

3.6.4-6 Balance of Payments Program (August 2002)

(a) This clause, which applies to contracts for use outside of the United States, implements the Balance of Payments Program by providing a preference for domestic end products or services over foreign end products or services.

(b) Definition:

(1) "Components," as used in this clause, means those articles, materials, and supplies directly incorporated into the end products.

(2) "Domestic end product," as used in this clause, means:

(i) An un-manufactured end product mined or produced in the United States; or

(ii) An end product manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. Components of foreign origin of the same class or kind as those that the agency determines are not mined, produced, or manufactured in the United States in sufficient reasonably available commercial quantities of a satisfactory quality shall be treated as domestic. Components of unknown origin shall be considered foreign. Scrap generated, collected, and prepared for processing in the United States is considered domestic.

(3) "Domestic services," as used in this clause, means services performed in the United States. If services provided under a single contract are performed both in and outside the United States, they shall be considered domestic if 25 percent or less of their total cost is attributable to services (including incidental supplies used in connection with these services) performed outside the United States.

(4) "End product," as used in this clause, means an article, material, or supply acquired for public use under this contract.

(5) "Foreign end product," as used in this clause, means a product other than a domestic end product.

(c) The Contractor agrees that there will be delivered under this contract only domestic end products or services unless, in its offer, it specified delivery of foreign end products or services in the provision "Balance of Payments Program Certificate." An offer based on supplying a foreign end product or service, if accepted, will permit the Contractor to supply a product or service without regard to the requirements of this clause.

(d) Offers will be evaluated in accordance with the following. Each offer of an end product other than a domestic end product shall be increased by 50 percent. If this procedure results in a tie between a foreign offer as evaluated and a domestic offer, the domestic offer shall be considered the successful offer. Any domestic end product offer that exceeds such evaluated other end product shall be considered unreasonable in cost or inconsistent with the public interest.

(End of clause)

PRESCRIPTION

Shall be used in RFI/RFP's and contracts for supplies or services for use outside the United States unless the contract is for: (a) perishable subsistence; (b) involves an end item that it is not feasible for a domestic firm to furnish; (c) ice, books, utilities, or communications; (d) subsistence items for resale; (e) items required by treaty; (f) petroleum products; (g) items paid for with near excess currency; (h) end items from Panama; or (i) involves a NAFTA country.