

August 5, 2004

The Honorable Eduardo Ayala Grimaldi
Vice Minister of Economy
San Salvador, El Salvador

Dear Vice Minister Ayala Grimaldi:

I have the honor to refer to discussions between the delegations of the United States and El Salvador in the course of negotiations regarding Article 13.4.5(a)(iv) of the Dominican Republic – Central America – United States Free Trade Agreement signed this day (the “Agreement”) and to propose the following:

Provided that any major supplier of public telecommunications services in the territory of El Salvador does not charge rates above the rates it charged to suppliers of public telecommunications services of the United States as of December 31, 2003 for interconnection of cross-border services, the United States will forego, until the earlier of (a) the date that is two years after the date of entry into force of the Agreement, or (b) January 1, 2007, use of the dispute settlement procedures of the Agreement with respect to El Salvador’s obligation to ensure the provision of cost-oriented rates.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments, which shall enter into force on the date of entry into force of the Agreement.

Sincerely,

Robert B. Zoellick

COURTESY TRANSLATION

August 5, 2004

The Honorable Robert B. Zoellick
United States Trade Representative
Washington, D.C.

Dear Ambassador Zoellick:

I am pleased to acknowledge your letter of today's date, which reads as follows:

“I have the honor to refer to discussions between the delegations of the United States and El Salvador in the course of negotiations regarding Article 13.4.5(a)(iv) of the Dominican Republic – Central America – United States Free Trade Agreement signed this day (the “Agreement”) and to propose the following:

Provided that any major supplier of public telecommunications services in the territory of El Salvador does not charge rates above the rates it charged to suppliers of public telecommunications services of the United States as of December 31, 2003 for interconnection of cross-border services, the United States will forego, until the earlier of (a) the date that is two years after the date of entry into force of the Agreement, or (b) January 1, 2007, use of the dispute settlement procedures of the Agreement with respect to El Salvador's obligation to ensure the provision of cost-oriented rates.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments, which shall enter into force on the date of entry into force of the Agreement.”

I have the honor to accept your proposal on behalf of my Government and to confirm that your letter and this reply shall constitute an agreement between our Governments, which shall enter into force on the date of entry into force of the Agreement.

Sincerely,

Eduardo Ayala Grimaldi