RFID infrastructure. The WHTI-compliant documents designed for the land border were specifically looking at how to facilitate that trade and travel. The top 39 ports of entry have RFID readers in every lane, and that was done in advance of June 1st. We are already seeing pretty dramatic improvements in our processing times that will only increase.

So we hope that the tourism and travel industry continues to encourage individuals to get the RFID-enabled documents because it really will help us with border processing times, as we've already seen. And then the third thing really is the communications effort. This has been a true partnership, whether it is the states, or the government of Canada, or DHS, or State, or tourism entities directly, we're certainly talking about AAA, the airlines, and really the hotel industry, everyone who is putting little tags on their

web sites to say, have you gotten your WHTI-compliant document? Do you need to go do that? That's been extremely helpful and it's important to know, a week into this, including weekend traffic, we have over 95 percent compliance. That is the national average.

That is tremendous. Northern border compliance is higher than southern border compliance, as we would have expected, but over 95 percent. So, again, that is a huge testament to all the work that everyone put into this over the last five years and it's fantastic. So that has been a great success and we'll continue obviously to consider individuals who are not compliant, figure out why that is, assist them in this period as we move through the summer to ensure that people again are aware of what's required of them and they move forward and get the documents that they need.

We are allowing, and will continue to allow, U.S. and Canadian citizens who are not compliant into the country if there are no other issues associated with them than not knowing about the requirement or not having compliant documents for various reasons. Many of those who are non-compliant actually indicated they applied for their documents, they just didn't have it yet. So, tremendous progress on this front to close a

huge security vulnerability and to help us actually facilitate legitimate travel from Canadian and Mexican borders, and certainly at sea.

The other key program to talk about was ESTA, the Electronic System for Travel Authorization. It was actually a system that was put in place to enable visa waiver program modernization and to enable us to expand the membership, as you noted, Marilyn, to eight additional countries. We have been very excited by our partnership with those countries.

There were several other authorities provided in that Act that allowed us to create a greater information sharing relationship, both with existing BWP countries and with the new entry countries. So that's been a continuing effort among us, but compliance with the ESTA system in particular has been very high.

Again, we're very happy with the progress and the uptake of this. It is a web-based system that was put in place in August of last year, required of VWP travelers as of January of this year, and over the last six months we've had a very steady compliance rate of about 87 percent. What we are doing, pointedly to the recommendation of this board, is examining who exactly is compliant and who is not, and why, and what are the

barriers to ensure that we can continue to raise the compliance rates.

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The airlines, again, have been, to varying degrees of success, I suppose, in partnership in that effort and we are continuing to encourage them and the travel agencies in the world, the international tourist agencies, to help get the message out there and figure out where we go from here.

It's important to note that 47 of the airlines are already able to electronically verify the ESTA for their travelers in advance of boarding. And while we're not requiring that as part of a boarding process, so individuals, again, who are not compliant with ESTA can still come to the United States today and we're still allowing them through this, what we call informed compliance posture, we're allowing them to enter the United States and ensure again that they know about ESTA, that they're moving to be compliant, and that they have some time to get to that compliance and not interrupt their travel as they're planning it today. But having the airlines to assist us in that, to be able to tell people before they board, and frankly before they even make reservations about the ESTA, is an important outreach tool, as well as, obviously, the foreign governments.

The State Department, consulates, DHS itself, we have also had a paid media campaign associated with ESTA and we have seen tremendous success as a result of that, whether it's in newspapers or magazines overseas, or again, publications associated with trade and travel. That's been extremely helpful, as has the international media. So we've done a lot of outreach on ESTA in particular, and we'll be working with you to continue to try to raise the compliance rates and ensure we address any weaknesses in particular areas.

You wanted me to talk about U.S. Visit Exit, so let me do that, just very briefly. We obviously do have a congressional mandate to institute biometric exit collection. It is certainly, from a business process standpoint, very complicated. It gets more so when you look at the land border and how we would actually facilitate that at the land borders. So we have had a process of looking at these things. We have two pilots that are operational right now, in Atlanta and in Detroit.

The biometric collection is being done by TSA at the checkpoint in Atlanta and by CBP officers on the jetway in Detroit. We're going to be gathering the statistics as a result of that, putting out a report on that, and the Secretary will have the opportunity to

weigh in and determine the path forward. We very much want to work with the airlines and the airports on how to institute this program and we'll be looking very closely at that later in the summer.

CHAIRMAN CARLSON NELSON: Thank you. Any questions for Kathleen? Adam?

MR. SACKS: Kathleen, that's great. Just two questions. One, it's kind of the same question on two different fronts. The effects of some of these programs on demand. You said 95 percent compliance at the borders for land crossings now. Are you getting any early indications that that's limiting the pool of who's even attempting to cross? Then with ESTA, you said full implementation in January. That does coincide with the acceleration of decline in inbound travel. I'm just wondering, do you have any sense that there's any relationship? Are you hearing anything that is resistance on the ESTA front?

MS. KRANINGER: We actually have not. I think it really gets to clarify in what is required, both in terms of ESTA and WHTI, and particularly WHTI, to pause a moment on that. Most travelers actually coming across the border said, thank God, finally I know what's required of me, because the officers were asking me for this anyway. They have a very difficult job

from that standpoint, trying to figure out who should enter and who shouldn't, and what proof is acceptable to make that determination and the pressure not to allow someone in who would end up causing harm and great destruction in this country.

So it's a tough job. From that standpoint, there were officers that were reacting in various ways as a result of that. We spent a lot of time on training to make sure we balance the seriousness of the job and the security posture with a welcoming attitude, but needless to say it was concerning to them. There were travelers who complained—and all of you heard this—about what the officers would ask of them and what they expected. There's no document requirement, but they're asking me if I have my passport and asking me why I don't.

So, those kinds of things were really what's been balanced against with very clear, what is required of people and understanding that, and knowing that when you have the proper documents you're going to move faster. So the impact of WHTI, from our standpoint, has really been demonstrating that attitude and that concern, and reduction of that concern.

When you talk about ESTA, there was a huge facilitation aspect in this because we're talking about

eight countries that no longer require visa processing, and that is a very powerful, both in terms of welcoming and in terms of relationship with those countries and the partnerships and things we've been able to achieve on the information sharing front, whether it is information about known and suspected terrorists, information about criminals who have committed serious crimes in those countries. They are not eligible to enter the United States, and we never would know that. So that's a very serious gain in terms of our security posture of facilitation.

Is it difficult for those who have been used to just getting on a plane and not having to do anything? Yes. But from that standpoint we really have seen a balance. The feedback from people who have used the system is how easy it is to use. That's been really the general feedback, and we've been very excited about that and glad that the web-based system is working and is facilitating.

CHAIRMAN CARLSON NELSON: I think I'm going to turn to David because I don't want us to run out of time, and I want us to hear David Donahue as well.

He's the Deputy Assistant Secretary of Visa Services in the Bureau of Consular Affairs.

STATE DEPARTMENT PRESENTATION

VISAS, CONSULAR OFFICERS/CONSULATES, TECHNOLOGY

David Donahue

MR. DONAHUE: Well, thank you very much. I'm really pleased to be here this morning.

The State Department, like the Department of Homeland Security, understands that travel and tourism is a vital industry for the United States and we hope we are supporting you in your work, while protecting our borders.

As you know, we have about 230 embassies and consulates around the world that work on promoting your work, both through our Commercial Services, the Foreign Commercial Service, to our public diplomacy and in the consular sections themselves.

Our first thing, as Kathy was talking about, to facilitate travel has been the expansion of the visa waiver program. Someone mentioned earlier the interest in expanding it further, and it's certainly something that we've worked with our DHS partners to find countries that are appropriate for that right now.

We're focusing on bringing all of the countries that are currently in the program into full compliance with all of our information sharing, but we certainly are at the same time talking with other countries that may be

future members. We see that as a good facilitation, and also a resource issue certainly for our visa sections.

Korea was our largest visa section until January 8th, or actually November of last year, and it's saved us a lot of resources now. Their visa applications are way, way down.

For those who need visas, what we're focusing on is an efficient system. We issued 6.6 million visas last year. We look at where we need more resources. We had, as you know, great success with India, which used to have long wait times for appointments. We've just recently also eliminated wait times, or reduced them greatly, in Brazil.

Ninety percent of our posts have wait times for appointments of 20 days or less, and we monitor that constantly. Our goal is to have all visa application posts at well under 20 days. In many posts you can get an appointment within several days.

On the idea of reciprocity and the length of time the visas can be issued, our goal has always been at the State Department to issue the maximum reciprocity whenever possible. India is a good example, with 10-year visa reciprocity. We think that's a great thing for your travelers. Most

qualified travelers get a 10-year visa and can travel any time during those 10 years on the visa.

China is probably the most difficult one. It is a one-year reciprocity for tourists. It would be a difficult one to grow, both because of China's resistance on reciprocity, but there are also other technical issues. But it's something that we are interested in, concerned about, and we understand the great market out in China.

We're looking for other ways to make this system more friendly for your travelers, including those now that we have 10-print visas. We are going to those who have good travel records. We have a lot more information from Department of Homeland Security, and those who have good travel records, we will not need to actually have them come in for an interview because we now know who they are, thanks to the 10-print visa. So, we'll be renewing those without interviews and that's already started in China and some other posts.

About 97 percent of our applicants receive their visas within days of when they have their interview. There's a small percentage that you may hear of that have the administrative processing that takes a little bit longer, but that is a relatively small percentage, and a very small percentage of your

customer base.

We are moving people as necessary. For instance, this summer we had people that were in Korea that we've moved down to some of the posts in China to be sure that we have enough staffing to meet the demand, but we have a long-term challenge as China brings maybe 100 million or 200 million more into the middle class over the next 5, 10, 15 years, and we're going to have to figure out how we can continue to protect our borders, while making sure that those who want to come and spend money with your companies are able to do so.

Finally, we're going to use technology in every way we can. We have an all-electronic visa application form so that when people do come in for their visa applications we will have done as many checks as possible. We will be ready for them and they'll spend the least amount of time in our visa sections with the interview and everything else will be done before they ever arrive. We've already introduced that in a few places, and we'll be introducing that worldwide by 2011.

I know that time is short. I don't want to take any more, but if you have questions --

CHAIRMAN CARLSON NELSON: David, on that last

point, one of the recommendations that we've had, or I know that TIA has had, is that where we don't have a consulate, that people can remotely somehow access the services and without traveling long distances.

Is this part of the final discussion --

MR. DONAHUE: This is not part of this
particular program but it is something that we've
already done some pilot -- some testing of remote
adjudication. There are some security issues.
Obviously, the whole point of the visa process is to be
sure that we're securing our borders. But we're
looking at that as a possibility. We do need to find a

CHAIRMAN CARLSON NELSON: Very good.

way, especially with a country the size of China, to

get to this large group and that's one possibility.

Well, we're a couple of minutes over. Does anyone have a compelling, burning issue that they'd like to either ask or address at this point?

MS. IRWIN-HENTSCHEL: I just would like to come back a moment to the swine flu issue, because in Asia it is major, that we're seeing business just basically -- totally cancellations coming out of Asia because of it.

In Mexico, they've taken an approach now of offering, in Cancun, that anyone that gets swine flu

when they come to Mexico gets unlimited free stays in Cancun for the rest of their lives. That's a promotion they're doing. It's kind of a bold promotion. But I think that they're showing that they believe the risk is so low. So we've talked about this in China. Is there anything that we can do here that would be bold like that? We even talked about paying for somebody to come back, in other words, like a money-back guarantee if they come to the United States, because it is safe to be here.

You can't even imagine right now that when you get off a plane in China, that they have all the white -- it looks like out of "Outbreak", because that's how they -- and it's only the flights from America. So it's really focused on the United States, that we are completely unsafe. And I'm talking about business people, the business travelers that would be coming here.

I was sitting with the business people, that they bring incentive groups. They just said, well, we might be endangering the people if we bring them to America. So I really think that we've got to do something bold. I'm just going to put that out there for us to think of, like what Mexico did.

CHAIRMAN CARLSON NELSON: We could be having a

little backlash from when we all decided not to go to China as well.

MS. DREW: We sent people to Peru last week, about 30, and they all had to wear a mask. There's a lot of backlash.

CHAIRMAN CARLSON NELSON: Right. I do think that it's certainly relevant for this group going forward to give thought to, also because, for those of us who have been really trying to study this, that it isn't exactly clear what we'll have once the summer is over. So I think that we have both the issue of, how safe is it now, but we also may have the issue of how we're going to deal collectively with our clients if indeed we have any change in the disease in the fall or the winter. So I think there's a lot of work going on in terms --

MR. McGAW: May I interject?

CHAIRMAN CARLSON NELSON: Yes, please.

MR. McGAW: I think what's important to note, is the flu is coming back. It might not be H1N1, but the flu comes every year.

CHAIRMAN CARLSON NELSON: Exactly.

MR. McGAW: So part of this is helping people take advantage of the summer, to talk to all the companies and the communications teams and the

organizations to educate them about what it is and is not, because what we found was the spike in understanding in our communications between the Department, CDC, and HHS, was very steep. So it went from 100, to 500, to 1,000, to 1,200 to 300 in a week and a half.

So that's trade associations, major companies, everyone getting all the information they need and then recognizing they need to implement the information and not continue to ask for more information because you eventually reach a baseline level of actionable steps.

So as far as we can tell right now, the guidance is still in place. The CDC guidance on, like, wash your hands, these steps are still in place and we have the opportunity now to baseline that understanding of things that we can make people aware of. I know that the travel and tourism boards in the different cities are doing a lot of this. I know I'm preaching to the converted in a lot of ways, but it's incumbent upon us who have already recognized that some of these things are very simple educational messages, to just keep pushing through the summer on this because we don't know what's going to happen.

CHAIRMAN CARLSON NELSON: Well, with that said, I want to thank everyone.

We do have some dates. First of all, let me say to all the people sitting around the room, thank you. I know you've been on the phone, you've been working, many of you, hours and hours, helping us to put forth this policy document that we have prepared, the briefing document. To both the Department, to Helen, and all of the people at the Department of Commerce and to those of you on the staff who have been working with us, thank you. We appreciate all that work.

I think the best thing that we can do to return the favor is to continue to get the story out, and ultimately it feels like we are actually close to success on some of these initiatives, I think, for many of us who have been at this for many years. They say it's not the final blow that breaks the rock, it's all that's gone before. We hope we can maybe have some real breakthroughs with your support and the Secretary's support, and I think the President's support as well.

So, thank you all for being here. The dates that we have been holding -- I know that I'd love to see September be as full as possible. We have about half the committee here and it's partly because it's hard to schedule in advance. The closer to the date

that we announce our meeting, the harder it is for people to make change.

Right now, we have got people holding the 14th, the 15th, the 16th, the 22nd, and the 23rd. So I think, Helen, if anyone -- or Marc, even if there's days we can eliminate, that would facilitate our scheduling. I have suggested, even if for the convenience of those here, if we focus on a date, but also have a back-up date, then understanding that, the Secretary and some of you who bring us news from the other Departments may have scheduling issues, then we would have a back-up.

At least we could increase the probability of not only people being able to attend, but also now there's been a request that any members of the advisory committee who are interested in continuing to serve would let that be known. I think one of the keys again would be the ease of scheduling so that people feel really the reward of the work that they're putting in. So, thank you all for being here. I hope you have a wonderful summer and look forward to seeing you in the fall. Thank you.

(Whereupon, at 11:10 a.m. the meeting was recessed.)

CERTIFICATE

This is to certify that the foregoing proceedings of a meeting of the U.S. Travel and Tourism Advisory Board, held on Tuesday, June 9, 2009, were transcribed as herein appears, and this is the original transcript thereof.

LISA L. DENNIS, CVR

Court Reporter