

**Statement of
Dr. John Thompson
Deputy Assistant Secretary of State for Environment
U.S. Department of State**

**Before the
U.S. Senate Committee on Foreign Relations**

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Chairman Menendez, Ranking Member Risch, and members of the Committee, thank you for having me here today and for the opportunity to testify in support of amendments to two treaties that are vital to ensuring our continued prosperity and advancing the interests of American workers and important sectors of the U.S. economy. I am Dr. John Thompson, Deputy Assistant Secretary of State for the Environment within the Bureau of Oceans and International Environmental and Scientific Affairs. I am pleased to represent the State Department today in support of both treaties, particularly given the Department's long and productive working relationship with the impacted business community. I look forward to engaging the Committee and answering your questions. The Administration requests that the Senate review the following treaty amendments, with a view to providing advice and consent to their ratification as soon as possible:

Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer;
and

Amendments to the Treaty on Fisheries Between the Governments of Certain Pacific
Island States and the Government of the United States of America (Tuna Treaty).

Kigali Amendment to the Montreal Protocol

I am pleased to testify on the Kigali Amendment to the Montreal Protocol, which was adopted in October 2016 as the 5th Amendment to the Protocol.

The Montreal Protocol on Substances that Deplete the Ozone Layer, which the United States ratified in 1988, is one of the world's most successful international environmental agreements. The United States is Party to the Montreal Protocol and its four previous amendments, all of which received the Senate's advice and consent to ratification. There are currently 131 Parties to the Kigali Amendment, including most of our major trading partners such as Canada, Mexico, Japan, the EU, China, and India.

The Kigali Amendment adds a new class of chemicals known as hydrofluorocarbons, or HFCs, as controlled substances under the Protocol. HFCs came into use as replacements for ozone-depleting substances being phased out under the Protocol. The principal features of the Kigali Amendment closely parallel the Montreal Protocol's provisions for other controlled substances. They provide for the gradual phase down of the production and consumption of 18 types of HFCs, subject to certain exemptions, and establish related requirements for licensing systems,

reporting, technical and financial assistance, destruction of byproducts, and restricting trade in HFCs with non-Parties. Through these measures, the Kigali Amendment will gradually drive global markets towards lower production and consumption of HFCs, and towards use of more environmentally benign replacement technologies.

To reap the economic benefits of the Kigali Amendment, the U.S. must ratify it. The sectors that use HFCs and their alternatives, primarily the refrigeration and air-conditioning sectors, produce \$178 billion in output each year in the United States. Industry estimates indicate U.S. ratification would support 33,000 new manufacturing jobs in the United States, and \$12.5 billion in new investments in the U.S. economy over the next decade. This includes achieving a substantial increase in the U.S. global export market share for heating, ventilation, air conditioning and refrigeration equipment, which is especially important given the rapid growth in sales of these products in many developing countries.

The United States will benefit economically from Kigali ratification because we have the most innovative and dynamic business community in the sectors that use HFCs and their alternatives. At each stage of the Montreal Protocol's history, U.S. companies benefited by being leaders in innovation, having developed alternatives to the prior generation technology. The Kigali Amendment is again facilitating a transition to a next generation of technology to the benefit of innovative American companies that hold a strong competitive advantage in these sectors, and to the benefit of the environment.

U.S. companies aren't the only ones developing alternatives to HFCs; our competitors in the European Union, Japan, Mexico, China, and elsewhere are developing their own technologies. Because these jurisdictions are Parties to the Kigali Amendment, their companies are recognized as stable long-term suppliers of alternative technologies that Kigali Parties across the world will need in order to meet their obligations to phase down HFC production and consumption. If the United States does not join Kigali, our industry risks losing out on this growing global export market, and we may also face a ban on HFC trade with Parties to the Amendment starting in 2033, which is not far away in an industry that looks many years ahead when planning investments. Joining Kigali maximizes our ability to continue to protect U.S. interests in the Montreal Protocol's governing body.

Congress has already taken the actions needed to provide sufficient domestic authority to implement the Kigali Amendment through the American Innovation and Manufacturing Act (AIM Act). The first HFC allowance allocation and trading rule that EPA issued in September 2021 under the AIM Act established the baseline and phase down schedule for HFCs and put in place most of the key elements required to implement Kigali obligations, including those related to production, consumption, byproducts, and reporting. EPA provided the methodology to issue allowances (i.e. licensing) for the first phasedown step and is now developing the proposed rule for subsequent reduction steps set out under the AIM Act. EPA intends to promulgate one or more additional rules under the AIM Act concerning the allocation and trading system for years beyond 2023. We do not envision the need for further rulemaking for the United States to meet the obligations it would have under the Kigali Amendment beyond what is already planned to implement the AIM Act. The United States already has the domestic regulatory plan to phase

down HFCs consistent with what would be required under the Kigali Amendment, but without ratification we will not realize its full benefits.

Joining the Kigali Amendment can produce economic benefits here at home by promoting and rewarding the innovation of American companies and workers. We can achieve this outcome because we worked so closely with the U.S. business community throughout the multiyear process of negotiating the Amendment, during which we had strong and unwavering support from their associations. The Chamber of Commerce; the National Association of Manufacturers; the American Chemistry Council; the Air-Conditioning, Heating, and Refrigeration Institute; and the Alliance for Responsible Atmospheric Policy all strongly support ratification, and they represent the vast majority of U.S. industry that use or produce HFCs or their alternatives. I can think of no better way to recommend this treaty for your consideration than to highlight their strong endorsement.

Amendments to the Tuna Treaty

The Tuna Treaty has been a cornerstone of U.S. cooperation with the Pacific Islands for over three decades and is a vital component of the wide range of U.S. engagement and financial assistance in the region. We appreciate your consideration of these amendments given the continued importance of the Tuna Treaty to our stakeholders and to our broader engagement with our Pacific Island partners in support of the Biden Administration's recently released Indo-Pacific Strategy.

The Tuna Treaty, which entered into force in 1988, serves broad U.S. diplomatic interests by providing a multilateral framework to cooperate with the Pacific Island parties on one of their highest policy priorities and by supporting the security, stability, and prosperity of this strategically located part of the Indo-Pacific region. Both the Tuna Treaty and a related Economic Assistance Agreement with Pacific Island parties, which supports development projects and programs in the region, reinforce the goals of the U.S. Indo-Pacific Strategy to preserve a free and open Indo-Pacific, drive regional prosperity, and bolster Indo-Pacific security.

The Tuna Treaty provides fishing access for U.S. commercial purse seine vessels to fish for tuna within the Exclusive Economic Zones (EEZs) of 16 Pacific Island parties (Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu) in a vast area of the western and central Pacific Ocean. Approximately 60 percent of the world's tuna catch occurs in the western and central Pacific Ocean, mostly in waters under the jurisdiction of these Pacific Island parties – many of which are small island developing states.

Though the role of the Tuna Treaty as part of our broader relationship with the Pacific Islands has evolved in recent years, the United States and the Pacific Island parties have historically viewed the Tuna Treaty not simply as a fisheries agreement, but as a foundation of the economic and political relationship between the United States and the Pacific Island parties. In February, when Secretary Blinken met with Pacific Islands leaders, several of them commented on the importance of the Tuna Treaty to their relationship with the United States and to their economies.

Using mechanisms like the Tuna Treaty to strengthen our relationships with Pacific Island parties is critically important, now more than ever, and especially on issues of mutual interest and concern, including maritime security; monitoring, control, and surveillance; countering illegal, unreported, and unregulated fishing; and blue carbon and blue economies. The Tuna Treaty is a central component for continuing economic cooperation with the Pacific Region, particularly as it weathers changes from declining fishing vessels and tourism revenues from COVID-19. In the long run, maintaining a strong relationship with our Pacific Island partners – with a focus on resilience – is a strategic priority, and will overlap with development of maritime security, digital technologies, and the blue economy.

The Tuna Treaty is unique in that it is the only truly multilateral framework for fisheries access and cooperation in the Pacific, as well as the most transparent access agreement of any kind in the region. Beyond fishing access, the Tuna Treaty supports the sustainable management of fisheries stocks in this region and provides for broad cooperation between the United States and Pacific Islands on some of their highest priorities, including on maritime security to combat illegal, unreported, and unregulated fishing. Along with our Pacific Island partners, we will continue to lead by example together in this region to advance sustainable, responsible, and transparent fisheries, including working to address issues that impact the entirety of the seafood supply chain.

The United States and the Pacific Island parties concluded seven years of negotiations and adopted amendments to the Tuna Treaty on December 3, 2016. These amendments to the Tuna Treaty make it a more viable and sustainable model to manage U.S. fishing access to areas under the national jurisdiction of Pacific Island parties. The 2016 amendments to the Tuna Treaty are supported by U.S. fishing stakeholders, who participated on U.S. delegations to negotiate the amendments, and by the Pacific Island parties. The Parties are currently applying the 2016 Tuna Treaty amendments on a voluntary basis pursuant to a nonbinding memorandum of understanding while awaiting their entry into force.

The new business model envisioned by the 2016 amendments has proven adaptable to changing circumstances, many of which we could not have foreseen during the 2016 negotiations. The flexibility that the 2016 amendments to the Tuna Treaty offer to all Parties has helped us weather shifting dynamics. This added flexibility has been useful in addressing the many challenges presented by the COVID-19 pandemic, which has significantly affected not only the operation of U.S. fishing vessels in the region, but also the economies and revenues of the Pacific Island parties.

We request the advice and consent of the Senate so the United States can ratify the Tuna Treaty amendments and build upon the foundation of this agreement to benefit the U.S. and our diplomatic and strategic relationships in the Pacific Islands region to preserve a free and open Indo-Pacific.

I appreciate your consideration of the Kigali Amendment and the amendments to the Tuna Treaty and will now take any questions you may have.