



May 29, 2008

The Honourable
Mercedes Araoz
Minister of Foreign Trade and Tourism
Republic of Peru

Dear Minister Araoz:

I have the honour to acknowledge the receipt of your letter dated May 29, 2008, which reads as follows:

"I have the honour to refer to the Free Trade Agreement between the Government of the Republic of Peru and the Government of the Republic of Singapore ("the Agreement") signed at Lima on May 29, 2008.

Resulting from the above Agreement, I have the honour of confirming the understanding of both Parties that in relation to Chapter 10 (Investment) of the Agreement, in regard to paragraphs 1 and 2 of Article 10.4 (Most-Favoured-Nation Treatment), the treatment "with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments" does not include dispute settlement or dispute settlement mechanisms, such as those in Article 10.17 (Investor-State Dispute Settlement), that are provided in international investment treaties or trade agreements.

I would be grateful if you would confirm that the understanding of my Government as stated above is shared by your Government and that this understanding shall be treated as an integral part of the Agreement."

I have the honour of confirming that this understanding is shared by my Government and that this understanding shall constitute an integral part of the Agreement.

Sincerely,

Lim Hng Kiang
Minister for Trade and Industry
Republic of Singapore