**6 November 2024**

**Senator the Hon Don Farrell**

Minister for Trade and Tourism

Australia

**Your Excellency,**

In connection with the signing on this date of the Comprehensive Economic Partnership Agreement (the **“Agreement”**), between the United Arab Emirates (**“UAE”**) and Commonwealth of Australia (**“Australia”**), I have the honour to confirm UAE’s understanding as follows:

1.The UAE is an independent, sovereign, federal State, with seven sovereign Member Emirates (**“Member Emirates”**), and pursuant to its Constitution, each Member Emirate retains full sovereignty, sovereign rights and exclusive jurisdiction over its natural resources and wealth of which the Energy Resources Sector is the subject matter of this letter. For the purposes of this letter, **“Energy Resources Sector”** shall mean all hydrocarbons such as oil, gas, and condensates, derivates and primary by-products thereof with respect to ownership, management, exploration, development and production, exploitation (including reservoir management), transportation, storage, refining and processing, and distribution (including retail distribution) of all hydrocarbons, such as oil, gas, and condensates, derivates and primary by-products thereof.

2. In recognition of the foregoing, the Agreement between UAE and Australia shall not grant any rights to Australia or create any obligations for the UAE or any of its Member Emirates with regard to the Energy Resources Sector. Accordingly, the Energy Resources Sector is excluded from all aspects and provisions of the Agreement, including the Chapter on Dispute Settlement (Chapter 25) without prejudice to paragraph 4 of this Letter. All matters pertaining to the Energy Resources Sector of any of the Member Emirates are within the exclusive jurisdiction of the Member Emirates, and all determinations and decisions of each Member Emirate made by such Member Emirate’s competent authorities pertaining to the Energy Resources Sector (“Competent Authorities”) that are the subject of its jurisdiction shall be final, binding and not subject to review or challenge.

3. Subsequent to the date of entry into effect of the Agreement and in the event that the UAE with the concurrence of the Member Emirates’ Competent Authorities conclude a regional Trade Agreement by which it grants any rights excluded by this letter to a third country with regard to the Energy Resources Sector, such rights shall be granted to Australia.

4. Notwithstanding the above, in the event of a difference in the interpretation or application of this letter, the UAE and Australia shall have recourse to confidential consultations under Article 25.6 (Consultations), at the request of either Party to this letter. The Parties shall make every attempt through consultation to arrive at a mutually satisfactory resolution within 60 days from the request.

5. In the event that the UAE and Australia have failed to achieve a mutually agreed solution within 60 days after the date of receipt of the request for consultations, or if the UAE fails to comply with the mutually agreed solution within the agreed timeframe, the only recourse of Australia shall be that it may suspend benefits under the Agreement proportionate to the trade effects which the measure in question causes. Moreover, Australia shall repeal its compensatory measure to the extent that the UAE’s measure in question ceases to apply. The above-mentioned procedure shall also apply in case of any dispute relating to whether Australia’s compensatory measure is proportionate, with the UAE likewise ultimately having the right to suspend benefits proportionately.

6. For greater certainty, neither Party shall have recourse to any further proceeding under the Agreement or under any other forum.

7. The UAE and Australia further agree that this letter shall constitute an integral part of the Agreement and that, in the unlikely event of any inconsistency between this letter and any provisions of the Agreement, this letter shall prevail to the extent of that inconsistency.

I would be grateful for your confirmation that Australia agrees with this understanding.

Sincerely yours,

**H.E. Dr. Thani bin Ahmed Al Zeyoudi**

Minister of State for Foreign Trade

Ministry of Economy

United Arab Emirates