

- b) Defence Contract Administration Services Regions (DCASR).

Each organization and its responsibilities are discussed separately.

2.2 U.S. Military Procuring Activities

Purchasing Contracting Officers (PCO) at purchasing offices can enter into contracts for supplies and services on behalf of the U.S. government by formal advertising (IFBs), by negotiation (RFPs), or by co-ordinated or interdepartmental procurement.

Each military agency has its own procedure for calling up the duty-free entry clause in the prime contract. Some agencies include the complete text of the clause but most refer to the clause only under Section "L" General Provisions of the solicitation or contract.

Although DFARS 252.225-7008 is automatically included in most prime contracts, sometimes it is inadvertently omitted. Or, the DoD PCO may omit it because a contractor did not mention the possibility of purchasing supplies from Canada. Advise your U.S. customer that, during its precontractual negotiations with the U.S. military procurement agency, it must inform the DoD PCO of the possibility of buying from Canada, and should ask the PCO to include the duty-free entry clause in the prime contract. U.S. customers cannot lose a bid or be penalized for buying supplies from Canada.

Canadian suppliers of the U.S. purchaser often know the prime contract number of the end item in which the supplies will be incorporated. Ask the U.S. customer to verify that the Canadian duty-free entry clause is in the prime contract.

2.3 U.S. Defense Contract Administration Services Region (DCASR), New York

Usually, DCASR administers U.S. DoD contracts for procuring agencies. There are DCASR offices across the United States. Regional offices are divided into district, area and plant offices. Contracts are normally assigned to a Contract Administration Office (CAO) which has an area of responsibility that includes the contractor's facility. Administrative Contract Officers (ACO) assigned to a CAO administer contracts.

DCASR, N.Y., is the U.S. government agency responsible for certifying that Canadian supplies are eligible for duty-free entry. DCASR, N.Y., completes the duty-free entry certificate only after the CAO notifies it that the prime contract includes DFARS 252.225-7008, and after a U.S. District Director of Customs or U.S. customs broker notifies it of a defence shipment. DCASR, N.Y. then sends completed copies of customs forms 7501 and 7501A (Consumption Entry) to the District Director of Customs or the U.S. customs broker.

If the CAO does not notify DCASR, N.Y. that duty-free entry is authorized, DCASR, N.Y. rejects the request. Verifying whether a prime contract includes the duty-free entry clause can take several weeks.

If the U.S. government prime contract does not contain a duty-free provision, the shipment is not entitled to duty-free entry. All appropriate duties will apply.

2.4 U.S. Defense Prime Contractor or First- or Lower-Tier Subcontractors

U.S. defense prime contractors or first- or lower-tier subcontractors must notify the CAO in writing when they award contracts to Canadian firms for supplies (including raw materials, components and intermediate assemblies) used in an end item eligible for duty-free entry. This notice must identify the Canadian supplier, the prime contract number, the scheduled delivery date(s), and the value of the contract.

Often U.S. customers are not familiar with this procedure and need advice or assistance. You may wish to send a draft copy of the notification to your customer. A sample notification is in Appendix C.

U.S. contractors must include the DFARS 252.225-7008 duty-free clause and the prime contract number in all subcontracts issued to U.S. vendors for supplies valued at more than \$2 500 so that all first- or lower-tier subcontractors can determine if they can buy duty-free items from Canadian firms. The U.S. subcontractor must also include the U.S. DoD prime contract number on any purchase order given to a Canadian firm.

2.5 Contract Administration Office (CAO)

When the contractor notifies the CAO that Canadian supplies have been purchased, the CAO verifies that the prime contract number includes the duty-free entry clause. The CAO then notifies DCASR, N.Y. in writing of the prime contract number, the contract's expected completion date and its value, and confirms that it calls up DFARS 252.225-7008.

2.6 U.S. Customs Service

When a defence shipment arrives at the port of entry with properly completed shipping documents, Sections 10.101, 10.102 and 10.104 of U.S. Customs Regulations allows Customs to immediately release emergency purchases imported by U.S. government agencies. U.S. Customs or the broker then sends the necessary documents to DCASR, N.Y. and in writing, asks that agency to provide a consumption entry for the shipment. If shipping documents are not completed correctly, the consignee, consignor or a designated representative, such as a customs broker, must prepare and file the necessary customs entries, arrange for the payment of duties and get the goods released from Customs.