

► Palau: Country Factsheet

[Working Draft]

2024

Key Points

- Palau has a labour force participation rate of 67 per cent.
- The majority of employment is in the services sector.
- Palau has ratified two in-force ILO conventions; future ratification priorities include the remaining fundamental conventions including on forced labour (C029 and C105), and the right to organise and collectively bargain (C087 and C098).
- Priority challenges in Palau include improving labour rights, conditions of migrant workers and combating child labour.
- In the absence of a formal tripartite setup in Palau, the ILO works with the tripartite partners: the Bureau of Labour, the Palau Chamber of Commerce and a few workers' organizations including the Palau Nurse Association.

► Country overview

Palau's population as at the 2020 Census was 17,614 thousand people, of which 77.9 per cent lived in urban areas.ⁱ GDP per capita in 2022 was US\$12,768, one of the highest in the region. GDP growth in 2020 was 3.11 per cent.ⁱⁱ Palau is classified as an upper-middle income country by the Development Assistance Committee (DAC) of the OECD.ⁱⁱⁱ

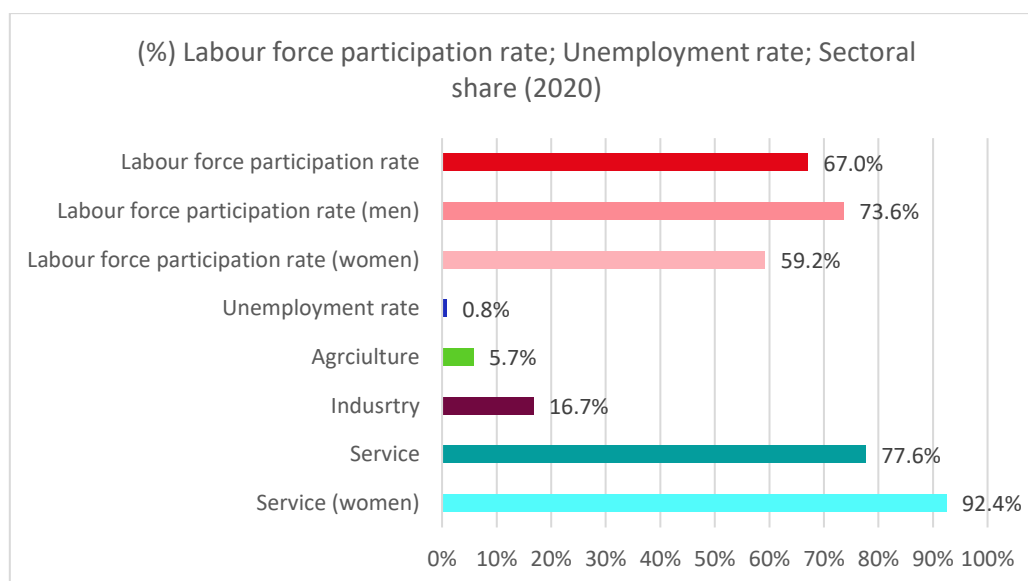
Key Data

- **Population:** 17,614
- **Working-age population:** 14,200
- **Labour force participation rate:** 67%
 - Women: 59.2%
 - Men: 73.6%

Source: ILO, "ILO modelled estimates database", ILOSTAT, accessed 14 April 2024.

► The labour market and the labour force

The most recent labour force information can be drawn from Palau's Population Census of 2020.^{iv} At this time, Palau's working-age population was 14,200 and the labour force participation rate was 67 per cent, which was higher for men (73.6 per cent) than for women (59.2 per cent). Unemployment is relatively low in Palau with an unemployment rate of 0.8 per cent; which rises to 3.3 per cent for youth. The majority of employment is in the service sector (77.6 per cent), with almost all women employed in this sector (92.4 per cent). 16.7 per cent of employment is in industry, with 5.7 per cent employed in agriculture. The majority of workers in employment in Palau are in medium-skill occupations, such as skilled agricultural workers, craft and related trades workers, services and sales workers, and clerical workers. Where workers are engaging in own-account and contributing family work., their employment can be defined as vulnerable. Palau has the lowest incidence of vulnerable employment of all the Pacific Island Countries. It also has the highest share of wage work, which is as a result of the comparatively large size of the public sector and related to it being a high-income country.



Source: ILO, "ILO modelled estimates database", ILOSTAT, accessed 14 April 2024

► Labour rights challenges

The Committee on the Rights of the Child, in its 2018 report on Palau, expressed concern that there was no specific law or policy addressing child labour^v and there was exploitation of children, particularly in the tobacco industry. The Committee of Experts on the Application of Conventions and Recommendations has requested that the Government indicate the measures taken or envisaged to ensure the protection of all workers under 18 years of age against types of work, which, by their nature or the circumstances in which they are carried out, are likely to harm their health, safety or morals; and the specific measures taken by the Labour Compliance Office to effectively monitor and eliminate the worst forms of child labour.^{vi} The Human Rights Council Universal Periodic Review recommended Palau enforce regulations that protect migrant workers and investigate and prosecute violations against migrant workers; and that it pays particular attention to the fight against human trafficking.^{vii}

Ratification

Palau has ratified two ILO conventions that are currently in force. In addition, Palau has ratified the Convention on the Rights of the Child (CRC), and the Convention on the Rights of Persons with Disabilities (CRPD).

Fundamental

C182 – Worst Forms of Child Labour Convention, 1999 (No. 182)

Technical

Maritime Labour Convention, 2006, as amended (MLC, 2006)

Tripartism in action

In the absence of a formal tripartite setup in Palau, the ILO works with the tripartite partners: the Bureau of Labour, the Palau Chamber of Commerce and a few workers' organizations including the Nurses Association and the Bangladesh Workers Association. The Constitution of the Republic of Palau allows for the formation of unions (Article IV, Fundamental Rights, s.3) protects the right "...to associate with others for any lawful purpose including the right to organize and to bargain collectively."

► Legal and policy framework

The Palau Development Plan 2023 to 2026 will build on and update previous national and sectoral plans and will cover relevant labour standards. Palau legislation entitled Division of Labour Rules and Regulations (2019) includes extensive provisions for the employment of non-resident workers. It was announced in February 2024, that Palau will develop its first-ever labour migration policy.

Migration dynamics

In 2020, there were 2,656 people of Palau abroad and personal remittances accounted for 0.9 per cent of GDP. Migration is generally into seafaring and the maritime and fisheries sector. Palau has a Compact of Free Association with the USA, allowing citizens of Palau access to the USA to live and work. Palau is also a country with one of the highest proportions of migrants in their population.

Source: United Nations, Department of Economic and Social Affairs, Population Division, "International Migrant Stock 2020 [Total, origin]", UNDESA dataset, accessed 14 April 2024; The World Bank, "Personal remittances, received (% of GDP) – Palau", World Bank staff estimates based on IMF balance of payments data, and World Bank and OECD GDP estimates, accessed 14 April 2024; US Department of the Interior, "Compacts of Free Association". Migration Data portal, "Migration data in Oceania".

Labour Administration System

- **Labour market research:** Ministry of Human Resources, Culture, Tourism and Development: Division of Employment Services and Bureau of Human Resources.
- **Labour policy, wages policy:** Ministry of Human Resources, Culture, Tourism and Development: Bureau of Human Resources.
- **Employment promotion:** Ministry of Human Resources, Culture, Tourism and Development: Bureau of Human Resources.
- **Worker welfare:** Ministry of Human Resources, Culture, Tourism and Development: Division of Employment Services (Foreign Workers); and Bureau of Human Resources.
- **Labour mobility:** Ministry of Human Resources, Culture, Tourism and Development: the Bureau of Human Resources reports on the numbers of non-resident workers in Palau and on associated regulatory activities.
- **Public employment services:** Ministry of Human Resources, Culture, Tourism and Development: Division of Employment Services and the Bureau of Human Resources.
- **Labour and OSH Inspection:** Ministry of Human Resources, Culture, Tourism and Development: Office of Labor Compliance and the Bureau of Human Resources.
- **Dispute resolution:** Ministry of Human Resources, Culture, Tourism and Development: Office of Labor Compliance and the Bureau of Human Resources.
- **Social Protection:** Republic of Palau Social Security Administration.
- **Tripartite Boards:** Palau has not formally established any tripartite bodies or national social dialogue institutions.

Source: ILO, "Baseline Study of the labour administration systems in eleven Pacific Island Countries that are members of the International Labour Organization", (unpublished); ILO, "Mapping of labour administration systems in Pacific Island Countries: Tripartite bodies and social dialogue", (unpublished).

► ILO's support to Palau centres around the following key priorities:

1. Reviewing Palau's labour legislation against the Fundamental ILO Conventions;
2. Supporting Palau to develop its first National Employment Policy;
3. Strengthening the response to forced labour and trafficking;
4. Capacitating constituents to provide business development support services to aspiring entrepreneurs; and
5. Building the capacities of Employers and Workers organizations and their affiliates.;

The ILO is also committed to supporting Palau to ratify a number of conventions, including the following:

- C029 – Forced Labour Convention, 1930 (No. 29)
- C081 – Labour Inspection Convention, 1947 (No. 81)
- C087 – Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- C088 – Employment Service Convention, 1948 (No. 88)
- C098 – Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- C100 – Equal Remuneration Convention, 1951 (No. 100)
- C102 – Social Security (minimum Standards) Convention, 1952 (No. 102)
- C105 – Abolition of Forced Labour Convention, 1957 (No. 105)
- C111 – Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- C122 – Employment Policy Convention, 1964 (No. 122)
- C129 – Labour Inspection (Agriculture) Convention, 1969 (No. 129)
- C138 – Minimum Age Convention, 1973 (No. 138)
- C144 – Tripartite Consultation (ILS) Convention, 1976 (No. 144)
- C155 – Occupational Safety and Health Convention, 1981 (No. 155)
- C160 – Labour Statistics Convention, 1985 (no. 160)
- C161 – Occupational Health Services Convention, 1985 (No. 161)
- C181 – Private Employment Agencies Convention, 1997 (No. 181)
- C187 – Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)

ⁱ Office of Planning and Statistics, *2020 Census of Population and Housing of the Republic of Palau*, 2022.

ⁱⁱ United Nations Trade & Development, "General profile: Palau", UNCTADstat database, accessed 14 April 2024.

ⁱⁱⁱ OECD, "DAC List of ODAW Recipients"

^{iv} Office of Planning and Statistics, *2020 Census of Population and Housing of the Republic of Palau*, 2022.

^v Committee on the rights of the Child, Concluding observations on the second periodic report of Palau, CRC/C/PLW/CO/2, (2018),

^{vi} ILO, "Direct Request (CEACR) - adopted 2023, published 112nd ILC session (2024)", NORMLEX, accessed 14 April 2024.

^{vii} UN Human Rights Council, [Matrix] Thematic list of recommendations, UPR of Palau (3rd Cycle – 38th Session), (2021).

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