

25.003 Definitions.

As used in this part—

Caribbean Basin country means any of the following countries: Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bonaire, British Virgin Islands, Curacao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saba, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Sint Eustatius, Sint Maarten, or Trinidad and Tobago.

Caribbean Basin country end product—

(1) Means an article that-

(i)

(A) Is wholly the growth, product, or manufacture of a *Caribbean Basin country*; or

(B) In the case of an article that consists in whole or in part of materials from another country, has been substantially transformed in a *Caribbean Basin country* into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed; and

(ii) Is not excluded from duty-free treatment for Caribbean countries under 19 U.S.C. 2703(b).

(A) For this reason, the following articles are not *Caribbean Basin country end products*:

(1) Tuna, prepared or preserved in any manner in airtight containers.

(2) Petroleum, or any product derived from petroleum.

(3) Watches and watch parts (including cases, bracelets, and straps) of whatever type including, but not limited to, mechanical, quartz digital, or quartz analog, if such watches or watch parts contain any material that is the product of any country to which the Harmonized Tariff Schedule of the *United States* (HTSUS) column 2 rates of duty apply (i.e., Afghanistan, Cuba, Laos, North Korea, and Vietnam).

(4) Certain of the following: textiles and apparel articles; footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel; or handloomed, handmade, and folklore articles.

(B) Access to the HTSUS to determine duty-free status of articles of the types listed in paragraph (1)(ii)(A)(4) of this definition is available via the Internet at <https://usitc.gov/tata/hts/index.htm>. In particular, see the following:

(1) General Note 3(c), *Products Eligible for Special Tariff treatment*.

(2) General Note 17, *Products of Countries Designated as Beneficiary Countries under the United States- Caribbean Basin Trade Partnership Act of 2000*.

(3) Section XXII, Chapter 98, Subchapter II, Articles Exported and Returned, Advanced or Improved Abroad, U.S. Note 7(b).

(4) Section XXII, Chapter 98, Subchapter XX, Goods Eligible for Special Tariff Benefits under the *United States-Caribbean Basin Trade Partnership Act*; and

(2) Refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the *acquisition*, includes services (except transportation services) incidental to the article, provided that the value of those incidental services does not exceed that of the article itself.

Civil aircraft and related articles means-

(1) All aircraft other than aircraft to be purchased for use by the Department of Defense or the U.S. Coast Guard;

(2) The engines (and parts and *components* for incorporation into the engines) of these aircraft;

(3) Any other parts, *components*, and subassemblies for incorporation into the aircraft; and

(4) Any ground flight simulators, and parts and *components* of these simulators, for use with respect to the aircraft, whether to be used as original or replacement equipment in the manufacture, repair, maintenance, rebuilding, modification, or conversion of the aircraft and without regard to whether the aircraft or articles receive duty-free treatment under section 601(a)(2) of the Trade Agreements Act.

Component means an article, material, or supply incorporated directly into an *end product* or *construction material*.

Construction material means an article, material, or supply brought to the *construction* site by a contractor or subcontractor for incorporation into the *building or work*. The term also includes an item brought to the site preassembled from articles, materials, or *supplies*. However, *emergency* life safety systems, such as *emergency* lighting, fire alarm, and audio evacuation systems, that are discrete systems incorporated into a public *building or work* and that are produced as complete systems, are evaluated as a single and distinct *construction material* regardless of when or how the individual parts or *components* of those systems are delivered to the *construction* site. Materials purchased directly by the Government are *supplies*, not *construction material*.

Cost of components means-

(1) For *components* purchased by the contractor, the *acquisition* cost, including transportation costs to the place of incorporation into the *end product* or *construction material* (whether or not such costs are paid to a domestic firm), and any applicable duty (whether or not a duty-free entry certificate is issued); or

(2) For *components* manufactured by the contractor, all costs associated with the manufacture of the *component*, including transportation costs as described in paragraph (1) of this definition, plus allocable overhead costs, but excluding profit. *Cost of components* does not include any costs associated with the manufacture of the *end product*.

Critical component means a *component* that is mined, produced, or manufactured in the *United States* and deemed critical to the U.S. supply chain. The list of critical *components* is at [25.105](#).

Critical item means a *domestic construction material* or *domestic end product* that is deemed critical to the U.S. supply chain. The list of *critical items* is at [25.105](#).

Designated country means any of the following countries:

(1) A *World Trade Organization Government Procurement Agreement (WTO GPA) country* (Armenia, Aruba, Australia, Austria,, Belgium, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea (Republic of), Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Montenegro, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Taiwan (known in the World Trade Organization as "the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei)"), Ukraine, or United Kingdom);

(2) A *Free Trade Agreement (FTA) country* (Australia, Bahrain, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Korea (Republic of), Mexico, Morocco, Nicaragua, Oman, Panama, Peru, or Singapore);

(3) A *least developed country* (Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Laos, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Tanzania, Timor-Leste, Togo, Tuvalu, Uganda, Vanuatu, Yemen, or Zambia); or

(4) A *Caribbean Basin country* (Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bonaire, British Virgin Islands, Curacao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saba, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Sint Eustatius, Sint Maarten, or Trinidad and Tobago).

Designated country end product means a *WTO GPA country end product*, an *FTA country end product*, a *least developed country end product*, or a *Caribbean Basin country end product*.

Domestic construction material means-

(1) For use in subparts other than 25.6—

(i) For *construction material* that does not consist wholly or *predominantly of iron or steel* or a combination of both—

(A) An unmanufactured *construction material* mined or produced in the *United States*;
or

(B) A *construction material* manufactured in the *United States*, if-

(1) The cost of the *components* mined, produced, or manufactured in the *United States* exceeds 60 percent of the cost of all its *components*, except that the percentage will be 65 percent for items delivered in calendar years 2024 through 2028 and 75 percent for items delivered starting in calendar year 2029 (unless an *alternate* percentage is established for a contract in accordance with FAR [25.201\(c\)](#)). *Components* of unknown origin are treated as foreign; or

(2)The *construction material* is a *commercially available off-the-shelf (COTS) item*;

or

(ii)For *construction material* that consists wholly or *predominantly of iron or steel or a combination of both*, a *construction material* manufactured in the *United States* if the cost of *foreign iron and steel* constitutes less than 5 percent of the cost of all the *components* used in such *construction material*. The cost of *foreign iron and steel* includes but is not limited to the cost of foreign iron or *steel mill products* (such as bar, billet, slab, wire, plate, or sheet), castings, or forgings utilized in the manufacture of the *construction material* and a good faith estimate of the cost of all foreign iron or *steel components* excluding COTS *fasteners*. Iron or *steel components* of unknown origin are treated as foreign. If the *construction material* contains multiple *components*, the cost of all the materials used in such *construction material* is calculated in accordance with the definition of "*cost of components*" in this section; or

(3)For use in subpart 25.6, see the definition in 25.601.

Domestic end product means-

(1) For an *end product* that does not consist wholly or *predominantly of iron or steel or a combination of both*—

(i)An unmanufactured *end product* mined or produced in the *United States*;

(ii)An *end product* manufactured in the *United States*, if-

(A)The cost of its *components* mined, produced, or manufactured in the *United States* exceeds 60 percent of the cost of all its *components*, except that the percentage will be 65 percent for items delivered in calendar years 2024 through 2028 and 75 percent for items delivered starting in calendar year 2029 (unless an *alternate* percentage is established for a contract in accordance with FAR 25.101(d)). *Components* of unknown origin are treated as foreign. *Scrap* generated, collected, and prepared for processing in the *United States* is considered domestic; or

(B)The *end product* is a COTS item; or

(2)For an *end product* that consists wholly or *predominantly of iron or steel or a combination of both*, an *end product* manufactured in the *United States*, if the cost of *foreign iron and steel* constitutes less than 5 percent of the cost of all the *components* used in the *end product*. The cost of *foreign iron and steel* includes but is not limited to the cost of foreign iron or *steel mill products* (such as bar, billet, slab, wire, plate, or sheet), castings, or forgings utilized in the manufacture of the *end product* and a good faith estimate of the cost of all foreign iron or *steel components* excluding COTS *fasteners*. Iron or *steel components* of unknown origin are treated as foreign. If the *end product* contains multiple *components*, the cost of all the materials used in such *end product* is calculated in accordance with the definition of "*cost of components*" in this section.

Domestic offer means an *offer* of a *domestic end product*. When the *solicitation* specifies that award will be made on a group of *line items*, a *domestic offer* means an *offer* where the proposed price of the *domestic end products* exceeds 50 percent of the total proposed price of the group.

Eligible offer means an *offer* of an *eligible product*. When the *solicitation* specifies that award will be made on a group of *line items*, an *eligible offer* means a *foreign offer* where the combined proposed price of the *eligible products* and the *domestic end products* exceeds 50 percent of the total proposed price of the group.

Eligible product means a *foreign end product, construction material*, or service that, due to applicability of a trade agreement to a particular *acquisition*, is not subject to discriminatory treatment.

End product means those articles, materials, and *supplies* to be acquired for public use.

Fastener means a hardware device that mechanically joins or affixes two or more objects together. Examples of *fasteners* are nuts, bolts, pins, rivets, nails, clips, and screws.

Foreign construction material means a *construction material* other than a *domestic construction material*.

Foreign contractor means a contractor or subcontractor organized or existing under the laws of a country other than the *United States*.

Foreign end product means an *end product* other than a *domestic end product*.

Foreign iron and steel means iron or *steel products* not produced in the *United States*. Produced in the *United States* means that all manufacturing processes of the iron or *steel must* take place in the *United States*, from the initial melting stage through the application of coatings, except metallurgical processes involving refinement of *steel* additives. The origin of the elements of the iron or *steel* is not relevant to the determination of whether it is domestic or foreign.

Foreign offer means any *offer* other than a *domestic offer*.

Free Trade Agreement country means Australia, Bahrain, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Korea (Republic of), Mexico, Morocco, Nicaragua, Oman, Panama, Peru, or Singapore.

Free Trade Agreement country end product means an article that-

(1) Is wholly the growth, product, or manufacture of a Free Trade Agreement (FTA) country;
or

(2) In the case of an article that consists in whole or in part of materials from another country, has been substantially transformed in an FTA country into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the *end product*, includes services (except transportation services) incidental to the article, provided that the value of those incidental services does not exceed that of the article itself.

Israeli end product means an article that-

(1) Is wholly the growth, product, or manufacture of Israel; or

(2) In the case of an article that consists in whole or in part of materials from another country, has been substantially transformed in Israel into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed.

Least developed country means any of the following countries: Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros,

Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Laos, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Tanzania, Timor-Leste, Togo, Tuvalu, Uganda, Vanuatu, Yemen, or Zambia.

Least developed country end product means an article that-

(1) Is wholly the growth, product, or manufacture of a *least developed country*; or

(2) In the case of an article that consists in whole or in part of materials from another country, has been substantially transformed in a *least developed country* into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the *end product*, includes services (except transportation services) incidental to the article, provided that the value of those incidental services does not exceed that of the article itself.

Noneligible offer means an *offer* of a *noneligible product*.

Noneligible product means a *foreign end product* that is not an *eligible product*.

Predominantly of iron or steel or a combination of both means that the cost of the iron and *steel* content exceeds 50 percent of the total cost of all its *components*. The cost of iron and *steel* is the cost of the iron or *steel* mill *products* (such as bar, billet, slab, wire, plate, or sheet), castings, or forgings utilized in the manufacture of the product and a good faith estimate of the cost of iron or *steel components* excluding COTS *fasteners*.

Steel means an alloy that includes at least 50 percent iron, between 0.02 and 2 percent carbon, and may include other elements.

United States means the 50 States, the District of Columbia, and *outlying areas*.

U.S.-made end product means an article that is mined, produced, or manufactured in the *United States* or that is substantially transformed in the *United States* into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed.

World Trade Organization Government Procurement Agreement (WTO GPA) country means any of the following countries: Armenia, Aruba, Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea (Republic of), Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Montenegro, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Taiwan, Ukraine, or United Kingdom.

WTO GPA country end product means an article that-

(1) Is wholly the growth, product, or manufacture of a *WTO GPA country*; or

(2) In the case of an article that consists in whole or in part of materials from another country, has been substantially transformed in a *WTO GPA country* into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it

was transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the *end product* includes services (except transportation services) incidental to the article, provided that the value of those incidental services does not exceed that of the article itself.

Parent topic: [Part 25 - Foreign Acquisition](#)