

Beverage Container Recycling Regulations

Section 1. Title. These regulations shall be known as the “Beverage Container Recycling Regulations.”

Section 2. Authority. These regulations are promulgated pursuant to Sections 4 through 10 and 12 through 14 of R.P.P.L. 7-24.

Section 3. Joint Nature of Regulations. R.P.P.L. 7-24 places responsibility for differing aspects of the national beverage container recycling program on two Ministries of the National Government, the Ministry of Resources and Development (now delegated to successor Ministry of Public Infrastructure, Industries and Commerce by operation of R.P.P.L. xxxx) and the Ministry of Finance. To the extent possible, these regulations assign respective duties and responsibilities over the beverage container recycling program to each Ministry.

Section 4. Scope; Force of Law. These regulations, and duly adopted amendments hereto, shall have the full force and effect of law.

Section 5. Definitions. The definitions set forth in Section 2 of R.P.P.L. 7-24 shall govern these regulations. One exception is that, for the purpose of these regulations, the term “Deposit Beverage Container” also includes empty containers, whether or not the empty containers are “sealed” as set forth in Section 2(b) of R.P.P.L. 7-24. An empty Deposit Beverage Container is distinct from a “used” container, which is a once-filled and once-sealed container that has been opened, whether or not it remains partially filled. Also, the term “Deposit Beverage Container” specifically includes plastic pellets imported for the purpose of being manufactured into bottles for local bottling of water.

“Refunds” shall mean the aggregated \$.05 (five cents) per container that is paid to the persons redeeming containers at the Redemption Center.

“Advance” shall mean the \$50,000 issued to a Redemption Center incrementally for the specific purpose of paying as refunds to persons redeeming containers at the Redemption Center.

Section 6. Registration of Persons and Businesses. Each person, business, sole proprietorship, non-profit organization, corporation, or partnership that imported more than forty-eight (48) filled or empty Deposit Beverage Containers into the Republic during the period January 1, 2007, through December 1, 2007, must register with the Ministry of Public Infrastructure, Industries and Commerce within thirty (30) days after the effective date of these regulations. The registrant must provide at least the name of person or organization, complete contact information, and if known, the amount and type of containers imported within the period. Upon the effective date of these regulations, registration with the Ministry of Public Infrastructure, Industries and Commerce shall be a pre-condition before any person, business, sole proprietorship, non-profit organization, corporation, or partnership may receive a business,

import, or other permit that would allow importation of Deposit Beverage Containers, whether filled or empty.

Section 7. Import of Filled Deposit Beverage Containers; Procedures. Filled Deposit Beverage Containers may only be brought into Palau by way of an official port of entry. When a shipment of filled Deposit Beverage Containers, or a shipment containing filled Deposit Beverage Containers, arrives either by vessel, airplane, or in a postal package, that shipment shall not be released to the consignee/addressee and shall not be cleared from the custody of the Division of Customs, or if applicable Postal Service, until the consignee/address pays a ten cent (\$0.10) fee per container to the National Treasury via Customs personnel. Payment shall be in cash or cash-equivalent. Personal or business checks shall only be accepted if drawn on a local bank and if the check writer has a good reputation for passing checks, in the sole view of the Ministry of Finance. The Minister of Finance shall ensure that all such fees collected shall be deposited into the Recycling Fund. The fee shall be collected for a period of six months from the effective starting date before any payment is made to a Redemption Center to phase in the program. This deposit beverage fee shall be in addition to whatever other import duties, taxes, or tariffs may be imposed by the National Government. There shall be no distinction made between containers imported for commercial or personal use.

Section 8. Import of Empty Deposit Beverage Containers; Procedures; Application for Set-Off. Empty Deposit Beverage Containers may only be brought into Palau by way of an official port of entry. When a shipment of empty Deposit Beverage Containers, or a shipment containing empty Deposit Beverage Containers, arrives either by vessel, airplane, or in a postal package, that shipment may not be released to the consignee/addressee and shall not be cleared from the custody of the Division of Customs, or if applicable Postal Service, until the consignee/addressee pays a ten cent (\$0.10) fee per container to the National Treasury via Customs personnel. Payment shall be in cash or cash-equivalent. Personal or business checks shall only be accepted if the check writer has a good reputation for passing checks, in the sole view of the Ministry of Finance. The Minister of Finance shall ensure that all such fees collected shall be deposited into the Recycling Fund. This deposit beverage fee shall be in addition to whatever other import duties, taxes, or tariffs may be imposed by the National Government. Within sixty (60) days after the end of each calendar quarter, a person or business that provides written, sufficient, and verifiable proof, signed under penalty of perjury, to the Ministry of Finance that a quantity of imported empty containers has been (i) filled with a beverage, (ii) sealed, and (iii) actually exported during the previous calendar quarter may apply for a set-off of deposit fees paid during the previous quarter against taxes owed (including penalties and interest for back taxes), such set-off to be applied at the end of the subsequent calendar quarter.

Section 9. Prohibition on the Import of Used Deposit Beverage Containers. No person shall carry into or import into the Republic on any calendar day, nor shall any shipment into the Republic contain, more than two used Deposit Beverage Containers. No person shall attempt to redeem a used deposit beverage container that was brought into the Republic in a used state. No Redemption Center shall pay a refund for a used deposit beverage container that was brought into the Republic in a used condition.

Section 10. Recordkeeping requirements. Each person, business, sole proprietorship, non-profit organization, corporation, or partnership that imports, brings into the Republic, or is a consignee for more than twenty-four (24) filled or empty Deposit Beverage Containers in any calendar quarter shall, within 30 days after the end of that calendar quarter, submit a written report to the Ministry of Public Infrastructure, Industries and Commerce detailing the reporter's name, organization, full contact information, and types and quantities of Deposit Beverage Containers (whether empty or filled) brought into the Republic. Types and quantities data shall include information that specifies at least the numbers of containers, brand and type of beverage, liquid volume of each container, and container material. These reports must be certified and signed as true and accurate, under penalty of perjury, by the appropriate, responsible individual. The reporter has a duty to maintain, and make available for inspection, a copy of each quarterly report for a period of thirty-six (36) months after generation.

Section 11. Redemption Centers. The Ministry of Public Infrastructure, Industries and Commerce, jointly with the Ministry of Finance, shall seek out one or more available Redemption Centers to accept recyclable Deposit Beverage Containers and to provide a mechanism to pay five cents (\$0.05) per container refund to the person who redeemed such containers. Each container may only be redeemed once. Only one refund may be received per container. It is prohibited to redeem or attempt to redeem a container more than once. If, upon the effective date of these regulations, no Redemption Center is available or if that center can only handle a portion of the recyclable load (*e.g.*, aluminum cans only), then the Solid Waste Office shall act as a temporary Redemption Center until the initial center comes fully online. The Ministry of Public Infrastructure, Industries and Commerce and the Ministry of Finance shall engage each Redemption Center through a contract that is binding on all parties. Such a contract shall provide that the Redemption Center is responsible for paying out the five cent (\$0.05) per container refund fee and shall receive two-and-a-half cents (\$0.025) per container fee for the center's own use. Redemption Centers shall keep detailed, accurate, and precise records of Deposit Beverage Containers received and refunds given. These records must be maintained for a period not less than thirty-six (36) months after generation. Money will be advanced from the Recycling Fund for refunds to each Redemption Center in increments of \$50,000, and the Redemption Center is completely responsible for providing cash or check refunds to persons who bring in containers for redemption. Refunds in amounts below \$20.00 may be in check or in cash as the Redemption Center decides. Refunds for amounts at or above \$20.00 shall be in the form of a local check from the Redemption Center. Within ten (10) days of exhaustion of the Redemption Center's most recent incremental money advance or upon request of the Ministry, and annually on the anniversary of the Redemption Center's first received advance, each Redemption Center shall report on its activities and shall provide written, sufficient, and verifiable proof to the Ministry of Finance as to the amount of money expended during the previous period on legitimate refunds. Such proof shall be certified as accurate and true, under penalty of perjury, by the Redemption Center's chief operating or executive officer, or other highest ranking official. The Ministry of Finance shall have thirty (30) days to review the report of the Redemption Center. If the proof of refunds paid is satisfactory to the Ministry of Finance, then the Minister of Finance, or his designee, shall issue the next incremental money advance to the Redemption Center and ensure reimbursement of any moneys verified to be expended to the Redemption Center, from the Recycling Fund, within ten (10) days. The Minister may suspend advances if he determines in his sole discretion the Fund has been depleted. If the Ministry

determines that a Redemption Center has not accounted for funds advanced, upon notification in writing from the Ministry, the Redemption shall return the unaccounted funds to the Ministry. The failure of a Redemption Center to return unaccounted funds to the Ministry within thirty (30) days of written notice will constitute a violation of its Agreement and may result in termination of the Agreement, and the Ministry may take further collection action to recover the unaccounted-for funds.

Section 12. Initial Redemption Center. Without prejudice to the Ministry of Public Infrastructure, Industries and Commerce's right to choose additional or alternative Redemption Centers in the future, and without prejudice to the right of the Ministry of Public Infrastructure, Industries and Commerce to impose additional written conditions on the Redemption Centers' operation through written policies, the recycling facility maintained by the Koror State Government shall be the Initial Redemption Center for the Republic of Palau. The Initial Redemption Center shall receive \$50,000.00 of the Recycling Fund in advance to allow for initial fee refunds and expenses.

Section 13. Standards for Acceptance of Deposit Beverage Containers. Deposit beverage containers shall only be accepted if they are clean, empty, and free from remaining beverage, liquid, cigarette parts, or other waste. To be sure, containers with betel nut parts or that have been used as a spittoon or for similar purpose shall not be accepted. With the written consent of the Ministry of Public Infrastructure, Industries and Commerce, the Redemption Center may adopt other reasonable specifications and conditions for the acceptance of Deposit Beverage Containers. The Redemption Center shall not issue refunds for any containers that have been previously redeemed to any party, and no person shall attempt to redeem any container that has been previously redeemed to any party. No container that has been treated or processed by any commercial, private or public recycler or Redemption Center shall be redeemed for refund by any Redemption Center.

Section 14. Duty to Remove Redeemed Containers from the Republic. Starting from one-hundred eighty (180) days after the first Deposit Beverage Container is redeemed at a particular Redemption Center, and continuing each 180-day period thereafter, within sixty (60) days after the particular 180-day period expires, or as soon as reasonably practicable, the Redemption Center shall ensure that the Deposit Beverage Containers received during the previous 180-day period be physically removed from the Republic of Palau, beyond the outer border of the Exclusive Economic Zone. The Redemption Center shall ensure that none of the removed containers are dumped or discarded in the waters of the Republic of Palau, or in any body of water, throughout the world. The Redemption Center shall keep complete, accurate, and detailed records of this ongoing removal effort and shall be required to provide proof that the removed Deposit Beverage Containers have actually been delivered to a bona fide recycling facility outside of the Republic of Palau.

Section 14. Recycling Fund. The Ministry of Finance shall administer the Recycling Fund in accordance with these regulations and Sections 4, 5, 7, 10 and 15 of R.P.P.L. 7-24.

Section 15. Audit procedures. Redemption centers, registrants under Section 8 of these regulations, and reporters and reporting organizations under Section 10 of these regulations are

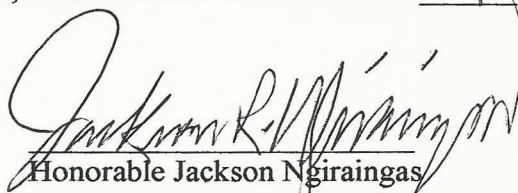
subject to audits by the Ministry of Finance and the National Auditor. These audits shall be conducted in a fair and reasonable manner, but in no way shall the subject of an audit resist, hamper, delay, or obstruct the auditors. Failure to promptly comply with auditor's requests for information, production of documents, and access to records is strictly prohibited and, in addition to other available penalties, shall serve as a basis for immediate suspension or cancellation of a redemption center's right to operate.

Section 16. Written policies. The Minister of Public Infrastructure, Industries and Commerce and the Minister of Finance are authorized to elaborate on the specific details of the national beverage container recycling program through the issuance of joint written policies or memoranda of understanding. Such policies and memoranda shall become effective within thirty (30) days after having been transmitted to affected parties.

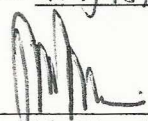
Section 17. Penalties. Each violation or failure to comply with any provision of these regulations shall be punishable as set forth in Section 18 of R.P.P.L. 7-24.

Section 18. Effective date. These regulations shall become effective five (5) days after (i) the time has run for Presidential approval under 6 PNC § 127 or (ii) the President has approved the regulations pursuant to 6 PNC § 127.

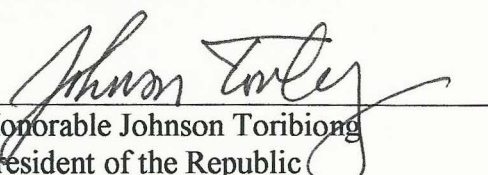
So adopted by the Ministry of Public Infrastructure, Industries and Commerce this 4 th day of August, 2009.


Honorable Jackson Ngiraingas
Minister of Public Infrastructure,
Industries and Commerce

So adopted by the Ministry of Finance this 10 th day of August, 2009.


Honorable Kerai Mariur
Vice President and
Minister of Finance

Title 6, Section 127 Presidential Approval:


Honorable Johnson Toribiong
President of the Republic

8.14.09
Date