

DRAFT
Subject to Legal Review for Accuracy, Clarity, and Consistency

[Addressee]

Dear Ambassador Schwab:

In the course of the negotiations of the Korea-United States Free Trade Agreement (the "Agreement"), the delegations of the United States and Korea discussed the regulatory reform processes that their respective governments are contemplating or currently undertaking with regard to postal services and how that process might affect competitive express delivery services.

In the context of those discussions, Korea indicated the following aspects, among others, of its postal reform plan:

Korea intends to gradually expand the exceptions to the Korea Postal Authority's monopoly to increase the scope of private delivery services and to establish a scheme ensuring the independence of Korea's postal regulatory system by amending the Postal Service Act and/or the related laws, and/or their subordinate regulations.

- After such amendments are enacted, the items that private delivery service suppliers may handle will be classified based on objective standards such as weight, price or a combination thereof. In determining the nature and extent of such amendments, Korea will consider various factors, including domestic market conditions, experiences of other countries with postal liberalization, and the need to ensure universal service. Korea plans to implement the aforementioned changes within the next five years.
- Korea also will address the issue of independence of its regulatory system for postal and express delivery services over time. The regulator of express delivery services will be separate from, and not accountable to, any supplier of postal or other delivery services after such reform. The decisions of and the procedures used by regulators should be impartial and transparent with respect to all market participants.

In applying these reformed criteria and regulatory system, Korea will provide non-discriminatory opportunities to all postal and express delivery service suppliers in Korea.

Sincerely,

{Signature}
Kim, Hyun-chong

[Reply Letter Forthcoming]