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Western Hemisphere Travel Initiative

Border Policy Research Institute

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WHTI's Impact Upon Canadian Visitors to Washington State

On January 1, 2008, U.S. legislation known as the Western Hemisphere Travel Initiative (WHTI) will become effective at land ports-of-entry on the Canadian border. On that date, all persons entering the U.S. must possess either a passport or another federally-approved form of secure documentation, whereas at present, Canadian and American citizens crossing into the U.S. are able to rely upon documents such as a driver's license and birth certificate. The expense and inconvenience of procuring a secure document could have an effect upon the nature and volume of cross-border travel. This article addresses the likely impact of the WHTI upon one kind of travel – visits by automobile to Washington State by Canadians. There are other varieties of transportation that could be affected by the WHTI, such as air travel, the Alaska cruise industry, freight shipping (because a truck driver must also comply), school field trips, etc. However, the main concern of merchants in Washington is with regard to Canadians that drive south to shop, work, and engage in recreation. Their concern is that the WHTI could lead to a dramatic reduction in visitors, with a corresponding effect upon the tourism economy.

Our analysis indicates that at a statewide level, the WHTI's impact upon the volume of Canadian visitors is likely to be minor, but that a significant impact could be noticed in Whatcom County. This conclusion is supported by the travel patterns revealed in existing data sets and analyses. In a typical recent year, about 4.8 million autos crossed from B.C. to Washington, with about 10 percent of the crossings occurring at ports-of-entry in eastern Washington, 15 percent at Point Roberts, and 75 percent at the four "Cascade Gateway" ports in Whatcom County (SR 9, SR 539, SR 543, and I-5) that funnel to the I-5 corridor.¹ About 63 percent of the crossings were by Canadians.² On an annual average basis, about 75 percent of the Canadians traversing the Cascade Gateway travel no further south than Bellingham, an additional 18 percent go no further than Seattle, and the remainder travel to points beyond.³ Taken together, the above data show that Whatcom County, including Point Roberts, is the destination for about 2,155,000 auto trips per year by Canadians.

The economic impact of Canadian visitors can be discerned by examining data related to length-of-stay and spending. In 2002, about 69 percent of Canadian automobile visits were day trips, and one car-load of visitors spent a total of \$38 during a typical day visit.⁴ Canadian overnight visitors spent \$170 per trip. Combining expenditure data with trip-count data, it is likely that Canadian day visitors spent about \$56.5

WHTI Implementation Update

The Department of Homeland Security (DHS) and the Department of State (DOS) are working jointly upon development of the federal rules necessary to implement the WHTI. Our staff contacted DOS requesting the agencies' latest plans and received the following information in January, 2006, from a Senior Advisor for WHTI at the Bureau of Consular Affairs.

- *Rulemaking process.* DHS and DOS have jointly agreed to implement the WHTI through the promulgation of two rules, one for air and sea travel, the second for land border crossings. Each process will incorporate a Notice of Proposed Rulemaking (NPR) with an associated 30- to 60-day comment period. Specific issuance dates for each NPR are not yet available. After consideration of the comments received, the final rule for air and sea travel will then be published in advance of December 31, 2006, and for land border crossings in advance of December 31, 2007.
- *Ferries.* For the purposes of the rulemaking, ferry crossings are being considered under the implementation proposal for land borders.
- *Special cases.* In the Advance NPR process last fall, questions arose about the possibility of expediting certain forms of special-case travel, including: children on school field trips, sports teams, and same-day round-trip tourists (i.e., a tourist taking the Victoria Clipper from Seattle to Victoria for the day). Decisions regarding these matters have not yet been made, and comments will be welcome during the upcoming NPR process. DOS and DHS will further explore what exceptions, if any, are feasible.
- *Card-style passport.* DHS and DOS agree that alternatives to the traditional passport book are critical. DOS is moving forward on the design of a card-format passport that would be valid only at the land border crossings. The card would be compatible with the infrastructure installed by DHS at ports of entry. Ultimately, the intent is that the card's technology will support trusted-traveler programs – i.e., the passport card would also support access to a dedicated lane available to trusted travelers, if the card holder had applied for and been granted such privileges.
- *Card cost.* Ideally, DOS hopes to make a passport card available at less than half the cost of an adult passport renewal (which now costs \$67).
- *Card issuance.* Passport cards would be applied for and processed in the same way as traditional passport books. Turnaround time for issuance of a card would be similar to that for a passport book, because adjudication and

WHTI's Impact (Cont.) million in Whatcom County in 2002. This amounts to 51 percent of the estimated \$110.4 million spent in Whatcom County by day visitors from all points of origin.⁵ Similarly, Canadian overnight visitors are likely to have spent about \$113.5 million, which amounts to 56 percent of the estimated \$203.9 million spent by all overnight visitors.⁶

Moving south along the I-5 corridor, the tourism economy is relatively less dependent upon day visitors, and Canadians comprise a smaller proportion of such visitors. The fraction of total visitor spending attributed to day visitors (from all points of origin) is 35 percent in Whatcom County, 30 percent in Skagit County, 26 percent in Snohomish County, and 14 percent in King County.⁷ In King County, it is estimated that Canadians (day and overnight visitors combined) comprise only 4 percent of visitors,⁸ and for Washington State as a whole, it is estimated that Canadian visitors account for less than 3 percent of all tourism spending.⁹

The impact of the WHTI hinges upon the number of travelers that would be affected by the new documentation requirements. In the aggregate, 60 percent of Canadian adults who make day trips to the U.S. are believed to possess passports.¹⁰ For overnight visitors, the fraction climbs to 70 percent, and for air travelers to 75 percent.¹¹ Using this passport data, the Canadian Tourism Commission performed modeling that estimates a reduction of 4.3 percent in the overall volume of Canadian visitors to the U.S. (for all trip purposes and durations) in calendar year 2008, as compared to the base case in which documentation requirements remain unchanged.¹² The travel component expected to be most affected is same-day travelers, estimated to drop 6.8 percent, while the volume of business travelers is expected to remain virtually unchanged.¹³

We noted earlier that in 2002, Canadians accounted for 51 percent of day-visitor spending in Whatcom County and 56 percent of other spending. Applying these percentages to current expenditure data provides the best estimate of WHTI's effects. In 2004, the most recent year

Cont. in Column 2

for which data exists, visitor spending within Whatcom County amounted to a total of \$358 million: \$124.9 million by same-day visitors, and \$233.1 million by other visitors. Applying a 6.8 percent reduction to the Canadian-attributed same-day spending and a 4.3 percent reduction to other Canadian-attributed spending, an overall impact of roughly \$10 million per year might be felt in Whatcom County. This amounts to a 2.8 percent drop in overall visitor spending.

- 1 U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, *Border Crossing/Entry Data*; based on data from U.S. Department of Homeland Security, Customs and Border Protection, OMR database. Retrieved December 28, 2005, from <http://www.transtats.bts.gov/bordercrossing.aspx>
- 2 Cambridge Systematics, Inc. (2001). *Cross-Border Trade and Travel Study: Final Report and Analysis Results*. Whatcom County, WA: Whatcom County Council of Governments International Mobility and Trade Corridor.
- 3 Ibid.
- 4 Washington State Office of Trade and Economic Development Business & Tourism Development Office. (2003). *Canadian Travel to Washington State 2002*. Washington State. Retrieved December 13, 2005, from http://www.experiencewashington.com/images/pdf/R_InternationalCanadian2002.pdf
- 5 State of Washington Department of Community, Trade and Economic Development. (December 2004). *Washington State Statewide Travel Impacts & Visitor Volume 1991-2004p*. Washington State. Retrieved December 21, 2005, from http://www.experiencewashington.com/images/pdf/R_ImpactStatewide2004p.pdf
- 6 Ibid.
- 7 Ibid.
- 8 State of Washington Department of Community, Trade and Economic Development. (January 2005). *King County 2004 Visitor Profile*. Washington State. Retrieved December 15, 2005, from http://www.experiencewashington.com/images/pdf/R_VisitorProfileKingCounty2004.pdf
- 9 Washington State Office of Trade and Economic Development Business & Tourism Development Office. (2003). *Canadian Travel to Washington State 2002*. Washington State. Retrieved December 13, 2005, from http://www.experiencewashington.com/images/pdf/R_InternationalCanadian2002.pdf
- 10 Canadian Tourism Commission. (2005). *The Potential Impact of a Western Hemisphere Travel Initiative Passport Requirement on Canada's Tourism Industry*. Retrieved December 8, 2005, from http://www.canadatourism.com/ctx/files/announcements/Impact_of_the_WHTI_eng_web.pdf
- 11 Ibid.
- 12 Ibid.
- 13 Ibid.

WHTI Implementation Update (Cont.)

processing would occur in a similar manner.

- *Other acceptable documents.* DHS continues to consider the possibility that other existing federal documents (e.g., NEXUS card), existing state documents (e.g., driver's license and birth certificate), or future state documents (e.g., REAL-ID driver's license) might serve as acceptable forms of secure documentation. DHS is developing technical and issuance standards for alternative documents that would satisfy the WHTI requirements. DHS anticipates that these standards will allow a single, streamlined enrollment process for multiple programs, including trusted-traveler programs such as NEXUS and FAST.
- *Pilot programs.* At this stage, no pilot programs are planned.

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