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Economist: Military tensions will have repercussions on tourism

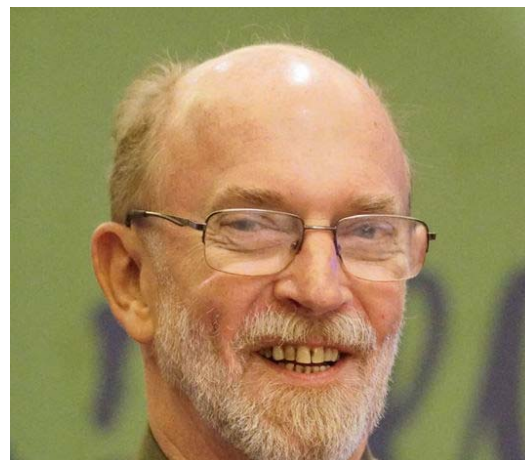
Andrew Roberto | The Guam Daily Post 13 hrs ago

"What may benefit one side of Guam's economy with the military activity may cost the other side of the economy quite a bit."

– Joseph Bradley, senior vice president and chief economist, Bank of Guam

The United States' response to "military tensions" in the region could have a drastic effect on the health of Guam's tourism industry, according to a local economic adviser.

Yesterday Joseph Bradley, senior



vice president and chief economist and business continuity officer at the Bank of Guam, took the stage yesterday at the 2017 Fall Economic Forum at the Dusit Thani Guam Resort, voicing concerns for the island's economic outlook. At the onset of his discussion, Bradley said he did not have much good news to share.



BRADLEY: Joseph Bradley, Bank of Guam senior vice president and chief economist, spoke about the increased challenges faced on Guam with the drop in visitor arrivals at the 2017 Fall Economic Forum held at the Dusit Thani Guam Resort, Tuesday, Nov. 7. David Castro/The Guam Daily Post

"Military tensions are rising rapidly – and not just in our region, but globally. What may benefit one side of Guam's economy with the military activity may cost the other side of the economy quite a bit," Bradley told the gathered crowd of legislators, business people and other economic stakeholders.

Citing a 12.1 percent drop-off in air arrivals to the island, Bradley said the perception of Guam as a target for North Korean nuclear aggression has contributed to a drop in arrivals from around Asia.

Specifying his concerns for the Japanese market, Bradley noted that Japan arrivals dropped 30 percent this year, which has contributed to United Airlines' decision to cut back flights to Guam.

In Japan, industrial production is down but employment is up, according to

the Bank of Guam economist. Bradley also said the yen has risen against the dollar, which is favorable for the tourism industry.

‘Arrivals are continuing to shrink’

"This should be good news for Guam because everything that is denominated in dollars has become 6 percent less expensive for Japanese. But I guess they're choosing to go to Hawaii instead of Guam, because our visitor arrivals are continuing to shrink," Bradley said.

Bradley also voiced concerns that Guam's H-2B visa crisis has resulted in a shortage of workers overall. He said construction workers who would normally be working in civilian capacities have been hired for on-base projects, cutting their availability for projects on the other side of the fence.

"Construction crises have gone through the roof in the civilian community," he said.

Despite assurances from President Donald Trump that the island's H-2B visa crisis would be resolved, Bradley told stakeholders he still worries about the issue.

"Every day that we put off construction of a new strip mall or a new hotel or even a new house is a day that we've lost in economic development, and civilian construction costs have risen sharply."

As part of its Tourism 2020 strategic plan, the Guam Visitors Bureau seeks

to rebrand Guam as a resort destination catering to higher-paying customers. Part of that overall vision is to create new facilities that visitors can enjoy while on island.

According to Post files, at an October roundtable discussion with legislators, GVB Chief Executive Officer and President Nate Denight said development of new facilities and more hotel rooms is one component of wresting Japanese arrivals from both cheaper international destinations and domestic competitors like Hawaii.

"We compete on a global level with places that are much bigger than us, so obviously anything we can do to better our product and develop our product further is much appreciated," Denight said at the October roundtable.

From a security perspective, military officials in the past have said the buildup keeps populations in the Pacific safe from international aggression.

Rear admiral touts defense posture

According to Rear Adm. Shoshana Chatfield, commander of Joint Region Marianas, the Marine buildup on Guam increases the defense posture of the United States, which is beneficial not just to this island, but the region as well.

"The broad range of training and sustainment operations for service members in Guam secure the region as an important geographical and tactical position in this part of the Pacific," Chatfield told members of the

Rotary Club of Tumon Bay in September.