

PALAU

The administration of President Kuniwo Nakamura and Vice President Tommy Remengesau, nearing the end of their second and last four-year term, claimed a number of accomplishments during the year under review. The national budget was balanced for the sixth consecutive year, and external funding was secured for the new Koror–Babeldaob bridge, channel and harbor development at Peleliu Island, and an international coral reef research center to be located on Koror's M Dock. Attractive sports facilities were completed in time for Palau to host the August 1998 Micronesian Games, in which Palauan athletes performed exceptionally well.

In foreign relations, President Nakamura accepted for the first time the credentials of the ambassador from Greece, Constantin Drakakis, accepted Australia's new ambassador, Timothy Cole, who made a \$40,000 contribution to the Mindzenty High School building fund, established diplomatic ties with Thailand, appointed Masao Salavador as ambassador to Japan, and established Palau's embassy in Tokyo. Nakamura also received Japan's ambassador. This exchange of ambassadors is seen as enormously important for the republic's future relations with Japan, which has provided Palau with a significant amount of financial support since constitutional government began in 1981. Such support has resulted in the recent completion of the electrification of the entire island of Babeldaob, which was accomplished with a \$27 million grant from the Japan International Cooperation Agency. Telephone service is now available all

over Palau, from Kayangel in the north to Angaur Island in the south. This was achieved with about \$35 million in funding from the United States government.

Two high-priority construction projects are the Koror–Babeldaob bridge and the 53-mile circle-island road on Babeldaob. The government of Japan has agreed to provide some \$25 million for the bridge (*Tia Belau*, 22 Jan–5 Feb 1999), which will replace the structure built by the Trust Territory government in 1977 that collapsed in 1996. Further, some \$149 million in compact funds have been allocated by the United States for the massive Babeldaob road project. The US Army Corps of Engineers will supervise the road building, which will be done by the Daewoo Corporation of South Korea. Daewoo, the second largest construction firm in South Korea, outbid four other finalists from South Korea, the People's Republic of China, Japan, and the United States. The five bid packages ranged from Daewoo's \$89 million to US Black Construction's \$129 million. Both projects are scheduled to begin before the year 2000.

Two other projects completed in mid-1999 were the impressive Ministry of Education and Public Library buildings in the center of Koror, both constructed by Roman Tmetuchl's Pacifica Development Corporation.

Politically, some tension developed between the executive and legislative branches of the government when President Nakamura took time in his annual state of the republic address to criticize legislators for their inattention to duty. He expressed alarm over congress's failure to appropriate funds

for important legislatively approved projects, and bills left languishing, such as those for a new airport terminal and a national health-care plan. Nakamura closed his scolding by advising the lawmakers to resign if they could not carry out their responsibilities. The presidential address was aired on television for several days but did not generate any particular reaction, although this form of public reprimand is unusual in Palau. Senate President Isidoro Rudimch stated that senators would take all the time necessary to review proposals that affect Palau's ability to meet future financial obligations. Earlier in the year, House of Delegates Speaker Ignacio Anastacio urged his colleagues to stress quality legislation over quantity and to remain "vigilant against the appearance of impropriety in our personal, professional, and business dealings" (*Tia Belau*, 22 Jan–5 Feb 1999, 11).

These exhortations may be a lead up to the 2000 general elections, which, as many people recognize, will be "wide open" in that the Nakamura eight-year administration—the constitutional term limit—will be concluding. Palau's *Tia Belau* newspaper has already speculated that five presidential candidates will likely emerge: Vice President Remengesau, Congressmen Surangel Whipps and Santos Olikong, Ibedul Yutaka Gibbons, and Johnson Toribiong. Although the Palau Constitution mandates that the president and vice president be separately elected, candidates have recognized that a team approach is more effective than running solo. There will likely be a scramble by presidential candidates to find the strongest running mates possible.

The Senate of the National Congress has been changed by reapportionment for the third time since the Palau Constitution was implemented in 1981. Instead of electing fourteen senators, the Palauan electorate will choose just nine in an at-large arrangement in November 2000. A number of the incumbents supported the "slimming down" because they believe the best candidates will win.

During the period under review, some major foreign investment projects were rising while others were falling. The successes include the 165-room Outrigger Palasia Hotel, oddly sandwiched into the center of Koror along the narrow main road. Costing over \$40 million, the project is the brainchild of congressman and entrepreneur Alan Seid. He and his family own the land on which the hotel sits. This traditionally high-ranking Koror family has as its partner the Kuo-mintang, Taiwan's ruling political party, which now has a clear entry into Palauan political activity. The attractive hotel facility, which employs 160 mostly locals, has all the expected amenities. Its lobby features three huge chambered nautilus shells, symbols of Palau's rich and diverse marine life, which many tourists come to experience. Tourism for the first quarter of 1999 was running 15 percent below the figures for 1998, which saw 73,384 visitors to Palau. One wonders when the new hotel will become economically viable, given that it likely has a fifty-year land lease. The first manager, now transferred, predicted that the new facility had the potential of bringing 20,000 new arrivals each year (*Pacific Sunday News*, 19 July 1998, 61).

The second new project, grander than the first and also the brainchild of Delegate Alan Seid, broke ground in August 1998 in a secluded area of Koror. The Hung Kuo Resort project is being developed by Zhen An Palau Corporation/Midcorp, with Eric Lin as the principal Taiwanese owner, along with other Taiwanese and Seid. It is not known if there is a link to the Kuomintang. The resort complex will consist of numerous buildings providing 150 standard rooms, 240 superior rooms, 45 deluxe rooms, 8 family suites, 4 bungalows, 2 executive suites, and a presidential suite located on its private island. Obviously, the majority of occupants for these rooms will be from Taiwan. One wonders if this resort complex is another plum Taiwan is offering for Palau's diplomatic recognition. Reportedly, the Taiwanese were bothered by Palau's acceptance of a \$500,000 grant from mainland China for the 1998 Micronesian Games. On the surface, it appears that some operators in Palau may seek to play one Chinese giant off against the other.

A Taiwanese project that recently failed was hatched some time in the early 1990s and envisioned taking over large uninhabited interior sections of Babeldaob Island (153 square miles). This was the grandiose version of the project that divided the entire mid-section of Babeldaob into four major areas: commercial, administration, culture and education, and recreation (a golf course). The project was headed by Mr Gino Chung-Chu Chen who produced glossy brochures, made trips to Palau, flew Palauans to Taiwan, and obtained a lease of land (or so he thought) in Airai State for the

first phase of the project. The venture had the cumbersome name, Palau-ROC (Taiwan) Culture, Social, Economic and Trade Exchange Association. Chen apparently sold property and space in the project starting at \$75,000 to unsuspecting Taiwanese investors. No construction or development ever took place in Palau, and the Airai land lease was contested and finally voided by the Palau court in 1999. The association's offices in Koror and San Chung City, Taiwan, are closed, and it appears the effort was a scam.

In November, nine people died in the crash of a small plane when it was attempting to land at the Palau National Airport during a rainstorm. Paradise Air had been in the flying business in Palau for twenty years, and had two minor accidents in the past that did not involve any serious injury or loss of life. The plane, a Cessna 207, had picked up passengers on Angaur and Peleliu on a return flight to the Airai airport. The plane reportedly circled the airport three times before attempting to land.

Palau also lost seven important people to natural causes. Lucy Orrukem, the first woman legislator and matriarch of the second ranking clan in Koror, was 93 when she died. Chief Uchel Imeong Etibek was 95 when he died, and like Orrukem left a huge family. Also in his nineties, Pastor Wilhelm Fey, "Herbai" to many people in Palau, died and was buried in Ngarchelong State, where he first began Protestant missionary work in 1923. Fey founded the Emmaus Boys High School. Benjamin N Oiterong, older brother of former President Alfonso Oiterong, died at the age

of 82. As with the others, Oiterong was well respected for his community service. Sadang Silmai, Katsumi Inabo, and Roman Tmetuchl, all in their seventies, and enormously important to the political and economic development of Palau, died during 1998–99. In 1963 the three leaders formed the Liberal Party that dominated Palauan political life for nearly twenty years. Silmai and Tmetuchl served in the Congress of Micronesia, and Tmetuchl was very successful in business, amassing an estimated fortune of some \$35 million. Tmetuchl also served as Palau's first Compact of Free Association negotiator, and led Palau's push for political separation from the rest of the trust territory in the late 1970s. Finally, Dr Masao Kumangai, who served for 38 years practicing medicine or in hospital administration, died in October and was buried on Peleliu, the island of his birth.

Forces uniting Palau as well as forces dividing the people became overt during the period under review. The highest titles in Melekeok and Airai were challenged by overly ambitious parties. The titles Reklai of Melekeok and Ngiraked of Airai have, like all titles in Palau, an inherent sacredness and distinction. The incumbent holders of these titles, Bao Ngirmang and Roman Tmetuchl, had to take their cases to the Palau Supreme Court and, in time, won. These victories were based on a clear reading of the facts of original conferral and, importantly, on the ways in which the titleholders performed their chiefly duties.

The unifying activities in Palau were the successful Micronesian Games, the sixth Palau women's conference, and publication of the first Palau history book for high school students. The 1998 games were hosted in fine fashion with excellent facilities, a warm welcome and departure, and fair competition. Although Palauan athletes won many of the medals, the quality of sports performance has improved across the region.

Under the leadership of Bilung Gloria Salii, the top titleholder of Koror, hundreds of women met for the sixth consecutive year to discuss common problems and search for solutions. Proposals to allow gambling, permanent residency for foreigners, and an airport departure tax were resoundingly rejected by the women in a final conference resolution.

Students in Palau began using a handsome new textbook on Palau's history. The driving force behind the conceptualization and completion of the fine book was Masa-Aki Emesiochel, director of curriculum and instruction in the Ministry of Education. Beautifully illustrated, the hard-cover book consists of fifteen chapters, which take students from a description of Palau's original settlers to the contemporary political and economic scene.

DONALD R SHUSTER

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