

ONE HUNDRED SIXTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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October 15, 2020

The Honorable Joseph J. Simons
Chairman
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, DC 20580

Dear Chairman Simons:

We applaud the Federal Trade Commission (FTC) for initiating a rulemaking proceeding on Made in USA labeling and urge the Commission to adopt this rule without delay. The proposed rule fulfills the intent of Congress to provide useful information to consumers about American-made products by ensuring the statute applies to online labels and reiterates the FTC's ability to obtain civil penalties for violations of the statute.

American consumers strongly favor products made in the United States and rely on Made in USA labels to distinguish domestically produced products from foreign goods. Nearly eight in ten Americans prefer purchasing American-made products over imports, with over 60 percent of consumers even willing to pay 10 percent more for American-made goods.¹ Whether driven by a sense of national pride, a desire to support the American worker and economy, or a preference for goods with superior quality, reliability, and durability, the label is meaningful to consumers and influences their purchasing choices.

The importance of the label to consumers underscores the need to apply the rule to physical and online labels, including online marketing material, as the proposed rule would require. Consumer retail spending has been shifting from physical stores to online stores for years.² During the coronavirus disease of 2019 (COVID-19) pandemic, the move to e-commerce has accelerated sharply.³ Limiting the rule to only physical labels would mean ignoring the

¹ Consumer Reports, *Made in America* (May 21, 2015) (www.consumerreports.org/cro/magazine/2015/05/made-in-america/index.htm).

² *COVID-19 Pandemic Accelerated Shift to E-Commerce by 5 Years, New Report Says*, Tech Crunch (Aug. 24, 2020).

³ *Id.*

reality of retail purchasing in the 21st century and would leave consumers without the information this statute is meant to provide.

Some businesses seeking to capitalize on the higher demand for American-made goods deceptively display Made in USA labels, undermining the integrity of the label.⁴ As a result, nearly a quarter of Americans do not trust that a Made in USA label actually signifies that the product is all or virtually all made in the United States.⁵ The lack of public confidence in the label can harm domestic manufacturers seeking to credibly advertise to consumers that their products are American made and dull competitive forces encouraging manufacturers to produce domestically.

Rebuilding consumer trust in the label requires strong enforcement and meaningful consequences for those who deceive consumers with misleading use of the label. Unfortunately, too often the FTC has refused to take strong enforcement actions, showing potential violators that they can misuse the Made in USA label with impunity. We appreciate the clarity provided by the proposed rule that violators are subject to civil penalties and encourage the FTC to include this provision in the final rule. Such action would show that the FTC will use all the available tools to deter potential violators and make repeat violations less likely.

The Made in USA label empowers consumers to make more informed purchasing decisions and rewards American manufacturers that invest, employ, innovate, and produce in the United States, including many small businesses that can gain a competitive edge based on country of origin. We are pleased to see a proposed rule that puts consumers first and protects the integrity of the Made in USA label.

This proposed rule is an encouraging sign of the FTC's commitment to meaningful consumer protection through use of its rulemaking authorities. We look forward to the Commission quickly concluding this rule and starting aggressive enforcement that will protect both consumers and domestic manufacturers. Thank you for your attention to this important matter.

Sincerely,



Frank Pallone, Jr.
Chairman



Jan Schakowsky
Chair
Subcommittee on Consumer Protection and Commerce

⁴ Federal Trade Commission, *Legal Resources* (www.ftc.gov/tips-advice/business-center/legal-resources?type=case&field_consumer_protection_topics_tid=234) (accessed Oct. 2, 2020).

⁵ See note 1.

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cc: The Honorable Noah Joshua Phillips, Commissioner
Federal Trade Commission

The Honorable Rohit Chopra, Commissioner
Federal Trade Commission

The Honorable Rebecca Kelly Slaughter, Commissioner
Federal Trade Commission

The Honorable Christine S. Wilson, Commissioner
Federal Trade Commission