

**TESTIMONY OF THE
GUAM CHAMBER OF COMMERCE
AT THE OVERSIGHT FIELD HEARING ON THE
“U.S. MILITARY BUILDUP ON GUAM AND CHALLENGES FACING THE
COMMUNITY”
SUBCOMMITTEE ON INSULAR AFFAIRS, COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES
AUGUST 13, 2007
UNIVERSITY OF GUAM FINE ARTS THEATRE
GUAM, U.S.A.**

**Presented by
STEPHEN C. RUDER
Chairman of the Board
Guam Chamber of Commerce**

INTRODUCTION

Honorable Chairwoman Christensen, Congresswoman Lee, and Congresswoman Bordallo, my name is Stephen C. Ruder, I am the Proprietor of Ruder Integrated Marketing Strategies, a local marketing and business consultancy. I have lived and worked on Guam for twenty years and am proud to call Guam home.

I am here, however, in my capacity as Chairman of the Guam Chamber of Commerce Board of Directors. Our chamber membership is comprised of over 300 individual businesses representing all sectors of the business community, which collectively employ 40,000 island residents in the private sector. About 52% of our members come from small businesses, but our combined membership generates \$2 billion annually in economic activity or approximately 70% of Guam's Gross Island Product.

Thank you for the invitation to participate at today's oversight field hearing on the "U.S. Military Buildup on Guam and Challenges Facing the Community."

Public discussion regarding the U.S. military build up in the Marianas is the most significant issue ever to touch our shores in recent memory. And the debate that will arise from these oversight meetings is sure to give pause to the notion that the Proposed Action can be undertaken without difficulty. Good things never come easily.

The Proposed Action is multifaceted in scope, broad in expectation and intensity, and of obvious significant impact to the islands of Guam, the Commonwealth of the Northern Marianas and the island states of Micronesia. But properly aired, we believe that most (if not all) of the issues raised can be addressed in good faith, balanced within the context of national security, and sensitized to community sentiments.

COMMUNITY SUPPORT

The Guam Chamber of Commerce in late March 2007 commissioned QMark Research and Polling to conduct a statistically valid quantitative survey among island residents to ascertain community support for, and attitudes about, the planned military build up. QMark's survey methodology produced statistically accurate results within a 4% margin of error. This was done to gauge community temperament more objectively and accurately than what may have been (or continue to be) portrayed by a vocal minority and the political support or media they attract. Results from this survey show that:

- 1) A majority (71%) of Guam residents polled support an increased military presence, 14% opposed, and 15% were either neutral (9%) or don't know (6%);

- 2) Nearly 80% of Guam residents polled feel the increasing military presence will result in additional jobs and tax revenue (79%); and,
- 3) Nearly two-thirds (60%) of Guam residents polled feel the additional Marines on the island will have a positive effect, and ultimately improve the island's quality of life. Of the remainder, 21% feel the opposite and 19% don't know.

Judging from the results of this survey it is clear that a majority of Guam residents support a larger military presence on the island. And while 19% of those surveyed do not know whether the Marine relocation will improve the island's quality of life, we believe that most in this category will react positively if they know that revenue improvements to the island will be dedicated to the funding of various public facilities and enhancing the quality of life for everyone.

PHYSICAL INFRASTRUCTURE AND SKILLED LABOR

The Guam Chamber of Commerce believes that the U.S. Military buildup will impact the island's civilian infrastructure, the magnitude of which will require significant external assistance. The nature of this outside help centers on institutional expertise, in short supply locally, as well as a comprehensive funding strategy to support an integrated upgrading of Guam's power grid, water and sewer systems, solid waste disposal, roadway network, and the housing and community support facilities that come with the anticipated population growth. By some accounts, the island's population could grow potentially by 20% to about 200,000 residents by 2015.

For various reasons, the local government is clearly incapable of addressing these needs or managing and funding their development in the compressed time required. Given this situation, it would be prudent to "turn key" or otherwise "broker" private sector participation in this islandwide infrastructure upgrade by leveraging the military's investments, together with private capital and federal funds, to which the island is already entitled, in a manner that can either:

- a) Support the commercial viability of infrastructure upgrades, i.e. housing, commercial port, water, sewer, solid waste disposal; or
- b) Maximize federal and non-local funding sources for highways, bridges, telecommunications, and various social programs affected by the build-up in military personnel.

The Commercial Port is often seen as the "long pole" in the tent because it is substantially behind in "thru put" capacity for the billions worth of construction supplies, materials and equipment that will be brought into the island. To quickly provide facilities which will be able to dock the ships, off-load the cargo, and expand storage capacity will require some type of comprehensive commercial venture to develop, fund, and construct/operate a contemporary port operation, including the expansion of the current facility. The demand for aggregate/cement alone on Guam will be overwhelming, such that additional production would have to be developed. While our neighboring Islands have plant facilities to produce cement at prices comparable to Guam, we would have to address shipping and handling charges both here and in the CNMI to be sure that such expenses do not become prohibitive. Indeed, it would seem that higher volume will cause these charges to drop significantly to the benefit of other users as well.

Building up Guam's capacity to support the planned military buildup in the next 7 years will require a "surge" in construction capacity, the magnitude of which the islands of Guam and the CNMI do not currently possess. Therefore, it will be important for the Joint Guam Program Office (JGPO) to develop a comprehensive construction program to:

- a) Facilitate the use of major off-island contractors and temporary workers;
- b) Partner with local institutions to expand and intensify training programs that will produce the local skilled labor needed to maintain the facilities built and other invested capacity; and,

- c) Provide local business opportunities.

SOCIO ECONOMIC AND ENVIRONMENTAL IMPACT

The socio economic and environmental impact from the U.S. military buildup can be reduced, mitigated, or otherwise muted to the extent that various elements of the planned build up occupy “customized” land use footprints spread throughout Guam and the islands of the CNMI. There are already some of these in place, as in the case of the FDM bombing range, and the enhanced capabilities at Andersen and Naval Base Guam.

The build up of training facilities in the CNMI to store equipment used for training, for instance, can complement the Chamber’s concept of “Labor Collaboration” which envisions labor intensive work such as the prefabrication of buildings using pre-stressed concrete and wood work, which:

- a) Can greatly reduce the intensity of logistical and congestion issues on Guam;
- b) Employ excess barracks and housing facilities now left vacant in the CNMI from the departure of foreign garment factory workers; and,
- c) Reduce the social impact of thousands of foreign laborers on Guam.

This is an example where significant labor and training impacts are mitigated through dispersion, while simultaneously providing economic and employment benefits to the CNMI at a time when their economy is in desperate need of alternatives and their tourism industry is in a decline.

We do not view the socio economic impact of the Proposed Action to be a major issue, given the fact that:

- a) There were over 20,000 more military personnel on Guam, post Vietnam, when the island’s population was about half the current number of about 165,000;
- b) Fewer recreational facilities and family amenities existed at that time; and,
- c) Large tracts of land and underutilized facilities on U.S. Government property still exist today following “BRAC” closures many years ago.

TOURISM IMPACT

The island’s primary revenue source today is tourism, which accounts for 20,000 jobs and one third of the island’s employment. In coping with the immediate demand for labor, JGPO must be cognizant of the “wage driven” competition and eroding the island’s tourism work force too deeply, to the detriment of an industry competing in a lower wage East Asian business environment.

It will also be important to ensure that the build up will not cause long-term deterioration of the island’s marine attractions such as popular dolphin watching tours, parasailing, banana boating, scuba diving, and cultural or historical attractions.

Approximately 80% of Guam’s 1.2 million visitors come from Japan. Because of this, the Guam Visitors Bureau last year commissioned Japan Market Intelligence (JMI) to gauge the sentiments of the island’s Japan market. Results for this study showed that over 60% of respondents were aware of the movement of military troops from Japan to Guam and less than 10% of those viewed this negatively. With respect to Guam’s image as a leisure destination, JMI found little effect on Guam’s image as a vacation destination. In fact, fully 94% of those surveyed either did not change their image (62%) of Guam as a vacation destination or felt (32%) Guam’s image would be better.

Forty years ago, with the first planeload of tourists, came a renaissance of our culture. The emergence of an increased presence of the military can create a new paradigm of self discovery. In that regard we hope that special attention can be given to significant historic and archeological sites, which now exist on military property, and should be made accessible to visitors and residents alike whenever possible.

Planned exercises on the ground, air and sea can be maximized because of minimum air and ocean encumbrances, but will require close collaboration with the tourism industry to ensure adequate safety at minimum cost to all.

The island is a beach resort leisure destination that thrives on a clean, pollution free, natural environment. While we recognize that today the military are excellent stewards of the environment, it will be important to ensure that:

- a) Training and other exercises keep these destination assets in mind;
- b) The construction and use of defense facilities minimize visual blight, noise and air or water pollution; and,
- c) Collaborative efforts are made to enhance both the attractions and the ambience for the use and enjoyment of all.

The same attributes that make for a healthy resort environment are identical to those that also make Guam attractive for the relocation of military personnel and their accompanying families and support staff. And the island's ability to preserve, showcase, and otherwise promote Guam's unique cultural heritage is enhanced to the degree that the island's improved economy will provide incremental tax revenues that can sustain such an effort profitably.

GUAM CHAMBER OF COMMERCE SUPPORT

As we continue to work together toward expanding our economy and enhancing our quality of life in the community, both local and military leaders must recognize the inherent changes in this growth as well as the short term and temporary inconveniences that will be produced. But these short term disruptions, whether socio economic or environmental, should not be the reasons to forfeit the long-term benefits of our national security interests and the economic well-being of the island.

To this end, the Guam Chamber of Commerce pledges its full support for the planned U.S. military buildup, subject to the reasonable adjustments required to satisfy mutual concerns of the military and residents of Guam and the CNMI.

As an organization of more than 300 businesses, from all sectors of the Guam economy employing more than 40,000 people, and generating \$2.1 billion annually to the island economy, we stand ready to assist in facilitating the best possible decisions and choices that will affect our long term mutual interests and concerns.

Thank you for providing us the opportunity to express our views.