Made in America: What Does it Mean in Today’s Global Economy?
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In today's global economy, the supply chain for manufactured products has become increasingly complex. A laptop computer, for example, may be produced with raw materials and component parts from six continents.\(^1\)

Given this complexity, what does it mean to be “Made in America” today? The U.S. government defines American-made products in the Buy American Act (BAA), and the Federal Trade Commission (FTC) regulates “Made in USA” claims in advertising and marketing. These regulations only apply to product manufacturing and manufacturers’ claims, however. Media reports may not be based on government standards, which may make it confusing to evaluate various claims about American-made products.

The purpose of this paper is to provide information about and compare the Buy American Act and the FTC’s “Made in USA” standard. An overview of the ABC network’s “Made in America” series and Delta Faucet Company’s BAA compliance are also presented.

The Buy American Act

The Buy American Act was enacted in 1933 to give preference for American-made goods in the federal government's procurement process for domestic “articles, materials and supplies” for public use. By giving preference to U.S. goods, it attempts to protect domestic labor.\(^2\)

The BAA requires that government-procured products for public use be manufactured in the U.S. with the cost of U.S. components exceeding 50 percent of the cost of all components. To comply with this requirement, any finished goods assembled from component parts must be “substantially transformed” in the U.S. This is defined as a “manufacturing process that results in a new and different product with a new name, character, and use that is different” from the original materials.\(^3\)

Commercial off the shelf (COTS) products, which are defined as products that are commercially available to the public, are also compliant with the BAA if they are manufactured (i.e., substantially transformed) in the U.S.

There are some exceptions to the BAA that allow procurement of products produced outside the U.S. These exceptions include products that are unavailable in the U.S. or that would result in an unreasonably high purchase cost.\(^4\)

In an effort to protect American workers by saving and creating jobs, the 111\(^{th}\) Congress included a Buy American provision in the American Recovery and Reinvestment Act (ARRA) of 2009, which provided stimulus funding to many federal, state and local governments and programs. Under the ARRA, government recipients of stimulus funds were required to comply with the Buy American Act.

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\(^1\) MIT Sourcemap, sourcemap.com.
The “Made in USA” Standard

Set by the U.S. Federal Trade Commission (FTC), the “Made in USA” standard was created to prevent deception and unfairness in the marketplace as it relates to false or misleading claims that a product is made in the U.S. This standard applies to claims made on products, product packaging, advertising, and other promotional materials, including communications sent electronically.

The standard requires that a product must be “all or virtually all” made in the U.S. to carry the mark or label “Made in USA.” To satisfy the “all or virtually all” requirement, all significant component parts used in the finished product must be produced in the U.S. (i.e., no or negligible foreign content), and final assembly or processing of the product must be completed in the U.S.

Manufacturers are allowed to make qualified “Made in USA” claims, such as “Made in U.S. from Imported Parts.” As with “Made in USA” claims, all qualified claims must be truthful and substantiated.

<table>
<thead>
<tr>
<th>Initiating body:</th>
<th>Buy American Act</th>
<th>&quot;Made in USA&quot; Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal:</td>
<td>Protect domestic labor</td>
<td>Prevent false or misleading claims in marketplace</td>
</tr>
<tr>
<td>Covered items:</td>
<td>Goods procured by U.S. government</td>
<td>Marketing and advertising claims</td>
</tr>
<tr>
<td>Component parts requirements:</td>
<td>Must be “substantially transformed” in the U.S.; cost of U.S. components must exceed 50% of total component cost or must be COTS product</td>
<td>Must be “all or virtually all” made in the U.S.</td>
</tr>
<tr>
<td>Exceptions:</td>
<td>Several exceptions, including unreasonable cost and unavailability of product</td>
<td>Qualified claims that are truthful and substantiated are allowed</td>
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Figure 1: Comparison of the Buy American Act and “Made in USA” Standard

ABC Network’s “Made in America” Series

In 2011, the ABC television network ran a feature series entitled “Made in America” on its evening news program, “World News with Diane Sawyer.” The series depicts the nation as “addicted to imports,” explaining that nearly 60 percent of consumer purchases are of products manufactured overseas.6

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As a supplement to one of its “Made in America” episodes, ABC posted on its website a list of building products used by the homebuilder featured on the show. The list includes some of the products used in only one home and notes only one brand per product category. The criteria used to determine if a product was “Made in America” are not indicated. No compliance with recognized definitions of American-made products is cited; the companies and products listed are not noted to be compliant with either the “Made in USA” standard set by the FTC or the “Buy American Act.” While the list may include products that comply with the BAA and/or the “Made in USA” standard, it should not be interpreted as a comprehensive list of American-made building products.

**Delta Faucet Company and BAA Compliance**

Delta Faucet Company, which manufactures Delta®, Brizo® and Peerless® branded products, was founded in 1954. The Company is headquartered in Indianapolis, Ind., and operates three manufacturing facilities in the Midwest (see Figure 2).

![Delta Faucet Company locations](image)

**Figure 2:** Delta Faucet Company U.S. Locations

Delta Faucet Company approaches quality as an integral part of the manufacturing process to ensure our faucets look and perform beautifully. All Delta, Brizo and Peerless component parts and finished products manufactured in the U.S. or abroad must comply with our exacting quality and performance standards.

More than 4,500 Delta Faucet Company products are compliant with the Buy American Act. These products include all DIAMOND™ Seal Technology models, which are assembled in Jackson, Tenn.

For assistance with BAA-compliant product selection, contact your local Delta Faucet Company sales representative. They will also be able to provide a letter to document product compliance, if required.

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Founded and headquartered in the heart of the Midwest, USA.
Delta Faucet Company was founded in Greensburg, Indiana, and remains tied to its Midwestern roots today. Delta Faucet calls Indianapolis home for its global headquarters, featuring state-of-the-art engineering and technology facilities and an award-winning product design team responsible for designing Delta Faucet Company’s vast and dynamic product offering. Delta Faucet is also proud to operate multiple manufacturing facilities in the U.S. and employ more than 1,300 U.S.-based employees across the country.

A plumbing company that stands beside—and inside—the USA. Another way Delta is more than just a faucet.