



## Department of Commerce

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS  
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Coastal Resource Management  
Attention: Dr. John Joyner  
Saipan, MP 96950

Dear Dr. Joyner,

In reviewing the economic study prepared by Dr. Thomas Iverson entitled, *The Economic Impact of a proposed Mariana Trench Marine National Monument: An Exploratory Study*, several key concerns stood out with respect to this assessment of economic contribution to the CNMI. Although the study clearly highlights the potential benefits in terms of education and conservation which should be championed in any proposal, the focus of this evaluation is on the economic impact of the proposed monument. The report provides figures which are speculative in nature and applies a simple economic model to derive a projected estimated value of the proposed MTMNM.

An initial concern is the depth of analysis of the report due to time constraints. The report was commissioned in April of 2008 and published in June of 2008 to "quickly" profile the economic benefits and costs of the MTMNM in relation to the economy of the CNMI". Due to time constraints that the author was under, he further asserts that he used secondary data analysis as a method in the collection of economic figures as opposed to primary data collection. This is a concern as the validity of the data that the author uses can either be outdated or invalid at the point of this study. In addition, adjustments are made to economic multipliers which are cited to be, "overly optimistic or a poorly constructed measure of the multiplier effects". The methods and justification of adjustments to this key dynamic are not made known in the study, thus it provides reason to approach any findings with skepticism.

As the CNMI's Department of Commerce's quarterly Consumer Price Index demonstrates, there is an increasing cost of travel in the CNMI. This phenomenon has been expedited by spikes in oil prices in addition to premiums that insular areas are subject to as a matter of isolation. Due to a quantifiable rising trend in the cost of travel within the CNMI, it stands to reason that accessibility to the MTMNM for purposes of tourism will be severely limited, thus impacting the projected estimates of additional sales revenues and indirect job creation as a result of a monument designation as stated in the report. The only concrete source of additional revenues to the CNMI should there be a designation are allocated federal dollars, which are primarily slated for operational purposes.



As this report is an economic assessment of the MTMNM, it fails to quantify any "economic value" of the proposed MTMNM. In pages 8-9 of the report, the author provides a qualitative analysis of potential economic value and recognizes barriers to extracting any resources of value; however he provides no figures to present the actual economic value of the MTMNM. While the report is optimistic about the potential economic value MTMNM, it doesn't acknowledge any potential economic value that may be sacrificed as a result of inaccessibility to resources should the MTMNM receive monument designation.

As stated earlier, it is important to recognize that the benefits of the proposal come in the way of conservation and education; however the attempts to promote the MTMNM proposal as a way of economic stimulus should be approached with caution. In times of economic despair, it is natural to favor any project which would have an economic benefit to the CNMI, however this proposal does not provide that particular dynamic.

Respectfully,



Michael Ada  
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CC: Governor  
Speaker of the House  
Senate President