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

The Honorable Ricardo A. Quijano J.
Minister of Commerce and Industry
Republic of Panama

SEP 13 2013

Dear Minister Quijano:

As a result of consultations in the context of the Free Trade Commission of the United States-Panama Trade Promotion Agreement (TPA), the United States and Panama ("the Parties") have agreed to modify the understanding set out in an exchange of letters dated June 28, 2007. That exchange of letters confirmed the understanding reached by the United States and Panama in the course of the negotiations of the TPA that "the wholesale purchase or sale of a good in a Panamanian free zone does not constitute subsequent production or any other operation, and consequently is not relevant in determining whether the good qualifies as an 'originating' good under any of" the free trade agreements of the United States.

After the TPA entered into force, Panama requested consultations on whether to add pertinent provisions of free trade agreements of the United States that had entered into force since 2007 to the list of free trade agreements set out in the 2007 exchange of letters. These agreements include the United States-Colombia Trade Promotion Agreement, the United States-Korea Free Trade Agreement, the United States-Oman Free Trade Agreement, and United States-Peru Trade Promotion Agreement. The Parties have agreed that the relevant paragraph of the understanding shall be modified to state the following:

> For purposes of its free trade agreements, the United States considers that the wholesale purchase or sale of a good in a non-Party's free trade zone does not constitute subsequent production or any other operation, and consequently is not relevant in determining whether the good qualifies as an "originating" good under those agreements. Accordingly, the United States considers that, for purposes of Article 5.11 (Third Country Transportation) of the United States-Australia Free Trade Agreement, Article 4.9 (Transit and Transshipment) of the United States-Bahrain Free Trade Agreement, Article 4.11 (Transit and Transshipment) of the United States-Chile Free Trade Agreement, Article 4.13 (Transit and Transshipment) of the United States-Colombia Trade Promotion Agreement, Article 4.12 (Transit and Transshipment) of the Dominican Republic-Central America-United States Free Trade Agreement, Article 6.13 (Transit and Transshipment) of the United States-Korea Free Trade Agreement, Article 5.9 (Transit and Transshipment) of the United States-Morocco Free Trade Agreement, Article 4.9 (Transit and Transshipment) of the United States-Oman Free Trade Agreement, Article 4.13 (Transit and Transshipment) of the United States-Peru Trade Promotion Agreement, Article 411 (Transshipment) of the North American Free Trade Agreement, and Article 3.12 (Third Country Transportation) of the United States-Singapore Free Trade Agreement, the wholesale purchase or sale of a good in a Panamanian free zone does not constitute subsequent production or any other operation, and consequently is not relevant in determining whether the good qualifies as an "originating" good under any of those agreements.

This letter and your letter of confirmation in reply shall constitute an agreement between our two Governments modifying the understanding set out in the exchange of letters dated June 28, 2007, which is an integral part of the TPA.

Sincerely,

Ambassador Michael B. G. Froman

República de Panamá

Ministerio de Comercio e Industrias

Octubre 2, 2013
DM-No.1727-13

Estimado Embajador Froman:

Tengo el agrado de acusar recibo de su nota fechada 13 de septiembre de 2013 que indica lo siguiente:

> "Como resultado de las consultas en el marco de la Comisión de Libre Comercio del Tratado de Promoción Comercial Panamá-Estados Unidos (TPC), Panamá y Estados Unidos ("las Partes") han acordado modificar el entendimiento expuesto en un intercambio de cartas de 28 de junio de 2007. Ese intercambio de cartas confirmó el acuerdo alcanzado por Panamá y los Estados Unidos en el curso de las negociaciones del TPC que "la compra o venta al por mayor de una mercancía en una zona libre de Panamá no constituye producción ulterior o cualquier otra operación, y en consecuencia no es relevante en la determinación sobre si la mercancía califica como mercancía 'originaria' bajo cualquiera" de los acuerdos de libre comercio de los Estados Unidos.
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> Después de que el TPC entró en vigor, Panamá solicitó la celebración de consultas sobre la posibilidad de añadir disposiciones pertinentes de los acuerdos de libre comercio de los Estados Unidos, que habían entrado en vigor desde el año 2007 a la lista de acuerdos de libre comercio establecidos en el intercambio de cartas de 2007. Estos acuerdos incluyen el Tratado de Promoción Comercial entre Estados Unidos y Colombia, el Tratado de Libre Comercio entre Estados Unidos y Corea, el Tratado de Libre Comercio entre Estados Unidos y Omán, y el Tratado de Promoción Comercial entre Estados Unidos y Perú. Las partes han acordado que el párrafo relevante del entendimiento se modificará para indicar lo siguiente:
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>> Para propósitos de sus acuerdos de libre comercio, los Estados Unidos considera que la compra o venta al por mayor de una mercancía en zonas de libre comercio de no-Partes, no constituyen producción ulterior o cualquier otra operación, y en consecuencia no es relevante en la determinación sobre si una mercancía califica como mercancía "originaria" bajo esos acuerdos. De acuerdo a ello, los Estados Unidos considera que para los propósitos del Artículo 5.11 (Transporte hacia un Tercer País) del Tratado de Libre Comercio entre Estados Unidos y Australia, Artículo 4.9 (Tránsito y Transbordo) del Tratado de Libre Comercio entre Estados Unidos y Bahrain, el Artículo 4.11 (Tránsito y Transbordo) del Tratado de Libre Comercio entre Estados Unidos y Chile, el Artículo 4.13 (Tránsito y Transbordo) del Tratado de Promoción Comercial entre Estados Unidos y Colombia, el Artículo 4.12 (Tránsito y Transbordo) del Tratado de Libre Comercio entre República Dominicana, Centroamérica y Estados Unidos, el Artículo 6.13 (Tránsito y Transbordo) del Tratado de Libre Comercio entre Estados Unidos y Corea, el Artículo 5.9 (Tránsito y Transbordo) del Tratado de Libre Comercio entre Estados Unidos y Marruecos, el Artículo 4.9 (Tránsito y Transbordo) del Tratado de Libre Comercio entre Estados Unidos y Omán, el Artículo 4.13 (Tránsito y Transbordo) del Tratado de

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Promoción Comercial entre Estados Unidos y Perú, el Artículo 411 (Transbordo) del Tratado de Libre Comercio de América del Norte, y el Artículo 3.12 (Transporte hacia un Tercer País) del Tratado de Libre Comercio entre Estados Unidos y Singapur, la compra o venta al por mayor de una mercancía en una zona libre de Panamá no constituye producción ulterior o cualquier otra operación, y en consecuencia no es relevante en la determinación sobre si la mercancía califica como mercancía "originaria" bajo cualquiera de esos acuerdos.

Esta carta y su carta de confirmación en respuesta constituirán un acuerdo entre nuestros dos Gobiernos, modificando el entendimiento expuesto en el intercambio de cartas de 28 de junio de 2007, que es una parte integrante del TPC."

Tengo el honor de confirmar que mi Gobierno comparte estos entendimientos, y que su carta y esta carta en respuesta constituirán un acuerdo entre nuestros dos Gobiernos, modificando el entendimiento expuesto en el intercambio de cartas de 28 de junio de 2007, que es una parte integrante del TPC.

Atentamente,

Ricardo A. Quijano J.
Ministro de Comercio e Industria

REPUBLICA DE PANAMA
MINISTERIO DE COMERCIO E INDUSTRIAS

Honorable Michael B. G. Froman
Representante de Comercio de los Estados Unidos
Washington, D.C.

[COURTESY TRANSLATION]

October 2, 2013

The Honorable Michael B. G. Froman
United States Trade Representative
Washington, D.C.

Dear Ambassador Froman:

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

> "As a result of consultations in the context of the Free Trade Commission of The United States-Panama Trade Promotion Agreement (TPA), the United States and Panama ("the Parties") have agreed to modify the understanding set out in an exchange of letters dated June 28, 2007. That exchange of letters confirmed the understanding reached by the United States and Panama in the course of the negotiations of the TPA that "the wholesale purchase or sale of a good in a Panamanian free zone does not constitute subsequent production or any other operation, and consequently is not relevant in determining whether the good qualifies as an 'originating' good under any of" the free trade agreements of the United States.
>
> After the TPA entered into force, Panama requested consultations on whether to add pertinent provisions of free trade agreements of the United States that had entered into force since 2007 to the list of free trade agreements set out in the 2007 exchange of letters. These agreements include the United States-Colombia Trade Promotion Agreement, the United States-Korea Free Trade Agreement, the United States-Oman Free Trade Agreement, and United States-Peru Trade Promotion Agreement. The Parties have agreed that the relevant paragraph of the understanding shall be modified to state the following:
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>> For purposes of its free trade agreements, the United States considers that the wholesale purchase or sale of a good in a non-Party's free trade zone does not constitute subsequent production or any other operation, and consequently is not relevant in determining whether the good qualifies as an "originating" good under those agreements. Accordingly, the United States considers that, for purposes of Article 5.11 (Third Country Transportation) of the United States-Australia Free Trade Agreement, Article 4.9 (Transit and Transshipment) of the United States-Bahrain Free Trade Agreement, Article 4.11 (Transit and Transshipment) of the United States-Chile Free Trade Agreement, Article 4.13 (Transit and Transshipment) of the United States-Colombia Trade Promotion Agreement, Article 4.12 (Transit and Transshipment) of the Dominican Republic-Central America-United States Free Trade

Agreement, Article 6.13 (Transit and Transshipment) of the United States-Korea Free Trade Agreement, Article 5.9 (Transit and Transshipment) of the United States-Morocco Free Trade Agreement, Article 4.9 (Transit and Transshipment) of the United States-Oman Free Trade Agreement, Article 4.13 (Transit and Transshipment) of the United States-Peru Trade Promotion Agreement, Article 411 (Transshipment) of the North American Free Trade Agreement, and Article 3.12 (Third Country Transportation) of the United States-Singapore Free Trade Agreement, the wholesale purchase or sale of a good in a Panamanian free zone does not constitute subsequent production or any other operation, and consequently is not relevant in determining whether the good qualifies as an "originating" good under any of those agreements.

This letter and your letter of confirmation in reply shall constitute an agreement between our two Governments modifying the understanding set out in the exchange of letters dated June 28, 2007, which is an integral part of the TPA."

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 modifying the understanding set out in the exchange of letters dated June 28, 2007, which is an integral part of the TPA.

Sincerely

Ricardo A. Quijano J.
Minister of Trade & Industries