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AMERICAN INSTITUTE IN TAIWAN

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March 19, 1992

Mr. Stephen S. F. Chen
Deputy Representative
Coordination Council for
North American Affairs
4201 Wisconsin Avenue, N.W.
Washington, DC 20016-2137

Dear Mr. Chen:

I refer to Memorandum of Agreement NAT-I-845, Annex 3 between AIT and CCNAA under which AIT provides reimbursable technical assistance to CCNAA in the field of civil aviation. I have just received the enclosed letter from AIT's representative the Federal Aviation Administration that they must raise the administrative overhead charge on this and similar international technical assistance agreements from 12 percent to 26 percent, effective July 1, 1992. Any services performed prior to July 1, 1992 will continue to be billed at the former rate.

I would greatly appreciate it if you would forward this information to the Civil Aeronautics Administration in Taipei.

Thank you for your continuing cooperation.

Sincerely,


Clarke N. Ellis
Deputy Managing Director

Enclosure:

As Stated.

cc: Ms. Deborah Schwartz, AIT/T

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U.S. Department
of Transportation

Federal Aviation
Administration

MAR 12 1992

800 Independence Ave.,
Washington, D.C. 20591

American Institute in Taiwan
Rosslyn Center Building - 17th Floor
1700 North Moore Street
Arlington, VA 22209

Dear Sir/Madam:

This letter is in reference to Reimbursable Agreement NAT-1-845-3 between the Federal Aviation Administration (FAA) and the The American Institute in Taiwan. The provisions of the agreement state that the host country shall reimburse the FAA for the actual cost of services, plus administrative overhead charges. Since 1978, the FAA has maintained an administrative overhead rate of 12 percent for services rendered to foreign governments. Increased costs of the FAA make it necessary for the FAA to increase the administrative overhead charge on international technical assistance agreements to 26 percent. The increase in rates is intended to ensure that the FAA receives adequate reimbursement for services provided to non-FAA entities, as required within our governmental regulations, and will be applied wherever an administrative overhead is charged.

FAA's own internal policy stipulates that the FAA will provide written notification of overhead rate changes, and the notification will be made at least one financial quarter prior to the effective date of the rate change. This message constitutes FAA's notification that its overhead rate is increased to 26 percent, effective July 1, 1992. Any FAA services performed prior to July 1, 1992, will continue to be levied at the former rate. Please forward this information to the Civil Aeronautics Administration of Taiwan.

Sincerely,

A handwritten signature in cursive script that reads "Joan W. Bauerlein".

Joan W. Bauerlein
Director, Office of
International Aviation