

**TESTIMONY OF THE  
THE AMERICAN SOCIETY OF TRAVEL AGENTS, INC.  
Before the  
UNITED STATES SENATE  
COMMITTEE ON FOREIGN RELATIONS  
Subcommittee on Western Hemisphere, Peace Corps  
and Narcotics Affairs**

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## **TESTIMONY OF THE THE AMERICAN SOCIETY OF TRAVEL AGENTS, INC.**

The American Society of Travel Agents (“ASTA”) is pleased to provide the Committee with its perspective on the Western Hemisphere Travel Initiative (“WHTI”), announced April 5 of this year by the Departments of State and Homeland Security.<sup>1</sup> For the presentation of this testimony, we have consulted with the American Bus Association (ABA), the Interactive Travel Services Association (ITSA), the International Council of Cruise Lines (ICCL), the National Tour Association (NTA), the Student Youth Travel Association (SYTA) and the Travel Industry Association of America (TIA). This testimony will share some of their concerns along with our own. Some of them will likely file separate statements for the record.<sup>2</sup>

We first want to make absolutely clear that the retail travel industry, and our related industries, concur fully with the need for improved security at all US borders and other points of entry. We applaud the commitment of the State Department and the Department of Homeland Security to accomplish this difficult but vital goal. Our observation of the US Visit program suggests it is a true success story, in large part because of the measured and open consultative outreach through which it has been developed and implemented. Sustaining consumer confidence to travel freely in a post-Sept 11 world is critical to the survival and growth of our industry, the travel suppliers whose services we sell and the national economy whose vitality depends upon a thriving travel and transportation industry.

At the same time, it is important that the government have regard for the effects that enhanced security measures may have on the willingness of people to travel domestically and overseas. We will gain little to achieve absolute security and find fewer and fewer travelers willing to run the gauntlet to take a trip. Leisure travelers have choices of how to vacation, including the option to simply stay home, with disastrous consequences for our industry and the economy. Business travelers may have fewer options about whether to travel, but modern technology is providing new choices for them as well.

The goal should be a tourism policy that allows U.S. citizens to travel abroad and foreign citizens to visit our country, free of unreasonable restrictions and pre-conditions that deter law abiding people from traveling. A careful balancing between security and tourism concerns should be a key part of that policy.

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<sup>1</sup> ASTA was established in 1931 and is today the leading professional travel trade organization in the world. ASTA's corporate purposes specifically include promoting and representing the views and interests of travel agents to all levels of government and industry, promoting professional and ethical conduct in the travel agency industry worldwide, and promoting consumer protection for the traveling public. ASTA has provided testimony to numerous legislative committees and fact finding bodies. ASTA is widely recognized as responsibly representing the interests of its members, the travel agency industry, and consumers of travel services.

<sup>2</sup> We have attached to this testimony copies of previously issued position papers from ICCL and SYTA.

We respectfully submit that the WHTI, as proposed, fails to strike that balance. As proposed, the WHTI will dramatically complicate the plans of American travelers and those traveling to the United States from countries in the Western Hemisphere. As a result, it will have a devastating impact on the businesses and millions of jobs that depend upon the travel and tourism industry.

As further predicate, we understand that the initial program announcement at least nominally contemplates the possibility of a substitute for passports, an "other secure, accepted document," but, as noted earlier, none of the listed options is a real substitute for the typical leisure or business traveler. Moreover, the announcement clearly states that "the passport (U.S. or Foreign) will be the document of choice."

No other instrument that is low in cost and relatively easy to obtain has been identified. The original announcement of the program said that "additional documents are also being examined to determine their acceptability for travel. The public will be notified of additional travel document options as those determinations are made." Without information about the nature of the documents being considered and the likely timetable for their disclosure and possible implementation, the possibility of their development is too little and too late when we are facing a December 31, 2005 initial implementation date. While federal law is trying to induce improvements in the processes used to issue state drivers' licenses, it appears that the government does not plan to include any driver's license, regardless of the circumstances of its issue, as a possible substitute for a passport. It therefore seems highly likely that the passport is going to be the instrument through which the WHTI is implemented.

That brings us to the core problems with the program as announced.

First, there is simply insufficient time to permit the first phase of a new document program to be developed and implemented before the first announced effective date of December 31, 2005. While we commend the sensitivity to business and other travel concerns underlying the phasing concept of the Departments of Homeland Security and State, we are, extremely concerned that any attempt to proceed on the announced timetable will have severely disruptive effects on travel.

Although the advance notice of proposed rulemaking (ANPRM) described by the two Departments in their April announcement of this program and, presumably, the notice of proposed rulemaking to follow, will provide an opportunity for public and industry comments, the ANPRM has not been released. Insufficient time remains before the initial deadline for the Departments to thoroughly consider the expected large mass of comments, conduct necessary follow up discussions and evaluations, extensively publicize the new requirements, whatever they ultimately are, and permit appropriate adjustments by travelers and the businesses that serve them. The first deadline is now barely six months away and the administrative-regulatory process has not begun in a meaningful way.

Even if, contrary to experience, the required input processes can be completed swiftly, there will be insufficient time to fully educate the public about the new regime and secure widespread compliance. The government will likely look to the travel industry to assist in the consumer awareness effort and many members of our industry will want to help. However, many private firms will be handicapped in their efforts to participate in public awareness campaigns regarding the new regime, because none could have anticipated the December 31, 2005 initial deadline and, therefore, will have no budgeted funds available for that purpose.

Given these obstacles, there is no compelling case for rushing to a new system. It is not legally required, as there is no mention, let alone a requirement, in the statute that the implementation be phased or that it be started as early as the end of 2005. The statutory deadline for implementation of that plan is January 1, 2008. Nor has any security crisis involving American travelers seeking to reenter the country been identified. Yet the primary focus of the new document plan is precisely those persons.

So, to be clear, the first major problem is not with the phasing concept as such, but lies in the attempt to start the phasing at the end of this year.

A second, and closely related, issue is that requiring passports, or travel cards that require a passport to obtain one, will create a major new obstacle to millions of people who are otherwise ready to travel, including particularly the growing numbers of those who make their travel plans close to departure. There are several components to this problem.

One is that passports are expensive to obtain and require significant advance planning. Publicizing the requirement and having the traveling public absorb it, and then comply with it, will necessitate substantial lead time and effort. Alternatives that themselves require a passport to obtain only complicate the situation – they are not an improvement from the standpoint of cost or advance planning. The options mentioned in the program announcements are not solutions for most travelers most of the time.

The Secure Electronic Network for Travelers Rapid Inspection (SENTRI) is more expensive and complex than passport requirements and even a casual examination of its rules and limitations will make clear that it is not a meaningful option for many Americans in WHTI.<sup>3</sup> The United States-Canada NEXUS Air Program is a pilot program of limited duration. Its \$50 fee is an annual cost to the traveler. The highway version of NEXUS requires the applicant to appear at one of five offices located in places such as Blaine, Washington, Detroit, Michigan, Port Huron, Michigan and Champlain, New York.<sup>4</sup> NEXUS is not going to work for most US citizens. The Free

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3 [http://www.cbp.gov/xp/cgov/travel/frequent\\_traveler/sentri.xml](http://www.cbp.gov/xp/cgov/travel/frequent_traveler/sentri.xml)

4 <http://www.cbsa-asfc.gc.ca/travel/nexus/faq-e.html#12>

and Secure Trade, or FAST, program is for shippers<sup>5</sup> and The Border Crossing Card is for Mexican citizens only.<sup>6</sup>

Another element of the obstacle is the reality that many student travelers and senior citizens, especially, though not exclusively, in border states, do not have passports. In the past these travelers have had the freedom to travel to Canada, Mexico and the Caribbean without a passport, relying instead on documents they already possessed, such as a driver's license or birth certificate. This freedom has encouraged the making of close-to-departure decisions to travel across the borders. Huge numbers of travelers have been able to move freely and spontaneously, for both leisure and business, across our neighbor borders, without material extra cost. This freedom will disappear under a passport-based regime.

Yet another dimension of the advance planning impact is the question whether, in the time available, the Department of State can gear up sufficiently to handle a vast increase in passport applications in the normal course, without forcing many travelers to incur still higher costs for passport expediting services. While we have heard anecdotally that passport applications have increased in recent weeks, we have seen nothing that measures that increase against the total need if the new rules are made effective with the year-end 2005 deadline in place. Since the vast majority of Americans do not have passports now and since the markets affected by the WHTI are traveled predominantly by persons without passports, we anticipate the demand for passports in the wake of a rule requiring them may well exceed the processing capacity of the State Department.

A third aspect of the phasing problem is the diplomatic controversy that it will likely create. The markets affected by the first phase of WHTI are in direct economic competition with markets that will be brought into the program later. By raising the barriers, in terms of cost and time, to traveling to the Caribbean, while postponing the impact on Mexico and Canada, the government will create an economic incentive for travelers to favor the latter regions over the Caribbean as a destination.

New passports cost close to \$100 for an adult, and the total out-of-pocket procurement cost exceeds that amount when passport photos are included. While the total cost of a new passport in the range of \$125 may not seem like much money, it must be remembered that in the travel industry price differentials of less than 10 percent of that amount are seen as critical to consumer choices among travel suppliers and between travel packages. Differences of \$125 per person would, therefore, certainly and significantly affect destination choices, especially when the cost is multiplied for a family traveling together.

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5 <http://www.cbsa-asfc.gc.ca/import/fast/menu-e.html#what>

6 [http://travel.state.gov/visa/temp/types/types\\_1266.html](http://travel.state.gov/visa/temp/types/types_1266.html)

These concerns are supported by a study conducted by the World Travel & Tourism Council of the potential impact of the December 31, 2005 passport requirement on Caribbean markets. The WTTC analysis found that nine Caribbean destinations will be seriously impacted. According to the study, non-passport US visitors to some countries, such as Jamaica, account for 80 percent of total US visitors. Other islands have somewhat lower, but still very large, shares of non-passport US visitors in the range of 15 to 30 percent.

These realities are a compelling reason why it is not feasible to reduce the impact of a new passport regime by exempting certain sectors of the travel industry from the requirements. To do so would have perverse effects on the competition between sectors of the industry, in addition to the market discrimination described earlier.

Yet another element of the phasing issues is that some travelers have already made vacation and other travel bookings for 2006. This is particularly true for the cruise market where, unlike some of the trans-border land-based markets, substantial advance booking is common. If the proposed phasing occurs, these travelers will incur completely unexpected and significant cost increases. Since the cost of many tours and cruises to nearby destinations in Mexico and the Caribbean sell for as little as \$400, the per-person price increase from WHTI, as proposed, will exceed 25 percent of the vacation cost. Many will cancel because of the increase, a lose-lose outcome for everyone.

The longer term consequences of a passport-based regime are also troubling. We are informed that about 80 percent of motor coach passengers are students and senior citizens. Canada is the number one market for motor coach travel. Senior citizens also comprise more than 60 percent of the group tour business. While no hard data appears to exist, industry experience suggests that these groups are a large part of the estimated 75 to 80 percent of Americans who do not currently possess a passport.

Any way one looks at this, the result is that the cost of international travel by U.S. citizens is going to rise significantly under the new document regime. And new advance planning restraints are going to be imposed on a large market of students and senior citizens whose ability to travel on short notice will therefore be impaired. For many people for whom cross-border travel for leisure and business has been almost a casual experience, a new and imposing degree of formality will be introduced. Unless costs can be lowered and efficiencies introduced, the almost certain result is a reduction in travel demand for cross-border and nearby air/sea destinations.

Congress has wisely chosen to permit enough lead time that direct consultations with industry groups can be held that could lead to new approaches that will enhance security while minimizing any intrusive and disruptive impact on the traveling public. Options that are not as expensive, and easier and faster to obtain than passports, should be devised, explored and tested by the Departments in conjunction with the affected industries and the traveling and touring public. In that regard, we urge senior

representatives from the Department of State and Department of Homeland Security to convene discussions with executives and other experts from these affected industries, sitting together, at the earliest possible time. ASTA would welcome the opportunity to participate in such discussions. The goal would be to determine how security can be enhanced at our borders without unreasonably undermining a key segment of the economy.

The announcement of the initial December 31, 2005 implementation date has spawned a number of suggestions for modification of the timeline, as well as changes in the passport regime. We believe that at least the following are worth further consideration and ask the subcommittee to use its good offices to urge the Departments of Homeland Security and State to take these up.

First and foremost, the Departments of Homeland Security and State should withdraw the announcement regarding WHTI insofar as it provides for a December 31, 2005 implementation.

Second, in connection with the multi-segment discussions referred to earlier, consideration should be given to development of a single new travel instrument that accomplishes the security requirements of identification and entry-exit tracking, but does not provide for consular or other government services outside the US that we have been told are the largest drivers of passport costs.

Third, consider linking WHTI to the evolution of the Registered Traveler program, so that more travelers would have the option to qualify in advance, achieve assured rapid processing at points of exit and entry without the need for a passport.

Fourth, consider adoption of commercially tested and proven methods of influencing travel document consumer behavior by providing pricing incentives for early purchases, group purchases (family applications submitted together), student and senior discounts, to name a few.

Fifth, under no circumstances should an attempt be made to implement WHTI using passports as the core document less than one year after a final rule is adopted.

Thank you for considering our views and we look forward to your questions.