

Agency for International Development

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by the borrower/grantee no later than the terminal date specified in the implementing document.

(b) *Letter of commitment to a bank.* Prescribed documents shall be presented by the bank to USAID and shall cover:

(1) Payments or negotiations made under letters of credit expiring no later than the expiration date stated in the letter of commitment, or

(2) Payments to a supplier, the approved applicant, or, at the request of an approved applicant, to a person other than the supplier, made no later than such expiration date.

(c) *Direct letter of commitment to supplier.* Documents prescribed for payment under a direct letter of commitment to a supplier shall be presented by the supplier to USAID no later than the expiration date stated therein. Such documents must evidence shipment no later than the terminal shipment date provided in the direct letter of commitment.

Subpart G—Price Provisions

§ 201.60 Purpose and applicability of this subpart.

This subpart prescribes rules relating to prices, discounts, commissions, credits, allowances, and other payments. These rules shall be observed in the procurement of commodities and commodity-related services financed under this part. The rules implement and supplement the requirements of the Act relating to prices in such procurement. The general purpose of these rules is to assure the prudent use of USAID funds.

(a) *Statutory price limitations.* (1) Section 604(a) of the Act provides *inter alia* that funds made available under this Act may be used for procurement outside the United States only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(2) Section 604(b) of the Act provides that no funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price pre-

vailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(b) *Transactions covered.* The rules and conditions prescribed by this subpart apply to all USAID-financed transactions subject to this regulation, whether or not the commodities are purchased in bulk.

(c) *Compliance.* Compliance with this subpart G and with any additional price requirement contained in the implementing document shall be a condition to the financing by USAID of procurement transactions under this part. Post-audit of transactions will be made by USAID to determine whether there has been such compliance.

§ 201.61 Meaning of terms in this subpart.

(a) *Class of purchaser* means any group of purchasers which is separately identifiable and which is distinguishable from other purchasers on the basis of quantity purchased, distribution function or established trade practice.

(b) *Commission.* See § 201.01(h).

(c) *Comparable domestic sale* means any comparable sale not in export transactions.

(d) *Comparable export sale* means any comparable sale in export transactions.

(e) *Comparable sale* means any sale of or bona fide offer to sell the same commodity, or (in the absence of such a sale or offer to sell) any sale of or offer to sell a similar commodity which, with respect to the quantity, quality, grade, period of delivery, supply area, terms of sale, or class of purchaser, either:

(1) Is not sufficiently different from the sale being tested to result customarily in a price different from the price in the sale being tested; or

(2) Can be related to the sale being tested through application of a customary price differential. A sale which is otherwise comparable to another sale is not rendered noncomparable by virtue of its being made out of a free port or bonded warehouse. The fact that a sale is made out of a free port or bonded warehouse shall not cause that

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sale to differ from otherwise comparable sales with respect to terms of sale, supply area, or period of delivery.

(f) The *date the purchase price is fixed* means the date on which the parties agree on the price. If, however, the parties establish the price as of any other date which is subsequent to the date of such agreement and not later than the date of delivery, the term means such other date regardless of whether it precedes, coincides with or follows the legally effective date of the purchase contract.

(g) *Export differential* means the customary difference in price, if any, between domestic sales and otherwise comparable export sales.

(h) *Period of delivery* means the length of time between the date the purchase price is fixed or the date of the purchase contract, whichever is later, and the date by which delivery is to be completed.

(i) *Producer* means any person who grows, mines, manufactures, processes, or assembles a commodity in the form in which it is exported.

(j) *Purchase price* means the total amount which the purchaser agrees to pay or make available to or for the benefit of the supplier (including any person or organization designated by the supplier to receive such payment) for any commodity or commodity-related service which is wholly or partly financed by USAID.

(k) *Representative of the importer* means any entity affiliated with the importer by ownership or management ties, and any office or employee of such entity.

(l) *Similar commodity* means a commodity which is functionally interchangeable with the commodity in the sale being tested, and affords the purchaser substantially equivalent serviceability.

(m) *Supply area* means the source country, or if the commodity is customarily sold at different prices (exclusive of transportation costs) from different geographic areas within a source country, the specific geographic area within the source country from which the commodity is shipped to the cooperating country.

(n) *Time of purchase* means that period encompassing the date the pur-

chase price is fixed during which prices in comparable sales remain substantially constant.

(o) *Transportation cost* means the cost of all transportation by land, sea, or air from the port of export to the destination in the cooperating country, plus the cost of marine insurance, if any, covering such transaction. Such costs are financed by USAID only to the extent provided in § 201.13.

§ 201.62 Responsibilities of borrower/grantee and of supplier.

(a) *Responsibilities of borrower/grantee.* The borrower/grantee shall:

(1) When required by USAID, develop and periodically update, or cooperate with USAID in the development and updating of, lists of importers who have traditionally imported the commodities which may be purchased under the loan or grant. Such listings shall be by commodity groupings selected by USAID, cover all commodities eligible for financing, and, to the extent such information is available, show the names and addresses of all importers, regardless of the source from which their imports originated.

(2) Insure that the importer

(i) Procures in accordance with the conditions set forth in subpart C as applicable, and

(ii) Except as provided otherwise in § 201.22, pays no more than the lowest available competitive price, including transportation cost, for the commodity.

(b) *Responsibility of supplier.* In accordance with the provisions contained in the Supplier's Certificate, which the supplier must execute in order to receive payment, the supplier is responsible for compliance with the provisions of this subpart G, other than paragraph (a) of this section.

§ 201.63 Maximum prices for commodities.

(a) *U.S. prevailing market price—U.S. source.* The purchase price for a commodity, the source of which is the United States, shall not exceed the market price prevailing in comparable export sales in the United States at the time of purchase, adjusted for differences in the transportation cost: *Provided, however,* That if there are no