

## **CLIENT ALERT**

### **Assembly In US Does Not Unlock TAA Procurement Door For Padlocks Made From Chinese Parts**

**November 5, 2007**

On October 25, 2007 (<http://www.gao.gov/decisions/bidpro/309982.pdf>), GAO denied Pacific Lock Co.'s (PLC's) protest that DLA had improperly rejected its proposal offering low security padlocks and padlock sets which were to be assembled in the US solely from Chinese manufactured components where DLA had relied on a recent Customs & Border Protection ruling expressly distinguishing simple assembly of a small number of foreign components (not substantial transformation) from assembly which involved one or more key components from a designated country (where the country of origin of the key component provides the country of origin for the assembled lock). Because PLC had not itself taken advantage of the opportunity under 19 C.F.R. Part 177 subpart B to obtain an advance Customs ruling on country of origin, GAO found reasonable DLA's decision to reject PLC's locks unless it could show a portion of the lock components were domestically produced or that significant domestic production costs were involved.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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