

# Palau



## Summary of Findings

### I. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

Tobacco industry (TI) interference in policymaking has not taken place during the reporting period, and one landmark piece of legislation on e-cigarettes passed without incident.

While no law or policy exists prohibiting it, there was no recent evidence of the government allowing or inviting the TI to sit in any government interagency or multisectoral committee or advisory group body that sets public health policy.

Presidential Executive Order No 379 established a multisectoral national Coordinating Mechanism to combat noncommunicable diseases in 2015. This committee is mandated to develop an explicit code of conduct for how its members should interact with TI representatives only when strictly necessary. A code of conduct was drafted but has not yet been made official to date.

No TI representatives have been in a COP, INB or COP working group delegation.

### 2. INDUSTRY CSR ACTIVITIES

No evidence of corporate social responsibility (CSR) activities involving the TI could be found during the reporting period.

### 3. BENEFITS TO THE INDUSTRY

On 29 May 2023, a legislation that prohibits the import, distribution, sale, possession, and use of electronic cigarettes within the Republic (RPPL 11-27) came into force without interference by the TI or affiliates.

There were incidents highlighted in a 2017 Public Auditor's report and reported in Palau's 2021 Tobacco Index report

whereby the Bureau of Revenue Customs and Taxation and Bureau of Customs and Border Protection improperly entered into contractual agreements with select tobacco importers allowing them to pay installments on import and excise taxes owed without interest. Since the 2021 TI Index was produced, a memo was issued from the Minister of Finance to the Customs Bureau to put an end to this practice.

There has been no change in duty free import duties. International travelers may bring one opened pack of 20 cigarettes or one cigar not exceeding 15 grams, or up to 15 grams of loose smoking/ chewing/ pipe tobacco, in an opened package.

### 4. UNNECESSARY INTERACTION

No evidence of top-level government officials meeting with or fostering relations with the TI was found, nor were incidents of government officials or bodies accepting assistance from the TI on enforcement.

### 5. TRANSPARENCY

No evidence of meetings with the TI was found.

Both the Open Government Act and the Administrative Procedures Act promote openness and access to public information to facilitate the involvement of the public and stakeholders in the policy review process. However, both are self-regulating and similar to the shortfall of the Code of Ethics which do not prescribe activities specifically with or by the TI.

No rules exist for the disclosure or registration of TI entities. Only licensing for all businesses is required and foreign businesses must also be registered under the Foreign Investment Act.



## 6. CONFLICT OF INTEREST

The Code of Ethics encourages openness and the avoidance of conflicts of interest, demands disclosure of possible conflicts of interest, requires financial reports, and governs the receipt and use of donations by government employees, candidates, and public officials. There are no prohibitions on contributions specifically from the TI or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions.

## 7. PREVENTIVE MEASURES

Few preventive measures are in place in Palau. While promoting openness and access to public information, neither the Open Government Act or the Administrative

Procedures Act address or mention the TI specifically. Similarly, the Code of Ethics does not prescribe activities specifically with or by the TI.

There is no requirement of the government for the TI to periodically submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities. Only for tax purposes is there a requirement to report or declare the type and quantity of tobacco products imported.

There are no mechanisms to consistently raise awareness within government departments on policies relating to WHO FCTC Article 5.3 guidelines and recommendations.

---

## Recommendations

1. Improve existing policies such as the Palau Civil Service Rules and Regulations, the Code of Ethics, Open Government Act and Administrative Procedures Act to comply with Article 5.3 Guidelines. Once the most appropriate approach is determined, establish a team with key members to develop and implement an action plan to strengthen the policies.
2. Amend Palau's comprehensive tobacco legislation, concerning CSR so that it includes language disallowing any official or employee of government to accept payments, gifts or services, monetary or in-kind, from the TI.
3. Raise Awareness among civil servants about the need to protect public health policies from commercial and other vested interests of the TI, and the strategies used by the tobacco industry to interfere with the setting and enforcement of public health policies with respect to tobacco control.