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TITLE IV

Financial Provisions

Section 401

The Government of the United States, in order to advance the economic and social welfare of the people of Micronesia and in recognition of the special relationship that has existed and continues to exist between the United States and Micronesia, agrees to provide on a grant basis to the Government of Micronesia \$55 million annually for the first three years of this Compact, \$50 million annually for the next four years; and \$45 million annually for the next three years during which this Compact remains in effect. The parties shall negotiate in good faith as to the amount of such financial assistance periods subsequent to the first ten years during which this Compact remains in effect. These funds will be for use by the Government of Micronesia for programs and operations of that Government or any subdivision thereof as authorized by the Government of Micronesia.

Section 402

The Government of the United States shall make available to the Government of Micronesia, in amounts to be agreed, funds to cover compensation paid to landowners <sup>[AT FAIR MKT VALUE]</sup> for the purposes specified in Title III.

Section 403

(a) The Government of the United States agrees to provide the Government of Micronesia, without compensation, the services of the U.S. Postal Service, U. S. Weather Service, U.S. Federal Aviation Administration, and the U. S.

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st Guard. The levels of such services shall be not less than the highest level extended to the Trust Territory of the Pacific Islands between January 1, 1973 and the effective date of the Compact. The Government of Micronesia shall make arrangements to provide for the use of land necessary for such purposes at no cost to the U.S. Government. Any or all of these services shall be terminated upon the request of the Government of Micronesia.

(b) The Government of the United States and the Government of Micronesia, from time to time, may agree upon the extension of additional federal programs and services to Micronesia. The cost of such additional programs and services will be charged against the overall assistance figure in Section 401.

(c) The Government of Micronesia may not impose taxes or other levies upon the property related to the programs and services provided by the United States in Micronesia pursuant to Section 403(a) of this Compact.

WHAT about:  
(1) DOD?  
2. other programs under 403(b)  
(2) personnel

Section 404

(a) The Government of the United States will contribute annually for ten years following the effective date of this Compact on a grant basis, \$30 million to a Government of Micronesia Capital Improvement Program Fund. This Fund will be used for public sector investment in essential economic, social, and physical infrastructure.

(b) The Government of the United States will also make available to the Government of Micronesia, for allocation to District Governments, financial assistance on a loan basis for economic development projects at the district level at an annual amount of \$5 million for ten years following the effective date of this Compact, subject to the terms of long-term low interest loan agreements between the Government of the United States and the Government of Micronesia.

(c) The parties shall negotiate in good faith as to the amounts of such economic assistance, as is provided for in this Section, for periods subsequent to the first ten years after the effective date of this Compact.

Section 405

The Government of the United States shall take the action necessary to provide for implementation of the financial undertakings set forth in Sections 401 and 404 without the necessity for annual authorization and appropriation of funds. [ In the event of any failure to provide the financial and other support specified in this Title, the Government of Micronesia may terminate this Compact in its entirety on ninety (90) days notice, the provisions of Title \_\_\_\_\_ of this Compact to the contrary notwithstanding. ]

US DAWBACK

Section 406

The provisions of this Title will remain in effect for the duration of this Compact. Sections 401, 403(a) and 404 will be reviewed by the Government of Micronesia and the Government of the United States at five year intervals from the effective date of this Compact taking into account changing economic conditions, including but not limited to changes in the <sup>purchasing power</sup> value of the U.S. dollar <sub>in Continental US</sub> on the world market.