

Draft as of February 9, 2007
Subject to legal review for accuracy, clarity, and consistency.

[DATE]

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

Dear Ambassador Schwab:

I have the honor to refer to the following understanding reached between the delegations of Panama and the United States in the course of negotiations regarding Panama's Annex I entry regarding retail sales in the United States – Panama Trade Promotion Agreement between our two governments signed this day (the "Agreement"):

Effective no later than December 31, 2010, the term "retail business" in Panama's Annex I entry regarding retail sales shall not include multiple service businesses.

A multiple service business is a business

- (a) that invests more than US\$3,000,000 in Panama; and
- (b) that engages in the sale of goods and the supply of services in a single establishment, including through membership programs.

I have the honor to propose that this letter and your letter in reply confirming that your Government shares this understanding shall constitute an integral part of the Agreement.

Sincerely,

Alejandro Ferrer

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[DATE]

The Honorable Alejandro Ferrer
Minister of Trade and Industries
Republic of Panama

Dear Minister Ferrer:

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

“[insert text of incoming letter]”

I have the honor to confirm that my Government shares the understanding expressed in your letter and to confirm that your letter and this reply shall constitute an integral part of the Agreement.

Sincerely,

Susan C. Schwab