



IPMI®

International Precious Metals Institute®

5101 North 12th Avenue, Suite C

Pensacola, Florida 32504 USA

Phone 850-476-1156 Fax: 850-476-1548

www.ipmi.org mail@ipmi.org

March 25, 2017

The Honorable Wilbur L. Ross, Jr.

Secretary of the United States Department of Commerce

Dear Mr. Secretary:

Thank you for the opportunity to comment on a Department of Commerce regulation that is of great concern to the precious metals industry. The Federal Trade Commission's policy on labeling products as "Made in USA" is restrictive, outdated and harmful to the precious metals industry. FTC regulations have put us at a disadvantage to foreign competitors in our own market, and precious metals manufacturing jobs are being forced offshore at an alarming rate.

I am writing as the President/CEO of the International Precious Metals Institute (IPMI). The IPMI is a 41 year old, registered 501(c) 3 non-profit association. We represent more than 1,000 companies and individuals from literally every sector of precious metals: banking & trading, jewelry design & manufacture, precious metals refining, precious metals alloys manufacturing, electronics, precious metals mining, precious metals research, numismatics, automotive, petroleum, pharma, catalysis and more. Each sector has significant presence of operations within the USA.

Twenty years ago, the Federal Trade Commission (FTC) determined that, to be labeled "Made in USA," a product must be produced "all or virtually all" in America. It is a standard technically impossible for precious metals products to achieve.

- The “all or virtually all” standard is outdated, rendered obsolete by globalization. It is far more restrictive than the rules of origin in other countries.
- It has been destructive to American manufacturers and has placed them at a severe competitive disadvantage. American jobs are being lost as a result.
- It flies in the face of United States laws and treaties. FTC is alone among our federal agencies in applying the “all or virtually all” standard.

There is a solution. Under the American Reconstruction and Reinvestment Act of 2009 (“ARRA”), a product is American made if it is substantially transformed in the U.S.A. “Substantial transformation” occurs when you change a good’s character or use.

A product’s country of origin is where its “character or use” is changed; not where the product’s commodity raw materials came from. Worldwide, the country of origin is where metal was last refined, not where scrap or mine materials come from. The FTC’s standard is the exception.

Both American metals refiners (that produce bullion) and product manufacturers (that produce finished goods), should be able to apply the “Made in USA” label if they meet the “substantial transformation” standard.

1. Refining precious metals transforms scrap and mine materials in a complex process from impure materials that cannot be used, to useable purified bullion.
2. Fabricating the bullion into jewelry and an array of precious metals products requires a subsequent series of challenging design and manufacturing steps,

“Substantial transformation” is the standard employed under the Buy American Act in the ARRA—already part of our laws. It is the standard Federal agencies use to determine that steel and iron are American made. It is a practical international standard, applied by countries competing against the United States and (with the exception of FTC) by United States Government. It is the standard used by the United States Customs Service and under U.S. trade agreements. And it is the standard applied by the Department of Defense and all the other Federal agencies.

We urge the Department of Commerce and the FTC to apply the substantial transformation standard, as do other Federal agencies.

The IPMI therefore urges that the Department of Commerce and the FTC standards for “Made in USA” should be replaced by the “substantial transformation” standard used by other US agencies and cited in both the Buy American Act of 1933 and the American Recovery and Reinvestment Act of 2009.

Doing so will create a more level playing field for the US jewelry industry, recognize the labor of its workforce, and help the industry to not only remain competitive but also advance and grow.

Sincerely,



J.P. Rosso

President

International Precious Metals Institute® (IPMI®)

www.ipmi.org