

Complying with the Made in USA Standard

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Introduction

The Federal Trade Commission (FTC) is charged with preventing deception and unfairness in the marketplace. The FTC Act gives the Commission the power to bring law enforcement actions against false or misleading claims that a product is of U.S. origin. Traditionally, the FTC has required that a product advertised as Made in USA be “all or virtually all” made in the U.S.

In 1997, following consumer research and public comments, the FTC published an [Enforcement Policy Statement on U.S. Origin Claims](#) (the Made in USA Policy Statement) to guide marketers who want to make an unqualified Made in USA claim under the “all or virtually all” standard and those who want to make a qualified Made in USA claim. In this context, an “unqualified” claim is a claim without conditions or caveats. A “qualified” claim is a claim with limitations or other explanations.

In August 2021, the FTC finalized the [Made in USA Labeling Rule](#), (the Labeling Rule), available at 16 C.F.R. Part 323. The Labeling Rule codified the “all or virtually all” standard for labels on products. Marketers are now subject to civil penalties if they use an unqualified Made in USA label on a product that is not “all or virtually all” made in the U.S., including in catalogs or online.

This publication provides additional guidance about how to comply with the “all or virtually all” standard. It also offers some general information about the U.S. Customs and Border Protection’s (CBP) requirement that all products of foreign origin imported into the U.S. be marked with the name of the country of origin.

This publication is the FTC staff’s view of the law’s requirements. It is not binding on the Commission. Links to the [Made in USA Policy Statement](#) and the [Labeling Rule](#) also can be found at www.ftc.gov/musa.

Basic Information About Made in USA Claims

Must U.S. content be disclosed on products sold in the U.S.?

Under other specific laws, U.S. content must be disclosed on [automobiles and on textile, wool, and fur products](#). There's no law that requires most other products sold in the U.S. to be marked or labeled Made in USA or have any other disclosure about their amount of U.S. content. However, manufacturers and marketers who choose to make claims about the amount of U.S. content in their products must comply with the FTC's Made in USA Policy Statement policy and the Labeling Rule.

What products do the FTC's Made in USA Policy Statement and the Labeling Rule apply to?

The Made in USA Policy Statement and the Labeling Rule apply to all products advertised or sold in the U.S., except for those specifically subject to country-of-origin labeling by other laws.

CBP may impose marking requirements on products exported to other countries, and those other countries may also have their own country-of-origin marking requirements. As a result, exporters should determine whether CBP or the country to which they are exporting imposes additional or different requirements.

What kinds of claims does the Made in USA Policy Statement apply to?

The Made in USA Policy Statement applies to U.S. origin claims that appear on products and labeling, advertising, and other promotional materials. It also applies to all other forms of marketing, including marketing through digital or electronic mechanisms, such as Internet, email, or social media.

A Made in USA claim can be express or implied. Examples of express claims include "Made in USA," "Our products are American-made," "USA," "Manufactured in USA," or "Built in USA."

In identifying implied claims, the FTC focuses on the overall impression the advertising, label, or promotional material conveys to consumers. Depending on the context, U.S. symbols or geographic references (for example, U.S. flags, outlines of U.S. maps, or references to U.S. locations of headquarters or factories) may convey a claim of U.S. origin either by themselves, or in conjunction with other phrases or images.

Example: A company promotes its product in an ad that features a manager describing the "true American quality" of the work produced at the company's American factory. Although there is no express representation that the company's product is made in the U.S., the overall — or net — impression the ad is likely to convey to consumers is that the product is of U.S. origin.

What kinds of claims does the Labeling Rule apply to?

The [Labeling Rule](#) applies to labels on products that make unqualified Made in USA claims. It also applies to any online or other mail order marketing materials that include a seal, mark, tag, or stamp labeling a product Made in USA.

Brand names and trademarks

Ordinarily, the FTC will not consider a manufacturer or marketer's use of an American brand name or trademark by itself as a U.S. origin claim. Similarly, the FTC is not likely to interpret the mere listing of a company's U.S. address on a package label in a non-prominent way as a claim of U.S. origin or as a Made in USA label.

Example: A product is manufactured abroad by a well-known U.S. company. The fact that the company is headquartered in the U.S. also is widely known. Company pamphlets for its foreign-made product prominently feature its brand name. Assuming that the brand name does not specifically denote U.S. origin (that is, the brand name is not "Made in America, Inc."), using the brand name by itself does not constitute a claim of U.S. origin.

Representations about entire product lines

Manufacturers and marketers should not indicate, either expressly or implicitly, that a whole product line is of U.S. origin ("Our products are made in USA") when only some products in the product line are made in the U.S. according to the "all or virtually all" standard.

Does the FTC pre-approve Made in USA claims?

A company doesn't need approval from the FTC before making a Made in USA claim and the FTC doesn't pre-approve advertising or labeling claims. As with most other advertising claims, a manufacturer or marketer may make any claim as long as it's truthful and substantiated.

The Standard for Unqualified Made In USA Claims

What is the standard for a product to be called Made in USA without qualification?

For a product to be called Made in USA, **or claimed to be of domestic origin** without qualifications or **limits on the claim**, the product must be **"all or virtually all" made in the U.S.** The term "United States" as referred to in the Made in USA Policy Statement and the Labeling Rule, includes the **50 states, the District of Columbia, and the U.S. territories and possessions.**

What does "all or virtually all" mean?

"All or virtually all" means that the **final assembly or processing** of the product occurs in the United States, **all significant processing** that goes into the product occurs in the United States, and **all or virtually all ingredients or components** of the product are made and sourced in the United States. That is, the product should contain no — or negligible — foreign content.

What substantiation is required for a Made in USA claim?

When a manufacturer or marketer makes an unqualified claim that a product is Made in USA, it must have — and must rely on — a **"reasonable basis" to support the claim.** This means a manufacturer or

marketer needs competent and reliable evidence to back up the claim that its product is “all or virtually all” made in the U.S.

Companies have an ongoing obligation to review their claims and substantiation to make sure they remain accurate. If something changes and the company no longer has a reasonable basis to support its Made in USA claim (for example the company begins sourcing parts overseas), the company must update its marketing materials.

What factors does the FTC consider to determine whether a product is “all or virtually all” made in the U.S.?

The product’s final assembly or processing must take place in the U.S. The FTC then considers other factors, including how much of the product’s total manufacturing costs can be assigned to U.S. parts and processing, how far removed any foreign content is from the finished product, and the importance of the foreign content to the product’s form or function.

Costs don’t tell the whole story. In some instances, only a small portion of the total manufacturing costs are attributable to foreign processing, but that processing represents a significant amount of the product’s overall processing. The same could be true for some foreign parts. In these cases, the foreign content (processing or parts) is more than negligible, and, as a result, unqualified claims are inappropriate.

Example: A company produces watches at a plant in Nevada using mostly U.S. parts and labor. All watches include movements, which are the parts that allow the watch to keep time. The company uses inexpensive Swiss movements in its watches. Movements account for a small proportion of the costs to make the company’s watches, but without the movements, the watches can’t tell time. Because movements are essential to the watches’ function, an unqualified Made in USA claim is likely deceptive.

Example: A table lamp is assembled in the U.S. from American-made brass, an American-made Tiffany-style lampshade, and an imported base. The base accounts for a small percent of the total cost of making the lamp. An unqualified Made in USA claim is deceptive for two reasons: The base is not far enough removed in the manufacturing process from the finished product to be of little consequence and it’s a significant part of the final product.

What items should manufacturers and marketers include in analyzing the percentage of domestic content in a particular product?

Manufacturers and marketers should use the cost of goods sold or inventory costs of finished goods in their analysis. Those costs generally are limited to the total cost of all manufacturing materials, direct manufacturing labor, and manufacturing overhead.

Should manufacturers and marketers rely on information from American suppliers about the amount of domestic content in the parts, components, and other elements they buy and use for their final

products?

If given in good faith, manufacturers and marketers can rely on information from suppliers about the domestic content in the parts, components, and other elements they produce. Rather than assume the input is 100 percent U.S.-made, however, manufacturers and marketers would be wise to ask the supplier for specific information about the percentage of U.S. content before they make a U.S. origin claim.

Example: A company manufactures food processors in its U.S. plant, making most of the parts, including the housing and blade, from U.S. materials. The motor, which constitutes 50 percent of the food processor's total manufacturing costs, is bought from a U.S. supplier. The food processor manufacturer knows the motor is assembled in a U.S. factory. Even though most of the parts of the food processor are of U.S. origin, the final assembly is in the U.S., and the motor is assembled in the U.S., the food processor is not considered "all or virtually all" American-made if the motor itself is made of imported parts that constitute a significant percentage of the appliance's total manufacturing cost. Before claiming the product is Made in USA, this manufacturer should look to its motor supplier for more specific information about the motor's origin.

Example: On its purchase order, a company states: "Our company requires suppliers to certify the percentage of U.S. content in products supplied to us. If you are unable or unwilling to make such certification, we will not buy from you." Appearing under this statement is the sentence: "We certify that our ____ have at least ____ % U.S. content," with space for the supplier to fill in the name of the product and its percentage of U.S. content. The company generally could rely on a certification like this to determine the appropriate country-of-origin designation for its product.

How far back in the manufacturing process should manufacturers and marketers look?

To determine the percentage of U.S. content, manufacturers and marketers should look back far enough in the manufacturing process to be reasonably sure that any significant foreign content has been included in their assessment of foreign costs. Foreign content incorporated early in the manufacturing process often will be less significant to consumers than content that is a direct part of the finished product or the parts or components produced by the immediate supplier.

Example: The silicon used in a microchip within a computer is an early input into a computer's manufacture and is likely to constitute a very small portion of the final product's total cost. On the other hand, the wood in a less complex product like a wooden table is a direct and significant input. Whether the wood in a table is imported would be a significant factor in evaluating whether the finished product is "all or virtually all" made in the U.S.

Are raw materials included in the evaluation of whether a product is "all or virtually all" made in the U.S.?

It depends on how much of the product's cost the raw materials make up and how far removed from the finished product they are.

Example: If the gold in a gold ring is imported, an unqualified Made in USA claim for the ring is deceptive. That's because of the significant value the gold is likely to represent relative to the finished product, and because the gold — an integral component — is only one step back from the finished article. By contrast, consider the plastic in the plastic case of a clock radio otherwise made in the U.S. of U.S.-made components. If the plastic case was made from imported petroleum, a Made in USA claim is likely to be appropriate because the petroleum is far enough removed from the finished product, and is an insignificant part of it as well.

Qualified Claims

What is a qualified Made in USA claim?

A qualified Made in USA claim describes the extent, amount or type of a product's domestic content or processing. It indicates that the product isn't entirely of domestic origin. Examples of qualified Made in USA claims include "60% U.S. content," "Made in USA of U.S. and imported parts," and "Couch assembled in USA from Italian Leather and Mexican Frame."

When is a qualified Made in USA claim appropriate?

A qualified Made in USA claim may be appropriate for products that include U.S. content or processing, but don't meet the criteria for making an unqualified Made in USA claim.

Because even qualified claims may imply more domestic content than was actually used to manufacture the product, exercise care when making these claims. That is, avoid qualified claims unless the product has a significant amount of U.S. content or U.S. processing. A qualified Made in USA claim, like an unqualified claim, must be truthful and substantiated.

Example: A treadmill is assembled in the U.S. The assembly represents significant work and constitutes a "substantial transformation" (a term used by [CBP](#)). All the treadmill's major parts, including the motor, frame, and electronic display, are imported. A few of its incidental parts, such as the handlebar covers and the plastic on/off power key are manufactured in the U.S. Together, these parts account for approximately three percent of the total cost of all the parts. Because the value of the U.S.-made parts is negligible compared to the value of all the parts, a claim on the treadmill that it's "Made in USA of U.S. and Imported Parts" is deceptive. A claim like "Made in U.S. from Imported Parts" or "Assembled in U.S.A." would not be deceptive.

U.S. origin claims for specific processes or parts Claims that a particular manufacturing or other process was performed in the U.S. or that a particular part was manufactured in the U.S. must be truthful, substantiated, and clearly refer to the specific process or part, not to the general manufacture of the product, to avoid implying more U.S. content than exists.

Manufacturers and marketers should be cautious about using general terms, such as “produced,” “created,” or “manufactured” in the U.S. Words like these are unlikely to convey a message limited to a particular process. Additional qualification is necessary to describe a product that is not “all or virtually all” made in the U.S.

Additionally, if a qualified claim references “U.S. parts,” the marketer should be prepared to substantiate those parts are “all or virtually all” Made in USA.

Finally, if a product is of foreign origin (that is, it has been substantially transformed abroad), manufacturers and marketers also should make sure they satisfy [CBP’s markings statute and regulations that require such products to be marked with a foreign country of origin](#).

Example: A company designs a product in New York City and sends the blueprint to a factory in Finland for manufacturing. It labels the product “Designed in USA — Made in Finland.” Such a specific processing claim would not lead a reasonable consumer to believe that the whole product was made in the U.S. CBP requires the product to be marked “Made in,” or “Product of” Finland since the product is of Finnish origin and the claim refers to the U.S. Examples of other specific processing claims are: “Bound in U.S. Printed in Turkey,” “Hand carved in U.S. Wood from Philippines,” and “Painted and fired in USA. Blanks made in Austria.”

Example: A company advertises its product, which was invented in Seattle and manufactured in Bangladesh, as “Created in USA.” This claim is deceptive because consumers are likely to interpret the term “Created” as Made in USA — an unqualified U.S. origin claim.

Example: A computer imported from Korea is packaged in the U.S. in an American-made corrugated paperboard box containing only domestic materials and domestically produced expanded rigid polystyrene plastic packing. Stating Made in USA on the package would deceive consumers about the origin of the product inside. But the company could lawfully make a qualified claim, such as “Computer Made in Korea. Packaging Made in USA.”

Example: The Acme Camera Company assembles its cameras in the U.S. The camera lenses are manufactured in the U.S., but most of the remaining parts are imported. A magazine ad for the camera is headlined “Beware of Imported Imitations” and states “Other high-end camera makers use imported parts made with cheap foreign labor. But at Acme Camera, we want only the highest quality parts for our cameras and we believe in employing American workers. That’s why we make all of our lenses right here in the U.S.” This ad is likely to convey that more than a specific product part (the lens) is of U.S. origin. The marketer should be prepared to substantiate the broader U.S. origin claim conveyed to consumers viewing the ad.

Comparative Claims

Comparative claims must be truthful and substantiated, and presented in a way that makes the basis for comparison clear (for example, whether the comparison is to another leading brand or to a previous

version of the same product). They should truthfully describe the U.S. content of the product and be based on a meaningful difference in U.S. content between the compared products.

Example: An ad for mobile phones states “We use more U.S. content than any other mobile phone manufacturer.” The manufacturer assembles the phones in the U.S. from American and imported components and can substantiate that the difference between the U.S. content of its phones and that of the other manufacturers’ phones is significant. This comparative claim is not deceptive.

Example: A product is advertised as having “twice as much U.S. content as before.” The U.S. content in the product has been increased from 2 percent in the previous version to 4 percent in the current version. This comparative claim is deceptive because the difference between the U.S. content in the current and previous version of the product is insignificant.

Assembled in USA Claims

A product that includes foreign components may be called “Assembled in USA” without qualification when its principal assembly takes place in the U.S. and the assembly is substantial. For the “assembly” claim to be valid, the product’s last “substantial transformation” also should have occurred in the U.S. That’s why a simple “screwdriver” assembly in the U.S. of foreign components into a final product at the end of the manufacturing process doesn’t usually qualify for the “Assembled in USA” claim.

Example: A lawn mower, composed of all domestic parts except for the cable sheathing, flywheel, wheel rims and air filter (15 to 20 percent foreign content) is assembled in the U.S. An “Assembled in USA” claim is appropriate.

Example: All the major components of a computer, including the motherboard and hard drive, are imported. The computer’s components then are put together in a simple “screwdriver” operation in the U.S., are not substantially transformed under CBP’s standard, and must be marked with a foreign country of origin. An “Assembled in U.S.” claim without further qualification is deceptive.

The FTC and Customs and Border Protection (CBP)

What is CBP’s jurisdiction over country-of-origin claims?

The Tariff Act imposes the requirement that imported goods be marked with a foreign country of origin (for example, “Made in Japan”). When an imported product incorporates materials or processing from more than one country, CBP considers the country of origin to be the last country in which a “substantial transformation” took place. CBP defines “substantial transformation” as a manufacturing process that results in a new and different product with a new name, character, and use that is different from that which existed before the change. CBP makes country-of-origin determinations using the “substantial transformation” test on a case-by-case basis. In some instances, CBP uses a “tariff shift” analysis, comparable to “substantial transformation,” to determine a product’s country of origin.

How do the FTC and CBP interact regarding country-of-origin claims?

Even if CBP determines that an imported product doesn't need a foreign country-of-origin mark, that doesn't necessarily mean it's permissible to promote that product as Made in USA. The FTC considers additional factors in evaluating whether a product can be advertised or labeled as Made in USA without deceiving consumers.

Manufacturers and marketers should check with CBP to see if they need to mark their products with the foreign country of origin. If they don't, they should look at the FTC's standard to check if they can properly make a Made in USA claim.

The FTC has jurisdiction over foreign origin claims on products and in packaging that are beyond the disclosures required by CBP (for example, claims that supplement a required foreign origin marking to indicate where additional processing or finishing of a product occurred).

The FTC also has jurisdiction over foreign origin claims in advertising and other promotional materials, including online materials. Country-of-origin claims in ads or other promotional materials that differ from foreign country-of-origin mark that CBP requires on that product may mislead or confuse consumers about the product's origin. To avoid misleading consumers, marketers should clearly disclose the foreign manufacture of a product.

Example: A plastic toy that is poured, molded, and assembled in Mexico out of U.S.-made plastic resin is shipped to the U.S. CBP requires the toy to be marked "Made in Mexico" because that's where the toy was last "substantially transformed." The company's webpage states, "Although our toys are made in Mexico, they are always made from U.S. plastic resins." This statement is not deceptive. However, making the statement "All our plastic is made in the USA" — without disclosing the foreign origin of the toys' manufacture — might imply a broader claim (for example, that the toy is largely made in the U.S.) than could be substantiated. That is, if the statement and the entire ad imply that any foreign content or processing is negligible, the advertiser must substantiate that claim or net impression. The advertiser in this scenario would not be able to substantiate the implied Made in USA claim because the product was "substantially transformed" in Mexico.

Other Statutes

What are the requirements of other federal statutes relating to country-of-origin determinations?

The [Textile Fiber Products Identification Act](#) and the [Wool Products Labeling Act](#) require a Made in USA label on most clothing and other textile or wool household products if the final product is manufactured in the U.S. of fabric that is manufactured in the U.S., regardless of where materials earlier in the manufacturing process (for example, raw fiber) came from. Imported textile products must be labeled as required by CBP. A textile or wool product partially manufactured in the U.S. and partially manufactured in another country must be labeled to show both foreign and domestic processing.

On a garment with a neck, the country of origin must be disclosed on the front of a label attached to the inside center of the neck — either midway between the shoulder seams or very near another label attached to the inside center of the neck. On a garment without a neck and on other kinds of textile products, the country of origin must appear on a conspicuous and readily accessible label on the inside or outside of the product.

Catalogs and other mail order promotional materials for textile and wool products, including online materials, must disclose whether a product is made in the U.S., imported, or both.

The [Fur Products Labeling Act](#) requires the country of origin of imported furs to be disclosed on all labels and in all advertising. For additional information on the Textile, Wool or Fur Rules and Regulations, visit the FTC's [website](#).

The [American Automobile Labeling Act](#) requires that each automobile manufactured on or after October 1, 1994, for sale in the U.S. bear a label disclosing where the car was assembled, the percentage of equipment that originated in the U.S. and Canada, the names of countries other than the U.S. and Canada contributing at least 15% of the average overall percentage of equipment on vehicles within the carline, and the country of origin of the engine and transmission. Any representation a car marketer makes that is required by the AALA is exempt from the Commission's policy. When a company makes claims in advertising or promotional materials that go beyond the AALA requirements, it will be held to the Commission's standard. For more information, visit the National Highway Traffic Safety Administration's [website](#).

The [Buy American Act](#) requires preferences for Made in USA products in government procurement. For more information, review the Buy American Act at 41 U.S.C. Chapter 83. The most recent version of the [Federal Acquisition Regulations](#) includes the amount of domestic content products must have to be considered Made in USA for procurement purposes.

What To Do About Violations

What if I suspect noncompliance with the FTC's Made in USA standard or other country-of-origin mislabeling?

Information about possible illegal activity helps law enforcement officials target companies whose practices warrant scrutiny. If you suspect noncompliance, report it to the FTC at [ReportFraud.ftc.gov](https://www.ftc.gov/report-fraud) or send an email to MUSA@ftc.gov. If you know about import or export fraud, [file a complaint with CBP](#). Examples of fraudulent practices involving imports include removing a required foreign origin label before the product is delivered to the ultimate purchaser (with or without the improper substitution of a Made in USA label) and failing to label a product with a required country of origin.

You also can contact your [state Attorney General](#) and your [local Better Business Bureau](#) to report a company. Or you can refer your complaint to the [National Advertising Division \(NAD\) of BBB National Programs, Inc.](#) NAD handles complaints about the truth and accuracy of national advertising.

Finally, the Lanham Act gives any person (such as a competitor) who is damaged by a false designation of origin the right to sue the party making the false claim. Consult a lawyer to see if this private right of action is an appropriate course of action for you.

For more information

The FTC works to prevent fraudulent, deceptive, and unfair practices that target businesses and consumers. Report scams and bad business practices at [ReportFraud.ftc.gov](https://www.ftc.gov/ReportFraud). We also provide guidance at [business.ftc.gov](https://www.business.ftc.gov) to help companies comply with the law. Visit [ftc.gov/musa](https://www.ftc.gov/musa) for more information about complying with the Made in USA standard. Regardless of the size of your organization or the industry you're in, knowing — and fulfilling — your legal responsibilities is smart, sound business. Looking for a quick take on recent cases and other initiatives? [Subscribe to the FTC's Business Blog](#).

Your Opportunity to Comment

The National Small Business Ombudsman and 10 Regional Fairness Boards collect comments from small businesses about federal compliance and enforcement activities. Each year, the Ombudsman evaluates the conduct of these activities and rates each agency's responsiveness to small businesses. Small businesses can comment to the Ombudsman without fear of reprisal. To comment, call toll-free 1-888-REGFAIR (1-888-734-3247) or go to www.sba.gov/ombudsman.

July 2024