



Commonwealth of the Northern Mariana Islands
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The Honorable Bruce Westerman
Chairman
Committee on Natural Resources
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Westerman:

Hafa Adai and Tirow from the Commonwealth of the Northern Mariana Islands. Thank you again for allowing me to appear and speak before the members of the Committee on Natural Resources at the oversight field hearing, held last month on August 24, 2023, titled "*Peace Through Strength: The Strategic Importance of the Pacific Islands to U.S.-led Global Security*." I am writing to provide responses to the following questions that were transmitted after the hearing:

Question #1: What are you and your administration doing to diversify CNMI's economy and become less reliant on the People's Republic of China?

As I indicated in my written testimony submitted to the U.S. House of Representatives - Natural Resources Committee, I announced the position in the first few weeks of my administration that we would pivot away from the Commonwealth's overreliance on Chinese investment.

Of course, this was not an entirely popular decision with some sectors of the community. We continue to take hits for it, both economically and politically. To this day, we are continuously pressured and asked to open up to Chinese investment once again or to actively pursue activities that would restart and expand Chinese tourism to the CNMI.

Nonetheless, we remain steadfast in our commitment to diversifying our economy by strengthening relationships, seeking investments, and expanding tourism from Japan, Korea, and other U.S. allies in the region:

Japan

Because of the historic, economic, and strategic significance of Japan to the CNMI, one of the first initiatives I pursued as Governor was to personally engage government leaders from key

Japanese government agencies, airline executives, and senior executives of some of the largest tour agencies to discuss how we can expand the tourism source market from that country.

In addition to increasing flight service, we also discussed the possibility of launching new, direct flight routes from Haneda Airport. Flying from Haneda would be more convenient for many Japanese residents because that airport is located in the metropolitan area of Tokyo. Current flights to the CNMI fly out of the Narita Airport, which is located approximately two hours from Tokyo and whose distance from Tokyo may present barriers and inconveniences. We also sought the assistance of the U.S. Embassy to assist in this effort.

The meetings we had in Japan included the following organizations and companies:

Organization	Representatives In Attendance
U.S. Embassy in Japan	1. Mr. Alan Turley, Counselor for Commercial Affairs
Japan Association of Travel Agents (JATA), whose membership includes 1,100 travel agencies	1. President of JATA Mr. Tadashi Shimura
Japan's Ministry of Defense	1. Minister of Defense Yasukazu Hamada
Japan's Ministry of Land, Infrastructure, Transportation and Tourism (MLIT)	1. Vice Minister of MLIT Nishida Shoji
Japan Airport Terminal Co., Ltd. (Operates and manages Haneda Airport)	1. Executive Vice President Hisayasu Suzuki
Japan's Ministry of Economy, Trade and Industry (ETI)	1. Deputy Minister of ETI Mr. Shinichi Nakatani
H.I.S. (Travel and Tour Agency)	1. Osamu Yamaguchi, General Manager, Leisure Travel Sales Division Overseas Travel Department, Micronesia/Indonesia/Philippines/South Pacific/Indian Ocean Section 2. Shingo Mizushima, Manager, Beach Tour Planning Team and Packaged Tour Sales Group

Rakuten (Travel and Tour Agency)	1. Futoshi Habaya, General Manager, Airline Sales and Package Tour Dept. 2. Dhimant Thakker, Vice General Manager, Airlines Sales and Package Tour Dept 3. Masamichi Takayasu, Vice General Manager, International Sales Department 4. Karin Ide, International Airlines Sales and Package Tour Group 5. Aya Tojo, Manager, International Airlines Sales and Package Tours 6. Richard Gustafson, DFS Group Managing Director for Japan, Korea, and Mid Pacific
JTB (Travel and Tour Agency)	1. Junichiro Takahashi, President of Tasi Tours and T.P. Micronesia (Guam) 2. Masaki Yoshida, General Manager, JTB 3. Sabumi Ito, Manager, Planning and Purchasing Section
United Airlines	1. Toru Takahashi, Managing Director, Japan and Micronesia Sales United Airlines 2. Hieaki Takahashi, Manager, Online Sales and Business Development 3. Hiroshi Hamada, Sales Manager (Japan) 4. Koji Nagata, Director of Asia/Pacific Communications
Skymark Airlines	1. Hayao Hora, President and Executive Officer, Skymark Airlines 2. Manabu Motohashi, Senior Managing Director and Executive Officer, Corporate Planning, Sales 3. Tetsuya Okuno, General Manager, Corporate Planning Department

South Korea

At this time, the Korean tourism market makes up the largest source market for the CNMI. Thus, it was important that we continue to grow this market and to learn how we can further enhance the CNMI as a compelling destination for Korean tourists. To do this, I traveled with representatives from the Marianas Visitors Authority to Seoul, Korea, where we also had positive discussions with top government leaders and senior executives from Korean airlines and tour agencies.

During the meeting with Jeju Airlines, the company's executives announced that it would restart direct routes from Busan, Korea, to the CNMI (prior to this all Saipan bound flights originated from Seoul). Of course, this was welcome and excellent news, and I expressed my appreciation and offered support to sustain the additional route past the peak summer season.

Our meetings in Korea included the following:

Organization	Representatives In Attendance
U.S. Embassy in South Korea	1. Ambassador Philip S. Goldberg 2. Michael Kim, Commercial Officer 3. Jessica Son, Senior Commercial Specialist
South Korea Ministry of Land, Infrastructure and Tourism	1. Eo Myeong-so, Vice Minister for Transport 2. Kim Namgyun, Director, International Air Transport Division 3. Kim Jinhee, Deputy Director, International Air Transport Division 4. Kim JaeHyeong, Assistant Director, International Air Transport Division 5. Song Jee-un, Interpreter, International Air Transport Division
Jeju Air	1. Kim, E-Bae, CEO 2. Jung, Kaepil, Director, Commercial Division 3. Joo, Sangho, Team Leader, Sales and Marketing 4. Mo, Miyoung, Manager, Sales and Marketing
T'way Airlines	1. Jeong, Hong Geun, President, CEO 2. Kim, Hyung Yi, Executive Managing Director 3. Park, Kibae, Team Leader
Asiana Airlines	1. Doo, SungGuk, Executive Vice President, Passenger Business 2. Seon, WanSeong, Senior Vice President, Sales Strategy 3. Moon, YouSang, Team Leader, Sales Strategy 1 4. Yoon, Seokmin, Team Leader, Sales Strategy 5. Kim, Sangwon, Team Leader, Revenue Management 6. Son, SangSeok, Manager, Sales Strategy 1 7. Cho, Sujin, Manager, Marketing
Mode Tour (Travel and Tour Agency)	1. You, In Tae, President 2. Cho, Jaewang, Director of Product Headquarters 3. Chung, Heeyoung, Senior General Manager 4. Yeon, Chimo, General Manager

Yellow Balloon (Travel and Tour Agency)	1. Kim, Jin Kook, CEO, President 2. Kim, Sungtae, Director 3. Han, Ye Rim, General Manager 4. Ju, Shin Ah, Team Manager
Hana Tour	1. Song, Misun, CEO 2. Kim, Chang Hun, Head of Division 3. Kim, Jaewoon, Head of Department 4. Le, Jinju, Team Leader

Engaging other Direct Investment from other Countries

Representatives from my administration continue to invite and engage foreign direct investment from other countries. As part of this overall effort to diversify our economy, I led a small delegation to the SelectUSA Investment Summit back in May. The Summit, organized by the U.S. Department of Commerce, is the leading event in the United States for FDI promotion, connecting investors, companies, economic development organizations (EDOs) and industry experts to elevate investment in the states and territories by vetted foreign countries.

This past year's event was the U.S. Department of Commerce's largest investment summit to date, with record levels of participation from over 4,900 attendees from 83 international markets and 55 states and territories. The CNMI hosted a booth on the exhibit floor where our team spoke with potential investors from numerous countries representing different industries.

It was also the first time the Summit featured a panel composed entirely of governors from all the U.S. insular areas who talked about potential investment opportunities. The event also afforded me the opportunity to participate in the following:

1. U.S. Department of Commerce's Secretary Gina M. Raimondo roundtable discussion which featured a conversation on the role CHIPS is playing to help build the U.S. semiconductor ecosystem across the country and how states are driving implementation, competitiveness, and local impact through incentives. The governors' roundtable discussion demonstrated the impact of federal, state, and local government partnerships to drive innovation to improve America's competitiveness and attract investment to build the U.S. semiconductor ecosystem – leveraging SelectUSA as a critical mechanism to do so.
2. Reception for Taiwanese investors organized and hosted by Taiwan representative Bi-khim Hsiao of the Taipei Economic and Cultural Office (TECRO)
3. Reception for Japanese investors organized by the Japan External Trade Organization (JETRO)
4. Reception for Indian investors organized by the Indian Ambassador to the U.S.
5. Reception for Japanese investors organized by the Japan Ambassador to the U.S.

Moving Forward

Despite these efforts itemized above, we know that the economic challenges that face the Commonwealth may become more severe without significant federal government financial assistance. When I testified last month before the Natural Resources Committee, I mentioned that the CNMI is facing financial conditions that make our commonwealth *again* acutely vulnerable to Chinese Communist Party exploitation.

I also echoed this message when I testified before the U.S. Senate Committee on Energy and Natural Resources in February and top level federal officials at the meeting of the Intergovernmental Group on Insular Affairs. I explained the path we are forging to fiscal, economic, and social stability in the Commonwealth. I acknowledged the rapidly shifting geopolitical sands affecting our entire Pacific region. I also emphasized the vital role the Marianas plays in the security of our nation and America's position in our region.

I sought technical assistance in auditing the Commonwealth's federal and local accounts, and expanding our capacity for tax collections and enforcement. I asked for support in breaking bottlenecks in federal review processes to allow hundreds of millions of dollars in federally funded infrastructure projects to move forward. I urged for the passage of key legislative initiatives, including Congressman Kilili Sablan's HR 560, the Population Stabilization Act, as well as amendments to the U.S. Workforce Act to repeal the touchback provision.

Here at home, our administration has been focused on identifying ways to streamline government processes, reduce costs, and improve the service experience and responsiveness of government. I have directed our regulatory agencies to track and report on turnaround times for permit reviews and decisions so that doing business in the CNMI is easier and more efficient.

We are exploring ways the Commonwealth can be a regional hub for targeted educational programs - such as in the areas of healthcare and English language training. The Commonwealth can also be a regional hub for shipping, using our Covenant and key federal policies to our advantage. And as we move closer to completion of a renewable energy feasibility study and a strategic energy plan for the Marianas in the next few months, the Commonwealth can become a leader in the region in transitioning to clean, renewable energy that will lower the cost of business and benefit all ratepayers.

I will continue to update you and the members of the Natural Resources Committee about our progress to diversify our economy and build economic sustainability. In the meantime, I continue to ask for your urgent support, especially for the requests I listed in my written testimony.

Question #2: We are deeply concerned about the issue of People's Republic of China (PRC) nationals illegally entering Guam from the Commonwealth of Northern Mariana Islands. It has been reported that 27 PRC nationals have been caught attempting to enter Guam from CNMI in the month of June alone. Question: What are you and your team doing to address this issue? Has it been determined what these individuals were aiming to do once in Guam?

The CNMI continues to be very concerned and seriously considers violations against any applicable U.S. laws that prohibit human smuggling or human trafficking. We are working with enforcement representatives and policy makers from federal agencies and the Government of Guam to see how we can address and eliminate unauthorized entries of PRC nationals into Guam from the CNMI.

There is a need to strengthen federal enforcement efforts to help curb these entries, as the resources and legal authority by the Guam and CNMI governments are limited. To expand the dialogue and collaboration with federal enforcement agencies, we recently met with the following representatives from the U.S. Department of Homeland Security to help align local and federal activities to address illegal entries into Guam:

1. Daniel Delgado, Director, Border and Immigration Policy
2. Patrick Madaj, Regional Affairs Specialist, Indo-Pacific Affairs Office of Strategy, Policy, and Plans
3. John F. Tobon, Special Agent in Charge, Homeland Security Investigations
4. John Duenas, Assistant Special Agent in Charge, Homeland Security Investigations
5. Valentina C. Seeley, OPE (A) Assistant Deputy Director, Office of Partnership and Engagement (OPE), Immigration and Customs Enforcement (ICE)
6. Moises Becerra, Field Office Director, ICE – Enforcement and Removal Operations (ERO)
7. Orestes Cruz, Deputy Field Office Director, ICE - Enforcement and Removal Operations (ERO)
8. Joseph Joh, Assistant Director/Sr. Adviser, USCIS and ICE/Immigration, OLA (listen-mode)
9. Kim Johnson, Deputy Director, Office of Intergovernmental Affairs
10. Cedric McMinn, Associate Director, Office of Intergovernmental Affairs

As these conversations advance, I will provide regular updates, when requested, to the Committee on Natural Resources on our activities and progress.

Again, thank you for allowing me to provide this additional information about the challenges and opportunities that we face in the CNMI. If you have any additional questions, please let us know.

Sincerely,



ARNOLD I. PALACIOS
Governor