Nature of the Collapse in the Commonwealth of the Northern Mariana Islands

The CNMI's economic infrastructure is on the verge of collapse. Major businesses face permanent closure. Hotels report average occupancy rates of just 28.57%, far below break-even thresholds. Federal pandemic-era support is expiring, removing a critical buffer. Without swift intervention, government revenues will shrink to unsustainable levels, debt will increase, and the CNMI will be pushed to the brink of insolvency. The economic failure of a U.S. territory in the Pacific would have profound strategic, humanitarian, and fiscal implications.

Tourism is the primary engine of economic activity in the Commonwealth of the Northern Mariana Islands. Before the COVID-19 pandemic, tourism spending accounted for 54% of all consumer expenditures, and exports of services made up 39% of the CNMI's GDP.

While there were signs of recovery in recent years, tourism arrivals in 2024 remained 53% below 2019 levels. In 2025, that fragile rebound has reversed: year-to-date arrivals have declined an additional 28.3%, signaling a renewed and destabilizing contraction. This collapse has been accompanied by steep losses across nearly every major economic indicator:

- Tourism arrivals dropped 67%, from 653,150 in 2017 to 215,543 in 2022/23
- Total business revenue declined by 51%, from $3.62 billion to $1.77 billion
- Annual payroll fell 19.4%, while employment contracted by more than a third (22,813 to 14,488 jobs)
- Accommodation and food service revenues declined 59%, and retail sales dropped 26%
- Most dramatically, tourist spending plummeted by 96.7%, falling from $1.9 billion to just $62.9 million

These figures reflect the compounded effects of a prolonged crisis. Between 2019 and 2022, exports of services fell by 51%, driven by collapsing visitor revenues. Since 2022, business closures have accelerated, employment has eroded, and the private sector has hollowed out. A 2024 survey shows that 20% of CNMI residents are planning to leave, underscoring the demographic risk of continued economic failure.

Collapse of Air Access

The sharp downturn in tourism is being driven by a collapse in airlift:

- South Korea, which represented 75% of arrivals in 2024, has seen visitor numbers fall 32.8% year-to-date in 2025.
- Monthly air seats dropped from 24,528 to just 10,500, a 57% reduction, after Jeju Air and Asiana cut service and the number of operating carriers fell from five to two.

As of May 2025, all direct flights from China have ceased, following delays in Electronic Travel Authorization (ETA) processing under the newly launched EVS-TAP program. In total, CNMI has seen a loss of 18,176 monthly air seats from the market compared to pre-pandemic levels.

Yet, Chinese arrivals had been rebounding prior to the suspension, with a 41% increase year-to-date, underscoring the market potential lost due to administrative delays. Japan arrivals are down 43%, compounding the impact.

Quick Facts

	2017	2022/24	% Change
Tourism Arrivals	653,150	237,498	▼ 63%
Total Employment	22,813	14,488	▼ 36.5%
Total Business Revenue	$3.616B	$1.771B	▼ 51%
Annual Payroll	$419.5M	$338.3M	▼ 19.4%
Retail Sales	$460.4M	$340.45M	▼ 26%
Accommodation & Food Services	$335.1M	$137.7M	▼ 59%
Tourist Spending	$1.9B	$62.9M	▼ 96.7%

- One of only two international brand hotels (Hyatt Regency Saipan) closed permanently
- One of only two Korean airlines servicing the CNMI announced the suspension of flights in the summer months of 2025, further reducing total air seats by 28%.
- Asiana airlines, after servicing the CNMI for over 30 years, terminated service in 2024 and eliminated 4,956 monthly air seats.
- In June 2025, the Kensington Hotel, CNMI's largest, announced temporary closure, eliminating 9% of room stock
- Kanoa Resort announced it will not renew its lease, cutting another 6.2%
- World Resort and Pacific Islands Club have announced layoffs and reduced hours, placing an additional 16% of hotel room inventory at risk
- DFS Saipan Ltd., a subsidiary of Louis Vuitton Moet Hennessy and the largest retail outlet in the CNMI, closed in April 2025, alongside the CNMI's only movie theater (Regal Cinemas)
- Since January 2024, over 110 businesses and nonprofits have shut down—7% of all business establishments

Airline	Route	# Monthly Air seats	Status
United Airlines	Guam	5,976	Continuing
Jeju Air	Incheon	5,292	Continuing
Jeju Air	Incheon	5,292	Terminated
Jeju Air	Pusan	3,780	Terminated
Asiana Airlines	Incheon	4,956	Terminated
T'Way Air	Incheon	5,208	Suspending Service
Hong Kong Airlines	Hong Kong	2,080	Suspending Service
Hong Kong Express	Hong Kong	2,976	Terminated
Beijing Captial Airlines	Hangzhou	2,320	Terminated
Sichuan Air	Shanghai	4,800	Terminated
Sichuan Air	Guangzhou	2,400	Terminated
China Eastern Airlines	Beijing	3,600	Terminated