



18 May 2004

The Honourable Robert B. Zoellick
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Zoellick:

In connection with the signing on this date of the Australia-United States Free Trade Agreement (the "Agreement"), I have the honour to confirm the following understanding reached by the Governments of Australia and the United States during the negotiation of Chapters Ten (Cross-Border Trade in Services) and Eleven (Investment) of the Agreement regarding education services:

Nothing in the above Chapters shall interfere with:

- (a) the ability of individual education and training institutions to maintain autonomy in admissions policies (including in relation to considerations of equal opportunity for students and recognition of credits and degrees), in setting tuition rates, and in the development of curricula or course content;
- (b) non-discriminatory accreditation and quality assurance procedures for education and training institutions and their programs, including the standards that must be met;
- (c) government funding, subsidies or grants, such as land grants, preferential tax treatment, and other public benefits, provided to education and training institutions; or
- (d) the need for education and training institutions to comply with non-discriminatory requirements related to the establishment and operation of a facility in a particular jurisdiction.

I have the honour to propose that this letter and your letter in reply confirming that your Government shares this understanding shall constitute an integral part of the Agreement.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Vaile'.

Mark Vaile
Minister for Trade

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

May 18, 2004

The Honourable Mark Vaile MP
Minister for Trade
Parliament House
Canberra ACT 2600

Dear Minister Vaile:

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

“In connection with the signing on this date of the Australia-United States Free Trade Agreement (the “Agreement”), I have the honour to confirm the following understanding reached by the Governments of Australia and the United States during the negotiation of Chapters Ten (Cross-Border Trade in Services) and Eleven (Investment) of the Agreement regarding education services:

Nothing in the above Chapters shall interfere with:

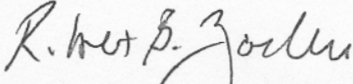
- (a) the ability of individual education and training institutions to maintain autonomy in admissions policies (including in relation to considerations of equal opportunity for students and recognition of credits and degrees), in setting tuition rates, and in the development of curricula or course content;
- (b) non-discriminatory accreditation and quality assurance procedures for education and training institutions and their programs, including the standards that must be met;
- (c) government funding, subsidies or grants, such as land grants, preferential tax treatment, and other public benefits, provided to education and training institutions; or
- (d) the need for education and training institutions to comply with non-discriminatory requirements related to the establishment and operation of a facility in a particular jurisdiction.

I have the honour to propose that this letter and your letter in reply confirming that your Government shares this understanding shall constitute an integral part of the Agreement.”

The Honorable Mark Vaile MP
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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 United States—Australia Free Trade Agreement.

Sincerely,


Robert B. Zoellick