

## **225.872-5**

### **225.872-5 Contract administration.**

(a) Arrangements exist with some qualifying countries to provide reciprocal contract administration services. Some arrangements are at no cost to either government. To determine whether such an arrangement has been negotiated and what contract administration functions are covered, contact the Deputy Director of Defense Procurement and Acquisition Policy (Contract Policy and International Contracting), ((703) 697-9351, DSN 227-9351).

(b) Follow the contract administration procedures at PGI 225.872-5(b).

(c) Information on quality assurance delegations to foreign governments is in Subpart 246.4, Government Contract Quality Assurance.

[68 FR 15621, Mar. 31, 2003, as amended at 70 FR 73155, Dec. 9, 2005; 72 FR 30278, May 31, 2007]

### **225.872-6 Audit.**

(a) Memoranda of understanding with some qualifying countries contain annexes that provide for reciprocal “no-cost” audits of contracts and subcontracts (pre- and post-award).

(b) To determine if such an annex is applicable to a particular qualifying country, contact the Deputy Director of Defense Procurement and Acquisition Policy (Contract Policy and International Contracting), ((703) 697-9351, DSN 227-9351).

(c) Handle requests for audits in qualifying countries in accordance with 215.404-2(c), but follow the additional procedures at PGI 225.872-6(c).

[68 FR 15621, Mar. 31, 2003, as amended at 70 FR 73155, Dec. 9, 2005; 72 FR 30278, May 31, 2007]

### **225.872-7 Industrial security for qualifying countries.**

The required procedures for safeguarding classified defense information necessary for the performance of contracts awarded to qualifying country sources are in the DoD Industrial Security Regulation DoD 5220.22-R (implemented for the Army by AR 380-49; for the Navy by SECNAV Instruction 5510.1H; for the Air Force by AFI 31-601; for the Defense Information Systems Agency by DCA Instruction 240-110-8; and for the National Imagery and Map-

## **48 CFR Ch. 2 (10-1-11 Edition)**

ping Agency by NIMA Instruction 5220.22).

### **225.872-8 Subcontracting with qualifying country sources.**

In reviewing contractor subcontracting procedures, the contracting officer shall ensure that the contract does not preclude qualifying country sources from competing for subcontracts, except when restricted by national security interest reasons, mobilization base considerations, or applicable U.S. laws or regulations (see the clause at 252.225-7002, Qualifying Country Sources as Subcontractors).

### **225.873 Waiver of United Kingdom commercial exploitation levies.**

#### **225.873-1 Policy.**

DoD and the Government of the United Kingdom (U.K.) have agreed to waive U.K. commercial exploitation levies and U.S. nonrecurring cost recoupment charges on a reciprocal basis. For U.K. levies to be waived, the offeror or contractor shall identify the levies and the contracting officer shall request a waiver before award of the contract or subcontract under which the levies are charged.

#### **225.873-2 Procedures.**

When an offeror or a contractor identifies a levy included in an offered or contract price, follow the procedures at PGI 225.873-2.

[70 FR 73155, Dec. 9, 2005]

## **Subpart 225.9—Customs and Duties**

SOURCE: 68 FR 15626, Mar. 31, 2003, unless otherwise noted.

### **225.900-70 Definition.**

“Component,” as used in this subpart, means any item supplied to the Government as part of an end product or of another component.

[74 FR 68383, Dec. 24, 2009]

### **225.901 Policy.**

Unless the supplies are entitled to duty-free treatment under a special category in the Harmonized Tariff Schedule of the United States (*e.g.*, the

Caribbean Basin Economic Recovery Act or a Free Trade Agreement), or unless the supplies already have entered into the customs territory of the United States and the contractor already has paid the duty, DoD will issue duty-free entry certificates for—

- (1) Qualifying country supplies (end products and components);
- (2) Eligible products (end products but not components) under contracts covered by the World Trade Organization Government Procurement Agreement or a Free Trade Agreement; and
- (3) Other foreign supplies for which the contractor estimates that duty will exceed \$200 per shipment into the customs territory of the United States.

[68 FR 15626, Mar. 31, 2003, as amended at 69 FR 1928, Jan. 13, 2004; 70 FR 2363, Jan. 13, 2005]

#### **225.902 Procedures.**

Follow the entry and release procedures at PGI 225.902.

[70 FR 73155, Dec. 9, 2005]

#### **225.903 Exempted supplies.**

- (b)(i) For an explanation of the term “supplies,” see PGI 225.903(b)(i).
- (ii) The duty-free certificate shall be printed, stamped, or typed on the face of, or attached to, Customs Form 7501. A duly designated officer or civilian official of the appropriate department or agency shall execute the certificate in the format provided at PGI 225.903(b)(ii).

[70 FR 73155, Dec. 9, 2005]

### **Subpart 225.10—Additional Foreign Acquisition Regulations**

#### **225.1070 Clause deviations in overseas contracts.**

See 201.403(2) for approval authority for clause deviations in overseas contracts with governments of North Atlantic Treaty Organization (NATO) countries or other allies or with United Nations or NATO organizations.

[65 FR 19856, Apr. 13, 2000]

### **Subpart 225.11—Solicitation Provisions and Contract Clauses**

SOURCE: 68 FR 16526, Mar. 31, 2003, unless otherwise noted.

#### **225.1100 Scope of subpart.**

This subpart prescribes the clauses that implement Subparts 225.1 through 225.10. The clauses that implement Subparts 225.70 through 225.75 are prescribed within those subparts.

#### **225.1101 Acquisition of supplies.**

(1)(i) Use the provision at 252.225–7000, Buy American Act—Balance of Payments Program Certificate, instead of the provision at FAR 52.225–2, Buy American Act Certificate. Use the provision in any solicitation that includes the clause at 252.225–7001, Buy American Act and Balance of Payments Program.

(ii) Use the provision with its Alternate I when the acquisition is of end products listed in 225.401–70 in support of operations in Afghanistan.

(2)(i) Use the clause at 252.225–7001, Buy American Act and Balance of Payments Program, instead of the clause at FAR 52.225–1, Buy American Act—Supplies, in solicitations and contracts unless—

(A) All line items will be acquired from a particular source or sources under the authority of FAR 6.302–3;

(B) All line items must be domestic or qualifying country end products in accordance with Subpart 225.70. (However, the clause may still be required if Subpart 225.70 requires manufacture of the end product in the United States or in the United States or Canada, without a corresponding requirement for use of domestic components);

(C) An exception to the Buy American Act or Balance of Payments Program applies (see FAR 25.103, 225.103, and 225.7501);

(D) One or both of the following clauses will apply to all line items in the contract:

(1) 252.225–7021, Trade Agreements.

(2) 252.225–7036, Buy American Act—Free Trade Agreements—Balance of Payments Program; or

(E) All line items will be acquired using a procedure specified in 225.7703–1(a).