THE ASSOCIATION FOR MANUFACTURING TECHNOLOGY

May 17, 2021

RE: Docket identification (ID) number EPA-HQ-OPPT-2021-0202
Regulation of Persistent, Bioaccumulative, and Toxic (PBT) Chemicals Under Toxic Substances Control Act (TSCA) Section 6(h); Request for Comments

AMT – The Association For Manufacturing Technology appreciates the work of the Environmental Protection Agency (EPA) to protect human health and the environment. AMT shares those goals as we work to strengthen the United States manufacturing technology industry.

AMT's approximately 600 U.S.-based members build, sell and service the advanced machinery, devices, and digital equipment that U.S. manufacturing relies on to be productive, innovative, and competitive. These primarily small and medium-sized businesses – from startups to centuries-old companies -- make an outsized contribution to the U.S. economy. Consider that everything produced from human-made materials is made on manufacturing technology equipment. Thus, AMT members play a critical role in the health of our economy and the sustainability of our defense industrial base.

The following is AMT's response to the EPA solicitation for comments on The Regulation of Persistent, Bioaccumulative, and Toxic Chemicals under TSCA - Phenol, Isopropylated Phosphate (3:1) (PIP 3:1).

Depth of PIP (3:1) Ban
Of the materials listed in the EPA's announcement on January 6, 2021, PIP (3:1) represents the most significant challenge. It is prevalent in most electrical parts or their manufacture and in the lubricants and cutting fluids used in operating manufacturing technology equipment. In addition, it is used as a fire retardant in constructing electrical boxes and frames.

The ban impacts the ability to produce new manufacturing equipment and maintain the base of equipment in place. In addition, as AMT understands the rule, replacement parts for existing machines in service will no longer be available if they contain PIP, amounting to unilateral action by the U.S. unparalleled in other countries.

Respectfully, the rule offers no transition period, limited exceptions, and no accommodation for the inability to replace PIP (3:1) with another substance, creating two dire situations:

- Once the ban becomes effective, if it takes more than 18 months to comply, more than 50 percent of U.S. capacity to manufacture could be idled due to the inability to service the equipment with replacement parts that do not include PIP. The longer it takes to develop an alternative or for the supply chain of spare parts to develop qualifying alternatives, the greater the percentage of our production capacity will be idled. The average age of equipment in place on factory floors in the United States is ten years with life expectancy up to 30, 40, or more years. Any machine older than seven years typically requires maintenance with fluids, electronics, motors, or wiring one to two times a year. Not all of those service calls will be for PIP (3:1) impacted parts, but it takes only one instance to render the machine unserviceable.

  While the U.S. is about 8 percent of world demand for manufacturing technology, that percentage isn't likely large enough to provide the economic incentive to develop, seek approval and produce new qualifying products that exclude PIP (3:1) quickly. Existing equipment will be unusable in one or two service cycles as essential parts become unavailable. Spare parts containing PIP (3:1) will be available to manufacturers in

other countries but will not be available in the United States. And, the supply of new machines also will be impacted for a number of years until the supply chain is able identify, find, and integrate replacements. The disruption to U.S. manufacturing processes caused by the loss of these machines could scale into the hundreds of billions of dollars before a substitute and qualifying replacement parts are in place. AMT urges that replacement parts be exempt from the ban for the lifetime of the equipment or, at a minimum, exempt the parts already produced up to the ban's effective date.

- Secondly, a significant portion of U.S. manufacturing technology equipment stock is at risk of dropping out of stock for five years or more. It may become worthless without an alternative material for PIP (3:1). AMT estimates that there is approximately $175 billion of capital stock in manufacturing technology currently in U.S. plants. The percentage of the stock impacted or containing PIP (3:1) is unknown, but it is clear that it is substantial.

  AMT's calculation estimated above is solely for the machine tool portion of the manufacturing equipment market. Machine tools' portion of manufacturing technology stock is only about 10 percent on a dollar basis. The other 90 percent is composed of products such as consumables, cutting tools, advanced automation, and materials handling. Therefore, it is not unreasonable to assume that the amount of manufacturing technology capital stock impacted by the ban could be ten times that of machine tools or nearly $1 trillion.

  The impact of even a fraction of a trillion dollars of capital equipment leaving productive use permanently inside of two to three years due to the PIP (3:1) ban would be devasting to our economy. Beyond the economic impact, there is the impact on the defense industrial base and our national security. As others noted in their comments, the ban of PIP (3:1) in aerospace and defense could stop domestic and international travel and critically restrict the uses of existing military technologies.

AMT urges the EPA to reconsider the ban on PIP (3:1) and instead work with industry to develop alternatives to the substance. At a minimum, U.S. manufacturers need several years to identify the use of the chemical in their components, seek alternatives, and work to integrate those alternatives into production processes. In cases where no other options exist, the industry needs five to eight years to identify impacted parts and then innovate, test, integrate, and implement alternatives that do not exist today.

AMT pledges to help our members comply with EPA rules. These companies are dedicated to the health and safety of their products, workers and customers. The reason PIP (3:1) is in use today is for safety.

Thank you for your attention. AMT looks forward to working with you now and in the future on PBT chemicals rules under TSCA. If you have questions or comments, please contact Pat McGibbon, Chief Knowledge Officer, AMT at pmcgibbon@amtonline.org or 703-395-6501. cc: Amber Thomas, athomas@amtonline.org or 571-216-7448.