

Washington, D.C.  
June 15, 2004

The Honorable Robert B. Zoellick  
United States Trade Representative

Dear Ambassador Zoellick:

I have the honor to confirm the following understanding reached between the delegations of the Kingdom of Morocco and the United States of America in the course of negotiations regarding Chapter Twelve (Financial Services) of the Free Trade Agreement between our Governments signed this day.

According to the terms of Article 27 of the Agreement concerning the establishment of the *Societe Africaine de Reassurance* (“Africa Re”), insurance companies established in Morocco must cede five percent of each reinsurance contract to the *Societe Africaine de Reassurance*. The five percent cession applies to the amount of the reinsurance contract after subtracting any mandatory cession to the *Societe Central de Reassurances* (“SCR”). The five percent cession does not apply to “*reassurance facultative*” (optional reinsurance).

As provided in Morocco’s schedule to Annex III of the Agreement, Morocco’s non-conforming measure pertaining to the SCR shall be phased out under the time frames set forth in that non-conforming measure.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an integral part of the Agreement.

Sincerely,

Taïb Fassi Fihri  
Minister Delegate for Foreign Affairs and Cooperation

Washington, D.C.  
June 15, 2004

The Honorable Taïb Fassi Fihri  
Minister Delegate for Foreign Affairs and Cooperation  
Kingdom of Morocco

Dear Minister Fassi Fihri:

I am pleased to receive 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 Kingdom of Morocco and the United States of America in the course of negotiations regarding Chapter Twelve (Financial Services) of the Free Trade Agreement between our Governments signed this day.

According to the terms of Article 27 of the Agreement concerning the establishment of the *Societe Africaine de Reassurance* ('Africa Re'), insurance companies established in Morocco must cede five percent of each reinsurance contract to the *Societe Africaine de Reassurance*. The five percent cession applies to the amount of the reinsurance contract after subtracting any mandatory cession to the *Societe Central de Reassurances* ('SCR'). The five percent cession does not apply to '*reassurance facultative*' (optional reinsurance).

As provided in Morocco's schedule to Annex III of the Agreement, Morocco's non-conforming measure pertaining to the SCR shall be phased out under the time frames set forth in that non-conforming measure.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an integral part of the Agreement.”

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 letter in reply shall constitute an integral part of the Agreement.

Sincerely,

Robert B. Zoellick