

U.S. TRAVEL
ASSOCIATION

TESTIMONY FOR THE RECORD

OF

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ON

**“COMBATING TERRORIST TRAVEL: DOES THE VISA WAIVER PROGRAM KEEP
OUR NATION SAFE?”**

**BEFORE THE
HOUSE HOMELAND SECURITY COMMITTEE
SUBCOMMITTEE ON BORDER AND MARITIME SECURITY**

MARCH 17, 2015

Chairman Miller, Ranking Member Vela, and members of the Subcommittee: I am pleased to offer testimony on behalf of the U.S. Travel Association (U.S. Travel), the national non-profit organization representing all sectors of America's travel community.

I've testified numerous times over the years on the economic impact of travel and tourism and the critical importance of promoting travel and trade. Typically I have been asked to document the significance of the Visa Waiver Program (VWP) to America's economic competitiveness. Overall, the evidence is clear: the Visa Waiver Program is essential to the economic security of the United States.

Today, after briefly reviewing that evidence, I'd also like to focus on the travel industry's top priority: ensuring that travelers are safe and secure. Without security there is no travel. If travelers don't feel safe, they stay home.

The travel community supports travel policies and programs – like the VWP – that ensure a strong and secure nation, supported by a resilient and robust economy. We also support continuous oversight of these programs, as the Subcommittee is conducting today – and if needed, effective reforms, such as those proposed in H.R. 158, the Visa Waiver Improvement Act and in the JOLT Act.

And if at all possible, we support changing the name of the program. Half of its problem is that the phrase “visa waiver” makes it sound like security is shortchanged – when the truth is that the program significantly enhances national security.

Travel and Economic Security

It is difficult to overstate the benefits of travel, especially international travel, to the economic security of the United States. In all 50 states, travel provides good domestic jobs that cannot be outsourced. In 2013, direct travel spending in the United States totaled \$888 billion, which generated a total of \$2.1 trillion in economic output and more than \$134 billion in tax revenue. Travel also directly employed 7.9 million Americans and was among the top 10 employers in 49 U.S. states and the District of Columbia. In every region of America, travel expenditures and the taxes they generate help pay the salaries of police, firefighters and teachers without creating much new demand for those public services.

The most lucrative segment of this sector is “long-haul” or overseas travel to the United States. The overseas traveler stays longer and spends more while here –an average of 17.5 nights and nearly \$4,700 per trip. For every 34 overseas travelers who decide to visit the United States, an additional American job is created. The VWP is the largest source of inbound overseas travel to the United States providing reciprocal 90-day, visa-free travel for citizens of the 38 countries that currently qualify. More than 19.5 million travelers, 61 percent of all overseas visitors to the United States, arrived in 2013 through the VWP. While here, they generated \$190 billion in economic output for the U.S. economy and supported nearly one million jobs. Largely as a result of the VWP, travel is our nation's number one services export, generating a trade surplus of \$75.6 billion in 2014.

Recent rounds of VWP expansion have demonstrated substantial economic benefits. Following the recent admissions of Taiwan and Chile, travel demand rose sharply. This is no surprise, given the example of the staggering increase in visitors from South Korea since its inclusion in VWP in late 2008. In 2013, a record 1.4 million visitors from South Korea arrived in the United States, growing

by 79 percent since 2008. In 2013, South Korean visitors spent \$4.5 billion while traveling in the U.S. – 52 percent higher than in 2008 – and supported 39,000 American jobs. Travel (including education/healthcare related travel) is now the largest U.S. industry export to South Korea, constituting 11 percent of total U.S. exports of goods and services to South Korea.

The travel industry was not spared by the economic downturn, but we are a resilient industry. From 2010 to the end of 2014, we have added 833,000 jobs, restoring employment to pre-recession levels. We helped lead the recovery by expanding employment at a 36 percent faster pace than the rest of the economy. And these are jobs with significant opportunity for upward mobility, compounding the benefits of this surge in job growth over time.

Finally, while the word “travel” frequently connotes tourism, business travel accounts for 30 percent of all travel spending. In 2013, business travel generated an estimated \$267 billion in direct spending – three percent higher than the previous year. Totaling the deals done, products sold and opportunities created at industry conferences and trade shows, business travel directly supports 2.3 million American workers.

In addition, at a time when Congress and the Obama Administration are considering an important trade agenda with Europe and Asia, ensuring smooth movement of business travelers will ensure that visa barriers do not undermine the full benefits of trade liberalization. A study conducted in 2010 by Oxford Economics found that foreign exhibition and buyers spent on average, more than \$36,100 each and \$13,600 each, respectively while attending U.S. exhibitions.

Travel and National Security

These economic figures – as positive as they are – only tell half of the travel story. International travel is equally critical to our national security. Through travel, we forge new or strengthen existing relationships and alliances and we foster a common understanding that protects our long-term interests. The most effective ambassadors of American values are ordinary Americans. Overseas travelers form life-long impressions of American society based on their visits to destinations, large and small, across America. From our national parks to our ballparks to our theme parks, the heartland of our great nation reflects the best of the United States to foreign visitors. The more they know us, the better they like us.

Surveys have shown that foreigners who have the opportunity to visit the U.S. are 74 percent more likely to have a favorable view of our country; and that 61 percent are more likely to support the U.S. and its policies. Travel has demonstrated significant public diplomacy value as a “soft power” tool that complements our formal foreign policy mechanisms.

By strengthening our alliances and enhancing our nation’s global image, travel has helped to keep us safer. Travel programs can also contribute directly to our national security. The VWP provides an excellent illustration. Since its creation in the 1980s, the Visa Waiver Program has evolved into an invaluable instrument of U.S. national security and public diplomacy. In particular, Congress reshaped the VWP in 2007 so that it significantly enhances U.S. counterterrorism efforts and strengthens international partnerships.

VWP partner nations are, by definition, strong security allies who meet rigorous conditions in order

to be part of the program. For example, VWP countries must meet strict counter-terrorism, border security, aviation security, and document security standards, as well as participate in intelligence and information-sharing arrangements with the United States. VWP countries must issue International Civil Aviation Organization-compliant electronic passports to their citizens and report information on all lost and stolen passports to the United States through INTERPOL. In addition, each VWP traveler must also obtain permission to board a flight to the United States through the Electronic System for Travel Authorization (ESTA). Finally, the VWP provides the U.S. Government the ability to regularly audit these security requirements to ensure compliance. In short, the VWP enables us to better detect, apprehend and limit the movement of terrorists, criminals and other dangerous travelers – and to shift limited visa screening resources to higher risk countries.

National security experts from across the political spectrum agree that the VWP is a tried and tested security tool. The last three Secretaries of Homeland Security have praised the program's contribution to U.S. and international security. Former Secretary Chertoff recently captured this consensus stating, "I think the Visa Waiver Program is a plus-plus for our national security and for our economic security. I think that we have constructed a program that makes a reduction in vulnerabilities very powerful."

Travel is a perception business where facts can often be distorted by fear and rumor. In the context of the recent terrorist attacks in France, a Visa Waiver Program nation, some mistakenly believe that bad actors could use VWP to board planes to the U.S. without thorough security checks. The travel industry is committed to educating stakeholders – including Congress– about the fundamental security rationale for the VWP. It is imperative that policymakers and the public understand the current security protocols within VWP and how the program is part of a layered approach to protect the United States and the traveling public.

Along those lines, it is very important to remember that over the past decade, the U.S. has constructed a significant new capability to screen all travelers, whether they hold a visa, are traveling under the VWP, or are returning U.S. citizens, against up-to-date watchlists. This real-time check allows law enforcement to utilize the most recent intelligence prior to boarding an international flight, and is a critical layer in securing travel, no matter how a traveler was originally authorized to travel to the U.S.

The Future of the VWP

We should never stop assessing and improving the programs that safeguard national security. While we believe the VWP helps to keep us safer, U.S. Travel can support sensible reforms that further buttress security. In our view, any such changes should:

- (1) Offer elevated levels of personal and national security while;
- (2) Focusing on areas of concern that are based on fact, not merely hearsay; and
- (3) To the extent possible, minimizing disruption to legitimate travelers.

The proposals contained in H.R. 158 meet these criteria. The bill would significantly upgrade reporting on potential visitors from overseas, threat assessments; and explicitly define U.S. authority to suspend or revoke a country's VWP status. Accordingly, the travel industry supports this legislation – and stands ready to work with you to see it enacted into law.

U.S. Travel also believes it is important for our national and economic security, to expand the VWP to a select group of countries. For precisely that reason, U.S. Travel also supports the JOLT Act, legislation introduced by Representatives Joe Heck and Mike Quigley that would add more layers of security while also giving the Secretary of Homeland Security greater flexibility to expand the program to countries that meet the appropriate security criteria.

By contrast, proposals to terminate or suspend the VWP would do incalculable harm to both our national and economic security. Shutting down programs like the VWP that not only facilitate travel but also provide valuable information to our counterterrorism and law enforcement officials is not a formula to keeping us safe. Lastly, any rollback of visa waiver privileges will cause the partner country to reinstate visa requirements for U.S. citizens traveling abroad, to their inconvenience and to the detriment of international trade.

It is the incentive to participate in the VWP that has pushed all 38 VWP to improve their security posture. A number of countries, for example, have unilaterally upgraded their passports so as to be eligible for the VWP. Likewise, several prospective members have signed the information-sharing agreements and otherwise increased law enforcement and security-related cooperation with the United States in the hopes of meeting the program's requirements. These actions provide tangible security benefits to the United States and to the international traveling public.

For U.S. Travel, nothing matters more than the safety of our nation and travelers. We appreciate your holding this hearing to explore how the Visa Waiver Program advances the critical mission of protecting our homeland while also facilitating trade and travel – and how VWP could perform that mission even better.

Again, thank you Chairwoman Miller, Ranking Member Vela and all members of the subcommittee for inviting me to testify today. I look forward to answering your questions.