

**COUNTRY PROFILE:****TERRITORY OF GUAM****DATED:****APRIL 2008****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	3C	No Restrictions

*Recent Political Highlights*

- ❑ The tropical island of Guam is a US territory in the western Pacific. It is a keystone of American military strategy in the region. It allows quick access to the Korea Strait and Taiwan Strait. The US plans to move 8,000 Marines and 10,000 dependents from the southern Japanese island of Okinawa to Guam by 2014 as part of its global realignment of US forces;
- ❑ Chief of state is President George W. Bush of the US. Under the US Constitution, residents of unincorporated territories such as Guam do not vote in elections for US president. Head of Government since 2007, who is elected for a four-year term, is Governor Felix P. Camacho.

*Recent Economic Highlights*

- ❑ Guam has a population of 174,000 people that grew at an expected rate of 1.4% in 2007. Its diverse population includes Japanese, Chinese and people from Pacific islands and the indigenous Chamorro are a people of mixed Micronesian, Spanish and Filipino descent;
- ❑ For the military transfer of personnel to Guam, the local military sector will receive a \$15bn injection spread over ten years that will be used to fund their housing, etc;
- ❑ The real estate sector has been recovering from the recession in the early 2000s. Real estate prices are also rising in anticipation of what the military buildup will do for the economy. This combined with the military plans is stoking renewed interest in development and new construction on Guam and is expected to be at the forefront and help stimulate a recovery in the island economy;
- ❑ Guam's tourism sector has also been experiencing a revival with its main market being Japan. The island's marketing efforts have been concentrated recently on recasting Guam's image as a more upscale destination;
- ❑ The Deputy Commerce Secretary Michael Ada told companies eyeing Saipan as a possible staging point for investments in the upcoming military buildup in Guam, that they could use the infrastructure that once belonged to the island's once-thriving garment industry. With many of these facilities sitting idle, the capacity and space is ideal for pre-fabrication operations. A number of companies have expressed interest in setting up shop on the island to capitalise on its investment-friendly laws. Requirements include the pre-fabrication of items such as doors, framing, etc;
- ❑ The 85-mile island haul road network that the Department of Public Works proposed will form part of the estimated \$2bn that would be required to upgrade Guam's infrastructure. Guam's roadways and the Port Authority of Guam were major priorities in the military buildup and that the military will thus assist in part financing. The \$2bn cost also includes upgrades and improvements of existing projects and new projects that are military-related, including projects by the Guam Power Authority, Guam Waterworks Authority and DPW. DPW's Transportation Plan includes plans to revamp the ailing Guam mass transit system by reviewing population impacts, mobility challenges and haul road improvements and congestion. The plan to purchase 50 new vehicles will cost \$25m and take 18 months to acquire.

*Latest Trade Developments*

- ❑ Major exports: mostly transshipments of refined petroleum products, construction materials, fish, food and beverage products;
- ❑ Major imports: petroleum and petroleum products, food, manufactured goods;
- ❑ Main trading partners: Singapore, South Korea, Japan, Hong Kong and UK;
- ❑ Main agricultural products: fruits, copra, vegetables, eggs, pork, poultry and beef;
- ❑ Main industries: US military, tourism, construction, transshipment services, concrete products, printing and publishing, food processing and textiles;
- ❑ The Japanese Government will spend \$1bn to support infrastructure expansion and upgrades outside the boundaries of Guam military installations.

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