

May 28, 2004

The Honorable Alberto Trejos
Minister of Foreign Trade
San Jose, Costa Rica

Dear Minister Trejos:

I have the honor to confirm the following understanding reached between the delegations of the United States and Costa Rica in the course of negotiations regarding Chapter Three, Section G (Textiles and Apparel) of the Free Trade Agreement between our Governments signed this day (the "Agreement"):

Under tariff item 9802.00.80 of the Harmonized Tariff Schedule of the United States (commonly referred to as the "807 program"), the United States assesses its most-favored-nation duties on imports of apparel goods assembled abroad from U.S.-formed and cut components only on the difference between the full value of the imported goods and the value of the U.S. components. Nothing in the Agreement modifies the availability of this program.

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 Costa Rica in the course of negotiations regarding Chapter Three, Section G (Textiles and Apparel) of the Free Trade Agreement between our Governments signed this day (the “Agreement”):

Under tariff item 9802.00.80 of the Harmonized Tariff Schedule of the United States (commonly referred to as the “807 program”), the United States assesses its most-favored-nation duties on imports of apparel goods assembled abroad from U.S.-formed and cut components only on the difference between the full value of the imported goods and the value of the U.S. components. Nothing in the Agreement modifies the availability of this program.

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 respective Governments.

Sincerely,

Alberto Trejos