**ISSUE UPDATE: The AIM Act is Working as Intended**

In March, CASE published a white paper describing how the American Innovation and Manufacturing (AIM) Act, signed into law by President Trump in 2020, supports American manufacturing and consumers from illegal dumping of cheap, often mislabeled Chinese refrigerants into our domestic market. We advocated strengthening the AIM Act and interdiction of smuggled refrigerants into the market to protect consumers. These refrigerants are essential to consumer heating, ventilation, air conditioning, and refrigeration (HVACR) appliances, industrial processes including semiconductor manufacturing and data center operations, as well as keeping goods from food to medications safe, fresh and affordable.

In the span of just a few months, two events have occurred that make our defense of the AIM Act look prescient.

The first is the announcement of President Trump's trade and domestic manufacturing policies. Negotiations with trade partners after the "Liberation Day" tariff announcements – not least discussions with China, which are continuing to evolve – and Executive Orders meant to expedite domestic manufacturing, energy, and artificial intelligence (AI) projects demonstrate the Administration's determination to reshore critical industries.

In addition to supporting these specific industries, the Administration's actions will support domestic manufacturers that have designed innovative products necessary to support domestic growth in these sectors. One prime example is chemical manufacturers who have designed cutting-edge chemistries for refrigerants and have already invested billions of dollars in the United States to ensure this crucial supply chain is not dependent on rivals like China. These refrigerants are essential for semiconductor manufacturing and datacenter operation, making them key to winning the AI race and therefore a national security imperative as well. This was all done following President Trump's visionary support of the AIM Act in is first term.

The second is a temporary market disruption in the domestic supply of a particular refrigerant, known as R-454B. After being introduced into the market in 2018 (before the enactment of the AIM Act, it is worth noting), new units from domestic appliance manufacturers with this specialty chemical began hitting the market just a few years later. R-454B has quickly become the de facto standard air conditioning refrigerant in the United States, while Asia and Europe have preferred domestic alternatives, further enabling American independence in this manufacturing sector.

A confluence of factors – a manufacturer exiting the product category, panic buying before tariff imposition by some contractors unaware that R-454B is domestically manufactured, a temporary shortage of the specialized steel cannisters used to contain refrigerants, and unexpectedly high

demand in the construction sector – led to a short-term market crunch in R-454B availability. Added surcharges to these products have drawn local media attention and concerns from industry publications.

Domestic refrigerant manufacturers took action and ramped up production to supply the market, while manufacturers of HVAC units worked with their suppliers to provide additional coolant in the appliances themselves at the time of delivery, reducing the demand for cannisters. Because of this and other creative solutions put forward by American HVAC industry, the temporary market shortage is being lessened as availability and access continue to improve.

Unsurprisingly, Chinese-owned producers or domestic companies selling Chinese product have used the surcharges and temporary scarcity of R-454B cannisters to claim that the AIM Act, the Trump Administration's trade and domestic industrial policies, or both, should be modified or jettisoned outright. That result would be to their benefit: cheap, foreign-made, and less efficient refrigerants – mostly from China – would regain market access to the United States, not just to address the near-term market conditions, but for decades to come. One company in particular, iGas, with ownership stakes directly held by a Chinese provincial government body, has ratcheted up lobbying and advertising efforts to undermine domestic production of refrigerants, taking direct aim at the AIM Act to this end. They even have gone so far as to sue the EPA over the allocation method outlined within the AIM Act, to try to force the EPA to allocate based on a time period that would have included years, when IGas was simultaneously increasing imports into the US by engaging in dumping and duty evasion. The U.S. Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") recently issued an opinion in favor of the EPA and its AIM Act Allowance Allocation Rule.

This response from market actors dependent upon China confirms the AIM Act was the right choice for our economy and a benefit to American manufacturing, workers and consumers. Were it not, they would not be pursuing a multi-pronged offensive of litigation, lobbying, and a disinformation campaign in local media.

The AIM Act took nearly two years from introduction to become law. It was a victory for President Trump's America First policy that will protect the US market through the middle of the century. Undermining the statute or its underlying regulations would undo these achievements, exposing American consumers to less efficient foreign imports of appliances and gases that will ultimately cost them more in energy costs.

Policymakers must not fall for the ruse by the opportunistic few seeking to undo a major legislative victory of President Trump, undercut our economic independence, and allow bad actors to dump cheaper, potentially incompatible product into the market. To do so would be to exchange transient but acute pain for a chronic, wasting disease that will undercut America's

economic vitality.  As we continue through a period of industrial transition, we must all be on guard for these types of disingenuous abuses of the new cycle. They will surely not be limited to the obscure world of modern refrigerants.