

Guam's Economy in Disruptive Conditions

The Iran War

The Nature of Disruption

*Guam has been here before. Not here exactly — the conditions are always new.
But each disruption compounds our capacity to adapt.*

1997–98

Asian Financial Crisis

LESSON

Currency volatility
& regional contagion

2008–09

Global Financial Crisis

LESSON

Credit freeze
& demand collapse

2020–22

COVID-19 Pandemic

LESSON

Tourism collapse
& supply shock

2026

The Iran War

LEARNING

*Global in reach
Geopolitical in origin
Stagflationary in effect*

Each disruption has been a proving ground. The question is not whether the next one arrives — it is whether we are better prepared than we were.

The Emerging Portrait

Data snapshot
April 2026

This portrait is provisional. What the data show now is meaningful — and subject to revision as the war evolves.

\$120+

Brent Crude
per barrel

*Highest sustained level
since 2022*

20%

of global seaborne
energy via Hormuz

*Now severely
disrupted*

30%

rise in key
shipping costs

*Insurance premiums
doubled in some markets*

0.3%

projected reduction
in 2026 global GDP

*WTO estimate if prices
remain elevated*

Guam's Airlift Under Pressure

\$197

jet fuel/barrel
↑ 118% since Feb 2026

SUSPENDED

Philippine Airlines

Cebu → Guam

Effective April 16, 2026

Route launched Dec 2025.
Suspended citing 118% jet fuel spike.

SUSPENDED

Air Busan

Busan → Guam

April 2026

Part of broader Korean LCC route cuts as fuel surcharges reach record levels.

SURCHARGES

Korean Air / Asiana

Korea routes

May 2026 surcharges

One-way fuel surcharges for Pacific routes projected to exceed \$385 USD per ticket.

CAPACITY -5%

United Airlines

Pacific network

Immediate, ongoing

Modeling oil at \$175/barrel. Expects elevated prices through end of 2027.

The Iran War has not just raised fuel costs. It has already reduced Guam's air connections.

Where Guam Stands

Three pillars trending positive entering 2026. One turned sharply in the other direction the moment the war began.

TOURISM	DEFENSE	EMPLOYMENT	ENERGY COST
781K	\$2.2B	68,440	\$5.32
arrivals 2025	DOD construction underway	persons employed	gasoline / gallon, March 2026
↑ 5.8% over 2024	↑ 440 construction jobs Q4 2025	↑ 750 jobs over prior quarter	↑ 33% in under 60 days
December 2025 highest monthly total since pandemic. Still below 1M pre-COVID baseline. Air Busan & PAL Cebu–Guam routes now suspended.	Marine relocation from Okinawa on schedule. Military construction 2026 on track to exceed 2025 levels.	Private sector up 15.3% since 2021. Average weekly hours rising — 33.5 to 36.2.	Gasoline is the indicator. Fuel oil (GPA generation), diesel (freight & backup power), and aviation fuel are all moving in the same direction. GPA’s fuel bill exceeds half its operating budget — every ratepayer absorbs this through the LEAC.

Guam's Strategic Position

Geography is not destiny. But in a reorganizing Indo-Pacific, it is leverage.

THE DEFENSE REALITY

- Marine relocation from Okinawa continues on schedule
- Military construction in 2026 on track to exceed 2025 levels
- Sea Dragon 2026 multinational exercises — active now
- A more dangerous Indo-Pacific means more U.S. investment here, not less

THE POLITICAL READ

- Defense spending is structural, not discretionary — it does not pause for global volatility
- The third pillar problem is real: construction winds down in 7–9 years
- Iran has not created that problem — it has made ignoring it unconscionable
- Businesses positioned for defense-adjacent demand are insulated — others are not

Where the Vulnerability Sits

Strategic insulation is real. So is the exposure. Both must be named.

Tourism

3–5 yrs

to full recovery
(GVB, Jan 2026)

Higher airfares hit Japanese and Korean leisure visitors already squeezed by weak yen and won. The Iran conflict adds a new variable to a fragile baseline.

Cost Squeeze



Energy · Freight
Insurance

All three input cost categories moving simultaneously. Small and mid-sized businesses without pricing power or cash reserves feel this first and hardest.

Structural Risk

7–9

years before
construction winds down

The two-pillar model is not sustainable. Diversification is not a long-term aspiration — it is an immediate operational imperative.

How to Position Now

Not predictions. Positions. Where to stand given what we know — and do not know.

DEFEND

Protect what you have

- Know your energy cost exposure to the dollar
- Rebuild cash reserves — treat it as an emergency
- Negotiate freight contracts before surcharges land

ADAPT

Reposition for the conditions

- Audit fixed cost structure — tourism-dependent businesses especially
- Identify defense-adjacent demand in your sector
- Diversify revenue streams before the construction cycle ends

ADVANCE

Move while others wait

- Uncertainty creates openings — M&A, partnerships, market share
- Businesses that acted in COVID recovered faster and stronger
- The disruption will pass. Your positioning will not reset automatically

What You Can Do

Five actions. This week, not next quarter.

- 01** **DEFEND** **Know your energy cost exposure — down to the dollar.** Before the next billing cycle, not after.
- 02** **DEFEND** **Go to your freight and supplier contracts now.** Negotiate before surcharges arrive, not after they do.
- 03** **DEFEND** **Rebuild your cash reserve as an emergency.** Less than three months of operating costs is a vulnerability, not a target.
- 04** **ADAPT** **If you are tourism-dependent with high fixed costs —** The conversation about your business model cannot wait for stabilization.
- 05** **ADVANCE** **Position for defense-adjacent demand now.** Military construction benefits those already in position. The window is open.

Typhoons & the Federal Recovery Pattern

Major typhoons hit Guam every 5–7 years. Each has triggered a predictable architecture of federal recovery dollars — the same pipeline now activating after Sinlaku.

1997	2002	2023	2026
Typhoon Paka	Pongsona & Chataan	Typhoon Mawar	Super Typhoon Sinlaku
\$27M IA	\$73M+	\$338M+	FLOWING
Island-wide outage; 14,770 IA applicants	~1,300 homes destroyed; DR-1426 + DR-1446	\$71M FEMA + \$257M SBA loans; grid hardening still flowing	75% federal cost share active; PA + major decl. pending

Across these four events alone, disclosed federal flows to Guam exceed \$1.3B nominal. The pipeline is predictable — what varies is how positioned local businesses are when it activates.



*For Guam, disruption is not an interruption.
It is the operating environment.*

SINLAKU · Near

Immediate. Local. Present.

THE IRAN WAR · Far

Distant in origin. Local in effect.

Resilience. Liquidity. Adaptability. Strategic positioning.

That is not the problem. That is the work.

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