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ASIA-PACIFIC ECONOMIC COOPERATION
BUSINESS TRAVEL CARDS ACT OF 2011

R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 1487

TO AUTHORIZE THE SECRETARY OF HOMELAND SECURITY, IN CO-
ORDINATION WITH THE SECRETARY OF STATE, TO ESTABLISH
A PROGRAM TO ISSUE ASIA-PACIFIC ECONOMIC COOPERATION
BUSINESS TRAVEL CARDS, AND FOR OTHER PURPOSES



NOVEMBER 8, 2011.—Ordered to be printed

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ASIA-PACIFIC ECONOMIC COOPERATION BUSINESS
TRAVEL CARDS ACT OF 2011

NOVEMBER 8, 2011.—Ordered to be printed

Mr. LIEBERMAN, from the Committee on Homeland Security and
Governmental Affairs, submitted the following

R E P O R T

[To accompany S. 1487]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 1487) to authorize the Secretary of Homeland Security, in coordination with the Secretary of State, to establish a program to issue Asia-Pacific Economic Cooperation Business Travel Cards, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill, as amended, do pass.

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I. PURPOSE AND SUMMARY

S. 1487 aims to make it easier for American businesspeople to engage in commercial activities in the Asia-Pacific region by allowing them to participate in a travel program that has long been available to Asia-Pacific nationals seeking to do business in the United States. It does so by authorizing the Department of Homeland Security, in coordination with the Department of State, to issue Asia-Pacific Economic Cooperation travel cards to U.S. citizens and legal permanent residents. These travel cards will allow their holders to bypass numerous requirements that would other-

wise slow their access to and travel within certain Asia-Pacific countries.

II. BACKGROUND AND NEED FOR LEGISLATION

The Asia-Pacific Economic Cooperation (APEC) was established in 1989 as an acknowledgement of the growing economic and diplomatic interdependence among Asia-Pacific countries. During that year, Australia hosted Foreign and Trade Ministers from twelve Asia-Pacific nations, all of whom looked for ways to increase cooperation on a number of different fronts in order to more effectively foster economic growth. The founding members of APEC were Australia, Brunei, Canada, Darussalam, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Republic of the Philippines, Singapore, Thailand and the United States.¹

One method APEC decided to use to promote commerce among its members involves the APEC Business Travel Card (ABTC) program, which it started in 1997.² Under the ABTC program, APEC nations issue cards to business travelers and senior government officials who meet certain standards established by the member nation.³ Card applicants are screened against security and immigration databases to ensure that they are trusted travelers, and must be pre-cleared by participating nations in order to receive the card.⁴ In exchange for submitting to the program's review, the traveler gains expedited access to the APEC nations. By making it easier to gain admittance to a member nation, the program removes a common barrier to commerce, to the benefit of all countries involved. ABTCs are valid for three years and are issued by individual members for use by their own citizens.⁵ As of April 2011, nearly 90,000 foreign citizens held ABTCs.⁶ The National Center of APEC has estimated the demand for the cards by U.S. citizens and legal permanent residents at around 10,500–15,000, depending on the eligibility criteria established.⁷

While there are 21 members of APEC, only 18 nations are full members of the ABTC program. Full members allow ABTC holders visa-free travel to their country and expedited immigration processing when they arrive (for example, some APEC countries do not require that ABTC travelers have passports). The United States, Canada, and Russia are transitional members, which means that they do not offer visa-free travel for ABTC holders. Instead, the United States, Canada, and Russia provide fast track immigration processing lanes, typically allowing ABTC holders to use diplomatic or crew lines at airports.⁸

¹History, ASIA-PAC. ECON. COOPERATION, <http://www.apec.org/About-Us/About-APEC/History.aspx> (last visited on Oct. 26, 2011).

²APEC Business Travel Card, BUS. MOBILITY GROUP, <http://www.businessmobility.org/key/abt.html> (last visited on Oct. 18, 2011).

³APEC Business Travel Card, ASIA-PAC. ECON. COOPERATION, <http://www.apec.org/~link.aspx?id=9E3E68AE3A0D4631B8381E66CAE893CF&z=z> (last visited Oct. 18, 2011).

⁴APEC Business Travel Card Operating Framework, ASIA-PAC. ECON. COOPERATION. Document provided by the Department of State (on file with Homeland Security and Governmental Affairs Committee).

⁵Ibid.

⁶Press Release, Asia-Pacific Economic Cooperation, The APEC Business Travel Card surveys: Moving APEC's Businesspeople (Apr. 28, 2011), http://apec.org/Press/Features/2011/0428_abtcsurveys.aspx.

⁷Dep't of State, Fact Sheet: APEC Business Travel Card Program (ABTC) (on file with Homeland Security and Governmental Affairs Committee).

⁸Based on Committee staff interviews with Department of Homeland Security and Department of State officials, October 12–27.

Although the United States is not a full participant in the ABTC program, it has made efforts to ease the travel of ABTC holders. The U.S. continues to require visas for ABTC holders to travel to the United States, for example, but affords ABTC holders from APEC countries expedited visa interview scheduling at embassies and consulates abroad. And as noted above, ABTC holders benefit from expedited immigration processing through airline crew or diplomatic lanes upon arriving at international airports, reducing their travel times significantly.

Because the United States does not yet offer ABTCs to its citizens but does recognize foreign ABTC holders, the United States is currently at a competitive trade disadvantage. In other words, we allow nationals of other APEC nations to travel easily to and within the U.S., but we deny that same advantage to Americans traveling abroad because we currently do not have a program for issuing APEC business travel cards. When the United States joined the program in 2007 as a transitional member, then Secretary of State Condoleezza Rice remarked on how the program would give foreign business travelers easier access to United States markets:

In order to foster trade, we must also facilitate travel. Therefore, the United States has decided this year to recognize the APEC Business Travel Card, as the first step toward joining the program. This will enable entrepreneurs . . . to gain visas, to move through our immigration lines, and to visit America—in a faster, safer, easier manner.⁹

S. 1487 would provide the same benefits to American businesspeople traveling to other APEC countries that their foreign counterparts have enjoyed in the United States since 2007.

The Department of Homeland Security (DHS), in conjunction with the Department of State (State), has been working with Congress to obtain the legislative authority to issue the ABTC to U.S. citizens and legal permanent residents who are members of Global Entry, the DHS international trusted traveler program.¹⁰ S. 1487 reflects negotiations among DHS, State, and Congress to fulfill the United States' obligations under the APEC agreement.

This legislation could have a significant positive impact for U.S. businesses. A full 44 percent of world trade and 54 percent of global GDP are derived from the 21 APEC member economies.¹¹ In 2010, U.S. exports to APEC economies totaled \$774 billion—approximately 60 percent of all U.S. exports.¹² Given the substantial amounts of trade and international commerce in the Asia-Pacific region, it is important to expedite the access of businesspeople and government officials to these countries. By increasing access to foreign markets, S. 1487 will help American businesses expand their

⁹ Press Release, Asia-Pacific Economic Cooperation, APEC Leaders Address Regional Business Interests (Nov. 19, 2006), http://www.apec.org/Press/News-Releases/2006/1119_vn_leadersaddressbizinterest.aspx.

¹⁰ Global Entry Trusted Traveler Program and APEC, internal Department of Homeland Security document. (Sept. 30, 2011) (on file with Homeland Security and Governmental Affairs Committee).

¹¹ U.S.-APEC Trade Facts, OFFICE OF THE U.S. TRADE REPRESENTATIVE, <http://www.ustr.gov/countries-regions/japan-korea-apec/apec/us-apec-trade-facts> (last visited Oct. 19, 2011).

¹² U.S.-APEC Trade Facts, OFFICE OF THE U.S. TRADE REPRESENTATIVE, <http://www.ustr.gov/countries-regions/japan-korea-apec/apec/us-apec-trade-facts> (last visited Oct. 19, 2011).

production, hire more workers, and bolster President Obama’s National Export Initiative objective to double U.S. exports over the next 5 years.¹³

S. 1487 has been endorsed by multiple U.S. business organizations, whose members are seeking parity with their foreign business competitors. For example, the American Chamber of Commerce in Singapore wrote in a recent letter to the Senate Homeland Security and Governmental Affairs Committee that “[the legislation will] help position American businesses to succeed in the booming Asia-Pacific economies, and to send a clear message that the United States is committed to bolstering its commercial presence in the region.”¹⁴ Additionally, the United States Council for International Business noted that ABTCs would complement other current programs such as the ATA Carnet System, which allows for temporary duty-free imports overseas, by expediting passage through APEC member airports and allowing increased time for meeting with customers, vendors, and transacting business.¹⁵

While S. 1487 will provide clear benefits to U.S. businesses, it will be at no cost to U.S. taxpayers. By allowing DHS to prescribe and collect a fee for establishing and maintaining the ABTC program, the Committee intends that S. 1487 be budget neutral.

III. LEGISLATIVE HISTORY

S. 1487 was introduced on August 2, 2011, by Senator Cantwell with original co-sponsors Senator Akaka and Senator Inouye. The Committee considered S. 1487 at its October 19, 2011, business meeting. Members adopted by voice vote an amendment in the nature of a substitute offered by Senators Johnson, Portman, and McCain with Senators Lieberman, Akaka, Carper, Pryor, McCaskill, Begich, Collins, Brown, Johnson, and Moran present. The substitute authorized the ABTC program through fiscal year 2018, removed a section that authorized appropriations, and clarified that the costs of establishing the program are to be paid for by fees. The Committee adopted the bill, as amended, by voice vote, with Senators Lieberman, Akaka, Carper, Pryor, McCaskill, Begich, Collins, Brown, Johnson, and Moran present.

IV. SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section names the Act the “Asia-Pacific Economic Cooperation Business Travel Cards Act of 2011.”

Section 2. Asia-Pacific Economic Cooperation Business Travel Cards

(a) This subsection authorizes the Secretary of Homeland Security, in coordination with the Secretary of State, to issue Asia-Pacific Economic Cooperation (APEC) Business Travel Cards and, as

¹³ Exec. Order No. 13534, 75 Fed. Reg. 12433, 12433 (Mar. 16, 2010); Letter from The Am. Chamber of Commerce in Singapore, to Chairman Lieberman and Ranking Member Collins, Homeland Security and Governmental Affairs Committee (Oct. 14, 2011) (on file with Homeland Security and Governmental Affairs Committee).

¹⁴ Letter from The American Chamber of Commerce in Singapore, to Chairman Lieberman and Ranking Member Collins, Homeland Security and Governmental Affairs Committee (Oct. 14, 2011) (on file with Homeland Security and Governmental Affairs Committee).

¹⁵ Letter from U.S. Council for Int’l Bus., to Senator Cantwell (Oct. 17, 2011) (on file with Homeland Security and Governmental Affairs Committee).

amended by the substitute, gives the Department of Homeland Security (DHS) the authority to issue these cards through the end of fiscal year 2018. The APEC Business Travel Cards (ABTC) may be issued to any eligible person, which includes business leaders and U.S. Government officials who are actively engaged in APEC business, and who have been approved and are in good standing with a current DHS international trusted traveler program.

(b) This subsection authorizes DHS to integrate the ABTC program with other appropriate international trusted traveler programs under the jurisdiction of DHS, and requires that ABTC holders remain in good standing with DHS' international trusted traveler program.

(c) This subsection authorizes DHS to consult with private sector entities if deemed necessary by the Department.

(d) This subsection authorizes the Secretary of Homeland Security, in coordination with the Secretary of State, to prescribe such regulations as necessary to carry out this program.

(e) This subsection authorizes the Secretary of Homeland Security to establish and collect a fee for each ABTC and to adjust the fee in order to fully cover both the direct and indirect costs associated with implementing this program. The substitute amendment further directs the Secretary to ensure that fee collections are sufficient to fully offset the cost of establishing the program. The fees shall be placed into an account in the Treasury and used to offset expenses.

(f) This subsection provides for the termination of the ABTC program if deemed necessary by the Secretary of Homeland Security, in coordination with the Secretary of State.

V. ESTIMATED COST OF LEGISLATION

NOVEMBER 3, 2011.

Hon. JOSEPH I. LIEBERMAN,
Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1487, the Asia-Pacific Economic Cooperation Business Travel Card Act of 2011.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Mark Grabowicz.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

S. 1487—Asia-Pacific Economic Cooperation Business Travel Cards Act of 2011

CBO estimates that implementing S. 1487 would cost about \$2 million in fiscal year 2012, subject to the availability of appropriated funds. Enacting the bill also would affect direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that any such effects would be insignificant for each year. S. 1487 would not affect revenues.

S. 1487 would authorize the Department of Homeland Security (DHS), through the end of fiscal year 2018, to issue a special business card to certain persons who are employed in international

commerce involving the United States and countries in Asia. The card would allow those persons to expedite their travel to several countries. The bill would permit DHS to charge a fee to cover the costs of carrying out this program.

Based on information from DHS, CBO estimates that, assuming the availability of appropriated funds, the agency would spend about \$2 million in 2012 to establish the new program, including costs to develop and test software, and test computer systems. In 2012 and subsequent years, the department expects to collect a fee of about \$100 from a few thousand participants per year. Thus, we estimate that DHS would collect and spend less than \$500,000 annually in most years to operate the program, so there would be no significant net effect on direct spending in any year.

S. 1487 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Mark Grabowicz. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

VI. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill and determined that the bill will have no regulatory impact within the meaning of the Rule. The Congressional Budget Office states that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

S. 1487, as amended and reported, does not make changes to existing law.