



**Republic of Palau**  
*Office of the President*

Tommy E. Remengesau, Jr.  
*President*

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June 12, 2019  
Serial No. 19-1102

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

**Subject: Signing Statement for SB 10-112, SD2, HD4, CD1**

Dear President Baules:

Thank you for allowing me the opportunity to sign SB 10-112, SD2, HD4, CD1, a bill to support local production of meat and seafood products, into law. As Palau continues to grow, it is important that its ability to provide more of its own food also grows; by providing funds and mechanisms to foster the growth of domestic agriculture and aquaculture, as well as lowering the cost of domestically produced meat and seafood, this new law will help Palau increase its food security. Additionally, by growing more of our own food, thereby importing less, we also help the environment by reducing the pollution and use of resources required to transport food to our country.

I applaud your decision to include both an opportunity and flexibility for the Minister of Natural Resources, Environment, and Tourism to establish a new program to incentivize the local production of pork and poultry products, as well as to promulgate necessary rules and regulations so that all farmers can benefit fairly. I know that one of the most significant impediments to the growth of our domestic livestock industry is the cost of feed. I recognize your effort to lower this hurdle by directing the Minister to utilize subsidies for the cost of feed, an effort that will also have the beneficial effect of lowering the final cost to consumers.

I also recognize that the bill requires the Bureau of Agriculture to create positions for a Livestock Sales Broker and Veterinarian. Additionally, this law will create a new Palau Livestock Fund that will help strengthen industry trade associations such as the Palau Livestock Association. Through its requirements, this new law appropriately requires the Palau Livestock Association not only to account for and ultimately repay the money it receives from the Fund, but also to develop and implement a six year strategic plan that will benefit all farmers in the industry in a fair manner.

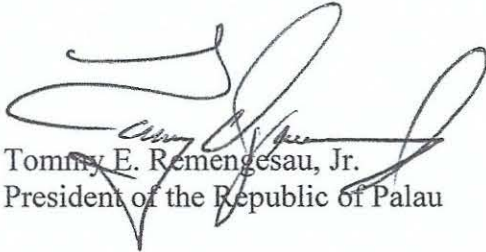


Finally, I appreciate your grant of broad authority to the Minister of Natural Resources, Environment, and Tourism for the establishment of a new program to incentivize local aquaculture, and thank you for the inclusion of a funding mechanism for this new program. However, 1% of the annual revenues derived from the tax imposed on alcoholic beverages is likely to total less than \$35,000 a year (for the 12 period between October 1, 2017 and September 30, 2018, total sales of alcoholic beverages was \$3,306,805.58). This amount is insufficient to make a meaningful impact, and I recommend that the Olbiil Era Kelulau consider identifying an additional source of funding for this program in another appropriations bill.

Before closing I must briefly echo a procedural concern I raised with House Bill 10-108, HD2, SD5, PD1. The appropriation to the Palau Livestock Fund would be better made as an amendment to an annual appropriations bill. I know you understand the ramifications of this point so I will not belabor it. But let us work together to achieve a more uniform appropriation process moving forward.

This new law will be a meaningful step in the development of our domestic agricultural and aquacultural capabilities, increasing our food security, strengthening our economy, reducing costs for consumers, and helping the environment. Thank you for the opportunity to sign it.

Sincerely,



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



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June 12, 2019  
Serial No. 19-1102

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

**Subject: Signing Statement for SB 10-112, SD2, HD4, CD1**

Dear Speaker Anastacio:

Thank you for allowing me the opportunity to sign SB 10-112, SD2, HD4, CD1, a bill to support local production of meat and seafood products, into law. As Palau continues to grow, it is important that its ability to provide more of its own food also grows; by providing funds and mechanisms to foster the growth of domestic agriculture and aquaculture, as well as lowering the cost of domestically produced meat and seafood, this new law will help Palau increase its food security. Additionally, by growing more of our own food, thereby importing less, we also help the environment by reducing the pollution and use of resources required to transport food to our country.

I applaud your decision to include both an opportunity and flexibility for the Minister of Natural Resources, Environment, and Tourism to establish a new program to incentivize the local production of pork and poultry products, as well as to promulgate necessary rules and regulations so that all farmers can benefit fairly. I know that one of the most significant impediments to the growth of our domestic livestock industry is the cost of feed. I recognize your effort to lower this hurdle by directing the Minister to utilize subsidies for the cost of feed, an effort that will also have the beneficial effect of lowering the final cost to consumers.

I also recognize that the bill requires the Bureau of Agriculture to create positions for a Livestock Sales Broker and Veterinarian. Additionally, this law will create a new Palau Livestock Fund that will help strengthen industry trade associations such as the Palau Livestock Association. Through its requirements, this new law appropriately requires the Palau Livestock Association not only to account for and ultimately repay the money it receives from the Fund, but also to develop and implement a six year strategic plan that will benefit all farmers in the industry in a fair manner.

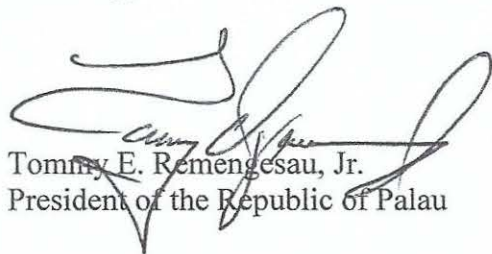


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Before closing I must briefly echo a procedural concern I raised with House Bill 10-108, HD2, SD5, PD1. The appropriation to the Palau Livestock Fund would be better made as an amendment to an annual appropriations bill. I know you understand the ramifications of this point so I will not belabor it. But let us work together to achieve a more uniform appropriation process moving forward.

This new law will be a meaningful step in the development of our domestic agricultural and aquacultural capabilities, increasing our food security, strengthening our economy, reducing costs for consumers, and helping the environment. Thank you for the opportunity to sign it.

Sincerely,



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



**The Senate**  
**TENTH OLBIIL ERA KELULAU**  
 P.O. Box 8, Ngerulmud  
 Republic of Palau 96939

Eleventh Special Session

May-June 2019

INTRODUCED AS SENATE BILL NO. 10-112, SD2, HD4, CD1

AN ACT

SEE TITLE INSIDE

INTRODUCED BY ~~SENATORS~~ His Excellency Tommy E. Remengesau, Jr.

~~ET AL.,~~

DATE INTRODUCED March 14, 2018

SENATE ACTION

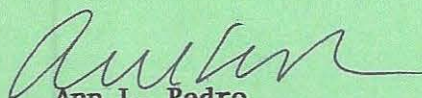
FIRST READING:	March 14, 2018
REFERRED TO:	Resources, Commerce, Trade & Development Committee
STANDING COMMITTEE REPORT NO.:	10-151
DATE ADOPTED:	October 30, 2018
SECOND READING:	October 30, 2018
LEGAL FORMAT:	Proper
REVIEW:	November 5, 2018
THIRD READING:	November 20, 2018
FINAL READING:	May 28, 2019

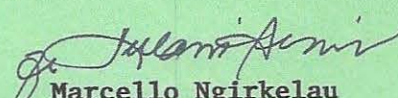
HOUSE ACTION

FIRST READING:	December 10, 2018
REFERRED TO:	Natural Resources and Environment
STANDING COMMITTEE REPORT NO.:	10-78
DATE ADOPTED:	April 11, 2019
SECOND READING:	April 11, 2019
LEGAL FORMAT:	Proper
REVIEW:	April 12, 2019
THIRD READING:	April 12, 2019
FINAL READING:	June 3, 2019

CONFERENCE COMMITTEE ACTION

DATE:	May 28, 2019
COMMITTEE REPORT NO.:	10-5
DATE PASSED:	May 28, 2019
FINAL READING:	June 3, 2019

  
 Ann L. Pedro  
 CLERK OF THE SENATE

  
 Marcello Ngirkelau  
 CLERK, HOUSE OF DELEGATES

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AN ACT

To encourage the local production of fresh, local meat and seafood products through incentive programs and funds directed to the Palau Livestock Association through the Bureau of Agriculture; and for other purposes.

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

1           Section 1. Legislative Findings. The Republic of Palau must set the stage for  
2 increased local production of food products like pork, poultry, and seafood. The  
3 construction of a National Slaughterhouse and provision of necessary financing for  
4 agriculture and aquaculture loans through the Palau National Development Bank  
5 have made local meat production technically possible – but legislative action must  
6 now be taken to make it economically viable. The Olbiil Era Kelulau finds that such  
7 action should serve two purposes: to encourage local production through incentive  
8 programs, and to discourage the import of factory-farmed foreign products. Further,  
9 the Olbiil Era Kelulau finds that partnering with civil society will help to address the  
10 Republic’s food security and need for locally produced foods provided at an  
11 affordable price for the members of our community. More specifically, the Bureau of  
12 Agriculture has the institutional knowledge and skills needed to initiate and maintain  
13 sustainable local food production, and the Palau Livestock Association, representing  
14 the local farmers, has the desire to develop the marketing and production  
15 infrastructure needed to meet the Republic’s food supply demands and ultimately,  
16 lower the cost of goods for the public as a whole. The Olbiil Era Kelulau finds that  
17 the Bureau of Agriculture should impart the necessary knowledge and skills in the  
18 Palau Livestock Association to allow them to develop and maintain the infrastructure  
19 needed to produce at a sustainable level and meet the local demand. Along with  
20 funding, the Palau Livestock Association will be placed in a position to increase food  
21 security and produce at sustainable levels for the Republic.

22           Section 2. Amendment. To amend Title 9 of the Palau National Code by  
23 adding a new chapter, to read as follows:

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**“Chapter 4**

**Subchapter I**

**Local Production Incentive Programs**

**§ 401. Incentive program for local pork and poultry production.**

The Ministry of Natural Resources, Environment, and Tourism shall establish, by regulation, a program to incentivize the local production of pork and poultry products, through subsidies for the purchase of feed for pigs, chickens, and other poultry raised for domestic sale and consumption, or through other incentives. The Ministry shall promulgate rules and regulations regarding the governance of this incentive program.

**§ 402. Incentive program for local seafood production.**

The Ministry of Natural Resources, Environment, and Tourism shall establish, by regulation, a program to incentivize the local production of seafood for domestic sale and consumption. The Ministry shall promulgate rules and regulations regarding the governance of this incentive program.

**Subchapter II**

**Bureau of Agriculture**

**§ 411. Duties.**

The Bureau of Agriculture, or other national agency furthering similar objectives, (“BOA”) shall:

(a) create a position within its agency with the title of Livestock Sales Broker, as provided for in Section 412;

(b) create a position within its agency with the title of Veterinarian, as provided for in Section 413;

(c) provide workshops, programs, or other methods of training to the Palau Livestock Association, as needed to further the plans as provided by the Palau Livestock Association to the BOA pursuant to Chapter 5 of this Title, for a period of

1 six (6) years beginning on the date of establishment of the Palau Livestock Fund, or  
2 longer, as the BOA deems necessary;

3 (d) assist the Palau Livestock Association in any other manner as needed to  
4 further the plans as provided by the Palau Livestock Association to the BOA  
5 pursuant to Chapter 5 of this Title, for a period of six (6) years beginning on the date  
6 of establishment of the Palau Livestock Fund, or longer, as the BOA deems  
7 necessary; and

8 (e) develop and implement an inspection and grading system for meats and  
9 poultry produced in the Republic of Palau, including grading and processing  
10 standards, within six (6) months of the effective date of this Act. The BOA shall utilize  
11 the United States Department of Agriculture's inspection and grading system and  
12 standards as guidance for the development and implementation of this system.

13 § 412. Livestock Sales Broker

14 (a) The BOA shall, at a minimum, task the Livestock Sales Broker with the  
15 development and operation of a database and farm registry and facilitation of the sale  
16 of meat and poultry from the farm to the local market. The database and farm  
17 registry shall serve as a reference for buyers and shall include information related to  
18 all producing farms within the Republic of Palau.

19 (b) The BOA shall ensure the Livestock Sales Broker consults with the Palau  
20 Livestock Association in the creation and operation of the database and farm  
21 registry, and in the performance of other duties, as the BOA deems necessary.

22 (c) This position of Livestock Sales Broker shall be for a period of six (6) years  
23 from the date of the establishment of the Palau Livestock Fund, or longer, as the  
24 BOA deems necessary.

25 § 413. Veterinarian

26 (a) The BOA shall, at a minimum, task the Veterinarian with the development  
27 and implementation of the inspection and grading system for meats and poultry



1 produced in the Republic of Palau, as provided for in Section 411.

2 (b) This position of Veterinarian shall be for a period of six (6) years from the  
3 date of the establishment of the Palau Livestock Fund, or longer, as the BOA deems  
4 necessary.”

5 Section 3. Amendment. Title 9 is amended by adding a new Chapter 5 as  
6 follows:

7 “Chapter 5

8 Palau Livestock Fund

9 § 501. Fund established.

10 § 502. Administration of Fund.

11 § 503. Start-up Funds.

12 § 504. Operational Funds; reimbursement.

13 § 505. Records and reporting.

14 § 501. Fund established.

15 (a) There is hereby established within the National Treasury a Palau Livestock  
16 Fund (“Fund”) to be administered by the Bureau of Agriculture, or other national  
17 agency furthering similar objectives, (“BOA”) with the Fund to be held separate and  
18 apart from other funds of the National Treasury.

19 (b) The Fund shall exist for a period of six (6) years beginning on the date of  
20 establishment. In the event the Palau Livestock Association (“PLA”) winds-up, ceases  
21 to be in existence, becomes ineligible to receive money, or upon the expiration of six  
22 (6) years, the monies remaining in the Fund shall be deposited into the general fund  
23 as defined in Section 303 of Title 40 of the Palau National Code, and the Fund shall  
24 close.

25 (c) The BOA shall account for and maintain the monies received from  
26 appropriation for the purpose provided under Section 503 and separate and apart  
27 from the account and maintenance of monies received under Section 1307 of Title 40

1 of the Palau National Code used for the purpose as provided for under Section 504.

2 § 502. Administration of the Fund.

3 (a) The BOA shall be responsible for the general administration of the Fund.

4 (b) In the administration of the Fund, the BOA shall:

5 (1) require the PLA to submit annual budget proposals for Operational  
6 Funds subject to the review and approval of the BOA, prior to the  
7 disbursement of such money to the PLA;

8 (2) require the PLA to submit a budget proposal for Start-up Funds  
9 subject to the review and approval of the BOA, prior to the disbursement of  
10 such money to the PLA;

11 (3) require the PLA to submit a comprehensive six (6) year strategic  
12 plan for agriculture and aquaculture infrastructure development, prior to the  
13 disbursement of money to the PLA;

14 (4) require the PLA to submit an annual performance report to the  
15 BOA;

16 (5) approve any plans of the PLA that are in accordance with the rules  
17 and regulations as promulgated pursuant to this Section, or provide  
18 recommendations as needed for compliance with the rules and regulations and  
19 approval of the plans;

20 (6) require the PLA to maintain records and submit semi-annual  
21 expenditure reports that account for, in detail, the expenditure of all Start-up  
22 Funds and Operational Funds received and review such reports; and

23 (7) require the PLA to maintain and submit records that account for, in  
24 detail, the sale of goods and review such records semi-annually.

25 (c) The BOA shall promulgate rules and regulations governing the use and  
26 procedures for use of the Funds within sixty (60) days of the establishment of the  
27 Fund.

1           **§503. Start-up Funds.**

2           (a) The BOA shall administer the \$25,000 appropriated amount (“Start-up  
3 Funds”) as provided in this Section.

4           (b) The purpose of the Start-up Funds is to fund start-up costs of the PLA as  
5 approved by the BOA, including the purchase of materials and tools needed to begin  
6 operations.

7           **§ 504. Operational Funds; reimbursement.**

8           (a) The Fund shall receive monies as provided for in Section 1307 of Title 40 of  
9 the Palau National Code (“Operation Funds”).

10          (b) The purpose of the Operational Funds are for the financing of the PLA’s  
11 operational costs, such as the purchase of livestock, feed, tools, or to fund employee  
12 training.

13          (c) The BOA shall require, as a condition for receipt of Operation Funds from  
14 the Fund, the PLA to earmark and deposit five percent (5%) of total revenue  
15 generated annually from the sale of goods until such time the PLA has reimbursed  
16 the total amount of Operation Funds received from the Fund or the Fund closes.  
17 Nothing in this Subsection shall be interpreted as a limitation to the provision of  
18 Operational Funds to the PLA as provided for in this Chapter.

19          **§ 505. Records and reporting.**

20          The BOA shall maintain the records received from the PLA and submit to the  
21 President of the Republic of Palau and the Olbiil Era Kelulau an annual report  
22 summarizing the expenditures and sales of the PLA within sixty (60) days of the close  
23 of each fiscal year.”

24          Section 4. Appropriation. The amount of \$25,000 is hereby authorized to be  
25 appropriated and is hereby appropriated to the Palau Livestock Fund, established  
26 under Chapter 5 of Title 9 of the Palau National Code, and be administered as  
27 provided for therein. This amount shall come from local revenues and shall be non-

1 lapsing.

2 Section 5. Amendment. Section 1307, Chapter 13 of Title 40 of the Palau  
3 National Code is amended to add a new subsection as follows:

4 “§ 1307. Allocation of alcoholic beverage tax revenues.

5 (a)...

6 (b)...

7 (c) One percent (1%) of the annual revenues derived from the tax imposed on  
8 alcoholic beverages under this chapter will be allocated to the Palau Livestock Fund  
9 established by Chapter 5 of Title 9 for a period of six (6) years beginning on the date  
10 of establishment of the Palau Livestock Fund.”

11 Section 6. Amendment. Section 2607 of Title 40 of the Palau National Code is  
12 amended to add a new subsection as follows:

13 “§ 2607. Allocation of tax revenues.

14 (a)...

15 (b)...

16 (c) One percent (1%) of the annual revenues derived from the tax imposed  
17 under this chapter will be allocated to the Ministry of Natural Resources,  
18 Environment, and Tourism for the purpose of funding the incentive programs,  
19 including administration costs, established in Sections 401 and 402 of Chapter 4 of  
20 Title 9.”

21 Section 7. Regulations.

22 The Ministry of Natural Resources, Environment, and Tourism and Bureau of  
23 Agriculture, or other national agency with similar objectives, shall promulgate all  
24 rules and regulations, as required under this Act, within ninety (90) days of the  
25 effective date of this Act.

26 Section 8. Amendment. RPPL 10-33, Section 2 is hereby amended as follows:

27 “Section 2. Amendment. Chapter 2, Subchapter II of Title 22 of the Palau

1 National Code is hereby amended as follows:

2 “§ 223. Definitions.

3 (a) ...

4 ...

5 § 227. Powers and duties.

6 It shall be the duty and responsibility of the Board to:

7 (a) Implement the policy declared by this subchapter.

8 ...

9 (g) ...”

10 Section 9. Amendment. Section 61 of RPPL 4-36 is hereby amended as follows:

11 “Section 61. State Capital Improvement Projects. The sum of \$1,639,800 is  
12 hereby authorized to be appropriated and is appropriated for fiscal year 1995 for the  
13 purposes of State Projects as prescribed in Volume II, Chapters 1 and 10 of the  
14 Economic Development Plan. The President shall amend the EDP to include those  
15 state CIP projects set forth below that are not in the EDP. The total appropriation  
16 shall be made up of the following available funds: the amount of \$50,000 shall come  
17 from local revenues; and the amount of \$1,589,800 shall be allocated from Compact  
18 Section 215 funds which were derived from the inflation adjustment to Compact  
19 Section 212(b).

20 (1) Aimeliik \$100,000

21 ...

22 (9) Ngarchelong \$115,000

23 Of the sum appropriated hereunder, \$20,000 shall be used to improve the dock  
24 facilities; \$20,000 shall be used to construct and install biological compost toilets;  
25 \$25,000 shall be used for improvements to the fishing facilities; \$40,000 shall be used  
26 for sports facilities or a youth center; and \$10,000 shall be used to pave Ngarbau  
27 Dock.

1                   ...

2                   Any unexpended or unobligated balance of the appropriation of this section  
3 remaining at fiscal year end shall not lapse; any such balance shall carry forward into  
4 the next fiscal year.”

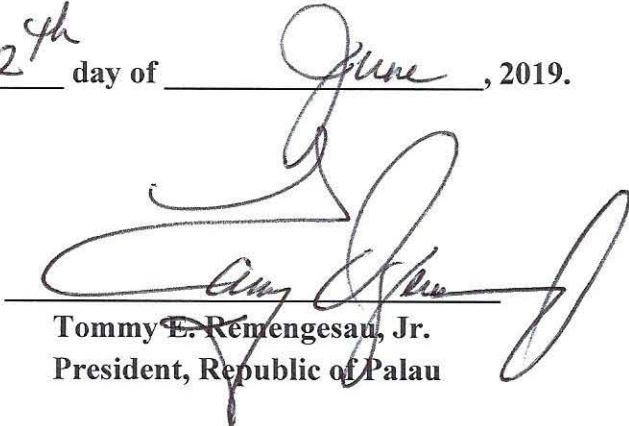
5                   Section 10. Amendment. Section 28 of RPPL 9-46, as amended by Section 16 of  
6 RPPL 9-62, is hereby amended as follows:

7                   “Section 28. Ngarchelong State Government. The sum of \$75,000 is authorized  
8 for appropriation and is hereby appropriated for expenditure or obligation for Fiscal  
9 Year 2016 to the Ngarchelong State Government to construct and improve the access  
10 road to Todai. Additionally, the sum of \$50,000 is authorized and appropriated to the  
11 Ngarchelong State Government for the water supply system, including infrastructure  
12 for collection, transmission, treatment, storage, and distribution of water into homes,  
13 commercial establishments, irrigation, and other public needs. The entire amount of  
14 the funds authorized and appropriated in this section shall come from local revenues.  
15 Any unexpended or unobligated balance of the appropriation of this section shall not  
16 lapse at the end of the fiscal year.”

17                   Section 11. Effective Date. This Act shall take effect upon approval by the  
18 President of the Republic of Palau or upon becoming law without such approval.

Passed on: June 03, 2019

Approved this 12<sup>th</sup> day of June, 2019.



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