



# Free Trade Bulletin

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## Expand Visa Waiver Program to Qualified Countries

by Daniel Griswold, director, Center for Trade Policy Studies, Cato Institute

Driven by legitimate but misdirected concerns about radical Islamic terrorism, current U.S. visa policy is discouraging hundreds of thousands of peaceful and well-meaning people from visiting the United States for business and pleasure—costing our country lost economic opportunities totaling millions of dollars and the goodwill of millions of people.

For most people outside the United States, the U.S. government requires that they obtain a visa before entering our country. But for residents of Canada and 27 other countries in the Visa Waiver Program, no visa is required for tourism or business visits of fewer than 90 days. The 27 countries include most countries of Western Europe, and Japan, Australia, New Zealand, Singapore, and Brunei.<sup>1</sup> Another group of countries would like to join the list, but not a single country has been added since the terrorist attacks of September 11, 2001.

During a recent stop in Tallin, Estonia, President Bush called on Congress to extend the VWP to several more countries beyond the 27 already participating.<sup>2</sup> Congress and the Bush administration should consider a prudent expansion of the list of visa waiver countries. Begun in 1986, the program has promoted tourism to the United States and expanded commercial ties with the rest of the world. Participating countries now account for two-thirds of visitors to the United States outside of Canada and Mexico.

### Program Stimulates Tourism and Business

For a country to join the program, it must meet certain criteria. Among them, the refusal rate among current visa applicants from the country must be less than 3 percent; its citizens must be issued machine-readable passports, and its government must allow visa-free entry for U.S. citizens.<sup>3</sup>

The VWP has been a boon to the U.S. economy, promoting tourism and business travel. Visitors under the program stimulate an estimated \$75 billion to \$100 billion in economic activity in the United States each year through travel and spending. On average, VWP visitors will spend \$2,253 per visit in the United States compared with \$1,274 by other visitors.<sup>4</sup>

If Congress were to revoke the program for the existing 27 countries, the economic impact on the United States would

be significant. According to the Commerce Department, eliminating the program would mean 3 million fewer visitors during the next five years, costing the United States \$28 billion in lost economic activity during that period.<sup>5</sup> Assessing the broader impact, the report concluded that revoking the program “could negatively affect U.S. relations with participating country governments, impede tourism to the United States, and increase the need for State personnel and facilities overseas.”<sup>6</sup> The logical implication is that extending the program to deserving countries would promote more tourism and economic activity, nurture better relations with participating countries, and free up State Department personnel and facilities overseas for more critical uses.

For tangible evidence, consider the differing experiences of Portugal and the Czech Republic. The two countries are remarkably similar in their demographics and economic relations with the United States. Their total populations and GDP per capita are almost identical.<sup>7</sup> Two-way trade with the United States and the amount of U.S. foreign direct investment in each country are also quite similar (see Table 1).<sup>8</sup>

**Table 1**  
**Visa Barriers Discourage Czech Visitors**

	Czech Republic	Portugal
Population	10.2M	10.6M
GDP per Capita	\$20,000	\$19,000
U.S. FDI in Country	\$2,785M	\$2,712M
Two-Way Trade in Goods	\$3,247M	\$3,461M
Visitors to U.S.	45,671	103,473
Visa Waver	No	Yes

Source: Population July 2006, GDP per capita (PPP), 2005, *CIA Factbook* [www.cia.gov/cia/publications/factbook/index.html](http://www.cia.gov/cia/publications/factbook/index.html). U.S. FDI, end of 2005, U.S. Commerce Department, “Survey of Current Business,” July 2006, p. 33; Two-way trade, 2005, U.S. Census Bureau, [www.census.gov/foreign-trade/balance/index.html#C](http://www.census.gov/foreign-trade/balance/index.html#C). Visitors to the United States, Fiscal Year 2005, *Immigration Statistics Yearbook*, Office of Immigration Statistics.

Both are members of NATO and the European Union. A key difference, however, is that Portugal gained visa waiver status before 2001, while the Czech Republic languishes outside the gate as one of the “roadmap countries.” As a result, the annual number of visitors to the United States from Portugal is more than twice that of the Czech Republic.<sup>9</sup>

One obvious explanation for the huge difference is the need for Czech visitors to acquire a visa. Acquiring a visa costs one hundred U.S. dollars and requires filling out numerous forms and waiting weeks and sometimes months for an interview at a consulate that may be a significant distance from a potential visitor’s home. The far lower number of visitors from the Czech Republic compared with those from Portugal hints at the large number of potential visitors who are being discouraged from travel to the United States by the current moratorium on extending visa waiver status.

### **No Compromise of National Security**

Extending the VWP to a small and select group of countries would not compromise the ability of the U.S. government to protect the American homeland from terrorists and others who would do us harm. None of the roadmap countries harbor restive populations associated even indirectly with terrorism aimed at the United States. If security concerns center on Islamic extremists, most of the roadmap countries under current consideration are home to relatively small Muslim populations.

According to the U.S. State Department’s annual survey of religious freedom, South Korea, Poland, the Czech Republic, Slovakia, Hungary, and the three Baltic republics are home to a combined Muslim population of fewer than 100,000. In contrast, the number of Muslims living in the major visa waiver countries of Western Europe—Germany, France, Great Britain, the Netherlands, Italy, and Spain—is more than 13 million.<sup>10</sup> If a major security worry is that Muslim extremists will be able to slip into the United States through a visa waiver country, the eight road map countries listed above are not a significant problem.

The 3-percent rejection rate threshold should not be a barrier to expanding the program. The system is designed to filter out people who would be disproportionately inclined to overstay their visas to the United States for economic reasons and thus add to the population of undocumented people here. Visa rejections on those grounds are inherently subjective, based on underinformed and largely intuitive judgments of embassy and consulate personnel.

For various reasons, South Korea and most of the Central and Eastern European countries are not likely to become major sources of illegal visa “overstayers.” Those nations are generally middle- and upper-income countries. Six roadmap countries—the Czech Republic, Hungary, Poland, Slovakia, South Korea, and Greece—are members of the rich-country club, the Organization of Economic Cooperation and Development. The economic incentive for their residents to immigrate illegally to the United States is weak. For many of the European countries, their residents are already able to migrate freely to other member states of the European Union, further reducing the allure of an illegal existence in the United States.

If several thousand Koreans and Europeans did take advantage of an expanded program to overstay and settle illegally in the United States, the harm to our country would be minimal. In fact, such immigrants might actually benefit our economy by filling niches in our labor market and adding to our productive capacity. The risk of a relatively small number of visitors overstaying their visas would be far outweighed by the palpable benefits of more tourism and business visitors, enhanced foreign relations, and a redeploying of consular resources to countries where security concerns are more pressing.

As a final safeguard, the U.S. government can promptly terminate a nation’s participation in the program if they determine that it threatens U.S. economic or national security interests. For example, sharp economic downturns in Argentina and Uruguay beginning in 2001 raised concerns that visitors from those countries would seek to stay illegally in the United States to escape difficult conditions in their home country. As a result, Argentina was removed from the program in February 2002 and Uruguay in April 2003.<sup>11</sup>

Expanding the VWP to a select list of countries would enhance national security by allowing the State Department to concentrate its resources and personnel in regions of the world where security threats are more likely to emanate. As a recent Congressional Research Service report summarized, “by waiving the visa requirement for high-volume/low-risk countries, consular workloads are significantly reduced, allowing for streamline operation, cost savings, and concentration of resources on greater risk nations in the visa process.”<sup>12</sup>

The VWP could be prudently expanded by congressional action that would allow the 3-percent rejection threshold to be temporarily waived for otherwise qualified countries. If expansion to certain countries proved an unacceptable risk to U.S. security or led to widespread violation of U.S. immigration law, any country could be promptly removed from the program à la Argentina and Uruguay. The U.S. government could also require that visitors from VWP countries submit biographical details through the Internet before departing for the United States to give the Department of Homeland Security an opportunity to compare their names to those on security watch lists. Australia has implemented such a system through its Electronic Travel Authority process.

### **Tearing Down Another Cold War Barrier**

Twenty years ago in Berlin, President Ronald Reagan issued his famous challenge to President Gorbachev to “tear down this wall.” Within three years the Berlin Wall was history. Now we have an opportunity, by extending the Visa Waive Program to deserving countries, to complete Ronald Reagan’s vision by tearing down one of the last remaining barriers of the Cold War.

In a letter to President Bush in May 2006, former Czech President and anti-communist dissident Vaclav Havel urged the United States to add his country and other proven friends of the United States to the VWP. “Contacts between Czechs and Americans are currently complicated by the asymmetrical visa requirement that subjects Czech citizens to an expensive and arduous visa application process,” Havel wrote. Speaking

for his country as well as others, Havel added that expanding the program would “remove what Czechs feel is an unfortunate relic of the Cold War that no longer belongs in the modern Czech-U.S. alliance. It also allows you to demonstrate to an emancipated and self-confident ally the renowned U.S. spirit of equality and fair play.”<sup>13</sup>

At a time when the United States is seeking not only to attract more global customers for its goods and services but also to build stronger ties to our allies, expanding the Visa Waiver Program to eligible countries offers a power tool to further both objectives.

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1. Countries currently participating in the program are Andorra, Australia, Austria, Belgium, Brunei, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, the Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.
  2. Mimi Hall, “Bush Wants More Countries in Visa-Waiver Program,” *USA Today*, November 28, 2006.
  3. Alison Siskin, “Visa Waiver Program,” Congressional Research Service, Order Code RL 32221, Updated January 24, 2006, p.2.

4. General Accounting Office, “Border Security: Implications of Eliminating the Visa Waiver Program,” GAO-03-38, November 2002, p. 22.
5. *Ibid.*, p. 21.
6. *Ibid.*, p. 16.
7. Central Intelligence Agency, *CIA Factbook*, [www.cia.gov/cia/publications/factbook/index.html](http://www.cia.gov/cia/publications/factbook/index.html).
8. For foreign investment, see U.S. Commerce Department, “Survey of Current Business,” July 2006, p. 33. For two-way trade, see U.S. Census Bureau, [www.census.gov/foreign-trade/balance/index.html#C](http://www.census.gov/foreign-trade/balance/index.html#C).
9. Department of Homeland Security, Office of Immigration Statistics, *2005 Yearbook of Immigration Statistics*, [www.dhs.gov/ximgtn/statistics/](http://www.dhs.gov/ximgtn/statistics/).
10. See relevant country reports in U.S. State Department, “2006 Annual Report on International Religious Freedom,” September 15, 2006, [www.state.gov/g/drl/rls/irf/2006/](http://www.state.gov/g/drl/rls/irf/2006/).
11. Alison Siskin, “Visa Waiver Program,” Congressional Research Service, Order Code RL 32221, Updated January 24, 2006, p. 3.
12. *Ibid.*, p. 9.
13. Letter from Vaclav Havel to President George W. Bush, May 31, 2006, in author’s file.

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