

# Palau Economy Quarterly

No.1 July 2005

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## Economic Trend of Palau (1st Quarter, 2005)

The Palau economy in 1st quarter 2005 is in a continuous positive economic growth.

Numbers of overseas visitor arrivals have continued to increase, keeping Palau economy in an uptrend. Tourism industry plays an important role as a driving force in the economy of Palau.

Gross revenue tax increased its value from last year's value, implying that Palau's economy has improved.

Building permits issuance decreased from the previous year. Both commercial and governments increased, while residential permits decreased.

Consumer Price Index increased its value by 2.2%. Transportation, household operations and leisure & entertainment increased by 7.5%, 3.0% and 0.5% respectively. Clothing & footwear decreased significantly by 4.2%. The other groups such as alcohol, tobacco & betel nut, housing, etc. remained the same as the same quarter a year ago.

These economic indicators show a positive growth in Palau's economy with 1st quarter Business Outlook Survey.

## Overseas visitors slightly increased

The number of tourist arrivals in 1st quarter, 2005 were 0.25 million, an increase of 3.5% from previous year.

Figures show Japanese arrivals were the highest at 0.9 million, an increase of 15%, followed by Taiwanese at 0.8 million. However, this number decreased by 24% from last year.

The largest group of the overseas visitors comprise of the tourist of about 90%, followed

by 5% employment and 4% business.

## Building permit

There were 14 building permits issued last year, a drop of about 4 percent. Government and Commercial increased by more than 100% while Residential dropped by more than 50%.

## New Business License increased

The number of business licenses issued increased about 8% in 1st quarter 2005. Business licenses issued this quarter were 297, about 169 to wholesale & retail trade, followed by other business activities of 74, and 19 to real estate, rent and business activities.

## Gross Revenue Tax increased

Gross revenue tax in 1st quarter, 2005 reached \$2.4 million, about 32.2% increase from the previous year level. Order by industry, real estate, rent & business activities was \$0.76 million, an increased of 51.4%, followed by other businesses at \$0.62 million and transport at \$0.41 million and wholesale and retail trade at \$0.34 million. Most of the businesses gross revenue taxes increased significantly from last year's level proving a positive economic growth in Palau.

## Trade increased

The quarterly trade balance estimates serve as a good indication of international transactions. Import figures in 1st quarter 2005 were about \$27 million, an increase of about 26% from the previous year's level. Export dropped by about \$0.33 million, more than 50% decrease from last year's level. The decrease shown in the export value was due to closing down of the garment factories in

Palau.

### CPI slightly increased

Consumer price index in 1st quarter, 2005 (year 2004=100) increased 2.2% from a year earlier. Palau's Consumer Price Index consist of eight major group, Food & beverage, Alcohol, tobacco, & betel nut, Clothing and Footwear, Housing, Household operations, Transportation, health, personal care, Education & service and Leisure & entertainment. First quarter 2005 figures showed an increase of 102.3% in transportation group, followed by household operation of 101.2% and 100.7% in leisure and entertainment group while other groups remained at 100% level.

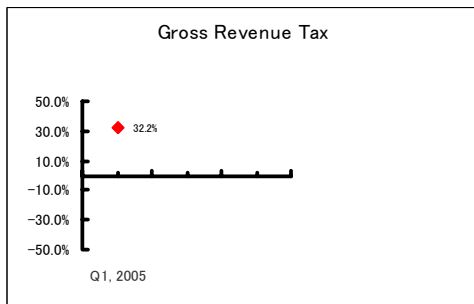
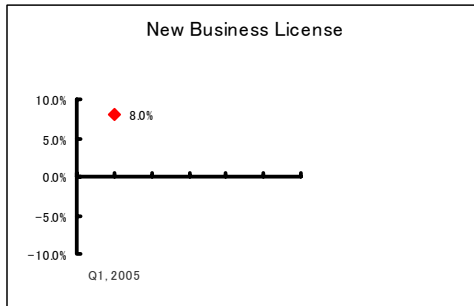
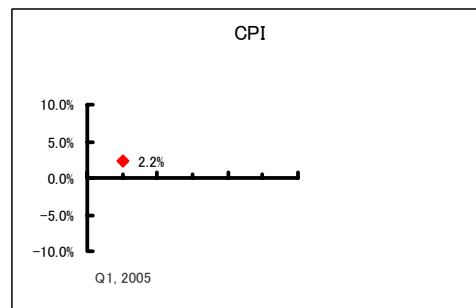
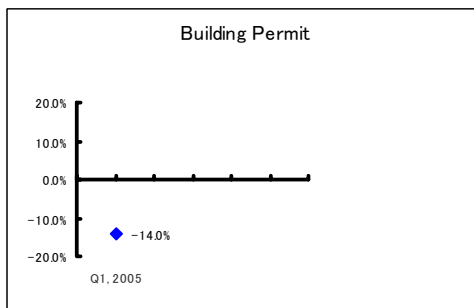
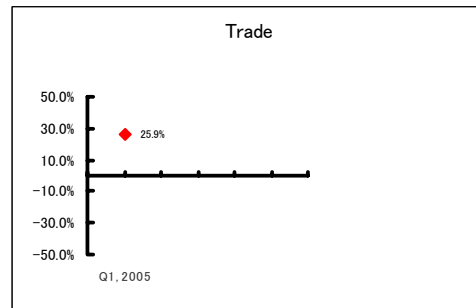
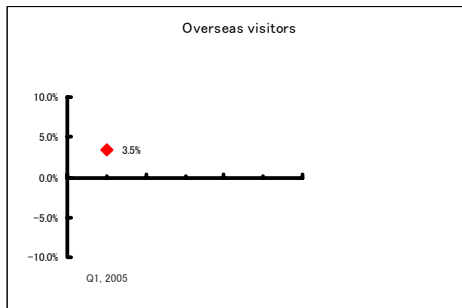
### Employed wages

Overall employed wages in 1st quarter 2005 was \$22 million, showing a decrease of

about 4.2% from a year earlier. Figures showed a decrease in public administration industry at about 11%, followed by Wholesale & retail trade with a value of about \$3.6 million, a decrease of 4.4%. On the other hand Mining & quarrying, Hotels & restaurants, Financial intermediation increased ranging from 11.8%, 8.9% and 22.1% respectively. Employed wages except for public administration increased by 2.5%.

## Trend of Major Economic Indicators

(Rate of change compared to the previous quarter)



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