

June 28, 2007

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

Dear Minister Ferrer:

We 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 Twelve (Financial Services) of the United States – Panama Trade Promotion Agreement between our two Governments signed this day (the “Agreement”):

For greater certainty, the most-favored-nation treatment obligation under Article 12.3.1 (Most-Favored-Nation Treatment) of the Agreement applies with respect to the supply by cross-border financial service suppliers of any of the financial services listed in the definition of financial service in Article 12.20 (Definitions) of the Agreement, and nothing in Article 12.5.1 (Cross-Border Trade) of the Agreement limits that obligation.

We 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
United States Trade Representative

Clay Lowery
Assistant Secretary for
International Affairs
U.S. Department of Treasury

[COURTESY TRANSLATION]

June 28, 2007

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

The Honorable Clay Lowery
Assistant Secretary for International Affairs
Department of Treasury
Washington, D.C.

Dear Ambassador Schwab and Mr. Lowery:

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

“We 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 Twelve (Financial Services) of the United States – Panama Trade Promotion Agreement between our two Governments signed this day (the “Agreement”):

For greater certainty, the most-favored-nation treatment obligation under Article 12.3.1 (Most-Favored-Nation Treatment) of the Agreement applies with respect to the supply by cross-border financial service suppliers of any of the financial services listed in the definition of financial service in Article 12.20 (Definitions) of the Agreement, and nothing in Article 12.5.1 (Cross-Border Trade) of the Agreement limits that obligation.

We 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