

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

398-0050

FEB - 1 1988

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR
ASIA AND NEAR EAST

FROM: ANE/PD, Ronald F. Venezia *Ronald Venezia*
SUBJECT: ASEAN - Approval of Funding and Implementing
Arrangements for the ASEAN - U.S. Data Exchange

Action: Your approval is requested (1) to earmark not to exceed \$130,000 of SDA funds from the Regional Private Enterprise Development Project (398-0050) to fund the ASEAN - U.S. Data Exchange program, (2) to approve a waiver to Circular A-76 authorizing the negotiation of a PASA agreement with the U.S. Trade Representatives (USTR) Office to carry out the Program, and (3) to authorize final clearance and execution of a Memorandum of Understanding between the U.S. and ASEAN which will establish the basis for the program.

Background: In May, 1987, the United States Trade Representative (USTR) held a Data Exchange Seminar with the ASEAN countries in Singapore. As a result of the seminar, ASEAN participants expressed interest in receiving U.S. technical assistance to develop an automated data exchange system for trade and tariff data. USTR has determined that the first step in developing ASEAN capability to provide integrated trade and tariff data is a review of their existing systems, and formulation of recommendations for their integration. Within each country, trade and customs data are collected separately by the ministries responsible for tariff and customs statistics. The review will propose system alternatives to provide the capability to merge these trade and tariff data elements, as is the practice in most developed countries. Such a modernization of their systems will provide ASEAN with the ability to track imports and exports with duty and quota information, and to format the data necessary for exchange with the United States and for eventual participation in the GATT Tariff Study.

In conjunction with the study, consultants are also needed to provide a software package to format and analyze the data from any exchange of tariff and customs statistics. The ASEAN countries may then implement the recommendations for integrating the systems, and incorporate the computer technology into their national data

systems. It is expected that the implementation of such a system will help stimulate U.S. - ASEAN and intra-regional trade, and support the Agency's policy to promote efficient markets and regional cooperation.

Discussion: AID and USTR have been working to finalize arrangements for carrying out the ASEAN - U.S. Data Exchange program to provide technical assistance for the data integration study and for software assistance. We have also been investigating the need for hardware to run the system and have been looking into the necessary administrative arrangements. Although final confirmation of arrangements has not yet been received from all ASEAN countries, we now have sufficient information and agreement on the program to execute a general Memorandum of Understanding on the program with ASEAN during the February 10-11 ASEAN - U.S. dialogue in Washington, and to earmark funding. A copy of the MOU proposed for final clearance with ASEAN and execution is contained in Attachment A. The MOU has been cleared at the staff level of USTR, State and AID. State (George Gowan) is coordinating the signature arrangements for this general MOU. Once final details have been received from all interested ASEAN countries we will establish side letters with each country for the necessary implementing arrangements.

Because of USTR's unique capability in the trade and tariff exchange area, your approval is now being sought to execute a PASA with USTR to carry out the program. (Copy of waiver to Circular A-76 waiver justifying USTR's unique capability is contained in Attachment B.) We will prepare a PIO/T for the PASA upon your clearance. It should be noted that USTR and U.S. Customs will be contributing significant staff time to this effort as their contribution, and we will cover their travel and per diem. Funding for the program is not expected to exceed \$130,000. The breakdown of costs is estimated as follows:

Systems Consultant for 16 weeks	\$ 35,000
Consultant Travel and Per Diem	\$ 14,400
U.S. Customs Specialist, Travel and Per Diem	\$ 14,400
USTR Coordination, Travel and Per Diem	\$ 7,200
Clerical and Printing Costs	\$ 2,000
Personal Computers (6 x \$8,000)	\$ 48,000
Contingency	\$ 5,400
	<u>\$130,000</u>

We are proposing that funding for the program be provided through the Regional Private Enterprise Development Project (398-0050) because (1) sufficient SDA funding will be available for this type of activity under the Regional project once a Congressional Notification allowing expenditures in Asia expires on February 9, 1988, (2) information from ASEAN countries has not been obtained in time to develop, process and approve a new project activity before the February 10 ASEAN - U.S. Dialogue, and (3) it was determined that even if the activity is financed through the Regional Project, it can be packaged as an ASEAN activity by executing an MOU and appropriate side letters in the ASEAN mode. Other alternatives were investigated, but none were considered feasible in the limited timeframe available.

Recommendation: That you sign below to (1) approve funding of not to exceed \$130,000 from the Regional Private Enterprise Project (subject to expiration of CN) for the ASEAN - U.S. Data Exchange Program, (2) approve sending to ASEAN for final clearance and execution on February 10 - 11 the MOU in Attachment A, and (3) approve a waiver to Circular A-76 authorizing the negotiation of a PASA with the U.S.T.R. (Attachment B).

Approved *Julie P. G. Block*

Disapproved _____

Date *Feb. 1, 1988*

Attachment: a/s

Clearances:

ANE/PD: BODell	(draft)
ANE/DP: ASilver	(draft)
GC/ANE: HMorris	(draft)
ANE/EA: KSchwartz	(draft)
STATE/EAP/EA: GGowen	(draft)
ANE/PD/PE: DHagen	(draft)
SER/PPE: JMurphy	(draft)
USTR: MRicci	(draft)

ANE/PD/EA: JATennant: psw: 01/27/88: 78228: 21760

D R A F T

MEMORANDUM OF UNDERSTANDING
ASEAN-U.S. DATA EXCHANGE TECHNICAL ASSISTANCE PROGRAMI. GENERAL

In accordance with understandings reached through the continuing ASEAN-U.S. Dialogue this memorandum expresses the understanding and intentions of the United States and the Government of Singapore, acting on behalf of ASEAN, concerning the provision of a TECHNICAL ASSISTANCE PROGRAM TO STUDY CUSTOMS AND STATISTICAL SYSTEMS AND TO MAKE RECOMMENDATIONS FOR FULL IMPLEMENTATION OF THE ASEAN-U.S. DATA EXCHANGE IN PARTICIPATING COUNTRIES. All commitments expressed below are subject to final approval and to execution of any necessary side letters covering final implementation arrangements, such as additional logistical support, ~~rights of audit and inspection~~, and any other necessary conditions.

II. DEFINITIONS

For the purposes of this Memorandum of Understanding, unless the contrary intention is stated:

"ASEAN" shall mean the Association of Southeast Asian Nations.

"USAID" shall mean the United States Agency for International Development.

"USTR" shall mean the Office of the United States Trade Representative, Executive Office of the President.

The "ASSISTANCE PROGRAM" shall mean the program to study existing customs and statistical systems and to make recommendations for full implementation of the ASEAN-U.S. Data Exchange in each participating country.

"EXPERTS" shall mean specialists in the customs and/or information systems areas who are designated by the United States Government to consult with ASEAN members for the purposes of the assistance program described herein.

"COMPUTER SOFTWARE" shall mean licensed programs and/or operating instructions for a computer system.

"COMPUTER HARDWARE" shall mean a microcomputer and related peripherals.

III. ARRANGEMENTS

1. To assist ASEAN in the full implementation of the ASEAN-U.S. DATA EXCHANGE, the United States Government will provide technical experts to consult with participating ASEAN members on customs and statistical procedures, and to make recommendations for system changes and modifications that would enable the country to complete the entire data exchange format. Each government agrees to provide these experts with appropriate access to government offices and officials, ports, and automated systems and associated documentation, in order to carry out this assistance program.

2. In order to facilitate the experts movement in and out of each country, each government will provide customs clearance for demonstration equipment they carry (computer hardware, software, and associated documentation). The appropriate United States agency will provide serial number identification of any demonstration equipment to the host government in advance of arrival.

3. This assistance allows computer software to be provided to participating ASEAN members for purposes of the data exchange. Each country, in accepting this software, agrees not to copy or alter this software, or install the software on any machine, for purposes other than those related to and agreed upon for the data exchange. The country agrees to accept all terms of any associated software license.

4. This assistance allows computer hardware to be provided to any ASEAN member in which it is required to advance prospects for full implementation of the data exchange. The country, in accepting the hardware, agrees that the use of the hardware will be limited to purposes related to and agreed upon for the data exchange. The country shall offer to return to the United States Government, or to reimburse the United States Government, for any hardware which it obtains under this assistance which is not used in accordance with the preceding sentence. The country should demonstrate adequate administrative and financial arrangements to monitor use of the

hardware and to provide for any servicing requirements of it. The country agrees to grant duty and tax free importation of any equipment which is provided under this assistance or to pay any necessary duty or taxes if exemption is not granted.

5. The United States government and participating ASEAN members shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this assistance program and to evaluate the effectiveness of such operations. The Parties to this memorandum further have the right to examine any property provided under this assistance and to inspect and audit any records and accounts with respect to any property provided under this assistance.

6. Each participating ASEAN member reserves all rights to implement any recommendation which results from this assistance program.

7. The United States, USAID, USTR, and the experts are in no way liable for circumstances which result from the implementation of any recommendation which results from this assistance program.

IV. AMENDMENTS

Amendments to this Memorandum may be made at any time by an exchange of letters between the signatories.

Done in Washington, D.C., United States of America, in two originals, in English, this ___ day of ___, 1988.

.....
(NAME)
For the Government of
the United States of
America

.....
(NAME)
For the Government of
Singapore

JUSTIFICATION FOR A PARTICIPATING AGENCY SERVICES
AGREEMENT (PASA) WITH THE UNITED STATES
TRADE REPRESENTATIVES OFFICE

It is recommended that a PIO/T exemption be granted from the provision of Circular A-76 in the execution of a Participating Agency Services Agreement (PASA) with the U.S. Trade Representatives Office (USTR) for technical assistance and technical oversight of the ASEAN - U.S. Data Exchange Program. Handbook 12, Chapter 1, Paragraph 1,B,2 provides that the Assistant Administrator has the authority to submit a signed statement that a proposed PASA agreement is exempt from the provisions of Circular A-76 because: (1) it is for the provision of technical assistance, (2) the facilities and resources of the other Federal agency are particularly or uniquely suitable for the technical assistance being provided, and (3) those facilities and resources are not competitive with the private sector.

The USTR will be providing technical assistance under this program in three areas:

1. Overall project management;
2. Services of Customs specialist
3. Services of a Trade Systems specialist

The USTR has a clear and substantial superiority over all other public and private U.S. sources to provide the necessary technical assistance for a trade and tariff data integration program. Indeed, USTR launched the idea for the program with ASEAN during a data exchange seminar in May, 1987. USTR has also been working with other countries around the world to install the integrated tariff and trade data exchange system for participation in the GATT Tariff Study. The USTR is the only U.S. organization, either public or private, that has the broad mandate to deal with both tariff and trade concerns to facilitate trade, and that has the necessary experience and expertise dealing with these concerns. It's credentials are clearly exceptional to line up the necessary technical assistance and provide program management and recommendations for the data exchange activity. Moreover, because these issues are government to government concerns, and involve policy level coordination, the services of a private organization would not

be appropriate for carrying out the proposed program. Thus, the facilities and resources of USTR are not competitive with the private sector.

USTR has indicated during meetings and memoranda that it is interested in carrying out this work and has the capability. The required services from USTR under this relatively modest (\$130,000) activity can be provided without unduly interfering with its other programs.

Recommendation: It is recommended that you approve a waiver for Circular A-76 authorizing the negotiation of a PASA agreement with the U.S. Trade Representatives Office for the implementation of the ASEAN - U.S. Data Exchange program.

Approved:

William C. Hoch

Disapproved: _____

Date:

Feb. 1, 1988

2179o