

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

CROSS BORDER TRADE IN SERVICES
Side Letter on Gambling

The Honorable Robert B. Zoellick
United States Trade Representative
Washington, DC 20508

Dear Ambassador Zoellick:

In connection with the signing on this date of the Bahrain-United States Free Trade Agreement (the "Agreement"), I have the honor to confirm the following understanding reached by the Governments of the Kingdom of Bahrain and the United States of America regarding Chapter Ten (Cross-Border Trade in Services) of the Agreement:

During the negotiations, the delegations of both Parties discussed the objectives of protecting public morals, preventing fraud, and deterring crime that underlie much regulation of gambling and betting services at the central and regional levels. I have the honor to confirm the shared understanding of the Parties that such regulations will generally fall within the exceptions provided under subparagraphs (a) and (c)(i) of Article XIV of the GATS, as incorporated in the Agreement. It was further noted and agreed that in Bahrain all gambling and provision of gambling services is prohibited and treated as a criminal offence.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments, and that this letter be treated as an integral part of the Agreement.

Sincerely,

Abdulla Hassan Saif

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

Dear Minister Saif:

I have the honor to confirm receipt of your letter of this date, which reads as follows:

“Dear Ambassador Zoellick:

In connection with the signing on this date of the Bahrain-United States Free Trade Agreement (the “Agreement”), I have the honor to confirm the following understanding reached by the Governments of the Kingdom of Bahrain and the United States of America regarding Chapter Ten (Cross-Border Trade in Services) of the Agreement:

During the negotiations, the delegations of both Parties discussed the objectives of protecting public morals, preventing fraud, and deterring crime that underlie much regulation of gambling and betting services at the central and regional levels. I have the honor to confirm the shared understanding of the Parties that such regulations will generally fall within the exceptions provided under subparagraphs (a) and (c)(i) of Article XIV of the GATS, as incorporated in the Agreement. It was further noted and agreed that in Bahrain all gambling and provision of gambling services is prohibited and treated as a criminal offence.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments, and that this letter be treated as an integral part of the Agreement.”

I have the honor to confirm that my Government shares this understanding and that your letter and this reply constitute an integral part of the United States-Bahrain Free Trade Agreement.

Sincerely,

Robert B. Zoellick