

SENATE



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CANADA

Passports and PASS Cards, Identity and Citizenship: *Implementing the WHTI*

*Interim Report of the
Standing Senate Committee on Banking, Trade and Commerce*

The Honourable Jerahmiel S. (Jerry) Grafstein, Q.C., Chair
The Honourable W. David Angus, Q.C., Deputy Chair

and the Honourable Senators

Michel Biron
J. Trevor Eyton, Q.C.
D. Ross Fitzpatrick
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October 2006

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MEMBERSHIP

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ORDER OF REFERENCE

Extract from the *Journals of the Senate* of Tuesday, May 2, 2006:

The Honourable Senator Grafstein moved, seconded by the Honourable Senator Fairbairn, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the present state of the domestic and international financial system; and

That the Committee submit its final report no later than December 31, 2007.

After debate,

The question being put on the motion, it was adopted.

Paul C. Bélisle

Clerk of the Senate

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INTRODUCTION

The Western Hemisphere Travel Initiative (WHTI), which was announced by the United States Departments of Homeland Security and State in April 2005, emerged from Section 7209 of the Intelligence Reform and Terrorism Prevention Act of 2004 (the “9/11 Intelligence Bill”):

The Secretary of Homeland Security, in consultation with the Secretary of State, shall develop and implement a plan as expeditiously as possible to require a passport or other document, or combination of documents, deemed by the Secretary of Homeland Security to be sufficient to denote identity and citizenship, for all travel into the United States by United States citizens and by categories of individuals for whom documentation requirements have previously been waived under section 212(d)(4)(B) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(4)(B)). This plan shall be implemented not later than January 1, 2008, and shall seek to expedite the travel of frequent travelers, including those who reside in border communities, and in doing so, shall make readily available a registered travel program (as described in section 7208(k)).

Currently, Canadian residents travelling from anywhere in the Western Hemisphere, other than Cuba, must satisfy a U.S. Customs and Border Protection officer of their identity and citizenship in order to enter the United States. Documentation such as a provincial driver’s licence is generally sufficient to establish identity; regarding citizenship, an oral declaration may be accepted or, alternatively, the traveller may be asked to present documentation such as a birth certificate, citizenship certificate or passport.

Under the WHTI, all travellers to the United States from the Americas, the Caribbean and Bermuda will be required to present a passport, or other accepted document(s). Since the 1 January implementation date would fall within the holiday travel season, 8 January 2007 is the date at which the requirement will come into effect for air travel. With a recent Congressional amendment to the 9/11 Intelligence Bill signed into law by President Bush in October 2006, the implementation date for sea and land travel has been delayed until the earlier of 1 June 2009 or three months after the Secretaries of Homeland Security and State have jointly certified that specific security measures for travel documents have been established.

When the WHTI was announced in April 2005, negative consequences began to be felt immediately. Because of uncertainty about the document(s) required to enter and re-enter the United States and other security concerns, cross-border

- travel was reduced;
- commerce was affected;
- convention destinations were altered; and
- investments were deferred.

Many believed that the WHTI requirements were in effect then, rather than at the implementation date specified in the 9/11 Intelligence Bill. With these adverse effects, scepticism about the ability to meet the tight implementation timelines, and concerns regarding the impact of the WHTI on Canadian residents and the Canadian economy, the Standing Senate Committee on Banking, Trade and Commerce held hearings in June 2006 on the economic consequences of the WHTI for Canada. During our study, key groups and individuals from both Canada and the United States made presentations to us. This report summarizes the presentations they made, and outlines the actions that we believe must be taken prior to full implementation of the WHTI.

In July 2005, the Canadian Tourism Commission published a report, prepared by the Conference Board of Canada, that assessed the impact of a WHTI passport requirement on the Canadian tourism industry. More recently, in October 2006, Industry Canada released a report, also prepared by the Conference Board, that estimated the potential impact of the WHTI on the domestic tourism industry. According to this report, and compared to a base case scenario of no WHTI requirement, Canada is expected to lose approximately 14.1 million inbound person-trips and nearly \$3.6 billion in tourism receipts from American travellers between 2005 and 2010. Because of the increased cost and inconvenience associated with the WHTI requirements, Canadian residents travelling to the United States will also be affected, and some Canadians may choose to substitute domestic travel for travel to the U.S. This substitution effect would reduce Canada's estimated cumulative losses resulting from the WHTI to 11.8 million person-trips and \$3.2 billion in travel receipts over the 2005 to 2010 period. The United States is expected to lose approximately 7.4 million inbound person-trips and \$2.0 billion in travel receipts from Canadian travellers over the same period.

The Committee cannot stress strongly enough the importance of ensuring that the WHTI is implemented in a manner that minimizes disruptions to the legitimate movement of people and goods across the shared border. We are aware of the significant negative impacts that have already been – and will continue to be – felt. Fortunately, as a consequence of our hearings and lobbying efforts by Canadian Parliamentarians, including the Canada-United States Inter-Parliamentary Group, American legislators and other stakeholders in both countries, the delay that was being sought for the land implementation date has potentially been gained. The time afforded by this potential delay must be used wisely. We will continue to monitor the situation on both sides of the border with due diligence, but are hopeful that the implementation of the WHTI requirement for all modes of travel will proceed smoothly.

CHAPTER ONE: THE RIGHT DOCUMENT

A. What the Witnesses Said

A number of the Committee's witnesses spoke about the documents that might be acceptable in meeting the Western Hemisphere Travel Initiative (WHTI) requirements. Ambassador Michael Wilson, Canada's Ambassador to the United States, commented on existing passports, arguing that "[t]he passport of today is not the answer because, first, it is expensive and some people will simply refuse to buy one. Second, it is not always a highly efficient process. A card with the proper technology contains a chip of information that a reader, which might be 10 feet away, will scan and then ... a real-time database (will be accessed). It can be a faster way of getting across the border."

While she does not support all of the WHTI requirements, Representative Louise Slaughter – who represents a New York border district in the U.S. House of Representatives – highlighted the importance of approved documents when she told the Committee that "[i]n the post-9/11 world it is indeed imperative that we know that those who enter our countries are who they say they are, mean us no harm and have the secure documents to prove it." Having co-sponsored legislation that would make the NEXUS program more accessible, affordable and timely, she suggested that "NEXUS and (Free and Secure Trade) FAST provide a model whereby we can work together to achieve stronger security while also facilitating low-risk trade and travel. ... [B]oth governments should use these programs as a blueprint for the future."

Representative Slaughter supported alternatives to a passport and indicated that "Americans will not pay \$100 for a passport. We have to ensure these alternatives are secure, low cost and easily obtainable We should avoid at all costs creating new cards and more bureaucracy." Commenting on the proposed PASS (People Access Security Service) card, which was announced in January 2006 as an inexpensive, secure, biometric card that would be limited to U.S. residents entering or re-entering the United States by land, she observed that "[t]he simple truth of the matter is that most travellers will not go to the extra expense and time of acquiring such a card. ... Almost 50 per cent of border crossings are made by only 400,000 people We must enrol them in programs that make it easy to cross the border and allow inspectors to focus their limited resources on the high-risk traveller."

Passport alternatives were also supported by the Tourism Industry Association of Canada, which informed the Committee that it "want(s) accessible and affordable passport substitutes, like the PASS card ... to be allowed." As well, it wants "expansion of the NEXUS and FAST programs and for those to be allowable cards." The NEXUS and FAST programs were also supported by the Canadian Manufacturers and Exporters,

which recommended “continued and expanded use of (these) programs and that (their) cards continue to be accepted as secure documentation for cross-border travel.”

The Canadian Chamber of Commerce noted that “fewer than 25 per cent of Americans and fewer than 40 per cent of Canadians (hold) passports.” The U.S. Chamber of Commerce said that “[o]nly 20 per cent of the overall American population (has a) passport record. That does not even mean passports; at least at some point in their lives, they had a passport.”

In the view of the Canadian Chamber of Commerce, “[a]s a general principle, any document or combination of documents deemed to be acceptable for presenting proof of identity and citizenship should be readily available in terms of accessibility and cost to both Canadians and Americans. Existing programs such as FAST and NEXUS must be maintained – in fact, must be enhanced – and the capacity for enrolment in and use of these programs must be widespread.”

The Binational Tourism Alliance argued for improvements to “the security components of all the existing and new documents – driver’s licence(s), birth certificates, passports and the NEXUS/FAST programs are all part of this – and (that none of these should be eliminated) ... from acceptance as valid ID. ... Taxpayers would not have to pay for an additional type of identification, but the cost of enhancement could be included in the updated versions of any of these options that the consumer then has the choice to use.” The Alliance also told the Committee that “[t]wo research projects have been done that clearly indicate neither Canadians nor Americans will buy additional forms of identification”

Similarly, the Canada Border Services Agency indicated that “in the context of the unique Canada-U.S. border relationship, a passport or a passport-like document should not be the only basis for legal travel across our shared border. While exploring acceptable alternative document options, we continue to press the U.S. to recognize the NEXUS and FAST programs as meeting WHTI requirements.” The Agency also argued that “if the passport is the only document that can be used, it could cause congestion at the border. (The Canada Border Services Agency is) hoping to be able to use cutting-edge technology for documentation to facilitate the entry and exit of people both in Canada and the United States.”

The U.S. Chamber of Commerce informed the Committee that “it can be reasonably estimated that if the document requirements are too strict, the impact on our economies will be severe. ... It is more difficult to obtain a NEXUS card than to obtain a passport.” The Canadian/American Border Trade Alliance also did not support a passport as the document to be used to meet WHTI requirements, and told us that “[t]he bottom line is that a passport is not the document to use. It is the last one you want to use at the border. ... The key is to keep your mind on the objective (A passport) does not identify (the bearer as) low-risk A passport does confirm identity and nationality. Neither

confirms low-risk status. ... If we end up with a free passport with which we are all happy, it will not do a darn thing for the border.”

While most witnesses focused on the cost of a passport or another approved document, and the ease and timeliness with which it could be obtained, a number mentioned the substantial economic costs associated with the WHTI, which have yet to be quantified in any precise or comprehensive manner. The Binational Tourism Alliance also identified another cost that must be considered, noting that “[a]nything that impacts job market and tax-base issues ... will cause a need for increased federal and provincial assistance for our regions.”

B. What the Committee Believes

The Committee agrees that a passport must not be the only document that meets WHTI requirements, and believes that there are a number of programs, such as NEXUS and FAST, that identify travellers as low risk and that – consequently – enhance border security while expediting the movement of legitimate travellers and goods. We agree that it is unlikely that all travellers would incur the expense or time involved in obtaining a passport, particularly if their travel tends to be spontaneous and/or they have a family with whom they travel across the border. We believe that in addition to denoting identity and citizenship, as required by the 9/11 Intelligence Bill, the accepted document(s) must be relatively low cost and easy to obtain from the perspectives of both location and time, which requires multiple locations at which applications could be made and adequate personnel to process these applications in a timely manner.

Ideally, approved documents would also be consistent with anticipated technological innovations at the border, and would indicate that the traveller has been assessed as low risk. In this regard, the Committee notes comments by witnesses about the NEXUS program and its more rigorous requirements when compared with a passport. We are also reminded of section 7209 of the 9/11 Intelligence Bill, which indicates that the plan “shall seek to expedite the travel of frequent travelers.”

The cost of approved documents is a particular concern for the Committee when one considers families – particularly those who reside in border communities – who would normally cross the border to work, to attend and participate in amateur or professional sports events, to go to school or the library, to enjoy cultural events, or to visit friends and families. Accessibility and cost are particular priorities as we seek not to constrain same-day, spontaneous travellers who may be unwilling to apply for a passport or other approved document unless it is affordable, easily obtained and available within a reasonable timeframe. Moreover, implementing the WHTI requirements is likely to involve investments in new technology and employee training to support the use of at least some of the approved documents and may result in costs for travellers and businesses should there be any delays at the border.

Since our hearings in June 2006, the Committee has learned that the U.S. Department of State, in consultation with the U.S. Department of Homeland Security, has submitted for public comment a federal rule proposing the development of a card-format passport for international land and sea travel under the WHTI. The wallet-sized, limited-use passport card would be adjudicated to the same standards as a traditional passport book, and would cost \$10 for children and \$20 for adults, plus a \$25 execution fee. The proposed card would use vicinity radio frequency identification technology to link to a U.S. government database containing biographical data and a photograph. The card would not contain personal information.

For these reasons, the Committee recommends that:

- 1. The federal government work with the U.S. Departments of Homeland Security and State to ensure that the documents approved as meeting the requirements of the Western Hemisphere Travel Initiative – including, but not limited to, a passport – are easily obtained and at a reasonable cost.**

Moreover, the government should aggressively pursue the identification of NEXUS and Free and Secure Trade (FAST) cards as approved documents by the U.S. Departments of Homeland Security and State.

Finally, recognizing that U.S. passports for those aged 16 years and older are valid for a ten-year period, the government should reduce the price of Canadian passports and increase the period of time for which they are valid.

CHAPTER TWO: THE RIGHT DOCUMENT FOR THE RIGHT PEOPLE

A. What the Witnesses Said

As noted earlier, witnesses were concerned about the cost of documents that will meet Western Hemisphere Travel Initiative (WHTI) requirements. The Committee noted that affordability may be a particular imperative for families who live in border communities and who cross the border on a daily basis. Representative Slaughter stressed the integrated nature of these communities when she informed us that her Congressional district views itself as “one united, binational community with a river running through it” and that “25 per cent of the people who attend the games of the Buffalo Bills and the Buffalo Sabres are Canadians [O]ur economy is heavily dependent on Canadian visits to sporting events, cultural institutions and ... local wineries. The loss of just a fraction of these visitors would prove devastating for the people of Western New York ...”

The Binational Tourism Alliance made a similar point when it said that “if you can imagine a need for a passport to cross from Ottawa to Hull, that is what we are talking about and how ludicrous this all is.” In the view of the Canadian-American Business Council, “[t]he concerns of the border communities are valid. They want to ensure that they can live and work seamlessly on both sides of the border.”

Representative Slaughter also told the Committee that the 9/11 Commission realized the importance of keeping the shared border open to legitimate travellers, since – according to the Commission’s report – “[o]ur border screening system should check people efficiently and welcome friends. Admitting large numbers of students, scholars, businesspeople and tourists fuels our economy, cultural vitality, and political reach.”

The Tourism Industry Association of Canada addressed the issue of adults with children crossing the border, and argued for “an exemption for people aged 16 and under when they are travelling with adults who have proper documentation.” An exemption for children under 17 was also advocated by such witnesses as the Canadian Chamber of Commerce and the Binational Tourism Alliance.

B. What the Committee Believes

In the Committee’s view, a secure border that facilitates the movement of identified low-risk travellers and goods is a goal that is shared in both countries. Moreover, we support the risk-based approach to border management that has characterized our joint efforts since the Smart Border Action Plan was announced. We believe that, in all probability, children under the age of 17 do not pose a risk to the security of either the U.S. or

Canada, and can envision many circumstances under which these youth would be travelling across the border to visit friends and participate in amateur sports events.

The Committee is aware that the 9/11 Intelligence Bill has been amended to require the development of an alternative procedure for groups of children travelling across the border under adult supervision with parental consent. While we support this provision, the number of children that would constitute a “group” is unclear at this time, and we continue to believe that an exemption from the WHTI requirements should exist for children travelling alone with one or more adults who have WHTI-approved documents.

From this perspective, the Committee recommends that:

- 2. The federal government urge the U.S. Departments of Homeland Security and State to eliminate the requirement for travellers under age 17 to provide approved documentation when entering or re-entering the United States. This exemption should exist when these travellers are accompanied by one or more adults who have approved documentation.**

CHAPTER THREE: THE RIGHT DOCUMENT FOR THE RIGHT PEOPLE AT THE RIGHT TIME

A. What the Witnesses Said

1. Pilot Projects

Some of the Committee’s witnesses advocated the implementation of pilot projects before Western Hemisphere Travel Initiative (WHTI)-related requirements, processes and technology are deployed to all border points. According to Ambassador Wilson, “we should start with a couple of crossing points to see how it works and get the bugs out of the system before proceeding with broad implementation.” Similarly, the Canadian Chamber of Commerce advocated “a voluntary pilot (project) at a border crossing prior to full implementation to work out the kinks. No large technology project ... has been implemented without some challenges. We need to work these things through.” The Canadian-American Business Council also argued for “pilot projects ... before full-scale implementation, so that technological and practical challenges can be addressed before rolling out the program at all border crossings” and supported “requisite resources, staffing, infrastructure and technology to each border crossing when fully executing the WHTI.”

The potential for border delays – which might occur, for example, if requirements, processes and technology are broadly implemented without adequate pre-testing – were identified by a number of the Committee’s witnesses. The Canadian Manufacturers and Exporters told us that “[t]he success of ... integrated manufacturing network(s) depends on the timely movement of goods and people across the border. ... Even relatively short delays ... can cause costly disruptions in production schedules. ... For companies that manufacture in North America, direct and indirect border-related costs are becoming a significant operating expense. Customs and security compliance costs and border transit delays fall disproportionately on companies engaged in business in the U.S.” The group cited a May 2004 Ontario Chamber of Commerce study that estimated the pre-WHTI cost of border delays, for the Canadian and U.S. economies, to be \$13.6 billion annually.

Delays at the border were also a concern for the Canadian Chamber of Commerce, which indicated that its members have expressed “real concerns about border slowdowns, as long lines of occasional travellers start fishing around for their passports, causing delays.” According to the Canada Border Services Agency, “the potential economic impact on trade could be significant through (the) creation of backlogs at the border and reductions in Canada’s ability to attract investments, and losses for Canadian businesses could be in the billions of dollars. ... [I]t is in neither country’s interest to have confusion and congestion at the border.”

In the view of Industry Canada, “[d]elays at the border can be detrimental to the economic vitality of both Canada and the United States. ... Slowdowns at the land border are particularly problematic for industries that depend upon just-in-time delivery. ... Border backlogs and uncertainty could lower Canada’s competitive advantage and be detrimental to direct foreign investment in Canada.”

2. Travellers without Documents

The Canadian Manufacturers and Exporters also addressed the notion of delays when it argued that “people who come to the border without documents (should be) facilitated and (should not) impede the flow of legitimate trade and travellers.” It advocated “a reasonable grace period ... during which the people lacking documents are educated about their options and allowed to pass.”

3. Awareness and Outreach Campaigns

A number of the Committee’s witnesses – including the Tourism Industry Association of Canada, the Canadian Manufacturers and Exporters, and the Canadian Chamber of Commerce – requested that governments in Canada and the United States invest in an awareness and outreach campaign. Such a campaign could inform residents about current and future rules and requirements, and could encourage them to obtain a passport or other approved document.

B. What the Committee Believes

1. Pilot Projects

The Committee supports those who believe that delays at the border must be minimized, since delays have economic, health, environmental and security implications. Like some of our witnesses, we feel that delays lead to increased costs for manufacturers – and, ultimately, prices for consumers – as well as greater frustration for individuals. Moreover, we note that the Canadian government has suggested that idling vehicles could become targets for tampering by terrorists and can have adverse environmental consequences.

Since new requirements, methods of operating and technology are seldom implemented without flaws or setbacks, the Committee supports those witnesses who urged pilot projects at high-volume land border crossings prior to broad implementation. In our view, targeted pilot projects are an important means by which the WHTI-related requirements, processes and technology can be tested. Consequently, the Committee recommends that:

3. **The federal government and the U.S. Departments of Homeland Security and State implement pilot projects at major land border crossings on the Canada-United States border before Western Hemisphere Travel Initiative-related requirements, projects and technology are deployed more broadly.**

2. Travellers without Documents

The Committee believes that, to date, governments have not made adequate efforts to inform residents in Canada and the United States about the timelines and requirements of the WHTI. In our view, the lack of education and awareness initiatives has had severe negative consequences, resulting in reduced cross-border travel and the selection of domestic – rather than trans-border – locations for conferences. Moreover, we are not convinced that, even with an aggressive awareness campaign, all residents crossing the border will be fully aware of the requirements once they come into force. We believe that situations will arise where U.S. residents enter Canada but lack the documents needed to return to their country. Consequently, the Committee recommends that:

4. **The federal government and the U.S. Departments of Homeland Security and State develop appropriate protocols that will apply when U.S. residents lack approved documents to return to the United States from Canada.**

3. Awareness and Outreach Campaigns

The Committee agrees that one means by which the right people will have the right document(s) to present at the right time is through an awareness and outreach campaign. In our view, such a campaign is long overdue, and should be developed and implemented immediately with the involvement of relevant stakeholders. Therefore, the Committee recommends that:

5. **The federal government and the U.S. Departments of Homeland Security and State convene roundtables with relevant stakeholders in both countries to develop and implement an awareness and outreach campaign. These roundtables should be convened along the shared border, and the campaign that is developed should provide residents of Canada and the United States with ongoing information about the requirements of the Western Hemisphere Travel Initiative and their timelines for implementation.**

4. Staged Implementation

Although it is too late to delay the implementation date of the WHTI requirement for air travel, the Committee would be remiss if we did not point out that staged implementation – rather than a single implementation date for all modes of travel – has perhaps

unnecessarily complicated the situation. Although a two-stage structure is preferred to the three-stage structure that was initially proposed, a number of our witnesses advocated a single implementation date, and we support their position.

CHAPTER FOUR: THE RIGHT APPROACH TO BORDER SECURITY

A. The Western Hemisphere Travel Initiative as a Border Security Measure

A number of the Committee's witnesses questioned the extent to which the Western Hemisphere Travel Initiative (WHTI) will meet the goal of improved security at the border. Ambassador Wilson shared his view that the "WHTI is intended to improve security at the border. It would be wrong to set up (the) WHTI as the only solution to the threat of home-grown terrorism. It may be part of the solution. ... [I]t is more important to have a solid intelligence and policing capacity, to have seamless cooperation among enforcement agencies and to continue to engage in cooperation with our allies, especially the United States. ... [W]e would be wrong to think that documents alone are the most important part of our protection."

Similarly, the Canadian Manufacturers and Exporters indicated that its members "have questions and concerns about whether the WHTI, as proposed, will improve security and at what cost." The members "are concerned that the WHTI as currently proposed, falls short in advancing the Security and Prosperity Partnership goal of further streamlining the movement of legitimate, low-risk traffic of goods and people across the border, and that the introduction of these document requirements has the potential to disrupt border flows."

The Canadian/American Border Trade Alliance argued that, "done right, (the WHTI) could facilitate seamless travel for the first time." The Alliance also noted, however, that "[i]t will be an absolute disaster if it is not done properly. When we talk about 'properly,' we mean, know what you will do, be able to do it, be able to fund it, and be able to deliver it on a timetable." In questioning whether the goal of the WHTI will be achieved, the Alliance said: "the key here is security. It is dependent upon incredible intelligence and cooperation between the U.S. and Canada and joint approaches like the Integrated Border Enforcement Teams. It is not about documentation at the border for security."

B. Support for a Secure Border

Witnesses supported a secure border, arguing that such a border is good for the economies in both countries. Some noted, however, what they consider to be the inevitable outcome of the WHTI: reduced travel. According to the Tourism Industry Association of Canada, "we will have less freedom than before, and there will be more costs and more bureaucracy involved in travel between our two countries." Similarly, the Canada Border Services Agency noted that "the documentary requirements will reduce the ease with which Canadian residents can travel to the U.S., but of equal if not greater concern to Canada is the large number of U.S. residents who will be deterred from

travelling to Canada ... due to the cost, time and inconveniences involved in getting the necessary documents to return to their own country.”

C. Tourism Declines and the Canadian Tourism Commission

The Committee was told about how the tourism industry, in particular, has been affected by such factors as the terrorist attacks of 11 September 2001, tighter border security and associated delays, the rise in the relative value of the Canadian dollar, the outbreak of Severe Acute Respiratory Syndrome (SARS), rising gasoline prices and the WHTI requirements. In noting its request for an additional \$100 million in federal funding for the Canadian Tourism Commission, which would be leveraged by the private sector, the Tourism Industry Association of Canada noted that Canada was “the ninth most visited destination in the world in 2000. (Canada) improved to seventh in the world in 2002. However, since then (Canada has) dropped. In 2005, (Canada was) twelfth in the world.”

The figures provided by the Tourism Industry Association of Canada were confirmed by the Canadian Tourism Commission, which also spoke about the leveraging of federal funding and informed the Committee that research conducted in 2005 “assessed the potential impact of (the) WHTI alone at \$1.7 billion for 2006-08.” Industry Canada told us that “overall arrivals from the United States decreased by 8.6 per cent in 2005 to the lowest level since 1979. American residents took only 15.7 million same-day car trips to Canada in 2005, the lowest annual figure on record, and a decline of almost 12 per cent compared to 2004.” In the view of the Canadian Tourism Commission, Canada is facing competition from other countries that are also seeking to attract U.S. visitors. The Commission said that “[t]here is a lot more promotion and advertising; therefore, the level of awareness of what there is to see and do in other countries is higher than for the neighbouring country of Canada.”

The Committee believes that Canada has a great deal to offer visitors, and is disappointed that the number of U.S. visitors to Canada has been declining. While we realize that the declines are the result of a variety of factors, and cannot be linked solely to the WHTI, we feel that greater efforts must be taken in marketing Canada as a vacation destination not only to our southern neighbour, but also to the world. We believe that the leveraging of federal funds that occurs with the Canadian Tourism Commission is beneficial, and feel that the Commission should receive additional funds to accomplish its goals. Thus, the Committee recommends that:

- 6. The federal government allocate additional funds to the Canadian Tourism Commission, which would then be leveraged to enable the Commission to fulfill better its mandate. The amount of the increased funding should be determined after consultation with relevant stakeholders and in the context of the government’s expenditure review exercise.**

CHAPTER FIVE: RECENT BORDER-RELATED ANNOUNCEMENTS

Although the focus of the Committee's current study is the Western Hemisphere Travel Initiative, we wish to comment on two additional issues that could harm the historic relationship that Canada shares with the United States.

In August 2006, the Animal and Plant Health Inspection Service of the U.S. Department of Agriculture announced that inspection exemptions for Canadian-grown fruits and vegetables imported from Canada would end. It was also announced that the exemption from user fees for all commercial vessels, trucks, railroad cars and aircraft as well as international passengers entering the United States from Canada would terminate. While the Committee recognizes the U.S. view that these inspections and fees are needed to support efforts to combat bioterrorism, we are concerned that inspections and the collection of fees by border agents could create delays, with adverse effects on the movement of low-risk goods and travellers. From that perspective, we urge governments in both countries to ensure that border agents do not become fee-collection agents and that delays at the border do not result.

In September 2006, the Canadian government announced its intention to amend the *Excise Tax Act* in order to eliminate the Goods and Services Tax/Harmonized Sales Tax Visitor Rebate Program effective 1 April 2007. Although the amending legislation has not yet been examined by Parliament, the Committee urges the federal government to re-examine this proposal and to weigh the tax revenue benefits against the potential loss of foreign visitors and the associated economic activity.

CONCLUSION

While the Committee supports the recent amendments to the Intelligence Reform and Terrorism Prevention Act of 2004, we continue to have concerns about the document(s) that will be approved by the U.S. Departments of Homeland Security and State for purposes of the Western Hemisphere Travel Initiative (WHTI), the technology that will be used and the processes that will be adopted. Like all Canadians, we share with the United States the objective of deterring terrorists and criminals – in essence, of securing the border – while ensuring the legitimate movement of low-risk goods and people across our shared border.

The Committee joins others in stressing that – while both borders must be secure – the border shared between Canada and the United States must continue to be treated differently than the border shared between Mexico and the United States. While the WHTI is a concern for some North American residents, it is perhaps particularly important for the residents of integrated communities along the 49th parallel, who cross the border to go to work, school or the library, to shop, and to participate in sports or cultural events. For the sake of all residents of both countries, WHTI requirements must be implemented in a measured, prudent manner, and in a manner that does not affect the social, cultural or economic lives of our nations.

With the potential for delayed implementation of the WHTI requirement for land and sea travel, the Committee believes that residents in both Canada and the United States have – in some sense – been granted a reprieve. The time gained, however, must not be wasted. Legislators and stakeholders must use this time to ensure that the requirements are well designed and properly executed. We feel that adoption of the recommendations in this report will assist governments in both countries as they continue to work on implementation of the Western Hemisphere Travel Initiative.

APPENDIX A: Witnesses

Wednesday, June 7, 2006

Canadian Embassy in Washington:

Hon. Michael Wilson, Ambassador.

United States House of Representatives:

Representative **Louise McIntosh Slaughter** (New York).

Tourism Industry Association of Canada:

Randy Williams, President and CEO.

Canadian Manufacturers & Exporters:

Gordon Cherry, Director, Trade and Commercial Policy.

Canadian Chamber of Commerce:

Shirley-Ann George, Vice President, International Policy;
Robert McKinstry, Senior Policy Analyst.

Thursday, June 8, 2006

Binational Tourism Alliance:

Arlene White, Executive Director.

Canadian Tourism Commission:

Michele McKenzie, President and CEO.

Canada Border Services Agency:

Andrea Spry, Director General.

Department of Industry Canada:

Alain Beaudoin, Director General.

U.S. Chamber of Commerce:

Angelo I. Amador, Director, Immigration Policy.

Canadian-American Business Council:

Charles A. Tievsky, Lawyer.

Canadian/American Border Trade Alliance:

Jim Phillips, President and CEO.