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U.S. Senate Committee on Environment and Public Works
Dirksen Senate Office Building
Washington, DC 20510

Re: *Comments on S.2754, American Innovation and Manufacturing Act of 2019*

Dear Senate Committee Members,

The American Innovation and Manufacturing Act provides the heating ventilation, and air conditioning (HVAC) industry a framework for investment in the United States, job creation in the United States, and a net positive trade balance for the United States in a manner consistent with the Administration's economic policy. As an American packaging and distributing company of these refrigerant gases, Weitron supports the American Innovation and Manufacturing Act and its mechanisms to promote small businesses and manufacturing in the United States, while at the same time establishing a roadmap for economically driven climate action.

Weitron is a small American business that manufactures, packages, and distributes refrigerant gases to vital customers in the refrigeration, residential/commercial air conditioning, and automotive air conditioning markets. Incorporated in 1994, Weitron has grown to employ 65 employees in the United States in two manufacturing facilities and seven distribution centers across the country. Originally targeting a niche market segment, now many of the largest air conditioning companies, automotive parts retailers, and grocery outlets rely on Weitron for their cooling needs.

On a macro view, The Air Conditioning, Heating, and Refrigeration Institute (AHRI) and the Alliance for Responsible Atmospheric Policy published a report highlighting the benefits reaped by U.S. industry as the result of transitioning to low global warming potential (GWP) refrigerants and phasing down the consumption of other high GWP refrigerants. The data clearly show that replacing high global warming refrigerants with sustainable alternatives is good for the American economy, is good for American businesses, and is good for American workers. The study projected an expansion of 33,000 jobs by 2027, an impact to the American trade imbalance totaling more than \$12.5 billion per year, and net increases in exports of 6% per year to meet the needs of China, India, Latin America, and Africa. This should come as no surprise. America has a longstanding legacy of developing technology and capitalizing on commercial solutions to

meet the regulations levied by international directives. As such, America's ingenuity commands a competitive advantage to drive trade, innovation, investment, and jobs in the U.S.

Weitron's recent investment strategy not only exemplifies the report's findings but also provides concrete evidence to extrapolate the significance to small businesses. In a proactive strategy to accommodate the development and downstream market penetration of new low global warming potential refrigerants, our company chose North Carolina as the location to build a state-of-the-art manufacturing facility to specialize in next generation, low GWP cooling solutions. North Carolina Governor Roy Cooper applauded the \$12.8 million investment and creation of 31 jobs, while North Carolina Senator Erica Smith-Ingram notes, "these new jobs and the additional capital investment will bring new opportunities to our region". Therefore, transitioning to low GWP solutions actually backs American interests that the Administration has sought to support such as protecting American innovation, industry, and jobs, reduction in the national trade deficits with China and others, and opposition to legacy hydrofluorocarbon (HFC) refrigerants predominantly produced in China.

Inaction taken on the part of Congress will inhibit domestic investment, undermine existing investments made by U.S. companies, and further China's dominant position on the manufacture of previous HFC refrigerants. Further, if swift action is not taken to support innovative low-GWP refrigerants developed by American companies, the Government will be effectively promoting China's competitive manufacturing position at the direct expense of American workers. Weitron's President was quoted in the Daily Reflector (Greenville, North Carolina) saying, "without the incentive to produce, our business and our industry will slow down immensely— to the benefit of foreign competitors and imports who are dumping Chinese products in the U.S. markets at the expense of American businesses."

Additionally, government support will allow our industry to leap frog directly from R22 to products manufactured and invented in the U.S. Failure to do so will allow foreign produced, high-GWP refrigerants to infiltrate our markets during a crucial time when American ingenuity has produced patents and infrastructure to capture a competitive global position.

This Act supports the notion that what is good for business is also good for the environment. Let us look no further than the refrigerant industry. Contrary to common misconception, these new refrigerants will not require consumers to buy all new equipment. Production scaling provisions within the Act will assure consumers access to legacy refrigerants long after the useful life of his/her existing equipment. There is no ban on servicing existing units. Further analysis in the automotive segment shows that the total additional costs on a new car manufactured with a low GWP refrigerant (R1234yf) is at most \$68. In May 2019, the average cost of a car in the U.S. was \$36,718; doing the math shows the incremental expense of R1234yf is only 0.19%.

Meanwhile, this transition has already demonstrated a staggering impact. To date, the non-tailpipe emissions regulation portion of the larger framework to curb greenhouse gas (GHG) emissions has begun to reverse the trend of increased concentrations of anthropogenic GHG in

the atmosphere. In 2018, approximately 50 million cars have been manufactured with R1234yf. Even though the transition has just begun, the tangible benefits already attained are clear. Represented by the carbon saving equivalents below, according to the Honeywell climate ticker site, the switch from high GWP refrigerants has had the same impact as:

- Replacing the amount of CO2 converted by 13,583,371,920 acres of trees every year
- Taking 7,752,848 cars off the road
- Eliminating emissions from the power needed to run 3,360,039 homes
- Saving 85,641,931 barrels of oil consumption

Furthermore, imagine the cost of implementing those carbon saving equivalents, and compare it to \$68 per car. Transitioning to R1234yf represents significant return on investment. Importantly, the American Innovation and Manufacturing Act can provide a clear benchmark in establishing the need for economically sustainable environmental policy.

Weitron is proud to exemplify the opportunities that exist for American manufacturing in our business segment but needs the foresight and leadership from the Federal Government to pave the way for businesses in our industry. The American Innovation and Manufacturing Act provides a clear mechanism to stimulate domestic growth in our industry that leans on our country's legacy of forward thinking and ingenuity. Let's not turn our back on the economic and environmental progress American businesses can achieve in favor of advancing foreign goods in our market.

Thank you for your consideration.

Deborah Dayton
President
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