



MINISTER FOR TRADE AND INDUSTRY  
SINGAPORE

May 6, 2003

The Honorable  
Robert B. Zoellick  
United States Trade Representative

Dear Ambassador Zoellick:

I have the honor to refer to Article 15.26(c) (Status of Letter Exchanges) of the United States – Singapore Free Trade Agreement (the “Agreement”) signed at Washington, D.C. on May 6, 2003.

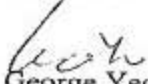
During the negotiation of the Investment Chapter of the Agreement (Chapter 15), Singapore and the United States (collectively, the “Parties”) discussed Article 15.6 (Expropriation) and the Government of Singapore’s land acquisition law. Based on those discussions, I have the honor to confirm the Parties’ shared understanding that:

1. Singapore has no plans to expropriate any land of an investor of the United States or a covered investment. Singapore undertakes an obligation not to expropriate any land of a U.S. investor or a covered investment for three years after the Agreement enters into force.
2. There shall be recourse to the dispute settlement provisions of Chapters 15 (Investment) and 20 (Administrative and Dispute Settlement) of the Agreement if an investor of the United States or the United States files a claim that Singapore has breached the obligation in paragraph 1 of this letter. If Singapore is found to be in breach of the obligation in paragraph 1 of this letter, Singapore commits to pay the fair market value of the expropriated land, as provided in Article 15.6 (Expropriation).
3. Paragraph 2 of this letter shall not take effect until the date on which the first claim is filed (under Articles 15.15 (Submission of a Claim to Arbitration) or 20.4 (Additional Dispute Settlement Procedures)) that alleges a breach of the obligation in paragraph 1 of this letter after the Agreement enters into force.
4. In relation to expropriation by Singapore of land of an investor of the United States or a covered investment, Article 15.6 (Expropriation) shall not take effect until three years after the date of entry into force of the Agreement, unless prior to that time Singapore is found to be in breach of the obligation in paragraph 1 of this letter.

I have the honor to propose that this understanding be treated as an integral part of the Agreement

I would be grateful if you would confirm that this understanding is shared by your Government.

Sincerely,

  
George Yeo

EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

May 6, 2003

The Honorable  
George Yeo  
Minister for Trade and Industry

Dear Minister Yeo:

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

"I have the honor to refer to Article 15.26(c) (Status of Letter Exchanges) of the United States – Singapore Free Trade Agreement (the "Agreement") signed at Washington, D.C. on May 6, 2003.

During the negotiation of the Investment Chapter of the Agreement (Chapter 15), Singapore and the United States of America and the Government of Singapore (collectively, the "Parties") discussed Article 15.6 (Expropriation) and the Government of Singapore's land acquisition law. Based on those discussions, I have the honor to confirm the Parties' shared understanding that:

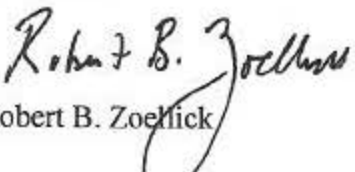
1. Singapore has no plans to expropriate any land of an investor of the United States or a covered investment. Singapore undertakes an obligation not to expropriate any land of a U.S. investor or a covered investment for three years after the Agreement enters into force.
2. There shall be recourse to the dispute settlement provisions of Chapters 15 (Investment) and 20 (Administrative and Dispute Settlement) of the Agreement if an investor of the United States or the United States files a claim that Singapore has breached the obligation in paragraph 1 of this letter. If Singapore is found to be in breach of the obligation in paragraph 1 of this letter, Singapore commits to pay the fair market value of the expropriated land, as provided in Article 15.6 (Expropriation).
3. Paragraph 2 of this letter shall not take effect until the date on which the first claim is filed (under Articles 15.15 (Submission of a Claim to Arbitration) or 20.4 (Additional Dispute Settlement Procedures) that alleges a breach of the obligation in paragraph 1 of this letter after the Agreement enters into force.
4. In relation to expropriation by Singapore of land of an investor of the United States or a covered investment, Article 15.6 (Expropriation) shall not take effect until three years after the date of entry into force of the Agreement, unless prior to that time Singapore is found to be in breach of the obligation in paragraph 1 of this letter.

I have the honor to propose that this understanding be treated as an integral part of the Agreement.

I would be grateful if you would confirm that this understanding is shared by your Government.”

In light of the unique circumstances in which Singapore finds itself, I have the further honor to confirm that this understanding is shared by my Government and constitutes an integral part of the Agreement.

Sincerely,

  
Robert B. Zoellick