

Draft as of February 9, 2007
Subject to legal review for accuracy, clarity, and consistency.

[DATE]

The Honorable Alejandro Ferrer
Minister of Trade and Industries
Republic of Panama

Dear Minister Ferrer:

I have the honor to confirm the following understanding reached between the delegations of the United States and Panama in the course of negotiations regarding Chapter Four (Rules of Origin) and Chapter Five (Customs Administration and Trade Facilitation) of the United States – Panama Trade Promotion Agreement between our two Governments signed this day (the “Agreement”):

For purposes of United States free trade agreements, the United States considers that wholesale purchase or sale of goods in a third party’s free trade zone does not constitute subsequent production or any other operation, and thus is not relevant in determining whether a good qualifies as an “originating” good under those agreements. Accordingly, the United States considers that, for purposes of Article 5.11 of the United States-Australia Free Trade Agreement, Article 4.11 of the United States-Chile Free Trade Agreement, Article 3.12 of the United States-Singapore Free Trade Agreement, [and] Article 4.11 of the North American Free Trade Agreement, [and Article 5.9 of the United States-Morocco Free Trade Agreement] the wholesale purchase or sale of a good in a Panamanian free zone does not constitute subsequent production or any other operation, and thus is not relevant in determining whether a good qualifies as an “originating” good under those agreements.

At Panama’s request, promptly after the United States implements any free trade agreement that it enters into after today’s date, the Parties shall consult on whether to add the pertinent provision of that agreement to the list set out in the preceding paragraph.¹

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

Sincerely,

Susan C. Schwab

¹ If such consultations take place, they shall be initiated through the Free Trade Commission established under Chapter 19 of the Agreement.

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The Honorable Susan C. Schwab
United States Trade Representative
Washington D.C.

Dear Ambassador Schwab:

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

["insert text of incoming letter"]

I have the honor to confirm that my Government shares the understanding expressed in your letter and to confirm that your letter and this letter in reply shall constitute an integral part of the Agreement.

Sincerely,

Alejandro Ferrer