

T3.6.4 Foreign Acquisition Revised 10/2007

A Foreign Acquisition

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### T3.6.4 Foreign Acquisition Revised 10/2007

#### A Foreign Acquisition

##### 1 Determining the Applicability of the Buy American Act or the FAA Buy American Preference Revised 10/2022

- a. *General.* The FAA's acquisitions are subject to the requirements of both the Buy American Act (41 U.S.C. §§ 8301-8305) (BAA) and the FAA Buy American Preference (49 U.S.C. § 50101) (BAP). The BAA applies across the Federal Government, while the BAP is specific to the FAA. The BAA and BAP have overlapping statutory authority in that both cover the acquisition of manufactured goods, but each subjects the acquisition to different rules and requirements. It is therefore critical that Contracting Officers understand whether the BAA or BAP applies to a given acquisition.
- b. *Applicability.* When determining whether to apply BAA or BAP to a given acquisition, the CO in collaboration with the program office must look at (1) what is being acquired, and (2) how the acquisition is being funded and the purpose of the acquisition. ***Note: BAA and BAP do not apply to the acquisition of services but can apply to services involving the furnishing of supplies (i.e. a janitorial services contract that purchases cleaning supplies under the contract).***
- c. *FAA Buy American Preference.* The FAA-specific BAP governs the acquisition of steel and manufactured goods when purchased with specific types of funding or when performing a certain type of function. When any of the following applies, the BAP bars the FAA from obligating funds unless all steel or manufactured goods that are used are manufactured in the United States:
  - (1) The activity is funded with Operations (OPS) funding (49 U.S.C. § 106 (k));
  - (2) The activity is funded under the Airport and Airway Trust Fund (AATF) Authorizations (49 U.S.C. § 481) with the exception of the following activities:
    - (a) §48102(e) Air Traffic Controller Research, §48106 Airway Science Curriculum Grants,
    - (b) §48107 Civil Aviation Security R&D, and
    - (c) §48110 Facilities for advance training of maintenance technicians for air carrier aircraft)
  - (3) The activity is site preparation work associated with acquiring, establishing, or improving an air navigation facility (49 U.S.C. § 44502 (a)(2);
  - (4) The activity is a demonstration project that the Secretary of Transportation considers necessary for research and development activities (49 U.S.C. § 44509);
  - (5) The activity is an Airport Improvement Project (AIP) (AIP Projects are not subject to

AMS authority) (49 U.S.C. § 471 Subchapter I).

d. *Buy American Act*. The BAA governs the acquisition of goods (articles, construction materials, or supplies) valued over the micro-purchase threshold when the following applies:

- (1) The activity is an Investment Infrastructure Jobs Act (IIJA) F&E General Fund Project (Public Law No: 117-58)
- (2) The activity is funded under Airport and Airway Trust Fund Authorizations for Traffic Controller Research (49 U.S.C. §48102(e)), Airway Science Curriculum Grants (49 USC §48106), Civil Aviation Security Research and Development (49 U.S.C. §48107), and Facilities for advance training of maintenance technicians for air carrier aircraft (49 U.S.C. §48110); or
- (3) The activity is for unmanufactured construction material (raw materials) brought to the construction site for incorporation into the building or work;
- (4) The activity is for unmanufactured supplies or goods (raw materials)
- (5) The activity is for Airport Improvement Ground Transportation Demonstration Project (AIP Projects are not subject to AMS authority) (49 U.S.C. § 47127)

e. *Application of FAA BAP vs. BAA Table*. The following table illustrates the applicability of the BAP and the BAA based on statute and type of goods being acquired:

Application of FAA Buy American Preference (49 U.S.C. §50101) vs. Buy American Act (41 U.S.C. §§ 8301-8305)			
Type of Good or Material	Buy American Preference	Buy American Act - Supplies	Buy American Act - Construction Materials
Steel and Manufactured Goods	49 U.S.C. 106(k) - Operations Funded Projects	Investment Infrastructure Jobs Act (IIJA) F&E General Fund Projects	Investment Infrastructure Jobs Act (IIJA) F&E General Fund Projects
	49 U.S.C. §44502(a)2 - site preparation work associated w/air navigation facility appropriated out of Airport and Airway Trust Fund (AATF)	49 U.S.C. §47127 Airport Improvement Ground Transportation Demonstration Projects	49 U.S.C. §47127 Airport Improvement Ground Transportation Demonstration Projects
	49 U.S.C. §44509 - Demonstration Projects	49 U.S.C. §48102(e) Air Airport and Trust Fund Authorizations Traffic Controller Research	49 U.S.C. §48102(e) Air Airport and Trust Fund Authorizations Traffic Controller Research
	49 U.S.C. subchapter I of 471 - Airport Improvement (except §47127 Ground Transportation Demonstration Projects)	49 USC §48106 Airport and Trust Fund Authorizations Airway Science Curriculum Grants	49 USC §48106 Airport and Trust Fund Authorizations Airway Science Curriculum Grants
	49 U.S.C. chapter 481 - Airport and Trust Fund Authorizations (except §48102(e) Air Traffic Controller Research, §48106 Airway Science Curriculum Grants, §48107 Civil Aviation Security R&D, and §48110 Facilities for advance training of maintenance technicians for air carrier aircraft)	49 U.S.C. §48107 Airport and Trust Fund Authorizations Civil Aviation Security R&D	49 U.S.C. §48107 Airport and Trust Fund Authorizations Civil Aviation Security R&D
		49 U.S.C. §48110 Airport and Trust Fund Authorizations Facilities for advance training of maintenance technicians for air carrier aircraft	49 U.S.C. §48110 Airport and Trust Fund Authorizations Facilities for advance training of maintenance technicians for air carrier aircraft
Unmanufactured Good or Supply (Raw Materials)	Not Applicable	Applies for acquisition of unmanufactured goods/supplies or raw materials	Applies for acquisition of unmanufactured construction material or raw materials brought to the construction site for incorporation into the building or work

**Note:** Almost all FAA procurements fall under the authority of BAP, unless specifically

**exempted as described in this section per the authority of 49 USC § 50101, or specifically identified as funded through the General Fund, such as for any 2022 Bipartisan Infrastructure Law projects.**

- f. *Application of Buy American Clauses.* The applicability of the Buy American clauses or provisions to any solicitation or contract is based on the type of funding, purpose of the acquisition, and type of goods/materials being acquired.

*Example:* If a construction project is Ops funded and it also requires the purchase of steel and raw materials such as certain types of wood, the given procurement would be subject to both Buy American Preference – Steel and Manufactured Goods and Buy American Act - Construction Materials provisions or clauses. Since the construction project is Ops funded, any steel or manufactured goods purchased under the contract would be subject to BAP clauses. For certain types of wood (raw material) purchased under the contract, BAA clauses would apply.

For procurements where both BAA and BAP applies, the CO must identify in the contract or order by specific line item which good or material is subject to BAA or BAP as different requirements may apply to those items.

- g. *Trade Agreements.* The FAA is subject to the United States-Mexico-Canada Agreement (USMCA) and the Agreement on Civil Aircraft. See Section 9 Trade Agreements for more information.

(1) *USMCA.* If an FAA acquisition is subject to the USMCA, the FAA must treat goods from Mexico as domestic for purposes of the Buy American Act and the FAA’s Buy American Preference.

(2) *Agreement on Civil Aircraft.*

- (i) If an FAA acquisition is subject to the Agreement on Civil Aircraft, the Buy American Act requirements are waived for any procurement of “civil aircraft and related articles” from a country or instrumentality which is a party to the Agreement on Civil Aircraft, 19 USC 2513.
- (ii) If an FAA acquisition is subject to the Agreement on Civil Aircraft, the FAA’s Buy American Preference requirements are waived for any procurement of “civil aircraft and related articles” from a country or instrumentality which is a party to the Agreement on Civil Aircraft – except, if the acquisition is from Albania, Georgia, or Macao SAR, China, the requirements of the FAA’s Buy American Preference do apply to the acquisition (19 USC 2511).

## **2 FAA Buy American Preference - Steel and Manufactured Goods** Revised 10/2022

- a. *FAA Buy American Preference.* This section implements FAA-specific Buy American preferences at 49 U.S.C § 50101. The CO will not obligate any funds for any project unless steel and manufactured goods used in the project are produced in the United States. See T3.6.4A1.b

and 1.c above, for specific applicability requirements.

b. *Delegation and Exceptions.* The Administrator delegated to the FAA Acquisition Executive (FAE) authority to make findings waiving the provisions of FAA Buy American (49 U.S.C. § 50101) when:

(1) *Public Interest.* Requiring domestically produced steel and manufactured goods is inconsistent with the public interest;

(2) *Non-availability determinations.* Steel and manufactured goods are not produced in the United States in sufficient and reasonably available quantities or of satisfactory quality. After FAE approval of a waiver request based on non-availability, final review and approval of the waiver will be coordinated with the OMB MIAO. For additional Guidance regarding these required reviews and approvals, see the Guidance at T3.6.4A.3.b (3) (c) below; or

(3) *Component Test.* For facilities and equipment (F&E) funded acquisitions under T3.6.4A.1.c (2)-(4), the following component test applies:

(a) The cost of components and subcomponents produced in the United States is more than 60 percent of the cost of all components of the facility or equipment used in the project. Labor costs involved in final assembly will not be included in calculating the cost of components; and

(b) Final assembly of the facility or equipment has taken place in the United States; or

(4) *Project Cost Increase.* Including domestic material will increase the cost of the overall project contract by more than 25 percent.

c. *Waiver Redelelegation.* Except for non-availability waivers as noted above in b (2), the FAE further delegated authority as follows:

(1) The Chief of the Contracting Office (COCO) has authority to make findings waiving FAA Buy American provisions when the cost of including domestic material will increase the cost of the overall project contract by more than 25 percent.

(2) The Contracting Officer has authority to make findings waiving FAA Buy American provisions when the cost of including domestic material will increase the cost of the overall project contract by more than 25 percent for individual contract actions not exceeding \$1,000,000 for supplies and \$100,000 for construction contracts.

The FAE retains authority for waivers based on public interest.

d. *Documentation.* The CO must document all exceptions to the Buy American Preference in the contract file.

e. *Foreign Offers*. There is no restriction against a vendor offering foreign steel or manufactured goods in its proposal. However, FAA may not award to that vendor unless it is pursuant to one of the exceptions listed above.

### 3 Buy American Act - Supplies Revised 4/2023

a. *Applicability*. If a supply is a manufactured good, and the activity does not fall within a category in T3.6.4A.1.c, above, the Buy American Act applies to the purchase of supplies or services involving the furnishing of supplies. With limited exceptions, the Buy American Act expresses a strong preference for acquiring only domestic end products.

b. *General Considerations*.

(1) The Buy American Act statute restricts the purchase of supplies that are not domestic end products.

(2) Domestic end products are:

(a) unmanufactured end products mined or produced in the United States; or

(b) end products manufactured in the United States, if

(i) Except for an end product that consists wholly or predominantly of iron or steel or a combination of both, the cost of domestic components shall exceed 60 percent of the cost of all the components, except that the percentage will be 65 percent for items delivered in calendar years 2024 through 2028 and 75 percent for items delivered starting in calendar year 2029 (unless an alternate percentage is established for a contract in accordance with AMS T3.6.4A.3.b (3)). **The domestic content test of the Buy American statute has been waived for acquisitions of COTS items. Components of unknown origin are treated as foreign. Scrap generated, collected, and prepared for processing in the United States is considered domestic.**

(ii) For an end product that consists wholly or predominantly of iron or steel or a combination of both, the cost of foreign iron and steel must constitute less than 5 percent of the cost of all the components used in the end product. The cost of foreign iron and steel includes but is not limited to the cost of foreign iron or steel mill products (such as bar, billet, slab, wire, plate, or sheet), castings, or forgings utilized in the manufacture of the end product and a good faith estimate of the cost of all foreign iron or steel components excluding COTS fasteners. **This domestic content test of the Buy American statute has not been waived for acquisitions of COTS items in this category, except for COTS fasteners. Iron or steel components of unknown origin are treated as foreign. If the end product contains**

**multiple components, the cost of all the materials used in such end product is calculated in accordance with the definition of "cost of components" in T3.6.4A.6.e.**

- (3) A contract with a period of performance that spans the schedule of the domestic content threshold increases specified in the above definition for “domestic end product” will be required to comply with each increased domestic content threshold for the items in the year of delivery, unless the FAE approves for the application of an alternate domestic content test for that contract under which the domestic content threshold in effect at time of contract award will apply to the entire period of performance for the contract. This authority is not delegable. The FAE will consult with the Office of Management and Budget Made in America Office (MIAO) before allowing the use of the alternate domestic content test. **When the FAE approves for the use of an alternate domestic content test in a contract, use Alternate I to AMS clause 3.6.4-2 “Buy American Act – Supplies”.**

c. *Exceptions.* When one of the following exceptions applies, FAA may acquire a foreign end product without regard to Buy American Act restrictions:

- (1) A supply purchase valued at the micro-purchase threshold or less;
- (2) The Administrator, in a written nondelegable determination, states that preference for a domestic end item is not in the public interest;
- (3) The CO determines that articles, materials, and supplies are:
  - (a) For use outside of the U.S.;
  - (b) Unreasonable in terms of cost (see subsection d. below); or
  - (c) *Non-availability determinations.* End items or components not mined, produced, or manufactured in the U.S. in sufficient and reasonably available commercial quantities and of a satisfactory quality. When a competitive acquisition results in no offers of domestic end products, the end products can be considered unavailable in the U.S. The articles listed in subsection f. below are considered unavailable domestically.
    - (i) Non-availability determinations for end items or components not listed in subsection e. below require additional approval of a waiver determination by the FAA Acquisition Executive (FAE). Waiver determinations requiring FAE approval must include the information specified in the Waiver Requirements – Non-Availability Determinations Template in Procurement Templates. A determination is not required before January 1, 2030 if there is an offer for a foreign end product that exceeds 55 percent domestic content (see paragraph e (3) below).

- (ii) *Approval Process to FAE.* The Template must be reviewed and signed by the following individuals prior to review by the FAE:

Contracting Officer's Representative (COR);  
Executive Level (Program or Service Organization);  
Legal Concurrence;  
Contracting Officer;  
Contracts Division Manager; and  
Chief of the Contracting Office (AAQ-1).

The FAE may request a briefing from the Program or the Service Organization regarding the proposed waiver as part of the review and approval process.

- (iii) After approval of the waiver by the FAE, final review and approval of the waiver will be coordinated with the Office of Management and Budget (OMB) Made in America Office (MIAO). Contracting Officers must post the proposed individual non-availability waiver determination to [MadeinAmerica.gov](https://www.madeinamerica.gov) via [SAM.gov](https://www.sam.gov) for MIAO review unless an exception applies. The Contracting Officer must notify the Office of Communications (AOC-1) prior to posting the waiver to [MadeinAmerica.gov](https://www.madeinamerica.gov) site. The Contracting Officer will not make an award until confirmation is received that MIAO has completed its review of the proposed non-availability waiver determination; MIAO has waived the requirement for a review; or an exception per (vii) below to posting the proposed non-availability determination waiver applies. The agency will make the final determination on whether to grant a waiver.
- (iv) Contracting Officers will post a proposed individual non-availability waiver determination on [MadeinAmerica.gov](https://www.madeinamerica.gov) by going through [SAM.gov](https://www.sam.gov) and inputting the required information into a digital waiver. The digital waiver requires the information in the Waiver Requirements – Non-Availability Determinations Template as well as additional information indicated in the Made in America Digital Waiver Portal User Guide accessible via [SAM.gov](https://www.sam.gov).
- (v) Unless waived, all proposed non-availability waiver determination information posted using the digital waiver will be reviewed by MIAO. Certain information from the non-availability waiver determination will be made available to the public at [MadeinAmerica.gov](https://www.madeinamerica.gov) immediately upon posting the proposed waiver and prior to review by MIAO. The digital waiver and the User Guide identify those fields that will or will not be made public. Contracting Officers will not enter source selection sensitive information or any information that cannot otherwise be made public in any field.
- (vi) MIAO plans to complete most non-availability waiver determination reviews within 3-7 business days but not more than 15 business days



from submission. Waivers for small dollar value transactions (e.g., over the micro-purchase threshold but less than \$25,000) will generally be reviewed rapidly, but waivers for larger or more complex acquisitions or those involving critical supply chains, may take the full 15 business days. Contracting Officers should consider the above timeframes for acquisition planning.

- (vii) *Exceptions.* Contracting Officers are not required to post proposed individual non-availability waiver determinations to MadeinAmerica.gov via SAM.gov prior to waiver determination issuance when-
  - (A) The agency is obligated by law to act more quickly than the review procedures in this section allow – such as where delay in contract award would result in serious injury, financial or other, to the Government (AMS 3.2.2.4), or disaster or emergency contracting (AMS 3.2.1.5). In these instances, Contracting Officers will report such waivers using information found in the digital portal within thirty calendar (30) days of award. MIAO will make relevant information available to the public on MadeinAmerica.gov but will not make a determination on such waivers; or
  - (B) The acquisition is for articles in subsection f determined to be non-available.

(4) The purchase is for information technology that is a commercial item (AMS Policy Appendix C defines commercial item).

d. *Documentation.* The CO must document all exceptions to the Buy American Act in the contract file

e. *Determining Reasonableness of Cost.*

(1) This subsection applies to all acquisition of articles, materials, and supplies not covered by the below paragraph f. "Excepted Articles, Materials, and Supplies." If an offer for a domestic end product is not the low offer, and an offer for a foreign end product is the low offer, the CO must determine the reasonableness of the cost of the domestic offer by adding to the cost of the low foreign offer, inclusive of duty, evaluation percentages as follows:

- (a) 20 percent, if the lowest domestic offer is from a large business concern; or
- (b) 30 percent, if the lowest domestic offer is from a small business concern. The CO must use this factor in small business set-asides if the low offer is from a small business concern not offering a domestic end product.

The increased percentage is for evaluation purposes only in determining best value. It does not affect any vendor's offered price. Examples of best value reasonableness of

cost evaluation scenarios are as follows:

*Example 1.* Lowest domestic offer is from a small business concern. Because a small business is offering a domestic end product, every vendor offering a foreign end product will have the price for the foreign product increased by 30% only for evaluation purposes.

Offeror	Business Size	Domestic End Product	Foreign End Product CLIN	Evaluation Factor	Offer Price	Evaluated Price (including applicable evaluation factor)
A	Large		x	30%	\$100.00	\$130.00
B	Small		x	30%	170.00	221.00
C	Large	x		N/A	200.00	200.00
D	Small	x		N/A	175.00	175.00

The new adjusted prices will be used for evaluation purposes against all other vendors, and not just the vendor offering the domestic end product.

*Example 2.* Small business set-aside, low offer is from a small business concern offering the product of a small business concern that is not a domestic end product.

Offeror	Business Size	Domestic End Product	Foreign End Product of another small business concern CLIN	Evaluation Factor	Offer Price	Evaluated Price (including applicable evaluation factor)
A	Small		x	30%	\$100.00	\$130.00
B	Small	x		N/A	150.00	150.00
C	Small		x	30%	200.00	260.00
D	Small	x		N/A	175.00	175.00

The new adjusted prices will be used for evaluation purposes against all other vendors, and not just the vendor offering the domestic end product.

*Example 3.* Lowest domestic offer is from a large business concern.

Offeror	Business Size	Domestic End Product	Foreign End Product of another small business concern CLIN	Evaluation Factor	Offer Price	Evaluated Price (including applicable evaluation factor)
A	Large		x	20%	\$100.00	\$120.00
B	Large	x		N/A	150.00	150.00
C	Small		x	20%	200.00	240.00
D	Large	x		N/A	175.00	175.00

The new adjusted prices will be used for evaluation purposes against all other vendors, and not just the vendor offering the domestic end product.

(2) The price of the domestic offer is reasonable if it does not exceed the evaluated price of the low foreign offer after addition of the appropriate evaluation factor.

(3) For end products that are not COTS items and do not consist wholly or predominantly of iron or steel or a combination of both, if the procedures in e (1) of this section result in an unreasonable cost determination for the domestic offer or there is no domestic offer received, and the low offer is for a foreign end product that does not exceed 55 percent domestic content, the CO will-

- (a) Treat the lowest offer of foreign end product that is manufactured in the United States and exceeds 55 percent domestic content as a domestic offer; and
- (b) Determine the reasonableness of the cost of this offer by applying the evaluation factors listed in paragraph e (1) of this section to the low offer.

The price of the lowest offer of a foreign end product that exceeds 55 percent domestic content is reasonable if it does not exceed the evaluated price of the low offer after the addition of the appropriate evaluation factor in accordance with paragraph e (1) of this section.

(4) The procedures in paragraph e (3) will no longer apply as of January 1, 2030.

(5) The evaluation factor does not apply to offers of Canadian or Mexican end products, or to civil aircraft and related supplies of countries that are parties to the Agreement on Civil Aircraft. Offers of these products are considered domestic end products for evaluation purposes (see below “Trade Agreements” section).

(6) The CO must apply the evaluation procedures to each line item of an offer unless either the offer or the solicitation specifies evaluation on a group basis. The

evaluated cost of each offer received is adjusted by any applied Buy American Act evaluation factor for each CLIN, as described in this subsection.

(7) After applying the evaluation factor to the cost or price, the CO may determine which offer represents the best value for award purposes.

f. *Excepted Articles, Materials, and Supplies.* The following articles, materials or supplies are not mined, produced, or manufactured in the U.S. in sufficient and reasonably available commercial quantities of a satisfactory quality. These items may be treated as domestic products for purposes of the Buy American Act requirements:

Acetylene, black.	Emetine, bulk.	Petroleum, crude oil, unfinished oils, and finished products.
Agar, bulk.	Ergot, crude.	Pine needle oil.
Anise.	Erythrityl tetranitrate.	Platinum and related group metals, refined, as sponge, powder, ingots, or cast bars.
Antimony, as metal or oxide.	Fair linen, altar.	Pyrethrum flowers.
Asbestos, amosite, chrysotile, and crocidolite.	Fibers of the following types: abaca, abace, agave, coir, flax, jute, jute burlaps, palmyra, and sisal.	Quartz crystals.
Bamboo shoots.	Goat and kidskins.	Quebracho.
Bananas.	Goat hair canvas.	Quinidine.
Bauxite.	Grapefruit sections, canned.	Quinine.
Beef, corned, canned.	Graphite, natural, crystalline, crucible grade.	Rabbit fur felt.
Beef extract.	Hand file sets (Swiss pattern).	Radium salts, source and special nuclear materials.
Bephenium hydroxynapthoate.	Handsewing needles.	Rosettes.
Bismuth.	Hemp yarn.	Rubber, crude and latex.
Books, trade, text, technical, or scientific; newspapers; pamphlets; magazines; periodicals; printed briefs and films; not printed in the United States and for which domestic editions are not available.	Hog bristles for brushes.	Rutile.
Brazil nuts, unroasted	Hyoscine, bulk.	Santonin, crude.
	Ipecac, root.	Secretin.
	Iodine, crude.	Shellac.
		Silk, raw and unmanufactured.

Cadmium, ores and flue dust.	Kaurigum.	Spare and replacement parts for equipment of foreign manufacture, and for which domestic parts are not available.
Calcium cyanamide.	Lac.	Spices and herbs, in bulk.
Capers.	Leather, sheepskin, hair type.	Sugars, raw.
Cashew nuts.	Lavender oil.	Swords and scabbards.
Castor beans and castor oil.	Manganese.	Talc, block, steatite.
Chalk, English.	Menthol, natural bulk.	Tantalum.
Chestnuts.	Mica.	Tapioca flour and cassava.
Chicle.	Microprocessor chips (brought onto a Government construction site as separate units for incorporation into building systems during construction or repair and alteration of real property).	Tartar, crude; tartaric acid and cream of tartar in bulk.
Chrome ore or chromite.	Modacrylic fiber.	Tea in bulk.
Cinchona bark.	Nickel, primary, in ingots, pigs, shots, cathodes, or similar forms; nickel oxide and nickel salts.	Thread, metallic (gold).
Cobalt, in cathodes, rondelles, or other primary ore and metal forms.	Nitroguanidine (also known as picrite).	Thyme oil.
Cocoa beans.	Nux vomica, crude.	Tin in bars, blocks, and pigs.
Coconut and coconut meat, unsweetened, in shredded, desiccated, or similarly prepared form.	Oiticica oil.	Tripolidine hydrochloride.
Coffee, raw or green bean.	Olive oil.	Tungsten.
Colchicine alkaloid, raw.	Olives (green), pitted or unpitted, or stuffed, in bulk.	Vanilla beans.
Copra.	Opium, crude.	Venom, cobra.
Cork, wood or bark and waste.	Oranges, mandarin, canned.	Water chestnuts.
Cover glass, microscope slide.		Wax, carnauba.
Crane rail (85-pound per foot).		Wire glass.
Cryolite, natural.		Woods; logs, veneer, and lumber of the following species: Alaskan yellow cedar, angelique, balsa, ekki, greenheart, lignum vitae, mahogany, and teak.
		Yarn, 50 Denier rayon.

Dammar gum.		
Diamonds, industrial, stones and abrasives.		

#### 4 Buy American Act - Construction Materials Revised 4/2023

a. If a construction material is a manufactured good, and the activity does not fall within a category in T3.6.4A.1.c above, the BAA applies to the purchase of the construction material. Similarly, the construction material may be a raw material, which is also subject to the Buy American Act. The Buy American Act requires that only domestic materials be used in construction, alteration, or repair in the United States.

##### b. *General Considerations.*

(1) The Buy American Act restricts the purchase of construction materials that are not domestic construction material.

(2) “Domestic construction materials” are

(a) unmanufactured construction materials mined or produced in the United States, or

(b) construction materials manufactured in the United States, if

(i) Except for construction material that consists wholly or predominantly of iron or steel or a combination of both, the cost of domestic components must exceed 60 percent of the cost of all the components, except that the percentage will be 65 percent for items delivered in calendar years 2024 through 2028 and 75 percent for items delivered starting in calendar year 2029 (unless an alternate percentage is established for a contract in accordance with AMS T3.6.4A.4.b (3)). **The domestic content test of the Buy American statute has been waived for acquisitions of COTS items. Components of unknown origin are treated as foreign.**

(ii) For construction material that consists wholly or predominantly of iron or steel or a combination of both, a construction material manufactured in the United States if the cost of foreign iron and steel constitutes less than 5 percent of the cost of all the components used in such construction material. The cost of foreign iron and steel includes but is not limited to the cost of foreign iron or steel mill products (such as bar, billet, slab, wire, plate, or sheet), castings, or forgings utilized in the manufacture of the construction material and a good faith estimate of the cost of all foreign iron or steel components excluding COTS fasteners. **This domestic content test of the Buy American statute has not been waived for acquisitions of COTS items in this category, except for**

**COTS fasteners. Iron or steel components of unknown origin are treated as foreign. If the construction material contains multiple components, the cost of all the materials used in such construction material is calculated in accordance with the definition of “cost of components” in T3.6.4A.6.e.**

- (3) A contract with a period of performance that spans the schedule of domestic content threshold increases specified in the above definition will be required to comply with each increased domestic content threshold for the items in the year of delivery, unless the FAE allows for the application of an alternate domestic content test for that contract under which the domestic content threshold in effect at time of contract award will apply to the entire period of performance for the contract. This authority is not delegable. The FAE will consult with the Office of Management and Budget Made in America Office (MIAO) before allowing the use of the alternate domestic content test. **When the FAE allows for the use of an alternate domestic content test in a contract, use Alternate I to AMS clause 3.6.4-3 “Buy American Act – Construction Materials”.**

c. *Exceptions.* The FAA may acquire foreign construction material without regard to Buy American Act restrictions when one of the following exceptions applies:

- (1) A construction material purchase valued at the micro-purchase threshold or less.
- (2) The Administrator, in written nondelegable determination, states either that it is impracticable to use a particular domestic construction material, or that applying the Buy American Act to a construction material is not in the public interest;
- (3) When the CO determines the construction material:
  - (a) Is unreasonable in terms of cost. Unreasonable cost is when the cost of domestic construction material exceeds the cost of foreign construction material by more than 20 percent, unless the Administrator determines a higher percentage to be appropriate (see Executive Order 10582); or
  - (b) *Non-availability determinations.* The construction material is not mined, produced, or manufactured in the U.S. in sufficient and reasonably available commercial quantities of a satisfactory quality. Contractors may also request to use foreign construction material in the contract on these grounds. The contractor must fully document and substantiate the request according to AMS clause 3.6.4-3 "Buy American Act - Construction Materials." The CO will approve or disapprove the contractor's request. If the CO approves the contractor's request, additional approval by the FAE is required. After approval of the waiver by the FAE, final review and approval of the waiver will be coordinated with the OMB MIAO. For additional Guidance regarding these required reviews and approvals, see the Guidance at T3.6.4A.3 c (3)(c) above.
- (4) For construction contracts with an estimated acquisition value of \$12,001,460 or more, Mexican construction materials may be treated as domestic for purposes of Buy American Act restrictions, pursuant to the USMCA Implementation Act.

(5) The Buy American Act restrictions do not apply to information technology that is a commercial item.

*d. Evaluating Offers of Foreign Construction Material*

(1) Unless the Administrator specifies a higher percentage, the contracting officer will add to the offered price 20 percent of the cost of any foreign construction material proposed for exception from the requirements of the Buy American statute based on the unreasonable cost of domestic construction materials. In the case of a tie, the contracting officer will give preference to an offer that does not include foreign construction material excepted at the request of the offeror on the basis of unreasonable cost.

(2) For construction material that is not a COTS item and does not consist wholly or predominantly of iron or steel or a combination of both, if the procedures in paragraph d (1) of this section result in an unreasonable cost determination for the domestic construction material offer or there is no domestic construction material offer received, and the low offer is for foreign construction material that does not exceed 55 percent domestic content, the contracting officer will—

(a) Treat the lowest offer of foreign construction material that is manufactured in the United States and exceeds 55 percent domestic content as a domestic offer; and

(b) Determine the reasonableness of the cost of this offer by applying the evaluation factor listed in paragraph d (1) of this section to the low offer.

(3) The procedures in paragraph d (2) of this section will no longer apply as of January 1, 2030.

*e. Documentation for Exception.* The CO must document the basis for all exceptions taken in the contract file.

*f. Excepted Material.* The CO should list excepted materials in the contract. Documentation justifying the exception will be made available for public inspection.

*g. Alternate Offers.* Offerors may submit alternate offers based on use of equivalent domestic construction material to avoid possible rejection of the entire offer, if the Government determines that an exception permitting use of a particular foreign construction material does not apply.

## **5 Buy American – Contract Compliance** Revised 10/2022

*a. Applicability.* This Section applies to the administration of all contracts subject to the Buy American Act or the FAA Buy American Preference as indicated in the preceding sections.

*b. AMS Buy American SIR Provisions and Contract Clauses.* COs are responsible for including provisions and/or clauses in the SIR or contract depending upon whether the Buy American Act or FAA Buy American Preference applies. COs may rely on an offeror's



certification of end product origin when evaluating a foreign offer.

c. *Noncompliance.* The CO must obtain Buy American certifications of end product origin from the offerors per the applicable Buy American SIR provisions or contract clauses. The CO may rely on an Offeror's certification when evaluating an Offeror. If the CO suspects non-compliance with Buy America requirements, the CO must investigate and request additional information to include but not limited to contractor certifications, bills of lading, invoices, or the items delivered under the contract to verify compliance.

d. The CO must notify the contractor of the apparent unauthorized use of foreign end products, foreign construction material, or foreign steel or manufactured goods and request a reply, including proposed corrective action. If an investigation reveals a contractor or subcontractor used such foreign items without authorization, the CO must take appropriate action, including one or more of the following:

(1) Process a determination of inapplicability of the Buy American Act or FAA Buy American Preference, as applicable. Such a determination will be documented in the contract file;

(2) Consider requiring removal and replacement of the unauthorized foreign items by the contractor;

(3) If removal and replacement of such foreign items incorporated in a building, system, or work would be impracticable, cause undue delay, or otherwise be detrimental to the Government's interests, the CO may determine in writing that the foreign items need not be removed and replaced. The determination to retain the foreign items does not constitute a determination that an exception to the Buy American Act or FAA Buy American Preference applies, and this will be stated in the determination. The determination to retain foreign items does not affect the Government's right to suspend or debar a contractor, subcontractor, or supplier for violating of the Buy American Act or FAA Buy American Preference, or to exercise other contractual rights and remedies, such as reducing the contract price or terminating the contract for default; or

(4) If the noncompliance is sufficiently serious, the CO should consider exercising appropriate contractual remedies, such as terminating the contract for default, or consider preparing and forwarding a report for suspension or debarment, including findings and supporting evidence. If the noncompliance appears to be fraudulent, the CO should refer the matter to other appropriate agency officials for criminal investigation.

e. *Waiver Requests.* If during contract performance, the contractor requests a waiver for the use of a foreign end product, foreign construction material, or foreign steel or manufactured goods, the waiver request will be processed based on the applicable Guidance section above and the applicable contract clause. All waivers must be documented in the contract file as indicated in the Contract File Checklist.

## **6 Definitions** Revised 1/2023

a. "*Civil aircraft and related articles*" means (a) all aircraft other than aircraft to be purchased

for use by the Department of Defense or the U.S. Coast Guard; (b) the engines (and parts and components for incorporation into the engines) of these aircraft; (c) any other parts, components, and subassemblies for incorporation into the aircraft; and (d) any ground flight simulators, and parts and components of these simulators, for use with respect to the aircraft, whether to be used as original or replacement equipment in the manufacture, repair, maintenance, rebuilding, modification, or conversion of the aircraft and without regard to whether the aircraft or articles receive duty-free treatment under section 601(a)(2) of the Trade Agreements Act of 1979.

b. "*Components*" means those articles, materials, and supplies incorporated directly into the end products, or in the case of construction those articles, materials, and supplies incorporated directly into construction materials.

c. "*Construction*" means construction, alteration, or repair of buildings, structures, or other real property (see AMS T3.8.7A.1).

d. "*Construction Materials*" means an article, material, or supply brought to the construction site for incorporation into the building or work. "*Construction Materials*" also includes an item brought to the site pre-assembled from articles, materials, and supplies. However, emergency life safety systems, such as emergency lighting, fire alarm, and audio evacuation systems, which are discrete systems incorporated into a public building or work and which are produced as a complete system, shall be evaluated as a single and distinct construction material regardless of when or how the individual parts or components of such systems are delivered to the construction site.

e. "*Cost of components*" means-

(1) For components purchased by the contractor, the acquisition cost, including transportation costs to the place of incorporation into the end product or construction material (whether or not such costs are paid to a domestic firm), and any applicable duty (whether or not a duty-free entry certificate is issued); or

(2) For components manufactured by the contractor, all costs associated with the manufacture of the component, including transportation costs as described in paragraph (1) of this definition, plus allocable overhead costs, but excluding profit. Cost of components does not include any costs associated with the manufacture of the end product.

f. "*Critical component*" means a component that is mined, produced, or manufactured in the United States and deemed critical to the U.S. supply chain.

g. "*Critical item*" means a domestic construction material or domestic end product that is deemed critical to the U.S. supply chain.

h. "*Customs territory of the United States*," as it applies to customs and duties, means the States, the District of Columbia, and Puerto Rico.

i. "*Domestic construction material*" see definition in T3.6.4A.4 (b) (1) above.

- j. *"Domestic end product"* see definition in T3.6.4A.3 (b) (1) above.
- k. *"Domestic offer"* means an offered price for a domestic end product, including transportation to destination.
- l. *"Domestic services"* means services performed in the United States. If services provided under a single contract are performed both inside 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.
- m. *"End product"* means those articles, materials, and supplies to be acquired for public use under the contract.
- n. *"Final assembly"* is a process whereby assembly is meaningful and complex utilizing a substantial amount of time and resources, a number of different assembly operations, and a high level of skilled labor.
- o. *"Foreign construction material"* means a construction material other than a domestic construction material.
- p. *"Foreign contractor"* means a contractor or subcontractor organized or existing under the laws of a country other than the United States, its territories, or possessions.
- q. *"Foreign end product"* means an end product other than a domestic end product.
- r. *"Foreign offer"* means an offered price for a foreign end product, including transportation to destination and duty (whether or not a duty-free entry certificate is issued).
- s. *"Foreign services"* means services other than domestic services.
- t. *"Instrumentality"* does not include an agency or division of the government of a country, but may be construed to include arrangements such as the European Union.
- u. *"Manufactured good"* as it applies to "Buy American-Steel and Manufactured Goods" means an item produced as a result of the manufacturing process.
- v. *"Manufacturing process"* as it applies to "Buy American-Steel and Manufactured Goods" means the application of processes to alter the form or function of materials or of elements of the product in a manner adding value and transforming those materials or elements so that they represent a new end product functionally different from that which would result from mere assembly of the elements or materials.
- w. *"Mexican end product"* means an article that (a) is wholly the growth, product, or manufacture of Mexico, or (b) in the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed in Mexico into a new and different article of commerce with a name, character, or use distinct from, that of the article or articles from which it was transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the

end product includes services (except transportation services) incidental to its supply; provided, that the value of those incidental services does not exceed that of the product itself.

x. "*Person*" (1) Means-(i) A natural person;(ii) A corporation, business association, partnership, society, trust, financial institution, insurer, underwriter, guarantor, and any other business organization, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and (iii) Any successor to any entity described in paragraph (1)(ii) of this definition; and (2) Does not include a government or governmental entity that is not operating as a business enterprise.

y. "*Petroleum terms*"

1. "*Crude oil*" means crude petroleum, as it is produced at the wellhead, and liquids (under atmospheric conditions) that have been recovered from mixtures of hydrocarbons that existed in a vaporous phase in a reservoir and that are not natural gas products.

2. "*Finished products*" means any one or more of the following petroleum oils, or a mixture or combination of these oils, to be used without further processing except blending by mechanical means:

(a) "*Asphalt*"-- a solid or semi-solid cementitious material that (1) gradually liquefies when heated, (2) has bitumens as its predominating constituents, and (3) is obtained in refining crude oil.

(b) "*Fuel oil*"--a liquid or liquefiable petroleum product burned for lighting or for the generation of heat or power and derived directly or indirectly from crude oil, such as kerosene, range oil, distillate fuel oils, gas oil, diesel fuel, topped crude oil, or residues.

(c) "*Gasoline*"--a refined petroleum distillate that, by its composition, is suitable for use as a carburant in internal combustion engines.

(d) "*Jet fuel*"--a refined petroleum distillate used to fuel jet propulsion engines.

(e) "*Liquefied gases*"--hydrocarbon gases recovered from natural gas or produced from petroleum refining and kept under pressure to maintain a liquid state at ambient temperatures.

(f) "*Lubricating oil*"--a refined petroleum distillate or specially treated petroleum residue used to lessen friction between surfaces.

(g) "*Naphtha*"--a refined petroleum distillate falling within a distillation range overlapping the higher gasoline and the lower kerosenes.

(h) "*Natural gas products*"--liquids (under atmospheric conditions), including natural gasoline, that:

(1) Are recovered by a process of absorption, adsorption,

compression, refrigeration, cycling, or a combination of these processes, from mixtures of hydrocarbons that existed in a vaporous phase in a reservoir, and

(2) When recovered and without processing in a refinery, definitions of products contained in subdivision (b), (c), (d), and (g) of this definition.

(i) *"Residual fuel oil"*--a topped crude oil or viscous residuum that, as obtained in refining or after blending with other fuel oil, meets or is the equivalent of Military Specification MIL-F-859 for Navy Special Fuel Oil and any more viscous fuel oil, such as No. 5 or Bunker C.

3. *"Unfinished oils"* means one or more of the petroleum oils listed under the definition of finished oils, or a mixture or combination of these oils, that are to be further processed other than by blending by mechanical means.

z. *"Predominantly of iron or steel or a combination of both"* means that the cost of the iron and steel content exceeds 50 percent of the total cost of all its components. The cost of iron and steel is the cost of the iron or steel mill products (such as bar, billet, slab, wire, plate, or sheet), castings, or forgings utilized in the manufacture of the product and a good faith estimate of the cost of iron or steel components excluding COTS fasteners.

aa. *"Sanctioned European Union (EU) construction"* means construction to be performed in a sanctioned member state of the EU and the contract is awarded by a contracting activity located in the United States or its territories.

bb. *"Sanctioned EU end product"* means an article that (a) is wholly the growth product or manufacture of a sanctioned member state of the EU or (b) in the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed into a new and different article of commerce with a name, character or use distinct from that from which it was so transformed in a sanctioned member state of the EU. The term includes services (except transportation services) incidental to its supply; provided, that the value of these incidental services does not exceed that of the product itself. It does not include service contracts as such.

cc. *"Sanctioned EU services"* means services to be performed in a sanctioned member state of the EU when the contract is awarded by a contracting activity located in the United States or its territories.

dd. *"Sanctioned member state of the EU"* means Austria, Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, Sweden, and the United Kingdom.

ee. *"United States"* as it relates to the Buy American Act or the Balance of Payments Program means the United States, its possessions, Puerto Rico, and any other place subject to its jurisdiction, but does not include leased bases or trust territories.

## **7 Balance of Payments Program** Revised 4/2022

a. The Balance of Payments Program is applicable to contracts for supplies, services, or construction for use *outside* the United States, and provides for the use of excess or near-excess foreign currency. The Balance of Payments Program restrictions have been waived under certain circumstances under the United States-Mexico-Canada Agreement (USMCA) Implementation Act.

b. *Acquiring Foreign End Products.* The FAA may acquire foreign end products or services for use outside the U.S. if any of the following conditions is met:

(1) The CO determines that a requirement can only be filled by a foreign end product or service, and that it is not feasible to forgo filling it or to provide a domestic substitute;

(2) The acquisition is for perishable subsistence items, ice, books, utilities, communications, and other materials or services that, by their nature or as a practical matter, can only be acquired or performed in the country concerned and a U.S. Government capability does not exist;

(3) The acquisition of foreign end products or services is required by a treaty or executive agreement between governments;

(4) Petroleum supplies and their by-products are required;

(5) The end products or services are paid for with excess or near-excess foreign currencies;

(6) The end products or services are mined, produced, or manufactured in Panama and are required by and for the use of United States Forces in Panama; or

c. *Documentation.* The CO should briefly document the file if an exception to the Balance of Payments Program is applied.

d. *Construction Material.* Contracts will require use of domestic construction materials for construction, repair, or maintenance of real property outside the United States, except when the cost of these materials (including transportation and handling costs) exceeds the cost of foreign construction materials by more than 50 percent. A differential greater than 50 percent may be used when specifically authorized by the CO.

e. *Procedures.*

(1) Screening Information Requests (SIRs) should specifically identify articles, materials, supplies, and services that are excepted from the Balance of Payments Program. When quotations are obtained orally, vendors should be informed that only domestic end products or services will be acceptable, except for those items that have been excepted or when the price for the foreign end products or services meets the evaluation criteria.

(2) For purposes of evaluation, each foreign offer will be adjusted by increasing it 50 percent. If this adjustment results in a tie between a foreign offer as evaluated and a domestic offer, the domestic offer should be considered the successful offer. When

this procedure results in the acquisition of foreign end products or services, the CO may conclude that acquisition of domestic end products or services is unreasonable in cost or inconsistent with the public interest.

*f. Foreign Excess Currency Program*

(1) DOT/M-60 distributes Office of Management and Budget (OMB) bulletins on excess currencies held by the U.S. for certain countries. The Department of the Treasury, Office of the Assistant Secretary for International Affairs, Office of Development Policy also provides other information that may be relevant.

(2) The CO may use excess and near-excess foreign currencies whenever feasible in payment of contracts over \$1 million performed wholly or partly in any of the countries listed in the bulletins referenced in paragraph (1) above. Therefore, the CO should ascertain if the countries where work will be performed are listed for excess currency because the CO may make award, in some cases, to an offeror willing to accept payment, in whole or part, in excess or near-excess foreign currency, even though the offer, when compared to offers in United States dollars, is not the lowest received. Price differentials may be funded from excess or near-excess foreign currencies available without charge to FAA appropriations, subject to OMB Circular No. A-20, May 21, 1966.

(3) Before issuing SIRs for work to be performed wholly or partly in countries listed in the bulletins referenced in paragraph (1) above, the CO should obtain a determination from the FAA budget officials as to the feasibility of using excess or near-excess foreign currency.

(4) The CO should address the probability of using excess or near-excess foreign currency in the SIRs as follows:

- (a) Require that offers be stated in U.S. dollars;
- (b) Request that offers also be stated, in whole or in part, in excess or near-excess foreign currency; and
- (c) Reserve the right to make the award to the responsive offeror
  - (i) that is willing to accept payment, in whole or in part, in excess or near-excess foreign currency, and
  - (ii) whose offer is most advantageous to the FAA, even though the total price may be higher than offers in U.S. dollars.

**8 Payment in Local Foreign Currency** Revised 4/2022

a. The FAA will pay local foreign contractors in local currency when FAA contracts are entered into and performed outside the U.S. unless an international agreement provides for payment in U.S. dollars or the contracting officer determines the use of local currency to be inequitable or inappropriate.

b. When the local currency increases in value in relation to the dollar, a violation of the Anti- Deficiency Act (31 U.S.C. 665) could occur. To avoid this possibility, the FAA should ensure the availability of adequate dollar appropriations to purchase local currency needed to make payments against the contract.

## 9 Trade Agreements Revised 4/2022

a. FAA acquisitions are subject to the following trade-related acts:

(1) The United States-Mexico-Canada Agreement, (USMCA) as approved by Congress in the United States- Mexico-Canada Agreement Implementation Act (Government Procurement Agreement Applicable only to the United States and Mexico) (Pub. L. 116-113) (19 U.S.C. chapter 29 (sections 4501-4732)); and

(2) The Agreement on Civil Aircraft which involves aircraft and related supplies from countries participating in the Agreement.

b. FAA acquisitions are *not* subject to the following trade-related acts:

TITLE	REFERENCE
United States-Bahrain Free Trade Agreement Implementation Act	P.L. 109-169
The Caribbean Basin Trade Initiative (CBTI) under the Caribbean Basin Economic Recovery Act (Note: Except for Panama)	19 U.S.C. 2701
The Dominican Republic-Central America-United States Free Trade Agreement Implementation Act	P.L. 109-53
The least developed country designation made by the U.S. Trade Representative, pursuant to the Trade Agreements Act	19 U.S.C. 2511(b)(4)
United States- Australia Free Trade Agreement Implementation Act	P.L. 108-286
United States-Chile Free Trade Agreement Implementation Act	P.L. 108-77
United States-Colombia Trade Promotion Agreement Implementation Act	P.L. 112-42
United States-Israel Free Trade Area Implementation Act	19 U.S.C. 2112
United States-Korea Free Trade Agreement Implementation Act	P.L. 112-41
United States-Morocco Free Trade Agreement Implementation Act	P.L. 108-302
United States – Oman Free Trade Agreement Implementation Act	P.L. 109-283



United States-Panama Trade Promotion Agreement Implementation Act	P.L. 112-43
United States-Peru Trade Promotion Agreement Implementation Act	P.L. 110-138
United States-Singapore Free Trade Agreement Implementation Act	P.L. 108-78

*c. United States- Mexico- Canada Agreement (USMCA).*

(1) As required by the USMCA Implementation Act, the CO will evaluate offers of the following USMCA country end products without regard to the restrictions of the Buy American Act, FAA Buy American Preference, or the Balance of Payments Program as follows:

(a) Mexican country construction materials under construction contracts with an estimated acquisition value equal to or exceeding \$12,001,460.

(b) Mexican end products under supply contracts with an estimated value equal to or exceeding \$92,319.

(c) Mexican end products under service contracts with an estimated value equal to or exceeding \$92,319.

(2) To determine whether USMCA applies to the acquisition of products by lease, rental, or lease-purchase contract (including lease-to-ownership, or lease-with- option-to purchase), the CO should calculate the estimated acquisition value as follows:

(a) If a fixed-term contract of 12 months or less is contemplated, use the total estimated value of the acquisition.

(b) If a fixed-term contract of more than 12 months is contemplated, use the total estimated value of the acquisition plus the estimated residual value of the leased equipment at the conclusion of the contemplated term of the contract.

(c) If an indefinite-term contract is contemplated, use the estimated monthly payment multiplied by 48.

(d) If there is any doubt as to the contemplated term of the contract, use the estimated monthly payment multiplied by 48.

(e) If a contemplated acquisition includes an option clause, when calculating the threshold for application of USMCA provisions include the value of all options.

*d. Civil Aircraft and Related Articles.* The Buy American Act and FAA Buy American

Preference do not apply to acquiring civil aircraft and related articles of countries or instrumentalities that are parties to the Agreement on Civil Aircraft pursuant to a waiver from the U.S. Trade Representative, on February 19, 1980 (45FR 12349, February 25, 1980). The current list of countries and instrumentalities that are parties to the agreement are on the U.S. Trade Representative website.

The FAA's Buy American Preference does not apply to acquiring civil aircraft and related articles of countries or instrumentalities that are parties to the Agreement on Civil Aircraft—except, that if the acquisition is from Albania, Georgia, or Macao SAR, China, the requirements of the requirements of the FAA's Buy American Preference do apply to the acquisition (19 USC 2511).

An article is a product of a country or instrumentality when:

- (1) It is wholly the growth, product, or manufacture of that country or instrumentality; or
- (2) In the case of an article that consists in whole or in part of materials from another country or instrumentality, it has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed.

e. This section "Trade Agreements" does not apply to:

- (1) Purchases below an applicable dollar threshold cited in a trade agreement;
- (2) Purchases under small or small disadvantaged business programs, unless the source of the purchase under the small or small disadvantage business program is a large business subcontractor.
- (3) Purchases indispensable for national security or for national defense purposes, subject to policies established by the U.S. Trade Representative.
- (4) Research and development contracts;
- (5) Purchases of items for resale;
- (6) Purchases from Federal Prison Industries, Inc. and nonprofit agencies employing people who are blind or severely disabled.

## **10 Restrictions on Certain Foreign Purchases** Revised 4/2022

a. Except as authorized by the Office of Foreign Assets Control (OFAC) in the Department of the Treasury, the FAA and its contractors and subcontractors must not acquire any supplies or services if any proclamation, Executive order, or statute administered by OFAC, or if OFAC'S implementing regulations at 31 CFR Chapter V, would prohibit such a transaction by a person subject to the jurisdiction of the United States.

b. Except as authorized by OFAC, most transactions involving Cuba, Iran, and Sudan are prohibited, as are most imports from North Korea into the United States or its outlying areas. In addition, lists of entities and individuals subject to economic sanctions are included online in OFAC's List of Specially Designated Nationals and Blocked Persons. More information about these restrictions, as well as updates, is available in OFAC's regulations at 31 CFR Chapter V and/or on OFAC's website.

c. Questions concerning the restrictions for foreign purchases may be addressed to:

Department of the Treasury  
Office of Foreign Assets Control  
Washington, DC 20220  
(202) 622-2490

## **11 Prohibition on Contracting with Entities that Engage in Certain Activities or Transactions Relating to Iran** Revised 7/2023

a. *Certification.*

(1) As required by the Iran Sanctions Act of 1996 and the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, and Titles II and III of the Iran Threat Reduction and Syria Human Rights Act of 2012 unless an exception applies or a waiver is granted according to paragraph (c) or (d) of this section, each offeror must certify that the offeror, and any other entity owned or controlled by or person controlled by the offeror, does not engage in any activity for which sanctions may be imposed under section 5 of the Iran Sanctions Act. Such activities, which are described under section 5 of the Iran Sanctions Act relate to the energy sector of Iran and the development by Iran of weapons of mass destruction or other military capabilities.

(2) As required in section 6(b)(1)(B) of the Iran Sanctions Act, unless an exception applies or a waiver is granted in accordance with paragraphs (c) or (d) of this section, each offeror must certify that the offeror, and any other entity owned or controlled by or person controlled by the offeror, does not knowingly engage in a transaction exceeding the micro-purchase threshold with Iran's Revolutionary Guard Corps or any of its officials, agents, affiliates, the property and interests in property of which are blocked in accordance with the International Emergency Economic Powers Act (see the Department of the Treasury's Office of Foreign Assets Control's (OFAC's) Specially Designated Nationals and Blocked Persons List on their website).

b. *Remedies.* Upon determining a false certification under paragraph (a) of this section, FAA will take one or more of the following actions:

(1) The CO may terminate the contract.

(2) The suspending official may suspend the contractor according to the procedures in AMS Suspensions Procurement Guidance.

(3) The debarring official may debar the contractor for a period of at least two years according to the procedures in AMS Debarment Procurement Guidance.

c. *Exception for trade agreements.* The certification requirements of paragraph (a) of this section do not apply to procuring eligible products, as defined in the USMCA Implementation Act (Pub. L. 116-113) (19 U.S.C. chapter 29 (sections 4501-4732))) or the Agreement on Civil Aircraft (see AMS Trade Agreements Procurement Guidance).

d. *Waiver.*

(1) The President may waive the requirement for certification on a case-by-case basis if the President determines and certifies in writing to the appropriate congressional committees (Committee on Armed Services of the Senate, Committee on Finance of the Senate, Committee on Banking, Housing, and Urban Affairs of the Senate, Committee on Foreign Relations of the Senate, Committee on Armed Services of the House of Representatives, Committee on Ways and Means of the House of Representatives, Committee on Financial Services of the House of Representatives, and Committee on Foreign Services of the House of Representatives) that it is in the national interest to do so.

(2) If FAA or a contractor seeks a waiver of the requirement, it must submit the request through the Office of Federal Procurement Policy (OFPP), allowing sufficient time for review and approval. Upon receipt of the waiver request, OFPP will consult with the President's National Security Council, the Office of Terrorism and Financial Intelligence in the Department of the Treasury, and the Office of Terrorism Finance and Economic Sanctions Policy, Bureau of Economic, Energy, and Business Affairs in the State Department, allowing sufficient time for review and approval.

(3) In general, all waiver requests should include the following information:

(a) Agency name, complete mailing address, and point of contact name, telephone number, and email address.

(b) Offeror's name, complete mailing address, and point of contact name.

(c) Description/nature of product or service.

(d) The total cost and length of the contract.

(e) Justification with market research demonstrating that no other offeror can provide the product or service and stating why the product or service must be procured from this offeror, as well as why it is in the national interest for the President to waive the prohibition on contracting with this offeror that-

(i) Conducts activities for which sanctions may be imposed under section 5 of the Iran Sanctions Act of 1996; or

(ii) Exports sensitive technology to the government of Iran or any entities or individuals owned or controlled by, or acting on behalf of or at the direction of the government of Iran.

(iii) Engages in any transactions with Iran's Revolutionary Guard Corps as described in a (2) above. In addition to the requirements of d (3) above, the justification for such transactions must address why a waiver is essential to the security interests of the United States.

(f) Documentation regarding this offeror's past performance and integrity (see the Past Performance Information Retrieval System and any other relevant information).

(g) Information regarding the offeror's relationship or connection with other firms that conduct activities as specified under subparagraph d (3) (e) above.

(h) The activities in which the offeror is engaged as specified in subparagraph d. (3) (e) above.

*e. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, Section 106.*

The head of an executive agency may not enter into or extend a contract for the procurement of goods and services with a person that exports certain sensitive technology to Iran, as determined by the President and listed on the System for Award Management (SAM).

## **12 Customs and Duties** Revised 1/2023

Except as provided elsewhere in the Customs Regulations (see 19 CFR 10.100), all shipments of imported supplies purchased under Government contracts are subject to the usual Customs entry and examination requirements.

## **13 International Agreements and Coordination** Revised 4/2022

a. Treaties and agreements between the United States. and foreign governments affect contracting within foreign countries. The CO should determine the existence and applicability of any international agreement to contracts being planned or processed, and ensure compliance with these agreements.

b. When applicable, the CO should conduct the necessary advance acquisition planning and coordination between the appropriate United States executive agencies and foreign interests as required by these agreements.

c. Many international agreements are compiled in the "United States Treaties and Other International Agreements" series published by the Department of State. Copies of this publication are normally available in overseas legal offices and United States diplomatic missions.

d. All contracts with Taiwanese firms or organizations must be awarded through the American Institute of Taiwan (AIT). AIT is under contract to the Department of State.

#### **14 Examination of Records by Comptroller General** Revised 4/2022

a. The CO should, whenever possible, include the clause "Audit and Records" in negotiated contracts with foreign contractors.

b. *Exceptions.* The clause may be omitted from contracts with foreign contractors in the following instances (authority cited for the HOA is not delegable):

(1) HOA, with concurrence of the Comptroller General, or designee, determines that the omission will serve the best interests of the U.S.; or

(2) The contractor or subcontractor is a foreign government or agency thereof or is precluded by the laws of the country involved from making its books, document, papers, or records available for examination and the HOA determines, after taking into account the price and availability of the property or services from the U.S. sources, that the public interest would be best served by the omission of the clause.

c. *Congressional Notification.* When the CO does not include clause "Audit and Records," the CO will prepare and forward a determination to DOT/M-60 for inclusion in a report to Congress explaining why the omission of the clause will serve the interest of the United States. The determination should:

(1) Identify the contract and its purpose, and whether it is a contract with a foreign contractor or with a foreign government or agency thereof;

(2) Describe the efforts to include the clause;

(3) When applicable, state the reasons for the contractor's refusal to include the clause;

(4) Describe the price and availability of the property or services from the United States and other sources; and

(5) Determine that it will serve the interest of the United States to omit the clause.

#### **15 Inconsistency Between English Version and Translation of Contract** Revised 4/2022

When translation of a contract from English into another language is anticipated, the CO should include a statement indicating that the English meaning will control in the event of an inconsistency between the translated and English terms.

#### **16 Export Control** Revised 4/2022

- a. All FAA employees, contractors and other agents working in support of the FAA must be familiar with export control requirements and seek appropriate guidance before transferring or disclosing items, services, or information to a foreign entity or foreign national, and must comply with U.S. export control requirements.
- b. *Foreign Nationals.* In addition to being subject to AMS Personnel Security Guidance, the use of foreign nationals on a contract may be considered an export and thus require a successful export control review to be conducted prior to the foreign national working on the contract.
- c. *Export Control Review Process.* Before transferring or disclosing items, services or information to a foreign entity or foreign national, the following process must be followed consistent with FAA Order 1240.13 and the FAA Export Control Compliance-Supplemental Guidance (“Supplemental Guidance”) found at [https://my.faa.gov/content/dam/myfaa/org/staffoffices/apl/offices/api/media/Export\\_Control\\_Guidance.pdf](https://my.faa.gov/content/dam/myfaa/org/staffoffices/apl/offices/api/media/Export_Control_Guidance.pdf) (**FAA Only**). The export control review effort is a team effort between the Contracting Officers, FAA Lines of Business (LOBs)/program offices, and AGC-500. Depending on the foreign party (e.g. Government entity vs. private corporation), different types of contract vehicles (e.g. international agreement vs. contract) may be required and the transaction itself may fall under different FAA offices (e.g., ATO International). If there is a question as to the appropriate vehicle for the transaction with a foreign entity, contact the LOB international staff or the Office of International Affairs (API).

(1) *Initial Determination.*

Consistent with FAA Order 1240.13 and the Supplemental Guidance Key Questions, the COR must initially determine if the item, services or information to be provided under the contract or Other Transaction (OT) Agreement is export controlled. Examples of export controlled items include FAA equipment, parts and maintenance services delivered outside the United States even for FAA purposes. It also includes giving or sending items such as documents, CDs, key fobs, thumb drives, etc., to a foreign entity or foreign national.

If the item, services, or information is initially determined to be export controlled, then a formal Export Control Review is required. The Export Control Review process is set forth in detail in the Supplemental Guidance. This review involves the following:

- (a) Completing the Export Control Workbook (“Workbook”) with all required information, including the Export Control Classification Number (found at [www.bis.doc.gov](http://www.bis.doc.gov)). When completing the Workbook, be as detailed as possible. A Workbook should be completed for each export control review. The Workbook is available at <https://my.faa.gov/org/staffoffices/apl/offices/api.html> (**FAA only**).

(b) Emailing the completed Export Control Workbook to AGC-500 at <mailto:9-AWA-AGC-Exports@faa.gov>. In the email subject line, write: “[Country Name] Export Control [Item Description]” (e.g. Bermuda Export Control Mode-S).

(c) When the Export Control Review is completed, AGC-500 will provide an email from the export control mailbox stating whether the transaction is “Export Eligible.”

(i) If the transaction is “Export Eligible” or “Not Controlled” then it may proceed (e.g., the documentation may be released at an industry day, for a vendor visit, or with a SIR; or a particular foreign national may work on the contract).

(ii) If the transaction is “Not Export Eligible,” or if an export license is required, then AGC-500 and the procurement team must discuss the issue before taking further action.

(2) *Name Checking.*

Name checking is an important part of the export control review process because some foreign nationals and entities are on what are commonly known as “prohibited persons lists.” People and entities on these lists are prohibited from receiving exports.

Instructions for completing a name check are included in the Workbook. Full name, organization and citizenship information is required to complete the name check against the Consolidated Screening List at [https://2016.export.gov/ecr/eg\\_main\\_023148.asp](https://2016.export.gov/ecr/eg_main_023148.asp).

Because of a slightly different focus between the two lists, checking the System for Award Management (SAM) “Exclusions” list cannot substitute for checking the Consolidated Screening List. Each list must be checked at the appropriate time for each acquisition.

(3) *Documentation.*

Completed Export Control Workbooks and export eligibility determinations from AGC-500 must be retained in the contract file, either in hard copy or electronically.

(4) *Responsibilities.*

(a) *Contracting Officer.*



- (i) Identifying potential export control issues during acquisition planning activities, SIR/contract issuance, and contract administration;
- (ii) Checking foreign nationals identified in the- Workbook against the Consolidated Screening List to determine if recipients of the export controlled items are on the lists of prohibited persons/entities, and documenting the results of the name check and the date the check was conducted.
- (iii) Ensuring that appropriate export clauses are included in contracts and OT agreements either performed abroad, by foreign nationals, or involving deliveries to foreign locations.
- (iv) Ensuring that all required security reviews, initial export control determinations and any required export control reviews are performed for foreign nationals working on FAA contracts and OT Agreements.
- (v) Supporting CFIUS Reviews, as requested.
- (vi) Supporting AGC-500 during the export review process.

(b) *COR/Program Office.*

- (i) Identifying/anticipating export control issues in program activities, including, but not limited to, acquisition planning, contract administration, program industry days, and meeting with foreign entities and foreign nationals.
- (ii) Answering Supplemental Guidance Key Questions, make the initial export control review determination, and advise the Contracting Officer of such determination and its basis in writing.
- (iii) Supporting the Contracting Officer with respect to any export control issues that arise and relaying potential export controlled activities identified to the Contracting Officer.
- (iv) Completing the Workbook, including identifying the Export Control Classification Numbers (ECCN) and recipients.
- (v) Supporting CFIUS Reviews, as requested.
- (vi) Supporting AGC-500 during the Export Control Review process.

(c) *AGC-500.*

AGC-500 is responsible for conducting the export control review once a completed Export Control Workbook is submitted to the Export Control Mailbox,

and providing an export eligibility determination to the CO.

d. *Committee on Foreign Investment in the United States Review (CFIUS).*

(1) *CFIUS Background.*

CFIUS is an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person (“covered transaction”) in order to determine the effect of such transactions on the national security of the United States. CFIUS operates pursuant to section 721 of the Defense Production Act of 1950, as amended by the Foreign Investment and National Security Act of 2007 (FINSIA) (section 721) and as implemented by Executive Order 11858, as amended, and regulations at 31 C.F.R. Part 800.

CFIUS issues arise when a non-U.S. company seeks to buy or merge with a U.S. company. CFIUS examines the covered transaction in order to identify and address, as appropriate, any national security concerns that arise as a result of the transaction. During the review period, CFIUS members, through the Department of the Treasury as Committee Chair, may request additional information on related FAA contracts.

(2) *CFIUS Review Responsibilities.*

(a) Contracting Officers: Contracting Officers are responsible for identifying all contracts (and any subcontract) that the FAA has with the U.S. business involved in the covered transaction that is subject to the CFIUS review and for identifying/producing any contract provisions affecting contractor roles access or duties.

(b) Contracting Officer’s Representative: The COR is responsible for identifying the contractor’s duties and data, software, systems, equipment, etc., that the contractor has delivered or has continuing access to and helping determine whether this could affect national security.

e. *Foreign Visitors.* Certain types of visits by foreign nationals to FAA facilities, and meetings with FAA personnel, regardless of the location, are subject to export control requirements. In particular, visits or meetings involving the demonstration of technology and/or software, and visits or meetings that involve the release of source code or other technical documentation to foreign nationals may require a review of the Supplemental Guidance Key Questions. Cognizant FAA LOBs and Staff Offices are responsible for ensuring that all information to be shared with foreign nationals during visits or meetings with the FAA has been reviewed. FAA Order 1600.74 Visitor Procedures for FAA Facilities contains guidelines for the conduct of visits by foreign nationals to FAA facilities.

- f. *Foreign Travel.* See FAA International Travel Policy and FAA Order 1600.61B International Travel Security Briefing & Contact Reporting Requirements for FAA Employees and Contractors.
- g. *Definitions.*

Note: These definitions are applicable to the export control review process only.

**Business Process:** Any explanation of the management, operational, and supporting processes that the FAA conducts to accomplish its mission. Examples of business processes include, but are not limited to, the following: how to create a flight procedure, how to redesign airspace, how to certify aircraft parts, how to conduct Safety Risk Management reviews, how to mobilize disaster relief efforts, and organizational charts with roles and responsibilities. Business process information is not export-controlled.

**Consolidated Screening List:** A list of entities and individuals for which the USG maintains restrictions on certain financial transactions, exports, re-exports or transfers of items, services or information.

**Country of Concern:** Countries subject to sanctions or embargoes, or countries that condone terrorist-supporting activities (e.g., Cuba, Iran, North Korea, Sudan, Syria). The EAR identifies countries of concern as “Country Group E” and lists them in the EAR at 15 CFR 740, Supplement 1. The U.S. Departments of State and Treasury track a broader list for countries of concern subject to their regulations. Transactions with countries of concern receive a higher degree of scrutiny and usually require a transaction-specific license. See the Additional Resources section of the Supplemental Guidance for more detail.

**Export:** Any item, service or information that is sent from the United States to a foreign destination is an export. Export means taking or sending an item, service or information out of the United States even if the item (e.g., test equipment) will be returned to the United States. Export also means giving an item, service or information to a foreign national or entity who might take it out of the United States. Items include commodities, software or technology, and technical data. Services include the furnishing of assistance (including training, design, maintenance, testing, installation, enhancement or use of item(s)) to a foreign national or entity whether in the United States or abroad. The release of technology or source code to a foreign national in the United States is “deemed” to be an export to the home country of the foreign national under the EAR.

For a definition of information, see Technical Data/Documentation.

**Export Administration Regulations (EAR):** U.S. Department of Commerce regulations for the export and re-export of most commercial items. The EAR does not control all items, services or information. Other U.S. government agencies may regulate other items

not controlled by the EAR.

**Export-Controlled:** Items, services or information subject to U.S. export control requirements.

**Export Control Classification Number (ECCN):** A U.S. Department of Commerce alpha-numeric export code, e.g., 5A991, which describes the item, service or information being exported and indicates licensing requirements. All ECCNs are listed in the Commerce Control List (CCL) and can usually be obtained from a hardware/software manufacturer.

**Export Control Review:** An FAA process, including a legal review and a name check of foreign nationals and entities against the U.S. Government Consolidated Screening List, to determine whether a potential transaction is eligible for export.

**Export Control Workbook:** An FAA document that includes worksheets for equipment/hardware, software, and training, as well as contact information for API and/or FAA Line of Business (LOB) Points of Contact, and country information, and which highlights potential areas of concern and informs AGC-500 that foreign nationals involved in the transaction have been checked against the Consolidated Screening List. A completed Workbook is required for all export control reviews.

**Note:** In accordance with the Paperwork Reduction Act, the export control review process and Workbook have been established for the Government to complete. The Export Control Workbook is for internal FAA use and must be completed by FAA employees, contractors and other agents working in support of the Agency.

**Export Eligible:** A legal determination that the intended transaction would be a lawful export. The determination is based on an identification of an export code, whether a transaction-specific license is required, and a confirmation that the person(s) and organization(s) to which the export is being made are not identified on the list(s) of known or suspected export violators.

**Foreign Entity:** Any organization, corporation or government agency located, incorporated or organized to do business in a country other than the United States. Foreign entities also include foreign branches, subsidiaries, and affiliates of U.S. companies, as well as other U.S. entities located in foreign countries.

**Foreign National:** A non-U.S. citizen. Holders of U.S. green cards and those with permanent residency in the United States are not considered foreign nationals for export control purposes.

**International Traffic in Arms Regulations (ITAR):** Regulations that control the export and import of defense articles and defense services. The U.S. Department of State is responsible for the administration of the ITAR.

**Name Check:** A process that includes a review of foreign nationals and organizations involved in an international transaction against the Consolidated Screening List. The name check is part of the Export Control Workbook, which must be completed for all export control reviews.

**Publicly Available/Public Domain:** Information is publicly available or in the public domain when it is generally accessible to the interested public in any form. Examples of items that are publicly available include: Web Page Documents, Performance Specifications, and Business Process Information. Information that is publicly available or that exists in the public domain, with the exception of encryption software, is not export-controlled. Information related to commercial space transportation may be subject to ITAR and treated differently even if publicly available; consult the designated LOB Point of Contact or AGC-500.

**Technical Data/Documentation:** Information, other than software or items posted on public websites, which is required for the design, development, prototyping, production, manufacture, assembly, use, testing, maintenance (inspection, overhaul, repair, preservation, and replacement of parts), rebuild, preventative maintenance, enhancement or modification of NAS systems, mission support systems, administrative systems, aircraft, or commercial space or launch systems. Training courses often involve the transfer of technical data. Examples of documentation include Maintenance Handbooks, Interface Control Documents, test plans, test procedures, schematics, configuration documents, software developers' kits, etc., regardless of medium or storage format. Characteristics of technical data include materials that usually are proprietary or sensitive. Most technical data is export-controlled.

**Transaction:** The transfer or disclosure of items, services or information to a foreign entity or foreign national. Transactions may also include allowing foreign nationals to visit FAA facilities or work on FAA contracts.

## B Clauses

[view contract clauses](#)

## C Procurement Forms Revised 1/2022

Document Name

## D Procurement Samples Added 1/2022

Document Name

**E Procurement Templates** *Added 1/2022*

Document Name
Waiver Requirements – Non-availability Determinations

**F Procurement Tools and Resources** *Added 1/2022*

Document Name