

Washington, D.C.  
September 14, 2004

H.E. Abdulla Hassan Saif  
Minister of Finance and National Economy  
Kingdom of Bahrain

Dear Minister Saif:

I have the honor to confirm the following understandings reached between the delegations of the United States of America and the Kingdom of Bahrain regarding cross-border trade in insurance as provided under Annex 11-A (Cross-Border Trade) of the Free Trade Agreement between our Governments signed this day:

- (1) A Party may require the registration or authorization of the relevant financial institutions and/or intermediaries for prudential purposes, such as the requirement to be licensed and in good standing in the territory of the other Party. The Parties understand that such registration requirements shall not include the requirement to maintain a local presence.
- (2) Paragraph 4 of Article 11.10 (Exceptions) of the Agreement recognizes that a Party may require the relevant financial institutions and/or intermediaries to comply with laws or regulations, including rules and regulations prescribed by the relevant regulator.
- (3) Non-Bahraini insurance companies supplying cross-border insurance services provided for in paragraph 1(a) of Bahrain's section of Annex 11-A (Cross-Border Trade) may be required to have a classification by an internationally recognized classified institution such as Moody's, AM Best, or Standard & Poors. For greater certainty, this understanding shall not apply to the existing business activities of enterprises already present in the territory of Bahrain.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an integral part of the Agreement.

Sincerely,

Robert B. Zoellick

September 14, 2004

Washington, D.C.

The Honorable Robert B. Zoellick  
United States Trade Representative

Dear Ambassador Zoellick:

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

"I have the honor to confirm the following understandings reached between the delegations of the United States of America and the Kingdom of Bahrain regarding cross-border trade in insurance as provided under Annex 11-A (Cross-Border Trade) of the Free Trade Agreement between our Governments signed this day:

- (1) A Party may require the registration or authorization of the relevant financial institutions and/or intermediaries for prudential purposes, such as the requirement to be licensed and in good standing in the territory of the other Party. The Parties understand that such registration requirements shall not include the requirement to maintain a local presence.
- (2) Article 11.10.4 of the Agreement recognizes that a Party may require the relevant financial institutions and/or intermediaries to comply with laws or regulations, including rules and regulations prescribed by the relevant regulator.
- (3) Non-Bahraini insurance companies supplying cross-border insurance services provided for in paragraph 1(a) of Bahrain's section of Annex 11-A may be required to have a classification by an internationally recognized classified institution such as Moody's, AM Best, or Standard & Poors. For greater certainty, this understanding shall not apply to the existing business activities of enterprises already present in the territory of Bahrain.

I would be grateful if you would confirm that these understandings are shared by your Government.”

I have the honor to confirm that the understandings referred to in your letter are shared by my Government.

Sincerely,

Abdulla Hassan Saif