

Palau

Duty-Free Treatment under the Compact of Freely Associated States (FAS)

Many categories of U.S. imports from the “Freely Associated States” (the Marshall Islands, Micronesia, and Palau), pursuant to the Compact of Free Association Act of 1985, can enter the United States free of duty. Certain rules of origin apply, and an article, to receive duty-free treatment, must be imported directly from a Freely Associated State.

Duty-free treatment is not available for imports of certain prepared or preserved tuna and skipjack in airtight containers that are in excess of ten percent of U.S. consumption of canned tuna during the immediately preceding calendar year; all textile and apparel that were subject to textile agreements as of 1994; footwear; handbags; luggage; flat goods; work gloves; leather wearing apparel; watches, clocks and timing apparatus; certain buttons; and any agricultural product subject to a tariff-rate quota the amount of which is in excess of the in-quota quantity of such product.

Background

Overall Palau trade snapshot

Exports: \$5.882 million (2004 est.)

Export commodities: shellfish, tuna, copra, garments

Export partners: United States, Japan, Singapore (2004)

Imports: \$107.3 million (2004 est.)

Import commodities: machinery and equipment, fuels, metals; foodstuffs

Import partners: United States, Singapore, Japan, South Korea (2004)

U.S. imports from Palau under FAS

The following chart shows imports into the United States from Palau under the FAS agreement:

**All Import Commodities: Customs Value
For Palau U.S. Imports For Consumption Annual Data**

HTS Number	2006 Trade	Percent Change 2005 - 2006
03023400 Bigeye tunas (Thunnus obesus), fresh or chilled, excluding fillets, other meat portions, livers and roes	\$2,428	N/A
Total	\$2,428	%

Sources: Data on this site have been compiled from tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission.

U.S. imports from the three countries eligible for FAS treatment in 2006 were, in order of largest trade value:

- Frozen fish meat, excluding fillets, in bulk (\$231,344);
- Frozen fillets of freshwater fish, flat fish, etc. (\$229,889);

- Basketwork and other articles of vegetable materials (\$127,886); and
- Rum and tafia in containers of larger than four liters (\$86,841)

Snapshot of world imports from Pacific Island economies, including Palau

A number of dutiable products are exported to the world from the region, but are not exported in large volumes to the United States. Export of these products to the United States could be explored, many of which are eligible for duty-free treatment under FAS:

- baskets of wicker and other vegetable materials;
- active yeasts;
- balsa, mahogany and other types of woods;
- coniferous wood in chips or particles;
- untreated non-coniferous wood in the rough;
- aluminum waste and scrap;
- frozen fish fillets, livers, and roes;
- mollusks;
- organo-sulfur compounds;
- calcium phosphate, aluminum calcium phosphate and phosphate chalk;
- unwrought nickel;
- copper ores and concentrates;
- fresh or chilled vegetables;
- fermented black tea and other partly fermented teas;
- coconut oil, including copra; and
- medicinal plants

Exports to other markets

Products that Palau exports to other markets which may be GSP-eligible or otherwise free of duty if imported into the United States include big eye tuna, special purpose vehicles, ornamental live fish, frozen fish fillets, yellow fin tuna, nails, tacks, drawing pins, etc., of iron or steel; multiply clay coated paper/paperboard, copper waste and scrap, spark-ignition internal combustion piston engine parts, copper waste and scrap, ferrous waste and scrap, coral, and aluminum waste and scrap.