

September 14, 2004

Washington, D.C.

The Honorable Robert B. Zoellick
United States Trade Representative

Dear Ambassador Zoellick:

I have the honor to confirm the following understanding reached between the delegations of the Kingdom of Bahrain and the United States of America in the course of negotiation of the Free Trade Agreement between our Governments signed this day with respect to the supply of mobile telecommunications services within the Kingdom of Bahrain:

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 Bahrain. Unless the two current operators exhibit anti-competitive conduct, the Government 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 spectrum for all existing technologies, in bands that conform to international norms for the provision of such services.

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

Sincerely,

Abdulla Hassan Saif

Washington, D.C.
September 14, 2004

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

Dear Minister Saif:

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

"I have the honor to confirm the following understanding reached between the delegations of the Kingdom of Bahrain and the United States of America in the course of negotiation of the Free Trade Agreement between our Governments signed this day with respect to the supply of mobile telecommunications services within the Kingdom of Bahrain:

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 Bahrain. Unless the two current operators exhibit anti-competitive conduct, the Government 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 spectrum for all existing technologies, in bands that conform to international norms for the provision of such services.

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

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

Sincerely,

Robert B. Zoellick