

June 30, 2007

The Honorable Hyun Chong Kim
Minister for Trade
Seoul, Republic of Korea

Dear Minister Kim:

I have the honor to acknowledge receipt of your letter of this date, which reads as follows:

I have the honor to confirm the following understanding reached between the delegations of the Republic of Korea and the United States of America during the course of negotiations regarding Annex 11-B (Expropriation) of Chapter Eleven (Investment) of the Free Trade Agreement between our two Governments signed this day:

For purposes of the Agreement, the term “tangible or intangible property right” in paragraph 1 of Annex 11-B (Expropriation) includes rights under contract and all other property rights in an investment, as that term is defined in Article 11.28 (Definitions).

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 Free Trade Agreement.

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

Sincerely,

Susan C. Schwab