Republic of Palau
Office of the President

Tommy E. Remengesau, Jr.
President

P.O. Box 6051, Palau, PW 96940
Tel. (680) 767-2403/2828
Fax. (680) 767-2424/1662
Email: rop.president@palaunet.com

April 27, 2020
Serial No. 20-1689

The Honorable Hokkons Baules
President of the Senate
10th Olbiil Era Kelulau
Ngerulmud, Palau National Capitol
Republic of Palau 96939

Signing Statement Re: SB 10-174, SD2, PD1, to establish a landing fee for vessels engaging in the transshipment at port of tuna or billfish caught outside of Palau

Dear Senate President Baules:

Thank you for your quick consideration of Senate Bill No. 10-174, SD2, PD1.

I want to thank you again for collaborating on this legislation with the Minister of Finance and the Minister of the Environment, Natural Resources, and Tourism. In its final form, this bill creates a potential incentive for foreign fishing fleets to use Palau's port as a transshipment location for fish caught outside the Republic. This could, in turn, incentivize additional airline service, and generate local economic activity related to refueling or supplying.

With smart protections for our local fishing industry, this bill will not affect the important work we are doing on marine conservation and sustainable food security. Thank you for your kind consideration of my suggested changes.

Sincerely,

Tommy E. Remengesau, Jr.
President of the Republic of Palau

Cc: Speaker Sabino Anastacio

Republic of Palau
Office of the President

Tommy E. Remengesau, Jr.
President

P.O. Box 6051, Palau, PW 96940
Tel. (680) 767-2403/2828
Fax. (680) 767-2424/1662
Email: rop.president@palaunet.com

April 27, 2020
Serial No. 20-1689

The Honorable Sabino Anastacio
Speaker of the House of Delegates
10th Olbiil Era Kelulau
Ngerulmud, Palau National Capitol
Republic of Palau 96939

Signing Statement Re: SB 10-174, SD2, PD1, to establish a landing fee for vessels engaging in the transshipment at port of tuna or billfish caught outside of Palau

Dear Speaker Anastacio:

Thank you for your quick consideration of Senate Bill No. 10-174, SD2, PD1.

I want to thank you again for collaborating on this legislation with the Minister of Finance and the Minister of the Environment, Natural Resources, and Tourism. In its final form, this bill creates a potential incentive for foreign fishing fleets to use Palau's port as a transshipment location for fish caught outside the Republic. This could, in turn, incentivize additional airline service, and generate local economic activity related to refueling or supplying.

With smart protections for our local fishing industry, this bill will not affect the important work we are doing on marine conservation and sustainable food security. Thank you for your kind consideration of my suggested changes.

Sincerely,

Tommy E. Remengesau, Jr.
President of the Republic of Palau

Cc: Senate President Hokkons Baules

RPPL NO. 10-57

The Senate

TENTH OLBIIL ERA KELULAU

P.O. Box 8, Ngerulmud
Republic of Palau 96939

Fourteenth Special Session

April 2020

INTRODUCED AS SENATE BILL NO. 10-174, SD2, PD1

AN ACT

SEE TITLE INSIDE

INTRODUCED BY SENATOR (S) Senate President Hokkons Baules

ET, AL.,

DATE INTRODUCED March 3, 2020

SENATE ACTION

FIRST READING:	March 3, 2020
REFERRED TO:	Resources, Commerce, Trade & Development
STANDING COMMITTEE REPORT NO.:	10-247
DATE ADOPTED:	March 20, 2020
SECOND READING:	March 20, 2020
LEGAL FORMAT:	Proper
REVIEW:	March 26, 2020
THIRD READING:	March 26, 2020
FINAL READING:	April 22, 2020

HOUSE ACTION

FIRST READING:	March 26, 2020
REFERRED TO:	Ways and Means
STANDING COMMITTEE REPORT NO.:	10-109
DATE ADOPTED:	April 6, 2020
SECOND READING:	April 6, 2020
LEGAL FORMAT:	Proper
REVIEW:	April 6, 2020
THIRD READING:	April 8, 2020
FINAL READING:	April 24, 2020

CONFERENCE COMMITTEE ACTION

DATE:	NONE
COMMITTEE REPORT NO.:	NONE
DATE PASSED:	NONE
FINAL READING:	NONE

Ann L. Pedro
CLERK OF THE SENATE

Marcello Ngirkelau
CLERK, HOUSE OF DELEGATES

TENTH OLBIIL ERA KELULAU

Fourteenth Special Session, March 2020 RPPL NO. 10-57
(Passed as Senate Bill No. 10-174, SD2, PD1)

AN ACT

To amend Section 1406 of Title 40 of the Palau National Code, the fish export tax, to exempt from the tax tuna or billfish caught outside of Palau, off-loaded in Palau, and then exported for commercial purposes; to add a new Section 1407 to Title 40 of the Palau National Code to establish a landing fee for vessels engaging in the transshipment of tuna or billfish caught outside of Palau; and for other related purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBIIL ERA KELULAU DO ENACT AS FOLLOWS:

Section 1. Legislative findings. The Olbiil Era Kelulau finds that the Palau National Marine Sanctuary Act, including recent amendments to the Act, has resulted in significant changes to Palau's fishing industry. While these changes are important to preserve the Republic's precious marine resources and to promote the further development of a local fishing industry, the amendments have negatively impacted certain companies with long-standing presences in Palau. If these companies stop operating in Palau, the country will be harmed through the loss of local employment and the corresponding loss of income and Social Security tax revenue, shortages of available fish for on-island consumption and the associated gross revenue taxes from domestic sales, and impact on other industries that supply the goods and services these companies need for their operations (e.g., fuel, construction materials, etc.).

Therefore, the government must find a solution to help these companies maintain their presence in Palau without sacrificing or diminishing our conservation efforts and environmental commitments. The Olbiil Era Kelulau finds that the most appropriate action to take at this point is to exempt these companies from paying export taxes on fish caught outside of Palau's waters, off-loaded in Palau, and then exported for commercial purposes. This exception to the fish export tax will not affect the current operation of the Palau National Marine Sanctuary and Domestic Fishing Zone, as the exemption will only apply to fish originating from outside of Palau's territory. Furthermore, although this amendment to the law will decrease the revenue Palau receives from the fish export tax, the exemption will allow these companies to continue contributing to Palau's

economy through their employment of a local workforce, payment of all other applicable taxes, and patronage of existing local businesses.

Section 2. Amendment. Section 1406 of Title 40 of the Palau National Code is hereby amended as follows:

"§ 1406. Fish export tax.

There is hereby imposed a tax of fifty cents ($0.50) per kilogram on any species of tuna, in any form, and any species of billfish, in any form, exported for commercial purposes; provided, however, that such tax shall not be imposed or collected on tuna or billfish, that is fished, as defined in 27 PNC Chapter 1, outside of Palau's waters, as defined in 27 PNC Chapter 1, and off-loaded in Palau pursuant to an agreement for transshipment at port negotiated pursuant to Section 1407. There is hereby imposed a tax of thirty-five cents ($0.35) per kilogram on all fish, in any form, excluding any species of tuna and any species of billfish, exported for commercial purposes. The Minister of Finance and Ministry of Natural Resources, Environment and Tourism shall jointly promulgate such regulations and inspection procedures as are necessary to ensure the proper collection of this tax."

Section 3. Amendment. Title 40 of the Palau National Code is hereby amended to add a new Section 1407 to read as follows:

"§ 1407. Landing fee for transshipment at port of tuna or billfish.

(a) The Minister of Finance and Ministry of Natural Resources, Environment and Tourism shall jointly promulgate regulations defining the scope of transshipment at port, and establishing mandatory terms for agreements for transshipment at port, which shall include terms requiring the use of automatic location communicators as set forth in Chapter 2 of Title 27 of the Palau National Code and terms governing the domestic sale of fish. These regulations shall establish a reasonable landing fee for vessels engaging in the transshipment at port of tuna or billfish fished outside of Palau's waters; provided, however, that the landing fee imposed on any particular fishing vessel shall be no less than ten cents ($0.10) per kilogram of tuna or billfish off-loaded by the vessel.

(b) Agreements for transshipment at port shall be negotiated between vessel owners and the Republic. No vessel may be simultaneously authorized to engage in transshipment at port and to fish in the waters of the Republic."

Section 4. Effective date. This Act shall take effect upon its approval by the President of the Republic of Palau, or upon its becoming law without such approval, except as otherwise provided by law.

PASSED: April 24, 2020

Approved this 27th day of April, 2020.

HE Tommy E. Remengesau, Jr.
President
Republic of Palau