[*TRANSLATION*]

June 30, 2007

The Honorable Susan C. Schwab
United States Trade Representative
Washington, D.C.

Dear Ambassador Schwab:

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 Chapter Eighteen (Intellectual Property Rights) of the Free Trade Agreement between our two Governments signed this day:

The Parties agree on the objective of shutting down Internet sites that permit the unauthorized reproduction, distribution, or transmission of copyright works, of regularly assessing and actively seeking to reduce the impact of new technological means for committing online copyright piracy, and of providing generally for more effective enforcement of intellectual property rights on the Internet. Korea agrees that internet piracy of works and other subject matter protected by copyright[1] (including unauthorized reproduction and distribution of such works and other subject matter on the Internet) is a matter of priority for law enforcement of intellectual property rights. Korea also agrees on the objective of shutting down Internet sites that permit the unauthorized downloading (and other forms of piracy) of copyright works, including so-called webhard services, and providing for more effective enforcement of intellectual property rights on the Internet, including in particular with regard to peer-to-peer (P2P) services. To this end, Korea will strengthen enforcement of intellectual property rights in Korea, and work to prevent, investigate, and prosecute Internet piracy. As part of this effort, Korea will work with the private sector and with the United States and other foreign authorities.

In furtherance thereof, Korea agrees to issue as soon as possible, but no later than six months after the date the Agreement enters into force, a policy directive establishing clear jurisdiction for a division or joint investigation team to engage in effective enforcement against online piracy. This team will investigate and initiate criminal actions to address online piracy, including with respect to U.S. and other foreign works, whether *ex officio* or at the request of a right holder. The team will take these actions in a manner that is transparent to right holders. In addition to prosecuting direct infringers, Korea agrees to prosecute individuals and companies that profit from developing and maintaining services that effectively induce infringement.

[1] For purposes of this letter, "copyright" also includes related rights.

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.

Sincerely,

[*SGN/*]
Hyun Chong Kim

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 Chapter Eighteen (Intellectual Property Rights) of the Free Trade Agreement between our two Governments signed this day:
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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