

## **Brief on India- Palau Bilateral Relations**

Palau is a small island country in the Western Pacific with a population of around 21,000. Palau was visited by Europeans in 18th century and was a part of the Spanish East Indies which later-on passed on to Germany in 1899 under the German-Spanish Treaty. After World War I, Palau was administered as part of the Japanese South Pacific Mandate by the League of Nations. It became a part of US administered UN Trust Territory after World War II till it attained full sovereignty in 1994 under a Compact of Free Association with the US. Palau recognises Republic of China which has an Embassy there along with those of the US and Japan. Australia has also decided to open an Embassy in Palau.

2. Palau is a member of the Pacific Island Forum and Small Island Developing States (SIDS). In July 2019, Palau became the 76th Member of the International Solar Alliance and in September 2019, joined the World Tourism Organisation (UNWTO) as a full member.

3. Being a small island country, Palau takes keen interest in ocean related issues, climate change and sustainable development. Palau hosted the Pacific Island Forum in July 2014, the theme of which was 'the Ocean: Life and Future'. In early 2014, also announced the establishment of a National Marine Sanctuary covering over 80% of its EEZ. For these initiatives, the President of Palau Tommy E. Remegesau was awarded 'UNEP Champion of Earth' Award. On June 7th, the Our Ocean Conference Secretariat, Palau in partnership with various government and non-government agencies joined the global community in celebration of the 2019 World Oceans Day.

4. The Palau economy is dominated by tourism, fishing, and subsistence agriculture. Long-run prospects for tourism have been bolstered by the expansion of air travel in the Pacific, the rising prosperity of industrial East Asia, and the willingness of foreigners to finance infrastructure development. Proximity to Guam, the region's major destination for tourists from East Asia, and a regionally competitive tourist infrastructure enhance Palau's advantage as a destination. Palau's economy slowed significantly in FY2016 and FY2017 as gross domestic product (GDP) contracted by 3.7 percent in FY2017, due to tourist arrivals dropping sharply by 17 percent. Inflation turned positive at 0.9 percent in FY2017 as fuel and food prices rose. The current account (CA) deficit increased substantially to 17.9 percent of GDP in FY2017, due to the downturn in tourism. The fiscal position improved over the past years owing to concerted efforts at fiscal consolidation. The overall fiscal surplus (including grants and capital) rose to 4.8 percent of GDP in FY2017, with capital expenditure compressed at a low level due to low capital grant receipts. Public debt remains moderate and sustainable.

5. Palau has friendly relations with India and we were one of the first countries to establish diplomatic relations in April 1995, soon after their independence. Since then, there have been regular interaction and consultation with the political leadership of Palau and administrative representatives of Palau. This has seen significant intensification since the initiation of the Forum of India-Pacific Islands Cooperation (FIPIC) in November 2014. President of Palau led their delegation to the 2nd FIPIC in August 2015 in Jaipur while the Health Minister of Palau led their delegation at the 1st FIPIC hosted by

Fiji. In June 2019, Mr. Neeraj Sharma was appointed as the Honorary Consul General of Palau in the India.

**6. Support to Indian candidatures:** Palau has generally been supportive of India's candidatures to various UN and international bodies They recently supported India's candidature in UNESCO and IMO.

**7. ITEC Programme/Scholarship:** ITEC has served as the principal mechanism of our technical assistance to Palau. Since 1996-97, India has been regularly offering training slots to Palau in different areas. Since 2002 two slots have been allotted to Palau every year and Palau utilized both the slots till 2005-06. For the FY 2019-20 Palau has been allotted 5 ITEC slots. ICCR had offered one scholarship to them for higher education for the year 2011-12. Palau also sent two diplomats for training to Suva under FSI training programme in January, 2011. India also organized a Special Diplomats Training Programme for Pacific Countries at the Forum for India-Pacific Islands Cooperation meeting held in Fiji in November 2014. Foreign Service Institute of India organized a Special Diplomat's Training Course for the diplomats from the Micronesian countries (Palau, Federated States of Micronesia and Marshall Islands) in Palau from 11-15 May 2015, where 6 diplomats from Palau participated. In the field healthcare the Government of Palau has entered into an arrangement with Fortis Hospital, Bengaluru. Two participants from Palau attended the Tsunami preparedness on early warning system for Oceanic disaster and mitigation organised by INCOIS, Hyderabad from 20-25 November, 2017. Similarly, a representative from Palau, Ms. Adora Nobuo, Executive Director of Chamber of Commerce attended the India Pacific Sustainable Development Conference held in Suva in May 2017. Ms. Jaelene Bsis Kebekol and Ms Lolanny Tereked Dwight were trained as Solar Mammams at the Barefoot College in Jaipur from September 2018 to March 2019. Three participants from Palau are slated to participate in the 3rd Special Course for Diplomats from Pacific Island Countries to be held from 13 April to 25 April 2020 at the Foreign Services New Delhi.

**8. Assistance to Palau:** India's developmental partnership has been expanding and India has executed several projects in Palau under the USD 200,000 annual PIF grant. For the year 2016, the Palau Government has utilised the annual grant programmes for skill upgradation, mentor leadership, sports, environment conservation etc as they celebrated the 'Year of Youth'. Similarly the year 2017 & 2018 were declared the 'Year of Family' and 'Year of Health' for which the annual grants were utilised respectively. For the year 2019, Palau has been sanctioned annual grant for the celebration of the "Year of Innovative Learning". GOI has also provided a financial grant in August 2005 towards purchase of kitchen equipment for Belau National Hospital. In 2008, assistance was given to Palau for purchase of a boat and 2 pick up trucks for its outreach programme. In 2010, the Government of India gave a grant for purchase of computers and related equipment and software. Another grant-in-aid was given in February 2011 for IT and computer upgradation in their offices and diplomatic missions. India has also provided to Palau assistance in March 2014 for disaster relief in the wake of Super-Typhoon Haiyan. Government of India has also provided Palau with assistance to for hosting the 45th Pacific Island Forum in July 2014 and organizing Pacific Media Summit in 2016. India is also assisting Palau in upgrading and modernising community healthcare centre under the India-UN Development Fund. As a

part of the project for solarisation of the Head of States residence/office in all PICs India is also assisting Palau with solarisation of Head of State residence/office under the India UN development fund.

#### **9. Visits:**

MOS(ST & Earth Sciences) Y.S. Chowdary visited Palau from Jan 18-20, 2017 to attend the swearing in ceremony inauguration of the 4th term of Palau President, H.E. Tommy Remengesau.

Palau President Mr.Tommy E.Remengesau visited India on 20-22 August 2015 for the 2nd FIPIC meeting in Jaipur;

Secretary (East) Shri Anil Wadhwa visited Palau on 30 July – 1 August 2014 for the 26th PIF Post Forum Dialogue. On the sidelines, he called on the President of Palau.

A 3-member delegation led by Mr. Larry Goddard, Senior Legal Counsel to the President attended the 8th Conference of UN Framework Convention on Climate Change in Delhi in October 2002.

A 3-member delegation, led by Smt. Bijoy Chakravorty, MOS for Water Resources, attended the Palau-sponsored Regional Pre-Third World Water Forum in Palau in October, 2002.

A 4-member delegation from Palau Visitors Authority led by Secretary, Ms. Faustina Rehuher visited New Delhi for PATA meeting in 2002.

Shri Debnath Shaw, Joint Secretary visited the three countries in July 2005 as Special Envoy on UN Reforms.

Ambassador Jaideep Mazumdar visited Palau to participate in the celebration of 24th Anniversary of the Republic of Palau's Independence on October 1, 2018. On October 2, the President of Palau Tommy E. Remegasau Jr and Ambassador jointly hosted Mahatma Gandhi's 150th Birth Anniversary Celebrations in Palau. In 2019, Ambassador visited Palau for the 25th Independence Day celebrations and called on President of Palau Tommy E. Remengasau Jr and Minister of State, Ms Faustina K Rehuher Marugg.

**10. Trade & Investments:** India exported goods, mainly pharmaceuticals and cotton, worth USD 0.07 Million in 2014-15 but this came down to USD 0.02 Million in 2015-16 limited to Pharmaceuticals. India imported goods worth USD 3.7 M in 2015-16 (ships, boats, floating structure) as against USD 0.01M in 2014-15. In 2018-19 the total trade of Palau with India amounted to 3.28 Million USD with exports from India being at 0.06 million and imports to India at 3.22 Million USD.

**11. Indian Community and Cultural relations:** There are around 27 Indians in Palau, mainly in the Island of Koror. While 3 Indian nationals are working in managerial positions in the hotels and shopping centers, others are working in positions ranging from chefs and waiters in the hotels and shopping centers, mainly in the Indian owned Taj restaurant. Mr.Robert Scaria, the owner of the Taj Restaurant has been appointed as the Honorary Consul of India to the Palau. Yoga Day is regularly celebrated and organised by Mr. Robert Scaria in his restaurant. In 2018, the President of Palau himself

led the celebrations on June 21 and participated enthusiastically in the IDY celebrations. As a special gesture, he also took out a proclamation on IDY urging his citizens to participate in the IDY celebrations. In 2019 also IDY was celebrated in Palau with enthusiasm and fervour. In February 2019, Ms. Diljune E Ngraswei of the Ministry of Health of Palau participated in Kumbh Mela in India.

**February 2020**

