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PERMANENT COURT OF ARBITRATION
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January 3, 2000
Keoni Agard, Esq.
Appointing Authority
716 Keolu Drive
Kailua, Hawai'i 96734
Fax: c/o 808 523-7733

Dear Mr. Agard,

As we discussed, I have contacted both Ian Brownlie, Q.C. in London and Judge Florentino P. Feliciano who has returned from Manila to Geneva where he is a Member of the Appellate Body of the World Trade Organization to ascertain their availability during the next few months and their interest in the issues which the Parties wish to arbitrate. Both of these internationally recognized jurists indicated their interest and willingness to review the Notice of Arbitration and supporting documents to determine if their expertise would be useful in assisting the Parties to resolve their dispute.

By copy of this letter I am requesting a deposit of \$10,000 each from the Parties to cover the expenses of the arbitration. That sum will be kept in a separate account established solely for this arbitration. Disbursements will be made to the arbitrator selected by the Parties against written invoices for the work performed including the preliminary review of the materials accompanying the Notice of Arbitration. Work undertaken by the PCA Secretariat in support of the Arbitrator chosen by the Parties will also be billed to this account.

The funds requested should be sent to the ABN AMRO Bank, Laan van Meerdervoort 226, 2563 AG Den Haag, Fax +31 70 364 9109 to Hawaiian arbitration account: 56.05.39.975. This account was opened specifically for the Hawaiian arbitration.

Upon receipt of the requested deposit from both Parties, I will forward the Notice of Arbitration and the underlying materials to the Arbitrator. The schedule for the arbitration should then be agreed between the Parties and submitted in writing to the Appointing Authority and the Secretariat, as Registrar. That schedule should include the date by which Counter-Memorials will be submitted. If the Parties wish to have a oral hearings before the Arbitrator, a reasonable amount of time between the filing of the Counter-Memorials and the dates requested for the hearings should be included to permit the Arbitrator to review the Parties' submissions and to research the legal issues presented to him. The Arbitration Agreement should further fix a date after the hearings by which the

Arbitrator will deliver a written Award. That proposed schedule should be communicated to the Arbitrator by the Appointing Authority so that the Arbitrator can determine whether he may reasonably meet the dates agreed by the Parties. The Arbitration Agreement between Eritrea and Yemen which appears as Annex 1 in the Award in the Second Stage which appears on the PCA website may provide counsel for the Parties with some guidance as they construct their own agreement.

You can contact me at the Bureau by fax, e-mail, and telephone if I can be of further assistance. I will be away from Jan. 22, 2000 to Feb. 7, returning to the office on the 7th. But my e-mails will be forwarded to me, so you can reach me by e-mail anytime during that period and I will e-mail or telephone you in reply.

[signed] Phyllis Hamilton

c. Gary Victor Dubin, Esq.
Ninia Parks, Esq.