

TESTIMONY OF PATRICK M. MURPHY
DEPUTY ASSISTANT SECRETARY OF TRANSPORTATION FOR
POLICY AND INTERNATIONAL AFFAIRS
BEFORE THE
SUBCOMMITTEE ON TOURISM
SENATE COMMERCE COMMITTEE
ON FACILITATION
JULY 18, 1990

GOOD AFTERNOON, I AM PATRICK MURPHY, DEPUTY ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS, DEPARTMENT OF TRANSPORTATION. I APPRECIATE THIS OPPORTUNITY TO MEET WITH THE SENATE COMMERCE COMMITTEE'S TOURISM SUBCOMMITTEE TODAY TO DISCUSS SOME OF THE KEY FACILITATION ACTIVITIES OF THE DEPARTMENT OF TRANSPORTATION. AS I KNOW YOU HAVE A VERY BUSY SCHEDULE, I WILL KEEP THE PRESENTATION BRIEF.

THIS DEPARTMENT STRONGLY SUPPORTS ACTIVITIES WHICH FACILITATE THE MOVEMENT OF PASSENGERS, AS WELL AS CARGO, THROUGH THE U.S. INTERNATIONAL GATEWAYS, ALTHOUGH WE ARE ALSO MINDFUL THAT THIS MUST OCCUR WITHIN THE FRAMEWORK OF THE U.S. ENFORCEMENT OBJECTIVES. I WOULD LIKE TO BRIEFLY POINT OUT SOME OF THE INITIATIVES DOT HAS UNDERTAKEN TO ENCOURAGE FACILITATION. IN MOST CASES, THESE INVOLVE COORDINATION WITH OTHER AGENCIES AND THE TRANSPORTATION INDUSTRY. THIS LEADS US TO ONE OF OUR KEY INITIATIVES, THE TRANSPORTATION FACILITATION COMMITTEE.

TRANSPORTATION FACILITATION COMMITTEE (TFC)

SINCE ITS INCEPTION, DOT HAS PLACED A GREAT DEAL OF EMPHASIS ON THE FACILITATION OF PASSENGERS AND CARGO. THE TFC WAS ORGANIZED

IN 1984 AS AN INTERGOVERNMENTAL AND TRANSPORTATION INDUSTRY CO-ORDINATING COMMITTEE TO PROMOTE PASSENGER AND CARGO FACILITATION. THE REAL STRENGTH OF THE ORGANIZATION IS TO INSURE THAT CHANGES IN FEDERAL AGENCY PROGRAMS THAT EFFECT FACILITATION ARE NOT MADE IN ISOLATION BUT ARE COORDINATED WITH OTHER AGENCIES AND THE AVIATION INDUSTRY. DOT'S ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS IS THE CHAIRMAN OF THE TFC.

THE TFC MEETS MONTHLY, AT THE STAFF LEVEL, AND IS REGULARLY ATTENDED BY REPRESENTATIVES OF STATE, COMMERCE (USTTA), INTERIOR, CUSTOMS, INS, THE AGRICULTURE DEPARTMENT'S ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS), THE DEPARTMENT OF HEALTH AND HUMAN SERVICES' PUBLIC HEALTH SERVICE, AND TRANSPORTATION INDUSTRY REPRESENTATIVES FROM THE AIR TRANSPORT ASSOCIATION (ATA), NATIONAL AIR CARRIER ASSOCIATION (NACA), NATIONAL BUSINESS AIRCRAFT ASSOCIATION (NBAA), AIRPORT OPERATORS COUNCIL INTERNATIONAL (AOCI) AND OTHERS.

THE TFC HAS ENCOURAGED THE APPLICATION OF NEW INSPECTION TECHNIQUES AND PROGRAMS SUCH AS MACHINE READABLE PASSPORT AND VISA TECHNOLOGY, FLEXIBLE USE OF INSPECTORS AND PASSENGER PROFILING TECHNIQUES TO FACILITATE PASSENGERS THROUGH THE ARRIVAL PROCESS, EXPANSION OF PREINSPECTION AND PRECLEARANCE, REDUCTION IN ENTRY FORMS, IMPROVED SIGNAGE AT AIRPORTS AND PORTS, IMPROVED ACCESS FOR THE ELDERLY AND DISABLED, ESTABLISHMENT OF LOCAL FACILITATION COMMITTEES, AND FURTHER DEVELOPMENT OF AND ADHERENCE TO THE FACILITATION STANDARDS AND RECOMMENDED PRACTICES CONTAINED IN

INTERNATIONAL CONVENTION. OUR OBJECTIVE FOR THE TFC IS TO ASSURE THAT A BALANCE IS MAINTAINED BETWEEN ENFORCEMENT AND FACILITATION. THE TFC ALSO ACTIVELY PARTICIPATES IN THE TOURISM POLICY COUNCIL (TPC) AND CONSTITUTES THAT BODY'S POLICY COMMITTEE ON PASSENGER FACILITATION. OFTENTIMES PROGRESS MAY NOT BE DRAMATIC, BUT WE DO BELIEVE THIS IS A VALUABLE FORUM.

PREINSPECTION/PRECLEARANCE

FOR EXAMPLE, THE DEPARTMENT HAS USED THE TFC TO ENCOURAGE THE ESTABLISHMENT AND EXPANSION OF PROGRAMS IN WHICH PASSENGERS COMING TO THE UNITED STATES ARE INSPECTED BY THE FEDERAL AGENCIES AT THE OVERSEAS AIRPORT OF DEPARTURE, RATHER THAN AT THE U.S. AIRPORT OF ARRIVAL. THESE PROGRAMS ARE PREINSPECTION, WHICH INVOLVES ONLY THE INS, AND PRECLEARANCE, WHICH INVOLVES BOTH INS AND CUSTOMS. THESE PROGRAMS HAVE CONSIDERABLE BENEFITS FOR THE PASSENGERS, WHO PREFER TO GO THROUGH THE INSPECTION PROCESS AT THE BEGINNING RATHER THAN AT THE END OF THEIR OFTEN LONG JOURNEY; FOR THE AIRPORTS, WHICH ACHIEVE A CORRESPONDING DECREASE IN CONGESTION; AND FOR THE AIRLINES, WHICH STAND TO GAIN SUBSTANTIALLY FROM BOTH PROGRAMS. PREINSPECTION IS VALUABLE INsofar AS IT ALLOWS PASSENGERS TO BYPASS THE INS INSPECTION, THEREBY REDUCING CONGESTION IN THAT AREA AT THE ARRIVAL AIRPORT. PRECLEARANCE IS EVEN MORE BENEFICIAL TO THE PASSENGERS AND THE AIRLINES, IN THAT IT FREES THE CARRIERS TO OFFER DIRECT SERVICE TO DOMESTIC GATES AND TO AIRPORTS WHICH DO NOT HAVE FEDERAL INSPECTION PERSONNEL. ALTHOUGH PRECLEARANCE IS MORE FACILITATIVE, IT REQUIRES MORE

INSPECTION SPACE AND CREATES ENFORCEMENT ISSUES FOR THE CUSTOMS SERVICE IN PARTICULAR, ISSUES WHICH ARE BASICALLY CREATED BY THEIR NEED TO DETAIN AND ARREST THOSE SUSPECTED OF DRUG TRAFFICKING AND OTHER CRIMES. PREINSPECTION OFFERS THE BEST OPPORTUNITY FOR EXPANSION AT PRESENT. THROUGH THE TFC THE DEPARTMENT HAS PUSHED FOR AN EXPANSION OF THIS PROGRAM AND THE U.S. HAS ESTABLISHED PREINSPECTION IN SHANNON, IRELAND, IN ARUBA, AND WILL PROBABLY START UP A PILOT PROGRAM IN LONDON THIS FALL. I REMAIN HOPEFUL FOR AN EXPANSION OF THESE INITIATIVES.

PASSENGER PROCESSING STUDY

WE HAVE ALSO UNDERTAKEN A STUDY TO DETERMINE THE TIME IT TAKES PASSENGERS TO COMPLETE THE INTERNATIONAL ARRIVAL PROCESS. WE DID THIS BECAUSE WE DETERMINED THAT THERE WAS NO SYSTEMATIC APPROACH TO ASSESSING THE RELATIVE FACILITATION BENEFITS OF DIFFERENT INSPECTION TECHNIQUES. WE FOUND THAT IN ORDER TO CONDUCT ANY ANALYSIS OF THE ARRIVAL PROCESS WE HAD TO ANALYZE THE ENTIRE PROCEDURE AS THE PASSENGER EXPERIENCES IT: INS INSPECTION, BAGGAGE RETRIEVAL, CUSTOMS INSPECTION AND, DEPENDING UPON THE AIRPORT, THE AGRICULTURAL INSPECTION.

THE STUDY WAS DEVELOPED WITH TWO OBJECTIVES IN MIND. FIRST, WE WANTED TO EVALUATE THE FACILITATION EFFECTIVENESS OF VARIOUS INSPECTION PROCESSING TECHNIQUES, INCLUDING "U.S. CITIZEN BYPASS" AT SELECTED AIRPORTS, A PROCEDURE WHICH HAS NOW BEEN ELIMINATED EVERYWHERE EXCEPT AT THE JFK INTERNATIONAL ARRIVALS BUILDING.

SECONDLY, WE WANTED TO DEVELOP A METHODOLOGY WHICH WOULD ALLOW US IN THE FUTURE TO ANALYZE QUICKLY THE FACILITATION BENEFITS OF DIFFERENT INSPECTION AND BAGGAGE DELIVERY TECHNIQUES TO ALLOW THE PASSENGER ARRIVAL CLEARANCE PROCESS TO BE EVALUATED CONTINUOUSLY. IN THE LONG RUN, THIS IS PROBABLY THE MOST IMPORTANT CONTRIBUTION WE HAVE MADE BY THIS EFFORT. AS A MATTER OF FACT, THE CUSTOMS SERVICE HAS ALREADY EXPRESSED AN INTEREST IN HAVING DOT DO SOME "BEFORE" AND "AFTER" ANALYSES AS THEY MODIFY INSPECTION TECHNIQUES AT INTERNATIONAL AIRPORTS.

IN CARRYING OUT THE STUDY WE CONDUCTED SAMPLE SURVEYS OF THE TIME IT TOOK PASSENGERS, BY SELECTED FLIGHTS, TO COMPLETE THE IMMIGRATION INSPECTION, THE CUSTOMS INSPECTION AND TO COLLECT THEIR BAGGAGE. THE SURVEYS WERE CONDUCTED IN AUGUST 1988 AND 1989 AND INCLUDED DULLES, BWI, JFK AND MIAMI. WE EXPERIENCED SOME DIFFICULTIES OF AN ADMINISTRATIVE NATURE IN DEVELOPING THE SOFTWARE AND ALSO EXPERIENCED SOME PROBLEMS WITH THE QUALITY OF THE RAW DATA COLLECTED. CONSEQUENTLY, WE HAVE ONLY SOME VERY PRELIMINARY ANALYSES, AND BECAUSE THEY HAVE NOT BEEN FULLY VERIFIED, WE BELIEVE THAT IT WOULD BE PREMATURE TO RELEASE ANY RESULTS AT THIS TIME. AS WE CONTINUE TO REFINE OUR ANALYSES WE WILL SHARE THE RESULTS WITH THE SUBCOMMITTEE.

ONE CONCLUSION WE CAN DRAW, HOWEVER, FROM OUR PRELIMINARY ANALYSIS OF THE DATA IS THAT THE ARRIVAL PROCESS IS A VERY INTERDEPENDENT SYSTEM. ANY FACILITATION IMPROVEMENT IN ANY ONE SEGMENT OF THE

PROCESS MUST BE ACCOMPANIED BY IMPROVEMENTS IN THE OTHER INTER-RELATED SEGMENTS TO REALLY BENEFIT THE PASSENGER. WE DO NOT BELIEVE THAT THE IMPORTANCE OF THIS INTERDEPENDENCE HAS ALWAYS BEEN FULLY RECOGNIZED IN THE PAST. WE ALSO WOULD SUGGEST THAT THE DELAYS CREATED BY ONE ACTOR IN THE SYSTEM SHOULD NOT BE USED BY ANOTHER TO MASK DELAYS CREATED BY HIM. IMPROVEMENTS MUST BE NEGOTIATED SIMULTANEOUSLY; REMEMBER, THE FASTER THE PASSENGER IS PROCESSED, THE MORE WE ALL BENEFIT, WHETHER IT IS THE AIRPORT, THE AIRLINE, OR THE FEDERAL GOVERNMENT. TOURISM IS AN IMPORTANT INDUSTRY TO THE UNITED STATES, AND INEFFICIENT AND LENGTHY PROCESSING CAN, FOR MANY OF OUR VISITORS BE A REGRETABLE BUT LASTING FIRST IMPRESSION OF THIS COUNTRY.

LIBERALIZATION OF AIR SERVICE

EQUALLY AS IMPORTANT AS THE FACILITATION OF OUR ARRIVAL PROCEDURES TO OUR DEVELOPMENT OF INTERNATIONAL TOURISM TO THE UNITED STATES IS THE EXPANSION OF AIR TRANSPORTATION SERVICES AND MARKETS. IN THIS AREA, THE DEPARTMENT IS ACTIVELY PURSUING POLICIES TO ENHANCE AIR SERVICE OPPORTUNITIES. THIS WILL MAKE INTERNATIONAL AIR TRANSPORTATION EASIER AND MORE ACCESSIBLE TO MORE PEOPLE THROUGHOUT THE WORLD AND THEREBY FOSTER INCREASED TOURISM TO THE UNITED STATES.

FROM OUR EXPERIENCE WITH DEREGULATION IN THE DOMESTIC AIR TRANSPORTATION INDUSTRY, WE KNOW THAT THE REDUCTION OF REGULATIONS

AND THE INCREASE IN COMPETITION LEADS TO LOWER PRICES FOR TRAVELERS AND INCREASES IN AIR TRAVEL.

SHORTLY AFTER SECRETARY SKINNER BECAME SECRETARY OF TRANSPORTATION, HE IMMEDIATELY SOUGHT TO PUT TO REST THE CLAIMS OF CRITICS THAT PRICES WERE BEGINNING TO RISE IN DOMESTIC TRANSPORTATION AND THAT MERGES WERE REDUCING COMPETITIVE PRESSURES; SOME EVEN SUGGESTED THAT WE ROLL BACK THE CLOCK AND REREGULATE THE INDUSTRY. CLEARLY WHAT WAS NEEDED WAS A THOROUGH REVIEW OF OUR EXPERIENCE.

AS A RESULT, THE DEPARTMENT INITIATED AND COMPLETED THE MOST COMPREHENSIVE EVALUATION THAT HAS EVER BEEN UNDERTAKEN, OF OUR DOMESTIC PASSENGER DEREGULATION EXPERIENCE. THAT STUDY SHOWS THAT DEREGULATION IS WORKING AND WORKING WELL.

I NEED NOT REMIND YOU THAT FOR MANY YEARS, WE OPERATED UNDER A REGULATORY SYSTEM THAT STIFLED GROWTH, INNOVATION AND MARKET DEVELOPMENT. IN 1978, WE DECIDED TO ELIMINATE UNNECESSARY RESTRICTIONS ON DOMESTIC AIRLINE OPERATIONS. BY CREATING A TRUE DOMESTIC AVIATION MARKETPLACE, WE ENABLED OUR AIRLINE INDUSTRY TO REINVEST ITSELF. THE RESULT IS AN INDUSTRY THAT RESPONDS FAR MORE FULLY TO THE AIR TRANSPORT NEEDS OF TRAVELERS, BUSINESSES, AND COMMUNITIES. IT IS A MORE EFFICIENT AND A MORE CREATIVE INDUSTRY.

MOREOVER, OUR MOVEMENT FROM A REGULATED TO A MARKET-ORIENTED SYSTEM HAS ACCELERATED THE EXPANSION OF OUR DOMESTIC AIR

TRANSPORTATION MARKET AND HAS PRODUCED IMPORTANT ECONOMIC DIVIDENDS FOR CONSUMERS. OUR STUDY SHOWS THAT AIR TRAVELERS IN THE UNITED STATES TODAY ARE RECEIVING MORE SERVICE TO MORE CITIES AT LOWER PRICES THAN EVER BEFORE. WHEN ADJUSTED FOR INFLATION, AIR FARES IN 1988, THE LATEST YEAR FOR WHICH DATA WERE AVAILABLE, WERE 26% LOWER THAN THEY WERE IN 1981. HUB AND SPOKE SYSTEMS ALLOW MORE FREQUENT SERVICE TO MORE CITIES. WEEKLY FLIGHTS TO SMALLER CITIES INCREASED AN AVERAGE OF 33% SINCE DEREGULATION, WHILE IN RURAL AND SMALL COMMUNITIES THEY HAVE INCREASED BY ALMOST 44%. THE FRACTION OF AIR PASSENGERS THAT HAVE A CHOICE OF THREE OR MORE AIRLINES FOR THEIR TRIPS ALSO INCREASED, FROM 28% IN 1979 TO 55% IN 1988.

OUR EXPERIENCE WITH DOMESTIC AIRLINE DEREGULATION IN THE UNITED STATES CONVINCES US THAT WE CAN ACHIEVE COMPARABLE BENEFITS IN INTERNATIONAL MARKETS. UNFORTUNATELY, FAR TOO MANY ARBITRARY, UNNECESSARY GOVERNMENTAL REGULATIONS REMAIN THAT IMPEDE TOURISM AND OTHER COMMERCE IN THOSE MARKETS. IN THIS CONNECTION, I WOULD LIKE TO POINT OUT THAT FOR NEARLY FIFTY YEARS INTERNATIONAL AVIATION MARKETS HAVE BEEN GOVERNED BY A COMPLEX WEB OF BILATERAL AVIATION AGREEMENTS. THE RESTRICTIONS ESTABLISHED IN MANY AGREEMENTS AFFECT VIRTUALLY EVERY ASPECT OF THE BUSINESS: THE NUMBER OF CARRIERS THAT CAN SERVE THE MARKET, THE ROUTES THAT CAN BE FLOWN, THE NUMBER OF SEATS AND FREQUENCIES THAT CAN BE OFFERED, AND THE PRICES THAT CAN BE CHARGED.

THESE TRADITIONAL BILATERAL RESTRICTIONS STIFLE INNOVATION, PROMOTION, AND MARKET DEVELOPMENT, SIGNIFICANTLY REDUCING THE SOCIAL AND ECONOMIC BENEFITS INCLUDING ADDITIONAL TOURISM, THAT SHOULD FLOW FROM AVIATION. RECOGNIZING THIS, OUR NATIONAL TRANSPORTATION POLICY COMMITS US TO FREEING THE INTERNATIONAL AVIATION MARKET FROM UNNECESSARY GOVERNMENTALLY IMPOSED RESTRICTIONS, JUST AS WE DID HERE IN THE U.S. WE HAVE TAKEN A NUMBER OF IMPORTANT STEPS TO ELIMINATE THESE SERIOUS BARRIERS TO INTERNATIONAL AVIATION COMPETITION.

WE HAVE REDOUBLED OUR EFFORTS TO ESTABLISH MORE LIBERAL BILATERAL AGREEMENTS WITH OUR MAJOR TRADING PARTNERS. THUS, EVEN WHERE WE DO HAVE TO NEGOTIATE WITH OTHER GOVERNMENTS IN ORDER TO EXPAND AIR SERVICES, WE HAVE INTRODUCED A GROUND-BREAKING NEW CONCEPT. TO MAJOR PARTNERS WHO ARE WILLING TO JOIN US IN DEREGULATING OUR BILATERAL AVIATION MARKETS, WE HAVE OFFERED ACCESS TO ANY AND ALL U.S. CITIES. OUR "OPEN SKIES" PROPOSAL IS A MAJOR STEP IN THE DEVELOPMENT OF A NEW, MORE PROGRESSIVE ERA OF INTERNATIONAL AVIATION.

WE ARE ALSO LOOKING AT ALTERNATIVES TO THE BILATERAL NEGOTIATION PROCESS AS ANOTHER WAY TO CREATE MORE FREE TRADE IN INTERNATIONAL AVIATION SERVICE. THIS TRADITIONAL WAY OF DOING BUSINESS WILL CONTINUE TO BE THE FORUM FOR EFFECTING CHANGE IN MANY INSTANCES. BUT WE MAY HAVE TO TRY NEW APPROACHES TO FOSTERING EFFECTIVE DIALOGUE. IT IS IN THIS CONTEXT THAT WE HAVE BEEN CAREFULLY EXAMINING THE MERITS OF A MULTILATERAL APPROACH TO TRANSATLANTIC

AIR SERVICE. WE MUST, HOWEVER, BE CAREFUL THAT THE MULTILATERAL APPROACH BRINGS US THE SAME DEGREE OF LIBERALIZATION AS THE BILATERAL APPROACH, AND THEREFORE NEED TO BE CAREFUL ABOUT THE MULTILATERAL FORUM WE WOULD CHOOSE.

NEW CITIES INITIATIVE

EARLIER THIS YEAR, WE IMPLEMENTED A PROGRAM TO PERMIT FOREIGN AIR CARRIERS TO EXPAND SERVICE TO MORE U.S. CITIES. IT'S A NEW OPPORTUNITY FOR AIR TRAVEL OUTSIDE THE TRADITIONAL HORSE-TRADING BILATERAL NEGOTIATING PROCESS. IT ALLOWS FOREIGN CARRIERS TO PROVIDE SERVICE BETWEEN THEIR HOMELANDS AND CITIES IN THE U.S. THAT CURRENTLY DO NOT RECEIVE ANY SERVICE TO THAT FOREIGN COUNTRY. WE HAVE ALREADY MADE SEVERAL AWARDS UNDER OUR CITIES PROGRAM. THESE INCLUDE AUTHORIZING KLM TO FLY BETWEEN BALTIMORE AND AMSTERDAM, LADECO TO FLY BETWEEN WASHINGTON AND SANTIAGO, CHILE, LUFTHANSA TO FLY BETWEEN CHARLOTTE, NORTH CAROLINA AND FRANKFURT, MOST RECENTLY, AUTHORIZING SERVICE BY SWISSAIR BETWEEN PHILADELPHIA AND ZURICH. WE WELCOME APPLICATIONS FROM OTHER CARRIERS.

OUR EFFORTS TO LIBERALIZE AIR SERVICE PROMISE TO BRING GREAT BENEFITS TO OUR COUNTRY -- TO OUR ECONOMY GENERALLY, TO THE CARRIERS, AND TO THE AIRPORTS AND THE COMMUNITIES. WE MUST BE SURE, HOWEVER, THAT FEDERAL AGENCIES HAVE ADEQUATE STAFFING AND FACILITIES, AND MAKE WISE USE OF THE RESOURCES THEY ALREADY HAVE THROUGH UTILIZATION OF THE MOST EFFICIENT INSPECTION PROCEDURES,

TO PROCESS THESE PASSENGERS WITH THE LEAST POSSIBLE DELAY. WE ARE ALREADY DISCUSSING NEW COORDINATION TECHNIQUES WITH THE INSPECTION AGENCIES TO ENSURE THAT NEW SERVICE IS ACCOMMODATED IN AN ORGANIZED FASHION.

CONCLUSION

MR. CHAIRMAN, WE LOOK FORWARD TO WORKING WITH THE INSPECTION AGENCIES, TO THE INDUSTRY, AND WITH THIS SUBCOMMITTEE, TO ENSURE THAT FEDERAL PROGRAMS DO EVERYTHING POSSIBLE TO ALLOW TRAVEL TO AND FROM THE UNITED STATES TO FLOURISH.

THANK YOU FOR LISTENING, AND I WILL BE HAPPY TO ANSWER ANY QUESTIONS.