



The Hon Dan Tehan MP

Minister for Trade, Tourism and Investment

16 December 2021

The Rt Hon Anne-Marie Trevelyan MP
Secretary of State for International Trade
Department for International Trade
Old Admiralty Building
London
SW1A 2DY

Dear Secretary of State

In connection with the signing of the Free Trade Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland ("the Agreement") and discussions in relation to Chapter 16 (Government Procurement), I have the honour to confirm the following mutual understanding reached between the Government of Australia ("Australia") and the Government of the United Kingdom of Great Britain and Northern Ireland ("the United Kingdom"):

1. Australia does not currently cover procurement by its local government entities (being government entities operating below the central and regional levels of government) under its trade agreement commitments, and the United Kingdom does not currently cover, for Australia, smaller administrative units (being contracting authorities that are not contracting authorities of the administrative units falling under International Territorial Level 3) under its trade commitments.
2. If Australia, following signature of the Agreement, agrees under another trade agreement, additional advantages or coverage with regard to access to procurement markets of its local government entities beyond what is included in the Agreement:
 - (a) Australia will provide written notification to the United Kingdom that it has agreed such advantages or coverage; and
 - (b) Australia and the United Kingdom will enter into consultations at a mutually determined date with a view to Australia extending such advantages or coverage to the United Kingdom, and for the United Kingdom to extend a commensurate level of coverage of procurement by smaller administrative units to Australia.
3. Any subsequent decision between Australia and the United Kingdom to amend the Agreement to give effect to the outcomes of these consultations will be made in accordance with Article 32.2 (Amendments – Final Provisions) of the Agreement.

For the avoidance of doubt, this letter does not give rise to legally binding obligations.

I look forward to your letter in reply confirming that your Government shares this understanding.

Yours sincerely

DAN TEHAN