



18 May 2004

The Honourable Robert B. Zoellick
United States Trade Representative
600 17 Street, NW
Washington, D.C. 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 regarding Article 2.5 (Temporary Admission) of Chapter Two (National Treatment and Market Access for Goods).

1. In relation to the duty-free temporary admission of goods, Australia shall allow this temporary admission entry upon the giving of an undertaking, in implementing Article 2.5.2, in lieu of a security.
2. However, Australia reserves the right to require a security in relation to individual transactions where the competent authorities consider the risk of non-compliance to be unacceptably high.

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 dark 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:

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

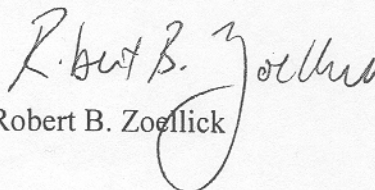
“In connection with the signing on this date of the Australia – United States Free Trade Agreement (the Agreement), I have the honour to confirm the following understanding reached by the Governments of Australia and the United States regarding Article 2.5 (Temporary Admission) of Chapter Two (National Treatment and Market Access for Goods).

1. In relation to the duty-free temporary admission of goods, Australia shall allow this temporary admission entry upon the giving of an undertaking, in implementing Article 2.5.2, in lieu of a security.
2. However, Australia reserves the right to require a security in relation to individual transactions where the competent authorities consider the risk of non-compliance to be unacceptably high.

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.”

I have the further honor to confirm that my 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