1 March 2006

The Honorable
Mr. Chan Soo Sen
Minister of State
for Trade and Industry and Education
Republic of Singapore

I have the honor to refer to the Panama-Singapore Free Trade Agreement signed on 1 March 2006 at Singapore (hereafter referred to as the "Agreement"). During the negotiations of Chapter 12 (*Telecommunications*) of the Agreement, the delegations of Singapore and Panama reached the following understanding:

> "The Parties agree that an "enterprise of a Party" as defined in Article 1.3.4 (*Definitions of General Application*) will not be precluded from being granted a concession to provide public telecommunications services.
>
> In that regard, the Parties agree that any enterprise in which the government of one Party (the "Interested Party") has a shareholding, will not be precluded from applying for a concession to provide public telecommunications services in the other Party, as public telecommunications services are defined under the applicable law of the other Party, solely by reason of the government of the Interested Party having a shareholding in that enterprise.
>
> Accordingly, any enterprise in which the Government of Singapore has shareholding (an "Enterprise of Singapore") and that has been granted a concession to provide one or more public telecommunications services in Panama shall comply with and be subject to the Constitution, laws, regulations, administrative rulings and other regulations applicable in Panama.
>
> For greater certainty, nothing in this Agreement shall be construed so as to grant any preference or privilege to an Enterprise of Singapore that is not otherwise available to other public telecommunication service providers in Panama. Similarly, such enterprise of Singapore shall be fully subject to the jurisdiction of the *Ente Regulador de los Servicios Publicos de Panama* or its successors as well as to the jurisdiction of any other competent authority of Panama.
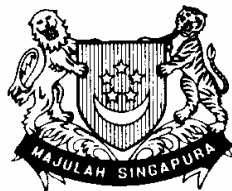
An Enterprise of Singapore that applies for a concession to provide public telecommunications services in Panama shall be deemed to have waived to any sovereign immunity it may have as result of the Government of Singapore's participation in such enterprise.

There is further understanding that the Government of Singapore maintains no restrictions on the entry to its public telecommunications market for Panamanian enterprises, in which the government of Panama has a shareholding, subject to the terms and conditions as set out in the preceding three paragraphs as they apply in Singapore."

I have the honor to propose that this letter, together with your letter of confirmation, shall constitute an agreement between the Parties, which constitutes an integral part of the Agreement and shall take effect on the date that the Agreement enters into force.

Sincerely,

Carmen Gisela Vergara
Vice-Minister of Foreign Trade
Ministry of Trade and Industries
Republic of Panama

The Honorable
Ms Carmen Gisela Vergara
Vice-Minister of Foreign Trade
Ministry of Trade and Industries
Republic of Panama

I have the honor to confirm receipt of your letter, which reads as follows:

> "I have the honor to refer to the Panama-Singapore Free Trade Agreement signed on 1 March 2006 at Singapore (hereafter referred to as the "Agreement"). During the negotiations of Chapter 12 (*Telecommunications*) of the Agreement, the delegations of Singapore and Panama reached the following understanding:
>
>> 'The Parties agree that an "enterprise of a Party" as defined in Article 1.3.4 (*Definitions of General Application*) will not be precluded from being granted a concession to provide public telecommunications services.
>>
>> In that regard, the Parties agree that any enterprise in which the government of one Party (the "Interested Party") has a shareholding, will not be precluded from applying for a concession to provide public telecommunications services in the other Party, as public telecommunications services are defined under the applicable law of the other Party, solely by reason of the government of the Interested Party having a shareholding in that enterprise.
>>
>> Accordingly, any enterprise in which the Government of Singapore has shareholding (an "Enterprise of Singapore") and that has been granted a concession to provide one or more public telecommunications services in Panama shall comply with and be subject to the Constitution, laws, regulations, administrative rulings and other regulations applicable in Panama.
>>
>> For greater certainty, nothing in this Agreement shall be construed so as to grant any preference or privilege to an Enterprise of Singapore that is not otherwise available to other public telecommunications service providers in Panama. Similarly, such enterprise of Singapore shall be fully subject to the jurisdiction of the *Ente Regulador de los Servicios Publicos*

de Panama or its successors as well as to the jurisdiction of any other competent authority of Panama.

An Enterprise of Singapore that applies in Panama for a concession to provide public telecommunications services in Panama shall be deemed to have waived any sovereign immunity it may have as result of the Government of Singapore's participation in such enterprise.

There is further understanding that the Government of Singapore maintains no restrictions on the entry to its public telecommunications services market for Panamanian enterprises, in which the government of Panama has a shareholding, subject to the terms and conditions as set out in the preceding three paragraphs as they apply in Singapore.'

I have the honor to propose that this letter, together with your letter of confirmation, shall constitute an agreement between the Parties, which constitutes an integral part of the Agreement and shall take effect on the date that the Agreement enters into force. "

I have the honor to confirm that this understanding is shared by my Government and constitutes an integral part of the Agreement and shall take effect on the date that the Agreement enters into force.

Sincerely,

Chan Soo Sen
Minister of State
for Trade and Industry
and Education
Republic of Singapore