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Palau

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lent crime, including armed robbery and murder. There were many robbery attempts at the twenty-four-hour poker palaces scattered throughout the island. The government of Bangladesh is reported to have filed a request with the State Department in Washington to investigate the death of one of their nationals, an employee of one of these establishments. Saipan also experienced its first armed bank robbery, when a small savings and loan establishment was robbed of several thousand dollars. A warning shot was fired, but there were no injuries.

On the positive side, a new high school opened in the Kagman Homestead area and another one is nearing completion in the southern part of Saipan. This will relieve much of the pressure leading to social problems at the only public high school on Saipan. In addition, a contract has been issued to build a new prison. The construction of the 300-plus-bed facility will get under way shortly. It will be in compliance with federal standards and be completely funded by the federal government.

The saga of Larry Hillblom, the founder of the DHL air-freight empire presumed killed in an aircraft accident off Saipan in 1995, continues unabated. Two more children, this time from New York City, were brought to Saipan in 2001 to claim a share of Hillblom's large estate. Although their cases were quickly dismissed because the statute of limitations had expired, this brought the number of putative heirs to eleven. Only four of the claimants, who hail from the Philippines, Vietnam, and Palau, have been certified as legal heirs. Each received approximately

forty million dollars from the estate. Several others received money in return for not taking the DNA test and dropping their paternity claims.

SAMUEL F MCPHETRES

PALAU

During the period under review, President Tommy E Remengesau, Jr, into his second full year as the Republic of Palau's chief executive, established himself as a proactive leader. His agenda was full with international and domestic matters.

Given the special political relationship of free association which Palau and the United States established in 1994, the island nation responded to the September 11th terrorist attacks on the United States by issuing messages of condolence, conducting memorial services, sending monetary contributions, and flying the national flag at half mast. President Remengesau informed the US government that Palau's airport and harbors would be available for mobilization efforts in the war against terrorism.

In August, Remengesau made a mark for himself and Palau at the Pacific Islands Forum conference held on Nauru. He signed two trade agreements with the other sixteen heads of Pacific Island states but, more importantly, led the group of chief executives in urging all nations to support ratification of the Kyoto Protocol, which addresses global climate change by establishing measures to reduce the emission of greenhouse gases.

Prior to the Forum meeting on Nauru, Remengesau made his second state visit to Japan, where he met with

Prime Minister Junichiro Koizumi. In March 2002, the president also made a state visit to the Republic of China (ROC) where he and his party met with President Chen Shui-bian and toured several important operations, including an aquaculture center. Later in the year, the president publicly came out in support of Taiwan's membership in the World Health Organization, and Palauan health officials have been impressed by the quality of health care in the Republic of China and its medical assistance to Palau. Mr Remengesau attended the republic's ninetieth anniversary celebration hosted by Ambassador Chen in Koror. Also, Palau opened its embassy in Taiwan with Mr Johnson Toribiong serving as Palau's first ambassador to the Republic of China. The acceptance of Toribiong's credentials was a most impressive event, which had an element of high security.

In March, President Remengesau made his first official visit to Mexico where he and 149 other heads of state attended a UN-sponsored conference on development. He urged his fellow conferees to attack the problems of poverty and tension head on.

In visits to the United States during the period under review, President Remengesau attended the fifty-sixth session of the UN General Assembly. In his speech to the world body, Remengesau urged acceptance of Taiwan as a member; he also recommended that Japan be seated as a permanent member of the Security Council, that member nations ratify the Kyoto Protocol, and that they recognize more clearly the needs of the Pacific Island micro-nations. In March, President Remengesau was in Wash-

ington DC to enter Palau as a member of the Overseas Private Investment Corporation, which has the potential of stimulating American private investment in Palau. While in Washington, the president signed an agreement with the Department of Justice concerning mutual cooperation on immigration issues; he also met with federal officials regarding Palau's membership in the National Exchange Carriers Association and Universal Service Program, which would result in lower long-distance telephone rates for Palau.

In April, the president sent the National Congress proposed resolutions to ratify Palau's accession to the 1996 Comprehensive Nuclear-Test-Ban Treaty. In his message to the congress, Remengesau stated that Palau's party to the treaty would reaffirm its constitutional commitment to a Pacific nuclear-free zone, and that Palau desires "that . . . no nation, whether industrial and mighty or poor and developing, will resort to the awful concept of such weapons of mass destruction." Should Palau become a signatory to the test-ban treaty, the organization that implements the treaty would establish and fund the operation of a monitoring station to be located in Ngaremlengui State on Babeldaob Island. The station would be able to detect low-level nuclear explosions and seismic activity thousands of miles away.

Remengesau also sent the National Congress the South Pacific Regional Environmental Program's convention for the protection of island natural resources and environments. Covering a wide range of issues from mining and coastal erosion to waste dumping

at sea, Remengesau argued that participating in the convention would expand Palau's involvement in regional environmental protection issues and thus serve to expand the protection of Palau's environment. Earlier in the year, Vice President Pierantozzi signed the Cartagena Protocol at the United Nations. This agreement, approved by Palau's senate, seeks to assure safe transfer and handling of living modified organisms.

In related actions, Remengesau endorsed Palau as a party to the Vienna Convention for the Protection of the Ozone Layer and a related protocol. Through an intermediary, the president endorsed the Stockholm Convention, the purpose of which is to protect human health from persistent organic pollutants. With the two other freely associated states, the Federated States of Micronesia and the Republic of the Marshall Islands, Palau signed an agreement, based on the model of the Niue Treaty, that allows the three nations to enforce fisheries, customs, and immigration laws in a uniform and efficient manner in their respective territorial waters. Palau also carried out a round of successful talks with Australian government officials regarding defense cooperation.

Finally, the new French ambassador to Palau, Renee Veyret, presented her credentials and paid courtesy calls on several of the republic's ministries.

Given Palau's unique and fragile ecosystem and the Remengesau government's sensitivity to environmental issues, UNESCO's recent initiative, "Small Islands' Voice 2004," while appearing to be just another bureaucratic program, could be extremely

important to Palau if carried out as envisioned. The "Voice" will seek Islanders' views on environment-development issues, include those views in a program of action for sustainable development of island states, and encourage people to become actively involved in environment-development issues. This initiative is designed to begin at the grass-roots level and could complement state and national planning in fundamentally significant ways.

Concerning domestic affairs, President Remengesau proposed legislation to the congress for three constitutional amendments. The first would change the National Congress from a bicameral body of twenty-five seats to a unicameral one of twenty-five seats; the second proposal would require that presidential and vice-presidential candidates run as a team; and the third proposal would allow for dual citizenship. The House of Delegates held hearings on the bill. Should the National Congress approve these proposed amendments, final passage would be left to Palau's electorate at the 2004 national elections.

Two other domestic issues received attention, but only one got closure. The latter was an executive-congress agreement to take \$5 million from the Compact Trust Fund interest to cover overexpenditures in the public sector. This is the first time since 1994 that Palau's political leadership has tapped into the trust fund interest. The trust fund now totals some \$144 million—\$70 million in principal and \$74 million in interest (Remengesau 2002). Some citizens are concerned that dipping into the trust fund is bad governance because it is robbing from the

future. Be that as it may, the president has continued to push the congress to consider passage of revisions of Palau's current tax and foreign-investment laws. Remengesau has also urged the congress to consider legislation that would allow Palau to issue bonds to generate income for operations and capital improvements.

The nagging issue that did not gain closure by period's end centered on Palau's banking industry. Although the National Congress had passed some important banking legislation, it was not sufficient. Remengesau requested the congress to pass legislation providing immunity to Palau Financial Institutions Commission. Such immunity would give the commission the clout to properly regulate, and if necessary sanction, Palau's local banking industry. Apparently the president was worried by the International Monetary Fund's inspection of Palau's banking activity, which resulted in a failing grade. Given the lack of immunity for the watchdog commission, Palau's banking industry was judged as "materially noncompliant" with international banking norms as of May 2002. The president sounded the alarm by stating to the congress, "It is tragic that the efforts and gains made in the past two years are being wasted by the failure of the National congress to take this action seriously. The people who will ultimately suffer from a banking crisis are the residents and citizens of Palau" (*PH*, 24-30 May 2002, 6).

On the other hand, Remengesau's attorney general revoked the corporate charters of nine banks operating in Palau, as a way of showing the international financial community

that Palau's banking laws would be enforced. The two most recent revocations were the charters of the Asian International Bank of Commerce and the First International Pacific Bank—both highly questionable operations (*TBN*, 10-16 Nov 2001, 8).

During the year, President Remengesau swam against the current regarding the issues of gambling and oil exploration under the sea near Kayangel Atoll at the northern most portion of the Palau archipelago. Remengesau rejected the National Congress' bill that would have allowed casino gambling in Angaur State. He also opposed seabed oil exploration for environmental reasons and stated that the issue should go to a nation-wide referendum. Reminiscent of the giant super-port concept that galvanized Palau into pro- and anti- factions in the late 1970s, the oil exploration project likely will get similar scrutiny by both local and international environmental organizations, although the group of supportive local political leaders appears large and dedicated, and foreign investors are mentioning very large (multimillion-dollar) figures.

Vice President Sandra Pierantozzi, Palau's first woman vice president, also serves as the minister of health, one of the republic's eight ministries. She has thrived in her position and has become a popular minister through her work in Palau and overseas. For the first time in Palau's history, Pierantozzi signed a treaty on the behalf of the government at UN headquarters in New York (see reference above). She also addressed the UN General Assembly twice during special sessions on HIV/AIDS, and later in

2002, on the health and welfare of children. At the HIV/AIDS session, the vice president urged that “women not be tasked alone with the responsibility of this humankind affliction.” Later in the year, Pierantozzi met with a group of Harvard University medical school professors to discuss Palau’s high rate of schizophrenia and suicide. She made clear Palau’s need for training to help individuals deal more effectively with the stress of culture change.

In contrast to the active profiles presented by President Remengesau and Vice President Pierantozzi, Palau’s National Congress appeared distracted, even inactive. While the congress did good (albeit incomplete) work on the budget bill and banking legislation, it did little more of note. As a result, public criticism mounted, especially regarding the reduction of the \$25 cost-of-living allowance that retirees had previously been granted, large sums spent by legislators for overseas travel, and the senate’s seemingly endless battle concerning Elias Chin.

The senate remained embroiled in the Elias Chin issue described in last year’s review (Shuster 2001, 206–207). Chin was elected to the senate in the November 2000 election but was prevented from taking his seat in January 2001 by a majority of the senate, on the basis that Chin did not meet the citizenship and residency requirements established in the Palau Constitution as determined by the senate. Chin was successful in his request for a temporary restraining order that prevented the Palau Election Commission from holding an election to fill his seat. In response, the senate reactivated its credentials committee to conduct fur-

ther investigations into Chin’s eligibility. The senate came to the same conclusion as earlier: Chin did not meet the residency requirement of five years established by the Palau Constitution. Curiously, this second conclusion made no reference to the issue of citizenship. In January 2002, Supreme Court Justice Michelsen ruled, surprisingly, that the senate by way of its resolution of 1 May 2001, voted to seat Chin. Michelsen ruled that the additional qualification (or condition) of signing a consent form was unconstitutional, ie, that it was not a qualification for office required by the Constitution of Palau. Further, Michelsen ruled that Senate Resolution 6-55, which attempted to repeal the 1 May resolution, did not pass by a two-thirds vote and thus failed to remove Chin (*TBN*, 26 Jan–1 Feb 2002, 1, 5). Given this ruling, it appeared as though the senate had made several technical errors to Chin’s favor. The two sides dug in their heels more deeply and Judge Michelsen came in for some criticism from Senator Koshiba. A significant segment of community sentiment favored Chin. Therefore, a movement to recall Senators Andres and Koshiba, leaders of the Chin opposition, picked up steam with a petition filed and signature verification efforts mounted by the election commission. By the end of the period under review, Andres and Koshiba were marshaling their supporters as the recall date neared. According to Palau’s constitution, removal of a congressperson by the people requires a majority vote. With a low turnout of 51 percent of Palau’s electorate, the recall effort failed. Senators Andres and Koshiba both had

about 60 percent voter support to remain in office.

The international issue of greatest importance for Palau during the period under review was the request by Australia for Palau to temporarily house some 750 mainly Afghan refugees—boat people. Nauru and Papua New Guinea had taken in refugees at Australia's request—and financial support—for processing and temporary housing. However, Palau and Australia agreed by year's end not to set up a refugee base on Palau's Angaur Island because of "significant concerns regarding the potential social, economic, legal and environmental impact from such a center" (*PH*, 21–27 Dec 2001, 1). Having direct talks with Australia on the refugee issue was a good exercise in nation building and Palau's assertion of its sovereignty.

Goodwill visits to the Republic of Palau by foreign military ships were a comforting sight, particularly given the September 11th terrorist attacks. From the United States were the *USS Frederick* and the huge *USS Germantown*. Two Australian patrol boats from Darwin visited Palau as part of a training exercise for Palauan sailors manning the republic's own patrol boat, a gift from Australia. Also, the *Yamayuki* and *Kikuzuki* from Japan were open for public visitation and were the first Japanese warships to visit Palau since the end of the Pacific War. Without the controversy of last year, two ROC navy frigates paid a friendship call on Palau in April 2002. A marching band, drill team, and martial arts team provided entertainment, and there was an official exchange of speeches and plaques aboard ship.

Also, in cooperation with the republic's national patrol boat, aircraft from New Zealand patrolled Palau's exclusive economic zone. From Okinawa, two F-18 fighter-bombers, a cargo plane, and four attack helicopters landed in Palau in late March. Of interest to the US military was the condition of the Peleliu airstrip.

Perhaps the single most important event of the year was the opening of the graceful K-B Bridge, appropriately named the Japan-Palau Friendship Bridge. This \$25-million structure connects Koror Island to Babeldaob Island and was a gift to Palau from Japan through its International Cooperation Agency. In another important project completed with private funding from a Japanese citizen and friend of Palau, Mr Hideo "Joe" Morita, the splendid Dolphins Pacific Park / Research Facility was opened to the Public in November. Designed as a tourist attraction, Dolphins Pacific is an ecological and aesthetic achievement of huge proportions. As an educational and research facility, the park offers a series of encounters with the dolphins, from touching to swimming to snorkeling to taking a scuba dive with them. In a beautiful natural setting among Palau's famous rock islands, the park is a ten-minute speedboat ride from Koror. Dolphins Pacific opened with eleven bottlenosed dolphins and a team of marine scientists, including a veterinarian. One dolphin died since opening day. The unique facility should help boost Palau's tourism numbers, especially from Japan.

Two other important infrastructure projects for Palau are the fifty-three-mile circle road on Babeldaob and the

new capitol project in Melekeok. Both are incomplete. With an extended period of dry weather, Daewoo, the road contractor, made considerable progress and brought in a large number of pieces of heavy equipment for twenty-four-hour construction work. The US Army Corps of Engineers indicated that if Palau's weather remains relatively dry, a 2004 completion date for the road is possible. Daewoo won the contract for removing Palau's temporary bridge and any other scrap metal that needs removal. Regarding the capitol project, President Remengesau is soliciting funding support of \$10 million from the Republic of China to complete the final phase of the work. Private-sector projects of significance to tourism were in a holding pattern as of 30 June. These include the exclusive Ngerur Island resort, the Malakal marine village, a shrimp farm, the Aimeliik golf course, and the Oikull golf course in Airai. Since these five projects total over \$110 million in investment funds, the Asian economic situation will have to improve for them to get off the ground in the near future.

In private-sector investment and development, a number of projects were started or gained some momentum. Alan Seid's Micronesia Internet Development Technologies Corporation (MIDTECH) signed an agreement with Palau's communication corporation to begin Internet gambling and several royalty payments, totaling over \$850,000 were made to the national government. It is claimed that annual payments to Palau of \$5 to \$7 million will be generated when the cyberspace gambling venture is fully operational. With the backing of Hawai'i's Aloha

Airlines, Seid and his partners began selling shares in Palau Rock Island Air, which needed some \$5 million to begin operations in or about October 2002. To date, \$1 million has been raised in Palau, Yap State committed a half million dollars, and Joe Morita pledged \$1 million. If it gets off the financial ground, the new airline would fly to Yap, Guam, and Manila.

Palau's first luxury hotel, Hotel Nikko, built when Continental Airlines was establishing itself, announced it was laying off its forty employees and pulling down the attractive, but old, two-story structures. A new 150-room building is planned. Given the site is on a steep hillside prone to landslides, the new structure's architects and engineers had better keep this in mind during their planning work.

The vice president of Daewoo Engineering and Construction Company, South Korea, visited Palau in May to review the recent good progress his company was making on the fifty-three-mile Babeldaob road project. And a delegation of government leaders including Minister of State Temmy Shmull were in Seoul to formalize economic ties with South Korea through the Korea-Palau Economic Cooperation Federation. This is an interesting development and Palauans may find more affinity with South Koreans than with businessmen from Taiwan.

Regarding cultural matters, Palau's women's leaders met in their ninth annual conference to discuss a wide range of issues. The women wanted the licenses of businesses engaged in prostitution revoked, wanted people to minimize expenses on food during

funerals, and urged every household to maintain a vegetable garden.

During the period under review, Palau lost a number of very important titleholders (titles are italicized): *Balang* Toyomi Singeo passed away at eighty-six. Of mixed Japanese-Palauan heritage, she served as a goodwill ambassador for many years. The ranking female leader of northern Palau, *Ebilreklai* Yaorong, died at age eighty-five. She was the leader of the ten-member women's council of Melekeok, one of Palau's key traditional village-states. Also, the ranking chief of Angaur passed away. *Ucherbelau* Masao Gulibert Endo was an active leader during both the Japanese and American periods in Palau. Further, *Adelbai-re-Kesewaol* Eledui Omeliakl and *Ngirameketii* Tutii Delmau passed away. Both of these traditional chiefs played important roles in their village-states and were highly respected for their wisdom and integrity. Timothy Olkeriil, a Congress of Micronesia member from Palau, died suddenly. He was a Koror businessman, and active in the Liberal Party in the late 1960s and 1970s. Tragically, Palau lost Felix Kyota, who was just thirty-six years old. He was a gifted athlete who brought Palau considerable fame and success in interisland sports competition.

Renewal, pride, and optimism characterized the enlargement of Palau's religious community with the ordination ceremonies for a new nun and priest in Palau. Sister Esther Nestor took her final vows on 8 June

after fifteen years of preparation and study. Her final vow as a member of the Mercedarian Missionaries of Berriz followed a two-year assignment in Spain. A month after Sister Nestor's ordination, Fr Wayne Tkel, age thirty-eight, became Palau's second Jesuit priest in thirty-five years. He went through a rigorous eighteen-year training period, which began in 1985 and included two years in Palau under Fr Yaoch's tutelage. Over 1,000 Catholics gathered at Koror's Sacred Heart Church to witness the four-hour ceremony. Thirteen priests and brothers were in attendance at the ordination mass, presided over by Bishop Amando Sama and assisted by Fr Felix Yaoch, the Jesuit Superior in Micronesia. With Fr Tkel's ordination, Palau has four local priests in service in Palau, an event of great pride for Fr Yaoch.

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