

COURTESY TRANSLATION

August 5, 2004

Ms. Regina K. Vargo
Assistant U.S. Trade Representative
Washington, D.C.

Dear Ms. Vargo:

In the course of negotiations between the United States and the Dominican Republic regarding the Dominican Republic – Central America – United States Free Trade Agreement signed this day (the “Agreement”), the delegations of the Dominican Republic and the United States discussed the manner in which the Dominican Republic regulates its telecommunications industry and how the Dominican Republic’s approach to regulation in the sector comports with the obligations set out in Chapter Thirteen (Telecommunications) of the Agreement.

Both delegations recognized that the Dominican Republic attaches great importance to the development and modernization of its telecommunications infrastructure. The delegation of the Dominican Republic noted that:

- General Telecommunication Law No. 153-98 provides for the Dominican Republic’s telecommunications industry to operate based on principles of universal service, unrestricted market entrance, freely negotiated tariffs, freedom of contract, minimum regulation, and a strong and autonomous regulatory body.
- Law No. 153-98 is designed to promote open, fair, and sustainable competition, with the objective of increasing teledensity, improving service, and spurring innovation.
- The Government’s regulatory policies have helped the Dominican Republic’s telecommunications sector grow, attract new operators, increase investment by established operators, promote impressive growth in wireless teledensity, and boost both the volume and variety of telecommunications services.
- The Dominican Republic’s approach of encouraging competition and limiting unnecessary regulation has resulted in the sector becoming the country’s second most important source of foreign investment.

The Dominican Republic plans to continue to apply a development strategy for its telecommunications sector that fosters universal service, improves teledensity, and promotes competition – objectives that are fully compatible with those of Chapter Thirteen of the Agreement. The chapter does not prescribe a single approach to regulation, but rather allows each Party a substantial degree of flexibility in determining how to meet the chapter’s

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requirements. The Dominican Republic intends to satisfy several key obligations established by the chapter through market-based competition, negotiations between suppliers and other enterprises, and negotiations between suppliers themselves. Thus, commercial negotiations constitute a valuable tool in shaping a competitive communications marketplace. The Dominican Republic, as provided under its domestic law, intends to use regulatory measures when competition and other market forces and commercial negotiations cannot satisfy its obligations under the chapter.

This letter in no way modifies the rights and obligations of the Dominican Republic and the United States under the Agreement.

I would be grateful if you could confirm that your Government shares the views regarding the objectives and obligations of Chapter Thirteen set out in this letter.

Sincerely,

Orlando Jorge Mera

August 5, 2004

Lic. Orlando Jorge Mera
Secretary of State
President of the Council of Directors
INDOTEL
Santo Domingo, Dominican Republic

Dear Mr. Mera:

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

“In the course of negotiations between the United States and the Dominican Republic regarding the Dominican Republic – Central America – United States Free Trade Agreement signed this day (the “Agreement”), the delegations of the Dominican Republic and the United States discussed the manner in which the Dominican Republic regulates its telecommunications industry and how the Dominican Republic’s approach to regulation in the sector comports with the obligations set out in Chapter Thirteen (Telecommunications) of the Agreement.

Both delegations recognized that the Dominican Republic attaches great importance to the development and modernization of its telecommunications infrastructure. The delegation of the Dominican Republic noted that:

- General Telecommunication Law No. 153-98 provides for the Dominican Republic’s telecommunications industry to operate based on principles of universal service, unrestricted market entrance, freely negotiated tariffs, freedom of contract, minimum regulation, and a strong and autonomous regulatory body.
- Law No. 153-98 is designed to promote open, fair, and sustainable competition, with the objective of increasing teledensity, improving service, and spurring innovation.
- The Government’s regulatory policies have helped the Dominican Republic’s telecommunications sector grow, attract new operators, increase investment by established operators, promote impressive growth in wireless teledensity, and boost both the volume and variety of telecommunications services.
- The Dominican Republic’s approach of encouraging competition and limiting unnecessary regulation has resulted in the sector becoming the country’s second most important source of foreign investment.

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The Dominican Republic plans to continue to apply a development strategy for its telecommunications sector that fosters universal service, improves teledensity, and promotes competition – objectives that are fully compatible with those of Chapter Thirteen of the Agreement. The chapter does not prescribe a single approach to regulation, but rather allows each Party a substantial degree of flexibility in determining how to meet the chapter's requirements. The Dominican Republic intends to satisfy several key obligations established by the chapter through market-based competition, negotiations between suppliers and other enterprises, and negotiations between suppliers themselves. Thus, commercial negotiations constitute a valuable tool in shaping a competitive communications marketplace. The Dominican Republic, as provided under its domestic law, intends to use regulatory measures when competition and other market forces and commercial negotiations cannot satisfy its obligations under the chapter.

This letter in no way modifies the rights and obligations of the Dominican Republic and the United States under the Agreement.

I would be grateful if you could confirm that your Government shares the views regarding the objectives and obligations of Chapter Thirteen set out in this letter.”

I have the honor to confirm that my Government shares the views regarding the objectives and obligations of Chapter Thirteen set out in your letter.

Sincerely,

Regina K. Vargo