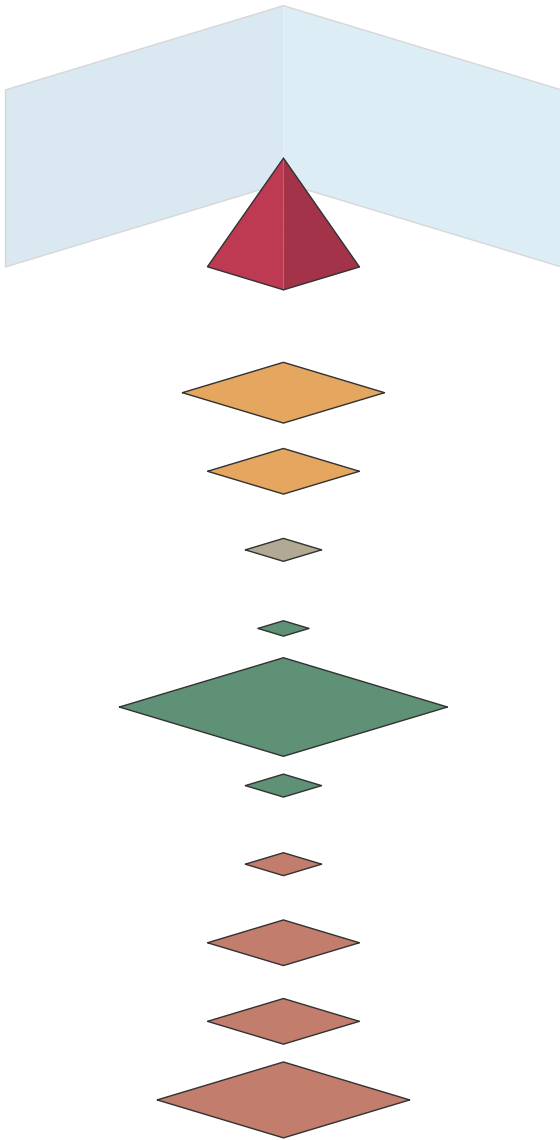


 **PALAU**



 **2.94**
CRIMINALITY SCORE

179th of 193 countries
8th of 14 Oceanian countries
2nd of 4 Micronesian countries

 **CRIMINAL MARKETS** **3.00**

HUMAN TRAFFICKING	4.00
HUMAN SMUGGLING	3.00
ARMS TRAFFICKING	1.50
FLORA CRIMES	1.00
FAUNA CRIMES	6.50
NON-RENEWABLE RESOURCE CRIMES	1.50
HEROIN TRADE	1.50
COCAINE TRADE	3.00
CANNABIS TRADE	3.00
SYNTHETIC DRUG TRADE	5.00

 **CRIMINAL ACTORS** **2.88**

MAFIA-STYLE GROUPS	1.00
CRIMINAL NETWORKS	4.00
STATE-EMBEDDED ACTORS	2.00
FOREIGN ACTORS	4.50

 **4.54**
RESILIENCE SCORE

110th of 193 countries
12th of 14 Oceanian countries
4th of 4 Micronesian countries

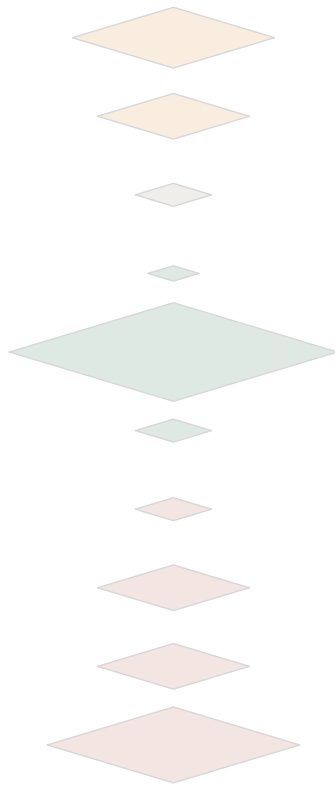
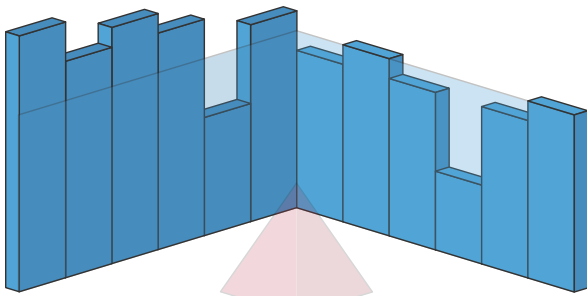


Funding provided by the United States Government.



ENACT is funded by the European Union and implemented by the Institute for Security Studies and INTERPOL, in affiliation with the Global Initiative Against Transnational Organized Crime.

 **PALAU**





 **4.54**
RESILIENCE SCORE

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POLITICAL LEADERSHIP AND GOVERNANCE	6.50
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	5.50
INTERNATIONAL COOPERATION	6.00
NATIONAL POLICIES AND LAWS	5.50
JUDICIAL SYSTEM AND DETENTION	3.00
LAW ENFORCEMENT	5.00
TERRITORIAL INTEGRITY	4.00
ANTI-MONEY LAUNDERING	4.50
ECONOMIC REGULATORY CAPACITY	4.00
VICTIM AND WITNESS SUPPORT	2.00
PREVENTION	4.00
NON-STATE ACTORS	4.50

 **2.94**
CRIMINALITY SCORE

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 CRIMINAL MARKETS	3.00
 CRIMINAL ACTORS	2.88



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CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Palau is a small-scale destination country in the human trafficking market, where individuals are trafficked primarily for the purpose of labour exploitation in various sectors of the economy, such as agriculture, construction, domestic services and prostitution. A notable proportion of victims of human trafficking in Palau are foreign nationals, predominantly from Asia, who are lured to the country with false promises of high salaries. Nevertheless, given the small size of the country, human trafficking operations tend to be ad hoc and opportunistic, and are not run by highly sophisticated and organized criminal groups. The same can be said for the human smuggling market, as Palau plays a relatively minor role as a transit country. The market in the country is characterized for the most part by its facilitation of irregular migration through the provision of fraudulent documents or document theft, which suggests that corrupt practices may be present within the border force and customs authority.

TRADE

There is no evidence to suggest there is an arms trafficking market in Palau. Importing and possessing guns are both strictly forbidden, and the number of small and light weapons in circulation in the country is extremely low. Furthermore, there is no evidence to suggest that arms are trafficked across Palau's borders.

ENVIRONMENT

The illicit fauna market is the most pervasive criminal market in Palau, as a result of the high levels of illegal, unreported and unregulated (IUU) fishing taking place in the country's territorial waters. Illegal fishing by so-called 'blue boats' – small, wooden fishing boats from Vietnam – is rife, and weak maritime security allows it to continue unabated. Organized criminal activity in the fishing sector has detrimental impacts on the environment and people's livelihoods, and can create a spillover effect whereby local fishermen often have no choice but to engage in illegal fishing themselves or other forms of criminal activity. Flora and non-renewable resource crimes, conversely, are not prevalent at all and there is no evidence to suggest an organized criminal market for these exists in Palau.

DRUGS

The drug markets in Palau are fairly limited as a whole, but cannabis consumption is widespread and local demand for methamphetamine is on the rise. Organized crime involvement in the domestic cannabis market is minimal, but organized criminal actors are heavily involved in Palau's primary role, namely in the transnational drug transit trade. Indeed, located on the Pacific drug route, Palau is primarily a transit country for cocaine and synthetic drugs transported from the Americas to Australia and New Zealand. Because the drugs are trafficked almost entirely on maritime routes, the impact of the drug trade on the local population is fairly minimal, and it is foreign criminal actors who benefit from the trade first and foremost. However, concerns have been raised regarding the involvement of fisherman in the illicit economy, for whom fishing is increasingly challenging as a result of depleted fish stocks, and who are often recruited into drug-trafficking organizations. These organizations are predominantly from Eastern and South-eastern Asia; the Philippines, in particular, is a key source country of crystal methamphetamine destined for Palau, either as a transit or destination country.

CRIMINAL ACTORS

The organized-crime landscape in Palau, limited though it is, is dominated primarily by loosely organized criminal structures comprising individual criminal entrepreneurs. As a transit country in the transnational drug trade, domestic criminal networks have developed connections with foreign actors operating in source regions and the most common destination countries. These foreign criminal actors, who hail predominantly from Eastern and South-eastern Asia, feature heavily in the drug trafficking market and are also responsible for the majority of the IUU fishing that occurs within Palau's territorial waters. Conversely, traditional mafia-style groups do not exist in the country and, while corrupt practices may exist, in particular with regard to IUU fishing, there is no evidence to suggest state-embedded actors are systematically involved in or facilitate organized crime.

RESILIENCE

LEADERSHIP AND GOVERNANCE

In recent years, particularly since 2015, the government has stepped up its rhetoric against organized crime and, more specifically, the drug trade. Government ministers have called for assistance to combat drug trafficking, raising concerns that lack of resources is hindering its ability to tackle the issue. In 2019, Palau became the latest country to accede to the UN Convention against Transnational Organized Crime and its three Palermo protocols. The country has made good progress in recent years in the realm of international cooperation on the issue of organized crime, as exemplified by increased cooperation with other Pacific island countries on a variety of environmental and criminal matters via regional organizations, such as the Pacific Islands Forum, the Pacific Islands Chiefs of Police, etc.

Palau is also a signatory to the UN Convention against Corruption. Although nepotism, cronyism and the misappropriation of government funds have been flagged as issues in the country, instances of corruption are nevertheless isolated. In 2014, the government passed the Open Government Act, granting the public access to hearings and official documents. The Act also binds officials to annually submit publicly accessible financial statements. Overall, however, the legislative framework pertaining to access to information in Palau is poor. Furthermore, organized crime legislation is currently lacking, although efforts are under way to follow the example of other Pacific island countries to remedy the deficiencies in the country's legal framework.

CRIMINAL JUSTICE AND SECURITY

The judiciary in Palau is characterized by a high level of independence and integrity, yet suffers from overly bureaucratic and often inefficient processes. Nevertheless, the anti-human trafficking office within the Ministry of Justice is responsible for judicial investigations and prosecutions into human-trafficking offences. As a small island state, detention facilities in the country are limited – there is just one prison, the Koro Jail. Instances of abuse and impunity are rare, but overcrowding is problematic, with the prison registering an occupancy level of over 162%. Although the small police service in the country is well integrated with police services across the region, it requires assistance in forensics and intelligence matters, and is unlikely to cope with any surge in major crimes. In line with the threats facing the country, Palau has established a drug task force, the Narcotics Enforcement Agency, to tackle the issue of drug-trafficking.

Palau's borders are porous and challenging to patrol, and its geographic position on the Pacific route, together with

an extensive exclusive economic zone and limited border-control capacity, make tackling transnational organized crime difficult. However, Palau is part of the Pacific Islands Law Officers' Network, an independent organisation that consists of senior public law-enforcement officers and encourages cooperation. The country is also part of the Pacific Islands Chiefs of Police, which includes national police officers and was established to develop a common approach to policing practices within the wider Pacific region and to train law enforcement agencies accordingly.

ECONOMIC AND FINANCIAL ENVIRONMENT

Palau's economy is extremely limited and the environment is not particularly conducive to doing business. Banking and remittance services may be vulnerable to criminal exploitation, largely due to law enforcement agencies lacking the relevant expertise to regulate and enforce. The primary anti-money laundering legislation contains a number of deficiencies, in particular with regard to preventative measures such as financial transaction monitoring and asset seizure. An overarching issue is the lack of human, technical and financial resources within the country's Financial Institutions Commission. As such, like other Pacific island countries, Palau relies on assistance from foreign governments to conduct financial investigations.

CIVIL SOCIETY AND SOCIAL PROTECTION

Generally, Palau is not regarded as a high-risk jurisdiction for organized criminal activity and, consequently, preventative measures are limited and specifically target certain illicit economies, such as drug trafficking and illegal fishing. The Narcotics Enforcement Agency, in particular, places prevention at the heart of its activity, but the government has also improved its prevention efforts in the field of human trafficking, primarily through the Human Trafficking Task Force. However, support systems for victims of human trafficking in Palau have several shortfalls, including the absence of a victim-identification tool and lack of funding for medical or psychological care for adult trafficking victims.

In Palau, press freedom is generally observed and a number of independent media outlets function in the country, albeit under financial difficulties. Non-governmental organizations are free to operate, and many do in the fields of development, public health and environmental conservation, as well as in organized crime areas such as human trafficking, although to a lesser extent. Civil society organizations are involved in anti-human trafficking efforts and the protection of victims through the Human Trafficking Task Force. Moreover, the Palauan government and law enforcement structures have cooperated with NGOs

and tech companies on an international level in the fight against illegal fishing.

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