

**SIDE LETTER CONCERNING THE NEW ZEALAND MFN RESERVATION**

The Hon Julia Gillard  
Prime Minister  
Australia

Dear Prime Minister

I have the honour to refer to the *Protocol on Investment to the Australia-New Zealand Closer Economic Relations Trade Agreement* ("Protocol") and to the discussions that have taken place between representatives of our two governments regarding Article 6 (Most Favoured Nation Treatment) and New Zealand's reservation II-NZ-6 to that Article in New Zealand's Schedule to Annex II.

In recognition of the longstanding friendship between New Zealand and Australia, and the joint commitment by both Parties to work towards achieving a trans-Tasman Single Economic Market, I propose that, notwithstanding reservation II-NZ-6, New Zealand shall extend to Australian investors and covered investments no less favourable treatment than that agreed with any other country or countries in the context of a wider process of economic integration or trade liberalisation as referred to in Paragraph 2 of reservation II-NZ-6.

This proposal acknowledges our mutual understanding of the reciprocity of our most favoured nation treatment under the Protocol. If the foregoing is acceptable to Australia, I have the honour to propose that this letter and your reply to that effect shall constitute an integral part of the Protocol.

Yours sincerely

.....  
John Key

Rt Hon John Key  
Prime Minister  
New Zealand

Dear Prime Minister

I have the honour to acknowledge receipt of your letter of today's date, which reads as follows:

"I have the honour to refer to the *Protocol on Investment to the Australia-New Zealand Closer Economic Relations Trade Agreement* ("Protocol") and to the discussions that have taken place between representatives of our two governments regarding Article 6 (Most Favoured Nation Treatment) and New Zealand's reservation II-NZ-6 to that Article in New Zealand's Schedule to Annex II.

In recognition of the longstanding friendship between New Zealand and Australia, and the joint commitment by both Parties to work towards achieving a trans-Tasman Single Economic Market, I propose that, notwithstanding reservation II-NZ-6, New Zealand shall extend to Australian investors and covered investments no less favourable treatment than that agreed with any other country or countries in the context of a wider process of economic integration or trade liberalisation as referred to in Paragraph 2 of reservation II-NZ-6.

This proposal acknowledges our mutual understanding of the reciprocity of our most favoured nation treatment under the Protocol. If the foregoing is acceptable to Australia, I have the honour to propose that this letter and your reply to that effect shall constitute an integral part of the Protocol."

I have the further honour to confirm that the foregoing is acceptable to Australia and that your letter and this letter in reply shall constitute an integral part of the Protocol.

Yours sincerely

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Julia Gillard