Guam, America’s territorial outpost in Asia, is currently facing the prospect of rapid population growth over the next several years as the Department of Defense implements plans to redeploy forces in the western Pacific. As part of its “Guam Buildup” the military plans to open a major new Marine Corps base on Guam bringing nearly 25,000 new residents to the island along with tens of thousands more during the construction process. The island is already home to a Navy and Air Force installation. While the planned expansion will bring new opportunities and the prospect of a boom in economic activity to Guam, the territory also faces infrastructure provision challenges. The territory has already made investments to upgrade and prepare, and the territorial government is working with the federal government to find ways to make the investments needed to allow Guam to better accommodate the added population while encouraging sustainable economic growth.

Exports
Guam has made a set of agreements and arrangements with Japan, Australia, and nations in Europe to reduce tariffs and spur increased trade. Manufacturing expansion is encouraged under special rules which allow products produced on the island from foreign sourced materials to be sold in the United States duty-free, if enough value is added to the finished output.

Infrastructure
The island is currently beginning a series of major investments in its deepwater port facility, in order to better accommodate an increased flow of trade. As part of the port modernization process, the territory has partnered with the private sector to upgrade cargo handling facilities at the port. Guam has also placed resources towards airport upgrades and expansions, in order to better facilitate the island’s important tourism industry.

The territory hopes to take advantage of its relatively close proximity to China, acting as a hub for Chinese trade and tourists in the region. The territorial government has sought out closer relationships with Australia and has explored the possibility of working with Australian companies to improve Guam’s infrastructure. Investments in basic infrastructure, including roads and water systems, are also underway, such as the 2030 Guam Transportation Plan, with partners from the government, military, and private sector taking part in implementation.

Taxes and Regulation
Guam, as an unincorporated territory, is a separate taxing jurisdiction whose residents and businesses are not subject to federal income tax. While much of the Guamanian tax system shadows that of the federal government, the territorial government has adopted a variety of tax and regulatory policies and incentives designed to encourage investment and increased business activity on the island. Corporate income tax rebates of up to 75% for 20 years, complete property tax abatements, and rebates on corporate dividend taxes are available to businesses in certain sectors, including tourism, manufacturing, agriculture, and commercial fishing.

The government of Guam has also made the insurance industry a target for growth, adopting regulatory regimes and tax incentives structured to provide support to the industry. Insurance companies and underwriters may receive 100% income tax rebates and 100% abatements on other taxes for up to 20 years.

Residents from 36 nations interested in conducting business in the nation are allowed to visit the territory under relaxed visa requirements, helping Guam more easily attract potential investors to the island. Should a potential investor be interested in moving to the island to start a business, Guam holds a waiver from the federal government setting a lower minimum investment requirement to receive an investor visa.

Entrepreneurship and Innovation
New business development is encouraged through Guam’s Development Fund Act. Loans, lines of credit, and loan guarantees are provided to eligible entrepreneurs, particularly in Guam’s focus sectors of agriculture, fishing, manufacturing, and tourism.