

the **NEWS**

How Does the Black Hat Look on Arkema?

Global business director says the SNAP lawsuit is about options, choices, and a smooth transition



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My dad used to love Westerns, and when I was a kid I remember him telling me you could always tell the good guys from the bad guys because the bad guys wore black hats. Of course, as you get older you realize that the world is rarely that simple and clear cut, and most issues are colored in shades of gray.

That crossed my mind the other day when I received a call from Matt Ritter, global business director of Arkema. Arkema is widely seen as wearing the black hat in the refrigeration industry right now, thanks to the lawsuit in which it and Mexichem Fluor petitioned a U.S. court of appeals to review the EPA's 2015 rule in which HFCs were targeted under Section 612 of the Clean Air Act. The court ruled in Arkema and Mexichem's favor, in the process striking down an Obama Administration regulation. Chemours, Honeywell, and the National Resources Defense Council have since petitioned the court for rehearing.

Ritter is aware that the lawsuit has caused an industry perception that two foreign companies are attacking the EPA simply because they don't have HFOs or other low-GWP alternatives to offer. He, however, sees the situation a bit differently and called me to talk about his company's views.

Two points were primarily on Ritter's mind: the portrayal of Arkema as a foreign company, and the idea that the company is anti-HFO.

He pointed out that although Arkema Inc. is French-owned, its headquarters is in King of Prussia, Pennsylvania and it employs 3,400 people in 19 states. "We may be French-owned but we're an American producer, have significant operations in the United States, and operate globally -- as do many companies in the HVACR industry," he said.

The second point Ritter wanted to clarify was the belief that Arkema has not invested in the development of HFOs. According to Ritter, the company holds several hundred patents on HFOs worldwide, with the majority of those in the U.S., and recently launched an HFO commercially (HFO-1233zd). He knows other manufacturers have taken a more aggressive path in the development and marketing of HFOs, but Arkema does not have nefarious plans to restore HFCs to their throne in the HVAC industry. The company agrees with the need to move away from higher GWP chemicals, but it does not agree with the process EPA was using to get there.

Ritter said Arkema favors HFC regulations that give the market as much flexibility as possible -- while subject to an overall cap -- to achieve an efficient transition to next-generation substances.

"We want flexibility in the system, and we want customers to have options," he said. "More options allow for better choices to be made from both a safety and an energy efficiency standpoint. Unfortunately, the way the SNAP program is proceeding today it is not allowing choices. The EPA is in the driver's seat and we don't feel that it's EPA's authority to pick

technologies. We believe – and our lawsuit was based on the fact – that the environmental benefits we all want can be achieved without the disruption that SNAP is causing. Arkema supports the Kigali Amendment and believes this is a much better mechanism for achieving these goals.”

Ritter added there are many in the industry who support what Arkema is doing, although they are not outspoken about it.

“I think there’s a feeling that the refrigerants industry is against this lawsuit but the industry is divided,” he told me. “Yes, there are many who would like to have the formal SNAP controls in place, but there are others who view the EPA’s bans as overreaching, and would like something more industry friendly.”

Ritter thanked me for listening to Arkema’s side of the story and I have thought a lot about our conversation since we spoke. Some will agree with his viewpoints, some undoubtedly will disagree. What eventually will matter is what the court system decides. However, for now Ritter is asking those who don’t see the company’s hat as white to at least see it as gray and not jet black.

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