

## **MADE IN AMERICA WAIVER NOTIFICATION WINDEA**

### **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 ten crew transfer vessels (CTVs) by Windea CTV, LLC (“Windea”) for use in support of offshore windfarm construction and maintenance (the “CTVs” or the “Vessels”). The foreign components, which are incorporated into the CTVs, are necessary for their operation.

### **Background**

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

Under Title XI, MARAD provides loan guarantees to assist with construction and/or reconstruction of U.S.-flagged vessels in domestic shipyards, pursuant to the requirements set forth in 46 U.S.C. Chapter 537 and 46 C.F.R. Part 298, including requirements for domestic content in the vessels. Ship components must be compatible for use in a vessel, meet the inspection standards of the United States Coast Guard (“Coast Guard”) with respect to the operation of U.S.-flag vessels, and meet acceptable marine standards, warranties, and safety requirements of the American Bureau of Shipping (ABS) or other applicable classification society. However, domestically manufactured components specified for the construction of a ship may be either unavailable or, if available, cannot be used as a substitute within a system of components that is foreign manufactured.

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 vessel construction 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. MARAD will not consider requests to include costs for foreign components that are a major part of the ship’s hull and superstructure.

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

The CTVs are being constructed in the U.S. to service the emerging offshore wind farm industry. In support of the Biden-Harris Administration prioritization of the development of offshore windfarm facilities, MARAD is prioritizing financing of new Jones Act-qualified offshore

windfarm vessels. The projects consist of post-delivery financing for the CTVs, set for use in the construction, operation, and maintenance of the offshore windfarm facilities in the northeast United States.

Windea submitted a request to MARAD to waive the domestic content requirement for certain foreign components necessary for construction of the CTVs pursuant to 46 CFR 298.13(b)(2), as part of its application for Title XI loan guarantees. The waiver request included the certification required by 46 CFR 298.13(b)(2), stating that the below 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.

The project consists of post-delivery financing for the CTVs. The project supports the St. Johns Ship Building in Palatka, Florida, Gulf Craft shipyard in Franklin, Louisiana, and the Breaux Brothers Enterprises shipyard in New Iberia, Louisiana, the shipyards constructing the CTVs. The approval of the domestic content waiver for the CTVs is necessary to finalize the Title XI loan guarantees for the project.

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

MARAD reviews waiver requests and certifications as part of its role in evaluating each project's design, construction costs, and the shipyard's ability to construct a vessel before approval or disapproval of a loan guarantee. MARAD 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 components required in ship construction. U.S. shipyards commonly source certain specialty parts from foreign sources because there is insufficient demand for them in the U.S. to support domestic businesses that supply them. Additionally, in some cases the components may be available domestically, but they are not designed for use in the marine environment and may compromise the integrity and reliability of the operation of a vessel.

In its evaluation of the request, MARAD's Office of Shipyards and Marine Engineering (OSME) reviewed the foreign components in the waiver request 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. It also compared them against the list of foreign components in the MARAD Request for Information that was published for public comment in the Federal Register on March 3, 2023, and the associated public comments.

On April 11, 2023, MARAD published a proposed waiver of the Title XI domestic content requirements for certain foreign components in the two vessels 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 public comments on the proposed waiver.

## **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 a portion of the construction costs of the CTVs by Windea for the following components:

### Marine Propulsion

- a. Main engines, shafting, integrated propulsion units and control systems

### Navigation Systems

- b. Barefleet Vessel Monitoring System and Navigation Package

### Auxiliary Systems

- c. Hydraulic and associated accessories

### Outfitting and Furnishings

- d. Bow Fendering
- e. Approved 5083 plating & 6082 extrusions (scantlings)

### Services

- f. Initial Vessel Design

None of the foreign components are a major part of the hulls or superstructures of the Vessels. Even if these foreign components are included in the construction of the CTVs, the Coast Guard can still document the CTVs as U.S.-built with coastwise endorsements.