

## 17.109 Contract clauses.

(a) The *contracting officer shall* insert the clause at [52.217-2](#), 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 multi-year *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 [16.203](#)). When *contracting* for services, the *contracting officer-*

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

(2) *May* modify the clause at [52.222-43](#) 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 [16.203](#), when potential fluctuations require coverage and are not included in cost contingencies provided for by the clause at [52.222-43](#).

**Parent topic:** [Subpart 17.1 - Multi-year Contracting](#)