

The Hon Dr Craig Emerson MP  
Minister for Trade and Competitiveness  
Australia

Dear Minister Emerson

I refer to the signature on this date of the Malaysia-Australia Free Trade Agreement ("the Agreement") and your letter of today's date which reads:

"In connection with the signing on this date of the Malaysia-Australia Free Trade Agreement (the "Agreement"), I have the honour to confirm the following understanding reached by the Governments of Malaysia and Australia (the 'Parties').

The Government of Malaysia affirms that from the entry into force of the Agreement, imports from Australia of products covered by HS Heading 2204 in Malaysia's tariff schedule will be subject to treatment as favourable as that provided to imports of like products from any non-party with respect to customs duties and charges of any kind imposed on or in connection with importation, with respect to the method of levying such duties and charges, and with respect to the application of import licensing and other non-tariff measures.

The Government of Malaysia further affirms that customs duties and other charges applied to items covered by HS Headings 2203, 2205, 2206 and 2207 and 2208 will be subject to review two years after the date of entry into force of this Agreement. However Malaysia shall, at all times, reserve its rights to the imposition of any tariffs on these products.

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 honour to confirm that my Government shares this understanding and that your letter and this letter in reply shall constitute an integral part of the Agreement.

Yours sincerely

Dato' Sri Mustapa Mohamed