

## PALAU

President Toribiong began the year under review with an “Open Letter to the People,” a sort of economic manifesto, outlining what he plans to accomplish over the course of his administration. Relying heavily on Palau’s National Master Development Plan, the president advocated a shift in economic activity from the public to private sector, strengthening government agencies, identifying financing strategies, revising Palau’s foreign investment law, and gradually reducing the size of government. He concluded, “As our government’s revenues grow due to increased private sector economic activity, and as savings are realized by downsizing of our government, I intend to direct more and more funding into education, health care, public safety, and maintenance of our infrastructure” (*TB*, 13–18 July 2009, 12).

Vice President Kerai Mariur, who is also minister of finance, remained busy with money matters. The National Emergency Committee, which he chairs, finalized the Palau National Disaster Risk Management Framework. Mariur also worked with emergency specialists from the Centers for Disease Control and Division of Strategic National Stockpile in holding a hands-on, “real emergency” workshop for officials from Palau, the Commonwealth of the Northern Mariana Islands, and the Federated States of Micronesia.

During the year, Toribiong made a key cabinet change, replacing the forthright and assertive Sandra Pierantozzi with Victor Yano, MD, as his minister of state.

A tug-of-war occurred between the Acting Independent Counsel/Special Prosecutor Michael Copeland and the attorney general’s office over the Pacific Savings Bank scandal. As discussed in previous reviews (see Shuster 2007, 2008, 2009), the bank collapsed in November 2006 after being declared insolvent due to insiders’ loans, fraud, and outright theft. At the time the bank was placed under receivership there were some 7,000 depositors, with accounts valued at more than \$20 million. Many of these depositors have received payouts from the receiver, who borrowed money from the government of Palau to make the payments; however, since large depositors still have not been compensated, the bank issue has become very sensitive. As acting independent counsel and special prosecutor, Copeland had possession of the assets and work product relating to the 2006 failure of the bank. Copeland and the attorney general accused and counter accused one another of ethics violations in relation to the case. Apparently the issue was resolved when Copeland resigned and departed from Palau in September. What happens to the bank’s remaining 641 depositors, who were cheated of some \$18 million, remains to be resolved. They are concerned that payment to the bank’s receiver and collections attorney may eat up a sizable portion of their \$18 million. President Toribiong met with the depositors in April 2010 and the depositors welcomed the president’s commitment to revive the bank (*TB*, 12–18 April 2010, 1, 15).

President Toribiong was busy with many international activities during the year. He met with the other freely

associated states' presidents in the Republic of the Marshall Islands. They issued a comprehensive communiqué at the conclusion of their meeting that included statements about the Micronesian Center for a Sustainable Future; airport improvements; the Pacific Plan, which emphasizes climate change and energy initiatives; the Hokkaido Declaration, whereby Japan will deliver assistance to be maximized by the Micronesian governments; policies for enhanced mitigation of climate change; and several other matters. Toribiong led his government in discussions with US military officials in the Palau-US Joint Committee meetings, which have taken place nearly every year since 1994. Perhaps the most significant issues discussed were the Uighurs (who were then still in detention at Guantanamo); the Myanmar refugees in Palau; annual security updates to Palau; and the sharing of surveillance information.

In September, Toribiong spoke to the United Nations (UN) and referenced his remarks to ongoing global issues of climate change, environmental degradation, and the global financial crisis (*TB*, 28 Sept-4 Oct 2009, 1, 15). He emphasized efforts being made by the Micronesian states in Green Energy Micronesia, whereby the Islands are seeking to expand efforts in spreading renewable energy methodologies. He also offered Palau as a national shark sanctuary for the world as a response to shark finning. Finally, Toribiong called for the establishment of an "Organization of Tuna Exporting Countries" (OTEC) to give Island states fair value for their threatened resource and to make tuna fishing sustainable.

While in New York, the president carried out some important courtesy meetings with US Secretary of State Hillary Clinton and former Ambassador Peter Rosenblatt. Interested in gaining the support of Arab nations with regard to the OTEC proposal, Toribiong met with Sheikh Hamad Bin Khalifa Al-Thani, the emir of Qatar; Taïb Fassi Fihri, the minister of foreign affairs and cooperation for Morocco; and Sheikh Abdullah Bin Zayed Al Nahyan, minister of foreign affairs for United Arab Emirates, regarding establishment of diplomatic relations and Palau's pending support for ratification of the International Renewable Energy Agency. At the end of the year, Toribiong was in Copenhagen for the international climate change conference.

Following on his efforts at the United Nations, in February Toribiong convened a meeting of eight Pacific Island nations' heads of state for the purpose of discussing a new tuna fishing regime. The pact that the heads of state signed created a cartel to conserve and regulate tuna stocks in the central and south Pacific and to maximize benefits to the member nations. These nations are Parties to the Nauru Agreement (PNA) and signed the treaty in 1982 attempting to control, regulate, and maximize the returns to them from tuna fishing in their waters by boats mainly from Japan, the United States, and Taiwan. The value of the fish taken is estimated to be about \$2 billion annually. The Koror declaration establishing the Organization of Tuna Exporting Countries is an agreement designed to increase the economic value and derive greater

benefits from the tuna resource for the member states.

In late 2009, Palau received six ethnic Uighurs, who arrived under tight security from the US prison facility in Guantanamo Bay, Cuba. The men, who are from China's far northwestern Xinjiang Uygur Autonomous Region (also known as East Turkistan), could not return to China because it was highly likely they would be arrested as rebels. Palau agreed to take the men on a temporary basis and was paid some \$98,333 per person for resettlement, medical, and translator costs. In Palau the men found freedom, friendliness, and care. They attended special classes in the English language and job training at Palau Community College, but as the months went on, they began to yearn for social life in a Uighur community. Such communities exist in Australia, and President Toribiong has contacted officials there regarding a transfer and permanent resettlement. According to the US-Palau diplomatic agreement, the United States is to work closely with Palau to arrange for the transfer to a third country, with the costs of such transfer borne by the United States. Furthermore, while the Uighurs are in Palau, the republic and the United States shall consult on a regular basis, at least twice annually, and Palau shall provide monthly reports to the United States on the status of the Uighurs, and conduct weekly in-person meetings to verify identification and status (health) of the men. These weekly meetings shall take place for at least one year. The Uighurs have joined a Muslim community of about 300 in Palau.

Republic of China (ROC) President

Ma Ying-jeou made his first visit to Palau at the invitation of President Toribiong. He was warmly received and was treated to a baseball game between Palau and a Taipei team, a visit to a rock island and jellyfish lake, a tour of many infrastructure projects built with generous Taiwan funding (especially the impressive national capitol in Melekeok State), and banquets and dinners in his honor. President Ma brought a ninety-member entourage. Fortunately Palau has sufficient first-class hotel accommodations for such a large group of visitors. The bilateral discussions included medical assistance, aquaculture, vocational training, agricultural cooperation, green energy, and cultural exchanges. For discussions on cultural exchanges Ma brought along the minister of the Council of Indigenous Peoples, Sun Ta-chuan. This was President Ma's first visit to Taiwan's six Pacific allies, and Palau was the last stop on his homeward journey.

Following on the heels of President Ma's visit came Taiwan's Fleet of Friendship, making its ninth visit to Palau. Consisting of the flagship and two frigates, the fleet visited Palau for just two days, 13–15 April. The ships' combined crews of 813 men included cadets from the ROC Naval Academy, who gained invaluable training during the worldwide voyage.

Palau has been bothered by two international confidence men. James Dugan came to Palau and attempted to enter \$22 billion dollars in certificates of deposit into a Palau bank. The certificates were bogus. Dugan was arrested, tried, found guilty, and jailed for six months. He also paid a \$10,000 fine and was subsequently

deported. Morris Davidson, the second con man, has been in and out of Palau since 1990. He has cooked up grandiose schemes of huge condominiums and hotels for Peleliu and Angaur islands but has no certificates or permissions to do business in Palau. Davidson befriended the former governor of Peleliu, Jackson Ngraingas, for whom he provided several all-expense-paid trips to Malaysia to meet various high-ranking officials there. In exchange, Jackson, as a cabinet minister, persuaded President Toribiong to appoint Davidson as Palau's honorary counsel to Malaysia. Davidson's alleged wheeling, dealing, and cheating caught the attention of Palau's Council of Chiefs. These high-ranking traditional leaders wrote to President Toribiong and respectfully requested that the president discharge Davidson, order him to stop his false Internet advertisements about Palau, and investigate Minister Ngraingas for improper and unethical activities. The president attempted to subdue this issue by relieving Davidson of his honorary title, but the complaining, albeit muted, continues.

Palau's international friends include Taiwan, Japan, Germany, Malaysia, and Australia. Taiwan has lately provided \$10 million in grant assistance and several scholarships. Japan also offers scholarships and, in addition, grant assistance for grassroots projects in health care, elementary education, environmental protection, poverty relief, and public welfare; a steady stream of Japan International Cooperation Assistance (JICA) volunteers; and generous financing to the Palau International Coral Reef Center. Japan has also conducted research on fresh-

water eels (unagi) and on the ancient coelacanth fish. Germany recently provided a \$9,000 grant to Palau's community health support organization. The former prime minister of Malaysia, the honorable Abdullah Ahmad Badawi, received red-carpet treatment on a visit to Palau 1-3 July 2010, and it is hoped his country will also provide grant assistance to Palau. During annual talks with Australia's ambassador, Susan Cox, the ambassador assured Palau of her nation's ongoing support for the Pacific Patrol Boat Program, which has provided funding for two in-country advisors and boat refitting as needed. In recent talks with the ambassador, Palau's Ministry of Education and Palau Community College sought support for an ongoing education cohort program as well as a Teacher Training Academy.

At the close of the year in review, Palau was set to receive its first resident US ambassador, Helen Reed-Rowe, who as of this writing has been nominated by President Barack Obama but not yet confirmed. Since Palau's independence in 1994 the US ambassador to the Philippines was also accredited to Palau, with the embassy in Koror being headed by a *chargé d'affaires*. Reed-Rowe has served in diplomatic posts in the Republic of the Marshall Islands, Jamaica, and Niger, and lately was assigned to the State Department in Washington DC. She is a career member of the Senior Foreign Service.

Palau worked for much of the year to amend the 1994 Compact of Free Association agreement with the United States, as the financial provisions officially expired in September 2009. A one-year extension at current fund-

ing levels was provided to allow time for the negotiations to be completed. Palau and the United States have agreed on a final financial package valued at \$250 million over fifteen years, although as of this writing the final agreement has yet to be signed. What appears to be holding up a final agreement is the bickering between bureaucrats in the United States Departments of State and Interior over minor matters that boil down to micromanaging. Toribiong has stated that he will resist all efforts to micromanage his government: “These may seem to be small matters, but if we don’t get them right they will affect us in the long run” (*TB*, 10–16 May 2010, 7).

The much-anticipated fifty-three-mile compact road on Babeldaob, which Palau accepted, suffered a serious collapse near Ngchesar State during the year. Repair of the 200-foot section damaged by heavy rains will cost at least \$2 million. A temporary road has been established around the collapse.

The US State Department gave Palau a Tier 2 rating in a 2010 report regarding Palau’s compliance with the Trafficking Victims Protection Act. The report was critical of Palau because of its weak record in protecting trafficked persons. Trafficking in persons refers to forced labor, sexual exploitation, and modern-day slavery. In 2005 Palau placed on the books a stringent law against trafficking in persons, and four traffickers were successfully prosecuted in 2007. The guilty parties successfully appealed, and the cases have not been pursued after decisions on the appeals. The formerly guilty parties had forced fifteen

Filipinas and nine Chinese waitresses into prostitution through food deprivation, confinement, and illegal salary deductions. The State Department’s report stated that Palau offered minimal protective services to victims of trafficking and no long-term protection. Help has been provided for many years by Palau’s Catholic Church. In terms of prevention, the Palau government was found deficient, and the country is not a party to the 2000 UN Trafficking in Persons Protocol. People in Palau realize that there are Palauan individuals who have no business bringing in foreign workers because the latter will be exploited.

The Olbiil Era Kelulau, Palau’s bicameral national congress of thirteen senators and sixteen delegates, was scolded in the press for its poor showing in passage of laws—only a dozen in fourteen months. Furthermore, the state governors complained loudly to the congressmen about the lack of public hearings on major changes in public policy, the 5 percent reduction to the states’ block grant funding, and salary increases given to top executive officials. The governors stated that the congress was neglecting the states (*TB*, 15–21 Feb, 1, 15). Furthermore, stark differences of opinions plagued the Senate. Harsh words from a spokesman for the Senate majority reflected poorly on that body. At issue was a reshuffling of committee leadership, with the minority (5 versus 8 in the majority) losing some positions. Also, former Senator Santy Asanuma was prevented from attending a session of the Senate’s Committee on Foreign Affairs in late April. This violates a basic right guaranteed by the Constitution of Palau (article 4, section 12):

“A citizen has the right to examine any government document and to observe the official deliberations of any agency of government” (Republic of Palau 1979). Asanuma has filed suit in Palau’s Supreme Court. Such intolerance for an honest minority and a basic constitutional right were very problematical in 1987, Palau’s period of violence and lawlessness.

It appears that Palau is becoming a class society—the rich, the very rich, and the poor. A state by state survey conducted in 2009 and reported in *Tia Belau* (TB, 28 Sept–4 Oct, 2) reveals that from a total of 3,128 Palauan households, 88 percent earn \$20,000 annually or less. A total of 205 families have no income, and 136 of these families reside in Koror, where the cost of living is the highest in Palau. The survey also revealed that 65 families make \$50,000 or more and most also live in Koror. Coincidentally, a Palau news report revealed that food theft and shoplifting of food are on the rise, with some 80 percent of Koror robberies involving theft of food items.

Tourism, a major money earner for Palau, was off to a very good start in 2010. February arrivals were 6.2 percent above the previous year. Future prospects look very positive because Palau will soon be served by regular flights of Asiana, Korean Air, Continental, Pacific Flyer, Delta, and China Airlines. Palau receives about 80,000 visitors per year and will likely exceed that number for the year under review.

The Palau Ministry of Health is carrying out a major offensive on lifestyle diseases (ie, noncommunicable diseases). These include cardiovascular diseases, cancers, respiratory diseases, and diabetes. It is estimated that

worldwide these diseases kill about 35 million people a year. Furthermore, considerable efforts are being taken to reduce sexually transmitted diseases, tuberculosis, and tobacco use. Palau is a signatory to the Framework Convention on Tobacco Control along with some 168 nations out of 195 eligible. With membership come responsibilities, including the implementation of effective, evidence-based measures to decrease the prevalence of tobacco use. Seminars, conferences, and workshops have been held in Palau regarding these health issues, and there have been numerous announcements, newspaper advertisements, and even road banners. Also during the year under review, the national congress passed a health insurance law, which was signed by the president. Funding for the program will come from 2.5 percent contributions each from employer and employee. The employee’s share will pay for future health insurance bills, while the employer’s share will go toward a medical savings fund. The president recognized that the private-sector employees might find it difficult to contribute their share (TB, 10–16 May 2010).

Maria Hindenburg, DMD, opened Palau’s first private dental clinic in June. With seventeen years of practice, Dr Hindenburg offers a full line of dental services, including cleaning, extraction, root canals, and restorative procedures.

At over twenty years of age, the “Blue Corner Buddy,” a large unicorn fish, was indecently caught and killed in November. The unusual fish was so popular among tourist divers and dive guides that he became the most photographed animal at Palau’s

internationally known Blue Corner dive location. During his life, Buddy became not only a friend to divers but a living treasure as well.

Deaths of people have been costly to Palau this year. *Ebilreklai* Kimiko Rengul, the female counterpart of Melekeok's first-ranking chief, *Reklai*, passed away on 4 July 2009. She died at age 90 and received the accolades of a flag at half-staff and a presidential proclamation in addition to chiefly ceremonies and time-honored traditions. Jonathan Koshiba died in October. A longtime Palauan employee of the Trust Territory government on Saipan and recording secretary of Palau's first and second constitutional conventions (1979 and 2005), he had extraordinary knowledge of the founding document and its various amendments, which he was always delighted to share with local officials and expatriate visitors.

*Redechor* Mutsuo Delkuu passed away at age 76 in the Belau National Hospital. As the highest traditional chief of Kayangel Atoll and Kayangel State, he was one of the longest serving members of Palau's Council of Chiefs. Cristobal Temaël also died in December. Temaël, who held the chiefly title *Esebei-ra-Ibedechang* of Ngaraard State, was a caring and generous man, active in both Palau's Guam and Ngaraard communities.

However, at the funeral in January of *Bechek-Idil* Riuch Rubeang, the second highest female chief of Ngatpang State, fighting (both verbal and physical) broke out among women as to who should receive the title of the deceased. Senior strong women of the Inglai clan must decide who is to be the new titleholder. Until the offending

factions within the clan agree on that issue, tensions will persist.

William V Vitarelli, affectionately known as "Bit" or rubak (respected elder), died in January at his home on Maui at age 99. Now among the "cosmic forces of the universe" (one of his favorite phrases), Vitarelli was the first American educator to come to Palau in 1949, just after finishing a PhD at Columbia University. He took the Trusteeship Agreement's responsibilities seriously and began many grassroots projects, such as a sawmill, an agriculture produce market, handicraft production, school materials production, boatbuilding, and dancing. He was an innovator, a talented artist, and an independent thinker. He assisted Palauans in development efforts and reminded them of their greatness as a people. Perhaps his most memorable achievement, with *Ngirchobcketang* Sechalboi Wasingsang, was the founding of the Belau Modekngai School in Ngatpang State in 1974. These two men, characterized as the ends of rainbows, are celebrated whenever Palauans see a rainbow in Palau's sky.

Saito Baudong, a man of many achievements, was eulogized by former President Tommy Remengesau and former Speaker of the House Ignacio Anastacio. Baudong was a policeman, director of agriculture, member of the first Palau Congress, member of the Ngchesar State Council, and national legislator representing Ngchesar for nineteen years. He passed away in early January and is survived by his wife, 12 children, 33 grandchildren, and 13 great-grandchildren. He held two traditional titles and his funeral generated \$65,515, five Palauan mon-

eys, 136 toluk (turtle shell plates used by women on very special occasions), and one piece of land.

*Rdang-era-Iterir* Feliciano Blailes passed away in February. “Sano” was an agriculture teacher and a skilled caretaker and butcher of farm animals. He retired in 2001 as vice principal of Palau High School and made many contributions to Ulimang, Ngaraard State. He was a superb baseball player, having played for Red Torch in the 1970s when the team won the Palau championship five consecutive years. Assistance and support for Sano’s funeral and family totaled \$63,000 and many pieces of Palauan money.

*Uchel* Singeru Ngirchelui of Meyuns hamlet passed away at 69. He was buried in his clan’s stone platform (odesongel) and left behind his wife, 13 children, 26 grandchildren, and 7 great-grandchildren. As a hamlet chief, he served in the Koror House of Traditional Leaders.

*Kemrekl* Nicholas Rechbei, the seventh ranking chief of the village of Ngerous, Ngchesar State, died at age 60. Ceremonies of respect were held at the Koror State Legislature and at the national level as well. The title *Kemrekl* was removed according to Palauan ritual prior to burial.

In March, Helen Kebekol Towai passed away. She was the third ranking member of Ngarachamayong, the Koror council of female chiefs. She was laid to rest in her clan’s stone platform in Koror. Also, Ebil Magdelena Yamada passed away on March 27 at age 84.

*Ngirngesechei* Masao Ueda, a chief of Ngiwal State and former minister of health, died at age 69. He served in former President Kuniwo Namakura’s

cabinet from 1992 to 2000. Ueda also was a longtime employee of the Trust Territory government and director of health services. One of his major achievements was the completion of the first grant application for a program for the elderly in Palau. The Old Age Program of today is a direct descendant of that early effort.

Paul Ho, a well-known Chinese businessman from Macau, died unexpectedly in his car outside the Sea Passion Hotel, Malakal. The apparent cause of death was a heart attack. Ho held Portuguese, Canadian, and Chinese passports and normally acted as an honest broker between Palauan businessmen and foreign investors. Ho is credited with arranging for Palauan table tennis players to go to China for training. He assisted investors in building the Papago Hotel, establishing the rock quarry in Ngeremlengui, and persuading China Airlines to fly between Taiwan and Palau. A memorial service for Ho was held at the National Hospital’s Roman Tmetuchl Chapel.

Fermin Kebekol, one of the most gifted and colorful men of Angaur, died at 65. He lived on Saipan for many years and bought a large piece of land near the airport, subdivided it, and sold it to his Angaur friends. He was a songwriter and had composed many famous tunes. Mihaina Rdiall also passed away in April 2010. *Rimud* Moses Sam died at 71; during his years as the director of the Bureau of Arts and Culture, he produced many reference books on Palauan history, traditions, and customs. Lastly, Masuo Kyota was laid to rest in Ngeremlengui State. A leading member of the prominent Kyota fam-

ily, he served as Speaker of the state legislature and as director of the Palau Housing Authority.

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