

**Additional Background Regarding ‘National Product Waiver of American Iron and Steel Requirements for Stainless Steel Nuts and Bolts used in Pipe Couplings, Restraints, Joints, Flanges, and Saddles’ (CWSRF and DWSRF)**

The proposed Decision Memorandum for extension of a short-term national waiver will allow for the purchase of non-domestic stainless steel nuts and bolts used in pipe couplings, restraints, joints, flanges and saddles for Clean Water SRF-funded and Drinking Water SRF-funded projects through February 18, 2019. The current waiver is set to expire on February 18, 2018. This is a national waiver that likely applies to the majority of SRF-funded projects nationwide.

In reviewing the need for the waiver, EPA reassessed the domestic manufacturing of stainless steel nuts and bolts for SRF-funded projects. EPA contacted all known domestic fastener manufacturers and found that the existing domestic supply of stainless steel nuts and bolts for the subject products was insufficient to meet market demand. However, during EPA’s market research, two domestic manufacturers indicated that they could potentially increase production.

EPA visited the aforementioned two domestic fastener manufacturers – Birmingham Fastener (Alabama) and Atlanta Rod (Georgia) – to learn about their potential to expand production. Both manufacturers confirmed that they do not currently produce sufficient quantities of fasteners to support much of the national demand, but could increase their production by two-fold within six months to one year. When EPA asked Birmingham Fastener whether they would increase production and enter into the market if the waiver lapsed, they responded, “entrance into the market is not seen as a driver for plant expansion, even in the absence of a waiver.” Atlanta Rod indicated interest in expansion should the waiver lapse. EPA asked Atlanta Rod, and solicited informal public input, about the portion of market they could supply, but received no direct response. EPA estimates from limited information that Atlanta Rod could supply, at maximum expanded capacity, only a very small proportion (less than \$10 million annually) of the national product demand from water and wastewater projects.

To increase certainty about market demand and supply of stainless steel fasteners, EPA solicited informal public input on its research findings during a 15-day public comment period. EPA solicited the attention of all known product manufacturers, industry suppliers, interested third parties, and potential users. EPA received twenty comments from suppliers and distributors of products containing stainless steel nuts and bolts and downstream users of those products. All of the commenters expressed support for extending the waiver. EPA received no public comments opposing an extension of the waiver. There is general consensus between the commenters that the national waiver should be renewed because the current availability of domestic stainless steel nuts and bolts does not meet SRF project demands. Suppliers and downstream users stated that EPA should at least allow domestic manufacturers sufficient time (through waiver extension) to develop production capacity to reliably meet the demand for stainless steel nuts and bolts.

Based on the market research conducted and the public comments received, the supply of domestic nuts and bolts for project and market demand is wholly insufficient. Without extension of the waiver, AIS compliant product availability will be limited and associated SRF projects will be delayed. We are recommending signature and approval of the attached decision memorandum on an extension to the national waiver for stainless steel nuts and bolts. The Office of General Counsel has concurred with this waiver determination.