

ARRANGEMENT

BETWEEN

THE AMERICAN INSTITUTE IN TAIWAN

AND

**THE TAIPEI ECONOMIC AND CULTURAL REPRESENTATIVE OFFICE IN
THE UNITED STATES**

**REGARDING MUTUAL RECOGNITION OF THE SUPPLY CHAIN SECURITY
PROGRAMS OF THEIR DESIGNATED REPRESENTATIVES**

**UNITED STATES DEPARTMENT OF HOMELAND SECURITY THROUGH
U.S. CUSTOMS AND BORDER PROTECTION**

AND

**DIRECTORATE GENERAL OF CUSTOMS
TAIWAN MINISTRY OF FINANCE**

The American Institute in Taiwan (“AIT”) and the Taipei Economic and Cultural Representative Office in the United States (“TECRO”) (hereinafter referred to as “the Participants”), on behalf of their designated representatives, the United States Department of Homeland Security through U.S. Customs and Border Protection (“DHS/CBP”), and the Directorate General of Customs, Taiwan Ministry of Finance, respectively,

CONSIDERING that a joint evaluation has concluded that DHS/CBP's Customs-Trade Partnership Against Terrorism Program ("C-TPAT") and the Directorate General of Customs, Ministry of Finance's Authorized Economic Operator Program, hereinafter referred to as the "Programs" (or "Program" in the singular), are security initiatives that strengthen end-to-end security of the supply chain;

ACKNOWLEDGING the specialized nature of each Participant's designated representative's border management processes, procedures, mechanisms and legislation governing the management of their Program;

UNDERSTANDING that the integration of these Programs with other Customs-to-Customs measures contributes significantly to end-to-end supply chain security;

HAVING REGARD FOR the *Agreement Between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States Regarding Mutual Assistance Between Their Designated Representatives, the United States Customs Administration and the Taiwan Customs Administration* ("CMAA"), signed January 17, 2001;

HAVE COME TO THE FOLLOWING UNDERSTANDING:

SECTION I
DESIGNATED REPRESENTATIVES

The designated representatives for the Participants are responsible for implementing this Arrangement.

- A. For AIT, the designated representative is the United States Department of Homeland Security through U.S. Customs and Border Protection ("DHS/CBP").
- B. For TECRO, the designated representative is the Directorate General of Customs, Taiwan Ministry of Finance.
- C. The designated representatives are to be jointly referred to as "Customs Administrations" (or "Customs Administration" in the singular).

SECTION II
COMPATIBILITY

For purposes of consistency, the Participants, through the Customs Administrations as their designated representatives, intend to:

- A. Maintain compatible standards for each Program with respect to the following matters:
 - 1. application process for membership;
 - 2. assessment of membership applications; and
 - 3. approval of membership.

- B. Operate each Program within the context of the Customs-to-Customs Pillar of the APEC Framework for Secure Trade as it may be amended with the concurrence of the authorities respectively represented by AIT and TECRO.

SECTION III MUTUAL RECOGNITION

It is understood by the Participants, through the Customs Administrations as their designated representatives, that:

- A. Each Customs Administration intends to accept the validation and approval status granted to members of the other Customs Administration's Program, but may reserve the right to conduct its own validations of entities that are members of the other Customs Administration's Program, when deemed necessary and after prompt communication to the other Customs Administration.
- B. Each Customs Administration is expected to treat members of the other Customs Administration's Program in a manner comparable to the way it treats members in its own Program, to the extent practicable and possible, and consistent with applicable law and policy.
- C. Each Customs Administration intends to take membership in the other Customs Administration's trade partnership Program into account in conducting risk assessment for the purpose of inspecting cargo.
- D. If either Customs Administration suspends treatment referenced in Section III (B) with regard to members of the other Customs Administration's Program, such suspension of treatment is to be promptly communicated to the other Customs Administration, along with additional information regarding the basis for suspension, as appropriate.

E. The Customs Administrations intend to maintain the ability to revoke membership in their respective Programs. The fact of the revocation by one Customs Administration of a member whose status has been accepted by the other Customs Administration should be promptly communicated to the other Customs Administration.

SECTION IV
INFORMATION EXCHANGE AND COMMUNICATION

- A. The Participants, through the Customs Administrations as their designated representatives, endeavor to achieve greater communication by:
1. providing updates on their respective Program's operation;
 2. engaging in mutually beneficial information exchanges regarding supply chain security;
 3. sharing information regarding members of the Programs, as appropriate in connection to mutual recognition efforts; and
 4. designating and providing the contact points of their respective Programs to the other Customs Administration.
- B. Information sharing activities are expected to be conducted consistent with the terms of the CMAA, this MRA, and the domestic law and policy applicable to each Customs Administration.
- C. TECRO, through its designated representative the Directorate General of Customs, acknowledges that AIT, through its designated representative DHS/CBP, may share information obtained under this Arrangement with other offices and components within the Department of Homeland Security, provided that such offices and components have an official need to know such information.
- D. AIT, through its designated representative DHS/CBP, recognizes that TECRO, through its designated representative the Directorate General of Customs, may share information obtained under this Arrangement with other offices and components within the Ministry of Finance, provided that such offices and components have an official need to know such information.

- E. Nothing in this Arrangement is intended to preclude the use or disclosure of information relating to terrorism where there is an obligation to do so under the laws applicable to the Customs Administrations.

SECTION V

MUTUAL COOPERATION AND FUTURE ENDEAVORS

- A. The Participants, through the Customs Administrations as their designated representatives, intend to engage in actions to strengthen end-to-end supply chain security, including through periodic joint site validations.
- B. The Participants, through the Customs Administrations as their designated representatives of the Participants, intend to focus their efforts on the achievement of the following mutual objectives:
1. developing a joint business continuity mechanism between the Customs Administrations' Programs to respond to disruptions in trade flow resulting from heightened security alert levels, border closures, and/or the occurrence of natural disasters, hazardous emergencies or other incidents of significance; and
 2. expanding of Program membership through the reciprocal promotion of trade facilitation achieved through the mutual recognition of the Programs.

SECTION VI

MODIFICATION AND CONSULTATION

- A. This Arrangement may be modified with the written consent of both Participants.

- B. All issues related to the interpretation or implementation of this Arrangement should be settled by consultations between the Participants through the Customs Administrations as their designated representatives. Conflicts for which no solution can be found may be referred to the Participants themselves.

SECTION VII
STATUS OF ARRANGEMENT

- A. This Arrangement represents the intention of the Participants, through their designated representatives, and does not create legally binding rights and obligations, nor does it create or confer any right, privilege, or benefit on any person or party, private or public.
- B. All activities of each Participant, through its designated representative, under this Arrangement are to be carried out consistent with applicable laws and regulations, as well as relevant agreements to which that Participant, its designated representative, or the authorities it represents, is a party.
- C. This Arrangement is not intended to prevent either Participant from cooperating and from granting assistance consistent with the provisions of applicable treaties, agreements, domestic laws and/or practices.
- D. The Participants' designated representatives are expected to be responsible for their own costs incurred as a result of this Arrangement.

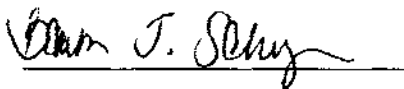
**SECTION VIII
COMMENCEMENT AND DISCONTINUATION**

- A. This Arrangement is expected to be implemented upon signature of the Participants.

- B. Either Participant may discontinue cooperation under this Arrangement at any time with immediate effect, but should strive to provide at least thirty (30) days written notice thereof.

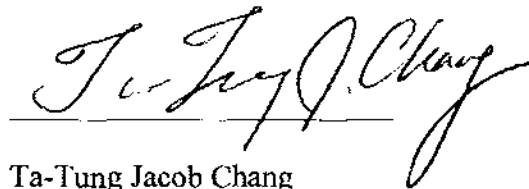
DONE at Washington, DC, in duplicate, this 26th day of NOVEMBER of 2012, in the English language.

**FOR THE AMERICAN
INSTITUTE IN TAIWAN:**



Barbara Schrage
AIT Managing Director

**FOR THE TAIPEI ECONOMIC AND
CULTURAL REPRESENTATIVE
OFFICE IN THE UNITED STATES:**



Ta-Tung Jacob Chang
Acting TECRO
Representative