Mexico Measures Affectin Telecommunications Services

WORLD TRADE

ORGANIZATION WT/DS204/7

S/L/161

2 June 2004

(04-2366)

Ori inal: En lish/Spanish g

Notification of an A reement

The followin communications, dated 1 June 2004, from the Permanent Missions of Mexico and the United States, are circulated at their request.

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June 1, 2004

H.E. Ms. Linnet F. Deily

Ambassador

Permanent Representative

Permanent Mission of the United States to

The World Trade Or anization

Route de Pre ny 11

1292 Chambesy

Switzerland

Dear Ambassador Deily:

Over the past several days, dele ations of the United States and Mexico (the "Parties") have been discussin a mutually a reed solution of the dispute Mexico - Measures Affectin Telecommunications Services (WT/DS204/R). Notwithstandin the fact that Mexico does not share the interpretation of Mexico's World Trade Or anization (the "WTO") commitments as set forth in the panel findin s, Mexico will not exercise its ri ht to appeal under Article 16 of the Understandin on Rules and Procedures Governin the Settlement of Disputes (the "DSU") in li ht of the followin understandin reached by the Parties to comply with the recommendations of the panel report:

The Parties a ree that thirteen (13) months constitutes a reasonable period of time to comply with the recommendations of the Report, as set forth in para raphs 2 to 6 of this letter.

Within two (2) months of adoption of the Report, Mexico shall have in force revised International Lon Distance Rules (the "ILD Rules"). Mexico shall completely eliminate those aspects of the current ILD Rules that implement the "uniform settlement rate" system, the "proportional return" system, and the requirement that the carrier with the reatest proportion of out oin traffic to a country ne otiate the settlement rate on behalf of all Mexican g carriers f r a c ry. T s, e ew ILD R les s all all w e c mpe i ive c mmercial eg ia i f i er a i al se leme ra es.

Wi i ir ee (13 mo s f ad p i f e rep r , Mexic s all ave i f rce reg la i s (Reglame s a rizi g e iss a ce f permi s (permis s f r e resale f i er a i al l g dis a ce p blic swi c ed elec mmu ica i s services. S c Reglame s will reg la e c mmercial age cies (c mercializad ras es ablis ed i Mexic a d permi em p rc ase a d resell ese elec mmu ica i s services r g e se) f capaci y f c cessi aires, wi i e limi s es ablis ed i Ar icles 52 a d 61 f Mexic 's Federal Telec mmu ica i s Law.

T e Par ies a icipa e a e c mpe i ive c mmercial eg ia i f i er a i al se leme ra es res l i g fr m e revisi s f e ILD R les described i paragrap 2 will res l i reas able a d c s - rie ed ra es.

T e U i ed S a es rec g izes a Mexic will c i e pr ibi I er a i al Simple Resale (ISR .

O nce Mexic as c mplied wi e bliga i s se i paragrap s 2 a d 3, a d pr vided a i er a i al se leme ra es ffered d i crease ab ve e ra es es ablis ed by c mmercial eg ia i s c cl ded i May 2004 be wee U i ed S a es carriers a d e Mexica carrier a rized der e c rre ILD R les, e Par ies will file a ice wi e Disp e Se leme B dy s a i g a a mu ally agreed s l i is disp e as bee ac ieved. Pr vided a Mexic as c mplied wi is agreeme , e U i ed S a es s all seek rec rse Ar icle 21.5 f e DSU, c cer i g a y fi di g r rec mme da i f e pa el rep r .

T e Par ies s all c s l peri dically regardi g e impleme a i f is agreeme .

I ave e r pr p se a is le er d e i e E glis a d Spa is la g ages, b ex s bei g eq ally a e ic, a d y r le er f c firma i i reply s all c s i e a agreeme be wee r w o G over me s, effec ive as f e da e f e le er i reply.

Si cerely,

(Sig ed Ed ard Pérez M o a,

Ambassad r

J e 1, 2004

H.E. Mr. Ed ard Pérez M o a

Ambassad r

Perma e Represe a ive

Perma e Missi f Mexic

e World Trade Orga iza i

Ave e d B dé 16 (7 pis

1202 Ge eva

Swi zerla d

Dear Ambassad r Pérez M o a:

I am pleased receive y r le er f day's da e, w hic reads as f ll ws:

"Over e pas several days, delega i s f e U i ed S a es a d Mexic (e "Par ies" ave bee disc ssi g a mu ally agreed s l i f e disp e Mexic - Meas res Affec i g Telec mmu ica i s Services (WT/DS204/R . N wi s a di g e fac a Mexic d es s are e i erpre a i f Mexic 's World Trade Orga iza i (e "WTO" c mmi me) s as se f r i e pa el fi di gs, Mexic will exercise i s rig appeal der Ar icle)

16 of the e ta i g o Rule a P oce u e Gove i g the Settleme t of Di pute (the "DS " i light of the followi g u e ta i g eache y the Pa tie to comply with the ecomme atio of the pa el epo t:

The Pa tie ag ee that thi tee (13) mo th co titute a ea o a le pe io of time to comply with the ecomme atio of the Repo t, a et fo th i pa ag aph 2 to 6 of thi lette .

Withi two (2) mo th of a optio of the Repo t, Mexico hall have i fo ce evi e I te atio al Lo g Di ta ce Rule (the "ILD Rule "). Mexico hall completely elimi ate tho e a pect of the cu e t ILD Rule that impleme t the "u ifo m ettleme t ate" y tem, the "p opo tio al etu " y tem, a the equi eme t that the ca ie with the g eate t p opo tio of outgoi g t affic to a cou t y egotiate the ettleme t ate o ehalf of all Mexica ca ie fo that cou t y. Thu , the ew ILD Rule hall allow the competitive comme cial egotiatio of i te atio al ettleme t ate .

Withi thi tee (13) mo th of a optio of the epo t, Mexico hall have i fo ce egulatio (Reglame to) autho izi g the i ua ce of pe mit (pe mi o) fo the e ale of i te atio al lo g i ta ce pu lic witche telecommu icatio e vice . Such Reglame to will egulate comme cial age cie (come cializa o a) e ta li he i Mexico a pe mit them to pu cha e a e ell the e telecommu icatio e vice th ough the u e of capacity of co ce io ai e , withi the limit e ta li he i A ticle 52 a 61 of Mexico' Fe e al Telecommu icatio Law.

The Pa tie a ticipate that the competitive comme cial egotiatio of i te atio al ettleme t ate e ulti g f om the evi io of the ILD Rule e c i e i pa ag aph 2 will e ult i ea o a le a co t-o ie te ate .

The ite State ecog ize that Mexico will co ti ue to p ohi it I te atio al Simple Re ale (ISR).

Once Mexico ha complie with the o ligatio et out i pa ag aph 2 a 3, a p ovi e that i te atio al ettleme t ate offe e o ot i c ea e a ove the ate e ta li he y comme cial egotiatio co clu e i May 2004 etwee ite State ca ie a the Mexica ca ie autho ize u e the cu e t ILD Rule , the Pa tie will file a otice with the Di pute Settleme t Bo y tati g that a mutually ag ee olutio to thi i pute ha ee achieve . P ovi e that Mexico ha complie with thi ag eeme t, the ite State hall ot eek ecou e to A ticle 21.5 of the DS , co ce i g a y fi i g o ecomme atio of the pa el epo t. b

The Pa tie hall co ult pe io ically ega i g the impleme tatio of thi ag eeme t.

I have the ho o to p opo e that thi lette o e i the E gli h a Spa i h la guage , oth text ei g equally authe tic, a you lette of co fi matio i eply hall co titute a ag eeme t etwee ou two Gove me t , effective a of the ate of the lette i eply."

I have the ho o to co fi m that the b e ta i g efe e to i you lette o e i the E gli h a Spa i h la guage , oth text ei g equally authe tic, i ha e y my Gove me t, a that you lette a thi lette i eply hall co titute a ag eeme t etwee ou two e pective Gove me t , to e te i to fo ce o the ate of thi lette .

Si ce ely,

(Sig e) Li et F. Deily

Am a a o

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