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**US Army Corps
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Middle East District
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Balance of Payments Program

What is the Balance of Payments Program? The Balance of Payments Program is a set of United States Government regulations that place limitations on the countries from which contractors may purchase construction materials used in USACE construction projects overseas.

How does it apply? The Balance of Payments Program applies to construction materials for use in USACE construction contracts performed outside of the United States, including those performed under Foreign Military Sales (FMS) contracts.

Where can contractors purchase materials?

- Discrete construction materials valued at less than the simplified acquisition threshold (SAT) defined in the Federal Acquisition Regulation (FAR)—currently \$250,000 USD but subject to change—are not subject to the Balance of Payments Program restrictions on country of origin. However:
 1. the restrictions on certain foreign procurements included in the contract still apply (see, for example, FAR 52.225-13); and
 2. all materials, regardless of cost, must meet the quality standards and specifications required by the contract.
- For contract actions with an estimated value greater than the SAT but less than \$7,008,000 USD, contractors may purchase only domestic (United States) construction material. The exception for materials under the SAT, above, still applies. The applicable contract clause is Defense Federal Acquisition Regulation Supplement (DFARS) 252.225-7044. The term “domestic construction material” is a complicated term. Please read the definition in DFARS 252.225-7044 carefully.
- For contract actions with an estimated value greater than the current Trade Agreements Threshold (currently \$7,008,000), contractors may purchase domestic (United States) materials and/or materials from any designated country identified in DFARS 252.225-7045. Only three countries in the Arabian Gulf Region and Central Asia (Afghanistan, Bahrain, and Yemen) are designated countries. The definitions of “domestic construction material” and “designated country construction material” (and related definitions) are quite complicated; please read the definitions in DFARS 252.225-7045 carefully. The exception for materials under the SAT, above, still applies.

How can other construction material be exempted? During the solicitation process, the Contracting Officer may exempt additional materials from the scope of the Balance of Payments Program. This means that contractors can acquire materials exempted by the Contracting Officer in the same manner as materials under the SAT, as described above. Contractors are encouraged to carefully read the Balance of Payments Program clause and inform the Contracting Officer, as early as possible in an acquisition, of any construction materials that they believe should be exempted and why they believe an exemption is necessary.