

PIP (3:1)

CTA, IPC and ITI Meeting with OMB

September 21, 2021

Agenda

- Introductions and goals of meeting
- Economic impacts
- Industry request for PIP (3:1) compliance timeframe
- Discussion

Introductions and Goals

Consumer
Technology
Association™



Timeline of Impacts for Industry

- Status for article manufacturers and importers:
 - Many companies are still working to determine and confirm presence of PIP (3:1) in their supply chains.
 - Companies as recently as last week were notified of the presence of PIP (3:1) in parts and components.
 - Companies that have been able to confirm the presence of PIP (3:1) have not had sufficient time to phase out PIP (3:1).
- Insufficient time for phase out, procurement and assessment, quality and safety certifications, and supplier coordination and manufacturing mean technology products may not be available in the U.S. as of March 2022 without a long-term resolution.
- Companies need sufficient lead time to plan meaning an EPA long-term resolution is needed by beginning of December 2021 in advance of the March 2022, interim compliance date.
 - Shipments to US would effectively need to cease at the beginning of December. Shipments from overseas can take anywhere from four to 12 weeks. Once en route, no way to cease shipments.
 - Coordination with retail partners beings well in advance of the compliance date to ensure products are removed from the shelves.
 - Companies forced to dispose or recycle PIP (3:1) containing products and replacement parts.
- Last minute regulatory decisions with no long-term solution are proving costly to industry.

Economic Impacts

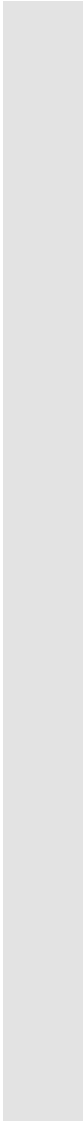
- The below are estimates from members companies on the financial implications of the March 2022 compliance date with no long-term resolution from EPA:
 - Member A with one product line of an electronic device estimated that current inventory valued at \$76M USD would need to be scrapped if reasonable transition time for alternatives is not allowed.
 - Member B estimates that not being able to resell products returned from a retailer that Member B refurbishes is estimated around \$270M USD. Replacement of the AC cables where PIP (3:1) is contained in this product category would cost around \$278K USD and the company has determined it would be more cost effective to scrap the products than replace the AC cords.
 - Member C with multiple electronic device categories impacted estimated current inventory to be valued over \$200M USD that would need to be scrapped.
 - Member D with one impacted device category stated it would cost \$75M - \$100M USD to rework finished goods already in distribution channels or that have been manufactured but are awaiting import.
- The above exemplify the value of the finished goods currently in the market; companies would also incur costs for recycling and disposal if they are unable to sell finished goods along with their inventory of repair and replacement parts.
 - Member E estimated the costs for recycling the inventory on hand (including finished goods and repair and placement parts) would be over \$20M USD for just one finished good category.

Compliance Timeline Request

- **EPA should implement a “manufactured by” compliance date for articles no sooner than 48 months.**
 - International precedent for a 48-month compliance timeframe.
 - European Restriction of Hazardous Substances in Electrical and Electronic Equipment 2 (RoHS 2) Directive
 - European Chemical Agency’s (ECHA’s) Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)
 - 48-month compliance timeframe is consistent with EPA’s approach for adhesives and sealants.
 - Manufacturers and EPA can confirm compliance for “manufactured by” date via unique product identifiers such as lot or serial numbers often marked on the finished good.
 - Establishes a reasonable and certain compliance date.
- **Chemical Phase Out Timelines:**
 - Survey of Supply Chain: Range of six (6) to 12 months
 - Procurement and Assessment of Substitute Parts with Suppliers: Range of three (3) to 24 months
 - Internal Quality Assessments: Range of three (3) to five (5) months
 - Quality and Safety Certification: Range of six (6) to 30 months
 - Supplier Coordination and Manufacturing Changes: 12 months

Industry Request for EPA Action

- Finalized Rule from EPA no later than December 2021 to address compliance deadline extension for articles containing PIP (3:1).
 - This will provide structure and predictability to industry and acknowledge production and distribution timelines.
- Industry request of 48 months (4 year) compliance extension based on a “manufactured by” date for articles containing PIP (3:1).



Discussion

Thank you!

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Background: Summary of Industry Engagement

Public comments submitted to docket on 5/17/21

Meetings with EPA staff on 6/2/21 and 7/12/21

Summary of CTA/IPC/ITI Request

- Industry request to EPA included:
 - **Implementation of a “manufactured by” compliance date for articles no sooner than 48 months (4 years).**
 - Establishment of an adequate de minimis concentration for the prohibition.
 - Exemption for spare and replacement parts for any finished good manufactured prior to the “manufactured by” compliance date.
 - Exemption for the use of PIP (3:1) in chemical substances, mixtures and articles for research and development (R&D) purposes to allow entities to test and compare alternatives.
 - Exemption for the use of PIP (3:1) in monitoring and control instruments.
 - Clarification on the application of the existing exception for adhesives and sealants as it applies to adhesives applied to electronic components or incorporated into finished products.
 - Clarification on the definitions for and applicability of the terms “article” and “product” in the context of risk management rulemaking for existing chemicals under TSCA.
- Reviewed with EPA staff on June 2, 2021.
- Met again with EPA staff on July 12, 2021.

Background: Use of PIP (3:1) in Electronic Components

- Insulation covers / sleeves and other components used in conjunction with internal and external cables (e.g., PVC cables, ground cables, and switch intel cables) and wirings. Includes:
 - Terminal covers
 - Fuse covers
 - Cable sleeves
 - Tubes
 - Casings
 - Harnesses
 - Clamps used with cables
 - Float switch
 - Connectors (housing)
- Internal and external cables including but not limited to power cables, HDMI cables, connection cables, USB cables, etc.
- Components used to shield / protect from electromagnetic waves in conjunction with circuit boards and other components inside electronic devices. Includes:
 - Condenser covers
 - Internal tapes
 - Gaskets
 - Sheets
- Components used for the electronic designs of semiconductors
- Electronic drive units
- Adhesives / Sealants (e.g. epoxy used for encapsulation of capacitors)

Note: The above is a list of known components as of 5/17/2021 where the use of PIP (3:1) has been confirmed. This list should not be viewed as exhaustive.

Background: Use of PIP (3:1) in Finished Goods

- Televisions
- Desktop PCs
- Blue-ray disc recorders / players
- Professional video monitors
- Displays
- Broadcast equipment
- Projectors
- Portable speakers and audio devices
- Camcorders
- Professional and consumer cameras
- Semiconductor manufacturing equipment
- Electronic microscopes
- Audio / stereo equipment and home theater equipment (e.g., audiovisual receivers, speakers)
- Professional audio / sound reinforcement equipment (e.g., digital mixers, amplifiers)
- Musical instruments (e.g., digital pianos, electric guitars, portable keyboards) as well as sound recording and reproduction technologies
- Radiation detectors
- Laser market sensors
- Office imaging equipment
- Professional monitoring and control instruments

Note: The above is a list of known finished goods as of 5/17/2021 where the use of PIP (3:1) has been confirmed. This list should not be viewed as exhaustive. Many member companies produce finished goods outside of the traditional electronics category. The list provided may include overlap with other trade associations representing the interests of that industry sector.