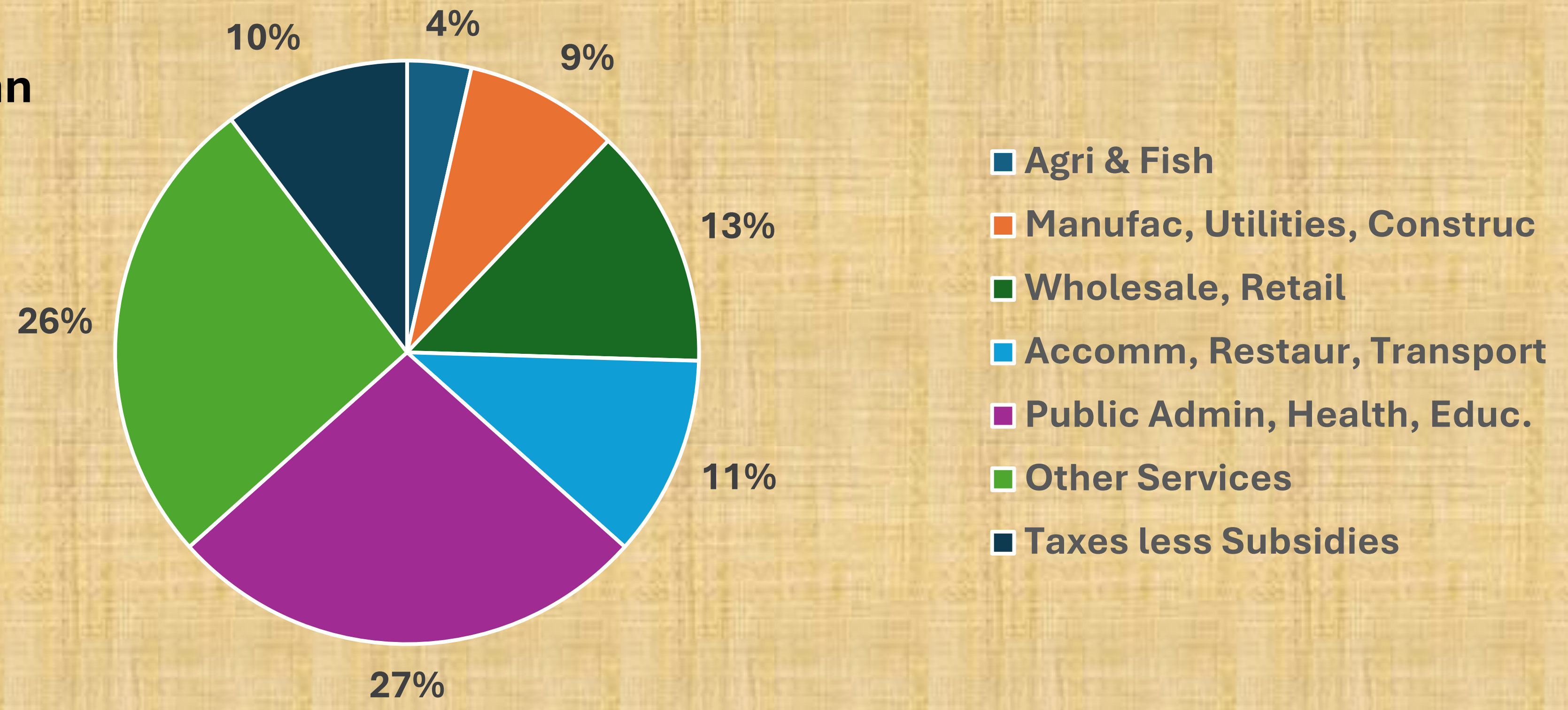
# Palau Snapshot (2023 Data)

**GDP:** **$268mn**



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| | | Foreigners Employed: | 5,050 |
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| Tourism Arrivals: | 35,000 | FY24 Forecast 52,000 | (FY18 116,000) |
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| Gross External Debt: | $212mn | | |
| Debt/GDP % | 79% | | |

Challenges:

1. How to improve infrastructure within debt capacity?
2. How to diversify revenue streams?
3. How to reduce out-migration?
4. How to change public/private sector mix?

# Palau Import / Export Data


| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Other | 79 | 92.2 | 71.3 | 84.8 | 88.6 |
| Fuel | 37.3 | 25.5 | 23.1 | 37.2 | 38.9 |
| Food | 35.5 | 36.3 | 33.7 | 37.3 | 36.7 |


| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Other | 2.9 | 1.2 | 0.7 | 1.2 | 0.2 |
| Re-exports | 8.0 | 3.1 | 0.4 | 0.9 | 1.5 |

# *“Palau pitches US$1bn infrastructure pipeline”*

Upgrade Grid / Renewables

2nd Subsea Cable

More Air Routes

Upgrade Airport (?)

Cut Fishing Excl. Zone to 50%

New Fishing Port

Upgrade Malakal Wharf/Port

Revamp Industrial Area

New Hotels

New Hospital


More Housing

Host for Pacific Mini-Games

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HOW?

Tax reform completed

US Military Investment

- Peleliu, Angaur, Kayangel

ADB/Multilateral Loans/Grants

USA, Japan, Taiwan, Australia Partnerships

# 2024 $890mn 20-Year Compact Agreement with USA

Annual Economic Assistance (plus 2% p.a. inflation adjustment)

- $20mn for education, health, climate/environment, justice admin, public safety
- $5mn for infrastructure
- $5mn for infrastructure maintenance

Plus:

- 6 x $10mn annual grant for debt repayments
- 2 x $50mn grant for Trust Fund (for education, health, climate, environment, justice, public safety)

# Palau Banking Sector

3 US Banks $400mn deposits, $30mn loans

- Bank of Hawaii
- Bank of Guam
- Bank Pacific

2 Local Banks Very Small

- Palau Investment Bank
- Asia Pacific Commercial Bank

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**2 Local Banks** **Very Small**

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**National Development Bank of Palau (NDBP)** **No deposits, $37mn loans**

- **100% State Owned**
- **Personal Loans:** **Residential Mortgages, Home Equity Loans, Solar Kit Loans**
- **Business Loans:** **Comm. Mortgages, Business Loans, Fishing/Agri Loans, Solar Kit Loans, Construction Bonds**

***No Trade Finance:*** ***Letters of Credit, Purchase Order Finance, Warehouse Finance etc.***