



State of the Republic Address

**By President Tommy E. Remengesau, Jr.
Before the Ninth Olbiil Era Kelulau**

April 14, 2016

Mr. Senate President, Mr. Speaker, Mr. Vice President, and Chief Justice, I ask to join with you and all the Senators, Delegates, Ministers and Justices present here today in the People's chamber and respectfully extend our warm greetings to Ibedul, Reklai, the Council of Chiefs, Bilung, Ebil Reklai, the First Lady, and all the Mechesil Belau, Governors, Speakers, all State legislators, members of the Diplomatic Corps, students, fellow Palauans, and ladies and gentlemen. Good morning and thank you for coming together at this special joint session of the Olbiil Era Kelulau as I present to the people our State of the Republic Address.

Ladies and Gentlemen, before we move on to the State of our Republic, we must first address our current water crisis, which recently led to the declaration of a State of Emergency on March 22nd. We all wish that we did not have the drought to talk about, but regrettably, this is a reality that we need to deal with today and into the future due to climate change. But we have faced other emergencies before and we have always come through as a nation and as a people. In fact, our Island has always provided our forefathers with extreme weather and other challenges unique to islands. These challenges have been met with strength and unity and have helped to shape our strong Palauan character. Whether it was the collapse of our Koror-Airai Bridge, the Asian Financial Crisis, the ravages of Tropical Storm Utor, 911, the Wars in Afghanistan and Iraq, the U.S. Stock Market Crash, the SARS epidemic, the Bird Flu, or the back-to-back Super Typhoons Bopha and Haiyan, we held our ground, strengthened our defenses, and come away a stronger nation. My friends, as with these events, we must come together and find solutions. And that is what we are doing.

Out of necessity, we have implemented water rationing hours at levels that allow us to avoid a complete shutdown of water services. We are using just 500,000 gallons a day. This is about 1/5 of our average usage. We are addressing other sources to supplement this level. We have started by undertaking an assessment of our needs during the emergency. We have tested and commissioned existing wells and bore holes previously drilled over the past quarter of a century. These wells and bore holes are now providing almost 200,000 gallons per day.



We have also implemented a coordinated water delivery system with National, State and Private participation to all affected areas. Specifically, we have begun transporting water from readily accessible water resources in Babeldaob to Koror. We are also delivering water to vulnerable households and businesses, including hotels and restaurants. This Coordination of effort is ensuring that all those who have water shortages are receiving sufficient water to survive this drought. We will continue to strive to improve this delivery system.

In addition, we are looking at our desalinization options. For example, Israel has offered to deliver desalinization equipment, and the Civic Action Team is working to bring its desalinization equipment on-line. Japan has provided portable jerry cans, water tanks and water purifiers to assist water storage and delivery. Taiwan has provided ten tons of drinking water. We continue to source water pumps, bladders, water purifiers, and generators to increase output.

Despite these efforts, the emergency nature of our response remains. We continue to suffer severe water shortages that pose real risks to lives, health, livelihood and economic stability.

Ladies and Gentlemen, this drought is a wakeup call. Over the past years, Palau's average usage has been approximately three million gallons a day. This is approximately 165 gallons of usage per person per day, around three times the usage of developed nations throughout the world. This excessive use and leaks in our system have made a bad situation worse.

We must use this wake-up call to not only respond to the current situation, but to insure that we are better prepared for any future water shortages. We need to come out of this more conservative in our water usage and must take actions to strengthen our water resources. We must therefore connect our Tabecheding water resources to the Airai water distribution system and we must also explore and bore more wells to secure at least 500,000 gallons a day. And we must maintain these wells during water rich times. Overall, we must improve our medium and long-term planning.

Above all, we must continue to work together as a community to respond to this crisis and to conserve as much water as we can. Together, we will survive this crisis, as we always have. We must understand that we cannot continue to grow if we do not use our water resources more wisely. Climate Change is our new reality and it is not going away. We need to be prepared.

In my 2013 State of the Republic Address, given shortly after coming into office, we stated that our Republic was adjusting our sails to take advantage of fairwinds after experiencing rough seas in recent years. At the time our economy was in a state of disrepair. Our gross



domestic product had plummeted from approximately \$207 million in 2007 to approximately \$174 million. Our real wages had decreased by 17% and our Palauan population had decreased by approximately 2,500 people since 2005. We had a budget deficit of nearly \$13 million at the end of Fiscal Year 2011, and likely much higher. We had significant overdue balances in our Pension, Social Security and our Health Care funds. We were short on doctors and nurses at our Hospital, our sewer system was under capacity and our power grid capacity was in danger of failing. In addition, our roads and our capital building were in need of repair.

In response to this unfortunate state of affairs, we developed a strong partnership with the Olbiil Era Kelelau, our traditional and state leaders and our private sector to chart a new course that focused on raising income for all Palauans, restoring transparency and accountability, enhancing governmental performance and expanding Palau's economy.

Today, I am very happy and proud to report on the work accomplished by this administration and the Olbiil Era Kelulau in responding to this dire situation. Three and one-half years since taking office, we now have a balanced budget. In fact, we have a surplus, of our own making. We are also now paying our bills in a timely fashion. We accomplished this while increasing the minimum wage, providing a cost of living increase to our government workers and bringing up to date our contributions to the Pension, Social Security and Health Care Funds. In addition, we put in place a General Reserve Fund to ensure that we have a financial safety net for the future. We accomplished these successes because we worked together -- for the betterment of our People and our Nation. But much work remains.

My friends, the key to our future success, as a people and as a nation, will be to continue this partnership in finding a balance between economic development, the protection of our environment and the preservation of our cultural heritage. On October 28, 2015, the Palau National Marine Sanctuary Act was signed. This new law, when implemented, will establish a "no-take" marine reserve with no fishing, mining or drilling allowed. Meanwhile, the remaining 20 percent of Palau's ocean will be reserved for local fishing to supply the Palauan market. The no-take sanctuary will help replenish our fish stocks while our domestic fishing zone will reap the benefits of spillover. The two areas will work together to create business opportunities for Palau's local fishermen.

The passage of this law was a monumental effort. It took the work of many, many people, the OEK, our states and a variety of organizations to carefully define the breadth and limitations of the sanctuary and to overcome vested interests. My fellow Palauans, like you, we believe the marine sanctuary was a good decision for our future and for our children. I would like everyone



here to look to his or her right and shake the hand of your neighbor for their hard work and for their belief in Palau's future. Without your neighbor, we would never have achieved this goal. It was not easy, but rarely are the most worthwhile endeavors easy. Let us give each other a round of applause.

Now that we have the law, we must implement the law. That will require the actual imposition of our Environmental Impact Fee and the identification of supplemental funding resources. We are already working diligently to identify additional funding and to establish the foundation for long-term funding capacity.

We already have initial grant commitments from Italy, Spain, Morocco, Oceans 5, PEW, Google and TNC to assist in our transition to this new regime. More commitments will be coming. We are looking into a potential debt for nature swap that will permit us to divert current loan payments to activities that support the Marine Sanctuary. With this funding we will put into place the strong foundations for an effective Marine Sanctuary.

As funding streams become available, we will establish a strong domestic fishing industry in Palau. Think of this: a fishing industry run by Palauans for the benefit of Palauans. I believe we would all agree that this is much better than receiving the meager 4% of the value of the tuna currently caught in our waters that we have been receiving.

Last year we warned that Palau will not tolerate poachers in our waters and we meant it. If you come to Palau to steal our fish, we will find you and you will be punished. To back up these strong words, we are strengthening our surveillance and enforcement system to better protect our ocean resources from poachers. This week a directive adopting a five-year action plan will be signed to enhance our surveillance and enforcement capabilities. This plan will be financed and implemented with the help of our partners. In addition, in February we formalized our partnership with the Nippon Foundation and the Sasakawa Peace Foundation, which includes an enforcement assistance package valued at nearly \$100 million dollars. With these and other important partnerships we are already catching more poachers. With our new action plan we are putting Palau on the right path to effectively stopping illegal fishing.

Over the past three and one half years, we have also made major headway in expanding our infrastructure to support our tourism industry and our overall economic expansion. After dealing with emergency maintenance issues such as water, waste water, power and our National Capital and other public facilities, we then looked to larger issues of infrastructure expansion.



Despite difficulties caused by Super Typhoons Bopha and Haiyan, which caused significant challenges and requirements for our infrastructure, we have made headway in expanding our national and state infrastructure to support our tourism industry and other economic opportunities. We renewed our efforts to connect our Compact Road to our state road networks and to improve these state roads. We are also looking to assist the States in developing potential visitor attraction sites and in developing recreational parks. This type of focused investments at the state level will greatly expand State revenue options.

In addition, we are working on a number of other on-going projects in support of state economic development, including the Peleliu-Angaur Solar Energy Project. This project will reduce reliance on diesel fuel, reduce our overall energy cost and expand water supply. With concessionary financing from the Republic of China, Taiwan, we also continue to move forward with the Animal Production-Aquaculture Production Projects, and a Pilot Residential Housing Subdivision Project. The Animal and Aquaculture Production projects will promote food security and sustainable livelihood at the state level. The Housing Project will assist in the natural relocation of our people to ancestral homelands and will greatly expand state economic activity.

We have focused on a number of large projects that will support the development of our tourism industry and overall economic development. They include the Koror – Airai Sanitation Project (\$28.8 Million) and the Koror-Airai Water Supply System Improvements (\$16 million). We have also gained concessionary loan funding from the Asian Development Bank to bring a submarine fiber optic cable to Palau within the next year (\$25 million). Altogether, these current projects total approximately \$95 million.

Finally, we are working to realize a number of other essential projects, including a major expansion of the National Airport Terminal Building, a Babeldaob Water Supply Project, a new prison facility, fruit fly eradication, and the establishment of a new national landfill and recycling facility in Babeldaob.

Ladies and Gentlemen, as I mentioned earlier, when we came into Office, our governmental financial system was in dire straits. In addition, our Executive Branch had moved away from the transparency that is the backbone of any vibrant democracy. No Special Prosecutor had been in place since 2010 to ensure that our government officials followed our laws and spend our public funds pursuant to these laws.

We therefore went to work to improve both our accountability and our transparency. As a base, we adopted the Management Action Plan and Structure that focuses on:



- ✓ Improving and Supporting Transparency and Accountability;
- ✓ Improving Government Operations and Performance;
- ✓ Improve our Peoples' Standard of Living; and
- ✓ Developing the Economy.

In support of Transparency and Accountability, we rescinded prior Executive Order Nos. 279 and 301 and adopted Executive Order No. 317 requiring that the President and Vice President once again are required to adhere to per diem rates and to justify and account for all official expenses that are paid for with public funds. Working with the OEK, we gained passage of RPPL 9-5, which eliminated the ability of the President to suspend Capital Improvement Projects from the competitive bidding process. And in supporting the passage of RPPL No. 9-9, we expanded the mandate of the Public Auditor to include the operation and expenditures of State Governments. In addition, we appointed a Special Prosecutor, and when the Senate failed to confirm him, we established an Interim Special Prosecutor position to serve that function until confirmation occurred. We just recently appointed another Special Prosecutor in hopes that the Senate will this time confirm this critical public officer.

To support Government Operations and Performance, we reinstated Performance Management. This allows us to fully comply with government performance reporting requirements of our budget law. We also brought our books into order and are now able to fully comply with our annual audit requirements. We also invested in our information management systems, which allow us to timely file more reliable financial and other reports that permits better evaluation of government performance.

To improve the People's Standard of Living, we worked with the OEK on a number of initiatives, including the passage of a minimum wage law. We also worked to gain passage of a cost of living increase for government employees. In addition, we increased Social Security payments and increased payments to the disabled. Finally, we increased the top limits of health care coverage and established the power subsidy for our vulnerable citizens.

We worked to Develop the Economy in a number of different ways, especially in regard to Palau's tourism industry.

We know that Palau's unique attraction to the world is based upon the beauty of our natural marine environment. If we kill the goose, we will also kill the golden egg. Likewise, if we allow irresponsible growth, we will lose control of our own economy. And if we lose control of



our economy, our culture and our traditions are soon to follow. We must work to establish a careful balance between economic return and environmental integrity, always keeping an eye on our cultural vigor and our social health.

As we all know, Palau has experienced a major boom in its tourism industry over the past two years. We have seen our tourist numbers increase in 2013 from 110,823 to 168,768 in 2015. This represents an impressive 52% increase. Of this, 54% of the tourists and business visitors were from Mainland China. And approximately 85% of these tourists arrived on charter flights. This is an increase from 9,354 in 2013 to 91,168 in 2015, an incredible increase of 970 percent.

With the influx of visitors from Mainland China, we have seen decreases in tourists during this same time frame of approximately 18 percent from Japan, 33 percent from South Korea, 46 percent from the Republic of China, Taiwan and 16 percent from Europe. This tourist mix, leaning heavily towards one country, is very unstable.

While this increase in tourists has, indeed, resulted in an increase of overall tourism revenues, from \$118 Million in 2013 to \$158.9 in 2015, unfortunately, the average revenue per visitor arrival and visitor per night has simultaneously dropped by approximately 24 percent.

In response, we must come together to solve this problem and return to our vision of a high-end tourism destination with a maximum return on investment and a diverse set of tourism partners as our goal. We have already begun this process. In April of 2014, based on the recommendations of the Economic Advisory Group, we reduced charter flights to stem the tide of ever-expanding increases in low-value tourists. It appears that this effort has stabilized arrival numbers and permitted us the necessary time to establish effective policies that allow us to return to a high value tourism model.

During this break, we are in the process of establishing regular air service to China and moving away from the charter business model, based upon a fair-share allocation that strengthens the diversity of our tourism clientele and strengthens us against regional events. I am also happy to announce that All Nippon Airways, (ANA) will be initiating exploratory flights preliminary to establishing regular flights from Japan.

We have also received technical assistance from the Asian Development Bank and the Pacific Asia Travel Association (PATA) to engage consultants and to begin the work of establishing appropriate routes to key markets and developing a market strategy for China that will focus on high value Chinese guests. We have also received significant assistance from the U.S



Department of Interior to put in place a Tourism Master Plan. To help guide this reform effort, we have created the new Bureau of Tourism.

We have also adopted a new marketing scheme put forth by the Palau Visitors' Authority, known as "Pristine Paradise. Palau". This branding is only relevant for a high-end and responsible tourism industry and is perfectly in line with the establishment of the Palau National Marine Sanctuary. This brand is not just words; it relates to the total experience of Palau. It therefore relates to investment, the food one eats, the architecture of our buildings, the quality of our room and the overall experience one has when one visits Palau.

At the end of the day, we are not talking about China, Japan, Europe Taiwan or the United States. We are talking about Palau. What we want is a reasonable number of like-minded, high value visitors from a diverse group of nations and people, who visit Palau because Palau is uniquely Palau.

But while tourism planning is definitely a key to solving the issue of a diverse tourism industry for our future, it is just as important that we solve the issue of our foreign investment. Unfortunately, our foreign investment regime and law has so many loopholes that a foreign investor is probably wiser to avoid our FIB requirements than to comply with them. We all complain about front businesses, except the ones that we own. Hotels, restaurants, and all tourism businesses are going around our law using Palauan names to operate outside the law. Within this context, the FIB currently has only two employees and almost no enforcement capacity.

In 2010, our foreign investment regulations were amended to limit certain protections to our local businesses. We must reinstate these protections and I have already introduced legislation to eliminate front businesses. We hope that you can work on this amendment during your April Session. We must also add into our FIB Law requirements that all foreign-owned hotels be five-star hotels and we must define exactly what a five-star hotel is. We must therefore establish minimum standards for hotels in line with our high value tourism policy. I have already introduced a high-end tourism amendment to accomplish this. Under this amendment, these hotels must be ready to provide their own sewer and water services as well as road access. This infrastructure will benefit both the hotel and the community. In return, the government can grant the hotels tax credits. This is a win-win situation for everyone. I ask that you pass this law in your April Session.

In addition, our current tax laws give insufficient powers to the Minister of Finance to enforce tax laws through the use of presumptive tax liability. It is time that we make foreign businesses



that pay little or no taxes prove that they do not make the revenues that we know that they, in fact, make. Until that time, and until they can prove otherwise, we must presume they are making healthy revenues. That is why they are here. I will work with the OEK to propose new legislation that focuses on these administrative tax issues. Again, it is in this context that we target responsible investors. Palau's doors are open to like-minded individuals who respect our vision for development.

To realize as much as we can from tourism, we must also insert ourselves and our people into the tourism product supply chain. This means we need to develop and produce more of the products that the tourists eat, drink and purchase and in owning a greater share of the tourism facilities and transportation systems. To accomplish this we must continue to develop necessary standards, provide necessary financing, and make available suitable training opportunities.

While tourism continues to drive our economy, we have many opportunities available to our people resulting from this bread and butter industry. We have consequently worked to enhance and expand our agriculture and aquaculture sectors. We have established a viable livestock production program involving pigs and chickens and we plan the construction of a slaughterhouse. We have also created the capacity to develop feed for poultry and pigs.

In the area of aquaculture, we have had great success in seeding clams throughout our reefs and have gained commitments from Japan to provide assistance to expand our Giant Clam Center. We are also looking to expand our aquaculture to farm rabbit fish and other species for the local markets.

To assist both agriculture and aquaculture, we have committed \$5 million to the National Development Bank to provide concessionary loans to small and medium private projects. I encourage everyone to take advantage of this opportunity.

Our ultimate goal is to ensure our country's food security and sustainable livelihoods in the future. This will also result in expanded job opportunities and revenues as a natural supplement to our tourism industry.

As I have always said, our environment is our economy and our economy is our environment; it is our most important asset. Not only does our tourism industry depend on the environment -- so too do our people. In recent months, we have had to make serious decisions regarding the drought, a direct result of one of the world's greatest global challenges; climate change. This will not be the last time we must confront this global problem.



The environment represents the essence of our culture, our social welfare, and at the end of the day, our happiness. The Greek word ‘*Ecos*’ means house. And in Palau, the environment is truly our house. Let us not destroy our house for instant gratification.

Internationally, Palau is considered a model of integration between development and the environment. We must live up to this reputation and continue to build on our success in responding to the challenges of both. We must ensure that our efforts to generate more development opportunities do not threaten our environment.

This is why we fought in Paris, at the Climate Change Conference of the Parties, known as COP 21, to direct the world towards a lower projected temperature increase from global warming (from over 2degrees Celsius to below 1.5 degrees Celsius). And this is why it was critical for Palau to partner with the United State National Renewable Energy Lab and complete our intended National Determined Contribution to this global challenge. We offer our thanks to the Palau National Congress and the people of Palau for supporting these efforts and allowing Palau to become the 2nd country in the world to ratify the Paris Climate Treaty, which the global community will be signing officially next week at the United Nations in New York.

As a country, our Global responsibilities reachfar beyond our oceans and we have taken a lead in encouraging small islands, both within our Pacific Family and our Global Island Partnership across the world, to identify shared issues and to work together to make the rest of the world listen. One such occasion was the historic adoption of the Sustainable Development Goals at the 2015 United Nations General Assembly. By their adoption, the world community committed to a Post-2015 Agenda that established a strong set of imperatives for transformational change that all our peoples so urgently need to preserve our cultures, our economies, and our environment, and to thereby ensure a sustainable and prosperous future for our children. For Palau, the commitment to a separate ‘Oceans’ Sustainable Development Goal will result in new opportunities to preserve our primary asset, the ocean.

Ladies and Gentlemen, we must also maintain and strengthen the social fabric of our nation. This requires that we focus on our most important asset, our youth. The youth of Palau are a reflection of our country: vibrant, dynamic resilient and optimistic. This is why we declared this 2016 the year of the Youth. This is why we launched the Youth Small Grant Initiative.

Young people who believe in the value of hard work and in the values and fundamental principles that unite us as a people will ensure the prosperity and health of our nation. The youth



of our country are more and more connected to the global village. This brings both challenges and opportunities. We must do all that we can to maximize these opportunities. In this context, the Ministry of State and the Ministry of Education have been assigned to strengthen our education scholarship outreach programs and make sure that students take advantage of available scholarship and training opportunities.

To ensure that our young people become productive citizens and live up to our lofty expectations, we must ensure an environment that allows for good citizenship. And good citizenship cannot exist within an environment where drug use prevails. That is why we established the National Drug Task Force. Since its creation, the Task Force has been responsible for the seizure of significant amounts of Meth Amphetamine and other drugs and we will put those who choose to sell drugs to our youth behind bars. The Task Force will remain in existence until we can truly say that our children are safe from drugs.

In the context of the many challenges that we have faced and the significant accomplishments that we have made, just what is the State of the Republic today? After a slight decline in our Gross Domestic Product in FY 2013, which is reflective of a slight downturn in tourism in 2012, the 2014 economy grew by approximately 5 percent in 2014 and 12 percent in 2015. These increases paralleled significant increases in tourism in both years, which expanded by 33% in 2015 to approximately 167,000 tourists. Unfortunately, while these increases reflect a greater number of tourists, they also reflect a much lower average revenue per visitor arrival, which dropped by approximately 24% over the two years. The increase in GDP is reflective of a broad based growth in all sectors.

After a slight slowdown in FY 2013, the government revenues also bounced back in FY 2014 with a 16 percent increase and a 7% increase in 2015. Tax collections increased by 17% during this period largely fueled by wage increases in the government and the private sector, reflective of the Government Cost of Living Increase and the increase in minimum wage in 2014.

The total number of employees in Palau increased by 5.6 percent in FY 2015. The total average wage and salary level increased for all workers from \$9,906 to 10,271 in 2015. The average wage of Palauans was \$13,475. The average foreign wage is \$7,606. The wage gains, tourism and construction that contributed to the growth in FY 2015 are expected to continue over the next couple of years. Construction is expected to perform strongly due to renovation and improvements to new and existing hotels. In addition, expanded financing to Agriculture and Aquaculture will encourage commercial activities and increased income.



In conclusion, our growth prospects for the medium term are very favorable. This positive outlook reflects continued strong growth in the tourism industry and construction. But we also face significant long-term challenges that could adversely affect our growth prospects. These include the current trend towards a mass tourism rather than a high-value tourism model, our weak foreign investment regime and enforcement and an outdated tax regime that does not ensure effective tax collection from all sources. Reform in these areas is critical in order for Palau to remain on a sustainable growth path.

As a small island developing nation, we look to take advantage of regional and international funding opportunities. With this funding support we are able to address many of our national development objectives. We extend our sincere appreciation to our development partners for their continued support and consideration.

Having passed on the baton as the Chair of the Pacific Islands Forum to Papua New Guinea, Palau must continue to work with regional partners, not only through the Pacific Islands Forum, but also through other regional and sub-regional organizations such as the newly named Micronesian Islands Forum (Formerly the Micronesia Chief Executives Summit and the Micronesia Presidents' Summit) to move the Pacific Agenda forward. That agenda is consistent with our own national plans and objectives and therefore contributes to our own planning agenda.

We applaud the United States for its leadership in the recent Paris Climate Change Conference of the Parties. For the first time in a long time, it looks as though the global community will take serious action to not only reduce greenhouse gasses, but to also provide global funding to for adaption measures to this global crisis.

We will continue to stand with the United States in its effort to support the institutions of democracy worldwide. Palau also expresses its on-going support to the United States in its efforts to eliminate terrorism worldwide. We applaud the United States for its endeavors to normalize relations with Cuba as formalized by President Obama's recent visit. We are hopeful that during this year's election environment, we will be able to conclude the ratification of the Compact Review Agreement. Finally, we offer our thanks to the United States for its continued support of Palau's environmental agenda, particularly the creation of the Palau National Marine Sanctuary and we request continued and expanded support for our surveillance efforts.

We would also like to acknowledge the significant support that we have received over the years from our close friend and ally Japan. We fondly remember, on this 1st anniversary of the visit of their Majesties, the Emperor and Empress of Japan, whose visit honored the many lost souls who



lost their lives in World War II. Their visit clearly demonstrated the strong and special relationship between the People of our two countries. Japan's support of Palau's development agenda has been critical over the years through their Overseas Development Aid. We continue to be thankful for this developmental support that has been so graciously provided. As our neighbor and our friend, we support the efforts of Japan to secure a seat on the Security Council of the United Nations. Finally, we offer our sincere thanks for the very generous support provided to the Palau National Marine Sanctuary by the Nippon Foundation and the Sasakawa Peace Foundation through the MOU signed by our two countries to provide surveillance vessels and related support assistance to the Sanctuary.

The Republic of China is another key ally in our Pacific region. We offer our thanks to Taiwan for its close and continuing friendship and its on-going economic support to Palau's development efforts. We congratulate President Tsai Ing-wen for her election as the first woman president of the Republic of China. Over the years, Taiwan has always been incredibly responsive to our needs and has been ready to engage in consultations on a variety of challenges that we face. The Republic of Palau values the commitment and contributions of the Republic of China as a strong development partner. Taiwan has achieved much over the past decades to cement its self-determination. It is only fair and reasonable that these achievements be recognized and that Taiwan be placed in its rightful and equal place in the international community. We will strongly support these efforts.

We also offer our thanks to our Pacific friends and neighbors of the Pacific Islands Forum and offer our support and commitment for the new Pacific Framework for Regionalism as well as many other nations, including Australia, New Zealand and the members of the European community, who have become strong allies to Palau in the region and in the international fora.

Mr. Senate President, Mr. Speaker. Our nation has accomplished a great deal during the past 3½ years. Our tourism numbers, our salaries and our National and State revenues are up, and our treasury has a surplus. We are once again preparing accurate audits -- on time. We have a transparent government in place with an independent AG and with an Interim Special Prosecutor and a Special Prosecutor Appointment. We have also increased our support to our young, old and disabled. We have dynamic public sector infrastructure development for a nation our size. We have a National Marine Sanctuary with major revenues dedicated to its implementation, with more revenues to be identified. Our government helped spur an international forward looking Climate Change Agreement and we led the successful creation of an Ocean's Sustainable Development Goal as adopted by all of the countries of the World through the United Nations.



The key, my fellow Palauans, is working together with strength and with resolve to solve these challenges, just as we did when we came into office three and a half years ago.

The simple truth is that the World we live in now is a very complex place and there is not a single country that does not have its share of difficulties. We must be thankful that our problems do not include civil war, terrorism, major disasters and abject poverty.

What we need today and tomorrow is a responsive government that is sensitive to the needs of its people – a caring government – a government that operates more like a business in order to live within its means, but understands that it is not a business and must ensure the welfare of everyone. This can only be achieved through strong, inclusive and effective leadership.

People of Palau, it has been, and it always will be, my greatest honor, to serve you.

Thank You.