



OFFICE OF MICRONESIAN STATUS NEGOTIATIONS

Washington, D.C. 20240

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COMPARISON OF U.S. AND COM ESTIMATES OF
FINANCIAL ASSISTANCE REQUIREMENTS

November 14

1. U.S. outlined basis for calculating its financial assistance package - starting from current levels, eliminating certain government expenditures immediately upon setting up new government, and setting as its target ultimate self-sufficiency.

For 5 districts

1973 a)	Operating budget expenditures -	\$25.4 million
	less revenues	3.0
	deficit	22.4
	CIP (\$10 mil. 6 districts)	8.5
	land (to be paid by GOM)	--0--
	Federal Programs (est.)	2.5
	Total	<u>\$33.4</u>

- a) 1973 selected as starting point because COM has instructed that 1975 budget levels not exceed those of 1973.

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2. COM presentation of requirements for 6 districts.

A.	10 year total	\$1306.7 million (deficit)
	10 year annual average	131.
	a. Operations	74.2
	b. CIP (regular)	38.
	c. CIP (special)	18.5
	Total	<u>130.7</u>

- B. COM requested \$100 million annually plus federal programs - this was characterized as "substantially less than the projected total requirement..."

C. If federal programs are estimated to total \$10 million then total annual aid requirements is about \$140 million for 6 districts or \$117 million for 5 districts.

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3. U.S. proposed <u>for 5 districts</u>	<u>First 5 years</u>	<u>2nd 5 years</u>	<u>3rd 5 years</u>
operations (including land)	32	28	24
CIP	6	6	6
District loans	2.5	2.5	2.5
Federal Programs (est)	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>
Total	43	39	35

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4. COM Proposal (6 districts)	<u>3 years</u>	<u>4 years</u>	<u>3 years</u>
A. Operations	55	50	45
Land (additional)	a)	a)	a)
CIP	30	30	30
District loan	5	5	5
Federal Programs (incl. Coast Guard) - est.	<u>10</u>	<u>10</u>	<u>10</u>
Total	100	95	90
B. Reduce to 5 districts			
Total	84.5	80.5	76.5
C. Limit to 5 districts and eliminate Coast Guard	77.5	73.5	69.5

a) U.S. considers minimal requirement - less than \$1 million.

5. Differences

Using middle period figures, 5 districts, no additional land payment, no Coast Guard services.

COM total figure is	\$73.5 million
U.S. total figure is	<u>39.</u>
	\$34.5

COM request is almost twice U.S. offer and differences not concentrated in any particular form of assistance - both current operations and development requirements far apart.

		<u>Present</u>			<u>JCFS</u>			<u>U.S. (Note 2)</u>		
OPNS	(6) District	48	55	45	38	34	29			
	(5) "	(40)	(46)	(38)	(32)	(28)	(24)			
Devel Grant	(6) "	10	30	-	7	-	-			
	(5) "	(8.5)	(25)	-	(6)	-	-			
Devel Loan	(6) "	0	5	-	3	-	-			
	(5) "	(0)	(4)	-	(2.5)	-	-			
Fed Progs	(6) "	8	3	-	3	-	-			
	(5) "	(6.5)	(2.5)	-	(2.5)	-	-			
TOTALS W/O Fed Progs	(6) "	58	90	80	48	44	39			
	(5) "	(48.5)	(75)	(67)	(40.5)	(36.5)	(32.5)			
W/Fed Progs (Note 1)	(6) "	66	93	83	51	46	42			
	(5) "	(55)	(84.5)	(76.5)	(43)	(39)	(35)			

Note 1 Under JCFS column, Federal Programs include Traditional Coast Guard services estimated at \$7 million/year.

Note 2 U.S. proposal includes payment for land. No estimate available.

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	(5) "	(40)	(46)	(42)	(38)	(32)	(28)	(24)		
Devel Grant	(6) "	10	30	-	-	7	-	-		
	(5) "	(8.5)	(25)	-	-	(6)	-	-		
Devel Loan	(6) "	0	5	-	-	3	-	-		
	(5) "	(0)	(4)	-	-	(2.5)	-	-		
Fed Progs	(6) "	8	3	-	-	3	-	-		
	(5) "	(6.5)	(2.5)	-	-	(2.5)	-	-		
TOTALS W/O Fed Progs	(6) "	58	90	85	80	48	44	39		
	(5) "	(48.5)	(75)	(71)	(67)	(40.5)	(36.5)	(32.5)		
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