

U.S. TRAVEL AND TOURISM ADVISORY BOARD

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

Tuesday,  
May 20, 2008

The meeting was convened, pursuant to notice,  
at 10:14 a.m., MS. MARILYN CARLSON NELSON, Chairman,  
presiding.

APPEARANCES:

MEMBERS OF THE BOARD

CHAIRMAN MARILYN CARLSON NELSON  
Chairman and Chief Executive Officer  
Carlson Companies

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Director of Aviation  
Port Authority of New York and New Jersey

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President and Chief Executive Officer  
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U.S. GOVERNMENT

THE HONORABLE CARLOS GUTIERREZ  
Secretary of Commerce

THE HONORABLE WILLIAM G. SUTTON  
Assistant Secretary of Commerce for  
Manufacturing and Services

THE HONORABLE AL MARTINEZ-FONTS  
Assistant Secretary of Homeland Security  
for Private Sector Office

MS. HELEN MORANO  
Director  
Office of Travel and Tourism Industry  
U.S. Department of Commerce

MS. SUSAN JACOBS  
Senior Policy Advisor  
Bureau of Consular Affairs

MR. ROBERT A. STURGELL  
Acting Administrator  
Federal Aviation Administration

MR. THOMAS WINKOWSKI  
Assistant Commissioner of U.S. Customs and  
Border Protection for Field Operations

MR. J. STEVEN LANDEFELD  
Director  
Bureau of Economic Analysis

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P R O C E E D I N G S

MEETING CALLED TO ORDER AND WELCOMING REMARKS

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3 CHAIRMAN CARLSON NELSON: Ladies and  
4 gentlemen, good morning. I would the inaugural meeting  
5 of the U.S. Travel and Tourism Advisory Board to order.

6 I would like to welcome you all officially,  
7 those of you who are returning and those who have  
8 accepted the invitation to join this very special  
9 advisory board.

10 I think, Mr. Secretary, we are so honored that  
11 you're here, and I'll come back to that. But those of  
12 us in the industry take a great deal of pride in our  
13 industry's ability to actually create jobs and bring  
14 economic value to countries around the world, to cities  
15 here in the United States, and we're particularly  
16 grateful for the opportunity to not only provide advice  
17 and counsel and collaborate, but recognize that the  
18 complexity of today's problems really demand  
19 public/private partnerships and new forms of  
20 collaboration, new forms of understanding and  
21 initiatives that engage and involve all of us if we're  
22 going to solve the problems and take advantage of the  
23 wonderful opportunities that we have ahead of us.

24 I think that those of you who are new to the  
25 board will discover that it's a stimulating and

1 interesting experience, and I, for one, would like to  
2 say thank you, because I know every single individual  
3 at this table has more than enough to do in the rest of  
4 their professional and personal obligations, but you're  
5 taking the time and effort because we believe that  
6 together we can facilitate not only our own businesses,  
7 but in fact make the United States more competitive in  
8 the global markets. So with that, I again say:  
9 welcome.

10 As we all know, travel and tourism is the  
11 largest services export for the United States' economy.  
12 It's one of America's most important industries. It's  
13 \$1 trillion industry and responsible for nearly 8  
14 million jobs. In our family we've always said that a  
15 job is the best form of philanthropy, only perhaps  
16 surpassed by a career. So, that's the passion that we  
17 bring to this table.

18 For those of you who are new, at the last  
19 meeting I think we included in your book the white  
20 paper that was submitted by the previous advisory  
21 board, and that board had identified several concerns  
22 that we felt clearly were ongoing concerns and that we  
23 hoped would be addressed by any subsequent activity of  
24 those who were to follow.

25 So you'll see that the day is organized today

1 to give you a background against those particular areas  
2 of focus, but we will have a little discussion later in  
3 the meeting, that if you have other areas that you feel  
4 particularly strong about or a slightly different  
5 focus, you'll have an opportunity to input into that as  
6 well.

7 But I think you'll find that the preparation  
8 for the meeting is an excellent background,  
9 particularly as we face what we all realize is the  
10 challenge of the infrastructure and the implications  
11 that we're experiencing, the congestion that the  
12 industry is facing right now. These are certainly  
13 areas that we're going to be hearing more about.

14 So now, without further ado, I want to say  
15 that we're particularly excited to have the Secretary  
16 of Commerce, Carlos Gutierrez, who's the 35th Secretary  
17 of the U.S. Department of Commerce, and he's really  
18 been the voice of business and government. Those of us  
19 who have had an opportunity to know him a bit and to  
20 watch him have really consummate respect for the  
21 experience that he's brought to this, to the real level  
22 of sophistication about how business truly runs, about  
23 the economic value of the free markets, and he's been  
24 an advocate for us. This is the first time a Secretary  
25 of Commerce, I think, has actually created an advisory

1 board in our industry, and we will be forever grateful  
2 for his attention and appreciation of what we bring to  
3 the table.

4 I know that President Bush, when he appointed  
5 Secretary Gutierrez, had high expectations because he  
6 had come from industry. We also are aware that he  
7 can't have been anything but pleased that the Secretary  
8 has exceeded those expectations.

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SWEARING IN

CHAIRMAN CARLSON NELSON: So perhaps now, Mr. Secretary, you would swear in the members of the board.

SECRETARY GUTIERREZ: Yes. Thank you.

CHAIRMAN CARLSON NELSON: And then make some remarks.

SECRETARY GUTIERREZ: Thank you. I was thinking about maybe having, since you all have to say your name, maybe a two- or three-second interval between everyone and we can actually make it almost like a song --

(Laughter)

SECRETARY GUTIERREZ: But the lawyers tell me it's okay to have everyone just state their name at the same time, even though it's going to sound a little bit confusing. But it'll work. Okay. So if you'd stand up and raise your right hand.

(Whereupon, the new members were sworn.)

SECRETARY GUTIERREZ: Congratulations.

(Applause)

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REMARKS

The Honorable Carlos M. Gutierrez,  
Secretary of Commerce

SECRETARY GUTIERREZ: A special welcome to our new chairperson, Marilyn Carson, who brings a tremendous amount of experience and skills to this, and passion. So I think this is going to be a great board. Marilyn, also, your Vice Chair, Willie DeCota. Thank you for serving. Thank all of you for serving. We don't talk enough about the fact that tourism is the bright spot of our economy, any way you look at it, the number of jobs, the growth, trade surplus, the fact that we're still big, but we still have so much room to grow.

Just to give you some general facts on travel and tourism, in 2007, 56 million international visitors traveled to the U.S. We sometimes get the discussion about, what is an international visitor? We include Canada and Mexico. I believe that now with the 56 million, either we are at the pre-9/11 number or we will be in 2008, but we're right there in terms of numbers of visitors.

Ten of the 25 arrival markets broke records in the previous years. International visitors spend a record-breaking \$122 billion on travel and tourism-

1 related activities in the U.S., and that obviously  
2 includes everything they spend, hotels, documents, et  
3 cetera. That's a huge, huge industry. Then travel and  
4 tourism trade surplus, which, as you know, we have a  
5 trade deficit because of travel and tourism that  
6 contributes to a surplus, with a \$17 billion surplus,  
7 which means that international travelers spend \$17  
8 billion more here than our travelers overseas. That is  
9 a number that's held, and it's a number that we can  
10 grow over the next several years. Probably the biggest  
11 thing that we've got going, and the news that we're  
12 very excited about, is the MOU with China. I was in  
13 China last week. We had agreed to this several months  
14 ago. We implemented the MOU last week. This is a  
15 Memorandum of Understanding with Group Leisure Travel,  
16 so we now have the opportunity to bring to the U.S.  
17 leisure travel from China. In the month of June, we  
18 have the first group coming over. That's about 300  
19 tourists. We want to give them a great welcoming.

20 We're going to have a reception for them. We  
21 want them to know that they're wanted, that we welcome  
22 them here. We want to see a lot more groups coming  
23 over. So what we'll do, we don't have the exact date,  
24 but if any of you are in town, I think they would be  
25 thrilled to meet members of the Travel and Tourism

1 Board, and just, you know, "welcome to the U.S."

2 CHAIRMAN CARLSON NELSON: Do we know the  
3 dates?

4 SECRETARY GUTIERREZ: Yes. We will get them  
5 very soon. I believe it's the 19th that they'll be  
6 here, but we'll get that to you. So that if you're  
7 able to join us for the reception or any other time  
8 that you'll be where they will be, I think they would  
9 appreciate meeting you. It would be a wonderful thing  
10 to just let them know that they are welcomed to the  
11 U.S. and they are free to spend all the money they'd  
12 like.

13 (Laughter)

14 SECRETARY GUTIERREZ: I think, actually, we  
15 ought to have a little applause. This is a  
16 breakthrough. They've been traveling to Europe and  
17 other places and not to the United States. A little  
18 bit to Hawaii. Our friends in Hawaii have experienced  
19 some. But frankly, I think we ought to really give --

20 (Applause)

21 SECRETARY GUTIERREZ: Actually, China is one  
22 of the few countries with which we have a trade deficit  
23 in terms of tourism, so you can see just how much we  
24 can grow with China. This will be one of those very  
25 important streams of growth for the next step. So,

1 we're very excited about that.

2 Just, on China, we all know about the terrible  
3 earthquake in Sechuan Province. One of our board  
4 members who is not with us today, Noel Hentschel, is in  
5 China and she is right in the middle of things. I saw  
6 her last week when I was there and she is helping out  
7 earthquake victims. So she is there. She's giving  
8 firsthand help. She's got some incredible stories here  
9 about children stuck, children being helped out.

10 So if you have a chance to just drop her a  
11 note and tell her how proud we are of her, how much we  
12 appreciate that she's representing not just her  
13 company, but in many ways she represents the rest of  
14 the U.S., being there at a very critical time when the  
15 Chinese are clearly going through one of their toughest  
16 challenges they've had in a long, long time.

17 So we will get back to you on the schedule for  
18 the first group. Again, it's a group of about 300. I  
19 think it should be mid-June. I also have February 2008  
20 arrival numbers: over 3 million international visitors  
21 traveled to the U.S. in February. That's an increase  
22 of 15 percent over February '07, which is, again, huge,  
23 those types of growth rates year over year. They spent  
24 a record \$12 billion during the month. That was up 27  
25 percent over February 2007. So if we keep those

1 numbers cumulatively, this should be a very strong  
2 year.

3           Visitation for the first two months of 2008  
4 was up 13 percent, so we're off to a good start. This  
5 should be a record year. I think we are at the right  
6 time, the right place. Tourism is the place to be. I  
7 think we've got the right board, so I'm very honored to  
8 be a part of it. I think we can make a difference. I  
9 think we can make a great tangible contribution to the  
10 industry, and very importantly to our economy, at a  
11 time when we know we're going through a soft spot, we  
12 are going through a slowing of our growth. Our growth  
13 has been 0.6 percent the first quarter.

14           We continue to say, as much as people have  
15 tried to define it, are we in it, are we not, we're  
16 focused on executing the stimulus package. We've  
17 gotten out about 45 million checks already. As you  
18 know, 130 million checks will go out before the end of  
19 July. The average check is about \$920 to \$940. This  
20 is actually the biggest task of this magnitude that the  
21 IRS has ever done. If you think about it, they're  
22 executing their April programs anyway with refunds,  
23 plus 130 million checks. So this will help the  
24 economy. Seven percent of our economy is consumer  
25 spending.

1           Most economists will agree, there's pretty  
2 much consensus, that the first half of the year it's  
3 going to be more difficult than the second half. We  
4 are going through, of course, the first half right now.  
5 Then, of course, tourism -- so thank you for your  
6 service. Thank you for being here. I'm looking  
7 forward to the next eight months. You're the first --  
8 after that. I can't promise we'll be here then.

9           (Laughter)

10           SECRETARY GUTIERREZ: But thank you for  
11 serving. We look forward to making a tangible  
12 difference and to actually impacting results and  
13 impacting numbers. That's what we're here for and we  
14 look forward to working with you.

15           CHAIRMAN CARLSON NELSON: Thank you so much,  
16 Mr. Secretary.

17           Comments?

18           MR. JOHNSON: Madam Chair and Mr. Secretary,  
19 just a couple of comments on what the Secretary just  
20 had to say. First of all, from the Hawaii perspective,  
21 we have doubled the amount of marketing money that will  
22 go into China. We're very excited about what the  
23 administration has been able to get done over there,  
24 notwithstanding that Korea is kind of in the same  
25 position as far as the Hawaii market.

1           We are also seeing, for those of you that are  
2 destination-based, a lot of international upswing in  
3 business. Our real estate market is very small, but we  
4 see an uptick there. Japan, we're seeing an uptick  
5 after them being slow for a year and some change. Of  
6 course, Canada is extremely slow. -- policies --

7           CHAIRMAN CARLSON NELSON: Other comments? Are  
8 you experiencing --

9           MR. RALENKOTTER: We have, especially from  
10 Australia, on the international convention side. We  
11 just had the -- Expo Convention in February, where  
12 their numbers were up. In fact, it was the largest  
13 square footage trade show in the history of North  
14 America, which was held in Las Vegas. So international  
15 numbers for those conventions, we're seeing increases  
16 from the United Kingdom based on non-stop service. So  
17 these policies and the direction is definitely working.  
18 The domestic side is either flat or declining, and  
19 we're seeing a pick-up in international.

20           CHAIRMAN CARLSON NELSON: Any other comments?  
21 I imagine it's putting a little pressure on the  
22 infrastructure.

23           18: And I see the Chairperson looking at --

24           CHAIRMAN CARLSON NELSON: Oh, was I?

25           (Laughter)



1           18: Yes. The fact of the matter is, New York  
2 has been also a trade beneficiary with the surge in  
3 international travel. Our entire market has grown  
4 tremendously. We've added about 4 million passengers a  
5 year over the last several years. So I tell people  
6 it's equivalent to adding a new Albany Airport every  
7 nine months -- growth and it's international travel  
8 that's originating from, and destined to, New York.  
9 There's also a lot of domestic -- that's growing. So  
10 clearly people are going to other parts of the country  
11 as a result of New York being this major international  
12 gateway.

13           We handled 110 million passengers last year  
14 for our system and acquired an airport in Orange  
15 County, New York about 65 miles north of New York City,  
16 because we're hoping that that will be, at some point,  
17 a pressure relief valve, just as we see in London.  
18 When Heathrow became saturated, Gatwick grew and  
19 Stansted grew, and now even Luton is growing. So at  
20 some point we need to try to influence people's  
21 behavior, that if they're coming to New York, New York  
22 is a much broader place and there could be other ports  
23 that could accommodate them.

24           But the unfortunate part is, yes, we have the  
25 three most delayed airports in the country. Last year,

1 La Guardia was the worst, and we had about 58 percent  
2 on-time arrivals. So that is certainly something that  
3 we've been working very closely with the FAA and the  
4 Acting Administrator on to try to come up with some  
5 creative solutions to deal with it, because we know  
6 that the way to deal with it is to put restrictions on  
7 people coming into this country and the caps that are  
8 being proposed.

9 Of course, the way to deal with that is to  
10 create more capacity and to get more efficiency out of  
11 the system. But New York is very pleased. I think  
12 we're about 6 percent of the international travel.  
13 Actually, it's 6 percent of the domestic travel, about  
14 25 percent of the international travel. So, yes, we're  
15 seeing a lot of growth.

16 CHAIRMAN CARLSON NELSON: Well, your comments  
17 foreshadow what's to come in this meeting and we'll  
18 come back to some of those issues. But for now it's my  
19 great pleasure to introduce to all of you Rear-Admiral  
20 William Sutton, the U.S. Department of Commerce  
21 Assistant Secretary for Manufacturing and Services.  
22 It's a very broad portfolio. We discussed, a little,  
23 the breadth of it and it wasn't exactly clear where one  
24 stops and the other starts these days. But we know,  
25 however they start and stop, that you don't!

1 (Laughter)

2 CHAIRMAN CARLSON NELSON: You have a lot on  
3 your plate. Actually, Rear-Admiral Sutton is the  
4 Executive Director of this Board. He is the Assistant  
5 Secretary now. He was a former U.S. Navy Rear-Admiral.  
6 He most recently served as president of the Air  
7 Conditioning and Refrigeration Institute. In the U.S.  
8 Navy, he served as Naval Aide to President Ronald  
9 Reagan, and Director of Programs in the Navy Office of  
10 Legislative Affairs, in addition to numerous  
11 operational at-sea assignments, including both squadron  
12 and group commands. In 2007, he was elected by  
13 President Bush to be the Assistant Secretary for  
14 Manufacturing and Services.

15 On behalf of our entire board, I'd like to say  
16 welcome.

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REMARKS

1  
2       The Honorable William G. Sutton, Assistant Secretary  
3               of Commerce for Manufacturing and Services  
4               and Executive Director of the Board

5               ASSISTANT SECRETARY SUTTON: Thank you, Madam  
6 Chairman. Since this is your inaugural meeting, I  
7 thought I would take this opportunity to address three  
8 little topics.

9               First off, the Office of Manufacturing and  
10 Services, as the Chairman spoke, has quite a broad --  
11 an opportunity and we'll talk a little bit about how  
12 we're organized to give you a little understanding of  
13 that, and then talk about the roles and  
14 responsibilities of this board, not unlike serving on a  
15 board of directors. Then last, but not least,  
16 elaborate on the Chairman's areas of focus that came  
17 from our last year's Travel and Tourism Advisory Board.

18               Manufacturing and Services was established in  
19 2004 with an eye on U.S. competitiveness. Our mission  
20 is to work inside the government and within the  
21 interagency process to be the pro-business unit.  
22 Typically when I sit at a table at an interagency  
23 meeting, everybody around the table is a regular, with  
24 the exception of myself, and I represent business  
25 interests. So our whole mission is to make sure that

1 rules, regulations, policies, and laws are all passed  
2 with an eye toward U.S. competitiveness. Our industry  
3 and sector experts work within the interagency process  
4 to provide practical and actionable data so that the  
5 policymakers can make decisions not on buzz words, but  
6 on good, hard data.

7 We have 13 offices within the Manufacturing  
8 and Services. We affectionately refer to ourselves as  
9 MAS. I am looking for a new name, by the way, if  
10 anyone can come up with a new name for Manufacturing  
11 and Services. Today, -- integrated Manufacturing and  
12 Services. I need a name like "Google". Five years ago  
13 there was thing such as Google, and now it's a noun,  
14 it's a verb, it's a company, everybody knows what it  
15 is. Well, for today's modern business, I need a name  
16 like "Google", being the Assistant Secretary of  
17 Manufacturing and Services.

18 Anyway, on any given day those 13 offices are  
19 working perhaps 40 to 50 trade barrier issues. We are  
20 engaged in economic analysis of 20 different regulatory  
21 activities going on around the interagency process. We  
22 might have as many as 80 different market access cases  
23 in process, and then countless other industry issues,  
24 as you might imagine. There might be raw materials  
25 activities with our manufacturing side, and we're

1 looking at export control issues, and we're building  
2 using those 13 teams to make pick-up teams to address  
3 those specific industry issues.

4 We are divided into five major units:  
5 manufacturing and services -- industry analysis, where  
6 we have economists who try to take the input from the  
7 industry to the sector analysts and come up with hard,  
8 practical, and actionable data. As you might imagine,  
9 standards have been the -- for developing markets, and  
10 we have a Standards Liaison Office.

11 Then, last but not least, we have the Office  
12 of Advisory Committees. We were talking earlier at  
13 coffee. We have 20 such advisory boards as you, so I  
14 get a lot of guidance and direction from other folks  
15 besides the Secretary. So, I need a lot of advice. As  
16 my wife knows, I really know how to respond to that.

17 (Laughter)

18 ASSISTANT SECRETARY SUTTON: One of our  
19 offices within the services area is the Office of  
20 Travel and Tourism Industries. Helen Morano is the  
21 Director of that office. She has 14 dedicated public  
22 servants, which work on your industry's advocacy, on  
23 your industry's outreach, and on policy determination.  
24 So I think because of that connection I am the  
25 executive director of this program. You all know,

1 actually --

2 I've taken the liberty to kind of talk to you  
3 a little about the roles and responsibilities on this  
4 board. First of all, I want to echo the Secretary's  
5 congratulations and appreciation for your serving. We  
6 know this is service. The President did authorize a  
7 significant 10 percent pay raise this year, but as you  
8 know, 10 percent of zero is still zero.

9 (Laughter)

10 ASSISTANT SECRETARY SUTTON: Anyway, when you  
11 go to the meetings we want you to take off your coat  
12 and hat, take off your local hat and put on your  
13 industry hat. Kind of approach it the same way you  
14 would if serving on a board of directors, with your  
15 fiduciary responsibilities of obedience and care, and  
16 look at it from a broader perspective. You get weighed  
17 down frequently. Some of my advisory committees tend  
18 to get into the details more than others, but look at  
19 it from the macro approach. That's how we guide this  
20 whole policy debate and further build on the successes  
21 that we've already seen in terms of the policies for  
22 the last board.

23 Last, but not least, on your areas to  
24 concentrate on, we talked about, number one, travel  
25 facilitation. We are already participating in the

1 Secure Borders - Open Doors Advisory Committee. We --  
2 and look forward to your input on our participation in  
3 that area.

4 Secondly, airport infrastructure and  
5 congestion. Of course, Bill has already talked a  
6 little bit about that. We are -- Customs and Border  
7 Protection and TSA, and we've done Homeland Security,  
8 and we look forward to your input --

9 And then, of course, statistical gaps in the  
10 industry. We need good data to make good policy. Just  
11 like the services industry at large, we are lacking  
12 good data and a method by which we can make good  
13 decisions based on good data. So, we need your  
14 guidance and help in this area as well.

15 So again, thanks for volunteering. I really  
16 appreciate it. Our Manufacturing and Services  
17 representatives from the Office of Travel and Tourism,  
18 along with those from the Office of Advisory Committees  
19 -- thank you very much, Madam Chairman.

20 CHAIRMAN CARLSON NELSON: Very good. Thank  
21 you.

22 Now we're actually going to go on and hear a  
23 little bit more background about each of these. I also  
24 wonder if we should make a note to circulate the --  
25 Bill, for any new members of the committee. You may or



1 may not be as familiar as those who are continuing are.  
2 This was just a very important piece of legislation  
3 that we were very grateful for and that actually, I  
4 think, informs a lot of our discussion. So if we could  
5 circulate that again, I think the board would  
6 appreciate it.

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1 INTERACTIVE DISCUSSION OF INFRASTRUCTURE CHALLENGES

2 The Honorable A. Martinez-Fonts, Assistant Secretary  
3 of Homeland Security

4 Ms. Susan Jacobs, Senior Policy Advisor,  
5 Bureau of Consular Affairs

6 ASSISTANT SECRETARY SUTTON:

7 Now I think we're going to move on. We're  
8 going to hear from the various departments and they're  
9 going to give us some background on these issues from  
10 what the respective agencies are doing. We're going to  
11 have a couple of panels.

12 The first panel we have with us today is two  
13 of the key players in travel facilitation from the  
14 Department of Homeland Security and the State  
15 Department. Susan Jacobs from the State Department --  
16 and I think you had an opportunity to say hello  
17 earlier, as well to Al--Alphonso. We call him Al--  
18 Martinez-Fonts, Jr. from the Department of Homeland  
19 Security, and they're going to discuss and give us a  
20 little bit of a context on the ease of travel issues,  
21 the progress that's been made, what the focused areas  
22 are, and then perhaps I'll ask them to also comment on  
23 ways that we might be of help to them in accomplishing  
24 some of these initiatives.

25 MS. JACOBS: Can you hear me? It's probably

1 easier to talk without the microphone. I have a big  
2 voice.

3 MR. MARTINEZ-FONTS: Me, too.

4 MS. JACOBS: Good morning. I'm delighted to  
5 be with you, Mr. Secretary. It's a great honor for me  
6 and for June Quinceman, who is the Managing Director of  
7 the Visa Office, to be here to talk about how we are  
8 trying to make it more efficient to get a visa to enter  
9 the United States. We have been working very closely  
10 with the Department of Homeland Security and with our  
11 own advisory committee, called the Secure Borders -  
12 Open Doors Advisory Committee on ways to facilitate  
13 travel.

14 We have to balance the need for security with  
15 the need to have tourists come to the United States  
16 with as much facility as possible, because tourism is  
17 really important to this country.

18 So in that respect we have been trying to  
19 improve the way that we issue visas. One of the things  
20 that we have done is to provide more information about  
21 the visa process. We have an excellent web site on  
22 travel.state.gov, which is easily accessible and  
23 explains the visa adjudication process, the application  
24 process, and provides a wealth of information.

25 At the same time, we are also providing wait

1 times for a visa. So if you are, let's say, in Romania  
2 and you want to apply for a visa, it will tell you that  
3 the wait time is approximately five days from the time  
4 you make your appointment to the time that you have  
5 your interview.

6 Ninety-seven percent of the people who apply  
7 for a visa have their visa one or two days after their  
8 interview. Now, I know that in a lot of countries--  
9 China, Brazil, and Mexico, to name three of them--there  
10 is a very long wait time for visas. We are trying to  
11 think of new ways to do this. In a lot of these  
12 countries, building up infrastructure takes a very long  
13 time. Hiring new foreign service officers also takes a  
14 long time to do the visa interviews.

15 So we're looking at ways that we can improve  
16 the process by doing off-site data collection, that  
17 would be taking the fingerprints, doing facial  
18 recognition, and doing the name checks even before the  
19 person has their visa interview. We are also working  
20 on almost a complete electronic visa process. When  
21 this process is complete by the end of this year, a  
22 person, an applicant, will be able to go online, apply  
23 for their interview, pay the fee, submit their  
24 application, and then come for their interview. This  
25 will make it a lot easier for the officer because they

1 will have all the information well ahead of time and it  
2 will really speed things up and allow them to do more  
3 visa interviews in a day.

4           So those are some of the things that we're  
5 working on. Through the Rice-Chertoff initiative,  
6 we're also trying to make our waiting rooms more  
7 pleasant and more welcoming. We show videos that were  
8 produced for us by Disney and by the Business for  
9 Diplomatic Action. We also show videos produced by  
10 Customs and Border Protection so that people know what  
11 to expect when they get to the United States.

12           So these are some of the initiatives. We are  
13 opening a new consulate in India and Hyderabad, which is  
14 sort of the heart of the high-tech industry in that  
15 country. That will take some of the burden off of the  
16 other posts there. But I have to report that we have a  
17 wonderful ambassador in India and he made visa issuance  
18 a priority, put everybody to work on this, so the  
19 waiting time in India is about 10 days now, which is  
20 really pretty low.

21           Our goal is to have all applicants who apply  
22 for a visa be interviewed within 30 days. That is for  
23 regular tours. For business people, we wanted it to be  
24 for 15 days, because we also know that if a business  
25 person has to get to the United States, they need to

1 get here quickly in order to do the deal or get the  
2 information or attend a trade show. So these are some  
3 of the things that we're trying to do. We work very  
4 closely with the Department of Homeland Security.

5 We are hoping that now that we are taking  
6 thumb prints from all visa applicants, that these  
7 people will not have to be interviewed again. We will  
8 be able to reuse their fingerprints if they are  
9 applying in the same category of visa in their own  
10 country, and that should take some of the burden off of  
11 posts. We are constantly working to do this better.  
12 Of course, we welcome your ideas.

13 If there are ways that -- you know, if you can  
14 think of technological fixes that will make this  
15 faster, we want to hear about them because it doesn't  
16 look like we're going to be getting the money to hire  
17 more officers or to build out infrastructure in the  
18 present economic climate, so we're going to have to do  
19 it different ways.

20 CHAIRMAN CARLSON NELSON: It's interesting  
21 that the present economic climate actually is, with the  
22 dollar at the -- the exchange rate at the rate it is,  
23 that you would hope that that would be a time that this  
24 particular activity would be financed because it is  
25 working in the opposite direction from the impact on

1 some of the rest of the economy.

2 MS. JACOBS: But everything costs more  
3 overseas. That's the problem that we're facing right  
4 now, that salaries for locally engaged --

5 CHAIRMAN CARLSON NELSON: The costs for us, of  
6 course --

7 MS. JACOBS: No, that's a good point. These  
8 things always take time.

9 CHAIRMAN CARLSON NELSON: Well, Susan, thank  
10 you. Any questions for Susan? Yes, Sam?

11 MR. GILLILAND: Well, I guess it's more a  
12 question as to the process. Certainly when there are  
13 opportunities to automate, that's fantastic. I was  
14 curious about what the objective of the interview is  
15 versus the process that other countries might follow,  
16 which is a paper interview as opposed to an in-person  
17 interview.

18 MS. JACOBS: Well, we think that you can gain  
19 a lot from an in-person interview. People don't always  
20 tell the truth on a piece of paper. And after you have  
21 been doing interviews for a couple of months, you have  
22 a really good idea about the person as soon as they  
23 start talking to you and you can figure out if they're  
24 telling you the truth. I mean, it's a way to find out  
25 what the people are really doing, what their intention

1 is in visiting the United States.

2 16: Student visas.

3 MS. JACOBS: Yes.

4 16: They have a real time frame.

5 MS. JACOBS: And we make special times  
6 available to students.

7 16: And what is the wait time?

8 MS. JACOBS: For students, it's one or two  
9 days.

10 16: Electronic fingerprinting.

11 MS. JACOBS: Yes.

12 16: Are you doing that?

13 MS. JACOBS: Yes, we are. It's not an ink  
14 process, it's a little machine and you just put your  
15 hand down.

16 16: Once we fingerprint somebody, why would  
17 we have to fingerprint someone again?

18 MS. JACOBS: That's what we aren't going to be  
19 doing now that we're taking 10 prints.

20 16: Across the board?

21 MS. JACOBS: Across the board. We will. We  
22 agree. There will be a day where it should be a  
23 completely paperless process. Wouldn't that be great?

24 MR. WINKOWSKI: The only thing I would add is  
25 the connectivity between Customs and Border Protection,



1 so by Susan taking the 10 prints overseas, when that  
2 individual comes in we don't have to take 10 prints  
3 again.

4 MS. JACOBS: You're confirming with that, too,  
5 right? Yes.

6 MR. WINKOWSKI: Through the index finger,  
7 which saves a lot of time.

8 MS. JACOBS: Right.

9 MR. WINKOWSKI: So it's that connectivity that  
10 we have with the -- and with the State Department.

11 MS. JACOBS: Right.

12 SECRETARY GUTIERREZ: Indian has done a great  
13 job. Are there any other countries that you could  
14 point to that have really -- there are about seven that  
15 we're trying to get.

16 MS. JACOBS: Tell me which seven and I can get  
17 you information on them.

18 SECRETARY GUTIERREZ: I think it's Korea,  
19 Brazil, India.

20 MS. JACOBS: Korea, Brazil, Mexico, China. I  
21 know most of the China posts are less than 30 days.

22 VOICE: Shanghai is still having problems  
23 keeping it under 30 days.

24 MS. JACOBS: Brazil is a major problem. We  
25 will be looking at technological fixes that we can do,

1 especially off-site data collection. That's something  
2 that I meant to mention. We have added 570 new  
3 consular officers since 9/11, and we've also done a  
4 first global repositioning exercise. So we're hoping  
5 that as countries come into the visa waiver program, we  
6 may be able to redirect consular officers from those  
7 posts to posts like Brazil where we're still having a  
8 problem getting the wait time down.

9 MS. DREW: I had a question. How long is the  
10 average length of stay of each of these visas from the  
11 countries that the Secretary just mentioned, and how  
12 many times does it allow you to enter and leave as  
13 you're traveling?

14 MS. JACOBS: The stay is determined by Customs  
15 and Border Protection. In Korea, they are getting 10-  
16 year multiple-entry visas. China's -- you know, the  
17 visas are based on reciprocity, so what we're trying to  
18 do is to get as long a stay as possible for American  
19 visitors to those countries in exchange for doing the  
20 same for visitors from the countries.

21 MS. DREW: How long is the stay for India?

22 MS. JACOBS: Up to 10 years. And it's a  
23 multiple-entry visa, so they can come frequently during  
24 those 10 years.

25 MS. DREW: So would we look for reciprocity

1 with the process? Because with India, you simply fill  
2 out an application and you don't have to have a  
3 personal interview.

4 MS. JACOBS: We're looking for it in the  
5 length of time, not in the process, because we have  
6 great security concerns and we are going to be  
7 interviewing people until we have 10 prints from all of  
8 them and we can confirm them in that way.

9 Yes?

10 MR. RALENKOTTER: Just a comment and a  
11 suggestion. This holds true for all the destination  
12 cities that host international conventions, especially  
13 those that draw delegates who are really buyers from,  
14 let's say, China, India, Brazil. There's no guarantee,  
15 if I came to the International Consumer Electronics  
16 Show in Las Vegas this past January that I can get a  
17 visa to come back next year. I've already conducted  
18 business and I've already been here and I've qualified,  
19 but there's no guarantee that they can come back. This  
20 is a big challenge.

21 I hear this from all of the international  
22 conventions that come to Las Vegas. We have the  
23 International Council of Shopping Centers in town right  
24 now, and that's a big challenge for them because if  
25 they're going to be able to take on business and be

1 able to consistently buy and sell, those buyers need to  
2 be able to get into the United States.

3 I have consistently heard from most of those  
4 convention groups that they'd be more than willing to  
5 assist in that process. So it is a big challenge for  
6 all of us. With consumer electronics, 28 percent of  
7 the delegates who attend that show are international.  
8 There's probably about 25 percent who will come in for  
9 shopping centers. So we need to facilitate that for  
10 them to conduct that business.

11 MS. JACOBS: We have a business visa center as  
12 part of the visa office and you can get that  
13 information at [travel.state.gov](http://travel.state.gov), and we are very happy  
14 to facilitate visas. So if whoever is sponsoring the  
15 convention gives us a list from each country of who's  
16 coming, we can send that information to the post and  
17 they will have that extra bit of information and it  
18 will be very helpful. But most of these people should  
19 be getting -- if they're legitimate business people,  
20 they should be getting multiple-entry visas.

21 MR. RALENKOTTER: But we are hearing that  
22 consistently, that challenge from these major show  
23 producers, that it isn't that easy. They have a list  
24 and they know who's going to come there.

25 MS. JACOBS: If you can give me specific

1 examples, I will be happy to track them down.

2 MR. RALENKOTTER: Okay. I will do that.

3 MS. JACOBS: But it has to be a specific  
4 thing. It can't be, somebody walked up to apply for a  
5 visa and they didn't get it. That is not helpful.

6 MR. RALENKOTTER: No, no, no. These are  
7 people who --

8 MS. JACOBS: We need names, times.

9 MR. RALENKOTTER: These are people who have  
10 been here for business in the past and who are coming  
11 for a convention.

12 MS. JACOBS: They should be getting multiple-  
13 entry visas.

14 MR. RALENKOTTER: Okay.

15 CHAIRMAN CARLSON NELSON: Do you have  
16 statistics by country?

17 MS. JACOBS: Yes.

18 SECRETARY GUTIERREZ: You said it was 15 days  
19 and 30 days?

20 MS. JACOBS: Yes. We have it for every  
21 country, sir.

22 SECRETARY GUTIERREZ: Are you able to compare  
23 country-by-country?

24 MS. JACOBS: Yes, we are.

25 SECRETARY GUTIERREZ: Is that something you

1 can share with the board?

2 MS. JACOBS: Absolutely.

3 CHAIRMAN CARLSON NELSON: I think that would  
4 be wise because then we actually can help, because as  
5 people complain to us, and if you can show us  
6 directionally, so when we meet again if you're moving  
7 towards these goals, it's a lot easier if we can share  
8 with our constituents the progress.

9 MS. JACOBS: Uh-huh. Absolutely.

10 CHAIRMAN CARLSON NELSON: Because those  
11 experiences are frustrating. I know how hard you are  
12 all working on it. If you're making progress, we ought  
13 to be able to reflect that.

14 VOICE: We keep a very close eye on which  
15 posts ought to have reached 20 days' wait time and when  
16 you get to 30 days, and ask them what kind of help they  
17 need. Frequently, we have sent many, many temporary  
18 duty officers out to help cover those gaps. Summer is  
19 coming, so we will have some of those gaps, but there's  
20 also a very robust -- program gearing up right now for  
21 that.

22 CHAIRMAN CARLSON NELSON: Other questions or  
23 comments?

24 (No response)

25 CHAIRMAN CARLSON NELSON: Well, thank you so

1 much, Susan.

2 MS. JACOBS: You're welcome.

3 CHAIRMAN CARLSON NELSON: There are very few  
4 subjects that are of more interest, I think, to this  
5 group and to our constituents.

6 MS. JACOBS: I think that's true.

7 (Laughter)

8 MS. JACOBS: But you guys are much nicer to us  
9 than our own --

10 (Laughter)

11 CHAIRMAN CARLSON NELSON: We're just warming  
12 you up.

13 (Laughter)

14 CHAIRMAN CARLSON NELSON: But I think all of  
15 our businesses, the ability to anticipate becomes so  
16 critical. I think when you look at the countries that  
17 we're all focusing on, without question we're going to  
18 have a greater influx, not less. We've got the  
19 countries that have become really economically more  
20 viable, we've got a middle class that's emerging. I  
21 would hope that, rather than waiting for them to call  
22 and ask for help, it's pretty easy to identify where  
23 we're going to need it, and maybe anticipating that so  
24 that we don't get the lag, because then we have the  
25 perception problem. Once we fix things, the perception

1 is there. So getting ahead of it is really a key.

2 MS. JACOBS: And we need your help. I mean,  
3 there aren't that many posts where there is a wait time  
4 of more than 30 days, but the perception is out there  
5 that it's very hard to get a visa. It really isn't, in  
6 most countries.

7 CHAIRMAN CARLSON NELSON: Well, I think any  
8 way we can help, I think we have now all heard that if  
9 we can send lists and facilitate in advance, maybe we  
10 can help to facilitate those, at least those that we  
11 have some relationship with. If people have thoughts  
12 or ideas, would they contact you? How would you like  
13 us to proceed?

14 MS. JACOBS: Yes, they can contact me. My e-  
15 e-mail is: sjacobss@state.gov.

16 CHAIRMAN CARLSON NELSON: Would you please?  
17 Thank you.

18 MR. MARTINEZ-FONTS: Mr. Secretary, Thank you  
19 very much. It's wonderful to see you, wonderful to be  
20 here. Woody, thank you so much. It's great to be  
21 working with you again.

22 I'd like to, a little bit, take off where  
23 Susan left off, so to speak. I represent, as I've  
24 often said, the Department of Commerce at the  
25 Department of Homeland Security. A lot of what we do,



1 is we try to make sure that the private sector is  
2 listened to and advocate on your behalf.

3 I thought I'd take up a couple of issues,  
4 again, following up. On the whole Rice-Chertoff  
5 initiative and the SBODAC, the Secure Borders Open  
6 Doors Advisory Committee, they have reduced their  
7 recommendations. They gave us 44 recommendations. I  
8 mean, there's not a lack of recommendations of what can  
9 be done. We've tried to get them to focus those down.  
10 We've gotten them down to eight. I wanted to share  
11 with you some of those and where we have put the  
12 emphasis, because I am a big believer that we should  
13 probably try to get a few things done and get them up  
14 and running and get them working than focus on 44, and  
15 at the end of the day you really end up focusing on  
16 none of them.

17 So, one of them is--and I will let Tom  
18 Winkowski, if he'd like to add some more--the roll-out  
19 of Global Entry. This is the international registered  
20 traveler. Many of you, who I know are international  
21 travelers, have perhaps already submitted your  
22 application to it, and that program should be kicked  
23 off on June 6. Secretary Chertoff will be down in  
24 Houston to kind of cut the ribbon and look at a number  
25 of areas. Initially, the group that is going to

1 benefit from it are U.S. citizens, but as we go out,  
2 other countries will be participating in it. So let me  
3 leave you with that as one very concrete thing.

4           What Susan talked about, or she perhaps -- I  
5 don't want to say "insinuated". These are my words.  
6 We're focusing so much more on process than we are on  
7 infrastructure. There are some places where it is just  
8 either too expensive or too difficult. Bradley, we've  
9 worked with you guys on the airport side, we've looked  
10 at, how many things can you fit into an airport? Miami  
11 Airport has expanded dramatically over the last few  
12 years, and yet we're still trying to fit machines in in  
13 different places, and again, with the case of CBP,  
14 having more people there.

15           I think the answer is, as we try to do what we  
16 call in our processes, what are we looking to get, are  
17 we looking to get speed, are we looking to process  
18 people faster, or are we looking for security, other  
19 than our name is Department of Homeland Security?  
20 Well, as many of you who've heard me speak before, we  
21 need to get both. We really need to make sure. So in  
22 effect it is very often the processes that we need to  
23 work on, and these are the kinds of things that we have  
24 worked.

25           TSA rolled out, about two weeks ago, a

1 Checkpoint of the Future. Again, I won't go too deeply  
2 into it, but as we speak there's a group touring BWI--  
3 we're having two events up at Baltimore-Washington  
4 Airport--taking a look at this. This is everything  
5 from kind of calming down the line, to doing more  
6 evaluation on passengers, looking at them and seeing  
7 the guy who's nervous on the line, and what's he doing,  
8 and pulling him off the line.

9           You've heard of some projects that have been  
10 set up. We're using, particularly, "ski" areas. We  
11 use the expert skiers, so we've got a black diamond  
12 line, and we've got a blue line, a blue square, and a  
13 red circle. So if you're a family and it's going to  
14 take you a little more time, we want to put you through  
15 that line and make sure. So we're actually working on  
16 a number of things that have to do with not just  
17 international travelers. By the way, the international  
18 travelers are affected just like we are, like we  
19 domestic travelers are in getting through our airports,  
20 and making sure that becomes a pleasant, easier, better  
21 experience altogether.

22           So we have worked an awful lot on the  
23 processes. Can we make them better? Absolutely.  
24 We're constantly, I believe, challenging ourselves,  
25 trying to look at it. We would definitely welcome any

1 kind of ideas or thoughts or recommendations that you  
2 have, although as Susan said it so well, our SBODAC  
3 advisory committee on the Rice-Chertoff initiative  
4 gives us lots of things to think about. I just want to  
5 emphasize one final thing that Susan mentioned. I  
6 believe that the new visa waiver program, where we are  
7 looking at adding new countries, so there are 27  
8 countries who are presently in it, there are 8 or 9  
9 that have applied to become part of it. I believe that  
10 resources will be able to be redeployed.

11 So you take a Korea that right now has -- it's  
12 one of the countries with the big delays, a big  
13 consulate, a big embassy, and all those kind of things.  
14 As they join up and then have to submit what we have  
15 dubbed the electronic travel authorization, that will  
16 take away a lot of the work that will be done in those  
17 consulates, and hopefully not only will it make Korea a  
18 lot better and easier, but some of those people would  
19 be deployed, let's say, to India or Brazil, which may  
20 not be part of it. So with those kind of thoughts, I'd  
21 be glad to answer any of your questions. We have lots  
22 of things I know that we can talk and discuss.

23 18: If I may, you talked about the role under  
24 the Global Entry program, and certainly it's a  
25 wonderful next step. Having an international

1 registered traveler program makes enormous sense, this  
2 whole idea of having electronic information, as we keep  
3 looking at every human being, trying to find that one  
4 whose intent is to do harm, as opposed to being able to  
5 have a better method of identifying people.

6 But what we're hearing is that the roll-out in  
7 New York is really at one terminal, Terminal 4, and I  
8 have, I think, 7 international terminals, and there's  
9 no money to do a roll-out at those other terminals, so  
10 I need to have a limited scope program like that,  
11 recognize economic reality. It doesn't seem to make  
12 sense when the department is putting pressure on  
13 terminal operators to try to pay for whatever the  
14 infrastructure is. Maybe you could just describe, in  
15 this nationwide roll-out that you're talking about, is  
16 there money available to actually roll the program out?

17 MR. MARTINEZ-FONTS: The answer is that there  
18 are some limitations. Maybe Tom could give us some  
19 answers on this. I think we were trying to figure out  
20 how to get it at four of the JFK out of the seven, as  
21 opposed to just one. I think initially it will be  
22 four, and we're trying to get it to seven. The ports  
23 of entry model that we used initially was only two.  
24 We're getting ready to roll it out to 18 others.  
25 Again, I'm going to look to either Tom or Laurel Smith,

1 that we're looking to roll those out. So the answer  
2 is, yes, it's going to take a little bit of time, but  
3 we're trying to get it there.

4 By the way, it saves us quite a bit of money.  
5 The more people we can get enrolled, it will be  
6 automated. You will go in and either give your  
7 fingerprints or put your passport through. Tom, let me  
8 ask you to --

9 MR. WINKOWSKI: Yes. We clearly have the  
10 expectation that we're going to expand. We need to get  
11 this up and running to make sure that it works, that  
12 our systems work. Clearly, we're working on an  
13 expansion plan. There's lots of pieces that come with  
14 this. You've got to have an enrollment center and that  
15 requires space, the personnel side of it. But clearly,  
16 it is our expectation that in the relatively soon  
17 future here we will be rolling it out to additional  
18 locations, and JFK is certainly one of our largest  
19 international airports.

20 CHAIRMAN CARLSON NELSON: Tom, would you tell  
21 us precisely, the first step involves what?

22 MR. WINKOWSKI: To be on Global Entry?

23 CHAIRMAN CARLSON NELSON: Right. How many  
24 people do you expect to be registered, and where will  
25 the processing take place?

1 MR. WINKOWSKI: I'm sorry. We have 263  
2 people--it's just been open for a week--that have gone  
3 into our automated system to apply to be a member of the  
4 Global Entry program. What will happen here starting  
5 next week, we'll then interview those individuals and  
6 make a decision whether or not they can be accepted in  
7 the program. Then what will happen from there is, when  
8 those individuals come back to the United States, they  
9 go up to a kiosk, they give us a fingerprint, put their  
10 passport into the kiosk, and then they get a slip of  
11 paper that allows them to exit passport control without  
12 being interviewed by an officer.

13 CHAIRMAN CARLSON NELSON: And so that's the  
14 alpha test?

15 MR. WINKOWSKI: What's that?

16 CHAIRMAN CARLSON NELSON: So that's like an  
17 alpha or beta test of this program. Ideally, over what  
18 time frame would you roll it out?

19 MR. WINKOWSKI: I would say by next fiscal  
20 year we'll begin.

21 MR. MARTINEZ-FONTS: And the roll-out--let me  
22 just add--includes, as I mentioned, initially you have  
23 to be a U.S. citizen or permanent resident. One of the  
24 tests that's being done with JFK is with the Dutch, so  
25 that will be the first international side of it. So in

1 other words, citizens of the Netherlands will be able  
2 to actually sign up for it, and a series of other  
3 countries will be coming on-screen. So think of this.  
4 It's a little bit of a balancing act, but we do need to  
5 set up the process. We need to have the infrastructure  
6 that is needed, and then we need to make sure we get  
7 people to participate, and those people will be U.S.  
8 citizens, no known limitations to it at this point. I  
9 mean, the limitation will be how many people we can run  
10 through the process. Then foreign citizens who will  
11 undergo a similar background check and will be  
12 qualified to, in effect, come in and use that program.

13 MR. WINKOWSKI: We have a similar concept on  
14 the northern border and southern border.

15 MR. MARTINEZ-FONTS: Right.

16 MR. WINKOWSKI: We call it Nexus, Century, and  
17 VAS. It's basically a trusted traveler program. If  
18 you meet our standards, we believe we don't have a need  
19 to talk to you every time and for you to get into a  
20 line with everybody else and interview you and make a  
21 decision whether or not -- of course, if you're a  
22 United States citizen, you're going to be -- of course.  
23 But we believe that that will take a chunk of people  
24 from that congestion and put them over into another  
25 area of the airport.



1           CHAIRMAN CARLSON NELSON: Other questions or  
2 comments? Is there a budget for the roll-out?

3           MR. WINKOWSKI: We have a budget. This is a  
4 program that has been kind of swirling around in the  
5 CBP and the department for several years. We were able  
6 to grab it and put it into effect in those selected  
7 locations. But we obviously have a budget, but we're  
8 going to be looking at expanding that budget and  
9 expanding the sites.

10          CHAIRMAN CARLSON NELSON: At various points in  
11 history I am aware that our industry has offered to  
12 find ways to facilitate or help, and I think even  
13 corporations have said, bring your people in, we'll  
14 line everybody up who's our road warriors and let you  
15 interview them on-site and help to facilitate.

16                 Are those things continuing to be considered  
17 as ways to leverage sort of industry in order to  
18 facilitate?

19          MR. MARTINEZ-FONTS: Yes, Marilyn. Those are  
20 the kinds of things, when I mentioned our SBODAC, the  
21 Secure Borders - Open Doors Advisory Committee, Susan  
22 mentioned the Disney video as an example of a gift.  
23 We've had Disney work with CBP and we've not been able  
24 to actually get this to where we want it to because  
25 there are all kinds of rules in government in accepting

1 gifts for something you can pay for, and so on. But  
2 working on some of the things concerning line  
3 management -- our office has done a lot of work.

4 Again, opened this session by talking about  
5 public/private partnerships, and indeed that is what  
6 we've done. It's been working with the port  
7 authorities, the airport operators, the airlines, CBP,  
8 and so on to make sure that we're all talking together,  
9 because everyone seems to look at it as a small little  
10 piece of their world. At the end of the day, satisfy  
11 our customers--which is not a word we use very often in  
12 government, but I came out of the private sector, so I  
13 understand customers. Okay.

14 Our customer just is unhappy, because from the  
15 moment their plane landed to the time they got their  
16 suitcase, it took them an hour and a half, or whatever  
17 it is. So we need to make sure that that becomes  
18 seamless. I've had an experience -- this is not -- I  
19 came from Europe, the CBP got through, and my bag took  
20 45 minutes. I won't tell you which airline. So that  
21 was the airline, but I was still an unhappy customer.  
22 I know a lot of other people get held up at the CBP  
23 side of it and their bags are waiting, and so on. So  
24 we need to make sure that that public/private  
25 partnership continues to move the whole process

1 forward.

2 CHAIRMAN CARLSON NELSON: Well, there has  
3 certainly been enough discussion in the private sector  
4 that those frequent travelers would be willing to pay  
5 some fee in order to be facilitated. So, trying to  
6 work together continues to be, I think, of interest to  
7 a lot of industry in addition to ours, that there are  
8 those who would be willing to help so that ultimately,  
9 I think if you've gotten the demand so the  
10 infrastructure is justified by enough quantity to make  
11 the infrastructure investment worthwhile.

12 MR. WINKOWSKI: Our biggest challenge in the  
13 airport environment is we're quickly approaching the  
14 summer, which is our busiest season. It's clearly  
15 passport control, and that's where our biggest  
16 challenge is. By having Global Entry, you're going to  
17 explain to a chunk of people that we really have no  
18 interest, from the standpoint of being a threat or  
19 really being one to talk to, taking them off to the  
20 side, verifying their identity with a fingerprint,  
21 validating their passport, and help them -- big chunks.

22 Over time as the program continues to grow,  
23 hopefully we'll see a reduction in -- we've seen this  
24 up on the northern border and southern border where  
25 we've started off with these programs, and now they

1 have grown to huge numbers up in Canada, up in the  
2 northern border, the Nexus, with nearly 200,000 people  
3 that are in that trusted traveler program. Down on  
4 the southwest border with Century, we're at about  
5 170,000. So we've seen this growth as we've shown  
6 people the benefits.

7 MR. MARTINEZ-FONTS: I was very involved in El  
8 Paso and setting up Century there. Our goal was to get  
9 2,000 people enrolled in the first two years, and there  
10 was something like 6,000, and today it's something like  
11 17,000 or 18,000. So we've seen the demand of people  
12 to try to join these programs because of the  
13 convenience that they present, so it's not dissimilar  
14 to, if you drive up and down I-95, and you have an EZ-  
15 Pass.

16 You notice how long people are waiting to pay  
17 the toll and you have an EZ-Pass. I mean, I sort of  
18 laugh at all those people, saying, why haven't they  
19 gotten one? Well, they must think it's not worth their  
20 while. But to me it's very much worth it, and  
21 obviously to a lot of other people. So at one time you  
22 had one EZ-Pass lane, now you've got three EZ-Pass  
23 lanes and five people waiting to put their coins in.

24 18: And do you have a -- program? I think --  
25 was very relevant, because obviously everybody markets

1 things like the EZ-Pass system.

2 MR. MARTINEZ-FONTS: Well, I think, again, the  
3 success in Century and Nexus on the northern and  
4 southern border, something similar to that would be  
5 rolled out. There's even been talk about, wouldn't we  
6 allow Century and Nexus people to participate, which,  
7 by the way, would automatically give us 350,000 people  
8 that could do this. So, therefore, use your Nexus or  
9 Century card as a way of getting through the airports.  
10 That would be --

11 18: But people have to see it. If you're  
12 starting to roll out this program -- any of my  
13 airports, including Terminal 4, has seen anything that  
14 would alert anybody to the fact that this is coming and  
15 that they would eventually --

16 MR. MARTINEZ-FONTS: Right. Well, I think  
17 it's because it's a pilot. I think we're taking it  
18 easy for fear of being overwhelmed, to be very honest.  
19 So we want to make sure.

20 18: I think with 263 people, you're not going  
21 to be too overwhelmed.

22 MR. MARTINEZ-FONTS: No, not at this point.  
23 You're right.

24 MR. WINKOWSKI: But we want to make sure this  
25 works. We want to make sure this works. So far, so

1 good. I can assure you, once the Secretary cuts the  
2 ribbon down there and -- we'll see a much more  
3 aggressive --

4 SECRETARY GUTIERREZ: It just started a week  
5 ago or something?

6 MR. MARTINEZ-FONTS: Yes. April 11th, I think  
7 was the date. May 12th. Sorry, May 12th.

8 SECRETARY GUTIERREZ: How did 663 find out  
9 about them?

10 MR. MARTINEZ-FONTS: It's been on our web  
11 site. It's on our web site and we've had some press  
12 releases on it.

13 CHAIRMAN CARLSON NELSON: Well, I think you  
14 feel overwhelming support for the concept and we're  
15 looking forward to the execution. Again, I am certain  
16 that you will find more than a few allies if there are  
17 ways that we can help to facilitate.

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1                   INTERACTIVE DISCUSSION OF INFRASTRUCTURE CHALLENGES

2                   Mr. Robert A. Sturgell, Acting Administrator,  
3   Federal Aviation Administration

4   and

5                   Mr. Thomas Winkowski, Assistant Commissioner,  
6                   U.S. Customs and Border Protection for Field Operations

7                   CHAIRMAN CARLSON NELSON: But we'll move on to  
8                   you, Tom, and to Robert Sturgell, who is the Acting  
9                   Administrator of the FAA, and Tom, who is the Assistant  
10                  Administrator. They're going to talk a little bit  
11                  about the congestion and facilitation. So in a way,  
12                  we've kind of migrated into this area. But shall we  
13                  start with you, Robert, and then we'll come back to  
14                  Tom? He's front and center already.

15                  So, thank you.

16                  MR. STURGELL: Thanks, Marilyn. Mr.  
17                  Secretary, good to be here. I just wanted to go over  
18                  some of the things we've been doing. This comes at an  
19                  opportune time, with Memorial Day and the kick-off of  
20                  the summer travel season coming up. Last year, last  
21                  summer in particular, we had our worst summer of delays  
22                  ever, so we've been working hard in the interim to try  
23                  to smooth it out this summer. Frankly, it's going to  
24                  be another tough summer.

25                  From a broad perspective, I think this group

1 ought to know that the administration, since 2000, has  
2 helped put in 13 new runways at some of our largest  
3 airports, places like Miami, Denver, Los Angeles, and  
4 Boston, for example. We've got three more this year,  
5 but they won't open until November, right here at  
6 Dulles, Seattle, and then Chicago opens its first  
7 runway as well.

8 Internationally, there is a lot of this same  
9 activity going on, places like Beijing, Singapore,  
10 London, Dubai, Dehli, Mumbai, some of those areas. I  
11 think, with the emergence of low-cost carries in Europe  
12 and southeast Asia, internationally you're seeing a lot  
13 of competitiveness throughout the system.

14 We've got offices in 13 cities around the  
15 world, helping the various agencies. Particularly,  
16 we've been focused on, this summer or these past couple  
17 of years, with China and the Summer Olympics  
18 approaching in Beijing.

19 Mr. Secretary, you mentioned over 3 million  
20 international visitors. The FAA trained over 1,000 of  
21 our counterparts at our training academy in Oklahoma  
22 City over the last year. So, those are some of the  
23 activities we're doing worldwide.

24 Coming back to the United States here, as Bill  
25 mentioned earlier, New York was a particular problem



1 last year. We've done some things that I'll talk about  
2 in a minute. We're also focused on Chicago. I think  
3 we're under-performing a little bit in Chicago.

4 The carriers domestically. They've cut a  
5 little bit of capacity domestically. We see them  
6 continue to add internationally, so I think the  
7 international opportunities, both leaving the United  
8 States and coming to, are increasing, especially with  
9 things like the Open Skies agreement now with Europe,  
10 and the increased opportunities at London-Heathrow.

11 But we've got folks like Delta now hubbing at  
12 Kennedy, so that airport is kind of transforming into  
13 an airport that used to be just international, but now  
14 has two major airlines -- domestic -- there. But  
15 trying to make Africa -- you know, to be the number-one  
16 carrier in Africa, folks like United here at Dulles  
17 opened up flights with the Open Skies to Beijing, as  
18 well as a new announcement, like Moscow, recently. So,  
19 a lot of increased access internationally.

20 It looks like the carriers are continuing to  
21 add internationally. Domestically, it's a draw-down.  
22 I think they'll stay about where they are through the  
23 summer, but I think in September you can probably  
24 expect to see further draw-down domestically by the  
25 carriers as they deal with the high fuel prices.

1           New York. We have now capped, essentially put  
2 schedule limitations, on the three airports in New  
3 York. JFK in particular, we had some hours where the  
4 schedule just exceeded the capacity of that airport.  
5 So we've smoothed that out over the day, and in the  
6 process we haven't cut flights, we have actually added  
7 over 100 operations at that airport for the summer.  
8 It's just smooth throughout the day, so it's a constant  
9 level of activity instead of spikes.

10           Newark, the same thing. Smoothed it out a  
11 little bit. We're going to add over 30 operations  
12 there for the summer as well. Chicago remains under  
13 cap, but I think in that area, with the weather and  
14 with some of our performance, we could get better this  
15 summer. So that's kind of the big picture of how  
16 things are shaping up.

17           CHAIRMAN CARLSON NELSON: Dawn?

18           MS. DREW: We talk a lot about international  
19 inbound travel, but what I'm seeing is a great decline  
20 in domestic travel point-to-point within the U.S. How  
21 much would you say that's going to have to do with the  
22 delays that people like me suffer a lot in New York?

23           MR. STURGELL: You know, from my perspective,  
24 what the carriers are doing are cutting back on  
25 frequencies, mainly to smaller and mid-sized cities at

1 the moment, and kind of a retrenching in some of the  
2 big hubs, which, from a congestion perspective, is  
3 difficult because you'll continue to have hot spots  
4 like Chicago and like New York.

5 To some extent traffic is coming back in San  
6 Francisco in the morning, L.A. is picking up. Atlanta  
7 has increased, but we got a new runway in '06 in  
8 Atlanta, so the delay has stayed just about the same or  
9 come down a little bit, while the operations have gone  
10 up tremendously. So in some of the smaller places, I  
11 would say the congestion would get lighter, but in some  
12 of your major hubs it's still going to be very tough.

13 MS. DREW: So you think that's going to have  
14 an impact on domestic travel, whether people fly  
15 through the bigger places? That's the data that we're  
16 seeing here.

17 MR. SHAPIRO: I'm sorry. Is the question, are  
18 the congestion issues going to lead people to say I'm  
19 not going to travel?

20 MS. DREW: Exactly.

21 MR. SHAPIRO: Just for the research that we're  
22 doing, it is absolutely on target.

23 MS. DREW: We're seeing the same thing.

24 MR. SHAPIRO: For us it helps us, just  
25 speaking for the regional theme parts. But it's

1 congestion, it's the flight delays, it's obviously all  
2 the maintenance issues that occurred, and of course the  
3 prices that are going up with gas, and now we've got to  
4 pay extra for baggage. I mean, the consumer perception  
5 right now and sentiment on air travel domestically is  
6 very, very low. Given the tight economy and the hassle  
7 factor, they're choosing to stay close to home. Who  
8 knows how long that will hold and if things come  
9 around, but I think she's absolutely right. I mean,  
10 all the research we're seeing, congestion is one of the  
11 major data points.

12 MS. DREW: I think that some of the smoothing  
13 out, having more flights in the middle of the day,  
14 particularly for the leisure traveler who doesn't have  
15 to be somewhere at a specific time, might help. But  
16 then again, the other hassle factor is lost baggage, no  
17 parking at the airport. I mean, are there any plans to  
18 start to address those issues? Because I think that  
19 just as important as international inbound travel is  
20 your domestic point-to-point traveler. That's an  
21 industry we haven't really focused on a whole lot.

22 CHAIRMAN CARLSON NELSON: And from the  
23 commercial traveler's point of view, we're driving more  
24 and more of our commercial clients to executive  
25 aircraft, which in its own way compounds the problem

1 rather than adding to it, although it does offload some  
2 of it to alternative airports.

3 Other comments?

4 MS. DREW: One more question, if I may. A lot  
5 of the international inbound from Asia will start to be  
6 on those larger jets, the A-380. I was wondering if the  
7 new runways could accommodate those bigger planes.

8 MR. STURGELL: It's only going to be able to  
9 come in to a certain number of airports right now, and  
10 those airports are making the changes to accommodate  
11 the A-380 when they see it coming.

12 MS. DREW: Which ones?

13 MR. STURGELL: L.A., for example. I think New  
14 York has got some plans for it as well. Memphis, and a  
15 couple of others.

16 MS. DREW: San Fran?

17 MR. STURGELL: I think, San Fran. I'm not  
18 certain. But those airports, they know when that plane  
19 is going to show up, service-wise and they are planning  
20 ahead to make the adjustments, with the taxiways and  
21 other areas that they need to. But it's only going to  
22 be a handful of airports.

23 CHAIRMAN CARLSON NELSON: I want to make sure  
24 that we get the full kind of context for some of our  
25 subsequent discussions. I think we'll move on. These

1 are all issues that are very close to our hearts.

2 So why don't you, Tom?

3 MR. WINKOWSKI: Thank you. Thank you, Mr.  
4 Secretary.

5 I'm Tom Winkowski and I'm the Assistant  
6 Commissioner for Field Operations. Basically what that  
7 means, is I'm responsible for all the ports of entry.  
8 So it's that ugly baby that I own and that everybody  
9 wants to kind of play with it a little bit, and then  
10 they go home at night and I still have that ugly baby  
11 that's cranky -- San Isidro.

12 (Laughter)

13 MR. WINKOWSKI: But I think on the air side, I  
14 think we have made a lot of inroads in a number of key  
15 areas. We talked about some of that already today, was  
16 certainly our expansion of our model port concept. We  
17 have the model port out there now at Dulles and  
18 Houston. What that does, is that provides a much more,  
19 I think, welcoming environment for our passengers that  
20 are coming in. We have the Disney film there. We've  
21 got film from Customs and Border Protection on what to  
22 expect in the process, better signage.

23 What we're going to be doing is expanding it  
24 to 18 additional airports throughout the country, that  
25 is: Atlanta, Boston, Chicago-O'Hare, Dallas-Ft. Worth,

1 Detroit, Ft. Lauderdale, Honolulu, Los Angeles, JFK,  
2 Las Vegas, Miami, Newark, Orlando, Philadelphia, San  
3 Francisco, San Juan, Sanford, and Seattle. So we're  
4 moving out very, very quickly.

5 Congress gave us \$40 million to do that.  
6 We're in the process of buying the equipment. Also,  
7 Congress allocated 200 positions for us, of which we've  
8 got about 126 of those officers that are already on  
9 board. So, we're real excited about the expansion.

10 I think along those same lines, the TSA has  
11 what they call Checkpoint of the Future. I had the  
12 opportunity to see that. It's at the BWI right now.  
13 If you have an opportunity, I'd suggest that perhaps  
14 you go up there. They have done, I think, a very, very  
15 good job of laying out footprint using different color  
16 schemes to kind of settle down people and get people to  
17 focus in on what you want them to focus in on.

18 What we're going to do is adopt some of that.  
19 I think the TSA has done really a nice job. So as we  
20 continue to build facilities and improve facilities, we  
21 want to take some of these practices that TSA is doing  
22 and instill them into our port of entry operations. So  
23 we're moving out very, very quickly on that.

24 The other area is, especially this summer.  
25 Summers present a great deal of challenges for us.

1 Business is good, a lot of flights coming in, people  
2 coming in. I believe the Secretary said we're almost  
3 close to 9/11 numbers. That puts a real strain on us  
4 from the standpoint of being able to deal with peak  
5 times. All the airlines want to come in at the same  
6 time.

7           What we've been able to do, is in order to  
8 give the port directors at one of those facilities  
9 flexibility, we have allocated not only additional  
10 positions, but also additional overtime. So managers  
11 can build in flexibility into staffing the booths.  
12 When you look at a facility, if you have 36 booths or  
13 40 booths and you've staffed them all, there's not much  
14 more we can do.

15           We can look at our process, how we're spending  
16 an inordinate amount of time on primary, if we're doing  
17 that we can take corrective action, but we need to have  
18 that flexibility up front to make sure that, prior to  
19 those peaks coming in, that we have all those booths  
20 staffed so we can continue to clear out those people.  
21 Then when those peaks come, you're starting off with  
22 nobody being processed when those peaks come in, and  
23 then we can handle them. Sometimes that comes down to  
24 handing out or allocating additional overtime. So we  
25 have that flexibility this year that we didn't



1 necessarily have last year.

2 I think the other thing is just dealing with  
3 metrics. We've got to do a better job, I think, in my  
4 office of dealing with the whole issue of metrics and  
5 wait times. Exactly how do we measure the wait times,  
6 and what does it all mean? It's one thing to be able  
7 to have a system in place that says, this is the wait  
8 time. You've got to be able to do a deep dive into  
9 what's causing those wait times, and in exactly what  
10 lanes and what areas of that particular facility.

11 What we've done, starting in June, we have  
12 automated our entire wait time in the process. It will  
13 allow us to go in and really do an in-depth analysis of  
14 where exactly the problems are, with different  
15 analytical charts that you need to make informed  
16 decisions. So we're really excited that that  
17 particular system is coming out and working with  
18 certainly the airport authorities, as well as with the  
19 ports. I think we'll do a better job of being able to  
20 perhaps better staff and anticipate where the problems  
21 are so we'll work through those particular issues.

22 The other thing is, this year we're going to  
23 have a manager that, during peak times, that manager  
24 will do nothing but manage that peak time. Today what  
25 happens, is you have the manager that is working in

1 Miami International Airport and is doing bunches of  
2 other things in addition to monitoring wait times.

3           What I want to do is have an individual that  
4 is solely assigned during those peak times, just prior  
5 to the peak, to make sure that we have done everything  
6 possible to decrease the wait times. So that  
7 individual, for that period of time, will be solely  
8 focused in on managing peak times prior to the peak and  
9 during the peak. So that person will have the  
10 authority to call up and say, send five more people  
11 over here for these booths, and we'll work through  
12 those challenges that we have during peak periods of  
13 processing.

14           MR. PERRY: Tom, can I ask you a quick  
15 question?

16           MR. WINKOWSKI: Yes. Yes.

17           MR. PERRY: What is your worst wait times,  
18 from deplaning through passport control?

19           MR. WINKOWSKI: Right now it's not all that  
20 bad. It's the summer that presents a real challenge,  
21 when you're taking 3,000 people and putting them in a  
22 facility that's designed for 1,800. That's the  
23 challenge. We have had at times in some of the  
24 airports 12, we've had in some instances -- where a  
25 facility just can't handle it.

1           Not all the answers are brick and mortar. I  
2 understand that we can do some things a little better  
3 from the standpoint of processing. I know we talked a  
4 little bit about that. But at the end of the day, if  
5 you've got 40 booths and you have all those 40 booths  
6 staffed and you staff them correctly and staffed them  
7 before that peak comes in, there's not a heck of a lot  
8 we can do. That becomes the challenge. That's why we  
9 hope Global Entry will take, as we continue to grow  
10 that, this chunk of people and get them out of our way  
11 and send them down the road so we can focus in on those  
12 people that we need to focus in on.

13           For example, at Miami, when I worked there  
14 with Jose, they opened up additional facility -- there  
15 was an in-transit lounge. We got the computers. They  
16 put in all the electrical and we were able to reduce  
17 some of the wait times by opening up a makeshift  
18 facility. So we'll continue to support those  
19 initiatives, and certainly online we have a number of  
20 airports that are building new terminals.

21           But as far as wait time, I know people ask me,  
22 what's your average wait time? It's relatively low,  
23 but it's a very deceiving number because you have times  
24 when you're an hour and a half and times when you're  
25 five minutes. You know, when you start averaging it

1 out, it's very, very deceiving to people. But we've  
2 had cases where it's up to two hours.

3 MR. PERRY: Why do you think -- is working so  
4 well?

5 CHAIRMAN CARLSON NELSON: You know, what I  
6 think we're going to have to do, I'm afraid we're going  
7 to have to postpone the rest of this discussion

8 MR. PERRY: Okay.

9 CHAIRMAN CARLSON NELSON: I apologize. But I  
10 do think it's a big concern for all of us, and we will  
11 create a subcommittee that can work on some of the  
12 details and work a little more closely on this issue.  
13 I apologize, but because of time we're going to need to  
14 move along. But thank you for acknowledging that  
15 averages do not really tell.

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1           INTERACTIVE DISCUSSION OF INFRASTRUCTURE CHALLENGES

2                           Mr. J. Steven Landefeld, Director,

3                                   Bureau of Economic Analysis

4           CHAIRMAN CARLSON NELSON:

5                   The next comments that we're going to have in  
6           putting together this framework for our thinking will  
7           come from Steve Landefeld, who's the Director of the  
8           Bureau of Economic Analysis here at the Department of  
9           Commerce. His assignment is to help us with the  
10          statistical needs of the industry. He served as  
11          Director of the Bureau of Economic Analysis in 1995,  
12          and prior to that he served in a number of other  
13          capacities at BEA.

14                   MR. LANDEFELD: Thank you. I guess it's  
15          appropriate that I come in at the point where you're  
16          talking about the difference between me -- and those  
17          other statistics.

18                   We at BEA are the part of Department of  
19          Commerce that does, well, frankly, many of the  
20          statistics you heard the Secretary mention this  
21          morning, the growth rate in real GDP, we have  
22          international accounts, we do those deficit numbers.  
23          We have sets of regional accounts. I guess what the  
24          travel and tourism industry probably would most like,  
25          is to get that as hard-wired into the information

1 infrastructure as it is for the Federal Reserve Board  
2 and their decision-making.

3           The entire Federal budget is based on our real  
4 GDP inflation estimates. Our data is used to allocate  
5 over \$200 billion worth of Federal funds to States and  
6 localities. So I think the goal would be to have that  
7 kind of information, and we certainly appreciate  
8 Assistant Secretary Sutton's remarks at the outset  
9 about that. He's been a partner in developing tourism  
10 statistics.

11           The challenge and the problem with tourism  
12 statistics is you're not a single industry. Sure, some  
13 of the industries like air travel, it's pretty obvious  
14 that that's part of your travel and tourism, but a lot  
15 of retail sales are as well, and how do you begin to  
16 break it out? You don't have a NAICS code, the  
17 industry code, just for that. That really came to the  
18 fore after September 11th when Secretary Evans, our  
19 Secretary at that point in time, was sort of beseiged  
20 with people.

21           We couldn't see the impact of 9/11 clearly in  
22 the statistics, so he asked us to go out and use--this  
23 gets kind of techie--what we call input/output  
24 accounts, which look at purchase services and begin to  
25 be able to tease out how much of retail trade is what

1 you call travel and tourism. We have worked over the  
2 years, in partnership with the International Trade  
3 Administration, with their support and their expertise,  
4 to build sets of input/output, or what we call  
5 satellite or supplemental accounts that identify the  
6 impact of tourism and travel on the economy.

7 First we started with the benchmark once-  
8 every-five-year tables. We have annual tables now, and  
9 we have quarterly estimates to keep people up-to-date  
10 on the evolving nature of things. I want to thank  
11 Helen Morano, who's been particularly important in  
12 making this a successful effort.

13 As with all statistics, I think that the  
14 challenge is keeping them up-to-date current, because  
15 the world is constantly changing. I must say we are  
16 also in a very tight fiscal environment, and virtually  
17 all the U.S. statistical agencies are having to cut  
18 what we call core programs at this point in time.

19 So I guess what we would come to you with is a  
20 request that you help us consider what the priorities  
21 should be in travel and tourism statistics. I know  
22 from my experience with data users, particularly macro  
23 data users, what users want is more, more timely, more  
24 accurate, more detailed data. That's going to be hard  
25 to do. We're having trouble holding the line on just

1 our core programs. Our balance of payments are  
2 critically depend on the travel and tourism industry,  
3 but the surpluses were maintained in there in those  
4 data. Those data, I think, should be, from my  
5 perspective, first, program: let's hold onto what we've  
6 got.

7 The second thing is, the economy is always  
8 changing and we've got to keep up with that. Household  
9 surveys or traveler surveys have their difficulties.  
10 They have their role. But we're trying to work on  
11 credit card use, because if you use business data, you  
12 get it from a few users, you'd be able to reduce  
13 respondent burden and business records tend to be  
14 better than individuals' responses. So we're working  
15 on updating those estimates.

16 I think when I have listened to travel and  
17 tourism, the thing they most would like is -- our  
18 international accounts increased bilateral detail. The  
19 Secretary led with a lot of statistics and talked about  
20 some of those bilateral balances we have.

21 Currently, I think the statistics are not  
22 strong enough to go beyond a limited number of  
23 countries that we have right now. We'd just be  
24 guessing, and I think too much guessing. So one, is  
25 more data in terms of bilaterals.



1           The other one is regional information. I  
2 think the true power of this set of travel and tourism  
3 accounts and the regular statistics is when you begin  
4 to be able to work with people like you at the States  
5 and local levels. We have very a very extensive -- for  
6 other statistics -- down at the county level  
7 statistics. Like real estate, a lot of this is about  
8 local interaction. So that would be the "next  
9 frontier". I don't whether they're going to be  
10 reaching it real soon given the fiscal stringency that  
11 they are likely all to face in the coming years.

12           So that's a very quick cook's tour. If you're  
13 interested, I have a handout which I passed out which  
14 talks about BEA's core programs, has some examples of  
15 these travel and tourism accounts in there as well, and  
16 any thoughts you may have today or later with respect  
17 to priorities with respect to travel and tourism, I  
18 think both we and ITA would be very interested in  
19 hearing from you.

20           Thank you.

21           CHAIRMAN CARLSON NELSON: Thank you very much.

22           Any other comments on that point?

23           MR. RALENKOTTER: Just one comment. Helen  
24 would be upset if I didn't bring this up, because I've  
25 been saying this for 35 years. We really do need to

1 capture the numbers of individuals internationally who  
2 are coming to our destinations, and the data that we  
3 have today doesn't allow us to do that. We are making  
4 marketing decisions, whether it's on the State level or  
5 on the city level, to motivate international travel,  
6 both on the leisure side as well as the business side,  
7 without that information. We talked about different  
8 ways to capture that, whether the in-flight survey,  
9 which we all know has its limitations. We've had  
10 discussions about capturing data from the use of credit  
11 cards.

12 But in today's environment, 2008, for us not  
13 to be able to identify the number of international  
14 visitors coming from a specific country to our cities  
15 is beyond me. We've had this conversation, and we've  
16 had the conversation. So if we're going to prioritize  
17 where to go on research, that's one of those that has  
18 to be right at the top because the competition is  
19 greater.

20 We're competing. We know our customers are  
21 going to other countries for two reasons: one, because  
22 we're not marketing the country itself, but two, we  
23 don't have the data to go out and really target the  
24 money that we're going to spend. So if we're going to  
25 look at something to look to be a result of this

1 committee, it really needs to be that data collection  
2 and being able to identify not only the numbers of  
3 people, but the profile of that person coming to your  
4 destination: length of stay, how much they spend, those  
5 types of information

6 MR. PERRY: And if you think it's difficult  
7 for Las Vegas, as sophisticated as their numbers are,  
8 for us not as an international gateway, it's even  
9 compounded. Yet, we believe we do somewhere, 12 to 15  
10 percent of our base is international, but it is very  
11 hard to get to those numbers and to make those  
12 marketing decisions. So, I'd like to echo that. It's  
13 going to be very important for us.

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NEXT STEPS FOR THE BOARD AND CLOSING REMARKS

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CHAIRMAN CARLSON NELSON: I think what I'd like to do now, because we have a lot of interest on these subjects and the way the committee worked the last committee, those of you who served on it, we actually self-selected into subcommittees, and it allowed us, along with our staffs, to actually sort of get our arms around where these issues stand, where we might intervene, or how we might add the most value in terms of our observations or collaboration or cooperation, and sometimes just a little bit of motivation. So, if you would express your interest in these various areas, we would be most appreciative.

I think that we will request, perhaps we're thinking that maybe we'll be able to impose upon Bill DaCota to maybe take on this question of the infrastructure. I think that for those of you who are here from the Agency side, it's really clear to, I think, all of us that the infrastructure in this country is limiting, it's old, and in many cases it's the biggest problem that we have, so it's providing a challenge to all of you to operate in it.

So, we appreciate that, and we'll collaborate on any kind of processes that could be offloaded or

1 outsourced, or whatever it takes to facilitate. At the  
2 same time, underneath this, I think that these  
3 discussions are going to have to get at, sooner or  
4 later, what we're going to do about the infrastructure  
5 or we will absolutely lose our competitive position,  
6 because anybody who travels globally can see the  
7 dramatic difference in some of these emerging markets  
8 and what they're putting in place that just makes it  
9 way too attractive and too easy for the travelers to  
10 make other choices than this spectacular country that  
11 we have and the economy that needs the commercial  
12 business as well.

13           So I think that we will -- Helen, do you have  
14 any comments in terms of how you'd like to see the  
15 committees be organized?

16           MS. MORANO: No. I appreciate being asked. I  
17 think that one issue that we had discussed at the  
18 coffee break was on the -- I'll bring that up.

19           CHAIRMAN CARLSON NELSON: Good.

20           MS. MORANO: So that we can help orchestrate  
21 the subcommittee parts.

22           CHAIRMAN CARLSON NELSON: Perfect.

23           MS. MORANO: I think that would be a good  
24 thing.

25           CHAIRMAN CARLSON NELSON: This is stimulated,

1 Sam, by your e-mail. Sam had e-mailed me, and I think  
2 had top of mind -- what certainly is top of mind for  
3 all of us in the industry, and that is this question of  
4 the high fuel prices. Maybe you'd like to comment from  
5 your point of view, Sam, and then I'll add a little of  
6 what Helen and I were thinking.

7 MR. GILLILAND: Sure. I'll try to keep it  
8 brief.

9 Yes. I think the concern comes back to even  
10 some of the questions that were asked earlier around  
11 what is driving domestic capacity to come down, is it  
12 congestion, is it other things. I'm sure congestion  
13 plays a role in that. I guess my view is that--and  
14 these are pretty macroeconomic issues--with the  
15 declining dollar, with rising oil prices, with rising  
16 fuel prices, my view and my concern is, what we saw in  
17 the first roughly five months of the year, which was an  
18 industry that was moving along reasonably well, we  
19 won't see in the back half of the year, that in fact  
20 we'll see a lot of capacity come out of the U.S.  
21 airline system, and to markets that you wouldn't  
22 expect. We were talking about Las Vegas a little bit  
23 earlier. That is a low-yield market for airlines. If  
24 they're not making money in a market, they will pull  
25 capacity out.

1           So I think that is an issue, and then I think  
2 a related issue is, I guess, what I'd call economic  
3 sustainability of the industry. That's just one piece  
4 of it. I think everybody in this room, I think we  
5 could consider ourselves--and I'm probably being a  
6 little dramatic here--this group of people is the power  
7 grid, in many respects, of the economy, so whether it's  
8 hotels, whether it's airlines, whether it's  
9 destinations, whether it's the infrastructure and the  
10 airports themselves.

11           I guess I'm worried that we're going to see a  
12 lot of capacity come out and we're going to see a lot  
13 of follow-on impact there. There's a related issue--  
14 which, again, I'm going long here--of environmental  
15 sustainability as well that I think we could take up,  
16 and that I think also it's a related issue.

17           CHAIRMAN CARLSON NELSON: The question was,  
18 this provoked, for me, some introspection about how  
19 might we address this. I think that it's a bit  
20 interesting for all of us because we've spent a lot of  
21 time raising the consciousness not only of the U.S.  
22 Government and the U.S. population, but of others  
23 around the world, to the fact that travel and tourism  
24 is not just one more industry, at the same time that  
25 we've sort of looked to have an SIC code and be seen as

1 an industry. So we realize that there's been a little  
2 bit of schizophrenia in our approach. We know the  
3 restaurants, we know the hotels, airlines are sort of  
4 seen as industries. What we're doing here, is  
5 representing very much the facilitation of all other  
6 industries in this country.

7 Our country was actually built--the way we  
8 live, the way we work, the way our headquarters are  
9 located, the way our businesses and manufacturing  
10 facilities are located, has all been dependent, as we  
11 learned after 9/11--on being able to travel, the hub-  
12 and-spoke system and the domestic capacity.

13 So one of the questions that Helen and I were  
14 asking ourselves is, would this fit perhaps under the  
15 metrics piece that we work with our private sector,  
16 with Adam, and perhaps look at what statistics we are  
17 gathering and what we need to gather in order to try to  
18 understand a bit of the cost/benefit of the various  
19 scenarios that we're going to be facing.

20 If we start capping capacity and if we start  
21 capping carbon use and we suddenly end up with an  
22 industry that is unable to provide the service that the  
23 entire nation expects it to provide, the unintended  
24 consequences could be extraordinary. It's very  
25 important that collectively we somehow begin to get at



1 that, because we know that it's quite easy, in facing  
2 what we're facing in terms of global warming, to point  
3 at our industry.

4 Our industry, in the various industry groups,  
5 is spending a lot of time looking at how to be more  
6 efficient, how to be respectful, how to do offsets, how  
7 to build more green environments. But at the same time  
8 at this table, I think the effects or the unintended  
9 consequences, that somehow we could get at it so that  
10 we can participate or be represented at the table as  
11 these next discussions take place, because when we can  
12 quietly say, well, the domestic capacity is down, what  
13 does domestic capacity being down mean to industry  
14 across this country? It will have dire effects and  
15 consequences that we need to consider.

16 Adam, you had a couple of thoughts of how we  
17 might approach it.

18 MR. SACKS: Sure. There are two different  
19 things you're talking about. One is the many linkages.  
20 When we're talking about aviation, we're not just  
21 talking about aviation. So while the FAA and possibly  
22 Border Patrol are dealing with issues related to  
23 transporting of persons, there is a state -- TSA  
24 workers -- so when we talk about a cost/benefit  
25 analysis of a scenario, one of them just simply relates

1 to aviation service, having the tools so we can analyze  
2 these dynamically.

3 The second topic that came up during the  
4 coffee break was related to the environment, and  
5 certainly the travel industry is an easy target because  
6 the consumption of fuel is very evident in the travel  
7 and tourism industry.

8 However, the reality is that when we look at  
9 carbon outflow, the transportation sector, particularly  
10 the public transportation sector, not including  
11 personal automobiles, is not really persona non grata.  
12 So there is a cost/benefit analysis that, I think in  
13 order to perhaps nip in the bud potential policy  
14 directives that would be aimed at the travel industry,  
15 it will say, when we actually look at the travel  
16 industry and all the benefits that accrue through that,  
17 that a policy directive would, in effect, limit demand,  
18 be it through taxes or limiting capacity directly. It  
19 would have much more negative consequences than if we  
20 were to do the same thing to another sector.

21 When you do it on a cost/benefit analysis, I'm  
22 certain we'd be able to show -- the travel industry is  
23 essentially the last place that you'd want to target  
24 policy limitations, be it through direct taxation or  
25 through direct limitation of capacity, because the cost

1 would be so tremendous and the benefits would actually  
2 be marginal when compared to other sectors, be it  
3 manufacturing or certainly utilities. There are better  
4 -- policies, for renewable energy -- sustainable --  
5 exist -- related to nuclear energy and the  
6 opportunities there.

7 We've done this in the U.K. It's something  
8 that obviously our industry is looking at, and a number  
9 of -- TIA is looking at it, -- and Asia recently had a  
10 conference on this topic, where, as a travel industry,  
11 we are coming together and saying we kind of see a  
12 little target sign on a chest -- we need to be  
13 proactive and make sure that we are being responsible,  
14 but I think we also need to be proactive in the sense  
15 of creating a defensible position so that we're not  
16 vulnerable.

17 CHAIRMAN CARLSON NELSON: Thank you.

18 We can continue over lunch. I think this  
19 discussion has been lively. Certainly I think we're  
20 going to have a wonderful, exciting year. You won't  
21 lack for input, but I think that is really what we are  
22 all here for.

23 I would ask you to give thought -- the three  
24 committees then will be: travel facilitation, airport  
25 congestion, and statistical needs of the industry where

1 we will probably focus more on sort of a very high-  
2 level, looking at this cost/benefit discussion so we  
3 can be at the table, making certain that somehow the  
4 industry is part of the solution, not part of the  
5 problem. We appreciate your representing us there.

6 If there aren't any further comments, I would  
7 accept a motion to adjourn.

8 VOICE: So moved.

9 CHAIRMAN CARLSON NELSON: Thank you.

10 A second?

11 VOICE: Second.

12 CHAIRMAN CARLSON NELSON: All in favor?

13 (Chorus of Ayes)

14 CHAIRMAN CARLSON NELSON: Thank you. And  
15 thank you to all of you for participating.

16 The meeting is adjourned.

17 (Whereupon, at 12:00 p.m. the meeting was  
18 adjourned.)

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C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of the U.S. Travel and Tourism Advisory Board, held on Tuesday, May 20, 2008, were transcribed as herein appears, and this is the original of transcript thereof.

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LISA DENNIS

Court Reporter