

Ratifying the Kigali Amendment to the Montreal Protocol

The Benefits of Phasing Down HFCs and U.S. Leadership under the Montreal Protocol

- 1. The Kigali Amendment provides for a global phase down of hydrofluorocarbons (HFCs), creating jobs, stimulating investment, and boosting exports in the U.S. economy.**
 - HFCs are mainly used as refrigerants, solvents, foams, and fire suppressants, with many HFC substitutes manufactured by American companies in the United States.
 - The American Innovation and Manufacturing (AIM) Act was enacted in 2020 to phase down HFCs in the United States and enable implementation of the Kigali Amendment.
 - Ratifying the Kigali Amendment is consistent with more than three decades of U.S. leadership under the Montreal Protocol, originating with the Reagan Administration.

- 2. The Kigali Amendment sustains and potentially expands the jobs, investment, and trade benefits of the American Innovation and Manufacturing (AIM) Act enacted in 2020.**
 - The Kigali Amendment sustains the 33,000 new manufacturing jobs in the United States and \$12.5 billion annual investment in the U.S. economy created by the AIM Act.
 - Adding indirect and induced impacts, the AIM Act/Kigali Amendment benefits climb to 150,000 new U.S. jobs and \$38.8 billion in annual investment in the U.S. economy.
 - The total improvement in U.S. trade balance will be more than \$12.5 billion, with a 25 percent increase in exports.
 - The jobs will be concentrated in the heating, ventilation, air conditioning, and refrigeration (HVACR) and fluorocarbon refrigerant production sectors, where U.S. companies are historically dominant and the most innovative and dynamic.

- 3. Failure to ratify the Kigali Amendment in the United States risks surrendering these jobs and economic benefits to foreign competitors in Europe and Asia.**
 - The global HVACR market is growing by more than 6% per year, and the Kigali Amendment ensures continued, unfettered access to key HVACR export markets.

- Failure to ratify the Kigali Amendment risks trade-related restrictions that can apply to non-parties to the Montreal Protocol and its amendments.
- U.S. companies are investing \$5 billion in the U.S. through 2025 to exploit the commercial opportunities created by the Kigali Amendment. But if the U.S. fails to ratify Kigali, this investment could shift to Europe and Asia instead.

4. The Montreal Protocol and its amendments are the result of a broad bipartisan policy consensus after originating with the Reagan Administration.

- The George W. Bush Administration first proposed a global HFC phasedown in response to billion-dollar investments by U.S. industry in HFC substitutes in the early 2000s.
- After more than a decade of industry lobbying, a global HFC phasedown was negotiated under the Montreal Protocol in 2016 by President Barack Obama and dubbed the Kigali Amendment.
- The Montreal Protocol was originally negotiated by President Ronald Reagan and unanimously approved by the Senate in 1988. It was implemented by the 1990 Clean Air Act Amendments, signed by President George H.W. Bush.
- Prior to Kigali, the Montreal Protocol has been amended four times, with each amendment ratified by the United States and with bipartisan support.

5. Consumers will be protected from excessive costs and other inconveniences during the Kigali Amendment's global phase down of HFC production.

- The Kigali Amendment relies on a gradual phasedown of global HFC production over a 30-year period, providing sufficient lead time to plan for the transition.
- Existing HVACR equipment can be used through the remainder of its useful life, including servicing with existing HFC refrigerants.
- New HVACR equipment with HFC substitute refrigerants will create cost savings and other benefits for consumers via improved energy efficiency and superior performance.
- Under the Montreal Protocol, there have been prior transitions in equipment and refrigerants over the past 30 years. None resulted in excessive costs for consumers.

6. Many U.S. companies rely heavily on the climate and environmental benefits of the Montreal Protocol when dealing with investors, environmentalists, and regulators.

- The Montreal Protocol was negotiated in the mid-1980s to prevent the depletion of the stratospheric ozone layer by certain industrial chemicals, including refrigerants known as chlorofluorocarbons (CFCs).
- In addition to being ozone-depleting substances, CFCs are greenhouse gases. In phasing out CFC production, the Montreal Protocol created significant climate benefits, which were anticipated and validated by the Protocol's scientific and technical bodies.
- Unlike CFCs, HFCs do not deplete the stratospheric ozone layer. But the Kigali Amendment's global HFC phasedown will deliver climate benefits at least as great, if not greater, than those climate benefits previously achieved by the Montreal Protocol.
- U.S. companies in the chemical, manufacturing, construction, and automotive sectors rely heavily on these climate benefits when communicating to investors, engaging with environmental groups, and working with federal and state regulators.

7. The Senate should assert its right under the Constitution to provide advice and consent on international agreements by requesting that the State Department transmit the Kigali Amendment to the Senate Committee on Foreign Relations.

- The Senate provided advice and consent on the Montreal Protocol's four prior amendments, with the United States ratifying each amendment.
- All prior amendments received broad bipartisan support on its way to ratification:
 - The London Amendment of 1990 was ratified by the United States in November 1991 and entered into force in 1992.
 - The Copenhagen Amendment of 1992 was ratified by the United States in November 1993 and entered into force in 1994.
 - The Montreal Amendment of 1997 was ratified by the United States in October 2002 after having entered into force in 1999.
 - The Beijing Amendment of 1999 was ratified by the United States in October 2002 after having entered into force in early 2002.
- The Kigali Amendment entered into force in 2019, after ratification by 65 countries.