

# **MADE IN AMERICA WAIVER NOTIFICATION NICHOLS BROTHERS BOAT BUILDERS**

## **Summary**

This notice provides information regarding the finding by the Maritime Administration (MARAD) that it is appropriate to grant a waiver of the domestic content requirement set forth in 46 CFR 298.13(b)(2) to permit the inclusion of certain foreign components in the issuance of Federal Ship Financing Program (“Title XI”) loan guarantees to finance a portion of the construction costs of an automated panel line, facility upgrades, and equipment by Ice Floe LLC d/b/a Nichols Brothers Boat Builders (NBBB) for use in building U.S. Flag steel vessels in Freeland, WA.

## **Background**

### ***Title XI’s Domestic Content Requirement***

Under Title XI, MARAD provides loan guarantees to assist with construction costs for shipyard modernization projects pursuant to the requirements set forth in 46 U.S.C. Chapter 537 and 46 CFR Part 298.

MARAD will only consider a waiver of the domestic content requirement when the conditions in 46 CFR 298.13 have been met. Rather than affirmatively requiring recipients to meet a domestic content standard as a condition of financial assistance, under Section 298.13(b)(2), MARAD excludes from the loan guarantee amount the costs of foreign components and services used in shipyard modernization unless MARAD grants a waiver for those costs. If the foreign component is available in the U.S. on a timely or price-competitive basis and is of sufficient quality, then MARAD will not approve the inclusion of that cost as part of the financeable cost of a project.

### ***The Title XI Projects and Request for Waiver***

NBBB submitted requests to MARAD to waive the domestic content requirement for the foreign components listed below, which are necessary for construction of the automated panel line pursuant to 46 CFR 298.13(b)(2), as part of their application for a Title XI loan guarantee.

### **Steel Fabrication Panel Line**

- a. 40' Pemamek Micro Panel Line and associated components
- b. HGG profile cutter and associated components

Each waiver request included the certification required by 46 CFR 298.13(b)(2), stating that the above items are either not available in the United States on a timely or price-competitive basis or the domestic item or service is not of sufficient quality. MARAD’s Office of Shipyards and Marine Engineering (OSME) reviewed the foreign components in the waiver requests and validated that such requests satisfied the Title XI regulatory requirements for the requested foreign costs.

The project consists of construction financing for the automated panel line and the profile cutter, which aims to increase the efficiency of the steel production. The use of robotics in shipbuilding has revolutionized steel fabrication, improving the quality and lowering the cost of construction. NBBB is installing an automated steel panel line to assemble the steel modules that are part of the shipbuilding process. The steel panel line is intended to help NBBB remain competitive in the shipbuilding industry. These systems are already being use at shipyards that are building vessels for the US Navy. The approval of the domestic content waivers for the automated panel line is necessary to finalize the Title XI loan guarantee for the project.

### ***The Waiver Request***

OSME reviews waiver requests and certifications as part of its role in evaluating each shipyard project's construction costs before MARAD's Office of Marine Financing recommends loan guarantee approval or disapproval. OSME manages the Small Shipyard Grant Program and has regular contact with large and small shipyards and is well-placed to understand the pricing and availability of shipyard equipment required in ship construction. In its review of NBBB's request, OSME validated each component item for compliance with the Title XI regulatory requirements for cost and technical availability through extensive marine industry vendor online resources and substantial professional network connections. As a result of OSME's due diligence on the foreign items in the waiver request, MARAD did not exclude any further foreign components from the Waiver as they were all determined to be valid under the conditions for inclusion in the financing cost.

In its evaluation of the requests, OSME reviewed the foreign components in the waiver requests and validated that each line item satisfied the Title XI regulatory requirements for cost and technical availability through extensive marine industry vendor online resources and substantial professional network connections.

On February 22, 2024 MARAD published a proposed waiver of the Title XI domestic content requirements for certain foreign components related to the shipyard modernization project on the MARAD [Made in America webpage](#) and requested public comment for a period of 15 days. The proposed waiver notices were also posted on MadeinAmerica.gov and the DOT Made in America page. MARAD received no comments.

### **Finding on the Waiver**

Based on all the information available to the agency, MARAD concludes that it is appropriate to issue a foreign content waiver for of the steel fabrication panel line components identified in the request from NBBB.