

REAUTHORIZING BRAND USA AND THE U.S. SAFE WEB ACT

HEARING BEFORE THE SUBCOMMITTEE ON CONSUMER PROTECTION AND COMMERCE OF THE COMMITTEE ON ENERGY AND COMMERCE HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

OCTOBER 29, 2019

Serial No. 116–75



Printed for the use of the Committee on Energy and Commerce
govinfo.gov/committee/house-energy
energycommerce.house.gov

U.S. GOVERNMENT PUBLISHING OFFICE

43–859 PDF

WASHINGTON : 2021

COMMITTEE ON ENERGY AND COMMERCE

FRANK PALLONE, JR., New Jersey
Chairman

BOBBY L. RUSH, Illinois	GREG WALDEN, Oregon
ANNA G. ESHOO, California	<i>Ranking Member</i>
ELIOT L. ENGEL, New York	FRED UPTON, Michigan
DIANA DeGETTE, Colorado	JOHN SHIMKUS, Illinois
MIKE DOYLE, Pennsylvania	MICHAEL C. BURGESS, Texas
JAN SCHAKOWSKY, Illinois	STEVE SCALISE, Louisiana
G. K. BUTTERFIELD, North Carolina	ROBERT E. LATTA, Ohio
DORIS O. MATSUI, California	CATHY McMORRIS RODGERS, Washington
KATHY CASTOR, Florida	BRETT GUTHRIE, Kentucky
JOHN P. SARBANES, Maryland	PETE OLSON, Texas
JERRY McNERNEY, California	DAVID B. McKINLEY, West Virginia
PETER WELCH, Vermont	ADAM KINZINGER, Illinois
BEN RAY LUJAN, New Mexico	H. MORGAN GRIFFITH, Virginia
PAUL TONKO, New York	GUS M. BILIRAKIS, Florida
YVETTE D. CLARKE, New York, <i>Vice Chair</i>	BILL JOHNSON, Ohio
DAVID LOEBSACK, Iowa	BILLY LONG, Missouri
KURT SCHRADER, Oregon	LARRY BUCSHON, Indiana
JOSEPH P. KENNEDY III, Massachusetts	BILL FLORES, Texas
TONY CARDENAS, California	SUSAN W. BROOKS, Indiana
RAUL RUIZ, California	MARKWAYNE MULLIN, Oklahoma
SCOTT H. PETERS, California	RICHARD HUDSON, North Carolina
DEBBIE DINGELL, Michigan	TIM WALBERG, Michigan
MARC A. VEASEY, Texas	EARL L. "BUDDY" CARTER, Georgia
ANN M. KUSTER, New Hampshire	JEFF DUNCAN, South Carolina
ROBIN L. KELLY, Illinois	GREG GIANFORTE, Montana
NANETTE DIAZ BARRAGÁN, California	
A. DONALD McEACHIN, Virginia	
LISA BLUNT ROCHESTER, Delaware	
DARREN SOTO, Florida	
TOM O'HALLERAN, Arizona	

PROFESSIONAL STAFF

JEFFREY C. CARROLL, *Staff Director*
TIFFANY GUARASCIO, *Deputy Staff Director*
MIKE BLOOMQUIST, *Minority Staff Director*

SUBCOMMITTEE ON CONSUMER PROTECTION AND COMMERCE

JAN SCHAKOWSKY, Illinois

Chairwoman

KATHY CASTOR, Florida
MARC A. VEASEY, Texas
ROBIN L. KELLY, Illinois
TOM O'HALLERAN, Arizona
BEN RAY LUJAN, New Mexico
TONY CARDENAS, California, *Vice Chair*
LISA BLUNT ROCHESTER, Delaware
DARREN SOTO, Florida
BOBBY L. RUSH, Illinois
DORIS O. MATSUI, California
JERRY MCNERNEY, California
DEBBIE DINGELL, Michigan
FRANK PALLONE, Jr., New Jersey (*ex officio*)

CATHY McMORRIS RODGERS, Washington
Ranking Member
FRED UPTON, Michigan
MICHAEL C. BURGESS, Texas
ROBERT E. LATTA, Ohio
BRETT GUTHRIE, Kentucky
LARRY BUCSHON, Indiana
RICHARD HUDSON, North Carolina
EARL L. "BUDDY" CARTER, Georgia
GREG GIANFORTE, Montana
GREG WALDEN, Oregon (*ex officio*)

C O N T E N T S

	Page
Hon. Jan Schakowsky, a Representative in Congress from the State of Illinois, opening statement	1
Prepared statement	2
Hon. Cathy McMorris Rodgers, a Representative in Congress from the State of Washington, opening statement	3
Prepared statement	5
Hon. Peter Welch, a Representative in Congress from the State of Vermont, opening statement	6
Hon. Greg Walden, a Representative in Congress from the State of Oregon, opening statement	6
Prepared statement	8
Hon. Frank Pallone, Jr., a Representative in Congress from the State of New Jersey, prepared statement	61

WITNESSES

Christopher L. Thompson, President and Chief Executive Officer, Brand USA	10
Prepared statement	12
Additional material submitted for the record ¹	
Tori Emerson Barnes, Executive Vice President, Public Affairs and Policy, U.S. Travel Association	21
Prepared statement	23
Aaron Burstein, Partner, Wilkinson Barker Knauer, LLP	28
Prepared statement	30

SUBMITTED MATERIAL

H.R. 3851, the Travel Promotion, Enhancement, and Modernization Act of 2019	63
Discussion Draft, H.R. 4779	65
Article of May 15, 2019, “Brand USA’ helps keep Oregon a world-class travel destination,” by James Brandt, Hood River News, submitted by Mr. Walden	67
Letter of October 25, 2019, from Joseph J. Simons, Chairman, Federal Trade Commission, et al., to Ms. Schakowsky and Mrs. Rodgers, submitted by Ms. Schakowsky	69
Letter of October 29, 2019, from Marc Rotenberg, President, Electronic Privacy Information Center, et al., to Ms. Schakowsky and Mrs. Rodgers, submitted by Ms. Schakowsky ²	
Letter of October 29, 2019, from Brian C. Crawford, Executive Vice President, Government Affairs, American Hotel & Lodging Association, to Mr. Pallone, et al., submitted by Ms. Schakowsky	74

¹Two documents submitted by Mr. Thompson, “Annual Report: Fiscal Year 2018, Brand USA” and “The Return on Investment of Brand USA Marketing: FY 2018,” have been retained in committee files and also are available at <https://docs.house.gov/Committee/Calendar/ByEvent.aspx?EventID=110153>.

²The letter has been retained in committee files and also is available at <http://docs.house.gov/meetings/IF/IF17/20191029/110153/HHRG-116-IF17-20191029-SD006.pdf>.

REAUTHORIZING BRAND USA AND THE U.S. SAFE WEB ACT

TUESDAY, OCTOBER 29, 2019

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSUMER PROTECTION AND
COMMERCE,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to call, at 2:28 p.m., in Room 2322, Rayburn House Office Building, Hon. Jan Schakowsky [chairwoman of the subcommittee] presiding.

Members present: Representatives Schakowsky, Castor, Veasey, Kelly, O'Halleran, Blunt Rochester, Soto, Matsui, McNerney, Rodgers (subcommittee ranking member), Burgess, Latta, Guthrie, Bucshon, Hudson, Carter, and Walden (ex officio).

Also present: Representatives Welch and Bilirakis.

Staff present: Lisa Goldman, Senior Counsel; Waverly Gordon, Deputy Chief Counsel; Alex Hoehn-Saric, Chief Counsel, Communications and Consumer Protection; Zach Kahan, Outreach and Member Service Coordinator; Meghan Mullon, Staff Assistant; Joe Orlando, Executive Assistant; Alivia Roberts, Press Assistant; Tim Robinson, Chief Counsel; Chloe Rodriguez, Policy Analyst; Sydney Terry, Policy Coordinator; Rebecca Tomilchik, Staff Assistant; Anna Yu, Professional Staff Member; Margaret Tucker Fogarty, Minority Legislative Clerk/Press Assistant; Theresa Gambo, Minority Financial and Office Administrator; Bijan Koohmaraie, Minority Deputy Chief Counsel, Consumer Protection and Commerce; Tim Kurth, Minority Chief Counsel, Consumer Protection and Commerce; and Brannon Rains, Minority Legislative Clerk.

Ms. SCHAKOWSKY. The Subcommittee on Consumer Protection and Commerce will now come to order. So let me thank all of you for coming. I appreciate it. We had a vote, and so I am glad that you are all here, and we can begin.

OPENING STATEMENT OF HON. JAN SCHAKOWSKY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

So today we are going to be talking about reauthorizing two important programs in the subcommittee's jurisdiction.

When I talk about my subcommittee to constituents of mine, I often tell them that the Energy and Commerce Committee has the broadest jurisdiction of any standing committee in the Congress, but also that this Subcommittee on Consumer Protection and Commerce also has the largest jurisdiction. And nothing makes this point more clear than today's hearing when we will discuss legisla-

tion to promote inbound travel and tourism to the United States and legislation to help the Federal Trade Commission protect Americans from fraud that originates overseas.

Brand USA was authorized to work directly with the United States tourism and travel industry to maximize the social and economic benefits of travel. The bill we are considering today was introduced by my friend and colleague and author of the legislation, Peter Welch, and I want to thank him for his leadership on this very important issue.

I am sure that all of my colleagues here would agree that their lives have been enhanced by their own travel, and we all appreciate tourism coming to our direction and experiencing what we each love so much about the districts that we represent.

Brand USA has been great for Chicago, and I am so excited to make sure that the program is reauthorized.

I am also pleased that we are reauthorizing the U.S. SAFE WEB Act. Congress amended the Federal Trade Commission Act in 2006 to bolster the FTC's ability to combat fraud that originates overseas.

Doing so strengthened the FTC in four ways. One, it confirmed that the agency's jurisdiction extends to foreign wrongdoers that harm U.S. consumers. Two, it authorizes limited but proper collaboration with foreign law enforcement, including investigative assistance and the sharing of information. Three, it enhances the FTC's ability to receive information from foreign countries by allowing confidential treatment of information received. And four, it promotes relationship building by allowing the FTC to participate in staff exchanges with their foreign counterparts.

The bill we are discussing today, which would reauthorize these authorities for another 7 years, was introduced by my friend and colleague and ranking member of the subcommittee, Cathy McMorris Rodgers, and I want to thank her for her leadership on this issue and her partnership on the subcommittee as ranking member.

I am proud to be the cosponsor of both these pieces of legislation and look forward to working with staff and stakeholders.

[The proposed legislation appears at the conclusion of the hearing. The prepared statement of Ms. Schakowsky follows:]

PREPARED STATEMENT OF HON. JAN SCHAKOWSKY

Good morning and thank you all for joining us today for a hearing on reauthorizing two important programs in this subcommittee's jurisdiction.

When I talk to constituents about my role here in the Energy and Commerce Committee, I often tell them that Energy and Commerce has the broadest jurisdiction of any standing committee in the House, and that this subcommittee has the broadest jurisdiction of any Energy and Commerce subcommittee.

And nothing makes this more clear than today's hearing, where we will discuss legislation to promote inbound travel and tourism to the United States, and legislation to help the Federal Trade Commission protect Americans from fraud that originates overseas.

Brand USA was authorized to work directly with the United States' tourism and travel industry to maximize the social and economic benefits of travel. The bill we are considering today was introduced by my friend and colleague Peter Welch, and I thank him for his leadership on this important issue.

I am sure that all of my colleagues here would agree that their lives have been enriched by their own travels, and we all appreciate tourists coming to our district and experiencing what we each love so much about the districts we represent.

Brand USA has been great for Chicago, so I am excited to make sure that the program is reauthorized.

I also am pleased that we are reauthorizing the U.S. SAFE WEB Act. Congress amended the Federal Trade Commission Act in 2006 to bolster the FTC's ability to combat fraud that originates overseas. Doing so strengthened the FTC in four key ways:

1. It confirmed the agency's jurisdiction extends to foreign wrongdoers that harm U.S. consumers.
2. It authorized limited but proper collaboration with foreign law enforcement, including investigative assistance and the sharing of information.
3. It enhanced the FTC's ability to receive information from foreign counterparts by allowing confidential treatment of information received.
4. It promoted relationship building by allowing the FTC to participate in staff exchanges with their foreign counterparts.

The bill we are discussing today, which would reauthorize these authorities for another seven years, was introduced by my friend, colleague, and Ranking Member Cathy McMorris Rodgers. Thank you for your leadership on this, and your partnership on the subcommittee, Ranking Member Rodgers.

I am a proud cosponsor of both of these bills, and I look forward to working with stakeholders and colleagues to advance these important reauthorizations promptly.

Ms. SCHAKOWSKY. And now I would like to yield the balance of my time to Congresswoman Robin Kelly.

Ms. KELLY. Thank you, Chairwoman Schakowsky, for holding this legislative hearing on H.R. 4779, the SAFE WEB Act, and H.R. 3851, Reauthorizing Brand USA.

H.R. 4779 is an important bipartisan bill that will allow the FTC to continue international cooperation for investigations of fraud and abuse. Online criminals know no borders, and Americans are often targeted from abroad. With the SAFE WEB Act, the FTC can share information and prohibit third-party recipients of a subpoena from notifying the target during an investigation. These are essential tools to build cases that can bring victims needed justice.

As an international leader in consumer protection, the FTC will also be able to continue its relationship building with international staff exchanges. These exchanges provide continued leadership for the FTC and help train other partners in enforcement best practices.

It has been a true pleasure working with Ranking Member McMorris Rodgers on the SAFE WEB Act.

And I yield back.

Ms. SCHAKOWSKY. The gentlelady yields back.

And now I am happy to recognize Mrs. Rodgers, our ranking member, for an opening statement of 5 minutes.

**OPENING STATEMENT OF HON. CATHY McMORRIS RODGERS,
A REPRESENTATIVE IN CONGRESS FROM THE STATE OF
WASHINGTON**

Mrs. RODGERS. Good afternoon, and welcome to the Consumer Protection and Commerce Subcommittee legislative hearing today on reauthorizing two important U.S. programs, Brand USA and the U.S. SAFE WEB Act.

Earlier this year, this subcommittee held an oversight hearing with the Federal Trade Commission where we focused much of our attention on data privacy and how we can come together in Congress to deliver a Federal bill that provides uniform and strong consumer protections.

At that same hearing, the Commission impressed upon us the importance of the U.S. SAFE WEB Act and the need to extend it. The Commissioners testified that it was key to the FTC's international work, and we agree.

Today is the first step in extending this vital program. I want to thank the gentlelady from Illinois, Robin Kelly, along with Mr. Bucshon and Chair Schakowsky, for joining on this bill to extend the U.S. SAFE WEB Act so that it doesn't expire next September. Our proposal extends the program to 2027 and requires additional reporting from the 2006 bill so the FTC can report back on the critical work performed over the past decade.

Since its passage in 2006 and its reauthorization, this program has proven to be an important part of the Commission's work. In our digital and connected world, the internet and e-commerce knows no boundaries, so it is vital to provide tools for the Commission's international work.

Thanks to the internet, small businesses, like etailz in Spokane Valley, can now reach people and customers globally. The internet has also made life-changing innovations possible that have raised our standard of living and connected us with the world.

However, it has also presented new opportunities for criminals and bad actors. There are spam, spyware, misleading claims, privacy violations, data security breaches, telemarketing fraud, and more.

To protect Americans, the FTC is our top cop on the beat both here at home and abroad. Thanks to the SAFE WEB Act, the Commission can work on cases with an international dimension. Specifically, the Commission can share evidence and provide assistance to foreign authorities.

The Commission can also enter into enhanced enforcement cooperation with foreign counterparts through staff exchanges, international agreements, and other mechanisms.

And the program has been a resounding success. Because of the SAFE WEB, the Commission has responded to more than 130 information-sharing requests, issued more than 115 civil investigative demands in more than 50 investigations on behalf of foreign agencies, and secured settlements against companies that violated children's privacy online, engaged in sweepstakes scams, deception, and so much more.

The program has been critical to securing the EU-U.S. Privacy Shield, which was extended by the EU Commission last week. Because the internet is borderless, this agreement safely and securely preserves the ability for U.S. companies to do business online in the EU by allowing transatlantic data flows.

U.S. SAFE WEB is a successful tool for the FTC to protect Americans from online threats from overseas, and I am so pleased that we are extending it today on a bipartisan basis.

I also want to thank Mr. Welch and Mr. Bilirakis for their leadership in reauthorizing Brand USA. Brand USA is a vital program to attract foreign visitors to the U.S. at no cost to taxpayers. Their focus on bringing tourism to areas like eastern Washington is spurring economic growth and is creating excitement around other parts of the country outside of the big-city gateways.

Thank you again to our witnesses for being with us today, and I look forward to discussing these two important bills.

I now yield back.

[The prepared statement of Mrs. Rodgers follows:]

PREPARED STATEMENT OF HON. CATHY MCMORRIS RODGERS

Good afternoon and welcome to the Consumer Protection and Commerce Subcommittee legislative hearing today on reauthorizing two important U.S. programs: Brand USA and the U.S. SAFE WEB Act.

Earlier this year, this subcommittee held an oversight hearing with the Federal Trade Commission where we focused much of our attention on data privacy and how we can come together in Congress to deliver a Federal bill that provides uniform and strong consumer protections.

At that same hearing, the Commission impressed upon us the importance of the U.S. SAFE WEB Act and the need to extend it.

The Commissioners testified that it was key to the FTC's international work—and we agree. Today is the first step in extending this vital program.

I want to thank my good friend from Illinois, Ms. Robin Kelly, along with Mr. Bucshon and Chair Schakowsky, for joining me on this bill to extend the U.S. SAFE WEB Act so that it doesn't expire next September.

Our proposal extends the program to 2027 and requires additional reporting from the 2006 bill, so the FTC can report back on the critical work performed over the past decade.

Since its passage in 2006, and its reauthorization, this program has proven to be an important part of the Commission's mission.

In our digital and connected world, the internet and e-commerce know no borders, so it's vital to provide tools for the Commission's international work.

Thanks to the Internet, small companies likeetailz in Spokane Valley can now reach people and customers globally.

The internet has also made life-changing innovations possible that have raised our standard of living and connected us with the world.

However, it's also presented new opportunities for criminals and bad actors.

There's spam, spyware, misleading claims, privacy violations, data security breaches, telemarketing fraud, and more.

To protect Americans, the FTC is our top cop on the beat—both here at home and abroad.

Thanks to the SAFE WEB Act, the Commission can work on cases with an international dimension.

Specifically, the Commission can share evidence and provide assistance to foreign authorities.

The Commission can also enter into enhanced enforcement cooperation with foreign counterparts through staff exchanges, international agreements, and other mechanisms.

And the program has been a resounding success.

Because of the SAFEWEB, the Commission has responded to more than 130 information sharing requests, issued more than 115 civil investigative demands in more than 50 investigations on behalf of foreign agencies and secured settlements against companies that violated children's privacy online, engaged in sweepstakes scams, deception, and so much more.

The program has been crucial to securing the EU-U.S. Privacy Shield, which was just extended by the EU Commission last week.

Because the internet is borderless, this agreement safely and securely preserves the ability for U.S. companies to do business online in the EU by allowing transatlantic data flows.

US SAFEWEB is a successful tool for the FTC to protect Americans from online threats from overseas. I'm glad we are extending it on a bipartisan basis.

I also want to thank Mr. Welch and Mr. Bilirakis for their efforts to reauthorize Brand USA. Brand USA is a vital program to attract foreign visitors to the US, at no cost to taxpayers.

Their focus on bringing tourism to areas like Eastern Washington is spurring economic growth and it's creating excitement around other parts of the country outside of big city gateways.

Thank you again to our witnesses for being with us today and I look forward to discussing these two important bills.

I yield back.

Ms. SCHAKOWSKY. The gentlelady yields back.

And the Chair now recognizes Mr. Welch for 5 minutes for an opening statement.

OPENING STATEMENT OF HON. PETER WELCH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VERMONT

Mr. WELCH. Well, I will be brief, because I think, Madam Chair, in addition to saying thank you for holding this hearing, you really covered why this is so important.

But Brand USA, why wouldn't we want to do it when it is working? And we have a challenge. There is a huge economic benefit from tourism. International tourism is especially useful for our economy, and we are going to be hearing from the witnesses about the thousands of jobs and billions and billions of dollars of revenue.

But there is another reason, I think, Mr. Bilirakis and I have worked on this. We do have a dispute, by the way, the two of us. He has some illusion that foreign visitors are attracted to Disney World, not Ben & Jerry's, but there is room for both of us.

Mr. BILIRAKIS. There is room for both of us, absolutely.

Mr. WELCH. But here is the thing that is so important and what I find so really good working on issues where there is common ground. The tourism industry, it really requires people who live in each one of our communities to be so invested in what it is they are offering, their bed and breakfast or their Disney World or their Ben & Jerry's, whatever it is. It is local people who have enormous pride of place. And what they are selling, in effect, or offering, is this invitation to visitors to come and enjoy it.

And it is so beneficial not just for the folks who work there, not just for the State revenues, but for sustaining that sense of community that all of us, all of us, in every part of this country, eastern Washington, in Florida, in Vermont, in Illinois, that we want to encourage and assist.

So this is a public-private partnership, you know, a little bit on the visa and then significant contributions from the industry in kind, and this advertising makes a difference.

So it is really a thrill to have this hearing. And thank you so much for being so strong an advocate of this, Chairwoman Schakowsky and McMorris Rodgers.

And to my partner, thank you. But come up and get some Ben & Jerry's, all right?

Thank you.

Ms. SCHAKOWSKY. You could bring it.

Does the gentleman yield back?

Mr. WELCH. I am sorry. I yield back.

If we get this bill passed, Ben & Jerry's all around.

[Laughter.]

Ms. SCHAKOWSKY. That is a deal. Hey.

The Chair now recognizes Mr. Walden, ranking member of the full committee, for 5 minutes for his opening statement.

OPENING STATEMENT OF HON. GREG WALDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. WALDEN. Thank you, Madam Chair.

And good afternoon to our witnesses.

I am very pleased that the chairwoman has agreed to have this subcommittee hearing. It is really important work. And we have talked about this a time or two, about moving this forward.

And while the Travel Promotion Act's funding authorization of Brand USA, as well as the U.S. SAFE WEB Act, do not expire until next year, I think it is really important. We know the challenges of successfully moving legislative priorities through both Chambers in a timely fashion. It is hard work no matter what is going on.

This subcommittee can do great things for consumers and does, and I want to be optimistic we can move these items as well as other priorities, such as autonomous vehicles, and I know our teams are working on that, and privacy also, in a bipartisan manner.

My friend Mrs. Rodgers and myself will surely—well, I guess they say here debate who has the better wineries in our neighboring States.

Mrs. RODGERS. No debate.

Mr. WALDEN. There is no debate, that is right. But maybe we can agree a good way to solve the argument is if travelers from abroad come find out for themselves, and we could be there to help referee this.

The Bureau of Economic Analysis also reinforces our assessment of such benefits by reporting that foreign visitors account for a disproportionate amount of U.S. travel and tourism spending. And for those who might criticize the Brand USA program, they should know it does not cost taxpayers one dime.

So please direct your travelers out our way if you are critical of it. I would like to make them aware of not just our great wineries and breweries, but also the deepest freshwater lake in America, Crater Lake, the Painted Hills, the Pendleton Round-Up, "Let'er Buck," and our countless mountains, rivers, and forests.

I am sure we all have similar stories, although certainly not as great as mine, from our districts. I mean, if you are just down to ice cream and nothing else to talk about, I mean, really? We have Tillamook ice cream. We could have, like, an ice cream-off here, you know, before I leave.

Mr. WELCH. No Ben & Jerry's to Mr. Walden.

Mr. WALDEN. I don't think I yielded. I can't imagine why I would have.

So anyway, we all think this is a great program, I believe.

And I also want to thank Mr. Welch and Mr. Bilirakis in sponsoring this important legislation, too.

I would also like to ask, Madam Chair, unanimous consent that an opinion piece by Jason Brandt, who is the CEO of the Oregon Restaurant and Lodging Association, it appeared in the Hood River News, my hometown paper, be included in the record, on the benefits of the program if that meets without objection.

Ms. SCHAKOWSKY. So ordered.

[The information appears at the conclusion of the hearing.]

Mr. WALDEN. And let me segue to another important element in our international relationship.

Since the committee first created the SAFE WEB Act and our former colleague, Mary Bono Mack, and our current colleague, Mr. Butterfield, extended that program in 2012, it has been a valuable

tool for the Federal Trade Commission to cooperate with foreign enforcement agencies.

So I appreciate that Mrs. McMorris Rodgers is leading this effort on the extension along with Ms. Kelly. And the way this program has served as such an important element of cooperation in dealing with online fraud and deception perhaps serves as a prelude to us doing another data privacy and protection bill that establishes strong uniform standards and protections. Maybe we can do that in the next hearing.

The SAFE WEB Act program also clearly reaffirms the authority of the Federal Trade Commission, and that fact was reflected in our hearing with the agency earlier this year, which is that they know how to take on tough problems, and they do.

As we have certainly learned in our efforts to fight robocalls this past year, a lot of harmful traffic we are dealing with is originating from beyond our borders. So we must act so we are not further inundated with spam and spyware meant to mislead us and even rob us.

[The prepared statement of Mr. Walden follows:]

PREPARED STATEMENT OF HON. GREG WALDEN

Good afternoon, and welcome to our witnesses. I am very pleased that the Consumer Protection and Commerce Subcommittee is moving these initiatives forward today.

While the Travel Promotion Act's funding authorization of Brand USA, as well as the U.S. SAFE WEB Act, do not expire until next year, I believe we are all familiar with the present challenges of successfully moving legislative priorities through both chambers in a timely fashion. This subcommittee can do great things for consumers, and I want to be optimistic that we can move these items as well as other priorities on autonomous vehicles and privacy also in a bipartisan manner soon.

My friend Ms. Rodgers and myself will surely debate who has the better wineries in our neighboring States, but maybe we can agree a good way to solve the argument is if travelers from abroad come find out for themselves. The Bureau of Economic Analysis also reinforces our assessment of such benefits by reporting that foreign visitors account for a disproportionate amount of US travel and tourism spending.

For those that might criticize the Brand USA program they should know it does not cost taxpayers one dime, so please direct your travelers our way. I'd like to make them aware of not just our wineries and breweries, but also beautiful Crater Lake, the Painted Hills, the Pendleton Round-Up and our countless mountains, rivers and forests.

I'm sure we all have similar stories, although certainly not as great of examples as I do, from our districts. That represents the true benefits of the Brand USA program, which is having travelers to our largest gateway cities gain awareness of all the wonders the rest of our lands have to offer. I thank Mr. Welch and Mr. Bilirakis in sponsoring this important extension. I'd also like to ask for unanimous consent that an op-ed by Jason Brandt, CEO of the Oregon Restaurant and Lodging Association, that appeared in the Hood River News be included in the record on the benefits of the program.

Let me segue to another important element in our international relationships. Since the committee first created the SAFE WEB Act, and our former colleague Mary Bono Mack and our current colleague Mr. Butterfield extended the program in 2012, it has been a valuable tool for the Federal Trade Commission to cooperate with foreign enforcement agencies. I appreciate that Ms. Rodgers is leading this effort on the extension, along with Ms. Kelly. The way this program has served as such an important element of cooperation in dealing with online fraud and deception perhaps serves as a prelude to us doing another data privacy and protection bill that establishes strong uniform standards and protections—perhaps we can do that for the next hearing?

The SAFE WEB program also clearly reaffirms the authority the FTC has. That fact was reflected in our hearing with the agency earlier this year, which is that they know how to take on tough problems. As we have certainly learned in our ef-

forts to fight robocalls this past year, a lot of harmful traffic we are dealing with is originating from beyond our borders, so we must act so we are not further inundated with spam and spyware meant to mislead us and even rob us.

With that, I'd like to yield my remaining time to Mr. Bilirakis to relay opposing views on the need to visit the East Coast of our country.

Thank you.

Mr. WALDEN. With that, Madam Chair, I would like to yield my remaining time to the gentleman from Florida, Mr. Bilirakis, to relay opposing views on the need to visit the East Coast of the country.

Mr. Bilirakis, the time is yours if you so choose to use it.

Mr. BILIRAKIS. Thank you. Thank you, Mr. Chairman. I want to thank you. You are a true statesman. We are definitely going to miss you, Mr. Chairman. I appreciate you so very much.

And we have the—Mr. Welch and I have probably the best darn title of all the legislation, I mean, there is no question, Brand USA. And it is a wonderful bill. And again, it is a no-brainer as far as I am concerned. But we have got to get it through the House and the Senate as soon as possible and get it to the President's desk.

I want to thank the leadership on both sides of the committee for holding this hearing and for allowing me to wave onto the subcommittee to discuss the Brand USA program and the bipartisan bill I am coleading with my good friend and colleague Peter Welch, H.R. 3851.

Brand USA is responsible for increasing international visits to the U.S. by 6.6 million since 2013 and generating \$47.7 billion in economic impact, all at no cost to the taxpayer, I think the best public-private partnership that we have in this country. I previously worked on a bipartisan basis to reauthorize the program with Mr. Welch, and our bill this year will fix and extend the funding source for Brand USA through 2027.

I want to thank our witnesses for testifying this afternoon. I look forward to hearing from all of you. And, again, I want to let you know that we have the number-one beach in the United States, Clearwater Beach, just outside—

Mr. WALDEN. Reclaiming my time.

Mr. BILIRAKIS. All right.

Mr. WALDEN. We have a little ocean by our State, sir.

Oh, look, we are out of time. I yield back.

Ms. SCHAKOWSKY. The gentleman yields back.

The Chair would like to remind Members that, pursuant to committee rules, all Members' written opening statements shall be made part of the record.

And now I would like to introduce our witnesses at today's hearing. Mr. Christopher Thompson is the president and CEO of Brand USA. Ms. Tori Barnes is executive vice president of public affairs and policy for U.S. Travel Association. And Mr. Aaron Burstein is a partner at Wilkins Barker and Knauer.

And we would like to thank all of our witnesses today for joining us. We look forward to hearing your testimony.

At this time, the Chair will recognize each witness for 5 minutes to provide an opening statement. Before we begin, I just want to make sure that everybody understands the lighting system here.

In front of you is a series of lights. The light will be initially green at the start of your presentation, and the light will turn to yellow when there is 1 minute left, and please begin to wrap up at that time, and the light will turn red when your time has expired.

So, Mr. Thompson, we welcome your presentation for 5 minutes.

STATEMENTS OF CHRISTOPHER L. THOMPSON, PRESIDENT AND CHIEF EXECUTIVE OFFICER, BRAND USA; TORI EMERSON BARNES, EXECUTIVE VICE PRESIDENT, PUBLIC AFFAIRS AND POLICY, U.S. TRAVEL ASSOCIATION; AND AARON BURSTEIN, PARTNER, WILKINSON BARKER KNAUER, LLP

STATEMENT OF CHRISTOPHER L. THOMPSON

Mr. THOMPSON. Chairwoman Schakowsky, Ranking Member McMorris Rodgers, members of the subcommittee, thank you for inviting me to testify before you today. It is a great privilege to represent Brand USA, the destination marketing organization for the United States. I would also like to thank each of you for your support on behalf of Brand USA, because this body has demonstrated overwhelming support publicly for the reauthorization of Brand USA.

As you know, Brand USA is a public-private partnership established by the Travel Promotion Act in 2009 and reauthorized in 2014. Our mission is to increase incremental international visitation, spend, and market share to fuel our Nation's economy and to improve and enhance the image of the USA worldwide.

Brand USA inspires visitors from around the globe to visit the USA and showcases amazing destinations, experiences, and culture, one that you can only experience in the United States of America. We directly influence consumers and companies in the travel industry across international markets and through a variety of platforms and campaigns.

One example of this type of engagement is our innovative megafamiliarization tours. We refer to them as MegaFams. We recruit qualified travel agents and tour operators and create multistate itineraries that not only take them to, but through and beyond, our gateway cities, as was stated earlier. We provide education tools and firsthand knowledge so that they will need to sell those destinations when they are back in their hometowns.

Since the first MegaFam in 2013, 1,000 international travel sellers have visited 50 States, Puerto Rico, U.S. Virgin Islands, and our District of Columbia. Participants enjoy experiences such as a tour of Chicago's Chess Records, the unique atmosphere of Black Bart's Steakhouse in Flagstaff, Arizona, and strolling the quaint parks of Newark, Delaware, among many other places.

We do all of this because it works. According to Oxford Economics, since 2013 Brand USA's marketing efforts have generated 6.6 incremental international visitors. They spent 21.8 billion incremental dollars. It has generated \$6.2 billion in Federal, State, and local sales taxes. Overall economic impact is \$47.7 billion, and nearly 52,000 jobs are supported on an annual basis.

These positive impacts benefit and affect the entirety of the U.S. economy, well beyond the travel and tourism sector. Roughly 50

percent of the direct, indirect, and induced spend include good jobs, created and supported by multiple industries, including finance, insurance, real estate, business services, and manufacturing.

Detailed information about our campaigns, our economic impact, and our return on investment is available for you and your staffs in the annual report for fiscal 2018 that was included and submitted for the record.

Brand USA is more important than ever. The United States faces stiff competition in the global tourism marketplace due to factors such as a strong U.S. dollar, growing investment from competitor destinations, and the misperception among travelers that they already know everything that there is to do in the United States of America.

To maintain our effectiveness and not lose ground in markets around the globe, Brand USA needs to be reauthorized now. While the current authorization does not expire until September 30 of 2020, destination marketing plans are developed at least 12 months out, prior to the deployment of marketing campaigns.

This means that Brand USA is currently planning for campaigns that extend beyond the current fiscal year. We are already making decisions about expenditures such as market research, message testing, and digital asset deployment that lay the foundation for our fiscal 2021 campaigns.

This type of long-term planning is the reason our results have been so positive over the last 6 years. But without clarity beyond September, it is difficult to justify these types of expenditures.

At the same time, tour operators and travel media companies around the world are making their investment decisions for travel that will occur in the next year. Without confidence that Brand USA will continue to promote the USA to consumers, connect U.S. destinations and travel retailers and more, these companies are far less likely to make investments in selling the USA.

This will have a particularly acute impact for U.S. destinations beyond the gateways, because international tour operators and travel companies take more risk when they sell the destinations beyond the gateways. The longer the wait, the longer the recovery time. This will lead to a reduction in jobs supported by international travel.

Delays in reauthorization will also impact our partners, who are also already in their business cycle planning and counting on Brand USA's presence in these key markets around the world.

When Brand USA is reauthorized, we will continue to inspire people from all across the globe who enjoy the unique experiences that they can only enjoy in our 50 States, the five territories, and our District of Columbia. Our efforts will continue to power the economy, increase revenues, and create jobs across the country.

I thank you again for each of your individual support and for the opportunity to testify before you today. I am happy to answer any questions you may have. Thank you very much.

[The prepared statement of Mr. Thompson follows:]

12

WRITTEN TESTIMONY FOR THE RECORD

OF

CHRISTOPHER L. THOMPSON
PRESIDENT AND CEO
BRAND USA

ON

“REAUTHORIZING BRAND USA”

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY & COMMERCE
SUBCOMMITTEE ON CONSUMER PROTECTION & COMMERCE

OCTOBER 29, 2019

INTRODUCTION

Chairwoman Schakowsky, Ranking Member McMorris Rodgers, and Members of the Subcommittee:

I am honored to offer testimony on behalf of Brand USA and share with you the impact of our critical work to build the reputation of the United States as a premier destination for international travelers. Brand USA is a non-profit, public-private partnership established by the Travel Promotion Act of 2009. Our mission is to increase incremental international visitation, spend, and market share to fuel our nation's economy and enhance the image of the USA worldwide. Through the financial and in-kind support of hundreds of industry partners, and in partnership with the federal government, Brand USA has been able to achieve and expand upon this mission each year.

International travel and tourism drives economic growth in the United States, bringing jobs and capital to local communities throughout the country. It is the number one services export and represents nearly 10 percent of total U.S. exports across all industries. In 2018, domestic and international travel and tourism supported 7.8 million jobs across a variety of industries in the United States—1.2 million of which are directly attributable to international visitors.

Despite the size of the travel and tourism industry and its importance to the U.S. economy, Brand USA is the only federally-sponsored program charged with promoting the full breadth of travel experiences in the United States around the world. We act as a multiplier for efforts by state and city tourism boards and private companies, telling a unified and inspiring story about the awesome possibilities of travel to our incredible land. We do this without using a single taxpayer dollar.

We advance our mission through coordinated marketing, promotional, and educational campaigns that inspire international visitors to travel to the United States. Our approach works. Brand USA efforts are responsible for increasing international visitation, generating additional spending, tax revenue, and jobs that support your constituents and the American economy as a whole.

The travel and tourism industry continues to grow, with global overnight tourist arrivals eclipsing 1.4 billion in 2018 according to the UN World Tourism Organization—a 5 percent growth rate over the previous year. Our work to sustain this critical area of the economy is only growing more important. We face stiff headwinds with the strength of the U.S. dollar and its impact on foreign travelers' decisions, increased competition around the world with more markets serving as potential long-haul travel destinations, and heavy investment from foreign competitors.

Understanding the Brand USA impact

Oxford Economics conducts an annual economic impact study measuring the effectiveness of Brand USA activities (see Appendix 1). The Oxford Economics model draws upon independent inputs and data from Google Analytics and ad servers to measure the impact of Brand USA's marketing efforts around the world.

In FY2018 this study attributed 1.13 million *incremental* international visitors to Brand USA's efforts. These travelers spent \$4.3 billion on travel purchases, including airfare on U.S. carriers; which led to an incremental \$1.17 billion in federal, state, and local taxes; generated \$8.9 billion in total economic impact; and provided support for approximately 52,000 American jobs.

Since 2013, according to the annual study, Brand USA's marketing efforts have generated 6.6 million incremental visitors; \$21.8 billion in incremental spending; \$6.2 billion in federal, state, and local taxes; \$47.7 billion in total economic impact; and supported nearly 52,000 incremental jobs on an annual basis. For every dollar that Brand USA spends to market and promote the United States around the world, it generates \$28 in return to the U.S. economy.

Furthermore, it is the entire U.S. economy – and not solely industries traditionally associated with travel and tourism – that benefits from Brand USA activities. Nearly 50 percent of Brand USA-generated economic impact accrues to industries such as manufacturing, finance, insurance, real estate, and retail. The same distribution is true for the 52,000 jobs that Brand USA activities support.

Our collaborative model

Brand USA is only able to generate these results with the support of our partners, including the federal government. We work closely with and are funded by cash and in-kind contributions from entities within and outside the travel industry. Our supporters include destination marketing organizations, travel agents, tour operators, hotel and lodging companies, attractions, retailers, airlines, and others.

The federal government's support and funding enable us to invest in critical infrastructure for in-market campaigns that many of our partners are unable to make on their own. From digital platforms in foreign markets to a marquee trade show that connects domestic travel and tourism companies with foreign travel agents and tour operators, our partners recognize the value of working with Brand USA and fund our mission accordingly. We in turn are able to draw international travelers to, through, and beyond gateway cities to ensure the benefits of international visitation are felt in local economies across the country.

Brand USA's path forward

Brand USA's authorization and public funding source is set to expire on September 30, 2020.

The immediate passage of the Travel Promotion, Enhancement, and Modernization Act of 2019 is critical to Brand USA's ability to maintain momentum and continue to deliver impactful campaigns that bolster the U.S. tourism industry and bring increased spending and jobs to communities of all shapes and sizes throughout the country.

Uncertainty about our future could have a chilling effect on the trust we have developed over the last seven years with our industry partners who are the engine for our efforts. And every day that passes without access to future funding weakens our ability to make the type of long-term strategic investments, which deliver Brand USA's impressive results.

Slowing our pace in the short-term will have serious consequences over time, forcing Brand USA to re-establish relationships and re-invest in the infrastructure we have built over nearly a decade of service to our mission and to the United States.

BRAND USA BACKGROUND

Brand USA was established by the Travel Promotion Act of 2009 as the nation's first public-private partnership to spearhead a globally coordinated marketing effort to promote the United States as a premier travel destination and communicate U.S. visa and entry policies. In 2014, Congress extended the original funding authorization through September 30, 2020.

Brand USA is supported by contributions from non-federal sources like state and city tourism boards and private sector travel companies. These contributions are matched by fees collected from international visitors who travel to the United States under the Visa Waiver Program (the \$14 fee that Customs and Border Protection collects under the Electronic System for Travel Authorization (ESTA)). This means that Brand USA marketing efforts are managed at zero cost to the U.S. taxpayer.

Brand USA is eligible to receive matching funds from the Travel Promotion Fund at a one-for-one basis, up to \$100 million per federal fiscal year. These funds can be unlocked through cash or in-kind contributions, such as airline tickets, hotel rooms, cooperative advertising, or content (photos, videos) for use in our marketing efforts. All requests for matching funds are approved by the U.S. Department of Commerce consistent with their policies and guidelines.

In order to accelerate growth in international arrivals, Brand USA concentrates its consumer marketing efforts on markets with the strongest indicators of growth, and at specific times when travelers are most motivated to plan and activate travel.

To determine the optimum level of investment in each market, Brand USA utilizes a market selection model as the first step in determining those markets where it will focus its consumer campaigns each year. The model includes 10 factors, which help Brand USA identify markets that offer the most incremental growth potential over the plan year. International travel behavior and macroeconomic data are more heavily weighted as part of the target markets analysis, but other important factors are also considered, such as civil liberty, wealth distribution, and ease of doing business.

HOW BRAND USA MARKETS THE USA

To achieve our mission, Brand USA deploys a number of market-driven strategies to increase inbound visitor travel to the United States and drive tourism dollars to communities in all 50 states, the five territories, and the District of Columbia. These include consumer campaigns, cooperative marketing, and travel trade outreach. (See Appendix 2 for Brand USA's Annual Report to Congress detailing programs, results, and other important information).

Consumer Marketing

Brand USA’s consumer marketing tactics—broadcast, print, digital, out-of-home advertising, social, and various multi-media strategies—are fundamental to Brand USA’s ability to reach, engage, and inspire travelers to visit the USA. The media mix is optimized by consumption habits and efficiencies within markets, and is informed by media buying experts and research. We conduct research to identify the target demographics and inform content development, often through in-person surveys, all of which allows Brand USA to deliver the right message to the right people at the right time.

The foundation of Brand USA’s consumer marketing campaigns is an “always on” digital marketing approach that engages and inspires international travelers to visit the United States. Brand USA’s consumer website is available in 16 market-specific formats and translated in eight different languages. Each site is mobile-responsive and geo-targeted, directing viewers to content on their preferred devices and in their native language. The sites feature editorial and compelling content about destinations as well as interactive maps, a custom trip itinerary planning tool, consumer travel ratings, seasonal weather, and practical travel information. Brand USA continuously works to enhance these websites and increase traffic to these pages by adding content and developing interactive features.

Brand USA operates social media accounts in each of the markets where Brand USA has a fully-integrated marketing presence, including: Facebook, Twitter, Instagram, and YouTube. In China, Brand USA has a presence on Sina Weibo, a microblogging site that is a hybrid of Twitter and Facebook; Tencent Weibo, a microblogging site; Youku, a YouTube equivalent; Weishi, a Vine equivalent; Wechat, a mobile social network for texting, images, music, and article sharing; and Lofter, a photo sharing platform.

In 2018, Brand USA launched GoUSA TV, the first connected TV channel established by a national destination marketing organization. GoUSA TV streams entertainment-driven travel content “on demand” to viewers on smart TVs, or streaming devices via Roku, Amazon Fire, and Apple TV, as well as iOS and Android apps for mobile devices and tablets. The channel is available for free and without a subscription and takes advantage of digital video trends and the growth of households that are cutting their reliance on cable television programming in favor of on-demand entertainment. The channel attracts viewers worldwide with its range of original and curated episodic content, documentaries, and films about U.S. destinations and experiences told from the diverse perspectives of real people across America.

Brand USA’s *Ask A Local* campaign welcomes international visitors and invites them to experience amazing destinations as a local through the voices and faces of U.S. residents. In partnership with our destinations, these first-person recommendations highlight local attractions, food, nightlife, music, and scenery throughout the 50 states, five territories, and the District of Columbia.

Brand USA also produces and distributes highly-produced destination-focused storytelling content such as the *Hear the Music, Experience the USA* campaign featuring 15 artists, from 15 U.S. cities representing different music genres and their renditions of classic American songs, “Do You Want to Dance,” “That’s What I Like About You,” and “Boogie Shoes.” This content captures the artists’ performance as well as compelling storytelling about the community and culture that make their hometowns a destination for international tourists to visit.

The *United Stories* campaign, takes viewers on the road via mobile content creation labs that travel the United States capturing warm and welcoming stories told from local perspectives, inspiring international travelers to visit the USA. Accomplished content creators, storytellers, and influencers visit various points of interest, events, and attractions across the country in visually arresting branded vehicles and create aspirational content in all 50 states, five territories, and the District of Columbia.

Brand USA's giant-screen projects have also proven successful. Brand USA's first giant-screen film, *National Parks Adventure* premiered in 2016 with regular distribution in more than 15 countries. *National Parks Adventure* was the highest grossing documentary film in 2016. According to an economic impact study conducted by Oxford Economics, *National Parks Adventure* is expected to inspire 170,000 incremental international visitors from 2017 through the end of 2019. The study estimates that these travelers will generate \$700 million in incremental visitor spending, resulting in a total economic impact of \$1.5 billion and a return on investment for the film of 56:1.

In February 2018, Brand USA's second giant screen film, *America's Musical Journey*, which traces the roots of American music, opened in more than 75 theaters around the world, generating nearly 2 billion impressions across earned and paid media.

Brand USA is in production of a third film, *Into America's Wild*, which is scheduled for release in February 2020.

Cooperative Marketing

Cooperative marketing allows us to weave together the many stories and voices highlighting the diverse travel experiences – the great outdoors, music and culture, indulgence, and urban excitement – throughout the United States in a cohesive and compelling way.

Many of these programs rely on Brand USA marketing infrastructure and make it possible for partners to enter global markets that they would be challenged to reach on their own. For example, Brand USA operates a comprehensive digital presence in China, which requires significant time and investment beyond the reach of many destinations and travel companies. Our Visit the USA Inspiration Guides are distributed throughout our key markets. These inspiration guides explore some of the most authentic travel experiences and destinations in the United States and include large and small, urban and rural destinations throughout the United States.

Travel Trade Outreach

Brand USA's travel trade outreach is designed to engage and influence tour operators, travel agents, and other travel professionals to increase bookings to the United States. We accomplish this by presenting a unified message to the international travel trade on behalf of U.S. destinations and companies at events like travel trade shows, sales missions, road shows, training initiatives, and familiarization tours. Brand USA hosts these types of events to connect U.S. destinations and travel companies with international travel sellers. And throughout the year, Brand USA works to educate our domestic partners about the international marketplace and the international travel trade on the diversity of travel opportunities in the USA.

A great example of this work are Brand USA's familiarization tours, or "fams." These tours bring groups of travel agents and tour operators to destinations in the United States to provide first-hand knowledge of new experiences and itineraries they can offer to customers back home.

The highest-profile Brand USA familiarization tours are "MegaFams," which are the largest multi-itinerary, simultaneous familiarization tours conducted in the United States. Brand USA organizes and coordinates these diverse U.S. travel experiences in order to more fully promote multiple destinations. They are especially effective in motivating the travel trade to sell destinations to, through, and beyond the gateways to their clients because the itineraries include a broad range of travel experiences, attractions, and brands from popular gateway cities to off-the-beaten-path encounters. Since the first MegaFam in 2013, more than 1,000 international travel sellers have visited all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

These travel trade efforts are supported by Brand USA's network of in-country firms in over 20 markets. These "boots on the ground" help Brand USA build a strong presence and manage relationships; develop itineraries and promotions to highlight new travel experiences; and educate and inspire the travel trade to better promote the USA to, through, and beyond the gateways.

Partnership with Federal Agencies

Brand USA works closely with a variety of federal government partners to market the welcome, provide travel policy information, and amplify U.S. economic and diplomatic efforts in-market. Much of this collaboration is coordinated through the National Travel and Tourism Office at the U.S. Department of Commerce, which is the liaison agency from the government to Brand USA.

For example, Brand USA works closely with Customs and Border Protection and the Bureau of Consular Affairs to develop market-specific visa and entry policy language for dissemination via digital and print channels. We also coordinate policy language with the responsible agencies when there are changes to or misperceptions about visa or entry procedures. Our in-market teams collaborate with U.S. embassies and consulates to deliver visa and entry policy information to travel agents and tour operators as part of our travel trade engagement. Customs and Border Protection and the Bureau of Consular Affairs often participate in Brand USA-organized travel trade shows and sales missions around the world to directly deliver travel policy information.

In addition, Brand USA has collaborated with the federal government to "market the welcome" to foreign travelers. We have helped improve waiting areas in consulates, embassies, international arrival halls, among other areas through delivery of high-quality print and video collateral. We feel strongly that all of the sophisticated and well-researched marketing campaigns are meaningless if the traveler or potential traveler doesn't feel welcome in the United States.

Brand USA also works closely with the U.S. Commercial Service, State Department, and others on a host of in-market activities around the world, including special film screenings, trade shows, industry roundtables, PR events, and promotional opportunities in markets where Brand USA does not have a fully-integrated presence. We have developed a toolkit of materials for all U.S. embassies and consulates around the world to easily use.

Finally, Brand USA collaborates with a wide variety of federal agencies to showcase some of our greatest national treasures to the international traveling public. Our public lands and waters represent both a significant portion of the country and a nearly endless source of unique travel experiences and content that Brand USA is able to include in our various marketing and outreach efforts.

See Appendix 2 for Brand USA's Annual Report to Congress detailing programs, results, and other important information.

CONCLUSION

Brand USA is effectively and efficiently fulfilling its mission as prescribed by the Travel Promotion Act. Brand USA has had a significant impact on the U.S. economy since 2013, generating:

- 6.6 million incremental visitors who spent
- \$21.8 billion on travel and fare receipts with U.S. carriers, and generated
- \$6.2 billion in federal, state, and local taxes and
- \$47.7 billion in total economic impact, which has supported, on average,
- Nearly 52,000 incremental jobs each year, with a
- Marketing ROI of 28:1 and overall ROI of 25:1

Brand USA is more important than ever. The United States faces stiff competition in the global tourism marketplace due to factors such as a strong U.S. dollar, growing investment from competitor destinations, and the misperception among travelers they already know everything there is to know about the United States. Brand USA will continue to inspire first-time visitors and remind repeat visitors of the awesome possibilities that they can only experience in the USA.

To maintain our effectiveness and not lose ground in markets around the globe, Brand USA must be reauthorized now. While the current authorization doesn't expire until September 30, 2020, destination marketing plans are developed on at least a 12-month planning cycle. This is particularly true for an organization with a mission as broad and sophisticated as our own. We need to inspire travelers around the world with varied tastes, cultures, and desires. We can only accomplish that with rigorous testing and investment that lays the necessary foundation for successful, integrated marketing campaigns. We are already making decisions about expenditures such as market research, message testing, and digital asset development that lay the foundations for our FY2021 activities. This type of long-term planning is the reason that our results have been so positive over the past six years. But without clarity beyond September, it is difficult to justify these types of expenditures.

At the same time, domestic and international travel and tourism companies are making similar decisions, many of which are reliant on a continued Brand USA presence in market. Without confidence that Brand USA will exist to promote the USA to consumers and connect U.S. destinations with travel retailers, these companies are less likely to make investments in selling the USA. This will have a particularly acute impact for U.S. destinations beyond the gateways because international tour operators and travel companies take on more risk when they sell these travel products. Similarly, many domestic travel companies base their own planning on the foundational work of Brand USA, particularly in emerging markets like China and India.

If Brand USA is not reauthorized by the end of the year, many of these types of decisions will be negatively impacted. The longer the wait, the longer the recovery time. This will lead to a reduction in jobs supported by international travel to the United States.

When Brand USA is reauthorized, we will continue to inspire people from across the globe to enjoy the unique experiences one can only enjoy in our 50 states, five territories, and the District of Columbia. Our efforts will continue to power the economy, increase revenues, and create jobs across the country.

Thank you again for your support and for the opportunity to testify before you today. I am happy to answer any questions you might have.

[Two documents submitted by Mr. Thompson, “Annual Report: Fiscal Year 2018, Brand USA” and “The Return on Investment of Brand USA Marketing: FY 2018,” have been retained in committee files and also are available at <https://docs.house.gov/Committee/Calendar/ByEvent.aspx?EventID=110153>.]

Ms. SCHAKOWSKY. Thank you.

And now, Ms. Barnes, you are recognized for 5 minutes.

STATEMENT OF TORI EMERSON BARNES

Ms. BARNES. Thank you. Chairwoman Schakowsky, Ranking Member McMorris Rodgers, members of the subcommittee, good afternoon. I am Tori Barnes, executive vice president of public affairs and policy for the U.S. Travel Association.

I would like to thank the committee leadership, also Chairman Pallone and Ranking Member Walden, for prioritizing this critical issue, and I would also like to thank Congressman Welch and Congressman Bilirakis for leading this bill.

Brand USA does all of this important work at no cost to U.S. taxpayers, and it is absolutely critical that Congress reauthorizes Brand USA this year.

U.S. Travel is the only association that represents all sectors of the travel industry: hotels, airports, State and local tourism offices, car rental companies, theme parks and attractions, and many others. Our membership is diverse, but we are aligned behind a focused mission: to increase travel to and within the United States.

In 2018, spending by nearly 80 million international visitors to the U.S. produced \$256 billion in export income for the American economy. Overseas visitors spend approximately \$4,200 per trip and stay an average of 18 days, spending money on hotels and transportation, as well as in restaurants, retail establishments, and more. And 74 percent of these visitors leave with a more favorable view of the United States.

Travel is the seventh-largest industry in terms of employment, and international visitor spending is essential to growing the economy and the American workforce. But the United States is rapidly losing its share of the global travel market, falling 2 percent since 2015. That decline represents a difference of 14 million visitors and a hit to the economy of about \$60 billion in spending and 120,000 American jobs. If nothing is done, our market share will continue to erode and is projected to fall below 11 percent by 2021.

This is why it is crucial for Congress to reauthorize Brand USA this year. If Brand USA were eliminated, the United States would be the only top 20 country destination without a national travel promotion budget. Brand USA's proven effectiveness is jeopardized by uncertainty over its future. Budgets need to be written and campaigns need to be planned, none of which can effectively be done unless Brand USA is reauthorized now.

Quite simply, this is a program that works. Brand USA keeps the United States competitive in the global race to attract visitors and prevents the decline in market share from being worse.

Over the past 6 years, Brand USA's marketing has brought 6.6 million international visitors to the United States, who created \$47.7 billion in economic impact.

Brand USA brings these visitors through and beyond the U.S. gateway cities, ensuring all pockets of America reap the economic benefits of international inbound travel. Some of these partnerships around the country include Meet Atlantic City in New Jersey, Visit Spokane in Washington, Choose Chicago, and Travel Oregon.

Brand USA is also essential to improving the U.S. trade balance. Travel is America's second-largest export. While the overall U.S. economy ran a trade deficit in 2018, U.S. travel exports generated a \$69 billion trade surplus. Without this surplus, the United States' overall trade deficit would have been 11 percent higher.

It must be noted that Brand USA does not cost American taxpayers a dime. Other countries with whom we directly compete for tourism dollars, have large taxpayer-funded promotion budgets, but Brand USA instead is funded through a small fee charged to international visitors approved for travel here under the Visa Waiver Program, plus matching contributions from the American private sector.

Earlier this year, more than 600 travel industry organizations representing all 50 States signed a letter in support of Brand USA to Speaker Pelosi and Leader McCarthy. And of course, Brand USA was reauthorized once, in 2014, with overwhelming bipartisan support.

The time is now. The future of the United States' ability to welcome and attract international visitors as one collective voice and the health of the overall economy depend on it.

I would like to thank once again the committee for recognizing the critical need to reauthorize Brand USA as soon as possible. We look forward to working with you to secure the future of this valuable program, and I look forward to your questions.

[The prepared statement of Ms. Barnes follows:]

U.S. TRAVEL
A S S O C I A T I O N[®]

WRITTEN STATEMENT

OF

Ms. TORI EMERSON BARNES
EXECUTIVE VICE PRESIDENT, PUBLIC AFFAIRS AND POLICY
U.S. TRAVEL ASSOCIATION

ON

“REAUTHORIZING BRAND USA”

BEFORE THE
HOUSE COMMITTEE ON ENERGY AND COMMERCE,
SUBCOMMITTEE ON CONSUMER PROTECTION
OCTOBER 29, 2019

U.S. TRAVEL ASSOCIATION
1100 NEW YORK AVENUE
WASHINGTON, DC 20005-3934
202.408.8422
FAX 202.408.1255

Chairwoman Schakowsky, Ranking Member McMorris Rodgers, members of the Subcommittee, good afternoon. I'm Tori Barnes, Executive Vice President of Public Affairs and Policy for the U.S. Travel Association. Not only would I like to thank the subcommittee Chairwoman and Ranking Member, but also Chairman Pallone, Ranking Member Walden and the committee for taking the time to prioritize this critically important issue on the legislative calendar. I would also like to thank Congressmen Welch and Bilirakis for their tireless efforts championing this bill. Brand USA does all of its important work at no cost to U.S. taxpayers, and it is absolutely crucial that Congress reauthorizes the program this year.

U.S. Travel is the only association that represents all sectors of the travel industry—hotels, airports, state and local tourism offices, car rental companies, theme parks and attractions and many others. Our membership is diverse, but we're aligned behind a focused mission—to increase travel to and within the United States.

In 2018, spending by nearly 80 million international visitors to the U.S. produced \$256 billion in export income for the American economy. Overseas visitors spend approximately \$4,200 per trip and stay an average of 18 days—spending money on hotels and transportation as well as in restaurants, retail establishments, and more.¹ And 74% of these visitors leave with a more favorable view of the United States.

International visitor spending is essential to growing the economy and the American workforce. But the United States is rapidly losing its share of the global travel market, dropping from 13.7% in 2015 to just 11.7% in 2018. That decline represents a difference of 14 million

¹ https://www.ustravel.org/system/files/media_root/document/Research_Fact-Sheet_US-Travel-Answer-Sheet.pdf

visitors, and a hit to the economy of about \$60 billion in spending and 120,000 American jobs.² If nothing is done, our market share will continue to erode and is projected to fall below 11% by 2021.³ This is why it is crucial for Congress to reauthorize Brand USA this year.

If Brand USA were eliminated, the United States would be the only top-20 country destination without a national travel promotion budget. With years of studies in hand measuring Brand USA's tremendous effectiveness, the program is presently jeopardized by the uncertainty over its future. Budgets need to be written and campaigns need to be planned, none of which can effectively be done unless Brand USA is reauthorized immediately.

Quite simply, this is a program that works: Brand USA keeps the United States competitive in the global race to attract visitors and prevents the decline in market share from being far worse. According to a return-on-investment study conducted by Oxford Economics, Brand USA's marketing efforts over the past six years have generated:

- 6.6 million incremental international visitors to the United States;
- \$21.8 billion in visitor spending;
- \$47.7 billion in total economic impact;
- Support for nearly 52,000 incremental jobs each year.⁴

Brand USA brings all those visitors to, through and beyond the U.S. gateway cities, ensuring all pockets of America reap the economic benefits of international inbound travel. Some of these

²

https://www.ustravel.org/system/files/media_root/document/Research_Fact-Sheet_International-Inbound_Market-Share.pdf

³ https://www.ustravel.org/system/files/media_root/document/Research_Travel-Forecast_Summary-Table.pdf

⁴ <https://www.thebrandusa.com/research-analytics/roi-study>

partnerships around the country include the Greater Newark Convention and Visitors Bureau in New Jersey, the Visit Spokane destination marketing organization in Washington, the Illinois Office of Tourism, the Bowling Green Area Convention and Visitors Bureau in Kentucky, and the Columbia River Gorge Visitors Association in Oregon.⁵

Brand USA is also essential to improving the U.S. trade balance. Travel is America's second-largest export: while the overall U.S. economy ran a trade deficit in 2018, U.S. travel exports generated a \$69 billion trade surplus. Without this surplus, the United States' overall trade deficit would have been 11% higher.⁶

While trade tensions persist and the value of the U.S. dollar remains historically high, it is crucial for the United States to continue promoting itself to visitors abroad. In addition to Congress reauthorizing Brand USA, the administration can help combat these hurdles by embracing both a visitation goal and a "welcome message" for international visitors.

It must be noted that Brand USA does not cost American taxpayers a dime. Other countries with whom we directly compete for tourism dollars have large, taxpayer-funded promotion budgets. Australia's \$120 million travel promotion budget and Japan's \$84 million budget are fully taxpayer funded; 80% of Spain's \$96 million budget is taxpayer funded.⁷ Brand USA is funded instead through a small fee charged to international visitors approved for travel here under the Visa Waiver Program, plus matching contributions from the American private sector.

⁵ https://www.thebrandusa.com/partners/state_fact_sheets

⁶ https://www.ustravel.org/system/files/media_root/document/Research_Fact-Sheet_Travel_and_Trade.pdf

⁷ https://www.ustravel.org/sites/default/files/media_root/document/BrandUSA-Infographic_09.20.19.pdf

Earlier this year, more than 600 travel industry organizations representing all 50 states signed a letter in support of Brand USA to Speaker Pelosi and Leader McCarthy.⁸ And of course, Brand USA was reauthorized once before in 2014 with overwhelming bipartisan support.

The time is now. The future of the United States' ability to welcome and attract international visitors with one collective voice—and the health of the overall American economy—depend on it. I'd like to once again thank the committee for recognizing the critical need to reauthorize Brand USA as soon as possible. We look forward to working with you to secure the future of this valuable program.

⁸ https://www.ustravel.org/sites/default/files/media_root/document/BrandUSA_Letter2019.pdf

Ms. SCHAKOWSKY. Thank you.

Mr. Burstein, you are recognized for 5 minutes.

STATEMENT OF AARON BURSTEIN

Mr. BURSTEIN. Thank you. Chairwoman Schakowsky, Ranking Member McMorris Rodgers, and members of the subcommittee, thank you for the opportunity to testify today. My name is Aaron Burstein, and I am a partner at Wilkinson Barker Knauer in Washington, DC.

Before joining Wilkinson Barker in 2016, I was a legal adviser on consumer protection matters to former FTC Commissioner Julie Brill. My perspective on the U.S. SAFE WEB Act is informed by my experiences at the FTC and in private practice. However, my testimony represents only my own views and not those of Wilkinson Barker or any of its clients.

The SAFE WEB Act provides the FTC with important tools to protect U.S. consumers and enforce standards that responsible companies strive to meet. It bolsters the FTC's ability to work with its foreign counterparts and supports the FTC's international leadership and standing.

Reauthorizing SAFE WEB would keep these essential tools in place and send a strong signal of support for the FTC's consumer protection mission and its role as an international leader in this arena.

I support reauthorization through H.R. 4779, which would leave unchanged the core provisions of the SAFE WEB Act that were enacted in 2006 and reauthorized in 2012. I would like to highlight a few of the benefits of those provisions.

First, SAFE WEB provides the FTC with a clear grant of extraterritorial authority. A core purpose of SAFE WEB is to help protect U.S. consumers from cross-border scams and fraud in a globalized and networked world.

Consistent with this purpose, SAFE WEB expressly allows the FTC to prosecute overseas conduct that foreseeably harms American consumers. The act also expressly allows the FTC to take action against companies that operate in the U.S. and cause harm overseas.

Second, SAFE WEB has allowed the FTC to build an impressive record of assisting its foreign counterparts in their investigations. As we heard, according to FTC data from March 2019, the FTC has issued more than 115 administrative subpoenas and responded to more than 130 information-sharing requests under SAFE WEB.

SAFE WEB requires the FTC to carefully evaluate these assistance requests under a variety of factors. For example, the FTC has to consider whether the requesting agency will reciprocate when the FTC makes its own requests. This helps to ensure that assistance is done carefully and is not a one-way street.

This leads me to a third benefit of the SAFE WEB Act, which is the meaningful assistance the FTC obtains from foreign law enforcement agencies. In the past few years, the FTC has credited the act with securing assistance and cooperation in cases involving large-scale data breaches, children's privacy violations, and a sweepstakes scam that led the FTC to recover over \$30 million.

Finally, the SAFE WEB Act helps the FTC build relationships with foreign law enforcement agencies through staff exchanges. The officials the FTC hosts as international fellows or interns return to their home countries with a better understanding of the laws the FTC enforces, how it conducts investigations, and how it operates as an agency.

These visitors also develop personal contacts within the agency, and these relationships can bolster trust, promote future enforcement cooperation, and facilitate communications between the FTC and its counterparts.

All of these outcomes benefit U.S. companies and consumers.

In conclusion, the FTC has used its SAFE WEB Act effectively in its own investigations and to assist its counterparts abroad.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Burstein follows:]

Written Testimony of

Aaron Burstein
Partner, Wilkinson Barker Knauer, LLP

Before the

U.S. House of Representatives
Energy and Commerce Committee
Subcommittee on Consumer Protection and Committee

Hearing on

“Reauthorizing Brand USA and the U.S. SAFE WEB Act”

Washington, DC
October 29, 2019

I. INTRODUCTION

Chairwoman Schakowsky, Ranking Member McMorris Rodgers, and members of the Subcommittee, thank you for the opportunity to testify today. My name is Aaron Burstein, and I am a partner at Wilkinson Barker Knauer in Washington, DC. Before joining Wilkinson Barker in 2016, I was an attorney at the Federal Trade Commission (“FTC” or “Commission”), where I served as a legal advisor to former Commissioner Julie Brill on consumer protection matters. My perspective on SAFE WEB is informed by my experiences at the FTC and in private practice. However, my testimony represents my own views, not those of Wilkinson Barker or any of its clients.

The Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers Beyond Borders Act of 2006 (“U.S. SAFE WEB Act,” “SAFE WEB Act,” or “Act”)¹ provides the FTC with important tools to protect U.S. consumers and enforce standards that responsible companies strive to meet. The Act also bolsters the FTC’s ability to work with its foreign counterparts, which in turn supports the FTC’s international leadership and standing. Reauthorizing the SAFE WEB Act would keep these essential tools in place and send a strong signal of support for the FTC’s consumer protection mission and its role as an international leader in this arena. I support reauthorization of the Act through H.R. 4779.

II. THE FTC’S USE OF THE U.S. SAFE WEB ACT

H.R. 4779 would leave the core provisions of the SAFE WEB Act unchanged. As enacted in 2006 and reauthorized in 2012, the Act advances the international aspects of the FTC’s consumer protection mission in several important ways. I would like to highlight how the

¹ See Pub. L. 109-455 (codified as amended by Pub. L. 112-203 in scattered sections of 15 U.S.C. and 12 U.S.C. § 3412(e)).

SAFE WEB Act has been helpful in four areas: (1) stating a clear grant of extraterritorial authority; (2) providing investigative assistance to foreign law enforcement agencies; (3) obtaining investigative assistance from foreign law enforcement agencies; and (4) facilitating relationships with the FTC's counterparts overseas.

Affirming Extraterritorial Authority. A core purpose of the SAFE WEB Act is to help protect U.S. consumers from cross-border scams and fraud in a globalized, networked world. Consistent with this purpose, the Act amended the FTC Act to cover acts or practices involving foreign commerce that “cause or are likely to cause reasonably foreseeable injury within the United States” or “involve material conduct occurring within the United States.”² As one court recently held, this amendment provides a “clear, affirmative indication” that the FTC may pursue foreign-based unfair or deceptive conduct, provided that the conduct meets either the foreseeability or materiality standard.³ Consequently, in appropriate cases, the FTC may be able to reach the operations and assets of fraud operations outside the United States that harm U.S. consumers.

Providing Investigative Assistance. The FTC has built an impressive record of sharing information and providing investigative assistance to its foreign counterparts under the SAFE WEB Act. According to FTC testimony in 2018, the FTC has issued more than 110 civil investigative demands (“CIDs”) in connection with more than 50 foreign law enforcement

² SAFE WEB Act § 3, 15 U.S.C. § 45(a)(4).

³ See Order Denying Motion to Dismiss, *FTC v. Apex Capital Group*, Case No. CV-18-9573 (C.D. Cal. Sept. 16, 2019), at 12-13.

investigations under the SAFE WEB Act.⁴ In addition, the FTC has responded to more than 125 information sharing requests that were made through SAFE WEB procedures.⁵

The Act requires the FTC to carefully evaluate assistance requests. Specifically, the Commission must consider “all relevant factors” in deciding whether to provide assistance, including reciprocity with the requesting agency, any potential negative impact of assistance on U.S. public interest, and the number of persons affected by the acts or practices being investigated.⁶ In addition, the assistance processes under the SAFE WEB Act provide strong measures for accountability at the Commission and at the foreign law enforcement agencies that receive its assistance.

These measures add to the general processes that the FTC has in place governing how it conducts investigations. In my experience, the FTC generally makes careful decisions about opening investigations and how to conduct them. For example, the civil investigative demands (CIDs) that the agency issues in consumer protection cases go through several layers of review before they are signed by a Commissioner. These review processes provide an opportunity to review the substantive scope and relevant time period of each CID before it is issued.

Obtaining Assistance for FTC Investigations. Importantly, the SAFE WEB Act assures that the FTC’s assistance is not a one-way street. As noted above, one factor the FTC must consider is a foreign agency’s willingness to reciprocate as part of its assistance decisions. The FTC’s public statements indicate that it obtains real and meaningful assistance from foreign counterparts as a result of the powers granted by the SAFE WEB Act. For instance, in the past

⁴ Fed. Trade Comm’n, Prepared Statement on “Oversight of the Federal Trade Commission” Before the Committee on Energy and Commerce Subcommittee on Digital Commerce and Consumer Protection, U.S. House of Representatives (July 18, 2018), at 19-20.

⁵ *Id.*

⁶ *See* SAFE WEB Act § 4(b), 15 U.S.C. § 46(j)(3).

few years, the FTC has credited the Act for securing assistance and cooperation in cases involving large-scale data breaches, children’s privacy violations, and a sweepstakes scam that led to the recovery of \$30 million.⁷ This record builds on several other enforcement actions in which the FTC acknowledged the role of the Act, including cases in which the Commission obtained orders shutting down spam operations and lottery scams.⁸

Facilitating Staff Exchanges. Finally, the SAFE WEB Act fosters relationships between the FTC and its foreign counterparts. Under the Act’s authority to conduct staff exchanges, the FTC hosts foreign agency officials as visiting international fellows or interns.⁹ These kinds of exchanges are an effective way to provide officials from other countries with a better understanding of the laws that the FTC enforces, how it conducts investigations, and how it operates as an agency. As a result, fellows and interns return to their countries with a clear picture of how the FTC operates, as well as having developed personal contacts within the

⁷ See Fed. Trade Comm’n, *FTC Sues Cambridge Analytica, Settles with Former CEO and App Developer* (July 24, 2019), <https://www.ftc.gov/news-events/press-releases/2019/07/ftc-sues-cambridge-analytica-settles-former-ceo-app-developer>; Press Release, Fed. Trade Comm’n, *Operators of Sweepstakes Scam Will Forfeit \$30 Million to Settle FTC Charges* (Mar. 7, 2019), <https://www.ftc.gov/news-events/press-releases/2019/03/operators-sweepstakes-scam-will-forfeit-30-million-settle-ftc>; Press Release, Fed. Trade Comm’n, *Electronic Toy Maker VTech Settles FTC Allegations That it Violated Children’s Privacy Law and the FTC Act* (Jan. 8, 2018), <https://www.ftc.gov/news-events/press-releases/2018/01/electronic-toy-maker-vtech-settles-ftc-allegations-it-violated>; Press Release, Fed. Trade Comm’n, *Operators of AshleyMadison.com Settle FTC, State Charges Resulting From 2015 Data Breach that Exposed 36 Million Users’ Profile Information* (Dec. 14, 2016), <https://www.ftc.gov/news-events/press-releases/2016/12/operators-ashleymadisoncom-settle-ftc-state-charges-resulting>.

⁸ See, e.g., Press Release, Fed. Trade Comm’n, *Defendants in International Spam Operation Settle FTC Charges; New Canadian Defendants Identified* (July 15, 2008), <https://www.ftc.gov/news-events/press-releases/2008/07/defendants-international-spam-operation-settle-ftc-charges-new>; Press Release, Fed. Trade Comm’n, *Court Halts Bogus Check Scam Targeting Lottery Winners; Money Transfers Used to Defraud Consumers* (Nov. 19, 2007), <https://www.ftc.gov/news-events/press-releases/2007/11/court-halts-bogus-check-scam-targeting-lottery-winners-money>.

⁹ See SAFE WEB Act § 9, 15 U.S.C. § 57c-1 (authorizing the FTC to “retain or employ officers or employees of foreign government agencies on a temporary basis as employees of the Commission”). The FTC is also authorized to detail FTC personnel “on a temporary basis for appropriate foreign government agencies.” *Id.*

agency. These relationships can bolster trust, promote future enforcement cooperation, and facilitate communications between the FTC and its counterparts. These outcomes generally benefit U.S. consumers and companies.

III. CONCLUSION

The FTC has used its SAFE WEB Act authority effectively in its own investigations and to work with and assist its counterparts abroad. The Subcommittee should endorse H.R. 4779 to ensure that the FTC can continue its international engagement under the SAFE WEB Act.

Ms. SCHAKOWSKY. Thank you so much.

We have concluded now witness opening statements. At this time, we will move to Member questions. Each Member will have 5 minutes to ask questions of our witnesses, and I am going to start by recognizing myself for 5 minutes.

You are going to hear a lot of touting of our hometowns, and that is all to the good.

For the third consecutive year, Conde Nast Traveler has voted—the readers have voted Chicago as the, quote, “best large city in the U.S. to visit,” unquote. Pace Magazine praises Chicago’s theater as, quote, “one of the most thriving theater scenes on the planet,” unquote. And Bon Appetit magazine has dubbed Chicago as “America’s most exciting city to eat in right now,” unquote. And of course, Chicago is also home to the largest science museum in the Western Hemisphere, champion sports teams, and the famous Art Institute of Chicago.

I have to express one gripe, however. Yesterday my city was maligned to some extent. The President of the United States was there, and Chicago, he said, quote, “is embarrassing to us as a Nation,” unquote, and that, quote, “Afghanistan is a safer place by comparison than Chicago.” Not helpful.

But I wanted to ask you, Mr. Thompson, Chicago has a thriving tourism market, despite some other comments, and everything is in place to support even more tourism. How can Chicago specifically benefit from its partnership with Brand USA? We do have Choose Chicago—as I think you mentioned, Ms. Barnes, or one of you—that partners with Brand USA. But what recommendations do you have for cities in general to maximize the tourism?

Mr. THOMPSON. So, Madam Chairwoman, this might be the answer to each and every one of your similar questions about your respective hometowns.

The foundation of our marketing and promotion efforts really promote—and by law we are required to promote—the entirety of the USA, all 50 States, five territories, and the District of Columbia. So our marketing promotion campaigns through our own assets do that.

But I am happy to report that both Choose Chicago and the Illinois Office of Tourism are some of our most active partners. So, beyond our foundational marketing campaigns, we have cooperative marketing across many channels, mostly on the digital platforms and in the social media, and both of those organizations, on behalf of the city and the State, have been very, very active.

I don’t have to tell their stories because on my best day I couldn’t tell it as well as they could do. What we have to do is find ways to magnify their stories, and that is the way that we add value to what is being done at the local and State level.

So I am proud to say that I am not sure what else more they can do other than what they have been doing, and it is our job to continue to bring forward programs and marketing opportunities that they see value in.

Ms. SCHAKOWSKY. Thank you.

So people from all over the world are visiting the United States, and today the top five countries for international tourism to the U.S. are Canada, Mexico, the United Kingdom, Japan, and China.

However, there are certain countries where you probably see tremendous potential, even more than tourists right now who are visiting the U.S.

So, Mr. Thompson, what are some countries that you view as emerging markets for inbound tourism to the United States?

Mr. THOMPSON. Well, you mentioned four of our most stable markets, the two we share a border with and the U.K. and Japan. China is a market that has climbed the top 10 in a rapid pace. It is the largest outbound tourism market in the world, 140 million Chinese travel outside the borders every year. The U.S. is the most aspirational destination for our Chinese visitors.

So as lift improves, as access improves, our job is to continue to tell the stories that they actually know, which are many of the gateway cities and opportunities through those gateways, and more importantly, what they don't know, because they are very curious visitors and we expect them to grow in numbers.

Ms. SCHAKOWSKY. And I assume you are trying to promote that.

Mr. THOMPSON. Oh, absolutely. We have four offices in China.

Ms. SCHAKOWSKY. Great.

I now yield to the gentleman, Mr. Bucshon, who is the acting vice chair of this committee right now.

Mr. BUCSHON. Well, thank you very much.

In a digital age where the world is simply a click away, bad actors often try to take advantage of international borders to defraud consumers. We should ensure that the FTC has the tools to work with international law enforcement to bring these bad actors to justice.

That is why I am proud to colead the U.S. SAFE WEB Extension Act with Ranking Member McMorris Rodgers, Chairwoman Schakowsky, and Congresswoman Kelly, which reauthorizes the U.S. SAFE WEB Act of 2006.

Mr. Burstein, you mentioned that the core purpose of the SAFE WEB Act was to affirm the FTC extraterritorial authority. Can you provide examples of how the foreseeable and materiality standard has protected consumers in the United States?

Mr. BURSTEIN. Certainly. This aspect of the SAFE WEB Act has come up in a couple of recent cases. And just to set the frame in a little bit larger perspective, part of the concern that would arise from the expiration of SAFE WEB Act authority is that, without that express authority in place, FTC defendants might have greater incentive to litigate the FTC's jurisdiction over them. So having it in place makes bringing cases a little bit easier for the FTC.

That has come up in a couple of cases recently. One example would be the case against Triangle Media, which involved an operation that had a foreign component. Some of it was based in Bulgaria. And part of the defense against the FTC's action on the part of one of the defendants was that those operations were walled-off foreign channels entirely. The FTC presented evidence that that wasn't the case and that there was a material connection of sorts to the U.S. and was able to defeat that defense.

Mr. BUCSHON. Sounds great.

Mr. Thompson, Indiana offers many great experiences for tourists, such as a chance to ride in the Spirit of Jasper Train, engulf themselves in the holidays in Santa Claus, Indiana.

By the way, if you have children and they send a letter to Santa Claus, Santa Claus, Indiana, 47579, you will get a personal response. They have a whole team of people that work with Santa Claus to respond back to every letter, just so you know. And if you send a box of Christmas cards, which we get from all over the world, they will be personally stamped with a stamp in Santa Claus, Indiana, with a logo that is designed by local schoolchildren every year. So I just want to put that plug in.

By the way, I love Chicago. I went to med school in Chicago. My son lives there.

Ms. SCHAKOWSKY. And I have a house in Indiana.

Mr. BUCSHON. But in all seriousness, Mr. Thompson, can you expand on how Brand USA works with States like Indiana to help promote tourism?

Mr. THOMPSON. Congressman, as I said earlier, I don't have to tell the Indiana story because, as you well do and as they do at the State office, they tell the story very well. But when we are able to take some of our dollars, match them with their dollars, and in many cases, we have city-State pairings, where the cities will actually partner with the States, then you take one plus one plus one, equaling four and five and six, so that we are all able to leverage our resources beyond what we would be able to do on our own. And I know in many cases that has proved to be very successful for many of the States.

Mr. BUCSHON. Great.

In my remaining time, Mr. Burstein, can you describe how the SAFE WEB Act provides accountability measures for both the Commission and foreign law enforcement agencies?

Mr. BURSTEIN. I think one of the key features of SAFE WEB along those lines is that, when the FTC provides information to a foreign law enforcement agency, it requires certain certifications that the receiving agency will use it only for appropriate law enforcement purposes and will provide confidentiality protections. And those obligations also apply to information that the FTC receives from its overseas counterparts.

Mr. BUCSHON. Great. I appreciate that.

And by the way, you can also hike in Hoosier National Forest. I just wanted to throw that in.

With that, Madam Chairwoman, I yield back.

Ms. SCHAKOWSKY. The gentleman yields back.

And I now recognize Congresswoman Castor for 5 minutes.

Ms. CASTOR. Well, thank you, Madam Chair, for organizing this hearing.

Thanks to our witnesses today.

I want to thank my good friends and colleagues Peter Welch and Gus Bilirakis for moving this bill. I am very pleased to be a cosponsor.

Brand USA is working, and we really need to move this bill out of committee expeditiously and get it passed. I hear all of the reasons why that you have categorized for us. But it is so important in this big, diverse country that we have a focal point like Brand USA that can combine efforts and be as efficient as possible with the dollars—not the tax dollars, but the foreign dollars that come to help organize private-sector business partners with our public

institutions and come up with a strategy to market all of the beautiful places and destinations across the United States.

And this is who we are in the State of Florida. The Tampa Bay area, we are the hip urban heart of Florida's Gulf Coast. The hospitality there is as warm as the weather. Gus Bilirakis is absolutely right. Let the record reflect that the beaches of the Gulf Coast are the best in the world. In fact, Dr. Beach, when he announced the best beaches of 2019 this year, Florida was the only State with 2 of those beaches in the top 10, but they are all fabulous. I know Congressman Soto is going to second that motion.

But I am concerned that the international traveler numbers are—I think, Ms. Barnes, you said the market has been falling since 2014, 2 percent, down 2 percent. That is what we see in the State of Florida, a lot of domestic travelers that—we love them. They all come to Florida to enjoy their vacations. But we want the international travelers back. They are important to us. As you said, they spend more money. They often stay longer.

What are the trends? Mr. Thompson, you know the State of Florida very well, and I appreciate all of your years of service to our State. What is going on, Mr. Thompson, Ms. Barnes, on the international traveler numbers? What should we understand so that we can make sure that we are doing everything to attract those visitors?

Mr. THOMPSON. Congresswoman, I was going to say, you know my home State is Florida, and I have a long track record with Visit Florida, so I know much of what you were saying about your area very well.

I will say that, although the numbers have slowed, the near 80 million visitors in 2018 and the over a quarter-trillion dollars in spend were record numbers. So we are still seeing increased visitation, just at a slower pace.

You know, much of the reason why things slow has as much to do with the strength of the dollar, has much to do with, as I said earlier, competing destinations, and a lot to do with what people are feeling and experiencing back in their points of origin.

So we have consumer sentiment that we track in 10 markets every month, so we have a good pulse about what people are thinking and what their intent to travel to the United States is in the next couple years, and we use that to inform a lot of our decisions.

And I would say that is really the urgency of our request to be reauthorized now as opposed to later is a lot of our success that we have had over the last 6 years has really been dependent on that ability to plan 12 to 18 months out and to have the resources that informs those decisions so that we can stay on top of any issues that might be affecting people's ability or intent to travel.

Ms. BARNES. And thank you for the question.

I think I would add to that as well that we are seeing this global travel boom. Global travel is up about 5 to 7 percent. So, as Mr. Thompson noted, we are still continuing to see growth here in the U.S., but it could be that much more. We are losing the market share, really. Countries like Spain and Australia and Canada are beating us at this game, or have the potential to beat us at this game if we don't have Brand USA.

So Brand USA, we think, is really what sustained this continued growth, and the urgency, as Mr. Thompson mentioned, is really around that certainty moving forward.

As I noted in my opening statement, if Brand USA were to go away the U.S. would be the only 1 of the top 20 destinations to have no organized marketing arm, and that would be a real detriment to the economy. And quite frankly, because 74 percent of folks leave the U.S. with a more favorable view, it would also be a negative diplomatic impact as well.

Ms. CASTOR. Well, thank you very much.

And I imagine, Mr. Bucshon, if the U.S. Travel Association and Brand USA was going to write to Santa Claus, they would probably ask for swift passage of this bill out of committee and the floor, but also probably for all of us to get busy on an infrastructure package to help repair our airports, our roads, and make travel around the United States of America a little more pleasurable.

So thank you very much. I yield back.

Ms. SCHAKOWSKY. The gentlelady yields back.

And now I recognize Mr. Latta for 5 minutes.

Mr. LATTA. Well, thank you very much, Madam Chair.

And to our witnesses, thanks very much for being here.

Before I do start, I would like to tell my good friend, the gentleman from Indiana, that I happen to have Rudolph, Ohio. And every year at Rudolph, they have tens of thousands of letters that come in that they will stamp with their famous Rudolph the Red-Nosed Reindeer postmark, so you can have that done in my district.

So thank you very much again, Madam Chair, and thanks again to our witnesses. The first bill we are hearing in this legislative hearing today is H.R. 3851, would reauthorize the Brand USA program so that public and private resources will continue to be leveraged to promote the United States as a tourist attraction for international visitors.

According to Ohio tourism, 46 million people came to Ohio in 2017, spending \$19 billion and contributing \$3.1 billion in tax revenue. Ohio has been my home for my entire life, and I believe it has much to offer to our visitors from inside the United States and from around the globe who are looking for new and memorable travel experiences.

For example, every year in my hometown of Bowling Green, we host the National Tractor Pulling Championships, which draws thousands of visitors to Bowling Green from all over the country and the world for a 3-day event, and it also ends up contributing greatly to our local economy.

In addition to events like the tractor pull, northwest Ohio welcomes millions of visitors to the world-class Toledo Zoo and Aquarium, Lake Erie shores, the historic Sauder Village, sports teams like the Toledo Mud Hens, the roller coaster capital of the world at Cedar Point, and the internationally renowned Toledo Museum of Art.

I have heard from local business leaders that Brand USA has helped bring visitors to see these attractions and patronize local restaurants, hotels, and shops. Because of the positive economic

benefits of this program—which doesn’t, again, cost the taxpayer a dime—I am supporting its reauthorization.

And, Ms. Barnes, if I could start my questions with you. In your testimony, you speak of bringing visitors to parts of the United States beyond those gateway cities. As I said earlier, we have a lot to offer in Ohio. What is Brand USA doing to promote the Midwest and the Great Lakes States as a tourist destination for international visitors?

Ms. BARNES. Thank you.

So I think Mr. Thompson can probably best answer this question, but I would note that part of Brand USA’s requirements are that they actually go well beyond the gateways and help to promote all of the U.S.

So I know that they are doing a lot of good work in Ohio. I was recently there for a big travel event, and your State was wonderful, a wonderful host. So if I may, Mr. Thompson might be able to best address this specific region.

Mr. LATTA. And also, Mr. Thompson, if you could also talk about some of the indirect impacts that the Brand USA has on our local economies back home along with that.

Mr. THOMPSON. Congressman, I appreciate your comments. As I listen to all of you promoting your destinations, we have a campaign called Ask a Local, and we always say that you can know the heart and soul of a community if you know what the locals know. So I think if I just take this recording and send it out, you know, you guys are as good promoters as any of us.

So I would reinforce what we said earlier as far as our core campaigns, which is our own assets that we promote through 12 major markets around the world, promote the entirety of the United States, 50 States, five territories, and the District of Columbia.

We layer in on top of that some streamed marketing campaigns. And I know, for example, we have a campaign that recently launched called United Storage, where we are sending content creation labs, real-time content creation labs, around the United States. And that campaign recently visited Cleveland and focused on what Cleveland has to offer and pushed it out on digital and social and other marketing platforms.

I would also remind everyone that included in our testimony on the record is our annual report for 2018, and most every—all of the accountability that we have as it relates to the overall promotion and what we might have done in specific destinations is listed in there. So I don’t have all of that committed to memory and certainly would refer to that as a resource to be able to do, and happy to provide after the fact any more detail.

Mr. LATTA. Well, thank you very much.

Madam Chair, I will yield back the balance of my time.

Ms. SCHAKOWSKY. Would you want to ask permission to put that in the record, what was just mentioned by Mr. Thompson?

Mr. LATTA. Absolutely.

Ms. SCHAKOWSKY. So ordered.

Mr. LATTA. Ask unanimous consent.

Ms. SCHAKOWSKY. So ordered.

Ms. SCHAKOWSKY. And now Mr. O’Halloran is recognized for 5 minutes.

Mr. O'HALLERAN. Thank you, Madam Chairwoman.

I am not going to start off with a long list of shameless promotions that the other districts have talked about. I am sorry. I am going to go back to where I started. I wanted to get that in early.

I am glad that we are here having serious discussions about reauthorizing two very important pieces of legislation, and I want to thank the witnesses for their time today.

First, I am proud to be a cosponsor of the legislation that would reauthorize Brand USA. It is critical that we pass this legislation by the end of the year to ensure that its operation and partnerships can continue well into the future.

Brand USA has tremendous impacts on the First District of Arizona. We attract tourists from all over the world, millions of them. In 2018, domestic and international travel to my district generated \$2.5 billion in economic impact and supported over 18,000 jobs. That is a pretty good return by brand on investment, I would think. The travel industry is the fourth-largest employer, and there may be partnerships between Brand USA and organizations in my district.

Now getting back to the important issue of bragging about our districts. I would like to have anybody want to come out to the district that is larger than the State of Illinois. I grew up in Illinois, but—

Ms. SCHAKOWSKY. A little respect.

Mr. O'HALLERAN. Yes. I am sorry. But come to the Colorado Plateau or any of the 22 national parks and monuments, the Salt River Canyon, all of the wonderful water lands that we have that are contained in the 6 national forests that are within the district, Lake Powell, the 12 Native American Tribes in the district, heritage of the southwestern United States, and I almost forgot the Grand Canyon and Sedona, which are close to my heart also.

Thank you very much. I yield.

Ms. SCHAKOWSKY. The gentleman yields back.

And next is Mr. Guthrie, who is now the—

Mr. GUTHRIE. Acting ranking member.

Ms. SCHAKOWSKY [continuing]. Acting ranking member.

Mr. GUTHRIE. Thank you very much. I appreciate it very much.

And we were talking earlier, I have got to go through my list. The Bluegrass Museum in Owensboro—you did a video there—which is the birthplace of one of America's forms of music, totally American, was born right next to my district, used to be my district, Jerusalem Ridge, with Bill Monroe.

Abraham Lincoln. I know my friend from Illinois claims Abraham Lincoln. That is where he became an adult, but he was formed on the hardscrabble land of Kentucky, born, and then Hardin County and now LaRue County. Drank his first drink of water out of Sinking Creek. And then he learned his chores as a boy at the boyhood home that you can visit in Hardin.

In LaRue County, Kentucky, Mammoth Cave National Park, one of the great cave systems of the world, is right near where I live. Unfortunately, we have new caves open up. We try to keep our water away from our houses so we don't become part of Mammoth Cave where we live.

And then all the scenic rivers and small towns, of course the gold vault at Fort Knox, which you can only see from the road, but you can see it just like the movie "Goldfinger."

And as I got to know Ms. Barnes when I first came to town, she used to represent another business that manufactures the great American sports car, Corvettes, in my hometown of Bowling Green. So if you bring a little cash, you can drive a Corvette away from my home district. They are worth every penny of it, that is what they are. So moving forward.

But I want to get to a couple of questions, one for Mr. Thompson and Ms. Barnes. And my friend was talking about her great city of Chicago, and I agree, it is a great city, and I love the great museums and so forth. But we want people sometimes to get out of the big cities and see Kentucky and see other areas off the beaten path because, you know, when we go to some of those countries overseas in Europe, you want to see the great cities and the great cathedrals and things. But sometimes when you find that little surprising little town if you get off the beaten path, it really is what you come back and talk about.

And so what kind of systems or things does Brand USA do to try to get people out of the gateway cities—which I am not dismissing them at all—but into the places like the Bourbon Trail and the bluegrass and things like that?

Mr. THOMPSON. So, Congressman, aside from the plateau or the foundation of promotion that as a result of the internet and through our own channels promotes the entirety of the United States, we actually—through our campaigns that are otherwise cooperative marketing—we actually do a very calculated effort to make sure that we are covering the entirety of the United States.

For example, you mentioned the Hear the Music campaign for Owensboro, Kentucky. I think a lot of people would not have known that Owensboro, Kentucky, was the home to Bluegrass Music Museum and the Hall of Fame there. And I think that is a great example. Of all the participants in that campaign, that Owensboro, Kentucky, video is actually indexing as high as any.

Mr. GUTHRIE. That is great.

Mr. THOMPSON. So that just goes to prove that many of our visitors know our gateway cities, they are familiar with our gateway cities.

And I think that is the strength of the USA as a destination, that in times when people might be challenged, even with the U.S. dollar, that we have a variety of options even around gateways that give people tremendous opportunity so that they can change their travel plans and actually stay in and around the gateway, and within 4 or 5 hours of a gateway there are things that they have no idea that existed. So we take very seriously the charge of promoting beyond the gateways.

Mr. GUTHRIE. Thanks.

Ms. BARNES. And I would just add that the average international traveler spends about \$4,200 when they come to the U.S. Travelers from China might spend upwards of \$7,000. So, as Mr. Thompson noted, when they are staying in and around a gateway city, they also stay, on average, for 18 days, and so that allows for them to go and experience different opportunities.

And I think one of the things that Brand USA has really done well, to highlight lately, in particular, is the desire of the traveler to participate in the authentic American experience, which obviously goes well beyond just our cities but to destinations within rural and suburban areas alike. So those international dollars are such a huge benefit to the economy. And when those folks come here and stay for that long period of time, it really helps them to experience the real America.

Mr. GUTHRIE. Thank you.

And I will transition. I know that you say a lot of it is through internet trafficking—or internet traffic, and so I wanted to talk to Mr. Burstein about the SAFE WEB Act. So we have another bill before us. It provides the Federal Trade Commission—so can you explain what tools the USA SAFE WEB Act provides the FTC that it would not otherwise have, and how does it use the tools?

Mr. BURSTEIN. Sure. Just briefly, there are four main areas of tools that SAFE WEB Act provides. First is a clear grant of authority to go after frauds and other types of consumer protection harms that occur overseas. The second is the ability to assist foreign law enforcement investigations that may involve conduct in the United States or that harm consumers in the U.S. The third is that the FTC can share information that it would otherwise be required to keep confidential or be prevented from sharing with foreign law enforcement partners. And then the fourth is that it allows for staff exchanges primarily so that foreign law enforcement officials can come to the U.S., get better acquainted with the FTC, build strong relationships, and provide a stronger foundation for future cooperation.

Mr. GUTHRIE. Thank you.

My time has expired. I yield back.

Ms. SCHAKOWSKY. I didn't hear you say that when Mr. Welch brings ice cream, that you would provide a bourbon chaser. I was listening for that.

VOICE. Now you are talking.

Ms. SCHAKOWSKY. Yes, yes.

Mr. GUTHRIE. I want the maple syrup.

Ms. SCHAKOWSKY. And, Congressman Kelly, you are recognized for 5 minutes.

Ms. KELLY. Thank you so much, Madam Chair.

I just want to remind my colleague from Kentucky that, yes, Lincoln was born in Kentucky, but his library is in—his museum is in Springfield, Illinois. But I do agree with him, as far as the big city. My district is urban, suburban, and rural, and most is out of Chicago, and I want to make sure that we do as much for those areas. And we do have—the chairwoman talked about all the virtues of Chicago, so I won't double down, but we have Olympia Fields Country Club, which is in the top 50 in the country, where the PGA has visited, and I am very proud that that is in my district. So we want them to keep on coming. So—and thank you for your testimony.

I did want to turn to the SAFE WEB Act. Can you talk about what are some examples of how the U.S. and Canada have cooperated to the benefit of American consumers, since they modeled legislation after the SAFE WEB Act?

Mr. BURSTEIN. Sure. The FTC has cited cooperation with a variety of Canadian law enforcement agencies as being helpful in FTC investigations. Some of the places that that has come up recently include a children's privacy case involving the company V-Tech, that sold connected toys, wasn't obtaining—allegedly, wasn't obtaining—appropriate consent to collect information from children. The FTC apparently worked with the Canadian Office of the Privacy Commissioner, which conducted its own investigation and released its own findings.

Also, another recent case involving Canadian assistance or cooperation was the Ashley Madison case, a breach of a dating website, involving millions of users of that site. There were reportedly users in some 46 countries, including Canada, and again, the FTC had obtained assistance from Canada to collect evidence in that case.

Ms. KELLY. So when you talk about the U.S. SAFE WEB Act, it doesn't just protect consumers from traditional cases of fraud and deception, but as you said, also threats to privacy and children's privacy also?

Mr. BURSTEIN. That is correct.

Ms. KELLY. And then also, can you discuss some of the types of cross-border fraud against U.S. consumers that you see originating from different countries? And are there some countries that are tougher to deal with or we see more fraud originating from?

Mr. BURSTEIN. From outside the FTC, which is where I currently sit, it is a little bit hard to really get a lot of insight into where specific things are coming from or where large trends come from. But, certainly, based on the cases the FTC brings, as well as some of what I hear in my practice currently, things like tech support scams remain a very large problem. I certainly hear from my father that he receives ads or popups indicating that he has some sort of problem and needs to employ the services of the company behind the advertiser. Those often have a cross-border component to them. And then also, things like even U.S.-mail-based scams promoting prizes that may not really exist as well as sweepstakes and those sorts of schemes can involve actors residing overseas or moving money around and keeping assets offshore.

So those are all things that SAFE WEB gives the FTC the authority to work with foreign law enforcement agencies to investigate as well as to prosecute, if it is appropriate, the parties that are involved in the conduct.

Ms. KELLY. Do you think there are certain groups that these, whoever, go after more than others, or is it equal across the board, or is it like seniors or children?

Mr. BURSTEIN. That is a great question. You know, these schemes can affect anyone. One of the recent cases that the FTC brought that involved SAFE WEB powers did involve, I believe, targeting of elderly consumers. So there certainly are vulnerable categories of consumers who can be targeted.

Ms. KELLY. Thank you.

And I want to yield some of my time to my colleague from Arizona.

Mr. O'HALLERAN. I thank you.

Just wanted to make a correction. It is the Colorado River, not Plateau. And it is the Coconino Plateau, and I should have fixed that in my notes. Thank you very much.

And I yield.

Ms. SCHAKOWSKY. We will get that correction in the record now. Who is it? Oh, Mr. Walden is back.

Mr. WALDEN. I am back.

Ms. SCHAKOWSKY. And I welcome your questioning for 5 minutes.

Mr. WALDEN. Thank you. Thank you, Madam Chair. And thanks again to our panel.

Ms. Barnes, you got some explaining to do. Can you explain how Brand USA helps drive international visitors to parts of Oregon they may not otherwise hear about? I stayed up all night working on that one. And then I am going to ask you about whether you think Oregon wine is better than, say, Washington wine—but, no, I won't put you in that spot. Because we know the answer.

Ms. BARNES. Thank you for the question, and the Oregon wine is quite good. I like that, thank you.

You know, Brand USA really goes well beyond the gateways in their efforts, in what they do to market all of the United States as they are working throughout the world. And I think, as I noted previously, we have the opportunity here to really increase our market share. We are losing out to other countries that are doing a lot to try to gain the travelers that would otherwise come here. And without Brand USA we really would be hamstrung. We would be, without Brand USA, one of the top—the only one of the top 20 destinations that has no marketing arm. So reauthorization is critical. But Mr. Thompson probably can get more specific on exactly what is happening in Oregon.

Mr. WALDEN. Thank you.

Mr. THOMPSON. So, Congressman, as I said before, by law we are required to promote all 50 States, five territories, the District of Columbia, not only to, but through and beyond the gateways, and we are also, by law, responsible for promoting both urban and rural destinations. With that kind of charge and a lot of it being focused on geography, we don't really focus on geography. We focus on lifestyle interests. So in doing that, and particularly in your case, as you were referencing, people that are coming for a wine experience, certainly Oregon has a great opportunity to tell a great story about the wine experience that can be had there. And so on those platforms, where that storytelling is being told, Oregon is a prominent part of the story.

Mr. WALDEN. Yep. And we got great breweries too. It is not just about the alcohol, but we have great food too and farm-to-table. It is really pretty cool what is happening in sort of the ecoterrorism world—ecoterrorism—ecotourism world. Yes, the other is not really cool. But ecotourism world. We see that a lot too and everything else out there.

Mr. Burstein, robocalls, I know the FTC has been involved in a lot of different international cooperation issues and all, and I am just curious, this committee, at its larger level, has done a lot of work together in a bipartisan way to try and shut down these illegal calls that are often made from overseas. What guidance can you

give us? What impact do you see? What can we do more to lessen the burden of these things?

Mr. BURSTEIN. Well, as far as robocalls specifically go, I don't have any recommendations right now, except to point to the SAFE WEB Act and what it does generally for the FTC's ability to cooperate with international partners.

Mr. WALDEN. Yes.

Mr. BURSTEIN. All of the tools that it provides are useful with respect to international robocall schemes, whether it is working with law enforcement agencies abroad, getting information from them or, you know, helping them obtain evidence from the United States that might be useful to shut down operations.

Mr. WALDEN. Yes, I guess that is kind of what I am looking for, is how do we build on those international partnerships. Because what we find is this stuff doesn't stop at the water's edge, it keeps going. And I know there are scams in the hotel lodging industry as well where there are third-party operators alleging to be XYZ Hotel, and turns out it was a total fraud, and the guest shows up and—I actually was at a hotel in my district and overheard one of these conversations, somebody at the desk talking—you know, a guest thought they were all signed up, and it is like, nope, and they were a victim of a fraud. And I think we are all trying to figure out how do we stop that as we encourage tourism.

So, Madam Chair, I don't have anything else. Thanks for having this hearing. This is really an important set of issues we hopefully will move forward on soon and get them across the finish line. So with that, I yield back.

Ms. SCHAKOWSKY. The gentleman yields back.

And now I recognize Congresswoman Matsui for 5 minutes.

Ms. MATSUI. Thank you very much, Madam Chair.

And it seems like we are having a competition here about which got the best breweries and wineries and things like that, but, you know, I have to hand it to Brand USA, you seem to keep it all kind of balanced out.

Because tourism in California in particular is a major economic driver, in my district of Sacramento alone, the travel industry earned \$4.1 billion in spending and supported more than 31,000 jobs. And Visit California is a founding partner of Brand USA, and this partnership has been really vital to our State's economy. And as tourism in California continues to grow, I want new international tourists coming to experience my district of Sacramento's wineries, museums, and restaurants.

Now, I have to compliment Brand USA, because we always hear about the gateway cities like Los Angeles and New York, but the midsize cities like Sacramento really do appreciate your emphasis, in a sense, attention to these cities, because we have a growing economy with interesting types of tourist attractions.

I want to talk about the international competition. Since it was authorized, Brand USA has helped the U.S. stay relevant in an increasingly competitive international tourism marketplace. While tourism in the United States still makes a significant contribution to the economy, it has been declining recently. The United States' share of the international tourism marketplace dropped from 13.7 percent in 2015 to just 11.7 percent in 2018. Brand USA's cam-

paigns have supported nearly 52,000 incremental jobs per year and helped combat this drop.

Ms. Barnes, what risk do you see associated with failing to promptly reauthorize Brand USA in terms of employment in the travel and travel-related industries?

Ms. BARNES. Sure. So, in the travel industry, it is a top-10 employer in the United States, and without Brand USA, we would be at a real risk of losing not only the international visitors that spend on average \$4,200, but we would be putting ourselves in a position, vis-a-vis the market share with other countries, of being the only one of the top 20 destinations that would have no marketing arm. And with \$47.7 billion of economic input as a result of Brand USA and the 52,000 incremental jobs each year that you have noted, it would really be bad for the economy.

Furthermore, 74 percent of international travelers, when they come to the U.S., leave with a more favorable view of the U.S. And so the diplomacy value is also very significant. So it would be negative from an economic perspective, and it would be negative from a diplomatic perspective. So we need Brand USA to continue to welcome international visitors here.

Ms. MATSUI. OK, certainly. Now, Brand USA plays a critical role in marketing the U.S. as a travel destination to international travelers, but marketing is only part of the solution to increase international tourism spending in the United States. International visitors often struggle with the long Customs lines at airports, and we know that some are so concerned about uncertainty and wait times that they choose not to visit at all. These delays can really stifle tourism and hamper economic growth.

Mr. Thompson, can you describe Brand USA's role in communicating U.S. visa and entry policies to international travelers?

Mr. THOMPSON. Yes, Congresswoman. Aside from the legal responsibility on the promotion side, we are also responsible for communicating accurate and timely travel policy. So in many cases, we are dealing with perceptions versus reality of what is actually happening versus what people are perceived that is happening. And that has to do with people's abilities to get visas. Certainly, there are isolated instances of longer wait times, but for the most part, the wait times have come down pretty drastically over the last couple of years.

As it relates to how we welcome everybody, certainly there are isolated instances of long lines, but again, those are, in most part, the exceptions to the rule, and our job is to make sure that we separate the perception from the reality and make sure people understand how easy it is to get here and how easy it is still to get a visa.

Ms. MATSUI. OK. I was wondering about this, because you all have been very successful on marketing yourself and our country, but how does Brand USA's funding structure differ from other countries'?

Mr. THOMPSON. I will start. I can't speak to every other country, but I think the one thing that makes ours very different—and I like to say it in lay terms—ours is visitors paying to grow the visitor entry. So our funding comes from the small fee that members of the visa waiver countries, visitors from visa waiver countries

pay. So I think that is the biggest difference. I think Ms. Barnes in her testimony suggested that much of our competition that is as well-funded or more funded than us are public dollars that are actually being contributed. Ours is no tax dollars, no tax burden.

Ms. MATSUI. Fine. Thank you. And I ran out of time.

Appreciate it. Thanks. I yield back.

Ms. SCHAKOWSKY. The gentlewoman yields back.

And now we have yet another acting—

Mr. CARTER. Not just another, Madam Chair, this is a special one.

Ms. SCHAKOWSKY [continuing]. A special acting, and I recognize Mr. Carter for 5 minutes.

Mr. CARTER. Thank you, Madam Chair. And thank all of you for being here.

I am sorry to tell you that I represent an area, the coastal area of Georgia—unfortunately, we don't have a lot of tourism. I mean, all we have to offer is the largest national historic landmark district in the United States in Savannah, Georgia. All we have to offer is the beautiful hundred miles of pristine coastline with the Golden Isles. All we have to offer is the Okefenokee Swamp and the Land of the Trembling Earth. So tourism is not really that important to us, I will tell you.

We are very proud, as you can tell. Savannah is my home. It is where I have lived all my time. I was born and raised there, intend to live the rest of my life. And I am so proud of it, and so proud of the tourism part of it because, obviously, it is a job producer for us. Our economy depends so much on it. So that is why this is so very important to us and so very important to me as well. And I mentioned the Golden Isles, Sea Island, St. Simons, everything that we have—all that we have to be proud of, and that is certainly important.

I wanted to ask you, Ms. Barnes, since 2013, do you know how many international visitors have come to the U.S.?

Ms. BARNES. Oh, sorry. I believe that there have been—it has created 1.2 million American jobs, and Mr. Thompson probably has the exact number, but we have had—I am—it is lost my head.

Mr. CARTER. That is OK.

Mr. Thompson?

Ms. BARNES. Sorry, 52,000 incremental American jobs each year.

Mr. CARTER. Wow.

Mr. THOMPSON. Yes, sir.

Mr. CARTER. So very important, obviously, to the First Congressional District of Georgia that I have the honor and privilege of representing. So thank you for your work.

Can you explain to me, Ms. Barnes, how does the partnership model work between Brand USA? And how do you equate that marketing specific areas of the United States?

Ms. BARNES. Sure. So I am going to let Mr. Thompson answer that question.

Mr. CARTER. Yes, that is fine.

Mr. THOMPSON. So we deploy resources, Congressman, across three major buckets. One is our direct-to-consumer messaging, which is our owned assets that we take to 14 markets around the world. We have an active relationship with the travel trade around

the world with 16 offices that we actually have. And over half of our resources are spent in cooperative marketing. That is with us channeling our dollars in partnership with the cities and States all around the country.

And, again, that is a formula of cooperative marketing that allows us all to extend our resources so that, if it is one plus one, it equals three or four. If it is one plus one plus one, it equals four or five, six or seven. And that is the ability that we bring mostly because of the economies to scale that we have in the marketing relationships we have with media sources around the world.

Mr. CARTER. So the model that you use, which applies the fees through ESTA and the Visa Waiver Program, is that better than any other model that you can think of?

Mr. THOMPSON. Congressman, as for what I know, I know of no other that does not involve tax dollars. Or if there are, there are very few of them.

Mr. CARTER. Great.

Mr. THOMPSON. And I think that is the beauty of this public-private partnership, that it is, in layman terms, as I said earlier, visitors paying to grow the visitor industry, which makes it one of the purest public-private partnerships and allows us all to extend resources to the benefit of the entire country.

Mr. CARTER. Right. You know, not only are we home to all the great things that I mentioned before, but we also have two major seaports, the port of Savannah and the port of Brunswick, that we are very proud of. And one of the things that we often talk about there is the trade deficit.

And I wanted to ask you, Ms. Barnes, in your testimony, you said that travel is America's second-largest export. If we didn't have that, would our trade deficit be even higher?

Ms. BARNES. Absolutely. In 2018, we had a travel trade surplus of \$69 billion. Without international travel, it would have been 11—the trade deficit would have been 11 percent higher. So when international visitors come here, they spend money in our restaurants, in our hotels, in retail and otherwise. That is considered an export. And in the travel industry, it is the number-two export for the U.S. economy overall.

Mr. CARTER. Great. And that only adds to the fact, and I certainly would be remiss if I didn't mention that the Port of Savannah is one of the few ports in America that consistently has more exports than they do imports. So adding onto that with the tourism, we are doing our part in that part of the country as well.

Mr. BURSTEIN, can you explain very quickly the SAFE WEB Act's provision that authorizes staff exchanges between our benefits and how it benefits the Commission?

Mr. BURSTEIN. In a nutshell, basically, this provision allows the FTC to onboard visiting officials from foreign agencies, subject to appropriate security and confidentiality requirements. The benefits of doing that are—sort of play out over the long term. It helps a lot to have partners overseas who understand the FTC well and the laws that it enforces. That just helps build trust and helps both agencies on both sides identify opportunities for cooperation and figure out how to navigate it in specific cases.

Mr. CARTER. Great. Well, thank you very much, and thank all of you for your work. As I say, this benefits our district and our country tremendously. So thank you.

Ms. SCHAKOWSKY. The gentleman yields back.

And, Mr. McNerney, you are recognized for 5 minutes.

Mr. MCNERNEY. I thank the chair, and I thank the acting ranking member. And I thank the panel for your time today.

There are some lesser-known destinations, like my district, that are really hidden gems for foreign tourists. Whether it is visiting Lodi wineries or the Bay Delta or Big Break or Antioch Dunes, there is a lot in my district for travelers around the world to look at.

Mr. Thompson, can you talk about how Brand USA benefits less traditional destination spots?

Mr. THOMPSON. Yes, sir. Again, the legal charge is that we are responsible for doing that, promoting beyond the gateways. So the beauty of the internet, the beauty of the fact that most of our marketing is done on digital and social marketing channels, allows us to see those conversations on those social marketing channels, see the conversations that are deployed and the marketing that we do on the digital channels, and then it all refers back to our website. And on our website, we have the ability to promote the entire geographic experiences, the lifestyle experiences that you can have anywhere in the United States. So most of what would be represented in your great part of the State of California would be included in that overall promotion.

Mr. MCNERNEY. Well, thanks. So how could smaller towns and businesses take advantage of Brand USA's resources?

Mr. THOMPSON. Well, in a lot of cases, there is a local convention and visitors bureau or one nearby that is charged with telling the story, specifically about that part of the State of California. And, as was mentioned by the Congresswoman also from California, Visit California is a very good statewide representation of what all there is to see and do in California. We would not attempt to try to tell those stories on our own because we couldn't tell it as well as those destinations tell those stories.

Mr. MCNERNEY. True.

Mr. THOMPSON. Our job is to make sure those stories are on our platforms, are amplified through our platforms, and are pushed out to those that are interested in those type of lifestyle interests or specifically visiting the State of California.

Mr. MCNERNEY. Well, thank you. That is good.

Mr. THOMPSON. Yes, sir.

Mr. MCNERNEY. Mr. Burstein, a lot has changed since 2006 when the SAFE WEB Act was passed. Ninety-eight percent of Americans own cell phones. Eighty-one percent own smartphones. Internet usage has exploded. And that really opens up opportunities for malicious actors who are employing more sophisticated techniques and technologies.

Would you agree that the need for the U.S. SAFE WEB Act has increased since 2006?

Mr. BURSTEIN. I would certainly agree, for the reasons that you point out. And as use of connected devices has increased and the number of devices has increased, perpetrators of fraud and scams

have also become increasingly sophisticated and can take advantage of other ways to carry out their schemes.

Mr. MCNERNEY. Are there specific types of cross-border fraud that we ought to be aware of?

Mr. BURSTEIN. You know, I think any of the types of consumer protection matters that the FTC deals with generally can have a cross-border element. It becomes especially challenging for the FTC and helpful to have SAFE WEB authority where there is money moving overseas, and the Act gives the FTC the authority to go after—very specific authority to go after foreign actors and to potentially obtain assets to help compensate victims.

Mr. MCNERNEY. I mean, for an individual that has been defrauded, is it viable for them to go to the FTC and get some remedy?

Mr. BURSTEIN. The FTC, I think, as a general matter, doesn't really address specific individual complaints but instead looks at trends and looks at cases where they can obtain relief for a significant number of consumers. And that is sort of what guides the agency's decision, but certainly, they receive individual complaints, and those are important elements of determining what to investigate and which cases to bring.

Mr. MCNERNEY. What would happen to U.S. companies if the U.S. SAFE Act were to expire?

Mr. BURSTEIN. If the act were to expire, all of the authorities that it provides to the FTC currently would go away. So, for example, the fact that some companies are victims of cross-border frauds, you know, whether it is sort of business-to-business types of schemes, those could potentially be more difficult for the FTC to prosecute. Sometimes companies' names might be used. For example, a company's name might be used to, say, tell a consumer that they need to get their device serviced as a sort of tech support scam. So that would be another way that companies could lose out if SAFE WEB were not to be renewed.

Mr. MCNERNEY. OK. I yield back.

Ms. SCHAKOWSKY. The gentleman yields back.

And now I recognize Congressman Soto for 5 minutes for questioning.

Mr. SOTO. Thank you, Madam Chairwoman.

Certainly, we are big supporters of Brand USA in the Orlando and central Florida area. I think it bears discussing real quick how Brand USA works for my constituents. Fourteen dollars through the Visa Waiver Program for the Electronic System Travel Authorization, passenger screening fees, all that goes together to develop \$100 million paid for by tourists coming into the country and matched by private-sector money. So \$200 million. Plus, another \$60 million back to the Treasury, which certainly is no shabby feat there. So this is a self-funded program with \$47.7 billion in economic output. So definitely a great value.

We know the story in Orlando: 126 million tourists to Florida, seventy-five million of those went to our region. Of those, about 10.8 million international tourists. We are up with Canada, we are up with Brazil, but we are down with the U.K. and some of our European brothers and sisters. So we know we can't take it for

granted, international travel, and that is where Brand USA, with our partners in Florida and other States, play such a critical role.

The other thing to understand, and I know our panel understands, is the big attractions they are already advertising: Disney, Universal, Sea World, Legoland. Try to go to any State or territory in the Nation and beyond and not see the commercials. But it is the small businesses that seem to get the most bang for the buck out of Brand USA and Visit Florida. Like the U.S. Tennis Association and Gatorland in eastern Orlando, east Orange County; the Paddling Center, if you want to paddle on the Shingle Creek; or Pioneer Village in Osceola County, and see our rancher heritage there; Bok Tower, where you can see unique flora and fauna, as well as the central Florida sports complex, both in Polk County; and then all the mom-and-pop hotels that are along 192, and I drive, all benefit from having those little internet ads and getting those Google searches right and all the other little tricks of the trade to connect to this.

So it would be helpful if I could hear from both Mr. Thompson and Ms. Barnes about your opinions on how this helps small tourist businesses in a lot of our districts. And we will start with Ms. Barnes and then Mr. Thompson.

Ms. BARNES. So thank you for the question. I think one of the things to highlight or that you noted is that the Disneys of the world, who are very important members and partners in this, have the resources to sort of market themselves. But it is these smaller destinations that don't have the resources without collaborating with Brand USA that wouldn't be able to market in such platforms across the globe. So it is really those smaller destinations that benefit the most. And I will let Mr. Thompson answer more specifically that answer as well.

Mr. SOTO. Sure.

Mr. THOMPSON. Congressman, I appreciate your comments. Again, Florida is my home State. And I was with Visit Florida for 15 years, so I know that model well, and I know the relationship that we have had with them.

You know, even though Disney and those major players in Orlando do a lot on their own, they also find ways to partner with us.

Mr. SOTO. And we don't take them for granted—

Mr. THOMPSON. Yes, sir.

Mr. SOTO [continuing]. That they are leading the charge in central Florida. But I think sometimes there is a notion that it is just going to some of these major tourism attractions, when it goes all throughout.

Mr. THOMPSON. And I think with our sensitivity to and legal responsibility to looking beyond the gateways, I will use a destination that often—that doesn't have the recognition Orlando has, which is Kissimmee. You mentioned 192.

Mr. SOTO. Sure—

Mr. THOMPSON. Kissimmee is a major cooperative marketing partner with us because—for that very reason. They see the opportunity to raise the awareness of that destination, which is, you know, right border to Orange County and oftentimes not recognized at the same level that Orange County because of all the major in-

frastructure. A lot of people don't realize there is a big portion of Disney that is actually in Osceola County.

Mr. SOTO. Sure. It is in my district.

Mr. THOMPSON. Yes, sir. So you know it well. So I think that is—I think you are just preaching the real value proposition that we bring to the equation, is that we certainly do not take our gateways for granted, because other than the two countries we share a border with, that is the only way people get here. But once they get here, we make sure they understand that, not only are there those opportunities in those gateways, but within just a couple hours of each of those gateways, there is opportunities they are not even aware of.

Mr. SOTO. Sure.

Mr. THOMPSON. Yes, sir.

Mr. SOTO. Well, thanks for that.

I just want to end with a brief story that I was kayaking at the Paddling Center in Osceola and Kissimmee. It is no more than probably 5 miles, 7 miles from Disney World, and you get to kayak on Shingle Creek. And they get pretty much most if not all their customers from just a simple Google search of Disney and kayaking, or Orlando or Kissimmee and kayaking. And it is all based upon those ads that come from Visit Florida that work with Brand USA. So we appreciate what you all do.

And I yield back.

Ms. SCHAKOWSKY. The gentleman yields back.

And now I recognize Mr. Bilirakis for—what? I am sorry. What? Oh.

Mrs. RODGERS. Go to Bill.

Ms. SCHAKOWSKY. Thank you. Out of order, but still I recognize Mr. Bilirakis.

Mr. BILIRAKIS. Thank you. I appreciate the recognition.

OK. Well, Madam Chair, I know a lot has been said, and this is a great program, particularly for our hidden treasures. And I represent the Tampa Bay area, and we have many, many hidden treasures in the Tampa Bay area. I am not going to go through all of them, but this is a wonderful program, particularly for entities, whether they are cities, counties, chambers, what have you, and they don't have a lot of money to advertise. And this is a great partnership.

So I have a couple questions. Mr. Thompson and Ms. Barnes, is there any other program in the Government that doesn't cost taxpayers a dime but provides 25-to-1 return on investment? And can you explain how Brand USA determines its success in this regard? It is a tough question, right?

Mr. THOMPSON. So, Congressman, thank you for your sponsorship of this bill and for all you have done for the State of Florida, my home State, and for what you are doing for Brand USA. We are very—I am not in a position to speak to any other program and how they are funded and how it would compare to ours. All I can speak to is ours. We are very proud of our ROI study. You mentioned the 25-to-1 return on investment. That is consistent over the 6 years of our existence. It is verified by an outside third party with credibility. It measures our reach into markets across all of our marketing channels and our ability to influence the intent to

travel to the United States. It has been consistent over the 6 years, and the numbers that have been well documented and articulated here is that it is in—you know, resulted in the over 6 million incremental visitors over those 6 years and the collective spend of nearly \$48 billion.

So I would say that that has been the one consistent thing that I think we have been able to bring forward as our accountability to Congress. And the methodology, the entire study for the last year's ROI, is included on the record and is available for each and every one of you and your staff to be able to look at, as far as the methodology and the end result.

Mr. BILIRAKIS. I appreciate it very much. Again, the proof is in the pudding.

Mr. THOMPSON. Yes, sir.

Mr. BILIRAKIS. And we did put in—when we reauthorized 5 years ago, we put in further accountability measures, and we have improved the bill as well this year.

So another softball here. Mr. Thompson and Ms. Barnes, your testimonies both discuss the urgency of reauthorizing Brand USA and extending its funding source. Can you elaborate on this and explain why we need to get this done this year as opposed to waiting until next year? And I know that is very important. It is critical.

Mr. THOMPSON. Congressman, I will take that one, if you don't mind, also.

Mr. BILIRAKIS. Sure.

Mr. THOMPSON. I emphasized that in my testimony and the fact that destination marketing requires at least a 12-year planning window and—I mean, excuse me, 12-month planning window. In many cases, it is 18 months.

Mr. BILIRAKIS. Right.

Mr. THOMPSON. Our success over these 6 years, documented by our ROI study, is our ability to go in and do the research necessary to qualify the markets, to qualify the opportunities, and to make sure that we are deploying the resources in the most efficient and effective way that we can do it. We are already inside the 12-month window for planning for 2021, much less the current fiscal year. So every month that goes by, it is compromising our ability to have an influence on this current fiscal year and also compromising our ability to have the same influence we have had over the last 6 years and the following fiscal year.

And that is not just for us, it is our partners here in the United States who also have their own planning cycles, and as important, our tour operators and our media companies that we work with in the markets that we are promoting in. They are also making decisions on where they are going to deploy their dollars and who they are going to promote. Without adequate planning time, we compromise our ability to be as efficient and as effective as we have been in the past.

Mr. BILIRAKIS. The bottom line is, you need certainty.

Ms. Barnes, do you want to add anything?

Ms. BARNES. Sure. I would just add that the certainty really is critical. I mean, this is not a typical government program. It can't be retroactively reinstated in a way that would allow Brand USA to continue the strong work that it does, as Mr. Thompson just

noted. And I would also just highlight that, you know, as I noted, if Brand USA were to go away, we would be one of the top 20 destinations, the only one, that doesn't have a travel promotion marketing budget, and that would be really catastrophic from an economic perspective.

Mr. BILIRAKIS. I agree.

I have a couple more questions but, Madam Chair, in the interest of time, I will submit them for the record. But I will encourage all Members to please cosponsor this bill, and also, the people listening at home, this is really great for your economy, and encourage your Member. Please encourage your Member to cosponsor the bill and support the bill.

Thank you, and I yield back, Madam Chair.

Ms. SCHAKOWSKY. The gentleman yields back, and I thank him for his leadership.

And now I recognize for 5 minutes Congresswoman Blunt Rochester.

Ms. BLUNT ROCHESTER. Thank you, Madam Chairwoman. And thank you to the panelists.

I would be remiss if I did not do a commercial for the First State, which no one can take away from us, because we are the first State, Delaware, and in that regard, we have culture, everything from the Clifford Brown Jazz Festival and Rehoboth Beach Jazz Festival to the Bob Marley People's Festival, Firefly, and the Apple Scrapple Festival, for those of you who like apples and scrapple. We also are very historic, including stops on the Underground Railroad. We have farms that grow great vegetables and fruit, but also we have dairy. So we have the best ice cream in the United States of America. And also, we are known for tax-free shopping. I know there are some snags out there for tax-free shopping. And last but not least, I would just mention our pristine beaches. We have some beautiful beaches. Our slogan is "endless discoveries" because there are many discoveries that a lot of times people don't know about such a small State. And I think that is why this hearing is really vitally important for the economic viability of our country, but also just to share across the world the things that we have.

And I had the opportunity to live in China for a few years, and the country of America is called Meiguo. Mei is for beautiful. We are known as the beautiful country. And so what you do is really an opportunity for us to showcase that.

And my questions really start with taking up with Mr. Soto's comment about small areas, small States. Particularly, I understand that the Travel Promotion Act mandated that Brand USA treat rural and urban markets equally, including smaller markets that are not as visited by international travelers.

And so I just wanted to ask Mr. Thompson, does Brand USA face any barriers to achieving that goal of promoting travel to small and rural markets? Are there areas of improvement that you see? And then, how can we as Members of Congress help in those areas of improvement, in addition to supporting the great work of Mr. Welch and Mr. Bilirakis?

Mr. THOMPSON. Congresswoman, lots of questions. I would say, as it relates to our mandate to promote the entirety of the United States, a State like yours is well represented on our digital plat-

forms. You know, traditional advertising in the destination space was a 30-second ad, and it would be impossible to talk about what there is to see and do in the United States in a 30-second ad. So that is why we really concentrate on the digital platforms, the social media platforms. And so all the stories being told by your destinations within your State that are on the internet are then amplified by what we are doing.

You know, support of this bill and our ability to move forward is the most critical part of what we are looking for. Obviously, there are other travel policy issues that are related, but being self-ish, our reauthorization is the one I am focused on right at the moment.

Ms. BLUNT ROCHESTER. Well, I want to tie it into your reauthorization. That is why I asked the question.

And, Ms. Barnes, you might want to answer as well, if there are things that we could do, particularly for smaller and rural areas.

Ms. BARNES. I think, quite honestly, the voice of Members of adding as a cosponsor, which I believe you are, encouraging other colleagues from other small States as well, I think States throughout all of the United States, and I think also voicing, you know, the strong bipartisan support, moving forward with the congressional leadership and really urging this to be, you know, not only marked up but included in a must-pass legislation before the end of this year.

Ms. BLUNT ROCHESTER. Gotcha. Great.

One other question I had was about people who travel here internationally but they are already in the country. And I know, through concierges and other ways, you are able to reach out to them, but can you describe just some successful efforts that you had in that regard, people who get here and then have to go out to other places?

Mr. THOMPSON. You know, long-haul travel is a major investment, not only of dollars, but of planning. So in many cases, our visitors are coming here, and as Ms. Barnes stated, they stay for an extended period of time. So they are here for weeks at a time. So much of what they are planning is they know that they are going to come in at one destination, and they may be leaving at another destination, and they may be driving or flying in between.

The ability that we have on our platforms to be able to talk about what there is to see and do in between is what fuels a lot of those decisions, yes, ma'am.

Ms. BLUNT ROCHESTER. Great. Thank you.

And I yield back.

Ms. SCHAKOWSKY. And now it is my pleasure to yield 5 minutes to the real ranking member of this committee, Mrs. McMorris Rodgers.

Mrs. RODGERS. I thank the chair for yielding.

And I apologize, I was down at DOT speaking on autonomous vehicles, self-driving cars, which is also exciting. Clearly, though, I am picking up on here, I think we are going to have to do a taste test on ice cream, because we have the Washington State University Creamery that I will put up against anyone else, and we will have a little social in our future. That will be good.

But great to hear about Brand USA. I wanted to go back to the legislation that I am proud to be helping lead this Congress, and that is the reauthorization of the U.S. SAFE WEB Act. And we had a hearing earlier this year with the FTC. All five FTC Commissioners were at the hearing, and they were talking about how critical it was to reauthorize the legislation, critical to the agency's international work.

So I wanted to ask Mr. Burstein—and Robin Kelly and I are working on this legislation together—would you just explain how the Commission uses the tools the Act provides, and what the effect would be if we failed to reauthorize it?

Mr. BURSTEIN. Yes. Thank you for the question. I think there are three main ways that the FTC uses the SAFE WEB Act in its investigative capacity, and then one that is more of a general agency relationship-building mechanism.

In terms of its use in investigations, you can think of it as helping information to flow in two directions. One is that it allows the FTC to provide assistance to foreign law enforcement agencies, to provide information to them, and the actions of those agencies can support or complement actions that the FTC itself brings. The Act also allows the FTC to guarantee confidentiality of information that it receives from foreign law enforcement agencies. And then a third investigative and operational impact of the Act is that it gives a very clear grant of authority for the FTC to bring cases against foreign actors who cause harm in the United States, as well as to bring actions against entities that have some aspect of their conduct occur in the U.S. but harm consumers overseas.

So those are the three main ways that the act supports the FTC's investigations and enforcement actions.

In addition to that, there is a provision that allows the FTC to conduct staff exchanges, and under this authority the FTC has hosted dozens of officials from foreign law enforcement agencies. Those folks gain a better understanding of how the FTC works. And when they return to their home countries and go back to working in their law enforcement agencies, they can become better contacts, trusted contacts at the FTC, and that can establish a foundation for more effective enforcement cooperation.

Mrs. RODGERS. Would you give us some examples of what would happen if we did not have the U.S. SAFE WEB Act in law?

Mr. BURSTEIN. So I think, generally, it would impair the FTC's ability to get information from foreign sources. The confidentiality protections are very important in that regard, and it might make foreign law enforcement agencies less willing to provide information that can help the FTC conduct its investigations.

The extraterritorial authority that I mentioned is also, I think, extremely useful in some FTC cases. Foreign defendants might become more willing or emboldened to challenge the FTC's authority if there weren't this clear statutory authorization saying that they are subject to the FTC's authority.

Mrs. RODGERS. OK, thank you.

And then, Ms. Barnes, I know we have been talking a lot about USA Brand. Would you just speak to the economic impact and the number of American jobs that Brand USA has meant?

Ms. BARNES. Sure. So since 2013, Brand USA has brought \$47.7 billion in economic input to the U.S., creating 52,000 jobs annually, incrementally, incremental jobs. And importantly, international travelers, when they come here, they spend \$4,000. Chinese travelers, for example, might spend as much as \$7,000. So in addition to the positive, economic benefits when these international travelers come here and leave, that is considered an export. And so there has also been a \$69 billion travel trade surplus created by international travel, helped by Brand USA in 2018. And were it not for international travel, the trade deficit would be 11 percent higher, so significant economic input and jobs created.

Mrs. RODGERS. Super. Thank you.

I yield back.

Ms. SCHAKOWSKY. Thank you. The ranking member yields back.

And now, last but not least, I want to give 5 minutes for questioning to the sponsor of the legislation, and that is Peter Welch.

Mr. WELCH. Thank you very much.

You have been good witnesses, so we have gotten the information. I was going to reiterate the importance—you have been clear about the importance of passing this now because of the lead time, so I won't ask you to say it again. I think you have made the point very, very clearly. But I do want to emphasize the urgency that we act. And I want to thank Chairwoman Schakowsky because she realized that very much, and that is why we are having this hearing.

Secondly, though, I do want to talk a little bit about what is happening with China, because we used to have significant visitors from China. Obviously, there is some turmoil. We have got a battle about trade and other political issues. And their visits are down and their spending is down.

How can Brand USA help us mitigate that loss of a very important market?

Ms. BARNES. Thank you. And thank you so much, Congressman, for your leadership on this important issue. Brand USA is so important, and we would not be where we are without you, so thank you.

Travel from Chinese is, in fact, down. It is down from about 3.2 million visitors to about 3 million. And a lot of that is a result of not only the strong dollar, but the trade tensions with China. I will let Mr. Thompson talk a little bit more about this, but from our perspective, from an industry perspective, were Brand USA not in China with their four offices, we would be in a really bad position, because we know that they are there, and they are still encouraging and working to drive international travel.

Mr. WELCH. So you have to get the counter story out—

Ms. BARNES. Yes, absolutely.

Mr. WELCH [continuing]. That it is safe to be here, you are welcome to be here, and we are waiting for you to come.

Go ahead, Mr. Thompson.

Mr. THOMPSON. Congressman, I will add my thanks for your leadership in this regard. It is very much appreciated.

You know, I said in my testimony and in response to some of the questions, the amazing power about travel is that it has the ability to transcend politics. We have our fingers on the pulse of the sentiment in China, and the sentiment in China as it relates to U.S.

being the most aspirational destination in the world has not changed.

Mr. WELCH. That is good.

Mr. THOMPSON. So, as there are trade tensions between our two countries, what makes the United States aspirational has little to do with politics. It has everything to do with the destinations, the experiences you can have here, and also some of the most welcoming people in the world.

Mr. WELCH. Great.

Mr. THOMPSON. So our ability to stay connected to the travel trade through our four offices, our ability to stay active on the digital and the social media platforms, and doing it in China is like no other place. We had to build a whole separate digital platform to do so. So we are there and we are staying strong as far as our commitment there, because it is such an emerging market.

Mr. WELCH. Thank you very much.

And one other question that always arises when there are advertising campaigns is how do you measure whether it is working, because you can't link a particular purchase to a particular ad. But on the other hand, it is in your interest, obviously, to have some confidence that it is working. And can you just speak to that?

Mr. THOMPSON. Well, I would speak to it in two ways. One is the ROI study that is on the record that talks about our ROI, which over 6 years has been 25 to 1, as far as dollars invested. Again, no taxpayer dollars but—

Mr. WELCH. Right.

Mr. THOMPSON [continuing]. Visitor dollars that are invested to grow the visitor industry, a 25-to-1 return. And I would suggest the other way that we measure that is, over our history, we now have over a thousand partners that partner with us on a regular basis. Those are destinations and brands here in the United States, it is tour operator companies, and it is media companies around the world. And we have a 94 percent retention rate with those partnerships. And, if what we were doing in deploying in market wasn't working, I don't think that we would have that high of a retention rate.

Mr. WELCH. Ms. Barnes, do you have anything to add?

Ms. BARNES. No. I would just echo that. And I think that, in addition to that, testimonials on the ground. I know you were recently at a fall foliage festival in Vermont, and I think hearing firsthand from the bed and breakfasts and the other folks in different States highlighting the importance of Brand USA driving customers, there is another important touch point in the testimonial voice.

Mr. WELCH. Great. Thank you.

I yield back.

Ms. SCHAKOWSKY. Thank you.

I want to thank our witnesses. You had an opportunity to have a little travelogue here, yourselves, the wonderful districts that we are so proud to represent. And I want to thank all of you for coming, sometimes having to repeat yourself, but I am so happy that people were in and out of this hearing and were able to hear the background on both of these pieces of legislation.

I remind Members that, pursuant to committee rules, you have 10 business days to submit additional questions for the record to be answered by the witnesses who have appeared. And I ask the witnesses, please, to respond promptly to any questions that you may receive.

I request unanimous consent now to enter the following documents into the record: a letter from the Federal Trade Commission, a letter from the Electronic Privacy Information Center, and a letter from the American Hotel & Lodging Association. And with no objection, so ordered.

[The information appears at the conclusion of the hearing.]¹

Ms. SCHAKOWSKY. At this time, the subcommittee, with our thanks, is adjourned.

[Whereupon, at 4:25 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

PREPARED STATEMENT OF HON. FRANK PALLONE, JR.

We are here today to discuss the reauthorization of two important programs that protect and support American consumers and businesses. The first promotes foreign travel to the United States, which bolsters our economy and creates American jobs. The second enhances the Federal Trade Commission's cross-border cooperation and enforcement so it can protect U.S. consumers and businesses from foreign actors engaged in fraud and deception.

Our Nation has a broad variety of unique treasures that attract tourists from all around the world. Whether you're looking for arts or adventure, nature or theme parks, music or sports, there is something for everyone in our country.

Tourism is a critical industry in my district and throughout New Jersey. From hiking in Sandy Hook to pilgrimages to the Stone Pony in Asbury Park, foreign and domestic travelers are helping hotels, restaurants, and other small businesses grow and succeed. But we can always welcome more visitors from abroad.

Brand USA—established by the Travel Promotion Act of 2009—makes sure that foreign tourists are aware of the endless possibilities available to them when they travel to the United States.

I applaud Representatives Welch and Bilirakis for their work over the years to ensure the success and long-term viability of this important program. They have now introduced legislation that would ensure Brand USA is funded through 2027.

It's important that we continue to support Brand USA's mission. International travel to the United States supports 1.2 million American jobs. It also adds billions of dollars to our economy. A new study shows Brand USA's global marketing initiatives deliver an excellent bang for the buck. For every dollar spent on marketing by Brand USA, 28 dollars are added to the U.S. economy. As we continue to work to strengthen our economy, we should certainly look at extending Brand USA beyond next year.

I also look forward to discussing legislation introduced by Ranking Member McMorris Rodgers and Representative Kelly to extend the U.S. SAFE WEB Act of 2006. Last reauthorized in 2012, the SAFE WEB Act enhances the FTC's ability to protect U.S. consumers and businesses from cross-border fraud and deception.

With the internet, advances in telecommunications, and our increasingly connected homes and businesses, Americans are more susceptible than ever to foreign actors engaged in fraud and deception, illegal scams, and spyware.

The SAFE WEB Act affirms the FTC's ability to go after foreign actors engaged in wrongdoing. The law also bolsters the FTC's ability to exchange information and to provide investigative assistance to foreign law enforcement agencies. This kind of cross-border cooperation is crucial to the FTC's ability to bring strong enforcement actions.

The FTC has relied on provisions of the SAFE WEB Act for a wide range of cases—from its takedown of a sweepstakes telemarketing scam targeting older adults to its action against a manufacturer of connected toys that violated the Children's Online Privacy Protection Act.

¹The Electronic Privacy Information Center letter has been retained in committee files and also is available at <http://docs.house.gov/meetings/IF/IF17/20191029/110153/HHRG-116-IF17-20191029-SD006.pdf>.

However, without Congressional action this law will expire next year.

We should extend both these programs to protect American businesses and consumers.

116TH CONGRESS
1ST SESSION

H. R. 3851

To extend funding for Brand USA through fiscal year 2027, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 18, 2019

Mr. WELCH (for himself, Mr. BILIRAKIS, Ms. TITUS, and Mr. LONG) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Homeland Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To extend funding for Brand USA through fiscal year 2027, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Travel Promotion, En-
5 hancement, and Modernization Act of 2019”.

6 SEC. 2. TRAVEL PROMOTION FUND.

7 Subsection (d) of the Travel Promotion Act of 2009
8 (22 U.S.C. 2131) is amended—

1 (1) in paragraph (2)(B), by striking “2020”
2 and inserting “2027”; and

3 (2) in paragraph (4)(B), by striking “2020”
4 and inserting “2027”.

5 **SEC. 3. ELECTRONIC SYSTEM FOR TRAVEL AUTHORIZA-**
6 **TION FEE INCREASE.**

7 Section 217(h)(3)(B)(i)(I) of the Immigration and
8 Nationality Act (8 U.S.C. 1187(h)(3)(B)(i)(I)) is amended
9 by striking “\$10” and inserting “\$17”.



G:\CMTE\EC\16\CPA\FTC\R\S\SAFEWEB_02.XM[Discussion Draft]

[DISCUSSION DRAFT]116TH CONGRESS
1ST SESSION**H. R. 4779**

To extend the Undertaking Spam, Spyware, And Fraud Enforcement With
Enforcers beyond Borders Act of 2006, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

October 22, 2019

Mrs. McMorris Rodgers introduced the following bill; which was referred to the
Committee on Energy and Commerce

A BILL

To extend the Undertaking Spam, Spyware, And Fraud En-
forcement With Enforcers beyond Borders Act of 2006,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. EXTENSION OF THE U.S. SAFE WEB ACT OF 2006.

4 Section 13 of the U.S. SAFE WEB Act of 2006
5 (Public Law 109–455; 15 U.S.C. 44 note) is amended by
6 striking “September 30, 2020” and inserting “September
7 30, 2027”.

1 SEC. 2. REPORT.

2 Not later than 3 years after the date of the enact-
3 ment of this Act, the Federal Trade Commission shall
4 transmit to the Committee on Energy and Commerce of
5 the House of Representatives and the Committee on Com-
6 merce, Science, and Transportation of the Senate a report
7 describing its use of and experience with the authority
8 granted by the U.S. SAFE WEB Act of 2006 (Public Law
9 109–455) and the amendments made by such Act. The
10 report shall include—

11 (1) the number of cross-border complaints re-
12 ceived and acted upon by the Commission;

13 (2) identification of the foreign agencies with
14 which the Commission has cooperated and the re-
15 sults of such cooperation, including any foreign
16 agency enforcement action or lack thereof;

17 (3) a description of Commission litigation
18 brought in foreign courts and the results of such liti-
19 gation; and

20 (4) any recommendations for legislation that
21 may advance the mission of the Commission in ear-
22 rying out the U.S. SAFE WEB Act of 2006 and the
23 amendments made by such Act.

10/28/2019

'Brand USA' helps keep Oregon a world-class travel destination | Opinion | hoodrivernews.com



https://www.hoodrivernews.com/opinion/brand-usa-helps-keep-oregon-a-world-class-travel-destination/article_204cbbb0-7661-11e9-9d38-3fb11c1e21ae.html

'Brand USA' helps keep Oregon a world-class travel destination

Jason Brandt May 15, 2019

A little-known but effective federal-private partnership is a big reason millions of visitors each year come to Oregon.

But without additional federal action, this program is at risk of grinding to a halt, ultimately putting Oregon jobs and communities at risk.

Brand USA is a unique federal-private partnership that diverts a small portion of travel fees paid by foreign travelers who use the visa waiver program — and matches these with private sector funds to support advertising and promotional content, all without a dime of taxpayer money.

The program targets potential visitors to Oregon in the United Kingdom, Canada, China and Australia, among other hubs, pinpointing these audiences through advertising and a variety of partnerships and events.

Brand USA partners in our state include groups like the Central Oregon Visitors Association, Clackamas County Tourism and Cultural Affairs, Eastern Oregon Visitors Association, Hells Canyon Adventures, Mt. Hood Columbia River Gorge Regional Tourism Alliance, Southern Oregon Visitors Association, The People's Coast, Travel Oregon, Travel Portland, Travel Portland Oceania, Tualatin Valley, Washington County Visitors Association and Willamette Valley Visitors Association.

Brand USA's work produces results. Here are just a few examples: "Jeni & Olly's West Coast Wine Adventures," a popular Travel Channel series, produced an episode showcasing our thriving wine culture and industry. Its sister program, "Olly's Ale Trail," showed off our breweries and their surrounding communities.

Cindy Cournoyer, a popular Canadian online influencer, shared her Portland and Newport adventures with her 36,000 YouTube and 70,000 Instagram followers. "Through Great Outdoors," a 12-part series on BBC, featured noted Oregon winemaker Maria Ponzi. This type of coverage translates to traveler destination decisions.

Originally created by Congress in 2009, the Brand USA program passed with overwhelming bipartisan support and was reauthorized with bipartisan support, in 2014. But its future is uncertain.

https://www.hoodrivernews.com/opinion/brand-usa-helps-keep-oregon-a-world-class-travel-destination/article_204cbbb0-7661-11e9-9d38-3fb11c1e21ae.html 1/2

Oregon Congressman Greg Walden has been a champion of this effort along with a bipartisan coalition of House and Senate lawmakers from around the country, who, like my industry and its members, recognize that competition for foreign travelers is fierce. For a relatively small state like Oregon, having an outside partner like Brand USA in our corner helps us punch above our weight against the big-spending U.S. travel regions when it comes to pulling in foreign visitors.

Earlier this year, the Oregon Restaurant & Lodging Association, along with the National Restaurant Association and nearly 600 businesses and organizations whose success is each tied to travel and tourism, urged Congress to reauthorize Brand USA as part of a diverse Visit U.S. Coalition.

The Oregon restaurant and lodging industry employs more than 200,000 employees on an annual basis, and even more during the busy summer season. These workers know their jobs and communities are supported by foreign travel dollars, and we're glad to do our part in showing off just what makes Oregon so special.

Jason Brandt is the president and CEO of the Oregon Restaurant and Lodging Association.



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

October 25, 2019

The Honorable Jan Schakowsky
Chair
Subcommittee on Consumer Protection and Commerce
U.S. House of Representatives
Washington, DC 20515

The Honorable Cathy McMorris Rodgers
Ranking Member
Subcommittee on Consumer Protection and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Chair Schakowsky and Ranking Member McMorris Rodgers:

Thank you for holding the upcoming hearing currently scheduled for Tuesday, October 29, 2019, entitled, "Reauthorizing Brand USA and the U.S. SAFE WEB Act." As the five current members of the bipartisan Federal Trade Commission, we urge Congress to reauthorize for the second time, the U.S. SAFE WEB Act and respectfully request that this letter be entered into the record for the upcoming hearing.¹ The SAFE WEB Act provides the FTC with critical law enforcement tools to combat fraudulent telemarketing, robocalls, privacy violations, misleading health claims, spam, spyware, malware, and other cross-border misconduct that harms American consumers. These tools support cooperation with foreign counterparts and enforcement action against unlawful cross-border activity, so much so that they have become an indispensable part of the FTC's enforcement arsenal.² Congress extended the Act's original sunset in 2012; the Act now will sunset in 2020 absent further Congressional action. Expiration of the legislation would hobble the FTC's enforcement efforts to protect American consumers victimized by cross-border fraud and privacy violations.

¹ Undertaking Spam, Spyware, and Fraud Enforcement with Enforcers Beyond Borders Act (U.S. SAFE WEB Act), Pub. L. No. 109-455, 120 Stat. 3372, extended by Pub. L. No. 112-203, 126 Stat. 1484 (amending 15 U.S.C. §§ 41 *et seq.*).

² Testifying at the FTC's March 2019 international hearings on "The FTC's Role in a Changing World," senior foreign consumer protection, privacy, and criminal law enforcement officials, and senior U.S. agency officials and academics, singled out the U.S. SAFE WEB Act as a "key element" of the FTC's enforcement program. See Fed. Trade Comm'n, *Fed. Trade Comm'n Hearings on Competition and Consumer Protection in the 21st Century: The FTC's Role in a Changing World*, Hr'g Tr. at 28, 52, 90, 115, 130 (Mar. 25, 2019) [hereinafter *FTC Int'l Hr'g Tr.*], https://www.ftc.gov/system/files/documents/public_events/1454018/ftc_hearings_session_11_transcript.docx 25-19.pdf. Former FTC Chairman and George Washington University Law School Professor William Kovacic said that the Act creates an "indispensable element of the infrastructure that supports international cooperation today" by allowing reciprocal assistance, bilateral information sharing, and international staff exchanges. *FTC Int'l Hr'g Tr.* at 28.

The Honorable Jan Schakowsky
 The Honorable Cathy McMorris Rodgers
 Page 2

Congress passed the SAFE WEB Act in 2006, recognizing the threats facing U.S. consumers in the global marketplace. These challenges have multiplied as the digital economy becomes ever more complex and pervasive. The SAFE WEB Act provides enhanced enforcement tools in four major areas essential to effective cross-border enforcement and cooperation: (1) information sharing; (2) investigative assistance; (3) cross-border jurisdictional authority; and (4) enforcement relationships.³ Every FTC Commissioner to address the matter—Republican, Democrat, and independent—has supported passage and reauthorization of the Act.⁴

Since the Act's passage, the FTC has relied on the Act's authority to respond to 156 SAFE WEB information-sharing requests from 38 enforcement agencies in 15 foreign countries. The FTC has also helped its foreign enforcement partners, both civil and criminal, to obtain U.S.-based evidence by issuing more than 135 civil investigative demands (investigative subpoenas) in 63 investigations, on behalf of 16 foreign agencies from eight countries. International issues have become increasingly common in FTC matters; the agency has conducted hundreds of investigations with international components, such as foreign targets, evidence, or assets, and has filed more than 100 cases involving cross-border components, since the Act's passage.⁵

As detailed in our 2012 testimony urging reauthorization of SAFE WEB, our cooperation and enforcement efforts relying upon SAFE WEB have been extremely effective.⁶ Our SAFE WEB authority has improved the quantity and quality of evidence against common targets and

³ Congress gave the FTC enforcement tools similar to those given to the Securities and Exchange Commission and the Commodity Futures Trading Commission between 1988 and 1992.

⁴ All five current Commissioners support reauthorization and have repeatedly testified in favor of the Act. *See, e.g., Oversight of the Federal Trade Commission: Hearing Before the S. Comm. on Consumer Protection and Commerce of the H. Comm. on Energy and Commerce*, 115th Cong. 25-27 (May 8, 2019) (statement of Fed. Trade Comm'n), https://www.ftc.gov/system/files/documents/public_statements/1519212/p180101_house_ec_oversight_testimony_may_8_2019.pdf. Similarly, every Commissioner then serving supported the Act's renewal when the FTC last testified before the Committee in July 2012. *See* Fed. Trade Comm'n, *Prepared Statement of the Federal Trade Commission: Reauthorizing the U.S. SAFE WEB Act of 2006 Before the Committee on Energy and Commerce Subcommittee on Commerce, Manufacturing, and Trade United States House of Representatives* (July 12, 2012) [hereinafter *Prepared Statement*], https://www.ftc.gov/sites/default/files/documents/public_statements/prepared-statement-federal-trade-commission-reauthorizing-u.s.safe-web-act-2006/120712safeweb.pdf. In 2011, all five Commissioners then serving wrote to the leadership of the FTC's authorizing House and Senate committees to urge renewal. *See* Fed. Trade Comm'n, *Commission Letter Requesting Repeal of the Sunset Provision of the U.S. SAFE WEB Act of 2006* (Oct. 3, 2011), <https://www.ftc.gov/public-statements/2011/10/repeal-sunset-provision-us-safe-web-act-2006>. In 2009, all four Commissioners then serving voted for the 2009 FTC report recommending reauthorization, <https://www.ftc.gov/sites/default/files/documents/reports/u.s.safe-web-act-first-three-years-federal-trade-commission-report-congress/p035303safewebact2009.pdf>. Similarly, all five Commissioners then serving unanimously recommended passage of what became the SAFE WEB Act in a 2005 report to Congress, <https://www.ftc.gov/sites/default/files/documents/reports/us-safe-web-act-protecting-consumers-spam-spyware-and-fraud-legislative-recommendation-congress/ussafeweb.pdf>.

⁵ These cases include not only cross-border fraud, but also such actions as those addressing compliance with the EU-U.S. Privacy Shield framework, a program that allows the transfer of personal data from the EU to the U.S. in compliance with EU law.

⁶ *See Prepared Statement*, *supra* note 4.

The Honorable Jan Schakowsky
 The Honorable Cathy McMorris Rodgers
 Page 3

encouraged reciprocal assistance from other countries, especially Canada, which in 2010 passed legislation with mutual assistance provisions modeled on the SAFE WEB Act.⁷

Our SAFE WEB assistance to foreign law enforcement agencies has often led those agencies to bring actions against foreign-based fraudsters victimizing American consumers. For example, the FTC used its SAFE WEB authority to assist the Royal Canadian Mounted Police (RCMP) in its investigation of Banners Brokers, a massive online pyramid scheme based in Canada that targeted consumers in the U.S., Canada, and around the world. Ultimately, the Toronto Police (working with the RCMP) arrested two of Banners Brokers' three principals and charged them criminally for their participation in the \$93 million scheme.⁸

When the FTC and its international partners focus on matters of common concern, SAFE WEB information sharing can prove mutually beneficial to cross-border enforcement efforts. The FTC's cross-border investigation of the global dating website AshleyMadison.com, which addressed a data breach affecting consumers in nearly 50 countries, provides a good example.⁹ The FTC used its SAFE WEB powers to coordinate with Australian and Canadian counterparts, enabling them to contribute to the FTC's investigation. More recently, the FTC used its SAFE WEB powers in cooperating with the U.K. Information Commissioner's Office (ICO) to investigate Cambridge Analytica for using deceptive tactics to harvest personal information from tens of millions of Facebook users.¹⁰ At recent FTC hearings, the ICO's Deputy Commissioner called the use of these information-sharing powers a "huge positive" in cross-border case cooperation.¹¹

The SAFE WEB Act also confirms the agency's jurisdictional authority to challenge cross-border practices. In particular, the Act confirms the FTC's authority to challenge both frauds based abroad that harm U.S. consumers and frauds involving material conduct in the United States.¹² These provisions are crucial to address arguments about the scope of the FTC's cross-border consumer protection authority in investigations and litigation.

The FTC has used the Act's powers extensively in cross-border fraud cases and other matters. A notable example is Sanctuary Belize, a massive real estate investment scheme that duped

⁷ See Canada's Anti-Spam Legislation (CASL 2010 S.C., ch. 23 (Can.)), available at <https://laws-lois.justice.gc.ca/eng/acts/E-1.6/index.html>; Competition Act, Art. 29 (R.S.C., 1985, c. C-34), available at <https://laws-lois.justice.gc.ca/eng/acts/c-34/page-1.html>.

⁸ *Canadians Arrested in US \$93 Million Pyramid Scheme* (Dec. 9, 2015), <https://www.ctvnews.ca/canada/canadians-arrested-in-us-93m-pyramid-scheme-1.2693136>. In 2017, both men pled guilty to operating a pyramid scheme under the Competition Act.

⁹ Fed. Trade Comm'n Press Release, *Operators of AshleyMadison.com Settle FTC, State Charges Resulting From 2015 Data Breach that Exposed 36 Million Users' Profile Information* (Dec. 14, 2016), <https://www.ftc.gov/news-events/press-releases/2016/12/operators-ashleymadisoncom-settle-ftc-state-charges-resulting>.

¹⁰ Fed. Trade Comm'n Press Release, *FTC Sues Cambridge Analytica, Settles with Former CEO and App Developer* (July 24, 2019), <https://www.ftc.gov/news-events/press-releases/2019/07/ftc-sues-cambridge-analytica-acting-former-ceo-app-developer>.

¹¹ See *FTC Int'l. Hrg. Tr.*, *supra* note 2, at 111.

¹² 15 U.S.C. § 45(a)(4)(A)(i)-(ii) (2012) (providing FTC authority over "acts or practices involving foreign commerce that—(i) cause or are likely to cause conduct reasonably foreseeable injury within the United States; or (ii) involve material conduct occurring within the United States").

The Honorable Jan Schakowsky
 The Honorable Cathy McMorris Rodgers
 Page 4

Americans into purchasing property in remote southern Belize with false promises about the property's development.¹³ In that case, the FTC used the SAFE WEB Act to successfully counter arguments asserted by one of the defendants—an offshore Belizean bank—that the FTC Act did not apply to its “foreign conduct.”¹⁴ The agency then obtained a \$23 million settlement from the bank, representing approximately all of its U.S.-based assets.¹⁵

Another recent example involves the agency's case against two groups of defendants—Apex Capital Group and related U.K. entities, and a Latvian-based payment processor and its CEO. The FTC alleged that the Latvian defendants enabled the Apex defendants to lure consumers with “free trial” product offers online, and then charge them full price for the products and enroll them in negative option continuity plans without their consent.¹⁶ The court rejected the Latvian defendants' argument that their conduct was outside the reach of the FTC, stating: “The FTC Act, as amended by the U.S. SAFE WEB Act, contains the requisite ‘clear, affirmative indication’ that Section 5's prohibition on ‘unfair or deceptive acts or practices’ extends to foreign-based conduct.”¹⁷ The court emphasized that “Congress passed the SAFE WEB Act in 2006 to enhance the FTC's ability to respond to cross-border frauds, such as the [alleged] Internet marketing scheme”¹⁸ As a result of the partial settlement,¹⁹ the FTC is likely to recover several million dollars, depending on the sale of certain assets, for the defrauded consumers.²⁰

Despite the FTC's successes in using the SAFE WEB Act, cross-border fraud remains a significant problem for U.S. consumers. Between January 1, 2015 and October 16, 2019, the FTC's Consumer Sentinel complaint database received more than 255,000 complaints from U.S. consumers against foreign businesses all over the world, with leading locations including Canada, Nigeria, China, Jamaica, India, Mexico, and the United Kingdom. The total dollar loss

¹³ Fed. Trade Comm'n Press Release, *At FTC's Request, Court Halts Massive “Sanctuary Belize” Real Estate Investment Scam* (Nov. 8, 2018), <https://www.ftc.gov/news-events/press-releases/2018/11/ftcs-request-court-halts-massive-sanctuary-belize-real-estate>.

¹⁴ See Fed. Trade Comm'n *Oppn. to Atlantic Int'l Bank Mot. to Dismiss* (1:18-cv-03309-PJM, D. Md. filed Jan. 22, 2019).

¹⁵ Fed. Trade Comm'n Press Release, *Belizean Bank to Pay \$23 Million and Cease Operations to Settle FTC Charges It Provided Substantial Assistance to the Sanctuary Belize Real Estate Scam* (Sept. 24, 2019), <https://www.ftc.gov/news-events/press-releases/2019/09/belizean-bank-pay-23-million-cess-operations-settle-ftc-charges>.

¹⁶ Fed. Trade Comm'n Press Release, *Court Temporarily Halts International Operation that Allegedly Deceived Consumers through False Claims of “Free Trial” Offers and Imposed Unauthorized Continuity Plans* (Nov. 18, 2018), <https://www.ftc.gov/news-events/press-releases/2018/11/court-temporarily-halts-international-operation-allegedly>; Fed. Trade Comm'n Press Release, *FTC Adds Latvian Financial Institution, CEO to Case against Apex Capital Group* (May 31, 2019), <https://www.ftc.gov/news-events/press-releases/2019/05/ftc-adds-latvian-financial-institution-ceo-case-against-apex>.

¹⁷ *FTC v. Apex*, Case 2:18-cv-09573-JFW-JPR, slip op. at *13 (C.D. Ca. 2019) (order denying motions to dismiss issued Sept. 16, 2019).

¹⁸ *Id.*

¹⁹ Fed. Trade Comm'n Press Release, *Apex Capital Group Internet Marketers Settle FTC Allegations They Deceived Consumers With False Claims of “Free Trial” Offers and Unauthorized Continuity Plans* (Sept. 20, 2019), <https://www.ftc.gov/news-events/press-releases/2019/09/apex-capital-group-internet-marketers-settle-ftc-allegations-they>. The FTC's litigation against the Latvian payment processor and its CEO is ongoing.


²⁰ *Id.*

The Honorable Jan Schakowsky
 The Honorable Cathy McMorris Rodgers
 Page 5


reported from these complaints alone exceeds \$410 million.²¹ These figures underscore the continuing need for the FTC's SAFE WEB Act authority and even greater international cooperation. To do this, the FTC must be able to assure its foreign counterparts that the tools provided by the SAFE WEB Act remain part of the FTC's law enforcement authority.

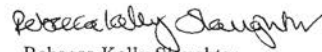
In the dozen years since the Act's passage, the SAFE WEB Act has proven indispensable to the FTC's cross-border enforcement efforts. By reauthorizing the Act now, Congress will ensure that the FTC can continue to work effectively with its foreign enforcement partners and develop new initiatives to combat cross-border fraud and protect U.S. consumers.

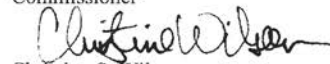
Sincerely,


 Joseph J. Simons
 Chairman


 Noah Joshua Phillips
 Commissioner


 Rohit Chopra
 Commissioner


 Rebecca Kelly Slaughter
 Commissioner


 Christine S. Wilson
 Commissioner

²¹ Total injury is certainly larger, both because only a fraction of victims report and because consumers do not always know they are dealing with a foreign business.



October 29, 2019

The Honorable Frank Pallone
Chairman, House Energy and Commerce Committee
2107 Rayburn House Office Building
Washington, DC 20515

The Honorable Greg Walden
Ranking Member, House Energy and
Commerce Committee
2185 Rayburn House Office Building
Washington, DC 20515

The Honorable Jan Schakowsky
Chairwoman, Consumer Protection and Commerce
Subcommittee
2367 Rayburn House Office Building
Washington, DC 20515

The Honorable Cathy McMorris Rodgers
Ranking Member, Consumer Protection and Commerce
Subcommittee
1035 Longworth House Office Building
Washington, DC 20515

Dear Chairman Pallone, Ranking Member Walden, Chairwoman Schakowsky and Ranking Member McMorris Rodgers:

On behalf of the American Hotel & Lodging Association (AHLA), the sole national association representing all segments of the U.S. lodging industry and its more than 8 million associates, including global brands, hotel owners, REITs, franchisees, management companies, independent properties, bed and breakfasts, state hotel associations, and industry suppliers, I write to thank you for holding today's hearing in the Consumer Protection & Commerce Subcommittee in regards to H.R. 3851, *Travel Promotion, Enhancement, and Modernization Act of 2019*. AHLA strongly supports this commonsense, bipartisan legislation which secures Brand USA's long-term reauthorization -- extending the organization's funding mechanism through 2027 -- and is sponsored by Welch (VT at Large), Bilirakis (FL-12), Titus (NV-01), Walden (OR-02), and Long (MO-07).

Created by Congress in 2009, Brand USA is a public-private partnership that serves as the nation's first cooperative destination marketing organization. Working with over 800 partners, Brand USA is responsible for increasing international visits to the United States by 6.6 million since fiscal year 2013, generating \$21.8 billion in visitor spending and supporting an average of nearly 52,000 jobs per year. Brand USA is funded by the Electronic System for Travel Authorization (ESTA) fees assessed to international travelers visiting the U.S. from Visa Waiver Program (VWP) countries up to \$100 million and is matched by contributions from the private sector. Any funds collected in excess of \$100 million go toward driving down the federal debt and in FY19 alone, \$60 million is expected to go toward driving down the debt. Despite its undeniable return on investment and clear benefits to our nation's economy without any cost to the American taxpayer, the future of Brand USA is in jeopardy due to the diversion of its funding source and the expiration of its authorization in 2020.

Travel and tourism are key drivers of the American economy, fueling one in every ten American jobs. According to the Department of Commerce's National Travel and Tourism Office, traveler spending in the United States generated \$255.5 billion in exports in 2018 and supported 7.8 million jobs.

AHLA, along with the broader travel industry, is confident that Congress can once again come together to renew this valuable program. Brand USA was reauthorized in 2014 with broad bipartisan support, and as recently as July,

received bipartisan support with over 100 Members of Congress urging its reauthorization on a "Dear Colleague" letter to leadership.

AHLA strongly supports legislation to reauthorize Brand USA and we urge you to favorably report this critical legislation out of your committee.

Thank for your consideration
Sincerely,



Brian C. Crawford
Executive Vice President, Government Affairs
American Hotel & Lodging Association

CC: House Committee on Energy and Commerce, Consumer Protection and Commerce Subcommittee