

U.S. to roll out electronic passports

By DAN CATERINICCHIA, AP Business Writer

WASHINGTON - Despite ongoing privacy concerns and legal disputes involving companies bidding on the project, the U.S. State Department plans to begin issuing smart chip-embedded passports to Americans as planned Monday.

Not even the foiled terror plot that heightened security checks at airports nationwide threatens to delay the rollout, the agency said. Any hitches in getting the technology to work properly could add even longer waits to travelers already facing lengthy security lines at airports.

The new U.S. passports will include a chip that contains all the data contained in the paper version — name, birthdate, gender, for example — and can be read by electronic scanners at equipped airports. The State Department says they will speed up going through customs and help enhance border security.

Privacy groups continue to raise concerns about the security of the electronic information and a German computer security expert earlier this month demonstrated in Las Vegas how personal information stored on the documents could be copied and transferred to another device.

But electronic cloning does not constitute a threat because the information on the chips, including the photograph, is encrypted and cannot be changed, according to the Smart Card Alliance, a New Jersey-based not-for-profit made up of government agencies and industry players.

"It's no different than someone stealing your passport and trying to use it," Randy Vanderhoof, executive director of the alliance, said in a statement. "No one else can use it because your photo is on the chip and they're not you."

Yet the ability to clone the information on the chips may not be the sole threat, privacy advocates argue. A major concern is that hackers could pick up the electronic signal when the passport is being scanned, said Sherwin Siy, staff counsel at the Washington-based Electronic Privacy Information Center, a leading privacy group.

"Many of the advantages the industry is touting are eliminated by security concerns," Siy said.

After testing the passports in a pilot project over the past year, the government insists they're safe.

Numerous companies competed the last two years to provide the technology. One winner was San Jose-based Infineon Technologies North America Corp., a subsidiary of Germany's Infineon AG. Another was French firm Gemalto, which earlier this month announced that it had received its first production order from the Government Printing Office. It is producing the passports for the State Department, using the Infineon technology.

Another company, On Track Innovations Ltd., was notified July 31 that it had been eliminated from consideration and is appealing the decision, a spokeswoman for the Fort

Lee, N.J. company said this week. On Track previously had been eliminated but appealed that decision in the U.S. Court of Federal Claims in Washington, D.C., which found in favor of the company and ordered it be reinstated.

Infineon has been approved for production-quantity orders but hasn't received any because of the unresolved legal dispute, said Veronica Meter, a spokeswoman for the Government Printing Office. The rollout that begins Monday will use technology built up during the pilot project.

Neville Pattinson, director of technology and government affairs for Gemalto in Austin, Texas, would not discuss financial terms of the contract. He acknowledged the economic potential is massive, noting that the State Department issued 10 million passports in 2005 and expects that to increase to 13 million this year.

Citizens who get new passports can expect to pay a lot more. New ones issued under this program will cost \$97, which includes a \$12 security surcharge added last year. Not all new passports will contain the technology until it's fully rolled out — a process expected to take a year. Existing passports without the electronic chips will remain valid until their normal expiration date.