

# DFARS Procedures, Guidance, and Information

## PGI 225—Foreign Acquisition

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(Revised October 26, 2006)

### PGI 225.001 General.

Consider the following when evaluating offers of foreign end products:

(1) *Statutory or policy restrictions.*

(i) Determine whether the product is restricted by—

(A) Statute (see DFARS Subpart 225.70); or

(B) DoD policy (see DFARS Subpart 225.71, FAR 6.302-3, and DoD Directive 5230.11, Disclosure of Classified Military Information to Foreign Governments and International Organizations).

(ii) If an exception to or waiver of a restriction in DFARS Subpart 225.70 or 225.71 would result in award of a foreign end product, apply the policies and procedures of the Buy American Act or the Balance of Payments Program, and, if applicable, the trade agreements.

(2) *Memoranda of understanding or other international agreements.* Determine whether the offered product is the product of one of the qualifying countries listed in DFARS 225.872-1.

(3) *Trade agreements.* If the product is not an eligible product, a qualifying country end product, or a U.S.-made end product, purchase of the foreign end product may be prohibited (see FAR 25.403(c) and DFARS 225.403(c)).

(4) *Other trade sanctions and prohibited sources.*

(i) Determine whether the offeror complies with the secondary Arab boycott of Israel. Award to such offerors may be prohibited (see DFARS Subpart 225.76).

(ii) Determine whether the offeror is a prohibited source (see FAR Subpart 25.7 and DFARS Subpart 225.7).

(5) *Buy American Act and Balance of Payments Program.* See the evaluation procedures in DFARS Subpart 225.5.

### PGI 225.004 Reporting of acquisition of end products manufactured outside the United States.

(1) *Definitions.* “Manufactured end product” and “place of manufacture” are defined in

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the provision at FAR 52.225-18, Place of Manufacture.

(2) Use the Federal Procurement Data System data field 9H, Place of Manufacture, to enter data on the acquisition of end products manufactured outside the United States for contracts awarded and orders issued in fiscal year 2007 and subsequent fiscal years. Select the appropriate code/description in accordance with the following table:

#### 9H Place of Manufacture

Code	Short Description	Long Description
A	U.S. (Actions prior to FY 2007 only)	The action is for (i) A foreign end product that is manufactured in the United States but still determined to be foreign because 50 percent or more of the cost of the components is not mined, produced, or manufactured inside the United States or qualifying countries; or (ii) Services performed in the United States by a foreign concern.
B	Foreign (Actions prior to FY 2007 only)	The action is for (i) Any other foreign end product; or (ii) Services performed outside the United States by a foreign concern.
C	Not applicable (Actions prior to FY 2007 only)	Not applicable.
D	Mfg in U.S.	The action is predominantly for acquisition of manufactured end products that are manufactured in the United States.
E	Mfg outside U.S. - Use outside the United States	The foreign manufactured end products acquired are predominantly for use outside the United States (FAR 25.100).
F	Mfg outside U.S. - Resale	The foreign manufactured end products acquired are predominantly for resale (FAR 25.103(d)).
G	Mfg outside U.S. - Trade Agreements	The foreign manufactured end products are predominantly eligible products acquired under Trade Agreements (FAR 25.402(a)(1)).
H	Mfg outside U.S. - Commercial	The foreign manufactured end products are predominantly commercial information technology

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	information technology	items (FAR 25.103(e)).
I	Mfg outside U.S - Public interest determination	The head of the agency has made a determination that domestic preferences would be inconsistent with the public interest (FAR 25.103(a)).
J	Mfg outside U.S. - Domestic nonavailability	The foreign manufactured end products were predominantly not domestically available as shown by one of the following: <ul style="list-style-type: none"><li>• The item is listed at FAR 25.104 (FAR 25.103(b)(1)).</li><li>• The agency did an individual determination (FAR 25.103(b)(2)).</li><li>• No offer of a domestic end product was received, even though the acquisition was synopsisized and conducted through full and open competition (FAR 25.103(b)(3)).</li></ul>
K	Mfg outside U.S. - Unreasonable cost	The cost of the offered domestic end products was unreasonable (FAR 25.103(c), 25.105, and Subpart 25.5).
L	Mfg outside U.S. - Qualifying country	For DoD only, the foreign manufactured end products are predominantly qualifying country end products (DFARS 225.003 and 225.872-1).

(3) The description for Codes A, B, and C remains unchanged from the prior FPDS. These codes are to be used only for reporting of contracts awarded or orders issued prior to October 1, 2006.

(4) The new codes D through L have been added to facilitate the statutory reporting requirements at FAR 25.004. These codes apply only to contracts awarded and orders issued on or after October 1, 2006. If the solicitation for the contract contains the provision at FAR 52.225-18, Place of Manufacture (or the commercial item equivalent at FAR 52.212-3(j)), the contracting officer must review the successful offeror's response to this provision to select the correct code.

(i) Enter code D if the offeror has checked the box "In the United States".

(ii) If the offeror has checked the box "Outside the United States", enter one of the codes E through L, depending on the predominant reason for acquiring end products manufactured outside the United States. These reasons correspond to the exceptions to the Buy American Act (FAR Subpart 25.1 and DFARS Subpart 225.1). Further explanation of these exceptions to the Buy American Act are available at the FAR and DFARS

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references provided in the long description for each code.

(5) Code L is applicable only to acquisitions made by or for DoD.

(6) For any contract awarded on or after October 1, 2006, when the solicitation did not include the provision at FAR 52.225-18, Place of Manufacture (or FAR 52.212-3(j)), and for any order placed on or after October 1, 2006, under a contract that did not include one of these provisions, the contracting officer shall use best judgment in estimating whether the acquisition is predominantly for manufactured end products and whether the end products were predominantly end products manufactured in the United States or outside the United States, using the place of performance or other information that may be available to the contracting officer to assist in forming this judgment.