



The US in focus: Guam

Guam, "where America's day begins," is the westernmost territory of the United States of America. It is in close proximity by air travel to major Asian cities such as Manila (3.5 hours), Tokyo (3.5 hours), Siem Reap (5 hours), and Shanghai (4.5 hours). Historically considered a strategic military outpost in the Western Pacific, it houses US military installations with strategic bombers, satellite/tele-communications, air defense systems, and nuclear submarines.

Guam is the largest island in Micronesia. It is 212 square miles (30 miles long by 4-9 miles wide), or just 53 square miles smaller than Singapore. Guam citizens are US citizens with a population (based on a July 2014 estimate) at 161,000. Guam's ethnic group consists of: Chamorro, Filipino, Japanese, Korean, and other Pacific Islanders.

Guam is governed by an elected Governor and Lieutenant Governor, a legislature of fifteen senators, and an appointed judicial branch. Its sovereign entity is generally subject to US law. Guam is represented in the US House of Representatives with one congressman.

Guam's economy is traditionally based on tourism and the U.S. military.



TOURISM. Tourism is Guam's single largest industry, generating \$1.4 billion annually and representing sixty percent (60%) of Guam's annual business revenue. It is viewed as a priority sector to achieve sustainable economic growth and reduce Guam's dependence on U.S. Federal subsidies. Tourism employs over 18,000 island residents or 31% of non-federal employment.

In early 2013, the Guam Tourism 2020 plan was developed, which set the vision and direction for the island's visitor industry. Guam Tourism 2020 is intended as a roadmap to guide the island towards the shared vision for Guam's visitor industry with eight core objectives.

1. Improve quality and yield
2. Grow arrivals and diversify
3. Add high-end hotel rooms; incentivize reinvestment
4. Focus on MICE (Meetings, Incentives, Conferences, Exhibitions)
5. Promote Chamorro culture
6. Extend average length of stay
7. Promote unique attractions
8. Extend tourism beyond Tumon

Guam's tourism industry enjoys a reputation of being a short-haul international resort destination from major East Asian metropolitan areas; mostly from Tokyo, Osaka, Seoul, and Taipei.

Since 1990, growth has continued to a record 1.3 million arrivals in 2013 despite the challenges of a declining economy from Guam's core feeder of Japan, and a series of world events and natural disasters—ranging from multiple super-typhoons, the impact of SARS, 9/11, an 8.1 earthquake, Middle East conflicts, and a tragic airline crash.

Guam Tourism 2020 vision sets into motion a plan to make Guam a world class destination, a first-tier resort destination of choice, offering a US island paradise with stunning ocean vistas, for two million business and leisure visitors from across the region with accommodations and activities ranging from value to five-star luxury—all in a safe, clean, family-friendly environment set amidst a unique 4,000-year old culture.

A quarterly publication of the Philippines-United States Business Council, the **PUBC Newsletter** provides the latest socio-economic updates, as well as news on developments in trade and investments between the two countries.

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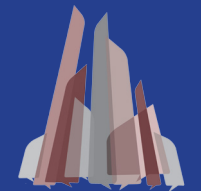
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2/F, AIM Conference Center
Benavidez Street cor. Trasierra Street
Legaspi Village, 1229, Makati City
Philippines Tel (+63 2) 751-1143
Fax (+63 2) 751-1160

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MILITARY. The US military is the next driving force to Guam's economy, a large part of that is from military construction. For fiscal year 2015, the US Congress approved \$128 million in military construction funding for Guam. Historically, on average, Guam receives approximately \$100-\$200 million yearly in military construction funds.

Now, with the impending Pacific Military Realignment, better known as "the Guam Buildup," over \$20 billion in military and Guam construction funds is anticipated for Guam over the next 10 years.

The US-Japan Alliance on "Transformation and Realignment for the Future" Agreement of 2006 calls for repositioning of Okinawa-based US defense forces (currently approximately 5,000 Marines and their 1,300 family members) to be relocated to Guam. The cost is funded by the governments of Japan and the US. Construction of military infrastructure such as work spaces, offices, barracks, and family housing are needed for the 5000 U.S. Marines who are scheduled to move from Okinawa to Guam within the next few years. Peak construction period is estimated to be in 2017-2018.



ECONOMIC OPPORTUNITIES. In June 2015, the Governor of Guam, Eddie Baza Calvo, spearheaded a trade mission to Manila to discuss Guam's economic growth with the Philippine government and business leaders and to attract investors to look at opportunities in Guam.

The following are several some strong points to consider about Guam:

- It is a US Territory and a potential stepping stone between the US and Asia, from either direction.
- It is only 3.5 hours by plane from Manila (Cebu Pacific now flying four times a week to Guam).
- The second-largest ethnic group in Guam is Filipinos.
- There are already several Philippine-based companies in Guam such as SM, Philippine National Bank, BDO, and Medical City hospital.
- Guam and the Philippines share many similar customs and traditions, therefore making it easy for many Filipinos to adapt acclimatize in Guam.

There are certainly opportunities for commercial growth in Guam, and all Philippine companies are invited and encouraged to expand their enterprises into this economy.

For more information on Guam, you may get in touch with Mr. Rey Llaneta, economic adviser for the Governor of Guam at rey.llaneta1@gmail.com.

About Rey Llaneta: Rey is a retired U.S. Army senior officer and subsequently acquired dual U.S./Philippine citizenship. He owns the first RE/MAX (real estate sales company) in the Philippines. RE/MAX is the number one real estate franchise in the world with over 100,000 agents world-wide in over 100 countries. Rey is also a businessman, lives in Guam, and travels to Manila monthly.

Join the Philippines-United States Business Council!

The PH-USBC was established in 1987 to promote trade and investments between the Philippines and the United States. The council is composed of top business executives who seek to explore business opportunities between the two countries and to promote the exchange of views on policies of mutual concern. The Makati Business Club serves as the secretariat of the PH-USBC.

For membership inquiries, contact Ms. Maria Victoria Sibal, PH-USBC Coordinator at (+63 2) 751-1143 or send an email to v.sibal@mbc.com.ph or mbc.businesscouncils@gmail.com