

Dato' Sri Mustapa Mohamed
Minister of International Trade and Industry
Kuala Lumpur
MALAYSIA

Dear Minister Mustapa

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 labour issues.

In the course of exploring the inclusion of appropriate labour provisions in the Agreement, we have affirmed our commitments as members of the International Labour Organisation and under the Declaration on Fundamental Principles and Rights at Work and its Follow-up (1998). We have also affirmed our interest in facilitating cooperation and consultation on labour issues of mutual interest. Malaysia and Australia have also recognised each Party's responsibility to adopt, administer and enforce its own labour laws, regulations and practices and both are committed to ensuring that such labour laws, regulations and practices are not used for trade protectionist purposes or labour standards weakened to gain a trade advantage.

Considering that Malaysia and Australia are also currently involved in negotiations on labour 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 labour issues not be addressed in the Agreement at this time.

Malaysia and Australia further agree that the inclusion of labour 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

Craig Emerson