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LETTER OF UNDERSTANDING AMONG THE PARTIES TO THE AGREEMENT ON TRADE IN SERVICES UNDER THE FRAMEWORK AGREEMENT ON COMPREHENSIVE ECONOMIC COOPERATION AMONG THE GOVERNMENTS OF THE MEMBER COUNTRIES OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS AND THE REPUBLIC OF KOREA



The Parties to the Agreement on Trade in Services under the Framework Agreement on Comprehensive Economic Cooperation among the Governments of the Member Countries of the Association of Southeast Asian Nations[1] and the Republic of Korea (hereinafter referred to as the "Agreement") have reached the following understanding:

(a) for **Article 1 (Definitions)** –

ASEAN Member Countries and the Republic of Korea understand that for Article 1(o)(i), the phrase "beneficially owned" shall not be construed so as to require:

(i) the Philippines to allow for ownership of a juridical person inconsistent with the 1987 Philippine Constitution (the Constitution of the Republic of the Philippines); Commonwealth Act No. 108 as amended or the Anti-Dummy Law, (an Act to Punish Acts of Evasion of the Laws on the Nationalization of Certain Rights, Franchises or Privileges); Batas Pambansa Bilang 68 as amended, (the Corporation Code of the Philippines); Republic Act No. 386 (an Act to Ordain and Institute the Civil Code of the Philippines); and Republic Act No. 8179 (an Act to Further Liberalize Foreign Investments, Amending for the Purpose Republic Act No. 7042, and for Other Purposes);

(ii) Viet Nam to allow for ownership of a juridical person inconsistent with the Civil Code No. 33/2005/QH11 dated 14 June 2005; Law on Enterprises No. 60/2005/QH11 dated 29 November 2005; Law on Investment No. 59/2005/QH11 dated 29 November 2005 and Law on Securities No. 70/2006/QH11 dated 29 June 2006 of Viet Nam;

(b) for **Article 13 (General Exceptions)** –

ASEAN Member Countries and the Republic of Korea understand that the issue relating to taxation measures under paragraph (d) of Article 13 and footnote 7 is still subject to further negotiations; and

(c) for **Paragraph 2 (Prudential Measures, Exchange Rate and Financial Stability) of the Annex on Financial Services** –

ASEAN Member Countries and the Republic of Korea understand that, for this Agreement, notwithstanding the placement of paragraph 2 on Prudential Measures, Exchange Rate and Financial Stability in

[1] The Parties agree that the Kingdom of Thailand may sign this Letter of Understanding at a later date upon the completion of her parliamentary procedure.

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the Annex on Financial Services, the Parties shall not be limited to imposing the measures as provided in paragraph 2 of the Annex on Financial Services only to the financial services sector.

This Letter of Understanding takes effect on the same date as the Agreement on Trade in Services and shall form an integral part of the Agreement.

DONE in Singapore, this 21st of November 2007, in duplicate copies in the English language.

For the Government of Brunei Darussalam:

LIM JOCK SENG
Second Minister of Foreign Affairs and Trade

For the Royal Government of Cambodia:

CHAM PRASIDH
Senior Minister and Minister of Commerce

For the Government of the Republic of Indonesia:

MARI ELKA PANGESTU
Minister of Trade

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DEPUTY SECRETARY GENERAL, THE ASEAN SECRETARIAT

For the Government of the Lao People's Democratic Republic:

NAM VIYAKETH
Minister of Industry and Commerce

For the Government of Malaysia:

RAFIDAH AZIZ
Minister of International Trade and Industry

For the Government of the Union of Myanmar:

U SOE THA
Minister for National Planning and Economic Development

For the Government of the Republic of the Philippines:

PETER B. FAVILA
Secretary of Trade and Industry

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DEPUTY SECRETARY GENERAL, THE ASEAN SECRETARIAT

For the Government of the Republic of Singapore:

LIM HNG KIANG
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For the Government of the Socialist Republic of Viet Nam:

VU HUY HOANG
Minister of Industry and Trade

For the Government of the Republic of Korea:

KIM JONG-HOON
Minister for Trade

