

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](#)