

**Oversight Hearing on the Implementation of Public Law 110-229 to the  
Commonwealth of the Northern Mariana Islands and Guam**

Testimony presented to the Subcommittee on Insular Affairs, Oceans and Wildlife, U.S.  
House of Representatives

By

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Hafa Adai! Madam Chairwoman and members of the Committee, thank you for this opportunity to participate for the second oversight hearing on this issue in a year in relation to the implementation of Public Law 110-229. I want to reiterate what I had said back in May 2009 and the message remains the same: major hurdles have been recognized by the U.S. Department of Homeland Security and have not been addressed in standing up a Visa Waiver Program (VWP) that would allow inclusion of currently excluded countries while safeguarding our national security.

Since the last time this committee convened on this matter we have seen very little economic benefit in Guahan related to the passage of Public Law 110-229. While there is no question of the impacts of the rise in revenues for the Commonwealth of the Northern Mariana Islands (CNMI) over the past year, Guahan continues to wait for some parity in this important matter for what I believe will lead to the diversification of our economy and strengthening of the future economic viability of tourism in the Western Pacific.

I want to state for the record that since the enactment of Public Law 110-229, the expansion of our tourism opportunities has not materialized. Visitors from our largest tourism source market of Japan have continued to drop with each passing day. Last year, I shared with you that the strategic outlook for this market is not encouraging as more low cost leisure resorts in Asia proliferate the competitive landscape, taking away Guahan's share of market. That situation has not changed.

I want to ask Congress to support efforts to fully implement Public Law 110-229 that we believe will result in increases to our number one industry. A favorable visa waiver program will generate an additional \$1.5 billion by 2013 according to our estimates.

Tourism expenditures on Guahan currently total \$1.2 billion in our economy which is about 40 percent of Gross Island Product. The annual 1.2 million visitors are responsible for the spending of 95 percent of this total. This Committee is aware that historically, 80 percent of Guahan's visitors come from Japan-the most mature of our source markets that continues to decline due to an aging population and regional competition from lower cost Asian resort destinations.

I want to remind the Committee that it was the intent of the U.S. Congress that there would be a visa waiver program for both Guahan and the CNMI. Not one over another or one separated-it would be a single program.

I was troubled that back in January 2009, the U.S. Department of Homeland Security issue a final rule on the visa waiver program that completely contravened the Congressional Intent set out by this Committee and has literally taken my island backwards. In November of 2009, Parole Authority was extended to the CNMI for China and Russia tourists. Guahan was not afforded the same authority.

The Consolidated Natural Resources Act (CNRA) has brought some tourists to Guahan from Hong Kong, but it has not been sufficient enough to impact our tourism industry positively. China and Russia are required for this to happen which is why they were deemed countries of "Significant Economic Benefit". Additionally, the expansion of tourism requires that these countries be added to the VWP. Parole Authority, by virtue of its discretionary application is being perceived by investors as "temporary in nature" and makes attracting investment in the area of accommodations, airlift, attractions and other key elements very difficult.

Parole Authority has allowed the CNMI to maintain a status quo there and has not allowed them to expand. In discussions that our visitors' bureau has had with many potential investors in tourism, having access to China and Russia under Parole Authority is not nearly as attractive as the visa waiver program.

Also, the Guam CNMI Visa Waiver under the CNRA was set to replace the existing Guam Visa Waiver program. Several problems have emerged with this process. When the U.S. Congress created the Guam Visa Waiver program, it was noted at the time that the unique conditions prevalent in the islands justified a "broad application" of the visa waiver program. Therefore the Guam VWP has always listed countries that were not eligible to participate in the Mainland program. The regulatory requirement of a US visa refusal rate of 16.9% or below for countries to be eligible for the Guam program was a reflection of this "broad application". The Interim Final Rule (IFR) that established the eligibility requirements for the Guam-CNMI program completely omitted any reference to Visa refusal rates for eligibility - they were completely thrown out as a basis for inclusion and included eligibility requirements related to Humanitarian concerns that are not, nor have they ever been, part of the U.S. Visa Waiver program. Such inclusion in the new Guam-CNMI program makes the program more stringent than the U.S. Visa Waiver program.

I believe that efforts must be undertaken to equalize efforts in the region by extending parole authority to Guahan and improve the Guam CNMI Visa Waiver Program rules so that our collective tourism communities can have access to these vital source markets with carryover benefits to the rest of the islands in the Northern Pacific including the Republic of the Marshall Islands, the Republic of Palau and the Federated States of Micronesia.

The economic benefit from Chinese tourists is well documented in both the CNMI and elsewhere. I want to thank the Chairwoman for her work on this issue, and on behalf of the people of Guahan seek hers and the Committee's full support of full implementation of Public Law 110-229.