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US Army Corps of Engineers®

Middle East District
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Prohibited Sources

What are "prohibited sources" in U.S. Government contracts?

U.S. Government contracts prohibit transactions with certain governments, corporations, or individuals subject to economic sanctions or embargoes. The U.S. Government uses sanctions and embargoes as one of many tools to achieve foreign policy objectives, by preventing economic support to regimes that violate national or international norms.

What restrictions are imposed on U.S. Government contractors?

Government contractors are prohibited from providing products or materials that originated in, or are sourced from, prohibited countries.

Government contractors are prohibited from providing products or materials transshipped through a prohibited country. Transshipment occurs when goods are transferred from one means of transport to another (i.e., unloaded from a plane on to a ship). Specific rules apply to transshipment, and transshipment may change the country of origin of materials.

In some cases, Government contractors are prohibited from having any dealings or engaging in specific types of transactions in prohibited countries, or with prohibited companies or individuals, even if those dealings or transactions have no relationship to a government contract.

What is the legal authority for these restrictions?

FAR 52.225-13, Restrictions on Certain Foreign Purchases, restricts most transactions involving Cuba, Iran, and Sudan, and most imports from Burma and North Korea.

These limitations must be included by the prime contractor in all subcontracts. Other, more specific restrictions may also be included in the solicitation and awarded contract.

What certification requirements apply to U.S. Government contractors?

Currently, a Government contractor is required to certify in its proposals that it has not engaged in certain kinds of transactions in relation to Iran and in all but limited categories of transactions in relation to Sudan.

Where would a contractor look for lists of the individuals and companies subject to sanctions?

The Office of Foreign Assets Control (OFAC), Department of the Treasury, maintains the list of "Specially Designated Nationals." The list can be viewed at: <https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>

Can a contractor expect prohibited sources to remain the same through the life of a contract?

No. New categories of sanctions and embargoes may be created at any time. New individuals and companies, and even certain categories of transactions with specified countries, are added frequently. Updates can be found at: <https://www.treasury.gov/about/organization-al-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>

Are there other restrictions?

There may be additional restrictions in the contract. Offerors must review the contract closely.

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