

Contracting Officer does not alleviate the Contractor's responsibility to comply with applicable host nation laws;

(2) In accordance with its own operating procedures and applicable policies, laws, regulations, and directives, take appropriate action, up to and including removal from the host nation or dismissal, against any of its employees who violate the policy in paragraph (b) of this clause; and

(3) Inform the Contracting Officer of any actions taken against employees pursuant to this clause.

(f) *Remedies.* In addition to other remedies available to the Government, the Contractor's failure to comply with the requirements of paragraphs (c), (d), (e), or (g) of this clause may render the Contractor subject to—

(1) Required removal of a Contractor employee or employees from the performance of the contract;

(2) Required subcontractor termination;

(3) Suspension of contract payments;

(4) Loss of award fee, consistent with the award fee plan, for the performance period in which the Government determined Contractor non-compliance;

(5) Termination of the contract for default, in accordance with the Termination clause of this contract; or

(6) Suspension or debarment.

(g) *Subcontracts.*

(1)(i) The Contractor shall include the substance of this clause, including this paragraph (g), in all subcontracts performed outside the United States; and

(ii) If this contract is for services (other than commercial), the Contractor shall include the substance of this clause, including this paragraph (g), in all subcontracts performed in the United States for the acquisition of services (other than commercial).

(2) If this contract is a service or construction contract, the Contractor shall conduct periodic reviews of its service and construction subcontractors to verify compliance with their obligations pursuant to paragraph (d) of this clause.

(3) The Contractor shall—

(i) Immediately inform the Contracting Officer of any information it receives from any source (including host country law enforcement) that alleges a subcontractor has engaged in conduct that violates the policy in paragraph (b) of this clause. Notification to the Contracting Officer does not alleviate the Contractor's responsibility to comply with applicable host nation laws;

(ii) Take appropriate action, including termination of the subcontract, when the Contractor obtains sufficient evidence to determine that the subcontractor is in non-compliance with its contractual obligations pursuant to this clause; and

(iii) Inform the Contracting Officer of any actions taken against subcontractors pursuant to this clause.

(End of Clause)

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## DEPARTMENT OF DEFENSE

### Defense Acquisition Regulations System

#### 48 CFR Part 225

[DFARS Case 2005-D012]

RIN 0750-AF21

### Defense Federal Acquisition Regulation Supplement; Foreign Acquisition Procedures

**AGENCY:** Defense Acquisition Regulations System, Department of Defense (DoD).

**ACTION:** Final rule.

**SUMMARY:** DoD has issued a final rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to delete text addressing internal DoD procedures pertaining to foreign acquisition. This text has been relocated to the DFARS companion resource, Procedures, Guidance, and Information.

**DATES:** *Effective Date:* October 26, 2006.

**FOR FURTHER INFORMATION CONTACT:** Ms. Amy Williams, Defense Acquisition Regulations System, OUSD (AT&L) DPAP (DARS), IMD 3C132, 3062 Defense Pentagon, Washington, DC 20301-3062. Telephone (703) 602-0328; facsimile (703) 602-0350. Please cite DFARS Case 2005-D012.

#### SUPPLEMENTARY INFORMATION:

##### A. Background

This final rule deletes DFARS text addressing internal DoD procedures in the following areas:

DFARS 225.871-4—Processing of requests for waiver under North Atlantic Treaty Organization cooperative projects.

DFARS 225.7017-3—Preparation of determinations regarding award of a contract for ballistic missile defense research, development, test, and evaluation to a foreign source.

DFARS 225.7502—Application of the Balance of Payments Program to an acquisition.

DFARS 225.7604—Processing of requests for waiver of foreign source restrictions.

This text has been relocated to the DFARS companion resource, Procedures, Guidance, and Information (PGI), available at <http://www.acq.osd.mil/dpap/dars/pgi>.

DoD published a proposed rule at 71 FR 3448 on January 23, 2006. DoD received no comments on the proposed rule and has adopted the proposed rule as a final rule. However, as a result of

the final rule published at 71 FR 39005 on July 11, 2006, which relocated DFARS Subpart 225.6 to 225.76, the text that was designated in the January 23, 2006, proposed rule as DFARS 225.670-4 is now located at DFARS 225.7604.

This rule was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993.

##### B. Regulatory Flexibility Act

DoD certifies that this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because the rule addresses internal DoD procedural matters and makes no significant change to DoD contracting policy.

##### C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply, because the rule does not impose any information collection requirements that require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

##### List of Subjects in 48 CFR Part 225

Government procurement.

**Michele P. Peterson,**

*Editor, Defense Acquisition Regulations System.*

■ Therefore, 48 CFR part 225 is amended as follows:

##### PART 225—FOREIGN ACQUISITION

■ 1. The authority citation for 48 CFR part 225 continues to read as follows:

**Authority:** 41 U.S.C. 421 and 48 CFR Chapter 1.

■ 2. Section 225.871-4 is amended by revising paragraph (c) to read as follows:

##### 225.871-4 Statutory waivers.

\* \* \* \* \*

(c) To request a waiver under a cooperative project, follow the procedures at PGI 225.871-4.

\* \* \* \* \*

■ 3. Section 225.7017-3 is amended by revising paragraph (b) to read as follows:

##### 225.7017-3 Exceptions.

\* \* \* \* \*

(b) If the head of the contracting activity certifies in writing, before contract award, that a U.S. firm cannot competently perform a contract for RDT&E at a price equal to or less than the price at which a foreign government or firm would perform the RDT&E. The contracting officer or source selection authority, as applicable, shall make a determination, in accordance with PGI

225.7017–3(b), that will be the basis for the certification.

■ 4. Section 225.7502 is revised to read as follows:

**225.7502 Procedures.**

If the Balance of Payments Program applies to the acquisition, follow the procedures at PGI 225.7502.

■ 5. Section 225.7604 is revised to read as follows:

**225.7604 Waivers.**

The Secretary of Defense may waive this restriction on the basis of national security interests. To request a waiver, follow the procedures at PGI 225.7604.

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**DEPARTMENT OF DEFENSE**

**Defense Acquisition Regulations System**

**48 CFR Parts 225 and 252**

RIN 0750–AF48

**Defense Federal Acquisition Regulation Supplement; PAN Carbon Fiber—Deletion of Obsolete Restriction (DFARS Case 2006–D033)**

**AGENCY:** Defense Acquisition Regulations System, Department of Defense, (DoD).

**ACTION:** Final rule.

**SUMMARY:** DoD has issued a final rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to remove obsolete text relating to a restriction on the acquisition of polyacrylonitrile (PAN) carbon fiber from foreign sources. The restriction expired on May 31, 2006.

**EFFECTIVE DATE:** October 26, 2006.

**FOR FURTHER INFORMATION CONTACT:** Ms. Amy Williams, Defense Acquisition Regulations System, OUSD (AT&L) DPAP (DARS), IMD 3C132, 3062 Defense Pentagon, Washington, DC 20301–3062. Telephone (703) 602–0328; facsimile (703) 602–0350. Please cite DFARS Case 2006–D033.

**SUPPLEMENTARY INFORMATION:**

**A. Background**

DFARS 225.7103 and the corresponding contract clause at 252.225–7022 restricted the acquisition of PAN carbon fiber from foreign sources. As specified in DFARS 225.7103–1 and 225.7103–3, the period for applicability of the restriction ended on May 31, 2006. Therefore, this final rule removes the DFARS text that has become obsolete.

This rule was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993.

**B. Regulatory Flexibility Act**

This rule will not have a significant cost or administrative impact on contractors or offerors, or a significant effect beyond the internal operating procedures of DoD. Therefore, publication for public comment is not required. However, DoD will consider comments from small entities concerning the affected DFARS subparts in accordance with 5 U.S.C. 610. Such comments should cite DFARS Case 2006–D033.

**C. Paperwork Reduction Act**

The Paperwork Reduction Act does not apply, because the rule does not impose any information collection requirements that require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

**List of Subjects in 48 CFR Parts 225 and 252**

Government procurement.

Michele P. Peterson,

*Editor, Defense Acquisition Regulations System.*

■ Therefore, 48 CFR parts 225 and 252 are amended as follows:

■ 1. The authority citation for 48 CFR parts 225 and 252 continues to read as follows:

**Authority:** 41 U.S.C. 421 and 48 CFR Chapter 1.

**PART 225—FOREIGN ACQUISITION**

**225.7103 through 225.7103–3 [Removed]**

■ 2. Sections 225.7103 through 225.7103–3 are removed.

**PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

**252.225–7022 [Removed and Reserved]**

■ 3. Section 252.225–7022 is removed and reserved.

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**DEPARTMENT OF DEFENSE**

**Defense Acquisition Regulations System**

**48 CFR Part 252**

RIN 0750–AF47

**Defense Federal Acquisition Regulation Supplement; Definition of Terrorist Country (DFARS Case 2006–D034)**

**AGENCY:** Defense Acquisition Regulations System, Department of Defense (DoD).

**ACTION:** Final rule.

**SUMMARY:** DoD has issued a final rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to remove Libya from the list of terrorist countries subject to a prohibition on DoD contract awards. This change is a result of the Department of State's removal of Libya from the list of countries designated as state sponsors of terrorism.

**DATES:** *Effective Date:* October 26, 2006.

**FOR FURTHER INFORMATION CONTACT:** Ms. Amy Williams, Defense Acquisition Regulations System, OUSD (AT&L) DPAP (DARS), IMD 3C132, 3062 Defense Pentagon, Washington, DC 20301–3062. Telephone (703) 602–0328; facsimile (703) 602–0350. Please cite DFARS Case 2006–D034.

**SUPPLEMENTARY INFORMATION:**

**A. Background**

The provision at DFARS 252.209–7001, Disclosure of Ownership or Control by the Government of a Terrorist Country, implements 10 U.S.C. 2327, which prohibits DoD from entering into a contract with a firm that is owned or controlled by the government of a country that has been determined by the Secretary of State to repeatedly provide support for acts of international terrorism. This final rule removes Libya from the terrorist countries listed in the provision at DFARS 252.209–7001, since the Secretary of State has removed Libya from the list of designated state sponsors of terrorism.

This rule was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993.

**B. Regulatory Flexibility Act**

This rule will not have a significant cost or administrative impact on contractors or offerors, or a significant effect beyond the internal operating procedures of DoD. Therefore,