

## ECONOMIC STUDY RELEASED

SAIPAN, (BANK OF AMERICA RELEASE) - - An economic study released on Saipan Wednesday (May 16) by Bank of America concludes that the best short--term development prospect for the islands of the U.S. Trust Territory is tourism.

"The islands have the basic attractions for a substantial tourist trade," states the report, entitled Focus on Micronesia, but it cautioned that "development of tourist facilities must be controlled by long-term planning to protect the natural resources and development."

The booklet is believed to be the first independent economic study ever made of the U.S. Trust Territory of the Pacific Islands, and is available free to the public at Bank of America branches in Micronesia. Illustrated with numerous charts on population estimates, employment, trade and tourism, the reports analyzes the area's most promising investment prospects.

"The scenic beauty of the islands, the unaffected culture and the historic battle sites combine to provide a strong attraction for many tourists," the report said. It predicted that the estimated 33,600 visitors who entered the Trust Territory in 1971 will grow 25 per cent per year and reach 132,800 by 1974.

"Japan is expected to become the dominant tourist source," the report said, "but cumbersome entry procedures must be removed and accommodations designed especially for the Japanese must be established in order to expand the income from that

source." The study took note of the mixed feeling among Micronesians about the rapid development of tourism, due to fear that large number of tourists

might alter values and the prevailing way of life.

The report said both agriculture and fishing industries offer room for expansion, and fish processing may be the major manufacturing activity with the greatest economic promise.

However, the study said several obstacles stand in the way of economic development and foreign investment. The restriction on the sale of land has been perhaps the greatest barrier to foreign investment in Micronesia, said the report, and the political future of Micronesia must be resolved if the islands are to become more attractive for outside investment.

Investment opportunities are constrained by such other factors as limited domestic resources, lack of domestically generated savings, a dispersed population and various social problems, the study said.

Bank of America prepared the report to provide an improved understanding of the history, government, geography, economy and investment prospects in the U. S. Trust Territory of the Pacific Islands. The bank established a branch in Truk during 1961, in Majuro in 1969, and in Saipan during 1970.