



The Alliance

for Responsible Atmospheric Policy

April 25, 2017

The Honorable Rex Tillerson
Secretary of State
US Department of State
Harry S. Truman Building
2201 C Street, NW
Washington, DC 20520

Dear Secretary Tillerson,

On behalf of the members of the Alliance for Responsible Atmospheric Policy (Alliance), I congratulate you on your confirmation as Secretary of State. You have already shown a courageous willingness to confront the range of urgent global challenges faced by the US. We wish you success in your role as Secretary and we look forward to working with you and your staff in the coming months and years.

I am writing in support of the State Department's efforts to advance US interests through sustained engagement with the Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol), and its enabling framework, the Vienna Convention for the Protection of the Ozone Layer. For more than three decades, industry has worked with the State Department, primarily the Office of Environmental Quality and Transboundary Issues (EQT), which operates within the Bureau of Oceans and International Environmental and Scientific Affairs, to incorporate US competitiveness into vital efforts to protect the stratospheric ozone layer. It is critical to continue and fund this work.

Organized in 1980, the Alliance is the leading voice of manufacturers, businesses and trade associations who make or use fluorinated gases for the global market. The US fluorocarbon using and producing industries contribute more than \$158 billion annually in goods and services to the US economy and provide employment to more than 700,000 individuals with an industry-wide payroll of more than \$32 billion. Alliance member companies are leading the development of safe, efficient, next-generation technologies and applications that benefit the US economy and consumers. A list of members is attached.

As you are finalizing your FY 2018 budget and program proposals, we ask that you support the continued US engagement with the global Montreal Protocol, including honoring commitments to support the important work of the UN Environment Programme's Ozone Secretariat and provide the technology assistance to developing countries directed through the Protocol's Multilateral Fund.

For several decades, it has been a priority of the US to join with other developed countries to provide funding for the developing country transition away from ozone-depleting compounds and into beneficial technologies, many of which are developed and exported by Alliance member companies. The Multilateral Fund has been both vital and successful in assisting developing countries to make the necessary transition toward beneficial technologies that incorporate US innovation.

In addition, Senate ratification of the Kigali Amendment is a key issue to be addressed when timing is appropriate. This will demonstrate US leadership in driving a timely transition. Without leadership from the US government and industry, other countries may fill the void and promote the introduction of alternative technologies that benefit their own exporting industries, and are not as safe and energy efficient.

The global effort to protect the Earth's ozone layer by phasing out chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs) is one of the signature environmental policy successes of the last 40 years, first initiated by President Ronald Reagan and his administration. Every administration since has supported the Montreal Protocol and the amendments associated with it. At the foundation of the Protocol's success is a long history of effective collaboration among industry, government officials and the environmental community. While it is rare for regulatory initiatives to include economic issues as factors in their deliberative process, they are an established component under the Montreal Protocol, at both the international and domestic policy levels.

Over the last three decades, our collaborative efforts have enabled US industry to lead the global technology transition from CFCs to HCFCs to hydrofluorocarbons (HFCs). Policies to implement the Montreal Protocol and Title VI of the Clean Air Act amendments have led to industry's invention of new compounds and technologies that prevent further atmospheric buildup of ozone-depleting compounds while allowing innovative manufacturers to provide high-performance products that are safe, effective and affordable for air-conditioning, refrigeration, fire suppression, foam insulation, solvents and other common, important applications. US industry has been the leader in these sectors, which over the last several decades have been significant contributors to a positive balance of trade, valuable jobs for the American workforce and a high quality of life for American consumers. A more comprehensive list of the benefits from advances in those sectors is attached.

Our businesses have thrived during the life of this treaty. In 1989, the year the Montreal Protocol went into effect, 30 percent of US households had central air-conditioning, a key sector of this industry. By 2014, this figure increased to 70 percent. Globally, the value of the HVAC market grew from \$20 billion in 1989 to \$70 billion in 2016.

Especially in the refrigeration, air-conditioning, and foam insulation sectors, there has been a concurrent transition to higher-efficiency equipment and products, leading to positive impacts for the US energy landscape and American consumers. These technologies have been at the cutting edge of modern industrial development, and identified by many emerging economies as critical to their economic growth. In fact, US industry sees immense opportunities in these emerging economies for the export and dissemination of new American technology.

Although the transition away from ozone-depleting substance is for the most part complete in developed economies, it is in only its early stages in emerging economies. This is of particular concern with regards to the larger emerging economies, including China and India, where the scale of the pending transition has significant technological, economic and environmental implications.

Now that the transition into HFCs is advanced in developed economies, there is global pressure to move once more, this time into new fluorinated and not-in-kind technologies due to concern in many markets for the potential growth in greenhouse gas emissions from HFCs. This latest effort was the subject of the Kigali Amendment adopted by the parties to the Montreal Protocol last October with significant US and global industry support. The amendment fulfills the need of businesses for a sensible, market-based approach to introducing technologies implementing alternatives to HFCs.

We recognize that the effort underway to right-size the federal budget is fully in line with the campaign commitment of the new administration to make the US government more efficient. This process requires you to make many difficult decisions about your department's resources. As it relates to the State Department budget, the funds utilized for US participation in and implementation of the Montreal Protocol have very efficiently met their environmental objective, while helping to sustain American technological leadership in markets worldwide.

We desire efficient and cost-effective implementation of international environmental initiatives that allow industry to have a voice in the process. Much work remains to be done with regard to the continued implementation of the global phasedown of existing compounds and applications under the Montreal Protocol, while ensuring continued US industrial leadership and success. We are also prepared to make suggestions on ways to improve the administration programs at the domestic and international level to achieve the desired efficiencies.

We appreciate you taking the time to consider our views, and we hope to meet with you in the near future to discuss these important matters.

Thank you.

Respectfully,



Kevin Fay
Executive Director

Enclosure 1: Alliance Members List

Enclosure 2: Societal Benefits

CC: Sen. Mike Enzi, Chairman of the Senate Budget Committee
Sen. Bernie Sanders, Ranking Member of the Senate Budget Committee
Rep. Diane Black, Chairman of the House Budget Committee
Rep. Todd Rokita, Ranking Member of the House Budget Committee

Sen. Thad Cochran, Chairman of the Senate Appropriations Committee
Sen. Patrick Leahy, Ranking Member of the Senate Appropriations Committee
Rep. Rodney Frelinghuysen, Chairman of the House Appropriations Committee
Rep. Nita Lowey, Ranking Member of the House Appropriations Committee

Sen. Bob Corker, Chairman of the Senate Foreign Relations Committee
Sen. Ben Cardin, Ranking Member of the Senate Foreign Relations Committee
Rep. Ed Royce, Chairman of the House Foreign Affairs Committee
Rep. Eliot Engel, Ranking Member of the House Foreign Affairs Committee



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Members

AGC Chemicals Americas
A-Gas Americas
Air-Conditioning, Heating &
Refrigeration Institute
Airgas
American Pacific Corp.
Arkema
Association of Home
Appliance Manufacturers
Auto Care Association
Bard Manufacturing Company
BASF
Brooks Automation, Inc.
Cap & Seal Company
Carrier Corporation
Center for the
Polyurethanes Industry
Chemours
Combs Gas
Consolidated Refrigerant
Solutions
Daikin America
Daikin Applied
Danfoss
Dynatemp International
Emerson Climate
Technologies
E.V. Dunbar Co.
Falcon Safety Products
FP International
Golden Refrigerant
Halon Alternatives Research
Corporation
Heating, Air-conditioning &
Refrigeration Distributors
International
Honeywell
Hudson Technologies
Hussmann
ICOR International
Ingersoll-Rand
International Pharmaceutical
Aerosol Consortium
Johnson Controls
Lennox International
Mexichem
Midwest Refrigerants
Mitsubishi Electric
National Refrigerants
Owens Corning Specialty &
Foam Products Center
Rheem Manufacturing Company
Ritchie Engineering
Solvay
Spectrum Brands
Sub-Zero
The Dow Chemical Company
Whirlpool Corporation
Worthington Cylinder



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Societal Benefits of Alliance Member Products

The role of Alliance members' products in our society goes well beyond their contribution to global and regional economies from a manufacturing and employment perspective. They are sold into a variety of industrial markets and incorporated into many products, providing a tremendous value to downstream industries and consumers. Listed below are some ways in which Alliance members' products and industries have provided significant societal benefits:

- ✓ Air-conditioning has played a key role in increasing worker productivity, enhancing health and reducing heat-related illness over the past half-century by keeping individuals comfortable and healthy in hot climates. In fact, MIT researchers have identified a direct correlation between the introduction of air-conditioning in the 20th century and a greater than 80 percent reduction in deaths due to exposure to very high temperatures (Barreca, Clay, Deschenes, Greenstone and Shapiro, 2012).
- ✓ Metered dose inhalers (MDIs) utilizing fluorinated compounds allow for the safe, effective delivery of critical medicines for the treatment of asthma and chronic obstructive pulmonary disease (COPD), which currently do not have a cure.
- ✓ Refrigeration units preserve and protect food for societies around the world. The growth of this technology will enhance the life of products and ensure that the food is reaching a larger percentage of the population.
- ✓ Blowing agents, which provide for increased thermal insulation in foam products, are helping to increase energy efficiency.
- ✓ Mobile air conditioning has become a necessity for passengers' comfort and safety in some one billion vehicles worldwide.
- ✓ The transport of food, drugs, and other products, which require climate control, is possible due to the use of refrigerants. Climate control assures that goods arrive without deterioration and do not endanger public health.
- ✓ The safe application of many materials is enabled through the use of aerosols, which are efficient and easy to use.
- ✓ Our industries provide solutions for novel applications in the solvent and fire extinguisher markets where safety is of critical importance.
- ✓ Our industries have available technologies for the safe, clean destruction or conversion of fluorinated compounds that have reached the end of their life.