

**DEPARTMENT OF DEFENSE**

**Defense Acquisition Regulations System**

**48 CFR Parts 225 and 252**

RIN 0750-AF29

**Defense Federal Acquisition Regulation Supplement; Trade Agreements Thresholds and Morocco Free Trade Agreement (DFARS Case 2005-D017)**

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

**ACTION:** Final rule.

**SUMMARY:** DoD has adopted as final, with changes, an interim rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to update policy relating to trade agreements. The rule incorporates increased dollar thresholds for application of the World Trade Organization Government Procurement Agreement and the Free Trade Agreements, implements a new Free Trade Agreement with Morocco, and amends the list of end products subject to trade agreements.

**DATES:** *Effective Date:* November 9, 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-D017.

**SUPPLEMENTARY INFORMATION:**

**A. Background**

DoD published an interim rule at 71 FR 9269 on February 23, 2006, to reflect increased dollar thresholds for application of the trade agreements, as determined by the United States Trade

Representative; to implement a new Free Trade Agreement with Morocco; and to update the list of end products subject to trade agreements. DoD received no comments on the interim rule and has adopted the interim rule as a final rule, with an additional change at 252.225-7021 to reflect that the definition of “designated country end products” includes Caribbean Basin and Free Trade Agreement country end products.

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 dollar threshold changes are designed to keep pace with inflation and thus maintain the status quo. Although the rule opens up DoD procurement to the products of Morocco, DoD does not believe there will be a significant economic impact on U.S. small businesses. DoD applies the trade agreements to only those non-defense items listed at DFARS 225.401-70, and procurements that are set aside for small businesses are exempt from application of the trade agreements.

**C. Paperwork Reduction Act**

This rule affects the certification and information collection requirements in the provisions at DFARS 252.225-7020 and 252.225-7035, currently approved under Office of Management and Budget Control Number 0704-0229 for use through May 31, 2007. However, there is no impact on the estimated burden hours. The dollar threshold changes are in line with inflation and maintain the status quo. Reporting of products from Morocco as Free Trade Agreement end products rather than other foreign end

products has no impact on paperwork burden.

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

Government procurement.

**Michele P. Peterson,**

*Editor, Defense Acquisition Regulations System.*

■ Accordingly, the interim rule amending 48 CFR parts 225 and 252, which was published at 71 FR 9269 on February 23, 2006, is adopted as a final rule with the following changes:

■ 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 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

**252.212-7001 [Amended]**

■ 2. Section 252.212-7001 is amended as follows:

■ a. By revising the clause date to read “(NOV 2006)”; and

■ b. In paragraph (b)(9), by removing “(OCT 2006)” and adding in its place “(NOV 2006)”.

■ 3. Section 252.225-7021 is amended by revising the clause date and paragraph (c)(2)(i) to read as follows:

**252.225-7021 Trade Agreements.**

\* \* \* \* \*

**Trade Agreements (Nov 2006)**

\* \* \* \* \*

(c) \* \* \*

(2)(i) Offers of U.S.-made, qualifying country, or designated country end products from responsive, responsible offerors are either not received or are insufficient to fill the Government’s requirements; or

\* \* \* \* \*

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