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Economist blames H-2B crisis on Saipan scandal

John O'Connor | The Guam Daily Post Jul 18, 2017 Updated 9 hrs ago



Joseph Bradley

The ongoing H-2B visa crisis is less likely to be resolved now than a year ago, according to Joseph Bradley, an economist with the Bank of Guam.

The issue is already slowing down construction work and raising costs, and may become an inhibiting factor in Guam's long-term economic development, he added.

Bradley joined several other officials in charge of overseeing the island's economy in a public hearing yesterday with Speaker Benjamin Cruz, the chairman of the legislative committee on appropriations and adjudication, and other senators.

"I think we'll be painted with that same broad brush."

**– Joseph Bradley,
chief economist, Bank of Guam**

Labor scandal in Saipan

"I think there are a couple of factors that caused that," Bradley said. "One of them here, but the other primarily being the situation in Saipan with Chinese tourists bringing their tools with them."

Bradley was referring to the labor scandal involving the Imperial Pacific Resort Hotel, a casino resort in Saipan. Subcontractors for

the construction at the casino were alleged to take part in a human smuggling operation. A raid was conducted by the Federal Bureau of Investigation after a Chinese worker died at the construction site.

Federal court documents from prosecutors stated that the man entered as a tourist but was working at the construction site.

More than half of the 500 workers for one of the companies named in the FBI affidavits, Beilida Overseas CNMI Ltd., came in as tourists, according to court documents.

The first set of indictments, filed April 3, included charges against Lu Hui, president and director of Saipan-based Beilida Overseas CNMI Ltd., a wholly owned subsidiary of Nanjing Beilida New Materials System Engineering Co.

Later indictments were filed against Guo Wencai and Qi Xiufang, alleged supervisors of one of the human smuggling operations that used "hei gong," or undocumented workers, to build the gold-leaf-decked, massive casino project. The two were stopped at the Saipan International Airport while trying to leave for China.

The indictments in Saipan have cast further doubt on Guam's chances of ever getting a visa-waiver program for tourists from mainland China.

"I think we'll be painted with that same broad brush," Bradley said, referring to how federal authorities may see foreign labor issues in the region.

Lawsuits over visa denials

Local contractors are also suing federal authorities over the lack of H-2B visa approvals over the last year. H-2B numbers in Guam are currently at around 100 workers.

The other factor that could affect Guam's economy is the "wild

card" that is federal tax reform, he added.

Bradley said he has seen an analysis that indicated GovGuam could lose \$100 million a year in income taxes from tax reform proffered by the administration of President Donald Trump. The loss would create a substantial impact to GovGuam's budget but Bradley added that he believed tax reform would not occur this fiscal year, allowing Guam revenue to hold steady.

Regardless, Bradley said he did not know if there was any available relief to either factor at the moment.

John O'Connor

Reporting on utilities, healthcare, education and other topics.