

DECISION

**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

FILE: B-221886

DATE: June 2, 1986

MATTER OF: Pyrotechnics Industries, Inc.

DIGEST:

1. Protest against evaluation of cost to the government for transportation under f.o.b. origin bid is denied. Contracting officer acting in good faith has a right to rely on transportation evaluation made by transportation experts. Moreover, the protester has failed to identify any specific errors in evaluation. Instead, it has merely provided a general estimate of transportation costs; an estimate which, even if accepted, would still not render the protester the low bidder.
2. Allegation that foreign bidder is subsidized by its government provides no basis for rejecting the foreign bid.
3. Scheduling of preaward survey prior to determination of low bidder is justifiable as a means of expediting award.

Pyrotechnics Industries, Inc. (Pyrotechnics), protests any award to Astra Pyrotechnics (Astra) under invitation for bids No. DAAA09-85-B-0899, issued by the Armament, Munitions and Chemical Command, Department of the Army, for the supply of MK4-3 signal cartridges. Pyrotechnics challenges the evaluation of the cost to the government for transportation under Astra's f.o.b. origin bid and suggests that Astra, located in the United Kingdom, may be subsidized by the British government. We deny the protest.

The solicitation requested bids for the supply of 1,358,000 MK4-3 signal cartridges on both an f.o.b. origin and an f.o.b. destination basis. For purposes of determining which bid offered the lowest overall cost to the government, the solicitation provided for the evaluation of any transportation costs and indicated that this evaluation would be based on the delivery of 629,000 units to the

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Red River Army Depot in Texarkana, Texas; 629,000 units to the Pueblo Army Depot in Pueblo, Colorado; and 100,000 units to Saudi Arabia.

Astra and Pyrotechnics submitted the two low bids, with Astra offering to supply the cartridges for \$1.15 per unit f.o.b. destination or \$0.95 f.o.b. origin and Pyrotechnics bidding \$1.019 f.o.b. destination or \$0.997 f.o.b. origin (with first article).

Contracting officials then requested a transportation evaluation of the bids by the Armament, Munitions and Chemical Command's Transportation Office. That office in turn requested the Military Traffic Management Command (MTMC) to supply applicable freight and handling rates. Based upon the rates supplied by MTMC, it appeared to agency transportation specialists that Astra's f.o.b. origin bid plus transportation costs offered the lowest overall cost to the government. The contracting officer therefore canceled a preaward survey of Pyrotechnics which had been previously scheduled in order to expedite award. Pyrotechnics then filed this protest with our Office.

In response to Pyrotechnics' protest, contracting officials twice requested agency transportation specialists to reexamine the transportation evaluation. Although these reexaminations resulted in a slight increase in the cost of transportation under Astra's f.o.b. origin bid and a slight decrease in the cost of transportation under Pyrotechnics' f.o.b. origin bid, Astra's f.o.b. origin bid plus transportation costs still offered the lowest overall cost to the government. The evaluation may be summarized as follows:

	Unit Cost to the Government (With First Article)	
	<u>Astra</u>	<u>Protechnics</u>
F.o.b. Destination Bid	<u>\$1.15</u>	<u>\$1.019</u>
F.o.b. Origin Bid	0.95	0.997
Initial Transportation Evaluation	0.029126	0.013446
Initial Total Unit Cost, f.o.b. Origin	<u>0.979126</u>	<u>1.010446</u>
Final Transportation Evaluation	0.031571	0.012355
Final Total Unit Cost, f.o.b. Origin	<u>0.981571</u>	<u>1.009355</u>

Pyrotechnics initially challenges the evaluation of transportation costs under Astra's f.o.b. origin bid, alleging that a previous transportation evaluation under a 1984 solicitation for bids to supply MK4-3 signal cartridges for shipment to the United States found the minimum transportation cost for shipments from Astra to be \$0.047583 per unit. Pyrotechnics suggests that a correct transportation evaluation would yield a per-unit cost of at least \$0.047583 for cartridges to be shipped to Texas and \$0.075357 for cartridges to be shipped to Colorado. Pyrotechnics further argues that the second transportation evaluation was undertaken in order to eliminate Pyrotechnics from competition.

We have previously held that a contracting officer, acting in good faith, has a right to rely on a transportation evaluation made by transportation experts. Applied Optics Kinetics, Ltd., B-212332, Feb. 7, 1984, 84-1 C.P.D. ¶ 150; see York Industries, Inc., B-210756.2, Apr. 24, 1984, 84-1 C.P.D. ¶ 463. Pyrotechnics has not demonstrated that the contracting officer acted in bad faith in attempting to ascertain the applicable rates. On the contrary, his subsequent requests for a reevaluation made in response to Pyrotechnics' protest and resulting in an increase in the evaluated transportation cost of Astra's bid and a decrease in the evaluated transportation cost of Pyrotechnics' bid suggest that he made good-faith efforts in this regard. Moreover, although Pyrotechnics was sent copies of MTMC's response to the agency and of the worksheets used by agency transportation specialists in calculating the transportation costs, the protester has failed to identify any specific errors. In any case, even if the minimum transportation costs suggested by Pyrotechnics were applied to Astra's bid, the resulting average transportation cost of \$0.057141 per unit would not eliminate the cost advantage to the government of accepting Astra's f.o.b. origin bid.

The continuing cost advantage of accepting Astra's f.o.b. origin bid reflects the lower per-unit price offered by that firm. Pyrotechnics, however, questions why Astra's current bid price for the signal cartridges is more than 5 percent less than Astra allegedly offered in response to the 1984 solicitation even though the British pound, according to Pyrotechnics, has gained more than 40 percent in value vis-a-vis the dollar. Pyrotechnics suggests that the British government may be subsidizing Astra and argues that

it is unfair that Pyrotechnics must compete against "subsidized foreign industry."

Pyrotechnics, however, has provided our Office with no evidence to support its speculation that the British government may be subsidizing Astra. In any case, a foreign bidder's possession of economic advantages provides no basis for rejecting the foreign bid. See Omega Machine Co., B-204471, Dec. 3, 1981, 81-2 C.P.D. ¶ 442 (allegation that foreign firms are generally subsidized); cf. The Hygenic Corporation, B-215110, May 24, 1984, 84-1 C.P.D. ¶ 571 (no requirement to equalize whatever advantages foreign firms might have because they are not subject to the same socio-economic requirements that must be met by domestic firms). In addition, we note that the United States, in order to increase the defense capabilities of the North Atlantic Treaty Organization through more efficient cooperation, has entered into a memorandum of understanding under which the Secretary of Defense has determined that it is inconsistent with the public interest to apply to British defense equipment the price differential normally applied pursuant to the Buy American Act, 41 U.S.C. §§ 10a-d (1982). Department of Defense Supplement to the Federal Acquisition Regulation (DFAR), §§ 25.7401 and 25.7403 (DAC No. 84-1, March 1, 1984); but cf. DFAR, § 25.7405.

Finally, Pyrotechnics complains that it was forced to undertake costly preparations for the scheduled preaward survey even though there was no reasonable expectation of award to the firm. While we recognize that the agency had not yet determined which bid offered the lowest overall cost to the government when it scheduled the preaward survey, we note that we have previously held that a premature preaward survey was justifiable as a means of reducing the amount of time required to ultimately award a contract. T. Warehouse Corporation, B-217111, June 27, 1985, 85-1 C.P.D. ¶ 731. Accordingly, we see no reason to object to the mere scheduling of a survey before the low bidder was finally determined in order to reduce the amount of time required to ultimately award a contract.

The protest is denied.

for 
Harry R. Van Cleve
General Counsel