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Section 404

The Governments of Micronesia and the United States may review the levels of assistance provided in Section 401 (a), (b), and (d), at five-year intervals from the effective date of this Compact.

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Section 404

There is no magic in the five-year consultation period, but it seems wise to try to tie down financial arrangements for a reasonably long period. Obviously, the consultation provisions elsewhere in the Compact would provide the opportunity for either side to raise financial issues at any time circumstances warranted.

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SPECIAL CONTRIBUTION TO MOVING CAPITAL

There are reportedly several studies (which we are trying to get from the Congress of Micronesia or the TTPI Government) concerning moving the capital of Micronesia from Saipan when the Trusteeship ends. Rumor has it that cost estimates run from \$20-30 million to as high as \$60 million. On their face, these figures are outrageous and we would not want to be in the position of even hinting that we could pick up the tab for such a costly enterprise.

As a means of sweetening our offer to the Micronesians, however, we can at an appropriate time in the discussion say that we are aware of the need eventually to move and that the United States would be prepared to assist the Micronesians with perhaps a one-time grant. We should then ask the Micronesians if they have given any study to the matter, we would like to see the figures so we could consider how we might best share this heavy burden with them.

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