

**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 Bilateral Investment Treaty]**

**[date]**

The Honorable Norman Garcia  
Minister of Foreign Trade of Honduras

Dear Minister Garcia:

I have the honor to refer the United States-Central America Free Trade Agreement (the "Agreement") signed at \_\_\_\_\_ on \_\_\_\_\_, 2004, and to discussions between representatives of our two Governments during the negotiation of Chapter Ten (Investment) of the Agreement concerning the Treaty Between the Government of the United States of America and the Government of the Republic of Honduras Concerning the Encouragement and Reciprocal Protection of Investment signed at Denver on July 1, 1995 (the "Treaty").

I have the further honor to confirm, based on those discussions, the shared understanding of the Government of the United States of America and the Government of the Republic of Honduras that:

- (a) on the date of entry into force of the Agreement, Articles IX and X of the Treaty shall be suspended;
- (b) notwithstanding paragraph 1, for a period of ten years beginning on the date of entry into force of the Agreement, Articles IX and X of the Treaty shall not be suspended:
  - (i) in the case of investments covered by the Treaty as of such date of entry into force; or
  - (ii) in the case of disputes that arose prior to the date of entry into force of the Agreement and that are otherwise eligible to be submitted for settlement under Article IX or X; and
- (c) in the event the Agreement terminates as between the United States and Honduras in accordance with Article [ ] [Entry into Force and Termination], Articles IX and X of the Treaty, to the extent suspended, shall automatically resume operation and shall continue in full force and effect as provided therein.

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I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments, to enter into force on the entry into force of the Free Trade Agreement, and to remain in effect for such time as the United States and Honduras remain parties to the Agreement.

Sincerely,

Robert B. Zoellick

**[identical reply letter not included]**