

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

July 28, 1955

*Reviewed and Approved
For Reprinting 02/83*

REA Bulletin 43-9 (Electrification), 344-3 (Telephone), "Buy American Requirement," attached, deals with compliance with "Buy American" provisions of the Rural Electrification Act of 1936, as amended.

In the past, it was necessary, with few exceptions, for borrowers to obtain special authorization from REA when purchasing foreign articles, materials and supplies. It will no longer be necessary to do so if:

1. The articles, materials and supplies are determined by the borrower to be manufactured "substantially all" from articles, materials or supplies mined, produced or manufactured in the United States, under the test applied in paragraph IV. B., that is, that the cost of the products of foreign origin used therein constitutes less than fifty percent of the cost thereof; or
2. The six percent price differential of paragraph IV. C. exists, in the case of articles, materials and supplies determined to be of foreign origin under paragraph IV. B.

Borrowers may request specific authorization from REA for the purchase of foreign products not meeting one or the other of the above conditions.

Attachment

UNITED STATES DEPARTMENT OF AGRICULTURE
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July 28, 1955

REA BULLETIN 43-9 (Electrification)

REA Bulletin 344-3 (Telephone)

SUBJECT: "Buy American" Requirement

- I. Purpose: To notify borrowers and their engineers, contractors and materialmen, regarding compliance with the "Buy American" requirement in connection with the expenditure of REA loan funds. The term "materials" includes articles, supplies and equipment, and each item thereof, whether acquired by purchase order, contract, or otherwise.
- II. Statutory Provision: The Rural Electrification Act, as amended, includes the following provision:

"In making loans pursuant to this title and pursuant to the Rural Electrification Act of 1936, the Administrator of the Rural Electrification Administration shall require that, to the extent practicable and the cost of which is not unreasonable, the borrower agree to use in connection with the expenditure of such funds only such unmanufactured articles, materials, and supplies, as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States."

All loan contracts between REA and its borrowers contain a provision requiring compliance with this statutory requirement. REA standard forms of construction contracts, materials and equipment contracts and purchase orders contain similar provisions.
- III. "Buy American" Certificates: Borrowers have heretofore been required to furnish REA with "Buy American" certificates executed by their contractors and suppliers. Such certificates need no longer be furnished to REA, except when specifically requested. However, borrowers shall continue to remain responsible for compliance with the "Buy American" requirement by their contractors and suppliers.

IV. Determinations Under "Buy American" Requirement:

A. Applicability of Executive Order 10582:

Executive Order 10582, issued on December 17, 1954 and published in Volume 19 Federal Register No. 246 (issue of December 21, 1954) is hereby applied as provided herein to purchases of materials made with REA loan funds. Where such purchases are made with general funds, the requirements of this Bulletin will be applicable if reimbursement from REA loan funds is sought for such expenditures.

B. Manufactured Materials:

Manufactured materials are considered to be of foreign origin for the purpose of compliance with the "Buy American" requirement if the cost of the foreign products used therein constitutes fifty percent or more of the cost of all products used therein. The term "foreign products" means only those components of manufactured materials which are directly incorporated therein but does not include materials used in the manufacture of such components.

C. Price Differential:

Where the bid or offered price of materials of domestic origin exceeds the bid or offered price of like materials of foreign origin by a sum determined by computing six percent of the bid or offered price of materials of foreign origin, delivered at the place specified by the borrower including applicable duty and all costs incurred after arrival in the United States, purchases of such materials of foreign origin are deemed to be in compliance with the "Buy American" requirement.

D. Availability of Domestic Materials:

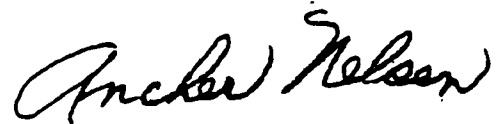
Where materials of foreign origin do not meet the price differential requirement of paragraph C above, borrowers may nevertheless request authorization from the Administrator to purchase such materials upon a showing that the purchase of domestic materials is not practicable on the ground that:

1. Like or comparable products are not available from domestic sources; or
2. Like or comparable products of domestic origin are in such short supply as to unduly delay the borrower's construction progress.

E. Materials Constituting Only Part of a Purchase Order or Contract:

Where a supplier or contractor offers or furnishes several items under a purchase order or contract, the provisions of this Bulletin are applicable to each of such items. If any such items do not meet the requirements of paragraphs IV. B. or IV. C., borrowers may request the Administrator's authorization to acquire such items in the same manner as provided in paragraph IV. D.

This Bulletin supersedes all other existing material in conflict with its provisions.



Administrator