

May 28, 2004

The Honorable Marcio Cuevas
Minister of Economy
Guatemala City, Guatemala

Dear Minister Cuevas:

During the course of negotiations regarding Chapter Twelve (Financial Services) of the Free Trade Agreement between our Governments signed this day (the "Agreement"), the delegation of Guatemala expressed interest in the ability of Guatemalan financial institutions to establish operations in the United States.

The United States takes note of Guatemala's interest and affirms its policy of maintaining open markets in financial services. A large number of foreign financial institutions have established operations in the United States. In particular, a large number of foreign banks and insurance companies have offices in the United States and foreign banks and insurance companies, including Guatemalan banks and insurance companies, have the opportunity to establish operations in every state, provided that such entities meet the relevant prudential criteria.

Along with open markets, strong regulatory and supervisory standards promote a robust financial system. In this regard, the Agreement does not restrict the ability of the United States to apply prudential measures governing the supply of financial services in the United States, including with respect to the establishment of financial institutions in the United States. The United States remains ready to help Guatemalan financial institutions to continue making progress toward meeting federal and state prudential requirements through technical assistance to Guatemala concerning the regulation and supervision of financial institutions.

I trust that this letter provides further evidence of the importance the United States attaches to open markets and its commitment to maintaining an open environment for foreign financial institutions.

Sincerely,

Robert B. Zoellick
United States Trade Representative

Randal K. Quarles
Assistant Secretary for International Affairs
U.S. Department of the Treasury

