June 28, 2007

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

Dear Ambassador Schwab:

I have the honor to confirm the following understanding reached between the delegations of Panama and the United States in the course of negotiations regarding Chapter Twenty-One (Exceptions) of the United States – Panama Trade Promotion Agreement between our two Governments signed this day (the “Agreement”):

For greater certainty, the Parties do not intend Article 21.3 (Taxation) of the Agreement to affect their existing rights and obligations with respect to each other under the Agreement Establishing the World Trade Organization.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments, to enter into force on the date the Agreement enters into force.

Sincerely,

Alejandro Ferrer
June 28, 2007

The Honorable Alejandro Ferrer
Minister of Commerce and Industry
Republic of Panama

Dear Minister Ferrer:

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

“I have the honor to confirm the following understanding reached between the
deleagations of Panama and the United States in the course of negotiations regarding
Chapter Twenty-One (Exceptions) of the United States – Panama Trade Promotion
Agreement between our two Governments signed this day (the “Agreement”):

For greater certainty, the Parties do not intend Article 21.3 (Taxation) of the
Agreement to affect their existing rights and obligations with respect to each other
under the Agreement Establishing the World Trade Organization.

I have the honor to propose that this letter and your letter of confirmation in reply shall
contitute an agreement between our two Governments, to enter into force on the date the
Agreement enters into force.”

I have the honor to confirm that my government shares this understanding, and that your letter
and this letter in reply shall constitute an agreement between our two Governments, to enter into
force on the date the Agreement enters into force.

Sincerely,

Susan C. Schwab