

**A SENATE JOINT RESOLUTION**

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”.

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

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

15           **WHEREAS**, pursuant to Annex VI exemption, Chinese carriers gradually  
16 increased air service to the CNMI since 2007 and the Chinese tourists comprised about  
17 40% of the total tourist market by 2018. The CNMI’s main tourism markets included  
18 Korean, Chinese and Japanese visitors in 2018; and

19           **WHEREAS**, subsequently, the Covid-19 pandemic disrupted air transportation and  
20 both the U.S. and China restricted international flights to and from their countries. The U.S.  
21 DOT suspended all Chinese air carriers operating from China to the U.S. on June 16, 2020  
22 (Order 2020-6-1). On December 30, 2022, China resumed its international passenger

1 flights. Subsequently, the U.S. DOT authorized 12 flights per week from China to the U.S.  
2 on May 23, 2023, increased the flights to 18 flights per week on August 11, 2023, and  
3 further increased the flights to 24 flights per week by October 29, 2023; and

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

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

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

21 **WHEREAS**, the loss of Chinese visitors impacts all sectors of the economy  
22 especially hotels and resorts. On August 7, 2023, the Hotel Association of the Northern  
23 Mariana Islands (HANMI) submitted a letter to CPA requesting for assistance to obtain  
24 approval for the reinstatement of the China to CNMI air service. HANMI stated that the  
25 current Korea and Japan tourist arrivals are not enough to bring all of the hotels to a healthy  
26 occupancy level and could only muster low occupancy percentiles. Specifically, HANMI  
27 reported an average 30% occupancy rate among its 11 member hotels since November  
28 2023. To achieve full recovery, the CNMI needs market diversification, which is a third  
29 major source market to augment the Korea and Japan market. HANMI further stated that

1 doubling the arrival number would give the hotel industry a fighting chance to achieve a  
2 healthy occupancy rate and that the China market could bring the numbers back to the  
3 CNMI in a short order; and

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

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

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

22 **WHEREAS**, to address these issues and to bring the CNMI's economy to the point  
23 of breaking even, the Chamber and the Hotel Association of the NMI have established  
24 "Operation 500K", a plan for the CNMI to get 500,000 visitor arrivals to financially  
25 breakeven during the crisis. Pursuant to "Operation 500K," the CNMI's target market share  
26 should be 50% Korea with about 250,000 arrivals, 34% China with 170,000 arrivals, and  
27 6% Japan with about 30,000 arrivals. This only stops the bleeding in our economy, it's not  
28 the target for a thriving economy; and

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

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

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

22           **WHEREAS**, Assistant Secretary Harris further stated that the Biden-Harris  
23 Administration’s National Travel and Tourism Strategy, which sets an overarching goal of  
24 attracting 90 million visitors spending \$279 billion annually by 2027 includes attracting  
25 more Chinese travelers to visit the U.S. for leisure, business, and education purposes. He  
26 said that in 2019, the U.S. welcomed nearly 3 million Chinese visitors, the top overseas  
27 market, who spent \$33 billion experiencing the U.S. Restoring Chinese visitation to 2019  
28 levels would support over 50,000 American jobs. Including indirect jobs and students

1 studying in the United States, that number increases to support an estimated 400,000  
2 American jobs; and

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

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

21 **WHEREAS**, with the CNMI EVS-TAP implementation, the only obstacle is the  
22 U.S. DOT's imposed restrictions that limit the number of direct flights from China to the  
23 U.S. With only 50 available flights weekly to the U.S., China air carriers will always choose  
24 its largest aircrafts to fly to the top destinations in the U.S. However, if DOT reinstated the  
25 Annex VI exemption that the CNMI availed of prior to the covid pandemic, China air  
26 carriers will also choose to transport their visitors to the CNMI subject to the EVS-TAP  
27 conditions; and

28 **WHEREAS**, unlike the U.S. states, the CNMI's economy is driven by our tourism  
29 industry, which has not fully resumed because of the loss of Chinese tourist arrivals. As

1 emphasized by CPA, tourism represents 51.8% of the CNMI's GDP, 45% of all added  
2 value to the economy, and 42% of all private sector employment compensation. Without  
3 any U.S. airline providing scheduled passenger service between China and the CNMI and  
4 no other economic industry present to support employment, commercial activity, and  
5 government operations, the imminent collapse of the tourism industry will have economic  
6 repercussions in the CNMI that will last for years; and

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

16 **WHEREAS**, Congressman Sablan followed up on his January 24th letter seeking  
17 resolution to CPA's request that the CNMI be exempted from DOT's Part 213 Order 2023-  
18 6-1 restricting the number of China flights to the United States on March 5, 2024.  
19 Congressman Sablan stated "[s]cheduled Chinese flights to the Marianas should already be  
20 exempt from any limitations on the number of flights between China and the U.S. pursuant  
21 to Annex VI, Article 6 of the U.S.-China Civil Air Transport Agreement (Annex VI).  
22 However, DOT's action to limit the number of Chinese carriers flying to U.S. destinations,  
23 taken in response to China's imposed COVID-19 restrictions, included scheduled flights  
24 to the Marianas and has not been lifted since. Now that DOT is regularly increasing  
25 capacity by adding more flights between the United States and China, the Annex VI  
26 exemption for the Marianas should be reinstated. The Marianas remains in a deep state of  
27 recovery following the pandemic, which in combination with recent historic natural  
28 disasters, has crippled our infrastructure and economy. Members of my community remain  
29 concerned that our ailing economy will continue to languish and may not recover until

1 access to Chinese tourism is regained. This could only happen when direct scheduled  
2 flights from China finally resume, as allowed under the provisions of Annex VI”; and

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

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

22 **BE IT FURTHER RESOLVED**, that the President of the Senate and the Speaker  
23 of the House of Representatives shall certify, and the Senate Legislative Secretary and the  
24 House Clerk shall attest to the adoption of this joint resolution, and thereafter the Senate  
25 Clerk shall transmit a certified copy to Mr. Sean Duffy, Secretary of the U.S. Department  
26 of Transportation; the Honorable Alejandro Mayorkas, Secretary of the U.S. Department  
27 of Homeland Security; Mr. Grant T. Harris, Assistant Secretary of Commerce for Industry  
28 and Analysis; Mr. Ramon A. Tebuteb, Chairman of the Board of Directors of the  
29 Commonwealth Ports Authority; Dennis Seo, Chairman of the Board of Directors of the

1 Hotel Association of the Northern Mariana Islands; Mr. Joe Guerrero, President of the  
2 Saipan Chamber of Commerce; the Honorable Arnold I. Palacios, Governor,  
3 Commonwealth of the Northern Mariana Islands; the Honorable Edmund S. Villagomez,  
4 Speaker of the House of Representatives of the Twenty-Fourth Northern Marianas  
5 Commonwealth Legislature; the Honorable Kimberlyn King-Hinds, CNMI Delegate to the  
6 House of Representatives Washington, 119th United States Congress.

Date: 02/11/25

Introduced by:



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Senator Karl R. King-Nabors