

estimated cost, target cost, or firm-fixed price included in the subcontract initially awarded to the Indian organization or Indian-owned economic enterprise.

(3) The Contractor has the burden of proving the amount claimed and must assert its request for an adjustment prior to completion of contract performance.

(4) The Contracting Officer, subject to the terms and conditions of the contract and the availability of funds, will authorize an incentive payment of 5 percent of the amount paid to the subcontractor.

(5) If the Contractor requests and receives an adjustment on behalf of a subcontractor, the Contractor is obligated to pay the subcontractor the adjustment.

(f) The Contractor shall insert the substance of this clause, including this paragraph (f), in all subcontracts that—

(1) Are for other than commercial items; and

(2) Are expected to exceed the simplified acquisition threshold in Part 2 of the Federal Acquisition Regulation.

(End of clause)

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## DEPARTMENT OF DEFENSE

### 48 CFR Part 252

[DFARS Case 2001-D008]

#### Defense Federal Acquisition Regulation Supplement; Iceland—Newly Designated Country Under Trade Agreements Act

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

**ACTION:** Final rule.

**SUMMARY:** DoD has issued a final rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to add Iceland as a designated country under the Trade Agreements Act, as directed by the United States Trade Representative.

**EFFECTIVE DATE:** September 11, 2001.

**FOR FURTHER INFORMATION CONTACT:** Ms. Amy Williams, Defense Acquisition Regulations Council, OUSD (AT&L) DP (DAR), IMD 3C132, 3062 Defense Pentagon, Washington, DC 20301-3062. Telephone (703) 602-0288; facsimile (703) 602-0350. Please cite DFARS Case 2001-D008.

#### SUPPLEMENTARY INFORMATION:

##### A. Background

This final rule amends the clauses at DFARS 252.227-7007, Buy American Act—Trade Agreements—Balance of Payments Program, and 252.225-7021, Trade Agreements. The rule adds Iceland to the list of designated countries under the Trade Agreements Act, as directed by the United States Trade Representative. Iceland joined the

World Trade Organization Government Procurement Agreement in April 2001.

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 final rule does not constitute a significant revision within the meaning of FAR 1.501 and Public Law 98-577 and 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 2001-D008.

##### 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 252

Government procurement.

**Michele P. Peterson,**

*Executive Editor, Defense Acquisition Regulations Council.*

Therefore, 48 CFR Part 252 is amended as follows:

1. The authority citation for 48 CFR part 252 continues to read as follows:

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

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

##### 252.225-7007 [Amended]

2. Section 252.225-7007 is amended in paragraph (a)(4) by adding, in alphabetical order, “Iceland” to the list of countries.

##### 252.225-7021 [Amended]

3. Section 252.225-7021 is amended in paragraph (a)(4) by adding, in alphabetical order, “Iceland” to the list of countries.

[FR Doc. 01-22421 Filed 9-10-01; 8:45 am]

BILLING CODE 5000-04-M

## DEPARTMENT OF DEFENSE

### 48 CFR Part 252

[DFARS Case 2000-D302]

#### Defense Federal Acquisition Regulation Supplement; Caribbean Basin Country End Products

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

**ACTION:** Interim rule with request for comments.

**SUMMARY:** DoD has issued an interim rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to implement Section 211 of the United States—Caribbean Basin Trade Partnership Act and the determination of the United States Trade Representative as to which countries qualify for enhanced trade benefits under that Act.

**DATES:** Effective date: September 11, 2001.

Comment date: Comments on the interim rule should be submitted to the address shown below on or before November 13, 2001, to be considered in the formation of the final rule.

**ADDRESSES:** Respondents may submit comments directly on the World Wide Web at <http://emissary.acq.osd.mil/dar/dfars.nsf/pubcomm>. As an alternative, respondents may e-mail comments to: [dfars@acq.osd.mil](mailto:dfars@acq.osd.mil). Please cite DFARS Case 2000-D302 in the subject line of e-mailed comments.

Respondents that cannot submit comments using either of the above methods may submit comments to: Defense Acquisition Regulations Council, Attn: Ms. Amy Williams, OUSD (AT&L)DP(DAR), IMD 3C132, 3062 Defense Pentagon, Washington, DC 20301-3062; facsimile (703) 602-0950. Please cite DFARS Case 2000-D302.

At the end of the comment period, interested parties may view public comments on the World Wide Web at <http://emissary.acq.osd.mil/dar/dfars.nsf>.

**FOR FURTHER INFORMATION CONTACT:** Ms. Amy Williams, (703) 602-0288.

**SUPPLEMENTARY INFORMATION:**

##### A. Background

This interim rule amends the clauses at DFARS 252.225-7007, Buy America Act—Trade Agreements—Balance of Payments Program, and 252.225-7021, Trade Agreements, to remove Panama from the definition of “Caribbean Basin country” and to clarify which Caribbean Basin country products are subject to duty-free treatment. The rule implements Section 211 of the United States-Caribbean Basin Trade Partnership Act (Title II of Public Law 106-200) and determinations of the United States Trade Representative published at 65 FR 60236 on October 10, 2000; 65 FR 69988 on November 21, 2000; and 65 FR 78527 on December 15, 2000.

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 does not expect this rule to 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 affects only a limited number of textile and apparel articles from certain Caribbean Basin countries. Other statutory requirements (10 U.S.C. 2241 note) still prohibit DoD from acquiring most of these articles from other than domestic sources. Therefore, DoD has not performed an initial regulatory flexibility analysis. DoD invites comments from small businesses and other interested parties. DoD also will consider comments from small entities concerning the affected DFARS subparts in accordance with 5 U.S.C. 610. Such comments should be submitted separately and should cite DFARS Case 2000–D302.

**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.*

**D. Determination To Issue an Interim Rule**

A determination has been made under the authority of the Secretary of Defense that urgent and compelling reasons exist to publish this interim rule prior to affording the public an opportunity to comment. This interim rule implements Section 211 of the United States-Caribbean Basin Trade Partnership Act (Title II of Public Law 106–200) and the determination of the United States Trade Representative as to which countries qualify for enhanced trade benefits under that Act. The determination of the United States Trade Representative to provide enhanced benefits to the products of certain countries became effective on October 2, 2000. Comments received in response to this interim rule will be considered in the formation of the final rule.

**List of Subjects in 48 CFR Part 252**

Government procurement.

**Michele P. Peterson,**  
*Executive Editor, Defense Acquisition Regulations Council.*

Therefore, 48 CFR Part 252 is amended as follows:

1. The authority citation for 48 CFR part 252 continues to read as follows:

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

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

2. Section 252.225–7007 is amended as follows:

- a. By revising the clause date;
- b. In paragraph (a)(1) by removing “Panama”;
- c. In paragraph (a)(2)(i)(B) in the last sentence by removing the period and adding in its place “; and”;
- d. By revising paragraph (a)(2)(ii); and
- e. By adding paragraph (e) to read as follows:

**252.225–7007 Buy American Act-Trade Agreements-Balance of Payments Program.**

\* \* \* \* \*

**BUY AMERICAN ACT—TRADE AGREEMENTS—BALANCE OF PAYMENTS PROGRAM (SEP 2001)**

- (A) \* \* \*
- (2) \* \* \*
- (ii) Excludes products, other than petroleum and any product derived from petroleum, that are not granted duty-free treatment under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(b)). These exclusions presently consist of—
  - (A) Textiles, apparel articles, footwear, handbags, luggage, flat goods, work gloves, leather wearing apparel, and handloomed, handmade, or folklore articles that are not granted duty-free status in the Harmonized Tariff Schedule of the United States (HTSUS);
  - (B) Tuna, prepared or preserved in any manner in airtight containers; and
  - (C) Watches and watch parts (including cases, bracelets, and straps) of whatever type including, but not limited to, mechanical, quartz digital, or quartz analog, if such watches or watch parts contain any material that is the product of any country to which the HTSUS column 2 rates of duty (HTSUS General Note 3(b)) apply.

\* \* \* \* \*

(e) The HTSUS is available on the Internet at <http://www.customs.ustreas.gov/impoexpo/impoexpo.htm>. The following sections of the HTSUS provide information regarding duty-free status of articles specified in paragraph (a)(2)(ii)(A) of this clause.

- (1) General Note 3(c), Products Eligible for Special Tariff Treatment.
- (2) General Note 17, Products of Countries Designated as Beneficiary Countries Under the United States-Caribbean Basin Trade Partnership Act of 2000.
- (3) Section XXII, Chapter 98, Subchapter II, Articles Exported and Returned, Advanced or Improved Abroad, U.S. Note 7(b).
- (4) Section XXII, Chapter 98, Subchapter XX, Goods Eligible for Special Tariff Benefits Under the United States-Caribbean Basin Trade Partnership Act.

3. Section 252.225–701 is amended as follows:

- a. By revising the clause date;

b. In paragraph (a)(1) by removing “Panama”;

c. In paragraph (a)(2)(i)(B) in the last sentence by removing the period and adding in its place “; and”;

d. By revising paragraph (a)(2)(ii); and

e. By adding paragraph (e) to read as follows:

**252.225–7021 Trade Agreements.**

\* \* \* \* \*

**TRADE AGREEMENTS (SEP 2001)**

- (a) \* \* \*
- (2) \* \* \*
- (ii) Excludes products, other than petroleum and any product derived from petroleum, that are not granted duty-free treatment under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(b)). These exclusions presently consist of—
  - (A) Textiles, apparel articles, footwear, handbags, luggage, flat goods, work gloves, leather wearing apparel, and handloomed, handmade, or folklore articles that are not granted duty-free status in the Harmonized Tariff Schedule of the United States (HTSUS);
  - (B) Tuna, prepared or preserved in any manner in airtight containers; and
  - (C) Watches and watch parts (including cases, bracelets, and straps) of whatever type including, but not limited to, mechanical, quartz digital, or quartz analog, if such watches or watch parts contain any material that is the product of any country to which the HTSUS column 2 rates of duty (HTSUS General Note 3(b)) apply.

\* \* \* \* \*

(e) The HTSUS is available on the Internet at <http://www.customs.ustreas.gov/impoexpo/impoexpo.htm>. The following sections of the HTSUS provide information regarding duty-free status of articles specified in paragraph (a)(2)(ii)(A) of this clause:

- (1) General Note 3(c), Products Eligible for Special Tariff Treatment.
- (2) General Note 17, Products of Countries Designated as Beneficiary Countries Under the United States-Caribbean Basin Trade Partnership Act of 2000.
- (3) Section XXII, Chapter 98, Subchapter II, Articles Exported and Returned, Advanced or Improved Abroad, U.S. Note 7(b).
- (4) Section XXII, Chapter 98, Subchapter 98, Subchapter XX, Goods Eligible for Special Tariff Benefits Under the United States-Caribbean Basin Trade Partnership Act.

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