

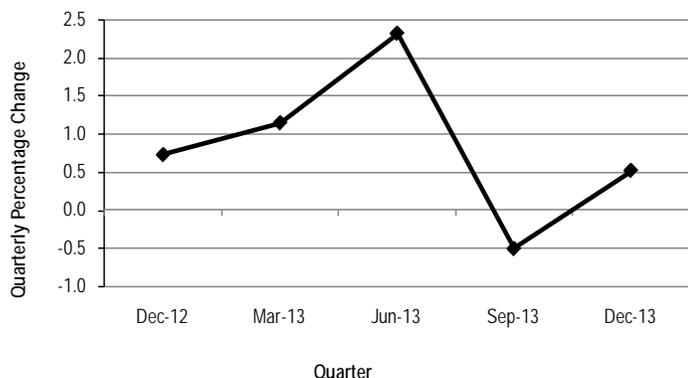


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**Movement of Consumer Price Index**

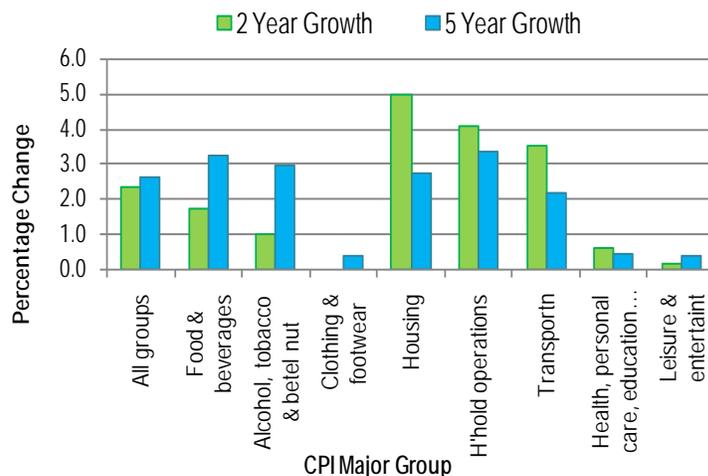
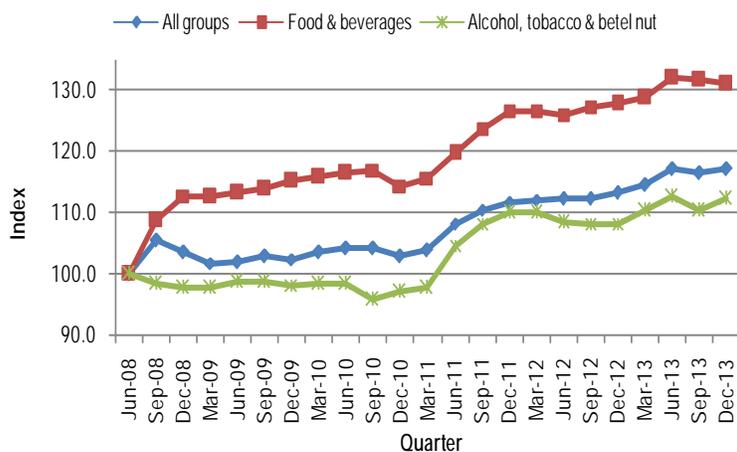


**DECEMBER 2013 QTR KEY FIGURES**

Major Groups	QTR on QTR % Change	YR on YR %Change
Food & Beverage	-0.4	2.5
Alcohol, tobacco & betel nut	1.8	3.7
Clothing & Footwear	-2.0	-1.0
Housing	0.8	6.8
Household Operations	0.0	5.5
Transportation	1.4	2.9
Health, Personal care, Education & Services	1.4	2.4
Leisure & Entertainments	-0.2	-0.2
<b>ALL GROUPS</b>	<b>0.5</b>	<b>3.5</b>

Source: Bureau of Budget & Planning, MOF

**Index for All Groups, Food & Beverages, and Alcohol, Tobacco & Betelnut**



**DECEMBER 2013 QTR KEY POINTS**

- All groups increased by 0.5% over the last quarter. This increase was largely driven by Alcohol, tobacco & betelnut group, Transportation group, and Health, Personal care, Education & services group mainly due to price rise of tobacco, boat hire and personal services respectively. On the other hand, Food & beverages slightly decreased by 0.4% due to price drop of fruits & vegetables, dairy products, eggs, noodles and biscuits.
- The annual increase of 3.5% noticed for the last 12 months was largely driven by the increase of Food and beverages group, Alcohol, tobacco & betelnut group, Household operations group, and Transportation group. Items that contributed the most to these groups' increase include tinned sardines, fresh beef, spirit, cigarette, plywood, airfare and boat hire.



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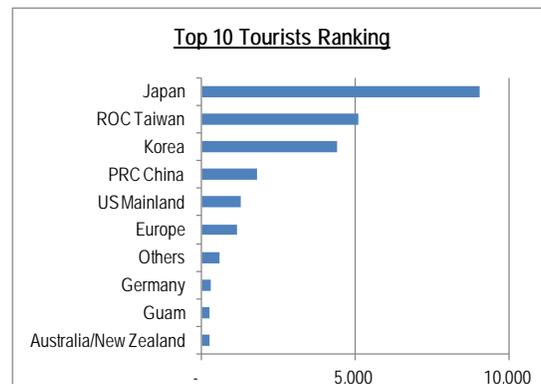
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**DECEMBER 2013 QTR KEY FIGURES**

Purpose of Entry	Arrivals 4 <sup>th</sup> Qtr 2012	Arrivals 4 <sup>th</sup> Qtr 2013	% Change
Tourist	28,046	24,604	-12.3%
Business	720	706	-1.9%
Employment	711	753	5.9%
Other	1,257	1,208	-3.9%
<b>Total Excluding Residents</b>	<b>30,734</b>	<b>27,271</b>	<b>-11.3%</b>

Source: Palau Visitors Authority, ROP and Bureau of Budget and Planning, MOF



Country of Residence	Tourist Arrivals 4 <sup>th</sup> Qtr 2012	Tourist Arrivals 4 <sup>th</sup> Qtr 2013	%Change
Australia/New Zealand	249	255	2.4%
CNMI	11	46	318.2%
Europe	1,090	1,136	4.2%
FSM	55	47	-14.5%
Germany	312	305	-2.2%
Guam	103	256	148.5%
Hong Kong	165	178	7.9%
Japan	9,721	9,044	-7.0%
Korea	5,496	4,405	-19.9%
Philippines	136	164	20.6%
PRC China	1,987	1,807	-9.1%
ROC Taiwan	6,978	5,115	-26.7%
US Mainland	1,332	1,264	-5.1%
Others	411	582	41.6%
<b>Total</b>	<b>28,046</b>	<b>24,604</b>	<b>-12.3%</b>

Source: Palau Visitors Authority, ROP and Bureau of Budget and Planning, MOF

**DECEMBER 2013 QTR KEY POINTS**

- The total number of visitors this quarter was 27,271, a decline of about 11% compared to the same period last year.
- Tourist arrivals, Business arrivals, and other arrivals decreased by 12%, 2% and 4%, respectively, while Employment arrivals saw an increase of 6%.
- Due to the 2013 Micro Cup Tournament, which was held in Palau on October 2013, tourist arrivals from CNMI and Guam drastically increased over the same period last year.
- Japan tourists declined by 7%, over the same period last year. According to statistics from the Japanese National Tourist Organization (JNTO), Japanese outbound numbers have been declining and this may be due to the depreciation of the yen.
- Korean tourists and ROC Taiwan tourists to Palau declined by 20% and 27%, respectively. These tourists are possibly rerouting their vacation destination to Japan as according to JNTO statistics, their tourist inbound seem to grow significantly due to the weakening of the yen. The cessation of Palau Airways on April 2013 may have also been a contributing factor to the decline in the number of tourist arrivals from ROC Taiwan and PRC China.



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**DECEMBER 2013 QTR KEY FIGURES**

Imports	Total FOB Value 4th Qtr 2012	Total FOB Value 4th Qtr 2013	% Change
Live Animals: animal products	2,318,046	2,361,530	1.9
Vegetable products	1,662,580	1,621,205	-2.5
Prepared foodstuffs, beverages, spirits & tobacco	5,182,526	6,956,689	34.2
Mineral products	14,089,290	17,079,281	21.2
Chemicals and allied products	1,638,232	1,846,568	12.7
Articles of stone, plaster, cement, glass & ceramic products	719,953	1,236,412	71.7
Base metals & articles thereof	1,225,165	4,510,887	268.2
Machinery & mechanical & electrical appliances & parts thereof	4,263,616	13,228,780	210.3
Vehicles, aircraft & associated transport equipment	2,923,743	2,515,924	-13.9
Miscellaneous manufactured articles	761,695	1,205,070	58.2
Other Imports	3,765,224	5,100,105	35.5
<b>Total</b>	<b>38,550,070</b>	<b>57,662,451</b>	<b>49.6</b>

Source: Division of Customs, MOF and Bureau of Budget & Planning, MOF

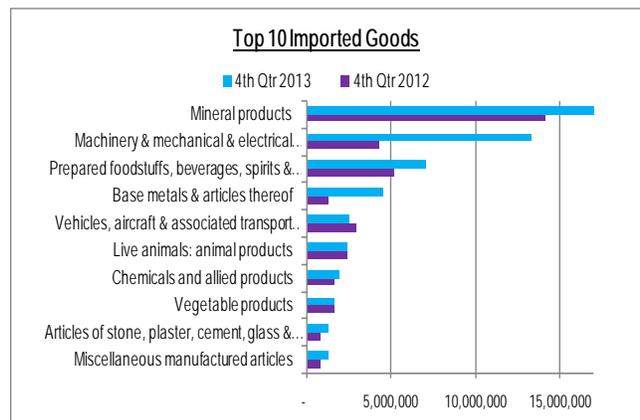
**Ocean Cargo Carriers' Inbound Containers**

Type	Total Containers 4th Qtr 2012	Total Containers 4th Qtr 2013	% Change
20'D	290	434	49.7
40'D	95	153	61.1
20'R	20	34	70.0
40'R	32	51	59.4
<b>Total</b>	<b>437</b>	<b>672</b>	<b>53.8</b>

Source: Division of Transportation, MPIIC

**DECEMBER 2013 QTR KEY POINTS**

- Overall, total imports increased by almost 50% over the same period last year.
- Base metals & articles and Machinery, mechanical, and electrical appliances both showed significant increases of more than 200% largely due to PPUC's import of equipment systems and generator.
- Articles of stone, plaster, cement, glass & ceramic products increased by 72%. Main contributors to this increase include ceramic and glass products.
- Miscellaneous manufacture articles' increase of 58% included large import of wooden and metal furniture.
- There was approximately 34% increase of imported Prepared foodstuffs, beverages, spirits & tobacco mainly driven by imports of tobacco products and prepared foodstuffs.
- Vehicles, aircraft & association transport equipment declined by 14% caused by the decline of aircraft & parts thereof and ships, boats, & floating structures.
- The 3% drop of Vegetable products was due to the decline of coffee, tea, and fruits (fresh, frozen, and canned).
- Other imports' increase of 36% was largely due to importations of jewelries, medical supplies, photographic and optical instruments, wood products, and edible oil products.
- Other imports include Animal or vegetable oils & fats, Arms and ammunition, parts & accessories thereof, Footwear, headgear, umbrellas & parts thereof, Pearls, precious & semi-precious stones & metals, Photographic & optical, medical & surgical goods & clocks/watches & musical instruments, Plastic, rubber & articles thereof, Raw hides, skins, leather articles & travel goods, Textiles & textile articles, Wood pulp, paper & paperboard & articles thereof, Wood, cork & articles thereof & plaiting material, and Works of art, collectors pieces & antiques.
- The table on the top right corner shows the number of inbound containers by size. The number increased by 53.8% over the same quarter last year.





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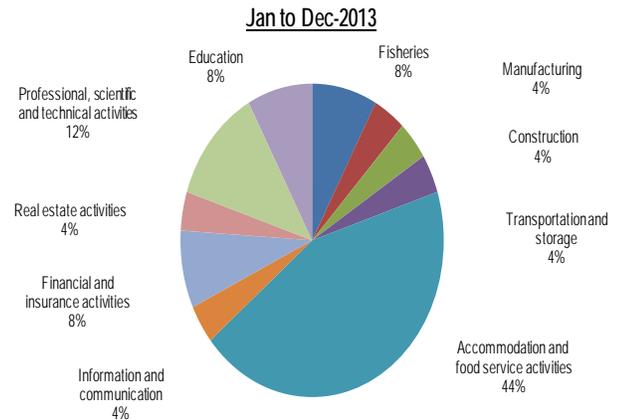
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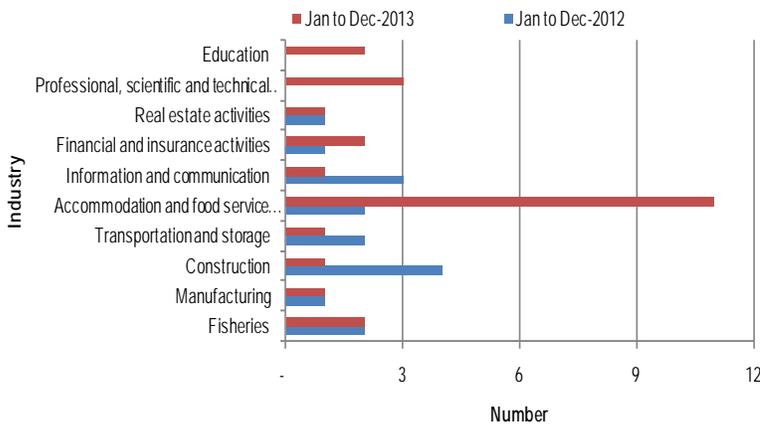
**DECEMBER 2013 QTR KEY FIGURES-FIAC**

Industry	FIAC Issued Jan-Dec 2012	FIAC Issued Jan-Dec 2013
Agriculture and forestry	2	-
Fisheries	1	2
Manufacturing	-	1
Construction	-	1
Wholesale and retail; repair of motor vehicles	4	-
Transportation and storage	2	1
Accommodation and food service activities	2	11
Information and communication	-	1
Financial and insurance activities	-	2
Real estate activities	3	1
Professional, scientific and technical activities	-	3
Administrative and support service activities	1	-
Education	-	2
Arts, entertainment and recreation	1	-
<b>Total</b>	<b>16</b>	<b>25</b>

Source: Foreign Investment Board, ROP



**Foreign Investment Approval Certificate**



**DECEMBER 2013 QTR KEY POINTS**

- Overall FIAC issued increased by 56% compared to last year.
- Accommodation and food service industry contributed almost 50% to the total FIAC issued. 7 out of the 11 FIAC, for Accommodation and food service activities, issued this year were new establishment of businesses and the remaining 4 were existing businesses that changed management. This industry includes hotel, restaurant, and food catering services.
- Professional, scientific & technical activities industry contributed 12% to the total FIAC issued. Education, Financial & insurance activities, and Fisheries contributed 8% each while Manufacturing, Construction, Transportation & storage, Information & communication and Real estate activities contributed 4% each.



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**DECEMBER 2013 QTR KEY FIGURES**

INDUSTRY	Total BGRT Dec Qtr 2012	Total BGRT Dec Qtr 2013	%Change	Total BGRT Non-filers Dec Qtr 2012	Total BGRT Non-filers Dec Qtr 2013
Agriculture and forestry	9,278	6,462	-30.3	3	10
Fisheries	15,638	8,389	-46.4	9	27
Mining and quarrying	11,464	6,562	-42.8	1	2
Manufacturing	46,634	38,441	-17.6	1	13
Construction	176,437	165,083	-6.4	14	41
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,873,694	1,845,534	-1.5	46	140
Transportation and storage	200,595	182,272	-9.1	23	53
Accommodation and food service activities	559,703	546,221	-2.4	9	44
Financial and insurance activities	57,998	38,796	-33.1	2	9
Real estate activities	70,523	70,674	0.2	13	58
Professional, scientific and technical activities	47,709	37,399	-21.6	10	34
Administrative and support service activities	184,640	208,760	13.1	9	56
Other service activities	38,865	35,532	-8.6	3	19
Other industries	31,610	36,596	15.8	6	18
<b>TOTAL</b>	<b>3,324,788</b>	<b>3,226,721</b>	<b>-2.9</b>	<b>149</b>	<b>524</b>

Source: Division of Rev. & Tax, MOF and Bureau of Budget & Planning, MOF

**DECEMBER 2013 QTR KEY POINTS**

- Total BGRT collected this quarter dropped by about 3% from the same quarter last year.
- There was approximately 30% decline in the Agriculture and forestry industry possibly due to Typhoon Haiyan.
- Fisheries industry saw a decline of about 46% likely due to the increase of fuel cost.
- Mining and quarrying industry declined by about 43%, consistent with the decline of the Construction industry.
- Financial and insurance industry and Professional, scientific & technical industry dropped by about 33% and 22%, respectively. The increase in number of non-filers may have contributed to the decline.
- Total BGRT Non-filers include all registered businesses with active business status that failed to file quarterly GRT.
- Total number of Non-Filers this quarter more than tripled over the same period last year.
- Of the total Non-filers this quarter, 13% did not hold business license for business year 2013. This increased number of Non-filers may have influenced the decline of BGRT collection, as illustrated in the BGRT table.
- Other industries include Water Supply, Sewerage, Waste Management; Information and Communication; Financial and insurance activities; Education; Human Health and Social Work; and Arts, Entertainment and Recreation.



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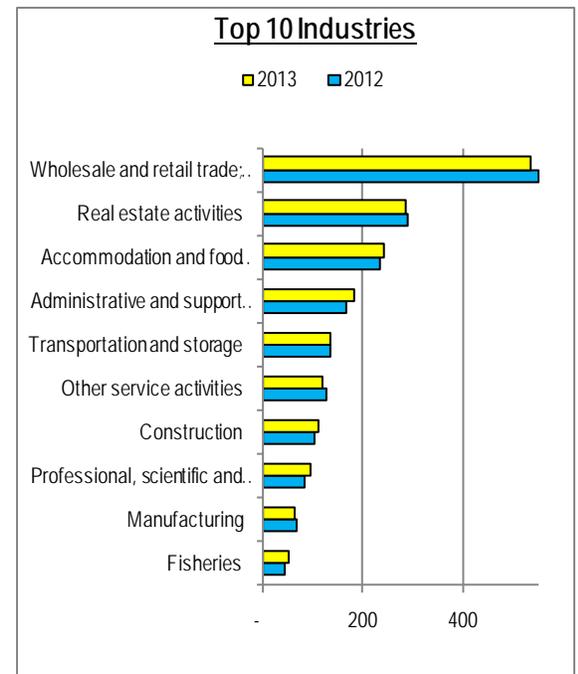
**DECEMBER 2013 QTR KEY FIGURES**

INDUSTRY	Total Registered Business License 2012	Total Registered Business License 2013	% Change
Agriculture and forestry	35	35	0.0
Fisheries	45	51	13.3
Mining and quarrying	11	9	-18.2
Manufacturing	67	65	-3.0
Construction	105	113	7.6
Wholesale and retail trade	549	537	-2.2
Transportation and storage	137	137	0.0
Accommodation and food service activities	235	244	3.8
Real estate activities	290	284	-2.1
Professional, scientific & technical activities	82	94	14.6
Administrative and support service activities	168	184	10.2
Other service activities	128	121	-5.5
Other Industries**	106	110	3.8
<b>Total</b>	<b>1,957</b>	<b>1,984</b>	<b>1.4</b>

Source: Division of Rev. & Tax, MOF and Bureau of Budget & Planning, MOF

**DECEMBER 2013 QTR KEY POINTS**

- Business Licenses must be renewed by December 31<sup>st</sup> of each year to avoid penalty and interest fees. The table above shows the cumulative number of business licenses issued for year 2012 and 2013.
- Overall, the total number of business license certificate issued this year increased by a little over 1% compared to last year.
- The increase in the number of business licenses issued for the Fisheries industry is a combination of 18 new and 33 renewed licenses.
- Although the Mining and quarrying industry is showing the largest decline, it is a small industry and all license holders for 2012 renewed their licenses this year except for two businesses.
- Under the Construction industry, there were 22 new licenses issued resulting in an 8% increase.
- Professional, scientific and technical activities industry is comprised of legal and accounting services, environmental consultations, and other professional activities. Most of the new licenses issued this year were for legal services.
- Administrative and support services industry is mostly made up of vehicle and equipment rentals, and transportation and tour activities support services. The 10% increase in this industry was mainly due to the issuance of new licenses for tour activities support services.
- Other industries include Water Supply, Sewerage, Waste Management, Information and Communication, Financial and insurance activities, Education, Human Health and Social Work, and Arts, Entertainment and Recreation.





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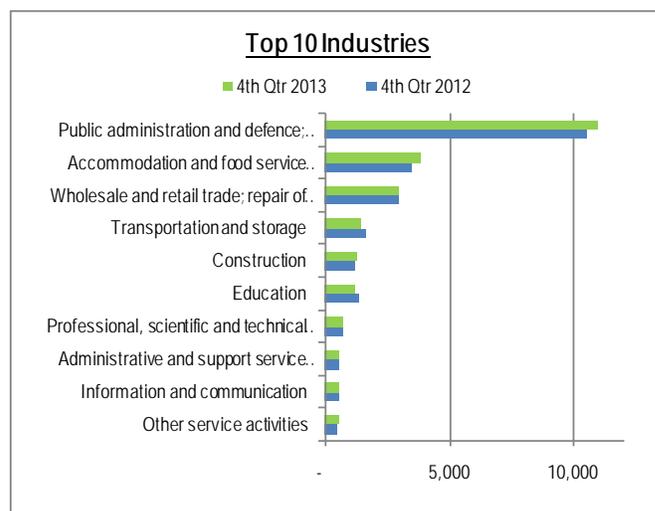
**DECEMBER 2013 QTR KEY FIGURES**

INDUSTRY	Total Wages 4 <sup>th</sup> Qtr 2012 (in USD'000)	Total Wages 4 <sup>th</sup> Qtr 2013 (in USD'000)	% Change
Agriculture	92	111	20.7
Fisheries	116	122	5.2
Mining and quarrying	237	211	-11.0
Manufacturing	274	274	0.0
Construction	1,230	1,288	4.7
Wholesale and retail trade	2,995	2,979	-0.5
Transportation and storage	1,638	1,460	-10.9
Accommodation and food service activities	3,481	3,847	10.5
Information and communication	598	599	0.2
Professional, scientific and technical activities	741	718	-3.1
Administrative and support service activities	570	600	5.3
Public administration and defence	10,523	10,938	3.9
Education	1,376	1,199	-12.9
Other Industries	2,070	2,066	-0.2
<b>TOTAL</b>	<b>26,444</b>	<b>26,965</b>	<b>2.0</b>

Source: Social Security Administration; Bureau of Budget & Planning, MOF

**DECEMBER 2013 QTR KEY POINTS**

- Total wages collected this quarter increased by 2%, primarily linked to the overall increase of number of employment at slightly over 1% as shown in the Average Employed table.
- Agriculture industry saw an increase of about 21%; possibly due to additional hiring of workers as reflected in the employment numbers.
- Accommodation and food service industry showed an increase of about 11%; likely due to new establishment of businesses as shown in the total registered business license table.
- Education industry saw a decline of about 13%, consistent with the decline of the Education employment numbers.
- Mining and quarrying industry declined by 11%; likely due to the slow demand of construction materials as reflected in the Employment and BGRT numbers.
- Transportation and Storage Industry also saw a decline of about 11%; likely associated with the decline of certain tourist markets as well as the decline of the BGRT numbers.
- Other Industries include Water supply; sewerage, waste management and remediation activities, Activities of extraterritorial organizations and bodies, Arts, entertainment and recreation, Human health and social work activities, Electricity, gas, steam and air conditioning supply, Activities of household as employers, undifferentiated goods- and services-producing activities of households for own use, and Other service activities.





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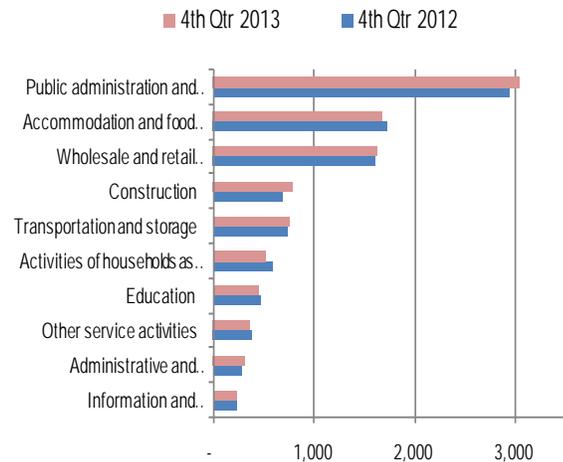
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**DECEMBER 2013 QTR KEY FIGURES**

INDUSTRY	Average Employed 4 <sup>th</sup> Qtr 2012	Average Employed 4 <sup>th</sup> Qtr 2013	% Change
Agriculture and forestry	94	101	7.4
Fisheries	94	95	1.1
Mining and quarrying	113	103	-8.8
Manufacturing	165	166	0.6
Construction	684	787	15.1
Wholesale and retail trade	1,610	1,632	1.4
Transportation and storage	744	755	1.5
Accommodation and food service activities	1,725	1,677	-2.8
Information and communication	233	225	-3.4
Administrative & support service activities	274	319	16.4
Public administration and defence	2,943	3,044	3.4
Education	474	449	-5.3
Other service activities	375	366	-2.4
Activities of households as employers	586	520	-11.3
Other Industries	730	741	1.5
<b>TOTAL</b>	<b>10,844</b>	<b>10,980</b>	<b>1.3</b>

Source: Social Security Administration and Bureau of Budget & Planning, MOF

**Top 10 Industries**



**DECEMBER 2013 QTR KEY POINTS**

- Quarterly employment numbers are derived by averaging total number of people filing returns at the end of the quarter. Industry employment counts are classified based on the business activity as disclosed on their Social Security activity description.
- Overall, the total average employment increased by a little over 1% over the same period last year.
- Construction industry increased by 15%; likely associated with the new business licenses issued as well as the Wages numbers.
- Mining and quarrying industry saw a decline of about 9%, consistent with the decline of the Mining & quarrying business licenses.
- Activities of households as employers industry declined by 11%; primarily attributable to the Philippine Overseas Employment Administration's (POEA) strict restrictions.
- Administrative & support service activities industry contributed the highest increase of approximately 16%; partly connected to the BGRT and business license numbers. Secretarial/clerical, Janitorial, rental of vehicles, boats, tour operator activities and travel agency activities are included in this industry.
- Other industries include Electricity, gas, steam and air conditioning supply, Water Supply; sewerage, waste management and remediation activities, Financial and insurance activities, Real estate activities, Professional, scientific and technical activities, Human Health and social work activities, Arts, entertainment and recreation, and Activities of Extraterritorial organizations and bodies.



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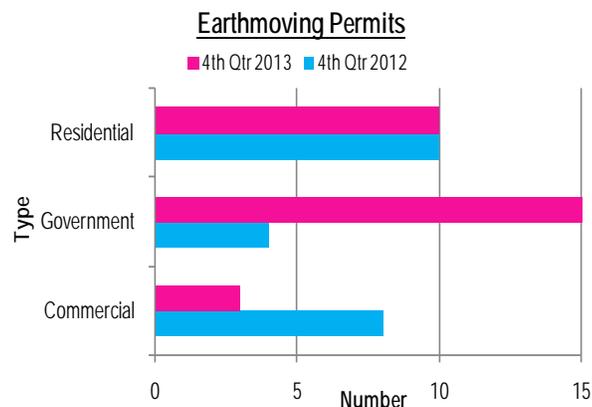
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**DECEMBER 2013 QTR KEY FIGURES-EQPB**

Type	Earthmoving Permits Issued 4 <sup>th</sup> Qtr 2012	Earthmoving Permits Issued 4 <sup>th</sup> Qtr 2013
Commercial	8	3
Government	4	15
Residential	10	10
<b>Total</b>	<b>22</b>	<b>28</b>

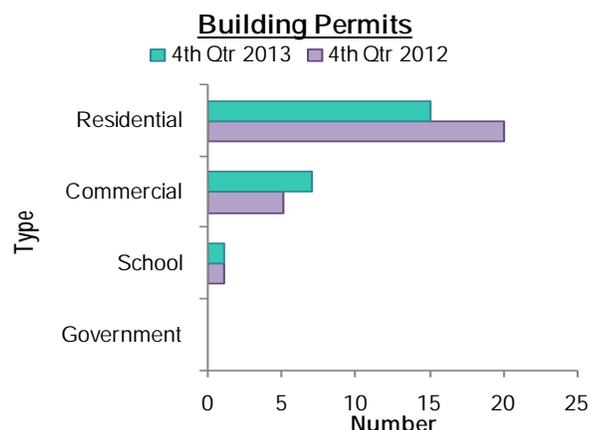
Source: Environmental Quality Protection Board, ROP



**DECEMBER 2013 QTR KEY FIGURES-KSG**

Type	Building Permits 4 <sup>th</sup> Qtr 2012	Building Permits 4 <sup>th</sup> Qtr 2013
Commercial	5	7
Government	-	-
Residential	20	15
School	1	1
<b>Total</b>	<b>26</b>	<b>23</b>

Source: Building & Zoning, Koror State Government



**DECEMBER 2013 QTR KEY POINTS**

- All of the earthmoving activities in the Republic of Palau with exception of agricultural/funeral practices require an earthmoving permit from EQPB, whereas, building permits issued by KSG-Building & Zoning are only applicable to projects in Koror State.
- Overall Earthmoving Permits issued this quarter increased by 6 compared to the same quarter last year. Permits issued for the Government were mostly for road paving projects.
- Building Permits issued by KSG-Building & Zoning dropped by 3 over the same period last year. A total of 23 building permits were issued this quarter with Residential building permits contributing the highest.