

Draft
Subject to Legal Review for Accuracy, Clarity, and Consistency
June 18, 2004

TELECOMMUNICATIONS SIDE LETTER ON TECHNOLOGY NEUTRALITY

The Honorable
Robert B. Zoellick
United States Trade Representative

Dear Ambassador Zoellick:

This letter confirms the understanding reached between the delegations of the Kingdom of Bahrain and the United States during the negotiation of the United States-Bahrain Free Trade Agreement with respect to the supply of mobile telecommunications services within the Kingdom of Bahrain.

The Kingdom of Bahrain has an independent regulatory body, the Telecommunication Regulatory Authority (TRA), that awards licenses to use radio spectrum for the operation of mobile telecommunication services. As of the date of this letter TRA has issued licenses to two mobile telecommunications service suppliers in the Kingdom. Unless the two current operators exhibit anti-competitive conduct, the Government of the Kingdom of Bahrain intends to maintain this duopoly for commercial mobile services until December 31, 2005. By no later than the end of 2007, the TRA will complete a consultative process to decide whether to issue additional licenses for commercial mobile services. The criteria for issuance of the additional commercial mobile services licenses will be neutral with respect to the technology employed, subject to requirements to satisfy legitimate public policy interests, and will afford access to the radio-electric spectrum for all existing technologies, in bands that conform to international norms for the provision of such services.

I would be grateful if you could confirm that this understanding is shared by your Government.

Sincerely,

Abdulla Hassan Saif
Minister of Finance and National Economy

[reply letter omitted]