



Statement of the U.S. Chamber of Commerce

ON: "AMERICA'S NEW WELCOME MAT: A LOOK AT THE GOALS AND CHALLENGES OF THE US-VISIT PROGRAM"

TO: HOUSE COMMITTEE ON GOVERNMENT REFORM

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DATE: MARCH 4, 2004

The Chamber's mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

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U.S. Chamber of Commerce

Before the
House Committee on Government Reform
**“America’s New Welcome Mat: A Look at the Goals and Challenges of the US-
VISIT Program”**

March 4, 2004

2:00 P.M.

Chairman Davis, members of the Committee, I would like to thank you for the opportunity to testify today on the status of the United States Visitor Immigration Status Indicator Technology (US-VISIT) system and its potential impact on business and the economy. I am Randel K. Johnson, Vice President for Labor, Immigration and Employee Benefits at the United States Chamber of Commerce.

The U.S. Chamber of Commerce is the world’s largest business federation, representing more than 3 million businesses. The Chamber’s federation includes state and local chambers throughout the United States and 96 American Chambers of Commerce overseas. The Chamber’s membership includes businesses and organizations of every size and in every sector of the economy. Chamber members with interest in the US-VISIT system include companies and organizations in the travel and tourism industries, companies that import or export goods and services through our ports of entry, companies that do business with international customers and clients, and companies that employ an international workforce. Chamber members on both the U.S.-Mexico and U.S.-Canada borders, including local chambers of commerce and American Chambers of Commerce abroad that conduct business between the United States and other countries, also have a great interest in the implementation and efficiency of the US-VISIT system.

I am also the chair of the Americans for Better Borders (ABB) coalition, which unites regional business organizations and a wide array of companies and national trade associations representing manufacturing, hospitality, tourism, transportation, recreation and other industry sectors to work to ensure the efficient flow of exports and tourism across our borders while addressing national security concerns. The ABB coalition was originally founded in 1998 out of concern for the impact of implementation of the original entry-exit provision of Section 110 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996.¹

¹ Americans for Better Borders, www.abbcoalition.org.

The Chamber and the ABB coalition were instrumental in the creation and passage of the Data Management Improvement Act (DMIA) of 2000, which set the current deadlines for implementation of the US-VISIT program and established the DMIA Task Force, a public-private group chartered in 2001 by the Attorney General to evaluate and make recommendations on how the flow of traffic at United States airports, seaports, and land border Ports-of-Entry (POE) can be improved while enhancing security. I was privileged to be named by the Attorney General to represent the U.S. Chamber on the Task Force in 2002. The Task Force submitted two reports to Congress, one in 2002 and one in 2003. The 2002 report focused on what was then the entry-exit system and detailed numerous challenges to implementing such a system, including the differentiation required for the modes of entry, land, sea, and air, and differences between the northern and southern land border environments. In 2003, the Task Force report detailed the significant challenges facing our ports of entry in terms of infrastructure and technology and the need for greater cooperation and coordination among federal agencies with border responsibilities, with state and local governments, and the private sector. Significantly, in reviewing the progress to date on the US-VISIT system in 2003, the Task Force report included the following recommendation:

That the first phase at air and sea [Ports of Entry] be reviewed and evaluated no later than 6 months after implementation by an independent body. This evaluation must consider the program's effect on national and economic security and international trade and travel. Congress should consider any recommendations from the independent review and evaluation and also reconsider deadlines for all other entry/exit statutory requirements. It is further recommended that any mandates in this area receive appropriate funding.²

The Chamber, its members, and the ABB coalition fully support the efforts of the Department of Homeland Security to improve the security at our ports of entry and borders. The purpose of my testimony today is not to denigrate the outstanding efforts of the Department to meet its difficult statutory and security mandates to protect our borders. We do not oppose the US-VISIT system; the Department has worked hard over the last year to listen to the concerns of business and has made significant strides in adopting systems that attempt to balance the need for security and the continued facilitation of legitimate travel at our ports of entry. However, the U.S. Chamber and its members remain very concerned that, if the US-VISIT system is implemented improperly, we risk serious economic harm by impeding the billions of dollars in cross-border trade (particularly at our land borders) and deterring the millions of legitimate visitors to our country, who also spend billions of dollars within our borders.³

² *Data Management Improvement Act Task Force Second Annual Report to Congress*, Department of Homeland Security, December 2003.

³ The Chamber's concerns are no different from those expressed by Congress when it created the Department of Homeland Security. The Homeland Security Act of 2002 gave the new Department, among other things, the mission to: "ensure that the overall economic security of the United States is not diminished by efforts, activities, and programs aimed at securing the homeland." Homeland Security Act of 2002, §101(b)(1)(F). In addition, the responsibilities of the Directorate of Border and Transportation

Before moving into the details and the numbers, however, I do wish to emphasize that there is more at stake here than dollars and cents. As a member of the DMIA Task Force, I was privileged to visit many of the border cities, north and south, and to meet with businesses, chambers of commerce, and individuals which will be directly impacted by US-VISIT. From these visits, it is clear that there is more involved here than just commerce. These communities are so intertwined with those across the border that a way of life is endangered, a recognition that not just jobs, but whole lives will be changed along with the fabric and social underpinnings of communities.

These visits also reflected a skepticism of government, its promises, and its understanding of, not only what is at stake under US-VISIT, but what are the extreme practical difficulties that need to be dealt with in effectively processing the massive amounts of traffic at our borders, together with an unrealistic belief in the infallibility of technology. Technology in a laboratory operating under pristine conditions under the direction of a well-trained operator may work well in theory. But, will it be a solution that meets real life demands in outdoor, dusty, alternatively extremely cold and extremely hot conditions, staffed by personnel who will, despite their best intentions, encounter malfunctions and human error in the processing of millions of border crossers?⁴

Phrased differently, will the promises of the government be met when the rubber really meets the road? They may be, but there is a skepticism that you will hear today wondering if it is all possible, particularly under existing deadlines. And it is not an overstatement to say that there is literally no room for error.

Lastly, there is a concern that the government will act too hastily, without sufficient planning and testing, for fear that any delay in meeting deadlines will result in criticisms that “it is weak on security.” We would hope that this would not be the case, but this fear, in a political environment, is understandable. However, the stakes are simply too high to allow this to occur and we would hope that the very real concerns over US-VISIT can be weighed in a bipartisan manner.

Air and Sea Ports

We submitted comments to the Department of Homeland Security on its interim final rule implementing the US-VISIT requirements for visa travelers at air and sea ports on February 4, 2004. I believe the committee has copies of these comments, but I would

Security specifically state “In carrying out the foregoing responsibilities [relating to border and transportation security], ensuring the speedy, orderly, and efficient flow of lawful traffic and commerce.” Homeland Security Act of 2002, §402(8).

⁴ Technology is wonderful, but it will never be a complete panacea as we live in an imperfect world. As the Los Alamos technical support team noted in the DMIA Task Force’s 2003 report to Congress, “Border operations goals are dauntingly diverse and, therefore, present unusually challenging opportunities that cannot be addressed solely through technological means.” *Data Management improvement Act Task Force Second Report to Congress*, December 2003, Information Technology Consultant Analysis Summary Report, p. 32.

briefly like to highlight some of our concerns regarding the air implementation here today.

First, although major delays in international arrivals have not been reported from the implementation at US-VISIT at airports (we do not have information about the seaport implementation), we are extremely concerned about the capacity of the system to absorb additional travelers and additional data. This concern arises both on the technology and personnel, and infrastructure level.

The US-VISIT program has so far been operational only during the lowest period for international travel to the United States during the year. As travel season picks up this spring and summer, we expect additional travelers to arrive requiring enrollment in US-VISIT. In addition, we understand that while the system currently is only required of persons holding visas entering the United States, the Department intends to eventually include all non-citizen entrants, with persons from the Visa Waiver Program countries next.⁵ To our knowledge, the Department has not demonstrated that its system can meet this extra load.

We noted that Customs and Border Protection (CBP), as an insurance against delays, deployed additional personnel to airports in the initial days of the US-VISIT implementation. We also understand that some of this additional staffing has since been rescinded. If additional travelers during peak season or additional classes of travelers are required to be enrolled in the US-VISIT system, we would strongly urge CBP to devote adequate staff to ensure expeditious processing of all international travelers.

We are also concerned about the technical capacity of the system to expeditiously process larger numbers of travelers. As more and more individuals are added to the US-VISIT biometric databases, in particular the “watch list” databases against which a traveler’s biometrics are checked, the time required to return a “match” or “non-match” is likely to increase, unless the capacity of the system is adequate. We do not know the specific technical capacities of the databases to support thousands of extensive searches conducted simultaneously at ports across the country and return accurate data, but the concern about the time taken for the database search and the accuracy of the data was expressed recently in testimony before the House Homeland Security Committee.⁶

⁵ “‘It is a problem with the VISIT system that visa waiver travelers are not enrolled,’ [Assistant Secretary for border policy and planning at the Department of Homeland Security, Stewart Verdery] said. ‘We’ve been talking to [the visa waiver countries] about various options on how that can happen.’...[Verdery] said a policy that allows U.S. citizens traveling within the Western Hemisphere and citizens of Canada and other neighboring countries to enter the United States without showing passports could soon change.” (Jeremy Torobin, “U.S. Proposes Stationing Passenger Screeners in Foreign Airports,” *CQ HOMELAND SECURITY*, February 18, 2004). This would not be a small expansion of those covered as visa waiver admissions were more than 13 million in 2002 (*2002 Yearbook of Immigration Statistics*, Department of Homeland Security, Office of Immigration Statistics, October 2003).

⁶ Transcript of Hearing before the Subcommittee on Infrastructure and Border Security of the Select Committee on Homeland Security, January 28, 2003, Dennis Carlton of the International Biometrics

We also have concerns about the proposed exit system for air and sea ports, which is still in the development phases. The current system of exit confirmation is the testing of self-service kiosks located near the passenger security checkpoints at airports. While the concept of a self-service checkout is appealing, and certainly is the least likely to cause disruption or additional backups for departing travelers, the lack of information provided to travelers and the seeming “voluntariness” of the system may, in fact, reduce the effectiveness of the exit system in actually recording departures. The self-service kiosk also provides the traveler with no documentary evidence that he or she has complied with the exit verification, and, therefore, should any discrepancy arise, the traveler will be at a loss to prove compliance.

Given these discrepancies, any method of exit verification must include clear directions to the traveler *upon entry* as to the need to “check out” upon departure and the means by which to do so. Since initially the exit capability will not be available at all airports, we predict a great deal of confusion by travelers as to the exit requirement. We have already received questions via our American Chambers of Commerce overseas regarding whether travelers must exit from designated airports, and if they do not, how their exit will be registered and whether it will impact their ability to return to the United States in the future. A great deal of outreach to travelers (in multiple languages) must be made to avoid inadvertent noncompliance with any requirements for exit verification. We would strongly urge a period of time during which any negative impacts from failure to register are waived until it is clear that most travelers understand and are able to comply with the exit requirements.

Land Borders

Of course, the largest challenge to the US-VISIT program remains the land borders. The circumstances of travel at land borders are monumentally different than at air and sea ports and the hurdles are immeasurably higher. The unique situation of the land borders was discussed extensively in the 2002 DMIA Task Force Report to Congress. The report stated:

There is a marked difference between an inspection conducted at an air or sea POE [port of entry] and one conducted at a land border. Because of their varied status, divergent points of origin, unfamiliarity with requirements and regulations, and the increased risk to the U.S., most applicants for admission at seaports and airports receive a comprehensive inspection that includes mandatory data systems checks. In contrast, the great majority of persons arriving at land border POEs are residents of the border area who cross frequently and are familiar with requirements concerning their entry into the U.S. and receive an inspection that may include data systems checks. The vast majority of all border crossings

Group, LLC: “As the size of the database gets bigger, the limited amount of data that can be acquired from the two fingerprints means that the system is going to start returning more and more false matches, because there just isn’t sufficient data to find the matching record in the database.”

into the U.S. occur at land border POEs.... Border traffic includes U.S. citizens who leave and reenter the U.S. multiple times daily, permanent residents who make multiple entries, and aliens who hold non-immigrant visas or border crossing cards and commute back and forth daily or weekly from Canada or Mexico. Individuals can cross land borders as pedestrians, on bicycles, in cars, rails, buses, trucks, or other vehicles.⁷

In fact 80% of all inspections take place at the land borders; over 358 million inspections in 2002 were conducted at land borders, compared to 78 million at airports and 12 million at seaports.⁸ The land borders also see the crossing of \$540 billion in surface trade between the United States, Canada and Mexico.⁹ As these facts and statistics reveal, the land borders represent a significantly larger challenge for the Department in order to ensure that the implementation of US-VISIT does not impede legitimate commerce and travel.

This testimony has given us the opportunity to reach out to the state and local chambers of commerce on the land borders to assess the concerns they have about the impact of the US-VISIT system to their communities. In the short period of time we had to conduct our survey, we found that the volume of trade and economic activity that is at risk at the border is enormous, as are the parallel concerns over the possible impact of US-VISIT. We have attached to this testimony documents, including studies of economic impact and resolutions by some of these local chambers of commerce, but I would like to include in my statement a variety of the facts and concerns cited, from both the Canadian and Mexican borders.

Texas

The Laredo Port of Entry is the busiest commercial crossing on the U.S.-Mexico border, handling more than 9,000 trucks and over 900 rail cars each day. The Port of Laredo processed more than \$32 billion in exports and almost \$47 billion in imports from Mexico in 2002. In addition, the crossings in Laredo process almost 25,000 pedestrians and more than 43,000 passenger cars daily. According to the Laredo Chamber, “[A]ny delay, no matter how small per entry, multiplies into major congestion.”¹⁰ The Laredo Chamber estimates that at least 50% of local business is directly or indirectly tied to cross-border trade and traffic.

A recent study by Dr. Michael Patrick, Director for the Texas Center for Border Economic and Enterprise Development at Texas A&M University concluded that a 1% decrease in border crossings would cost the Laredo economy \$19 million in annual sales,

⁷ *Data Management Improvement Act Task Force First Annual Report to Congress*, December 2002, p. 11.

⁸ Source: PAS G-22.1 *INS Statistics*, cited in *Data Management Improvement Act Second Annual Report to Congress*, December 2003, p. 15.

⁹ Bureau of Transportation Statistics, U.S. Department of Transportation, *North American Merchandise Trade by U.S. State and All Land Modes, 2002*, www.bts.gov/ntda/tbscd/reports/annual02/state/us_trade_2002_all.html.

¹⁰ Response to survey by Miguel A. Conchas, President and CEO of the Laredo Chamber of Commerce, February 2004.

and increase local unemployment by 7.2%. Sales taxes alone would decline by \$133,000. Across all of the major Texas ports, Brownsville, McAllen, Laredo, and El Paso a 1% decline in crossings would cost the border region \$76 million in sales and 1,500 jobs, and decrease the Gross State Product by \$1.2 billion.¹¹

The Brownsville, Texas Chamber of Commerce reported an additional concern: Mexican citizens own approximately 50% of the resort condominiums at South Padre Island. Because the majority of Mexican border crossers hold so-called “laser visas,” Border Crossing Cards that also serve as visitor (“B-1/B-2”) visas that generally restrict their period of stay to 72 hours, the Chamber is extremely concerned that if border crossings become more difficult, many of these owners will divest of their real estate, costing the local economy millions of dollars. If the period of stay for “laser visas” is not extended, long border delays will limit the time that these vacationers can use their homes, making these investments less attractive.

The El Paso international bridges handle almost one-fifth of all trade along the U.S.-Mexico border, more than \$38 million in 2002. Local economists estimate between 15% and 20% of the city’s retail sales are derived from Mexican nationals.

According to the Greater San Antonio Chamber of Commerce, Mexican nationals purchased approximately \$170 million in retail goods in San Antonio last year. Two major malls in the area report that as much as 35% of all sales go to Mexican nationals. Further, according to Visa International, San Antonio has the second largest usage of their credit cards by Mexican nationals in the United States (second to McAllen), with 8.29% of total U.S. purchases.

The Free Trade Alliance of San Antonio, the Greater San Antonio Chamber of Commerce and the communities of Brownsville, McAllen, Laredo, Del Rio, and El Paso have agreed to work together to address these issues. One common goal is to obtain a change to the limitation on the “laser visa” to allow Mexican nationals to stay for longer periods of time and to be exempt from US-VISIT enrollment, since they have already submitted to extensive background checks to obtain the cards, which contain the biometric identifiers required under the US-VISIT system.

Washington

Whatcom County, Washington has four border crossings, Peace Arch, Pacific Highway, Lynden, and Sumas, accounting for more than 2 million crossings per quarter. The region had almost a one-third drop in crossings since the fall of 2002. While some of this continued the downward trend since the Canadian dollar weakened in the 1990s, it is worth noting that border activity has not increased in recent years as the Canadian dollar has strengthened.

¹¹ Patrick, Dr. Michael, “The Price of Security,” *Inlandport: The Laredo Chamber’s Business and Trade Magazine*, January/February 2004.

A survey conducted by Western Washington University in the summer of 2003 revealed that Canadian shoppers make approximately 10% of all retail sales in Whatcom County, estimated at over \$35 million. In 2002 the total trading relationship between Washington and Canada was nearly \$11.3 billion. The Blaine, Washington border crossings are the sixth largest crossing in value of trade on the Canadian border at \$9.9 billion.

According to Department estimates, an additional nine seconds of inspection time will result in over 700 additional minutes of cumulative vehicle wait time at the Blaine crossing.¹² Delays at the border after September 11 and during periods of heightened security alert have caused Canadian residents, particularly in the Vancouver metropolitan area, to believe that border crossing is a hassle. There is discussion in British Columbia of running commercials on Vancouver area television encouraging Canadians to return north. Canadian press has reported stories about US-VISIT expressing great concern that it will cause additional delays when implemented. The local chamber of commerce in Bellingham, Washington reports hearing very little about how the Department is intending to implement US-VISIT and is very eager for local community outreach.

Arizona

The Yuma County, Arizona chamber has concerns about the impact of US-VISIT on the more than 20,000 agricultural workers that visit daily at the San Luis Port of Entry during the agricultural season. Yuma is a county of 170,000 people in the southwest of the state called “the lettuce capital of the country” and depends on this agricultural workforce for its more than \$500 million agricultural industry. According to Ken Rosevear, Executive Director of the Yuma Chamber of Commerce:

It is extremely important that [these workers] are able to cross within a short window of time to be able to coordinate with the busses that transport them to their work areas. These areas may be as far as 50 miles and require another two hours of travel. Waiting times at the border during the season can reach 2+ hours and that delay can cause shortages for that day’s labor force in the fields....[T]hese delays can cost millions of dollars in lost revenue per day.¹³

According to the Yuma chamber, a new port of entry at San Luis East is in the early stages of development because of existing congestion at the port of entry, including a new highway to run from the port to Interstate 8. According to Mr. Rosevear, “As far as ability to absorb any further delay in either commercial, auto, or pedestrian traffic, absolutely NONE. This will bring total gridlock to our current port.”¹⁴

¹² Department of Homeland Security, US-VISIT Industry Day Briefing, July 2003, http://www.dhs.gov/interweb/assetlibrary/USVISIT_IndustryConfBrief.pdf.

¹³ Response to survey of border chambers, February 2004.

¹⁴ *Ibid.*

The Douglas, Arizona Chamber of Commerce reports similar concerns. Douglas estimates that more than 60% of its retail volume is from Mexican customers, and it underpins the entire local economy. Currently crossing times coming into the United States range from 20 minutes to 2 hours, with lines backing up more than 10 blocks into the town. This traffic backup creates air pollution problems. The regular crossers include employees of the more than 26 maquiladora plants across the border, and farm workers. These workers regularly cross the border each way daily, and sometimes several times.

The Nogales Chamber of Commerce reports that 80% to 90% of business in the town is tied to the border. The largest employers include the more than 300 maquiladora plants, produce companies, government agencies (most tied to the border) and merchants, who estimate that 80% of their revenue is from Mexican customers. Crossing times at the Nogales Port of Entry range from 20 to 40 minutes on average with longer waits during morning and afternoon commute times. According to Department estimates, a nine second increase in inspection times at the Nogales Port of Entry would result in an additional 500 minutes of vehicle wait time.¹⁵ Of significance is the fact that the Nogales Chamber was not aware of US-VISIT or its pending implementation until informed by the U.S. Chamber. Apparently, there has been no outreach by the border agencies to the local Nogales business community.

New York

The Watertown Chamber of Commerce recently conducted a study of the Thousand Islands bridge crossing. The Thousand Islands crossing, which connects Interstate 81 to Highway 404 in Ontario is one of the fastest growing travel routes between Ontario, Quebec and the U.S. southern and mid-Atlantic states and cities, handling more than 2 million passenger cars per year, and forecasting 80% increase in traffic in the next 30 years. What makes this crossing unusual is that almost two-thirds of crossings are for recreation, and 63% of the visits are for more than two nights. Commuter crossings dominate the other major ports of entry on the U.S.-Canada border. As a major gateway between the recreational areas of upstate New York and the “cottage” areas of Ontario and Quebec, Thousand Islands is potentially more susceptible to declines in crossings due to delays, as vacationers may choose to spend their holidays on their own side of the border. The crossing also accommodates more than 1,500 commercial vehicles daily, comprising \$29 million in trade per day, with more than 165,000 jobs in the U.S. and Canada dependent on this trade.

According to the Plattsburgh-North Country Chamber of Commerce, the total economic impact of Canada on the Clinton County, New York area, surrounding the Champlain/LaColle border crossing, is more than \$1.3 billion, including more than 14% of all county jobs, almost \$300 million in annual visitor spending on tourism and retail, and \$8.7 million in county sales tax generated. The Champlain/LaColle border crossing is the only crossing in the eastern half of the continent that does not cross water, and is

¹⁵ Department of Homeland Security, US-VISIT Industry Day Briefing, July 2003, http://www.dhs.gov/interweb/assetlibrary/USVISIT_IndustryConfBrief.pdf.

currently undergoing a major expansion. Yet, still, at the height of the summer vacation season, backups at this crossing can be over two hours.

California

The San Ysidro Port of Entry in California is the busiest border crossing in the world, processing over 40 million passengers and 15 million trucks and busses annually over the past three years. Its sister port at Otay Mesa, primarily a commercial port, handles more than \$20 billion in two-way surface trade annually, averaging more than 5 million vehicles and 11 million people crossing annually in the last five years.

According to the San Ysidro Chamber of Commerce, more than 60,000 people cross the border daily, and two-thirds of this volume are regular crossers, presumably workers. Inbound waits for crossing are often more than two hours, and the chamber estimates that if each car is stopped only 10 seconds longer more than nine hours of delay could result. In the days following September 11, businesses along Main Street in San Ysidro reported more than 90% lost business. Further, there is no infrastructure in place for exit inspections, and no room for expansion; the town of Tijuana starts literally adjacent to the port of entry. Even so, outbound traffic is often backed up more than one hour, even though Mexican customs usually waives most traffic through.

At Otay Mesa, the local chamber of commerce estimates that 95% of business in the town is generated by cross-border trade, both directly and indirectly, much of it the maquila industries that operate facilities on both sides of the border, including Sanyo, Honeywell, Hitachi, Parker Hannifin, and others. One of the main appeals of the area is the availability of a skilled, legal workforce that enters from Tijuana daily.

The El Centro Chamber of Commerce, located just north of the Calexico border crossing, is concerned with the impact on its retail economy. El Centro has a population of about 150,000, but the adjoining town of Mexicali has more than 500,000 "laser visa" holders. The local Costco and Wal-Mart retail outlets depend on this cross-border shopping, and ground has recently been broken on a large new regional mall with numerous national retailers to serve this Mexican market. Further, businesses in El Centro and farms throughout the Imperial Valley depend on Mexican labor. The El Centro chamber expressed concerns similar to the Yuma chamber of the impact of US-VISIT on the entry of agricultural workers to this vibrant growing center in California.

The Greater San Diego Chamber of Commerce reports that total sales to Mexican citizens represented \$3 billion in retail sales for San Diego in 2000 and 2001. After 9/11, increased border security resulted in decreases in sales of up to 80% for several months. The Greater San Diego Chamber of Commerce, along with the City of Chula Vista, the City of San Diego, the San Diego Association of Governments (SANDAG), San Diego Dialogue, Sand Diego Regional Economic Development Corporation, the San Diego World Trade Center, San Ysidro Business Association, San Ysidro Chamber of Commerce, and the South San Diego Economic Development Council, has formed the San Diego Alliance for Border Efficiency. One of its goals is to mitigate the impact of

US-VISIT on southbound border congestion by ensuring the development of necessary infrastructure prior to implementation.

Michigan

The Detroit/Windsor border crossings account for more than 27 million inspections annually and almost \$100 billion in trade. These crossings account for almost 40% of all U.S.-Canada trade, with the Ambassador Bridge being the single busiest border crossing along the northern border, handling 25% of U.S.-Canada trade itself. The automotive industry alone accounts for more than \$300 million of this daily trade. More than 160,000 jobs in Michigan and 1.8 million jobs nationwide are tied to the export of manufactured goods to Canada. Thirty-eight states and Puerto Rico have Canada as their primary trading partner, and half of U.S. exports to Canada are produced in 14 states. Of the passenger crossings, the majority of noncommercial crossings are locals. More than 10,000 people cross the border in Michigan to work, including more than 1,600 nurses in the city of Detroit. One hospital estimates that 15% of its nursing staff, and 20% of its critical care nursing staff, cross the border from Canada.¹⁶

The efficiency of these border crossings is extremely fragile. Following the September 11 attacks, additional security at the Detroit border crossings resulted in 20 mile delays on the Canadian side, taking five hours to enter the U.S. However, delays as little as 20 minutes for just-in-time parts deliveries can result in assembly line shutdowns, increased costs to reroute trucks or ship cargo by rail, barge, or air, and create emergency inventory stockpiles (the exact costs that just-in-time was supposed to replace).

In a June 1998 Senate Judiciary Report on the original entry-exit system proposed by Section 110 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, Dan Stamper of the Detroit International Bridge Company is cited as estimating that additional entry and exit procedures that would add only 30 seconds per vehicle (for only half of the daily crossings) would still add 3,750 minutes of extra processing time per day. Since there are only 1,440 minutes in a day, this effect would essentially shut down the border. In a February 26, 2004 letter to the Detroit Regional Chamber, Neal Belitsky, Executive Vice President of the Detroit & Canada Tunnel Corporation (which operates the Detroit-Windsor Tunnel), stated:

Our facility is typical of those at the other major crossings between Michigan or New York and Ontario. The Bridge & Tunnel Operator's Association (BTOA) represents these crossings. Plazas were not designed for today's traffic volumes or the post 9-11 environment... We are concerned that the system may not be fully field tested prior to installation. This could lead to significant disruptions in cross border

¹⁶ Testimony of Dan Cherrin, former Director of Federal Public Policy of the Detroit Regional Chamber before the Standing Committee on Industry, Science and Technology of the Parliament of Canada, November 1, 2001.

traffic and trade. Has an assessment been completed that will indicate both anticipated volumes and risk?”¹⁷

These Concerns Are Not Limited to Border Communities

While the above statistics, we believe, are compelling in terms of painting a realistic picture of what is at stake in our border communities if US-VISIT results in increased delays, we realize that it may be deceptively easy to dismiss all of this as a “border issue,” which perhaps only the members of Congress from northern and southern border regions need be concerned about. Unfortunately, this misimpression characterized much of the debate surrounding reform of the original Section 110.

This would be a mistake. While we have not yet been able to quantify what the ripple effect increased border delays might have on downstream commerce and throughout the American economy far beyond our ports of entry, it can hardly be gainsaid that we do live in a nation in which virtually all parts of the economy are interdependent and that an adverse impact on one part will, like falling dominoes, adversely impact others. Perhaps the relatively recent 2002 West Coast port strike most vividly makes this point. There, a work slow down, as a result of a complex labor-management collective bargaining dispute at 29 West Coast shipping ports, delayed about one billion dollars in daily shipments. The adverse economic impacts of the delays rolled through the American economy, resulting in President Bush invoking the rarely used national emergency dispute procedures of the National Labor Relations Act. This one example alone demonstrates the obvious: that the concerns surrounding US-VISIT should be considered national in character.

Conclusion

As can be seen from the previous information, there is a great deal of concern among the communities along the border regarding the implementation of additional border controls. The economic activity dependent on the border in these communities is significant, and the trade and travel volumes also are important for states in the interior. Canada is the number one trading partner of the majority of states in the United States. Canadian tourism contributes \$8 billion to the U.S. economy. U.S.-Mexico trade amounts to more than \$200 billion and more than 10.8 million Mexicans visit the U.S. annually.

As stated in our comments to the Department of Homeland Security, we are concerned that the proposed implementation plan for US-VISIT at land borders, as outlined in the Department’s Request for Proposal for a Prime Contractor for the US-VISIT program and as outlined today by Undersecretary Hutchinson, while taking into account some of the concerns of the business community previously expressed, will not be adequate for the challenges of the land border environment.

¹⁷ Letter to Claudia Berry, Public Affairs Group, Detroit Regional Chamber of Commerce, from Neal Belitsky, Executive Vice President, Detroit and Canada Tunnel Corporation, February 26, 2004.

As the government has testified here today, initial implementation at the land borders is planned to be limited—applying only to those holding visas, and conducted away from the primary vehicle and pedestrian inspection lanes in the secondary inspection facilities. The exit portion of the system is envisioned to be accomplished via radio frequency cards and readers in exit lanes. However limited this implementation may be, it may still result in additional delays to important border crossers—such as the thousands of agricultural workers that cross the Mexican border, or professional commuters at the Canadian border. Since many of these individuals cross on a daily basis, the Department must consider whether daily registration in the US-VISIT system is necessary. We have also expressed concerns regarding the capacity for even this limited implementation at the secondary inspection facilities at land borders. Finally, there is no assurance that this described implementation will in fact be that which is actually deployed in December 2004, and it seems likely that the universe of individuals covered will ultimately be significantly expanded.

In summary, although the Department has taken the legitimate concerns of business and local communities regarding the implementation into account, there is a great deal of skepticism that the proposed system will not impede legitimate travel and trade. We have heard repeatedly from our local chamber affiliates that there has been a lack of outreach by Department officials, and many questions regarding the proposed system have yet to be answered.

Thus we urge the Department and Congress to provide additional time for implementation of the land border portion of the US-VISIT system, unless the government can publicly and thoroughly demonstrate, in advance and with thorough testing under realistic conditions, that whatever entry-exit system it may impose can be implemented with no additional delays at the borders.

I wish to thank you for this opportunity to share the views of the U.S. Chamber of Commerce and I look forward to your questions.