## **17.109 Contract clauses.**

(a) The *contracting officer shall* insert the clause at <u>52.217-2</u>, Cancellation Under Multi-year Contracts, in *solicitations* and contracts when a multi-year contract is contemplated.

(b) *Economic price adjustment clauses*. Economic price adjustment clauses are adaptable to multiyear *contracting* needs. When the period of production is likely to warrant a labor and material costs contingency in the contract price, the *contracting officer should* normally use an economic price adjustment clause (see <u>16.203</u>). When *contracting* for services, the *contracting officer*-

(1) *Shall* add the clause at <u>52.222-43</u>, Fair Labor Standards Act and Service Contract Labor Standards- Price Adjustment (Multiple Year and *Option* Contracts), when the contract includes the clause at <u>52.222-41</u>, Service Contract Labor Standards;

(2) May modify the clause at <u>52.222-43</u> in overseas contracts when laws, regulations, or international agreements require contractors to pay higher wage rates; or

(3) *May* use an economic price adjustment clause authorized by <u>16.203</u>, when potential fluctuations require coverage and are not included in cost contingencies provided for by the clause at <u>52.222-43</u>.

Parent topic: Subpart 17.1 - Multi-year Contracting