

§ 1-1.800 Scope of subpart.

This subpart sets forth policies and procedures with respect to the placement of contracts in order to aid persistent or substantial labor surplus areas in the United States, its possessions, and Puerto Rico. This subpart implements Defense Manpower Policy No. 4 (Revised), June 6, 1960 (32A CFR Ch. I; 25 F.R. 5283).

§ 1-1.801 Definitions.**§ 1-1.801-1 Labor surplus area concern.**

The term "labor surplus area concern" includes persistent labor surplus area concerns and substantial labor surplus area concerns as defined below:

(a) "Persistent labor surplus area concern" means a concern which will perform, or cause to be performed, a substantial proportion of a contract in persistent labor surplus areas. A concern shall be deemed to perform a substantial proportion of a contract in persistent labor surplus areas if the costs that the concern will incur on account of manufacturing or production performed in such areas (by itself or its first-tier subcontractors) amount to more than 50 percent of the contract price.

(b) "Substantial labor surplus area concern" means a concern which will perform, or cause to be performed, a substantial proportion of a contract in substantial labor surplus areas. A concern shall be deemed to perform a substantial proportion of a contract in substantial labor surplus areas if the costs that the concern will incur on account of manufacturing or production performed in substantial labor surplus areas or in substantial and persistent labor surplus areas (by itself or its first-tier subcontractors) amount to more than 50 percent of the contract price.

§ 1-1.801-2 Labor surplus area.

The term "labor surplus area" means a geographical area which is a persistent labor surplus area or a substantial labor surplus area, or both, as defined below:

(a) "Persistent labor surplus area" means an area which (1) is classified by the Department of Labor as an "Area of Substantial and Persistent Labor Surplus" (also called "Area of Substantial and Persistent Unemployment") and is listed as such by that Department in conjunction with its publication "Area Labor Market Trends," or (2) is certified as an area of substantial and persistent labor surplus by the Department of Labor pursuant to a request by a prospective contractor.

(b) "Substantial labor surplus area" means an area which (1) is classified by the Department of Labor as an "Area of Substantial Labor Surplus" (also called "Area of Substantial Unemployment") and which is listed as such by that Department in conjunction with its publication "Area Labor Market Trends," or (2) is certified as an area of substantial labor surplus by the Department of Labor pursuant to a request by a prospective contractor.

§ 1-1.801-3 Small business concern.

For definition of small business concern, see Subpart 1-1.7.

§ 1-1.802 Labor surplus area policies.**§ 1-1.802-1 General policy.**

It is the policy of the Government to aid labor surplus areas by placing contracts with labor surplus area concerns, to the extent consistent with procurement objectives and where such contracts can be awarded at prices no higher than those obtainable from other concerns, and by encouraging prime contractors to place subcontracts with concerns which will perform a substantial proportion of the production in labor surplus areas.

§ 1-1.802-2 Specific policies.

To further the general policy, the following specific policies shall be applied:

(a) Best efforts shall be used to award negotiated contracts to labor surplus area concerns. However, in no case may price differentials be paid for the purpose of carrying out this policy.

(b) Procurements shall be set aside for award to labor surplus area concerns in accordance with § 1-1.804.

(1) Where either a partial labor surplus area set-aside or a partial small business set-aside can be appropriately made for any given procurement, the set-aside shall be made for labor surplus area concerns.

(2) In order to accommodate both labor surplus area and small business policies, labor surplus area set-aside awards shall be made in accordance with the following order of priority: (i) Persistent labor surplus area concerns which