

CNMI Department of Commerce: Economic Strategic Planning

Northern Mariana Islands
Economic Development Forum
Hyatt Regency Saipan
June 04, 2013

CNMI Economic Planning Timeline

- 2008 Efforts
 - Comprehensive Economic Development Strategy
 - US Dep. Of Commerce, Economic Development Administration
- 2009 Efforts
 - Economic Restoration Summit
 - Locally funded effort (Public/Private sponsored)
- 2010 Efforts
 - American Recovery & Reinvestment Act Implementation
 - Forum on Economic & Labor Development (FELD)
 - US Department of Interior, Office of Insular Affairs
- 2011 Efforts
 - Economic Restoration Summit
 - US Department of Agriculture, Rural Business Enterprise Grant (RBEG)
- 2012 Efforts
 - Marianas Visitors Authority: Tourism Master Plan
 - Application for the first USCIS Recognized Regional Economic Center
 - Marianas EB5 Regional Center approved in January 2013

CNMI's Economic Condition

- External Factors Impacting CNMI Economy
 - Shift in World Trade Organization Policy
 - Expedite the exit of the garment manufacturing industry
 - US Public Law 110-28
 - Increases minimum wage rates in the CNMI
 - US Public Law 110-229
 - Extends control of CNMI immigration to the US Department of Homeland Security, USCIS
 - Implementation of American Recovery & Reinvestment Act (ARRA)

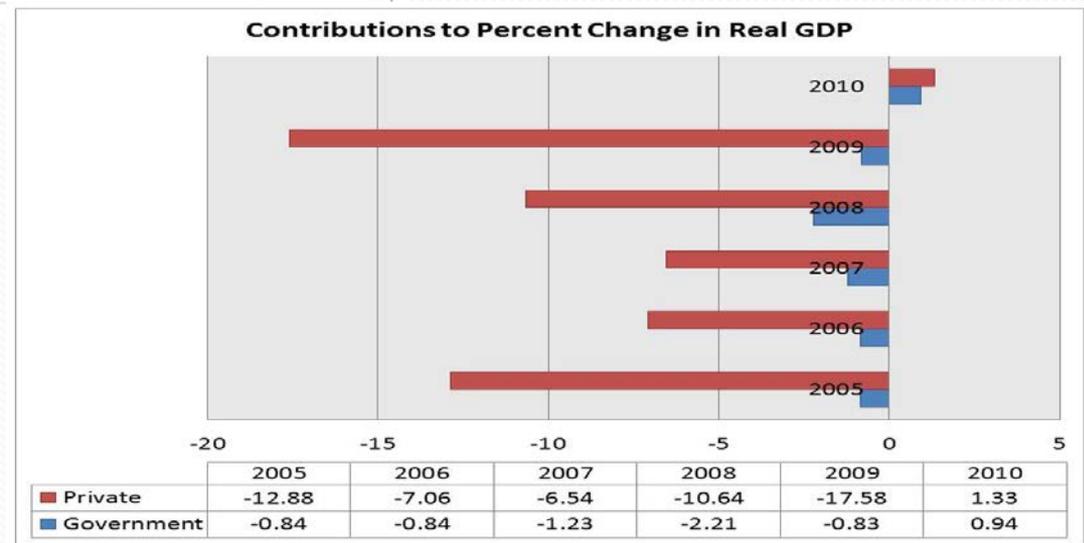
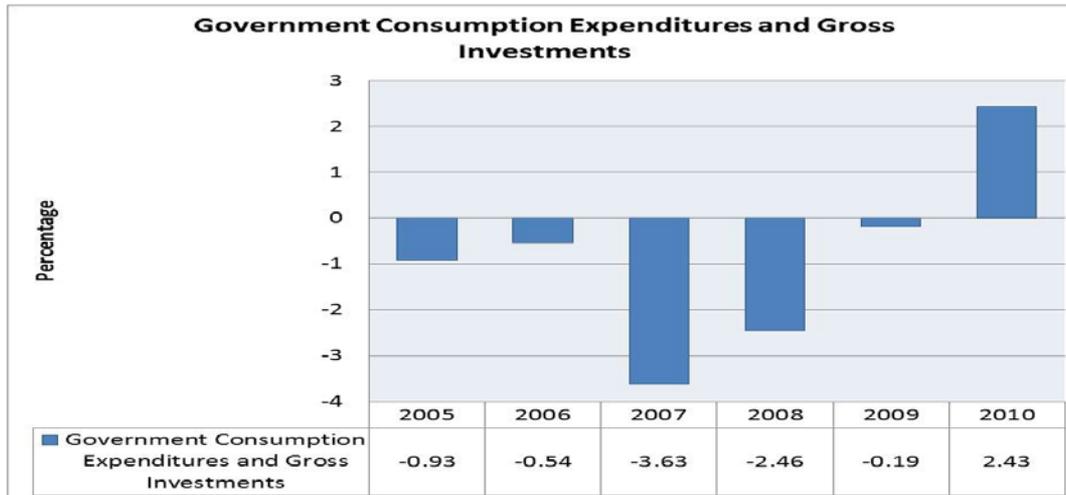
CNMI's Economic Condition

- Internal Factors Impacting CNMI Economy
 - Land Alienation (Article XII)
 - Impacts foreign investment and lending
 - Lengthy Proceedings for Foreclosure
 - Impacts bank lending due to lengthy process on assets used as collateral
 - Bank lending is also significantly impacted by land alienation provisions
 - Limited Public Services
 - Health Services: Impact population willingness to remain in the CNMI
 - Outmigration: Evidenced in Census results
 - Cost of Health Services: CHC Limitations result in off-island referrals costing Millions to the CNMI Government
- Scarcity of Professional Resources
 - Lack of Doctors, Teachers, Engineers
 - Resulting in higher recruitment and retention costs

Gross Domestic Product Measures

- Economic deterioration
 - Began in 2002 (GDP measured at 1.221 M)
 - Lowest point in 2009 (GDP measured at 725 M)
- -18.8% decline in GDP from 2008 to 2009
- **Implementation of ARRA in 2010**
- 2010 Gross Domestic Product Data (733 M)
 - Real GDP rose 2.3% vs. 2.4% of the rest of the nation
 - Largely contributed to government spending

Gross Domestic Product Measures



Economically Distressed Area

- Despite positive upticks in the economic condition, CNMI remains an economically distressed area.
 - Low wages place a large portion of the CNMI workforce below federal poverty lines.
- Consumer Spending Impacted:
 - Low wages
 - High price indexes (shipping rates, utility rates)
 - Reduction in disposable income (utility costs & low wages)
- Business Revenues Impacted:
 - High utility rates
 - Increasing cost of labor
 - Reduction in available labor pool

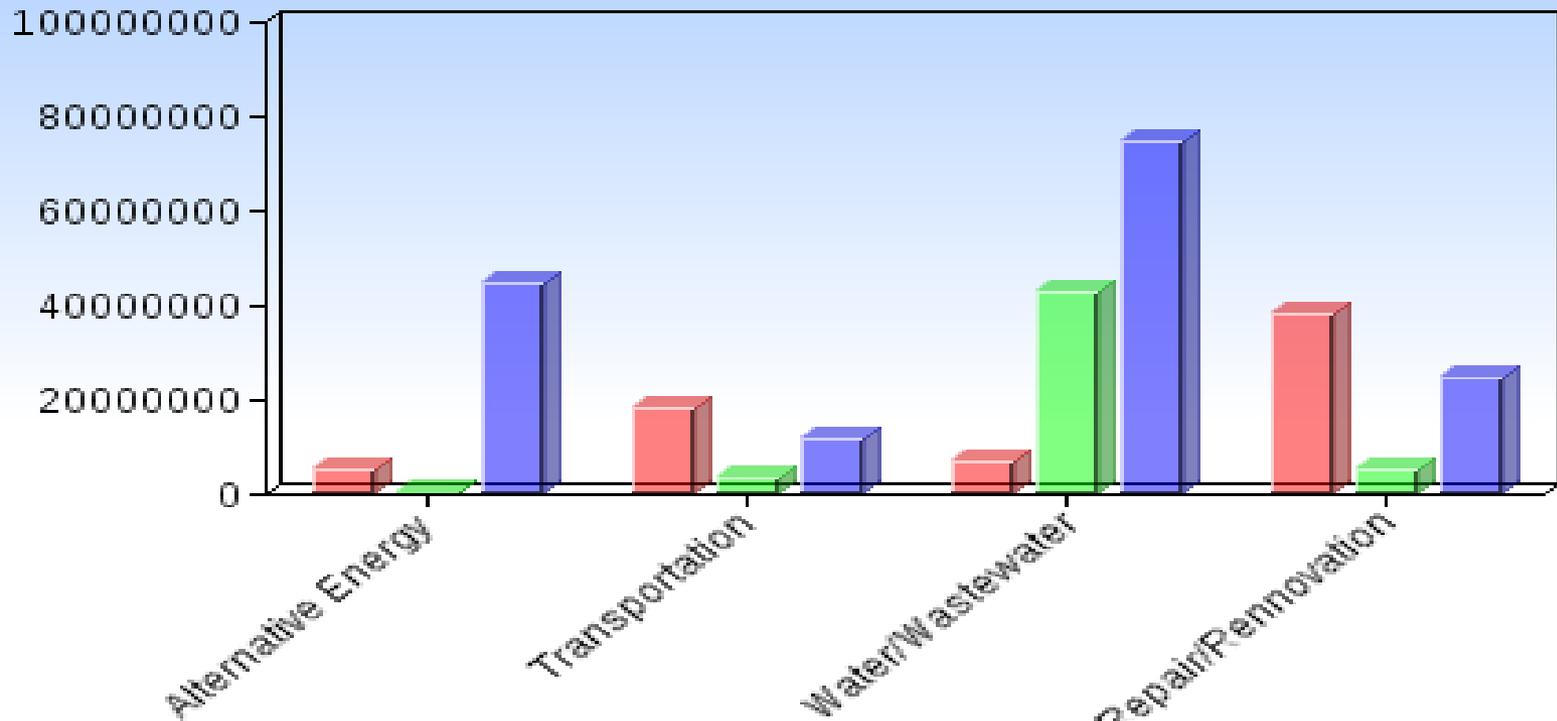
Economic Development Forum

Priorities

- Inventory various plans and projects
 - Assess completion rates of identified projects
 - Assess relevance of outstanding projects/priorities
- Establish criteria and guidelines in planning efforts moving forward
 - Focus on:
 - Job creation
 - Leveraging local resources (Public/Private)
 - Industry development

CNMI Project Funding Rates

CEDS Funded Project Totals



Millions of Dollars

ARRA

CIP

CEDS Estimated Project Totals

Project Prioritization Criteria

- Projects should be categorized utilizing areas that are essential to CNMI economic stability.
 - Projects that focus on Regional Commerce
 - Projects that reduce shipping costs and encourage trade agreements
 - Projects that are Sustainable through private investments
 - Projects that can be operated and maintained by private firms
 - Projects that promote Public-Private Partnerships
 - Projects that focus on public use with private investments
 - Projects that promote Environmental Responsibility
 - Projects that promote Infrastructure Improvements
 - Projects that promote Industry Innovations & Synergize Technologies
 - Projects that promote development of new industry

	Focus on Regional Commerce	Sustainable via Private Investments	Promote Public-Private Partnerships	Environmentally Responsible	Infrastructure Improvement	Industry Innovations & Synergy	Promote New Industry/Support Current Industry
Solar Farms		X	X	X		X	X
Wind Farms		X	X	X		X	X
Waste-To-Energy		X	X	X		X	X
MBP Solar Project	X	X	X	X		X	X
Inter-island Ferry	X	X	X			X	X
Tinian Airport Renovations	X				X		X
Tinian Harbor Renovations	X				X		X
Rota Airport Fuel Storage					X		X
Rota West Harbor Rehabilitation	X				X		X
Rota Ecotourism	X			X			X
Pagan Ecotourism	X	X	X	X			X
Garapan Revitalization	X	X	X	X	X		X
Kalabera Cave Development	X			X	X		
La Fiesta Revitalization	X	X	X		X	X	X
CHC/THC/RHC Privatization		X	X	X	X	X	X

Project Priority Short-List

- **Alternative Energy (DPW, CUC, DPL)**
 - Utilize RFP's for Services & Appropriate Rates
 - Utilize Public Lands for Project Sites
 - Suppresses power-costs and encourages business development
- **Inter-island Transportation (COTA, CPA, DPW)**
 - Utilize Private firms for operations & maintenance
 - Promotes commercial activity
- **Tourism Related Projects**
 - Utilize current funding to hit easiest marks
 - Utilize private investments to promote the CNMI
 - EB5 Program
- **Health/Public Services (CHCC)**
 - Utilize Public Private Partnership
 - Utilize Private Firm to operate CHCC, THC, & RHC

Questions

