

## EXAMPLE

A supplier holding a contract with a period of performance that spans the schedule of threshold increases will be required to comply with each increased threshold for the items in the year of delivery.

**Ex.** A supplier awarded a five-year contract in 2027 will have to comply with the 65 percent domestic content threshold initially, but in 2030 will have to supply products with 75 percent domestic content, **unless** an alternate domestic content test is applied.

If the agency SPE allows the use of an alternate domestic content test, the contract would require compliance with the domestic content threshold in effect at the time of contract award for the entire life of the contract.

## QUESTIONS AND ANSWERS

### 1. **Are commercially available off-the-shelf (COTS) items subject to the domestic content test?**

Depends on the COTS item. The domestic content test is waived for acquisitions of COTS items that do not consist wholly or predominantly of iron or steel or a combination of both. For COTS items that consist wholly or predominantly of iron or steel or a combination of both, the domestic content test is waived **only** for COTS fasteners.

### 1. **How is the fallback threshold implemented?** The rule requires offerors to indicate when some of their foreign end products exceed 55% domestic content threshold, e.g. the “fallback threshold.”

### 1. **What materials does the fallback threshold apply to?** The fallback threshold only applies to construction material AND end products that are not COTS and do not consist wholly or predominantly of iron or steel or a combination of both.

### 1. **What is considered a Critical Item or a Critical Component?** The definitions for critical component and/or critical item are added to [FAR 25.003](#) and to the FAR provisions and clauses at [52.212-3](#), [52.225-2](#), [52.225-3](#), [52.225-9](#), and [52.225-11](#). A placeholder for the list of critical items and components will be added to newly-designated [FAR 25.105](#). This list will be developed based on the Government’s quadrennial critical supply chain review, the National COVID Strategy, and OMB review; the list will be added to the FAR in a separate rulemaking.

# Made in America

## FAR Rule\*

This rule implements an initial increase of the domestic content threshold from 55% to 60% and then a phased, multi-year increase to 75%.

The rule has a delayed effective date of October 25, 2022

\*This rule does not apply to the contracts subject to the Trade Agreement Act (TAA), such as, Federal Supply Schedules, Government-wide Acquisition Contracts, and contracts above the TAA’s dollar threshold.



## Made in America FAR Rule (FAR Part 25)

### I. Increases the Domestic Content Threshold

The rule increases the domestic content threshold incrementally from the current **55%** ultimately to **75%**. Unless allowed by an agency SPE to use an alternate domestic content test, a supplier holding a contract with a period of performance that spans the schedule of threshold increases, will be required to comply with each increased threshold for the items in the year of delivery.

### II. Adds a Fallback Threshold

Where end products or construction materials that meet the new domestic content threshold are not available or are of unacceptable cost, the rule allows, until one year after the last increase to the domestic content threshold (to 75%), for the acceptance of the **domestic content threshold of 55%**.

### III. Establishes an Enhanced Price Preference Framework

Enhanced price preferences will be applied for end products and construction material that are deemed to be critical or made up of critical components. This means there is an *additional* price preference on top of the usual 20%/30% authorized for domestic end products and domestic construction material.

To receive the enhanced price preference, offerors are required to offer a critical item or identify in their proposal whether an offered domestic end product contains a critical component.

The exact amount of the enhanced price preference associated with each critical component/item will be added to the FAR in a separate rulemaking.

## Threshold Increases to the Domestic Content

In Calendar Year...	Domestic Content Threshold	Fallback Threshold
From Oct 25, 2022	> 60%	55%
2023	> 60%	55%
2024	> 65%	55%
2025	> 65%	55%
2026	> 65%	55%
2027	> 65%	55%
2028	> 65%	55%
2029	> 75%	55%
2030 and beyond	> 75%	n/a