

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

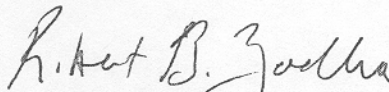
Dear Minister Vaile:

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

- (1) During the negotiations, the delegations of both Parties discussed the objectives of protecting public morals, preventing fraud, and deterring crime that underlie much regulation of gambling and betting services at the central and regional levels. Such regulations will typically fall within the exceptions provided under subparagraphs (a) and (c)(i) of Article XIV of GATS, as incorporated in the Agreement. In addition, suppliers of gambling and betting services established outside of a jurisdiction are typically not in similar circumstances to suppliers of gambling and betting services within that jurisdiction.
- (2) During the negotiations, the Parties discussed the objectives behind regulation of retail trade services for tobacco products, alcoholic beverages, and firearms. Such regulations will typically fall within the exceptions provided under subparagraphs (a), (b), and (c)(iii) of Article XIV of GATS, as incorporated in the Agreement.

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

Sincerely,



Robert B. Zoellick



18 May 2004

The Honourable Robert B. Zoellick  
United States Trade Representative  
600 17<sup>th</sup> Street, NW  
Washington, D.C. 20508

Dear Ambassador Zoellick

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

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

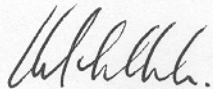
- (1) During the negotiations, the delegations of both Parties discussed the objectives of protecting public morals, preventing fraud, and deterring crime that underlie much regulation of gambling and betting services at the central or regional levels. Such regulations will typically fall within the exceptions provided under subparagraphs (a) and (c)(i) of Article XIV of GATS, as incorporated in the Agreement. In addition, suppliers of gambling and betting services established outside of a jurisdiction are typically not in similar circumstances to suppliers of gambling and betting services within that jurisdiction.
- (2) During the negotiations, the Parties discussed the objectives behind regulation of retail trade services for tobacco products, alcoholic beverages, and firearms. Such regulations will typically fall within the exceptions provided under subparagraphs (a), (b), and (c)(iii) of Article XIV of GATS, as incorporated in the Agreement.

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 Agreement."

The Honourable Robert B. Zoellick  
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I have the further honour to confirm that my Government shares these understandings and that your letter and this reply shall constitute an integral part of the Australia-United States Free Trade Agreement.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Mark Vaile'.

Mark Vaile  
Minister for Trade