

clause of this contract, the Contractor shall include the terms of the following clauses, if applicable, in subcontracts for commercial items or commercial components, awarded at any tier under this contract:

252.225-7014 Preference for Domestic Specialty Metals, Alternate I (10 U.S.C. 2241 note).

252.247-7023 Transportation of Supplies by Sea (10 U.S.C. 2631).

252.247-7024 Notification of Transportation of Supplies by Sea (10 U.S.C. 2631).

(End of clause)

5. Section 252.244-7000 is revised to read as follows:

**§ 252.244-7000 Subcontracts for Commercial Items and Commercial Components (DoD Contracts).**

As prescribed in 244.403, use the following clause:

**Subcontracts for Commercial Items and Commercial Components (DOD Contracts) (XXX 1999)**

In addition to the clauses listed in paragraph (c) of the Subcontracts for Commercial Items and Commercial Components clause of this contract, the Contractor shall include the terms of the following clauses, if applicable, in subcontracts for commercial items or commercial components, awarded at any tier under this contract:

252.225-7014 Preference for Domestic Specialty Metals, Alternate I (10 U.S.C. 2241 note).

252.247-7023 Transportation of Supplies by Sea (10 U.S.C. 2631).

252.247-7024 Notification of Transportation of Supplies by Sea (10 U.S.C. 2631).

(End of clause)

6. Section 252.247-7023 is amended by revising the clause date; in paragraph (a)(5) by removing the last sentence; by redesignating paragraphs (b) through (g) as paragraphs (c) through (h) respectively; by adding a new paragraph (b); in newly designated paragraph (c) by removing the first sentence; and by revising newly designated paragraph (h). The added and revised text reads as follows:

**§ 252.247-7023 Transportation of Supplies by Sea.**

\* \* \* \* \*

**Transportation of Supplies by Sea (XXX 1999)**

\* \* \* \* \*

(b) The Contractor shall use U.S.-flag vessels when transporting any supplies by sea under this contract. A subcontractor transporting supplies by sea under this contract shall use U.S.-flag vessels if—

(1) This contract is a construction contract; or

(2) The supplies being transported are—

(i) Non-commercial items; or

(ii) Commercial items that are—

(A) Shipped in direct support of U.S. military contingencies, exercises, or forces deployed in peacekeeping missions.

(B) For commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 U.S.C. 2643; or

(C) Items the Contractor is reselling or distributing to the Government without adding value. (Generally, the Contractor does not add value with it subcontracts items for f.o.b. destination shipment.)

\* \* \* \* \*

(h) The Contractor shall include this clause, including this paragraph (h), in all subcontracts under this contract that—

(1) Exceed the simplified acquisition threshold in Part 2 of the Federal Acquisition Regulation; and

(2) Are for a type of supplies described in paragraph (b) of this clause.

(End of Clause)

7. Section 252.247-7024 is amended by revising the clause date and paragraph (b) to read as follows:

**252.247-7024 Notification of Transportation of Supplies By Sea.**

\* \* \* \* \*

**Notification of Transportation of Supplies by Sea (XXX 1999)**

\* \* \* \* \*

(b) The Contractor shall include this clause, including this paragraph (b), revised as necessary to reflect the relationship of the contracting parties—

(1) In all subcontracts under this contract, if this contract is a construction contract; or

(2) If this contract is not a construction contract, in all subcontracts under this contract that are for—

(i) Non-commercial items; or

(ii) Commercial items that are—

(A) Shipped in direct support of U.S. military contingencies, exercises, or forces deployed in peacekeeping missions;

(B) For commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 U.S.C. 2643; or

(C) Items the Contractor is reselling or distributing to the Government without adding value. (Generally, the Contractor does not add value when it subcontracts items for f.o.b. destination shipment.)

(End of clause)

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**DEPARTMENT OF DEFENSE**

**48 CFR Parts 214 and 215**

[DFARS Case 97-D011]

**Defense Federal Acquisition Regulation Supplement; Distribution of Contract Financing Payments**

**AGENCY:** Department of Defense (DoD).

**ACTION:** Proposed rule; withdrawal.

**SUMMARY:** DoD is withdrawing a proposed rule published on November 26, 1997 (62 FR 63047). The rule proposed amendments to the Defense Federal Acquisition Regulation Supplement (DFARS) to specify that, when a contract contains multiple accounting classification reference numbers and a clause for progress payments, the contracting officer must provide instructions to enable the payment office to distribute the progress payments in proportions that reasonably reflect the performance of work under the contract. After review of public comments, and in consultation with the Office of the Under Secretary of Defense (Comptroller), the Director of Defense Procurement issued a policy memorandum, dated August 12, 1998, which is available via the Internet at <http://www.acq.osd.mil/dp/>. The memorandum requires contracting officers to provide progress payment distribution instructions for any fixed-price contract, other than firm-fixed-price, that is funded with multiple appropriations. Consequently, DoD has determined that the proposed DFARS revisions are unnecessary.

**FOR FURTHER INFORMATION CONTACT:** Defense Acquisition Regulations Council, Attn: Ms. Sandra G. Haberlin, PDUSD (A&T) DP (DAR), IMD 3D139, 3062 Defense Pentagon, Washington, DC 20301-3062; telephone (703) 602-0131; telefax (703) 602-0350.

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