

REPUBLIC OF PALAU BUSINESS OPPORTUNITIES REPORT

**PREPARED FOR THE UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF INSULAR AFFAIRS**



SHARON SAKUMA – SEPTEMBER 2004

UPDATED BY PEARL UERANANT – JULY 2007

Disclaimer: This document has been prepared by MBA students, or recent graduates, to disseminate information on the United States Virgin Islands for the purposes of the 2004 Business Opportunities Conference sponsored by the U.S. Department of the Interior, Office of Insular Affairs. The views and recommendations contained in this document, however, are solely those of its author and not the U.S. Government or any agency or officer thereof. Those intending to initiate ventures in this location are advised to conduct independent due diligence.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
INTRODUCTION.....	5
ECONOMY.....	8
Government Initiatives	10
Airline Access.....	11
Babeldaob Road.....	11
INVESTMENT CLIMATE.....	12
Foreign Investment	12
Land.....	13
Labor Regulations.....	13
COMPETITIVE ADVANTAGES	14
Location.....	14
Governance.....	14
Tax Structure	15
Infrastructure	15
Natural Resources	16
Culture	17
GROWTH OPPORTUNITIES.....	18
Aquaculture	18
Tourism.....	21
Film and Television Production.....	24
Light Manufacturing.....	24
OPPORTUNITIES FOR FURTHER DEVELOPMENT	27
USEFUL CONTACTS.....	29
BIBLIORAPHY	32

EXECUTIVE SUMMARY

The Republic of Palau (Palau), strategically located in the North Pacific Ocean, is within hours from major Asian markets of Japan, China, Korea and Taiwan. As a sovereign nation in “free-association” with the United States (U.S.), Palau is protected by the U.S., but administers its own domestic and foreign affairs. The country, at a critical stage of economic development, with its Compact with the U.S. ending in 2009, is positioning itself to expand businesses and create employment to increase income. Major infrastructure projects and other groundwork for economic growth have been laid out, and opportunities for investments and business partnerships exist throughout the country.

This report provides an overview of Palau, its economy, investment climate, and its opportunities for partnerships and investments. The expansion of **Tourism, Aquaculture, Film, Television, and Commercial Productions**, and “**light**” **Manufacturing** are presented as promising growth opportunities for Palau.



As the tourism industry is the largest source of income, Palau seeks to expand this tourism base with diversified products targeting a broad range of tourist markets. The completion of the Compact-funded Babeldaob road brings access to land for development, increased production and better distribution possibilities for tourism businesses and related support businesses. Already reputed as one of the “underwater wonders of the world,” government officials support the development of tourism products to incorporate Palau’s untapped resources, including its cultural and historical sites and under-developed countryside. Diversified tourism products targeting niche and high-end markets in the United States (U.S.) and Asia have the largest potential. The launch of Asian Spirit Airline’s service to Palau made a total of five airline companies serving Palau, boosting visitor arrivals, and opening opportunities for export development. Continental Micronesia continues to serve Palau with its daily flights from/to Guam, connecting Palau with its network throughout the world.

As the experience of the Asian economic crisis (1997 to 1998), the events of September 11, and the SARS outbreak demonstrated, diversified tourist markets alone will not safeguard Palau’s fragile economy from shifts in the global tourism industry. Development of other industries will be pursued to balance the economy from fluctuations in the precarious tourism industry. Palau seeks to maintain a balance between economic development and environmental conservation, as its tourism industry depends on those resources. Studies have determined the expansion of marine aquaculture, film/television productions, and light

EXECUTIVE SUMMARY

manufacturing will achieve this. Preferential trade terms with the U.S. through the Compact of Free Association (Compact) and its regional trade partners, increased transportation access, and progressive government initiatives, including the establishment of the Ngardmau Free Trade Zone, opens up a wide range of possibilities for commercial partnerships and investments in these industries.

Expanded tourism, marine aquaculture, film, television, and commercial productions, and light manufacturing are viable business opportunities that will provide real returns by creating employment and increasing income for Palau, allowing it to enter a new phase of economic growth and self-sufficiency.



EXECUTIVE SUMMARY

PALAU: Business Opportunities Potential

Key Economic Statistics

Population - 2005 census	19,907	Gross Domestic Product (\$M) – 2006	\$157.7
Total Labor Force – 2005	13,000	% Government Revenues	21%
Total Employment – 2005	11,467	% Trade	21%
Private Sector	7,739	% Construction	16%
Public Sector	3,506	% Hotels and restaurants	11%
Other	222	GDP Per Capita (\$) – 2006	\$7,921
Unemployment Rate (%) - 2005	4.2%	Imports (US\$M) - 2004/2005	\$137.9
Currency	US Dollar	Exports (US\$M) – 2004/2005	\$8.8

Sources: Office of Planning and Statistics, ADB Palau Key Indicators 2006

Competitive Advantages

Location	Proximity to Asia
Governance	Politically Stable; Strong ties to the US; Duty-free access to US
Tax System	Low Tax Structure; Tax incentives
Infrastructure	Well-established and modern Infrastructure
Natural Resources	Rich Tuna Fishery; Diverse Marine Life; Pristine Marine Environment
Culture	Rich Cultural Heritage (historical and cultural sites); Native Arts and Crafts; Ethnic Cuisine

Positive Developments

Government Initiatives	Foreign Investment Reform; Financial Reform; Tax Incentives for Agri-Business Development and Tax Reform; Regional Integration; Free Trade Zone
Airline Access	Five Airlines from Asia, Europe, and the United States
Babeldaob Road	Access to historical/cultural sites and natural sites; Access to rich agricultural lands; Access to prime real estate properties

Growth Opportunities

Aquaculture	Aquarium Trade, Seafood Trade
Tourism	Ecotourism Resort Development; Timeshare marketing/sales
Film and TV Production	Tropical Islands Filming, Underwater Shootings
Manufacturing	Ngardmau Free Trade Zone; Light Manufacturing

EXECUTIVE SUMMARY

Opportunities for Further Development

Agriculture	Root Crop Exports; Value-added Agriculture Products; Tropical Flowers
Education	Marine research programs
Fisheries	Small-Scale Fish Processing
Infrastructure	Ship Registry; Paper/Metal Recycling; Electronic Equipment Recycling
Tourism	Hotels, Marinas Investment/Management/Development
Trade	Quarry equipment; General Merchandise

INTRODUCTION

Located in the North Pacific Ocean, the Republic of Palau (Palau) is an archipelago of more than 300 islands with a total land area of 196 square miles. Spread over 325 miles of the Pacific Ocean and the Philippine Sea, Palau is situated 815 miles southwest of Guam. Only 9 of Palau's 300 islands are inhabited. The largest island of Babeldaob¹, approximately twenty-miles long and ten-miles wide, comprises seventy-eight percent of Palau's land area and the second largest landmass in Micronesia after Guam.



Source: Pacific Islands Trade and Investment Commission and Asian Development Bank

Palau's total population is approximately 19,907², with seventy percent of the population residing in the capitol of Koror, the country's commercial and administrative center. Babeldaob, where only a quarter of the population resides, is largely uninhabited and underdeveloped. This is expected to change within the next decade with the scheduled completion of the US-funded Compact Road in 2007, a road network connecting outlying villages in Babeldaob to Koror that completely encircles the island.

Palau's government is modeled after the United States system, with an executive branch, a bi-cameral legislature and a judiciary branch. The national government is headed by an elected four-year term President and Vice President³, and an appointed cabinet. The legislature, *Olbiil Era Kelulau* (OEK), is comprised of a House of Delegates, with sixteen elected members serving four-year terms, and a Senate, with 14 elected members, also

¹ Referred to as *Babelthiap* on the map.

² Office of Planning and Statistics

³ Unlike the U.S., Palau's President and Vice President do not run on the same campaign ticket.

INTRODUCTION

serving four-year terms. Palau is divided into sixteen states⁴, each administered by an elected governor and a legislature.⁵

In addition, each state is also directed by a hierarchy of traditional chiefs responsible for upholding traditional customs and laws. The highest ranking traditional chiefs from each state serve on a Council of Chiefs, established under the Constitution to advise the President on matters concerning traditional customs and laws.

In 1994, Palau entered into the Compact of Free Association (referred to as the Compact) with the United States, and established itself as a sovereign nation. Under this fifty-year political and economic treaty, the U.S. committed US\$630 million over the first fifteen years (1994–2009), in exchange for exclusive access to Palau’s waterways with regard to all defense and security matters.



Source: Palau Visitors Authority

Compact Review	
Government (Administration, Education & Health)	<ul style="list-style-type: none"> Annual funding to maintain a minimum level of public service (and employment) while the small, market economy expands. Funding provisions to cease in 2009.
Infrastructure	<ul style="list-style-type: none"> Build basic infrastructure (roads, energy, transport & communication facilities)⁶. Develop an independently-functioning and eventually self-supporting economy.
Compact Trust Fund	<ul style="list-style-type: none"> Accumulate cash reserve in the first 15 years of the Compact (1994 to 2009). Generate interest income to replace the annual budgetary aid, for the remaining years of the Compact.⁷
Additional Provisions	<ul style="list-style-type: none"> Continuation of certain US federal programs. Privileged right of Palauan citizens to live, study, and work in the US without visa. Preferential trade access to the US.

⁴ Kayangel, Ngarchelong, Ngaraard, Ngardmau, Ngeremlengui, Ngiwal, Melekeok, Ngchesar, Aimeliik, Ngatpang, Airai, Koror, Peleliu, Angaur, Sonsorol, and Hatothobei.

⁵ Pacific Islands Trade and Investment Commission and the Asian Development Bank. (2001).

⁶ This includes funding for the \$149 million, 53-mile Babeldaob Road.

⁷ The trust fund is now \$157 million (December 2006).

INTRODUCTION

On 2009, the funding provisions of Palau’s Compact (specifically annual funding assistance, infrastructure funds, and trust fund payments) will end. However, other provisions, including security, strategic access, and trade provisions, will continue until 2023.

To prepare for a potential re-negotiation of the Compact in 2009, the Compact Review Commission (CRC) was established by law in March 2006 to review the Compact with the United States. The CRC is tasked with reviewing the economic development of Palau and providing recommendations as to what positions Palau should take on major issues to be discussed during the Compact renegotiation. The reports and recommendations will be presented to the President of Palau and the Presiding Officers of the the Olbiil Era Kelulau (OEK) no later than 1 January 2008.

As a sovereign nation, Palau manages its domestic and foreign affairs. Since independence and admittance to the United Nations in 1994, Palau has established diplomatic relations with many countries including Japan, Australia, Taiwan, the Republic of the Philippines, and Korea. Palau is a member of several international organizations and signatory to a number of international agreements and treaties.



ECONOMY

<i>Key Economic Statistics</i>			
Population – 2005 census	19,907	Gross Domestic Product (\$M) – 2006	\$157.7
Total Labor Force – 2005	13,000	% Government Revenues	21%
Total Employment – 2005	11,467	% Trade	21%
Private Sector	7,739	% Construction	16%
Public Sector	3,506	% Hotels and restaurants	11%
Other	222	GDP Per Capita (\$) – 2006	\$7,921
Unemployment Rate (%) – 2005	4.2%	Imports (US\$M) - 2004/2005	\$137.9
Currency	US Dollar	Exports (US\$M) – 2004/2005	\$8.8

Sources: Office of Planning and Statistics, ADB Palau Key Indicators 2006

Palau faces challenges that are common to remote islands economies; small market, distance from large markets, and limited resources. With an approximate population of 20,000, Palau has a population growth rate of 0.8%, a slight decline from 2000 Census's growth rate of 2.2%.⁸ The median age in Palau is 32.3 years, up from 30.8 in 2000.⁹ Nearly 56% of the population lies between the ages of 25 to 65 and the unemployment rate is 4.2 %.

Largely service oriented, Palau's economy is supported mostly by public administration, trade, tourism and related services, and construction. Palau's nominal GDP, approximately \$157.7 million in FY2006, grew by 9 percent. Per capita income increased to \$7,921, compared to \$7,267 in 2005. On a per capita basis, Palau is the most prosperous of the Pacific island economies¹⁰.

Palau's economy is dependent on foreign funding assistance, and to a lesser degree its developing tourism industry. Palau's government, which employs 30.6% of the labor force, has the highest wage cost (estimated at \$30 million annually) in the region.¹⁰ The immediate concern confronting Palau, in the next two years before Compact funds cease, is to expand and diversify its economy, thereby reducing its reliance on foreign assistance.

Tourism continues to be Palau's main industry. With its diverse marine life and near-pristine environment, Palau is a world-renowned scuba-diving and snorkeling destination. The Asian Development Bank estimated that during 2005/2006, visitor receipts in Palau equaled 45% of the country's GDP. Tourist arrivals – 80% of whom come from Japan, Taiwan, Korea, and the U.S. – exceeded 82,000 in 2006, an 87% increase in the last fifteen years. According to the Asian Development Bank, Palau ranks the second from the Bahamas in terms of having the highest number of visitor arrivals per capita in small island economies¹¹. Palau's tourism industry has proved somewhat resilient compared to its neighbor islands with an average growth rate of 8% during 2001-2003, after the September 11 attacks, SARS epidemic, the

⁸ Calculations are based on 5-year averages.

⁹ Source: Office of Planning and Statistics, Republic of Palau & US Central Intelligence Agency (2004).

¹⁰ Asian Development Bank (2006).

¹⁰ International Monetary Fund. (2004), Office of Planning and Statistics.

¹¹ Asian Development Bank (2007).

ECONOMY

Iraq War, and the ongoing U.S. War on Terror. In 2004, the number of visitors increased over 40%; due mainly to the 9th Annual Pacific Arts Festival and the shooting of the “Survivor” television series. Since 2005, the number of visitor arrivals remained above 80,000 visitors annually, surpassing the number of visitor arrivals during the 1990s.

Due to a variety of factors including falling world fish prices, the formerly lucrative fishing industry has been declining. Palau’s commercial fishing industry, which comprises domestic and international fishing companies, contributed \$3 million (2% of GDP) to the economy in 2005, down from an average of \$28 million. Despite this drop, the fishing industry, Palau’s major export industry, will continue to play a role in Palau’s economic growth. Palau’s location, rich fishing grounds, and ease of transportation to Asian markets make further development of the fishing industry likely.

Construction, both public infrastructure and private sector projects, also sustained the economy in 2006, contributing 16% of GDP, compared to 15% in the previous year. It is expected that major public and private sector projects currently underway or forthcoming will sustain construction activity growth over the next five years. These include the anticipated Koror Road Rehabilitation project, construction of the Aman Resort, airport Runway Resurfacing, and other smaller commercial and housing projects financed by the National Development Bank of Palau.

Palau’s two main exports were fish and manufactured garments. The value of Palau’s garment industry reached \$33.6 million in 2002.¹² The closing of the country’s remaining garment manufacturer¹³ in early 2003 ended this budding export industry and left the fishing industry as the only major contributor in Palau’s exports.

As a result of the declining fish and garment industries, the value of Palau’s exports dropped from \$20.3 million in 2002 to \$8.4 million and \$5.8 million in 2003 and 2004 respectively. The exports value picked up to \$13.4 million in 2005, mostly from the main contributing sector, fisheries. In the same period, imports (including fuel, machinery, food products, and manufactured goods) reached \$105.1 million, down from \$107.3 million in 2004.¹⁴ Palau’s major trading partners are the U.S., Singapore, and Japan.

¹² Source: Customs Division, Ministry of Finance, Republic of Palau

¹³ Due to undisclosed reasons.

¹⁴ Office of Planning and Statistics

POSITIVE DEVELOPMENTS

GOVERNMENT INITIATIVES

The government of Palau has established a number of programs to foster economic development, including investment climate and financial sector reforms, to create conditions conducive to private sector development and economic diversification. Although the government recognizes and encourages foreign investment, the country seeks foreign investments that do not compromise the country's unique natural and cultural resources.

- *Foreign Investment Reform.* The government of Palau is determined, with proposed foreign investment reform measures pending in the country's legislature¹⁵, to create a transparent investment environment, largely by streamlining foreign investment regulations and encouraging the flow of foreign investments into the private sector.
- *Financial Reform.* With a recently established regulatory and supervisory framework to monitor and regulate financial institutions, Palau enjoys a low risk financial environment. A new proposed amendment has recently passed both house in the OEK and is now awaiting the President's approval. Once it becomes law, this amendment will greatly improve financial stability of Palau's banking market and strengthen the FIC supervisory power.
- *Tax Incentives for Agri-Business Development and Tax Reform.* To expand the country's agricultural base and attract private sector investments in agri-businesses, the government has passed into law a proposal establishing tax incentives for investments in agriculture production. In addition to the tax incentives for agri-business development, the proposed tax reform is pushing towards modernizing the current tax system, and providing tax breaks and tax incentives for investments in other industries.
- *Regional Integration.* The government is engaging in continued economic cooperation within the Pacific region. As a member of regional trade agreements, including the Pacific Island Countries Trade Agreement (PICTA), Palau has opened its doors to preferred access to goods with its the regional trade partners including the Federated States of Micronesia, Australia, the Republic of the Marshall Islands, and New Zealand.
- *Ngardmau Free Trade Zone.* Established in 2001 under the Ngardmau Free Trade Zone Act, this free trade zone is a vehicle through which the country seeks to establish and encourage new industries and commercial activities. Targeted businesses include 'light' manufacturing (such as computer hardware and electronic component parts) and financial and trade-related services. For more details on the Ngardmau Free Trade Zone, see the section on "**Light Manufacturing**" (page 20), under "**Growth Opportunities**".

¹⁵ At the time of this report.

POSITIVE DEVELOPMENTS

Airline Access

Asian Spirit Airline, the Philippines' fourth biggest airlines, recently began offering service from Manila, Cebu, and Davao to Palau. Continental Micronesia, a wholly-owned subsidiary of Continental Airlines, is continuing to serve Palau with its daily flights from/to Guam. Through its Guam hub, passengers can connect to 24 other cities in Asia, the Micronesia Islands, and Hawaii. It also provides two weekly direct flights from Manila to Palau with other connection points to South-East Asia and on to Europe.

Palau's tourism industry will most certainly benefit from the increase in regularly scheduled airline service from the Philippines, Australia, the US (via Manila and Guam), Taiwan and Japan.



Babeldaob Road

The completion of the U.S.-funded 53-mile Babeldaob road in 2007 opens doors to expanded economic development on the largest island in Palau. The road facilitates direct access to the lesser developed states on Babeldaob, with fertile agricultural land, historical and cultural sites, wilderness areas, and prime real estate for resort development.

INVESTMENT CLIMATE

Foreign Investment

The Foreign Investment Act of 1990 regulates all foreign investments in Palau. Those interested in undertaking direct investments in Palau are required, to apply for and obtain a Foreign Investment Approval Certificate (FIAC) through the Foreign Investment Board (FIB).

A review of Palau's foreign investment climate by the International Finance Corporation and the World Bank¹⁶ pointed out the following recommendations:

- Replace current regulatory approach with a registration process, and monitoring system, to maximize the quality and quantity of foreign investments to Palau.
- Limit restrictions and conditions of business activities to sectors where reasonable competition will exist, and joint-venture requirements.
- Modify labor permits procedures for foreign workers.

At the time of this report, a bill to make structural and procedural changes, in line with the Asian Development Bank (ADB) recommendations to the current foreign investment regulation policies was introduced by the legislature.

Foreign Investment Regulations¹⁷

The Foreign Investment Act of 1990 proposes to:

- Promote foreign investment that benefits Palau
- Protect businesses within the capabilities of its citizens
- Promote employment for Palauans
- Control investments in Palau

This Act established the Foreign Investment Board (FIB), a seven-member board appointed by the President responsible for the screening, approving, and monitoring of foreign investment in Palau. Under this Act, certain business activities are reserved for citizens and business enterprises in which citizens have ownership interest.

Any proposed business activity either must involve a foreign investment of more than US\$500,000 or the workforce of the business must be at least 20 percent Palauan.

Foreign investors also are required to pay an annual fee of US\$500 for every foreign worker employed by their company. In addition, entry and work permits for any foreign worker must be obtained from the Division of Immigration and the Division of Labor.

¹⁶ International Monetary Fund. (2004).

¹⁷ Source: Foreign Investment Board

INVESTMENT CLIMATE

Land

Under Palau's constitution, land cannot be owned by any non-Palauan citizens; moreover, only corporations wholly-owned by Palauan citizens may acquire title to land or waters in Palau. However, foreigners may lease land, either from the government or private landowners, for up to fifty years, with options to renew. Currently, there are attempts for a land reform; if passed, these will allow foreigners to lease land for up to 99 years.

Labor Regulations

Foreign workers are critical to Palau's developing economy. Approximately 53.7% of total employment is foreign workers, the majority of which are Philippine nationals. Ninety percent of the non-citizen workers are employed in the private sector; the remaining ten percent, most of whom are usually professionals and technical experts, are employed by the government and its agencies.

Key Labor Hiring Regulations¹⁸

- There is a minimum wage for Palauans of \$3 per hour, which applies to the public sector and those working for foreign-owned firms.
 - Foreign companies that employ foreign workers have to pay an annual fee of \$500 per year.
 - Foreign workers are required to arrive with a return ticket.
 - Foreign workers cannot change jobs unless (a) the company for which they work is sold to another company, (b) the company goes bankrupt, or (c) the employer dies (in the case of individual employers).
 - Permission to do business is conditional on foreign employers ensuring that at least 20% of their workforce is Palauan.
-

¹⁸ Source: Asian Development Bank (2007)
Republic of Palau

COMPETITIVE ADVANTAGES

Palau’s comparative advantages relative to the Federated States of Micronesia, Republic of the Marshall Islands and U.S. territory in the Pacific for foreign investment are detailed below.

Competitive Advantages	
Location	<ul style="list-style-type: none"> • Proximity to Asia
Governance	<ul style="list-style-type: none"> • Politically stable • Strong ties to the U.S. • Duty-free access to U.S.
Tax System	<ul style="list-style-type: none"> • Low tax structure • No corporate tax • Tax incentives
Infrastructure	<ul style="list-style-type: none"> • Well-established infrastructure
Natural Resources	<ul style="list-style-type: none"> • Abundant tuna fishery • Rich biodiversity (marine and terrestrial flora and fauna) • Pristine marine ecosystems and environment • Rock Islands (unique and beautiful limestone islands)
Culture	<ul style="list-style-type: none"> • Rich cultural heritage (historical and cultural sites) • Ethnic cuisine

Location

Palau is the western most archipelagos in the Caroline Island chain, and thus is well-located in close proximity to major Asian markets of Japan, China, Taiwan, and other Southeast Asian countries. Famous for its marine splendors and unique culture, Palau is an attractive travel destination for outbound tourists from nearby Japan, Taiwan and Korea. Location is also vital in developing the country’s other marine-related industries (tuna fishery and marine aquaculture) targeting the seafood markets in Asia.

Governance

Palau is a politically stable sovereign nation, with special ties to the United States. Under the Compact of Free Association with the U.S., the security and defense of Palau and its borders are under U.S. control. In addition, Palau’s products are granted duty free entry into U.S. markets. This presents an attractive opportunity for foreign businesses seeking to leverage Palau’s newly established free-trade zone, deep-sea port, and transshipment location advantages and availability of substantial tariff savings in light manufacturing.

COMPETITIVE ADVANTAGES

Tax Structure

Palau's low tax structure is a major incentive for foreign investors. There is no corporate tax levied in Palau. There are three types of taxes, revenue tax (4%), wage and salary tax (6% on first \$8,000 and 12% in excess of that amount), and import duties (depending on the type of goods; most products are levied at 3% of their value). In addition, Palau grants temporary income tax exemptions to business activities that will further economic development.¹⁹

Additionally, a foreign investor constructing a facility may be entitled to refund of taxes for costs incurred in developing off-site roads, water, power and sewer access or improvement to service their facility. The amount of refund in any single tax year will not exceed 50% of the amount paid in that tax year by the foreign investor.

Infrastructure

The government of Palau has been developing and improving its infrastructure to support growth and diversification of its economy. As a service-based economy, Palau maintains a system of business infrastructure and encourages commerce by providing valuable services and convenience to industries and other primary businesses.

Transportation. Domestic and international merchant vessels and fishing fleets as well as international cruise lines are serviced on a regular basis at the country's commercial port facility, Malakal Commercial Port. Two international shipping companies service Palau, Kyowa (Bali Hai) Line and Matson Line (through Guam). Global freight forwarding is available through Federal Express (FedEx) and DHL International, Inc. (DHL), who have established offices in Koror.

The newly renovated Palau International Airport (the renovation included a runway extension project) serves five international airline companies connecting Palau to major cities in Japan, Korea, Taiwan, the Philippines, Yap State (FSM) and the U.S. (via Guam). Increased airline access will expand tourism and export opportunities in Palau.

Palau has a well-connected road system from Koror to outlying villages throughout Babeldaob. In 2007, the 53-mile US-funded Babeldaob Road expansion was completed, connecting Koror to the other states in Babeldaob, fostering an expansion of commercial activities in the underdeveloped areas in Babeldaob.

¹⁹ Negotiated on a case-by-case basis.
Republic of Palau

COMPETITIVE ADVANTAGES

Telecommunication. Telecommunications is critical to trade and economic development and Palau has one of the most well-developed telecommunications sectors in the region. *The Palau National Communications Corporation (PNCC)* manages the country's telecommunications services, as well as cable and mobile telephone services. PNCC has state-of-the-art facilities with robust telecommunications infrastructure. Communication access to the rest of the world is facilitated through satellite connection with a fiber-optic network on-island, direct dial capabilities, cellular networks, broadband connections (ISDN and ADSL technologies) and other facilities. *Palau Mobile Communications (PMC)* and *SmartCall Telecom, Inc.*, are two privately-owned long-distance carriers, provide international and cellular phone roaming telecommunication services. In addition to PNCC, PMC, and SmartCall Telecom, a newly established privately-owned telecommunication company, *Palau Broadband (PBB)*, is planning to launch Wi-Fi high-speed internet and long-distance phone card services in August 2007. The competition in Palau's telecom market has driven the cost of international calls down to only \$0.35 per minute²⁰.

Banking and Financial Services. Palau's financial system consists of 8 commercial banks, including 3 branches of U.S.-chartered banks (Bank of Guam, Bank of Hawaii, and Bank Pacific), one Taiwanese bank branch (First Commercial Bank), one development bank (the National Development Bank of Palau), and a number of non-bank financial institutions and small credit unions. The four foreign-owned and U.S. branches together represent about 80% of total deposits which are insured by the FDIC and follow U.S. prudential regulations²¹.

Natural Resources

Blessed with one of the most diverse marine ecosystems, Palau's natural resources are the foundation for its growing tourism industry. Palau has one of the most extensive and diverse reef systems and one of the richest tuna fisheries. Palau's famous Rock Islands are one of the world's unique marine ecosystems. The country's active preservation efforts will ensure these islands remain invaluable aesthetic resources and tourist attractions for years to come. In addition, because of the lack of destructive fishing practices and fairly low levels of development and pollution, Palau's coral reefs have been kept pristine and thus provide a unique opportunity for reef studies. Through a special cooperative agreement between the U.S. and Japan, a modern marine research facility, the Palau International Coral Research



²⁰ At the time of this report

²¹ Asian Development Bank (2007).

COMPETITIVE ADVANTAGES

Center, has been established and currently conducts various coral reef and marine diversity studies.

Culture

Claiming a rich cultural history dating back to 1000 BC,²² Palauans enjoy a fascinating heritage with customary practices, including *omesurch* (a first-child ceremony) and *kemeldiil* (funeral ceremony), which are still practiced today. Historical remnants with ancient legends and impressive natural sites are scattered throughout the islands. Palau's rich cultural heritage, together with pristine natural sites, native arts and crafts, and ethnic cuisine make it a viable niche tourism (cultural, historical, nature and adventure tourism) destination.



²² Source: Palau Visitors Authority
Republic of Palau

GROWTH OPPORTUNITIES

Palau’s economic development initiatives aim to diversify the local economy. This report identifies growth opportunities for development, in-line with the economic development initiatives of the government. These growth opportunities are categorized into the three main sectors and are listed below. Specific business opportunities, where applicable, are presented in each main growth sector.

Aquaculture	<ul style="list-style-type: none"> • Seafood Trade • Aquarium Trade
Tourism	<ul style="list-style-type: none"> • Hotel & Resort Development • Timeshare Marketing/Sales
Film, TV, and Commercial	<ul style="list-style-type: none"> • Film, TV, and Commercial Productions
Light Manufacturing	<ul style="list-style-type: none"> • Ngardmau Free Trade Zone Facility

Aquaculture

Aquaculture is a growing food-producing sector in Palau’s economy, providing for the domestic market and increasingly contributing to the nation’s trade balance. The country’s aquaculture production has increased dramatically in recent years, and offers promising growth opportunities. The high quality of Palau’s coastal water, its temperature and vast reef systems create ideal conditions for marine aquaculture.

Aquarium Trade	
Aquarium Plant/Animal Sales	US\$900 million
Marine Aquarium Trade	US\$200-\$330 million
Marine Aquaria Enthusiasts	
<ul style="list-style-type: none"> • World • U.S. 	<ul style="list-style-type: none"> 2 million 1 million

Source: UNEP, UH-CTAR

Seafood Trade	
World Seafood Trade	\$100 billion
Major Import Markets (per capital consumption)	<ul style="list-style-type: none"> • Japan - 88 lbs. • EU - 37 lbs. • China - 16 lbs. • US - 15 lbs.

Source: Aquaculture Production Technology

Palau’s principal marine aquaculture product is giant clams. These cultured giant clams are in high demand in the marine aquarium industry. The U.S. is the largest consumer of marine aquarium products, importing approximately 90% of all live marine aquarium products, followed by the European Union, Hong Kong, and Japan. Major suppliers of this trade are South-east Asian and Pacific Island countries.

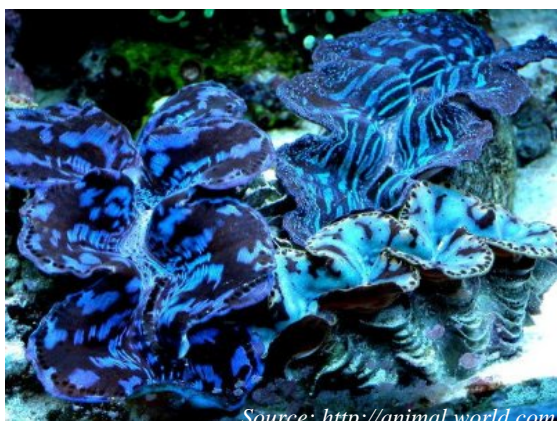
The world seafood trade is a fast growing industry, with seafood consumption anticipated to outpace commercial fishery harvests. Seafood importers and distributors are constantly seeking reliable sources of supply and new products to meet the escalating

demand, and aquaculture operations have been increasingly filling the demand. Aquaculture

GROWTH OPPORTUNITIES

supplies 23% of the world’s fishery production. Of the 28 million tons of seafood farmed worldwide per year, cultured mollusks²³ comprise 17%.²⁴ Cultured giant clams are highly valued in the Asia-Pacific seafood industry. There is great potential for cultured giant clams to supply niche and specialty markets in Asia, particularly Japan and China. Considering the size and consumption demand from these markets, regional cooperation among giant clam cultivators in the freely-associated states (the Republic of the Marshall Islands and the Federated States of Micronesia) will likely be necessary to meet the demand from the Asian seafood market.

The Palau Mariculture Demonstration Center (PMDC), a government-owned facility, is the Micronesian’s largest producers of giant clams, supplying more than 1,500,000 giant clam ‘seedlings’ to nearly 40 private, individual farmers throughout Palau to grow out and sell in the aquarium trade and local consumption market. PMDC also assists local farmers, by providing technical advice, referring contacts for buyers, and helping with packing and shipping. Their current export markets include Germany, France, U.S., Taiwan, as well as CNMI and Guam. In the near future, PMDC have a plan to diversify their products by adding more species of clams and adding soft corals for aquarium trade.



Belau Aquaculture, Inc., a private company, purchases giant clams from these private giant clam farms as well as PMDC for shipment to aquarium buyers in the U.S. Belau Aquaculture also cultures soft corals for the aquarium trade as well. Palau’s marine aquaculture export market has estimated sales of over \$300,000²⁵ a year. Product research and development projects are ongoing with other marine and fresh-water species, including trochus, grouper, and shrimp.

²³ Oysters, Scallops, Mussels and Clams.

²⁴ Aquaculture Production Technology. (2000).

²⁵ Source: Palau Mariculture Demonstration Center
Republic of Palau

GROWTH OPPORTUNITIES

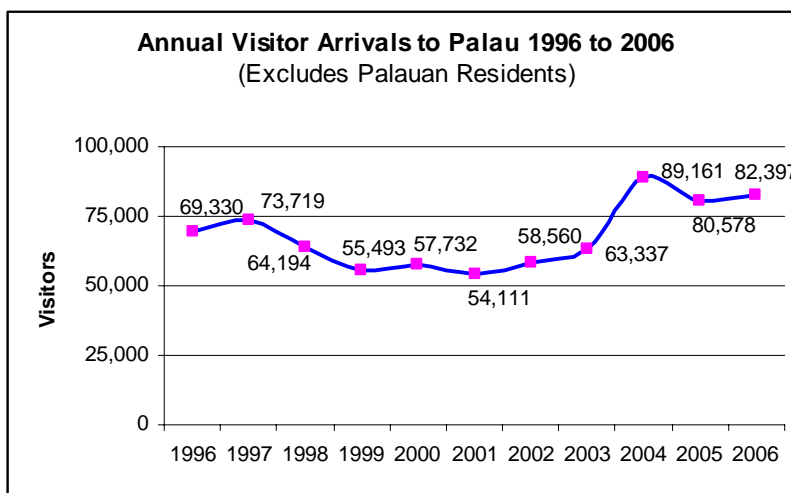
Projects	Business Opportunity	
Palau Mariculture Demonstration Center (PMDC)	Partnership in seafood trade for fresh or frozen giant clam meat. Additionally, seeking partnerships in the aquarium market trade for cultured giant clam and other value adding species products.	<ul style="list-style-type: none"> • Aquarium Trade Buyers • Seafood Buyers or Importers
Belau Aquaculture, Inc.	Partnerships in aquarium market trade for cultured giant clam, soft coral, and ornamental fish. A privately-owned local company with gross receipts of \$40,000 ²⁶ per month, the company has the capacity to double its exports.	<ul style="list-style-type: none"> • Aquarium Trade Buyers
Ngatpang Aquaculture Farm	A government-/ SEAFDEC- sponsored project, the 14-acre Ngatpang Farm supplies milkfish as live-bait for local and foreign-owned tuna fishing companies. Other ongoing pilot projects include oyster, rabbit fish, and mud crabs.	<ul style="list-style-type: none"> • Seafood Buyers or Importer • Tuna Bait buyers

²⁶ Holyoak, L. (2001).
Republic of Palau

GROWTH OPPORTUNITIES

Tourism

The tourism sector remains one of the most lucrative foreign investments in Palau. Palau's natural beauty and diverse marine life makes it one of the most popular scuba diving destinations in the world, attracting thousands of U.S. and Japanese divers each year. According to the World Tourism Organization's Tourism Highlights 2006, Asia and the Pacific were regarded as "the second best performing region in the world, ranking only after Africa."²⁷ The World Tourism Organization further stated that since 2002, Asia and the Pacific have surpassed the Americas as the number two regional destination in the world, with Europe being the first.



Source: Palau Visitors Authority

With an average of 5,500-8,200 visitor arrivals per month²⁸, the majority of visitors to Palau come from Japan, Taiwan, Korea, the United States, Canada, Guam, and the Philippines. In 2003, the number of Taiwanese visitors surpassed the number of Japanese visiting Palau for the first time, making up 44% of the market, compared to Japan's 34%. Another significant shift occurred in 2006, when there was a sharp

increase in the number of Korean visitors (by over 400% from 2005). Palau is also well positioned to play host to some of the more than 30,000 military personnel and family members who will be transferred from Okinawa to Guam in the next few years. With direct flights from Guam, Palau will provide an affordable nearby destination for these soldiers and their families who may be looking for travel and entertainment options.

Five airline companies provide regular and charter air service between Palau and Japan, Korea, Taiwan, the Philippines, Australia (via Darwin), the Federated States of Micronesia (Yap, Chuuk and Pohnpei), and the U.S. (via Guam). These airline companies, Asian Spirit Airlines, Continental Airlines, EVA Airlines, Far Eastern Air Transport, and Japan Airlines, provide easy and reliable airline access from major Asian markets, the U.S., the European Union, and Australia. Palau has a current inventory of 1,253 rooms, up from 1,049 rooms in 2003. Proposed hotel development projects under way will increase this room inventory in the next two to five years.

²⁷ World Tourism Organization. (2007).

²⁸ Total visitor arrivals of 82,397 in 2006.

GROWTH OPPORTUNITIES

To improve and expand the tourism industry, diversification of the tourism base and tourism products is essential. Recently completed facilities, including the new Belau National Museum, Etpison Museum, the Agro-Tourism Project initiated by the Taiwan Technical Mission, the Ngara Amayong Cultural Center, the Palau Aquarium, and other private facilities such as the Dolphins Pacific all offer unique tourist activities. These new tourism products and Palau's modern business services make Palau a viable destination for corporate meetings and conventions. Two large upscale hotel investment projects are under way and expected to boost Palau attractiveness as a high-end tourist destination²⁹.

With its exquisite natural environment and extensive marine as well as land-based activities, Palau is an ideal cruise destination for specialty cruise line companies searching for new destinations ports with unique itineraries. Within the first quarter of 2007, at least two international cruise lines have visited and enjoyed the nature wonders of Palau³⁰.

Almost all tourism infrastructures are concentrated on Koror. The new Babeldaob road will open opportunities for expanded tourism development, diversifying the tourism base. Transportation ease to the largest landmass in Palau will enable development opportunities for resorts and other tourism-related businesses in prime real estate.

While the primary tourism business opportunities include resort and hotel investments and cruise line partnerships, ecotourism³¹ development distinguishes Palau as a true niche destination.³² The completed Babeldaob road provides easy access to unspoiled wilderness and extraordinary cultural and natural sites throughout Babeldaob. This in turn opens up opportunities for development of nature- and cultural-focused tourism products and activities, including eco-resort accommodations, culture-based attractions, and adventure tours to target niche and specialty tourism markets in the U.S., the European Union, and throughout Asia.

Specific private investment and business opportunities exist in ecotourism resort development, timeshare sales and marketing, convention and meetings venues, ecotourism business opportunities (scuba-diving, sport fishing, adventure/nature and cultural tour packages).

²⁹ At the time of this report

³⁰ Asuka Cruise (500 passengers) and a German Cruise Ship (500 passengers)

³¹ Defined by The International Ecotourism Society (TIES) as "responsible travel to natural areas that conserves the environment and improves the well-being of local people."

³² Ecotourism, cultural/historical tourism, and adventure/nature tourism.

GROWTH OPPORTUNITIES

Projects	Business Opportunity	
Golf Course	Palau Golf, Inc. (PGI) is developing an 18-hole golf course and resort comprised of 100 villas, and a 60-room hotel complex. The golf course, located on Aimeliik, Babeldaob. The villas are a mix of one, two and three bedroom units.	<ul style="list-style-type: none"> ▪ Timeshare Marketing ▪ Timeshare Buyers ▪ Investment
Commercial Housing Development	Development of a property in Koror and Babeldaob for high-end housing compound to meet the needs of a growing short-term lease market. Possible option for the development of up scale timeshare villas.	<ul style="list-style-type: none"> ▪ Investment ▪ Development ▪ Management
Hotels and Resorts	Development of ecotourism resorts in prime real estate properties located on Koror, Palau's commercial and administrative center.	<ul style="list-style-type: none"> ▪ Investment ▪ Development ▪ Management
Outrigger Hotel Project	The project will be located in Arkebesan Island in Koror State. This is a 100 room resort hotel with another 70 condo villas for sales and 10 water-front bungalows; all together 180 units. This Outrigger project is under a designing phase and it will include beach, marina, spa, restaurants, shops, and more. The size of land is about 50,000 square meters.	<ul style="list-style-type: none"> ▪ Investment
GHM Hotel Project	The GHM resort will be located in Ngermid Hamlet, Koror State. This is a high end resort hotel with 40 rooms; 16 of which will be for sales as condo villas. The project has received a permit and the size of land is about 120,000 square meters.	<ul style="list-style-type: none"> ▪ Investment
Ag-Tourism/ Eco-Tourism Resorts	Development of ecotourism and ag-tourism resorts and tourist attractions in prime real estate properties located on Peleliu, Babeldaob, and Kayangel. The possible new attractions can be for both marine and non-marine activities.	<ul style="list-style-type: none"> ▪ Investment ▪ Development ▪ Management
Conference Tourism	Given Palau's hotel room capacity, modern business support services and tourist attractions, several hotel operators are currently exploring opportunities to develop Palau as a corporate conference and outing destination.	<ul style="list-style-type: none"> ▪ Tour agents ▪ Event Organizers
Cruises	Develop Palau as a cruise line specialty port destination, in combination with neighboring Micronesian islands. With new attractions, including a cultural center, national museum, dolphin experience, aquarium, rich natural resources and numerous historical and cultural sites, Palau can become a marquee port.	<ul style="list-style-type: none"> ▪ Partnership (Cruise line)

GROWTH OPPORTUNITIES

Film and Television Production

Palau’s natural beauty and its rich marine environment is what keeps visitors coming back to this wonderful destination. Its immaculate underwater archeology, colorful coral garden, vibrant marine life, historic sunken wrecks, white sand beaches, hidden lagoons, and moderate weather year-round make Palau an ideal location in the region for international film, television, and commercial productions.

Several film producers from Asia, Europe, and the United States have chosen Palau as their filming locations for the past decade. The U.S.’s reality television show “Survivor: Palau” was filmed during 2004 and aired in 2005. Palau has also been chosen as a site for film and television production of several motion pictures, TV series, and television commercials by international organizations like the World Wildlife Fund, PBS, UNESCO, CNN, National Geographic Television and Film, SBS-Korea, GMA7-Philippines, and YLE-Finland.

Palau’s other competitive advantages as a premier filming location includes its exclusive image, English-speaking local crews, small population (thus, offers high level of privacy), modern facilities for crews and emergency care, and high quality local film and TV production studios and companies who can provide any production assistance.

Projects	Business Opportunity	
TV and Video Production Company	<p>Roll ‘em Productions Palau, Inc. The first and only film and video production company in Palau, it has a 5,000 square foot facility equipped to meet the highest quality audio and video production. It also produces local TV shows, news and weather channels through its own OTV channel 37. Opportunity to expand and produce local shows for other Pacific Islands.</p>	<ul style="list-style-type: none"> • Investment • Development • Film, TV, and Commercial Producers
Underwater Film Production	<p>Fish N’ Film offers high definition filming and complete underwater imaging service in Palau. They have been working with numerous international clients for their broadcasts.</p> <p>Sam’s Tours Digital Photo Center, managed by a professional photographer and videographer. Their works appeared on several scuba diving magazines and international broadcast channels.</p>	<ul style="list-style-type: none"> • Film, TV, and Commercial Producers

Light Manufacturing

GROWTH OPPORTUNITIES

As part of its drive to diversify the economy away from tourism, the government of Palau passed the Ngardmau Free Trade Zone Act. The Ngardmau Free Trade Zone (NTFZ) opens opportunities for export-oriented businesses to locate their operations in Palau. With economic health, political stability, strong trade agreements, attractive tax system and incentives, government support and investment, and airport infrastructure, Palau has the potential to establish a successful free trade zone. Under the Act, licensed industries benefit from the following incentives:

- Import tax exemption on equipment and raw materials
- Export tax or user fees exemption (up to 10 years)



Source: Pacific Islands Trade and Investment Commission and Asian Development Bank

Investors and developers in Palau’s free trade zone can also benefit from the country’s preferential trading arrangements under the following treaties and trade agreements:

Compact of Free Association	Investors in manufacturing can also benefit from duty-free access to the US market under the Compact of Free Association.
Pacific Island Commerce and Trade Agreement (PICTA)	PICTA agreement grants duty-free entry (no import taxes and other trade barriers) of goods from Palau to other Pacific Island member countries.
Pacific Agreement on Closer Economic Relations (PACER)	Under PACER, Palau and other smaller member countries negotiate free trade arrangements with the larger developed countries of Australia and New Zealand.

Potential export-oriented ventures in Ngardmau Free Trade Zone include the assembly of specialized electronic equipment and components parts for re-shipment to the U.S., Asian markets, Australia, and the greater Pacific region. With added airline connections and regular shipping lines, such a venture may be profitable. There is also an opportunity for joint-venture projects with local entrepreneurs in the computer services industry to take advantage of the growing market opportunity.

The newly appointed Ngardmau Free Trade Zone Authority, the free trade zone’s administrative agency, is seeking investors and partners for the development of an appropriate free trade zone facility, within the free trade zone’s 14,130 square kilometer area.

GROWTH OPPORTUNITIES

Project	Business Opportunity	
Ngardmau Free Trade Zone Commission	Investment and development of a free trade zone facility in newly established free trade zone in Palau. Partnerships with investors and developers seeking cost-effective location for light manufacturing operations to capture market opportunities in the Asia Pacific – in Palau.	<ul style="list-style-type: none"> • Investment • Development

OPPORTUNITIES FOR FURTHER DEVELOPMENT

Agriculture	Partnership Need
<p>Root Crops. Develop and expand current exports of root crops and other agriculture products to Guam and the CNMI. Taro, sweet potato, and tapioca - current oversupply in the local market.</p>	<ul style="list-style-type: none"> • Investment • Development • Retail buyers -regional (CNMI/Guam)
<p>Value-Added Products. Expansion of small-scale agri-businesses currently producing a selection value-added agriculture products selling to the local market, largely for tourist consumption. These products include <i>noni</i> tea/juice/capsules, unique Palauan essential coconut oil, and coconut candy. There is an opportunity for partnerships to export these specialty food items to the US market, a major import market for organic, gourmet, processed specialty foods world-wide.</p>	<ul style="list-style-type: none"> • Specialty food importers, distributors & retailers
<p>Tropical Flowers. Partnership in establishing a commercial operation to cultivate native and other exotic tropical flowers for export to major Asian markets - such as Japan, Taiwan and China.</p>	<ul style="list-style-type: none"> • Investment • Development
Tourism	Partnership Need
<p>Tour Packages. Partners in selling scuba diving and sport fishing tour packages in the US, Asia, and Europe markets.</p>	<ul style="list-style-type: none"> • Travel/Tour Wholesalers • Travel/Tour Distributors
<p>Asian- and US-Chain Hotels. Investment and development of Asian- and US-chain hotel properties in Palau. Partnership with these chain hotels to manage and operate (management contract) hotel properties in Palau.</p>	<ul style="list-style-type: none"> • Investment • Development • Management Contract
<p>Activities for Non-divers. Potential for developing new attractions for non-divers such as culture shows, sport fishing, glass-bottom boats, hiking trails, etc.</p>	<ul style="list-style-type: none"> • Investment • Development
<p>Island transportation. Investment and development of inter-island air transportation between Koror and Peleliu as well as air sightseeing tour services.</p>	<ul style="list-style-type: none"> • Investment • Development • Management Contract
Fishery	Partnership Need
<p>Small-Scale Fish Processing Plant. Develop a small-scale processing facility to salt, dry, smoke, and package fish products – from oversupply of fishing catches not consumed by the local market.</p>	<ul style="list-style-type: none"> • Investment • Development
Trade	Partnership Need
<p>Wholesale/Distributor. General merchandise and grocery wholesaler/retailer interested in distribution of US goods.</p>	<ul style="list-style-type: none"> • Investment • Development

USEFUL CONTACTS

Maritime	Partnership Need
<p>Small-scale Marina. Partnership in establishing a small-scale marina for private yachts and sailboats that already visit Palau year-round.</p>	<ul style="list-style-type: none"> • Investment • Development
<p>Ship Registry. Development of a ship registry (registration of offshore ships) operation in Palau. Palau can capitalize on its sovereignty, US-affiliation, and proximity to Asia, Australia and New Zealand, by partnering with established US maritime registration companies to develop a ship registry operation based in Palau.</p>	<ul style="list-style-type: none"> • Investment • Development
Recycling	Partnership Need
<p>Paper Recycling Plant. Opportunity to develop a paper recycling plant facility that will convert waste paper into viable products for sale in the local market, tourist market, and potentially export to regional island markets. Waste paper from commerce and government activities combined could provide sufficient feedstock for an appropriately structured waste paper recycling and production operation.</p>	<ul style="list-style-type: none"> • Investment • Development
<p>Metal Scraps Recycling. Opportunity to develop a company to collect, buy, sell or ship metal scraps to companies in the People’s Republic of China, Philippines, other parts Asia, or the US.</p>	<ul style="list-style-type: none"> • Investment • Development
<p>Electronic Equipment Recycling. Partnership in establishing a company to collect, buy, sell or ship used-electronic equipment to companies in the Philippines, in Asia, or the U.S.</p>	<ul style="list-style-type: none"> • Investment • Development
Light Manufacturing	Partnership Need
<p>Renewable Energy. Due to rising costs of imported fuel, opportunities exist for companies who are involved in creation and development of alternative energy (i.e., solar energy) as well as those who can supply equipment, materials, and training.</p>	<ul style="list-style-type: none"> • Investment • Development • Suppliers
<p>Packaging Agent/ Manufacturer. Demand exists for packaging design and production of attractive packaging for local island products. These local producers are looking for creative packaging to increase attractiveness of their products.</p>	<ul style="list-style-type: none"> • Investment • Development • Suppliers
Education	Partnership Need
<p>Marine Research Programs. Establish a marine research and field study program in partnership with Palau Community College³³ and the Palau International Coral Reef Center.</p>	<ul style="list-style-type: none"> • Education Institutions

³³ Accredited by the Western Association of Schools and Colleges, one of the six regional accrediting associations in the US.

USEFUL CONTACTS

<p>Business Development</p>	<p>Ms. Lisa Abraham, Director Small Business Development Center-Palau PO Box 9, Koror, PALAU 96940 Tel: (680) 488-6004 / Fax: (680) 488-2447 Email: lees@pacificsbdc.com / Website: www.pacificsbdc.com</p> <p>Pacific Business Center Program 2404 Maile Way A-413, College of Business Administration University of Hawaii, Manoa Honolulu, Hawaii 96822 Tel: (808) 956-6286 / Fax: (808) 956-6278 Email: pbcpc@hawaii.edu / Website: http://www.hawaii.edu/pbcpc</p>
<p>Community Organizations</p>	<p>Mr. Wayne Santos, President Rotary Club of Palau PO Box 1587, Koror, PALAU 96940 Tel: (680) 488-2696 / Fax: (680) 488-1384</p> <p>Mr. Ken Uyehara, Executive Director Palau Chamber of Commerce PO Box 1742, Koror, PALAU 96940 Tel: (680) 488-3400 / Fax: (680) 488-3401 Email: Pcoc@palaunet.com</p>
<p>Development Bank</p>	<p>Mr. Kaleb Udui, Jr., President National Development Bank of Palau PO Box 816, Koror, PALAU 96940 Tel: (680) 488-2578 / Fax: (680) 488-2579 Email: ndbp@palaunet.com</p>
<p>Education</p>	<p>Dr. Patrick Tellei, President Palau Community College Po Box 9, Koror, PALAU 96940 Tel: (680) 488-2470 / Fax: (680) 488-2447 Email: Tellei@belau.org</p>

USEFUL CONTACTS

<p>Foreign Investment</p>	<p>Ms. Encely Ngiraiwet, Director Foreign Investment Board PO Box 1733, Koror, PALAU 96940 Tel: (680) 488-1135 / Fax: (680) 488-3722 Email: fibpalau@palaunet.com</p>
<p>Government Agencies</p>	<p>Bureau of Budget and Planning Ministry of Administration P.O. Box 6011, Koror, PALAU 96940 Tel: (680) 767-1270 / Fax: (680) 767-5642</p> <p>Mr. Ricardo Bausoch, Chief Bureau of Revenue, Customs, & Taxation PO Box 6011, Koror, PALAU 96940 Tel: (680) 488-2580 / Fax: (680) 488-3844</p> <p>Ms. Portia K. Franz, Executive Officer Environmental Quality Projection Board PO Box 100, Koror, PALAU 96940 Tel: (680) 488-1639 / Fax: (680) 488-2963</p> <p>Mr. Fritz Koshiba, Minister Ministry of Resources & Development Republic of Palau, National Government P.O. Box 1733, Koror, PALAU 96940 Tel: (680) 488-2701 / Fax: (680) 488-3380 Email: MRD@palaunet.com</p> <p>Mr. Otoichi Besebes, Minister Ministry of Commerce & Trade P.O. Box 1471, Koror, PALAU 96940 Tel: (680) 488-2111 / Fax: (680) 488-3207 Email: mincat@palaunet.com</p>

USEFUL CONTACTS

<p>Ocean Resources</p>	<p>Mr. Theo Isamu, Director Bureau of Marine Resources P.O. Box 359, Koror, PALAU 96940 Tel: (680) 488-3125 / Fax: (680) 488-1725 Email: Theodmr@palaunet.com</p> <p>Ms. Anna Aichi Palau Marine Demonstration Center P.O. Box 359, Koror, PALAU 96940 Tel: (680) 488-3322 / Fax: (680) 488-3555 Email: pmdc@palaunet.com</p> <p>Mr. Fabian Iyar, CEO Palau International Coral Reef Center PO Box 7086, Koror, PALAU 96940 Tel: (680) 488-6950 / Fax: (680)488-6951 Email: fmatsutaro@picrc.org / Website: www.picrc.org</p> <p>Mr. Tiare Holm, Executive Director Palau Conservation Society PO Box 1811, Koror, PALAU 96940 Tel: (680) 488-3993/4716 // Fax: (680) 488-3990 Email: pcs@palaunet.com</p>
<p>Telecommunications</p>	<p>Mr. Todd Houseman, General Manager Palau National Communications Corporation PO Box 99, Koror, PALAU 96940 Tel: (680) 587-8740/9000 / Fax: (680) 587-1888 Email: pnc@palaunet.com / Website: www.palaunet.com</p> <p>Mr. Mark Lin, General Manager Palau Mobile Corporation P.O. Box 8084, Koror, PALAU, 96940 Tel: (680) 488-0981 / Fax: (680) 488-3871 Email: marklin@viamedia.com.tw / Website: www.palaumobile.com</p>
<p>Tourism</p>	<p>Mr. Darin DeLeon, Managing Director Palau Visitors Authority PO Box 256, Koror, PALAU 96940 Tel: (680) 488-2793 / Fax: (680) 488-1930 Email: ddeleon.pva@visit-palau.com / Website: www.visit-palau.com</p> <p>Ms. Leilani Reklai, Executive Director Belau Tourism Association PO Box 9032, Koror, PALAU 96940 Tel: (680) 488-4377 / Fax (680) 488-3401 Email: bta@palaunet.com</p>

BIBLIOGRAPHY

Aquaculture Production Technology. (2000). The Deterioration of Ocean Fisheries and the Role of Aquaculture. Retrieved on July 23, 2004 from <http://www.aquaculture.co.il/seafood-supplies.html>.

Asian Development Bank (2007). Palau: *Policies for Sustainable Growth, A Private Sector Assessment*. July 2007.

Central Intelligence Agency. (2004). Palau: Country Information in *The World Factbook*. Retrieved on July 13, 2004, from <http://www.cia.gov/cia/publications/factbook/geos/ps.html>

Holyoak, L. (2001). Marine Exports Paying Off. *Pacific Islands Magazine*. Honolulu, Hawaii.

Osman, W. (2003). *Bank of Hawaii Economic Report: Republic of Palau*. Hawaii: Bank of Hawaii.

International Monetary Fund (2004). *Republic of Palau: Assessment of the Supervision and Regulation of the Financial Sector*, Volume I & II. Washington DC: International Monetary Fund. May/June 2004.

International Monetary Fund. (2004). *Republic of Palau Country Report*. Washington DC: International Monetary Fund. March 2004.

World Tourism Organization. (2003). World Tourism in 2002: Better than expected. *World Tourism Organization News Release*. 27 January 2003.

Additional References

Chen, L. Flores, A. Koyama, S. Meter, & S. Whipps, Jr. (1992). Republic of Palau Policy Recommendations: Foreign investment, Foreign Labor, and Wages. UCLA – John E. Anderson School of Management.

Foreign Investment Board. Foreign Investment Act of 1990. Republic of Palau.

Office of the President. (2004). *State of the Republic Address Tommy Remengesau, Jr.* Koror, Palau: Office of the President, Republic of Palau. April 2, 2004.

Pacific Islands Trade and Investment Commission and the Asian Development Bank. (2001). *Business Information Guide to the Pacific Islands*. Sydney, Australia: Pacific Islands Trade and Investment Commission and the Asian Development Bank.

Ellis, S. (2002). *Nursery and Grow-out Techniques for Giant Clams*. University of Hawaii. Honolulu, Hawaii: Center for Tropical and Subtropical Aquaculture Publication No. 143.

Osman, W. (2004). *An Update on the Economy of Palau*. Washington DC: US Department of the Interior. May 2004.

Pacific Consultants International (2000). *The Study for Promotion of Economic Development in the Republic of Palau*, Volume 1-3. Tokyo, Japan: International Cooperation Agency (JICA), & the Office of Planning and Statistics, Republic of Palau.

Palau National Communications Corporation (2002). *Telecommunications Development in Palau*. Koror, Palau: Palau National Communications Corporation.

South Pacific Regional Education Program. (2002). *Ship Waste Report: Republic of Palau*. Retrieved from on June 16, 2004 from <http://www.sprep.org.ws/publication>.