



**United States Department of State**

*Washington, D.C. 20520*

January 17, 2012

Minister Charles Abel  
Minister for Trade, Commerce and Industry  
Port Moresby  
Papua New Guinea

Dear Honorable Minister Abel:

The Delegation of the United States of America appreciated the opportunity to meet this afternoon to discuss issues related to the Multilateral Treaty on Fisheries and, in particular, the revocation by Papua New Guinea of its instrument of withdrawal. Based on that discussion, we provide you with the following response to the points raised.

First, should Papua New Guinea revoke its instrument of withdrawal, the United States is prepared to pay \$45 million dollars for the 25<sup>th</sup> licensing period. This represents an increase of \$24 million from the amount obligated under the current Treaty and would incorporate the additional indexing payments.

In addition, the United States is prepared to continue to negotiate toward a fair and equitable package of compensation for access on a commercial basis that, in total, is commensurate with that received from other fishing partners and that takes into account both a benchmark price as well as a premium for the multilateral access afforded by the Treaty. As discussed, it would also reflect consideration of the other positive aspects that the presence of the U.S. fleet brings to the region, including cooperation with U.S. Government agencies and a vigorous and robust fisheries enforcement presence that benefits all Pacific Island States.

Finally, determining the proper price on a commercial basis will require a high degree of transparency. This includes transparency not only with respect to the price paid by countries for access, but also with respect to the specific terms and conditions of such access. In addition, determining the commercial price for a vessel day will require a high degree of transparency in the way the program is implemented and monitored to ensure the same procedures and accounting, in particular with respect to accounting for "fishing days" and "non-fishing days." Further definition of what constitutes a "non-fishing day" will allow a more precise estimate of the fishing days required by the U.S. fleet under an extended Treaty.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Loi", written over a large, stylized flourish.

James L. Loi  
Deputy Assistant Secretary  
Bureau of East Asia and Pacific Affairs



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WAIGANI, Papua New Guinea

Mr James L. Loi  
Deputy Assistant Secretary of State  
Bureau of East Asia and Pacific Affairs

Dear Mr Loi,

**RE: Intention to Revoke Notice of Withdrawal from Multilateral Treaty**

Following our meeting on 17<sup>th</sup> January where I communicated from our Prime Minister and acting Minister for Foreign Affairs, Hon. Peter O'Neill, our offer to revoke our Notice of Intention to Withdraw, I am very pleased at the continued open and frank approach from the United States.

Papua New Guinea's action commencing with the notice has always been about achieving an equitable outcome from a regional perspective. We hope to preserve the Treaty to support the US presence in the Pacific and to preserve the benefits of the smaller island states.

Your letter of 17<sup>th</sup> January in response to my Prime Minister's position agrees to our request to increase the access fees for the 25<sup>th</sup> licensing period to US\$45million.

The United States through your letter also agrees to our additional request to commence a process to establish a specific mechanism to determine the renewed financial and access terms of the Treaty.

The underlying principles to this mechanism we have required and we are agreed on are: full commercial value and a premium on bilateral benchmark Vessel Day Scheme (VDS) rates for multilateral access.

We agree that the process should be fully transparent.

Your letter in satisfaction of our Prime Minister's request will now enable me, as the portfolio Minister responsible for the Treaty to request the Papua New Guinea National Executive Council (Cabinet) to formally withdraw the Notice.

Our desire is that, through the regional forum, a technical team be now established to develop the financial mechanism and report to the March Plenary, leading to resolution of new Treaty terms before June 2012.

The other matters relating to sovereignty, aid and trade are progressing in a satisfactory manner.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C. Abel', written in a cursive style. The signature is positioned above the printed name and title.

Hon. Charles Abel  
Minister for Trade, Commerce and Industry