



TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
HOUSE OF REPRESENTATIVES
COMMITTEE ON FEDERAL AND FOREIGN
AFFAIRS

P.O. BOX 500586 SAIPAN, MP 96950

BLAS JONATHAN “BJ” ATTAO
CHAIRMAN

As signed - 5/15/2025

STANDING COMMITTEE REPORT NO. 24-7

DATE: April 30, 2025

RE: Senate Joint Resolution 24-1,

The Honorable Edmund S. Villagomez
Speaker of the House of Representatives
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Mr. Speaker:

Your Committee on Judicial and Governmental Operations to which was referred:

Senate Joint Resolution No. 24-1:

Supporting the Commonwealth Ports Authority’s request for exemption from Federal Limitations on Scheduled Chinese Air Service to the CNMI and for the Reinstatement of Annex VI under the US Department of State’s “US-China Air Transport Agreement of 2007.

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion, your committee recommends that Senate Joint Resolution No. 24-1 be passed by the House in the form of Senate Joint Resolution 24-1, House Draft 1 (HD1.)

II. ANALYSIS:

A. Purpose:

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5/12/2025
DATE TIME 1:45p

The purpose of this resolution is to revitalize the CNMI's tourist economy with the reinstatement of the Annex VI exemption and the implementation of the EVS-TAP program.

B. Committee Findings:

Your Committee finds that reinstating the Annex VI exemption will increase travel and tourism from China to the CNMI, providing a much needed economic boost. Current restrictions make it difficult for the CNMI to compete with other U.S. destinations like Hawaii and Los Angeles. Hotel occupancy rates are declining, and flights from other tourist markets in the past have stopped or decreased. Allowing the CNMI the Annex VI exemption would help ensure continued tourist arrivals and flights.

Your Committee further finds that increased tourist arrivals should not compromise the CNMI's security. The Economic Vitality and Travel Authorization Program (EVS-TAP) will ensure proper pre-screening of visitors before entry into the CNMI, aligning with U.S. national security priorities while boosting the CNMI economy. The implementation of EVS-TAP will help revitalize the tourism market that has struggled to maintain pre-pandemic levels of activity essential for the CNMI to survive and thrive. This is why the committee resolved to include EVS-TAP's implementation in the resolution. Therefore, your Committee agrees with the intent and purpose of Senate Joint Resolution 24-1 and recommends its passage in the form of Senate Joint Resolution 24-1, House Draft 1.

C. Public Comments/Public Hearing:

Public comments were not solicited.

D. Legislative History:

On February 11, 2025, Senator Karl King-Nabors introduced Senate Joint Resolution No. 24-01 with a final reading on February 14, 2025. The joint resolution was referred to the House Standing Committee on Federal and Foreign Affairs for disposition.

E. Cost Benefit:


The enactment of Senate Joint Resolution 24-1, will bear no additional cost to the CNMI government as the reinstatement of Annex VI exemption and EVS-TAP are federal programs. Still, the resolution can only bring benefits by supporting increased tourist and economic activity.

III. CONCLUSION:


The committee is in accord with the intent and purpose of Senate Joint Resolution No. 24-

1 in the form of Senate Joint Resolution 24-1, House Draft 1 (HD1) and recommends its passage.

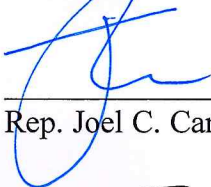
Respectfully submitted,




Rep. Blas Jonathan "BJ" T. Attao
Chairman



Rep. Vincent S. Aldan, Member




Rep. Joel C. Camacho, Member

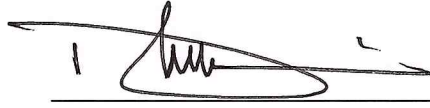


Rep. Raymond U. Palacios, Member

Rep. Patrick H. San Nicolas, Member



Rep. Ralph N. Yumul
Vice Chairman



Rep. Daniel I. Aquino Jr., Member

Rep. Joseph A. Flores, Member

Rep. John Paul P. Sablan, Member

Reviewed by:



House Legal Counsel

A SENATE JOINT RESOLUTION

Supporting the Commonwealth Ports Authority's request for exemption from Federal Limitations on Scheduled Chinese Air Service to the CNMI, urging the Reinstatement of Annex VI under the U.S.-China Air Transport Agreement of 2007, and urging the full and immediate implementation of the CNMI Economic Vitality and Security Travel Authorization Program (EVS-TAP).

WHEREAS, in August 2023, the Commonwealth Ports Authority (CPA) requested exemption from the U.S. Department of Transportation (DOT) regarding limitations on scheduled Chinese air service from China to the Commonwealth of the Northern Mariana Islands (CNMI). CPA's request is pursuant to 14 CFR Part 213 Order 2020-6-1 (Docket #: DOT-OST-2020-0052) and seeks an amendment to the order to explicitly exempt the CNMI from its limitations; and

WHEREAS, CPA further requested for the reinstatement of Annex VI under the U.S. Department of State's "U.S.-China Air Transport Agreement of 2007" (Agreement). The Agreement states the desires of both the U.S. and China to increase travel and tourism between their countries, promote liberalization of their transport market, and facilitate cooperative agreements between their air carriers. Article 6 of the 2007 agreement created a new Annex VI that the airlines of the People's Republic of China may provide unlimited scheduled air services between the People's Republic of China and Guam and the Northern Mariana Islands; and

WHEREAS, pursuant to Annex VI exemption, Chinese carriers gradually increased air service to the CNMI since 2007 and the Chinese tourists comprised about 40% of the total tourist market by 2018. The CNMI's main tourism markets included Korean, Chinese and Japanese visitors in 2018; and

WHEREAS, subsequently, the Covid-19 pandemic disrupted air transportation and both the U.S. and China restricted international flights to and from their countries. The U.S. DOT suspended all Chinese air carriers operating from China to the U.S. on

June 16, 2020 (Order 2020-6-1). On December 30, 2022, China resumed its international passenger flights. Subsequently, the U.S. DOT authorized 12 flights per week from China to the U.S. on May 23, 2023, increased the flights to 18 flights per week on August 11, 2023, and further increased the flights to 24 flights per week by October 29, 2023; and

WHEREAS, as of March 31, 2024, Chinese carriers were able to fly 50 weekly round trips to and from the U.S., up from 35 currently, per the U.S. DOT. But even with the increase, the 50 flights are still only a fraction of the more than 150 weekly round trips previously allowed prior to the Covid-19 pandemic; and

WHEREAS, despite the increase in the China air service to the U.S, the limited number of authorized China to the U.S. flights per week makes it difficult for the CNMI to compete against destinations like Los Angeles and New York. Therefore, CPA requested an exemption from the flight limitations to allow Chinese carriers to fly to the CNMI without using any of the authorized 50 weekly flights to the U.S. mainland; and

WHEREAS, as highlighted by CPA, the Chinese tourist market accounts for approximately 40% of all visitors to the CNMI. The direct economic impact of losing Chinese visitors based on 2019 arrival numbers is about \$126,417,416 and the indirect economic impact loss is \$204,796,215 for a total of \$331,213,630 economic impact loss for the year. The direct economic impact loss of \$126,417,416 from the Chinese market represents almost half of the CNMI's pre-pandemic general revenues each year. This revenue shortfall made it impossible for the CNMI government to fully fund its personnel and operations during the pandemic and for fiscal years 2023, 2024, and now 2025; and

WHEREAS, the loss of Chinese visitors impacts all sectors of the economy especially hotels and resorts. On August 7, 2023, the Hotel Association of the Northern Mariana Islands (HANMI) submitted a letter to CPA requesting for assistance to obtain approval for the reinstatement of the China to CNMI air service. HANMI stated that the current Korea and Japan tourist arrivals are not enough to bring all of the hotels to a healthy occupancy level and could only muster low occupancy percentiles. Specifically, HANMI reported an average 30% occupancy rate among its 11 member hotels since

November 2023. To achieve full recovery, the CNMI needs market diversification, which is a third major source market to augment the Korea and Japan market. HANMI further stated that doubling the arrival number would give the hotel industry a fighting chance to achieve a healthy occupancy rate and that the China market could bring the numbers back to the CNMI in a short order; and

WHEREAS, the overall low visitor arrival in the CNMI and loss of revenue caused the Hyatt Regency-Saipan, a legacy business in the CNMI, to announce on April 29, 2024, that Hyatt will cease its operations permanently on June 30, 2024. The closure of Hyatt Regency will have a lasting negative impact on the CNMI economy as well as the residents of the CNMI that have patronized Hyatt's hotel and restaurants for more than 30 years; and

WHEREAS, in addition to the impact on the Government and HANMI, the loss of Chinese visitors negatively impacts most, if not all, businesses. On May 16, 2024, the Saipan Chamber of Commerce (Chamber) hosted its 2nd Annual Economic Forum which aimed to shed light on the CNMI's current economical state and to provide ideas on how to best address issues. The Chamber warned that if no immediate action is taken to increase visitor arrivals, the CNMI economy faces a complete collapse; and

WHEREAS, the CNMI Department of Finance has warned the community of a sharp decline in tourist arrivals in the year 2025. This decline is a result of the suspension of particular airline routes between the CNMI and foreign countries, withdrawal of certain charter services, as well as the closure of major-tourism-related businesses which will further decrease the CNMI government's revenue collections and its overall economy. Furthermore, this foreseen detriment highlights the need for the Commonwealth to open its markets to potential new investors; and

WHEREAS, to address these issues and to bring the CNMI's economy to the point of breaking even, the Chamber and the Hotel Association of the NMI have established "Operation 500K", a plan for the CNMI to get 500,000 visitor arrivals to financially breakeven during the crisis. Pursuant to "Operation 500K," the CNMI's target

market share should be 50% Korea with about 250,000 arrivals, 34% China with 170,000 arrivals, and 6% Japan with about 30,000 arrivals. This only stops the bleeding in our economy, it's not the target for a thriving economy; and

WHEREAS, Chamber Vice-President Joshua Wise explained that the significant drop in visitor arrivals, which drops hotel occupancy is a result of less flights. Less flights mean less visitors. In 2017, the CNMI received 5,597 flights but in fiscal year 2023, the CNMI only had 1,799, which is a 67.86% loss in flights. Meanwhile, in 2017, the CNMI had 12 airline carriers but in 2023, there are only four. Wise said the CNMI's current number of flights can only bring in about 270,000, which is nowhere near the 500,000 needed to "break even." The Korea market is already saturated, the Japan market is struggling with a record-low yen, and HK Airlines can only achieve 5% of the China market's 2017 arrival. The CNMI's current visitor arrival rates are not sustainable; and

WHEREAS, "Operation 500K" requires immediate action plans including obtaining the reinstatement of Annex VI exemption to increase the number of China flights to the CNMI, empowering the Marianas Visitors Authority to promote China with an increased budget, implementing the EVS-TAP, and reducing the landing and terminal fees; and

WHEREAS, after the Chamber's economic forum, Assistant Secretary of Commerce for Industry & Analysis, Grant T. Harris, who oversees the U.S. Government's National Travel and Tourism Office, attended the 14th U.S.-China Tourism Leadership Summit held at Xi'an, People's Republic of China from May 21-23, 2024. Assistant Secretary Harris in his remarks, said that that more travel and tourism between the U.S. and China will create jobs and grow the economies of both our countries and foster mutual understanding of our people; and

WHEREAS, Assistant Secretary Harris further stated that the Biden-Harris Administration's National Travel and Tourism Strategy, which sets an overarching goal of attracting 90 million visitors spending \$279 billion annually by 2027 includes attracting more Chinese travelers to visit the U.S. for leisure, business, and education

purposes. He said that in 2019, the U.S. welcomed nearly 3 million Chinese visitors, the top overseas market, who spent \$33 billion experiencing the U.S. Restoring Chinese visitation to 2019 levels would support over 50,000 American jobs. Including indirect jobs and students studying in the United States, that number increases to support an estimated 400,000 American jobs; and

WHEREAS, on June 6, 2024, the CNMI received more disturbing news. Asian Airlines, another legacy company that has been providing air service from Incheon, Korea to the CNMI for more than 30 years, announced that it will also cease operation on June 30, 2024. With another long-term investor pulling the plug on its operations in the CNMI, the Hotel Association of the NMI said the CNMI will immediately feel the loss of Asiana Airlines as it also means further loss of revenue and jobs; and

WHEREAS, the CNMI ~~Senate~~ Legislature is cognizant of the concerns regarding the Chinese tourism market and the broader U.S.-China relationship, but the U.S. and the CNMI, through the Covenant 902 Consultations held in October 2018, discussed and resolved that steps could be taken to enhance security provisions such as (1) reducing the parole period from 45 to 14 days & vetting and screening prior to entry, which the U.S. Customs and Border Protection implemented on October 3, 2019; and (2) creating a CNMI Economic Vitality & Security Travel Authorization Program (EVS-TAP) as a subprogram of the Guam-CNMI Visa Waiver Program that balances visitor ease with enhanced security provisions and transparency. On January 18, 2024, the U.S. Customs and Border Protection published the CNMI EVS-TAP interim final rule, which will become effective on September 30, 2024. Implementation of the CNMI EVS-TAP will provide additional security against possible security concerns of Chinese visitors coming to the CNMI; and

WHEREAS, with the CNMI EVS-TAP implementation, the only obstacle is the U.S. DOT's imposed restrictions that limit the number of direct flights from China to the U.S. With only 50 available flights weekly to the U.S., China air carriers will always choose its largest aircrafts to fly to the top destinations in the U.S. However, if DOT

reinstated the Annex VI exemption that the CNMI availed of prior to the covid pandemic, China air carriers will also choose to transport their visitors to the CNMI subject to the EVS-TAP conditions; and

WHEREAS, unlike the U.S. states, the CNMI's economy is driven by our tourism industry, which has not fully resumed because of the loss of Chinese tourist arrivals. As emphasized by CPA, tourism represents 51.8% of the CNMI's GDP, 45% of all added value to the economy, and 42% of all private sector employment compensation. Without any U.S. airline providing scheduled passenger service between China and the CNMI and no other economic industry present to support employment, commercial activity, and government operations, the imminent collapse of the tourism industry will have economic repercussions in the CNMI that will last for years; and

WHEREAS, former U.S. Congressman Gregorio Kilili Sablan has expressed support for the CNMI EVS-TAP and the reinstatement of the Annex VI provision. On December 15, 2023, Congressman Sablan wrote a letter to Alejandro Mayorkas, Secretary of the Department of Homeland Security, to support the proposed rule in concept and to urge the Department to complete its work quickly to allow publication for full consideration. On January 24, 2024, Congressman Sablan wrote to U.S. DOT Secretary Pete Buttigieg to support CPA's request to be exempt from the DOT's order limiting the number of round-trip flight services between the U.S. and China pursuant to the Annex VI provision; and

WHEREAS, Congressman Sablan followed up on his January 24th letter seeking resolution to CPA's request that the CNMI be exempted from DOT's Part 213 Order 2023-6-1 restricting the number of China flights to the United States on March 5, 2024. Congressman Sablan stated "[s]cheduled Chinese flights to the Marinas should already be exempt from any limitations on the number of flights between China and the U.S. pursuant to Annex VI, Article 6 of the U.S.-China Civil Air Transport Agreement (Annex VI). However, DOT's action to limit the number of Chinese carriers flying to U.S. destinations, taken in response to China's imposed COVID-19 restrictions, included

scheduled flights to the Marianas and has not been lifted since. Now that DOT is regularly increasing capacity by adding more flights between the United States and China, the Annex VI exemption for the Marianas should be reinstated. The Marianas remains in a deep state of recovery following the pandemic, which in combination with recent historic natural disasters, has crippled our infrastructure and economy. Members of my community remain concerned that our ailing economy will continue to languish and may not recover until access to Chinese tourism is regained. This could only happen when direct scheduled flights from China finally resume, as allowed under the provisions of Annex VI”; and

WHEREAS, on February 5, 2025, U.S. Congresswoman Kimberlyn King-Hinds wrote to DOT Secretary, Sean Duffy, urging action to restore full compliance with Annex VI of the U.S.-China Air Transport Agreement and lift ongoing restrictions on scheduled air service between the People’s Republic of China and the CNMI. Congresswoman King-Hinds emphasized that these restrictions are inconsistent with the terms of the bilateral agreement, which explicitly exempted the CNMI from limitations on the number of designations or frequencies of scheduled air services, and that failure to adhere to this provision has placed an undue strain on the economic recovery of the CNMI. Congresswoman King-Hinds underscored that Annex VI was negotiated with a clear understanding of the CNMI’s unique economic circumstances and was specifically designed to ensure uninterrupted air service to the territory in situations like the present, where federal flight restrictions have disproportionately impacted the CNMI’s recovery; and

WHEREAS, Congresswoman King-Hinds, in a letter dated April 15, 2025, to United States Department of Homeland Security Secretary Kristi Noem, also formally raised concerns regarding delays in the processing of Economic Vitality and Security Travel Authorization Program (EVS-TAP) applications and stressed that continued inaction threatens the Commonwealth’s economic stability and the restoration of critical air service; and

WHEREAS, despite the establishment of the CNMI Economic Vitality and Security Travel Authorization Program (EVS-TAP) through Section 902 consultations under the Covenant, the program's implementation has been plagued by severe administrative delays, resulting in a near-total halt in new Chinese visitor arrivals and placing existing flight routes at imminent risk of cancellation, thereby threatening substantial economic harm to the Commonwealth;

NOW, THEREFORE, BE IT RESOLVED, by ~~the Senate~~ of the Twenty-Fourth Northern Marianas Commonwealth Legislature that the ~~Senate~~ Legislature hereby urges the U.S. Department of Transportation to restore full compliance with Annex VI of the U.S.-China Air Transport Agreement of 2007 and lift the federal restrictions on scheduled air service between the People's Republic of China and the Commonwealth of the Northern Mariana Islands (CNMI), recognizing the CNMI's explicit exemption under the agreement; and

BE IT FURTHER RESOLVED, that the Legislature acknowledges and supports Delegate Kimberlyn King-Hinds' efforts to engage senior leadership at the United States Department of Homeland Security and urges full federal cooperation to expedite EVS-TAP processing and safeguard the Commonwealth's tourism economy; and

BE IT FURTHER RESOLVED, that the Legislature hereby urges the United States Department of Homeland Security and United States Customs and Border Protection to fully implement the Economic Vitality and Security Travel Authorization Program (EVS-TAP) without further administrative delay to mitigate the devastating loss of tourism arrivals to the Commonwealth; and

BE IT FURTHER RESOLVED, that the President of the Senate and the Speaker of the House shall certify and the Senate Legislative Secretary and the House Clerk shall attest to the adoption of this resolution, and thereafter the Senate Clerk and the House Clerk shall transmit a certified copy to the Mr. Sean Duffy, Secretary of the U.S. Department of Transportation; the Honorable Alejandro Mayorkas, Secretary of the

U.S. Department of Homeland Security; Mr. Grant T. Harris, Assistant Secretary of Commerce for Industry and Analysis; Mr. Ramon A. Tebuteb, Chairman of the Board of Directors of the Commonwealth Ports Authority; Dennis Seo, Chairman of the Board of Directors of the Hotel Association of the Northern Mariana Islands; Mr. Joe Guerrero, President of the Saipan Chamber of Commerce; the Honorable Arnold I. Palacios, Governor, Commonwealth of the Northern Mariana Islands; the Honorable Edmund S. Villagomez, Speaker of the House of Representatives of the Twenty-Fourth Northern Marianas Commonwealth Legislature; the Honorable Kimberlyn King-Hinds, CNMI Delegate to the House of Representatives Washington, 119th United States Congress.

Date: 02/11/25

Introduced by: /s/

Senator Karl R. King-Nabors