JAPAN’S DEVELOPMENT ASSISTANCE IN THE REPUBLIC OF PALAU:
COMMUNITY IMPACTS AND EFFECTS

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This thesis is dedicated to my late grandfather, eternally sleeping in the land of Babeldaob.
ABSTRACT

Palau is an immensely complex place, where the trajectories of colonialism, development discourse, and global economy converge and integrate. Asian powers have continued to dominate the region's political economy – they have had strong impacts on the region in terms of investment, development aid, and tourism development. In this study I map the impacts of Japanese official development assistance (ODA) on present-day Palau. I explore whether the introduction of new fishing-aid facilities has had any influence on the village life of recipient communities. My fieldwork indicates that the productivity of fishing activities has been increased by the introduction of new equipment and systems. However, at the same time, it reveals that marine resources are being depleted and that there is now an over-supply of fish products. I employ the case of inshore fishery development to make more general arguments concerning the broader impacts that development and modernization are having on Palau.
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DAC: Development Assistance Committee
JICA: Japan International Cooperation Agency
JOCV: Japan Overseas Cooperation Volunteer
MOFA: Ministry of Foreign Affairs
ODA: Official Development Assistance
OFCF: Overseas Fishery Cooperation Foundation
PFFA: Palau Federation of Fishing Association
PMCI: Palau Modekngei Company Inc.
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Map 1: Map of East Asia and Palau
CHAPTER 1
INTRODUCTION

1.1 My Way to Palau

Four decades after my grandfather was stationed in Palau with the Japanese Imperial Army, I first encountered the islands. I stepped on land there in 1983 when my family moved to Koror. Ever since then, I have been intrigued by Palau and its people, and with my family’s unique historical relationship there, beginning with an ancestor’s accidental arrival. Since my grandfather’s wartime arrival, three generations of my family have been associated with Palau. Each generation in the Mita family – my grandfather, my father, and I – have had their own reasons for associating with Palau, but my own interest in the relationship between Palau and Japan grew out of this family history.

My grandfather, Kounosuke Mita, went to Palau against his will, as a “victim” of Japanese imperialism and militarism, yielding his destiny to the nation’s decisions. Before WWII he had been a merchant of a small liquor shop in Gunma prefecture in Japan. In 1943, he was drafted into the Imperial Army. After being trained in Utsunomiya, Japan, he was dispatched to the Japanese colony of Manchuria, and then later to Palau. He was an infantry soldier for the reinforcement of the Japanese military presence in the Pacific, to provide more force for the coming Pacific battles. Although Kounosuke’s unit was not involved in the notorious battles of Peleliu or Angaur, he suffered from malnutrition and starvation, and finally passed away in Ngeremlengui (Yamato village) on Babeldaob Island in 1944. Since then, my grandfather has slept in the soil of Babeldaob. The perpetual
commitment of the Mita family to Palau began at that moment. My grandfather was stationed in Palau for the reinforcement of Japanese colonialism and militarism in the Nanyo Gunto \(^1\) (Micronesia) region, although he had no say in this, within the strict organization under the suppressive regime. According to my grandmother, Kounosuke had a youthful energy and before the war had been aware of the absurdity of Japan’s war against America. She recalls that her husband was reading a book titled Nichibei Tatakawaba (When Japan Fights against America) \(^2\), and his saying that Japan would lose if the country had to directly fight against America. Such an opinion could not be stated publicly under the oppressive atmosphere of the imperial society. He may have realized what his nation was up against when he reached Palau and encountered the daily attacks by American forces, the circumstances in the jungle of Babeldaob, and the absolute scarcity of food.

The second generation of my family connection with Palau was my father, Nobuo Mita. Unlike Kounosuke, Nobuo established a relationship with Palau by his own choice—disgusted with unjust and corrupt Japanese corporate society, he romanticized the place where his imperceptible father slept, and tried to establish a new life on Palau. Nobuo was born in 1943, some months after his father had been drafted, and he had no chance to ever meet his father. His widowed mother, Naka Mita, brought up Nobuo alone in Japan without her husband’s support. Naka told young Nobuo about his father repeatedly, and because of

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\(^1\) Nanyo Gunto is the Japanese term for South Seas Islands, used to refer to the region of Micronesia.

\(^2\) The title may not necessarily be correct because it is told by author’s grandmother. She is uncertain of the accuracy of the title.
this Nobuo was always aware of the place called Paraoo,³ where his own father has been asleep forever. At the age of thirty-nine, in 1983, Nobuo decided to quit his secure job in Japan and immigrated to Palau, the sacred place where his father lay. My parents had the great fortune to be employed by the Kishigawa family,⁴ the owner of Carp Corporation, and were asked to manage a small restaurant in downtown Koror in Palau. In peace-time Japan, my father, unlike my grandfather, did not have to devote his life to the benefit of his country or organization. Rather, he sought his own dream and economic benefits within Palau. I suppose it was as much as he could do to support his family. Palau was another life opportunity for my father, under the protection of his own father's spiritual guardian in its land.⁵

When my father led his wife and myself to Palau, I was happy simply because I was told that I would live close to the sea. I was a mere dependent of my parents, and spent my seventh and eighth grades in a local elementary school in Koror. But these two years were quite meaningful to me and affected the rest of my life. During my two-year stay in Koror, I learned a lot about Palau, including its magnificent natural environment, friendly people, indigenous culture, Japanese legacies, and I gained some sense of historical and contemporary issues there. My unique historical connections with Palau and the experience of living in Palau were quite rare for my generation of Japanese, and that experience influenced my perspective on the world and directed the turn my life later took.

³ Paraoo is how Palau is pronounced in Japanese.
⁴ Johnny (Itaru) Kishigawa is the owner of Carp Corporation, a local company that runs a diving service and resort accommodation facilities in an outer island, and also a Japanese seafood restaurant in Koror.
⁵ After Nobuo returned to Japan, he never re-entered the life of a white-collar worker, but rather pursued the skills that he had acquired during his stay in Palau – he obtained an official cook’s license and
After leaving Palau and returning to Japan, I became aware of other issues concerning the Pacific Islands, as well as my own country's problems. I started to think about my role as a Japanese citizen in the world, especially regarding my unique connections with Palau. Later, learning the history and the structural issues surrounding international relations, I became aware of the historical meanings of my father and grandfather's relations to Palau, within the context of historical relations between Palau and Japan. I assume that I am the only Japanese who spent his twelfth and thirteenth years in Palau and who retains a strong relationship with my own country. The mid-1980s had a significant impact on me because I was able to associate with Palauan people of the generation who had experienced the era of Japanese administration. I was very lucky to experience the actual legacies of colonial history of Japan in Palau.

As the third-generation in my family who has had a relationship to Palau, I feel strongly that I should devote my life to the benefit of Palau, in order to compensate what my country did to the Pacific Islands in the past. I feel a sense of mission to work, not for the benefits of my country or myself, as my parents and grandfather did, but for the benefit of Pacific Islanders. This personal historical background is my main motivation for being involved in the study of the Pacific Islands, including this particular thesis project.

1.2 The Purpose of this Study

As a descendant of Japanese who have a historical connection with Palau, and as a taxpayer of Japan, I cannot be indifferent to the ongoing politics between the two countries. I wish
for peace and a sound life for the Palauan people. With a certain perspective I have gained through my time in Palau, as well as through my subsequent studies about the Pacific region at Center for Pacific Islands Studies at the University of Hawaii, I have two specific purposes for writing this thesis. First, I would like people to read this thesis as an opportunity to reconsider the structural issues of development in the context of international politics between the two nations, particularly the impact of an economic superpower in the modernization process. Here it is primarily the Palauan audience that I wish to target. Second, I would like Japanese citizens and officials to read this thesis and to be exposed to perspectives of the indigenous Palauans, and critically review the impacts of Japan’s commitment to the development of Palau. Japanese should humbly review the Japanese impact in Palau in order to build a better relationship between the two countries.

In the year 2001 Palau is an immensely complex place, where the trajectories of colonialism, development discourse, and global economics converge and integrate. In this study, I will discuss the impact of Japan’s commitment to the development of Palau. I will interrogate the various domains of development in Palau in the post-colonial era. I will present a genealogy of power and influence in the Pacific Islands. This will reveal that, despite the decolonization processes that have occurred since the 1960s, the former colonizers and Asian powers have continued to dominate the region’s political economy. They have strong impacts on the region in terms of investment, development aid, and tourism development. For this study, I am interested in mapping the influences of Japanese Official Development Assistance (ODA\(^6\)) on present-day Palau.

\(^6\) *Official Development Assistance* is the term used for Japan’s development aid in developing countries.
I believe one of the most significant changes associated with Japanese activity in post-colonial era has been a series of grant-aid projects. Specifically, this study will explore whether or not the introduction of new fishing-aid facilities provided through Japanese grant-aid projects have had any influence on the village life of the recipient communities. Among various grant-aid projects carried out in Palau, I have selected two through which to examine social change in two rural communities. Both are projects aimed at modernizing fishery cooperative facilities. I will ask: are the projects as beneficial for the local residents as they were originally designed to be? Further, employing the cases of fishery development, I will present more general arguments concerning broader impacts of development and modernization in the post-colonial era.

Development aid has been a central phenomenon of modernization in the post-World War II period. To understand the outcomes of development aid, it is important to undertake case studies of specific projects. My purpose is not to find fault with how Japan has implemented aid projects. Rather, I think we must learn lessons from case studies in order to push forward the process of nation-making in Palau, and to reconsider and improve the ways in which Japan pursues development projects in the future.

Although the amount of money spent on development assistance projects is small relative to the national budget of Japan, in Palau they have tremendous impacts and bring about significant social transformations. The aim of development is to generate social change, but development may bring about transformations of community circumstances.

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7 Grant aid is one of the categories of Japan’s official development assistance. Unlike loan assistance, grant-aid projects are donated to the recipient countries, so they do not need to repay the cost.

8 Critiques against criticisms of ODA are discussed in Murai (1992, pp. 34-40).
that are undesirable to the recipient community. Aid recipients may have different goals from aid donors (Sato 1997, p.12). In such cases, it is necessary to develop more appropriate ways of implementing aid projects so as to avoid undesirable outcomes. For this purpose, it is important to interview the constituents of the recipient communities to understand their perceptions and perspectives. This is the approach and fundamental framework that I adopt in this study.

1.3 Evaluation of ODA Projects

I conducted field research in Palau in June and July 1999 in order to study effects and impacts of development in aid-recipient communities. The reason that I conducted this fieldwork was the lack of preliminary information concerning the impacts of Japanese aid projects in Palau, especially information concerning the voices of grassroots people in target communities.

The evaluation of the outcomes of Japanese aid projects is at the core of my research. Generally, the main source of evaluation of Japan’s ODA projects is the Evaluation Division, Economic Cooperation Bureau of the Ministry of Foreign Affairs of the Japanese Government, in their annual publication *Evaluation Report on Economic Cooperation*. Yet, post-project evaluations published by Japanese donor agencies are often superficial, usually being one-page reports. These give no understanding of the situation of recipient communities. Even worse, the cases in the *Evaluation* report are limited in number – not all projects are covered. Moreover, the evaluations often lack the perspectives of ordinary residents in the recipient communities. The evaluations often
concentrate on how the project has been working, and typically do not present a comprehensive examination of the social changes brought about within the larger context of development and modernization.

1.4 Reactions of Recipient Communities

These evaluations done by Japan provide little help in understanding the implication of development aid projects in recipient communities, or local reactions and perspectives toward Japan’s ODA projects. Ideally, there should be an evaluation that will reveal indigenous reactions to development in order to establish more effective and healthy development projects for the recipients’ benefit. I have conducted this research to fill the gap between the current evaluations conducted by aid donors and the actual perceptions of recipients in Palau. The state and the national governments of Palau, and local residents who cooperated with and participated in my research, helped me to understand how life in aid-recipient communities has been transformed by Japanese’ grant-aid projects. Understanding indigenous perspectives on these projects reveals the implications development has for Palau’s future.

I used the following criteria in evaluating the projects: First, I have examined whether or not the project achieved what was originally intended by the donor and the recipient government, namely, relevance and achievement of the initial plan. Second, I tried to discover the effects and impacts of the project from the perspectives of local residents. My most important concern here is to clarify how the projects have influenced local residents and community life.
At the beginning of the research, I selected for study two grant-aid project sites in Palau. I observed the sites and I also interviewed local residents and key persons. Japan has implemented grant-aid projects in Palau in various fields such as electricity development, water supply development and fisheries development. I have selected for study fishery development projects which were implemented in the mid-1990s in Peleliu State and Ngeremlengui State. I chose them because it has been several years since the projects were implemented, and so local residents and officials were able to compare the past and current situations rather easily. Another reason for choosing the fisheries cases is that they are more manageable than other project cases. The aims of these fishery development projects were “improvement” of community life and the introduction of industrial devices (Fisheries Engineering Co, Ltd. 1994; Maruha Corporation 1995). They may bring about more changes in the ordinary social life of certain communities than other projects such as road construction or electricity development. I chose these two states of Peleliu and Ngeremlengui because, as model cases of fisheries development, they had relatively good records of coastal fishing even before the aid projects began.

To find out the changes that have occurred associated with these two projects, I adopted a specific method of interviewing people in the two recipient communities, Peleliu and Ngeremlengui. My most significant informants were fishermen who used the facility directly, but I also interviewed other key informants such as the staff of the cooperatives, the governor, the chief, and, of course, ordinary residents other than fishermen. The sampling of informants reflected residents’ social networks. Since this topic is relatively political, I cannot reveal the names of my informants – I promised them confidentiality
when I conducted the interviews. Although I stayed only one week in each community, and the sizes of my samples are relatively small, these visits enabled me to acquire a general sense of the issues surrounding the aid projects, and how they had changed people's lives.

My main research questions are: Has Japan implemented aid projects appropriately for the benefit of recipient communities? What are the impacts of Japanese aid in recipient communities? What are the social changes brought about by Japanese aid projects? Are there any gaps between Japanese perspectives and Palauan perspectives in evaluating aid projects? Are those changes that do occur considered beneficial by and for Palauans?

The concise results of my fieldwork interviews indicate that the productivity of fishing has been increased by the introduction of ice making machines, and because increased incomes allowed fishermen to purchase more efficient fishing gear such as gill nets. The fishing life became more convenient because the fishermen in the community no longer had to spend money and time going to Koror, the nation's capital, to buy ice or to sell their fish. This seems to be a great benefit for the people in the country. The fishing cooperatives in the state now seem to produce more fish than before, partly because of the increased efficiency brought about by the grant-aid project. In this sense, the purpose of development aid seems to have been attained by this Japanese ODA project in Palau.

On the other hand, the fishermen and fisheries cooperative authorities recognize the emergence of problems that appear to have been triggered by the modernization process: the marine resources in both Ngeremlengui and Peleliu States are being depleted, and there is an evident overflow of fish products in Koror under the present marketing
system. The aid project plays a role in transforming subsistence fishing into modern commercialized fishing. The problems emerging here have already been experienced and remain unsolved in Japan, America, or elsewhere; these are broader problems of modernization. This research makes clear that rural villages in Palau have been exposed to similar problems through the Japanese ODA projects.

1.5 Thesis Outline
To attain my purpose and offer a full picture of Japanese commitment in Palau’s development, I will present the necessary information chapter by chapter. First of all, to provide a framework for analyzing the issues of development and modernization, some important theoretical perspectives on developmental discourse, and general criticisms of development assistance, will be dealt with in Chapter 2. I will first focus on modernization theory, which promoted the involvement of industrialized countries in less developed parts of the third world, including Japan’s commitment to third-world development. The discussion will then proceed to address arguments that have been made against modernization theories. The theories of skeptics of modernization have been important perspectives through which to examine today’s development in the third world. These include critical perspectives on development aid. A focus on the implications of globalization is a meaningful framework within which to analyze contemporary development in Palau. In this chapter I will also examine the inequalities that exist in the era of globalization between the richer industrialized parts of the world and the poorer “developing” parts, including the Pacific Islands.
Chapter 3 will present an overview of relations between the two countries. This includes explanations of Japan’s involvement in the development of Palau during the Japanese administration era before World War II – including the history of fisheries industry development in Palau – which was the beginning of Japanese’ involvement in Micronesian fishing activities. The history of Japan’s commitment in Palau started long before the ODA projects in Palau began in 1981. I will then turn to look at the contemporary relationship between the two countries to understand the larger picture of Japanese commitment to development and modernization process of Palau.

Chapter 4 will specifically review the features of Japan’s Official Development Assistance (ODA), focusing on philosophies and systems of ODA to understand the principles and rationales of aid donor nations. Japanese policies and strategies of development aid in the developing world will be discussed here, with an emphasis on the Pacific Islands. By looking at the preliminary information on history, the system, and general features of Japanese aid in the Pacific Islands, we will be able to better understand why Japan has committed to the development of Palau. In this chapter, I will also explain Japanese ODA in Palau, including the two concrete cases: the Fishery Development Project in Peleliu State and the Fish Marketing Improvement Project in Ngeremlengui State.

The perceptions and opinions of members of the recipient communities in these two states where Japan has implemented small-sized coastal fisheries development projects will be examined in Chapter 5. Here I draw upon interviews I conducted during the summer of 1999. Fishermen, ordinary residents, and some key informants’ voices
reveal impacts that the Japanese projects have had on the targeted communities. Chapter 6 will present conclusions of the study. I will review and summarize the issues, and then discuss more generally the impacts of modernization and development.
2.1 The Process of Decolonization in Palau

The Republic of Palau is a new island-nation located in the Western Caroline Islands in Micronesia. Palau finally attained political autonomy in 1994 after over a century of colonial control by several foreign powers. Palau was first controlled by Spain from 1885 to 1899, which had relatively little influence on the traditional life. Christianity and literacy were introduced during this period (Palau 1994, p.2). In 1899, when Spain was defeated in the Spanish-American War, Palau and other parts of the Caroline Islands were sold to Germany. German colonialism did not exterminate the traditional chiefly system, but rather used that system to "enhance mercantile economic activities" (Palau 1994, p.3). In 1914, Japan declared war on Germany and occupied German controlled Micronesia, and the Japanese Navy became the new administrator of Palau. As a result of the establishment of the League of Nations, Palau became a part of Japanese mandated Micronesia in 1920. Japan established Nanyocho (South Seas Government), the administrative organization of Micronesian Islands, in Koror in 1922, which replaced control by the military authority. Japanese administration continued until the end of World War II (discussion on Japanese administration will be in Chapter 3).

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9 Palau consists of at least nine inhabited islands with more than 200 uninhabited islands. The total land area is 190 square miles (458 square kilometers).

10 During the German era, coerced coconut planting and phosphate mining on Angaur Island were the major introduced economic activities.

11 Japan formally participated in World War I because Japan was allied to Britain and France.
In 2001 political conditions seem to have stabilized in Micronesia. However, the decolonization process in American Micronesia had taken a long time. The Japanese Mandate of Micronesia was captured by the United States during the World War II, and after which the United States has administered the region as a colonial territory. In 1947, Micronesia became a “strategic” trust territory of the United Nations, under the authority of the United States. The Department of Interior acquired authoritative power in 1957. The United States did not start serious negotiations for decolonization until criticisms were generated by the United Nations mission to Micronesia in 1961 (Kiste 1994, p.231). In 1962, Anthony Solomon was appointed to investigate the situation, and his commission’s report recommended that the United States "increase efforts in economic development, with an emphasis on agriculture, improvements in education and health, and an ambitious capital-investment program to upgrade the territory’s entire infrastructure" (Kiste 1994, p. 231). After that, the United States has increased the budget for the territory, with an emphasis on health and education (Hanlon 1998, pp. 167-169).

The Congress of Micronesia (COM) was established in 1965 (Kiste 1994, p. 232). This was a great step toward Micronesian self-determination, although the COM’s legislative functions were limited because it could not make laws that contradicted the intentions of the U.S. administrative authority (Yazaki 1999, p. 204). In 1966, the COM adopted a resolution to request that the U.S. President establish a committee to study the entity’s future status. The Future Political Status Commission was indeed established in

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12 In American-controlled Micronesia, the form of state varies from one entity to another. The Republic of Marshall Islands (RMI), the Federated States of Micronesia (FSM), and the Republic of Palau are in free association with the United States. Guam is an organized, unincorporated territory, and the
1967, and it began negotiations with the United States in 1969. The Commission recommended free association as a potential status, but the United States rejected this and proposed a form of integration with the United States; a commonwealth status (Kiste 1994, p. 232). This led to long negotiations. The United States first proposed a future territorial status, but the Micronesian delegation strongly objected, and the United States then proposed a commonwealth status that included United States compulsory expropriation rights on the territory's land, with internal political rights (Yazaki 1999, p. 206). In the beginning, the United States rejected the status of freely associated state that the Micronesians were proposing, but through negotiations an agreement was eventually reached on a basic framework for just such a status, in 1971 (Yazaki 1999, p. 206).

As a consequence, the Mariana district became a separate Commonwealth of the Northern Mariana Islands, integrated with the United States. The other Micronesians, meanwhile, continued to strive for self-governance, and a Micronesian Constitutional Convention was held in 1975 to establish a Micronesia Constitution. However, in a 1978 referendum the Constitution was rejected by Palau and the Marshall Islands (Yazaki 1999, pp. 209–212).¹³

¹³ Both regions had separate interests distinct from the rest of Micronesia. According to Yazaki (1999), the reasons that Marshall Islanders pursued separate negotiations were that they wanted to secure compensation for the use of the Kwajalein missile testing site, that they had a separate and unified language and culture as Marshallese, that they were seeking a different type of government, and that they were concerned with potential changes in the land tenure system (p. 211). Similarly, Palauans believed that if they remained in the federation with other Micronesians, they would suffer from overpopulation and underdevelopment, but that if separated, they could conserve their culture or resources (Yazaki 1999, p. 211). However, Yazaki contends, the most significant factor in the separation of the two entities was U.S. strategic policy—the United States had plans to use Northern Mariana, the Marshall Islands, and Palau as military bases, and if compensation was paid to the entire Micronesian region for these, the Marshallese and Palauans would suffer financially (Yazaki 1999, pp. 211–212).
The remaining districts of Micronesia (Kosrae, Pohnpei, Yap, and Chuuk) continued to negotiate their future political status, but, as stated, Palau and the Marshall Islands wished to form separate entities and each established their own constitutions. The Republic of Marshall Islands and the Federated States of Micronesia formed constitutional governments in 1979, and Palau did so in 1981. The Constitution of the Republic of Palau was adopted in 1979 as the first step toward their becoming an independent political entity. The constitution met strong opposition from the United States due to its anti-nuclear articles, and Palau had to conduct three referenda before it was finally approved in 1981. The emergence of constitutional governments did not mean the termination of American rule over the territories.

The United States suggested concluding the Compact of Free Association (COFA) with the United States to Palau as a means for them to terminate the Trusteeship relationship and gain independence. The Compact gave Palau domestic and diplomatic rights as well as financial assistance from the United States. However, in return Palau transferred control over its defense matters to the United States. With this agreement, the United States can use the land of Palau for fifty years for military purpose, even though Palau receives Compact funding for only for fifteen years. Third-country military assistance is not an option for Palau.

The United States’ strategic interests have forced Palauans to vote nine times since the constitutional government’s establishment in 1981 because there was a conflict between the Constitution and the Compact. To ratify the agreement Palauans had to
approve it by a national referendum. The Palauan constitution prescribes that 75 percent of Palauans needed to approve the ratification of the agreement to contravene the article regarding hazardous substances. Although Palau government held successive referenda, this majority was not forthcoming.\textsuperscript{14} The referendum results always supported Palau's nuclear-free constitution, which was unsatisfactory to the United States. The three-quarters majority required to invalidate the nuclear-free clause of the constitution seemed unachievable. In 1987, Palau voted to amend the constitution to allow approval of the Compact by a simple majority. In a subsequent plebiscite, 73 percent of the votes were cast for the Compact, but then the Palau Supreme Court ruled this invalid in August 1988. Finally, after a 1992 amendment to the constitution, a subsequent referendum for Compact approval in 1993 negated entirely the issue of the Compact approval process.

As the final stage of decolonization, RMI and FSM concluded the Compact of Free Association with the United States in 1986, and Palau did the same in 1994. This political status is not considered full independence, according to the classification adopted by UN Resolution 1541 (XV), although the three nations were admitted to the United Nations and were internationally recognized in a general sense. They attained self-

\textsuperscript{14} The series of referendums is listed below (Yazaki 1999, pp. 240–250):

1. 2/10/1983: 1st referendum for Compact approval: for (51.3 percent)
2. 9/4/1984: 2nd referendum for Compact approval: for (66.86 percent)
3. 2/21/1986: 3rd referendum for Compact approval: for (72.2 percent)
4. 12/2/1986: 4th referendum for Compact approval: for (66 percent)
5. 6/30/1987: 5th referendum for Compact approval: for (67 percent)
6. 8/4/1987: Referendum for amendment of Constitution: for (73.3 percent)
7. 8/21/1987: 6th referendum for Compact approval: for (73.043 percent)
(Supreme Court judged constitution amendment and sixth referendum invalid)
8. 2/6/1990: 7th referendum for Compact approval: for (60.89 percent)
10. 11/9/1993: 8th referendum for Compact approval: for (68.26 percent)
determination with a form of free association with the former colonial power. For the United States, the content of each Compact of Free Association is satisfactory because the agreements allow the United States’ exclusive rights to use the territory for its military purposes. The freely associated governments of RMI, FSM and Palau have “authority over their internal and foreign affairs except as they might interfere with American strategic requirements” (Kiste 1994, 234). The three nations are guaranteed some federal services such as “weather service, aviation agencies, international postal service, disaster relief, and access to certain other assistance programs” (Kiste 1994, p. 234). Palauans and other freely associated states’ citizens carry no U.S. citizenship, but they have rights to enter, work, and reside in the United States and its territories as non-immigrants. The freely associated nations receive funding from the United States for fifteen years. Palau receives $630 million (Bank of Hawaii 2000, p. 6) as the Compact payment for the duration of fifteen years from the time of independence. They may renegotiate for an extension. Palau's agreement lasts for fifty years, even though the economic assistance will virtually stop fifteen years after the conclusion of the Compact. Palau's economy and financial base after the termination of compact fund period is uncertain, therefore other external income sources such as Japanese grant-aid are becoming more significant than ever.

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15 The following is an itemized breakdown of the Compact fund (Yazaki 1999, p.251):
- $28 million for energy development
- $3.75 million for information technologies
- $10.1 million for coast guard, health, and education
- $70 million for investment funds
- $36 million for economic development
- $5.5 million for land use for the U.S. military

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2.2 Palau in the Era of Development

After the generations of colonial experiences and the subsequent processes of decolonization, Palau has been exposed to the process of modernization and incorporated into the global system. Traditional economic and political systems have gradually been altered to adapt to those of former colonizers, or to meet "global standards," whether Palauans like it or not. Politically, Palau constructed a Western nation-state type of political entity which coexisted with the traditional chiefly system. In many of the former colonies, including many in the Pacific Islands region, there were before the colonial period no broad political bodies of the sort found in states. Economically, since attaining political independence Palau has been trying to stand on its own feet as a modern nation-state in the global community. The capitalist economy and its spread through the developing world were first seen during the era of colonialism. During the German administration, and the subsequent Japanese administration which lasted for thirty years, Palau was exposed to monetary capitalism, bureaucracy, nation-state government, a complex employment system and other Western institutions. The United States administration that followed drew Palauans deeper into Western systems and lifestyles to a degree that Palauans now appear caught up within an irreversible process of modernization.

It was the colonial powers and the settings and discourse of the post-World War II international community that promoted the transformation of former colonies into nation-states with capitalist economies. These political and economic systems were introduced through the Palauan experiences of European, Japanese, and American colonialism, and

\[ \text{\$38.7 million for education and health.} \]
the subsequent decolonization process. The establishment of Western-style nations and systems upon independence was inevitable – there was no choice but to participate in larger structures. Former colonies were forced to take part in global competitions in which Europe and America had running head starts.

Even though economic indicators have shown that some Pacific Islands nations can be categorized as Least Developed Countries, the Pacific Islands region as a whole has not been exposed to real poverty as found in other such countries in Asia, Africa or Latin America. In most Pacific Islands, plentiful marine resources have secured the subsistence economy despite colonial exploitation. Palauans retained their bases of land and sea subsistence despite the colonial control of Japan. However, the mass influx of Western material culture and the total incorporation of islanders into the modern Western system has changed this – islanders are no longer so secure regarding sources of food. Without subsistence security, Palauans today must rely on Westerners and their lifestyles. The decline in subsistence security may eventually lead to poverty, especially if islanders fail to maintain a means of production that assures self-sustainable subsistence.

Japanese colonialism surely transformed Palauan lifestyles, and these changed further when the United States administration intensively promoted modernization after World War II. Under colonialism, Palau has been incorporated into the capitalist market and people now are more dependent on consumer goods imported from foreign countries such as the United States or Japan. The transformation of Palauan society has been an undeniable consequence of foreign contacts. The significance of subsistence economy seems to be shrinking with the growth of material affluence and access of recent decades.
Like other societies penetrated by the mass influx of Western material culture, it appears to be difficult for Palauans to move toward a less materialistic lifestyle.

Though Palau has had geographical and economic disadvantages as an island-nation, financial support by the administration and donors has helped it to become a full member of the international community. The flow of “development” has penetrated this island-nation in the form of investment and development aid by foreign powers. The Palauan nation was continuously maintained by funding from the United States for some five decades. Palau established self-government in 1981, and in 1994 attained a higher degree of self-determination by concluding the Compact of Free Association with the United States.16 This agreement secured Palau about $630 million in funding to develop and run the nation for the first fifteen years of independence. Without this funding, Palau would have been unable to sustain its government and public workers, or the economy, which relies heavily on government sectors.17

After this financial funding ends in 2009, Palauans will be forced to find either internal or external sources of wealth to maintain and develop their current Westernized lifestyles. The only alternatives seems to be for Palau to either find a way to establish a self-reliant economy, or seek another round of funding from the United States.

The Republic of Palau’s national development objectives are: “a) to lay the foundations for achieving economic self-reliance based on a free and vibrant market

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16 The Compact of Free Association with the United States is a fifty-year political, strategic and economic treaty between the Republic of Palau and the United States. With this agreement, Palau conducts its domestic and foreign affairs as a sovereign nation whereas the United States retains the control of defense and security matters. The United States further holds exclusive strategic access to the land and sea of Palau for fifty years. Palau, in return, received a sum of $630 million.

17 Public administration is the source of 22.7% of Palauan income (Bank of Hawaii 2000, p.10).
economy; b) to develop Palau’s human, natural and technological resources in a framework of environmental and cultural protection; and c) to achieve measurable and certain progress toward balanced and sustainable development of the various States” (Palau 1994, p. 7). It is a matter of survival for Palau to establish some form of self-reliant economy. In this context, it seems natural for Palau to seek sources of development outside of the country, since it has few resources of its own and only limited means of producing wealth. Japan’s Official Development Assistance, the central theme of this thesis, is one of these foreign sources of income for today’s Palau.

2.3 Development Discourse: Modernization Theories

The discourse regarding development and modernization will now be reviewed to provide a better understanding of the concrete development cases analyzed in the latter chapters.

The most important theoretical perspective today concerning the issue of developmental aid is the discourse of modernization theorists. According to Theodor Shanin (1997), the ideas of progress, modernization, development and growth are the popular common sense of today’s world. This is a powerful discourse that dominates and legitimizes the activities of people in Western and Western-influenced societies, including development activities. Economic theorists recognize that the idea of modernizing developing countries through development assistance has been accepted and promoted in the post-World War II period, particularly when the United Nations gained power in the international community. Only relatively recently have the industrialized nations considered giving aid to the developing world, reversing their pattern of exploiting the
colonies as colonial masters.

Until World War II, colonial powers' foreign policies were based on colonialism and imperialism, which supported militarism and capitalism on the part of hegemonic superpowers. After the War, the colonial powers proceeded with decolonization, and transformed themselves into aid donors. In 1949, U. S. President Harry Truman laid out his country’s fundamental philosophy toward Third World in his inaugural address. According to Truman’s understanding, the developing world was poverty-stricken, with “primitive and stagnant economies”. To relieve the situation, Truman emphasized the need for development. The key to prosperity and peace, he argued, is “greater production.” He believed that the application of Western scientific and technical knowledge would help improve the situation in the developing countries (Escobar 1995, p.3). This perspective is similar to the philosophies that underlie Japan’s development assistance today.

Especially in 1960s, the Western model of development was applied in the form of development assistance. After President Kennedy’s 1961 pledge in the United Nations to support development, “there was a 27% rise in official development assistance by the OECD countries between 1960 and 1965...” (Rostow 1990, p.378). One of the most widely prevailing theories of development among international organizations may be Rostow’s “catching-up theory” (Verhelst 1990, p.10). Rostow asserted that "...underdeveloped countries display a ‘backwardness’ in comparison with the rich countries. All that is necessary for the countries of the South is to go through the various ‘stages of growth’..." Rostow’s conception was “based on a unilinear view of history, according to which the modern West is at once the goal to be reached and the example to be
followed” (defined in Verhelst 1990).

Modernization theorists argue that a society progresses from the lower to higher forms of society; the differentiation between the developed and the underdeveloped societies is the outcome of a stalling of development in the Third World (Verhelst 1990). Therefore, it is argued, the condition of backwardness in development can be overcome by modernization, industrialization and Westernization. Thus, such a modernization theory distinguishes between the advanced nations and backward or underdeveloped nations. Developing nations cannot escape from the economic stagnation of traditional convention by themselves, but can move from traditional society toward modernity with a push from Western industrialized countries (Oda 1997, p.61). Once industrialization has developed, the traditional and communal elements that were obstacles to development will be swept away and the societies can proceed along the course of becoming independent high-consumption societies (Oda 1997, p.61). This road to development assumes a unilinear model of progress. Developmental assistance occupies an important place in modernization theory, and is one aspect of the theory that continues to dominate the basic epistemology of developers and political leaders.

2.4 Skeptics of Modernization Theory

Some people might assess Truman’s suggestion as being part of a humanitarian and benevolent policy. On the other hand, we might see Truman’s policy as one that makes developing nations more dependent on their ex-colonizers, both economically and politically. The structure of ruler and ruled remains in the “era of aid” as it had been during
the era of colonialism – with the development-aid strategy, former colonizers have maintained their hegemony over former colonies.

Despite the efforts of developed nations and the leaders of developing nations, the third world did not progress well during the 1970s. On the contrary, the economic inequalities among nations widened, and the problem of poverty remained unsolved (Isbister 1998). Two counter-arguments to theories of modernization are dependency theory and world system theory. Andre Gunder Frank’s (1969) discussion of “the development of underdevelopment” describes the unbalanced development between the developing and developed nations. Frank argues that developing nations, the former colonies of the developed nations, “have become impoverished...as a result of their subordinate position in relation to the industrialized countries. The industrialized countries have become rich at the expense of the Third World, which they have created through colonialism and neo-imperialism” (Giddens 1989 p.540).

Immanuel Wallerstein developed Frank’s theory into what is referred to as “world system theory.” Wallerstein’s main argument is that "...from the sixteenth century onwards a world system has developed – a series of economic and political connections stretching across the globe – based on the expansion of a capitalist world economy. The capitalist world economy is made up of the core countries, the semi-periphery, the periphery and the external area. The core states are those in which modern enterprise first emerged and which subsequently underwent processes of industrialization" (Giddens 1989, p.541 emphasis original). Thus, both Frank and Wallerstein claim that underdevelopment has been the outcome of progress in developed parts of the world.
2.5 Globalization as a Contemporary Justification for Unequal Competition

The development of today’s capitalism is still closely connected to imperialism and colonialism. The traits and structure of capitalism are similar to those of imperialism. The structure of colonialism remains, although in different forms from those of the colonial era in the nineteenth and early twentieth centuries. We can see this clearly in the structure and activities of multinational corporations. In many cases, they gain profit by utilizing the cheap labor and raw materials of southern countries, the former colonies. But conventional discourse does not use the term imperialism or colonialism when depicting such structures. The term “globalization” can conceal the fundamental characteristics and structure of imperialism and colonialism that has remained into the contemporary era. In this sense, globalization can be viewed as a sales pitch for capitalistic ideology in the post-colonial era. Although the terms have changed, the impact of the world economy upon weaker societies within the structure of globalization remains clear. Inequalities, the fundamental trait of capitalism, cannot be erased simply by adopting a new term.

The theory of a market economy based on free trade is a utopian one. Historically, market economies have benefited the privileged, those who have power to implement their political intentions to gain profit. The market economy is not a rational, general principle that has created the history of capitalism. Rather, despite capitalist ideology, what has driven capitalist history, and insisted upon its justice, have been the particular political intentions and interests of “elites” of the world. The world economy does not contain a self-adjustment market mechanism – every turn of the global economy has reflected the
political intentions of hegemonic nations.

The United States, the leading nation of the global economy, often said to have been prosperous for the past decade, has not attained universal prosperity even within its own borders. Wealth has increasingly been accumulated by a very wealthy privileged class of capitalists. Beneath them, on the opposite side of the economic imbalance, are a large number of people who live in poverty (Totten 1999). The problem of poverty has not been adequately resolved even within those nations whose political leaders and corporate elite advocate the “fairness” of free trade and the “justice” of global capitalism. The imbalances in the accumulation of capital are the result of competition that is led and enforced by privileged elites. Western strategies and the discourse of development have thus far been unable to resolve the problems of poverty and imbalance in the Third World. In this sense, globalization is a fabricated discourse of the post-colonial era.

Marxist theories, dependency theory, and world system theory provide important alternative perspectives for looking at issues of modernization and globalization. Critics may say that Wallerstein’s theory is obsolete following the collapse of the Eastern World, but the theory remains vibrant after more than twenty years (Kawakita 1998). Although the world has dramatically changed during this period, Wallerstein’s perspective still retains great relevance (Kawakita 1998, p.35) within arguments over modernization and globalization. This derives from the fact that nothing has improved in the fundamental structure of capitalist exploitation of the underprivileged. The world continues to function as a single “organism” in the era of globalization.
2.6 Criticisms of Developmental Assistance

It would be commendable if development programs produced favorable results for aid recipient communities, and were welcomed by all the constituents of recipient societies. However, the exact opposite has frequently been reported by journalists and researchers. Such criticisms against aid activities include that aid is supporting military regimes of recipient governments, causing environmental devastation, destroying people's lives, suppressing the poverty-stricken and minorities, weighing too much on donors' economic benefits, or generating scandals in bidding (Murai 1997). John Madeley (1991) points out that "official aid directly harms the poorest, it can widen rural inequalities" (p.9). Bruce Rich (1993) notes that the development programs which are supported by The World Bank or The International Monetary Fund are causing or encouraging devastating situations in developing parts of the world by generating problems such as environmental destruction and violations of human rights.

In order to successfully compete in the system of global capitalism, Pacific Islanders must acquire incomes that will maintain their economies. However, it is difficult for Pacific Island nations to survive in competitions that are led by industrialized countries, or by former colonizers, because of certain disadvantageous features of the region. For one thing, Pacific Island nations are small in land area; they are "fragmented, dispersed, and distant from world markets in terms of kilometers and economic accessibility" (Knapman 1994, p.328). In addition to such geographical disadvantages, Pacific Islands and other Southern regions have been economically exploited by the Industrial North for more than a century, and this has created a vast income gap between the two worlds. There is
tremendous income inequality between the already privileged nations in the North and the poorer nations in the South. Thus it is difficult for Pacific Island nations to maintain the same forms of economic systems that the industrialized nations have, under present conditions, without relying on outside resources for funding, aid, remittances, investments, or even foreign tourists.

To construct an economically independent nation which fits within the system of Western capitalist societies, an island nation like Palau, under present conditions, needs to establish a means for making money, such as developing commodities (including tourist industries) for external markets. Or, they might rely on dependence upon foreign aid, because the market is too small within their own nation.

However, dependence on foreign income sources may lead a nation into another problem. Kobayashi (1994) argues that the introduction of a monetary economy, with foreign aid, does not always give the wealth to the people, but may just result in a “trade-off” phenomenon. For example, the introduction of a monetary system leads people to want to buy imported processed food, instead of eating traditional food which was long secured by their subsistence system (Kobayashi 1994, p.244). Economic wealth that is brought into the nation as aid will often disappear as consumer goods, and will not be accumulated in addition to existing social production. In other words, the influx of a monetary economy brought into the island economy in the form of aid will not bring wealth, but only a transformation of eating habits (Kobayashi 1994, p.244). Dependence on imported foods leads to the collapse of subsistence economies, which may result in a degeneration of traditional values. Similarly, Sato (1996) argues that “spoils” caused by aid
should be considered as one of the social impacts of aid. He defines “spoils” as undesirable changes in people’s behavior, or impediments to self-reliance, which result from the introduction of assistance.

Given these aspects of the phenomenon of development aid, it is not sufficient to explore aid only from an economic perspective. The World Bank, in a report on the economics of Pacific Island nations, critiqued the problems that Pacific Islands nations have faced (Urabe 1996). The report points out that although these nations received the highest per capita aid in the world during the 1980s, per capita income during the same period remained almost the same. In comparison, Caribbean island-nations saw a 2.4% annual growth rate during the same period. The World Bank concluded that the reasons for low growth rates in Pacific Islands nations were their ineffective uses of aid, the result of their dependency and poor management of their natural resources (Urabe 1996). Although this addresses some problems of aid, these points reflect only economic indicators, a very Western perspective. Like the World Bank, Japanese development agencies have mainly implemented infrastructural projects and have not accumulated the experience to consider and analyze social, cultural and environmental aspects of recipient communities. This is because Japan has simply assumed that the introduction of industrialized technologies is the best way to achieve development (Yamamori 1996), as in modernization discourse.

One criticism of Japanese aid activities in the Pacific Islands is found in regard to the case of Papua New Guinea, that ODA projects are spurring the destruction of tropical forests (Shimizu and Miyauchi 1997). More broadly, it has been charged that ODA has been an element that works as a trump card to buy silence regarding Japanese acquisition of
marine and other Pacific Ocean resources (Shimizu 1989, p.16). If the massive environmental destruction or the oppression of human rights that have often been reported from Asia were triggered within the small island nations in the Pacific, the damage would be serious, and they are quite vulnerable. The phenomenon of "spoil" or "trade-off" has unfavorable consequences for recipient communities. Thus, it is necessary to investigate the effects and impacts of Japan's ODA not only because it is a responsibility of donor nations, but also for the maintenance of good relationships between Japan and the recipient nations. As Murai (1997) states, "it is important for us to recognize the existence of unfavorable aspects in aid" (p.30).
CHAPTER 3
HISTORICAL AND CONTEMPORARY RELATIONS
BETWEEN PALAU AND JAPAN

3.1 A History of Japanese Commitment in Palau – The Japanese Era

Although development aid projects represent typical contemporary form of relations between Japan and Palau, Japan has had other kinds of relations with Palau in the past. The international relationship between the two nations, which originated in the Japanese occupation and administration before World War II, was one in which the benefits to Japan outweighed those to Palau. In this chapter, I will first present a historical overview of the two nations, focusing primarily on economic and developmental issues in Palau, to understand the background of Japanese commitment to development in contemporary Palau. A general outline of Japanese aid to Palau and a detailed description of particular development aid projects in the fishing industry will come in the next chapter.

3.1.1 Relations before the Japanese Occupation

There were relations between Japan and Palau even before the era of Japanese occupation in Micronesia, which was started in 1914. The oldest known encounter was the case of the Jinja-maru, a Japanese coastal cargo vessel that drifted to Palau in 1820. Eight surviving crew members landed on Palau and stayed there for about four years before managing to return to Japan (Ishikawa 1992, pp.13-16, pp.320-321). But this event was an accident of

\[18\] Jinja-maru crews stayed on Palau from 1820 to 1825.
The first group of Japanese people who entered intentionally into relations with Palau were traders. Even before the era of Japanese administration, Japanese traders had a significant presence in Micronesian trade (Ishikawa 1987). In the 1880s and 1890s, small-scale Japanese trading companies advanced into Micronesia. In 1894, a trading company named Nanyo Boeki Hiki Goshi Gaisha was established and soon expanded its business into Pohnpei, Chuuk, Saipan and Guam. This company merged with another trading company named Murayama Shokai, and renamed Nanyo Boeki Kabushiki Gaisha (South Seas Trading Company) (Ishikawa 1987, p.449). Nanyo Boeki was a leading trading company in Micronesia then, and the businesses this company was involved in included trade in primary products such as copra and beche-de-mer, mail, cargo and passenger services, and commercial fishing (Hanlon 1994, p.106). By the end of the German era, Palau had become the main base for Japanese South Seas trading (Uehara 1990, p.54).

3.1.2 Japanese Occupation and Administration

Japan participated in World War I in accordance with the Japan-Britain alliance (Ishikawa 1987, p.449), and the Japanese Navy occupied German Micronesia in 1914. Palau was colonized, and would be administered by Japan until the end of World War II, about three decades in all. In 1920, the League of Nations resolved that Japan would formally rule former German Micronesia north of the equator as a mandate. As a consequence, Nanyo Gunto (the South Seas Islands, or Micronesia) was recognized as a part of the territory of
Japan. In 1922, Japan established Nanyocho (South Seas Government) in Koror and formed a civilian government, and Japanese military forces withdrew from Nanyo Gunto (Ishikawa 1987, p.450). During the Japanese era, Koror became the administrative center of the whole colonial Micronesia. More than 17,000 Japanese administrators and settlers resided in Palau alone, and they established and developed various businesses and social relationships with the indigenous Palauans.

3.1.3 Economic Prosperity

After Japan had occupied Micronesia, Japan itself enjoyed an unprecedented economic boom. The new territory of Nanyo Gunto was seen by Japanese as an opportunity for investment, and many new companies were founded between 1915 and 1919 (Ishikawa 1987, p.450). Nanyo Kohatsu Gaisha (South Seas Development Company) was founded in 1921 and developed a Mariana Islands sugar industry. The company extended its business into alcohol production, phosphate mining, fisheries, and starch production from tapioca (Ishikawa 1987, p.450). In support of the development in such industries, many Japanese emigrated from mainland Japan and Okinawa. About a half of the Japanese immigrants in the Nanyo Gunto were employees of Nanyo Kohatsu and their families (Uehara 1990, p.55).

Nanyo Boeki Gaisha extended its businesses under Japanese control. The company virtually monopolized trade in the region, and enhanced related businesses engaged in fisheries, coconut plantations, inter-island transportation (Uehara 1990, p.55) and many other businesses.
In Angaur, Palau, a phosphate mine that had been established during the German era was further developed by Japan. Nanyocho purchased the assets of the German mining company and took over the business in 1922. In 1936, Nanyo Takushoku Gaisha (the South Seas Colonization Company), a semi-governmental corporation, was established and acquired the mine (Ishikawa 1987, p.451). The company also managed agricultural farms on Yap, Pohnpei and Palau.

Another prosperous industry in Palau was fisheries, due to katsuobushi (dried bonito) and pearl businesses (Peattie 1992, p.202). During the 1930s, the town of Koror, especially, flourished as a base of “returned divers.” These divers collected pearl shells in the Arafura Sea to the South of Palau, and Palau was their relaying base. When a diving ship came back to the port, the divers contributed to the prosperity of Koror town by spending their money there (Tamai 1984, p.72). This was called “daiba keiki” (diver prosperity).

“Katsuo keiki” (bonito prosperity) was another term used to describe the circumstances of economic prosperity brought to Palau by the successful bonito industry, which involved mainly Okinawan people (Tamai 1984, p.70). The bonito fever and the accompanying development of Japanese fisheries in Palau will be described in the next section.

There were a number of retail shops and restaurants, café bars, and brothels in prosperous Koror. Some ten restaurants could accommodate 100-guest parties (Tamai 1984, p.66). Commercial ocean liners connected Palau with Yap, Saipan, and Japan.

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19 Skipjack tuna is a common name for bonito, the scientific name is *Katsuwonus pelamis*. 
(Peattie 1988, pp.144-149), and a regular aviation service began in 1939 linking Palau with Yokohama (Peattie 1988, p.149).

Thus, Japan invested in and developed Nanyo Gunto in various different ways. Because of the large revenues produced by industries in Micronesia, by 1932 Nanyocho (South Seas Government) no longer required subsidization (Hanlon 1994, p.107). The economic prosperity driven by Japanese investment had an immense impact on island life.

### 3.1.4 The Japanese Fisheries

The history of the bonito fishery that originated in the Japanese era is closely linked to contemporary international politics. Here I will briefly review how the Japanese fisheries evolved during the Japanese era.

In 1927, the first mission to study bonito fisheries in Palau and other Nanyo Gunto was conducted by a fisherman from Kagoshima, Japan named Ko Hara (Nansuikai 1994, p.22). With Hara’s report, the bonito industry in Japan began to expect Nanyo to be a prosperous fishing ground for bonito. In 1931, Nanyo Suisan Kigyo Kumiai (South Seas Fishery Industries Association) was established in Yaizu, Japan, and soon after the Association founded its main base on Malakal Island in Koror, Palau (Nansuikai 1994, p.22). The base was built beside the pier of Nanyo Boeki Gaisha. The first bonito fishing vessel, *Kaishun-maru*, left the port of Yaizu for Palau in 1931. But this fifty-ton vessel proved too large for Palau's bonito fishery, so the Association replaced it with smaller vessels (five to ten tons), hiring Okinawan fishermen who already lived in Palau and had

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20 Yaizu is located in Shizuoka, Japan, and has one of the largest commercial fishing ports of Japan.
been involved in smaller-scale fishing. The Association decided to establish a processing plant for dried bonito. Ice-making machines were required to keep the catch fresh, and so the Association asked Haruji Matsuse, the president of Nanyo Kohatsu Gaisha, to help them install an ice-making plant.

At the same time that the Association was planning this new business in Nanyo Gunto, the Okinawan fishery industry was also interested in Hara's report, and in 1930 it conducted a feasibility study for a bonito fishery in Nanyo Gunto (Nansuikai 1994, p.25). By that time some Okinawan fishermen had already immigrated to Nanyo Gunto. They were processing dried bonito but the quality was rather poor. The study mission concluded that Nanyo Gunto was an appropriate fishing area for bonito, and in 1932 the first fleet of fishing vessels left Okinawa for Palau. The first fleet recorded a catch twice the domestic Okinawan record. News of this spread in Okinawa and spurred a feverish push to fish in Nanyo. The Okinawa prefecture encouraged this by subsidizing fishing vessels going to Nanyo Gunto, and by 1934 seventy-six vessels from Okinawa were licensed to fish for bonito in Nanyo Gunto (Nansuikai 1994, p.28).

The official commitment of Nanyo Kohatsu Kabushiki Gaisha to the fisheries of Nanyo Gunto spurred further development. The company founded its fisheries division in 1933. In Palau, the establishment of the fish processing plant and ice-making equipment under South Seas Fishery Industries Association was Nanyo Kohatsu's first step toward involvement in the industry. These facilities came to belong to Nanyo Kohatsu. A growing number of bonito fishing vessels came from Okinawa and contracted the Company,
resulting in a rapid increase in the bonito catch.

In 1934, the fishery division of Nanyo Kohatsu became an independent corporation named Nanko Suisan Kabushiki Gaisha (Nanko Fishery Corporation), a subsidy of Nanyo Kohatsu (Nansuikai 1994, p.31). The company's headquarters was located in Koror. Nanko Suisan enlarged the bonito processing plant and installed a new ice-making machine. The building containing this ice-making plant in Malakal, built in 1937, survived World War II and is still used by the Palau Federation of Fishery Association today. The bonito fishermen caught incredibly large catch in 1937, and the processing plant could not handle it all (Nansuikai 1994, p.87). Many bonito were discarded in front of the Malakal plant, and this may have given people the impression that Palauan bonito resources were unlimited. By 1937 bonito fishing was the second largest industry in Nanyo Gunto, surpassed only by the sugar industry in the Mariana Islands. About 40 per cent of bonito production in Nanyo Gunto were produced in Palau (Nansuikai 1994, p.88).

After Nanyo Takushoku Kabushiki Gaisha was founded in 1936, the Company invested further in the development of fisheries facilities and a bonito processing plant of Nanko Suisan (Nansuikai 1994, p.91).

The bonito business was very successful, with an apparent abundance of bonito resources around Palau. Nanko Suisan’s business was not limited to the bonito fishing and processing into katsuobushi. The company also engaged in gathering coral and the capture of sea turtles. In Palau, Nanko Suisan installed a tuna cannery in Malakal in 1940, and Nanko Suisan exported the canned products to New York via Java Island, and also to Germany. The products were labeled “Made in Caroline Islands,” and the tuna meat was
evaluated as excellent (Nansuikai 1994, pp. 142-143). In 1941 the Company started to reinforce its Palau-based tuna business.

The Nanko Suisan workers and managers had not imagined that Japan would fight against America and were shocked when they did (Nansuikai 1994, p. 174). Nonetheless, the Company had to obey the regime by cooperating in the war. In Palau, the ice-making plant and the refrigeration facilities were conscripted by the Japanese Navy to store military supplies. Nanko Suisan was requested to offer fish products to the Navy (Nansuikai 1994, p. 175).

The history of Japan’s tuna and bonito fishery in Nanyo Gunto is relevant to the aid given to Palauan fishery development today. With the advancement of the Japanese fishery industry into Nanyo Gunto, using bases in the main islands of the region such as Koror, Japan expanded its fishing area. In the post-war era, as Japanese fishermen continued to fish in the Pacific, Japan pursued its fishery rights in the Pacific Islands, mainly for tuna species for the huge Japanese market. Japan today remains one of the largest fish-consuming countries in the world.

3.1.5 Implications of Prosperity for the Indigenous Population

Almost all older Palauan people whom I met on Palau in 1999 mentioned that they had enjoyed economic prosperity under the Japanese regime, although some people now consider the economic relationship between Micronesia and Japan to have been exploitative (e.g. Peattie 1992).

Even though Micronesia was the smallest colony in the Japanese Empire, the
Micronesian economy was self-sufficient, unlike today.\textsuperscript{21} Within Micronesia, Koror was a very prosperous city, and the overall economic conditions of Micronesians were considered to have improved under Japanese control. The standard of living increased on most islands due to the introduction of commodities brought into the region such as pots, fishing hooks, rubber sandals, matches, and kerosene lanterns (Peattie 1992, p.199). Micronesians could afford those Japanese commodities because of money they earned selling agricultural products to Japanese. Japanese merchants bought any small items which had economic value (Uehara 1990, p.56). Common crops sold were bananas, breadfruit and coconuts. Seashells and coconuts ropes were also sold to the Japanese (Uehara 1990, p.56). Every native Palauan had something of value to sell. Uehara (1990) argues that since the Japanese did not expect islanders to labor within Japanese economic activities, islanders did not have to change their lifestyle so significantly. Rather they could buy useful items from the Japanese. He suggests that the reason that some older Palauans today remember the days of the Japanese era so positively is that Palauans could enjoy the infrastructure the Japanese established, as well as the relatively affluent lifestyle, without forced labor or massive changes in their lives. The accounts gathered by the team of the Micronesian Area Research Center suggest an additional reason: according to Baules Sechelong, a Palauan who experienced the Japanese era, every Palauan male had a job and worked. “No one could simply hang around and not work” he explains (Micronesian Area Research Center 1986, p.168). Every household in Koror had an access to cash in the era of Japanese administration.

\textsuperscript{21} Japanese migrant labor sustained the economic development and prosperity during the Japanese era.
3.1.6 Education and Acculturation

Along with economic prosperity, the Japanese promoted the incorporation of Palauans into the Japanese system of formal education. According to *Nanyo Gunto Kyoikushi* (History of Education in South Seas Islands), the purpose of education for islanders in *Nanyo Gunto* was to increase their welfare (*Nanyo Gunto Kyoikukai* 1938, p.113). Published in 1938, *Nanyo Gunto Kyoikushi* explains that all children in Micronesia had an education under Japanese administration. The situation, it said, was improved because the Japanese language could be used all around the islands, including even the most remote places. Some islanders had a low economic standard of living, and so the government provided the children with clothes and food, as well as stationary. Diligence was set as the principle by which to remodel islanders – who were thought of as originally being lazy – so that they could become contributing citizens through education (*Nanyo Gunto Kyoikukai* 1938).

In 1915, the first school for Palauans opened. Eventually five *kogakko* (public schools designated for islanders) were established in Palau, providing three-years of compulsory education (*Nanyo Gunto Kyoikukai* 1938). This program was called *honka* (the basic program). In addition to *honka*, there was *hoshuka* (the upper level program) for two years. 22 For twenty years, from 1915 to 1935, 6,609 *honka* (basic program) students and 4,637 *hoshuka* (upper level program) students graduated just from Koror *kogakko*.

22 The curriculum for *Honaka* consisted of twenty-four hours per week: Ethic Education (one hour), Japanese Language (twelve hours), Arithmetic (four hours), Drawings (one hour), Music and Physical Education (three hours), Crafts (one hour), Agriculture (one hour), and Home economics (one hour) (*Nanyo Gunto Kyoikukai* 1938, p.204). The upper level *hoshuka* consisted of 26 hours per week: Ethic Education (one hour), Japanese Language (ten hours), Arithmetic (four hours), Drawing (one hour), Music (one hour) Physical Education (one hour), Craft (four hours), Agriculture for males only, (four hours), and Home Economics for females (four hours) (*Nanyo Gunto Kyoikushi* 1938, p.206). Both *honka* and *hoshuka* curricula had many class hours devoted to Japanese language.
Kogakko were established not only in Koror, but also at Melekeok and Ngaraard (both on Babeldaob Island), and on Peleliu and Angaur. Mokko Totei Yoseijo (the Carpentry Apprenticeship Training Center) was established in 1926, and eighty-nine students were educated in architecture and wood carpentry there until 1935 (figures after 1935 are unavailable).

One of the informants for the Micronesian Area Research Center’s research project, Kalistus Polloi, expresses his understanding that the object of the educational program was for Palauans “to learn Japanese language and culture behavior” (Micronesian Area Research Center 1986). Thomas Tellei remembered the slogans that the Japanese teachers had them recited in school everyday, such as, “We are children of the Emperor,” “We’ll become splendid Japanese,” and “We’ll do our best to be loyal” (Micronesian Area Research Center 1986, p.126). Another informant testified that Palauan children bowed to the Emperor in the direction of Imperial Palace in Tokyo every morning. Baules Schelong recalled that Palauans understood the Emperor to be a god (Micronesian Area Research Center 1986, p.167). Imperial education was popular among Palauans, as it was in Japan.

Ballendorf (1986) states that everybody “who attended school can still speak some Japanese” (p.59). The statistics show that a number of students attended the upper-level schools, hoshuka (Nanyo Gunto Kyoikukai 1938). Many of those who went to hoshuka can still write and read Japanese (Ballendorf 1986). A two-year education at hoshuka gave islanders opportunities to work for Japanese families, which brought more opportunity to learn and practice Japanese language and cultural values. This also reinforced the

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This curriculum displays the government’s emphasis on language education.
acculturation of Palauans.

Education was compulsory for three years and very strict-discipline was highly valued, and corporal punishment was common at school (Micronesian Area Research Center 1986, p.154). Some of the main reasons for punishment were “not paying attention to the teacher” and speaking local language instead of Japanese language (Ballendorf 1986, p.60). Although there were some Palauan teaching assistants, all the formal teachers were Japanese who had been trained in Japan.

3.1.7 The War Period

The economic prosperity under the Japanese regime suddenly halted with World War II. When Japan went to war, the Palauan people began to experience the harshest time in their history under the war-time regime. After Japan attacked Pearl Harbor in 1941, Japanese and American forces fought the war in the Pacific Ocean. Japan’s defense line gradually retreated as US forces won each battle in the Pacific. In 1943, after Saipan fell to America in June, Palau was subjected to a full-scale attack by US Forces in September. The two main targets in Palau were the two fortified islands of Peleliu and Angaur, where Japanese forces were concentrated. All civilians of Peleliu and Angaur were forcibly evacuated to Babeldaob Island in 1943 and 1944 because it was anticipated that American forces would attack there (Rechebei and McPhetres 1997, p.94; Uehara 1990, p.63). Peleliu and Angaur became the islands of so called “honorable death” that most Japanese soldiers fought for without surrender.

Beyond those two islands, Koror residents, not only indigenous Palauans but also
Japanese immigrants, also were evacuated to Babeldaob. Evacuated islanders together with
the original residents of Babeldaob had a difficult time surviving in the jungle until the end
of war, with shortages of food and frequent air raids. The island of Babeldaob was never
attacked so heavily as other islands, however, and few civilian casualties were reported.

By the time the war came to Palau, Palauans had been exposed to Japanese
patriotism through the education system, “the daily bowing in the direction of the
emperor’s home [in Tokyo], and the voluntary labor” (Rechebei and McPhetres 1997,
p.180). Some Palauans cooperated with the Japanese military regime. In 1943, a
indigenous paramilitary unit called Parao Teishin-tai23 was organized and dispatched to the
front lines in New Guinea (Uehara 1990, p.64). Although we have no accurate number of
men in the unit, dozens of Palauans who participated died or went missing (Uehara 1990,
p.64). Another organization that indigenous Palauans were asked to participate in for the
reinforcement of Japanese militarism and patriotism during the war was Giyu Kirikomi-tai
(the Patriotic Shock Corps).24 Members who participated in this organization “were trained
in combat but used primarily as messengers and fishermen. Part of their training was also
to encourage their patriotism and spiritual loyalty to the empire” (Rechebei and McPhetres

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23 Parao Teishin-tai was formally called 104th Construction Detachment.
24 This English translation of Giyu Kirikomi-tai is from Rechebei and MacPhetres (1997).
25 One of the residents in Babeldaob recalled his participation in kirikomi-tai as follows: “After the war
broke out, Army soldiers came to the playground of my school, and then everybody was recruited
into military jobs. I volunteered for kirikomi-tai. There was a three-month training period, and the
training was hard. Japanese soldiers trained us. We were in the forest during the daytime, and in
the field during the night hours. We learned how to use hand grenades, and fixed soldiers’ rifles. They
divided Palau into two parts; the east and the west. Each unit had thirty-five people. I volunteered, but
some people were called up by high ranking persons in their village to participate in this unit. The
reason I volunteered was because I wanted to do something for my country, instead of just staying

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Every person I talked to who remembered the Japanese period mentioned to me that the war period was a truly harsh experience, a contrast to their praise for their relatively enjoyable life under the Japanese before the war. After the Japanese surrender in 1945, nearly all Japanese buildings and the infrastructure in Koror were destroyed by order of the American commander (Rechebei and McPhetres 1997, p.198). Japanese surrender meant the end of Japanese colonialism, and Japan withdrew completely from Palau and Palauan development.

3.2 Contemporary Relations between Palau and Japan

The relations between Palau and Japan were halted when Japan was defeated in war. All the systems that Japan had implemented during its rule over Palau were terminated, and the United States replaced Japan as the new administration in Palau. However, several decades after their complete withdrawal from Palau, Japanese re-established connections with Palauans in various fields. In this section, I will present an overview of contemporary relations between Palauans and Japanese, providing readers with the broader context within which to understand the developmental aid phenomenon.

3.2.1 Cultural Legacies of the Japanese Administration

Before looking at the relations between the two nations, I will describe cultural legacies of the Japanese era in contemporary Palau. Thirty years of Japanese control left many home doing nothing. ‘My country’ meant Japan. The three-month training period ended, and I was selected to remain as an instructor. So I contracted for three more months” (original interview conducted in Japanese, author's translation).
legacies, both material and cultural, to Palauan society. One of the most prominent is language: Palauans still use many loan words from Japanese. Although this may not seem a large percentage, speakers of Japanese may recognize the frequent use of Japanese words in everything from ordinary conversation to political oratory. These Japanese words range from the simple nouns in daily use to terminology for special occupations or occasion, such as in government or politics. According to my own observations and conversations with Palauans, these loan words are still used even by young Palauans, not just older people who learned to speak Japanese.

Another legacy of Japanese occupation is the number of Japanese descendants in Palau. The Japan Micronesia Associates (1996) notes that a number of Japanese Micronesians are active in the region. In Micronesia, including the era of self-government under the administration of the United States before the independence, four of eight Presidents were second-generation Japanese descendants. As for Palau, some of the most important political figures have been half-caste Japanese: the first President Haruo Remeliik and the current President Kuniwo Nakamura are both Japanese descendants. The Associates estimates about 20 to 30 percent of the total population in Micronesia are Japanese descendants (1996, p.43).

According to a survey using lists of elementary school students conducted by the Associates, Palau has the largest number of Japanese descendants in Micronesia. Palau is followed by Chuuk, Saipan, Pohnpei, and the Marshall Islands. There are almost no people of Japanese descendant on Yap, where much of the traditional culture has remained.

\[^{26}\] By counting the number of words derived from Japanese words in the *New Palauan-English*
unchanged. The Associates suggest that it is because the Japanese mentality has been so well-absorbed across Micronesia that Japanese visitors often notice so little cultural difference.

Another influence of the Japanese administration is found in people’s names, both family names and given names. I counted the number of Japanese names and the names that seem to have Japanese origins in the telephone directory of Palau (Palau National Communication Corporation 1999) and found that about 20 percent of the people have names that show Japanese influence. Note, however, those who have Japanese names are not necessarily associated with Japanese genealogically. Some people simply adopted Japanese names, or were influenced by Japanese names.

A final legacy of Japanese culture apparent in Palauan life today is culinary: the massive influx of Japanese immigrants brought rice and other Japanese foods into the Palauan diet during the Japanese era, and they remain deeply rooted in Palauan culture today. Rice prevails as the staple food for most Palauans today (along with taro and tapioca) because rice is easy to cook (Uehara 1990, p. 58). The Palauans’ love for sashimi (fresh slices of raw fish) with soy sauce has been maintained since the Japanese era. Many other Japanese foods have likewise been adopted by Palauans.

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27 Almost all the households in Palau now have individual telephone lines, even outside the capital city.
28 Approximately 2,600 individuals are listed in the telephone directory of Palau. Among the list, 330 family names and 291 given names seem to have Japanese origins. Eighty-one people have both Japanese family names and given names (some of them are probably first-generation immigrants). In all, 540 names among the 2,600 listed are Japanese.
3.2.2 The Japanese-American Agreement Concerning Micronesia

Japan's formal relations with Micronesia resumed in 1969 in the form of reparations treaty titled Agreement Between Japan and the United States of America Concerning the Trust Territory of the Pacific Islands. As the name of the Agreement implies, the acting bodies of this treaty are the two administering authorities of the region, but the indigenous Micronesians who were victims of the war were not involved in the negotiation process.


The Agreement stated that each government, the United States and Japan, as to spend 5 million dollars in response to Micronesian claims. The United States directly paid cash to the victims, while Japan paid money to the Trust Territory Government for the purchase of commodities and services (Uehara 1990, p.65). In fact, Japan made payment directly to the United States – the administering authority of the region at the time – which purchased commodities and services from Japan and provided them to Micronesians (Uehara 1990, p.65).

Having spent five million dollars under this Agreement, the Government of Japan
considers all issues of compensation in Micronesia to have been resolved (Yazaki 1999, pp.171-172). According to Yazaki (1999), the Japanese Government maintains that Japan has no responsibility to compensate for war damages under international law because Micronesia was a Japanese territory under the system of the League of Nations. Japan considers the five million dollars to be neither a compensation nor solatium, but money toward economic cooperation, intended for the betterment of Micronesians. Micronesians complained about this agreement. Their representatives tried to negotiate with Japan, but the Japanese Government treated them as inappropriate negotiators since Micronesia was not yet an independent entity (Uehara 1990, p.65).

The War in the Pacific was a war between Japan and America; Micronesians are total victims of a conflict between two colonialist forces of the day. When the war erupted, Japan’s expansionism and occupation brought a harsh life to the islanders. This Agreement played an important role in subsequent Japanese efforts to establish a relationship of Official Development Assistance in Micronesia.

3.2.3 Economic Relations – Non Governmental Sectors

3.2.3.1 Tourists from Japan

According to Bank of Hawaii’s (2000) Republic of Palau Economic Report, tourism is “clearly Palau’s leading economic source, and offers the best potential for growth.” Japan is one of the major sources of tourists and visitors for Palau today. In the first half of the 1990s, more than 40 per cent of visitors to Palau were Japanese. A sudden increase in Taiwanese visitors started in 1994, and the percentage of Japanese visitors decreased, but
the actual number of Japanese visitors has surpassed 20,000 every year since 1995. The latest figures show annual Japanese visitors to Palau numbering 21,571, or 33.6 percent of the total, in 1998 (Bank of Hawaii 2000, p.18).

Many Japanese tourists visit Palau for scuba diving and other marine activities and to visit the famous Rock Islands. Palau is often voted in Japanese diving magazines as one of the best foreign destinations for Japanese scuba-diving enthusiasts. Other Japanese come to Palau to visit war memorials. Many former residents, and military personnel who were stationed there and fought in the battles of World War II, visit Palau repeatedly to attend memorial services.

Today, non-regular air services from Japan deliver the tourists. Japan Air Lines, the flag carrier of Japan, flies round trips two or three times each month from Nagoya or Osaka, using Boeing 767 jetliners. Through this service, Japanese visitors can fly to Palau in four hours. This is much easier for Japanese tourists than using Continental Micronesia’s connecting flights, which can take nine to ten hours, including stopover time in Guam.

3.2.3.2 Investments and Establishments

There are a number of investments and establishments that Japanese people or companies are involved in. Tourist related industries include hotels, restaurants, tour operators and scuba dive operators. At least three of the major resorts and hotels are invested in and managed by Japanese corporations, including Palau Pacific Resort and Hotel Nikko Palau. More than thirty restaurants provide a variety of local and international cuisines in Koror, including Japanese food. About ten of those restaurants are managed by Japanese.
Japanese also manage many tourist operations, including diving services. Besides tourist-related businesses, many first generation Japanese move to or temporarily live on Palau to conduct businesses as car dealers, mechanics, professional fishermen, traders, or retail merchants. The Japanese Government established an embassy in Palau in 1999. According to this embassy, there are more than 200 registered Japanese residents in Palau.

3.2.3.3 Relations in the Fishery and Agricultural Industries

Japan also has a significant relationship with Palau in primary industries. The fisheries agreement that the two governments concluded in 1979, and modified in 1992, allows the Japanese fisheries industry to operate tuna and bonito fishing within the Exclusive Economic Zone of Palau (OFCF 1999b, p.1). Palau has provided Japan with its tuna resources. Since 1980s, Palauan and foreign companies have exported unfrozen tuna to Japan by air (Izawa 2000, p.96; Rechebei and McPhetres 1997, p.343). The tuna industry is quite significant for the Palauan economy because tuna is one of the few exports Palau has to offer (Izawa 2000, p.96).

Compared to the fisheries industry, which has a tremendous export capacity, the agricultural sector is small. In this sector, the Japan-based NGO called OISCA (Organization for Industrial, Spiritual and Cultural Advancement) has since 1982 played a role in transmitting agricultural techniques through its training programs. The human-resource training program of OISCA utilizes a large agricultural farm and is believed to have contributed greatly toward Palau’s effort to become a self-reliant nation (Rechebei and McPhetres 1997, p.333). However, this organization closed its farm in Babeldaob.
Island in late-1990s. Another large-scale agricultural project has been brought to Palau by a Japanese private firm called the Raykay Inc. 29 This Company established the Palau Organic Farms in the State of Ngeremlengui on Babeldaob Island in 1995. This was in response to Palau's President Nakamura asking Hideo Morita, the President of Morita Corporation, for advice on nation-making in newly independent Palau. Japan has invested in the farm, but apart from several Japanese technicians all the Farm's workers are Palauan. 30 The high quality organic agricultural products produced by the Farm are very popular among residents of Koror. 31

3.2.4 Friendship Exchanges by Japanese Local Governments

There are two Japanese local governments that have established official relationships with the nation of Palau. Mie Prefectural Government and Hyogo Prefectural Government are the two local governments that have official friendship-exchange policies and programs with Palau.

3.2.4.1 Mie Prefecture

Mie Prefecture of Japan has promoted various projects aimed at enhancing its relationship with Palau. In 1996, the Governor of Mie visited Palau to conclude a statement on their friendship. Prior to this agreement, President Nakamura, whose father had immigrated to Palau from Mie Prefecture during the Japanese Administration period, together with an

29 Raykay Inc. is a company that manages and operates the assets of the Morita family, the group leader of Sony Corporation.
30 Twenty six Palauan workers are employed by the Farm.
ethnic dance team from Palau, participated in Matsuri-haku Mie 1994 (Mie Feasts and Festivals Exposition 1994). Mie Prefecture has been involved in international cooperation, rather than mere friendship exchanges. The Prefecture has dispatched specialists and study mission teams to Palau, including a Japanese language teacher for the high school.

The local government has not been the only actor in friendship activities between Mie Prefecture and Palau – schools in Mie Prefectures have been independently involved. A fisheries high school training vessel from Mie has called at the port of Palau every year since 1996, and students and teachers have visited Palau High School. These two high schools have also concluded a sister-school agreement. Further, bicycles and stationary have been sent as gifts to Palau by the people of Mie. One of the junior high schools in Mie has conducted extra curricular trips to Palau since 1998 (Miyagawa-mura 1998). People and groups in Mie Prefecture are intensively involved in the exchange activities with

31 Nappa (greens), cucumber, okra, and green pepper are the products sold at retail stores in Koror.
32 A prefecture is a unit of local government in Japan. The English name of this event is the author's translation. All the information about these projects of international cooperation and exchange are from an untitled document from the International Affairs Division, Mie Prefecture.
33 In 1996 the Mie prefectural government promoted various kinds of cooperation with Palau. The prefecture accepted three trainees in the fields of fish culture, media (video) production, and air-conditioning engineering. They dispatched a high school teacher to Palau to teach Japanese language and dispatched researchers for fishery cooperation. When the Koror-Babeldaob Bridge collapsed, Mie prefecture sent bottled water for emergency supplies. In the following year, the prefecture continued to accept trainees in the fields of medical equipment maintenance and geographical system surveying. The prefecture also sent a friendship-mission team to Palau, and ten high school students visited Palau with a home-stay. The dispatch of a survey team to study Palau's environment was another project for this year. The total budget for these projects was 24.5 million yen (about US$231,000).
34 Thirty-one ninth-grade students from Miyagawa Junior High School visited Palau in 1998. Families of Koror Elementary School welcomed these students from Japan and students were dispersed to Palauan homes. Miyagawa Junior High School has continued this project as of 2000.
3.2.4.2. Hyogo Prefecture

Hyogo Prefecture concluded a friendship declaration with Palau in 1983 when Hyogo-ken Kinro Seinen Yojo Daigaku (Hyogo Prefecture Youth College Ship) visited Palau. President Haruo Remeliik of Palau and Governor Tokitada Sakai of Hyogo Prefecture agreed on closer friendship relations between the two places. President Nakamura of Palau visited Hyogo Prefecture in 1995 to express his sympathy for the Hanshin Awaji Earthquake that destroyed the city of Kobe and the neighboring cities (Hyogo-ken 1999). A staff member from Hyogo Prefecture told me that there were almost no official exchanges of people or events in 1999.

These are the various kinds of Japanese involvement in activities in Palau today. Official Development Assistance is another significant area where Japanese are influencing the development of Palau, and ODA will be dealt with in the next chapter.

35 Shinto Seinenkai, Ise Shima Shiki no Kai, Nabari Chamber of Commerce, Mie Prefectural Assembly, Toba Aqualium, Yokkaichi Central Lions Club, Minami Ise Rotary Club and many other organizations and individual groups officially visited Palau for friendship-exchange purpose. People of Mie officially welcomed groups of Palauan women as well.
CHAPTER 4

JAPANESE COMMITMENT TO THE DEVELOPMENT OF
PALAU – OFFICIAL DEVELOPMENT ASSISTANCE

4.1 Philosophies and Perspectives on Japan’s Official Development Assistance

Japan’s primary strategy of development aid is to promote economic growth. After World War II, Japanese development strategies followed a similar track as those of America, emphasizing economic development as a way for countries to survive and progress in the world capitalist system. In this chapter, I present a general outline of Japan’s developmental aid to Palau, along with detailed plans of targeted projects there, to clarify general features and details of the concrete projects that I selected as my research sites.

This chapter reviews the features of Japan’s Official Development Assistance (ODA), focusing on philosophies and systems of ODA to understand the principles and rationales behind Japan’s aid. Japanese strategies and procedures for providing aid in the “developing” world will be discussed here, with an emphasis on the Pacific Islands. By looking at the preliminary information on history, the system, and general features of Japanese aid in the Pacific Islands, we will be better able to understand why Japan is so eagerly involved in the development of Palau.

4.1.1 Origin of the Japanese ODA

Japan initiated government-based international cooperation in 1954, when it started to
participate in the Colombo plan (Japan 1998c). In that same year, Japan began providing economic aid as part of its reparations to Asian nations for World War II, starting with aid to Burma. Then, in 1958, Japan began full-scale assistance by providing loans to India (Japan 1998c). In 1969, Japan initiated grant-aid projects, and formulated the framework for bilateral cooperation which it has maintained ever since (JICA 1998, p.10). In 1978, Japan announced five consecutive medium-range plans concerning ODA, and began steadily enlarging the scale of ODA in accordance with those plans (Japan 1998c). Subsequently, in 1991 Japan became, and has since remained, the world’s top donor of development aid.

4.1.2 Rationales of Aid: Humanitarian Reason

The philosophy of Japan’s Official Development Assistance, both official and unofficial, stems from a variety of rationales. It has often been pointed out that Japan has no comprehensive legal system for dealing with issues of ODA (Kanda 1997, p.265). However, the ODA Charter, a compilation of Japan’s ODA policies in which fundamental philosophies are included, was approved by the cabinet for the first time in 1992 (Japan 1998b).

The fundamental goals and philosophies grounding ODA that are discussed in this Charter are as follows: “1) The goal of assisting the people of developing countries who are suffering from starvation and poverty, from a humanitarian perspective. 2) The recognition of the interdependence of nations within international society, and that

36 The Colombo Plan is an international organization established in 1950 that aims to promote economic
stabilization and progress of developing nations are necessary for the maintenance of world peace and prosperity. 3) Environmental conservation is an important issue for all of humankind that should be dealt with both by developed and developing countries. 4) With the above in mind, Japan supports the "self-help efforts" of the developing countries to enable their own "economic take-off" with the implementation of ODA; through wide-ranging training programs; and development of infrastructures in the field of basic human needs” (Japan 1999, p.296, author’s translation).

The Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) regards these goals and philosophies of Japan’s ODA as “largely based on the country’s own experiences” (DAC 1999). In addition, the Japan International Cooperation Agency (JICA), one of the major ODA implementation agencies of Japan, wrote in its yearly report that such affirmative measures of Japan’s ODA philosophies represent Japan’s clear intention to contribute to the maintenance of peace in international society, through peaceful means (JICA 1998).

4.1.3 National Interests
The humanitarian, environmental conservation, and world peace maintenance motivations mentioned in the ODA charter are not the only reasons that Japan is committed to the development of developing nations. Naturally, because this is a national project, there are rationales that reflect Japan’s own national interests. The Ministry of Foreign Affairs of Japan (MOFA), the governmental authority in charge of the ODA, explains the need for and social development of South Asia, Southeast Asia and the Pacific Islands.
Japan’s ODA on its internet site (Japan 1998b), and presents several rationales for it. First, it is necessary for Japan’s comprehensive national security. By contributing to improvement in the economic security of developing countries, especially in East Asia, ODA will eventually contribute to Japan’s national security. Japan is heavily dependent on foreign countries for its food and energy resources, especially developing nations. It is extremely important for Japan to commit to these developing nations’ peace and stability by establishing friendly relations with them through ODA – this will help secure a stable supply of natural resources (Japan 1998b). Likewise, economic progress generated by ODA in developing countries will economically benefit Japan, and help to maintain a world economic regime beneficial to Japan and the rest of the world. MOFA’s website states that a redistribution of income to the developing countries within the globalized economic structure can take place through ODA. Japan greatly fears a future in which the developing nations are mired in poverty, and donating assistance through ODA helps secure the lives of the Japanese people. Beyond this, ODA is a means for Japan to gain international status. Through the process of expanding ODA for the past forty years, and in becoming the world’s top aid donor, Japan has acquired a positive image as a cooperative country, an image that has spread throughout the world. This has gained Japan a more powerful voice within the international community (Japan 1998b). In sum, Japan’s motivations for dedicating a significant amount of its budget to ODA are not simply humanitarian, but political as well.
4.1.4 Harmony with the United States

Murai (1997) points out that in selecting countries to which they will donate aid, Japan has given priority to liberal anti-communist countries. If the recipient country is within the regime of America or its Western allies, Japan treats that country as an important target of aid, even if the country has a military regime or dictatorship (Murai 1997). Murai (1997) lists the aid recipient nations which are strategically important for the Western allies, and Palau is on the list (p.10). He also points out that those countries producing natural resources important to Japan, and those valued as capital or commodity markets, are treated as important aid targets. Murai (1997) states that he is not claiming that there are no humanitarian components to Japan’s programs for poor and oppressed people. Rather, he is simply pointing out those rationales for Japan’s ODA that are linked to political and diplomatic strategies prescribed by the Japan-U.S. alliance, by Asia-oriented geopolitical considerations, and by considerations of economic profit. These are the main motivations for Japan’s ODA framework (Murai 1997, p.10)

4.1.5 Intentions in International Politics

Even a relatively small country like Palau has the power to execute one vote in international organization such as the United Nations. Because of this, small countries cannot be overlooked in mapping diplomatic strategies (Tanaka 1995, p.26). Since each independent nation has a vote in international conferences, it is beneficial to Japan if any nation holds favorable attitudes toward Japan when their votes are cast. Even if Japan spends a relatively small amount of aid money, that amount is a significant contribution to
the national budgets of micro-states like those in the Pacific. Therefore, Japan’s ODA
decisions can be seen as investments toward Japanese political advantages within the
international community. This is one hidden rationale for Japan's active aid programs in
developing nations.

4.1.6 Security for Japan’s Access to Marine Resources in the Pacific

The two Palauan aid projects dealt with in this study are both aimed at fisheries
development. The backdrop to Japanese economic assistance in fisheries is that Japan is
seeking security for their exploitation of marine resources in these areas (Tanaka 1995,
p.28). Especially in the Pacific Islands, this is very important for Japan, a fisheries
superpower, because the region is famous for its tuna; the Pacific Islands is a treasure house
of marine resources for Japan’s fisheries industry. Miyauchi (1999) points out that
assistance in fisheries development has been used to strengthen Japan’s negotiating
position regarding licensing fees for tuna fishing – aid has secured the cheaper operation of
the Japanese fisheries business. According to Miyauchi’s 1999 report, an authority of an
aid-donor agency revealed that aid to foreign fisheries is seen as a means for securing better
results in negotiating license-fee contracts for Japan. Development assistance in the area of
fisheries has had the fundamental purpose of securing these fishing areas for exploitation
by Japan (Miyauchi 1999, p.53). Thus, again, we find Japan’s Official Development
Assistance has not only pursued resolution of poverty problems (Murai 1997, p.8); rather
ODA has had the hidden purpose of being a tool for enhancing Japan’s international
political position.
4.2 System of Japan’s ODA

4.2.1 Forms of Development Assistance

There are four forms of development assistance that Japan, as a country, provides to developing countries: grant aid, technical cooperation, loan assistance, and assistance through international organizations.

“Grant aid” is a form of development assistance that Japan provides for the development of a country’s economy and society, the funds of which do not have to be repaid (JICA 1998, p.144). In the governmental budget for fiscal year 1997, the total amount of grant aid was 263.5 billion yen (about US$2.18 billion) (Kokusai Kyoryoku Suishin Kyokai 1998, p.23). The policy-making organizations for grant aid projects are the Ministry of Foreign Affairs and the JICA; they cooperate to implement the projects. This category of development assistance is one of the best methods of assistance for the least developed countries, and countries with an accumulated debt (Kokusai Kaihatsu Janarusha 1998, p.156). The fundamental rule for grant aid, for 1999, is that the recipient nation should have a less than US$1,460 per capita income as of 1996 (Japan 1999, p.284). The grant aid projects are aimed at assisting developing nations’ governments that are having difficulty implementing projects with their own budgets or loans (JICA 1998, p.145). Grant aid is further classified into six categories: general grants, fishery grants, cultural grants, emergency grants, food aid, and aid for increased food production. Most Japanese aid to the Pacific Islands, including Palau, are grant-aid assistance, the exceptions being some assistance to Papua New Guinea and Fiji, which are relatively rich in natural
resources.

"Technical cooperation" is aimed at developing human resources which are the basis of nation building for developing nations. This category of assistance is geared toward contributing to the development of recipient countries by offering them Japan’s advanced technologies and knowledge. Those receiving this aid are persons who hold responsible positions as leaders in the middle class of the recipient countries. It is expected that these "counterparts" will convey the new techniques to the rest of the people in the recipient nations (Kokusai Kyouryoku Suishin Kyokai 1998, p.60). Technical Assistance is implemented by the JICA. Japan’s programs in this category of assistance involve the acceptance of trainees, the dispatch of experts, the supply of equipment and materials, and projects of technical cooperation which combine these three elements, development studies, and the dispatch of Japan Overseas Cooperation Volunteers (Kokusai Kyouryoku Suishin Kyokai 1998, p.61). The 1996 budget for technical cooperation was US$3.18 billion, or 33.1 percent of the total budget of Japan’s ODA (Kokusai Kyouryoku Suishin Kyokai 1998, p.63).  

"Loan assistance" provides long-term, low-interest loans for developing nations with less burdensome economic conditions (Japan 1999, p.293). With this type of assistance, the recipient nations are expected to use the loans to promote self-sufficient development, but they do not receive the funds for free (Kokusai Kyouryoku Suishin Kyokai 1998, p.120). Major project fields have traditionally been in economic infrastructure, but recently increasing funds have been also provided to social sector

37 Japan Overseas Cooperation Volunteers resemble United States Peace Corps Volunteers.
development such as water supplies, health and medical care, and education. The budget of loan assistance in the fiscal year 1996 was US$2.77, or 29.3 percent of ODA's budget (Japan 1998d).

The fourth category of Japan's ODA, assistance through international organizations, has the advantage of enabling Japan to employ the specialized knowledge and experience of each international institute, drawing upon a worldwide network. This category of aid occupied 13.1 percent (US$1.23 billion) of Japan's ODA budget in 1996 (Japan 1998d).

4.2.2 An Overview of the Japanese ODA in the Pacific Islands

Official relations between the Pacific Islands region and Japan began in 1914 when Japan began to occupy and administer Micronesia. After World War II, with the independence of Pacific Island countries, Japan promoted friendly and cooperative relationships with the nations of the region (Japan 1999, p.793). Japan spent US$145.5 million on ODA during 1998 for the development of the Pacific Islands; this was 1.7 percent of all Japanese bilateral assistance (Japan 1999, p.795). Beyond regular ODA, Japan regards assistance through international or regional organizations as very important. For example, when Japanese Foreign Minister Kuranari visited the region in 1987, Japan spent US$2 million from a special fund for the Pacific Islands (Japan 1999, p.795).

The major fields of grant aid projects for the Pacific Islands are fisheries, education, health and medical care, and transportation. The budget for grant aid projects in the Pacific in 1998 was US$8.5 billion (Japan 1999). Japan dispatched experts for technical
cooperation in fields including fisheries and health and medical care. Japan has also accepted trainees and has dispatched Japan Overseas Cooperation Volunteers. The total budget for technical assistance to the region in 1998 was US$4 billion. Japan has also provided loan assistance funding for a hydroelectric power plant, roads and airports, for agricultural development and for structural development in Papua New Guinea, and for water supply and sewage systems for Fiji.

According to MOFA of Japan, their basic understanding of the region and their policies of assistance for the Pacific Islands are as follows:

Pacific Islands have strong relations with Japan, and the region is an important source of fishery and forestry resources for Japan. Countries in the region are extremely small in size, and are vulnerable to external factors such as international market forces since they are highly dependent upon the production of overseas primary industries. The countries face many difficulties in development, such as that their land areas are minimal, that their domestic markets are small, and that they are geographically distant from major international market centers. Moreover, the region’s governments face difficulties in offering appropriate health and medical services to their people. On the other hand, since the region contains vast Exclusive Economic Zones, the potentials of Pacific Island countries’ fishery and underwater mineral resources are very high. For this reason, it is widely recognized that there is a great need for economic independence, to be attained by economic reforms and development of private sectors. Japan will assist the region in the following ways: 1) the development of economic and social infrastructures (including those of health and medical care) to overcome the dispersion and isolation of the island nations; 2) assistance in reforming economic structures; 3) development of human resources that will contribute to the promotion of private sectors; 4) assistance in efforts toward environmental conservation; 5) promotion of wide cooperation between the aid-recipient countries toward human resource development and transference of technologies, by means of long-distance education (translated from Japanese by the author) (Japan 1999, p.796).

4.2.3 Procedures for Grant Aid Projects

What follows outlines procedures for a grant-aid project from the planning stage to implementation. Grant aid is the type of Japanese development assistance received by the two projects scrutinized as case studies in the next chapter.

Since Japan follows a system of single-year fiscal budgets, all stages of a project
from contract to completion of construction must be concluded within a fiscal year, in principle. However, in practice, the whole process from planning to final evaluation takes three to four years.

First, a proposed project plan of assistance is reported to the Japanese Ministry of Foreign Affairs through governmental representatives abroad who have made contact with government authorities of the recipient nation. Sometimes, when a high government official travels abroad, either to or from Japan, projects may be proposed by the aid-recipient country. If no embassy or consulate exists in a particular country, if no previous aid projects have been implemented there, or if the country does not have the ability to make plans on its own, Japan will dispatch a governmental study mission to consult with the authorities in the recipient country and explore necessary projects (Kokusai Kyouryoku Suishin Kyokai 1998, p.30).

Afterward, the recipient government submits a formal request for development assistance for high-priority projects. The Japanese government examines the requests, and, if a project is appropriate, MOFA directs JICA to dispatch a mission for a feasibility study (Kokusai Kyouryoku Suishin Kyokai 1998, p.30). A Basic Design Study is implemented by JICA with the cooperation of private consultants that JICA has contracted. The mission studies details of the country’s circumstances, the expected impacts of the proposed assistance, the appropriate scale of the project, conditions at the planned site of the project, and how much the project will cost (JICA 1989, p.145 and Kokusai Kyouryoku Suishin Kyokai 1998, p.30).

The plan is then discussed within the Japanese government, and, if approved in
the cabinet, both governments enter into an agreement. After they exchange notes, a contractor will be selected through a bid system, after which the construction begins. Payments are made by the Japanese government to the contractors through a recipient country bank account (JICA 1998, p.146; Kokusai Kyouryoku Suishin Kyokai 1998, p.31). Finally, post-project evaluation is carried out after three to four years to see what the effects of a project have been. If necessary, follow-up cooperation will be implemented. Follow-up cooperation is aimed at restoring faltering projects or improving projects through a dispatch of experts, through a further study mission to facilitate repair and construction, or by offering alternative equipment or spare parts (JICA 1998, p. 146).

4.3 An Outline of the Japanese ODA in Palau

4.3.1 Japan’s Commitment to the Development of Palau – Official Development Assistance

The foundation of economic development and the national budget of Palau has been dependent upon the former colonial powers and other foreign aid donors. Although Kuniwo Nakamura, the President of the Republic of Palau, emphasizes that economic independence is primary in Palau’s political agenda (Gaiko Forum 1996), it is no easy matter for a new Pacific Island-state to attain the economic independence of an “advanced” industrialized nation. Part of the difficulty lies in disadvantageous geographical features of Pacific islands such as their smallness, their remoteness from major markets, and their being scattered throughout a vast ocean area (Akazawa, Koyama, Saito, & Kodama 1996). Despite gaining political independence in 1994, Palau seems far from being economically
independent in a Western sense. Much of the wealth in Palau seems dependent on external sources such as compact money, foreign aid, foreign investment, and remittances from Palauans living in metropolitan cities. Whether Palau likes it or not, the nation at the end of the twentieth century entered the competition of the global economy – modernization of life and society seems to be irreversible. Thus, if Palau pursues modernization or development in the Western senses, dependence upon foreign economic assistance seems inevitable.

For Palau, Japanese Official Development Assistance, or ODA, has been the largest source of development funding besides the Compact money provided by the United States (Palau 1994, p.59). *The Republic of Palau Economic Development Plan* states that “the Government of Palau will continue close ties with Japan during the Plan years [1995–1999] and beyond, and will seek greater economic/capital assistance to augment our much needed capital grants for public investments in infrastructure and economic production sector projects” (Palau 1994, p.59). Japan’s intended and actual offering of grant aid meets this demand. According to Japan’s Ministry of Foreign Affairs (MOFA), Japan’s ODA agencies spent 691 million yen for Palau in 1994, 378 million in 1995, 1,474 million in 1996, 519 million in 1997, and 979 million in 1998. The cumulative amount spent on Palau up to 1998 was 9,551 million yen: 8,609 million (or about US$66.91 million\(^{38}\)) for grant aid, and 942 million for technical cooperation (Japan 1999) (see Table 1 for details). The major fields of grant aid projects in recent years have been fisheries development, fisheries trade improvement, electricity improvement and road construction

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\(^{38}\) This was calculated using a yearly average of US Dollar/Japanese Yen currency exchange rates. Refer
(Japan 1999). Other than grant aid projects, Palau has asked Japan to dispatch volunteer workers, Japan Overseas Cooperation Volunteers (JOCV), to help develop Palau’s economy and society. Today, there are over twenty JOCV volunteers in Palau. Japan also accepts trainees from Palau and supplies equipment to Palau (JICA 1998).

4.3.2 Grant Aid in Palau

Japan and Palau have close historical connections, as we saw in the last chapter. The Japanese Government has provided various kinds of developmental assistance there since the establishment of Palau’s constitutional government in 1981 (Japan 1999, p.846). Most of Japan’s economic assistance to Palau has been in the form of “grant aid” projects which have included “technical cooperation.” There has been no “loan assistance” for Palau. The largest external source of money in Palau has been Compact money given by the United States under the agreement of Compact of Free Association. The second largest source is Japan’s ODA, and the Government of Palau expects further assistance from Japan in the future (Palau 1994, p.59).

The cumulative amount of Japan’s grant aid budget to Palau from 1981 to 1998 was 8.609 billion yen (US$66.91 million) (Japan 1999). The major fields of assistance have been water supplies, inshore-fisheries development, and electrical systems. Assistance for fishery development has been vigorously provided to Palau almost every year. The preparation of electrical power-line networks and the improvement of power generators has enabled Palau to supply electricity into areas that previously had none.
One recent major project, a four-year effort to construct a new Koror-Babeldaob Bridge ("the K-B Bridge"), was started in 1998 with projected costs of US$28 million (Pacific Islands Development Program 1999). The bridge, which connected the capital island and the largest island of Babeldaob, collapsed in 1996. Reconstruction was an absolute necessity for the convenience and development of Palau's economic and social life. Another major project initiated in 1998 was the construction of the Palau International Coral Center, which has a budget of US$6.6 million (Pacific Islands Development Program 1999).

4.3.3 Technical Cooperation

Besides the "grant aid" category of developmental assistance, Japan also provides "technical cooperation" to Palau. The cumulative budget spent in the fiscal year 1998 was 942 million yen. The number of Palauan people whom Japan accepted as trainees was eighty-three. Japan dispatched eleven specialists to Palau, and 182 people were sent there for study missions. The posting of JOCV began in 1998, when ten volunteers went to Palau (Japan 1999 p.848). Sixteen more volunteers were dispatched in 1999 (JICA 1999). JOCV is one of the institutions of "technical cooperation" within which volunteer personnel carry out various kinds of work in the recipient countries. Japan has dispatched nurses, sports instructors, advisor on youth activities, dietitians, engineers for radio communications, statisticians, breeders of domestic animals, advisors for community development, teachers, outboard motor engineers, surveyors, and other specialists.
4.4 Aid to Fisheries Development

4.4.1 An Outline of Aid to Fisheries

Fisheries development assistance has been emphasized in Japan's ODA to Palau. There have been ten projects related to fishery development since the first project was implemented in 1981 up to 1998. The total amount of budget used for fishery development in Palau has been 2.69 billion yen, or 31.1 percent of Japanese aid to Palau (Japan 1997; 1999). The fisheries-related projects that have been carried out in Palau are as follows:

1. Small-Scale Fishery Development Project 1981 320 million yen
2. Rural Fishery Development Project 1987 261 million yen
3. Rural Fishery Development Project 1988 330 million yen
4. Rural Fishery Development Project 1989 493 million yen
5. Small-Scale Inshore Fishery Development Project 1992 96 million yen
6. Peleliu State Rural Fishery Development Project 1993 110 million yen
7. Fish Marketing Improvement Project 1994 223 million yen
8. Small-Scale Fishery Development Project 1995 190 million yen
9. Fishery Facility Project 1996 303 million yen
10. Peleliu State Rural Fishery Development Project 1998 368 million yen

The present study will deal with projects 6 and 7.

In addition to these ten completed fisheries related projects, the government of Palau and the Overseas Fishery Cooperation Foundation (OFCF)\(^3\) have been discussing

\(^3\) OFCF was established in June 1973, with the dual purpose of facilitating overseas fishery cooperative projects implemented by Japanese fishery companies or organizations, and promoting mutual understanding between the coastal countries concerned and Japanese interests through
other possible fishery aid projects for the future (OFCF 1999b). Palau has suggested the following possible projects: a fisheries development project in Kayangel State (including improvement of a pier, a loading facility, and beacons); a fisheries development project in Angaur State (including a fisheries vessel, a fish-carrier vessel, fisheries related equipment, a land-supporting facility, and improvement of a wharf); a project to improve a fish culture farm in Peleliu State; the construction of an experimental fisheries station in Ngatpang State; and the improvement of a research facility of the Division of Marine Resources in Koror (OFCF 1999b, p.4). From these proposals, Japan will select those which are considered to be the most appropriate and to have the highest priority.

4.4.2 A Sketch of Fisheries in Palau

Palau is “endowed with a high level of diversity and abundance of marine resources which historically have provided one of the most important food sources for the population” (Otobed and Maiava 1994, p.23). Palau is surrounded by rich coral reefs, and 1,357 species of inshore fish inhabit its marine environments (Otobed and Maiava 1994, p.23). Fisheries are one of Palau’s most important resources for both subsistence and industry, due to its particular geographical and biological characteristics. Since the two projects dealt with in this study are small-scale inshore fisheries development projects intended to develop coastal fishing, the subject of large-scale offshore fisheries will not be addressed.\(^{40}\)

\(^{40}\) Large-scale fisheries are also significant for the fisheries industry in Palau, however. There are three foreign capitalized companies that export tuna and use Palau as an unloading station. Another arrangement is for foreign fisheries to pay a license fee to Palau to fish within the EEZ (OFCF 1999, p.25). The total amount of exports for big-eye tuna, yellow fin tuna, and barracudas were 879 tons (US$1,575,907) in 1996, and 999 tons (US$2,428,939) for 1997 (OFCF 1999, p.26).
There are many methods of inshore fishing in Palau. According to H. G. Barnett's study of previous methods, published in 1960, "the most common type of fishing and the most uniformly productive makes use of a long shafted spear with thin metal barbs" (p.28). Traditionally, fishing was a community undertaking. The entire village was involved in the harvesting of fish when set nets (kesokes) were used (Gordon p. 11). Barnett (1960) also described another kind of fish harvest he called fish drives: "Fish drives require the cooperation of many men. They are organized as a part of some community enterprise at which many guests are expected and must be fed. The drive itself is exciting, and men of all ages participate" (p.29). Barnett states that "taro and fish are to the Palauan what bread and meat are to the ordinary American" (p.25). Fish has been a Palauan staple food for a long time, and in-shore fishing has always been a fundamental activity for all Palauans. Many Palauans fish for their own subsistence, and also rely on fishing as a source of income to support their urban lifestyles. Virtually all Palauans take part in fishing in some way (OFCF 1999, p.21).

The typical method of small-scale inshore fishing today is to employ a small boat equipped with an outboard motor along with a method such as hand-line fishing, skin diving with spears, or cast or gill nets (OFCF 1999, p.23). Some fishermen sell their catches at local fishery cooperatives or fish markets in Koror, while others sell their catches directly to restaurants or hotels.

Those who do not intend to sell their catch distribute their fish to their relatives or their neighbors, or consume it themselves. A recent OFCF analysis (1999), addressed the amount of catch that fishermen consume for their own subsistence, and sell directly to
restaurants and other residents. These uses of fish are not reflected in the statistics of the Division of Marine Resources (the administrative authority for inshore fisheries in Palau), but the OFCF estimated that they amount to three to four times that of the amount of fish that is recorded in those statistics (p.22). In urban Koror today, however, fish are probably seldom distributed to relatives and neighbors who do not fish. One elderly woman of Koror told me with regret in 1999 that these fish distributions within the community are in Koror a system now lost to the past.

4.5 An Outline of the Projects Targeted in this Study

4.5.1 The Purpose and Significance of Research in the Recipient Communities

Within the context described in the previous pages, I set out to understand what effects Japanese development assistance has had on recipient communities. I am interested not only in economic impacts, but also social and cultural impacts. To investigate this, I conducted qualitative case-study research in the Republic of Palau. I selected two grant-aid project sites in Palau, and I directly observed the sites and interviewed local residents and key participants. My goal was to begin filling the gap between the current evaluations conducted by aid donors (aid agencies or private consultants) and the perceptions of aid recipients in Palau.

4.5.2 Selection of Targeted Projects

Japan has implemented grant-aid projects in Palau in various fields including electricity development, water supply development, and fisheries development. I selected the
fisheries development projects which were implemented in the mid-1990’s in Peleliu State and Ngeremlengui State in Palau. I chose them because it had been several years since the projects were implemented, and local residents and officials would be able to compare the pre-project and post-project situations rather easily. Another reason for choosing the fisheries cases is that they are more manageable cases than are many others. The aims of these fisheries development projects were to improve community life, as well as to introduce industrialized devices (Suisan Enjiniaringu Kabushiki Gaisha 1994; Maruha Corporation 1995). I hypothesized that I would find that the aid projects had bought viable changes in the social life in the targeted communities, relative to other projects such as road construction or electricity development. I chose these two states because inshore fishing was relatively popular on both Peleliu and Ngeremlengui, even before the aid projects were implemented.

What follows is an overview of the targeted grant-aid projects, and of some of the statements regarding their expected impacts taken from planning and pre-evaluation documents provided by the donors.

4.5.3 The Peleliu State Rural Fishery Development Project

4.5.3.1 Background

In this section I explain the outline, purpose, and content of this project, drawing from information provided in the Basic Design Studies of JICA. In 1993, JICA implemented a Basic Design Study for the project titled Peleliu State Rural Fishery Development Project, at the request of the Palau Government (Suisan Enjiniaringu Kabushiki Gaisha 1994, p.i).
Peleliu State, the site of this project, is located about forty kilometers southwest of the capital city of Koror, about one hour away by fast speedboat. The total land area of Peleliu State is approximately 19 square kilometers (Belau Tourism Association 1999). The 1995 population of Peleliu State was 575 people who lived in 129 households (Office of Planning and Statistics 1997). The per capita income in 1994 was US$1,862, far less than the national average of US$3,526 (Palau 1997).41

Peleliu State possesses abundant marine resources around the island. There are fine fishing points for reef fish in the lagoon that are suitable for inshore fishing. Furthermore, around the sea shelf in the southern edge of Peleliu State is a good fishing place where offshore fish migrate (Suisan Enjiniaringu Kabushiki Gaisha 1994, p.1). As of 1993, when the Basic Design Study was implemented, there were twenty-eight outboard motorboats in Peleliu (Suisan Enjiniaringu Kabushiki Gaisha 1994, p.13). Among these, it was estimated that ten to fifteen were heavily engaged in fishing. However, all of the boats were engaged in at least some fishing activities. Besides these boats, many other people were gathering marine products in canoes, on rafts or on foot (Suisan Enjiniaringu Kabushiki Gaisha 1994, p.13).

Although Peleliu has good fisheries conditions, the market within the State of Peleliu is very limited because of its small population. The central fish market is in Koror, and thus before the project each fisherman of Peleliu had to make an eighty-mile round trip to Koror if they wanted to sell their catch. Each individual had to bring his catch to Koror using his own boat, fuel, and time.

41 Per capita income of the Republic of Palau in 1994, according to Bank of Hawaii Report, is
Because it was a fishery support facility, a decrepit state-run ice making machine was installed in 1983 at the wharf in the northern part of Peleliu State. This ice-making machine was more than ten years old at the time of its installation, so there was a shortage of ice. This was at the time of the Basic Design Study. Moreover, the quantity of ice that this machine could produce was less than that needed during the busy fishery season. Therefore, the initial report predicted that the new ice-making machine would be of great value (Suisan Enjiniaringu Kabushiki Gaisha 1994, p.ii).

A local fisheries cooperative had to close in 1982 when the Palau Federation of Fishing Association (PFFA)\textsuperscript{42} halted its activities. However, when the Basic Study was conducted by JICA, there was a movement to reorganize the fisheries cooperative in Peleliu. For this reason, Peleliu was a suitable Palauan site for a new project of fishery development.

4.5.3.2 The Project’s Plan and Objectives

The objective of this project was to stimulate fishery activity in Peleliu State and to improve the marketing and distribution system by installing a small-scale fishery-support facility. This consisted of an ice-making machine, a workshop, a small vessel, and other miscellaneous fisheries equipment (Suisan Enjiniaringu Kabushiki Gaisha 1994, p.12).

This project provides the following facilities and equipment (Suisan Enjiniaringu Kabushiki Gaisha 1994, pp.16-18):

1. Ice plant and ice storage bin.

\textsuperscript{42} The PFFA is located in Malakal Island in Koror State, and is the largest reef fish market in Palau.
2. Administrative office, work area, workshop, storage area, and toilets.
3. Rainwater tank.
4. Emergency generator.
5. Fish-carrying vessel.
6. Truck crane.
7. Outboard motors.
8. Fishing gear and materials.
9. Fish-carrying boxes (cooler boxes).

The Basic Design Study Report projected the consequences of this project as follows:

There will be a marked improvement from the present situation, whereby the fishermen have no alternative but to take their catches individually to the capital at Koror for cash sale. With the new facility at the Peleliu State Government and later by the planned new fishermen’s association and then sent to Koror, with freshness maintained, for sale. If this sort of distribution structure is activated, the fishermen will be liberated from their present arduous existence, where, after catching their fish, they must haul the catch to Koror in their own boats; and, after converting their catch to cash, return to Peleliu, where they immediately having to start the whole cycle over again.

(Fisheries Engineering Co., Ltd. 1994, p.80)

The benefits to be expected from this project would be as follows:

1) Saving of time based on the selling of catches to the new facility.

Some four hours are now consumed when a fisherman transports his catch in his own boat to Koror for sale and then returns to Peleliu. With annual shipments of 12 tons and 135kg of fish in average carried per voyage, it may be estimated that, over the course of a year, this shipping operation to Koror must be repeated 88 times, which consumes 352 hours a year in all. When the new fishing base is completed at Peleliu, it will buy the fishermen’s catches, relieving them of the need to continue this time-consuming operation. The time thus saved can be diverted to rest, fishing activity, or other pursuits. While it is difficult to estimate quantitatively how much additional production will be generated by the new activity, there is enormous significance in having the fishermen free from the chore of transporting their catches to Koror for sale immediately after completion of their fishing operations.

2) The saving resulting from a drop in the volume of goods transported in individual boats.

With the execution of this Plan, the new fish carrier vessel will be able to make the round-trip to Koror in 2 hours, while maintaining a regular Monday-Saturday schedule. As a result, a substantial number of people who have been making this trip in their own boats, owing to their inability to use the existing transport vessels due to their difficulties in maintaining regular schedules, will now, it is felt, use the new vessel.
3) Fuel savings based on elimination of the need to transport catches in individual boats.

The distance by water between Peleliu and Koror is 45km. The fuel cost for outboard engine boats over this distance shows little variation by engine horse power; average fuel consumption for the one-way trip runs 12 gallons (45.4 liters), or 24 gallons for the round-trip voyage. If gasoline is purchased from the PFFA in Koror at $1.50 per gallon and lubricating oils are added to this figure, the total fuel cost for the outboard boats becomes $1.85 per gallon. With 88 round-trips per year being made to transport catches to Koror, the value of the fuel consumed by outboard engines for this purpose works out to:

\[
88 \text{ RT} \times 24 \text{ gallons} \times $1.85 = $3,907.20.
\]

This is the amount of fuel expenses that can be saved.

4) Fuel savings among individual boats and the existing transport vessels, based on the movement of general cargoes and passengers via the new carrier vessel.

At present, some 1,800 round-trips a year are made between Peleliu and Koror in individual boats. This traffic will be reduced by 15 percent, or 270 individual round-trips per year would be:

\[
270 \text{ RT} \times 24 \text{ gallons} \times $1.85 = $11,988.
\]

On the other hand, once the 2 existing transport vessels are able to concentrate of what they do best—i.e., movements of a large number of passengers and then transport of heavy and other specialized cargoes—it is expected that there will be a reduction of 17 voyages per month for the 2 existing vessels combined, resulting in fuel economies of $7,000 annually. Accordingly, the total fuel expenses saved by individual boats and the two existing transport vessels, based on the new fish carrier vessel being used to move general cargo and passengers, can be calculated at $18,988 per year (Fisheries Engineering Co., Ltd. 1994, pp.80-82).

Thus, the Basic Design Study emphasizes as the merit of this project that “the fish distribution system will become more rational, resulting in savings in time and money which can be diverted to other forms of productive activity, which should help to vitalize the regional economy.” The report concludes: “Implementation of this project will serve to rationalize fish distribution and to achieve various cost savings from marine transport to and from Koror, on which people of Peleliu rely for their basic necessities. On this basis, the project may be expected to contribute meaningfully to the overall development of the regional economy of Peleliu State” (Suisan Enjiniaringu Kabushiki Gaisha 1994b, p.84). An exchange of notes between the Governments of Japan and Palau took place in June
1995, and the amount of the grant for the project was 110 million yen (approximately US $1.17 million).43

4.5.4 The Fish Marketing Improvement Project (Ngeremlengui)

4.5.4.1 Background

The other case that I selected for study was The Fish Marketing Improvement Project. JICA implemented the Basic Design Study for this project in 1994 in response to a request that the Palau Government made to the Government of Japan (Maruha Corporation 1995). There are two major facets to this aid project: to install new facilities for the fisheries cooperative of Ngeremlengui State in the western part of Babeldaob Island, and to install fish processing and marketing facilities on the premises of the Palau Federation of Fishing Association (PFFA) in Koror. Although I studied two sites for this project, I will primarily discuss the situation of Ngeremlengui State in the later section, in relation to the project's impacts on the community. However, an outline of the project is presented in this section to lay the foundation for a more comprehensive understanding of it.

The site where new ice-making machines and related equipment are installed is the State of Ngeremlengui. Ngeremlengui is located about twenty kilometers north of Koror, about thirty minutes by outboard speedboat. If one travels by car, it takes more than ninety minutes by four-wheel drive truck, because the road's condition is poor. Ngeremlengui, has a land area of approximately 68 square kilometers, and is located along the western coast of the island of Babeldaob. It is the largest state in Palau (Belau Tourism

43 The exchange rate used for this calculation was 93.97 Japanese yen to one US dollar.

80
Association 1999). The population of Ngeremlengui in 1995 was 281 people living in sixty-five households (Palau 1997). The per capita income of Ngeremlengui was US$2,010 in 1994, below the Palau average of US$3,526 (Palau 1997).44

The research team of the Basic Design Study revealed the following:

1) The maintenance of freshness in the producing regions
   A key to preserving the freshness of fishery products is the supply of ice, but right now, ice-making machinery is found in only seven of the country’s states. In 1981, Japan provided a grant to install a small ice maker in Ngeremlengui State, a production center on the west side of Babeldaob Island. But because this facility supplies ice to fishermen not only in Ngeremlengui but in neighboring states, the area suffers from a chronic shortage of ice.

2) Transportation from the producing regions to the consuming region
   The recent operation of a road from six states in the south part of Babeldaob Island to Koror permits goods to be shipped to the capital from that area by land. Being safer, more reliable, and less expensive than transport by sea, land transport is preferable. But the unpaved mountain roads that form part of this route make it difficult for any vehicles other than four-wheel drive trucks to negotiate the road. Sea transport is the only way to move goods from the four states on the north side of Babeldaob Island which are not yet connected to the capital by road and from three states on remote islands. And because fishermen’s associations or individual fishermen in these states now ship their catch independently, the transport process is inefficient and the fishermen are hard pressed to pay for it.

3) Marketing facilities in the consuming region
   In the capital city, Koror, the Palau Federation of Fishing Associations operates a fishery products market housed in a steel frame prefabricated building that, being more than forty years old, has rusted and deteriorated. The processing rooms and sales rooms inside the building have deteriorated in the same way, and are no longer sanitary. It is not a place well-suited to the processing of fresh fish (Maruha Corporation 1995, p.ii)

The circumstances of fish distribution in Ngeremlengui before the implementation of the project were similar to the case of Peleliu State; in many cases fishermen had to travel to the largest and the only consumption center, Koror, to sell their catch in order to earn cash.

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44 Per capita income of the Republic of Palau in 1994, according to Bank of Hawaii Report, is
4.5.4.2 The Project's Plan and Objectives

The Fish Marketing Improvement Project aimed to solve the following problems regarding fish marketing circumstances:

1) A shortage of ice to keep fish fresh during storage and transport.
2) A shortage of land transportation equipment to operate between states and served by the road system and Koror.
3) Low transportation efficiency between Koror and states not connected to the road system because fishermen in those states haul their catch to Koror in their own small boats.
4) A shortage of modern fish marketing centers in the consuming region of Koror.
(Maruha Corporation 1995, p.5)

To solve these problems and to promote commercial fishing in the outlying states by improving the fish marketing system, this grant-aid project has provided the following facilities and equipment (Maruha Kabushiki Gaisha 1995, pp.23-25):

1) The two Ngeremlengui ice making plants.
2) A fish marketing center in Koror.
3) An emergency power generator.
4) One fish-carrier truck.
5) One fish carrier boat.
6) Fishing gear and equipment, including:
   - Outboard motors 85hp, with spare parts (20 motors)
   - Insulate fish containers 160 liters (50)
   - Net baskets 50 liters (100)
   - Hand carts 150kg (5)
   - Processing tools

According to the Basic Design Study (Maruha Corporation 1995) for this grant-aid project, the project provided an ice-making plant to Ngeremlengui, and also a fish-marketing center in Koror, and related equipment such as a fish-carrier truck, a fish-carrier boat, and fishing gear.

US$5042.6 (Bank of Hawaii 2000)
With the implementation of this project, the report predicted:

…the Ngeremlengui ice making plant will be able to supply roughly 360 tons of ice per year to 211 fishermen in Ngeremlengui State and four adjoining states, making a substantial contribution to the maintenance of the freshness of fish both in storage and during shipping and to increasing the quantity of fish shipped to Koror. The fish carrier boat will deliver about 110 tons of fresh fish per year from the four states on the north side of Babeldaob Island which are inaccessible by road. This boat will carry all the fish products from these states, relieving their fishermen and fishing cooperatives of the need to ship their own catch. This will save the four states a total of $7,300 per year in shipping cost (Maruha Corporation 1995, p. iv).

The Fish Marketing Center in Koror will provide a stable supply of inexpensive fresh fish with this project. Accordingly, the basic study report emphasizes the merit of this project as being that it “will play a significant role in providing a stable supply of fish and stimulate commercial fisheries in outlying fishing villages, and is in all ways a project suited to the provision of grant aid” (Maruha Corporation 1995, p.iv).

The exchange of this note between the Governments of Japan and Palau took place in September 1993, and the amount of the grant was 201 million yen (approximately US $1.8 million).45

4.6 Evaluation of Aid Projects

4.6.1 The Japanese System

It would be beneficial to both aid implementation agencies and recipient societies if proper evaluations of projects were conducted a certain period after their implementation. Japan has been engaged in such evaluation activities since the 1970s, mostly carried out by aid-implementation agencies (Japan 1998a).

The Ministry of Foreign Affairs of Japan (MOFA) wants its policies and future
assistance policies to reflect the lessons learned from evaluations. Organizations such as the Overseas Economic Cooperation Fund or the Japan International Cooperation Agency conduct evaluation activities from technical and specialized standpoints in order to provide feedback for use in planning future projects (Japan 1998a, pp.5-6).

The primary official source of evaluations of Japanese aid projects is provided by the Evaluation Division, Economic Cooperation Bureau, Ministry of Foreign Affairs of the Japanese Government, with an annual publication titled *Evaluation Report on Economic Cooperation*. Although this is a valuable document that enables us to review Japan’s evaluation activities, the cases that it evaluates are limited in number – not all projects are dealt with. The criteria adopted for the evaluations by Japan are: 1) relevance of the initial plan, project selection, and formulation; 2) degree of achievement of the original objectives; 3) project effects and impacts; 4) efficiency of the implementation; and 5) sustainability (Japan 1998a, p.11).

Thus, although MOFA and related aid-donor agencies are involved in the activities of evaluation, it is not easy to learn the actual circumstances of projects from these reports. Indeed, the evaluations that are conducted by knowledgeable specialists are outstanding both in their quality and quantity, but other evaluations are often superficial and provide only limited information.

I conducted my own evaluations of the projects for three reasons: First, the post-

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45 The Exchange rate used for this calculation was 111.6 Japanese yen to one US dollar.
46 Overseas Economic Cooperation Fund is the major donor agency of Japan’s loan assistance.
47 The type of evaluation varies as follows: evaluation of whole country, evaluation of project implementation, evaluation on specified theme, evaluation by team mission, evaluation by scholars, evaluation by international specialist, evaluation by the staff of embassies or consuls, evaluation by the authority of recipient government, evaluation by local consultant, evaluation by third party such
evaluation studies conducted by the Japanese donor agencies are often too superficial to
give a full understanding of the situation of the recipient community. Many of the
evaluation reports provided in Evaluation Report on Economic Cooperation are only one
page long. Nonetheless, this is the only published evaluation source that the public has
access to. Second, these government evaluations often ignore the perspectives of ordinary
people in the recipient communities, even if issues of efficiency and technical problems are
well-covered. Third, these reports lack comprehensive examinations of the social changes
occurring within the larger context of development.

4.6.2 Evaluation by Administrator in Palau

The Division of Marine Resources of the Government of Palau has issued evaluation
reports on both the Peleliu project and the market improvement project (Ngeremlengui and
Koror). These reports will be integrated into the evaluations of the Japanese Government.
The reports are much more precise and of higher quality than similar reports previously
published. However, even though the reports contain informative descriptions, they are
similar to the Japanese government reports in that they lack certain kinds of information
that I need. This is because they appear to follow the report criteria set by Japanese
agencies.
CHAPTER 5
EFFECTS AND IMPACTS OF GRANT-AID PROJECTS IN PALAU

5.1 Methodologies of Research

To discover changes associated with these two aid projects, I interviewed people in the recipient communities in Peleliu State and Ngeremlengui State. The most significant informants in this series of interviews were fishermen who directly use the donated facilities on a daily basis, but I also interviewed other key informants such as the staff of the cooperatives, the governor, chief, and non-fishing residents. The sample of informants reflected residents’ social networks in each community. Interviews were conducted in June 1999 in Peleliu and in July 1999 in Ngeremlengui. The number of interviewees in Peleliu was ten, and in Ngeremlengui nine. The interviews ranged from thirty minutes to over three hours in length. Besides these formal interviews, I had many informal conversations with people which gave me a more general sense of community circumstances. Full transcriptions of the interviews are attached as an Appendix.48 In this chapter I present selected excerpted statements regarding the impacts and effects of the selected development aid projects in the recipient communities.

I used the following criteria in observing and evaluating the projects. First, I tried to examine whether the project achieved what was originally expected or desired by the donor and the recipient government (the achievement of the initial plan). Second, I tried to

48 The interviews are not transcribed from the recorded voices, but rather from the author’s notes. Therefore, these are not exact quotes from each informant. However, I have tried to reflect the content of informants’ statements as precisely as possible.
find out what impacts the projects had through community members’ perspectives. The most important concern here was to reveal how the projects influenced local residents and their lives. However, I also tried to draw upon these cases to better understand more general aspects of development and its impacts.

To obtain recipient perspectives I selected certain questions and kept them in my mind during the interviews. The interviews, however, were conducted more as informal conversations. The principal research questions, reflecting the main concerns in my study, were as follows:

1. Has Japan implemented aid projects appropriately for the benefit of recipients in the community?

2. What have been the impacts and effects of Japanese aid in the recipient community?

3. What social changes have been brought about by the Japanese aid project?

4. Are there differences between Japanese and Palauan perspectives in evaluating the aid project?

5. Has the project brought about changes considered beneficial for Palauans?

These are the specific questions I set out to answer as a researcher. However, the more concrete and manageable questions that I asked during my interview are as follows:

1. What is your relationship with (or role in) the project?

2. Have you used the facility (or the cooperative system) yourself?
   2.1 In what way have you used the facility?
   2.2 How often have you used the facility?
3. What is your response to the introduction of the facility (fisheries cooperative)?

4. Have you noticed any changes in community life? Compare life before and after implementation of the project.
   
   4.1 Has anything become more convenient or less convenient?

5. Have there been any benefits for fishermen? For non-fishing residents?

6. Have you observed any negative impact brought about by this project?
   
   6.1 Is there anything that you think should be improved?

7. What is your general reaction to Japan’s commitment to the development of your state (or, more generally, Palau)?

The information gathered through these questions is presented in the following sections.

5.2 Effects and Impacts of Grant Aid Projects

Through the interviews in Peleliu and Ngeremlengui and my direct observations in the communities, I learned about changes brought about by these grant-aid projects aimed at building and strengthening in-shore fisheries.

Through the opinions I collected in the interviews, it became clear that people consider that some changes have been favorable. However, for many of the changes in the aid recipient communities, it is hard to define a sole and clear cause of change. These changes have been complicated, and hence I need to address issues beyond the ODA projects, and analyze general impacts of development and modernization. Only in this way can we understand how these changes have occurred.
5.2.1 Effects on Fishing Activities and the Cooperative System

The most notable change in both Ngeremlengui and Peleliu's is that fishermen now have easy accesses to ice to keep their catch fresh while they are fishing and when they (either as individuals or within the fisheries cooperative) are making trips to Koror to sell their catch. The installment of new ice-making machines has been directly beneficial to the fishermen at both sites. In Ngeremlengui, the old ice-making machine at the cooperative could only produce ice in flake form. This melted quickly and so only kept the fish cool for two to three hours. Many fishermen were forced to travel to Koror to purchase more suitable block ice. Peleliu was in a similar situation, its old ice-making machine had already became decrepit before the aid project was implemented (Suisan Enjiniaringu Kabushiki Gaisha 1994, p.13). In a tropical climate such as Palau's, a catch will remain fresh for no more than two to three hours unless a fisherman uses appropriate ice to keep it cool. Ice is the most important and indispensable material for commercial fishing there.

Since the implementation of the projects, the fishermen have purchased ice in their own villages, either in Peleliu or Ngeremlengui, and have placed it in their coolers before going out in their boats. When they finish fishing after several hours, they return to their village, not to the market center in Koror as before, and sell their catches at the fisheries cooperative in their own state.

Ice is also very important at the local cooperatives. There, the staff puts ice in the cooler boxes to keep the catch fresh. These boxes were part of aid project. The boxes and better ice can maintain the freshness of the catch until the cooperative delivers it to the market center at Koror.
When a sufficient amount of fish is accumulated at the local cooperative, the catch is taken to Koror by cooperative staff and sold there. According to the fisheries cooperative authority, in Ngeremlengui the proportion of fish sold in Koror is approximately 85% of the total catch; the rest being consumed within the village.

Here is an account from a resident of the recipient community of Peleliu:

The cooperative started operations on 1 September 1994. The catch of fish increased about 50 percent. Fishermen don’t have to go to Koror; instead, they can go for another fishing trip (Informant A-1).

Several Ngeremlengui State informants explained the situation there:

Fifteen percent of the catch is sold here [at Ngeremlengui State Fisheries Cooperative] in the state, and 85 percent goes to Koror. If you have a special occasion such as siukang[^49], people come here from Koror to buy fish, because it is cheaper here (Informant B-1).

I usually use a spear to catch kesebuul, meyas, and ttotech. I troll to catch yellow fin, soda, katsuo, and ngelngal. I sell the catch at the cooperative. In the past, before I went fishing I would buy ice at the cooperative. I would go to Koror the day before I fished and keep the ice until the next day in the cooler, then I went fishing. The fuel for the boat I also bought in Koror (Informant B-4).[^50]

I used to work for the coop. In the morning I went Koror to sell fish and buy ice. I went to Koror every day. After the first ice machine came [in 1980s], I saved my catch for two days and I went to Koror on the second day. If I fished less, then I went on the third day. The ice at that time was in flake form. The flakes melted in two to three hours. We had to check the condition of fish every two to three hours even in the middle of the night (Informant B-5).

Thus, each fisherman has been liberated from the costly and time-consuming trips to Koror by the introduction of ice-making machines and the reinforced cooperative system – the main purpose of the projects, to improve the distribution systems of coastal fisheries, appears to have been fulfilled in this sense.

[^49]: *Siukang (shuukan)* is translated as custom, but it indicates occasions of community gatherings such as funerals, ceremonies for the first baby, gatherings for celebrating newly built houses, and etc.

[^50]: *Kesebuul, meyas, itotech, soda, katsuo, and ngelngal* are, in English, lined rabbitfish, dusky rabbitfish, blackspot emperor, kawakawa, skipjack, and Spanish mackerel respectively.
5.2.2 Effects of the Projects on Community Life

The ice-making machine is used not only by fishermen, but also by ordinary community residents in both Peleliu and Ngeremlengui. Although the evaluation report of the Division of Marine Resources (Palau 1999b) states that people in northern states such as Ngaraard and Ngardmau have difficulties in getting ice at Ngeremlengui due to distance, it is said that some fishermen who live in the northern part of Babeldao Island use the ice-making machine at the fishery cooperative in Ngeremlengui before going fishing. In this sense, this new facility, and the new ice machines, are considered beneficial to the recipient community and even to other communities, in the way that was envisioned by the aid project.

Many Peleliu residents similarly claim that the introduction of the cooperative system brought convenience to the community because they now have easy access to ice and fish. Peleliu State did not have full-time electricity until 1998, and the ice-making machines have also been significant for non-fishermen as a way to keep food fresh. It is said that some residents cannot afford to purchase refrigerators, and the easy access to ice greatly benefits them.

*Siukang* (custom) refers to important social events in Palau. Some of the common examples of *siukang* are funerals, celebrations of a first baby, and celebrations for opening a newly built house. These community gatherings are of great significance to Palauan communities. When there is a *siukang*, community members prepare food, including fresh fish. For such events people purchase boxes of fish full of ice, and deliver them to the cooking place in the community. Since Ngeremlengui is a famous place for
fishing in Palau, people visit Ngeremlengui States Fisheries Coop from outside states when they have siukang and need plenty of fish. Ice-making machines and the efficient running of the fishery cooperative are benefiting the wider community in this way.

Informants in Peleliu State describes these effects:

- Palauan people don’t like frozen fish as much, so ice is important for fishermen. Many people cannot buy refrigerators in Peleliu, so the ice machine is very convenient (Informant A-4).
- The coop is helpful because cash income has increased and we can now buy many things such as bicycles, coffee, cars, refrigerators, and videos (Informant A-8).
- This project benefits fishermen because they have a specific place to sell, and people can buy more fish, too. Yes, there are some economic benefits. There are also employment opportunities at the fishery coop. I don’t know much about the environment, and it may harm sea life, but the benefits are going to outweigh that (Informant A-9).
- There is a benefit for fishermen and other local people. People use the cooperative for personal consumption, and they use its ice to keep their food cold. Income has increased, and the cost of gas and ice were decreased by eliminating the cost of transportation (Informant A-10).

Informants in Ngeremlengui State spoke to these issues also:

- It was a really good change for the coop itself. The old machine was only good for packing fish. There was not enough for delivery. The old ice was like flakes. They were easy to melt. The new ice is cubes, and more effective for fishing. A truck is used to carry fish to Melekeok, and sometimes to deliver fish to Koror, and Black Micro in Airai. The benefit to fishermen and ordinary people is that we can have fresh fish, and we can keep the quality good with the ice. The broader community also has benefited. Even the people from the states of Ngaraard and Ngaradmau buy ice here to keep food cool. Now we have electricity. Until this year, Ngarchelong had only twelve hours of electricity service each day (Informant B-2).
- Before there was an ice machine, we went to Koror once every three days. Fishermen bought ice in Koror for fishing. In Ngeremlengui, there is no other industry than fishing and the Palau Organic Farm. We are very lucky to be able to buy ice here. When we have customs (siukang), we buy ice, and we even have electricity now-three big cooler boxes of ice (Informant B-3).

Since the second ice machine (the current one), it has been so convenient because we can buy ice at the coop. Non-fishermen go to coop to buy ice too. Those who don’t

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51 Black Micro is a local construction company.
own refrigerators buy ice and put it in coolers and use them for keeping food cool (Informant B-5).

Now it is helpful to all. Even the people from the Northern States come here to buy ice (Informant B-6).

Before the introduction of ice machines in Ngeremlengui, I bought ice in Koror. At the Federation, I bought rock ice. I sold fish at the Federation in Koror. Since the coop opened six or seven years ago I have been able to sell fish here. After 1996, the ice machine opened and ordinary people as well as fishermen began to buy ice to keep food fresh. The price of ice for fishermen is 2.5 dollars a basket, and for other people 3 dollars. I buy ice when I fish all day. I buy a cooler full. Now I go fishing at night, three to four times a week, and I get 100 pounds of catch a night (Informant B-8).

There was not enough ice before the project. Before 1991, I went to Koror for ice. But the ice machine after 1991 was still not enough. Now there is no limit on ice and the catch of fish has increased. If there is no ice, the freshness of fish lasts only for four hours. If you use ice, you can keep it for twenty-four hours. This is a really big change, a very good change (Informant B-9).

Thus, with the development of fisheries cooperatives, more fish can be sold at the local fisheries cooperatives with lower costs to fishermen. This means that some people are enjoying direct economic benefits through increased cash income. In this sense, local communities enjoy convenience as well as the direct benefits to fishermen.

5.2.3 Changes in the Fish Catch

I attempted to draw upon the data on the catch of reef-fish to investigate the effects of project assistance by examining the amount of production of the two states. The evaluation reports produced by the Division of Marine Resources (Palau 1999a and Palau 1999b) indicate that an “increment of catch production” is evident for both states due to the assistance projects. However, it turned out to be virtually impossible to discover the trends of catch production of reef fish through the statistics because the state’s data was incomplete.
The Division of Marine Resources of the Ministry of Resources and Development is in charge of collecting the statistics of Palau’s reef fish catch production. The Division records the data from what fishermen or fisheries cooperatives sell at each fish market or at the Palau Federation of Fishing Association (PFFA) in Koror. The Division collects the catch data from major fish markets in Koror and fisheries cooperatives that purchase from fishermen.

Theoretically, the majority of commercial fish sales in Palau can be discovered numerically with this data, broken down by state. If a fisherman in Ngeremlengui sells fish at the Ngeremlengui Fisheries Cooperative, the catch is counted toward the catch of Ngeremlengui State. Even though this same fisherman sells his catch directly to PMCI in Koror, this too is counted toward the catch of Ngeremlengui State. Fish production data is tallied through the fishermen’s catches at the following markets or fisheries cooperatives: PFFA, Palau Modekngei Company Inc. (PMCI), Peleliu Fisheries Cooperative, Ngeremlengui Fishery Cooperatives, and OHS (only in 1992 and 1993). There are some other smaller fish markets in Palau, such as Happy Landing, Peleliu Club and Yano’s Market, but they are not included in the Division’s database. Furthermore, the catch that is not converted into cash, and fish consumed as subsistence food, are not included in this data. Sales from fishery cooperatives to the market in Koror are also not counted since that would be double counting.

The statistics collected are quite incomplete because the data from PFFA was unavailable to the Division of Marine Resources from September 1996 until the time of my research in 1999 (see Table 2). Likewise, the data regarding inshore fishing obtained from
the Office of Planning and Statistics is similarly incomplete because the original source lacks the PFFA data during this same period. The fisheries report provided by the Overseas Fishery Cooperation Foundation (1999b) also had to leave blank the catch brought to PFFA, and the same incomplete data had to be used in the detailed analyses of the report issued by Mie Prefecture of Japan (Mie Prefecture 1999). Thus, there was no complete set of data of commercial reef-fish production as of July 1999. The only way to acquire the complete data of fish production for each state would be to collect data from the invoices of each targeted state, under the assumption that the state fisheries cooperatives keep accurate records. This task was beyond my capabilities within the limited time I had in Palau.

During my 1999 visit, thanks to cooperation of the PFFA, I did acquire the data of total production of PFFA, but this was not broken down by state. Despite these gaps, the combination of the data offered from the Division of Marine Resources and the data from PFFA enabled me to understand the total amount of reef fish production of Palau (see Graph 1).

However, my specific concern here regarding the grant-aid project is the changes in catch production specifically within the states of Peleliu and Ngeremlengui. For this purpose, the data of catch by states (Graph 2) is only accurate until 1995. Inferring from the trend in this data, and judging from the testimonies of people in Peleliu and Ngeremlengui, the fish production in Ngeremlengui State has sharply increased recently, and the production recorded for Peleliu State was much higher from 1996 through 1998 than it had been in previous years before the project came in. At the same time, total reef-fish production in Palau has shown a drastic decrease (see Graph 1 and 3). Indeed,
Ngeremlengui and Peleliu are the only states for which the catch records indicate an increase, if the amount sold to PFFA since September 1996 is excluded. Graph 1 and 3 shows this trend. Theoretically, it is natural that the introduction of convenient fishing-support equipment would encourage residents to go on more fishing trips. As many fishermen mention, it is much easier now to buy ice and sell fish at the local cooperative. It is not surprising that this change in circumstances has increased production.

Nonetheless, it is risky to assume that this increase has resulted from the aid project, since there may be other factors at work that we have not considered. We do not know whether the aid projects increased the catch production because of an increase in fishing efficiency, or whether the change merely reflects an increase in record keeping by the cooperatives, with the encouragement of management. 32 Still, a trend of increased catch is somewhat evident from this limited statistical record of the catch, and also from the testimonies of informants that the increased catch dealt with in the cooperatives is a recent trend, and reflects an increase in fish caught.

Ngeremlengui residents suggested some reasons for the increased catch:

In 1995, because the aid was about to arrive, we encouraged people to make a good record of their catch, and the catch increased as a result of the aid. The catch decreased in 1997 because there were many state projects going on and many people worked late at night [and could not spend much time for fishing because of these projects]. We rebounded in 1998 because we could sell a lot to the Federation. This year, in 1999, the catch will decrease because the Federation has not been buying fish (Informant B-1).

The reason the catch of fish exceeded 5 tons in 1995 and 1996 may be because the facility is run on aid. The increase in 1998 was because of the two Filipino boats which were operated by Fred. In 1994 and 1995, the people of Kayangel and Ngaradnau came here to sell fish. Now four Palauans and four Filipinos are fishing full-time. Other people go fishing at night, they have jobs. Many fishermen now realize that fishing is going to be hard (Informant B-8).

32 Direct data collecting from fishery cooperatives in both Ngeremlengui and Peleliu started in 1995.
5.2.4 An Overflow of Fish Products in the Slow Market Trend

In 1999, a major change occurred in terms of distribution and market trends in Palau’s reef fish industry. Around April, the Palau Fishery Federation Association (PFFA) in Koror stopped buying large amounts of fish from the cooperatives of Peleliu or Ngeremlengui, or from any other states, except for certain kinds of fish. The PFFA had been the central brokerage of reef fish in Koror for years. If this organization stops or reduces the amount of catch they purchase, fishermen and cooperatives from outer states face hardship in selling their fish in the capital. According to persons involved in the fishing industry in Ngeremlengui, the Federation holds a significant amount of frozen fish in their stockroom freezer, with few buyers. This might indicate that the market in Koror is small.

Here are some comments concerning the small market capacity for reef fish in Koror:

I think everyone’s catch here in Peleliu is decreasing this year. The reason is that the market in Koror is slow and shrinking. There are too many fishermen in Palau, and it is hard to sell at the market. Some fish can be sold for 1.7 to 2 dollars per pound. Even if you go to Koror, you can make a profit with good fish (Informant A-7).

In Koror, only some species are bought. I catch 300 pounds a day. I welcomed the project of the fishery coop, but the real problem is the fish market in Palau itself. Even if you go to the Federation in Koror to sell fish from Peleliu, because their stock is full they won’t buy more than 500 pounds. 500 pounds is the amount that one fisherman can catch in a day (Informant A-7).

The Federation in Koror doesn’t buy fish. Now we have too much fish and cannot sell fish. There is no exporting of fish now (Informant B-5).

We don’t take our fish to the Federation. Only a few species, for example rabbit fish, go to the Federation, which sends them to Guam. The Federation buys sebus (onaga) (Informant B-1).

My cousin possesses an outrigger boat and I managed to operate it. I asked seven fishermen to do bottom fishing. But the problem is the small market. We are happy
with the aid program, but the problem is the limited market (Informant B-9).

When the grant-aid project of the Fish Marketing Improvement Project was planned and implemented in the fiscal year 1994, the construction of a fish-processing facility at the PFFA’s site in Koror was a part of this project. This facility was intended to promote the sale of products in Koror, the Palauan city that consumes the most fish, by processing fishes into fillets or smoking them. In accordance with this plan, Japan offered technical assistants to fillet fishes on the PFFA’s premises and trained the staff. But at the time of my research in 1999 it was said that the PFFA was not operating the facility for its intended purpose. There are criticisms that the PFFA does not effectively strive to promote and expand the consumption of fish:

We want to fillet the fish. The facility introduced by the aid project in Koror has not been used. We want to do that, but the people of Babeldaob do not want to live in Koror. The current problem is that the Federation doesn’t buy fish. The reason for this is that they don’t fillet fish, they don’t find outlet outside, they can’t process fish, and the price of fish in retail stores is high. Chickens are cheaper and easier to cook than fish. If fish is processed to make it an easy food to prepare, like chicken, the people will buy it (Informant B-1).

Japanese technical assistants went to the Federation to teach people how to fillet and how to use the equipment such as smoking equipment. But that equipment was never used. If that equipment was here, we could fillet and smoke fish and sell it. In PMCI, their policy is to reduce the price of fish to 1.25 from 1.50 two days after the fish are brought to them. But the Federation’s price remains the same, and there is a lot of stock at the Federation. They keep fish for three months in the freezing room and nobody buys them. They will be thrown away at the dump (Informant B-1).

Fish are rejected at the Federation, but those fish could be sold if the seller visited each household in Koror, but they don’t do that. The Federation does not look for the market. They don’t have money to buy big fish. Red snapper, snapper, emperor, and black jack are rejected (Informant B-2).

Whatever the reasons, the PFFA, the biggest fish market in Palau, no longer buys as much fish from the fishermen or fisheries cooperatives. In June 1999, in Ngeremlengui,
the cooperative delivered most of the catch to Palau Modekngei Company Inc (PMCI), a retail fish market located at T-dock in Koror. Only certain species could be sold to PFFA as of my visit, and only in limited amounts. Accordingly, in order to meet the demands of the market in Koror (PFFA), only certain kinds of species are purchased from fishermen in the Ngeremlengui cooperative. In Peleliu, to deal with the market situation, in June 1999 the cooperative started to distinguish species in setting the price of catch. Now fishermen must be selective in what they catch so that they will be able to sell it in the Koror market. I observed the unloading of the catch at the cooperative of Ngeremlengui, and saw the staff of the cooperative and fishermen select the fish in accordance with which species could be sold in Koror – sometimes the catch is rejected at this stage.

The background of this problem is that there is a trend toward the oversupply of fish products in the market, reflecting the increasing number of commercial fishermen using effective fishing gear. In Palau, there is no licensing system for commercial fishing unless one goes beyond the state boundaries. Basically, any local Palauan can sell their catch at any market. A factor that has perhaps been even more significant here is that consumers’ food tastes have been shifting from fresh fish toward other protein sources such as chicken and canned foods. The latter are easier to prepare and cheaper than fish.

The shift of industrial patterns in the urban city may be one factor affecting these trends in food consumption. Many people in contemporary urban Koror are hired by, or are managing themselves, private companies, or are employed by the government, a

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53 One of the retail markets of fish in Koror.
situation very different from pre-colonial subsistence society and even from just a few decades ago. People in urban areas who work for institutions outside of their households often do not want to cook fresh fish because it takes more time than preparing processed or packed food. Some Koror residents claim that it is more convenient and inexpensive to consume chicken or canned food.

In Koror, the capital and the only urban center within Palau, the variety and the number of consumer commodities that are handled in the retail stores are not substantially different from those of American or Japanese retail stores. Almost any ordinary consumer good can be purchased, ranging from groceries to clothes, to household appliances or motor vehicles. The evidence of a Palauan economic shift away from subsistence is easily observed, particularly in the field of food consumption. As discussed in the last chapter, in Palau the local fisheries industry in rural villages is facing difficulties because the catches are not easily sold in the market in Koror. The overflow of fish catches is the main problem in the fishery market in Palau, according to many informants. Although foreign government provided “modernization” projects in rural fishing bases in order to stimulate the local fishery industry, there is a paradoxical change in people’s consumption away from local fish. As represented in the words of a resident in Koror, there are indications that urban residents prefer imported products to local ones: “It is cheaper and easier to eat processed food than fresh fish.”

54 This situation remained same even in August 2000 when I re-visited the state.
55 The number of people who were employed in Palau in 1950 was 228, 578 in 1960, 1,893 in 1970, 2,665 in 1980, 3,700 in 1990 and 5,050 in 2000 (Hezel and Heine 2000).
56 From personal communications with various unnamed residents of Koror, June 1999.
57 From personal communications with unnamed residents of Koror, June 1999.
58 Personal communications with a Koror resident in 1999.
to use. This is particularly true for food. For instance, in supermarkets in Koror, imported frozen chicken is cheaper than local fresh fish. The retail price of fresh fish in local fish markets in Koror is around $1.75 per pound, while frozen chicken is sold at $0.99 per pound.\textsuperscript{59} It seems to be easier for urban residents to prepare and consume processed foods than to cook from fresh materials, especially when people are working outside of their households. Frozen fish imported from Japan or the Philippines and canned food are widely sold at supermarkets, too, and are less costly. According to Johannes (1981), the most popular imported protein source on Palau is canned fish from Japan (p.70), and the trend toward dependence on foreign commodities for protein appears to have continued and been further promoted in Koror.\textsuperscript{60} The study team of Muto points out that fish is still highly ranked in the diet for Palauan elders, but at the same time they point out that consumption of fish and meat are dependent on processed food, but not fresh ones (Muto, Yoshimoto, Fujikura, Kaneko, & Sakuma, 1997).\textsuperscript{61} They report that their informants said that “fresh fish are surely available but it is difficult for them to go to the seashore to purchase fresh fish, and fresh fish are also more expensive than canned food so that they have less opportunities to get fresh fish” (Muto, Yoshimoto, Fujikura, Kaneko, & Sakuma, 1997, p. 251, author’s translation). Thus, Palauans’ have grown increasingly dependent on foreign products and the capitalist system. People use cash to buy cheaper consumer goods that are imported from industrial countries. Without those imported goods, the typical

\textsuperscript{59} The price of fish is the unit price at the Peleliu Club in Koror for assorted fish. Um, parrotfish, lapulapu, and rabittfish are $1.95 per pound in this market. The price of chicken is the price at Surangel’s, a major supermarket in Koror.

\textsuperscript{60} Personal observation in some Palauan households in Palau.

\textsuperscript{61} A team of Kagawa Nutrition University from Japan has conducted research in Palau in 1996 on health issues of Palauan elders. Forty-five Koror residents participated in this research.
urban Palauans would be unable to sustain their modern diets.

Here are some remarks concerning the market situation:

Though Japan has provided all the goods, the fish market in Palau is not good. We need export marketing, too. Once they had a Filipino boat come to fish, but it ended up stopping after only four times. They have the ability to catch one ton of fish at a time, but Koror does not buy them because the market is small. We would like Japan to find us good market, too (Informant B-2).

There is no security for fishermen. The problem is that anybody can sell fish to anybody. If we fillet fish, more people will buy fish. If we wrap the fish, those who work for the government and don’t have time to cook raw fish can buy and consume that kind of fish even if the price is higher. Those who are working don’t have time to cook fish. They should fillet and then sell. The room in the Federation is not used (Informant B-9).

To cope with this situation, some fishermen and staff members of cooperatives in Ngeremlengui State expressed the opinion that it would be better if the fisheries industry itself fillets fish for the busy urban consumers. This idea of expanding fish processing to expand the market was an original intention of the Fish Marketing Improvement Project, which as of 1999 seems to have failed in practice.

Thus, even in the rural communities in Palau, fishing activities are dependent upon the modern commercial system of distribution in the urban markets. The deadlock of the market is not directly linked with the matter of Japanese ODA, yet it is still significant in understanding the circumstances of the recipient communities today. For residents who depend on fishing, this issue seems to be the major concern regarding the development of reef-fish fisheries.

5.2.5 Modernization of Fishing Methods and the Depletion of Marine Resources

In addition to the market situation, many fishermen expressed an awareness of and concern about the recent trend toward depletion of marine resources. The sea holds a wide
variety of species, but the numbers of each species in tropical marine environments are not so large (Akimichi 1995, p.13). Therefore, the present circumstances, where the market is concentrating on a small number of species, may raise the risks of depleting those species, and thereby disrupt vulnerable tropical marine resources.

Not only is the catch-level data for marine resources incomplete and inadequate, the stock status is also unknown. Otobed and Maiava (1994) note that some major fish species are declining (p.28). The drops in grouper, rabbitfish, parrotfish, and wrass are most noticeable (Otobed and Maiava 1994, p.28). Otobed and Maiava (1994) point out that the increase in “modern fishing methods” has resulted in “destructive fishing practices.” The modern fishing methods referred to are “trolling, spear guns, hand-held spears, hand lines, droplines, gill nets, set nets (‘kesokes’), portable fish traps, cast nets, and spear guns with scuba gear” (Otobed and Maiava 1994, p.28). They note that, “The seeming abundance of the marine resources of the country is tempered by the small base size of the island nation. Economic development strategies for utilization of marine resources must focus on management for controlled and sustainable harvests” (p.23). Similar concerns are heard in the communities.

According to the understanding of the local fishermen in the communities, the prevalence of modern fishing methods may be one cause of the decline of fishery resources. Johannes (1981) discussed as early as the 1970s the relationship between modernized fishing gear and equipment – such as motorized boats – and the depletion of marine resources (p.68); it is not a new issue. One relatively new phenomenon related to development in the 1990s and the subsequent increase in wealth has been that fishermen
can now better afford to use gill nets. These may be aggravating the problem of over-fishing. Many fishermen in the communities, as well as marine specialists in Palau, have recognized the depletion of marine resources for years.

People whom I interviewed mentioned that the nylon gill nets introduced relatively recently capture marine resources indiscriminately. They say that before the introduction of modern equipment, Palauans typically used nets made from cotton or coconut fibers, and these allowed small fish to escape. Fishermen recognize that marine resources are being depleted, and many attribute this to modern methods of fishing and over-fishing:

There were many fish in the sea before. We used to catch only the big fish. We used coconut and cotton nets for fishing. Because of these nets, we could only catch bigger fish. Now the cooperative has become bigger and the catch has increased. With the increased income, we can buy gill nets now. Gill nets have the ability to catch even small fish. Now reef fishing is deteriorating (Informant A-8).

I go to fishing twice or three times a week. I go out for fishing during the daytime alone in a small boat. There are fewer fish. Compared to five years ago, there are less fish. That is because now we have many boats and we use gill nets (Informant B-4).

Since around 1995 the fish have dropped in number. It is hard to catch them now. We have too many fishermen. Maybe we caught too many (Informant B-5).

I use spears and trolling. I catch around fifty pounds each night, twenty pounds during the daytime. I sell fish at the coop. Fish have been decreasing this past ten years. Now most people use nets, and they catch too many fish. Propellers of the boats destroy fish eggs, too (Informant B-7).

I feel that the fish are fewer now. One reason may be the \textit{el nino}, and the seaweed is dead. The amount of the catch depends on the weather, too. We see many rabbitfish now, because the bottom of the sea is clean. Before, one fisherman could catch 1000 lb. each day. In the 1980s, you could see rabbitfish, skipjack, or parrotfish right in front of the cooperative. There is an argument that one reason for the depletion of fish is the carbon dioxide emitted from speedboats. In Ngiwal, there is a conservation area that uses a partition so that boats cannot come inside the area. That was set aside by the state government of Ngiwal. You can see many fish in the conservation area, but you can hardly see them in other areas (Informant B-9).

A political leader in the community stated his awareness of the situation:
But the fish are becoming much fewer. Dynamite and gill nets may be the reasons for this decrease. Even a three-inch gill net can catch smaller fish if a school of fish comes inside the net. Once they are in the net, they will go around and around and be killed. We’ve used gill nets since the 1970s. I talk to fishermen about it, but they keep on fishing, and I can’t control them (Informant B-6).

As this political leader implies, it is hard for fishermen to simply abandon efficient technologies once acquired. Although the average lifestyle for the State of Peleliu and Ngeremlengui and other non-urban regions within Palau are relatively geared toward subsistence, all residents need some cash income — people need money for education, public utilities, maintenance and running costs of motor vehicles or speedboats, food and so on. For this reason, small-scale commercial fishing is a now necessary means of acquiring cash to survive. More efficient fishing gear and methods are reasonable choices for a more secure life in modern society. Fishing is almost the only and certainly the most accessible to earn a cash income, unless one is employed in the public sector or by a private company.

One of the more notable fishermen in the community of Ngeremlengui quit his full-time involvement in fishing and started working for an agricultural company in the state. He now goes to sea only as a part-time fisherman, his response to the shrinking marine resources. This man explained to me:

Before, fishing was good — plenty of fish. I applied for the job at the farm because fish are so few, and because of the legislative law that ban the export of fish.

In the 1970s and 1980s, I could catch 1000 pounds if I fished for three days, three hours a day. I could catch up to 500 pounds a night. That meant 1500 lb. in three days. It was 50c a pound, so I could get $750 at a time. The price of gas was also cheaper, so I could buy enough gas and ice for three days for $50.

I fish both inside and outside of the reef, with spears. You can catch bigger fish outside. I tried to use gill nets for two years, from 1989 to 1991. When the tide was high, I ran a boat around the net. I learned this method from a video in Koror. No other fishermen used gill nets at that time. Then everyone started to use gill nets. With gill nets, I caught
skipjack. I could catch 700 lb. to 1000 lb. each time I used it. But one year later, I only could catch 100 lb. if I fished all day long.

In 1990 the state set up a conservation area outside of the dock to the left near the shore. They also said you cannot fish at the right side of the channel from April to July, because that season is the breeding season of *tamakai* (grouper) and *tiau* (coralgrouper). Then from March to June, fishing of rabbitfish is banned. At the good fishing spot for groupers in Koror, in the 1980s, three fishermen could catch 6000lb. But that place is totally restricted from fishing now. The fish have decreased because there are too many fishermen, and Filipino fishermen. And with gill nets, small fish are caught (Informant B-8).

Some fishermen realize that the number of fish are decreasing, and they express the idea that the current situation is not sustainable. Although the national government of Palau regulates the use of gill nets, prohibiting mesh sizes less than three inches measured diagonally (Palau and Pacific Community 1998), it is said that the allowed nets still kill the small fish, including young fish. Using gill nets is indeed an effective and attractive way of fishing in terms of efficiency and income, but it can have serious long-term negative impacts on marine resources.

One interviewee from Peleliu critically states the situation:

The regulation gill net has three inches between the lines. Small fish can be caught. The price of a gill net is $120 for a 200-foot net, $200 for a 300-foot net. We usually use nets handled by three people. We used to use spears. Because of the fishing aid project, our daily life has become better, just as the initial survey suggested it would. But what will we do if the fish are gone? There is no sense of conservation here. What about fifty years from now? It will be developed like Guam, and over-fished (Informant A-8).

Renovated techniques in commercial fishing may have been reinforced by higher incomes that were directly or indirectly raised by the development aid project for modernization of fishery industry. However, as revealed in this section, with the "technical innovations" in fishery techniques marine resources may be harmed (Yamaguchi 1995, p.232). Fishermen now have relatively easy access to innovative...
equipment with their increased cash incomes. This is an indirect but significant impact of aid and modernization on community resources.

5.2.6 Improper Uses of Aid

During the interviews, I came across some people who have complaints against the aid projects. One common complaint is that there is insufficient training in maintenance of the provided machinery and equipment, and that there is a shortage of parts needed for maintenance. Many of the interviewees in the recipient communities wished that donors would pay more attention to longer-term project maintenance.

Additionally, most people in Ngeremlengui complain that the fish-carrying vessel, which was originally in the aid package to help carry catch from the Northern states, including from Ngeremlengui State Fisheries Cooperative, ended up unused, moored at the M-dock in Koror. Regarding this boat, and also the unused filleting facility in Koror – which arrived as part of the same project – there have been prevalent and widely held criticisms in Ngeremlengui that they have been allocated inappropriately. Many voice the opinion that Japan should continue to monitor and advise projects even after they have been implemented, in order to prevent inappropriate management practices.

Though everybody basically welcomes aid projects, people recognize the problems that they cause, and often voiced complaints regarding Japanese projects. Here is one example:

Much of the Japanese aid they don’t put it in right place. The boat provided for this project is not being used. They only made two trips to carry fish from here (Informant 107)
Another pointed out that there was a misallocation of the outboard motors:

One of the engines that was donated by the aid was bought by non-fisherman in Ngatpang. The engines should only be used by fishermen. The boat which was originally intended for location in Ngeremlengui was taken by the Federation. The boats brought to Kayangel, Ngardmau, and Ngarchelong in another aid project are also not used for fishing. The state governments use them for other purposes. If Japan gives aid, they should give better direction as to its use. The aid is really helpful, but people don’t follow planned directions in many cases (Informant B-8).

This same informant pointed out a similar issue concerning another project:

The boat given by Japan ended up being used for another purpose in other states than Ngeremlengui. They use the boat to carry tapioca or taro in Ngardmau. They don’t even have fishery cooperatives there in Ngardmau or Ngaraard (Informant B-2).

Some people in the recipient community wish Japan would monitor and remain committed to projects even after implementation, including providing maintenance:

Aid projects are not properly monitored by Japan. Once engines came, but there are no parts in Koror. The problem may be only a small part, but without it, we are in trouble (Informant B-9).

The paradoxical situation – the intention to improvement and the reality of a slow market – is concentrated in this short account:

Some fishermen bought the 85 horsepower outboard motors, but they don’t go fishing. It is hard to say, “go fishing” because the market is not good (Informant B-2).

It is not easy to attain results that exactly match one’s original plans and intentions. Sato (1997) points out that changes made in aid project implementation are not always a problem within the context of the recipient societies. Even if the aid is used for different purposes from those the donor envisioned at the planning stage, if we consider the social and cultural context, it is possible that the donated equipment is still very beneficial for the recipient society in its unforeseen uses (Sato 1997, p.11). In the case of the fillet facility on the premise of the Federation in Koror, it is used as the retail store of
the PFFA. There is a possibility that they are not yet ready to undertake the business of filleting fish with the market as slow as it is. But the interviews in Ngeremlengui reveal that people there are eager to use the fillet facility and the fish carrier vessel to expand the market of fish products, as original plan was intended to. Thus, the people in this recipient community are more critical than Sato when it comes to the improper use of aid.

These are the points that are revealed from the interviews in the recipient communities. As we have seen, informants in the recipient communities have various perceptions toward the projects. Their attitudes toward aid projects are basically favorable; however, at the same time, they have pointed out issues that are possibly associated with aid projects, or the bigger issues of modernization and development, including ODA. My own interpretation of this situation in fishing communities in Palau at this particular moment of the history will follow in the concluding chapter.
CHAPTER 6
CONCLUSIONS: IMPLICATIONS OF MODERNIZATION AND DEVELOPMENT

6.1 Impact of the Modernized System

To this point I have presented some theoretical perspectives on modernization and development, the history of Japan-Palau relations, an overview of Japan's ODA system including its strategies of development aid, the perceptions of the people in the aid recipient communities, and the impacts and effects particular aid projects have had in Palau.

Japan has been continuously involved in the process of modernization and development of Palau since the era of colonial administration in the early twentieth century. Many of the social transformations that Palauans have experienced are related to Japanese and other foreigners' activities. The recent commitment of Japan to the development of Palau has led the country along the avenue of modernization. In Palau, as elsewhere, development is a precondition for the building of the state. Japanese developmental aid projects in Palau are a significant element in this effort.

The results of my fieldwork interviews in the two aid-recipient communities, Peleliu and Ngeremlengui, indicate that the productivity of fishing has increased because of the introduction of ice-making machines and related equipment, and because increased income has allowed fishermen to purchase more modern and efficient fishing gear such as gill nets. According to Palauan informants, life has become more convenient because fishermen no longer must go to Koror to purchase ice or to sell fish, and bear the burden in
time and money that this entailed. The fishery cooperatives in the states can now more easily become involved in commercial activities, partly because of the new efficiencies brought to them by the grant-aid project. Thus, by and large, aid projects have been welcomed by most residents of the recipient communities. If we look only at this aspect, these two Japanese developmental assistance projects could be interpreted as having been effective in leading the recipient communities toward progress. The modernization process, for the past few decades, has promoted a change from subsistence fishing to more commercialized fishing, and the aid projects have reinforced this transformation. As was originally intended, the aid has brought about more commercialization of fishing.

Yet this has not been the only impact, judging from the responses from the communities. In contrast with the “progressive” benefits of the projects, there have emerged problems that appear to have been triggered by the modernization process. These are recognized by fishermen and fishery cooperative authorities. Marine resources in both Ngeremlengui and Peleliu States are being depleted; and there is an over-supply of fish products in Koror due to present marketing conditions. Because the scale of fishing is growing under the reinforced modern system, people now need to consider the sustainability of marine resources in the context of modern commercialized fisheries.

The problems raised by the informants in Palau are ones that have already been experienced, and not yet solved, in Japan and elsewhere. They are embedded in modernization and development. This research acknowledges that rural villages in Palau have been exposed to the problems of modernization due to the implementation of Japanese ODA projects. I do not argue that the developmental aid is the only cause of
these problems. It is rather the grand impact of modernization that foreign powers have brought to Palau as part of colonization and later post-colonial processes. Given the results of the research, this last chapter tries to interpret the implications of the transformation of Palau’s political economy under the massive influences of modernization and globalization. It examines the bigger picture which encompasses these specific aid projects.

6.2 Vulnerability without Self-Reliant Production and the Insecurity of a Dependent Economy

Due to the modernization and development process, a homogenization of material life has occurred in almost every area of the world where there is an access to Western products, people, culture, and information. In Palau, too, a lifestyle has emerged, revolving significantly around manufactured products made in industrial countries within the capitalist system. The modernization process, together with development discourses and practices, has incorporated Palau into the flow of the Western modern capitalist system and has transformed the island’s society into a consumer-oriented one. Western consumerism has gradually and firmly come to dominate Palau’s economic sphere and its social life in the twentieth century.

In pre-colonial days, most Pacific Islanders enjoyed relatively prosperous lives without major poverty. This was because they had a “traditionally self-sufficient” (Johannes 1981, p. 148) economy, one grounded in subsistence resources from both the marine and land environments. The subsistence economy secured the Pacific Islanders’
basic needs for centuries. Palau, too, possesses a wealthy natural environment of land and lagoons that bears crops and marine products. Taro and tapioca have been the staple of the Palauan diet for years, and continued to be even after the influx of the colonial economy. Fish and other marine products have always served as indispensable sources of protein. Palau’s soil and sea have guaranteed and secured the lives of its inhabitants for centuries. Now, however, we are able to see signs that the subsistence element of the economy is declining as rapid social transformation takes place, and as industrialized production and commercialized distribution become more significant and central to the lives of Palauans. We can see this shift in Palau’s subsistence fishing. While once “fish had been a form of social security they were now becoming a commodity” (Johannes 1981, p. 69).

In relatively rural communities such as Peleliu or Ngeremlengui, fish still hold a significant position in the assuring economic security. But in urban Koror this is no longer true. A Peleliu fisherman expressed to me his perspective on fishing, one that reflected his culture and lifestyle, but also his regret over the trend of changing eating habits of Palauans:

I like fishing because I am the boss. I have fished since the 1980s. You can make good money. Nobody forces you to do anything in fishing. Fishing is fun. The income from fishing is greater than the income from the store I run. I have a wife and four kids. Fishing is a tradition through which you stay close to the water; it’s a part of our life. People eat food from abroad; meat, canned food. Big shops like WCTC or Surangel’s\(^{62}\) sell canned food or Western food cheap. They block fishing. They sell imported fish from the Philippines and Japan, too. If you go to the fish market in Koror, you can see that nobody buys fish for three days. They always have stocks. Fishing seems unattractive now because of the market. But in Peleliu, there is nothing but fishing. There is no other choice. (Informant A-7)

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\(^{62}\) WCTC (Western Caroline Trading Center) and Surangel’s are two of the major supermarkets in
As this informant describes, the circumstances of the fishing culture are in the process of being transformed. Now, some Palauans are on the verge of losing their fundamental incentives to engage in fishing, and the techniques for the subsistence means of production. This is due to the changes of lifestyle and also reflects the influence of the mass influx of imported products from the industrialized world. As a result of the penetration of global capitalism and the urban life, the role of subsistence or semi-subsistence pursuits in Koror has been declining and people are starting to depend upon foreign-made consumer goods, even for their primary diet. Eating canned tuna and rice, instead of reef fish and taro, may in one sense have made urban dwellers' lives easier since they no longer have to go out to sea or spend their time at hard labor in taro patches. Nevertheless, this is a great change of lifestyle.

The gradual and certain transformation of lifestyles toward consumerism and dependence on the cash economy are evident in the capital, and even in the rest of the country. The alteration of the economic structure into a more modernized one is statistically evident as well. The Bank of Hawaii Economic Report (2000) states that the ratio of Gross Domestic Products (GDP) from agriculture and fisheries in 1990 was 25.9%. By 1998 this figure had drastically decreased to 4.8%. If we phrase this change in terms of product amounts, the total was $19,943,000 in 1990, but decreased to $6,135,000 in 1998. This statistical figure may not include the subsistence portion of agricultural or fisheries production because that is mostly consumed without the intervention of cash and the modern commercialized production system. But I still assert that these figures represent an
aspect of the trend toward rapid decreases of primary industries in Palau, even though the accuracy of the statistics is somewhat in question. On the other hand, sectors such as transportation and communication, trade, the service industry, hotels and restaurants, and government administration, have grown steeply. Thus, inferring from the change of GDP output by industries, Palauan people are now less engaged in the primary industries such as agriculture and fisheries, but have shifted to more participation in tourist-related industries, trade, services, or government.

The modern capitalistic structure has gradually been replacing the subsistence economy and is becoming deeply rooted among the people, especially in the capital city. Although taro growing and fishing are still significant and popular among Palauans, some signs of change away from traditional production are observable today. It is said that now many Palauans choose not to maintain their taro patches, particularly in urban places. Some taro patches are cared for by guest workers from Bangladesh. Similarly, some of the inshore fishing is done by guest workers from the Philippines. These are some of the indications that Palauans are now less involved in their traditional subsistence activities and in primary production, and instead are engaged in more industrialized and commercialized aspects of production. Generally, the younger generations are more likely to be involved in urban circulation, especially in Koror and beyond to metropolitan places, where are concentrated most intermediate and higher education, and also employment

63 The Bank of Hawaii Economic Report points out: “Because staff shortages in late 1997 through 1998 made it necessary to stop reporting data on domestic production, sales and export, there is a possibility that the actual contribution of agriculture to total income is more than what is reported in the aggregate income accounts.”

64 Four guest workers from the Philippines are employed to conduct inshore fisheries in Ngeremlengui
opportunities.

The loss of subsistence modes of existence may have disastrous consequences, especially if people have to compete with the established industrial powers for income and survival in the global economy. Development and globalization processes may give wider and more frequent opportunities to participate in different lifestyles if one possesses privileged access. Free competition, one of the main features of global capitalism, works only when there is competition between economies or companies in similar conditions, such as competition between so-called industrialized nations. It is easy to predict that indigenous industries that are forced to compete with economies of privileged counties will decline as a result of inequalities within the system. As seen in Palau, if the consumption of cheap processed food is widespread among an indigenous population, the production of traditional agricultural or marine products, and domestic industries and subsistence portions of the economy decline. People become dependent upon imported manufactured products since locally produced food costs more.

Now Palauans must use cash to pay for the commodities, and need to earn cash in order to sustain their new lifestyles. Palauans cannot escape from their reliance on cash incomes for their sustenance and security. Schoeffel (1994) argues that losing the status of “independent subsistence producer” poses a potential risk of becoming “a marginal peasantry,” and can lead to the “proletarianization of populations moving into urban environments” (p. 375). Palauans are looking at just such an insecure future. Without their subsistence production, they may face difficulties in securing a sustainable lifestyle—they
have little guarantee of future security especially on food. People's lives have become risky and vulnerable.

6.3 Palau's Choice

I have discussed the fact that processes of modernization and globalization will not erase the current inequalities within international relations. Instead, they have widened the inequalities originally created by colonial and post-colonial processes of recent centuries. We must be concerned with the negative consequences of the globalization process. In the longer term, Palau's seemingly inescapable participation in the globalization process may be harmful to Palauans. The implications of modernization and globalization for Palau are immense considering its small market potential, and the slim possibilities most Palauans' have to invest commercially. Most of the Southern countries have been marginalized, and are being increasingly exploited as global capitalism develops. Like them, Palau has less economic power than countries of the privileged industrial North. Small island developing countries like Palau typically do not possess the means to produce cheap and competitive industrial commodities, based on huge intensive production systems, as found in the North.

The main purpose of development is to reinforce capitalistic development as a way to "catch up" to the developed world. This is the underlying goal embedded in developmental discourse. However, the promotion of free trade encourages cheap industrial commodities to flow into island economies like Palau's. It is difficult for local industries to compete given the tremendous inequalities at the starting gate, and the result is the decline of local industries. This is what is occurring in Palau, as exemplified by the
collapsing market for local fish products.

Moreover, in contemporary Palau, economic development and the enjoyment of imported material items have been enabled by the presence of external income sources such as foreign government funds, development aid, remittances, and industries that are controlled by external decision-makers. This is what we find when we examine tourist-related industries.\textsuperscript{65} Since Palau is small relative to the industrialized nations, and even many other developing economies, it cannot easily be protected from the changes occurring elsewhere at the sources of wealth.

Globalization has permeated Palau to a high degree, and it is quite risky for Palauans to be so dependent on external income sources. Especially so since they are losing their subsistence base. It is a matter of national security—the country's continuing dependence on external income sources cannot possibly be guaranteed for future generations. Such economic patterns represent a form of dependency. This process of incorporation of Palau into the global economy might be interpreted as "development" or "progress" from the perspective of modernization theorists and advocates of globalization. They might point, for example, to Palau's increasing per capita GDP.\textsuperscript{66}

\textsuperscript{65} The main reason for this in the tourist industry is that the primary participants in the industry are foreigners, and it is they, not their hosts, who hold the power to make decisions. Locals have no control over the number of incoming visitors or the amount of money that each tourist spends. These figures change without regard to host community intentions or control. No matter how Palauans develop their country to meet the demand of tourists, profit will not be secured unless the tourists, for instance from Taiwan or Japan, take trips to Palau. The reality is that the number of visitors from Asia suddenly dropped in 1998, and remained low in 1999. This trend has been seen not only in Palau but also in the Northern Mariana Islands and Guam, the impact of sluggish economies in Asian tourist supplier countries. Tourist-related industries are very insecure.

\textsuperscript{66} Per capita GDP for Palau was US$5,084.60 in 1990, $5,403.00 in 1991, $5,175.40 in 1992, $4,639.30 in 1993, $5,042.60 in 1994, $6,1080 in 1995, $7,028.40 in 1996, $7,226.80 in 1997, $6,986.60 in 1998,
Palau, as elsewhere in the Pacific, enjoyed a self-sufficient subsistence economy for centuries. This way of life was gradually transformed, however, by Japanese and then American rule. It is impossible for today's Palauans to live unconnected to the outer world. They are no longer in a position to reject the cash economy. But I would argue that, however their contemporary lifestyle may rely on the products and institutions of modernity, the core of their subsistence base ought not to be discarded completely, for the sake of the country's food security. It might be, from one perspective, wise to gain more funding from former colonial powers to support the new materialistic lifestyle and the Western systems Palauans have engaged with. But, from another perspective, there is a great risk of losing the Palauan way of life in the process.

I contend that it would enhance community security to retain aspects of the subsistence base in the era of globalization, when commercialized goods pervaded the islands. For advocates of developmental discourse, subsistence may represent backwardness, or the pre-modern life. If the term “subsistence” is too far from people’s image of their modern selves, then “community-oriented, small-scale agricultural and fisheries production based on the local resources and labor” is an alternative phrasing. More fundamental than terminology, however, is the idea that control over what people consume for survival can be kept in indigenous hands. Wiser consumption of marine resources is needed, with consideration given to sustainability, and the maintenance of taro patches and other agricultural production using indigenous techniques and knowledge. These can be retained and passed on to future generations as a precious cultural heritage of

$7,024.30 in 1999, and $7,510 in 2000 (Bank of Hawaii 2000, Data for 1999 and 2000 are from the
economic value. National and state governments can support and encourage such domestic efforts and growth by implementing policies to control the indiscriminate influx of foreign economic forces. The people of Palau could be made aware of their vulnerability to penetration by global capitalism. The government could also support indigenous production systems by encouraging the consumption of local products. I emphasize this because retaining some subsistence base would protect people from poverty even if external income sources are drastically reduced or cease completely. Modern commercialized sectors such as tourist-related sectors in Palau may face hardships if America or other metropolitan countries face a major economic collapse—the economic prosperity in the metropolitan countries that support Palauans’ current modernist Western lifestyles is not eternally secured.

Fortunately, Palauans now have the right, and the tools, to decide their own future. The country has been an independent sovereign state since 1994. In this post-colonial era, it is for Palauans to choose whether or not their country will be swallowed up by globalization. I have raised this specter of vulnerability because I would like to give notice of the possible problems that Palauans may face, threats from neo-colonial and neo-liberal international forces. I would transmit this message to my Palauan friends so they can perceive a larger picture of the modernization process, within a broader historical context.

6.4 How Can Japan be Involved in the Development of Palau?

I would like to close this thesis by suggesting how Japan, the counterpart to Palau’s Bank of Hawaii projections and forecasts).
developmental projects, could be involved in the future of Palau. Japan is very likely to continue providing development projects to Palau in pursuance of its own national interests and security, and I expect Palau will seek more development aid from Japan. This pattern seems to persevere because both nations' interests seem to match. Japan’s economic and political roles and presence in Palau will only increase, especially if the Compact Fund from the United States terminates in 2009. However, mere application of Japan’s experience of modernization and development in the post-World War II era to the development of Palau may lead to undesirable results. Especially if we consider Palau’s vulnerability, as just discussed. Palau could learn about the problems caused by the modernization process simply by studying Japan itself.

Japan has often been considered a successful model of modernization and industrialization in the non-Western world. Indeed, Japan has a world-elite class GDP output, and there is no significant poverty in the society. There, material prosperity can be observed all across the country. But the reality facing rural regions in Japan displays a facet of modernity hardly monitored or recognized in prosperous metropolitan areas. The striking fact is that many places in rural Japan have become under-populated while urban areas have become over-populated. This has occurred with a shift in industrial structure from a dominance of primary industry to a heavy industry-oriented structure. Young people have gone to urban area to seek education and employment opportunities. Fisheries, agriculture, and forestry industries are encountering a serious lack of young people willing to enter them. This has been quite problematic, especially after the 1950s when Japan became a heavy industry-oriented society. The society of under-populated areas is
collapsing under the weight of materialism and consumerism (Kanda 1997, p. 276). This has occurred as an outcome of the modernization process. Cheap imported primary products have weakened Japan’s rural agricultural, fishery, and forestry industries. An Americanized consumeristic and development ideology has taken hold, and has played an influential role in eroding cultural heritage. A homogenization, built upon modern materialistic culture, has spread throughout Japan.

While Japan has gained economic prosperity during the past five decades, the modernization process has also caused a decline in local areas, and has generated various social problems. These include environmental devastation, a despondency among children and adolescents, corruption among politicians and the administration, huge financial deficits of the national government, local governments that are economically and otherwise dependent upon the national government, and local economy that is dependent upon public development projects. Considering the resulting conditions of rural communities, and the nation’s insecurity and dependency in terms of food, Japan does not present an ideal model of modernization and development that countries that receive aid should follow. In this sense, it would be dangerous for Palau to simply imitate the style of development practiced in Japan. If Palauans would critically locate themselves within the wider scope of history and scrutinize the deeper impacts of modernization from that perspective, perhaps they would determine to avoid hardships such as those experienced by Japanese rural communities. A small state as vulnerable as Palau could easily be destroyed if it commits to and follow the methods of the economic superpowers.

In this sense, foreign governments and private developers should be extremely
careful not to export the negative consequences of modernization that they have experienced in their own countries. As a donor nation leading the way toward modernization with developmental assistance, Japan should consider the broader social consequences of modernization for a vulnerable micro-state. Japan needs to take responsibility for following up on the systems it has introduced, and to understand its negative as well as its positive consequences. Education and study regarding issues of development and its impacts would seem a necessity for every level of society, including at the grassroots level. Topics could include development projects, and their appropriate implementation and operation. Follow-up aid in the area of community education is necessary, an indispensable strategy that would greatly benefit aid recipients. For example, offering small-scale aid to assist communities in Palau in studying contemporary problems regarding fishing empower Palauans to reinforce their communities with a view toward the future. Palau historically was a place where knowledge and practices of marine resources conservation were part of everyday life (Johannes 1981). But as Otobed and Maiava (1994) have reported more recently, an “overall lack of awareness of ecological process and of the issues of sustainable development is a problem at all levels in Palau” (p. 36). The massive influx of foreign-made products and methods of production, including fishing methods, can easily override a community’s common sense. As Otobed and Maiava (1994) point out, “education is the key to preventing further environmental degradation in Palau” (p. 36). What might help in this context, within Japan’s current ODA system, would be a category of aid program called “grassroots grant aid.” “Grassroots aid” is a type of project aimed at helping with autonomous activities
conducted by local governments, or NGOs in the recipient community. The scale of each project for this category is limited to 20 million yen (Kusano 1997, p. 179). Here, people in the recipient community can have the chance to learn about key issues and to develop their community in self-reliant ways, in ways that fit into local contexts following initiatives by local people. Such projects have already been initiated in Palau.

It was Japan that first brought a total change of lifestyle to Palau by introducing material culture, modern methods of development, and intensive modern capitalism. They did this in the process of controlling Micronesia as a colony. For this reason, Japan – and the United States as the subsequent administrator of Palau that strengthened what Japan had already started – should carefully view the situation of Palau with an eye toward the broader long-term welfare of the community. Although Japan maintains the basic modernization philosophy and goals of ODA policy – that is to modernize developing countries’ and raise their economic standards – Japan should commit to Palau’s development with great consideration toward its vulnerability as a small island within the ocean of the world political economy.

This thesis has dealt with issues of the impacts of Japan’s Official Development Assistance in Palau, and has tried to expose structural issues underlying international relations in the modernized world. To conclude this study, I would like to reemphasize the outcomes of the research, that the introduction of modern equipment for the fishery cooperatives has not only brought increased wealth for the recipient communities, but has simultaneously generated potential problems. The problems are a risk of depleting marine resources, and the decline of fishing markets. Considering them has led us to reconsider
some of the meanings of modernization for the island lifestyle in urbanizing Palau. These issues could be interpreted more generally as issues common to all Pacific Islands peoples. Like people elsewhere, they must cope with such problems in addition to the benefits of development and modernization. Since this paper draws primarily upon oral narratives of people in the two recipient communities, the criticism might be raised that this project has not taken enough notice of scientific analytical approaches to, for example, the problems of marine resource depletion. A future expansion of this study would include findings of scientific research, as well as investigations into cultural settings in Palau. Both are significant, but the present study has maintained a tighter focus. I can only hope that my dear Palauan people can from this study grasp some of the implications of the history of modernization and globalization to date. At the same time, as a Japanese citizen who has an unbreakable historical connection to Palau, I would like Japanese developers, investors, government officials, and ordinary citizens to draw upon this thesis as a guide in helping them to develop a more desirable relationship between the two countries for the future.
APPENDIX A: TRANSCRIPTION OF INTERVIEWS

The interviews are not transcribed from the recorded voices, but rather from the author's notes. Therefore, these are not exact quotes from each informant. However, I have tried to reflect the content of informants' statements as precisely as possible. For more information on the interview settings, see section 5.1.

A. Peleliu State

Informant A-1: The Manager of Fishery Cooperative in Peleliu

The cooperative started operations on 1 September 1994. The catch of fish increased about 50 percent. Fishermen don't have to go to Koror; instead, they can go for another fishing trip. All the men are fishermen in Peleliu. Tairyo-maru is working well. We make 30 trips a month. The amount of catch is about 600 to 800 pounds. Ice is used everyday. Keep cool their own fish, or use at the party or funeral. There are about 150 fishermen are in Peleliu, and 60 of them are the member of the Coop. The project is helpful for Peleliu. The catch they sell here in average is 100 pounds a time by one person. We buy fish from fishermen $1.00, and coop sell at 1.35 in Koror. Fishermen fish either outside of the reef or inside the reef.

Informant A-2: Male, Maintenance Helper, Public Works, Peleliu State government

I have been living in Peleliu for 10 years. I work for Public Works, work for the state. I heard the catch is increased. I buy ice to cool the food every other day. The project is good for fishermen. It is good because fishermen can sell fish here.

Informant A-3: Female, Resided for 3 Years in Peleliu, Non-Palauan

Those who don’t have electricity thank ice machine. People complain about ice machine because sometimes they don’t sell ice to non-fishermen at coop. Foreigners tend to think Palauans life is being supported by them, but Palauans think they can do well without foreigner’s help aid. If you give away something to Palauan, it is going to be waste, but if you teach how to use something and tell one’s value, they will involve it well. I do not understand why Japanese people send volunteers in the area of sports. People are looking forward to the arrival of the engineer (volunteer) for outboard motors.

Informant A-4: High Chief of Peleliu, Male

Japan provided boat, fishery coop, ice machine, fishing boats, and the dredging project. We catch reef fish, and export to Koror if we have more than we need here. Peleliu is top state in Palau in terms of tonnage of fish. National government banned to use net, then people are disappointed. Now spear and
trolling are main, and we only export fish to Koror once in 2 to 3 days or once a week, after the regulation. Palauan people don’t like frozen fish as much, so ice is important for fishermen. Many people cannot buy refrigerators in Peleliu, so the ice machine is very convenient. But the fishermen have priority to use it. Because of the el nino, fish are scarce. The project is helpful for fisherman’s family. Before, fish often become bad and rejected to buy.

Informant A-5: One of Board of Directors of Fishery Cooperative, Male
The facility of fishery coop is really helpful. Before, fishermen had to go to Koror to sell fish, it was waste of time and expense. Provided cooler is also helpful. Before, without cooler, fish are spoiled. We lack money for management. I think we need at least one year of training in management. Fishermen are now engaged in construction work. People can sell fish 1 dollar a pound, they buy fish in Koror 1.35 dollar a pound. Ice making machine is useful because the electricity service was limited until recently, only from 6pm to 6am. We need skill how to deal with selling of fish. We don’t know how to make money. We need business management skill. We also need a mechanic of outboard motors. We have two prices to buy fish. Some are 1 dollar, and some are 75 cent a pound (shown the list).

Informant A-6: Fisherman, Male.
I go fishing once a week and catch 200 pound. Because of the fishery coop, it is easier to sell fish. Before, I went to household to sell fish. I fish inside the reef, near Ngemelis. I am satisfied with Japanese aid.

Informant A-7: Fisherman, Male
I am a fulltime fisherman. Before the coop is open, I went to Koror to sell fish. After the project is open, I sell fish here. I am a member of coop. Before, I went to Koror twice a week. Now I go to Koror once a week for a shopping for the store. I think everyone’s catch here in Peleliu is decreasing this year. The reason is that the market in Koror is slow and shrinking. There are too many fishermen in Palau, and it is hard to sell at the market. Some fish can be sold for 1.7 to 2 dollars per pound. Even if you go to Koror, you can make a profit with good fish. Good fish are mullet or snapper. Now we have electricity in Peleliu, and people other than fishermen do not need to buy ice at coop. In Koror, only some species are bought. I catch 300 pounds a day. I welcomed the project of the fishery coop, but the real problem is the fish market in Palau itself. Even if you go to the Federation in Koror to sell fish from Peleliu, because their stock is full they won’t buy more than 500 pounds. 500 pounds is the amount that one fisherman can catch in a day. I like fishing because I am the boss. I have fished since the 1980s. You can make good money. Nobody forces you to do anything in fishing. Fishing is fun. The income from fishing is greater than the income from the store I run. I have a wife and four kids. Fishing is a tradition through which you stay close to the water, it’s a part of our life. People eat food from abroad, meat, canned food. Big shops like WCTC or Surangel’s sell canned food or Western food cheap. They block fishing. They sell imported fish from the Philippines and Japan, too. If you go to the fish market in Koror, you can see that nobody buys fish for three days. They always have stocks. Fishing seems unattractive now because of the market. But in Peleliu, there is nothing but fishing. There is no other choice.

Informant A-8: Fisherman, Male
I sell fish at the coop 3 to 4 times a month. Two to three hundred pounds a time. Other than that, I sell fish directly to the residents of the island. I go to Koror once a month. They used to be a small-scale coop, before. There were many fish in the sea before. We used to catch only the big fish. We used coconut and cotton nets for fishing. Because of these nets, we could only catch bigger fish. Now the
cooperative has become bigger and the catch has increased. With the increased income, we can buy gill nets now. Gill nets have the ability to catch even small fish. Now reef fishing is deteriorating. The coop is helpful because cash income has increased and we can now buy many things such as bicycles, coffee, cars, refrigerators, and videos. The regulation gill net has three inches between the lines. Small fish can be caught. The price of a gill net is $120 for a 200-foot net, $200 for a 300-foot net. We usually use nets handled by three people. We used to use spears. Because of the fishing aid project, our daily life has become better, just as the initial survey suggested it would. But what will we do if the fish are gone? There is no sense of conservation here. What about fifty years from now? It will be developed like Guam, and over-fished. Coop is giving good revenue to the island of Peleliu. But people are not eating fish. They eat canned food, corned beef, or sardine. When we eat traditional food at custom, we eat hot dogs and chicken, when it’s over. We want progress, but we don’t want to change our life. Progress should be slow. Some of us don’t realize what’s happening here in Peleliu. Fishing is important. Palauans are still fishermen. I can only mop the floor other than fishing.

Informant A-9: Schoolteacher, Male

This project benefits fishermen because they have a specific place to sell, and people can buy more fish, too. Yes, there are some economic benefits. There are also employment opportunities at the fishery coop. I don’t know much about the environment, and it may harm sea life, but the benefits are going to outweigh that. We just requested a school bus. Because Japan occupied on this island, young people have feeling that Japan should do more aid. Still, some older people alive and understand Japanese way of life. If more aid and more people come from Japan, they are going to be big input on this island to learn more about Japanese system, and way of life. Younger generation will recognize Japanese way that older people say.

Informant A-10: The Governor of Peleliu State, Male

We decided policies of coop, and implemented by the manager of coop. We chose certain persons and trained about boat and ice making machine. The facility, ice machine and the boat are really available, and the catch is handled by the coop staff to ship out to Koror. The method of fishing here is gillnet, spear, and trolling. There is a benefit for fishermen and other local people. People use the cooperative for personal consumption, and they use its ice to keep their food cold. Income has increased, and the cost of gas and ice were decreased by eliminating the cost of transportation. Japan can do more in Peleliu. Peleliu cannot afford money for development, so Japanese grant aid is welcome. Japanese are very generous. I hope to continue to assist the people of Palau and Peleliu develop the island.

B. Ngeremlengui State

Informant B-1: The Manager of Fisheries Cooperative in Ngeremlengui

My mother is from Ngatpan, father is from Ngeremlengui. I was raised here. I went to Japanese kougakko (public school for islanders) only for 3 years.

I worked for the elementary school from 1954 to 1955 as a teacher. From 1955 to 56, the district administrator in Palau. 1956 to 59, sailor of Pacific Micronesia Line. I went to Japan once in three month, too. From 1959 to 60, I again taught at the school in Ngeremlengui. From 60 to 63, I went to Pohnpei at Pacific Islands Central School. From 63 to 65 I went to College of Guam and got associated degree. From 1965 to 70, I was a teacher. From 1970 to 71, I taught math teachers in Micronesian Community College in Pohnpei. From 1971 to 72, I taught at Micronesian Community College. I received a title of Math Specialist

In 1973, Education office of Palau national government. In 1979, I represented Ngeremlengui for
Palau legislature. I designed the national flag of Palau. Delegate to Constitutional Convention. In 1981, I was elected to a delegate of OEK. I resign the position of district administrator then. 81-84, House of Delegate.

In 1984, OH Fishmarket in Koror. 1986, I came to Ngeremlengui to become a boss of construction site. We involved in constructing of ditch, water dam, and pump station. I was a foreman of Nishimatsu Kensetsu Corporation. I knew metric system, so it was useful.

In 1991, the coop restarted. Became the manager of the coop. We relocated old ice machine to the present location. The machine was a donation from Japan. We requested new machine to the national government. The official research mission came in 91 or 93. We asked another ice machine and boat.

The coop started in 1960s. We received first aid in 1981. Between 86-88 and in 1991, the coop was not in operation. The ice machine broke down and the boat is taken by the Federation. In 199, two ice machines, a truck, and a boat came. The boat is located in M dock. The planfirst intended to make all the facilities in Ngeremlengui, but a part of the project went to Koror. That project was included ten 85hp engines, 50 baskets, 2 carts, and 25 cooler containers. Of the 25 containers, 14 remained in coop, and the rest were sold to fishermen. The payment for 2 engines were done, but rest are not paid yet.

In Ngeremlengui, basically, all people are fishermen. Hired fishermen are 4 people who are from Philippine. Palauan fulltime fishermen are two. Rest of the fishermen work for state government and elsewhere, and go to fishing during the night. Invoice is in Marine Resources office and not yet back.

In 1995, because the aid was about to arrive, we encouraged people to make a good record of their catch, and the catch increased as a result of the aid. The catch decreased in 1997 because there were many state projects going on and many people worked late at night [and could not spend much time for fishing because of these projects]. We rebounded in 1998 because we could sell a lot to the Federation. This year, in 1999, the catch will decrease because the Federation has not been buying fish. We don't take our fish to the Federation. Only a few species, for example rabbit fish, go to the Federation, which sends them to Guam. The Federation buys sebus (onaga).

The main resources of income here in this state is fishing and the organic farm. We really depend on Japanese development. We requested during the Trust Territory time, but no outcome from the United States.

We want to fillet the fish. The facility introduced by the aid project in Koror has not been used. We want to do that, but the people of Babeldaob do not want to live in Koror. The current problem is that the Federation doesn't buy fish. The reason for this is that they don't fillet fish, they don't find outlet outside, they can't process fish, and the price of fish in retail stores is high. Chickens are cheaper and easier to cook than fish. If fish is processed to make it an easy food to prepare, like chicken, the people will buy it. Japanese technical assistants went to the Federation to teach people how to fillet and how to use the equipment such as smoking equipment. But that equipment was never used. If that equipment was here, we could fillet and smoke fish and sell it. In PMCT, their policy is to reduce the price of fish to 1.25 from 1.50 two days after the fish are brought to them. But the Federation's price remains the same, and there is a lot of stock at the Federation. They keep fish for three months in the freezing room and nobody buys them. They will be thrown away at the dump.

All people in the state are the members of Coop. There are 6 people working at coop including the manager. Manager and Vice-manager get no pay. The income resources of the coop are sell of fish, ice, and fuel. The sale of fish goes to the payment for fishermen, the sale of ice goes to the bank, and the sale of the fuel becomes the salary of workers. One of the residents hires Filipino fishermen. The ratio of the population of Ngeremlengui and the states people who live in Koror is 50% to 50%. The

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67 One of the retail markets of fish in Koror.
population of Ngeremlengui is less than 400. 53 households. 40 are here and 12 to 13 are in the village of Imeong. There are about 30 people at the Palau Organic Farms.

The project is helping everybody. Helping here and other states, and the national government. We donate fish for church every year. And also to the national hospital and jail. You can put 9 containers on the truck. If you have more than 10, we use boat. It will be about 2 hours by truck to Koror. In 1998, we used the truck 6 times in two months. This year, we used it less than 10 times. This is because the Federation does not buy fish any more. Now we use boat to go to sell fish twice a week.

Fifteen percent of the catch is sold here at Ngeremlengui State Fisheries Cooperative in the state, and 85 percent goes to Koror. If you have a special occasion such as siukang\(^{68}\), people come here from Koror to buy fish, because it is cheaper here. All the sales records are given to the Marine Resources, but the copy did not come back yet.

We need to use the bigger boat to go to Koror to buy gasoline. 20 drums will be consumed in 10 days. One drum will carry 55 galons. The fuel tank is 2000 galons. We only buy parrotfish, unicornfish, meyas, emperor, and napoleon. We don’t have enough customers.

I experienced 9 years in Japanese era. Only help is from Japan, not from U.S. No negative impact from Japan. Taiwanese and Chinese, they don’t get EQPB. Morita (organic farm) is eco-friendly. They say artificial matters destroy soil. You cannot see any cigarette butt in POF. If I compare America and Japan, in Japanese era, we only went to elementary school, but they trained us physically and mentally to be independent some day. Under the American system, we only follow something. Under American system of school, Palauan identity is lost. We don’t know how to respect. Everybody is seeing right, and freedom of right is used in opposite way. Even one experience 2-year college, he still cannot work independently. During Japanese era, you could independently work after 5-year school.

Informant B-2: An Employee of the Cooperative

It was a really good change for the coop itself. The old machine was only good for packing fish. There was not enough for delivery. The old ice was like flakes. They were easy to melt. The new ice is cubes, and more effective for fishing. A truck is used to carry fish to Melekeok, and sometimes to deliver fish to Koror, and Black Micro\(^{69}\) in Airai. The benefit to fishermen and ordinary people is that we can have fresh fish, and we can keep the quality good with the ice. The broader community also has benefited. Even the people from the states of Ngaraard and Ngardmau buy ice here to keep food cool. Now we have electricity. Until this year, Ngarchelong had only twelve hours of electricity service each day. People of Ngardmau often buy ice here. We need to have more training on ice machine, especially the knowledge of maintenance. Parts for the machine is not really enough. The boat given by Japan ended up being used for another purpose in other states than Ngeremlengui. They use the boat to carry tapioca or taro in Ngardmau. They don’t even have fishery cooperatives there in Ngardmau or Ngaraard. Though Japan has provided all the goods, the fish market in Palau is not good. We need export marketing, too. Once they had a Filipino boat come to fish, but it ended up stopping after only four times. They have the ability to catch one ton of fish at a time, but Koror does not buy them because the market is small. We would like Japan to find us good market, too. Much of the Japanese aid they don’t put it in right place. The boat provided for this project is not being used. They only made two trips to carry fish from here. Fish are rejected at the Federation, but those fish could be sold if the seller visited each household in Koror, but they don’t do that. The Federation does not look for the market. They don’t have money to buy big fish. Red snapper, snapper, emperor, and black jack are

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\(^{68}\) Siukang (shuukan) is translated as custom, but it indicates occasions of community gatherings such as funerals, ceremonies for the first baby, gatherings for celebrating newly built houses, and etc.

\(^{69}\) Black Micro is a local construction company.
rejected. Some fishermen bought the 85 horsepower outboard motors, but they don’t go fishing. It is hard to say, “go fishing” because the market is not good. In Palau, it is often said that fishermen are the people who don’t have education. There is no management for fisherman to make proud. They are not functioning as a career. We need fishery school. Teach how to fish outside reef, or how to get loan properly. Fishermen are not educated. They don’t have sense of sustainability. They don’t know law. They take even small crabs and eat by themselves. No management of fishery. What happens 10 years from now? We need management and education of fishermen. Fishermen are doing anything what the like. In order to show respect for fishermen, we buy those fish that cannot be sold in Koror, and sell them in Ngeremlengui.

Informant B-3: Female Resident

Before there was an ice machine, we went to Koror once every three days. Fishermen bought ice in Koror for fishing. In Ngeremlengui, there is no other industry than fishing and the Palau Organic Farm. We are very lucky to be able to buy ice here. When we have customs (siukang), we buy ice, and we even have electricity now—three big cooler boxes of ice. We eat fish every day. We eat chicken once a week. Other meats, once in a three weeks. We eat fish fried, nitsuke, BBQ, and sashimi. Keremlal, mani, um, temakai, kemdukel, meyas, terekrik, er are the kind of fish we eat.

Informant B-4: Male, Fisherman

I go to fishing twice or three times a week. I go out for fishing during the daytime alone in a small boat. There are fewer fish. Compared to five years ago, there are less fish. That is because now we have many boats and we use gill nets. I usually use a spear to catch kesebuul, meyas, and itotech. I troll to catch yellow fin, soda, katsuo, and ngelngal.\(^\text{70}\) I sell the catch at the cooperative. In the past, before I went fishing I would buy ice at the cooperative. I would go to Koror the day before I fished and keep the ice until the next day in the cooler, then I went fishing. The fuel for the boat I also bought in Koror. Now it is very convenient. Japanese government is good because they built such a good thing for free. When I go to fishing, it will take about 4 to 6 hours. In Ngeremlengui, the fishermen who do trolling are 6 to 7. The fishermen in Ngeremlengui is about 20 people. They fish even though they have job. The people who only do fishing is 15 people. Filipino fishermen works except for Sunday. The outboard motors came for free as a donation from Japan, but they sell them at the coop in $4200 to $4300. They got them for free, and sell is dubious. They also sold ice box in 2 to 300 dollars. They should give fisherman for free, or at least they sell in lower price like half. I do not know how they decided the buyer of the motors. They did not give to real fishermen.

Informant B-5: Retired Fisherman, Male

I have not been fishing for a year because the engine of my boat does not work well. Until then, I went fishing every day. I did bottom fishing and caught melanmud, keremlal, mutegui, meul, ngyaoch, and sunaguchi. I caught soda and tuna by trolling. I used spear until the age of 35. I caught 70-150 pounds or 50-60 species of fish each day. I sold the catch at the cooperative. The Federation in Koror doesn’t buy fish. Now we have too much fish and cannot sell fish. There is no exporting of fish now I used to work for the coop. In the morning I went Koror to sell fish and buy ice. I went to Koror every day. After the first ice machine came [in 1980s], I saved my catch for two days and I went to Koror on the second day. If I fished less, then I went on the third day. The ice at that time was in flake form. The

\(^{70}\) Kesebuul, meyas, itotech, soda, katsuo, and ngelngal are, in English, lined rabbitfish, dusky rabbitfish, blackspot emperor, kawakawa, skipjack, and Spanish mackerel respectively.
flakes melted in two to three hours. We had to check the condition of fish every two to three hours even in the middle of the night. Another person and I operated coop then. Now I just sell fish at the coop. Since around 1995 the fish have dropped in number. It is hard to catch them now. We have too many fishermen. Maybe we caught too many. Since the second ice machine (the current one), it has been so convenient because we can buy ice at the coop. Non-fishermen go to coop to buy ice too. Those who don't own refrigerators buy ice and put it in coolers and use them for keeping food cool.

Informant B-6: The Governor of Ngeremlengui,

I went to Guam to request aid in 1992. We wanted a boat, a 4WD truck and ice plant. We wanted to make Ngeremlengui as a center for fishery. Ngardmau and Ngaraard don't have ice machine but have only dock. We, too, did not have good ice machine. Now it is helpful to all. Even the people from the Northern States come here to buy ice. I believe the income of the coop increased more than 80%. But the fish are becoming much fewer. Dynamite and gill nets may be the reasons for this decrease. Even a three-inch gill net can catch smaller fish if a school of fish comes inside the net. Once they are in the net, they will go around and around and be killed. We've used gill nets since the 1970s. I talk to fishermen about it, but they keep on fishing, and I can't control them. In the future, we want to do aquaculture. We raise fish and release in to the sea. Napoleon fish may be the one. Crabs are very soon no more. We should make it in sustainable way.

Informant B-7: Fulltime Fishermen, Male

I go to fishing 3 to 4 times a week. I catch ngyaoch, pang, bebail, pdewt, ul, and melemau inside the reef. During the daytime, I catch mesekuuk and hiraaji. I use spears and trolling. I catch around fifty pounds each night, twenty pounds during the daytime. I sell fish at the coop. Fish have been decreasing this past ten years. Now most people use nets, and they catch too many fish. Propellers of the boats destroy fish eggs, too. Many people come here to buy ice. What I like to have is a small engine such as 40 to 45 horse power, 17-18ft boat, and a gillnet. And fishing line that can be used for deep water fishing, for catching red snapper, kalamulel, tuna, baracuda, or skip jack. The project is very beneficial. We can buy ice easily. I eat fish every day. Sashimi, smoke fry and the fish soup with salt and titiml.

Informant B-8: Fisherman, Male

Before, fishing was good – plenty of fish. I applied for the job at the farm because fish are so few, and because of the legislative law that ban the export of fish. Now, coop buys only few kinds of fish. In 1970s, price of fish is high. Fifty cents a pound. Now it is only 1 dollar a pound. Now those who have job can buy fishing gear with loan, and can fish during the weekend, and can save fish for the rest of the week. I suggested a senator to make a law that fishermen should sell fish only to the coop, and coop should sell to the Federation. From the Federation, the products should go to retail stores.

Before the introduction of ice machines in Ngeremlengui, I bought ice in Koror. At the Federation, I bought rock ice. I sold fish at the Federation in Koror. Since the coop opened six or seven years ago I have been able to sell fish here. After 1996, the ice machine opened and ordinary people as well as fishermen began to buy ice to keep food fresh. The price of ice for fishermen is 2.5 dollars a basket, and for other people 3 dollars. I buy ice when I fish all day. I buy a cooler full. Now I go fishing at night, three to four times a week, and I get 100 pounds of catch a night.

In the 1970s and 1980s, I could catch 1000 pounds if I fished for three days, three hours a day. I could catch up to 500 pounds a night. That meant 1500 lb. in three days. It was 50c a pound, so I could get

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$750 at a time. The price of gas was also cheaper, so I could buy enough gas and ice for three days for $50.

I fish both inside and outside of the reef, with spears. You can catch bigger fish outside. I tried to use gill nets for two years, from 1989 to 1991. When the tide was high, I ran a boat around the net. I learned this method from a video in Koror. No other fishermen used gill nets at that time. Then everyone started to use gill nets. With gill nets, I caught skipjack. I could catch 700 lb. to 1000 lb. each time I used it. But one year later, I only could catch 100 lb. if I fished all day long.

In 1990 the state set up a conservation area outside of the dock to the left near the shore. They also said you cannot fish at the right side of the channel from April to July, because that season is the breeding season of *tamakai* (grouper) and *tiau* (coralgrouper). Then from March to June, fishing of rabbitfish is banned. At the good fishing spot for groupers in Koror, in the 1980s, three fishermen could catch 6000 lb. But that place is totally restricted from fishing now. The fish have decreased because there are too many fishermen, and Filipino fishermen. And with gill nets, small fish are caught.

I could bear my family only with fishing. But the fish became fewer, and I stated to work at POF, too. Those who are fishing right now will stop fishing soon. The ice machine should have come in 1970. Now fish are less but the coop is big. I predict that the coop will be closed in one to 3 years.

The reason the catch of fish exceeded 5 tons in 1995 and 1996 may be because the facility is run on aid. The increase in 1998 was because of the two Filipino boats which were operated by Fred. In 1994 and 1995, the people of Kayangel and Ngardmau came here to sell fish. Now four Palauans and four Filipinos are fishing full-time. Other people go fishing at night, they have jobs. Many fishermen now realize that fishing is going to be hard. One of the engines that are donated by the aid is bought by non-fisherman in Ngatpang, too. The boats, which were originally intended to use in Ngeremlengu, was taken by the Federation. The boats brought to Kayangel, Ngardmau, Ngarcholong in another aid project are also not used for fishing. The state governments use them for other purposes. If Japan gives aid, they should try to keep instruction. The aid is really helpful, but they don't follow instruction in many cases.

**Informant B-9: Fisherman**

I go to fishing once or twice a week. I go for 5 times a week when the tides are good. When tide is low, I use net. Trolling and diving are at night. I catch 50lb a day, and sell at the coop. I own 16ft boat with 85 horsepower outboard motor. I fish inside the reef. There was not enough ice before the project. Before 1991, I went to Koror for ice. But the ice machine after 1991 was still not enough. Now there is no limit on ice and the catch of fish has increased. If there is no ice, the freshness of fish lasts only for four hours. If you use ice, you can keep it for twenty-four hours. This is a really big change, a very good change. I started fishing in 1986 until now. Before 1986, I was working for the Public Works at the national government. I was raised in Ngeremlengui. I went to a college in Philippine. Two years ago, in 1997, I went to Japan for two month for training. I spent one month in Yokohama Kenshu Center. I learned about engine at Yamana, learned about fishing and boat building in Itoman, about fishing at Ishigaki and Miyako. We put a bayau in the sea a month ago. It cost very expensive. This is one of the techniques that I learned in Japan. I learned chasing in Miyako.

One of the engines that was donated by the aid was bought by non-fisherman in Ngatpang. The engines should only be used by fishermen. The boat which was originally intended for location in Ngeremlengui was taken by the Federation. The boats brought to Kayangel, Ngardmau, and Ngarcholong in another aid project are also not used for fishing. The state governments use them for other purposes. If Japan gives aid, they should give better direction as to its use. The aid is really helpful, but people don't follow
planned directions in many cases.

I am a vice speaker of state legislature. There are 11 members. Six are legislators, and 5 are delegates. There will no doubt be a big change when the construction of the Compact road is done. They may build a factory because the Compact features free market with the United States. We must control the pollution then. Japan is very clean. Korea, Philippine, and China don’t care about sanitation. Japan gives us various things but they are not good at PR. I would like to talk with JICA. Indeed we have opportunity to be trained, but we have no money to apply them. Japan will face a hardship for food, so they should make a good relation with us, and they can culture fish here. We can release fish that are brought up from eggs, or we can make katsuobushi. Within Micronesia, the fish price in Palau is very high. It is higher than chicken.

Aid projects are not properly monitored by Japan. Once engines came, but there are no parts in Koror. The problem may be only a small part, but without it, we are in trouble. The coop in Ngeremlengui is not established by the law, so it is like a private company. That’s why state government cannot help the coop. Happiest people in Babeldaob is here, because of the coop. People come here to buy ice from other states. My cousin possesses an outrigger boat and I managed to operate it. I asked seven fishermen to do bottom fishing. But the problem is the small market. We are happy with the aid program, but the problem is the limited market. In Pohnpei, they started to culture sponge. There is a possibility of the culture of rabbittfish. In Philippine, they grow groupers in deep sea. There is no security for fishermen. The problem is that anybody can sell fish to anybody. If we fillet fish, more people will buy fish. If we wrap the fish, those who work for the government and don’t have time to cook raw fish can buy and consume that kind of fish even if the price is higher. Those who are working don’t have time to cook fish. They should fillet and then sell. The room in the Federation is not used. Human beings will be more dependent on marine resources. If Japan tells Palau their technologies, and Palau provides fish, it is a good relationship.
APPENDIX B: TABLES

Table 1: Japan’s Grant Aid Projects in Palau

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<tr>
<th>Year</th>
<th>Grant Aid Projects</th>
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Source of foreign exchange rate: (Hanada 1999)
Table 2: Palau’s Reef Fish Production (1990-1998)

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Source: Division of Marine Resource statistics, Republic of Palau
APPENDIX C: GRAPHS

Graph 1: Total Production of Reef Fish in Palau (1990–1998)

Source: Data from the database of Division of Marine Resources, Republic of Palau
Graph 2: Market Production of Fishery in Palau by states

Source: Data from the database of Division of Marine Resources, Republic of Palau
Graph 3: Reef Fish Production of Peleliu and Ngeremlengui

Source: Data from the database of Division of Marine Resources, Republic of Palau

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Pounds (lbs.)


Year

Total
Ngeremlengui
Peleliu
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