



18 May 2004

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

The Honourable Randal K. Quarles
Assistant Secretary for International Affairs
U.S. Department of the Treasury
Washington, DC 20220

Dear Ambassador Zoellick and Mr. Quarles

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 regarding Chapter Thirteen (Financial Services) of the Agreement.

During the course of their negotiations concerning Chapter Thirteen, the Parties discussed Article 13.15 (Recognition). Based on these discussions, I have the honour to confirm the Parties' shared understanding that the scope of measures covered by Article 13.15 is no less extensive than the scope of measures covered by Article VII of the General Agreement on Trade in Services (GATS) and paragraph 3 of the GATS Annex on Financial Services.

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 Honorable Mark Vaile MP
Minister for Trade
Parliament House
Canberra ACT 2600

Dear Minister Vaile:

We have the honor to acknowledge receipt of your letter, which reads as follows:

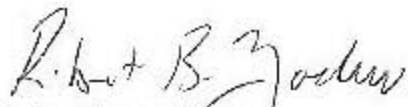
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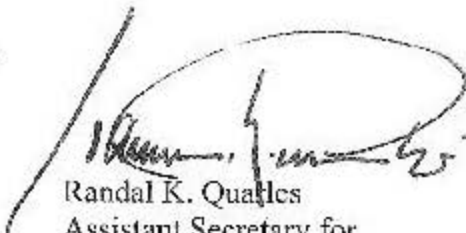
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I have the honour to propose that this letter and your letter in reply confirming that your Government shares this understanding shall constitute an integral part of the Agreement."

We have the further honor to confirm that our Government shares this understanding and that your letter and this reply shall constitute an integral part of the United States-Australia Free Trade Agreement.

Sincerely,


Robert B. Zoellick
United States Trade Representative


Randal K. Quatles
Assistant Secretary for
International Affairs
U.S. Department of the Treasury