

June 28, 2007

The Honorable Alejandro Ferrer
Minister of Commerce and Industry
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 Three (National Treatment and Market Access for Goods) of the United States – Panama Trade Promotion Agreement between our two Governments signed this day (the “Agreement”):

The United States will not initiate dispute settlement procedures under Chapter Twenty (Dispute Settlement) of the Agreement with respect to any restriction that Panama may apply, prior to the date the Agreement enters into force, on the importation of used passenger motor vehicles (cars and light trucks, including four wheel drive vehicles).

I have the honor to propose that this understanding shall be treated as an integral part of the Agreement and that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments.

Sincerely,

Susan C. Schwab

[COURTESY TRANSLATION]

June 28, 2007

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:

“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 Three (National Treatment and Market Access for Goods) of the United States – Panama Trade Promotion Agreement between our two Governments signed this day (the “Agreement”):

The United States will not initiate dispute settlement procedures under Chapter Twenty (Dispute Settlement) of the Agreement with respect to any restriction that Panama may apply, prior to the date the Agreement enters into force, on the importation of used passenger motor vehicles (cars and light trucks, including four wheel drive vehicles).

I have the honor to propose that this understanding shall be treated as an integral part of the Agreement and that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments.”

I have the honor to confirm that my Government shares this understanding, which shall be treated as an integral part of the Agreement, and that your letter and this letter in reply shall constitute an agreement between our two Governments.

Sincerely,

Alejandro Ferrer