

**DRAFT**  
**Subject to Legal Review for Accuracy, Clarity, and Consistency**

Dear Ambassador Schwab:

In connection with the signing on this date of the United States-Korea Free Trade Agreement (the “Agreement”), we have the honor to confirm the following understanding reached by the Governments of the United States of America and Korea regarding the Agreement:

Notwithstanding Article 12.1 (Scope and Coverage) or Article 11.1 (Scope and Coverage), the cross-border trade in gambling and betting services<sup>1</sup> is not subject to Chapter Twelve (Cross-Border Trade in Services) and investment in gambling and betting services is not subject to Chapter Eleven (Investment).

For greater certainty, each Party has its own right to adopt or maintain any measure in relation to betting and gambling services, in accordance with its respective laws or regulations.

We have the honor to confirm that this letter, in which both Governments share these understandings, shall constitute an integral part of the Agreement to enter into force on the date of entry into force of this Agreement.

Sincerely,

Kim, Hyun-chong

[*Reply Letter Forthcoming*]

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<sup>1</sup> For greater certainty, the term “gambling and betting services” includes betting and gambling services supplied through electronic transmission and services that use “*sa-haeng-seong-ge-im-mul*.” “*Sa-haeng-seong-ge-im-mul*,” as defined in Article 2 of the Game Industry Promotion Act of Korea, includes, inter-alia, gaming instruments which result in financial damage or benefit through betting or by chance.