

May 28, 2004

The Honorable Miguel Lacayo
Minister of Economy
San Salvador, El Salvador

Dear Minister Lacayo:

I have the honor to confirm the following understanding reached between the delegations of the United States and El Salvador in the course of negotiations regarding Chapter Ten of the Free Trade Agreement between our Governments signed this day (the "Agreement"):

For greater certainty, nothing in the Agreement shall be construed to require a Party to privatize public utility services supplied in the exercise of governmental authority.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments.

Sincerely,

Robert B. Zoellick

COURTESY TRANSLATION

May 28, 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 confirm the following understanding reached between the delegations of the United States and El Salvador in the course of negotiations regarding Chapter Ten of the Free Trade Agreement between our Governments signed this day (the “Agreement”):

For greater certainty, nothing in the Agreement shall be construed to require a Party to privatize public utility services supplied in the exercise of governmental authority.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments.”

I have the honor to confirm that the understanding referred to in your letter is shared by my Government, and that your letter and this reply shall constitute an agreement between our Governments.

Sincerely,

Miguel Lacayo