



1 March 2006

**The Honorable
Ms. Carmen Gisela Vergara
Vice-Minister of Foreign Trade
Ministry of Trade and Industry
Republic of Panama**

I have the honor to confirm the following understanding reached between the delegations of the Republic of Panama and the Republic of Singapore in the course of negotiating of the Chapter 4 (*Customs Procedures*) of the Free Trade Agreement between our Governments signed on 1 March 2006 at Singapore (hereinafter referred to as the "Agreement"):

"Each Party recognizes the importance of their economies as trans-shipment centres with port and logistics facilities that trigger the growth and development of their respective societies.

The Parties agree that a good from a non-Party that qualifies as an originating good under a free trade agreement entered into by any of the Parties and that non-Party will not lose its status as an originating good under that free trade agreement if the good does not undergo any process or operation other than loading, reloading, repackaging, storage, transshipment or a combination of the foregoing activities while it is transported through the territory of either Party.

If Panama and another government or customs territory sign a free trade agreement that contains provisions addressing the wholesale purchase or sale of a good within Panama's ports or free trade zones, the Parties shall enter into consultations after that agreement enters into force, with a view to considering the possible incorporation of such provisions in this Agreement¹. The venue and date of such consultations shall be mutually agreed by the Parties.

I have the honor to propose that this letter, together with your letter of confirmation, shall constitute an agreement between the Parties which

¹ Such consultations shall be initiated through the Administrative Commission of the Agreement established under Chapter 17 of the Agreement.

constitutes an integral part of the Agreement and shall take effect on the date that the Agreement enters into force.

Sincerely,

**Chan Soo Sen
Minister of State
for Trade and Industry
and Education
Republic of Singapore**

1 March 2006

**The Honorable
Mr. Chan Soo Sen
Minister of State
for Trade and Industry and Education
Republic of Singapore**

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

“I have the honor to confirm the following understanding reached between the delegations of the Republic of Panama and the Republic of Singapore in the course of negotiating of the Chapter 4 (*Customs Procedures*) of the Free Trade Agreement between our Governments signed on 1 March 2006 at Singapore (hereinafter referred to as “Agreement”):

‘Each Party recognises the importance of their economies as trans-shipment centres with port and logistics facilities that trigger the growth and development of their respective societies.

The Parties agree that a good from a non-Party that qualifies as an originating good under a free trade agreement entered into by any of the Parties and that non-Party will not lose its status as an originating good under that free trade agreement if the good does not undergo any process or operation other than loading, reloading, repackaging, storage, transshipment or a combination of the foregoing activities while it is transported through the territory of either Party.

If Panama and another government or customs territory sign a free trade agreement that contains provisions addressing the wholesale purchase or sale of a good within Panama’s ports or free trade zones, the Parties shall enter into consultations after that agreement enters into force, with a view to considering the possible incorporation of such provisions in this Agreement.² The venue and date of such consultations shall be mutually agreed by the Parties.

² Such consultations shall be initiated through the Administrative Commission of the Agreement established under Chapter 17 of the Agreement.

I have the honor to propose that this letter, together with your letter of confirmation, shall constitute an agreement between the Parties which constitutes an integral part of the Agreement and shall take effect on the date that the Agreement enters into force. “

I have the honor to confirm that this understanding is shared by my Government and constitutes an integral part of the Agreement and shall take effect on the date that the Agreement enters into force.

Sincerely,

**Carmen Gisela Vergara
Vice-Minister of Foreign Trade
Ministry of Trade and Industries
Republic of Panama**