

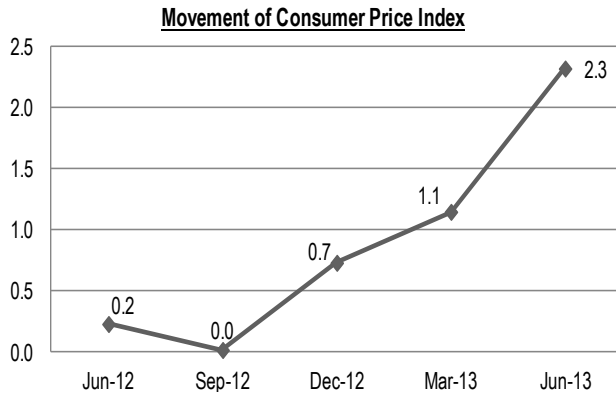


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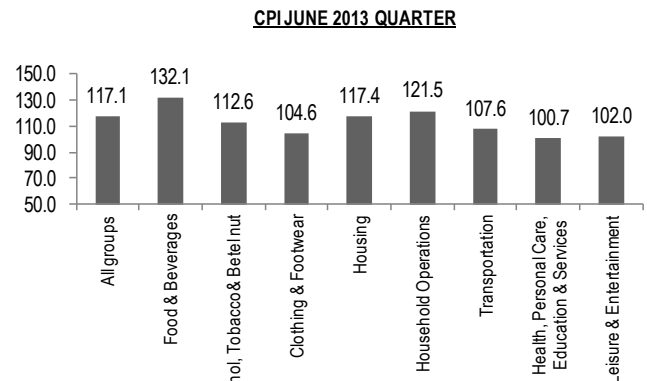
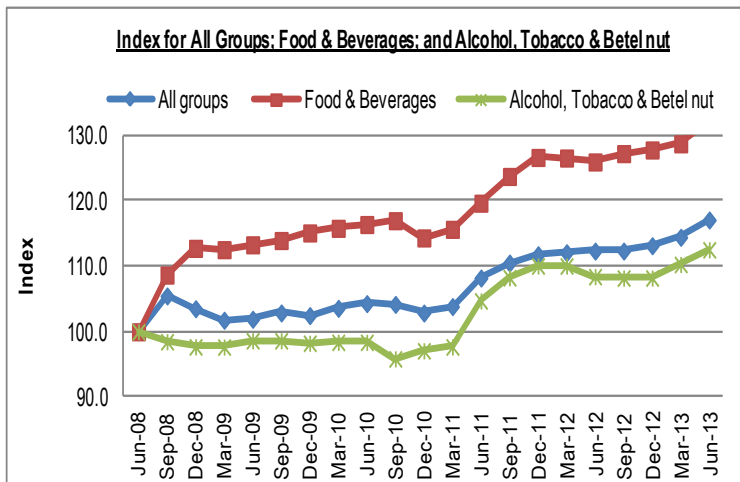
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**Jun 2013 QTR KEY FIGURES**



Major Groups	% Change March Qtr 2013 June Qtr 2013	%Change June Qtr 2012 June Qtr 2013
Food & Beverage	2.6	4.8
Alcohol, tobacco & betel nut	2.0	3.8
Clothing & Footwear	2.0	2.0
Housing	6.2	8.8
Household Operations	3.3	6.1
Transportation	0.2	2.1
Health, Personal care, Education & Services	1.5	1.2
Leisure & Entertainments	0.0	0.0
<b>ALL GROUPS</b>	<b>2.3</b>	<b>4.2</b>

Source: Bureau of Budget & Planning, MOF



**Jun 2013 QTR KEY POINTS**

- All groups increased by 2.3% over the last quarter.
- Major contributors to this quarter's price increase include Food & Beverages group, Housing group, and Household Operations group.
- Price increase in the Food & Beverages group was mainly driven by the price rise of frozen beef, eggs, bread, and take-away food.
- Main contributor to the Household Operations group price increase was electricity.
- Price increase in the Housing group was mainly driven by the increase in apartment rental fee.



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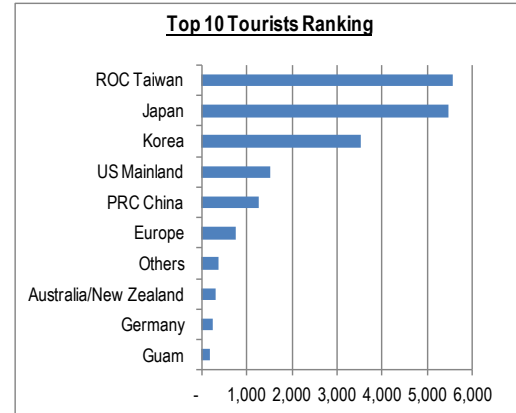
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**JUN 2013 QTR KEY FIGURES**

Purpose of Entry	Arrivals 2 <sup>nd</sup> Qtr 2012	Arrivals 2 <sup>nd</sup> Qtr 2013	% Change
Tourist	25,007	19,607	-21.6
Business	792	739	-6.7
Employment	977	1,053	7.8
Other	771	1,269	64.6
<b>Total Excluding Residents</b>	<b>27,547</b>	<b>22,668</b>	<b>-17.7</b>

Source: Palau Visitors Authority, ROP



**JUN 2013 QTR KEY FIGURES**

Country of Residence	Tourist Arrivals 2 <sup>nd</sup> Qtr 2012	Tourist Arrivals 2 <sup>nd</sup> Qtr 2013	%Change
Australia/New Zealand	299	294	-1.7
CNMI	63	42	-33.3
Europe	639	753	17.8
FSM	65	56	-13.8
Germany	170	257	51.2
Guam	321	169	-47.4
Hong Kong	158	152	-3.8
Japan	6,620	5,476	-17.3
Korea	4,032	3,515	-12.8
Philippines	143	163	14.0
PRC China	489	1,270	159.7
ROC Taiwan	10,454	5,559	-46.8
US Mainland	1,320	1,526	15.6
Others	234	375	60.3
<b>Total</b>	<b>25,007</b>	<b>19,607</b>	<b>-21.6</b>

Source: Palau Visitors Authority, ROP

**JUNE 2013 QTR KEY POINTS**

- The total number of visitors this quarter was 22,668, a decline of 18% compared to the same period last year.
- Tourist arrivals decreased by 22%. Business arrivals declined from 792 to 739. As for those traveling for employment saw 8% increase whereas Other (dependent, missionary, transit, investor, and flight crew) led the way by 65% increase.
- Inbound tourists from Japan declined by about 17%. According to statistics from the Japanese National Tourist Organization (JNTO), Japanese outbound numbers has been declining for the months of April to June. This decline may have been due to the yen's depreciation that made travelling outside Japan more expensive, coupled with JAL Dreamliner aircraft issues that seemed to have diverted the flights to Palau to other profitable destinations.
- ROC Taiwan tourists declined by 47%. Numbers from the JNTO showed an increase of tourists to Japan from ROC Taiwan. This may also be related to the effects of the cheap yen that made Japan a more favorable vacation and shopping destination.
- PRC China tourist arrivals increased by 160% over the same period last year. According to online sources, outbound Chinese travelers have significantly increased driven by its rising currency and disposable income.



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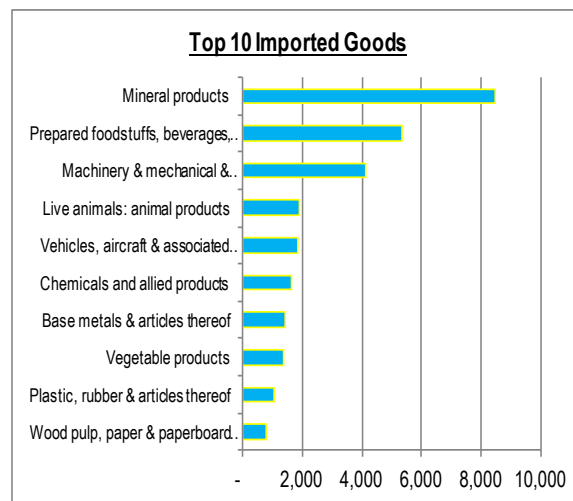
**Jun 2013 QTR KEY FIGURES**

HS Sections	Total Imports 2 <sup>nd</sup> Qtr 2012	Total Imports 2 <sup>nd</sup> Qtr 2013*	% Change
Live Animals; animal products	1,896,581	1,891,762	-0.3
Vegetable products	1,327,573	1,396,721	5.2
Prepared foodstuffs, beverages, spirits & tobacco	4,489,862	5,331,753	18.8
Mineral products	12,930,787	8,478,962	-34.4
Chemicals and allied products	1,687,549	1,655,094	-1.9
Plastic, rubber & articles thereof	934,520	1,057,677	13.2
Wood pulp, paper & paperboard & articles thereof	591,133	805,832	36.3
Base metals & articles thereof	1,162,985	1,396,873	20.1
Machinery & mechanical & electrical appliances & parts thereof	5,190,497	4,132,365	-20.4
Vehicles, aircraft & associated transport equipment	1,405,462	1,841,638	31.0
Other Imports	3,127,320	3,801,086	21.5
<b>Total</b>	<b>34,744,269</b>	<b>31,789,763</b>	<b>-8.5</b>

Source: Division of Customs, MOF and Bureau of Budget & Planning, MOF

**Jun 2013 QTR KEY POINTS**

- Total import declined by 8.5% over the same period last year. Last year's high demand of imported goods might have been connected with the national election campaign activities.
- Vegetable products saw an increase of 5.2% due to large import of rice, coffee, tea and flour.
- Prepared foodstuffs increased by 18.8%. Canned meat, baby food, snacks, ramen, seasonings, cereal and canned vegetable are some of the product under this group. People are maybe more reliant on the products as it has become a habitual and convenient part of their everyday life.
- Mineral products declined by 34.4%. Last year's high numbers of mineral product, mainly made up of fuel, was possibly driven by the national election activities.
- Plastic and rubber products increased by 13.2% due to large import of tires, car parts, hung windows & frames, blood pack, sack/bags and dry suits.
- Wood pulp and paper products saw an increase of 36.3%. This increase was mainly driven by imports of books, brochures, and other printed reading materials.
- Base metals & articles saw an increase of 20.1%, most likely related to Typhoon Bopha as some buildings, power and water system were destroyed. Large imports included wires, bars, aluminum structures, nails, roof panels, and other PPUC equipments.
- Machinery and Mechanical declined by 20.4%. Last year's high numbers was possibly caused by the import of generators that were used to replace and construct PPUC power plant and power lines at Aimeliik.
- Vehicles, aircraft & associated transport equipment group saw an increase of 31% due to large import of used vehicles from Japan.
- Other Imports saw an increase of 21.5%. The leading contributors to this increase appear to be lumbers, concrete poles, beam, furring strips, girder, steel deck, medical/surgical supplies, instruments & machines, Spray oceanographic instrument, and diving equipments. Most of these equipments were likely used to rebuild or repair damages of the Typhoon Bopha late last year.
- \*\*\*Other imports include Animal or vegetable oils & fats, Raw hides, skins, leather articles & travel goods, Wood, cork & articles thereof & plaiting material, Textiles & textile articles, Footwear, headgear, umbrellas & parts thereof, Articles of stone, plaster, cement, glass & ceramic products, Pearls, precious & semi-precious stones & metals, Photographic & optical, medical & surgical goods & clocks/watches & musical instruments, Arms and ammunition, parts & accessories thereof, Miscellaneous manufactured articles and Works of art, collectors pieces & antiques.





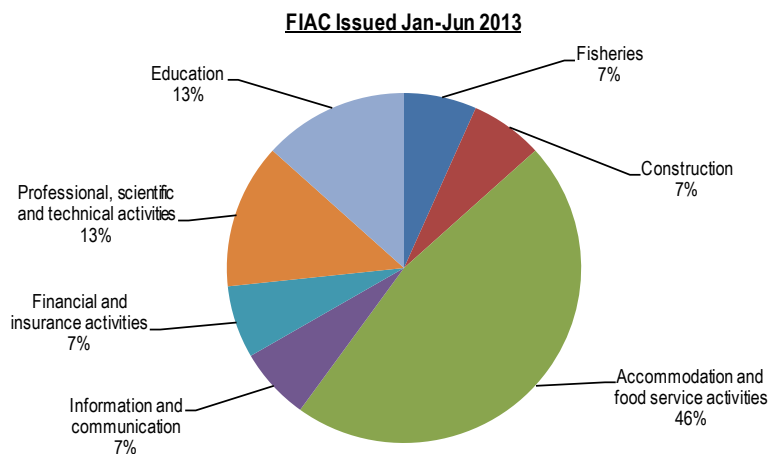
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**JUN 2013 QTR KEY FIGURES**

Industry	FIAC Issued Jan-Jun 2012	FIAC Issued Jan-Jun 2013
Agriculture	2	-
Fisheries	1	1
Water supply; sewerage, waste management and remediation activities	1	-
Construction	1	1
Transportation and storage	1	-
Accommodation and food service activities	1	7
Information and communication	-	1
Financial and insurance activities	-	1
Professional, scientific and technical activities	-	2
Administrative and support service activities	1	-
Education	-	2
<b>Total</b>	<b>8</b>	<b>15</b>

Source: Foreign Investment Board, ROP and Bureau of Budget & Planning, MOF



**JUNE 2013 QTR KEY POINTS**

- During the first half of this year, a total of 15 licenses were issued compared to 8 during the same period last year.
- Accommodation and food service industry contributed 46% to the total FIAC issued. 4 out of the 7 FIAC issued this year were actually existing businesses that have changed ownership or management. This industry includes hotel and restaurant business activities.



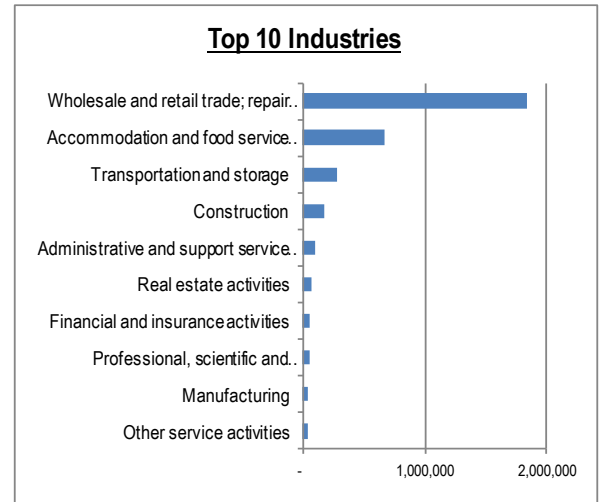
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**Jun 2013 QTR KEY FIGURES**

INDUSTRY	Total BGRT June Qtr 2012	Total BGRT June Qtr 2013	%Change
Agriculture and forestry	9,682	9,104	-6.0
Fisheries	11,541	12,928	12.0
Mining and quarrying	15,876	10,058	-36.6
Manufacturing	34,593	39,630	14.6
Construction	173,587	179,294	3.3
Wholesale & retail trade	1,767,318	1,833,470	3.7
Transportation and storage	309,744	285,262	-7.9
Accommodation and food service activities	607,634	664,004	9.3
Financial and insurance activities	51,922	55,370	6.6
Real estate activities	56,282	64,165	14.0
Professional, scientific and technical activities	54,208	54,222	0.0
Administrative and support service activities	103,542	92,520	-10.6
Other service activities	32,537	30,810	-5.3
Other industries	43,321	43,231	-0.2
<b>TOTAL</b>	<b>3,271,786</b>	<b>3,374,069</b>	<b>3.1</b>



Source: Division of Rev. & Tax, MOF and Bureau of Budget & Planning, MOF

**Jun 2013 QTR KEY POINTS**

- Overall BGRT collected this quarter was 3% higher than the same quarter last year.
- The Fisheries industry saw an increase of 12% that reflects new aquaculture businesses.
- Mining & Quarrying industry declined by approximately 36% compared to last year. Last year's high number may have been driven by the various road constructions including Koksai road and Koror state secondary roads.
- Manufacturing industry went up by 15% reflecting new beverage manufacturing businesses.
- Accommodation and Food Service industry is made up of hotels, motels, restaurants, food catering services, bar and nightclubs. Despite the decline in tourist arrivals, this industry still saw an increase of about 9%, possibly due to various workshops, conference, meetings, and trainings that took place.
- Real Estate industry is composed of space rentals, apartments, and house rentals. This industry saw an increase of 14% this period over the same period last year due to newly constructed apartment and commercial buildings that recently opened for business.
- Administrative & support service industry saw a decline of 10.6%. Most likely connected to the ongoing rise of fuel price causing profit loss. This industry includes security guard, janitorial, secretarial/clerical, car rental, boat rental, and equipment rental services.
- Other industries include Water Supply, Sewerage, Waste Management; Information and Communication; Education; Human Health and Social Work; and Arts, Entertainment and Recreation.



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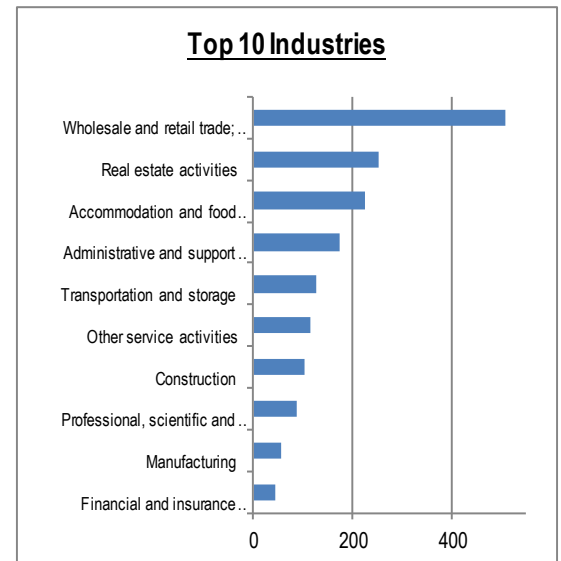
### Jun 2013 QTR KEY FIGURES

INDUSTRY	Total Registered Business License 2012	Total Registered Business License 2013	% Change
Agriculture and forestry	35	33	-5.7
Fisheries	45	42	-6.7
Mining and quarrying	11	9	-18.2
Manufacturing	67	58	-13.4
Construction	103	104	1.0
Wholesale and retail trade	548	507	-7.5
Transportation and storage	138	127	-8.0
Accommodation and food service activities	235	225	-4.3
Financial and insurance activities	46	44	-4.3
Real estate activities	289	254	-12.1
Professional, scientific & technical activities	82	87	6.1
Administrative and support service activities	167	173	3.6
Other service activities	128	116	-9.4
Other Industries**	60	57	-5.0
<b>Total</b>	<b>1,954</b>	<b>1,836</b>	<b>-6.0</b>

Source: Division of Rev. & Tax, MOF and Bureau of Budget & Planning, MOF

### Jun 2013 QTR KEY POINTS

- Business Licenses must be renewed by December 31<sup>st</sup> of each year to avoid penalty and interest fees. The table above shows the cumulative number of business licenses issued each year.
- Overall, the total number of business license certificate issued this year dropped by 6% compared to last year.
- All industries that saw a decline, possibly failed to renew their licenses. Another aspect might be closure of some businesses.
- Construction, Professional, scientific & technical and Administrative & support services industries saw an increase likely due to new establishment of businesses as well as renewal of existing business licenses.
- Mining & quarrying saw the highest decline at 18.2%. Likely due to slow demand of services plus the operating cost of such services.
- Manufacturing industry saw a decline of 13.4%. This might be linked to the high demand of imported products causing slow demand of local businesses.
- Transportation & storage industry declined by 8%, possibly driven by the ongoing increase of fuel cost and high rate of services and maintenance.
- Real estate industry declined by 12.1%. Maybe connected to maintenance cost, multiple services causing no competition and slow demand of services as people seem to have moved to their respective state while commuting to work due to the completion of the compact road.
- Other industries include Water Supply, Sewerage, Waste Management, Information and Communication, Education, Human Health and Social Work, and Arts, Entertainment and Recreation





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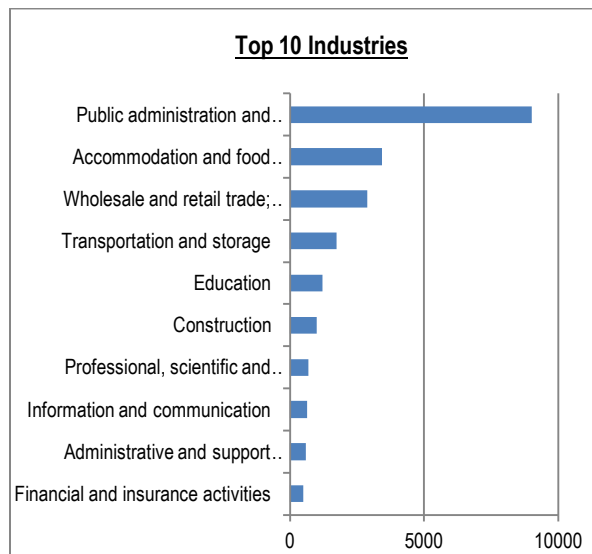
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### Jun 2013 QTR KEY FIGURES

INDUSTRY	Total Wages 2 <sup>nd</sup> Qtr 2012 (in USD'000)	Total Wages 2 <sup>nd</sup> Qtr 2013 (in USD'000)	% Change
Agriculture	84	89	6.0
Fisheries	119	123	3.4
Mining and quarrying	231	211	-8.7
Manufacturing	262	266	1.5
Construction	1,083	1,000	-7.7
Wholesale and retail trade	2,876	2,885	0.3
Transportation and storage	1,519	1,732	14.0
Accommodation and food service activities	3,194	3,444	7.8
Financial and insurance activities	523	493	-5.7
Information and communication	588	642	9.2
Real estate activities	366	358	-2.2
Professional, scientific and technical activities	737	696	-5.6
Administrative and support service activities	500	594	18.8
Public administration and defence	10,459	9,025	-13.7
Education	1,463	1,207	-17.5
Other Industries	1,524	1,631	7.0
<b>TOTAL</b>	<b>25,528</b>	<b>24,396</b>	<b>-4.4</b>

Source: Social Security Administration; Bureau of Budget & Planning, MOF



### Jun 2013 QTR KEY POINTS

- Mining and quarrying industry declined by 8.7%, as most government infrastructures were completed last year. Mainly the secondary road in Koror and the roads within the big island of Babeldaob.
- Transportation and Storage industry saw the second highest increase at 14%. This may be due to additional tourist sites that have been developed, additional airlines, causing employees to work extra hours.
- Information and communication industry saw an increase of 9.2%. Radio & television broadcasting, publishing & programming activities and telecommunication activities fall in this industry. It seems that the demand for these services is growing rapidly and customers find it very useful.
- Administrative & Support services industry increased by 18.8% and this is likely due to additional hiring of staff. Security guards, secretarial/clerical services, car rentals, boat rentals, equipment rentals and janitorial services fall in this industry.
- Public administration & defense and Education industries declined by 13.7% and 17.5%. This reduction of wages could be due to senior staffs who have reached retirement age or thirty year service.
- Other Industries include Water supply; sewerage, waste management and remediation activities, Activities of extraterritorial organizations and bodies, Arts, entertainment and recreation, Human health and social work activities, Electricity, gas, steam and air conditioning supply, Activities of household as employers, undifferentiated goods- and services-producing activities of households for own use, and Other service activities.



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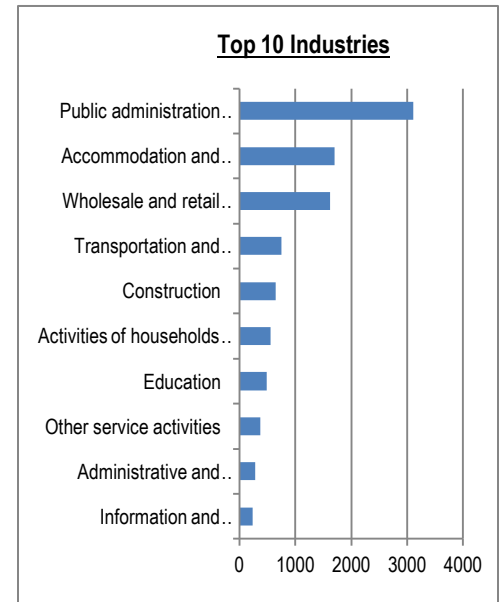
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**Jun 2013 QTR KEY FIGURES**

INDUSTRY	Average Employed 2 <sup>nd</sup> Qtr 2012	Average Employed 2 <sup>nd</sup> Qtr 2013	% Change
Agriculture and forestry	108	94	-13.0
Fisheries	99	101	2.0
Mining and quarrying	112	101	-9.8
Manufacturing	172	175	1.7
Construction	652	643	-1.4
Wholesale and retail trade	1,578	1,623	2.9
Transportation and storage	719	752	4.6
Accommodation and food service activities	1,701	1,701	0.0
Information and communication	239	228	-4.6
Real estate activities	197	193	-2.0
Administrative & support service activities	266	278	4.5
Public administration and defence	2,956	3,107	5.1
Education	509	488	-4.1
Other service activities	381	373	-2.1
Activities of households as employers	627	557	-11.2
Other Industries	514	535	4.1
<b>TOTAL</b>	<b>10,830</b>	<b>10,949</b>	<b>1.1</b>

Source: Social Security Administration and Bureau of Budget & Planning, MOF



**Jun 2013 QTR KEY POINTS**

- Quarterly employment numbers are derived by averaging total number of people filing returns at the end of the quarter. Industry employment counts are classified based on the business activity as disclosed on their Social Security activity description.
- Average number of people receiving wages in the 2<sup>nd</sup> quarter of 2013 was 10,949 persons, which is an increase of 1% over the same quarter last year.
- The Agriculture & Forestry industry saw a decline of 13%. It is believed that it is related to the effects of typhoon Bopha late last year.
- Mining and Quarrying industry declined by 9.8%, likely due to the completion of most infrastructure project late last year.
- Public administration saw the largest increase of 5.1%, possibly due to hiring of new staff to fill in existing unfilled positions and new vacant positions.
- Activities of households as employers declined by 11.2% due to the growing number of foreign laborers returning home. This is likely connected to the Health Care Fund program allowing MSA refund to foreigners returning home for good. Another aspect was the POEA restricting arrival of their citizens seeking employment due to human trafficking. This group includes domestic helpers, cooks, waiters, caretakers, babysitters, tutors and secretaries.
- Other Industries include Water supply; sewerage, waste management and remediation activities, Activities of extraterritorial organizations and bodies, Arts, entertainment and recreation, Human health and social work activities, Electricity, gas, steam and air conditioning supply, Financial and insurance activities, and Professional, scientific and technical activities.
- Overall, the total average employment increased by 1%, but this is likely to change due to late filers. The next release should contain a different set of numbers that's already taken into account the late filers.