



*República de Panamá*  
*Ministerio de Comercio e Industrias*

March 21, 2007

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

Dear Ambassador Schwab:

I have the honor to confirm the following understandings reached between the Governments of Panama and the United States:

1. Panama shall take the following actions with respect to tariff-rate quotas provided for in Section I-B of Schedule CXLI – Panama to the General Agreement on Tariffs and Trade 1994 (GATT 1994), in conformity with Article XXVIII of GATT 1994:

- (a) no later than the date of entry into force of the Panama – United States Trade Promotion Agreement (Agreement), reduce to zero the bound rate of duty on the in-quota quantities of goods imported before March 1 or on or after September 1 of each calendar year under the tariff-rate quotas that Panama maintains on goods classified under tariff items 20029011, 20029012, and 20029019; and
- (b) no earlier than the date of entry into force of the Agreement, withdraw the tariff-rate quota that Panama currently maintains on goods classified under tariff items 10059090, 11042320, and 11042390.

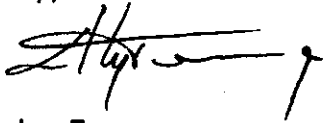
*Facilitando el Desarrollo Económico con una Visión Social*

Edison Plaza, Piso 3, Avenida Ricardo J. Alfaro  
Apartado Postal 0815-01119, Zona 4 Panamá, República de Panamá  
Teléfono 560-0600 / 560-0700  
Web: [www.mici.gob.pa](http://www.mici.gob.pa)

2. The United States will enter into negotiations with Panama pursuant to Article XXVIII of GATT 1994 and will not seek compensation for the withdrawal of the concession referred to in paragraph 1(b) for the period in which the Agreement is in force. If either Panama or the United States withdraws from the Agreement, or if the Agreement otherwise terminates, Panama shall promptly restore the concession referred to in paragraph 1(b).

I would be grateful if, by a letter of confirmation in reply, you would confirm that these understandings are shared by your Government.

Sincerely,



Alejandro Ferrer  
Minister of Commerce and Industry  
Republic of Panama



*Facilitando el Desarrollo Económico con una Visión Social*

Edison Plaza, Piso 3, Avenida Ricardo J. Alfaro  
Apartado Postal 08150111, Zona 4 Panamá, República de Panamá  
Teléfono 560-0600 / 560-0700  
Web: [www.mici.gob.pa](http://www.mici.gob.pa)

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

MAR 21 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 understandings reached between the Governments of Panama and the United States:

1. Panama shall take the following actions with respect to tariff-rate quotas provided for in Section I-B of Schedule CXLI – Panama to the General Agreement on Tariffs and Trade 1994 (GATT 1994), in conformity with Article XXVIII of GATT 1994:

- (a) no later than the date of entry into force of the Panama – United States Trade Promotion Agreement (Agreement), reduce to zero the bound rate of duty on the in-quota quantities of goods imported before March 1 or on or after September 1 of each calendar year under the tariff-rate quotas that Panama maintains on goods classified under tariff items 20029011, 20029012, and 20029019; and
- (b) no earlier than the date of entry into force of the Agreement, withdraw the tariff-rate quota that Panama currently maintains on goods classified under tariff items 10059090, 11042320, and 11042390.

2. The United States will enter into negotiations with Panama pursuant to Article XXVIII of GATT 1994 and will not seek compensation for the withdrawal of the concession referred to in paragraph 1(b) for the period in which the Agreement is in force. If either Panama or the United States withdraws from the Agreement, or if the Agreement otherwise terminates, Panama shall promptly restore the concession referred to in paragraph 1(b).

The Honorable Alejandro Ferrer  
Page Two

I would be grateful if, by a letter of confirmation in reply, you would confirm that these understandings are shared by your Government.”

I have the honor to confirm that the understandings referred to in your letter are shared by my Government.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan C. Schwab". The signature is fluid and cursive, with a large initial "S" and "C".

Susan C. Schwab