

Authority: 40 U.S.C. 486(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

2. Section 25.401 is amended by revising the definitions "Caribbean Basin country" and "Designated country" to read as follows:

25.401 Definitions.

* * * * *

Caribbean Basin country, as used in this subpart, means a country designated by the President as a beneficiary under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2701, *et seq.*) and listed as follows:

Antigua and Barbuda
Aruba
Bahamas
Barbados
Belize
British Virgin Islands
Costa Rica
Dominica
Dominican Republic
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Montserrat
Netherlands Antilles
Nicaragua
Panama
St. Kitts and Nevis
St. Lucia
St. Vincent and the Grenadines
Trinidad and Tobago

* * * * *

Designated country, as used in this subpart, means a country or instrumentality designated under the Trade Agreements Act of 1979 and listed as follows:

Aruba
Austria
Bangladesh
Belgium
Benin
Bhutan
Botswana
Burkina Faso
Burundi
Canada
Cape Verde
Central African Republic
Chad
Comoros
Denmark
Djibouti
Equatorial Guinea
Finland
France
Gambia
Germany
Greece
Guinea

Guinea-Bissau
Haiti
Ireland
Israel
Italy
Japan
Kiribati
Lesotho
Liechtenstein
Luxembourg
Malawi
Maldives
Mali
Mozambique
Nepal
Netherlands
Niger
Norway
Portugal
Republic of Korea
Rwanda
Sao Tome and Principe
Sierra Leone
Singapore
Somalia
Spain
Sweden
Switzerland
Tanzania U.R.
Togo
Tuvalu
Uganda
United Kingdom
Vanuatu
Western Samoa
Yemen

[FR Doc. 96-33213 Filed 12-31-96; 8:45 am]

BILLING CODE 6820-EP-P

48 CFR Part 25

[FAC 90-45; FAR Case 96-020; Item X]

RIN 9000-AH49

**Federal Acquisition Regulation;
Caribbean Basin Country End
Products—Renewal of Treatment as
Eligible**

AGENCIES: Department of Defense (DOD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Final rule.

SUMMARY: The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council have amended the Federal Acquisition Regulation (FAR) to implement the extension by the U.S. Trade Representative of the date of eligibility under the Trade Agreements Act for products of Caribbean Basin countries. This regulatory action was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993, and is not a major rule under 5 U.S.C. 804.

EFFECTIVE DATE: January 1, 1997.

FOR FURTHER INFORMATION CONTACT: Mr. Paul L. Linfield at (202) 501-1757 in reference to this FAR case. For general information, contact the FAR Secretariat, Room 4037, GS Building, Washington, DC 20405, (202) 501-4755. Please cite FAC 90-45, FAR case 96-020.

SUPPLEMENTARY INFORMATION:

A. Background

FAR 25.404(b) provides that products of Caribbean Basin countries which are eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act shall be treated as eligible products under the Trade Agreements Act. This final rule extends the eligibility date from September 30, 1996, to September 30, 1997, except that for products of Panama, the date is extended through September 30, 1998, in accordance with the notice published by the U.S. Trade Representative on September 30, 1996 (61 FR 51134).

B. Regulatory Flexibility Act

The final rule does not constitute a significant FAR revision within the meaning of FAR 1.501 and Public Law 98-577, and publication for public comments is not required. However, comments from small entities concerning the affected FAR subpart will be considered in accordance with 5 U.S.C. 610. Such comments must be submitted separately and cite 5 U.S.C. 601, *et seq.* (FAC 90-45, FAR case 96-020), in correspondence.

C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the changes to the FAR do not impose recordkeeping or information collection requirements, or collections of information from offerors, contractors, or members of the public which require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

List of Subjects in 48 CFR Part 25

Government procurement.

Dated: December 24, 1996.

Edward C. Loeb,
Director, Federal Acquisition Policy Division.

Therefore, 48 CFR Part 25 is amended as set forth below:

PART 25—FOREIGN ACQUISITION

1. The authority citation for 48 CFR Part 25 continues to read as follows:

Authority: 40 U.S.C. 486(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

2. Section 25.402(b) is revised to read as follows:

25.402 Policy.

* * * * *

(b) The U.S. Trade Representative has determined that in order to promote further economic recovery of the Caribbean Basin countries (as defined in 25.401), products originating in those countries which are eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act shall be treated as eligible products for the purposes of this subpart. Except for products of Panama, this determination is effective until September 30, 1997. For products of Panama, this determination is effective until September 30, 1998. These dates may be extended by the U.S. Trade Representative by means of a notice in the Federal Register.

* * * * *

[FR Doc. 96-33214 Filed 12-31-96; 8:45 am]

BILLING CODE 6820-EP-P

48 CFR Part 31

[FAC 90-45; FAR Case 96-325; Item XI]

RIN 9000-AH50

Federal Acquisition Regulation; Compensation of Certain Contractor Personnel

AGENCIES: Department of Defense (DOD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Interim rule with request for comment.

SUMMARY: The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council have agreed to an interim rule amending the Federal Acquisition Regulation (FAR) to implement Section 809 of the Fiscal Year 1997 National Defense Authorization Act (Pub. L. 104-201) by placing a Governmentwide ceiling on allowable compensation costs for contractor personnel in senior management positions under contracts that are awarded during fiscal year 1997. This regulatory action was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993, and is not a major rule under 5 U.S.C. 804.

DATES: *Effective Date:* January 1, 1997.

Comment Date: Comments should be submitted to the FAR Secretariat at the address shown below on or before March 3, 1997 to be considered in the formulation of a final rule.

ADDRESSES: Interested parties should submit written comments to: General Services Administration, FAR

Secretariat (VRS), -18th & F Streets, NW, Room 4035, Attn: Ms. Beverly Fayson, Washington, DC 20405. Please cite FAC 90-45, FAR case 96-325 in all correspondence related to this case.

FOR FURTHER INFORMATION CONTACT: Mr. Ralph DeStefano at (202) 501-1758 in reference to this FAR case. For general information, contact the FAR Secretariat, Room 4037, GS Building, Washington, DC 20405 (202) 501-4755. Please cite FAC 90-45, FAR case 96-325.

SUPPLEMENTARY INFORMATION:**A. Background**

Section 809 of the Fiscal Year 1997 National Defense Authorization Act (Pub. L. 104-201) limits, during fiscal year 1997, allowable compensation costs to \$250,000 per year for contractor personnel in senior management positions. Section 809 defines "compensation" as the total amount of wages and elective deferrals for the year concerned, as these terms are defined in Sections 3401(a) and 402(g)(3), respectively, of the Internal Revenue Code of 1986. Section 809 also limits the application of the compensation ceiling to an "officer" of a company "who is determined to be in a senior management position as established by regulation." The interim rule defines an "officer in a senior management position" as the contractor's Chief Executive Officer (CEO), or any individual acting in a similar capacity, and the contractor's four most highly compensated officers in senior management positions, other than the CEO. This definition is consistent with the standard employed by the United States Securities and Exchange Commission (SEC) in its executive compensation disclosure rules. The SEC requires that publicly traded companies disclose to their stockholders the compensation of the CEO (or any individual acting in a similar capacity) as well as that of their four most highly paid senior executive officers, other than the CEO, who earn more than \$100,000 per year in salary and bonus.

The interim FAR rule adds a new requirement at 31.205-6(p) to implement the statutory ceiling on allowable compensation costs for officers in senior management positions. This restriction applies to contracts awarded during fiscal year 1997, for compensation costs of certain contractor personnel that are incurred during fiscal year 1997, and that are in excess of \$250,000 per year. This restriction also applies to the five most highly compensated individuals in senior management positions at intermediate

home offices and/or segments if a contractor is organizationally subdivided into such units.

B. Regulatory Flexibility Act

The interim rule is not expected to have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because most contracts awarded to small entities use simplified acquisition procedures or are awarded on a competitive, fixed-price basis, and do not require application of the cost principle contained in this rule. In addition, this rule is limited to businesses that incur costs prior to October 1, 1997, under contracts awarded during fiscal year 1997, for compensation in excess of \$250,000 per year for an officer in a senior management position. An Initial Regulatory Flexibility Analysis has, therefore, not been performed. Comments are invited from small businesses and other interested parties. Comments from small entities concerning the affected FAR subpart also will be considered in accordance with 5 U.S.C. 610. Such comments must be submitted separately and cite 5 U.S.C. 601, *et seq.* (FAR Case 96-325), in correspondence.

C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the changes to the FAR do not impose recordkeeping or information collection requirements, or collections of information from offerors, contractors, or members of the public which require the approval of OMB under 44 U.S.C. 3501, *et seq.*

D. Determination to Issue an Interim Rule

A determination has been made under the authority of the Secretary of Defense (DOD), the Administrator of General Services (GSA), and the Administrator of the National Aeronautics and Space Administration (NASA) that urgent and compelling reasons exist to promulgate this interim rule without prior opportunity for public comment. This action is necessary to ensure that contracting activities become aware of the statutory ceiling on allowable compensation costs for certain contractor personnel when forward pricing contracts to be awarded during fiscal year 1997. This rule implements Section 809 of the Fiscal Year 1997 National Defense Authorization Act (Pub. L. 104-201) and applies to Governmentwide contracts awarded during fiscal year 1997. However, pursuant to Public Law 98-577 and FAR