

DRAFT
Subject to Legal Review for Accuracy, Clarity, and Consistency
March 8, 2004

This letter was negotiated during the course of the CAFTA negotiations and is related to the Agreement, but is not part of the CAFTA.

[Letter on contracts of representation, distribution, or fabrication]

[date]

The Honorable Alberto Trejos
Minister of Foreign Trade of Costa Rica

Dear Minister Trejos,

I have the honor to refer to Annex 11.13 (Specific Commitments) of the United States-Central America Free Trade Agreement (the "Agreement") signed at _____, on _____, 2004.

In paragraph 2 of Costa Rica's schedule to Annex 11.13, Costa Rica committed to develop a new legal regime applicable to contracts of representation, distribution, or fabrication. During the negotiations regarding this commitment, the United States and Costa Rica came to the understanding that Costa Rica shall in the development of that legal regime provide transparency in accordance with or equivalent to the provisions of Article 11.7 (Transparency in the Development and Application of Regulations) and Chapter Eighteen of the Agreement.

Paragraph 2(a) of Costa Rica's Schedule to Annex 11.13 provides that the new legal regime shall apply principles of general contract law and of civil procedure, including Civil Procedure Code, Book I, Title IV, Chapter V, to such contracts. The Parties understand that such principles include that, in a dispute, a court may attach the assets of or require the posting of a guarantee (in the form of a bond or cash deposit) by the representative, distributor, fabricator, or principal, as appropriate, in a reasonable amount based on evidence presented by both parties as to actual damages that are likely to be awarded in the final judgment. A representative, distributor, fabricator, or principal with sufficient assets in Costa Rica to cover all or part of such judgment may choose attachment, a guarantee, or both, if required.

In the case of arbitration, the United States and Costa Rica reaffirm that, consistent with the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of June 10, 1958, U.S. and Costa Rican courts shall recognize and enforce arbitral awards, except in certain limited circumstances specified in the Convention.

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,

DRAFT
Subject to Legal Review for Accuracy, Clarity, and Consistency
March 8, 2004

This letter was negotiated during the course of the CAFTA negotiations and is related to the Agreement, but is not part of the CAFTA.

Robert B. Zoellick

[identical reply letter not included]