

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

Dear Minister Emerson

In connection with the signing 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 regarding environmental issues.

In the course of exploring the inclusion of appropriate environmental protection provisions in the Agreement, we have confirmed our shared commitment to environmental protection, our interest in cooperation on environmental issues of mutual interest and our commitment to ensuring that environmental laws, regulations, rules or policies are not used for trade protectionist purposes nor environmental standards weakened to gain a trade advantage.

Considering that Malaysia and Australia are also currently involved in negotiations on environmental provisions under the Trans Pacific Partnership Agreement ("the TPP"), and once the TPP has been ratified by both countries they will be bound by the outcomes of those negotiations, Malaysia and Australia have jointly concluded that it is appropriate that environmental issues not be addressed in the Agreement at this time.

Malaysia and Australia further agree that the inclusion of environmental provisions in the Agreement will be reviewed no later than two years after the entry into force of the Agreement, or at such other time as the Parties agree.

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

Dato' Sri Mustapa Mohamed