

## Contract AF39(600)-90161, AVRO Aircraft Limited

MCPG

MCPHEB

8 April 1955  
B. Siney/rem  
24254/B16B/R123

1. The Air Force anticipates placing a Fixed Price Contract containing a FORM IV Price Redetermination Article with AVRO Aircraft Limited, Toronto, Ontario, Canada covering a Research and Development Program on Project 1794. The work involved is of a highly classified nature and will be disclosed only on a "need-to-know" basis. Authority to negotiate direct with AVRO was provided in a letter (Reference DRES 427-515-267-1) dated 14 June 1954 signed by the Chairman of the Canadian Defense Research Board and addressed to Mr. Trevor Gardner, Office of the Secretary, U.S. Department of the Air Force. The Contractor is not requesting any profit on this procurement inasmuch as it is their intention to expend every dollar in furtherance of the program.


2. As a result of conferences with and visits by various USAF Officials, the Contractor felt obligated to start work on this program prior to receipt of contractual authorization. From 1 July 1954 to 1 April 1955, approximately \$280,000 have been expended. It is requested approval be given to include an anticipatory cost clause in subject contract providing for recognition of the \$280,000 as allowable items of cost thereunder.

3. Your approval is requested to delete the following clauses from the General Provisions:

- a. Federal, State and Local Taxes
- b. Buy American Act (Excepted per AFPI 6-105.50(b)(1))
- c. Eight Hour Law of 1912
- d. Utilization of Small Business
- e. Employment of Aliens (self-exempted)
- f. Quality Control Specification (self-exempted)

4. It is desired to point out that no FCR is required for this procurement per exemption granted by AFPI 52-104(a)(7). Also, no financial clearance is required per AFPI 52-105.

CARL F. DAMBERG  
Colonel, USAF  
Chief, Aircraft Division



~~SUBJECT:~~ Contract AF 33(600)-30161, AVCO Aircraft Limited

TO: MCPHEE

FROM: MCPC

19 APRIL 1955

COMMENT 2

Mr. Hodge/bg  
28128/Blag 15/Rm 116

1. In view of additional advice by the Contracting officer and buyer in conference in this office 15 April 1955, the request for inclusion of an anticipatory cost clause is returned without action for further consideration.

2. The administration of a cost or redetermination type contract in a foreign country is at best difficult. Further in this instance the contractor is motivated by future development and production possibilities and has requested no profit on this study phase. If you are satisfied that the contractor is not going to make a profit, and may take a loss, it is suggested a fixed price contract be considered, which would render academic the anticipatory cost question.

3. The deletion of the clauses listed in paragraph 3 of comment 1 is approved.

4. This matter was discussed by Messrs Brackett and Hodge with B/G. William Thurman this date.

PROCUREMENT COMMITTEE  
Directorate of Procurement  
and Production

(41)

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