

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 understandings 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”):

Panama is in the process of developing regulations for private pension funds.

Governments frequently impose criteria, some of which may be prudential in nature, on the establishment and maintenance of pension funds.

Nothing in Chapter Twelve of the Agreement prevents a Party from enacting laws or promulgating regulations, not inconsistent with Chapter Twelve, affecting financial services related to pension funds.

We 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,

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 the 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 understandings 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”):

Panama is in the process of developing regulations for private pension funds.

Governments frequently impose criteria, some of which may be prudential in nature, on the establishment and maintenance of pension funds.

Nothing in Chapter Twelve of the Agreement prevents a Party from enacting laws or promulgating regulations, not inconsistent with Chapter Twelve, affecting financial services related to pension funds.

We 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.”

I have the honor to confirm that my government shares these understandings, 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,

Alejandro Ferrer