



# Acquisition & Assistance Policy Directive (AAPD)

From the Office of the Director, Procurement Issued: November 27, 2002

## AAPD 02-17

**Subject: Foreign Aid Procurement Eligibility for the People's Republic of China**

**Category: Miscellaneous**

**Type: General Information**

AAPDs provide information of significance to all agency personnel and partners involved in the Acquisition and Assistance process. Information includes (but is not limited to): advance notification of changes in acquisition or assistance regulations; reminders; procedures; and general information. Also, AAPDs may be used to implement new requirements on short-notice, pending formal amendment of acquisition or assistance regulations.

AAPDs are **EFFECTIVE AS OF THE ISSUED DATE** unless otherwise noted in the guidance below; the directives remain in effect until this office issues a notice of cancellation.

**This AAPD:**  Is New  Replaces/  Amends CIB/AAPD No: \_\_\_\_\_

**Precedes change to:**  AIDAR Part(s) \_\_\_\_\_ Appendix \_\_\_\_\_  
 USAID Automated Directives System (ADS) Chapters 305 and 310  
 Code of Federal Regulations 22 CFR 228  
 Other \_\_\_\_\_  
 No change to regulations

**Applicable to:**  Existing awards; Modification required:  
 Effective immediately  
 No later than \_\_\_\_\_  
 As noted in guidance below  
 RFPs/RFAs issued on or after the effective date of this AAPD; all other Pending Awards, i.e., 8(a), sole source...  
 Other or N/A New Awards and Modifications of Existing Awards

**New Provision/Clause Provided Herein:**  Yes; Scheduled update to Prodoc: \_\_\_\_\_ (insert date) \_\_\_\_\_  
 No

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TIMOTHY T. BEANS

## **AAPD 02-17 Foreign Aid Procurement Eligibility for the People's Republic of China**

**PURPOSE:** The purpose of this AAPD is to inform that the People's Republic of China (China) is no longer considered to be "foreign policy restricted" in accordance with 22 CFR 228.

**BACKGROUND:** Section 604(a)(1) of the Foreign Assistance Act ("FAA") of 1961, as amended, provides that foreign assistance funds may be used by the President for procurement "(A) only in the United States, the recipient country, or developing countries; or (B) in any other country but only if -- "certain described circumstances are determined to be in existence." To implement the principles established in section 604(a) and other foreign assistance procurement authorities<sup>1</sup>, USAID maintains a system of "authorized geographic codes." The codes, summarized in 22 CFR 228, are used in authorizing or implementing documents to designate the countries or areas eligible for procurement of goods and services. The authorized codes specifically have excluded eight countries designated as "foreign policy restricted", which are: Libya, Cuba, Laos, Iraq, Iran, North Korea, Syria, and the People's Republic of China.

**GUIDANCE:** The characterization of China as "foreign policy restricted" is no longer justified in light of the normalization of relations that has taken place between China and the United States. The Assistant Administrator of the Bureau of Policy and Program Coordination has approved removing China from the list of "foreign policy restricted". Therefore, China is now eligible under Geographic Codes 935 and 899 (if not the cooperating country). Accordingly, 22 CFR 228 Rules on Source, Origin and Nationality For Commodities And Services Financed By USAID and ADS chapters 305 Host Country Contracts and 310 Source, Origin, and Nationality will be revised to reflect the change.

The current listing of "foreign policy restricted" countries indicates Libya, Cuba, Laos, Iraq, Iran, North Korea and Syria.

**POINT OF CONTACT:** Frances Maki, M/OP/P, Office of Procurement, Policy Division, Phone: 202-712-4978, e-mail: [fmaki@usaid.gov](mailto:fmaki@usaid.gov).

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<sup>1</sup> The FREEDOM Support Act contains its own procurement provision, FAA 498(h), which authorizes procurement in United States, the independent states of the former Soviet Union or a developing country. Procurement for aid programs in Africa is governed by more liberal authorities in the Development Fund for Africa (DFA).

