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The Comptroller General  
of the United States

Washington, D.C. 20548

# Decision

Matter of: Specialty Foods Corporation  
File: B-227920  
Date: July 15, 1987

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## DIGEST

A Labor Surplus Area (LSA) set-aside is proper when the contracting agency has a reasonable expectation of competition from a sufficient number of LSA concerns so that award may be made to an LSA concern at a reasonable price.

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## DECISION

Specialty Foods Corporation (SFC) protests the decision of the Veterans Administration to set aside for Labor Surplus Area (LSA) concerns line items 16 through 47 of solicitation No. M4-55-87 for canned soups and beef stew. SFC is not located in an LSA and thus cannot compete for these line items. We dismiss the protest.

Federal Acquisition Regulation (FAR), 48 C.F.R. § 20.201-1 (1986), provides that a procurement shall be set aside for award to LSA concerns when the contracting agency has a reasonable expectation that offers will be received from a sufficient number of responsible LSA concerns so that award will be made at a reasonable price. From SFC's initial submission to our Office, it seems reasonable to conclude that the VA has such an expectation regarding the above cited line items in this solicitation; SFC has specifically listed three ostensibly responsible firms, all of whom are located in an LSA.

We see no basis upon which to question the propriety of the VA's decision to set aside these line items since the decision to do so is consistent with the policies expressed in the regulation. Absent a clear showing of abuse of

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discretion, we will not substitute our judgment for that of the contracting agency in such matters. See Friedrich Air Conditioning & Refrigeration Co., B-212777, Sept. 6, 1983, 83-2 CPD ¶ 308.

Accordingly, the protest is dismissed.

A handwritten signature in cursive script that reads "Ronald Berger". The signature is written in dark ink and is positioned above the typed name and title.

Ronald Berger  
Deputy Associate  
General Counsel