

Testimony of

Timothy P. Shea

October 10, 2007

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Good morning Senator Leahy and other members of the committee. For the record, my name is Tim Shea, Vice President and Congressional Liaison for the Lake Champlain Regional Chamber of Commerce. Senator Leahy, before I start, I want to thank you for your leadership on this issue and for the opportunity to share my comments today.

The Lake Champlain Regional Chamber of Commerce has 2,500 members located throughout northern Vermont, many of whom are very dependent on the flow of commerce across our northern border. Over the past two years, we have been an active member of the Business for Economic Security Tourism and Trade Coalition. The BESTT Coalition, which represents more than 300,000 businesses, is an international coalition of businesses and trade associations from across the United States and Canada who share a common concern about the ramifications of the Western Hemisphere Travel Initiative (WHTI). Together, we have been working to find a solution to the WHTI and reverse the devastating effect it will have on the U.S. economy.

I want to expand upon the comments of those before me and provide a national perspective on the issue. Here are some figures:

- ? 90% of Canadians live within 100 miles of the border
- ? Daily trade between the U.S and Canada is \$1.2 billion and supports 5.2 million jobs
- ? In 2005, there were 38 million trips, Canadian to U.S.
- ? 26% of Americans have passports
- ? 35% of Canadians have passports

This is not just a northern border state issue as Florida, California and Nevada rank in the top four of Canadian spending in US states.

As part of my testimony today, I am submitting an economic analysis of the proposed WHTI rule recently prepared for the Tourism Industry Association of Canada. This report reviewed and assessed the economic analysis included in the Notice of Proposed Rulemaking related to the requirements for land and sea crossings from within the western hemisphere.

The report estimates that once the land and sea passport requirements begin next year the loss of expenditures from Canadian travelers to the United States at roughly \$820 million in 2008. This is a fourfold increase over the Department of Homeland Security's estimate of \$200 million. It was determined that the DHS report contained a number of calculation errors and used outdated tourism information. In addition, the DHS analysis does not consider the wider impacts these new regulations would have on business and trade activity, which is what we are exploring today. As the report states, "restrictions on trade, such as restrictions on the movement of people, have the potential to reduce trade and harm the economies of both countries."

I also am submitting a graph that tracks all Canada -US border crossings and compares them to the value of the Canadian dollar. For over 20 years, the number of Canadians crossing our shared border mimicked the rise and fall of the Canadian Dollar. When the dollar was down, crossings were down, and when the Canadian dollar rose against the US Dollar, crossings increased.

Since 9-11, crossings have been nearly flat and at much lower levels than they were in 1991, the last time the Canadian Dollar was close to parity. However, while Canadian crossings have been flat, the Canadian dollar has increased from \$0.63 to parity. It is our belief that the one of the reasons Canadians have not returned at the levels they once did is tied directly to issues at the border when entering the US and confusion as to proper documentation needed to enter the US. We also feel that the requirement of Canadian citizens to have a passport to enter the US will only decrease the numbers of Canadians that travel to the US, regardless of the value of their dollar compared to ours.

Bottom line, WHTI, at best, will provide a false sense of security. While no one can debate the need for secure borders, WHTI is not the answer. Senator Leahy, I would again like to thank you for your leadership on this issue and encourage you to continue your efforts to delay the implementation of WHTI to no sooner than June 1, 2009 so that we have time to find the appropriate solution.

Thank you.

Submitted by:
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