

TEN YEAR VISITOR INDUSTRY MASTER PLAN
1985 - 1995

DRAFT

A COMPONENT OF THE
COMPREHENSIVE ECONOMIC DEVELOPMENT PLAN



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DIVISION OF ECONOMIC DEVELOPMENT AND PLANNING
DEPARTMENT OF COMMERCE
GOVERNMENT OF GUAM
JANUARY 1984

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EXECUTIVE SUMMARY

The year 1967 is usually regarded as the first year of Guam's tourist industry. From a beginning of 6,600 visitor arrivals during the first year, the industry grew with 260,000 arrivals in 1974. In part due to worldwide economic problems and a major typhoon in Guam, visitor arrivals fell in 1975 and 1976. In 1979, previous arrival figures were surpassed with 272,681 people visiting the island. In 1980, 300,767 visitors arrived and has continued to rise for three (3) consecutive years. The importance of the visitor industry was recognized by the Government of Guam with the passage of the act creating the Guam Visitors Bureau (GVB), to promote Guam as a tourist destination.

The visitor industry accounts for roughly 20 percent of Guam's private sector employment. Of all the prospective sources of growth, only the visitor industry has the prospect of employing a significant portion of the local entrants into the labor force. Guam has fine beaches and a warm tropical climate in proximity to Japan. The weather on Guam is particularly pleasant during the Japanese winter. There is a resort area with hotel rooms. The island has a number of parks and two golf courses. Guam has the air service and tour agencies necessary for a significant visitor industry. The other basic industries--aquaculture, agriculture, fisheries and manufacturing--appear to have limited employment prospects compared to the projected growth of Guam's labor force. No such severe limits appear in the case of the visitor industry.

It is likely, however, that visitor industry cannot grow in an adequate rate to accommodate new entrants into Guam's labor force. Projections for the growth of Guam's labor force, assuming no net migration, forecast a 3.5 to 6.2 percent annual growth

rate from 1984 to 1990. The median figure is 4.8 percent. The high rate results from previous high birth rates and projections of increasing participation by the population in the labor force. In order to provide employment for this growing labor force, the visitor industry will be required to grow about 12 percent per year. This is the ideal rate of growth for the visitor industry. It is shown in the plan that for various reasons, such rapid sustained rate of visitor industry growth appears unlikely. This leads to the grim prospect of Guam's youth not finding adequate employment on Guam.

To make the best of this unpleasant forecast, two policy directions are implied. First, is a direction for Guam's educational system. The system should provide the youth with a good education in order that a significant number have sufficient flexibility and curiosity to be happy in unlikely places such as Walla Walla, Washington. Furthermore, the system must provide adequate general training in order that a significant portion of Guam's youth can qualify for entry level jobs in these places. Second, is a direction or attitude for fostering a business environment. Generally, the major source of increased employment is the small firm, often the new firm. Each firm individually is too small and often its success too risky to receive the attention required for individualized incentives. Such small firms, providing goods and services not imagined by the planners often in industries not considered in the plans, can increase the number of jobs available for Guam's youth. For this reason a general business environment attractive to highly imaginative and courageous entrepreneurs is an important consideration in policy making.

With the current tourist influx, the hotels on the island, particularly in the principal resort area, Tumon Bay, have reached full capacity. Thus, to permit a great deal more growth, new hotel rooms are required. As shown in the Tumon Bay Master

Plan, completion of the building of new hotel rooms in the principal resort area must await upgrading of the infrastructure in Tumon Bay. Thus, implementation of these planned improvements is critical.

Seventy-five to 80 percent of Guam's visitors and over 90 percent of Guam's tourist (people traveling for pleasure) are Japanese. Fifty-eight percent of the Japanese visitors are between nineteen and thirty years of age. Many of these arrivals are honeymooning couples. Since this is a declining portion of the overseas travelers from Japan, it is not surprising that Guam is receiving a declining portion of Japanese overseas travelers. It is unlikely in the near future that any other country will provide a number of visitors comparable to Japan. Some planning for arrivals from other areas, however, is warranted for two reasons. By diversifying the market, the risk in the visitor industry is reduced. Attracting visitors from other countries may result in improved air service for Guam, a benefit in many ways. Note, however, that the relationship is reciprocal; air service is a critical precursor for tourism development. Additionally, Visa Waiver legislation should be sought to help ease problems encountered regarding immigration laws and restrictions.

The analysis of the visitor profile leads to a plan and strategy to diversify and increase the attractions on Guam in order to also attract older visitors and families from Japan. This also leads to a promotional strategy for attracting North American visitors and strategy for developing improved air service for the island. Some potential visitors have expressed an interest in cultural interaction with resident populations. A survey of Guam resident attitude towards tourism shows a general favoring of increasing the visitor facilities in the respondent's home village coupled with a desire for community input with respect to land use for such facilities. It is generally felt that the economic impact of the industry should be spread

throughout the island to the greatest extent possible. This leads to a strategy for encouraging tourist facilities throughout the island and for promoting local cultural events as tourist attractions.

General knowledge of the needs of a healthy visitor industry and an analysis of Guam's visitor industry plant lead to a strategy with respect to public safety and a strategy for maintaining and expanding Guam's tourism related infrastructure and for maintaining and expanding visitor facilities.

Three modifications for existing ongoing programs are recommended.

- Changing the slogan for North American tourism from "Guam U.S.A." to one that provokes U.S. but different such as "Guam, America's Micronesia."
- Include in hospitality for travel writers, if asked, original slides for use in their stories.
- Increase relative funding for promotion in the North American Market.

The \$2.4 million per year raised through the hotel occupancy tax and placed in the Tourist Attraction Fund (TAF) is recommended to be allocated as follows:

- \$1,000,000 for annual revenue bond payment to provide the first phase in improved Tumon Bay Infrastructure (Table 9).
- \$230,000 for Tumon Bay maintenance.
- \$170,000 for park restroom maintenance and upgrading

-- and for park trash pickup.

Other projects for immediate implementation are given below and it is recommended that funds from the TAF be utilized.

- As litter and abandoned vehicle control, develop returnable container legislation and deposit on cars imported to the island. The latter deposit will be returned upon recycling or shipping the auto off-island.
- University of Guam develop proposals for travel industry management programs.
- To permit intelligent policy with respect to air route development, have performed an analysis of the constraints on air route development.
- Lobbying to limit the need for U.S. visas for short-term visitors to Guam.

Other programs are included in the plan. The others are not for immediate implementation. The essential programs are placed in a tentative priority listing in Chapter IV.

CHAPTER I

INTRODUCTION

The need for preparing a strategy for the development of our economy to insure the healthy growth of that economy is becoming increasingly urgent. Both the Guam Legislature and the Governor have recognized this reality. In December 1979, the Governor authorized the Overall Economic Development Plan (OEDP) Committee to prepare a Comprehensive Economic Development Plan (CEDP) for Guam. Just prior to this the Guam Legislature passed Public Law 15-70 (See Appendix A) which directed the Director of the Guam Department of Commerce to prepare a Ten-Year Visitor Industry Master Plan. In July of 1980, the Guam Department of Commerce was also delegated the responsibility by the Legislature of preparing a Master Plan for Tumon Bay. These projects have been integrated into one program falling under the umbrella of the Comprehensive Economic Development Plan.

This document is focused on the development of tourism. Since planning for Tumon Bay is covered in the Tumon Bay Master Plan, matters pertaining to Tumon Bay are covered with the minimum detail required to integrate the Tumon Bay Master Plan into overall tourism planning. Other documents which may have an overlap with the Ten-Year Visitor Industry Master Plan and which fall under the broad umbrella of the Comprehensive Economic Development Plan are the Fisheries Development and Management Plan, Agriculture Master Plan, Aquaculture Master Plan, Commerce and Manufacturing Master Plan, Labor Manpower Master Plan, and the Capital Improvements Plan and Planning Process. All of these documents are either completed or in the process of being completed and are inter-related, but all are also capable of being implemented as separate documents.

There are two concepts which must be defined at the onset of this plan. The first is the distinction of tourism versus the visitor industry. Tourists are those persons who travel for pleasure. Persons traveling on business or to visit friends and relatives are not tourists. Both of these groups are, however, considered visitors and they both utilize similar services and facilities such as hotels, taxis, restaurants, etc. These services and therefore, this plan concern all visitors, not merely tourists.

The second area which needs elaboration deals with the time frame of the plan. We are calling this a ten year plan, however, we are only capable of making reasonable accurate projections for about five years. The plan sets forth general principles which span the course of ten years but specifics are only provided for the period between 1985 and 1989 inclusive.

In the remainder of the Introduction are discussions on why we should plan, goals and objectives, and a summary of the plan.

A. Why Plan

There are a number of reasons why there should be a plan for the growth of the visitor industry on Guam. Some of these are:

1. Overall Economic Importance -- The visitor industry is Guam's largest private sector employer and will remain so for the foreseeable future.
2. Interdependence -- The visitor industry is composed of a set of highly interdependent components as the plan will demonstrate. Furthermore, as a major industry, there is a high level of interdependence between the visitor industry development and other developments such as infrastructure and

manpower development. It is necessary to attempt through planning to harmonize the various developments so that the industry is not constricted, causes minimum disruption, and the community acquires maximum benefits. By providing market information, the plan permits business firms to make more rational decisions where to invest.

3. Community Harmony -- If no direction is provided, undesirable kinds of developments may take place. This can lead to the kind of tourism development that has negative effects on the community. For example, we already have a profusion of pornographic shops in Tumon Bay, other developments may lead to traffic congestion. When considered in advance, these problems can be minimized or avoided.
4. Distribution of Costs and Benefits -- A master plan can also weigh costs and benefits and can help in the equitable distribution of those costs and benefits.
5. Community Input -- A visitor industry plan (or any plan) can act as a vehicle of public expression on issues.

B. Goals and Objectives

The objective of all Government of Guam planning and action should be to improve the welfare of the people of Guam. Healthy tourism development not only provides economic benefits but social and cultural benefits as well. The overriding objective of visitor industry planning is to maximize the benefits to the community from visitor industry development. The narrower goals for the visitor industry development fall under the categories of employment, market diversity, air route development, and cultural development.

1. Employment Growth

An objective of economic planning is to maximize the career options for Guam's youth and provide for a desirable growth in total employment. Sectors outside of the visitor industry may provide for a significant expansion in the variety of job options but are likely to contribute only a minor portion of the total employment growth required. Thus, as an approximation to planning overall employment growth, planning may focus on the employment growth generated by the visitor industry. This employment must include direct, indirect and induced employment. Thus, the desirable rate of visitor industry growth is such that the direct, indirect and induced employment provide the desirable growth in total employment. Given the lack of a refined model of Guam's economy, this approximation made by focusing on the principal source of growth in total employment is warranted.

Some explanation of the desirable growth rate in employment is needed. Basically, there should be enough jobs on Guam for the entrants into the labor force. Growth above this level (which appears unlikely in the near future) results in unnecessary in-migration to the Territory and does not add to the option available for Guam's youth. As a measure of the desirable job growth rate, the growth in the labor force without migration is used. These figures are based on the age distribution of the population and projections of labor force participation rates. Within the level of approximation used here, this is a good measure of the desired growth rate in job openings. As a precise measure, it implies some heroic assumption about migration behavior.

2. Diversification of Tourist Sources

Japanese between 19 and 30 are the dominant type of visitor and particu-

larly the dominant type of tourist arrival to the island. This is a narrow and, in relative terms, a declining segment of Japanese overseas travelers. The chances of growth in total arrivals is greater if Guam can appeal to a wider portion of the Japanese market.

Furthermore, it is believed that older tourists spend more, raising the benefit to Guam from the facilities provided the visitor. Any diversification in the market reduces the risk of a major fall in arrivals.

Although Japan will remain the major source of visitors to Guam, an effort to attract visitors from other countries is warranted to reduce risk and as part of an effort to increase air routes for the island.

3. Increasing Air Service

There is a reciprocal relationship between air route development and visitor industry development. The air routes are necessary for visitor arrivals and visitation is a major contribution to air route viability. Since air route development's contribution to the economic and social growth of the island goes beyond the visitor industry, air route development becomes a goal in itself. It is not just a means to provide for growth and diversity in visitor arrivals.

4. Cultural and Education Development

Museums and aquariums, for example, may be important community assets independent of their function as tourist attractions. Tourism, however, may be critical for the success of such institutions. Tourism development should be used to maximize the cultural-educational development of Guam.

C. Plan Overview

The next or second Chapter provides an aggregate view of Guam's tourist industry, its history growth and impact on Guam's economy. The growth projections are analyzed in terms of the impact on employment. The employment impact of tourism is compared to projected growth in the labor force to provide a desired growth figure. Hotel room requirements for visitor arrival growth are also given. Chapter III analyses the composition of visitor arrival, visitor attitudes, and resident attitudes towards the industry. From this analysis a program is developed for increasing visitor attractions and for a promotional strategy. The fourth Chapter summarizes the program. The different components are placed together in sequence in order to provide view of the problems and strategy along with a schedule and budget.

CHAPTER II

VISITOR INDUSTRY GROWTH AND GUAM'S ECONOMY

This chapter concerns the role of the visitor industry in Guam's economy. Section A contains a history of Guam's visitor industry which indicates the importance of the industry to Guam's economy. Limits on the rate of growth which can be expected in the near future are also indicated by this history. The description of tourism resources in Section B demonstrates the industry's importance and provides background for policy recommendations to be given in Chapter III. Section C discusses the pivotal role of the visitor industry in Guam's economy. Recognition of this role is necessary for the discussion of industry growth projections and their implications in Section D. Visitor industry growth projections have major implications for the whole economy, overall economic policy, and overall manpower policy

A. History of Tourism on Guam

The development of Guam's visitor industry was made possible when military security clearance was lifted in 1962. This ended 21 years of restriction of visitor arrivals on Guam. However, Guam's tourism industry was not significant economic sector until 1967 with the inauguration of flights between Tokyo and Guam.

Since Japan was relaxing its own travel and foreign exchange restrictions, Guam enjoyed a sudden boom in Japanese tourist arrivals. From an estimated 6,600 arrivals in 1967, the industry grew rapidly through 1974 when over 260,000 visitors arrived on Guam (Table 1). In 1975, Guam experienced a fall in visitor arrivals probably due to a worldwide recession and the oil crisis. Arrivals were cut back even further in 1976 when a super typhoon severely damaged the

tourist plant and the Japanese press was critical of public safety conditions. Despite these temporary setbacks, Guam has gradually regained its momentum with the last year of the 70's saw substantial growth in visitor arrivals with a compound growth rate of 9.3 percent per year (Figure 1).

The beginning of the 80's indicates that visitor arrivals will continue to set records. Visitor arrivals in 1980 set a new record with a total of 300,767 visitors. Cruise ship visitors make up a small but gradually growing percentage of total arrivals, from under two percent in 1976 to 3.2 percent in 1980. Approximately ten ships arrive each year. In 1980, 12 ships arrived, carrying a total of 9,634 visitors.

Concomitant with the rapid increase in visitor arrivals was the growth of tourist related facilities. The historical pattern of hotel room growth is significant for the prospective future of hotel development. As indicated in Table 2, the growth in hotel rooms has not been proportional to the growth in visitor arrivals. Table 2 also provides annual occupancy rate figures. Most current hotel rooms were completed in 1976, most in 1974. The average annual occupancy rate has been well below 80 percent since 1973 but has shown an increase in recent years. As a rule of thumb, hoteliers plan on an annual average occupancy rate of 80 percent. That is, occupancy above this level is regarded as a signal to expand. Occupancy below this level is an indicator of overexpansion for the market. As a further indicator of over-expansion, one hotel with 120 rooms actually closed from June 1975 to October 1980. The low occupancy rate resulted in a buyer's market for hotel services.

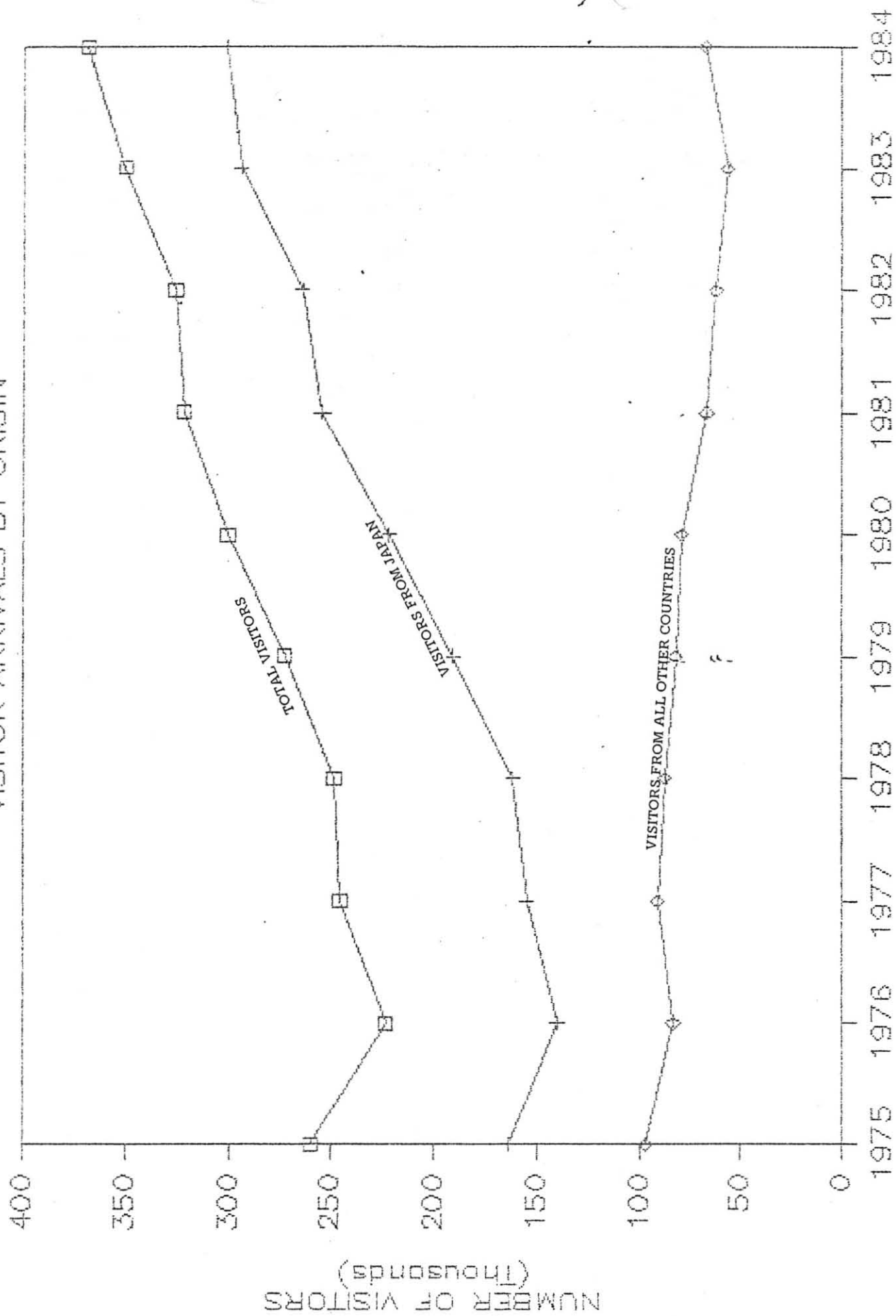
TABLE 1
VISITOR ARRIVALS
1971 - 1983

Year	Air Arrivals	Ship Arrivals ¹	Total Visitor Arrivals	Change Over Previous Year
1971	119,174		119,174	61.6%
1972	185,399		185,399	55.6
1973	241,146		241,146	30.1
1974	260,568		260,568	8.0
1975	239,695		239,695	-8.0
1976	201,344	3,752	205,096	14.4
1977	240,467	5,361	245,828	22.0
1978	231,975	6,843	238,818	-2.8
1979	264,326	8,355	272,681	14.1
1980	291,333	9,634	300,767	10.3
1981	312,862	8,904	321,766	7.0
1982	316,794	9,595	326,389	1.4
1983	345,805	4,735	350,540	7.4

^{1/} Data collection for ship arrivals commenced in 1976.
Source: Guam Visitors Bureau.

FIGURE 1

VISITOR ARRIVALS BY ORIGIN



SOURCE: GUAM VISITORS BUREAU

YEAR

TABLE 2
HOTEL ROOMS AND OCCUPANCY RATES
1970 - 1983

Year	Number of Hotel Rooms ¹	Yearly Average Occupancy Rates ³
1970	680	N/A
1971	1,020	N/A
1972	1,240	79%
1973	2,090	71%
1974	2,250	67%
1975	2,550	56%
1976	2,350	52%
1977	2,080	58%
1978	2,080	63%
1979	2,336	71%
1980	2,345	78%
1981	2,473	75%
1982	2,624	83%
1983	2,798	86%

Notes:

1. Source for hotel room numbers: Guam Hotel and Restaurant Association and Economic Research Center, Department of Commerce, Government of Guam.
2. As of 1977, revision of hotel room figure to exclude some apartment units previously included.
3. Based on selection of hotels in Tumon Bay. Coverage varies from time to time.

Although statistics are unavailable to support the assertion, it is believed that hotel room rates have not kept abreast with the inflation in operating costs in the 1974-1980 period. Real estate values on Tumon Bay have not increased over the 1974-1980 period. This history of hotel room occupancy, the probable low room rates and stable real estate values are not conducive to attracting private capital for hotel expansion on Guam.

B. Resources for a Visitor Industry

Guam has natural and cultural resources suitable for visitor industry development. There exist facilities for visitors and a number of man-made tourist attractions. These are discussed in the following order.

1. Natural Resources

Guam's basic tourist resource is being a tropical island near to Japan. The island is 1,550 miles or a three hour plane trip south of Tokyo. It is also the largest island between Hawaii and the Philippines, making Guam an attractive stopover on eastwest air routes across the Pacific.

Although yet to be used as a tourist resource, Guam is nearly on the straight line between Tokyo and Sydney and between Tokyo and Papua New Guinea. Guam is the largest island in Micronesia, having more area than the other islands combined and is situated on the western edge of Micronesia. Thus, Guam has become the air route hub for the area.

Guam has a tropical climate with greater seasonal variation than is immediately evident from looking at monthly weather statistics given in Table 3. The small seasonal variations in temperature, relative humidity, wind,

and precipitation reinforce each other to produce noticeable seasonal differences.

A brief description of the climate follows (Table 3). Many find the weather between December and April ideal. Mid-day vigorous exercise in the sun, however, is not usually practiced. Most find the weather from June through October a bit too hot and humid although not as uncomfortable as summer in most temperate zone locations. The months of May and November are transitional. A person's impression of the climate is positively influenced by the amount of shade and wind which has implications for landscaping, building design and facility location. Wind speeds differ at different locations. The frequency of typhoons--an average of one every five years hits the island--does not prevent the growth of shade trees but prevents them from developing into huge trees with long graceful branches.

The ocean water temperature year round is eighty degrees Fahrenheit permitting long exposure without chilling. This makes Guam even more suitable for water activities than much of the Tropics.

As a tropical island, Guam has beaches and coral reefs. The variety of life is greater on Guam's reefs than on most reefs. For example, approximately 300 species of coral are found around Guam whereas only seventy are found in the entire Atlantic ocean. This and the warm waters make Guam particularly suitable for skin and scuba diving. Having lagoons behind barrier reefs and a harbor, Guam is ideally suited for water skiing, small boat sailing, wind surfing and other sports' activities more often associated with lakes than with oceans. Guam also has lovely streams and

TABLE 3
GUAM WEATHER

MONTH	TEMPERATURES (FAHRENHEIT)					PRECIPITATION (Inches)	
	AVERAGE MAXIMUM	AVERAGE MINIMUM	MONTHLY AVERAGE	RECORD HIGH	RECORD LOW	MONTHLY AVERAGE	MAXIMUM
JANUARY	84.2	75.0	79.6	90	67	4.69	18.10
FEBRUARY	84.5	74.5	79.5	93	65	2.91	9.25
MARCH	85.2	74.8	80.0	93	66	2.74	9.27
APRIL	85.8	75.9	80.9	96	68	3.51	15.28
MAY	86.1	76.5	81.3	94	70	5.44	24.07
JUNE	86.8	76.9	81.8	95	70	5.04	11.66
JULY	86.4	76.4	81.4	95	70	9.46	17.69
AUGUST	86.3	76.2	81.2	92	70	12.45	23.29
SEPTEMBER	86.3	76.1	81.2	92	70	13.13	21.56
OCTOBER	86.4	76.2	81.3	93	67	12.64	26.47
NOVEMBER	86.0	76.5	81.2	92	68	8.55	16.15
DECEMBER	85.1	76.0	80.5	90	68	4.84	8.45
YEAR	85.7	75.9	80.8	96	65	85.41	26.47

Based on local observations taken at NAS, Agana.

TABLE 3 (Cont.)
FACTS AND FIGURES

MONTH	MINIMUM	24-HR MAXIMUM	MEAN RELATIVE HUMIDITY		W I N D	
			0700 LOCAL	1300 LOCAL	PREVAILING DIRECTION	AVERAGE SPEED KNOTS PER HOUR
JANUARY	0.99	4.69	83	70	ENE	8.2
FEBRUARY	0.31	5.88	83	68	ENE	8.7
MARCH	0.40	2.21	85	68	ENE	8.4
APRIL	0.51	5.83	84	70	E	9.3
MAY	0.78	7.91	86	71	ENE	7.5
JUNE	1.20	3.15	86	72	E	6.9
JULY	4.46	4.48	89	75	E	5.5
AUGUST	3.91	5.73	89	77	E	5.4
SEPTEMBER	3.91	9.28	89	76	E	5.7
OCTOBER	4.27	15.48	87	74	E	6.6
NOVEMBER	2.57	3.98	87	75	E	8.0
DECEMBER	1.88	3.17	84	71	E	9.1
YEAR	0.31	15.48	86	72	E	7.4

Data based on years 1945-1979, except for temperature averages, relative humidity and wind which are based on years 1949-1977.

Source: Naval Oceanography Command Center, Joint Typhoon Warning Center, Guam.

waterfalls. It exhibits the lushness associated with the tropics although to a lesser extent than islands of more recent volcanic origin.

2. Cultural and Historical Resources

Guam has been settled for nearly 3,700 years. Artifacts of the ancient civilizations have been collected and monumental artifacts known as Latte Stones can be found around the island. Latte Stones were pillars for houses.

At this time, Guam lacks an appropriate museum to exhibit the archeological discoveries. Guam played an important role in the Acapulco-Manila trade of the Spanish and in World War II. A War in the Pacific National Historic Park is being developed to take advantage of the latest historical resource.

Guam has a native Chamorro culture and a majority of the population is native. This is a blend of the ancient Chamorro culture and the Spanish, Mexican and Filipino cultures brought in during Spanish rule. Guam is part of Micronesia which has every bit as exciting a tale to tell as Polynesia. Guam has an abundance of raw materials for making of the buildings and other representatives of the cultures. Although the natives make up the majority of the population, many ethnic groups contribute to the island and its cultural resources.

3. Hotels and Other Facilities

Guam has approximately 2,798 hotel rooms, about 2,450 of which are in the resort area, Tumon Bay. Four of Guam's large hotels are definitely first

class and some of Guam's finer restaurants can be found in the Tumon Bay resort area. There is a resort beach complex on an atoll off Guam's southern coast with a restaurant, bar, snack bar, shelters and other facilities. Units to accommodate 260 people are being planned.

Guam's airport has an adequate runway to take jumbo jets. A new elegant terminal has just been completed and can service 4 jumbo jets simultaneously. Guam is served by four major airlines, a regional carrier, and a commuter line. There are flights from Guam to the neighboring islands, Tokyo, Osaka, Kagoshima and Nagoya in Japan, Hawaii, Manila, Hong Kong, Taipei and Seoul. There is also an island hopping flight to the South Pacific. Tour offices with the necessary organizational structures and required capital--busses etc.--are well established in Guam.

4. Man-Made Attractions

Guam has many parks and scenic overlooks. The different locations are noted by road signs and are numbered and indexed in a visitor's guide and on maps. Mentioned as a facility is the system of shelters, a restaurant, snack bar and bar enhancing an atoll off of Guam's southern coast. A representation of pre-World War II Guamanian village life, called Lanchon Antigo, has been developed in one of Guam's older villages, Inarajan. A War in the Pacific National Historic Park is being developed.

Recreational facilities such as two excellent golf courses and boat harbors may also be regarded as tourism resources.

C. Importance of The Visitor Industry to Guam's Economy

In order to fully understand the economic ramifications of the visitor industry, the aid of a sophisticated economic model for the entire economy is required. At this time, however, there is no such model for Guam. Thus, the following analysis is based on surveys, studies and intuitive insight.

The visitor industry has grown in importance in Guam's economy as a source of employment and tax revenue. It has become the most important industry in Guam's private sector and is the second largest export of Guam, next only to Federal Government expenditures. Tourism and federal expenditures are considered exports since both involve the sale of Guam products or services to nonresidents.

Relying heavily on only one economic activity to support the private sector economy generally should not be encouraged. At least in the short term, however, there are not other alternatives which have the promise of providing jobs for a significant portion of the entrants into Guam's labor force. If Guam's economy is to grow significantly, the visitor industry also must grow.

Total visitor expenditures on Guam have risen considerably over the last decade from an estimated gross business receipts of \$1.32 million in 1967 to \$187 million in 1982. This accounts for 17 percent of total business receipts in Guam which was estimated at \$1,094 million in 1984. This rise in expenditure is due to an increase in visitor arrivals and a rise in expenditure per person. The average expenditure of \$200 per visitor estimated in 1967 has risen to an estimated range from \$00 to \$600. A breakdown of how Japanese spend their money in the U.S. as a whole and in Guam is shown in Table 4. Table 5 provides estimates for visitor expenditure by visitor type for the years 1976 through 1983.

Visitor expenditures mean direct income and profits for hotels, restaurants, retail shops, taxis, many other businesses and income for their workers. Income generated in the form of profits for local suppliers and wages for their workers provide indirect income. The part of this income which is then spent by the workers on groceries, cars, entertainment and all other expenses create additional jobs and income. Another round of spending occurs and the cycle continues until the money is finally all spent on imports or is placed in savings. The income is called induced income and employment. At each step, some of this spending "leaks" out of the economy to pay for imports, profits to owners outside the area, and in remittances by alien labor. The ratio of the number of direct, indirect, and induced jobs created per tourist is referred to as an employment multiplier.

In past reports, the employment impact of the visitor industry was based on statistics from other areas most notably that of Kauai, Hawaii. Here, the information from the Kauai input-output model is used as a way of checking our methodology. This methodology is based on the Guam Occupational Information Coordinating Committee (GOICC) survey of occupations in 1979 and the subsequent publication of Occupational Projections industry classifications and sub-categories where appropriate.

A certain percentage of each of these sectors was ascribed to be directly related to the visitor industry. The actual number of jobs directly related to tourism which this method produced was compared with what the Kauai model would have indicated. The differential was either explained or adjustments were made accordingly (Table 6). For instance, the Kauai model indicated that a significantly higher number of persons were employed per visitor in Eating and Drinking

establishments than on Guam. This difference is understandable since most tourists come to Guam on Package tours where meals are provided. Consequently, hotel employment is a little higher on Guam which accounts for this. This are about 250 more persons employed in transportation services on Guam than would be expected using the Kauai model. This difference is believed to come from the number of taxi drivers on Guam. In entertainment, as in food and drink, it was felt that most of the tourists stayed in their respective hotels which accounts for the difference. Because the GOICC survey did not include the entertainment industry, we used a very rough figure of 100 persons who were employed in entertainment activities in 1979. This groups included golf course and movie theater attendants and similar establishments. Of particular note are persons working in the retail sector. The job figure was increased by 500 positions over what the GOICC survey would have indicated. The figure being used for Guam is still 600 jobs less than what would be in Kauai.

Based on the employment analysis, direct employment in tourism was about 5,000 persons in 1982. This means that through direct employment alone, the visitor industry accounted for 29 percent of all private sector employment. This provides for an estimated .0142 direct jobs per visitor arrival based on the 350,000 visitors in 1983. In 1980 there would have been an increase of 386 to a total of 4,030 jobs resulting directly from tourism. Indirect and induced employment and, thus the total employment multiplier, must be crudely approximated since there is no sophisticated economic model for Guam. Previously, the Kauai input-output model has been used to estimate the total employment multiplier. This gives the estimates a veneer of sophistication while being based on the crude approximation that the Guam and Kauai economies are alike. In the next section, estimates will be made of the employment implications of different growth rates in the visitor industry.

TABLE 4
AVERAGE EXPENDITURE PER JAPANESE VISITOR

	U.S. MAINLAND ¹ PERCENT	GUAM ² PERCENT
Gift and Souvenir Shopping and Miscellaneous	47%	58%
Lodging and Food	24%	30%
Ground Transportation	12%	8%
Entertainment	17%	4%
	100%	100%

1/ A Study of the International Travel Market, United States Department of Commerce, United States Travel Service (USTS), April 1978.

2/ Guam's Visitor Industry: An Economic Assessment, Economic Planning Division, Bureau of Planning, Government of Guam, July 1977.

Guam also benefits from tax revenues generated by the visitor industry. There is a 4 percent tax on all gross business receipts, giving an estimated annual gross business tax received from the visitor industry of \$7,500,000. In addition, there is a Hotel Occupancy Tax at 10 percent of room rental charges which collected \$2.4 million in 1982. Other government revenues generated by the visitor industry result from increases in property taxes, income taxes from direct jobs created and excise taxes. It was estimated in a study performed for Hawaii¹ that as much as 20 percent of all visitor expenditures eventually end up as tax revenue. In Guam's case, this would mean that \$37,502,306 of Guam's tax revenue for 1982 was attributable to tourism based on estimated expenditures (Table 7). This amounts to 14.65 percent of total revenues collected by the Government of Guam². Since the Government of Guam employed 10,500 persons in 1982, approximately 14.65 percent of these or 1,538 positions are, therefore, employed as a result of the tourism industry. Although very rough estimates, these provide a general feeling for the visitor industry's economic contribution to the island.

D. Growth Projections and Implications

Estimates of the employment impact of any given growth rate are compared to labor force growth projections to establish a target or desired rate or growth. In spite of the rough approximations of all estimates, it is clear that reaching

1/ Tumon Bay Master Plan (Draft), Department of Commerce, Government of Guam, July 1981.

2/ Guam Annual Economic Review, Department of Commerce, Government of Guam, 1983.

TABLE 5
ESTIMATED VISITOR EXPENDITURE BY TYPE OF VISITOR
1976 - 1983

YEAR	VISITOR TYPE	NUMBER	AMOUNT SPENT EACH	TOTAL SPENT
1976	Japanese Tourist	69,505	440	\$ 30,582,200
	Other Tourist	36,449	405	14,761,845
	Business and Other	95,390	390	37,202,100
	Ship Arrivals	3,752	65	243,880
	Total	205,096		82,790,025
1977	Japanese Tourist	126,699	499	\$ 63,222,801
	Other Tourist	23,419	407	9,531,533
	Business and Other	90,349	395	35,687,855
	Ship Arrivals	5,361	70	375,270
	Total	245,828		108,817,549
1978	Japanese Tourist	129,957	500	\$ 64,978,500
	Other Tourist	18,566	408	7,574,928
	Business and Other	83,452	395	32,963,540
	Ship Arrivals	6,843	70	479,010
	Total	238,818		108,817,549
1979	Japanese Tourist	145,578	530	\$ 77,156,340
	Other Tourist	27,524	420	11,560,080
	Business and Other	91,224	400	36,489,600
	Ship Arrivals	8,355	90	751,950
	Total	238,828		125,957,970
1980	Japanese Tourist	155,664	575	89,506,800
	Other Tourist	48,123	455	21,895,965
	Business and Other	87,346	430	37,558,780
	Ship Arrivals	9,634	120	1,156,080
	Total	300,767		150,117,625
1981	Japanese Tourist	230,067	597	137,349,999
	Other Tourist	9,125	481	4,389,125
	Business and Other	57,082	447	27,456,442
	Ship Arrivals	8,904	133	1,184,232
	Total	305,478		170,379,798
1982	Japanese Tourist	235,683	627	147,773,241
	Other Tourist	8,069	505	4,074,845
	Business and Other	73,042	470	34,329,740
	Ship Arrivals	9,595	139	1,333,705
	Total	326,389		187,511,531
1983	Japanese Tourist	234,522	658	154,315,476
	Other Tourist	8,598	503	4,556,940
	Business and Other	102,685	494	50,726,390
	Ship Arrivals	4,735		691,310
	Total	350,540		210,290,116

Source: Guam Visitors Bureau.

the desired growth rate in visitor arrivals is unlikely. The implications of the short fall are given.

1. Visitor Industry Growth and Employment

For the most part, non-tourist associated wholesale and retail trade and consumer services grow as a passive response to other economic activity.

Economic Planning should focus on growth of basic industries--those industries which generate exports or which result in import substitution. Direct and indirect employment growth in non-tourist basic industries will be small compared to requirements. Induced growth in wholesale and retail trade as a result of spending of income earned in the non-tourist basic sectors also will be small. This, tourism must be the major generator of employment, including direct, indirect and induced employment.

For estimating the visitor industry growth required for a given growth in employment in the economy, it is assumed that government employment will not grow. Federal government employment on Guam has not grown for a number of years. A reduction of federal grants to the local government, reduced taxes as a result of federal tax policy, and the mood of the times is expected to preclude growth in local government. As a rough approximation to the employment impact of different rates of visitor industry growth, it may be assumed that employment in the tourism industry is a fixed portion of private sector employment. If no technical change is assumed, then the growth of employment in the private sector is approximately proportional to the percentage growth rate in visitor arrivals. If a yearly increase in labor productivity of 3 percent occurs--a not unreasonable although high

TABLE 6

Estimated Direct Employment in the Visitor Industry
for 1979 with Employment Multipliers

SECTOR	KAUAI ESTIMATES	GUAM ESTIMATES
Eating and Drinking Establishment	1,607	231
Lodging	1,085	1,207
Retail	1,876	1,275
Transportation	598	831
Entertainment	<u>551</u>	<u>100</u>
TOTAL	5,708	3,644

Estimated Direct Employment Per Visitor

SECTOR	DIRECT EMPLOYMENT PER VISITOR
Eating and Drinking Establishments	.0008
Lodging	.0044
Retail Sector	.0047
Transportation	.0031
Entertainment	.0004
TOTAL DIRECT EMPLOYMENT	.0134

TABLE 7

Estimated Local Public Sector Employment
Employed by the Visitor Industry as a Function
of Visitor Tax Revenues and Total Government
Revenues for 1979

Visitor Expenditures ^{1/}	125,421,250
Visitor Tax at 20%	25,084,250
Government of Guam Revenue ^{2/}	322,263,724
Percent Visitor Revenue	7.78
Number of Government of Guam Employees	9,200
Employees by Percent of Visitor Revenues	716

1/ Ten Year Tourism Master Plan, Department of Commerce, Government of Guam, 1984.

2/ Guam Annual Economic Review, Department of Commerce, Government of Guam, 1980.

figure--the growth in private sector employment will be approximately 3 percent less than the growth rate in visitor arrivals. The latter figure shall be used in estimating the relationship between employment visitor industry growth. This approximation is crude without pretenses of being otherwise. To summarize these assumptions: no growth in government employment will occur; and private sector employment growth is three percent less than the percentage growth rate in visitor arrivals. The resulting estimates of the visitor growth required to provide a given level of employment growth contain partly cancelling errors. The induced employment impact of the visitor industry is exaggerated and thus, required visitor arrival growth is underestimated. On the other hand, other factors given in the following discussion results in an overestimation of the visitor arrival growth required to provide given employment growth. Growth in other basic industries will result in some employment growth. Perhaps the growth of labor productivity in a largely service oriented economy is exaggerated and postulating zero growth in a local government employment may be an overstatement.

2. Labor Force Growth

Table 8 provides projections for growth in Guam's labor force and projections for the growth of the labor force minus government employment. The figures assume no net migration and no change in government employment. These projections do not provide forecasts of future labor force size. The figures are predictions of the positions and of the position outside of government which must be provided if there is to be no net migration. The growth in these figures may be used as desired growth rates for jobs. The last statement is based on the value premise that the object of growth is

TABLE 8
Projections of the Civilian Labor Force
of Guam
(Number of People and Percent Growth
from Previous Year)

YEAR	LOW PROJECTION		MEDIUM PROJECTION		HIGH PROJECTION	
	LABOR FORCE	LABOR FORCE NOT IN GOVERNMENT	LABOR FORCE	LABOR FORCE NOT IN GOVERNMENT	LABOR FORCE	LABOR FORCE NOT IN GOVERNMENT
1984	35,500	18,500	38,300	21,300	40,400	23,400
1985	36,800 3.7%	19,800 7.0%	39,800 4.0%	22,800 7.0%	42,100 4.2%	25,100 7.3%
1986	38,100 3.5%	21,100 6.6%	41,400 4.0%	24,400 7.0%	43,900 4.3%	26,900 7.2%
1987	39,400 3.4%	22,400 6.2%	43,100 4.1%	26,100 7.0%	45,600 3.9%	28,600 6.3%
1988	40,800 3.6%	23,800 6.3%	44,500 3.2%	27,500 5.4%	47,100 3.3%	30,100 5.1%
1989	42,100 3.2%	25,100 5.5%	45,900 3.1%	28,900 5.1%	48,800 3.6%	31,800 5.6%
1990	43,500 3.3%	26,500 5.6%	47,400 3.3%	30,400 5.2%	50,400 3.3%	33,400 5.0%
AVERAGE ANNUAL GROWTH RATE						
84-90	3.5%	6.2%	3.6%	6.1%	3.8%	6.1%

Note: Excludes non-immigrant aliens and members of the U.S. Armed Forces and their dependents living on post. Government employment is assumed constant at 17,000.

Source: "Projecting Guam's Supply of Manpower by Occupation", May 1981, Guam Department of Commerce and the Guam Occupational Information Coordinating Committee.

to provide options for Guam residents. It is also assumed that those residents who will leave no matter what options (within those which are feasible) are provided equal the number of workers needed in specialties or with experience which are unavailable in Guam.

To provide for the medium projection of labor force growth, private sector employment must rise by 8.7 percent per year implying growth in visitor arrivals of nearly 12 percent per year.

3. Feasible Growth and its Implications

As seen in Table 1, the arrivals for 1979 were less than 2 percent above the previous high in 1974. The 1980 arrivals were 10 percent above those in 1979. Except for the constraint of hotel rooms, growth in arrivals at the double digit level throughout the 1980 decade may be reasonable although optimistic.

Given difficulties in providing hotel rooms, sustained visitor arrival growth over 6 percent per annum is unlikely. A strong case is made in the Tumon Bay Master Plan (Chapter VI and Chapter XIV) that private financing of hotel rooms, if nothing else, is likely to constrain visitor arrival growth to about 5 percent per year in the next decade. Support for the position that private investment in hotels will not be readily forthcoming is given in the visitor industry history section of this chapter where the history of hotel occupancy is discussed.

In the Tumon Bay Master Plan, the equivalent of 130 hotel rooms in the form of cottages in Cocos Island was excluded in the hotel room forecast. Other

potential developments outside of Tumon were also ignored. Inclusion of the Cocos Island development still allows for less than 6 percent arrival growth. Because visitor industry growth is constrained well below the desirable level, the policy goal becomes the maximization of visitor growth.

Even 6 percent growth in visitor arrivals will require prompt and concerted government effort. For new rooms on the Tumon Bay given in the Tumon Bay Master Plan, the first phase of the infrastructure improvement was to have been completed in 1985. Such completion seems unlikely. This infrastructure improvement requires 8 million dollars (Table 9). It is recommended that funding be raised through a revenue bond based on the Tourist Attraction Fund (TAF). The TAF is the revenue from the 10 percent hotel room occupancy tax. Even with this source of funding identified, it is optimistic to expect that the bond will be issued and construction of the first phase in the Tumon Bay infrastructure plan will be completed in 1985.

In conclusion, a growth rate of near 12 percent in visitor arrivals would be desirable. Growth anywhere near this level, however, does not appear feasible. Although the measures of desired and maximum feasible growth rates are crude, the difference in the two are sufficient to say with a high degree of confidence that the growth in the visitor industry will be sufficient for the economy of Guam to provide sufficient jobs for the local entrants into the labor force. Any forecasts of the future, needless to say, are subject to unexpected events. Possible events which will change the forecasts include a large growth in federal government employment and

TABLE 9

Projects for Phase One of Tumon Bay
Infrastructure Improvements

PROJECT	COST
San Vitores Boulevard, Complete	4,000,000
Water Improvements, Phase I	680,000
Sewer Improvements, Phase I	1,500,000
Storm Drainage Facilities San Vitores Boulevard Portion of Phase I	1,515,200
San Vitores Beach Park	120,000
Lagoon Improvements	48,000
Tumon Ballfield	46,000
Shoreline Survey	12,000
TOTAL	\$7,981,300
ANNUAL BOND PAYMENT	SAY \$8,000,000
	\$1,000,000

Source: Tumon Bay Master Plan.

large civilian port development. The latter will require freeing land from military control at Guam's excellent deep water harbor.

Implications of the bleak prospects for providing employment on Guam for the local entrants into the labor force follow. A large portion of Guam's youth will need to leave the island. Fortunately for those leaving, certain demographic factors make it likely that unemployment, particularly youth unemployment, on the U.S. mainland will fall. This reduces the risk for an individual to leave Guam to seek employment on the U.S. mainland. Implications for Guam's education and manpower training follow. To assist the migrant, Guam's education system must provide sufficient flexibility in their graduates to permit many to be happy in a place such as Shaboygan, Wisconsin. The schools must also provide sufficient basic training in order that the graduates may qualify for entry level jobs in such places.

In order to provide the best opportunities for resident youth to remain on island, the educational system should provide, when possible, a sufficient number of personnel of any skill needed in Guam's labor market. Since some youth must migrate, providing more people than need for Guam's market can rarely be considered a failure of planning. Only for Guam specific skills or for those in over-supply in the U.S. in general, should provision of more personnel than can be absorbed by the local market be a concern.

The degree of out-migration required will be reduced by business development anticipated by few, if anyone, other than the entrepreneur creating the development. This may be in industries not considered by planners. To reduce the level of out-migration, making the business environment attractive for the creative and imaginative entrepreneur is an important policy consideration.

CHAPTER III

THE VISITOR INDUSTRY AND VISITOR INDUSTRY GROWTH

The previous Chapter painted the large picture of tourism. A history and resource analysis was given leading to a presentation of the relationship between the visitor industry and the economy. The desirable visitor industry growth rate was shown to be infeasible, leading to the conclusion that the most rapid growth possible was desirable.

This Chapter contains a more detailed analysis or smaller view of the visitor industry, leading to a development strategy. First, is a visitor analysis which includes an evaluation of visitor attitudes. Then are two sections describing resident attitude towards tourism and containing general remarks with respect to tourism. The final section is the development program.

A. Visitor Analysis

The overall attractiveness and success of tourism development is being able to match a destination's resources with the needs and desires of the market (the tourist). Market analysis will make it possible to plan where and what kind of promotional methods to pursue. It also will provide direction in choosing the facilities and attractions which should be developed.

The most numerous and most studied visitors to Guam are the Japanese. Therefore, a detailed description of Japanese travelers is included. A closer look at Japanese traveler characteristics can provide greater insight on the needs desires of Guam's visitors.

1. Demographic Characteristics of Visitors to Guam

a. Country of Origin

Until 1967, visitors to Guam were largely American businessmen and other Pacific islanders, many from the neighboring Trust Territory. The rapid growth of Japanese tourist arrivals in the early 70's quickly changed the visitor mix. Today, the Japanese dominate Guam's visitor arrivals with 85 percent of the total number of visitors originating from Japan in 1983.

The United States accounts for 6.4 percent of visitor arrivals and the Pacific Trust Territory, six percent. Together, Japan, the United States and the Pacific Trust Territory account for 97 percent of all visitors (Table 10).

While the share of visitors from other countries remained below 1 percent of the total, some have exhibited remarkable growth. From 1967 to 1980, arrivals from the following countries registered compound growth rates of over 10 percent: Nauru (47.2 percent), Australia (22.8 percent), Hong Kong (15.5 percent), and, Europe (38.1 percent). Although Canada did not make the top ten sources of Guam's visitors, Canadians registered the highest compound growth rate between 1976-1980 with 52.8 percent.

Since the liberalization of overseas travel in Japan in 1964, the number of Japanese travelers has risen steadily. The number of Japanese travelers worldwide reached over 4 million in 1979; Japanese visitors to Guam accounted for about 5 percent of these travelers (Table 11).

b. Sex and Age

Of all visitors to Guam, approximately two-thirds are male, and one-third, female (Table 12). With respect to Japanese overseas travelers, males accounted for 72.2 percent while females accounted for 27.8 percent (Table 13). While the percentage distribution of Japanese female travelers is low relative to Japanese male travelers, females represent the majority of Guam's tourists from Japan. Over half of the Japanese travelers to Guam were in their 20's and 30's. Japanese in their 30's accounted for 31 percent of the male total. Women in their 20's accounted 40 percent of the female total. It is these groups which make up a significant proportion of travelers to Guam (Table 11). Although there has been an increase in the number of families visiting Guam, the market is still dominated by the 18-30 year age group which comprises over half of the total number of visitors (Table 12).

c. Marital Status

Although there is no recent data on other demographic characteristic of travelers to Guam apart from age and sex, several studies conducted in the past give an insight to characteristics of typical travelers to Guam. The surveys conducted by Dr. Don C. Warner¹ and the Bureau of Planning² indicated that a majority of Japanese visitors to Guam were

1/ A Decade of Tourism: The Socio-Economic Impact of Guam's Visitor Industry 1967-1977, Dr. Don C. Warner, January 31, 1978.

2/ Guam's Visitor Industry: An Economic Assessment, Bureau of Planning, July 1977.

married (93.3 percent). Honeymooners accounted for 88 percent of Japanese visitors. Since most interviews were, however, conducted during the favored months in Japan, October and November, the portion of honeymooners is exaggerated.

d. Education

Over half of the Japanese visitors to Guam had high school education and a majority of the remainder had college degrees (Table 14).

e. Occupation and Household Income

Most Japanese travelers to Guam were clerical workers and sales persons comprising 34 percent and 20 percent, respectively.³ Japanese travelers to Guam in 1976 had a median income of \$12,700 (Table 15). The Nomura Survey⁴ conducted in 1977 and 1978 indicated an average annual income of visitors to Guam of 3.7 million yen or \$18,790.

A study conducted by the United States Travel Service (USTS)⁵ sums up the characteristics of an average Japanese traveler to Guam: male, young, married, somewhat less affluent, a member of a three person household, and has little fluency in the English language.

3/ Japan: A Study of the International Travel Market, United States Department of Commerce, United States Travel Service (USTS), April 1978.

4/ A Feasibility Study for a Convention Center in Guam, Nomura Research Institute, June 1978.

5/ Japan: A Study of the International Travel Market, United States Department of Commerce, United States Travel Service (USTS), April 1978.

2. Characteristics of Trips to Guam

a. Purpose of Trip

The majority of visitors to Guam traveled for pleasure (70 percent) while 6 percent traveled for business purposes (Table 16).

b. Length of Stay

Over 82 percent of trips to Guam lasted one week or less. Forty nine percent of the visitors stayed four nights or less. However, the percentage of those staying five to seven nights has grown from 29 percent in 1976 to 33 percent in 1980. The average length of stay is four nights. This is a typical characteristic of Japanese intracontinental trips which last for a median of only 5 days, four (4) of which are spent at their principal destination. Trips to the mainland United States last slightly over a week while intercontinental non-U.S. trips last 15 days. The length of travelers' stay is usually influenced by their attitude towards their respective jobs. Although the Japanese can accrue over 3 weeks vacation time per year, they are generally reluctant to take all their earned vacation time.

c. Travel Arrangement

In 1980, about 60 percent of the visitors to Guam can on either an individual package tour or a group tour (Table 16). The popularity of inclusive tour travel is apparent among Japanese nationals, the majority of whom go on tour packages which include such things as lodging, ground transportation, meals, or sight-seeing in addition to basic transportation.

TABLE 10
TOP TEN COUNTRIES OF ORIGIN

	1976	Percentage Distribution	1980	Percentage Distribution	Compound Growth Rate	1983	Percentage of Total
Japan	139,740	69.4%	221,910	76.2%	9.2%	294,429	85.1%
United States	19,007	9.4	33,777	11.6	11.5	24,483	6.4%
Pacific Trust Territory	16,767	8.3	21,429	7.4	4.9	20,397	6.0%
Philippines	2,685	1.3	2,409	0.8	(0.2)	2,016	0.6%
Hong Kong	908	0.4	1,973	0.7	15.5	721	0.2%
Taiwan	860	0.4	758	0.3	(2.5)	712	0.2%
Australia	239	0.4	747	0.3	22.8	948	0.3%
Nauru	61	0.03	647	0.2	47.2	1,536	0.4%
43 Korea	1,378	0.7	606	0.2	(16.4)	805	0.2%
Europe	185	0.09	1,245	0.4	38.1	962	0.3%
Other	19,514	9.7	5,628	1.9		1,055	0.3%
Total Air Arrivals	201,344	100.0	291,129	100.0	7.4	345,805	100%
Ship Arrivals	3,752		9,382		1.0	4,735	
Total Visitor Arrivals	205,096		300,767		7.7	350,540	5.0%

Source: Guam Visitors Bureau.

TABLE 11
JAPANESE OVERSEAS TRAVELERS

YEAR	NUMBER	% CHANGE OVER LAST YEAR	GUAM'S RELATIVE SHARE
1974	2,335,530	2.0%	11.1%
1975	2,466,326	5.6%	9.7%
1976	2,852,584	15.7%	7.1%
1977	3,151,431	10.5%	7.8%
1978	3,525,110	11.9%	6.7%
1979	4,038,298	14.6%	6.7%
1980	3,909,333	-3.2%	7.6%
1981	4,006,388	+2.5%	8.0%
1982	4,086,138	+2.0%	7.9%
1983	4,232,246	+3.6%	8.2%

Source: Ministry of Justice (Japan), 1984.

TABLE 12

DEMOGRAPHIC CHARACTERISTICS OF VISITORS TO GUAM

SEX	1976	1977	1978	1979	1980	1981	1982	1983
Male	64%	70%	68%	68%	66%	61%	59%	50%
Female	36%	30%	32%	32%	34%	39%	41%	50%
AGE								
Under 17	3%	2%	2%	2%	2%	2%	2%a	
19-30	54%	58%	58%	55%	58%	52%	48%	
31-45	26%	24%	25%	27%	25%	22%	19%	
46-60	13%	12%	11%	17%	11%	09%	9%	
Over 60	4%	4%	4%	4%	4%	3%	3%	
Unknown	N/A	N/A	N/A	N/A	N/A	N/A	19%	
UNDER 13							2%b	2%c
13-20							4%	2%
21-35							45%	28%
36-50							7%	6%
51-65							3%	3%
Over 65							1%	1%
Unknown							38%	58%

Notes: January thru April 1982
 May thru December 1982
 January thru December 1983

Source: Guam Visitors Bureau.

TABLE 13
JAPANESE OVERSEAS TRAVELERS BY AGE AND SEX, 1983

	ALL AGES	0 - 9 YEARS	10-19 YEARS	20-29 YEARS	30-39 YEARS	40-49 YEARS	50-59 YEARS	60 Plus YEARS	UNKNOWN
Total	4,232,246	64,556	140,620	1,147,641	1,016,637	828,241	613,308	413,726	7,517
Male	2,824,366	33,012	64,854	542,634	809,442	676,966	428,468	265,532	3,458
Female	1,407,880	31,544	75,766	605,007	207,195	151,275	184,840	148,194	4,059

SHARE BY SEX (%)

Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Male	66.7	51.1	46.1	47.3	79.6	81.7	69.9	64.2	46.0
Female	33.3	48.9	53.9	52.7	20.4	18.3	30.1	35.8	54.0

SHARE BY AGE (%)

TOTAL	100.0	1.5	3.3	27.1	24.0	19.6	14.5	9.8	0.2
Male	100.0	0.8	1.5	12.8	19.1	16.0	10.1	6.3	0.1
Female	100.0	0.7	1.8	14.3	4.9	3.6	4.4	3.5	0.1

Source: Ministry of Justice, Japan.

TABLE 14
JAPANESE VISITORS TO GUAM BY LEVEL OF EDUCATION

	% DISTRIBUTION
Some High School	2.0
High School Graduate	52.9
Some College	3.0
College Graduate	4.1
Post Graduate Study	N/A
Vocational and Technical Study	<u>N/A</u>
	100.0%

Source: Guam's Visitor Industry: An Economic Assessment, Bureau of Planning, July 1977. Dr. Don E. Warner: The Socio-Economic Impact of Guam's Visitor Industry Jan. 31, 1978.

TABLE 15
TRAVELER CHARACTERISTICS OF JAPANESE VISITORS TO GUAM
1976

TRAVELER CHARACTERISTIC	
Sex <u>1/</u>	
Male	60%
Female	40%
Age <u>1/</u>	
Median number years	25%
Marital Status <u>2/</u>	
Married	57%
Unattached	43%
Education	
Elementary/Primary	6%
High School	37%
Technical/Jr. College	21%
College/Post Graduate	36%
Occupation <u>3/</u>	
Professional/Executive/Manager	2%
Clerical	34%
Student	16%
Sales/Merchant	20%
Self-employed	12%
Unemployed/Retailed	9%
Other	8%
Annual Household Income <u>2/</u>	
Under \$10,000	33%
\$10,100 - \$16,800	36%
Over \$16,800	31%
Median	\$12,700
Size of Household <u>2/</u>	
1 Person	5%
2 Persons	21%
3 Persons	18%
3 - 6 Persons	54%
7 or more persons	3%
Median number persons	3.3%
Average number persons	3.9%

TABLE 15 (Continued)
TRAVELER CHARACTERISTICS OF JAPANESE VISITORS TO GUAM
1976

TRAVELER CHARACTERISTIC	
Children (Under ^{2/} 18) in Household	74%
No Children	12%
1 Child	10%
2 Children	3%
3 or more Children	3%
Language Capability ^{2/}	
Speak or read English	40%

Note: Percentages may not add to 100% due to rounding.

1 - Computed for members of entire traveling party.

2 - Reflects data concerning the respondent

3 - Reflects data concerning the primary decision-maker for the trip.

Source: Japan: A Study of the International Travel Market, United States Department of Commerce, United States Travel Service (USTS), April 1978.

TABLE 16

CHARACTERISTICS OF TRIPS TO GUAM

	1976	1977	1978	1979	1980	1981	1982	1983
<u>Purpose of Travel</u>								
1. Pleasure	74%	73%	74%	66%	79%	76%	76%	70%
2. Business	16%	17%	16%	14%	13%	9%	6%	6%
3. Visit Relatives and Friends	6%	5%	5%	5%	5%	15%	18%	24%
4. Other	5%	5%	5%	5%	5%			
<u>Length of Stay</u>								
1. One Night Only	9%	12%	13%	10%	8%			
2. Two/Three Nights	18%	17%	22%	19%	14%			
3. Four Nights	35%	35%	26%	18%	22%			
4. Five to Seven Nights	29%	30%	32%	37%	33%			
5. Over Seven Nights	9%	6%	7%	5%	4%			
**								
1. 1 - 2 Nights						26%	22%	22%
2. 3 - 6 Nights						63%	68%	62%
3. 7 or more Nights						4%	5%	6%
4. Unknown						7%	5%	10%
<u>Travel Type</u>								
1. Group Tour	28%	25%	25%	26%	26%	N/A	N/A	N/A
2. Package	13%	24%	26%	28%	34%	N/A	N/A	N/A
3. Private	18%	17%	16%	15%	14%	N/A	N/A	N/A
4. No Selection	41%	34%	33%	31%	26%	N/A	N/A	N/A

** Note: Change in Categories as of May 1982.

TABLE 17
CHARACTERISTICS OF JAPANESE TRIPS TO GUAM

T R I P
C H A R A C T E R I S T I C

Activities Engaged In ^{1/}

Saw beautiful scenery	97%
Experienced a new culture/way of Life	69%
Learned new things helpful in one's business/social life	47%
Visited places of significant historical interest	67%
Met interesting new people	56%
Bought interesting gifts/souvenirs	67%
Enjoyed in exciting night life/good restaurants/entertainment	83%
Participated in warm-weather sports/ lay in the sunshine	56%
Experienced a bargain-priced vacation	*
Attended a Bicentennial event/site	5%
Went camping	

Lodging Used ^{1/}

First-class hotel	78%
Other hotel/motel	23%
Private home	N/A
Other	3%

Secondary Transportation ^{1/}

Air	39%
Boat	6%
Personal Car	6%
Bus	63%
Taxi	25%
Rental Car	17%
Other	N/A

Note: 1 - Multiple responses - percentages may add to more than 100%.

* - Less than $\frac{1}{2}$ of 1%

N/A - Not Available

Source: Japan: A Study of the International Travel Market, United States Department of Commerce, April 1978.

Package tours are highly prevalent among Japanese traveling to Guam and Hawaii, especially those making their first trip abroad. These packages provide travelers with a comprehensive travel framework at an acceptable cost and freedom from hidden expenses, with convenient departure dates geared to employee's vacation schedules, trip lengths adapted to these schedules, and full descriptive advance information on the schedule and events of the tours. Of these package tours, about one half are arranged for the Japanese travelers by the four largest tour wholesalers in Japan

d. Seasonality

Travel to Guam shows distinct seasonal patterns. The visitor arrivals are marked by a sharp peak in August. The off season months are June and September (Figure 2). In 1979 and 1980, the variation in tourist arrivals shows signs of evening out. The seasonal pattern for visitor arrivals in Guam coincides with Japanese overseas travel in general (Figure 3). The majority of Japanese travel abroad in the second half of the year, particularly in August.

e. Other Characteristics of Japanese International Trips

Other characteristics of Japanese international trips as surveyed by the United States Travel Service were:

- Two person travel parties were quite popular among Japanese travelers to Guam with a majority being accompanied by a friend or spouse.

- Japanese travelers visiting Guam most frequently stayed in first class hotels.*
- An analysis of the allocation of tourist expenditures showed that souvenir gift shopping is the largest component caused in part by the Japanese tradition in which travelers receive monetary gifts from friends and relatives before departure and are in turn obligated to bring home gifts.
- To sum up the travel market for Guam, prospective travelers, in particular the Japanese, are drawn to the island for two basic reasons. It is (1) an inexpensive destination with a tropical setting for a short-term vacation and, (2) accessible within three hours by air. In addition, Guam is a preferred travel destination by honeymooners and young singles desiring a change of pace and scenery.

3. Attitude of Japanese Travelers Towards Guam

a. Reasons for Choosing Guam as a Destination

According to surveys conducted by Dr. Don Warner,⁶ the Nomura Research Institute,⁷ and the United States Travel Service (USTS),⁸ the greatest

* First class hotels usually have a wider range of facilities and services as opposed to other hotels and motels.

6/ A Decade of Tourism: The Socioeconomic Impact of Guam's Visitors Industry 1976-1977, Dr. Don C. Warner, January 31, 1978.

7/ A Feasibility Study for a Convention Center in Guam, Nomura Research Institute, January 1978.

8/ Japan: A Study of the International Travel Market, U.S. Department of Commerce, April 1978.

attractions which entice Japanese visitors to come to Guam are: scenic beauty, tropical climate, beaches and shopping. In the USTS survey, an overwhelming majority of Japanese tourists (97 percent) said they had seen beautiful scenery while visiting Guam. A popular activity was warm weather sports and lying in the sun (Table 17).

Other major reasons for which the Japanese choose Guam as a tour destination were cited by the Nomura Survey. Guam is near Japan and does not require a long length of stay. Moreover, the tour price is reasonable.

b. Major Constraints/Difficulties Encountered by Travelers on a Trip to Guam

A major problem encountered by Japanese travelers in Guam, as surveys have shown, is the lack of public transportation. The "danger in night outing", as pointed out by females in particular, has been cited as a problem arising from limited transportation facilities on the island. In the evening, there are limited choices of places to go, especially after 9:00 p.m. In addition, Japanese tourists have expressed interest but have had few, if any, opportunities to experience Guamanian culture. A study on Japanese travel habits has indicated that the Japanese traveler wants to see and experience the specific way of life and culture of other people and to go where people contact is possible.⁹ Many island groups have made this a reality.

9/ A Study of Japanese Travel Habits and Patterns, Volume I, U.S. Department of Commerce, October 1972.

TABLE 18
JAPANESE OVERSEAS TRAVEL BY DESTINATION

COUNTRY	1985? NUMBER	% CHANGE OVER LAST YEAR	? NUMBER	% CHANGE OVER LAST YEAR	? NUMBER	% CHANGE OVER LAST YEAR
U.S.A.	748,743	(3%)	886,441	18%	-0-	-0-
- Hawaii	438,500	2%	469,081	7%	557,491	25%
- Guam	152,560	9%	161,440	6%	190,810	18%
Taiwan	561,166	9%	624,868	11%	693,671	11%
Korea	581,525	12%	667,319	15%	649,708	(3%)
Hong Kong	480,316	12%	481,789	-0-	501,034	4%
France	320,000	19%	360,000	13%	410,000	14%
Italy	344,100	24%	334,000	-0-	-0-	-0-
West Germany	245,235	15%	252,518	3%	-0-	-0-
Singapore	190,611	35%	218,735	*	260,988	19%
Philippines	213,222	33%	235,624	11%	253,717	8%
Switzerland	200,488	19%	197,826	(1%)	230,040	16%
Macao	245,784	6%	217,163	(12%)	225,882	4%
England	195,600	16%	202,400	4%	220,400	9%
Thailand	173,988	16%	193,661	11%	200,333	3%
Canada	97,532	(9%)	127,827	31%	158,582	24%
Malaysia	111,012	45%	117,668	6%	106,673	(13%)
Spain	62,548	(3%)	70,211	12%	70,995	1%

Note: Table prepared by Japan Transport Ministry based on data supplied by each country.
* Singapore method of calculation changed, 1979.

TABLE 19
CHARACTERISTICS OF REPEAT AND FIRST TIME VISITORS
BY AIR TO GUAM

COUNTRY OF ORIGIN	1 9 8 0				1982 (thru April)		REPEAT NUMBER	PERCENT
	FIRST TIME NUMBER	PERCENT	FIRST TIME NUMBER	PERCENT	FIRST TIME NUMBER	PERCENT		
Japan	178,591	70	46,539	30	57,633	67	28,387	33
United States	6,092	24	19,292	76	753	9	7,610	91
Trust Territories	1,042	5	19,800	95	158	3	5,127	97
Taiwan	162	28	415	72	26	15	149	85
Philippines	442	21	1,662	79	140	18	640	82
Korea	182	29	482	71	70	25	209	87
Hong Kong	209	17	539	73	31	13	206	87
Others	10,476	28	26,937	72	2,044	18	9,309	82
TOTAL	197,196	63	115,666	37	60,855	54	51,637	46

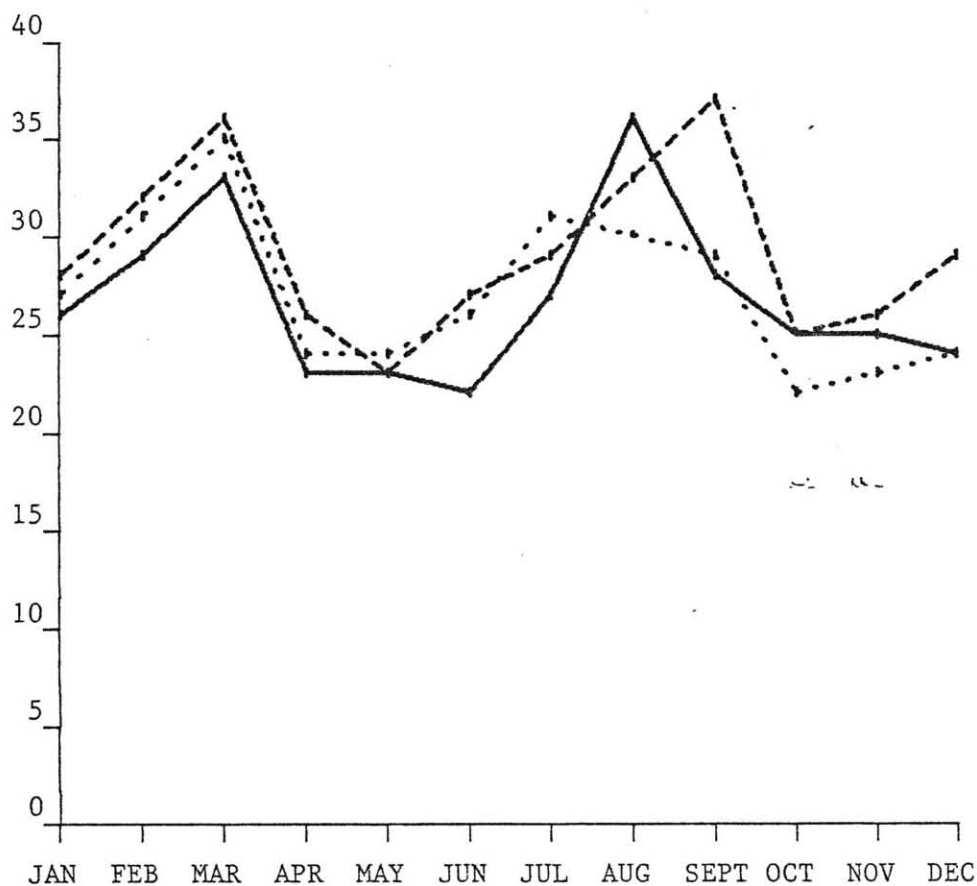
NO. OF VISITS	1982 (May - Dec)		1 9 8 3	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL
First	183,872	90	297,372	86
2nd - 4th	14,028	7	34,581	10
5th - 7th	2,316	1	6,920	2
8 or more	4,086	2	6,912	2
TOTAL	204,302	100	345,805	100

Note: Due to change in compilation formate (May 1982), total number of visits to Guam by country of origin is not available.

FIGURE 2

SEASONAL PATTERNS FOR TOTAL VISITOR
ARRIVALS
(THOUSANDS)

1981 - -
1982 - .
1983 - -
1984 ?



SOURCE: GUAM VISITORS BUREAU.

4. Competition for Japanese Visitors

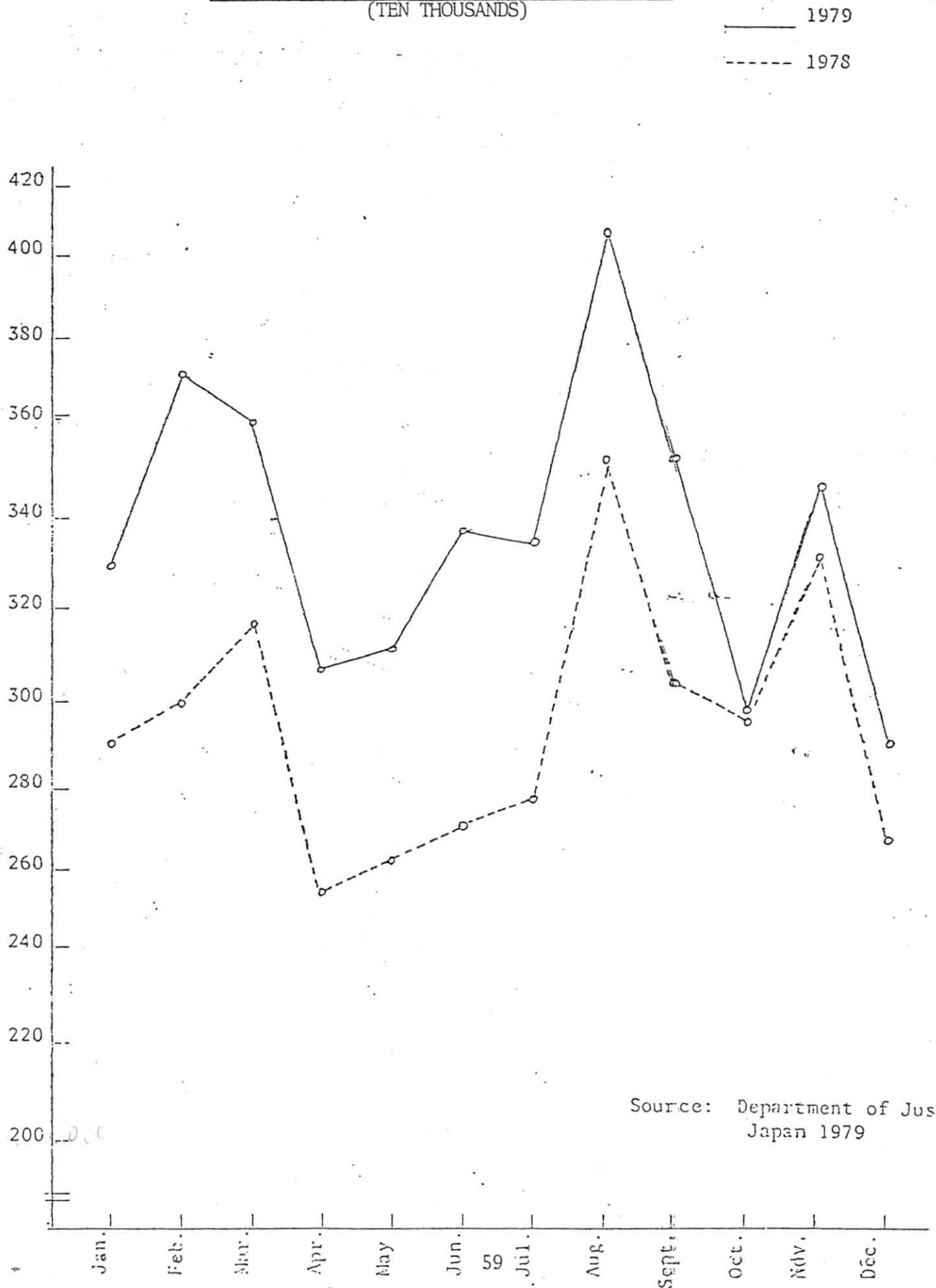
Among individual nations of the world, the United States ranks as the number one international travel destination for Japanese travelers, receiving a quarter of total Japanese departures (Table 18). In 1979, some 693,671 Japanese or 17 percent visited Taiwan. South Korea received 649,708 (16 percent) and Hong Kong received 501,034 (12 percent). Travel to these three countries amounted to a total of 1.84 million persons or 45 percent of all overseas travel. Major European destinations were France, Italy and West Germany.

Taiwan and South Korea both share the advantage Guam has, i.e., proximity to Japan. However, Taiwan, South Korea and Hong Kong offer different attractions; hence, Japanese travelers' purpose for traveling to these places is different from that of those visiting Guam. Guam attracts visitors by emphasizing its "sun, sea and island." The other three countries emphasize their bustling oriental cities which feature shopping, nightlife, international cuisine and various attractions depicting their unique heritage and culture. Therefore, Guam, Korea, Taiwan and Hong Kong generally do not compete with each other for tourists. On the other hand, Hawaii, the Philippines, Saipan, and other Micronesian destinations have attractions similar to Guam's which make them competitors. In the case of Saipan and the rest of Micronesia, however, the islands with Guam become joint destinations. Thus, these destinations complement Guam as well as compete with Guam.

For a look at first time and repeat visitors to Guam, see Table 19. Based on figures listed in this table, it is evident that the number of visitors

FIGURE 3

OVERSEAS JAPANESE TRAVEL BY MONTH, 1978/79
(TEN THOUSANDS)



Source: Department of Justice
Japan 1979

from Japan is rising faster than any other foreign national group desiring to visit.

5. Attitude of North American Travelers Towards Guam¹⁰

North Americans rated the following attributes as extremely important in choosing a travel destination:

Friendly People	53%
Safe, Low Crime Rate	44
Sightseeing, Historical Sites	43
Good Accommodations	40
New Culture, Different People	40
Good Restaurants	39
Low Cost	39
Good Beaches, Outdoor Attractions	38
Warm Climate	36
Good Shopping Buys	23
Ease of Communication	17
Nightlife	11

In regards to Guam, the most frequently mentioned attributes among North Americans were good beaches, friendly people and warm climate. Many North American visitors have been favorably impressed with the lack of dense development on Tumon.

The attitude towards Guam of the frequent U.S. traveler to the Far East and of travel agents who frequently book tours to the Far East is often negative. Nearly always, the knowledge and attitudes of both groups are very shallow. Principally from a survey of travel agents, it appears that the market for stop-over passengers from North America Traveling to Asia is moderately large. The convenience of air route connections is an important factor in choosing a stop-over location.

10/ A Survey of Attitudes Towards Guam, Peter D. Hart Research Inc., March 1984.

Visitors to Guam from North America can be broken down into two categories: frequent and infrequent travelers. Surveys have shown that 58 percent of Guam's visitors are infrequent travelers while 42 percent are considered frequent travelers making 3 or more trips every two years to the Pacific or Far East. Of frequent travelers, only 34 percent have a favorable attitude towards Guam. Overall, 24 percent stated that Guam had a great deal of appeal and 54 percent said that Guam had some appeal.

The poor opinion of a large portion of Guam's North American visitors and the particularly large portion of frequent visitors who do not have a favorable attitude towards the island represent a problem in promoting Guam in North America. This shows a failure in serving these visitors and hinders promotion since word-of-mouth of comments of friends plays a major role in choosing a travel destination.

B. Attitude of Guam Residents Towards Tourism

Two studies which have been conducted to ascertain how the residents of Guam feel about tourism are: (1) A Decade of Tourism: The Socio-Economic Impact of Guam's Visitor Industry, 1967-1977 by Don C. Warner; and (2) the Guam Resident Attitude Survey on Tourism conducted by the Department of Commerce in 1980. These studies produced similar results, namely that the residents of Guam are in support of tourism. The Warner report found that 82 percent of the population would like to see more tourists; while the Commerce study, three years later, showed only a slight decrease to 72 percent. Other results from the Warner and Commerce studies showed that 83 percent and 66 percent of the population, respectively, felt that the government should do more to promote tourism. Although the Commerce figures are lower than those in the Warner study, they both show a majority in support of tourism.

The Guam Resident Attitude Survey on Guam contained other information germane to planning visitor industry development. Three questions are relevant to the relationship between the tourist and the resident. Over 53 percent of the respondents answered yes to "Would you support a plan to locate tourism development in your village?" Less than 29 percent answered no. The response by village is given in Table 20. This does not mean any and all types of development are wanted as shown by there spouse to "If a tourist hotel or attraction was built in your village, do you believe that the village residents should be able to tell the developer/owner how big the hotel/attraction could be and what it should look like?" To this there were nearly 51 percent yes responses and less than 20 percent no responses. The response by village is given in Table 21. As a related matter, over 51 percent of the respondents answered "yes" to "Would you participate in activities which would require direct involvement with tourists, such as home visits, fiestas, etc.?" while 20 percent gave a negative answer. The answer by village are given in Table 22.

Relevant to Tumon Bay Development, is the following from the survey. Which of the following reflect your attitude towards hotel development in Tumon Bay?

	Response Rate
a. It is already over-developed.	19.3%
b. It should remain as it is.	27.0
c. One or two hotels with a total of 200 to 800 rooms should be constructed.	12.2
d. Three or six more hotels with a total of 800 to 1,200 rooms should be constructed.	6.7
e. Tumon Bay should be intensely developed with high rise hotels and condominiums.	14.4
f. No opinion.	16.6

Note that the median response is no further development.

C. General Comments on Tourism Environment

There are a number of factors that are known to effect tourism and its benefit to the island which are not determined from surveys or statistics. Such factors include public safety, the tourism impact on Guam's cultural and educational development, and the resident awareness of tourism and training in tourist services.

Crime, particularly if the victims are tourists, hurts tourism. A major crime committed against visitors can have a major negative impact on visitor arrivals. Thus, public safety or police protection may be addressed in a visitor industry plan.

Tourism may be a major source of revenue for museums, concerts and other educational and cultural institutions. Tourism may be necessary to make such institutions viable. Thus, tourism may have a positive impact on the educational and cultural development of the island. The emphasis given to an aquarium and other such projects in the plan reflect a concern for the educational development of the island as much as a concern for tourism.

If resident labor is to benefit from tourism, training must be available. Given tourism's importance to Guam, an awareness of tourism should be part of general education. Such awareness assists tourism by improving resident responsiveness. The Guam Visitors Bureau recently up-dated WAVE program is available to the public and may be of benefit to the island in the education of residents on tourism.

D. Tourism Development Program

In order to increase the visitor appeal, allowing a more diverse market as well as increasing the number which wish to visit Guam, a program for increasing Guam's attractiveness to visitors is given in Part I. Part 2 discusses the policies with respect to spreading the benefits of tourism to all parts of the island. Part 3 concerns public safety and Part 4 education. Part 5 is a promotional plan including that for Japan, the U.S. mainland, and for other Asian destinations. Air route development is included in this discussion.

1. Visitor Plant Maintenance and Expansion The tourist plant consists of all facilities public and private which serve or support the visitor industry. In this broad sense, every tree or garden is part of the tourism plant, making all of Guam the plant.

In the broadest sense, the quality of the tourism plant and the quality of the resident environment converge.

Comments and policies with respect to litter and beautification deal with the visitor industry plant in the broadest sense. Only a summary of recommended policy for Tumon Bay, Guam's principal resort area, is given here since this is covered in a separate plan. A policy with respect to private attractions and integrating special events into the tourism plant is given, followed by a plan for tourism related infrastructure.

Litter, abandoned cars, and other man-made offenses to the sight harm both the visitor plant and resident well-being. From time to time the Guam Visitors Bureau sponsors various beautification contests. Currently, the

Bureau is sponsoring a "beauty and blight" photography contest for two contrasting photos--one representing beauty on Guam, the other, blight. In addition, the Guam Environmental Protection Agency has a "dirty dozen" campaign in which an eyesore is chosen each month for clean-up. Clean-up may involve having zoning or health codes enforced on private property or other action.

A private entity has assisted in reducing litter by purchasing scrap metal including cans. Long overdue is the outlawing of non-returnable containers or the taxing of such containers. Any such law requires cooperation from the military since approximately half of the beverages on Guam are sold by base commissaries.

Abandoned cars are an eyesore and provide breeding grounds for mosquitoes and a home for rodents. Implementation of a \$100 deposit on motor vehicles, to be returned when the vehicle is sold for recycling or when shipped off-island, is long overdue.

Drafting of appropriate container and vehicle deposit laws should be accomplished by the Attorney General's office within six months.

In a separate plan, the maintenance and development of Tumon Bay, Guam's principal resort zone, is discussed. Briefly, it provides an infrastructure development plan along with a means for implementation. As discussed at the end of the last chapter, implementation of the first phase of the infrastructure plan is necessary for hotel room expansion and, thus, is the number one priority for tourism development. Other parts of the plan in-

clude a zoning system to encourage open development. This conforms as best as possible to resident attitudes towards Tumon Bay development and preserves the positive attributes credited to Guam by North American visitors. The plan also contains a proposal for litter pick-up and maintenance of public facilities on the Bay.

Development of private tourist attractions and including special events as part of the tourism plant are matters of private, or at times community, initiative. The Guam Visitors Bureau, however, facilitates such development principally as the intermediary between the developer and the tour companies. The Guam Visitors Bureau will advise and evaluate a plan of an entity wishing to add an attraction. The Bureau will introduce the developer to the tour operators. The Visitors Bureau will also advise the entity with respect to promotion, including hospitality for travel writers. Some of the Bureau's publications contain space for advertising which may be purchased by the developers.

In the case of making special events for tourism or integrating existing events into the tourism plant, the Guam Visitors Bureau serves the same functions as for private attraction development. In the case of special events, however, initiative often comes from local tour operators.

Financing for tourism-related infrastructure projects will be difficult to find for the foreseeable future. Federal grants are diminishing and the financial posture of the local government is strained. Implementing the programs and projects outlined in this plan will require substantial funding commitments on the part of the Government of Guam, and at the same time, call for the initiation of innovative financing mechanisms.

Guam Public Law 10-166, as amended by P.L. 11-145, established the Tourism Attraction Fund (TAF). The TAF which is derived from the 10 percent excise tax levied against charges to hotel and lodging house occupants in Guam, became effective July 1, 1972. As mandated, the funds are earmarked for improving physical facilities of public parks and recreation areas in the Territory. The TAF has accounted for over 16 million in revenues since its inception in 1972 through 1983. A little over 3.0 million was raised in 1983. Although the TAF has been obligated to finance public and recreation facilities related to tourism were funded. For instance, many post-typhoon rehabilitation grants from both the U.S. Federal Emergency Management Agency and the Economic Development Administration were matched with the TAF in the late 70's after Typhoon Pamela devastated the island. The TAF was a source of cash when the General Fund could not financially support rehabilitation efforts. The TAF has been subjected to countless proposals for non-tourist recreation expenditures, simply because it is an unobligated self-replenishing source. Only when irrevocable TAF obligations are established and adhered to by the Executive and Legislative bodies will the TAF be applied solely towards its intended purpose.

To both obligate a portion of the TAF and to provide capital for large scale capital improvements, tax-exempt municipal revenue bonds may be floated and secured by this source of revenue. Such bonds could be offered at not less than 12 percent compounded at current market prices. The bond issue would be long-term in nature, probably in the vicinity of 30 years. A more detailed description of requirements for floating municipal revenue bonds is presented in the Tumon Bay Master Plan, Chapter XVI. Bonding arrangements should be conducted through the Guam Economic Development

Authority (GEDA) which has the technical expertise and experience appropriate to administer such funding. This plan will contain a program to obligate a substantial portion of the Tourist Attraction Fund for tourism purposes.

Other sources of funding discussed below are somewhat uncertain. Federal sources for funding tourism-related programs are diminishing. Such sources for financing tourism projects and, in particular, facilities and infrastructure programs are being intensely scrutinized.

In the past, the types of federal aid received by Guam which assisted in developing the tourist plant capacity include:

- 1) Economic Development Administration Grants - U.S. Department of Commerce;
- 2) Community Development Block Grant - U.S. Department of Housing and Urban Development;
- 3) Heritage Conservation and Recreation Service Grants - Bureau of Outdoor Recreation, U.S. Department of Interior;
- 4) Secretary's Discretionary Fund Grants - U.S. Department of Housing and Urban Development; and
- 5) Capital Improvements Programs Grants - U.S. Department of Interior.

Presently, the Urban Development Action Grant (UDAG) program of the Federal Housing and Urban Development (HUD) is being explored as a potential funding source for facilities and infrastructure construction. The award of UDAG funds is contingent upon the leverage of private investment as shown

by firm commitment of private investment. With respect to the eligibility of the Territory and the Territory's tourism infrastructure projects receiving UDAG assistance, both local and federal authorities have given positive determination.

As a final option for generating development capital, the sale of excess land holdings by the government and then applying such proceeds to some form of development fund could be considered. This option is made extremely attractive by the proposed turnover of surplus federal property by the military to the Government of Guam.

An area of particular interest is the Harmon Annex land where tourism plant expansion is expected to shift after Tumon Bay saturation. The Government could generate substantial sums for sale of the Harmon Annex land, particularly to tourism investors. Of course, precise zoning ordinances must take effect in order for developers to conform to development requirements (i.e., hotel, commercial, residential, etc.) imposed by the government.

Aside from the Harmon Annex, many other surplus government lands can be identified.

In summary, approximately 3.0 million is available annually from the Tourist Attraction Fund (TAF) for tourism infrastructure expansion and improvement in maintenance. Any other funding is very speculative. With growth in visitor arrivals the annual contributions to the TAF will grow but specifying the TAF growth rate would be speculative.

Three projects which use a substantial portion of the 3.0 million are given below:

Phase I Tumon Bay Infrastructure	\$1,000,000 per year
Loan Payment (Table 9)	
Tumon Bay Maintenance (See Tumon Bay Master Plan	230,000 per year
Islandwide Park Restroom Maintenance and Upgrading (Project 1, Appendix D)	170,000 per year
TOTAL	\$1,400,000

In addition to these projects, the federal government is developing a War in the Pacific National Historical Park in Agat and Asan (Project 5, Appendix D).

Phase I of the Tumon infrastructure is briefly given in Table 9. This and the Tumon Bay Maintenance proposal are given in the Tumon Bay Master Plan.

The Park and scenic attractions, maintenance and upgrading project is described fully as Project 1 in Appendix D of this plan. It involves making repairs in response to custodial information and upgrading facilities which have deteriorated from neglect. Funds from the TAF could be earmarked for these purposes and contractual services could be developed.

Appendices C and D contains a number of other tourism-related projects. Some are part of Guam's Capital Improvement Plan. The placement of these projects in a priority list is tentative, subject to revision upon funding

availability. Growth patterns, the impact of earlier projects, funding source restrictions and changing values may change the priorities as implementation becomes feasible. Different rates of private development in Tumon, for example, would influence the relative priority of the Tumon Bay infrastructure improvements. Determination that a project is self-sustaining or funds offered for a specific purpose might raise the priority of a project. Three tentative priority groups are given below.

Priority 1

- | | |
|---|--------------------------------|
| (1) Establishing on-going village landscaping and maintenance program (Project 2, Appendix D) | \$135,000 per year |
| (2) Guam Seashore Park Development (Project 10, Appendix D) | 10,000,000 capital improvement |
| (3) Phase II Tumon Bay Infrastructure | |
| \$3,300,000 or payment on revenue bond of \$412,500 per year (See Tumon Bay Master Plan) | |

Priority 2

- | | |
|--|--------------------------------|
| (1) Aquarium (Project 3, Appendix D) | 10,400,000 capital improvement |
| (2) Passenger Terminal at Commercial Port (Project 15, Appendix D) | 1,500,000 capital improvement |
| (3) Phase III Tumon Bay Infrastructure | |
| \$4,600,000 or annum payment on revenue bond of \$575,000 per year (See Tumon Bay Master Plan) | |

Priority 3

(1) Phase IV Tumon Bay Infrastructure

\$2,300,000 or payment on revenue
bond of \$287,500 per year (See
Tumon Bay Master Plan)

(2) Guam Trade and Convention Center
(Project 16, Appendix D)

10,000,000 capital
improvement

(3) Guam Sports Complex (Project 4,
Appendix D)

10,000,000 capital
improvement

2. Bringing Tourism to the Villages

In a survey of resident attitudes towards tourism, the majority favored tourism development in their village and favored direct involvement with tourists.

It is also a reasonable employment policy to provide job opportunities outside the employment centers. Often concomitant with such development is a diversification of the possible tourist experience. The cottage development on Cocos Island, for example, is particularly inviting for the water sports enthusiast. As another example, a hotel attached to one of Guam's golf courses would be a special winter attraction for Japan's golfers. Development within the villages, furthermore, allows for cultural interaction with Japanese visitors who have expressed their interest in learning about Guam's culture.

The development of these attractions is a matter for business, or in the case of Lanchon Antigo, community enterprise. The Guam Visitors Bureau

will normally provide some advice and may serve as an intermediary between the developer and the tour operators as discussed in the section on private attractions.

The survey of resident attitudes also showed a wide spread desire for community influence on the physical planning of tourism developments within a community. The zoning laws, by-and-large, provide for this influence. Outside of established resorts, most tourism related land uses given existing zoning require a land zone change, or at the minimum, approval by the Territorial Planning Commission as a "Conditional Use". In either case, hearings on the project are held after notification of neighboring land holders. This provides an opportunity for community input on the project.

3. Public Safety

Since visitors are especially susceptible to theft and other crimes, special efforts should be maintained to protect them. Public safety concern for visitors are most acute in the Tumon Bay area, since this is, obviously, where the highest concentration of visitors stay. There has already been the establishment of a police substation and regular beach patrols. Further, public safety strategy measures for Tumon Bay will be addressed in the Tumon Bay Master Plan.

The public safety needs of visitors outside of Tumon Bay are likely to be a little different from those safety needs of the residents of Guam. There should, however, be a continuous effort to monitor the security of our visitors and to develop programs as needed.

4. Training and Public Awareness

For resident labor to benefit from tourism, a visitor training program is required. Such a program exists in the Guam Community College. It is described in Project 9 in Appendix D. What is lacking is a management training program or even a proposal for one, at the University of Guam.

A proposal should be made by the University to develop a Travel Industry Management training program, funding figures must be included.

A Visitor Industry awareness program ought to be part of the civics and government education program of the Department of Education. A visiting speaker program for the schools is given as Project 8 in Appendix D. This is one way to provide for an understanding fo the visitor industry through the local education program.

5. Tourism Promotion

Not only the direct effort to have people visit Guam is included under promotion; the development of air routes is also considered. This section will cover hospitality for travel writers, promotion in Japan, other promotion and air route development.

a. Travel Writers

Outside of Japan, the major portion of promotion results from magazine articles. Hospitality for writers is provided by industry members and is regarded as an in-kind contribution to the Guam Visitors Bureau for membership purposes. Usually, magazines use their own photographs. Sometimes, however, a magazine will request photographs or slides for

TABLE 20

Respondents Who Support Tourist Development
In their Village by Village

VILLAGE	% YES	% NO
Agana	50.0	50.0
Agana Heights	60.9	17.4
Agat	57.1	38.1
Asan	33.3	55.6
Barrigada	34.3	34.3
Chalan Pago	57.9	57.9
Dededo	58.9	24.1
Inarajan	75.0	16.7
Mangilao	49.0	36.7
Merizo ⁹	<u>100.0</u>	0.0
Mongmong-Toto-Maite	37.1	37.1
Piti	57.1	35.7
Santa Rita	35.3	64.7
Sinajana	55.6	16.7
Talofofo	72.7	9.1
Tamuning ¹⁰⁹	44.0	30.3
Umatac ⁴	50.0 ✓	50.0
Yigo	69.7	12.1
Yona	70.4	18.5
ISLAND TOTAL	53.2	28.5

Source: Tourism Attitude Survey, Division of Economic Development and Planning, Guam Department of Commerce, August 1980.

TABLE 21

Respondents Who Believe There Should be Development
Controls for Tourist Development by Village

VILLAGE	% YES	% NO	% NO OPINION
Agana	80.0	10.0	10.0
Agana Heights	60.0	13.0	17.4
Agat	33.3	38.1	28.6
Asan	22.2	44.4	33.3
Barrigada	42.9	11.4	34.3
Chalan Pago	47.4	21.1	31.6
Dededo	42.6	17.7	39.7
Inarajan	91.7	0.0	8.3
Mangilao	51.0	24.5	22.4
Merizo	88.9	11.1	0.0
Mongmong-Toto-Maite	60.0	14.3	22.9
Piti	92.9	7.1	0.0
Santa Rita	64.7	17.6	17.6
Sinajana	44.4	11.1	27.8
Talofofo	36.4	36.4	18.2
Tamuning	51.4	14.7	24.8
Umatac	75.0	25.0	0.0
Yigo	54.5	39.4	6.1
Yona	40.7	37.0	22.2
ISLAND TOTAL	50.9	10.8	25.6

Source: Tourism Attitude Survey, Division of Economic Development and Planning, Guam Department of Commerce, August 1980.

TABLE 22
Of Respondents Who Would Become Directly
Involved With Tourists by Village

VILLAGE	% YES	% NO	% NO OPINION	% NO RESPONSE
Agana	60.0	30.0	10.0	0.0
Agana Heights	39.1	39.1	21.7	30.4
Agat	52.4	4.8	42.9	0.0
Asan	66.7	33.3	0.0	0.0
Barrigada	34.3	31.4	20.0	14.3
Chalan Pago	63.2	15.8	21.1	0.0
Dededo	51.1	19.9	29.1	0.0
Inarajan	75.0	8.3	16.7	0.0
Mangilao	44.9	26.5	28.6	0.0
Merizo	88.9	0.0	11.1	0.0
Mongmong-Toto-Maite	51.4	17.1	28.6	2.9
Piti	64.3	21.4	14.3	0.0
Santa Rita	41.2	41.2	17.6	0.0
Sinajana	55.6	5.6	22.2	16.7
Talofofo	72.7	9.1	9.1	9.1
Tamuning	41.3	22.9	27.5	8.3
Umatac	50.0	25.0	25.0	25.0
Yigo	72.7	21.1	15.2	0.0
Yona	59.3	11.1	29.6	0.0
ISLAND TOTAL	51.3	20.0	25.2	3.5

Source: Tourism Attitude Survey, Division of Economic Development and Planning,
Guam Department of Commerce, August 1980.

their use. Given the importance and value of an article for promotion of Guam, having such requests filled by submission of original slides is recommended.

b. Japan

The major portion of the Guam Visitors Bureau's budget is used to promote visitation from Japan. Since no other market has the potential like Japan, such allocation is appropriate. This plan has no recommendation for change with respect to the Japan Promotional Program. In Japan, Guam has a complete promotional program covering consumer advertising, industry advertising and an informational office providing answers to questions and a variety of booklets and brochures.

c. Other Origins--North America and Asia

Promotion of Guam as a tourist destination for visitors originating from the U.S. and origins other than Japan has a function beyond attracting visitors. There is reciprocity between air routes and visitor arrivals. Visitors increase the viability of air routes; thus permitting better air service. Air service is essential for having visitation. As stated when the attitude of North American visitors was analyzed, convenient air route connections are a major consideration when choosing a stop-over destination.

In the case of North American visitation, there is a problem of the image projected in the promotional material. Further, there is a decision-making dilemma resulting from North American promotion serving more than the the visitor industry. For recognition of Guam in federal legislation, for promoting the location of regional company

offices, recognition that Guam is an American community is important. For attracting tourists from North America, however, the current slogan, Guam U.S.A., does not evoke the best image. "New culture, different people" is an extremely important factor in choosing a vacation destination for 67 percent of the North American travelers interviewed and it is quite important for 24 percent.¹¹

As shown by Hawaii, it is possible for an area to have an image of being both American and different. Furthermore, being American, but not quite, accurately represents Guam and may be the best image for promoting Guam as a regional office center. Therefore, for North American promotion, a slogan such as "Guam, America's Micronesia" or "Guam, America in the Western Pacific" is recommended. This conveys the image "America, but different".

In the case of Japan, Guam is one of the closest tropical resort to the country. For visitors from Korea, a similar role is possible. Otherwise, for non-Japanese visitors another role for the island is required. The two major sources for growth of non-Japanese tourism are Guam as a stop-over when crossing the Pacific, and Guam as part of the larger Micronesian destination. A limited but easily promoted source of visitors are visits by families of U.S. military men stationed on Guam.

11/ "A Survey of Attitudes Towards Guam", Peter D. Hart Research Associates, Inc.
March 1981.

TABLE 23
Visitor Entries Into
Micronesia

YEAR	GUAM	NMI	PALAU	PONAPE	TRUK	YAP	KOSRAE	MARSHALLS
1969	73,273	16,224	1,519	306	581	1,165	-	905
1970	73,723	19,428	1,950	1,460	1,227	1,427	-	1,246
1971	119,174	22,337	2,230	2,428	2,594	2,158	-	1,862
1972	185,399	23,488	2,963	2,749	2,909	1,855	-	1,359
1973	241,146	40,905	4,095	4,079	4,091	1,976	-	3,153
1974	260,568	47,434	3,712	3,702	3,858	1,534	-	2,705
1975	239,695	47,413	5,404	4,632	4,206	1,818	-	3,347
1976	201,344	51,739	4,902	4,215	3,900	1,293	-	2,919
1977	240,467	58,103	5,768	5,904	5,229	1,558	-	3,801
1978	231,975	91,372	4,915	7,004	5,749	1,462	182	3,799
1979	264,326	103,252	5,202	9,295 **	5,916	926	*	*
1980	300,767	119,370	5,438	7,642	5,982	1,353	209	*
1981	2,321,766							
1982	326,389							
1983	350,546							

* Information not available

** For 1979 only arrivals by ship to Ponape included.

Source: Guam Annual Economic Review; Trust Territory Annual Report; Marianas Visitors Bureau; Guam Visitors Bureau; Yap, Palau, Truk and Ponape Tourist Commission as compiled by Micronesia Regional Tourism Council.

For encouraging visits to Guam by relatives of military personnel, as well as to maintain good military-civilian relations, presentations are made on base every three to four months. These presentations include showing a film, distributing brochures, and often having authoritative speakers discussing some aspect of Guam.

To consider the potential of this market, there are over ten thousand military men and women stationed on Guam. The standard period of rotation or turn-over in personnel is two years. The potential market, therefore, is several thousand visitors a year but certainly under ten thousand. For ten thousand visitors, each military man and woman must have an average of two relatives visiting during a tour of duty. This is a small portion of the nearly more than 300,000 total visitor arrivals as have had in the 1980's. The several thousand visitors becomes more significant for improving air service between Guam and Hawaii. As of November 1981 there were five direct flights a week between Guam and Hawaii. To make the provision of one more jumbo jet a week economical, at least 16,000 passengers per year, each way are required. For smaller planes, 8 to 9,000 passengers may be sufficient. Increasing visitation by relatives of military personnel alone will not result in more frequent flights on the Guam-Hawaii route but may assist in making an added flight viable.

Stop-over decisions are largely made in consultations with the travel agent booking the trip. Thus, Guam as a stop-over destination may be largely promoted through the industry. This is cheaper than consumer promotion. The Guam Visitors Bureau has exhibits at travel conferences throughout the world. It puts advertisements in many magazines directed to travel agents.

The relative allocation of funds between Southeast Asia and North America in the October 8 - September 82 fiscal year seems inappropriate.

In order to ease visitation requirements from Asian origins, a program to waive the U.S. visa requirements for short term stays on Guam is included. This is described in detail in Project 6(b) of Appendix D. The inconvenience and time in applying for visas and even rejection of visa applications prevents visits to Guam. In addition to the negative impact on the visitor industry, visa requirements may interfere with Guam being used by international companies as a regional training center. The Micronesia Regional Tourism Council promotes tourism to Guam and Micronesia. It has been focusing its efforts in the United States and Japan. When this Council receives a large budget, promotion should also take place in Southeast Asia. Micronesia as a whole is a viable final destination for people from most of the world. Table 23 gives the arrivals for each Micronesia destination. Note that except for the Commonwealth of the Northern Mariana Islands, arrivals are a small portion of Guam's arrivals. Thus, new visitation involving Guam and these destinations could result in tremendous percentage increases in the other destinations' arrivals without a perceptible change for Guam. Such visitation, however, will permit improved air service between Guam and these islands which is important for Guam's development as well as for the development of the other islands. In the near future, the potential impact of Micronesian wide tourism on trunk air service to Guam is limited. Recall that 16,000 passengers each way are required to make a weekly flight by a Jumbo jet viable and 9,000 passengers for a 707. Except for the Northern Marianas, other joint Micronesian - Guam visitation is unlikely to expand sufficiently for this alone to result in an added flight a week to Guam on a trunk route.

The U.S. visitor arrival forms should be tabulated in a manner to estimate the number visiting family, visiting Micronesia, and using Guam as a stop-over. This will indicate success and effect of different types of promotion for the U.S. market.

d. Air Route Promotion

The principal source for air service to Guam will be as a stop on a route between two large cities. Some foreign airlines have used Guam as a fueling stop without taking on passengers. A reason for foreign airlines not taking on passengers is that these airlines are not permitted by federal law to book passengers on the Guam-U.S. portion of the flight. A reason for Guam not being used as a stop between Tokyo and Sydney, Australia may be because of limits imposed by treaty on foreign carrier routes between a U.S. port and third countries. Such limits have interfered with Air Nauru developing certain Guam-Asian routes. Ignorance of the potential of Guam routes on the part of carriers which have excess equipment may also effect air service to Guam.

The nature of the legal constraints on air service to Guam is only known in a general way. Therefore, before developing means for overcoming constraints or lobbying for a law change, an understanding of the constraints is required. Project 6(a) in Appendix D contains a detailed program including the attracting of U.S. carriers on east-west routes through Guam and increasing understanding of legal constraints. Part of the project is taking place. Other parts and follow-up should have highest priority.

e. Summary of Program

The purpose of this summary is to list the changes recommended for existing promotional programs and to give the recommended new projects. The changes

to existing programs are given first.

The hospitality to travel writers should include the availability of original photos, if requested. A larger portion of the GVB budget ought to be expended for the promotion of North American visitation. The slogan used in North American promotion should be changed to convey the idea of American, but not quite. This would be an honest representation and would better serve the multiple purposes of such promotion. A possible slogan is "Guam, America's Micronesia". A modification of the tabulation of U.S. visitor arrival information should be made in order to reflect the types of visitation promoted--visit of family, visit of Micronesia and stop-over. With an expanded budget, the Micronesia Regional Tourism Council should promote in Asia to places other than Japan.

Two new or at least non-ongoing projects were recommended. One is the promotion of air service to Guam. The other is having the visa requirement for a short-term visitor to Guam eliminated. The latter has been legislated and passed both by the congress and the U.S. Senate.

CHAPTER IV
PROJECTS AND PROGRAMS

The following gives the actions required by the plan. All the projects, programs and recommendations given have been presented previously, most in Chapter III. The material is gathered here to form an overall program. First are recommended modification to ongoing programs. Then, new projects and programs are in a priority list. The first group for immediate implementation is listed separately and funding sources are included in the listing. The priority of the other projects is flexible, although the projects are ranked in priority groups.

A. Recommended Modifications of Existing Programs

-- Slogan in North American Promotion

The slogan for North American promotion should be changed from "Guam, U.S.A." to something provoking the image U.S. but not quite. Possible slogan: "Guam, America's Micronesia."

-- Photographs for Travel Writers

If requested, original slides should be available for travel writers from the Guam Visitors Bureau.

-- Increase relative funding for promotion in the North American Market.

B. Projects for Immediate Implementation

-- Phase I Tumon Bay Infrastructure Development

Cost \$8,000,000 or \$1,000,000 annual bond payment. Funding from Tourist Attraction Fund (Hotel Occupancy Tax) and use of revenue bonds.

-- Tumon Bay Maintenance

\$230,000 per year. Funding from Tourist Attraction Fund. Lead Agency: Guam Visitors Bureau.

- Park Restroom Maintenance; Upgrading and Park Trash Pickup.
\$170,000 per year. Funding from Tourist Attraction Fund. Lead Agency: Department of Parks and Recreation.
- Develop Returnable Container Legislation and Legislation For Returnable Deposit on Cars. Lead Agency: Governor's Office, Legislative Liaison. Project part of Governor's Legislative Program.
- Proposal for Development of a Travel Industry Management Program at the University of Guam. Project to be portion of University's Administration planning.
- An analysis of the restraints on air route development in order to permit intelligent policy and lobbying for law change. Lead Agency - Guam Growth Council.
- A lobbying effort to limit need for visas for short-term visitors. Lead Agency - Guam Growth Council.

C. Programs and Projects not for Immediate Implementation

Priority 1

- Establish on-going village landscaping and maintenance program \$135,000 per year.
- Guam Seashore Park. \$10,000,000.
- Phase II Tumon Bay Infrastructure Development. \$3,300,000 or yearly revenue bond payment of \$412,500.
- Establish marketing or lobby program based on understanding provided by the determination of constraints on air route development.

Priority 2

- Aquarium at University of Guam Marine Laboratory. \$10,400,000.
- Passenger Terminal at Commercial Port (Harbor). \$1,500.00.

- Phase II Tumon Bay Infrastructure Development. \$4,600,000 or yearly revenue bond payment of \$575,000.

Priority 3

- Phase IV or final phase of Tumon Bay Infrastructure Development. \$2,300,000 or annual revenue bond payment of \$287,500.
- Guam Trade and Convention Center. \$10,000,000.
- Guam Sports Complex, \$10,000,000.

CHAPTER IV

SUMMARY AND CONCLUSION

The objective of this plan is to facilitate and encourage the development of the visitor industry within the confines of the people and culture of Guam. Chapter II and III present an overview of the visitor industry on Guam. Chapter III contains the strategy by which to pursue further tourism development including specific actions necessary for implementation. Chapter IV lists the required actions in the form of an implementation program. In summary, three major areas of concern are addressed in the Plan. These are bringing visitors to Guam, accommodating them once they are here and, third, distributing the benefits and minimizing the costs of the visitor industry. Running concurrent to this are the undercurrent policy implications of growth in the visitor industry, which also covers three basic areas: 1) how to manage the physical growth and upkeep required; 2) how to supply the necessary manpower; and 3) stimulating local participation in the visitor industry.

In bringing visitors to Guam it is clear that the Japanese are and will likely remain the largest segment of the visitor market for at least the near future. Our promotional efforts must focus on the changing Japanese market in order to realize the highest return possible. At the same time, strategies must be developed now which are aimed at other origins and other kinds of visitors so as to broaden the visitor base. This leads into the long-term perspective for the visitor industry. Concurrent with this must be the generation of attractions beyond that which is currently available so that people will want to come to Guam.

Once the visitors are here, their expectations must be met or exceeded. This ranges from island hospitality and friendliness to trash clean-up and first class hotel

rooms. Of first priority is the maintenance of what facilities we already have and educating Guam residents that visitors deeply appreciate even small gestures of friendly acknowledgement. Basic upkeep of both public and private facilities is a long-term investment but one that is vital in sustaining our visitor industry. Education classes should start at the elementary school level and range to messages through the media explaining why tourism is important to all of us and how a simple wave can enhance a visitor's stay.

The benefits of tourism can be better spread throughout the local community, assuming that we are willing to meet the challenge. Education programs are available and should be expanded but individuals must avail themselves of the opportunities which are present. Not all areas of Guam will have the qualities which attract the visitor to a particular village. But those areas with such potential and with the village level motivation to make something out of it can develop themselves and bring in investment.

These and other areas of concern have been addressed in the Plan. This is not to be mistaken for the final solution. Many details remain to be addressed and time will change many of the relationships which currently exist. This requires monitoring, updating, and the development of sophisticated economic models whereby reliable information can be generated. Planning is a continuous process and this plan is just one point in the process.

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APPENDIX A
ENABLING LEGISLATION FOR PLAN
FIFTEENTH GUAM LEGISLATURE

1979 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 3, "An Act to add Chapter IV to Title XIV of the Government Code relative to policy for tourism", was on the 14 day of September 1979, duly and regularly passed.

THOMAS V.C. TANAKA
Speaker

ATTENDED:

JAMES H. UNDERWOOD
Legislative Secretary

This Act was received by the Governor this 25th day of September 1979 at 3:33 o'clock P.M.

SHERRY L. FRANCISCO
Assistant Staff Officer
Governor's Staff

APPROVED:

PAUL M. CALVO
Governor of Guam

Dated: _____

FIFTEENTH GUAM LEGISLATURE
1979 (FIRST) Regular Session

Bill No. 3
(As Substituted
By Author)

Introduced by _____

F.F. Blas
K.B. Aguon
C.C. Bamba
E.T. Charfauros
E.M. Espaldon
J.F. Quan
J.T. San Agustin
J.H. Underwood
A.R. Unpingco
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AN ACT TO ADD CHAPTER IV TO TITLE XIV
OF THE GOVERNMENT CODE RELATIVE TO
POLICY FOR TOURISM

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. Chapter IV is added to Title XIV of the Government Code to read:

3 "CHAPTER IV"

4 Tourism Policy

5 Section 13300. (a) The purpose of this Act is to establish policy on tourism
6 for the orderly planned growth of tourism to result in the maximum benefit to
7 the people to Guam.

8 (b) The Legislature finds that Guam is unique in its combination of beauty
9 of natural physical environment, in its people and their island spirit, and in
10 its cosmopolitan mixing of ethnic groups, cultures, religions and life-style.
11 These facts of beauty are to be preserved and enhanced; not only because they
12 are the basis for Guam's attraction to visitors but because they are the basis

1 for Guam's attraction to its own people. As other tourist destination areas in
2 the world become increasingly competitive in the marketing of their assets and
3 attractions, and as Guam in turn develops its visitor industry to respond to new
4 and changing conditions, it must, as a matter of deliberate policy, seek to
5 retain its uniqueness to visitors and residents, even as it proceeds to maintain
6 the visitor and residents, even as source of economic benefits to the people of
7 the territory. Section 13301. Definitions. As used in this Chapter:

8 (a) 'tourism' means the activities involved in providing and marketing
9 services and products including accommodations to persons visiting Guam for
10 recreation and pleasure;

11 (b) 'visitor industry' means the industry consisting of private and public
12 organizations which directly and indirectly provide services or products to
13 visitors to Guam;

14 (c) 'Director' means the Director of the Department of Commerce; and

15 (d) 'resident' means any person who is domiciled in the territory of Guam
16 and thus does not maintain a legal residence outside Guam.

17 Section 13002. Objectives and Policies. (a) It shall be the objective of the
18 Government of Guam through its programs, authorities and resources to:

19 (1) provide an optimum of satisfaction and high quality service to visi-
20 tors;

21 (2) Protect the natural beauty of Guam;

22 (3) Preserve and enrich the understanding, by visitors and residents, of
23 our native Chamorro heritage as well as the cultural and social contributions to
24 Guam of all of its ethnic groups and peoples;

25 (4) to ensure that the benefits of tourism are shared to the optimum by
26 all residents and to ensure that the welfare of Guam residents always takes
27 precedence over and serves as the guiding factor in all efforts to optimize the

1 satisfaction and high quality service to visitors; and

2 (5) sustain the economic health of the visitor industry to the extent that
3 such economic health is compatible with the objectives of items (1) through (4)
4 of this Subsection.

5 (b) In pursuance of the objectives, the Legislature, in the formulation of
6 program policies, and all governmental agencies and the visitor industry, in
7 development and implementation of programs, shall, insofar as practicable, ad-
8 here to the following policies:

9 (1) Planned Growth of Tourism--

10 (i) The Director shall develop a ten-year master plan for the growth
11 of tourism for presentation to the Guam Legislature. This plan shall take cog-
12 nizance of Guam's need for additional job opportunities, need for tax revenues,
13 the optimum distribution of the visitor industry throughout the territory and
14 the nature of the environment.

15 *no* (ii) One provision of the plan shall be the upgrading and improvement
16 of the facilities and services available to tourists on the island.

17 *no* (iii) The plan shall provide adequate opportunities for village parti-
18 cipation, federal agency participation, and private citizens' involvement in the
19 decision-making process of tourism planning and policy formulation.

20 (2) Visitor Satisfaction--

21 *no* (i) Encourage the development of tourist areas attractive in appea-
22 rance, manageable in terms of densities and with recreational opportunities.

23 *no* (ii) Encourage all governmental and private agencies to do their ut-
24 most to assure the personal safety of residents and tourists both within and
25 without tourist destination areas.

26 *no* (iii) Minimize the problems of visitors in not receiving contracted
27 services such as transportation, tours or hotels.

(3) Protection and Promotion of Guam's Natural Beauty and Attractions--

(i) Protect and preserve shoreline areas and provide access to such areas for tourists and residents.

(ii) Assure the rights of residents to the use of beaches and beach access areas, surfing and fishing sites, hiking trails, and other recreational sites and scenic areas.

(iii) Reconstruct, maintain and preserve sites which have been important in Guam's history.

(iv) Promote various cultural and ethnic holidays, observances and festivities.

(4) Guam's Heritage--

(i) Promote the understanding by visitors and residents of our native Chamorro heritage and the social and cultural contributions of all ethnic groups and peoples residing in Guam.

(ii) Foster cultural and social exchanges between visitors and residents.

(iii) Encourage the visitor industry to emphasize the cultural and social heritage of Guam in promoting tourism.

(5) Resident Requirements--

In pursuance of the territorial policy on tourism, all agencies, in the development of programs, shall, insofar as practicable, consider the following guidelines.

(i) Attempt to reconcile amicably the activities and accommodations of the visitor with the daily pursuits and lifestyles of the residents.

(ii) Regard the interests of the residents, including employment, as preferable when attempt reconciliation of conflicting resident and visitor requirements.

1 (6) Education and Training--

2 (i) Develop and understanding among all citizens of the role of
3 tourism in Guam, both in terms of its economic and social importance and the
4 problems it presents, through appropriate formal and informal learning expe-
5 riences, and further, foster among all citizens the Chamorro capacity for cour-
6 tesy and the island spirit.

7 (ii) Provide for, in all educational levels throughout the territory,
8 including, but not limited to, the primary school system, formal education in
9 the areas of tourism and Guam history and culture.

10 (iii) Provide adequate opportunities for high quality education,
11 training and understanding of the island spirit by all prospective or present
12 employees in the Guam visitor industry.

13 (7) Criteria for Growth--

14 (i) Ensure the growth of the visitor industry is consistent with the
15 attainment of economic, social, physical and environmental objectives in the
16 territorial plan. Such objectives include, but are not limited to, the striving
17 for full and optimal employment and the attainment of desirable rates of popula-
18 tion growth.

19 (ii) Continuously monitor and evaluate the social costs of growth of
20 the visitor industry against the social benefits.

21 (iii) Ensure that all sectors of the visitor industry contribute to
22 the generation of tax revenues needed to furnish governmental services. The
23 visitor industry shall be assessed on an equitable basis with other industries.
24 The visitor industry is expected to assume a proportionate share of the total
25 tax burden, recognizing, however, that an excessive tax burden on any industry
26 can jeopardize or restrict the growth of that industry.

27 (iv) Seek to eliminate those unreasonable and unnecessary barriers

1 which raise the cost of constructing hotel and other visitor-related facilities.

2 (v) Encourage the public and private sectors to cooperatively main-
3 tain an economically viable industry in keeping with the attainment of social,
4 economic and environmental objectives.

5 (vi) Emphasize in the territory's tourism promotional efforts the high
6 quality of Guam's natural and cultural features.

7 (vii) Promote the visitor industry through such activities as the Guam
8 Visitors Bureau and similar agencies and assure that the visitor industry con-
9 tributes its fair share of the cost of such promotion.

10 (8) Cooperating with Neighbor Islands--

11 (i) Promote the visitor industry in cooperation with the Commonwealth
12 of the Northern Mariana Islands and the territories of the region so that all
13 will benefit from the visitor industry.

14 (ii) Encourage the visitor industry to emphasize the cultural and
15 social heritage of all of the peoples of the Mariana Islands."

APPENDIX B
LAWS AND LEGISLATIVE RESOLUTIONS PERTAINING
TO TOURISM

A listing by date of passage of Public Laws and Resolutions pertaining to tourism that have been passed and adopted in the 10th thru 15th Guam Legislature (1969-1980) is given. This is followed by a listing giving a synopsis of each law and resolution.

Month/Year	Public Laws/Resolutions
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10TH GUAM LEGISLATURE

7/69	P.L. 10-68 (Repealed and re-enacted by 12-126, effective May 1974)
8/69	10-79
7/70	10-160
8/70	10-166 (Amended by P.L. 11-145, effective July 1972).

11TH GUAM LEGISLATURE

1/72	P.L. 11-112
6/72	11-145

12TH GUAM LEGISLATURE

3/74	P.L. 12-110
5/74	12-126
8/74	12-160
1/75	12-109

13TH GUAM LEGISLATURE

7/75	P.L. 13-39
7/75	13-49
8/75	13-55
12/75	13-113
12/75	13-122
2/76	13-135
7/76	13-169
7/76	13-171
10/76	13-197

2/75	Resolution 10S
2/75	16
4/75	64
5/75	92
6/76	147
10/75	149
10/75	150
10/75	152
10/75	156
10/75	158
11/75	160
12/75	196
6/76	298
6/76	310
7/76	329
8/76	346

10/76	363
12/76	385
12/76	386

14TH GUAM LEGISLATURE

6/77	P.L. 14-41
9/77	14-67
12/77	14-82
1/78	14-100
2/78	14-106
4/78	14-116
4/78	14-117
4/78	14-118
9/78	14-148
10/78	14-150

1/77	Resolution 1
1/77	6
5/77	95
6/77	126
11/77	201S
4/78	285
6/78	315
6/78	323
11/78	368
12/78	375

15TH GUAM LEGISLATURE

6/79	P.L. 15-29
9/79	15-66
9/79	15-70
12/79	15-84
3/80	15-110
7/80	15-132
8/80	15-135
4/79	Resolution 17
3/79	25
3/79	54
3/79	68
5/79	165
5/79	185
5/79	232
6/79	265
8/79	311
10/79	331
12/79	438
5/80	524
8/80	589
12/80	643

10th Guam Legislature

P.L. 10-79

This establishes a policy of the Government of Guam to encourage the development within Micronesia and to promote a friendly interchange of ideas, views, common experiences and common goals. The recognition of this commitment, a Micronesian Cultural Fair shall be held every three years beginning in May of 1971 which will serve to strengthen the cultural, economic, social and historical bonds of freindship among the peoples of Micronesia.

P.L. 10-160

This places the Agana Boat Basin under the jurisdiction and control of the Department of Commerce. A master plan to develop the facility shall be prepared by the Director of Commerce which will include estimates of the cost involved and recommendations for incremental improvements has been since transferred to Department of Parks and Recreation.

P.L. 10-166

This establishes an excise tax of ten percent (10%) of the rental price charged or paid for local accommodations which shall be collected monthly against transient occupants of a room or rooms in a hotel, lodging houses or similar facilities. All proceeds from taxes collected under this law shall be deposited in a separate fund known as the "Tourist Attraction Fund" and shall be expended for improving the physical facilities of public parks and recreation areas in the territory.

11th Guam Legislature

P.L. 11-112

An act making appropriations from the Tourist Attraction Fund for various capital improvement projects including improvement of Two Lovers Point (Puntan Dos Amantes). Ypao Beach, Laderan Tumon Overlook and the Agana Boat Basin.

P.L. 11-145

An Act to Amend Section 19650 of the Government Code of Guam to increase the hotel and lodging house excise tax from five percent to ten percent.

12th Guam Legislature

P.L. 12-110

This establishes the Guam Transit Authority as the principal agency assigned to develop, promote and operate public transportation systems together with incidental and related facilities and services in order to provide adequate public transportation for persons residing in or visiting the Territory of Guam. Now called Guam Mass Transit Authority.

P.L. 12-126

This establishes a public policy to develop comprehensive program of historic preservation and to promote the use and conservation of such property for education inspiration, pleasure

P.L. 12-160

This establishes a commercial zone extending from Route 1 (Marine Drive) between the two intersections of Tumon Loop with Route 1 to a depth of 200 feet from the edge of the right-of-way along Route 1.

P.L. 12-209

This establishes the Guam Territorial Park System and places the control, development and maintenance of "Community Parks" and "Community Recreation Facilities" in the hands of the Commissioner of the municipality or village in which such parks are located. This also creates a special fund, the "Parks Fund", to be used specifically for development and/or improvement of the Guam Territorial Park System.

13th Guam Legislature

P.L. 13-19:1

An Act Making Appropriations from the Tourist Attraction Fund for Historic Preservation Project. A total of \$85,568 is appropriated for three specific preservation projects: for repairs of the Plaza de Espana; for the excavation, stabilization and research of Fort San Jose in Umatac; and for research towards the restoration of Palace within the Plaza de Espana.

P.L. 13--49

An Act to Include the Development of a Public Marina in A Five-Year Small Boat Launching Ramps and Marina Program. This program includes preparation of engineering plans and specifications, the construction of ramps and, if necessary, the acquisition of access roads and parking facilities and the dredging of channels for launching.

- P.L. 12-55:2 An Act to Amend Section 16200 of the Government Code of Guam ... to Require That All Tourist Guides Obtain a License.
- P.L. 13-113:1 An Act to Add a New Chapter 3 to Title LXVI of the Government Code to Provide for a Guam International Air Terminal Gaming Zone.
- P.L. 13-122:4 This appropriates \$1,312,000 for the construction of the Agana Small Boat Harbor. The funding sources for this project include funds from the Army Corps of Engineers Fund (\$1,000,000) and the Tourist Attraction Fund (\$312,000).
- P.L. 13-135 An Act to Add a New Section 47104 to the Government Code to Prohibit the Importation of Slot Machines into the Territory of Guam and to Provide for Exemptions from said Prohibition.
- P.L. 13-169 An Act to Direct the Director of Public Works to conduct a Feasibility Study for the Dredging of Tumon Bay and for the construction of a Cement Walk Along Tumon Bay.
- P.L. 13-171 An Act to Add Chapter III to Title XXXIV to Establish a Guam and Micronesian Cultural Village on Guam and to Exempt the Proceeds Therefrom from Gross Receipt and Admission Taxes.
The site which will be used for the development and construction of a cultural park will contain authentic replicas of villages from various areas of Guam and Micronesia.

P.L. 13-197

An Act to Add a New Chapter II to Title XXXIV of the Government Code to Authorize the Guam Visitors Bureau to Issue Tourist Stamps.

13th Guam Legislature--Resolutions

Resolution 10S

Relative to Requesting the Civil Aeronautics Board to Re-scind its Authorization for Trans World Airlines to Suspend its Operations to Guam and to seek the Assistance of the Congress, the Department of Justice, and other Appropriate Federal Agencies in this matter.

Resolution 16

Relative to petitioning the Civil Aeronautics Board to Re-open Negotiations with its Australian Counterpart in Order to Permit Reciprocal Air Rights Between Guam and Australia.

Resolution 62

Relative to Seeking Support From the Civil Aeronautics Board of Japan and Japan's Ministry of Transportation on Certain Air Transportation Problems.

Resolution 92

Relative to Supporting the Application of Air Nauru for Full Traffic Rights Through Guam.

Resolution 147

Relative to Requesting the U.S. House of Representatives to Pass H.R. 4262 to Provide for the Establishment of National Historic Parks in Guam.

Resolution 149 Relative to Requesting and Memorializing the President of the United States to Give Serious Consideration to the Application in the Service to Saipan Routes.

Resolution 150 Relative to Requesting the Civil Aeronautics Board to Provide Landing Rights in the Territory of Guam for the Air Force.

Resolution 152 Relative to Requesting the Civil Aeronautics Board to Include Guam in the South Pacific Route Case.

Resolution 156 Relative to Requesting the United States Congress to Exempt Guam from the Operation of Coastwise Shipping Laws.

Resolution 158 Relative to Requesting the House Subcommittee on Immigration to give its Speedy Approval to H.R. 2771 Relative to Waiver of Visa Requirements.

Resolution 160 Relative to Requesting the President of the United States and the Civil Aeronautics Board to Provide Another American Carrier on the Guam to Honolulu Route.

Resolution 196 Relative to Clearing Certain Undeveloped Land Along Tumon Bay in order to Protect Tourists.

Resolution 298 Relative to the Adoption of the GIAT (Guam International Air Terminal) Plan.

Resolution 310 Relative to Inviting Pan American World Airways to explore with Government of Guam the Feasibility of Locating the Airlines' Central Computer System and other Feasible Flight and Ground Services on Guam to serve the Asian Pacific Basin.

Resolution 329 Relative to Requesting the Civil Aeronautics Board to give the people of Guam an opportunity to express their opinion on the route swap between Pan Am and TWA.

Resolution 346 Relative to Requesting the Civil Aeronautics Board to appeal the U.S. Court of Appeals' decision August 5, 1976 denying an 85 day extension for implementation of the pacific portion of the TWA/Pan Am Route Swap of January 30, 1976.

Resolution 363 Relative to Requesting the Department of Defense to permit visitors to Guam to visit the Arc-Light Memorial.

Resolution 386 Relative to authorizing the Department of Commerce to conduct a Guam Public Market Feasibility Study.

14th Guam Legislature

P.L. 14-41:1 and 2

"An act to Create a New "H" Resort-Hotel Zone and to Rezone Tumon Bay as an "H" Resort Hotel Zone..." The "H" Resort Hotel Zone has been created for the purpose of designating areas which can serve the needs and desires of visitors, tourists and transient guests.

P.L. 14-67:0

This calls for the construction of a bicycle/pedestrian path at least 8 feet wide along the oceanside of San Vitores Road from Route 14 (Hospital Road) to the Okura Hotel. A total of \$200,000, has been appropriated from the TAF for this purpose.

P.L. 14-82:7

This Amends Section 17111 of the Government Code to read:
"All land in the area known as Tumon Bay as designated by the Bureau of Planning's Tamuning Community Design Map No. 10, at the effective date of this Act is zoned 'H' Resort-Hotel Zone pursuant to the provisions of this Act.

P.L. 14-1000:1 and 2

An Act Making Appropriations for Improvement of P.C. Santos Memorial Park in Piti and Aflleje Beach Park in Agat. A total of \$89,000 and \$85,000 have been appropriated from the Tourist Attraction Fund for each property.

P.L. 14-106:4

This appropriation \$5,000 from the TAF for the "Umatac by-the-Sea" project.

P.L. 14-116:8

This Amends Section 9 of P.L. 14-67 appropriating \$85,000 from the TAF for the construction of a sidewalk four feet wide along the oceanside of San Vitores Road from Route 14 to the Okura Hotel.

P.L. 14-117:8 The TAF is the source of funding for designing and improving the roadside park designated in Lots 2285-2, 2288-1 and 2289-2 in Mangilao. The total amount appropriated from the TAF to the Department of Public Works for this project is \$80,000.

P.L. 14-118:6 This appropriates \$76,690 from the TAF to the University of Guam's Marine Laboratory for the purpose of removing holothurians (sea cucumbers) from the beach areas along Tumon Bay (from Ipao to Gun Beach).

P.L. 14-148:18 This appropriates \$255,000 from the TAF for the purpose of renovating the Plaza de Espana in Agana.

P.L. 14-150:20 This appropriates \$250,000 from the TAF for the design and construction of a Resort Area Police Sub-station to maintain patrol activities along San Vitores Road in Tumon. (Was to be) a joint project of the Department of Public Safety and the Guam Visitors Bureau.

14th Guam Legislature--Resolutions

Resolution 1 Relative to requesting the United States Congress to adopt an open-sky policy with respect to Guam.

Resolution 6 Relative to respectfully requesting the United States Congress to approve legislation to waive the visa requirements for aliens visiting Guam for a limited number of days.

Resolution 95 Relative to recognizing the tenth anniversary of the tourist industry on Guam and to designating the first week in May of each year as "Tourism Appreciation Week".

Resolution 201S Relative to requesting the Civil Aeronautics Board and Pan American World Airways to investigate the possibilities of providing lower air fares between Guam and the rest of the United States in light of the "Skytrain" example.

Resolution 285 Relative to requesting the President of the United States, the U.S. Congress and the U.S. Civil Aeronautics Board to support H.R. 9472, a bill which would grant air carriers on scheduled flights in foreign air transportation to transport persons, property and mail (i.e., domestic "fillup" traffic) between U.S. cities.

Resolution 315 Relative to supporting World Airways, Inc's. application for air service to Guam.

Resolution 323 Relative to requesting adequate service from Pan American World Airways to the people of Guam.

Resolution 368 Relative to registering support for Guam's intervention in the Trans-Pacific low-fare route investigation and urging the Civil Aeronautics Board to authorize increased and improved commercial air service to Guam.

Resolution 375

Relative to extending an invitation to all Nippon Airway (ANA) to include Guam in its flight services.

15th Guam Legislature

P.L. 15-29:1

An Act to Implement a Study and Basic Design for an Aquarium Project at the University of Guam. This act appropriates \$40,000 from the Tourist Attraction Fund to the University of Guam to fund the necessary studies (Phase I) for the construction of an aquarium.

P.L. 15-66:IV:10

This appropriates \$611,753 from the Tourist Attraction Fund and provides one-half ($\frac{1}{2}$) of the General Fund contribution to the Guam Visitors Bureau for Fiscal Year 1980.

P.L. 15-70

An Act to Add Chapter IV to Title XIV of the Government Code relative to Policy for Tourism. This act establishes a policy for tourism to guide the growth of tourism so that is results in the maximum benefit to the people of Guam. This policy seeks to make Guam a competitive tourist destination while retaining the island's uniqueness to visitors and residents.

P.L. 15-84:1

An Act to Add Subsection 62015 to Chapter II, Title LXV of the Government Code relative to the development of a master plan for Tumon Bay. This act delegates the Bureau of Planning to be the sole agency responsible for coordinating and maintaining a comprehensive master plan for the development

of Tumon Bay. The Plan shall include proposed feasible improvements of existing structures in the area and all other construction projects conducive to the orderly and systematic upgrading of Tumon Bay as Guam's tourist center.

P.L. 15-110

The sum of \$14,000 is appropriated from the Tourist Attraction Fund to the Guam Visitors Bureau, for the design, construction and installation of 2 concrete memorials commemorating the 300th Anniversary of Inarajan, the oldest village on Guam. The renovation of the Magellan Memorial Monument in Umatac has also been approved at a cost of \$10,000 an amount appropriated from the Tourist Attraction Fund to the Guam Visitors Bureau.

P.L. 15-132:7 and 8

This reassigns the project of developing a Tumon Bay Master Plan to the Department of Commerce. A team of qualified planners experienced in the areas of land usage requirements, technical zoning requirements and all other relevant statutes pertaining to the development of real property shall be selected by the Department of Commerce to undertake this project.

P.L. 15-153:14 and 15

This appropriates \$180,000 for the improvement and maintenance of the Tumon Beach area encompassing the area from the Guam Hilton Hotel to the Guam Hotel Okura. The project shall be undertaken by a private contractor and would be overseen by the Department of Parks and Recreation in coordination with the Guam Visitors Bureau.

15th Guam Legislature--Resolutions

- Resolution 17 Relative to Requesting the various Air Carriers to provide the People of Guam with the Details of their Future Plans that May Have a Direct Effect on the Territory of Guam. This reaffirms Guam's commitment towards maintaining essential air service for the Pacific region.
- Resolution 25 Relative to Approving that Certain Lease Agreement Entered by the Government of Guam on November 17, 1978 as Reformed on February 8, 1979, Between the Government of Guam and the Guam-Micronesian Culture Center. A cultural center will serve to attract tourists to the island and will enable the cultural heritage of Guam to be preserved.
- Resolution 54 Relative to Endorsing the Approval of Pan American World Airways' Application to serve the Peoples' Republic of China via Guam.
- Resolution 68 Relative to Requesting the Government of Japan to Implement Inclusive Tour Charter Flights to Guam from Japan.
- Resolution 165 Relative to Requesting the Secretary of State to issue the Required visa for the Republic of China to Establish a Trade and Cultural Affairs Office in the Territory of Guam.

- Resolution 185 Relative to Inviting the Pacific Area Travel Association (PATA) Board of Directors to Establish Their Headquarters in the Territory of Guam.
- Resolution 232 Relative to Expressing Support of the Proposed Pan American World Airways/National Airlines Merger.
- Resolution 265 Relative to Requesting the National Park Service to Amend its Plans for a War in the Pacific National Historic Park to Permit the construction of a Small Boat Harbor in the Municipality of Agat, Territory of Guam.
- Resolution 311 Relative to Requesting the Board of Trustees of the Guam Community College to Implement a Travel-Tourist Industry Education Program.
- Resolution 331 Relative to Requesting the United States Government and the Government of Japan to Assist Guam in the Construction of a cultural center as a symbol of Peace in the Pacific.
- Resolution 438 Relative to Requesting the President of the United States to Approve of the Merger Between Pan American World Airways and National Airlines. (Ref. Res. 232).
- Resolution 524 Relative to Recognizing the Thirteenth Anniversary of the Tourist Industry in Guam and the Intermediate and ultimate Goals of Guam's Tourist Efforts.

Resolution 589 Relative to Requesting the Guam Economic Development Authority to Conduct a Feasibility Study for a Commercial and Tourism Development on the Merizo Lagoon.

Resolution 643 Relative to Requesting the Civil Aeronautics Board to Establish Essential Air Service for Guam.

16th Guam Legislature

P.L. 16-6 An appropriation in the sum of \$50,000 from the Tourist Attraction Fund went to the Guam Visitors Bureau for the purpose of restoration expansion and repair of the Lanchon Antigo Project in the Municipality of Inarajan.

P.L. 16-82 This law appropriates the sum of \$60,000 for the Tourist Attraction Fund to the Department of Parks and Recreation for the renovation of the Inarajan Pool which has long been a major tourist attraction as well as a favorite pleasure spot for local people in the South.

P.L. 16-87 This law was created to help the island seek the possibility of the construction of new hotels or the expansion of existing hotels. The fund is to be supported by appropriations from taxes collected on Hotel occupancy. These funds are not to exceed \$200,000 for any one calendar year in support of the fund.

P.L. 16-88

Finally Bill No. 5335, provides a tax exemption for non-profit operations organized for the furtherance of the chamorro culture and authorize the Guam Economic Development Authority to guarantee construction loans for certain tourist attractions.

P.L. 16-113:2

This law calls for an appropriation in the sum of \$185,000 from the Tourist Attraction Fund for the purpose of constructing a pavilion at Pago Bay complete with adequate toilet and shower facilities. Sums of \$60,000 and \$100,000 respectively were appropriated for the construction of an access road and a boat ramp as well for the dredging of the bay floor.

P.L. 16-117

This creates the conditional allowance that businesses wishing to operate hotels or restaurants on Guam must participate in a comprehensive program for apprenticeship into the industry. Also, an Apprenticeship fund is created to help foot the cost of the training of these individuals. The amount of \$200,000 was appropriated from the Tourist Attraction Fund.

Eexecutive 81-5

& 82-5

Amendment 81-5

Enpowers the Department of Commerce to seek out a means to derive additional income primarily from the tourist traffic to reduce the dependence on government funding for the Guam Public Market and its operation. Also, the Imahen I Islas is to provide a marketing outlet for local arts and handi-

crafts. The administrator of the Public Market is empowered to charge an admission fee to enter the Imahen I Islas.

Resolution 67-5

This resolution was created by lawmakers to petition the U.S. Congress to alter present policies and grant visa waivers to certain alien visitor of Guam. This will allow for a great influx of visitors to Guam.

17th Guam Legislature

Resolution No. 41

Relative to requesting the air carriers serving Guam from the U.S. West Coast and Hawaii to offer promotional fares for visitors to Guam.

Resolution No. 97

Relative to convening a tourism symposium on Guam and preparing a regional tourism plan. This plan will be coordinated with representation from the Commonwealth of the Northern Marianas.

Resolution No. 110

Relative to expressing gratitude to the President of Orient Tours, Inc. for its promotional efforts in bringing visitors to Guam from the European continent and from Australia. Also, for the agency's urging air carriers serving Guam to provide reasonable air fares for these areas.

Resolution No. 188

Relative to the establishment of the Guam Air Transportation Development Act of 1983 and giving Guam the right of certification of Foreign Air Transportation between Guam and Foreign countries.

Resolution No. 232	Relative to requesting the Japan Civil Aeronautics Board to allow Continental Air Micronesia to take over the non-stop Tokyo-Guam Service routes abandoned by Pan American World Airways (PanAm) in 1980. These routes have already been awarded by the U.S. Civil Aeronautics Board.
Resolution No. 238	Relative to requesting the Governor of Guam to create a task force with the goal to establish facilities for private aviation on the island.
Resolution No. 300	Relative to the Adoption of the Tumon Bay Master Plan transmitted to the Legislature on January 27, 1983.
Resolution No. 340	Relative to requesting the U.S. Secretary of States to create by Executive Order a Guam only Visa.
Bill No. 467	An Act for the appropriation of the sum of \$100,000 from the Tourist Attraction Fund for island beautification of projects a sponsored by the Guam Visitors Bureau (GVB).
Bill No. 521	An Act establishing the Office of the Federation of Guamanian Associations of America for the Promotion of the Territory in the Mainland, U.S.A.
Bill No. 604	A fund is created known hereforth as the Tourist Attraction Fund. This fund is to be separate from all other funds of the Government of Guam. This fund is meant to be expended

for the improvement of tourist facilities such as parks and other such recreation areas.

Bill No. 645

An Act to repeal Article 1 of Chapter 9 of Title 12 of Guam Code Annotated and to re-enact a new article of Chapter 9 of Title 12 of the Guam Code for the purpose of re-establishment of the Guam Visitors Bureau.

APPENDIX C
CAPITAL IMPROVEMENT PLAN
PROJECTS RELATED TO TOURISM

The tourist-related projects which are described in a study performed by the Bureau of Planning, "Capital Improvement Outlays," are outlined in the following pages. This list prescribes various projects which are to be pursued by the Department of Parks and Recreation, Public Utility Agency of Guam (PUAG) and the Department of Public Works.

Parks and Recreation

- | | |
|------|---|
| 1986 | <ol style="list-style-type: none">1. Hilaan Beach Development - \$100,0002. Asiga Beach - Camp Ground - \$325,0003. Island Wide Park Landscaping - \$130,000 |
| 1987 | <ol style="list-style-type: none">1. Nimitz Beach Restroom Replacement and Additional Improvements - \$100,0002. Matapang Beach Development (Tumon) - \$130,000 |
| 1988 | <ol style="list-style-type: none">1. Agana Beach Improvements - \$300,0002. Paseo De Susana Sports Facilities - \$200,0003. Masso Reservoir Fresh Water Fishing - \$228,0004. Agat Small Boat Harbor - \$5,000,000 |
| 1989 | <ol style="list-style-type: none">1. Adelup Park Development \$50,0002. Tumon Bay Defense Site - \$200,000 |

3. Talofofo Caves Improvement - \$75,000
4. Preservation and Interpretation of Pre-Historic Sites - \$1,200,000

Others

1. Agana Marina Phase IIB to IV 1986-90 - \$7,000,000
2. Guam Territorial Seashore Park 1986 - \$1,930,000

Public Utility Agency of Guam

- | | |
|------|---|
| 1985 | 1. Tumon Relief Water Line - \$875,000 |
| 1986 | 1. Construction of Dededo Collector Phase I - \$824,671 |
| 1988 | 1. Tumon Loop Reservoir Connection - \$550,000 |
| 1990 | 1. Tamuning Area Collectors - \$1,040,500 |

Department of Public Works

- | | |
|------|-----------------------------------|
| 1985 | 1. San Vitores Road - \$2,300,000 |
|------|-----------------------------------|

APPENDIX D

PROJECT AND PROGRAM DESCRIPTION

1. Maintenance and Upgrading of Existing Parks and Scenic Attractions

The landscaping of Guam's parks and scenic attractions is well maintained. Custodial service--that is, cleaning--of the restroom and other buildings is adequate. The trash receptacles are not emptied nearly often enough and the restrooms and other buildings are poorly maintained. In fact, they have been allowed to deteriorate. For example, sinks have been removed and not replaced. Similarly, doors and partitions are missing in many facilities.

The poor quality of building maintenance and trash pickup is in part a result of funding. Another factor is that these responsibilities are a peripheral interest of the Department of Public Works. Landscaping and custodial service is a responsibility of the Department of Parks and Recreation. This project is to assign the park building maintenance and trash pickup to the Department of Parks and Recreation and to provide a budget. Although the Department of Parks and Recreation should be responsible in overseeing the project, the actual service may be performed by private entities under contract.

The sites covered in this program are the Agana Boat Basin*, Paseo*, Santos Park* (USO Beach), Rizal Beach*, Agat Community Beach*, Cetti Bay Overlook, Fort Soledad*, Merizo Pier*, Inarajan Pool*, Ipan Beach Park*, Tagachang Park*, Two Lovers Point*, Latte Stone Park, Fort Apugan, and the Spanish Bridge in Agana. Those with an asterisk indicates sites with restroom facilities.

Trash should be removed from receptacles often enough. This should be at least once a week. In most locations this means twice a week. In more frequently visited locations where refreshments are often served to visitors, such as Two Lovers Point, twice weekly removal may be necessary. The costs involve equipment, chiefly amortization and maintenance of a truck, fuel, and labor. Estimated costs for this segment follow:

Labor	\$23,000
Equipment	7,000
Fuel	<u>5,000</u>
Sub-Total	\$35,000

The maintenance and upgrading of buildings involves the necessary repairs in all facilities as needed and a systematic program of major repairs or upgrading. The latter involves reinstallation of fixtures--sinks, partitions, etc.--and at times replacement of fixtures with types more appropriate for a public facility. Since some repairs and a large portion of the upgrading can best be done by specialist labor needed only part-time, contracting this maintenance to a private party may be appropriate.

An estimate of costs are given below:

Labor	\$ 68,000
Equipment	7,000
Materials	<u>60,000</u>
and Fuel	

Sub-Total	\$135,000
Grand-Total	\$170,000

2. Village Landscaping and Anti-Litter Program

This project would consist of three (3) man crews with one overall supervisor possibly from the Department of Agriculture. The teams would consist of a field staff and their equipment would include a truck, shovels, rakes, saws, sprays, fertilizers, seedlings/cuttings, etc. The team would be assigned a region, i.e. north, central and south. Each village with an operable anti-litter program would be serviced on a rotating basis. The crews are to engage in roadside maintenance, cleaning and landscaping on major public roadways. The crews would not be used for maintenance of private property, public buildings, schools, monuments, recreational facilities, and "yard work." The crew would not be responsible for the removal of abandoned cars, refrigerators, etc.

<u>Cost</u>	<u>Year 1</u>	<u>Following Years</u>
Labor	\$ 96,000	\$ 96,000
Equipment	24,000	6,000
Materials	<u>15,000</u>	<u>15,000</u>
Total	\$135,000	\$ 117,000

Lead Agency: Department of Parks and Recreation

3. Aquarium Phase II (Facility Design) and Phase III (Construction)

The University of Guam Marine Laboratory has completed the preliminary engineering report for an aquarium. The new aquarium to be located at the University will cover approximately 40,000 sq. ft. This project entails the construction of a low impact building which will blend into the site and take advantage of the site's natural beauty. The aquarium will provide educational and economic enrichment by emphasizing man's role in the environment and exhibiting various natural habitats of plants and animals found only in Micronesia. Exhibits will include a mangrove swamp, tropical reef and a living history display. Funding

for Phase II facility design is now being sought. It is expected that subsidy would come from local government funds, the University of Guam and private donations. Phase III funding for construction will be requested following completion of Phase II.

	<u>Phase II</u>	<u>Phase III</u>
Cost	\$2,400,000	\$8,000,000

Lead Agency: University of Guam, Marine Laboratory

4. Guam Sports Complex - Phase I (Facility Design) and Phase II (Construction)

Upon completion of Phase I (the engineering design) for a sports complex, funding would be sought for Phase II (construction). The construction of a multi-purpose sports complex is aimed at (1) attracting international athletic events and providing Guam with adequate training facilities; and (2) rejuvenating local sports competition which all, in turn, generate interest-and-participating among island residents. This project will result in increased visitor arrivals as well as broaden the type of visitors to Guam. Statistical data is needed for a master plan to develop the Harmon Annex for this purpose.

Cost: \$10,000,000

Lead Agency: Department of Parks and Recreation

5. War in the Pacific National Historical Park

The purpose of the War in the Pacific National Historical Park is to "commemorate the bravery and sacrifice of those participating in the campaigns of the Pacific Theater of World War II...".

Guam's National Historical Park would be comprised of six physically separated units. Each unit would have an interpretative program which tells a different story of the Pacific War, its sequence and nature, its background and the after-

math of each incident. Each would also be decorated with historical artifacts and would provide residents and visitors with recreational facilities. This project will be a major addition to Guam's tourist plant.

Lead Agency: National Park Service

6. Improved Air Service and Simplified Immigration Documentation for Visitors

Two legal problems relate to the promoting of tourism. One concerns an air route development; the other, visa requirement for short term visitors to the island.

a) Air Service

A reason for foreign airlines which fuel on Guam not taking on passengers in Guam on east-west routes is that these airlines are not permitted by federal regulations to book passengers on the Guam-U.S. portion of the flight. In addition, other airlines might stop on Guam if permitted full passenger rights. Other inhibitions to the development of air service to Guam are treaty or federal regulatory restrictions on Guam-third country service by foreign airlines. The latter restriction may be an upper limit on U.S. port-third country ports flights or routes. As another restriction, rights on such routes by foreign airlines are often subject to revocation if a U.S. carrier chooses to serve the route. The latter allows another carrier, rather than the developer of a route, to benefit from the route's development. A very specific problem has been a fluctuation in the number of non-stop flights between Guam and Hawaii by carriers on the route.

Currently, the Guam Growth Council is contracting a firm to identify U.S. carriers which have excess equipment and, therefore, may wish to serve Guam on an east-west route. A determination of the feasibility of a regional

carrier for the Western Pacific is included in the contract along with a determination of the feasibility of Qantas Airlines serving Guam on a route between Tokyo and Sydney. The results of this study may require promotional effort from Guam for implementation.

Further study of the constraints on air route development is required. The nature of the constraints are not known in sufficient detail to bypass them or intelligently lobby towards their elimination.

A solution within existing laws to the restriction on foreign carriers serving between Guam and another U.S. port should be explored. Braniff Airways and British Overseas Airways had an agreement where Braniff crews flew a British Overseas Airways flights between U.S. ports. With respect to passenger rights on the portion of the flight between U.S. ports, the flight was regarded as a domestic flight. That is, passengers could be booked separately on this portion of the flight. A similar agreement between Philippine Airlines and American Airlines has been reported. For promotional purposes, the Guam agencies such as the Department of Commerce, GEDA, and GVB could use information about such agreements. Specifically, the necessary characteristics of a joint U.S. carrier foreign carrier operation of a flight which will allow the portion of a flight between U.S. ports to be treated as a domestic flight should be known. This information could be brought to the attention of airlines as part of an effort to have a Guam stop included in the line's routes.

Information concerning restrictions on third country carriers serving Guam-foreign port routes will probably be most useful in lobbying for a change in law or regulation. The following questions illustrate the kind of information required.

- 1) What restrictions are placed on third country carriers serving Guam-foreign routes? Are those the result of law or a result of administrative rulings?
- 2) What has been the U.S., position during treaty negotiations with respect to U.S.-third country route restriction on foreign carriers?
- 3) Are there any special restrictions on serving third countries from U.S. ports imposed (say by treaty) on the carriers of Asian and Pacific countries such as Japan, Australia, Nauru, Papua New Guinea, and Hong Kong?

This program should only be carried out if there is a Guam agency to analyze the implications of the results for promotion and lobbying and if agencies are prepared to do the promotion and lobbying.

Cost: \$30,000

Lead Agency: Guam Growth Council

b) Visa Waiver

A hindrance to the development of Guam's visitor industry is the time and effort required to acquire a U.S. visa. At times, the visa is not granted.

Airline executives have reported that this a major inhibition for visitation from Asian countries other than Japan. The significance of this in-

hibition extends beyond tourism. Efforts are being made for Guam to be the regional headquarters for companies. If regional training seminars are to take place on the island, the participants from various Asian countries must meet the entry requirements. Thus, waiving the visa requirements would assist Guam's tourism and Guam's development as a regional office center..

The program is to lobby for a change of the U.S. visa requirements for short-term stays on Guam. Safeguards for illegal immigration, such as requiring travelers to carry non-refundable return air tickets, may be included in the law change. A report on U.S. immigration policy¹ recommends such waiver for all U.S. visits by business travelers and tourists from selected countries. Thus, some sort of waiver of the visa requirements for short-term visitors may be possible.

Lead Agency: Guam Growth Council

7. Economic Assessment of the Potential for Local Investment in the Visitor Industry

The project involves a feasibility study and the proper dissemination of the results to prospective investors. The study will point out existing tourist facilities on the island and will indicate which areas are in need of additional investment. Examples of investment projects include local tourist attraction sites, hotels, restaurants, recreation facilities, a new shopping center, etc. This study would be undertaken by a Task Force headed by the Department of Commerce.

Cost: \$50,000

Lead Agency: Department of Commerce

Providing Incentives for Local Investment in the Visitor Industry

Upon completion of the above study, an incentive package must be designed to encourage and assist local investors' participation in the visitor industry. This program could be administered through existing structures. Additional assistance would be required in the form of an extension service to provide small businesses with technical help in starting businesses on Guam. Money would be made available for loans in addition to what is currently available.

	Cost	
	<u>Year 1</u>	<u>Year 2</u>
Extension Service	\$ 50,000	\$ 25,000
Loan Amount	<u>200,000</u>	<u>500,000</u>
Total Project Costs:	\$250,000	\$525,000

Lead Agency: Guam Economic Development Authority

8. Tourism Awareness Classes Through the Department of Education

This program requires three (3) teams with two (2) educators on each team to visit the elementary and high schools on a rotating basis to increase the awareness of the visitor industry among the youth of Guam.

Lead Agency: Department of Education/Guam Visitors Bureau

9. Visitor Industry Training Program

This is an ongoing program at the Guam Community College. A team of educators offers a comprehensive program of training in the various aspects of the visitor industry. The cost of this program may be subject to change as the visitor industry continues to grow. Currently, there are two full time instructors teaching the necessary basic skills in the visitor industry with the other facilities of the College providing skills in the English and Japanese languages and other basic requirements such as bookkeeping and accounting, etc.

Cost Per Year: \$100,000

Lead Agency: Guam Community College

10. Guam Territorial Seashore Park

This project calls for the preservation of natural, scenic and historical sites within the boundaries of the proposed park in southern Guam. This project proposal includes development of site plans and construction of picnic areas, trails, camping areas, shelters, headquarters, contact stations, signs, bicycle trails, beach facilities, wildlife restoration and historic preservation. Island residents and visitors alike can share in the extended opportunities for outdoor recreation made available through this proposed project.

Cost: EDA Title I \$1,158,000

Government of Guam 772,000

Total Project Cost \$1,930,000

Lead Agency: Department of Parks and Recreation

11. Implementation of Marketing and Promotion Strategy for New Areas

This project is vital if we are to attain the maximum benefits from the study on air route development simplifying immigration procedures for short-term visitors to Guam (Project No. 6). This program requires following through with recommendations made in the study on the new areas regarding appropriate marketing and promotion techniques. The objective is to direct marketing and promotion techniques as they would apply to each targeted area in order to attract those sectors of the population most likely to visit Guam.

Cost: Year 1

(Dependent on the Study)

Lead Agency: Guam Visitors

12. Develop Islandwide Development Controls

The project requires consultant services which would use the Tumon Bay Master Plan as a guide but would be modified to meet individual district needs. The development of such controls would consider environmental constraints, land use policies, zoning and performance standards laws in formulating development standards for desired growth:

Cost: \$35,000

Lead Agency: Bureau of Planning

13. Micronesian Cultural Center

There are limited historical and cultural exhibits currently on Guam. A Micronesian Cultural Center is important to Guam, as well as to the other islands of Micronesia, in an effort to preserve the cultural heritage of this part of the Pacific. It would also provide Guam with the type of attraction visitors expect to find on a Micronesian Island. There has been a couple proposed projects involving the constructing seven authentically reproduced villages, a Fiesta Pavilion and Arts Center, a 1500 seat Cultural Theatre, an ancillary restaurant, and cultural exhibits indigenous to the region.

Cost:	EDA Title III	\$ 4,000,000
	GEDA Loan	500,000
	Federal Grants	3,000,000
	Private Funds	<u>2,500,000</u>
	Total Project Cost	\$10,000,000

Lead Agency: Destination Development Corporation

14. Feasibility Study for Development of New Attractions

Guam needs to develop new attractions to diversify its tourism base by type of visitor. This project will identify and assess the feasibility of developing new attractions that will lure visitors from all areas of the world. An example of these attractions include international sporting events such as surfing competition, car racing events, etc.

Cost: \$75,000

Lead Agency: Department of Parks and Recreation

15. Commercial Port Passenger Terminal Facility

The facilities at the Commercial Port are not up to first class standards in enticing cruise ships to stop over on Guam. This proposal will allow for the construction of such a facility and will be designed to accommodate the increasing number of persons arriving on Guam by cruise ships. This project will be completed in two phases: Phase I or the preliminary engineering report and design specification, and Phase II or the actual construction.

Cost

<u>Phase I</u>	<u>Phase II</u>
\$75,000	\$925,000

Lead Agency: Commercial Port

16. Guam World Trade, Convention and Civic Center

At present, Guam does not have the facilities needed to attract large off-island public and private conventions, meetings, and trade exhibitions. This represents a loss in potential earnings to the visitor industry. The design and construction of a first-class trade, convention and civic facility will increase and diversify the number of visitors coming to Guam. Also, Guam's civic groups and organizations have long awaited the construction of a facility to house cultural, civic and other related local functions. The 30,000 square feet audi-

torium facility proposed at the Guam World Trade, Convention and Civic Center can serve as Guam's first Cultural, Civic and Entertainment Center. A conceptual program has recently been completed and has identified the old Guam Memorial Hospital site as a potential location. The cost for final design (Phase II) and construction (Phase III) are presented below.

Cost	
<u>Phase II</u>	<u>Phase III</u>
\$800,000	\$10,000,000

Lead Agency: Department of Commerce and Guam Economic Development Authority

17. Lanchon Antigo

The Master Plan to develop Lanchon Antigo will be a three dimensional portrayal of Guam's evolving crafts and traditional architecture which should be stimulating for both tourist and resident. Proposed changes for the facility include: use of typhoon resistant structures, addition of authentic structures according to the era of development and addition of a restaurant/performance area. The latter would be built to accommodate as many as 300 people. The new facility will consist of 54 separate structures with over fifty separate activities, ranging from fish net weaving to blacksmith work, located in or around the structures.

The entire project is to be completed in five phases. Phase I will include the construction of such facilities as the performance hall, restaurant, restroom facilities, 16 surrounding structure, gift shop, parking area, drainage, utilities, primitive structures, perimeter wall and site lighting and electrical outlets. Phase II thru Phase V include site work/landscaping and additional work on structures. Preliminary cost estimates for construction and furnishings are \$1,155,000 and \$105,000, respectively.

Cost:

Phase I (Construction)	\$ 710,000
Phase II	75,000
Phase III	75,000
Phase IV	130,000
Phase V	<u>165,000</u>
Sub-Total	\$1,155,000
Furnishings	\$ 105,000
Total Project Cost	\$1,260,000

APPENDIX E
MARKETING AND PROMOTIONS PROFILE

A. Agencies Involved: Objectives and Efforts

Marketing and Promotion in Guam's tourism industry is currently pursued independently by the Guam Visitors' Bureau (GVB and by private sector firms, such as hotels, tour operators and airlines). As part of Micronesia, Guam is also being promoted by the Micronesian Regional Tourism Council.

1. Guam Visitors Bureau (GVB)

The GVB is a non-stock corporation serving as an instrument of the Government. It has a private membership consisting of some 200 firms and individuals who contribute ideas and dues. The organization is directed by a 8-person board of directors, 4 of whom are appointed by the Governor and 4 elected by GVB members. A ninth member is selected by the 8 regular members. The Bureau is funded by an annual "Grant-In-Aid" from the Legislature which must be matched by the private sector. Currently, the match is cash or in-kind contributions to the Bureau. The funds are 80 percent government and 20 percent private. In 1983, the Legislature granted \$1,602,000 to GVB. The main purpose of GVB is to actively promote Guam as a tourist destination and to advise governmental and private interests of the best ways to develop a local tourism industry. GVB's objective in promoting is to maintain the number of visitors coming to Guam and to even out off-season dips in tourist arrivals.

Most of GVB's promotional efforts are directed towards Japan since Japan is considered Guam's primary market. The Bureau has been active in Japan since its inception in 1970. In 1976, a GVB office opened in Tokyo. The

office is in close contact with wholesalers, travel agencies, press and government offices, and airlines in order to promote Guam's tourism. The Bureau has hired two advertising agencies, Dentsu, Inc., and Nitto to conduct TV publicity, radio and magazine advertisements. The Journalist Visit Program has brought in Japanese publications. Other promotional efforts include the installation of a backlighted station poster at Tokyo station and participation in the Japan Association of Travel Agents (JATA) Conference.

The establishment of GVB's Japan-Guam Tourism Committee has facilitated continuing dialogues with the key elements of the tourism industry. The Bureau has started a cooperative marketing plan giving grants to tour operators who bring in 250 to 1,000 visitors to Guam on off-season. This has helped to lessen the seasonal dips in visitor arrivals for the past several years.

While continuing to recognize that Japan is our primary market, the Bureau has also pursued promotional activities in other areas through its participation in the Pacific Area Travel Association (PATA) conference and activities. The Guam PATA Promotion in Manila in early 1980 successfully attracted tour packagers and travel journalists to Guam. The Bureau, also participated in the PATA Travel Mart in Hong Kong and the PATA 81 Promotions in Los Angeles and San Francisco.

Print advertisements were placed in the Pacific Travel News, Asia Travel Trade, the PATA Pacific Hotel Directory and the American Express Fact Book.

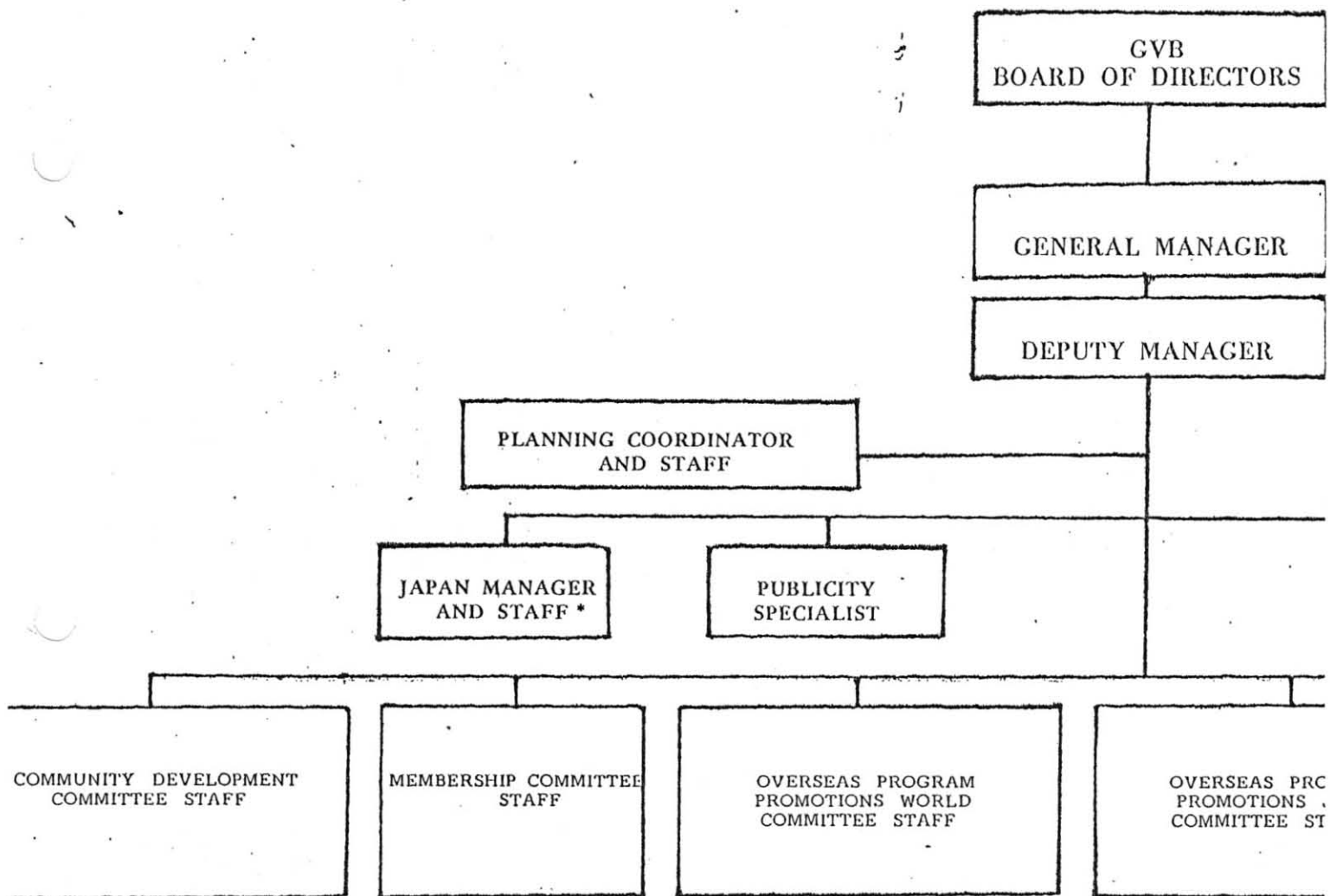
TABLE 24
 TARGET SEGMENTS OF
 MARKETING AND PROMOTION EFFORTS

TARGET SEGMENT	PRIORITY LEVEL	
	1ST	2ND
Honeymooners	41.4%	6.9%
Young Singles	17.2	37.9
Incentive Travel Group	13.7	20.7
Families	6.9	10.3
Businessmen	6.9	10.3
Convention Group	3.4	0.0
Senior Group	0.0	0.0

Source: Guam Visitors Bureau.

FIGURE 4

GUAM VISITORS BUREAU
PROPOSED ORGANIZATION CH



* AS PROPOSED IN THE TEN YEAR TOURISM MASTER PLAN

** AS PROPOSED IN THE TUMON BAY MASTER PLAN

The Bureau also undertakes local promotional efforts to educate the public on tourism. Tourism Appreciation Week is held on the first week of May to strengthen public awareness of the benefits derived from the industry. The Bureau has also introduced the Special Training Education Program (STEP) and Welcome All Visitors Enthusiastically (WAVE) program to promote a greater involvement of the community in tourism.

2. Micronesia Regional Tourism Council

The Micronesia Regional Tourism Council (MRTC) is a non-profit corporation formed in 1979. Its aim is to establish and promote Micronesia as a regional tourist destination and to encourage and assist the development of travel industries throughout Micronesia. The Council provides an instrument for close collaboration among government and private interest concerned with the development of tourism in Micronesia. It assists in the local promotional efforts of its member countries and carries out advertising and publicity on a regional basis to project Micronesia as one of the world's newest destination areas.

3. Private Sector

In November 1980, a survey was made of tour operators, hotels and airlines to determine their marketing and promotional efforts. Out of 34 questionnaires distributed, 29 were collected from:

Tour Operators	11
Travel Agency with Inbound Operations	1
Hotels	12
Airlines	<u>5</u>
	29

It was found that most of the tour operators' marketing and promotional efforts are carried out by their regional offices located in Japan. Thus, detailed information was difficult to obtain. In such cases, local managers responded from their knowledge of regional office activities.

The primary objective of the private sector in the tourism industry is to persuade potential and regular visitors to use their facilities and services. As members of the GVB, these firms also cooperate with GVB in promoting Guam through cash or in-kind contributions.

Like GVB, the primary target of most of the firms is Japan. Almost a quarter of the 29 firms engage in promoting on the U.S. mainland while a much lesser number promote in Hong Kong, Southeast Asia, Europe and Australia. Promotional efforts are conducted mostly through advertising in magazines and newspapers. Some of the large tour operators have travel agents/tour wholesalers throughout Japan. They find that personal selling and advertising have the most successful results in promoting their services. Sixty-two percent of the 29 firms surveyed also promote other areas in Micronesia as a tour destination, primarily Saipan and Palau. A lesser number promote Truk, Ponape and Yap. Very few surveyed have promoted Guam and other Micronesian islands in one travel package.

B. Present Marketing and Promotion Efforts

1. Definition and Types of Promotions

Marketing encompasses the total chain of activities involved in selling the island's attractions, and tourist-oriented services and facilities to visitors. Marketing involves the concurrent assessment of Guam's attrac-

tiveness relative to all other potential destinations versus current and potential tourist characteristics and interests. In the tourism industry, marketing and promotion are so inter-twined as to make their distinction academic. Technically, however, promotion is usually defined as the major tool used in implementing marketing strategy by use of persuasive and informative communication directed at current or potential visitors.

The major types of promotion used to stimulate tourism trade are:

- a. Advertising: Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor using mass media.
- b. Public Relations: A nonpromotional presentation of ideas, goods, or services using mass media. However, unlike advertising, there is no cost involved and no identified sponsor.
- c. Personal Selling: An oral presentation to prospective customers on a "face to face" basis (include telephone solicitation).
- d. Sales Promotion: Activities other than advertising and personal selling that stimulate purchasing or overall tourism effectiveness. Sales promotion may be geared either toward the ultimate consumer (contest featuring free event tickets or free trips, exhibits, displays) or toward channel intermediaries (trade show participation, exhibits, hospitality training).

Promotional efforts are primarily aimed at Japan and to a lesser extent, the U.S., then Hong Kong and other areas in Southeast Asia. Outside Japan, promotional efforts are mainly accomplished through advertisements in magazines and travel trade publications and participation in exhibits and

travel marts.

2. Market Target Segments of Marketing and Promotions

In the past, GVB focused its marketing and promotion mostly toward young people and honeymooners: TV shows e.g., Punch-De-Date (similar to the American program - Dating Game), shows for honeymooners, and advertising in young ladies magazines. Private sector firms and the MRTC also concentrated their promotional activities toward honeymooners and young salaried workers. The survey showed that these segments received the highest priority (Table 24).

3. Goals, Objectives and Policies Pertaining to Marketing Program Promotions, OEDP 1980

a. Goal

Provide for the enhancement of the tourist plant to ensure sustained growth in visitor arrivals.

b. Objectives

Make Guam a desired and competitive destination area.

c. Policies

1. Emphasis in the territory's tourism promotion efforts the high quality of Guam's natural and cultural features.
2. Promote the visitor industry through such activities as the Guam Visitors Bureau and similar agencies and assure that the visitor industry contributes its fair share of the cost of such promotion.
3. Promote the visitor industry in cooperation with the Commonwealth of the Northern Marianas Islands and the territories of the region so that all will benefit from the visitor industry.

4. Image of Guam

The common image of Guam projected by GVB and the private sector to the Japanese market is a resort which offers "beautiful scenery" and an "agreeable climate" and which is not far from home. Other attributes which tour operators promote are: sports and recreation, duty free shopping, and Guam as a territory of the U.S.