

## **HOLDS HEARING ON THE VISA WAIVER PROGRAM**

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### **Body**

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SENATE JUDICIARY SUBCOMMITTEE ON IMMIGRATION HOLDS HEARINGS

ON VISA WAIVER PILOT PROGRAM

JULY 17, 1997

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U.S. SENATOR FRANK MURKOWSKI (R-AK)

U.S. SENATOR DANIEL K. INOUE (D-HI)

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STATE DEPARTMENT

MICHAEL CRONIN, ASSISTANT COMMISSIONER FOR

INSPECTORS, INSPECTIONS DIVISION,

## HOLDS HEARING ON THE VISA WAIVER PROGRAM

IMMIGRATION AND NATURALIZATION SERVICE

JANET THOMAS, DIRECTOR OF FACILITATION,

AIR TRANSPORT ASSOCIATION

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ABRAHAM: We'll come to order. We're delighted to have everybody here today. This is a hearing with respect to the Visa Waiver Pilot Program. We have a number of important issues to consider in relation to the reauthorization of that very popular program, and I'm pleased that we have excellent witnesses to bring us up to date both on what has happened during the program's current establishment and also to talk about where we go from here.

I'm going to make a few opening remarks and kind of try to set the stage as to where things are, and then we'll at this point turn to the witnesses since we have no other members here. I believe Senator Kennedy may be joining us after the vote at 3:30, and it's possible that other members will be here as well.

I'm going to, as I said, do my opening statement quickly. And then we'll go to this first panel. We also may be joined by one more panelist, Congressman Kim who I believe is currently voting on the House floor. And I think he's on his way over after that.

The Visa Waiver Program essentially is a system by which aliens from designated countries may enter the United States as temporary visitors without the visa that would normally be required to enter our country in addition to a passport.

Because this very popular program expires at the end of the current fiscal year on September 30th, 1997, the subcommittee will have to consider its reauthorization along with any changes or modifications that we find should be made to the program.

Also before the subcommittee is Senate Bill 290, the Murkowski- Inouye Bill, to provide special visa waiver treatment for South Korean tour groups entering the country for limited stays of less than 15 days.

This hearing presents us with an opportunity to educate ourselves on issues related to the reauthorization of the Visa Waiver Program as well as the South Korea issue in particular.

The history of the Visa Waiver Program is relatively straightforward. Congress created it in 1986 in the Immigration Bill that was passed that year. It became effective in 1988, was originally limited to eight countries and for a duration of three years.

Twenty-five countries now participate in the program, and its authorizing statute has been amended and extended five times, which is, I think, a tribute to the program's success. The program has typically been extended for two or three-year periods with some modifications to the program being included from time to time.

The last year's immigration reform law, the Illegal Immigration Bill of 1996, extended the Visa Waiver Program for only one year through September 30, 1997. This was done so that we could consider issues related to the program in more detail and apart from the multitude of immigration issues that Congress was considering last year as part of the broader bill.

Most of our witnesses here today will be familiar with the general operation of the program. Under it, the Attorney General, in consultation with the Secretary of State, may waive the visa requirements for aliens traveling in the United States from certain countries as temporary visitors.

Visits can be for up to 90 days and for either business or pleasure. Those aliens who would otherwise require a so-called "B" visa in order to enter the United States. But for aliens from countries under this program, that requirement is waived. Aliens who enter the United States under the Visa Waiver Program do face certain restrictions.

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Unlike other "B" visitors, they may not petition while within the United States to change their immigration status, and they may petition to extend their stay for only emergency reasons. Also, those aliens remaining in the United States in violation of the provisions of the waiver program become deportable with no judicial review. In the Visa Waiver Program, aliens may not seek review of an immigration officer's determination made at the time of entry, but they are inadmissible.

In terms of country eligibility, the program countries are now selected by the Attorney General in consultation with the Secretary of State, a change that was instituted through last year's immigration reform law.

In order to be eligible, countries must meet a number of statutory requirements which aim to ensure that aliens admitted under the program are generally low risk and will not overstay their authorized period of stay in the United States.

To be admitted into the program, countries must have a low two percent non-immigrant visa refusal rate on average over the previous two fiscal years and must show that the refusal rate did not exceed 2.5 percent in either year.

They must have or be developing a machine readable passport program, must offer reciprocal visa free travel to the United States to U.S. citizens, and must be found by the Attorney General not to be compromising U.S. law enforcement interests.

Once designated as a program participant, a country may be placed on probation if it does not maintain the low disqualification rate.

The disqualification rate represents the percentage of nationals from a country who applied for admission to the United States at a port of entry as non-immigrant and who either violated the terms of their non-immigrant visa, were excluded from admission upon trying to enter or withdrew their applications for admission.

While the program has certainly furthered international travel and tourism and has generally been heralded as a great success, we do have a number of significant issues to consider in conjunction with the operation of the program, and I look forward to hearing today's testimony on those matters.

The first and most important question is simply whether the program should be reauthorized. While I do not expect to hear any of our witnesses testify that the program should not be reauthorized, we will receive some insights on whether the program should be reauthorized on a permanent or on a temporary basis.

I look forward to hearing the views of our witnesses as to what length the reauthorization should be for U.S. security and for other similar issues.

A second more serious issue involved in the reauthorization is how we can improve the current record of tracking and even counting visa over-stayers. Recent estimates by the INS earlier this year not only put the number of illegal aliens in the U.S. at five million, a shocking figure in itself, but also estimated that 41 percent of that illegal alien population entered legally but overstayed their authorized period of stay.

In order to address illegal immigration in this country, we simply have got to do a better job of tracking over-stayers and enforcing the terms under which aliens are permitted to enter. The statutory provisions of the waiver program that I just mentioned such as that an alien who overstays his or her 90-day period of stay will be deportable without judicial review are certainly laudable in theory.

But the reality and practice is that we have no way of tracking those who overstay, and that the INS in fact has found it virtually impossible to do so. We recently learned that the INS cannot accurately assess overall numbers of those who enter legally and overstayed despite the current use of an entry/exit matching system through the so-called I-94 cards.

I hope today we will hear from the INS as to how this has occurred, how we have gotten into this position, why it can't be fixed, and what we can better do to improve the tracking process.

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We also need to look further into ways in which we can track individual visa over-stayers. Frankly, this should not be a Herculean task, given that we already collect information from those who are entering the country legally. We welcome the views from the government witnesses as well as from the airlines representatives we'll be hearing from later on this important matter.

We'd also welcome hearing about the INS's program and progress in establishing an automated entry/exit control system which was mandated in last year's Illegal Immigration Reform Bill. That law requires the INS to establish by September 30, 1998 an automated entry/exit control system that will both match arrival and departure records for aliens and that will permit the Attorney General to identify individual over- stayers through on-line screening.

An update on the INS's progress will be very information. Finally, we will also address the related issue of South Korea. As I mentioned, Senators Murkowski and Inouye, along with Senators Stevens, Akaka and Thomas, have introduced a bill that would permit South Koreans traveling in tour groups to the United States to participate in a special visa waiver program which is modeled on the Visa Waiver Program that we currently have, but which includes particular safeguards and limitations.

We may be joined, as I said, by Congressman Kim who's introduced legislation in the House that would grant full visa waiver status to South Korea. I believe that if the current trend continues, South Korea will be admitted into the Visa Waiver Program as a fully participating country in a short period of time based on the success record to date.

Some argue that in the meantime there should be a special temporary visa program to facilitate our tour group travel in the United States. And so we look forward today to hearing from our witnesses and their views in terms of the need for this sort of program.

In addition to the witnesses we will hear from today, we also have some submissions to be placed in the record. And so at the outset, I'd like to place in the record a statement by Governor Bill Miller of the State of Nevada. He's also the chairman of the National Governors Association.

Governor Miller had been scheduled to testify today, but unfortunately cannot be here due to a last minute scheduling conflict. And so I'm pleased that we have his statement to include in the record today. I understand also that Senator Murkowski has statements to place in the record from Governor Knowles of Alaska, and from Donald Gregg, the former United States Ambassador to South Korea. And so we will include those in the record as well.

Finally, we will also place in the record statements submitted to the subcommittee from the American Chamber of Commerce in Korea, the Travel Industry Association of America, the Western States Tourism Policy Council, and the Airports Council International, all of which have been requested and we are more than happy to include.

At this point, we will turn to our first panel. And we will begin with Senator Frank Murkowski from the State of Alaska. Senator, thank you for being here.

MURKOWSKI: Thank you very much, Mr. Chairman, and I'm particularly pleased that your note of optimism relative to some degree of relief on the current visa waiver issue. I'm very pleased

to be here with Governor Allen of Virginia, with Senator Inouye of Hawaii, and I especially acknowledge Governor Hirono. We had an opportunity to meet earlier this morning at the Honolulu Airport. (AUDIO GAP)

Am I on? And meaningful discussion about the merits of this particular legislation and look forward to being here today.

MURKOWSKI: You've noted that our governor has a statement for the record. Unfortunately, he cannot be here. You noted that Donald Gregg, our former ambassador to South Korea, had a statement for the record and he, regrettably, cannot be here to testify and I'm pleased that you have accepted their testimony in lieu.

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This bill, Senate 290, I think really strengthens the relationship with a close ally and an important trading partner of the United States. It expands along the lines of the existing travel agent referral program, also known as the TARP, that is currently in place in South Korea. The bill, as you know, allows free travel, visa-free, for Koreans traveling with approved tour operators. It includes safeguards to prevent illegal immigration, including -- one -- visitors must be part of an approved tour group. The tour operator would be subject to a \$200,000 bond requirement. The visitors must have a round-trip ticket purchased up to two weeks in advance and arrive by a carrier that agrees to return them if they are deemed inadmissible. So I think most of the exposures are covered. On-time return must be certified by the travel agent and the travel agent must submit sufficient information on travelers to allow U.S. authorities to conduct national security checks.

Now, the bill was introduced jointly because I think we feel that South Koreans have been forced to wait an unduly unreasonable time in long lines for visas. They're being required to produce detailed family and financial background material. And I know the overburdened consular offices in the U.S. embassies are doing the best they can, but I think a few examples stand out that are unique to South Korea and probably don't have a parallel anywhere else.

President Kim Young Sam's sister was rejected the first time she applied for a tourist visa to the United States. The daughter of the chairman of the multi-billion-dollar Hyundai Corporation was rejected for a student visa because of insufficient financial resources. I don't know whether the chairman -- perhaps he should try and get a higher-paying job, but in any event, that wasn't satisfactory. The son of the president of IBM in Korea was rejected because the consular office did not believe the son would be a good student, even though the son had already been accepted in a U.S. school. Now, those are the isolated case, obviously, but I think they represent a fair segment of the problems we have here in the inability to be sensitive to reasonable visa requests and an opportunity to change that dramatically.

I wouldn't be here today, however, if we had a process that seemed to be working and that the consular offices could supply subjective criteria for refusing the visas. I believe the standard for

entry into the visa waiver pilot program should be objective criteria such as overstay rate, rather than an arbitrary refusal rate standard, which is what's in effect now. I think Korea deserves to be treated like many of our other close allies. They're our fifth largest export market, home to some 37,000 American troops. They have an economy larger than all but five countries currently in the visa waiver program.

Now, the chart is over here on my left. If you'll refer to it very briefly, the Korea GDP growth for '96 was 7 percent, substantially higher than the average for visa waiver countries, 2.7 percent, and the '96 unemployment rate is dramatically lower, 2 percent for Korea and 8.8 for the average of the other visa waiver countries. So I think there's an application there. Of the G-9 nations, only Japan and the United States impose visa requirements on Korea. The State Department has opposed efforts to seek relief for our Korean friends, so as a consequence we're imploring your committee.

Mr. Chairman, I'd like to address some of the points that probably will be covered in other testimony, as well, but briefly, recognizing that time is limited, the State Department suggests that the Koreans have no economic incentive to return to Korea. Well, I think the director of the State Department Office of Public and Diplomatic Liaison suggested in a letter to me that the refusal rate in Korea correlates to their unemployment rate. Well, you see the figures there. Is the officer suggesting that a country needs an unemployment rate under 2 percent to qualify? I don't think so. Compared to other countries, France is at 11.7, Germany 12, Spain 22, so Korea more than qualifies under that criteria. The fact is that Korea has a vibrant and expanding economy with a very low unemployment rate and Korea represents no more of a risk of mass migration than most other visa waiver countries.

Mr. President, recognizing the limitations on time, let me just ask the balance of my statement be entered in the record, which simply stipulates and substantiates the points I've made for justification of a visa waiver program criteria being applied to Korean visitors to the United States. And I think Senate bill 209 sic gives Korea that chance. Without it, under current criteria, Korea is probably at least two, maybe three years away from qualifying for the visa waiver pilot program and I think and I hope that you'll agree with me that that is unacceptable. I think this

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legislation provides an important interim step while we address whether the visa waiver program's criteria is being objectively applied to Korean travelers.

I thank the chair.

ABRAHAM: I thank you and, Senator, your full statement will be included in the record. I also thank you for having brought this issue to our attention. I think the first time that I was aware of these issues pertaining to South Korea was when you raised the questions with me and I appreciate that.

Sen. Inouye?

INOUE: Mr. Chairman, I thank you very much for placing S-290 on your agenda. Before I proceed, may I request that my full statement be made part of the record?

ABRAHAM: It will be made part of the record.

INOUE: And if I may just summarize? Before I do, I'm very pleased to be in the company of my distinguished lieutenant governor from the state of Hawaii, Mazie Hirono. She is one of the national leaders in the move to support S-290, so I will hear much from her.

I'm certain that many members of this panel and others will speak most adequately on the economic advantages and business importance of this measure. I'm certain they'll discuss with you most convincingly those provisions that have been included in the proposed program that would appropriately address the shortcomings that have been suggested by the administration. Senator Murkowski has done a good job in setting forth the additional restrictions that we have placed in the measure that should deter the possibility of illegal immigration, such as short-term pilot program of three years, a stay of no more than 15 days, a bonding requirement and the authority to cancel the program, if such is necessary.

I'd like to, Mr. Chairman, however, spend the time to speak of the proposed program from another vantage point. With the demolition of the Berlin Wall and the demise of the Soviet Union, we heralded the end of the cold war and, as such, I'm certain we agree that most Americans contend and believe that the dangers that once existed during the cold war period are no longer a part of the American lifestyle.

But I'm certain that we all realize that at the 38th parallel of the Korean Peninsula, there are still massive military forces on both sides. The general belief is that two thirds of the North Korean forces are near or on the border. North Korea has 923,000 officers and men in the army and it may be interesting to use to know that 10,000 artillery pieces are aimed directly at one target, the city of Seoul. In addition, North Korea has 85,000 men and women in the air force and 40,000 in the navy. And this military force is second only to the People's Republic of China. The South Korean government from the beginning of its establishment soon after World War II has gone through a lot of turbulence politically, economically and security-wise, but they have been consistent in one area. They have been our good friends. South Korea and the United States have served to maintain stability in the Korean Peninsula and thereby throughout the Asian mainland.

As Senator Murkowski stated, South Korea ranks fifth in the world as a market for U.S. exports, eighth as a source of imports for the United States and one of our best trading partners. They have a free, capitalistic economy, which we helped to establish, and therefore we can be proud of what they have accomplished and I'm certain the government and the people of South Korea are watching these proceedings with much interest. Some feel that their integrity, their credibility and their dignity are on the line. On our recent trip to Korea, many of them told me that they have noted that Japan was one of the first eight countries to receive visa waiver status. They also note that several European countries also received visa waiver status, including Germany, or former World War II enemy. So understandably, they're asking themselves "How long do we have to wait?"

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I believe it serves our best interests to grant this special recognition of South Korea and so I most respectfully urge this committee to give favorable consideration to S-290 because, like Senator Murkowski, I believe that the time has come for us to tell our friends that we trust them and we value their friendship.

Mr. Chairman, once again I thank you for the opportunity to appear before you and may I ask that the statement of my Congressman, Neil Abercrombie, be made part of the record?

ABRAHAM: It will be made part of the record.

INOUE: Thank you very much.

ABRAHAM: Thank you, Senator, for your leadership on this.

We've been joined by Congressman Jay Kim from California and ...

KIM: I am here today to endorse the business visa inclusion of South Korea in the visa waiver pilot program. As Senator Murkowski explained, his current legislation only grants an exemption for Koreans who come in large, prearranged tour groups. I appreciate the (OFF-MIKE) Tourism is very important to Alaska and Hawaii and even California, for that matter. But however, I believe that business travel is equally important. Korea is a rapidly growing economic power, as you know, and Korean businesses are looking to invest their money worldwide, including the U.S. Business deals often require last-minute arrangement and visits. It is not feasible for the businessman to travel to the U.S. as part of a group tour. Likewise, it is not feasible for businessmen and women to have to wait up to months to get their visa application approved. By then the deal is going to be lost.

Therefore, I believe that the business visa inclusion of Korea in this visa waiver program is best solution. We should provide Korea with the same exemptions we provide to the other 27 nations in the visa waiver program, an exemption for all short-term visits, travel and businesses. This is an American issue, just as much as it's a Korean one. U.S. businesses desperately want Korea to become a member of the visa waiver program. This is the American Chamber of Commerce in Korea number one issue. They are the ones who initiate this whole issue.

In fact, I was in Korea two weeks ago and the first question the U.S. businessman that I met with asked is when we're going to have this Korea visa waiver program. I have met with many U.S. businesspeople who feel that they have lost golden opportunities to enter into business relationship and attract investment to the U.S. from Korea because the Koreans don't want to have to deal with this hassle. And I understand that they want to send the Korean scientist to U.S. for (OFF-MIKE) assignment, couldn't do it because it takes months to get a visa. Instead, the Koreans are turning to Canada and Australia, both countries that have either removed or relaxed visa restrictions to Korean businesspeople.

I want to skip a few of them here. I understand the concern is this may increase some illegal immigration situation. That's not true. Look at the other countries, such as New Zealand, Canada, Mexico,

Australia that remove all the visa restrictions. They have not complaining anything about the misuse of visa waiver program by Korean businesspeople. The -- again, I want to revise and extend my remarks and submit it as official record. You can ask Canada or New Zealand and they have reported -- I got a copy in my office -- that there's no dramatic increase since they waived their visa requirements for Korean businesspeople whatsoever.

Again, I'd like to thank you again for inviting me today and I do have some more -- couple of pages, but for the...

ABRAHAM: We appreciate it and we will include your full statement ...

KIM: ...submit this ...

ABRAHAM: ...as you edit it, would like it submitted in the record. I believe a vote may have just started, so we'll have Governor Allen testify and I don't know what the -- if -- Governor Hirono, if you can be patient with us while we run to vote after his testimony, I'd appreciate it and we'll ...

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HIRONO: Fine.

ABRAHAM: ...I'll at least pledge to come right back and we won't hold the other members necessarily to that standard, but -- Governor Allen, thank you for being here and we welcome you and now in your new capacity. I know you've testified here both as a member, as well as governor before, but thanks for being with me today.

ALLEN: Thank you, Mr. Chairman. I appreciate the opportunity to speak on behalf of the reauthorization of the visa waiver pilot program and voice my support for including the Republic of Korea in the VWPP. And it is a pleasure for me to be -- to join such a distinguished panel as Senator Murkowski, Senator Inouye, Congressman Kim and Lieutenant Governor Hirono. I'm wearing a tie from the governor of Kyongee (ph) in Korea. We have a sister state relationship from -- with Governor Lee and the people of Kyongee-Do (ph) and Virginia.

The visa waiver pilot program has been a valuable asset, as far as travel, tourism and business opportunities in the Commonwealth of Virginia and across the nation. And I'm speaking as the governor of Virginia, as well as chairman of the Southern Governors, as well as the governor, and giving you the states' perspective of this issue. Obviously, the visa waiver program plays a large role in ensuring that the United States, each and every one of our state and our country as a whole, remain competitive with other international travel and business markets. In fact, roughly 50 percent of the visitors who come to the United States each year travel under the visa waiver program. In 1993 alone, this program, the fact that it's in place, this program saved the taxpayers an estimated \$175 million in visa processing costs, which is good for the taxpayers and to help balance the budget, as well.

We can improve, I think, the visa waiver process by including the Republic of Korea. They are a military, economic and diplomatic ally. Others have testified as to how strong they are and growing as a nation. They -- we also, I might add, have a trade surplus of \$3.9 billion with the Republic of Korea. They're a valued trading partner for the Commonwealth of Virginia, as well. They rank fourth amongst our export destinations, nearly a billion dollars of exports in 1995. They're also very generous. We have a MacArthur memorial and the biggest contributors to the MacArthur memorial in Norfolk, Virginia, are companies and individuals from the Republic of Korea who very much appreciate what General MacArthur and the troops did in the Korean War.

Now, unfortunately, the current visa requirements dictate that many potential visitors from South Korea have to face delays and obstacles. This is especially significant considering that the largest group of travelers visiting the United States from Korea are here on business. I went to Korea in 1996, in the spring of '96, on a trade mission to Korea. Business leaders there brought this visa issue to my attention as one of their highest and most pressing concerns. They looked at it as an impediment to business. They looked at it as an impediment of building relationships between the people of Korea and the United States.

I listened to them and then, when I got back home, I acted on it and I asked the Southern Governors Association to pass a resolution extending the visa waiver program to our friends from Korea. And on September 10th of 1996, the Southern Governors Association unanimously approved extending the visa waiver program to our friends from South Korea. Then, a few months later, in June -- excuse me -- in December of 1996, the Western Governors Association adopted a similar resolution in relation to extension, of course, of the visa waiver pilot program and including South Korea. And just last month, June 4th of 1997, the National Governors Association finally also passed such a resolution. I'd like to enter letters from the NGA to you and Senator Kennedy.

ABRAHAM: We'll include all of them in the record.

ALLEN: Thank you. Now, the reality is, is that the embassy in Seoul processes more non-immigrant visa applications than any other consulate in the world, over 550,000, and they're estimated to do -- have to go through 750,000 in the upcoming year. The result is, and you hear it from so many people and we heard it from the Senators, is that folks have to wait sometimes up to two days queued up in a line around the embassy just to get their visa. Now, that is hardly conducive to building relationships and making it easier for people to be in contact, whether for travel, tourism or for business. There are many occasions where business deals have been lost because of this situation and clearly it must be improved.



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Other nations are exploiting our competitive disadvantage. We are in a war of competition with other nations. We have to do everything we can to make sure what we're doing here in the United States is helping us. And 48 countries provide visa waivers to South Korea and there's significant evidence to indicate that the U.S. is losing Korean visitors to other countries with friendlier visa programs,

whether that's business or tourism. In today's internationally competitive marketplace, we cannot afford to have this disadvantage in our race to attract new jobs, new investment and more tourism dollars. The Chamber of Commerce of Korea, of course, has endorsed this, as well. There's 27 countries that are participating in the visa waiver program, yet South Korea is our only large trading partner not to be included. Korea -- South Korea reciprocates. They allow our folks to come in there on business trips up to 15 days. They extend important visa waivers to business efforts and the readability and so forth, all of that is already in place.

As far as these two bills, I think that Senate bill 209 is a good one in that it has a three-year pilot. Congressman Kim's a good bill also in that it doesn't apply just to tourism, also to business, but it only lasts one year. I would encourage you to take the best of both and I think the three-year provision and the tourism and put it in, make sure that business is included, as well, and I think you'd have a fine bill and what you would be doing is making sure that we get more jobs, more tourism and more economic vitality for us in the United States, as well as building our relations with our allies and good friends from the Republic of Korea.

ABRAHAM: Governor Allen, thank you very much. We've got about three minutes to go for our vote, so we're going to temporarily recess the hearing and we'll reconvene as soon as we get back.

(RECESS)

ABRAHAM: We will now reconvene our hearing and apparently less members able to be with us at this point, which is the way it often goes with a vote, but I've been assured by the remaining panelists that they are prepared to answer questions and ready to go. But before we turn to any questions, we still have to hear from Lieutenant Governor Hirono from the state of Hawaii. We welcome you here and appreciate very much your participating today.

HIRONO: Thank you very much. As we say in Hawaii, aloha. (OFF- MIKE) for this opportunity to testify and present Governor Ben Cayetano's testimony and I will be skipping around and so I'd like to ask that his full statement be entered into the committee's record.

ABRAHAM: It will be entered into the record.

HIRONO: Thank you. As far as the current visa waiver pilot program, there is no question that Hawaii would like to have this reauthorized and for as long a period of time as possible. The importance of this program has been noted by the other testifiers, but I wanted to note that international travel and tourism contributes receipts of almost \$90 billion annually to the U.S. economy and this is an increase of over \$50 billion since 1988, when the current visa waiver pilot program was initiated.

Last year it is estimated that the travel trade provided a positive balance of payments of over \$15 billion and since the inception of the visa waiver program, our international trade balance has been positive each and every year. It was negative in both of the two years prior to the program's implementation. Visitor arrivals from

the lucrative, high-spending overseas markets have shown extremely strong growth. Visitor arrivals from Japan, for example, increased by 21 percent or 540,000 visitors to the U.S. in the first year alone. For Hawaii, visitor arrivals from Japan increased by almost 25 percent or 250,000 new visitors in just the first year of the current program. And right now there are almost two million visitors from Japan that come to Hawaii every year, so it has grown tremendously.

This program has obviously had a significant impact on Hawaii's economy. It has also impacted our entire nation, as spending by overseas arrivals to Hawaii now accounts for over 20 percent of the total national travel trade balance. In this regard, Governor Cayetano has worked very closely with Governor Knowles of Alaska, chair of the Western Governors Association, to co-sponsor a resolution from that organization supporting the visa waiver

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extension to Korea. And as also noted by previous speakers, the National Governors Association will be meeting next week and their Economic Development and Commerce Committee recently voted to add this language to the NGA interim tourism policy. We are expecting that the National Governors Conference next week will adopt a resolution in support of having South Korea be accepted as a visa-waived country.

There is overwhelming evidence to support this action. As noted, South Korea's economy is robust and is one of the world's fastest-growing. Not only is the economy vibrant, but South Korea also has a strong trade relationship with the U.S. In 1996, South Korea ranked seventh among the top 10 trading partners of the U.S. and our exports to this country are greater than our exports to 22 other countries that are included in the existing visa waiver program. Governor Allen's testimony noted the importance of Virginia's trade with South Korea.

As other examples, South Korea ranks third among Hawaii's export destinations, with almost \$95 million in exports - I'm sorry, \$25 million in exports in 1995. The state of California, its exports to South Korea ranked South Korea as their third biggest export destination and California exports over \$6 billion to South Korea every year -- 1995. For Michigan it is the 11th largest export destination, with over \$367 million exported in 1995. In Iowa it is their fifth largest export destination, with over \$87 million worth of exports being sent to South Korea.

The Republic of Korea has increased its outbound travel by over 700 percent in the last decade to 4.6 million tourists in 1996. The United States gets approximately 800,000 of these visitors. It's expected that by the year 2004 the number of Korean outbound travelers is projected to double to 8.5 million outbound visitors annually. We estimate that if South Korea were added to the visa waiver pilot program, the United States would see an incremental growth in visitors from South Korea of approximately 20 percent. This could mean an additional 200,000 visitors to the U.S. in 1998 or a 1 percent increase in the total overseas travel account to the U.S. alone. And this translates to new spending of over \$400 million and could easily lead to the creation of 10,000 new jobs nationwide.

According to the U.S. embassy in Seoul, the United States is the first destination of choice for South Koreans, with the top five

destination states being California, Nevada, Hawaii, New York and Arizona. Currently California gets about 40 percent of all visitors to the United States from South Korea.

I'd like to close by focusing on one aspect of the Korean visa waiver issue which Governor Cayetano particularly wanted me to emphasize and that is the negative impact that this issue may have on our relationship with the Republic of Korea. There is a long history of friendship between the U.S. and the Republic of Korea. The sacrifice of more than 54,000 Americans lost during the Korean War and the 37,000 American troops stationed today in Korea are examples of the strong bond between our two countries. Korea is one of our strongest allies in the Pacific and, of course, trust is an integral part of that relationship. The current visa regulations do little to promote greater trust between the U.S. and Korea. We respectfully ask that Congress take this into account in its deliberation of the Korean visa waiver question.

I recently returned from Korea last week, in fact, and I had the pleasure of seeing Congressman Kim there and there was no question that all of the people that I met with from the president of South Korea, who both the governor and I had met in 1995, who was on his way to address the United Nations, the mayor of Seoul, the vice mayor of Pusan, two of the largest cities in South Korea, large businesspeople and certainly the Korean businesses who are involved in travel and tourism there noted that the single biggest issue of concern to them is their acceptance as a visa-waived country.

Thank you very much for allowing me this opportunity.

ABRAHAM: Thank you. I thank the entire panel. I regret that because of a variety of reasons, we had to change around the time of this hearing and it obviously isn't as convenient for the other members as we would like to be. I hope that we will see some of them.

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Let me just ask any member that's here who would choose to or care to respond -- some of the concerns that I suspect we would hear about expanding the program, the visa waiver program, would fall into a variety of predictable categories. I really have not formulated an opinion on this issue prior to today. I wanted to hear the testimony. Let me raise some of the concerns that we would undoubtedly confront. For example, it's estimated, based on Governor Hirono's testimony, that there might be as many as 200,000 additional visitors that would be coming to the United States if we moved in the direction of the Senate bill. If there's a 3 percent rate of, say, overstaying or something in that range, which I think may be -- I don't know how that would actually work out, but you're talking about several thousand potential individuals who might -- who might stay over the visa, consequently falling into categories of illegal aliens.

Is there some reason to think that the safeguards -- and maybe just commenting on the safeguards -- how they will -- could work to reduce that number? Because I think that's the first level of concern that's going to be raised, that there's going to be a large number of people that are going to be added to the ranks. How do these safeguards that are proposed in the legislation work? What others might we consider?

MURKOWSKI: Well, it ...

ABRAHAM: Frank, go ahead.

MURKOWSKI: Why don't I start out and then my colleagues can fill in. What we've tried to do here is to address specifically the concerns relative to the question you brought up, Mr. Chairman. And we have a bonding requirement. Bond would be forfeited. The Korean tour operators have to stand behind that bond. The bond would be the assurance, if you will, that there be a good faith effort. Now, that doesn't exclude the possibility of somebody simply overstaying, but the responsibility that the tour agency has for not returning the various tourists that are included in that particular tour would result in either the bond being canceled, the bond being called, or the tour operator no longer being able to operate under the system.

There's a couple of other safeguards in there. As I indicated, there's a requirement for a round-trip ticket being acquired two weeks in advance. Now, these are safeguards that are unique to this three-

year pilot program, unlike a broad visa waiver that doesn't have those. Now, the question of collecting penalties from tour operators -- the tour operator would put it in writing that their intent to forfeit cash bond for failure to comply with the law. The U.S. embassy will be physically holding the cash as insurance for adherence to the law. So I think what we've attempted to do is to instill, you know, checks and balances as much as possible and we'd certainly be willing, personally, to entertain other concerns that might be expressed, where you see loopholes that should be covered. But for the most part, I think that we have a program that provides the checks and balances, that provides an incentive for the tour operators to ensure that they not deal with unscrupulous individuals who want to come into the country.

And I guess the thing that concerns me the most, Mr. Chairman, is the State Department and the Immigration set a criteria based on one major factor and that's unemployment. And South Korea has the lowest against rates of other nations which are 10 or 11. They enjoy a broad waiver, and here we're just trying to get our foot into the door with a pilot program that I think deserves merit. And you know, if it doesn't work, it will be evident. And if the -- if the checks and balances aren't in, it'll be evident, and that's the advantage of a pilot program.

Excuse me for taking so long.

ABRAHAM: No, that's fine.

HIRONO: May I also respond?

ABRAHAM: Sure. Governor Hirono?

HIRONO: There are over 12 million people who visit the United States for -- as tourists or for business under the current visa waiver pilot program and I think that we should look to our back as an indication of what might happen if other countries are accepted into the program. The question of overstays, I think, is one that's really important.

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However, INS has testified that they are unable right now to give us very accurate information as to exactly what the overstay problem is and the depth of that problem.

However, their testimony that you will hear later today indicates that the number of persons applying for admission under the visa waiver pilot program and who are refused entry grew to 7,000 or so refusals in 1996. On the other hand, though, we've got 12 to 14 million people coming in. And their testimony also indicates that statistics relating to the apprehension and removal of nationals of visa waiver countries, as shown in a chart that they are presenting to you, indicate that these countries remain low-risk for immigration law violations. So I think that that kind of experience, coupled with the safeguards that are in the bill before you, would indicate that this would not be a major problem. Certainly, we can mitigate that, but on the other hand, there are tremendous economic benefits.

ABRAHAM: Congressman Kim?

KIM: Thank you, Mr. Chairman. The basic difference between my bill and Senator Kyl is the time duration. My bill simply states that my pilot program will be extended up to one year. During that period of time, general -- attorney general can cancel this program any time if any abusiveness exists. Now, INS will be doing overstay report study next year anyway and they will be heavily looking at the Korean visa holders overstaying issue. So you'll get the report perhaps six months and a year later. One year is safeguard, in my opinion, than three years. What could happen in one year or even six months? So we're going to be monitoring closely and any abusiveness of this program, as I mentioned earlier, simply eliminate this program or, at the end of one year, they'll just simply cancel, not extend any further. So I think one year is better program, in my opinion.

And it must include business because businesspeople do not stay. According to the report that I have read (OFF-MIKE) reports, the businesspeople do not stay here. Almost all of them go back. And I believe it's a mistake only including group tour. I believe we should include business visa, a swell, and I also have a problem with posting a \$200,000 bond guaranteeing those group tour return. I talked to a few people. They felt that -- one of them says, "We are not a bunch of criminals. Why would you post a bond?" That's why I'd rather have a one-year program and watch carefully and if things doesn't improve, then we can cancel it.

ABRAHAM: One of the other questions that's been raised more, I guess, about the Senate bill is the question of sort of delegation, if you would, of the responsibilities here, with respect to admitting people to the United States, to folks who run tours, tour group operations and so on. How do you address that concern? Governor Hirono?

HIRONO: Even the people who come in through the existing visa waiver program are screened. Certainly, when they enter our country, we look at their passports, et cetera, so that kind of screening process. And as we have stronger capabilities to make sure that undesirables and other people are not -- of that ilk are not coming in, I think that that will certainly apply to any new countries that are added to the program. I think that's one response.

MURKOWSKI: I think if I can add to that ...

ABRAHAM: Sure, Senator.

MURKOWSKI: ...and I would certainly agree with you, but I think what we've done here is we've added, if you will, an additional layer of protection because as the lieutenant governor pointed out, those tourists will still be required to have their applications reviewed. Customs officials will require valid passports at the port of entry. But the additional consideration and safeguard is that that's placed on the tour operators to screen carefully each applicant. Otherwise, they will lose the benefits of the business. They potentially will lose their bond.

I think what I would envision the legislation intended to specifically do is to give the South Korean people the respect that they deserve. They're a close ally. We've referred to them time and time again as the "economic miracle." They're an important trading partner and I think the South Koreans deserve a chance and that's what this is all about.

I wonder if you'd excuse me, if you have (OFF-MIKE)

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ABRAHAM: Senator, thanks for being with us today. (CROSSTALK)

KIM: Senator, if you'll yield just one minute?

ABRAHAM: Sure.

KIM: I do agree with Senator Murkowski. I appreciate it, what he's doing and his concept. But this whole idea was initiated two years ago by American Chamber of Commerce in Korea. Original concept was to waive visa to businesspeople. Somehow down the line, it's been changed. Again, I reemphasize the whole idea was initiated by businesspeople. Visa waiver program must be targeted business visa. Happen to be including tourism, but to me the business visa is most important.

ABRAHAM: I have additional questions with respect to the Senate bill. And I don't mean to in any way diminish either the business issue or your legislation. Obviously, we're primarily here looking at the Senate version. And since Senator Murkowski's left, I guess I'll ask Governor Hirono again.

One of the other concerns that's been raised is the logistics issues. The State Department isn't exactly set up to deal with bonding programs and, you know, holding bonds and administering this kind of activity. How, if any way, would you respond to the concerns that have been raised along those lines, the administrative costs and so on?

HIRONO: I think some of the specific provisions of the bill before you will need to be worked out and we -- those kinds of issues need to be addressed. Clearly, the bonding issue is one that raises concerns among the Korean travel agents that I met with, just as Congressman Kim has pointed out. We may need to address the limitations in some other way or to assure that the visitors who come under this kind of a program will return. The bond was considered one way to do that, but we are certainly not wedded to it. We are open to discussing other methods.

ABRAHAM: Well, I think the concern is (OFF-MIKE) that this is inappropriate. It's just -- the goal, I think, is admirable of trying to add additional safeguards. The question is whether or not the State Department will have somebody here, I think, in the next panel who might want to address that from a different perspective, from the State Department's perspective. But I just wondered, some of the criticisms that have been raised were along those lines, and if there was any specific response from the advocates of the legislation to that. I was interested in just -- just hearing whether there was -- there was anything along those lines in response.

HIRONO: I have some information from Senator Inouye on that and he says that under the bill, the State Department will decide if a bond should be forfeited. The Korean tour operators will give to the embassy a cash bond for collateral. And I think that if the mechanisms can be worked out, it may not be an onerous burden for them to just call in the bond.

ABRAHAM: I gather from Senator Murkowski's perspective, flexibility and willingness to try to come up with a passable solution here. I gather that other advocates are likewise, you know, willing to try to work together as we move ahead on this and I appreciate that. Before this panel -- before I ask the panel to -- the second panel to start, I noticed Senator Kennedy's here. I don't know if he wants to have any questions for this -- this panel or not, so -- I think the answer is he is not able to be with us immediately, so we will thank you two for ...

KIM: Mr. Chairman, can you yield me just one minute again, please?

ABRAHAM: Sure.

KIM: I appreciate it. As Senator Murkowski said, trying to send a message to Korea, which is strong ally, is fine. But reality, what we're doing is really insignificant, meaningless. The way it is right now does waive visa anyway when you have a group tour. You can contact American embassy office in Seoul. If it's a group tour, they waive visa. And whoever's sponsoring or putting this program together, they are (OFF-MIKE) with a visa, they (OFF-MIKE) guarantee their return. It doesn't do anything in terms of group tour unless you expand to businesses. That's the way it is now.

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ABRAHAM: Congressman Kim, thank you for being with us. Governor Hirono, we appreciate it. And we will dismiss this panel and ask our second panel members to come forward. On this panel we will hear from Mary Ryan, who is the assistant secretary for consular affairs at the Department of State; Michael Cronin, who is the assistant commissioner for inspections and immigration at the INS; and from Janet Thomas of the Air Transport Association.

I thank this panel for being here. We're laughing because every time we've done a hearing, we've had an order of speaking and the plan was to have the seating to correspond and every single time we've done it, the panels ended up sitting exactly the opposite order from the way we were going to do it. But that's the way it goes, I guess.

Anyhow, I will turn initially to Mary Ryan, who's our assistant secretary for consular affairs at the Department of State. We appreciate your being here today to comment on either the broader issue of reauthorizing the waiver program or, if you would also like, the specific issues related to the bills that we have in the House and Senate on South Korea. Thanks for being here.

RYAN: Thank you, Mr. Chairman. Mr. Chairman and members of the committee, I'm really delighted to have been invited today to testify on behalf of the Department of State about the non-immigrant visa waiver pilot program. I can say without reservation that this program has been a resounding success. It has bolstered the U.S. economy through the expedited admission of millions of legitimate short-term visitors for business, thus allowing for the negotiation of contracts for the provision of American goods and services to the world. It has also provided a welcome boost to the U.S. tourism industry, which employs thousands of American citizens, through the visa-free admission of millions of foreign tourists. In addition, it has enabled the United States government to use its limited resources more efficiently and productively during a period of budgetary constraint. We support permanent reauthorization of this highly successful program.

During the 1980s, economic prosperity in Europe and Japan contributed to an explosion in international travel. The State Department found itself in the position of devoting increasing resources to visa issuance which was virtually perfunctory. Let there be no mistake. A British national applying for a visa to visit the United States in 1987 was not required to go to the embassy, let alone to have a visa interview. Yet even this perfunctory processing consumed major personnel resources owing to the sheer volume of visa issuance.

The visa waiver pilot program was a logical response to that situation. Its objective was to determine if a selective waiver of the non-immigrant visa requirement would improve the use of U.S. government resources and encourage travel to the United States without diminishing U.S. border security. It went into effect in July, 1988, initially in eight countries and has now expanded to encompass 25 countries. Strict criteria for participation were established to ensure the test program would not entail unacceptable risks to our ability to control our borders. Furthermore, before any country is designated as a participant, the attorney general must determine that

U.S. law enforcement interests would not be compromised by its designation. A number of countries have met some criteria, but have not been accepted for the program because of law enforcement or security reasons.

The criteria laid out in the legislation have worked astoundingly well. The established requirements have ensured that only low-fraud, low-risk countries have been designated as participants. Strict adherence to the criteria has enabled representatives of the Department of State overseas to respond honestly and straightforwardly to requests from numerous friendly countries who don't meet the criteria. More significantly, they have ensured that nations have received equitable treatment in line with the historical principles of the United States.

We strongly support continued adherence to these criteria, which have maintained the integrity of the program over the years. Any proposal to dilute the qualifying criteria must be carefully evaluated for consistency with the program's stated aims and U.S. border security interests. Safeguards have been included in the program to deter the admission of ineligible aliens. The mere fact that a country participates in the visa waiver program does not mean that all of its citizens will be admitted to the United States upon application or that, if admitted under the visa waiver, they will be granted all the privileges they would enjoy if they were admitted with visas. All individuals applying for admission, including those in the visa waiver program, are subject to the same look-out checks at the port of entry that they would be subjected to at the time of visa issuance overseas. The Department of State and the INS share data to ensure that all information on ineligible aliens is available to both agencies.

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I am convinced that application of the criteria for admission outlined in the legislation plus our enhanced data share programs offer U.S. agencies appropriate control over those seeking admission without visas. Based on the information that we have available, issuing visas to all of the travelers who entered under the visa waiver program would have been a considerable drain on our resources without any discernible benefit to our national security. I would argue, in fact, that rather than weakening border security, the visa waiver program has, in fact, strengthened it. It has allowed the Department of State to focus its resources upon those countries and regions where fraud potential is the greatest. The resource savings were applied to the opening of posts and staffing of consular sections in the former Soviet Union. In addition, the department has been able to move personnel into straight anti-fraud work and into adjudicatory positions in immigrant-push countries.

So what would the resource implications for the Department of State be if the visa waiver program were ended? It's almost impossible to calculate and daunting to contemplate. We have eliminated positions in visa waiver countries and we've even closed many consulates. The cost of reestablishing those posts and positions would be significant. Since the program began, the demand for non-immigrant visas in non- visa waiver countries has grown considerably. The resources that were reprogrammed to those countries are essential to provide adequate service and to maintain anti-fraud initiatives.

While the government has benefited enormously from the visa waiver program, it's really been the U.S. economy that has won the gold ring. The World Tourism Organization's statistics for 1996 show that the United States was the second most popular international tourist destination with 44.8 million arrivals, but number one as far as tourism receipts go. International tourists, many of them on the visa waiver program, spent \$64.4 billion in this country in 1996 and if you add in the money that they spent on travel on U.S. carriers, it becomes \$88.9 billion.

So inclosing, I would like to stress once again the value of the visa waiver program to U.S. government operations, to the U.S. travel and tourism industry and to our relations with the participating countries. Even a short disruption of this vital program would have disastrous economic, political and resource implications for the U.S. government. We support the permanent reauthorization of the visa waiver program and we will work with the Department of Justice to that end.

Thank you Mr. Chairman and I would be pleased to take any questions.

ABRAHAM: Thank you very much. Mr. Cronin?

CRONIN: Thank you very much, Mr. Chairman. Applicants for admission under the visa waiver program are examined by immigration officers who are aware that these individuals have not been screened through a visa process. The officers check the name of these applicants against the look-out data base and these officers may open and pursue any appropriate line of inquiry to make a determination concerning the individual's admissibility.

In Fiscal Year 1996, 76 percent of non-immigrants from the 25 participating countries entered under this program. This was over 12 million travelers of just under one half of all documented non- immigrants. Prior to the 1996 amendments to the Immigration Act, the agencies involved in making the necessary determinations for addition of countries to the program had developed a process for the inclusion of countries. The Bureau of Consular Affairs makes the necessary threshold determinations of eligibility. Before making a recommendation that a country be included in the program, the Bureau considers any relevant foreign relations or national security issues. Upon receipt of the Department of State's recommendation, the Department of Justice requests information from INS and the FBI concerning immigration, criminal and national security considerations. Upon analysis of this information, a recommendation is made to the attorney general as to inclusion or rejection of the country. Under the 1996 amendment, the authority to designate a country to participate in the program was vested solely in the attorney general, in consultation with the secretary of state.

The number of persons applying for admission under the visa waiver pilot program who were refused entry increased significantly in Fiscal Years 1995 and 1996 by approximately 2,000 persons a year to 7,011 refusals in 1996. This recent increase appears attributable in part to the fraudulent use of travel documents from countries in

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the program, which I will discuss further. However, statistics relating to the apprehension and removal of nationals of visa waiver countries indicate that these countries do indeed remain low-risk for immigration law violations.

The visa waiver pilot program has grown tremendously and has proven extremely popular with nationals of visa waiver countries and with travel and tourism interests. It has significantly reduced consular workload, but has not markedly degraded facilitation at United States ports of entry. At the same time, port of entry enforcement capabilities have been enhanced by the addition of select data from the consular look-out and support system to the border inspection system data base.

However, the visa waiver pilot program is attractive to the perspective illegal entrant in the same way as it is to the legitimate traveler. Entry to the U.S. can be achieved with nothing but a passport and without the necessity of presenting a visa. Consequently, fraudulent document vendors and alien smugglers have targeted the passports of visa waiver countries. As the Department of State has increased the fraud resistance of the United States non-immigrant visa by including biographical information that bears a digitized photograph, the attractiveness of using visa waiver passports for non- visa waiver nationals seeking to enter the U.S. illegally has also increased.

The attraction of smugglers to visa waiver nationality passports is encouraged by several factors, including limited security features present in some passports and the existence of multiple passport- issuing authorities and procedures in some visa waiver countries. The use of lost or stolen blank visa waiver country passports presents a serious fraud concern. The INS intelligence program collects information about the universe of fraudulent document activity and distributes reports, detailed reports, to the field on incidents of fraudulent documents.

The Department of Justice has been conducting a review of the visa waiver pilot program to assess the risks associated with further expansion of the program, including incremental effects of program expansion on the effectiveness of ports of entry. That review is being expanded to an interagency working group which will evaluate the program as a whole, its extension, whether it should be made permanent, the continued designation of current countries and criteria to be applied to determinations about the addition of further countries to the program.

The program provides that one qualification for continued participation is that the number of nationals of the member country who were denied admission at the time of arrival or withdrew their application for admission and the number of nationals of that country who violated the terms of such admission during the previous fiscal year remain below 2 percent of the total number of nationals of that country who applied for admission as non-immigrant visitors during that year. Data are collected in the non-immigrant information system, or NIS, (ph) on the number of withdrawals for visa waiver countries and can be provided for each year since the beginning of the program. Similarly, comprehensive data on visa waiver refusals can be provided. Data are available on the non-immigrant system from 1988 to 1989 and 1991 to 1992 for visa waiver pilot program countries whose nationals violated their terms of admission, as measured by non-immigrant visa overstay rates.

Non-immigrant visa overstay rates have not been estimated since July -- non-immigrant overstay rates have not been estimated since July, 1994, when calculation of Fiscal Year 1993 rates were attempted, due to inconsistent numbers of apparent overstays in the non-immigrant system. The numbers of apparent overstays have been reviewed every six months through February 1997 in attempts to estimate defensible non- immigrant overstay rates. However, data from NIS continue to be inadequate for this purpose.

From the 1994 realization that corrective action was required, plans were made to rewrite the NIS software to improve data integrity, identify new requirements and convert the old data base. This development began in 1995 and continued until the new system was introduced in July, 1996. The new system is now being analyzed for further corrections. INS recognizes the inability to provide this information is a serious deficiency. We hope to have completed and introduced corrective actions to the non-immigrant system by early 1998.



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As we have stated in the past, INS recommends that legislation be enacted to require visa waiver pilot program countries to introduce highly fraud-resistant machine-readable passports by a date certain. Current language does not refer to fraud resistance and some countries have failed to introduce machine-readable documents to date.

This completes my testimony, Mr. Chairman. I'd be glad to respond to any questions.

ABRAHAM: Thank you very much. Ms. Thomas?

THOMAS: Thank you, Mr. Chairman. I submit written testimony for the record and with your permission will summarize with brief remarks.

ABRAHAM: Fine. We'll include your full testimony.

THOMAS: Thank you. ATA represents the major commercial passenger and cargo air carriers in the United States and we very much appreciate this opportunity to present to the subcommittee the views of the U.S. commercial airline industry regarding the visa waiver pilot program. Since its creation, our member airlines have had tremendous success with the program. This program has been unprecedented in reducing barriers to travel and tourism to and from the United States. The U.S. airline industry is very pleased to have played a role in this success.

In the nearly 10 years since the program's implementation, international airline passengers have become accustomed to the program's requirements and use it routinely. The program has served well the purpose for which it was designed: to facilitate the easy and efficient flow of low-risk foreign tourists and business travelers. Simultaneously, the program has afforded Department of State consular officers more time to focus their efforts on those individuals whose visits to the U.S. are for other purposes and to drastically reduce its consular staff at low-risk locations, resulting in significant cost savings to the U.S. taxpayer.

Yet all of this pales in comparison to the real benefit of the program, that of expanded foreign travel and tourism to the U.S., an \$84-billion-a-year industry. Simply put, the U.S. needs this program to remain competitive with the many other nations around the globe who are after the same finite travel dollar. ATA members strongly support the transition of the program to a permanent one with expanded participation. While the pilot has been extended periodically, the unqualified success of the program speaks strongly on behalf of its being made permanent. With regard to S-290, while we believe the

decision on the admission of a participating country is best left to government authorities, we support the inclusion of additional countries as appropriate. We would be opposed to specific restrictions or limitations on participating countries as envisioned in this particular legislation.

The benefit of the program has been clearly proven and the need for it to remain a pilot program has ceased. To sunset the program at this time or in the future would not only require a reinvestment of significant capital, both human and otherwise, but would also prove unnecessary and counterproductive. In addition, because the program is based on reciprocity, any termination or restriction would likely result in a substantial backlash by participating nations against U.S. citizens traveling abroad when they attempt to enter other visa waiver countries. Visa waiver participants by their very definition are low-risk travelers. There has been no data which indicates that visa waiver travelers stay longer than permitted or otherwise violate the terms of their admission in any greater numbers than any other traveling population. To the contrary, we believe the opposite is true.

Another important benefit of the program has been its impetus for standardization of passports and machine-readable documentation as an inducement for acceptance of a country into the program. The ability to read a document by machine has greatly increased the efficiency of the federal inspection process and has allowed our members to collect and transmit certain passenger data to INS in advance of the flight's arrival.

While we strongly support the pilot program being permanent, as well as expanded, improvement is needed. Congress obviously recognized the need for a better immigrant tracking system when it enacted section 109 and 110 of the 1996 act which mandated a joint study and a transition to automated collection of arrival and departure

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information. The airline industry has readily participated in this joint study and our report is shortly forthcoming. I would like to particularly emphasize that no arrival and departure system designed to accurately track passengers who overstay their visits will be complete unless all modes of entry and exit are similarly controlled, including land and sea port. All arrivals by air do not necessarily depart by air, thus an open-looped automated system will always be statistically flawed.

I would, however, emphasize that it seems unnecessary to delay making the program permanent until such a system can be put into place. The nine-year experience of this program is sufficient to prove its value. This experience has also proven the program poses limited risk to the United States. Keeping a program as a perpetual pilot serves no useful purpose and has actually been the source of disruption when the program has been threatened with a lapse or, as in one instance, did lapse for a short period of time. The traveling public will be better served by making it permanent now. At a minimum, a multi-year extension should be considered as an alternative to making the program permanent. In the future, should events require that the program be modified somewhat, that action could then take place at the appropriate time.

On a related issue, our members have been negotiating with INS, the U.S. Customs Service and the U.S. Department of Agriculture for the last four years to enter into a cooperative venture whereby the carriers will provide biographic data electronically in advance of the arrival of international passengers. We have recently met with INS, the lead agency, to finalize those discussions and we hope to quickly resolve the few remaining issues and presumably sign a memorandum of understanding to begin this program. This data will provide additional information to the INS on all passengers and particularly visa waiver passengers, allowing the INS to perform its look-out checks and analyses well in advance of the arrival of passengers. Not only will this further facilitate the entry process, but it will also prove an important and effective enforcement tool. In our preliminary joint discussions, as directed by the 1996 act, it appears this data could also serve as part of the backbone of an automated arrival and departure system. Thus there should be no reason for further delays in making the visa waiver program permanent. In this regard, we strongly urge the subcommittee to take action to accomplish this goal at its earliest convenience.

Mr. Chairman, I'd be pleased to respond to any questions your committee members may have.

ABRAHAM: I thank all three of you. Senator Kennedy, we'll turn to you, if you have opening comments and/or questions.

KENNEDY: Well, thank you very much. I'll just put my opening comments in the record, if I could?

ABRAHAM: OK. Fine. Sure.

KENNEDY: Mr. Chairman, I want to join in welcoming our panels today, our first and second panel. I in particular want to commend Mary Ryan, Mr. Chairman. I've had the good opportunity to go down to that office in the State Department and see that operation work. And I'm sure it's true for all of our guests, witnesses today. It's so often that we -- the work that is being done, particularly in the consular, in reuniting families and issuing passports, in many instances on these emergency bases, facilitating the opportunities for business travel and sometimes with enormous complexity and difficulty and timeliness is work that is not always sort of recognized or understood by ...

RYAN: (OFF-MIKE) Senator.

KENNEDY: ...in the various stressful times that departments working on major issues and policy, but it's something that makes a big difference to a lot of people's lives and I just want to at this good opportunity commend -- commend her for a long life of commitment in this office and say how much we benefit from her observations on so many of these issues and how much our committee has benefited from insights on so many of these questions that relate not only to numbers and countries, but very importantly to people.

I just wanted to visit for a moment about the importance of this program, this -- the visa program. I think Mary Ryan had mentioned about the amounts of people that come in (OFF-MIKE) to this country and take advantage of it and

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what it means, in terms of American commerce, in terms of facilitating. The natural sense, it's sort of counter intuitive, that we have this program that's set up and that because it is working and functioning today, it's not sort of some gimmick to bypass American laws and therefore more illegals sort of come into the country. You'd think if you had a more rigorous kind of a scheduling program and greater kind of oversight that you'd be able to stop people from going through the program. But the point that you make, and that is as -- looking at the profile of people that are coming in and recognizing from that profile the reality of their return to the country and being able to focus other resources where the real trouble spots are, in fact, you're able to make a greater impact in reducing illegal immigration from your particular shop. And

that I think is enormously important because, generally speaking, it wouldn't -- people I'm not sure would think of it that way.

I think, having watched that program function and work, the availability of both visitors and the business community, in terms of international business, and as we're moving on into the next millennium, it would seem to me that that's going to continue to grow in a very important way and will have to if we're going to be a part of the world community. I think that is something that we need, you know, some good understanding about. And if -- the other side of it, if we didn't extend this program in the fall, I'd be interested, if you could, just briefly tell us what would be the implications on the consulate and perhaps others ...

RYAN: Senator, it's almost too horrible to contemplate if we don't ...

KENNEDY: Well, that's what we're used to around here, eh? You've come to the right place.

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RYAN: ...if this program is not extended because we would have to go back to visa issuance in 25 countries which are now -- which are low-risk, low-fraud countries. We would have to shift resources away from the higher-risk and higher-fraud countries in order to staff because we don't have enough staff really do to what we're doing right now and we certainly don't have enough staff to add 25 countries to what we're doing. And it seems to me to be a loss all the way around. It's a loss for the State Department. It's a loss for the U.S. taxpayer. It's a loss for the travel and tourism industry. So you are right in saying that because we're able to shift our resources to the higher-fraud countries, we're doing a better job on border security. That certainly is our opinion. And these countries that are in the program, we're talking -- we're talking about the United Kingdom, France, Italy, Germany, Japan, Australia, New Zealand -- countries like that, which are very, very low-risk and would make no sense for us to try to go back to visa issuance. Plus, millions of citizens of these countries would need visas. We couldn't do it, quite honestly. We just couldn't. I don't know what would happen, but we really could not begin to be able to cope with the workload.

KENNEDY: You know, we had -- I just mentioned the -- all of the debate and discussion on Ireland. I have, you know, information that, for example, according to the '96 report for the central statistics of Ireland from April '95 to '96, the number of people returning to Ireland from the United States was 10 percent greater than those leaving Ireland to come to the United States. I don't -- you may be familiar with either the study or the report. And this raises another kind of question and that is I would think there would be more flexibility, or at least maybe we should be more flexible in terms of extending this program. I missed the earlier presentation, in terms of Korea, but all you have to do is look at the numbers, the 458,000 that are coming in to the United States. We have other areas that have particular interest, Portugal and Greece in our part of the country, where there's enormous movement and increasing commercial kind of activity. If there was a review in terms of the monitoring of what

happens to them after they come here -- I mean, this is the entry-exit tracking system, which I think you're familiar - - we passed that in '81 and reenacted it, I think, in '86 and I guess '96, as well, and yet that hasn't been sort of set up so that we would actually be able to monitor very closely who comes in, who stays and who doesn't stay. That might be a way of sort of considering other countries, perhaps, with this kind of measure in place, so we would know early on that there are going to be abuses that are taking place and then be able to, you know, do what has to be done to stop it.

Just having a -- developing this entry-exit tracking system, that would be very, very important, I would think, in being able to identify illegals that are going to be coming in here in any event. So you have better identification on the

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RYAN: ...useful, Senator, and we're working with the Immigration and Naturalization Service to try to develop such a program where we have real departure controls, so that we know who stays in the country. Right now, we really don't. I think the INS makes a very educated guess at it, but it is no more than that and ...

KENNEDY: Because we have half of all illegals, as we know, are those that overstay. So this would be important in terms of the illegals and also you might have some flexibility in terms of some of the countries that are very close in terms of meeting the -- you know, the break-off point at the present time -- you know, beyond the 25 countries. So that -- that would be able to have some greater flexibility towards them.

RYAN: Yes.

KENNEDY: But where are you -- where are you on the development of the program? I mean, is this something that's in -- that is in play at some time?

CRONIN: Yeah, we're ...

KENNEDY: I mean, what can you tell us about it?

CRONIN: We're certainly working on it right now, Senator, since the -- since the passage of the '96 act. There are several -- it's not -- it's nowhere near final form, at this point ...

KENNEDY: Yeah.

CRONIN: ...in terms of saying what the system is going to look like or what we'll certify as a departure management system. We're doing a pilot right now on a single flight between Munich and Philadelphia, using airline ticket stock as the basis for automated tracking of persons entering and departing the country. As Ms. Thomas mentioned, we're very close to entering into an MOU with the airlines in terms of expansion of receipt of automated data from the airlines to permit us to use that data to track -- to record the entry of people and to check -- to check our data bases when they enter. These are all building blocks going into that system. We do have another year and three months to work, in terms of how that system's going to look in final form, but we're working on trying to pull these various parts of the system together.

KENNEDY: I might just mention, since there's some contact from our part of the country with the BVIs, British Virgin Islands, which is the second most wealthy country in the Caribbean. They've inquired about whether there could be something that's similar to the Cayman Islands. I'm not familiar in detail, but maybe I could inquire. You don't -- you can perhaps send a response to me on that, whether that ...

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KENNEDY: OK.

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KENNEDY: All right.

CRONIN: There's a staffer going down there in a few months.

KENNEDY: I would, if I could -- Mr. Chairman, perhaps you'd join it -- if we could ask the -- both INS and State and to the extent -- about what -- from the State Department's perspective, what impact has the waiver had on the control of the borders, how has the waiver program enabled consulars to stop illegal entry and facilitate bona fide travel, and with examples, the INS, about what is the INS perspective on the waiver contribution in controlling the borders, just to get additional kind of information because this is going to be a matter of some considerable debate, I believe. And -- and I think we -- I'd appreciate the opportunity to gather from you for the record ...

RYAN: Certainly, Senator.

KENNEDY: ...some rather specific information along this general area so that it helps build the case if -- for those that are interested in building the case. And I'd appreciate it if you could keep us informed about how you're moving ahead with the -- with the development of this -- you know, the program, in terms of the exit -- entry-exit review. We're -- I'd be very interested in it. I think it's very, very important and could be really significant as a tool, in

terms of the illegals and -- we'd be interested and also, perhaps, in terms of some of the legal immigrants it could be very, very important.

ABRAHAM: I thank all three of your. Senator Kennedy, we'll turn to you, if you have opening comments and/or questions.

KENNEDY: Well, thank you very much. I'll just put my opening comments in the record, if I could?

ABRAHAM: OK. Fine. Sure.

KENNEDY: Mr. Chairman, I want to join in welcoming our panels today, our first and second panel. I in particular want to commend Mary Ryan, Mr. Chairman. I've had the good opportunity to go down to that office in the State Department and see that operation work. And I'm sure it's true for all of our guests, witnesses today. It's so often that we -- the work that is being done, particularly in the consular, in reuniting families and issuing passports, in many instances on these emergency bases, facilitating the opportunities for business travel and sometimes with enormous complexity and difficulty and timeliness is work that is not always sort of recognized or understood by ...

RYAN: (OFF-MIKE) Senator.

KENNEDY: ...in the various stressful times that departments working on major issues and policy, but it's something that makes a big difference to a lot of people's lives and I just want to at this good opportunity commend -- commend her for a long life of commitment in this office and say how much we benefit from her observations on so many of these issues and how much our committee has benefited from insights on so many of these questions that relate not only to numbers and countries, but very importantly to people.

I just wanted to visit for a moment about the importance of this program, this -- the visa program. I think Mary Ryan had mentioned about the amounts of people that come in (OFF-MIKE) to this country and take advantage of it and what it means, in terms of American commerce, in terms of facilitating. The natural sense, it's sort of counter intuitive, that we have this program that's set up and that because it is working and functioning today, it's not sort of some gimmick to bypass American laws and therefore more illegals sort of come into the country. You'd think if you had a more rigorous kind of a scheduling program and greater kind of oversight that you'd be able to stop people from going through the program. But the point that you make, and that is as -- looking at the profile of people that are coming in and recognizing from that profile the reality of their return to the country and being able to focus other resources where the real trouble spots are, in fact, you're able to make a greater impact in reducing illegal immigration from your particular shop. And

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terms of the illegals and -- we'd be interested and also, perhaps, in terms of some of the legal immigrants it could be very, very important.

KENNEDY: I want to thank the chair, Senator Abraham, for the diligence and the work that he is just doing in ventilating so many of these aspects of immigration policy. It's a -- it's enormously important and greatly misunderstood, in terms of many features of it, and needs the kind of oversight and attention that the good Senator's providing. And it's a pleasure to have a chance to work with him. And I thank all of our ...

ABRAHAM: Thank you, Senator. Thanks for coming today. I would -- I'd just follow up, really, Senator Kennedy's last request. I think it would be as helpful as possible to have both anecdotal, as well as ...

RYAN: Absolutely, Senator.

ABRAHAM: ...statistical analysis with regard to consequences of this program. Let me turn to one specific issue and maybe it was in the testimony and I didn't hear it, Mr. Cronin. I want to just come back. I know I heard both of the other two witnesses indicate that their recommendation was for permanent extension. Does the INS or did you make a comment on that? And ...

CRONIN: As I indicated, the attorney general has requested an overall review of the program. We've convened an interagency working group which is now looking at the program in many aspects and they anticipate the work of that panel being done in about six -- within six months. And the attorney general, at that point, would be prepared to make a recommendation as to whether the program should be permanent or not. I would -- I have to say, until that point, we'd support a temporary -- we certainly support reauthorization of the program.

ABRAHAM: OK.

CRONIN: But for ...

ABRAHAM: I just -- I just wanted to get ...

CRONIN: Right.

ABRAHAM: It kind of went past me as to whether you had made a -- or indicated a position. Let me ask all of you, though -- obviously, there's a wide range of interim options to a permanent solution. Some would suggest another one-year extension, as we have basically been operating on now. Could you just comment on the impact of a simple one-year extension versus a longer extension, should we not make it a permanent extension?

RYAN: If it's not made permanent, we would favor a multi-year extension, rather than a one-year extension. The one-year extension I don't think provides us enough time. Lots of citizens of the visa waiver countries become apprehensive toward the end of September and want therefore to have visas, so that we have a heavier workload in those consulates and embassies in those countries for no reason because, with the exception of 1994, when the program lapsed for just about a week, it has always been reauthorized. But in the run-up to September 30th, we are heavily impacted by citizens of Germany, particularly, but other countries, as well, who fear that they're not going to be able to get into the United States unless they have a visa and therefore want a visa. So from our perspective, we would much prefer more than a one-year extension.



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ABRAHAM: (OFF-MIKE)

THOMAS: Mr. Chairman, we strongly agree with Ms. Ryan. We, too, have experienced the panic and the anxiety in September of every year, you know, in a one-year extension situation where our agents abroad have to deal with the passengers, that it becomes a training issue as to whether or not to board a person without a visa. It becomes a long-range planning issue and we would strongly support a multi-year extension, as opposed to a one-year extension.

CRONIN: The length of the extension really wouldn't be of great moment to us, Mr. Chairman. A multi-year -- the multi-year extensions have worked well in the past.

ABRAHAM: Thanks. Mr. Cronin, let me just go back to the question of the exit-entry program -- actually, to all of you on the panel. Where in your -- I don't -- I realize it's impossible to say that precisely on a given date, something will be finished. But I believe the legislation that was passed last year ...

CRONIN: Right.

ABRAHAM: ...set as a target date September 30th, 1998.

CRONIN: Ninety-eight, right.

ABRAHAM: Is it -- is it your current position or is it the INS's view that that date will be met?

CRONIN: In terms of having a system ready to go in at least some environments, yes. We're very, very concerned about land border, in terms of the -- a lot of infrastructural issues. There isn't -- we don't do departure staffing on outbound lanes, at this point. There are a lot of issues in terms of how we would actually gather data on outbound persons on land border and in other environments -- private aircraft and boats and that sort of thing. In the airport environment, we can certainly -- because it's a more controlled environment, we'll certainly be ready to go by the target date, I think, in terms of having a system up and running.

ABRAHAM: Currently, the program, the I-94 program -- is that the current program that ...

CRONIN: Right.

ABRAHAM: ...I guess you all have been working on? Could you describe what the problems are with it? Because I know that it's not been able to ...

CRONIN: Be happy to.

ABRAHAM: ...work and leads us towards finding alternative solutions. I ...

CRONIN: I'd be happy to. The system basically, in terms of what it's designed to do, does indeed work. It's a record of arrival. A paper record of arrival is collected on every non-immigrant who enters the United States in certain categories. Not all non-immigrant entries are documented. Persons crossing the Mexican border use a border crossing card, for example, so we don't capture data on those land border crossings. But persons entering, basically, from Europe and the eastern hemisphere do complete a landing card.

The arrival portion of that card is endorsed by the officer and sent to a data entry contractor who enters that record into a system. The person is left with a departure record, which remains in the passport. And when they depart the U.S., the airlines collect that record and batch it and send it to INS at the port of entry, who then send that to a contractor for entry of that data into the system and matching of those records. We do indeed use that system to track individual cases and if persons are reflected as overstays, that data goes into our look-out system to try to intercept those people.

The problem has arisen in terms of making statistical formulations of overstay data from that system. Up until 1992, the data was relatively stable and our statisticians could use the data in the system to project relatively accurate

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overstay rates on a country- by-country basis. What we found, due to a series of problems, actually, was that in the years after that, they became unable to do their calculations on the basis of the data that they had. There were spikes in the data that were unexplained. There was some data lost that was unexplained.

We revamped the system. We did put a new system in place in 1996, but encountered some problems with that system, as well. The matching criteria were far too tight. When persons submitted departure records, even a minimal discrepancy would cause that record not to be matched, so we were generating false overstay rates on -- false overstay records on individuals, as well as false overstay rates. And we're now working once again to revamp the system and attempt to correct the problems we had with that right now so the system -- so we can at least use that data to do those overstay projections.

ABRAHAM: So basically, you were having problems as simple as a kind of merger problem ...

CRONIN: It's a matching ...

ABRAHAM: ...on a file -- yeah.

CRONIN: ...you're right, on departure record. Precisely.

ABRAHAM: And if "Cronin" was spelled with two "N's" by accident on ...

CRONIN: Exactly right.

ABRAHAM: ...the departure file, then ...

CRONIN: That's it.

ABRAHAM: ...it wouldn't match up with the first -- the entry file, if it had one.

CRONIN: If there was a problem with the date of birth, if there was a letter missing even from the country of citizenship, we were having difficulty with that. They just made the -- again, with the system that was reintroduced, they made the matching criteria far too tight.

ABRAHAM: And I gather, in moving towards this automated exit- entry system, some of these problems are being ...

CRONIN: Absolutely.

ABRAHAM: ...addressed.

CRONIN: We've -- we have directed the ports of entry to be a bit more assiduous with the airlines, in terms of ensuring that data are collected properly, but also we're looking at those in terms of the -- in terms of the departure system.

ABRAHAM: Does that make it difficult, though, to determine with regard to the waiver program whether a country that has been part of the program remains qualified?

CRONIN: Overstay rates would be the -- certainly the easiest way to judge whether that 2 percent violation rate has occurred. However, we do track every other indicator. We track exclusions. We track withdrawals and refusals of persons at the port of entry. We track criminal apprehensions by nationality and immigration violations by nationality. So overall, you know, we're confident in saying that the program is functioning the way it's supposed to. The nationalities remain low-risk and we don't see indicators of tremendous abuse.

ABRAHAM: Ms. Ryan, do you feel comfortable, as well, with regard to the monitoring of the countries who qualify or those who seek to qualify ...

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RYAN: Yes, Mr. Chairman.

ABRAHAM: ...notwithstanding these ...

RYAN: As Mr. Cronin said, we do monitor -- or INS does monitor the turn-around rates, the criminal aliens, all of that. So yes, we are comfortable with the statistics.

ABRAHAM: Did you want to comment on this process? Because I know the Air Transport Association's also involved in ...

THOMAS: Yes, Mr. Chairman. Thank you.

ABRAHAM: I'd appreciate your perspective.

THOMAS: I think just from Mr. Cronin's description of the current paper process, you can easily see what the problem is. It's a question of little pieces of paper going through too many hands and there is a great opportunity for loss of large amounts of data and we know that that has occurred. And as Mr. Cronin has said, that's resulted in false overstay rates, as well as just tremendous gaps of information. And so we have been working very closely with them, particularly within the last six months, to bring some of these on-line programs to fruition.

ABRAHAM: Let me ask you, just to follow up to satisfy my concerns -- just one of my concerns here. On the disqualification rate -- that is, people under countries that are part of the waiver program ...

CRONIN: Right.

ABRAHAM: ...that basically is folks who are turned away at the border, who have ...

CRONIN: It's ...

ABRAHAM: ...gotten that far because of the waiver, but are still analyzed in terms of whether or not they're on a ...

CRONIN: It's a total of all violations, Senator. It would be also persons who are apprehended in the country ...

ABRAHAM: OK, so it's all of those factors ...

CRONIN: Right.

ABRAHAM: ...and that's when you talked about the numbers going up a little bit. It was ...

CRONIN: That was -- that was refused at the port of entry, yeah. Exactly. We've seen -- we've seen increases. And again, the numbers, I think, speak for themselves. You talk about 7,000 refusals out of 12 million admissions, so it's ...

ABRAHAM: Right.

CRONIN: It's a minuscule problem. But we have seen -- and we think, in relation to the passports of visa waiver countries, and abuse of those passports and increase in refusals at the ports of entry.

ABRAHAM: One other thing, then, that I'm going to request maybe would be a further elaboration, and perhaps that's already been submitted in testimony or in other forms, as to the various criteria and factors that are used to reach this -- you know, these -- to make these disqualification assessments because I -- inasmuch as we're having trouble with the exit-entry system, people say, "Well, how can we be confident of any of the decisions that are made?" It of course works the other way, too. People say, "Well, gee, we're being excluded and we should be included, but the data's inaccurate." So if somehow between the Justice Department and the State Department we could get a full explanation or maybe an outline of how the different factors are combined, I'd appreciate that.

## HOLDS HEARING ON THE VISA WAIVER PROGRAM

It's almost 5:00 o'clock and I don't wish -- as I say, we started -- we started late, but I do want to ask a couple of questions pertinent to the issue of Senate bill 290 and with regard to Korea. First of all, I'd ask all panelists if they would like to make just sort of general comments on the proposal that's before us, starting with State.

RYAN: Thank you, Mr. Chairman. Yes, I would. The State Department would oppose Senator Murkowski's bill as written. We think that it should be U.S. government officials who make the decision on visa eligibility and not -- we should not give that authority to travel agents. If the decision is made that Korea should be included in the visa waiver program, we would much prefer the kind of criteria that are in the established program. I mean, you might raise the refusal rate or raise -- do it that way or do it in one year or something like that, but some objective criteria that we could point to other countries who might also want to be in the program. I would point out that Mexico is our second biggest trading partner, so if we're going to, strictly on the basis of who our big trading partners are, I think we would -- we would want some other criteria to include countries in the visa waiver program. We would much rather have objective criteria, such as exist in the program now.

ABRAHAM: Mr. Cronin?

CRONIN: I'd probably be able to make a more definitive statement, Senator, after the Department of Justice review is completed on the program, but as of right now, at least, we're certainly comfortable with the criteria as they exist and would oppose any change in the criteria for eligibility of countries in the program.

THOMAS: As I said in my oral testimony ...

ABRAHAM: Right.

THOMAS: ...we welcome the inclusion of additional countries. We do feel that that is a government function, so we would neither support or not support any particular country. However, we do -- we do raise the concern that instituting a pilot program that has different criteria than the currently participating countries, we would not support that scheme.

ABRAHAM: Let me -- let me ask, and I'm not sure who might have the answer to this -- South Korea is close, as I understand it, to the sort of ...

RYAN: It's close, but it hasn't ...

ABRAHAM: ...rejection rate ...

RYAN: It hasn't met the established criteria.

ABRAHAM: The 2 percent or the ...

RYAN: If it's 2 percent ...

ABRAHAM: ...no higher than 2.5 percent.

RYAN: ...and no more than 2.5 percent in any -- in any one year.

ABRAHAM: Are there other countries that are in that range right now?

RYAN: Yes. We have a chart that would show you that of all the countries that are in the range of South Korea. It's sort of hard to read small print, but -- it's sort of hard to read, but ...

ABRAHAM: If I can read this, then I don't have to have an ophthalmology appointment for six or seven years, right?

(LAUGHTER)

RYAN: But you can see that Korea is at 2.87 ...

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ABRAHAM: Could you turn the chart just slightly because it's -- there.

(UNKNOWN): How's that?

ABRAHAM: It's fine for me, but I don't know if the panel can see it now, but I'll ...

RYAN: Korea is at 2.87 percent refusal rate for FY'96.

ABRAHAM: So there's essentially three countries that are ...

RYAN: There are three countries -- there are -- all of the countries above Korea would thereby have lower refusal rates for FY '96. The countries that -- that have been discussed were, of course -- Greece was one that was mentioned. Portugal was mentioned. Portugal is down here at 3.2 percent. Greece is at 2.48 percent, which is lower than Korea is. And then there are these countries above -- or with lower rates, under 2 percent, starting with South Africa and working all the way down to the Solomon Islands, which -- we issued 34 visas and we didn't refuse any.

ABRAHAM: Somebody's just given me exactly this chart.

RYAN: Oh.

ABRAHAM: OK, none of the countries on this list, then, are currently eligible for the program?

RYAN: Countries are under 2 percent, but we have other concerns, either law enforcement concerns or the security of their passport or their citizenship laws, things like that. So we are not prepared to -- to propose to the attorney general any other countries. We have one country that is pending a decision by the Department of Justice and that's Slovenia, which we think could be added to the program. We're waiting for the Justice Department's decision.

ABRAHAM: Has any preliminary discussion with respect to the Korea eligibility taken place as to these other criteria?

RYAN: The other criteria ...

ABRAHAM: That you're referencing.

RYAN: ...being citizens ...

ABRAHAM: Well, the ones that have caused these countries that are below 2 percent to be ...

RYAN: No. Korea has a machine-readable passport and I believe their citizenship laws are very stringent. One of the problems that we're concerned about is the real jump in the lost -- reported lost Korean passports. There were 8,000 Korean passports reported lost in 1993. There were 24,000 reported lost in 1995. That's a big jump.

ABRAHAM: Right.

RYAN: And we fear that Korean passports are being used by non- Koreans, photo-subbed, particularly People's Republic of China, who are trying to enter the United States with photo-subbed Korean passports.

ABRAHAM: Let me ask you not for today necessarily, but perhaps as a follow-up to this, to provide us with, if you could -- maybe it's

already, again, been submitted through staff -- just a detail of some of these other reasons by which countries ...

RYAN: Several other countries? Certainly, Senator.

ABRAHAM: ...that are below 2 percent ...

RYAN: Yes.

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ABRAHAM: ...are not included. And to the extent it's appropriate and feasible, where Korea would -- would -- how they would be evaluated on those measuring sticks, so we would have a sense of whether or not, if their number -- if the number was changed or if their number went down, they would meet the qualifications -- that'd be helpful -- as well as the concerns you have raised, if there are others besides the lost passport issue.

RYAN: Yes, sir. That -- we'll do that. Thank you.

ABRAHAM: We'd be interested, I think, in having that all for the record. Let me ask you also, with respect to the bond as a safeguard that has been discussed as part of that legislation -- is that -- what -- what, if any, response does State have to that as a proposed way to ...

RYAN: We think it's ...

ABRAHAM: ...mitigate ...

RYAN: ...impractical and unwieldy and we would not be in favor of that.

ABRAHAM: Could you elaborate on ...

RYAN: I can answer for the record.

ABRAHAM: ...what the problems would ...

RYAN: I mean, I -- it just -- they're establishing -- they're establishing about \$200,000 bond. If somebody didn't return, would that mean that the person was -- the travel agent would automatically forfeit the bond? Were there reasons beyond his knowledge? Should he be the person who makes the decision on whether somebody is admitted to the United States or not? It's all -- there are all kinds of problems with that. I'd be happy to answer more fully for the record.

ABRAHAM: OK. Do either of you have any comments further on this issue?

CRONIN: No, Senator. Thank you.

THOMAS: No, Senator.

ABRAHAM: OK. Well, I think inasmuch as we have passed 5:00 o'clock that we'll let the hearing come to an end. We will have -- you know, would -- you know, appreciate fuller explanations ...

RYAN: Absolutely, Senator.

ABRAHAM: ...on those for the record. And I would also say, I know there are some in the -- still here, some of the witnesses from the first panel who may now have a further insight into some of the concerns that have been raised and we would welcome any -- any follow-up statements for the record or responses for the record that might be apropos of -- in light of the situation because we'd like to hear all sides of views on this as we move ahead.

I want to thank all of you and certainly concede that the challenge of trying to make this work is a great one and we will do our best to try to work with you to get this done in the -- in the next two months. Thank you.

RYAN: Thank you.

CRONIN: Thank you, Senator.

END

## HOLDS HEARING ON THE VISA WAIVER PROGRAM

## Notes

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Unknown - Indicates Speaker Unkown

Inaudible - Could not make out what was being said.

off mike - Indicates could not make out what was being said.

## Classification

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**Language:** ENGLISH

**Subject:** US CONGRESS (93%); IMMIGRATION (91%); US REPUBLICAN PARTY (90%); PASSPORTS & VISAS (90%); LEGISLATIVE BODIES (90%); IMMIGRATION LAW (90%); US DEMOCRATIC PARTY (90%); EMBASSIES & CONSULATES (90%); LEGISLATION (79%); US STATE GOVERNMENT (79%); CITIZENSHIP (78%); US FEDERAL GOVERNMENT (78%); DIPLOMATIC SERVICES (78%); INSPECTIONS (73%); STATE DEPARTMENTS & FOREIGN SERVICES (73%); AVIATION ADMINISTRATION (69%)

**Company:** AIRLINES FOR AMERICA (56%); AIRLINES FOR AMERICA (56%); IMMIGRATION & NATURALIZATION SERVICE (56%); IMMIGRATION & NATURALIZATION SERVICE (56%); UNITED STATES (86%); HAWAII, USA (54%); VIRGINIA, USA (54%); WASHINGTON, DC, USA (76%)

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