

# The GREY PAPERS

Although the public commenting period has officially ended, many issues contained in the draft environmental impact statement ("DEIS") are just now becoming known. In furtherance of its goals to (A) educate the public on the impact of the proposed military buildup, (B) provide the people of Guam with a voice in the buildup process; and (C) promote a sustainable future for Guam, We Are Guåhan presents the Grey Papers, which summarize concerns raised by GovGuam agencies, Guam leaders and other entities regarding the DEIS.

## GVB ON TOURISM } Guam's 2nd largest private industry.

**1** Tourism is the third largest private sector **employer** on Guam with over **10,000 full-time equivalent jobs.**

**2** GVB predicts that the militarization of Guam will **reduce the number of tourists by 10%, or 80,000 visitors.** With each visitor having total expenditures of \$1,471.90, this equates to an approximate **economic loss of \$118 million.**

**3** **Restricted access to cultural landmarks** and or the **closure of ocean-based tourist sites** could lead to a **\$4.8 million loss to Guam's economy.**

**4** **Tourism revenues will shrink from \$1.2 billion to \$800 million unless the exclusion of Chinese and Russian tourists is lifted**

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## GVB ON TOURISM

According to the Guam Visitor's Bureau, Guam welcomes over 1 million visitors per year, with over 90,000 tourists originating from Japan.<sup>1</sup> The tourism industry is Guam's second largest private industry representing almost 20% of Guam's GDP.<sup>2</sup> Tourism is also Guam's third largest private sector employer with over 10,000 full-time equivalent jobs.<sup>3</sup>

Last year, the average total expenditures per tourist was \$1,471.90.<sup>4</sup> To give an idea of what this means, in 2005, tourism generated over \$400 million in economic value, and \$140 million in total tax revenue.<sup>5</sup> \$36 million of this was paid as GRT.<sup>6</sup>

### PREDICTED IMPACTS

The DEIS's examination of the impact on tourism "is qualitative and based largely on interviews with industry leaders in 2008 and early 2009."<sup>7</sup> "Overall, tourism impacts would be mixed (both beneficial and adverse). Although numerically more negative than positive consequences were identified, industry leaders stressed they were not opposed to the proposed action because they felt on balance that the positives outweighed the negatives and they felt that they could work with the military to mitigate many of their concerns."<sup>8</sup>



### MARKET LOSS DUE TO MILITARIZATION

**DEIS:** "The supplanting of a cultural tourism branding for one that is more militarized appears to be a strong possibility, as Japan remains the source of 80% of Guam's visitors, and there has been extensive publicity in Japan about the proposed action."<sup>9</sup>

**GVB:** "Relocating 8,000 Marines[,] their families, and support personnel impact the island's tourism landscape and 'Sense of Place', thereby diminishing its attractiveness to those seeking solitude from Japan's hectic lifestyle. This segment is estimated at 8-10% (80,000+ visitors)."<sup>10</sup>

<sup>1</sup> The Economic Impact & Tourism Satellite Account Perspective (June 2007).

<sup>2</sup> GVB Impact Perspective, p. 19.

<sup>3</sup> GVB Impact Perspective, p. 21, 22.

<sup>4</sup> GVB FY2009 Report, p. 43. This total represents an average of \$865.94 per person in prepaid expenditures and an average of \$605.71 per person in on-island expenditures.

<sup>5</sup> GVB Impact Perspective, p. 18, 25.

<sup>6</sup> GVB Impact Perspective, p. 16.

<sup>7</sup> Vol 2, Chapt. 16, p. 65.

<sup>8</sup> Vol 2, Chapt. 16, p. 65.

<sup>9</sup> Vol 9, Appx. F, p. 4-39.

<sup>10</sup> GVB DEIS Response, p. 8.

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### OCEAN RELATED TOURISM

**DEIS:** Although recognizing that the greatest focus of concern regarding ocean-based tourism is the dredging at Apra Harbor, the DEIS concludes that "there will be no impact on marine-based tourism . . . ."11

**GVB:** "Marine Sports, Diving, and Sub-surface tours are currently taken by an estimated 480,000 visitors (40% of total visitors). At a conservative \$45 per head, this can result in a \$21.6M contribution to the island economy. A 10% reduction in this activity due to closure or restricted use of popular sites translates into a \$4.8M loss to the island (\$2.2M x 1.75 multiplier)."12

### BLOCKED GROWTH OF CHINESE AND RUSSIAN MARKETS

**DEIS:** In 2008, the Visa Waiver Program ("VWP") was revised to exclude China and Russia due to "security concerns and other factors."<sup>13</sup> DoD pushed for these exclusions. The exclusion of Chinese and Russian tourists, however, may not be lasting. GVB is currently trying to facilitate discussions between the U.S. and China governments on implementing additional layered security measures.<sup>14</sup>

**GVB:** "Without the inclusion of China and Russia in an expanded visa waiver program, the island's tourism revenues will shrink from \$1.2 billion to \$810 million annually. Inclusion of these two countries, however, will not only replace this -32% loss from attritions in our traditional markets, but can result in a 25% net gain to \$1.5 billion within 10 years."<sup>15</sup>



11 Vol 6, Chapt. 16, p. 66.

12 GVB DEIS Response, p. 6.

13 Vol 9, Appen. F, p. 4-37.

14 Vol 9, Appen. F, p. 4-37.

15 GVB DEIS Response p. 9.

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## GVB ON TOURISM

### TOURISM RELATED JOBS



**“... worsens an already under performing ‘service culture,’ drives up wages and exacerbates the downward spiral of fewer employees assigned to provide good customer service.”**

**DEIS:** “The possibility of wage increases or loss of labor to higher-paying jobs during the construction component is a highly likely outcome, as wages in the construction sector are larger than those in the tourism sector . . . . The Guam tourism industry would first seek American replacement labor for lost workers, including FAS workers. However it is reasonable to assume that some larger hotel employers may find it practical to import H-2B alien workers, who may work for lower wages, on a temporary basis during the construction period in an effort to control cost increases.”<sup>16</sup>

**GVB:** “The build-up will bring more trained, skilled jobs.”<sup>17</sup> However, “[h]ollowing out unskilled and semi-skilled workers in the hospitality services sector worsens an already under performing ‘service culture,’ drives up wages and exacerbates the downward spiral of fewer employees assigned to provide good customer service.”<sup>18</sup>

<sup>16</sup> Vol. 9, Appen. F, p. 4-37.  
<sup>17</sup> GVB DEIS Response, p. 1.  
<sup>18</sup> GVB DEIS Response, p. 1.

*Note: There is no thorough discussion in either the DEIS or GVB’s comment regarding what impact, if any, the predicted loss in tourism revenues would have on tourism-related jobs.*