

LABOR SURPLUS AREA SUBCONTRACTING PROGRAM (1-79)

(a) The Seller agrees to establish and conduct a program that will encourage labor surplus area concerns to compete for subcontracts within their capabilities. In this connection, the Seller shall--

(1) Designate a liaison officer who will (i) maintain liaison with duly authorized representatives of the Company and the Government on labor surplus area matters, (ii) supervise compliance with the Utilization of Labor Surplus Area Concerns clause, and (iii) administer the Seller's "Labor Surplus Area Subcontracting Program";

(2) Provide adequate and timely consideration of the potentialities of labor surplus area concerns in all "make-or-buy" decisions;

(3) Assure that labor surplus area concerns will have an adequate opportunity to compete for subcontracts, particularly by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation of labor surplus area concerns;

(4) Maintain records showing procedures that have been adopted to comply with the policies set forth in this clause. Records maintained pursuant to this clause will be kept available for review by the Company and the Government until the expiration of one year after the award of this subcontract, or for such longer period as may be required by any other clause of this subcontract or by applicable law or regulations;

(5) Include the Utilization of Labor Surplus Area Concerns clause in subcontracts that offer substantial labor surplus area subcontracting opportunities.

(b) (1) The term "labor surplus area" means a geographical area identified by the Department of Labor as an area of concentrated unemployment or underemployment or an area of labor surplus.

(2) The term "concern located in a labor surplus area" means a labor surplus area concern.

(3) The term "labor surplus area concern" means a concern that, together with its first-tier subcontractors, will perform substantially in labor surplus areas.

(4) The term "perform substantially in labor surplus areas" means that the costs incurred on account of manufacturing, production, or appropriate services in labor surplus areas exceed 50 percent of the contract price.

(c) The Seller further agrees to insert, in any subcontract hereunder which may exceed \$500,000 and which contains the Utilization of Labor Surplus Area Concerns clause, provisions which shall conform substantially to the language of this clause, including this paragraph (c), and to notify the company of the names of such subcontractors.