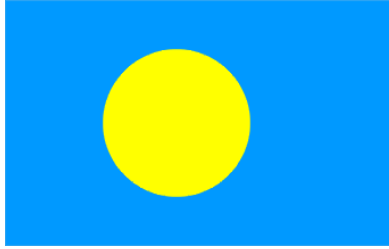


NATIONAL SECURITY STRATEGY

of the Republic of Palau



June 2022



Belau Rekid

*Belau loba klisiich er a kehulul,
El dimla ngarngii ra rechuodel mei
Meng mengeluolu er a chimol beluu,
El ngar cheungel a rirch lomke sang.
Bo dole ketek a kerruul er a beluad,
Lolab a blakelreng ma duchelreng.
Belau a chotil a klengar re kid,
Mebo dorurt a bedul msa klisichel.
Bode kaiuereked chim lokiu a reng,
E dongedmokel ra dimla koted.
Lomecheliu a rengedel ma klebkellel,
Lokiu a budech ma beltikelreng.
Dios momekngeltengat ra Belumam,
El dimla dikesam ra rechuodel mei,
Beskemam a klisicham ma llemeltam,
Lorrurt a klungiolum el mo cherechar.*

The President's Message



Today, we are blessed as citizens of the Republic of Palau to live in a small-island nation that continues to enjoy great stability and progress through these unprecedented times and rapidly changing world. We are encouraged by the strong efforts and commitment that we have poured into protecting our nation and preserving our Palauan values, culture, and way of life that we have inherited from our forefathers.

Following this year's theme, *Oterkekkel a tekoi er a klekerngel ma sebechekel a beluu ma rechad: Ensuring our Security and Safety*, we must constitute a comprehensive strategy that advances our nation's long-term goals and ensures the safety of all Palauan people. This will in turn strengthen our national security interests in all aspects of the government as we continue to cultivate stable and cooperative diplomatic relations with our strong international allies, trading partners, and global economic institutions. Now, it is our responsibility to prioritize our economic recovery through diversification and innovative approaches that create new opportunities for growth and sustainability. We must protect our natural resources and secure our exclusive economic zone from which our livelihoods depend. This demands strong partnership and cooperation between Palau and our critical allies such as the United States of America, Japan, and Australia as we work together to protect Palau's borders and the assets that are distinctive and invaluable to our island nation and our people.

As we protect our peace and security, it is crucial to realize the inevitable challenges of the developing world, specifically in the cyberspace environment. Ensuring the cyber security and cyber defense, and combating transnational crime, will require prioritization and the development of modern infrastructure to deter and prevent cybercriminal activities from causing permanent harm to Palau's global reputation. Our combined efforts to enforce and eliminate these illegal activities will require cooperation with regional partners for expertise, education, training, and technical assistance.

Finally, as our small island nation continues to develop and prosper, we must always look ahead with steadfast determination and resolve to pursue "A Kot a Rechad er Belau." I believe that we must take on these responsibilities confidently to pursue our vision with the guidance of the priorities established in this strategy. Together, we can build a Palau that is stronger and more secure today, and for the future generation.

Sincerely,

A handwritten signature in blue ink, which appears to read "Surangel S. Whipps, Jr." The signature is stylized and fluid.

Surangel S. Whipps, Jr.

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INTRODUCTION

*“Oterkekkel A Tekoi Er A Klekerngel
Ma Sebechekkel a Beluu Ma Rechad:
Ensuring our Security and Safety
for the Republic of Palau.”*

Our government’s fundamental responsibility is to preserve and protect Palau, the Palauan People, Palauan culture and our way of life. In today’s interconnected, competitive and complex world, doing so requires a security strategy that leverages our strategic importance to the world, recognizes our regional strengths, and is grounded in Palauan values.

Threats to Palau’s **Economic Security** is the top concern. Following the downturn in national gross domestic product and decline of the tourist industry resulting from the COVID-19 pandemic, we continue to explore ways to build back our economy. We remain vigilant not to fall deeper into the trappings of short-term gains with negative long-term implications. Given Palau’s current economic vulnerabilities, our number one priority must be to care for the Palauan people. Our government leaders must proceed with caution when deciding on investment opportunities or other activities. We will avoid the allure of quickly available funding with no long-term benefits. The desired financial strategy is one that avoids increasing national debt, optimizes the tax code, and provides solutions for resolving Palau’s current economic dilemma.

Palau’s strategic importance as the island farthest to the West in the second island chain between the U.S. and Asia cannot be understated. Cooperation with other island nations remains paramount to our national security. We are the link in the defensive chain farthest to the west with a 200-mile **Exclusive Economic Zone** (EEZ) stretching in each direction. Palau readily serves as the first line of alert to other island nations of intruders, illicit traffickers, illegal fishing vessels and other bad actors who must pass through our waters before reaching our neighbors and points beyond. The constant patrolling and surveillance of the EEZ deters a variety of maritime threats before they get deeper

into the region. Palau has developed a comprehensive program, in concert with other Micronesian nations, under the Protected Areas Network Act for maintaining marine protected areas in near-shore locations. The spillover effect of this program has been extremely positive as evidenced by similar initiatives in the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, Guam and the Marshall Islands. To sustain this level of cooperation and maintenance of our large EEZ, Palau requires improved intelligence capabilities, resilience against global warming and climate change, and conservation of our resources for future generations.

The future of Hong Kong appeared bright during its handover of sovereignty to China in 1997. Hong Kong’s central role as a business hub had been reinforced by its openness to the outside world and its access to mainland China. However, the restrictive measures and reputation for health threats due to the COVID-19 pandemic has removed those advantages from Hong Kong and made it inhospitable for international business. Like Singapore, Palau’s ability to quickly and effectively physically isolate itself from pandemic threats can serve as an opportunity for continuity of international commerce. Palau deserves more trade in order to realize greater self-sufficiency and a stable economy. Palau’s digital residency program provides a safe and secure way to transact business digitally from anywhere in the world.

The program's success depends on resilient and effective **Cyber Security**. Sovereign control over our borders and the excellent processes in place by our Ministry of Health and Human Services for COVID-mitigation protocols means easier arrivals and departures approvals from Palau. We must continue exploring investment opportunities building stronger partnerships with our U.S., Australian, European, and other allies.

Palau absolutely values the long-standing partnership we have enjoyed with the United States. We are proud of our role in contributing to U.S. national security and the defense of the U.S. Homeland along with the rest of the Freely Associated States (FAS). As we continue the Compact of Free Association (CoFA) review process, we know that a stronger Palauan economy and security posture provides exponential benefits for U.S national security in terms of stability, ideology, physical presence, access and responsiveness. Concurrently, the intrinsic benefits of modernization will keep Palauans in Palau by providing the same opportunities as are found in Hawaii or Guam.

Palau has had the distinct pleasure of hosting a number of recent joint and multinational military training exercises in Palau. Presence is deterrence. That presence has reaped many benefits in terms of security cooperation training. We continue to build **Capacity and Resiliency against Natural and Technological Disasters** and proficiency and experience among our various law enforcement organizations to **Counter Transnational Crime**. Local businesses have enjoyed the residual benefit of money spent in Palau's restaurants, hotels and service organizations. Palau will continue to reap these economic and security benefits with more frequent military exercises expected on the horizon. Palau expects these to also drive infrastructure improvements in **National Intelligence Activities**, and support military logistics requirements such as new runways, expanded runways, port facilities, and roads that advance the capability of the U.S. military to move troops and equipment quickly and easily.

Through strategic alliances, advancing Palauan regional partnerships, and promoting Palauan values and influence, we will secure and protect our country, our cultural heritage and the Palauan way of life to realize the vision of "A Kot A Rechad Er Belau!" Palauan People, First! This inaugural 2022 Palau National Security Strategy is our roadmap for "Oterkekkel A Tekoi Er A Klekerngel Ma Sebechekel a Beluu Ma Rechad: Ensuring our Security and Safety for the Republic of Palau."

ECONOMIC SECURITY

We will always put first the prosperity and economic security of the Palauan people. Together we will rebuild our economic institutions through responsible and sustainable use of our natural resources, emerging technologies, and the global free market economy.

Our international allies, trading partners and global economic institutions have a strategic stake in doing more to honor and enforce existing agreements. In the wake of the COVID-19 Pandemic, and after closing our borders for more than a year to ensure the safety of the Palauan people, doubt has replaced confidence as our overreliance on tourist dollars proved detrimental to our economy. Over the past two decades, Palau has come to rely too heavily on tourism and foreign imports from countries that do not share the same values as Palau. These countries leveraged economic dominance to impugn Palau's sovereignty and independence while seeking to exploit our abundant natural resources. Since reopening Palau's borders, the flow of tourists has been nowhere near our pre-pandemic numbers. A disproportionate area of our Exclusive Economic Zone (EEZ) remains constrained to tourism and recreational activities, while Palau's fishing and aquaculture industries have continued to decline. The abandoned hatcheries can be seen while moving about our

waterways to and from the rock islands and dive sites now devoid of tourists.

In the years leading up to the pandemic, the influx of Chinese tourists provided Palauan businesses with the required capital to invest and expand Palau's hospitality infrastructure. Despite a reopened Palau, the Chinese government continues to intentionally damage Palau's economy by restricting the flow of Chinese tourists. The majority of hotel rooms remain vacant. New restaurants built to cater to the Chinese tourist remain shuttered. Buses and other transportation supporting a once burgeoning tourist industry remain idle. New initiatives like the "Sterile Corridor" between Taiwan and Palau have developed slowly due to a resurgence of COVID 19 cases in both Taiwan and Palau. As new COVID-19 variants emerge and the threat of another global pandemic remains a reality for the near future, it is clear that our economy cannot depend primarily on tourism and tourist dollars to recover and thrive. Concurrently, we must never again allow foreign intrusion and harmful influences to negatively impact our independence, sovereignty, and way of life.

Palau's strong financial situation before the pandemic disqualified us from receiving any grants to compensate for revenue loss while our borders were closed. As such, the financial assistance received in the form of loans will need to be paid back. Compounding the issue is the condition of our aging infrastructure and key facilities. Our harbors, hospital, airport runways, waterways, roads, power grid, and telecommunications infrastructure are all in need of repair and in some cases, complete replacement.

Palau's economic challenges require innovative and diverse approaches. The current administration was elected on a platform of putting the people of Palau first – "A Kot A Rechad Er Belau!" We must work closely with allies who share our common values to rebuild Palau's economy, strengthen our financial

institutions and build new instruments and economic forums that put Palau on stable footing in an increasingly challenging and complex global economy.

Priority Actions

REBUILD ECONOMIC STRENGTH AND CONFIDENCE: Economic recovery requires the reduction of debt through fiscal responsibility, innovative approaches to restore and revitalize existing Palauan industries, and continuously seeking new opportunities for long-term sustainment and growth. The absence of visitors due to COVID-19 has served as a costly reminder of how important tourism is to Palau. But never forget how important Palau is to the rest of the world as a model for marine preservation and one of the seven underwater wonders. In time, our valued visitors and guests will return. It is critical we continue to balance rebuilding our tourist industry with ensuring the safety of the people of Palau and protection of the natural environment. Government investment in strengthening entrepreneurialism in local food production, agriculture and aquaculture in collaboration with technical and financial partnerships is equally critical. At the same time, we will leverage new technologies such as fintech and digital residency to build and preserve a fair and reciprocal international economic system for Palau that is stronger than ever before.

RESTORE TRUST AND CONFIDENCE IN OUR HEALTHCARE SYSTEM: The Ministry of Health and Human Services will continue to build on its excellent management of the COVID-19 crisis. The exceptional manner in which we handled the initial reopening of our borders, the careful tracking and testing of new arrivals, and the successful containment of the Omicron variant outbreak are a testament to the talent, tenacity and resiliency of Palau's healthcare professionals. Our Hospital Relocation Committee is undertaking reviews of sites for our national hospital facilities, including evaluation to move the hospital to the same island as the

international airport and possible future seaports. In concert with the move are the continued initiatives to improve and modernize our staff, equipment and facilities while also enhancing the quality and frequency of exchange programs and sister hospital programs. The reduction of required referrals and the associated costs to Palauan taxpayers for routine treatments and basic surgical procedures requires a shift from current outdated medical practices to new and modern medicine.

ENHANCE OUR MARITIME SECURITY TOOLS AND EXPERTISE: Ensuring that Palau can detect, deter and defeat encroachments and violations of our EEZ and national sovereignty requires investing in both new systems and improving our existing systems to maximize returns on prior investments. We will constantly reevaluate the strengths and weaknesses of our maritime security capabilities and work with our allies and partners to continue building partner capacity and a joint and multinational method of securing our EEZ, waterways, seaports and harbors. We will continue to cultivate current investments in national security while implementing new approaches to acquisition that ensure the best value for Palau.

PROTECT COMMERCIAL ACTIVITY, CONSUMERS AND PRIVACY: To enjoy the benefits of global connectivity requires effective governance, laws, enforcement, safe infrastructure and public awareness of safe online practices. Combating Cybercrime begins with laws that are up to date and address criminal, national security, commercial and personal interests. We will deter and disrupt cyber criminals and malicious cyber actors by applying modern standards that contribute to consistency across the Pacific. We will continuously update our laws to protect our Palau from the everchanging landscape of cybercrimes. These changes will appropriately account for Palau's unique society, culture, and institutions.

DEFEAT TRANSNATIONAL CRIMINAL ORGANIZATIONS: Time and territory allow the expansion of criminal supply chains critical to conducting illegal activities unchallenged or undetected. We will continue to support our law enforcement allies and partners in degrading and defeating transnational criminal organizations and their subsidiary network by denying the criminal organizations safe haven in Palau. We will continue to enable and participate in direct action campaigns whenever possible to combat cybercrime, political subversion, money laundering, drug trafficking, human smuggling, labor trafficking and other heinous and illicit criminal activity.

COMBAT ILLEGAL DRUGS AND TRAFFICKING IN PERSONS: We will invest in national strategic intelligence sharing capabilities and improve our ability to work with other international organizations. Our National Police, State Rangers, Customs and Border Protection agents are the keys to successfully detecting, deterring and defeating illicit networks. We will invest in training and education programs to improve our partnerships with the United States Coast Guard, the United States Department of Justice, and the Australian Federal Police. The effectiveness of our law enforcement professionals requires modern equipment, techniques, tactics and procedures. We must update human smuggling and labor trafficking laws and criminal codes to reflect current activities.

ENHANCE OUR BORDER DETECTION CAPABILITIES: Palau's borders span the outer limits of our EEZ, our cyberspace perimeter, and our customs and immigration facilities. Our border agents, rangers and other law enforcement professionals are the first line of defense against illicit drug trafficking, labor trafficking, transnational criminal activity, and cybercrime. We will preserve our reputation as a secure environment for legitimate business partners and investors, providing them the safe operating

space in which to participate in Palau’s economic recovery and prosperity.

BUILD ECONOMIC RELATIONSHIPS ON MUTUAL TRUST THAT BENEFIT THE PEOPLE OF PALAU: Our maritime transport sector (MTS) consists of several elements, including domestic and international ships, seafarers, port services, ship representation services, freight-forwarders, regulation of shipping, contribution of other ministries or agencies to assist navigation or maritime transport, enactment and enforcement of laws. In early 2020 until now, the economic sector has suffered from a major economic shock brought about by the Covid-19 pandemic. The impact of the external shock brought the realization that government services in the maritime sector need to be delivered by means of user-pays principle, innovation and efficient use of resources in order to reduce negative impacts of reduced government revenue on services.

MINIMIZE DEBT AND OTHER BURDENS ASSOCIATED WITH DEVELOPMENT: Both the Republic of Palau and the United States of America must honor the provisions of the Compact of Free Association and, where appropriate, continuously renegotiate as necessary to ensure fairness, compliance, reciprocity and faithful adherence. Palau will explore innovative financial strategies and mechanisms to minimize debt for development. We will utilize the generous assistance of our partners and allies when possible and seek opportunities for private investment or public-private partnerships to meet the growing demand for new and better infrastructure services.

SECURE OUR EXCLUSIVE ECONOMIC ZONE

Since January 2020, Palau’s Division of Maritime Security and Fish and Wildlife

Protection (DMSFWP) in collaboration with local, state, national, and partner nations, and nongovernmental and inter-governmental organizations, have conducted continuous monitoring and control operations to deter, detect, investigate, and interdict maritime violations of the Palau National Marine Sanctuary in order to protect Palauan natural resources from illegal fishing, criminal acts, or other activities detrimental to Palau’s natural environment our international waters.

The recent encroachments of Illegal, Unreported and Unregulated (IUU) fishing vessels and Chinese undersea terrain and minerals surveying platforms underscore the challenges of policing and patrolling our 1.6 million square-kilometer EEZ. Our limited and small support economy means heavy reliance on international cooperation and resources from the U.S. Coast Guard, U.S. Navy, Japan Coast Guard, and the Australian Navy. Equally important is the need to significantly reduce the costs of housing and feeding apprehended trespassers and poachers. These continuous attempts to usurp Palauan national security and violate its sovereignty remain a primary concern.

Unsustainable fisheries and aquaculture due to poaching, inadequate supply of seed clams, and uncertainty of the industry have negatively impacted the viability of both industries to contribute to the economy. The symbiotic relationship between Palauans and the ocean is deeply rooted in the sense of responsibility taught from childhood and an understanding that the sea is the source of sustenance and must be cared for. Palau’s national identity is strategically linked to an increasingly vulnerable ocean from which we derive the majority of our food and rely on as our source of income through fish sales and tourism. Traditional “Bul” involving the Council of Chiefs placing reef areas off limits to fishing during known fish feeding and spawning periods is still as important for sustainability. The practice remains an important part of a grand resource management strategy involving

scientific techniques to identify ecosystems at risk, protected area network law, and Palau's commitments under the Convention on Biological Diversity.

Recovery of our economic base is contingent on our ability to build resilience into our infrastructure. We must prepare for the worst in order to mitigate the negative impacts and effects of natural disasters. All communities share in the responsibility to provide safety and security to our citizens while protecting our economic means, our culture and our traditional assets. The notable increases in frequency and severity of natural disasters are a result of accelerated climate change conditions. The subsequent shift to a more proactive approach to disaster risk reduction must continue in order to build the resilience necessary to survive and recover from extreme geological, hydrological, meteorological and technological events.

Priority Actions

REVITALIZE AQUACULTURE AND DOMESTIC FISHERIES: Palau's National Marine Sanctuary remains important to both ocean conservation efforts and our economic strategy. In addition to feeding both citizens and visitors, Palau's domestic fisheries provide the added benefit of relief for near reef fisheries. We will explore and forge strategic partnerships for developing our local fishing fleet, our centralized fish auction market, build processing and wharf facilities and increase our exports. The taxes and fees generated by these actions will provide revenues directly to the states with tangible benefits for the Palauan people.

ENSURE THE SAFETY OF FOOD FISH STOCKS: Ocean acidification, marine pollution, plastics, sediment, and rising sea levels from global warming not only negatively affect our coral reefs but the fish and marine resources that live and feed on those same reefs. The risk of contamination exists and should be monitored throughout the EEZ. Education on these dangers

to food fish stocks are important. We must implement testing to ensure the safe consumption of food fish stocks critical to Palau's household and national food security.

ENSURE THE HIGHEST QUALITY CIVIL SEARCH AND RESCUE (SAR) NETWORK:

The return of tourists and expansion of our domestic fishing fleet and aquaculture industry requires the optimized delivery of efficient and effective SAR services. We will work with state and local governments, civil and volunteer organizations and private enterprises to develop and modernize the interoperability and reliability of alert and identification platforms and emergency communications systems.

INCREASE OUR CAPACITY THROUGH STRATEGIC PARTNERSHIPS:

Working through a robust and increasingly modernized Joint Operations Center (JOC), we will continue to strengthen our relationships and cooperation with the U.S. Coast Guard, U.S. Navy, INDOPACOM, Australia, the Nippon Foundation of Japan, Taiwan, and other critical allies. These existing alliances and new ones to be formed are the keys to deterrence. All government agencies, non-government organizations, private sector, state governments and local communicates must work together to ensure our vital maritime assets are protected and our borders are secure.

MODERNIZE OUR DETECTION AND DETERRENCE CAPABILITIES:

Palau's recent success from increased satellite and air surveillance capability through several programs with USINDOPACOM highlights the importance of modern technology for border protection. We will continue combating transnational crime, and detecting drugs and human traffickers destined for Palau or passing through Palau's EEZ en route to the United States from Asia. We will modernize our Joint Operations Center, coastal surveillance systems and add additional aerial surveillance assets such as satellites and unmanned aerial surveillance drones.

STRENGTHEN ECONOMIC GROWTH THROUGH A SAFE, EFFICIENT, AND SUSTAINABLE MARITIME TRANSPORT SECTOR (MTS):

Palau quickly addresses priority issues affecting the current MTS of Palau with a view to make improvements. We will formulate the necessary plans, strategies, and actions required to ensure that all components of the MTS in Palau are safe, secure, efficient, environmentally-friendly, and contribute to the development of the nation.

PROTECT OUR VALUABLE MARINE ENVIRONMENT:

Palau continues to meet its international obligations by promoting the safety and security of shipping, the health and welfare of seafarers, and the protection of the marine environment. We will ensure that the regulatory framework for Palau's MTS is up-to-date and capable of effectively implementing our international maritime obligations. The MTS will comprehensively cover areas of need; and set the process for implementing International Maritime Organization mandatory instruments to which Palau is a party.

CYBER SECURITY

Palau's security strategy is critically dependent on our response to the numerous opportunities and challenges posed by the cyberspace environment in which the international community operates.

Cyberspace offers state and non-state actors the ability to wage campaigns against Palau's national security, economic and political interests remotely and often without attribution. The absence of a viable and effective cyber defensive perimeter allows cyber attackers to disrupt operations or damage critical infrastructure. Without effective security, Palau's critical infrastructure is vulnerable to cyber, physical, and electromagnetic attacks that can result in significant disruptions to maritime security

operations, our power grid, communications systems, and banking and financial operations.

Priority Actions

ENSURE CYBER SECURITY AND CYBER DEFENSE FOR PALAUANS:

We will deny cyber criminals and cyber attackers the ability to harm Palauans through comprehensive cyber awareness campaigns and educational efforts. We will reinforce public and private efforts to halt illicit online activities such as identity theft, malware, gambling, child pornography, phishing attacks, social engineering and credit card fraud. The safe and responsible use of social media and other digital platforms ensure the healthy exchange of information and ideas while promoting Palau's values to the world.

ENSURE CYBER SECURITY AND CYBER DEFENSE FOR DIGITAL RESIDENTS:

The success of Palau's growing digital residency and cryptocurrency exchange initiatives are totally dependent on our ability to develop and maintain a positive cyberspace reputation. These types of systems are ripe for exploitation and could cause permanent harm to Palau's reputation if breached or compromised. We will identify and prioritize risks to build and develop the modern infrastructure required for defensible government networks.

EXPAND COLLABORATION WITH OUR INTERNATIONAL PARTNERS AND ALLIES:

The security of the Palau National Marine Sanctuary is dependent on cyberspace and the electromagnetic spectrum for electronic detection of maritime threats. Processing and analyzing information across a variety of communications systems and platforms requires data reliability, availability and integrity. Coastal Surveillance Systems, Joint Operations Center communications networks and other systems are subject to the negative effects of power disruption, signal equipment jamming, man-in-the-middle attacks, and more. In addition to improving our protective cybersecurity posture,

we will explore operational communications security options such as radio signal encryption and commercial solutions for classified technology.

DETER AND DISRUPT CYBERCRIMINAL ACTIVITIES: Securing critical infrastructure against exploitation or attack by cyber criminals requires competent authority, trained law enforcement, timely information, and modern capabilities. We will work with our allies and partners to expand our cybersecurity awareness and build a stronger and more resilient infrastructure capable of detecting and preventing fraud, identity theft, money laundering, and more.

IMPROVE AND MAINTAIN A STRONG CYBER PERIMETER: Palau's cyberspace borders must be protected with the same vigilance as our physical borders. Security and resiliency based on layered defenses are the best protection against ransomware, malware, spyware, invasions of privacy and cybercrime. We will prioritize our protective efforts based on where cyberattacks could have the most catastrophic consequences to our national security. Continued network modernization will defeat attempts to breach Palauan networks.

PROTECT LEGITIMATE FOREIGN INVESTMENT: Palau's Digital Residency Program and the plans for other fintech initiatives welcomes business partnerships in a safe and secure cyber environment. We will continue to explore ways to improve Palau's legal and regulatory environment to encourage foreign investment that increases domestic employment, expands the economy, and raises revenue and capital through taxation. We will actively counter illegal or unethical foreign investment that undermines both economic and national security.

PROTECT PALAUAN SOCIETY FROM CYBERCRIME: As an early adopter of The Budapest Convention, Palau has well-established its stance in the international community against crimes committed via the Internet and other

computer networks. We will continue to pursue a common criminal policy aimed at the protection of society against cybercrime through appropriate legislation and international cooperation. We must build capacity by training and educating law enforcement, prosecutors, and the judiciary to successfully prosecute cybercrime.

PROTECT PUBLIC OFFICIALS AND DIPLOMATS FROM CYBER ATTACKS AND EXPLOITATION: Cyberspace provides a medium by which illegal access, illegal interception, data interference, computer-related forgery and fraud, and privacy violations can occur. Palauan citizens with special status such as public officials, as well as diplomats and other foreign dignitaries can be especially targeted. However, social media impersonations, theft of privacy for extortion purposes, or compromised travel schedules to aid in assassination planning present dire risks. We will increase our ability to safeguard the confidentiality, integrity, and availability of sensitive data by improving the means by which we store, share and send data both internally and with our allies and partners.

RESILIENCE TO NATURAL AND TECHNOLOGICAL DISASTERS

With the incredible support of our diplomatic friends, we have successfully weathered the storm of the COVID-19 pandemic. These alliances continue to provide valuable healthcare, education, and technology services, protection from aggressors, and expertise combating climate change.

The PNMS has inspired conservation leaders around the world, while setting the standard for which all ocean states should aspire. We have established a global reputation through responsible international partnerships, bold environmental leadership, and diligent

marketing. As we continue to leverage our world-class reputation into a world-class economy, we must make the necessary land value-added investments that will build much needed resilience into Palau's harbors, airports, roads and waterways.

We continue to experiment with public-private partnerships prioritized towards renewable energy commitments, including a solar-power generating plant that will satisfy 20% of our national energy needs. This is a direct result of our ongoing efforts to leverage our long-term bilateral relationships into mutually beneficial infrastructure improvements.

Security against natural and technological disasters will ensure that during times of extreme need and hardship, the basic needs of the Palauan people – water, electricity, healthcare, and safety - can still be provided by their national and state governments. When the next challenge arises, Palau must be ready.

Priority Actions

ENSURE OUR ABILITY TO QUICKLY RECOVER KEY INFRASTRUCTURE: The actions taken immediately before and after a natural or technological disaster are limited only by the amount of planning and viability of resources and assets available following a catastrophe. Survivability and recovery of key economic assets depend on the resilience of facilities built in ahead of time. We will rebuild, harden, relocate, and modernize our national facilities to ensure the highest levels of resilience and dependability, possible. We must be able to organize and deploy SAR, evacuate disaster victims requiring higher-level medical care or evacuate citizens of other countries desiring to return home, distribute humanitarian relief, and resume commercial activities, quickly to ensure goods and services flow to those in need.

ENSURE A SAFE AND SECURE EEZ: Search and Rescue in response to natural disasters, boating mishaps, and other dangerous situations and events are critical. We will ensure a safe and secure EEZ for our fishing, aquaculture and tourist industries, Palauan recreational activities, and international shipping. The expansion of the EEZ for domestic and commercial fishing fleets and revival of the aquaculture industry requires a reassessment of current national disaster relief and recovery frameworks which were planned around a limited use of the Palau National Marine Sanctuary.

IMPROVE BORDER PROTECTION AND PATROLLING OPERATIONS: In late 2021, the Chinese Research Vessel “Da Yang Hao” illegally entered Palau's EEZ north of Kayangel Island. When challenged, the Chinese crew of the marine resource survey ship claimed to be avoiding a major storm in the area. Typhoons and other weather events provide cover for unauthorized vessels to encroach in our territory. We will ensure all border protection measures remain alert and operational during events. Our law enforcement professionals must move quickly to resume patrolling and scanning of the EEZ any vessels that may have infiltrated under the cover of a natural or technological event.

UPDATE OUR DISASTER RECOVERY FRAMEWORKS: Resumption of international commerce following natural disasters ensures fast recovery of the economy. Palau's National Emergency Management Office will revisit current frameworks that were developed before the COVID-19 pandemic to ensure they meet our current needs as we shift to a more diversified economic portfolio. From a disaster recovery and humanitarian assistance stance, relocating, hardening, expanding, and establishing alternate locations for medical facilities, seaports, harbors and airports ensures that aid is received and distributed quickly to those in need.

STRENGTHEN OUR KEY ALLIANCES AND CONTRIBUTE TO REGIONAL

EFFORTS: Palau relies heavily on support and aid from more capable partners such as the U.S., Australia, Japan, and Taiwan in the form of multinational operations, equipment (patrol boats and aircraft), training, and education. We will continue to do our part as a capable and reliable member of different regional and international treaties and agreements. Alliances and partnerships ensure a holistic cooperative approach to aiding those negatively affected by natural disasters.

ENSURE CONTINUITY OF OPERATIONS: The resiliency and availability of government facilities and networks are important to ensure continuity of public service operations during a natural or technological disaster. We will conduct risk assessments and create mitigation plans to ensure public officials and diplomats are able to continue and resume their duties and responsibilities. The hours and days immediately following a disaster are crucial to public servants and diplomats as they coordinate critical humanitarian aid and disaster relief.

SUPPORT CONVENTIONAL WEAPONS DESTRUCTION PROGRAMS: U.S. support to Palau's unexploded ordnance (UXO) clearance work has been provided by the Office of Weapons Removal and Abatement in the U.S. State Department's Bureau of Political-Military Affairs (PM/WRA). We will continue to conduct survey and clearance operations on the main islands and rock islands via the PM/WRA funded team as new information becomes available. The delivery of Conventional Weapons Destruction (CWD) programs and services in Palau is a joint engagement between US Department of State and US Department of Defense aimed at removing UXOs from Palau's former battlefields.

TRANSNATIONAL CRIME

A primary contributor to all facets of transnational crime in Palau are organized criminal organizations who see Palau as either a

transit or final destination for drugs, human trafficking or other crimes. Organized criminal activity has had detrimental impacts on both the environment and the Palauan people's livelihood. The organized-crime landscape in Palau is limited but growing. Eastern and southeastern Asian criminal networks in concert with domestic criminal networks have developed networks for which a majority of the illicit activity is conducted.

In 2018, Palau saw high quality methamphetamine or "Ice" being imported from the US mainland (Oregon and California), Philippines, Tanzania, and Guam. The method of transport varied widely. The drugs were primarily smuggled by airline passengers in their carry-on or checked baggage, and body cavities. Drugs were also transported in air and sea cargo containers, remittance companies' packages and parcels, and U.S. Post Office packages and parcels. Heroin and cocaine supplies from Asia are also an imminent concern and are at a high threat level.

Human Trafficking continues to be a challenge. The victims come from primarily economically disadvantaged areas of Asian countries such as China, Nepal, Thailand, Philippines, and Bangladesh. Palau strives to keep pace with the increase in illicit activity by increasing investigations and other efforts.

Other transnational crimes on the rise are financial in nature. These include money laundering, credit card fraud, ATM machine scamming, cybercrime such as illegal online gambling, and child pornography. Our digital residency program and crypto exchange initiatives have vulnerabilities inherent in cryptocurrency transaction processes. Cyber criminals have had recent successes defeating the security features of blockchain technology. At present, there is no legal framework in place to monitor and regulate virtual assets, virtual currency service providers, or daily cyber activities.

Priority Actions

ENFORCE FINANCIAL CRIMES LAWS:

Our strategy for economic diversification requires a diversified approach to addressing threats to Palau's economic recovery. We will continuously assess laws and legal frameworks to monitor and regulate virtual assets, virtual currency service providers and monitor cyber activities. Illegal online gambling, money laundering operations, ATM fraud and credit card scams damage Palau's reputation and detract from legitimate international investments and business operations.

ELIMINATE THE METHAMPHETAMINE EPIDEMIC:

Due to our population size, drug markets in Palau are fairly limited but continue to operate counter to Palauan laws, culture and values. We will increase efforts to detect and prevent the entry of methamphetamines and other illegal drugs into Palau. The damaging effects of methamphetamines use is amplified by the visibly obvious traits of physical and mental degradation. The negative health effects become a drain on our healthcare system. Methamphetamine use is a threat to our national and economic security with tremendous negative socio-economic impacts.

INCREASE MARITIME PATROLLING:

We will continue to strengthen our cooperation with the U.S. Coast Guard, U.S. Navy, INDOPACOM, Australia and the Nippon Foundation of Japan and other critical law enforcement allies. We will continue to increase our presence at our borders, throughout the EEZ and in our seaports and harbors. Our effective physical and technological detection measures will deny criminal organizations the use of the Palau National Marine Sanctuary as a safe haven for illicit activities.

ENFORCE CYBERCRIME LEGISLATION:

Banking and remittance services in Palau may be vulnerable to exploitation by cyber criminals,

largely due to the lack of cybercrime laws or experience to regulate and enforce existing financial crimes legislation. We will develop legal framework such as financial transaction monitoring and asset seizure. We will continue to augment the human, technical and financial resources within Palau's Financial Institutions Commission, Financial Intelligence Unit, and work collaboratively with international partners to investigate cybercrime.

DETER CRIME THROUGH REGIONAL PARTNERSHIPS:

Palau is a member of a variety of transnational law enforcement organizations and networks that encourage cooperation, pooling resources and sharing intelligence. We will use these resources to train law enforcement, prosecutors, and the judiciary. We must develop these relationships and leverage the combined talents and resources of the region to deny organized criminal organizations a safe haven from which to conduct illegal activities.

ESTABLISH A NATIONAL CRIME LAB:

Palau's Narcotics Enforcement Agency is well-integrated with the U.S. Coast Guard, FBI, Australian Federal Police and other law enforcement services across the region. Precious time and taxpayer dollars are spent each year transporting evidence to Guam and Australia for forensic analysis.

An additional cost is incurred bringing those analysts to Palau to testify at trial. We will establish a Palau National Crime Laboratory. Locally employed scientists will be able to analyze evidence collected from crime scenes and apply the latest scientific methodologies and web-based databases to streamline their processes.

MODERNIZE OUR BORDER SECURITY TECHNOLOGY:

Palau's recent success from increased satellite and air surveillance capability through several programs with USINDOPACOM highlights the importance of modern security technology for monitoring our borders. We will

continue to modernize our Joint Operations Center, coastal surveillance systems and add additional aerial surveillance assets such as satellites and unmanned aerial surveillance drones. The proper use of advanced technology can effectively detect and deter transnational criminals and drugs and human traffickers either destined for Palau or passing through Palau's EEZ en route to the United States from Asia.

BECOME A HUB FOR INTERNATIONAL COMMERCE:

Palau is geographically located in the middle of international shipping lanes which double as the primary illicit trafficking lanes of transnational criminal organizations. Shipping containers transporting legitimate goods and services are also used to smuggle illegal drugs, counterfeit items, and currency between Asia and other parts of the world. We will increase efforts to protect the integrity of international commerce by deterring criminals from using Palau as a hub for illicit trafficking. Through cooperation with our law enforcement partners, we will continue developing new technology and methodologies to screen, track, seize and search suspected containers.

IMPROVE OUR LAW ENFORCEMENT CAPACITY:

Palau fully endorses and supports the UN Convention against Transnational Organized Crime. We will continue our hard stance against transnational organized crime to include mutual legal assistance and law enforcement cooperation, promotion of education, training and technical assistance, and frameworks for extradition.

NATIONAL INTELLIGENCE ACTIVITIES

To be effective, intelligence processes must be responsive to the needs of Palau's decision makers. It is a meticulous process of constantly gathering and analyzing vast amounts of data and compiling the

information into comprehensive reports containing actionable intelligence.

When performed professionally and collectively, the intelligence process facilitates evidence-based decision making and allows Palau's leaders and law enforcement personnel the ability to determine overall strategic direction for planned engagements or refining ongoing operations. Effective feedback loops from multiple reliable sources continuously inform the on-going intelligence evolution.

Given the wide variety and nature of threats facing Palau, modernization of our strategic intelligence gathering and analysis capabilities is badly needed. Currently, the Joint Operations Center (JOC) requires additional tools and staffing to reach full operational capability on par with peer or near-peer regional partners. The lack of qualified and capable analysts prevents the JOC from realizing the full potential of existing intelligence, surveillance, and reconnaissance assets.

Given our geographic and geo-political position as part of a strategically important second island chain, our approach to intelligence operations must adopt an integrated perspective and incorporate as much validated and vetted open-source data and information as possible. Intelligence can be gathered in Palau first and passed quickly to our partners and allies. Palau's continued cooperation with regional organizations and programs such as the Pacific Fusion Centre (PFC) is paramount to Palau's security.

A safe, secure and defensible Palau requires accurate, reliable and defensible strategic assessments based on the best information available, analyzed and interpreted by subject matter experts. Such capability will advance Palau's ability to anticipate and quickly respond to threats and illegal activity, while strengthening its alliances and partnerships in the region.

Priority Actions

IDENTIFY ECONOMIC THREATS: A key aspect of Palau’s diversified approach to economic recovery is our growing Digital Residency Program and future fintech opportunities. We will protect these programs from the wide variety of cyber threats and cyber criminals seeking to disrupt our operations in cyberspace and damage our reputation as a viable economic hub. Cyber intelligence for decision makers is vital to ensuring a safe e-commerce environment.

BUILD ON OUR SUCCESSFUL COVID-19 PROCESSES: COVID-19 has strained our healthcare system and part of the reinvestment and revitalization efforts must be to capture the lessons learned from the successes that brought us through the pandemic. We will sustain and build on the healthcare intelligence gathering, analysis, and reporting processes employed by the Ministry of Health and Human Services. The standard operating procedures for tracking COVID-19 cases, numbers of individuals infected, numbers of individuals recovered, etc. can be applied to other Intelligence processes.

ENHANCE OUR MARITIME DOMAIN AWARENESS: JOC serves a critical role in the DMLE’s ability to anticipate, detect, deter and interdict threats to the Palau National Marine Sanctuary. We will provide the JOC with the technology, analysts, and the training and education necessary to improve information sharing with our allies and partner organizations such as the Pacific Fusion Centre.

IMPROVE OUR CYBER INTELLIGENCE CAPABILITIES: The most technologically advanced cyber security and cyber defense networks comprising sensors, endpoint security software, intrusion protection systems, firewalls, security incident event management tools are utterly ineffective without trained and experienced engineers and analysts processing the data. We will establish a Network Operations

and Security Center and Computer Incident Response Team as part of the JOC. We will collect and analyze the vast amount of raw intelligence gathered by our sensors for analysis. Our leaders will be better informed and capable of protecting our networks and our economy from security breaches, attacks and sabotage of industrial control systems, economic espionage, and the theft of sensitive information and intellectual property.

PARTNER WITH INTERNATIONAL AND REGIONAL ORGANIZATIONS: Combating transnational crime requires a transnational intelligence network capable of collecting and analyzing vast amounts of data into comprehensive and actionable reports. We must continue working closely with the PFC for strategic integrated security analysis and intelligence assessments to facilitate strategic decision making and consideration for regional stakeholders. Whenever feasible, we will leverage the robust security intelligence frameworks, analysis procedures, standards and tools of the PFC while maintaining national sovereignty, national policy and operational decision-making prerogatives.

DETER, DETECT AND DISRUPT ILLICIT TRAFFICKING AT THE BORDER: Finding and defeating trafficking networks at our borders and within our territories requires enhanced efforts, techniques and technologies. We will bolster detection efforts and better integrate intelligence and law enforcement. We will ensure our frontline defenders have the right information and actionable intelligence to investigate and respond to illicit trafficking threats.

ANTICIPATE AND COUNTER THREATS TO OUR ECONOMY: Tracking key economic indicators allows decision makers to better understand relevant industries and anticipate and react to different events that will impact international commerce. We will incorporate economic intelligence gathering to analyze political and economic developments, forecast

economic trends, and understand country-specific regulations and business practices. Open Source intelligence (OSINT) gathering, analysis, and reporting is vital to understanding possible impacts on maritime trade, shipping activity, domestic fishing fleet, and threats to our economy such as IUU fishing, illegal geological surveying, and economic espionage.

ADD VALUE TO THE INTELLIGENCE COMMUNITY: We will continue to work with partners to improve our information sharing capabilities and qualifications in accordance with existing treaties, the Compact of Free Association with the U.S. and international laws and domestic laws. Our ability to secure Palau against human trafficking, transnational crime, and other illicit activities is dependent on our ability to add value to the current intelligence frameworks and processes.

PROTECT PUBLIC OFFICIALS AND DIPLOMATS: Safeguarding public officials and diplomats from a wide variety of threats to their well-being and the safety of their families requires as much intelligence regarding potential, possible, and probable dangers. We will develop the capacity necessary to provide intelligence services such as OSINT reports, country briefs for travel security, and recommended force protection measures at home and abroad.

CONCLUSION

We must continue building a safe, secure and prosperous Palau for those who live here now, for future generations, and for the Palauan people living abroad who we want to return. An economically secure Palau will build opportunities for our young people currently working or attending universities abroad and clear paths for advancement and prosperity for those already in the workforce here at home. A secure Palau ensures we continue to attract responsible and legitimate investors, allies and partners. The resulting strong economy will ensure that the Palauan Dream delivers the highest levels of healthcare, education, and opportunities found anywhere in the world.

The tasks ahead of us to improve economic security, protect our natural resources, enhance our cybersecurity, police our borders, build national resiliency, fight transnational crime and increase our intelligence capabilities are the next steps towards reaping the benefits and profits of the hard work and progress already made. They are necessary steps for our current path towards mastering our current environment and situation in the wake of the pandemic.

Together we can create a stronger, more secure, and more efficient government and a stronger and more sustainable economy, for all Palauans.

A Kot a Rechad er Belau!