



FOR IMMEDIATE RELEASE

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Statement on Announced Closure of Hyatt Regency Saipan

On April 29, 2024, the Hyatt Regency Saipan announced their permanent closure of the hotel effective June 30, 2024. This is a tremendous loss to The Marianas and its local economy. The Hyatt Regency has been Saipan's longest standing international hotel brands and is beloved by tourists and locals, alike. The hotel's owning company, Saipan Portopia Corporation, one of the CNMI's longest tenured Japanese investors, had just negotiated new 40-year commitment to this community with a new public land lease and this announcement of closure is both heartbreaking and unsettling. This closure is extremely worrisome as it signifies the health of our tourism industry with the loss of confidence by a longstanding Japanese investor of over four decades.

As HANMI has always publicly stated, hotels typically require around 70-80% hotel occupancy to stay in operation.

In light of this closure and the challenges faced by the local tourism sector, which is the primary industry in the CNMI, there are several key actions that need urgent attention to keep our hotels operating, preserve local jobs, and bolster the local economy.

Firstly, as we have been requesting to the CNMI government and the U.S. Department of Transportation, the immediate reinstatement of Annex VI under the "US-China Air Transport Agreement of July 9, 2007" is crucial. Advocating for the approval of this application is the initial step toward diversifying tourist market sources, which is essential for resilience in the face of economic fluctuations. Several government branches and business organizations have supported this request for reinstatement; however, we specifically need the Palacios Administration and the Commonwealth Ports Authority (CPA) Board to support this effort and endorse the request for the Annex VI waiver.

Secondly, the Marianas Visitors Authority should be more empowered and funded to promote and market The Marianas in many other nations, including China, for higher volume of visitor arrivals. It is crucial to note the substantial decline in average hotel occupancies observed by HANMI, plummeting from 90.89% in 2017 to a mere 37.83% in 2023. This significant downturn in visitor arrivals and hotel occupancy rates can be directly attributed to the absence of the China market, which was The Marianas' second largest tourism market pre-pandemic, constituting 35% and 39% of total visitor arrivals in 2017 and 2018, respectively.

Thirdly, finalizing the implementation of the CNMI Economic Vitality & Security Travel Authorization Program – or EVS-TAP - by the U.S Department of Homeland Security is imperative.

Lastly, the substantial increase in landing fees and terminal rental fees, 90% and 79% respectively, is a direct result of the lack of flight and passenger volume. Much like the hotels, the airport requires revenue to cover its operational costs and maintain all safety requirements to remain an F.A.A. Certified Airport. Unfortunately, the increase in airline fees has either discouraged some of our existing airlines

from adding flights and may cause carriers to reduce service in the off season when airfares are the lowest and cost recovery cannot be achieved. The return of the China market and its flights to pre-pandemic levels will provide the desperately needed flight activity, passenger volume and most importantly the airport revenue that will allow for the CPA to roll back the fee structure to pre-pandemic levels.

The Hyatt Regency Saipan has been a longstanding pillar of tourism in The Marianas and has been the place of countless memories for tourists and locals alike. For the local community, it was a place for weddings, christenings, birthdays, and other celebrations. It was also a place and a company where local careers began and where many employees have worked, grown, thrived and even retired. We are deeply saddened by the announcement of closure and for the loss of employment for the one hundred plus men and women of the Hyatt Regency Saipan.

The current situation is unsustainable. Failure to act will almost certainly result in more business closures, reduced work hours, increased unemployment, revenue losses, and a general deterioration of the local community's well-being. In summary, concerted effort is needed from government, all related stakeholders, and the leaders of the local businesses to address these challenges and safeguard the future of The Marianas economy and tourism sector.