

## 16.203-3 Limitations.

A fixed-price contract with economic price adjustment *shall* not be used unless the *contracting officer* determines that it is necessary either to protect the contractor and the Government against significant fluctuations in labor or material costs or to provide for contract price adjustment in the event of changes in the contractor's *established prices*.

**Parent topic:** [16.203 Fixed-price contracts with economic price adjustment.](#)