

Reviews of the Federated States of Micronesia, Kiribati, the Marshall Islands, and Nauru are not included in this issue.

GUAM

The many issues and events to discuss for the year under review include privatization, the provision of health care, and budgeting the island's federally provided compact impact funds. Perhaps the most important undercurrent was preparations for the 2006 senatorial and gubernatorial campaigns.

Guam's public auditor and congressional delegate both ran uncontested and were easily reelected in 2004. Voters also chose to retain two Superior Court judges, Alberto Lamorena III and Steven S Unpingco, for another seven years. Republicans preserved their senatorial majority in the Guam Legislature, winning 9 of 15 seats. Returning Senator Joanne Brown was the fifteenth highest vote getter, retaining her seat after a recount determined her two-vote lead over the next candidate. The election results surprised some, as former Speaker of the Legislature Vicente "Ben" Pangelinan was denied his seventh consecutive term and ousted from the legislature completely. Republicans Mark Forbes and Joanne Brown were selected as Speaker and vice speaker respectively.

The community focused intently on two issues this year. The first was

Proposition A, an initiative allowing controlled casino gambling. Much time, energy, and money were allocated to promoting the pros and cons of the proposition. Billboards appeared. Commercials ran. Editorials emerged. Groups sponsored forums. Web sites thrived. Pamphlets were mailed (though challenged legally as incomplete). People debated. In the end, by a vote of 17,078 votes to 10,724, voters in the October 2004 elections soundly defeated another in a long line of proposals to allow gaming on island.

The other contentious issue of the year concerned the health of the island's only civilian hospital, the Guam Memorial Hospital. Three physicians ran in the 2004 senatorial elections, illustrating how central and problematic the hospital issue had become. By early 2005, the island was split into two main camps. One faction held that the hospital administrators were competent but constrained by civil service and procurement laws as well as insufficient funding by the legislature. Advocates of this view saw themselves as victims of a witch hunt. The other camp believed that both administration and hospital managerial processes were grossly inept if not corrupt. The latter view prevailed, after months of investigation, public speculation, medical professional opinion, oversight hearings, as well as reports by the Guam Civil Service Commission and the

public auditor. They found an environment of intimidation, improper expenditures, illegal contracts, contracts without proper signatures, and more. By the summer of 2005, the hospital's chief pharmacist had resigned and its administrator and medical director were removed.

Mental health services were embroiled in an ongoing lawsuit filed against the Government of Guam (GovGuam) on behalf of several mentally disabled patients. The federal court found that GovGuam agencies had been violating patients' civil rights by not providing appropriate treatment. However, minimal progress was made in developing an appropriate system of care, despite a June 2004 court-issued permanent injunction requiring GovGuam to rectify this situation. By spring 2005, island government agencies were requesting a subsidy of \$3 million in order to comply with the court order.

On a more positive note, Guam Memorial Hospital opened a cardiacatheter lab, an operating room suite used for open-heart surgery. This was a first for Guam, representing a major advance in the island's health care services. Prior to this, such procedures had to be administered off-island, typically in California or Hawai'i, incurring overwhelming debt for patients and their families.

Many remain skeptical despite some apparent improvements in Guam's economy, including a predicted doubling of US military spending, increased numbers of tourists, higher incomes, and rising rates of employment (*PDN*, 27 May 2005). The assessment of the state of Guam's economy is necessarily complex. What

some may represent as positive gains are considered by others as controversial, more modest, or even negative. Some do not want an increased US military presence on Guam. Employment is still down from last year (*PDN*, 6 May 2005). Tourist spending has "dropped dramatically" in the last fourteen years (*PDN*, 13 June 2005). Incomes are up just "slightly" (*PDN*, 27 July 2004). Gas prices rose to new highs and are still rising, as are monthly power bills. Costs for certain basic services have increased. The rollback of the Gross Receipts Tax from its short-lived high of 6 percent to 4 percent did not produce corresponding reductions in the price of goods. Dissatisfaction with the state of the economy spread across broad sectors of the community and was reflected by resurgent interest in increasing the island's minimum wage. In the final analysis, Guam's economy is still below what it was several years ago.

Those who could least afford to do so awaited payment of the federally mandated Earned Income Tax Credit, which many stopped receiving in 1996. GovGuam began denying claims, although some 30,000 could file for partial payments (*PDN*, 10 Aug 2004). The issue is still in litigation. Furthermore, it has become common for one, two, or three years to crawl by before even regular income tax refunds are received.

Pa'a Taotao Tano', a coalition of Chamorro dance groups that debuted in 1999, has steadily evolved. Pa'a dancers have entertained in the Guam and Micronesia Island Fair (held each May) and have helped represent Guam at the Festivals of Pacific Arts

and Cultures (FESTPACS). As its latest endeavor, Pa'a invited other Guam-based Micronesian dance groups to join the coalition, working toward defining themselves as the organization that would be the mainstay of a Micronesian Cultural Center of some sort (perhaps attached to a new museum or visitor's center). Individual dance groups within this coalition are reaching notable markers of longevity; for example, Natibu, Guam's largest performing arts troupe, celebrated ten years of existence in June 2005. Under the aegis of the Pa'a Taotao Tano' Foundation, a new Chamorro Cultural Village was established at one of the island's major hotels along Tumon Bay.

Years in the works, steady progress continued on the online encyclopedia, which can already be viewed at <guampedia.com>. It is meant to develop into a comprehensive and reliable resource that sheds meaningful light on Guam's peoples, cultures, history, and heritage. There has also been continuing interest in revitalizing the historic district of Hagåtña, with \$1.3 million slated for improvements.

The people of Guam have liked the idea of a new, functioning island museum since Typhoon Pongsona destroyed the last one in 2002. This year the governor created a museum task force, which has been meeting regularly to locate funding as well as discuss possible locations and the type and focus of such a center. Dr Katherine Aguon called together a Council of Elders composed of island manâmkö (seniors) to guide the museum task force. Some have proposed that senators draft legislation to create a similar council to safeguard Chamorro

culture from the misappropriation and misrepresentation that other indigenous peoples have faced (*PDN*, 18 Nov 2004).

Four people qualified to represent Guam in the 2004 Olympics held in Athens, Greece. Local athletes participated in track and field, swimming, and wrestling. A dispute between local organizations had to be sorted out by the international Court of Arbitration. It determined that the Guam National Olympic Committee had no authority to override the Guam Track and Field Association's selection of an athlete, Neil Weare, who was reinstated and participated as planned (*PDN*, 14 Aug 2004). Several other local athletes represented Guam in international events such as jet skiing and motorcycle racing. In another type of competition, one of Guam's own Sinajaña boys, Manny Crisostomo, earned the Robert F Kennedy Journalism Award for international photography this year, as he captured the lives of 16,000 Hmong refugees who emigrated to the United States beginning in 2003 (*PDN*, 28 May 2005).

Marine preserves are thriving in their fourth year of existence on Guam. The numbers of fish in them have doubled. However, outside the preserves is a different story. Fishermen and women are reporting smaller and fewer fish and are calling for additional regulations to help stabilize the overall health of the reefs and the areas where they can fish (*PDN*, 2 May 2005). Work to finalize a new landfill continued, although this has been steeped in environmental controversy. Two potential sites were ruled out, leaving a site in Dandan. The contro-

versy lies in potential for toxic leakage to infiltrate water systems such as the nearby Ugum River. A more immediate threat to the island's ecosystem is a white insect that is rapidly killing off fadang, a native cycad valued as a source of flour (*PDN*, 5 June 2005).

Guam has seen some progress in island education: the legislature approved the full 2005 fiscal year Department of Education budget request; a math teacher was named one of the best in the United States; a bill dubbed Every Child is Entitled to an Adequate Education was enacted (Law 28-45 is to be in full force by 2007). However, there are still various funding shortfalls to contend with, including an estimated additional \$21 million per annum for the educational programs mandated by Law 28-45.

Even after the governor declared a state of emergency in education this year, many more volunteers were needed. Government employees were appropriated from elsewhere. Individuals and organizations mobilized support. Citizens pledged more than \$50,000 during a Project ABC (Adopting Because we Care) telethon. But still schools opened without addressing all of the 3,065 identified repairs and needs (*PDN*, 3 Aug, 10 Aug 2004). In fall 2004, there were over one hundred students waiting for access to the public school system (*PDN*, 16 Sept 2004).

Although the importance and value of promoting Chamorro culture has recently gained community recognition and acceptance, the island's indigenous political movement had quieted. While many waited for some-

one to replace the late Angel Santos as a leader, others acted. This year Chamorro activists revitalized themselves, setting up forums against the presence of nuclear weapons on Guam, and protesting the US Navy's treatment of free-ranging carabao on Guam's military magazine (*PDN*, 16 Sept 2004). They held protest signs along the side of the road, encouraging Guam's people and leaders to fix problems at the public hospital. Chamorros marched in the Native Nations Procession held prior to the opening of the US National Museum of the American Indian in Washington DC. Numerous Chamorro artists and others resituated their view of themselves as Pacific Islanders after participating in the 2004 Festival of Pacific Arts held in Belau, although their participation garnered little media coverage in Guam.

Perceptions of racial discrimination have long divided the island regarding issues including self-determination for Chamorros; such perceptions have sprouted again this year in connection with a proposal by the Chamorro Land Trust to lease land. Some argue that this benefits a group based on their "race" and is therefore unconstitutional (*PDN*, 14 May 2005). Others argue that not all of the US Constitution's rights and privileges are extended to Guam anyway. One Chamorro advocate noted irony in the governor declaring the "Year of Chamorro Language and Culture," since many feel that he has been affronting Chamorro through the pursuit of militarization and privatization agendas (Julian Aguon, pers comm, 6 Aug 2005).

Much of what has occurred thus

far on the privatization front has been lauded as positive. The Guam Telephone Authority was approved for sale by January 2005, after more than six years of work in this direction. Although TeleGuam was already operating the service, as of June 2005 GovGuam had yet to transfer the facility's title. This did not stop legislators from earmarking the eventual proceeds (anticipated to be around \$30 million after paying off accumulated debts) toward funding ailing public service systems. Management of the baseball field at Paseo, formerly under the purview of the Guam Department of Parks and Recreation, was handed over to the island's baseball federation. Legislators felt that the federation could attract more private-sector funding, and that special-interest management would provide better upkeep for the facility. The Guam Department of Education also expanded the privatization of its cafeteria services during the year. The maintenance and operation of gantry cranes at the commercial port have also been privatized and further port operations may follow. However, the fight against privatization of the island's freshwater provider gained momentum. Some activists feel their heritage should not be "sold off" before Chamorros exercise their right to self-determination—an effort fastidiously ignored by politicians this year (Julian Aguon, pers comm, 6 Aug 2005).

As has occurred in the past, GovGuam's budget for 2005 was passed at the eleventh hour. The *Pacific Daily News* added to the tension by running sensational coverage of the issues, including a front-page head-

line, "Agency shutdowns loom" (*PDN*, 30 Sept 2004). The budget was used as a political football in the struggle between the legislature and the governor, and was split into two parts by senators. The governor signed one part while the legislature overrode the portion he vetoed.

The governor is still trying to get support from senators and others for his plans to reduce a seemingly bloated and inefficient government to twelve umbrella departments. Among other things, critics are concerned about a potential loss of federal funds, the lumping together of incompatible agencies, and the fact that the number of government employees has apparently not declined so far. Governor Felix Camacho, a Republican, returned from a trip to Washington DC in November 2004 optimistic that some \$200 million in debt would be forgiven by US President George Bush as a form of compact impact relief. However, debt forgiveness has not occurred under Camacho's watch and the time limit to get it approved has expired.

A bill was presented this year to require both elected and appointed officials to attend an ethics program administered by the University of Guam. This was partly to combat a fairly pervasive view that "the politicians are all corrupt. They hire only their relatives and all their cronies are either their *pari* [friend who is godfather to one's child] or their political hacks" (Underwood 2005a). The bill is meant to take effect by January 2007, just in time for a new round of elected officials—and, subsequently, a new round of appointed officials (*PDN*, 30 March 2005; see

also <bobsoffice.org>). However, some believe that “it’s going to take more than a class to realign our thinking” (*PDN*, 30 March 2005).

Attorney General Douglas Moylan also entered the fray, perhaps to combat some negative public perceptions (and a petition to recall him) before he comes up for reelection in 2006 (*PDN*, 6 July 2004). Moylan has indicted many but convicted few and appears obstructive rather than constructive in many ways. Although Moylan pushed for passage of legislation granting him broader grand jury authority for investigating corruption, senators and the Guam Bar Association remained skeptical (*PDN*, 5 May 2005). Moylan has also insisted that his office alone should represent government agencies and officials, even though he has also claimed the right to sue the same agencies and officials that he says are his clients. Moylan has unsuccessfully sued the Guam International Airport Authority to block the hiring of an independent legal counsel without his approval.

Major indictments and trials during the year included cases against Gutierrez, alleging the use of government materials to build a home in Urunao, improper use of streetlight funds, and inflating his retirement fund membership status. Gutierrez was acquitted in the first two trials, while all the charges were dismissed in the last case. In August 2004, Gilbert E Robles, former airport deputy general manager, entered into a plea agreement regarding misuse of a government credit card (*PDN*, 21 Aug 2004). Former Parks and Recreation Director Sonny Shelton was resentenced after a federal appeals court

determined that mistakes were made during his original sentencing. Antonio “Tony” Diaz, former Guam Mass Transit Authority deputy general manager, was sentenced to five years in prison. Former Public Works Director Gil Shinohara was found guilty on two conspiracy charges but had not been sentenced as of June 2005.

July 2004 marked the sixtieth anniversary of the US return to Japanese-occupied Guam. Island leaders have been working to sponsor a congressional war reparations bill and testify for its passage. Sticking points in the current proposal include concerns that those who passed away before 1990, and their descendants, are ineligible. Ahead are the tasks of finding funding for the reparations, educating current office holders, and garnering support from a noncommittal Bush administration (*PDN*, 22 April 2005).

Many events commemorated nearly three years of enemy occupation, the United States’ return to Guam, and the subsequent sixty years of relative peace. Actors performed in a play about the 1944 Fena Cave Massacre. Unveiling the first stage of a memorial peace park, survivors and descendants sponsored a “Hasso Manenggon” (remember the concentration camp at Manenggon) tribute, in which the Japan consul general participated. University of Guam students researched and presented details of other, lesser-known concentration camp and massacre sites. Islanders welcomed World War II veterans. The War in the Pacific National Historic Park unveiled an online virtual museum of the war. The island’s main

highway was officially dedicated to the US Marine Corps, who led the effort to resecure US ownership of the island. And of course, there was the annual Liberation Parade, for which many families camp out along the parade route days in advance.

By mid-summer 2005, there was much speculation about which candidates were pairing up for the 2006 gubernatorial campaign. It was clear, however, that Governor Camacho and Lieutenant Governor Kaleo Moylan would not be running mates the next time around. As Robert Underwood asked in a recent article, “does anyone [even] say the Camacho-Moylan administration anymore?” (2005b). Rumored possible candidate pairs thus far include returning Senator Eddie Calvo with current Guam Legislature Speaker Mark Forbes; Carl Gutierrez, just cleared of his latest in a series of trials (although possibilities of future cases loom), with former Chief Justice of the Guam Supreme Court Benjamin “B J” Cruz; and former US Congressional Representative Robert Underwood with Senator Frank Aguon Jr. At the time of writing, it appears that Governor Camacho is working through a list of potential running mates, as is current Lt Governor Moylan.

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COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

The reporting year began auspiciously when it was revealed that the government had entered into a contract to manufacture gold coins imitating the 1933 gold double eagle \$20 coin, but minted under the authority of the Commonwealth of the Northern Mariana Islands (CNMI). It was being touted as legal tender in the commonwealth and advertised for sale as such in the National Collectors Mint and *Coin World Magazine*. The attorney general of New York entered into the fray by getting an injunction against the company on the basis of false advertising. One of the main selling points was that the coin was minted with silver that came from a safe opened in the ruins of the World Trade Center in 2001. In fact, the Northern Marianas has no authority to issue legal tender. Although the government had already received some \$110,000 in royalties from sales of these “unusual souvenirs,” the company was forced to offer refunds to all buyers and its contract was canceled by the governor after extensive negative publicity.

The worldwide fuel crisis had some

major consequences in the commonwealth. In October 2004, gas prices jumped to \$2.60 a gallon. By June 2005, prices had reached \$2.78 a gallon for regular and over three dollars a gallon for diesel. There was an immediate howl of protest from the drivers in the commonwealth, but the worst was yet to come. The Commonwealth Utility Corporation (CUC) was unable to make purchases from Mobil Oil for the Saipan, Tinian, and Rota power generators because of a cash shortage. Ideas about who was responsible ranged from the governor (who was accused of not paying government utility bills), to CUC mismanagement, to the legislature's failure to make appropriations to cover fuel costs. May through July 2005 saw a series of crises, including some power outages when Mobil Oil refused to deliver fuel without cash payments. Although money for the emergency payments was always found at the last moment, the government reportedly owes Mobil millions of dollars. As a result, the utility corporation attached a surcharge of 3.5 cents per kilowatt-hour on all utility bills, effectively a 30 percent increase in utility costs, particularly electricity. During his State of the Commonwealth message in May 2005, the governor described the economy of the commonwealth as "still pretty darned good," but went on to declare a ninety-day state of emergency and assumed direct control of the utility corporation. Former CUC Director Ramon Guerrero (Kumoi) was appointed special assistant for utilities and took over line management from the board of directors.

In June 2005 Japan Airlines announced that it would terminate all airline service between the commonwealth and Japan as of 1 October 2005, except for possible charter services. The company cited deteriorating economic conditions, including increased fuel costs and low prices charged by travel agents for tickets to Saipan. This is a serious blow to the commonwealth's major industry, since Japan Airlines carries about 70 percent of the Japanese tourist traffic. Northwest Airlines indicated that it would pick up the slack on some effected routes but would be unable to secure additional airport slots to take over the Tokyo traffic.

Late in 2004 Governor Juan N Babauta was able to secure an agreement with mainland China designating the commonwealth as an "Approved Destination Site." This allows the commonwealth to recruit tourists from mainland China under certain conditions. All tourists approved for entry by CNMI immigration authorities must be guaranteed to return to China. Initially, only two companies were allowed to act as travel agents in China—Century Travel, owned by Tan Holdings, and Dynasty Travel, owned by the Tinian casino. A third company was allowed in later on. Each agency must put up a special escrow fund of about \$500,000 to guarantee the return of tourists after the three-day group tours are completed. Chinese tourism is getting mixed reviews from both sides. The Chinese who visit the Marianas are concerned about the lack of Chinese-language materials and guides, as well as a requirement that they travel in

groups. From the Marianas perspective, the problem has been the friction between Japanese and Chinese tourists. Several major Japanese resorts have been sold over the past year, including two on Saipan at fire-sale prices to Tan Holdings Corporation, owned by garment magnate Willie Tan. Both of these resorts are undergoing extensive renovations to make them more Chinese friendly.

The saga of Saipan University came to a close in August 2004 when founder Park Soon Kyung faced various immigration charges in federal court for bringing in some eighty Chinese students to attend the university at a cost of \$8,000 each. Park was found guilty and sentenced to nine years in federal prison. The students were unable to return to China for several months because there were no funds available, and the negative publicity did substantial damage to the reputation of the commonwealth. At the time this fraud was being perpetrated, the Northern Marianas College was attempting to recruit well-to-do Chinese students wanting to take intensive English courses and otherwise prepare themselves for further university training in the United States.

The Northern Marianas received more negative publicity through its links with Washington DC lobbyist Jack Abramoff, currently under investigation by the federal government for his questionable activities on behalf of Native American casino interests, and his relationship with US Congressman Tom DeLay (Republican-Texas), chairman of the House Committee on Insular Affairs. In the mid-1990s Abramoff was hired by then CNMI

Governor Froilan Tenorio to lobby against the federalization of immigration and minimum wage laws in the commonwealth. He received more than \$7 million from the commonwealth and some private sector entrepreneurs for this work, and was credited with persuading DeLay to block the measures in Congress. Press accounts over the past year have accused DeLay, Abramoff, and at least two CNMI politicians of unethical behavior.

On a more positive note, the quest for US citizenship by approximately 300 persons of Filipino, Korean, and Chinese parentage who were born in the commonwealth between 1978 and 1986 finally came to a close in March 2005. The Ninth Circuit Court of Appeals determined that the Fourteenth Amendment of the US Constitution applied, and there could be no discriminating between those born between 1975 and 1986 and those born after 1986, as established by Article 3 of the CNMI Covenant. Pending appeal, and at the stroke of a pen, members of the cohort became US citizens by birthright rather than naturalization. It is perhaps the only time that US citizenship was granted to such a large group of individuals at one time by court decision. Many of the new citizens immediately enlisted in the armed forces or left for the US mainland to pursue higher education.

In late June 2005, Emperor Akihito and Princess Michiko of Japan made an official visit to Saipan to pray for the souls of the dead from World War II. This was the first time a ruling Japanese emperor had visited a World War II site outside of Japan. Security was extremely tight for the twenty-

four-hour visit. The couple and their entourage, along with representatives of the world press, visited Banzai Cliff, Suicide Cliff, American Memorial Park, and a newly opened visitor center at the park. They also visited the senior citizens center, where they spent nearly an hour chatting with old folks who had grown up in Saipan and other parts of Micronesia during the Japanese administration. Anti-Japanese demonstrations were anticipated from both the Chinese and Korean communities on Saipan, but everything was very peaceful. The royal couple made a conciliatory gesture toward the Koreans by paying their respects at the Korean War Memorial. This was an unscheduled stop and no press coverage was allowed. Everyone involved considered the visit extremely successful.

High on the political agenda were preparations for the gubernatorial election scheduled for November 2005. At last count, there were five gubernatorial candidates, and multiple candidates for offices in the legislature, school board, and municipal councils. Three judges, two from the Supreme Court and one from the Superior Court, are up for reelection. In addition, at least two initiatives may be on the ballot. One is mandated by the CNMI Constitution and will ask voters if they want a constitutional convention. More controversial is the initiative sponsored by the Saipan Chamber of Commerce and intended to control the proliferation of poker parlors, which won the approval of 20 percent of registered voters in a July signature campaign. This is the first popular initiative since 1979 to attempt to reverse an existing

law or create a new one. Legislation allowing up to eight casinos on the island of Saipan was repealed as a result of the 1979 initiative.

A new twist was added to campaign regulations this year when federal authorities brought to the attention of the CNMI Board of Elections that it is illegal for candidates to accept donations, either in cash or in kind, from non-US citizens. Given the very active role of garment factories and other businesses owned by non-US citizens, this could be a major shock to the candidates.

The major economic issue confronting everyone in the commonwealth is the impact of World Trade Organization regulations that came into effect on 1 January 2005. While the date has been known for many years, no provisions had been made to compensate for the anticipated loss of revenues from garment factories no longer able to compete with other low-wage areas in the world, especially mainland China. Three factories closed abruptly within the first three months of the year. In an unrelated development in the fall of 2004, another factory had closed due to a major fire. As a result, more than 2,000 workers were left complaining about nonpayment of back wages and other grievances against former employers. The employee bonds that were supposed to provide a one-way ticket to the point of origin and three pay periods of salary, as well as cover any pending medical bills, turned out to be nonexistent. Although some money was available from a class-action lawsuit brought through the Garment Oversight Board, the funds were quickly exhausted. An unspeci-

fied number of workers still remain on Saipan looking for new employment, payment of back wages, a ticket home, or a combination of these. The federal Office of Insular Affairs kicked in \$100,000 for temporary relief but not for repatriation of these workers.

The lieutenant governor, along with newly appointed economic development special adviser Richard Pearce, formerly the director of the Saipan Garment Manufacturers Association, lobbied the US Congress to amend tariff regulations applying to garments manufactured in the Marianas. The proposed amendment would require 30 percent of value added to be sourced in the Marianas, rather than the current 50 percent. According to the proponents of this amendment, this would allow the factories to remain competitive, since they would be allowed to bring in precut fabrics and only add labor to reach the 30 percent value added.

A substantial increase in the number of people receiving food stamps indicated the declining state of the economy. In December 2004, there were 6,058 recipients in 2,038 households. Of these, 52 percent were Chamorro, 20 percent Carolinian, and 14 percent Filipino, with all other groups accounting for the rest. All of them, of course, had to be US citizens or Green Card holders.

A brand new visitors center opened in the American Memorial Park, just across the street from the Garapan tourist district. Designed and operated by the National Park Service, it provides a highly professional, visitor-friendly, interactive experience of Saipan during the invasion of 1944.

It has exhibits covering the pre-invasion civilian Japanese community, the invasion itself, and the achievement of commonwealth status. It salutes both Japanese and American combatants, as well as the indigenous people caught in the cross fire. It has been very well received by veterans, tourists, and locals. In addition to the exhibit itself, there is a small theater where visitors are encouraged to watch a twenty-minute video on the invasion, and a well-stocked bookstore and souvenir shop.

SAMUEL F MCPHETRES

REPUBLIC OF PALAU

Palau experienced an especially busy year from July 2004 through June 2005. Major events included Palau's magnificent performance as host of the Ninth Festival of Pacific Arts; the seventh national elections; a local airline that flew and then collapsed; overseas interest in megaprojects; the beginning of a constitutional convention; and an international sports fest.

Magical, memorable, best ever, fantastic, overwhelming, and unprecedented were some of the adjectives used to describe the Ninth Festival of Pacific Arts, locally known as "Bestibal," which was held 22-31 July 2004. Representatives of twenty-seven Pacific Island countries and territories as well as three Asian nations engaged in nonstop feasting, dancing, singing, storytelling, art and literature demonstrations, musical performances, symposia, films, and concerts. It was an amazing cultural exchange that enlivened Palau and made Palauans proud as hosts. As

President Tommy E Remengesau Jr remarked, “The nation has come together. This is the true nature of Palauan culture when it comes to national events and national responsibility.”

President Remengesau easily won reelection in November. For second spot in the executive, assertive and ambitious one-term Vice President Sandra Sumang Pierantozzi was defeated by retired US Army officer Camsek Elias Chin. Both winners campaigned hard. During the race, it was rumored that money from both Taiwan and the People’s Republic of China was going to the presidential candidates, Remengesau and Polycarp Basilius. Although disavowed by the two candidates, the claims are consistent with reports about Taiwanese money going to presidential candidates in the Marshall Islands and Kiribati (Norris 2004, 20). On the vice-presidential front, Chin did not hold any fundraisers but relied on his personal finances and some donations, as did Pierantozzi.

The presidential race involved a wealthy, experienced politician coming out of retirement to challenge a youthful incumbent. Basilius used the Internet, media, and money, but began his campaign late, whereas Remengesau had superb grassroots organizing, a clear message, and raw energy. Remengesau won by a sizable margin, taking 66 percent of the vote (6,494 votes) to Basilius’s 34 percent (3,268 votes). Pierantozzi, despite the advantage of being the incumbent, allowed uncertainty, tardiness, and overconfidence to weaken her chances of regaining office. She was soundly defeated by the very energetic, seri-

ous, down-to-earth Chin, who took 71 percent of the vote (6,919 votes) to her 29 percent (2,812 votes). Chin began his campaign early, about two years before the election, while Pierantozzi was questioning whether she should challenge Remengesau or concentrate on reelection to the vice presidency. The 2004 race was the third time in seven national elections that the winning vice-presidential candidate gained a greater number of votes than the victorious presidential candidate. It was the first time that an incumbent vice president failed to regain office.

In the race for the 25 National Congress seats, Palauan voters refused to put women in either the Senate (9 seats) or the House of Delegates (16 seats). The niece of former President Kuniwo Nakamura, Imelda Nakamura-Franz, was the top woman finisher with 3,102 votes in the Senate race, but that was more than 1,100 votes behind the ninth-place man. However, at thirty-five years of age, Nakamura-Franz should be a viable future contender. Surprisingly, four incumbent senators were replaced by business and social leaders: Alan Seid, Alfonso Diaz, Santy Asanuma, and medical doctor Caleb Otto. The members of the House of Delegates represent rather small constituencies—oddly called “states”—that range from 349 to 4,583 registered voters. Generally, competition for office in the states is a matter of who has the larger number of relatives. This means there is little turnover in House membership from election to election. In 2004, just one incumbent lost, another won by just one vote, a third by just eight votes, and a fourth by

nine. In three states, the incumbent ran unopposed, reflecting the villages' desire to avoid divisive competition.

As in the past six national elections (the first of which was held in 1980), voter turnout was high, some 76 percent for 2004. Besides choosing candidates, voters had six constitutional issues to tackle. Five issues had been strategically maneuvered onto the ballot by President Remengesau through a voter petition drive that garnered the required 25 percent, and a sixth was placed there by the National Congress. This had elements of shrewd politicking. The voters gave Remengesau most of what he sought by approving four of the five constitutional initiatives: dual citizenship, a three-term limit for members of the National Congress, a requirement that the presidential and vice-presidential candidates run on a joint ticket, and a requirement that congressional members be given a uniform fee in compensation for each day they attend an official session. Remengesau's initiative calling for a one-house legislature failed by a few votes when five of Palau's sixteen states turned it down by narrow margins (for example, Angaur went 150-yes to 152-no and Ngaremlengui voted 205-yes to 210-no). In addition, Palau's electorate approved a constitutional convention (ConCon) to review the 1979 document. Not to be outmaneuvered by the president, the National Congress placed the call for a ConCon on the ballot. Remengesau opposed this effort, claiming it would be politically and socially destabilizing. The convention issue was approved by 53 percent of the voters, although this count included 844 per-

sons who left their ballots blank on this question. This was also the case with all the initiatives and indicates some confusion on the part of a sizable minority of Palau's voters.

Both before and after the national election, the National Congress and Remengesau found other issues to disagree on. The first debate concerned important details in the oil bill, which Remengesau argued must attend to the environmental and socioeconomic impact of oil-well drilling and include a spill mitigation plan, insurance, and limitations on a proposed national energy authority. He said he was opposed to any "super agency" that would take on regulatory functions for which it had no legal basis, capacity, or expertise (*TBN*, 10-17 Sept 2004, 15). On the last day of 2004, the National Congress passed a joint resolution supporting oil exploration north of Kayangel Atoll in the so-called Palau North Block. The deadline to drill an exploratory well is 15 May 2006. The only company interested in prospecting is Palau Pacific Energy Inc, whose real corporate identity remains unknown.

Second, the constitutional amendment requiring uniform compensation for members of the National Congress passed, but the congress and Remengesau took months to get agreement on this issue. The pay issue was highly controversial, and, according to former House Speaker Antonio Bells, Remengesau was the most appropriate person to introduce the legislation. In the exchange of proposals, the president turned down retirement pay for congress members, but in mid-March he finally signed uniform compensation legislation allow-

ing them to be paid a maximum of \$50,000, or \$500 for each of the one hundred required sessions during 2005.

Third, as this issue was being sorted out, the National Congress and president began wrangling over the contents of the constitutional convention (Con-Con) bill. Basically, the congress wanted 31 to 37 members and a May starting date, whereas the president wanted 25 members and an October beginning. A compromise resulted in Public Law 7-4, which called for a 26 April election of 25 delegates to begin deliberations on 17 May.

Fourth, seven months into fiscal year 2005, Remengesau and the National Congress were still debating the 2005 national budget bill. The budget began at \$56 million, was cut to \$55 million, then further cut to \$52 million by Delegate Bells and Senator Asanuma, both fiscal conservatives. In his State of the Republic address, Remengesau attempted to patch up the differences by calling for cooperation and unity, emphasizing Palau's 2.5 percent economic growth. However, the budget battle continued and turned mean as each side slashed funds from the other's areas of responsibility. All this was going on amid factional skirmishes in both the House and Senate. Finally, on 18 May, President Remengesau signed a \$52.6 million budget for 2005, using his veto authority to reduce funding for various state projects and grants.

President Remengesau achieved a number of other significant accomplishments. The Palau Constitution allows the chief executive to introduce legislation, and the president was the

top bill author with twenty-two of his bills becoming law. The best the National Congress could do was six each by delegates Tony Bells and Kerai Mariur, and Senator Yukiwo Dengokl. Remengesau led the tsunami-relief effort, with Palau contributing some \$50,000. He also led Palau's tenth Independence Day celebration and the impressive inauguration of the seventh constitutional government in late January 2005. Remengesau was able to persuade Taiwan's president, the Honorable Chen Shui-bian, to attend the inaugural ceremonies. Accompanied by extremely tight security, Chen spoke to a joint meeting of Palau's leaders—the first such address by a visiting head of state. In April, Remengesau made a return visit to Taiwan for talks with President Chen regarding the two countries' bilateral relationship and economic projects. He also participated in the opening of the new Royal Hotel Chiao Shi Resort, the sister of the Palau Royal Resort Hotel (*TBN*, 22–29 April 2005, 15). Palau's Royal Resort is a five-star, \$25-million-dollar structure underwritten by the Hotel Royal Group. In June, Taiwan Vice President Annette Lu made a three-day visit to Palau for the grand opening of the Royal Resort, receiving state visit treatment. Besides opening the new six-story hotel and planting a tree of friendship, Madame Lu announced an increase of direct flights from Taiwan to Palau and additional scholarship opportunities in Taiwan for young Palauans. She, too, moved about only under heavy security protection.

In other promotional activities, Remengesau visited Darwin, Australia, and Japan, to drum up business

for Palau. In Darwin, the push was for passengers to fill up Palau's home-grown airline, which would make weekly roundtrip flights there, and to begin reciprocal trade. In a short time, however, these initiatives flopped. In Nagoya, Japan, Remengesau spoke about opportunities for investment, tourism, and retirement. The short-term prospects for a retirement "town" in Palau are uncertain, though, now that Japanese retirees have attractive, low-cost options in Thailand and Malaysia.

During the period under review, President Remengesau received three new ambassadors: Stanislav Slavicky of the Czech Republic, Damien Gamiandu of Papua New Guinea, and Axel Weishaupt from the Federal Republic of Germany. Palau also expanded its ties with four additional foreign countries—Greece, Argentina, Iceland, and Austria. Palau now has diplomatic relations with 37 of the United Nations' 191 countries. In other international business, Remengesau met for two days of consultation with Secretary General Greg Urwin of the Pacific Island Forum, who sought Palau's input on the Pacific Plan designed to strengthen regional cooperation and integration. That matched up well with the president's call for a united Pacific. Soon after, Remengesau visited the US Territory of Guam for the fourth meeting of the Western Micronesian Chief Executives, which included Palau, Yap, Guam, and the Commonwealth of the Northern Marianas. These talks centered on issues of recycling and disposing of solid waste, protecting coral reefs, increasing jet airline service, building a regional medical

center, jointly negotiating for medical referral rates with Philippine hospitals, and joint tourism marketing.

Palau's new vice president, Elias Camsek Chin, 55, holds the minister of justice portfolio, a position he also held during the administration of former President Kuniwo Nakamura. Early in his term Chin attended an environmental conference in Mauritius, an island nation in the Indian Ocean. After that, Chin met with high-ranking US officials to review implementation of compact provisions. Topics of special concern were a saltwater desalination unit, maintenance of the Compact Road, security at Palau's airport and seaport, and terrorism response and preparedness. Chin also traveled to Japan to deliver a guest address at the opening of the Global Linkage Forum on disaster management. The forum was held immediately after a ceremony Chin attended for the tenth anniversary of Japan's Hanshin-Awaji earthquake.

Palau's home airline, Palau Micronesia Airline (PMA), went out of business (diplomatically called "a suspension of flight operations") in December 2004 after five months of financial struggle. The founding investors had not realized the high operating costs of jet airliners (especially when they are nearly empty), the fierce competition for passengers, and the unprecedented acceleration in fuel costs. After a company restructuring, there were hints of service resuming in May 2005, but that did not happen. However, one of the original PMA investors, Senator Alan Seid and his company Midcorp, reportedly bought the domestic airline Palau TransPacific Airline Inc, also

known as PAir, which had been flying the Taiwan-Palau route since 2002. Seid announced that with the Palau-Taiwan bilateral air agreement, PAir will resume four flights per week to Taiwan in July 2005. Hopefully, PAir under Seid will have a longer life than Palau Micronesia had. In the meantime, it is not known who will bear the financial losses of the PMA demise. As reported last year (Shuster 2004, 181), the founding five individuals provided the start-up capital of half a million dollars, stock sales brought in \$3 million, the Pohnpei State Legislature invested \$500,000, and Yap State invested \$1 million dollars. Furthermore, the National Development Bank of Palau provided a \$1 million loan from a \$5 million loan obtained from the International Commercial Bank of China. It appears that the bank provided a second \$1 million based on collateral in the form of land put up by each of the airline's founding members.

Golf-course proposals for Airai and Aimeliik (states near Palau's airport) remained stalled during the year. However, other megaprojects have emerged. The most outlandish is the \$2.1 billion Nautilus City being proposed for southern Peleliu. The so-called city would include an airport (built on the World War II fighter strip), 3,000 hotel rooms, villas, recreation facilities, a golf course, a casino, and a marina. Being advocated by Peleliu Governor Jackson Ngiraingas and foreign investors from Malaysia who call themselves UK Investment Holdings Limited, the project faces obstacles in terms of land availability, antigambling legislation, environmental protection regula-

tions, and freshwater availability. President Remengesau advised the chief executive of UK Investment that he should obtain additional assurances regarding the abilities and identities of some of the principal investors and stop claiming that the Palau government and Remengesau have endorsed the project. In spite of the obstacles, Palau's sixteen state governors have unanimously endorsed the grandiose Nautilus proposal.

Another megaproject, valued at \$400 million, is being proposed for Melekeok State (earlier to Ngiwal State) by the Shimao Group of the People's Republic of China. This project would be constructed over the period 2006–2010 and would consist of 300 hotel rooms, casino, golf course, aquarium, yacht club, and shopping center, as well as seaside and hillside villas. The Shimao Group project has been presented to Melekeok's leaders, and some members of the National Congress were wined and dined in Hong Kong and Shanghai during May trips sponsored by the investors. In a semi-official May visit to Hong Kong, Remengesau met with the Shimao Group for a briefing about the Melekeok proposal. He also met with Hong Kong Air and tourist officials and obtained assurances for direct flights between Hong Kong and Palau beginning in mid to late 2005. Such flights would take only four and a half hours. Taiwan's new Palau Royal Resort and the older Palau Pacific Resort (built with Japanese backing) would be ready to receive the visitors.

The Shimao Group is calling its Melekeok project "Blue Dream" and has been quite explicit about what

Palau needs to do to land it: extend land leasing from 50 to 99 years; provide exemptions to some environmental requirements; allow a fifty-year exclusive casino license; grant a foreign investment permit; and provide adequate water, power, wastewater, and telecommunication services. The Shimao Group is reportedly a Shanghai-based real estate company that specializes in developing high-end properties. Its leader is Hui Wing Mau (also known as Xu Rongmao), supposedly China's third richest man. In addition to the resort, Shimao wants to build 1,000 housing units for foreigners, also in Melekeok (*TBN*, 3–10 June, 1–15 July, 1–8 July 2005). The Chinese Communist Party-State under Deng Xiaoping, Jiang Zemin, and now Hu Jintao has relaxed its direct control of the economy except when a business becomes large and powerful. One must wonder if the Shimao Group in league with the Chinese Communist Party-State has the covert goal of displacing Taiwan in Palau. An astute local businessman even speculated that Palau's local politics might stimulate an international incident involving Taiwan and the People's Republic.

The second constitutional convention (ConCon 2) began with an election of delegates in April 2005. Legislation called for 16 state delegates (one per state) and 9 at-large delegates. Competition within the states was not as keen as for the at-large race, which had 34 candidates vying for just 9 seats. Attorney Johnson Toribiong was the top vote getter and became the convention president. This was an indication of the high esteem the delegates had for Toribiong, who

served as vice president of Palau's first ConCon in 1979 and delegate to the Micronesian Constitutional Convention in 1975. Six other delegates to Palau's first ConCon won seats, bringing considerable continuity and experience to this convention. Further, the delegates chose the recording secretary of ConCon 1, Jonathan Koshiba, to serve again in this position for ConCon 2—another move toward continuity. In an effort to share prestige, the delegates elected other officers: Dr Stevenson Kuartei and Sinton Soalablai as vice presidents; attorney Raynold Oilouch as parliamentarian; Bonifacio Basilius as spokesperson; Laurentino Ulechong as floor leader; Palau Community College President Patrick Tellei as secretary; and former Palau Vice President Sandra Pierantozzi as treasurer. The convention was visited by many community groups, some with specific proposals for the delegates to consider and others simply to show support for the important work the convention was doing. The delegates also held public hearings in Koror and in all the rural states. The convention ended its deliberations in mid-June, concluding its work with 251 proposals. The delegates decided by majority vote that just twenty-two of these proposals will be presented as amendments to the republic's electorate during the 2008 national elections, as required by the constitution. A highly symbolic and emotional amendment-signing ceremony was held in the National Congress building on 15 July 2005, bringing ConCon 2 to a close (*PH*, 22–25 July 2005, 4).

Transparency International, a non-

governmental organization active in some ninety countries with the key mission of supporting good governance and transparency, gave Palau a generally positive report in 2004 (TIA 2004). The report noted that Palau's Office of Special Prosecutor and Office of Public Auditor were essential and important pillars of good governance. These offices, especially that of the special prosecutor, stayed busy during 2004–2005. Five former and current members of the National Congress either settled, were charged, or had court judgments rendered against them for misuse of travel funds, misconduct in public office, or both. Each of these cases was aired publicly, with a positive impact on legislative conduct generally. The national treasury has received over \$300,000 in settlement payments or court fines resulting from successful suits against members of the National Congress. Prior to the China travel sponsored by the Shimao Group mentioned earlier, the House legal counsel reminded delegates that off-island junkets paid for by foreigners who have business interests in Palau might be problematic in terms of Palau's Code of Ethics law. Other legal action concerned the extradition of a Palauan who formerly worked at the US Embassy in Palau, and a group of people who were charged with operating Koror-town businesses—known locally as fronts—without foreign investment certificates. Furthermore, three state governors were under scrutiny by the special prosecutor and public auditor. The public auditor told Governor Tadashi Sakuma of Ngaraard State that he was not following the mandated pro-

cedure procedures. Peleliu Governor Jackson Ngiraingas was being hauled to court to answer the special prosecutor's charges of misconduct in office and violations of the Code of Ethics and Foreign Investment Acts. These charges concern Ngiraingas's allegedly illegal support of the Nautilus City mega-resort project. Ngiwal Governor Elmis Mesubed appeared before the Palau Supreme Court in June to answer 175 charges of criminal activity concerning the alleged misuse of nearly \$23,000 of public funds.

Potentially the most serious problem for Palau is money laundering and its connection to terrorism. In September, both President Remengesau and Palau's Financial Institutions Commission urged the National Congress to strengthen the republic's financial institutions and anti-money-laundering legislation. This was in response to the Hong Kong and Shanghai Bank's decision to stop honoring wire transfers out of Palau, and the International Monetary Fund's deep concern that Palau was not strengthening its regulatory and supervisory mechanisms. While foot-dragging by congress members continued, Palau and Taiwan signed an agreement to cooperate in the fight against money laundering and the related financing of terrorism. The agreement calls for the sharing of information on the identity and movement of bad money, and the provision of technical assistance to improve Palau's investigative capacity.

At the United Nations, Stuart Beck has served as Palau's ambassador for nearly two years and Palau's profile has increased, although that has not

been easy. On behalf of the Palau government, Beck received a sizable monetary contribution from the Greek UN ambassador, but in February 2005 Beck commented on the difficulties of delivering UN assistance to Palau and other Pacific Island states. He urged that the United Nations station a representative in Palau and other small island states as the best way for the governments to access developmental opportunities and resources. Regarding the issue of expanding the Security Council, Beck stated that Palau supported Japan's bid for permanent membership. This subject was earlier broached by then Vice President Sandra Pierantozzi in an address to the fifty-ninth session of the General Assembly in September 2004. As a signatory, Palau was pleased to see the Kyoto Protocol come into force in February 2005. As a nation just meters above sea level, Palau will be drastically impacted if global climate change is not slowed and reversed. In other UN business, Palau gave notice of its withdrawal from the Group of 77 and China. The decision to withdraw from the Group of 77 was based on the realization that Palau was spreading its resources too thinly, and that its positions on environmental issues could be more effectively expressed through the Alliance of Small Island States.

Foreign nations continue to assist Palau, especially Japan, the United States, and Taiwan. Japanese assistance is broadly based and mainly channeled through the Japan International Cooperation Agency (JICA), which has an active office in Koror. JICA assistance consists of volunteers, youth invitations, technical coopera-

tion projects, and grant aid. Presently, Palau has three JICA resident experts, eleven senior volunteers, JICA staffers, and twenty-four Japan Overseas Cooperation Volunteers. The volunteers serve two-year terms and are involved in teaching, research, museum, and hospital work. Ongoing infrastructure projects include major improvements to the three causeways leading from Koror to Airai, Meyuns, and Malakal. This work will significantly improve the safety of these roadways. Future work will include construction of an interisland access road, and resurfacing and reconstructing Koror's twenty miles of road, now nearly twenty-five years old. Furthermore, officials from both Palau and Japan signed papers agreeing to complete a solid-waste management project. Apparently this effort will include the development of a national plan to reduce the amount of solid waste, improve waste disposal, improve Koror's landfill at M-Dock, and provide training in waste management.

The Taiwanese have been interested in Palau ever since 1981, when, for the inauguration of the first government, the visiting delegation from Taiwan went through the airport receiving line twice to assure they were noticed by the local VIPs. When in Palau for the January 2005 inauguration of the seventh government, President Chen Shui-bian addressed the National Congress, and his message to the people of Palau was printed in the local newspaper. He mentioned basic infrastructure, agriculture, fisheries, education, and medicine as cooperative programs. He stated that tourism and investment

were mutually beneficial and “can only grow stronger and more enduring with the passing years.” Also, he complimented Palau on its beauty and keen political leadership, and thanked Palau for its voice of support for Taiwan at international organizations such as the United Nations and the World Health Organization. In his message, President Chen did not mention the “one-China” versus “two-China” issue except indirectly: “With unwavering courage and determination, Taiwan will absolutely continue to fulfill its rights and duties within the international community, and contribute to the common good with vigor.” Also, he claimed that the “universal value of self-determination is a common conviction of both nations, and serves as the foundation for our cooperation in the international arena” (*TBN*, 28 Jan–4 Feb 2005, 14).

Besides the \$20 million loan a few years ago from Taiwan’s International Commercial Bank of China for phase two of Palau’s national capital project in Melekeok, Taiwan this year provided grants for short roads—\$640,000 to Aimeliik for a 500-yard-long road, \$130,000 to Ngchesar for a road/causeway project, and \$1.1 million for a connecting road—as well as another \$409,000 for a water system in Melekeok. The capital’s need for a wastewater system was also met by a \$2.4 million grant from Taiwan. This system will recycle the treated wastewater instead of discharging it into the ocean.

The Taiwanese “Fleet of Friendship,” consisting of a frigate, a supply ship, and 530 navy officers and graduating cadets, visited Palau in June

2005 without comment from the United States. *Tia Belau News* carried a full double-page description of resident Chen—his life, career, and vision—and outlined the Palau-Taiwan political relationship. The early May 2005 issue had two full pages celebrating twenty years of agricultural cooperation. In October 2004, leaders from both republics had celebrated “Double Ten”—the ninety-third anniversary of the founding of the Republic of China—with much feasting and toasting. On 29 December 2004, on the fifth anniversary of the establishment of diplomatic relations, President Remengesau and Ambassador Clark Chen unveiled four postage stamps commemorating this event. The stamps recognize the Taiwan Technical Mission, the grand Ngarachamayong Cultural Center, a goodwill visit of the “Fleet of Friendship,” and the Belau National Museum. The center and museum were built with large grants from Taiwan.

In a meeting of the Palau Rotary Club, Deborah Kingsland, chargé d’affaires at the US Embassy in Koror, outlined US objectives in the Pacific, including creating stability, ridding the region of terrorism, positively integrating China into global and regional institutions, and irreversibly dismantling North Korea’s nuclear program. She also noted that the freely associated states are key allies for the United States, as are Australia, Japan, South Korea, Thailand, and the Philippines. Kingsland did not mention the tension in the Taiwan Straits or the US refusal to sign the Kyoto Protocol, but she did state that climate change was a high priority

issue for the United States. US total direct payments under the compact for Palau government operations for fiscal year 2005 declined by about \$2 million to \$12.7 million. The fifty-three-mile compact road around Babeldaob is nearly 50 percent paved, and Daewoo, the main contractor, stated that the project will be completed by December 2005—weather permitting.

US Interior Department Deputy Secretary Lynn Scarlett and Assistant Secretary David Cohen led a fifteen-person trade mission to Palau in May. The objective of the mission was to explore business opportunities in Palau, and the group was made up of business executives, college administrators, and hoteliers such as Manfred Pieper of the Guam Hilton Resort Hotel. No doubt the visitors noted that, with just 20,000 people, Palau represents a small market in a very distant location, but one that is just three hours from most of the major capital cities of Asia.

VIPS cut ribbons for the \$3.6 million Malakal Natural Wastewater Treatment Park, built with grants from the United States. The new facility doubles the capacity of the old one and combines mechanical and natural methods of treating wastewater. However, the resultant fluid is discharged into the ocean, and no one knows what it will do to the ecology of Malakal Harbor. A three-year technical assistant grant for \$640,000 was provided to Palau's Ministry of Resources and Development. The grant will complete the Palau Automated Lands and Resources Information System

(PALARIS), which gives Palau the capacity to inventory, support, and manage its cultural, economic, human, and natural resources. The development of PALARIS has been ongoing for twenty years with several million dollars of support from the US Interior Department. The US Federal Aviation Administration made a huge grant of \$26 million over three years to upgrade the Palau International Airport in Airai. Some \$19 million will go to resurfacing the runway and repair the apron and taxiway; \$2.5 million will be used for aircraft rescue and firefighting (ARFF) equipment as well as a building; the remainder of the funding will be used for ARFF trucks, loading bridges, perimeter security fencing, and an airport master plan. The US Department of Agriculture will make \$1.4 million of grant funds available to Palau for a wide variety of needs at the Ministry of Education, Bureau of Public Safety, and Environmental Quality Protection Board.

Australia also continued its assistance to Palau in important ways. The first was "Operation Island Chief," consisting of joint sea patrols to catch fish poachers. This was a combined effort on the part of Australia, Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands, using fast patrol boats donated by Australia. It resulted in twenty-seven boardings and over \$310,000 in fines meted out to four illegal vessels. Other assistance included several days of basic police training, equipment and training for environmental monitoring, computer software for the

Ministry of Health for supplies inventory, and help to the community centers at Peleliu and Ngarchelong.

Palau has yet to establish diplomatic relations with Indonesia, its huge neighbor to the south. Minister of State Temmy Shmull stated that there are boundary issues that need to be resolved. During its brief period operating to and from Darwin, Palau Micronesian Air apparently had approval to fly through Indonesia's airspace, but that was later questioned in terms of bureaucratic procedures. Fortunately, the overflights ended before problems escalated.

Palau lost some important people during the year. Particularly tragic was the death of twenty-four-year-old US Marine Jay Gee Ngirmidol Meluat. He was Palau's first casualty in the Iraq war. Currently Palau has other young men and women in the US military in both Iraq and Afghanistan. Expert carpenter and teacher, Isidoro Polloi, 63, drowned in a freak boating accident while fishing. *Tkedsau* (chief) Asao Rengiil passed away in September 2004. He was a ranking chief in two states and worked for the Palau government for over thirty years. Masami Asanuma, who was a contemporary of Roman Tmetuchl, Indelecio Rudimch, and Ngiratkel Etpison, passed away at nearly 90 years of age. Asanuma held the distinguished chiefly title of *Sechalrraimul*. He began a small store in 1947 and built it into the fifth largest retailer in Palau, which his son, Senator Santy Asanuma, carries on. Former Congressman Mengiraro Ngiratechekii, a longtime teacher at Palau's Seventh-Day Adventist High School, died

at the relatively young age of 65. Another important Palau businessman, Tmilchol Bechesrrak, passed away at 88. Like Asanuma, Bechesrrak exemplified the values of hard work, discipline, and determination. He held the chiefly title of *Remeliik*. Lastly, a unique and Socratic-like person, Jonathan Olsingch Emul, died at age 78. Well known, outspoken, and quick-witted, Emul had a long career in public service that included political and educational leadership. He was often sought out by both local and visiting researchers for his clear memory of events spanning the Japanese and American periods in Palau.

Leading women of Palau assembled in their fourteenth annual Mechesil Belau Conference. As at past meetings, the women were deeply concerned with social problems and changes in customs. The social problems included sexually transmitted diseases, prostitution, suicide, domestic abuse, and disobedience among the youth. The women were also concerned that proper customs regarding funerals were not being followed. In addition they complained about foreign workers and lobbied for changes in the laws and regulations covering such workers. The women addressed many of their concerns to government leaders and requested their support.

The Supreme Court lost Justice Barrie Michelsen to resignation after eight years of service. President Remengesau appointed Judge Mary Lourdes Materne as Michelsen's replacement. She joins Associate Justices Larry Miller and Kathleen Sali, and Chief Justice Arthur Ngiraksong, balancing the court with two women

and two men. Palau Community College was accredited for six more years after being evaluated by the Junior Commission of the Western Association of Schools and Colleges. The college received \$20,000 from UNESCO to assist in implementing a new associate degree in library and information services; it also began free classes in Mandarin language in January.

Palau's connection to Japan is both contemporary and historic and the sixtieth anniversary ceremony of the Battle of Peleliu reinforced that truth, as has the impressive work over the years of the BentProp Project, led by Dr Patrick Scannon of San Francisco. Scannon brought Mr Tommy Doyle to Palau in 2005. With President Remengesau, they used scuba gear to visit the crash site of the US B-24 bomber that carried Doyle's father, Sergeant Jimmie Doyle, to his death after a 1 September 1944 bombing run on Japanese facilities and forces in Palau. The aircraft is in about seventy feet of lagoon water and was miraculously found in January 2004 by Scannon and his team, aided by an elderly Palauan fisherman. A few years earlier, BentProp found a US Navy Avenger aircraft on Peleliu. This plane had carried three airmen. Based on BentProp's search work, both crash sites were excavated in early 2005 and remains were recovered at the sites by navy specialists working closely with specialists from the Joint POW/MIA Accounting Command (JPAC) located at Hickam Air Force Base, Hawai'i. Scannon had the honor of being invited by the military to accompany the remains recovered from the B-24 site to the JPAC facil-

ity, where they will be identified. David Major of Post Star Productions filmed the entire event. The recovery and transportation teams received the full cooperation of President Remengesau and his staff, High Chief Reklai, and Senator Surangel Whipps and his son, Mason.

Almost exactly a year after the Festival of Pacific Arts, Palau welcomed more than 2,100 Pacific Islander athletes and officials for the Seventh South Pacific Mini Games, 25 July–4 August 2005. Twenty Pacific Island nations and territories were represented. It is anticipated that the games will be as successful as the "Bestibal."

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