



United States Department of State

Washington, D.C. 20520

May 18, 2004

Mr. Peter Yuile
Deputy Secretary
Department of Transport and Regional Services
Canberra ACT 2660

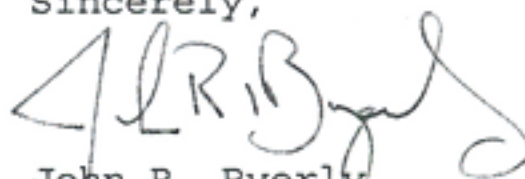
Dear Mr. Yuile:

In connection with the signing on this date of the United States-Australia Free Trade Agreement (the "Agreement"), the Government of the United States affirms the willingness of its aviation authorities to consult with the aviation authorities of the Government of Australia on developments in international air transport, pursuant to the consultation procedures of the *Air Transport Agreement between the Government of the Commonwealth of Australia and the Government of the United States of America*, done at Washington on 3 December 1946, as amended. Such consultations will be held within two years of the date of this letter, or at any other time that the Parties may decide.

The Government of the United States also affirms its willingness to consult with the Government of Australia with respect to realizing the shared objective of a more liberal air transport agreement between our two countries, including liberal ground-handling provisions. The Government of the United States understands that the Government of Australia wishes to review, among other issues, the use of ownership and control criteria for international air carriers in the context of bilateral air transport agreements. The Government of the United States stands ready, as part of such consultations, to review any related developments, recognizing that such a review should take account of the objectives of the Agreement.

The Government of the United States also affirms its wish to promote continued liberalization in international air transportation bilaterally, as well as multilaterally through the Multilateral Agreement on the Liberalization of International Air Transportation.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. R. Byerly', with a stylized flourish at the end.

John R. Byerly
Deputy Assistant Secretary
for Transportation Affairs