Opening Statement
Chairman Paul D. Tonko
Subcommittee on Environment and Climate Change
Energy and Commerce Committee
Hearing on "Promoting American Innovation and Jobs: Legislation to Phase Down the Use of Hydrofluorocarbons"
January 14, 2020

Today the subcommittee will examine H.R. 5544, the American Innovation and Manufacturing Leadership Act of 2020, which was introduced last week by Reps. Olson, Peters, Stefanik, and myself.

Hydrofluorocarbons, commonly known as HFCs, are a class of chemicals primarily used as refrigerants in heating, ventilation, air conditioning, and refrigeration.

HFCs gained widespread use in the 1990s as replacements for ozone-depleting substances, such as CFCs and HCFCs.

But HFCs have their own challenges, which is why a global transition to the next generation of refrigerant technologies is currently underway.

U.S. manufacturers are already investing billions of dollars in the research and development of new products and equipment to maintain their competitiveness.

In fact, American companies are global leaders in the development of HFC substitutes. One such class of substitutes are known as HFOs. HFOs are more environmentally-friendly, but even more importantly, American manufacturers stand to gain the most in the global marketplace by leaning into this transition.

According to a study by the Interindustry Forecasting at the University of Maryland, the HFC phase down will drive the creation of 33,000 new U.S. manufacturing jobs, $12.5 billion more in direct manufacturing output annually, a significant trade balance improvement in equipment and chemicals, and a 25 percent growth of the U.S. share of the global export market. These projected benefits are not small.

Just as important, American businesses recognize that any lagging on our part will open the door for China and other nations to erode our existing global market share.

This bill supports the industry in anticipating such competition and would help propel America's industry.

I would like to explain briefly a few aspects of this bipartisan proposal.

First, we are not proposing a ban. This bill would phase down the production and consumption of HFCs over 15 years, limiting the production and consumption to 15 percent of baseline levels beginning in 2036.

The benefits include certainty for manufacturers and consumers and an orderly and predictable transition to next generation technologies, while still allowing for exceptions for essential uses for which no substitute is available.

The legislation is modeled on Title VI of the Clean Air Act, which was enacted in 1990 with 401 bipartisan votes in the House and proved an able vehicle to foster an orderly, market-based phase down of HFCs' predecessors.

In fact, that earlier transition away from ozone-depleting substances was successful at an even lower cost than originally anticipated.

Second, this bill will not force consumers to replace equipment before the end of its useful life. Today, some older equipment is still using CFCs. This framework will guarantee that consumers are protected during the transition.

These benefits are why a phase down of this kind has received incredibly broad support.

I have served on this subcommittee for 7 years. I cannot remember a time when we had the U.S. Chamber of Commerce, the National Association of Manufacturers, and the Natural Resources Defense Council in complete agreement on anything— let alone granting new, targeted authority to EPA.

Companion legislation has received significant bipartisan support in the Senate with 32 cosponsors, half Republican and half Democratic.

On Capitol Hill, the phrase "commonsense legislation" gets thrown around a lot, but this bill truly fits the description. It addresses an environmental concern in a manner that will spur innovation and make U.S. manufacturers more globally competitive.

This bill presents us a bipartisan opportunity to ensure the next generation of refrigerants are American-made, and that our constituents experience the significant economic and job benefits that come from American-led innovation. I want to thank Mr. Olson for co-leading this effort, and I yield him the balance of my time.