

EFCTC: Illegal Imports HFCs

COP12/MOP32 - SIDE EVENT

**TRACKING, TRAINING, TRACING: TRADE ENFORCEMENT ON
ILLEGAL HFC IMPORTS**

**ALLIANCE FOR RESPONSIBLE ATMOSPHERIC POLICY –
REFRIGERANT IMPORTS COMMITTEE**

23 November 2020
Angelica Candido - EFCTC



About us

The European FluoroCarbons Technical Committee is a sector group of the European Chemical Industry Council (Cefic) and represents the companies Arkema, Chemours, Daikin Refrigerants, Honeywell and Koura.



ARKEMA
INNOVATIVE CHEMISTRY

 **Chemours™**

 **DAIKIN**

koura

Honeywell

- 1. HFCs in the EU**
- 2. What has happened?**
- 3. Illegal Imports HFCs Project**
- 4. Some good news!**
- 5. Contacts**



1. HFCs in the EU

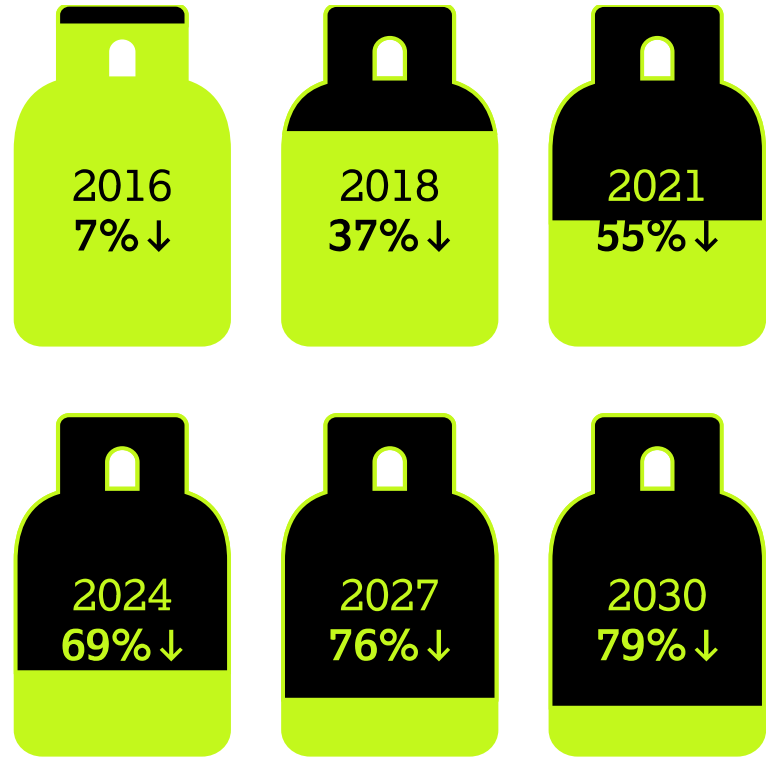


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START TRACING.**



EFCCN

HFCs are safe and energy-efficient, but can have a high Global Warming Potential (GWP)



2. What has happened?

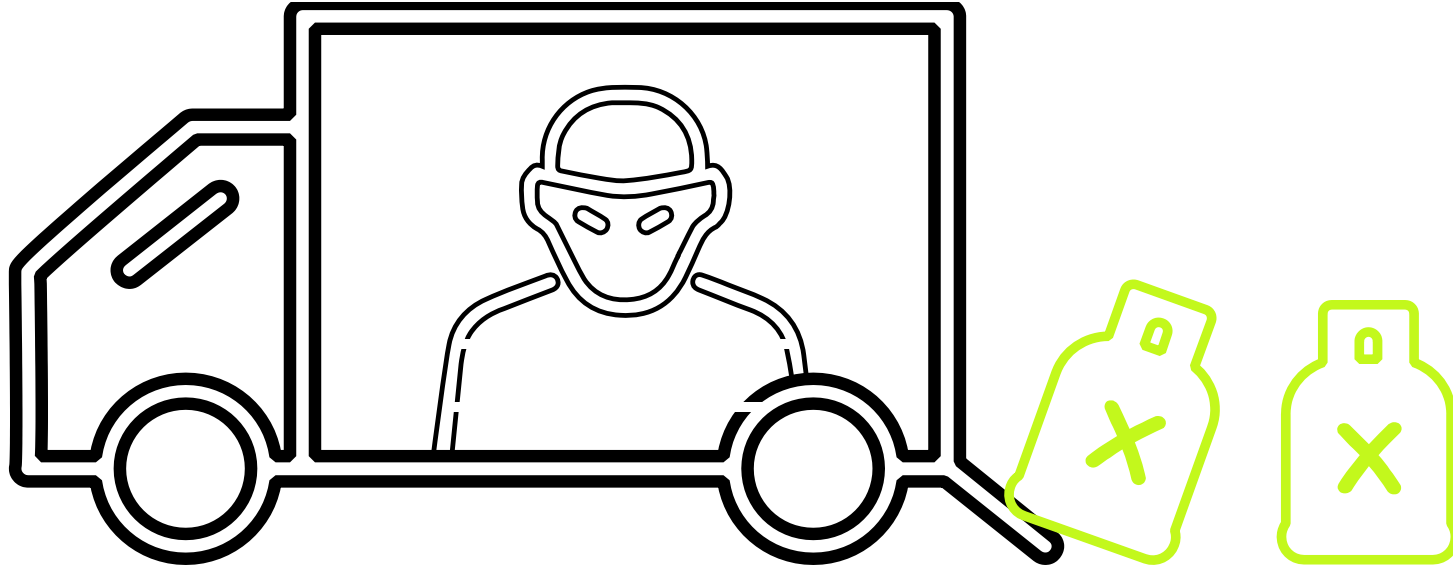


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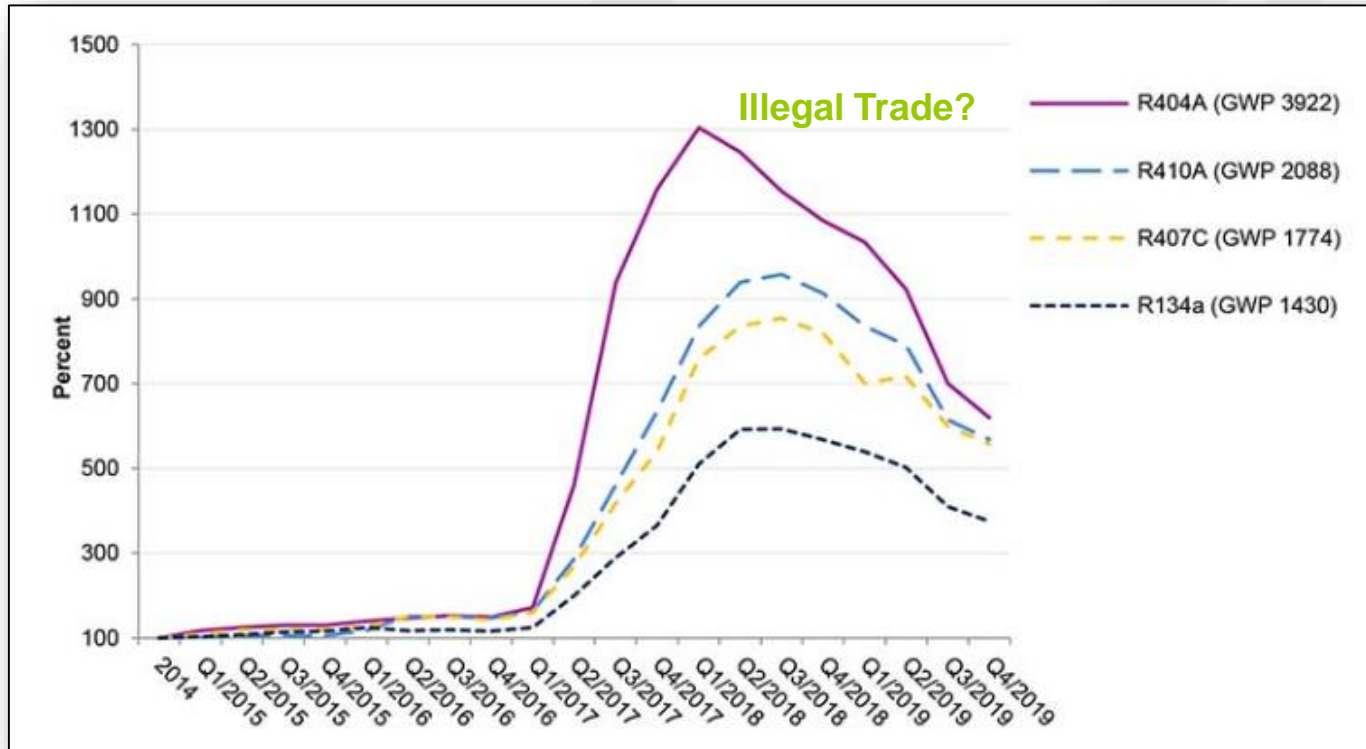
The beginning of illegal trade of HFCs



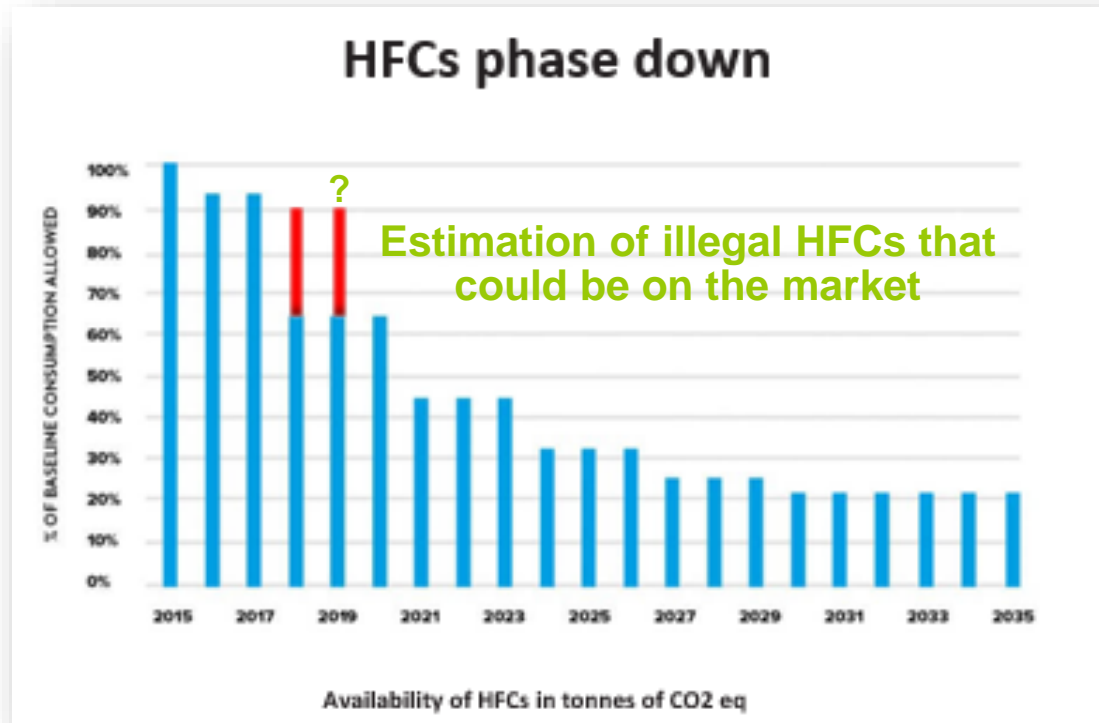
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Evolution of prices of refrigerants in the EU



Phase Down vs Illegal Imports



The impact of illegal trade of HFCs



ECONOMY

Illegal trade has a serious **negative impact on both Member States' tax revenues** and the economic viability of legitimate businesses who comply with the regulation.



R&D AND INNOVATION

Companies across the whole supply chain have invested significant resources to achieve the objectives of the F-gas Regulation. The uncertainty surrounding the enforcement of the F-gas Regulation, however, **may discourage private sector innovation and resources** for developing new technologies for new substances with lower Global Warming Potential.



INDUSTRIAL AND CONSUMER SAFETY

HFCs are liquefied gases under pressure, which are safe when handled with care. **Illegal refrigerants can pose a serious risk to the health and safety** of installers, users and the general public.

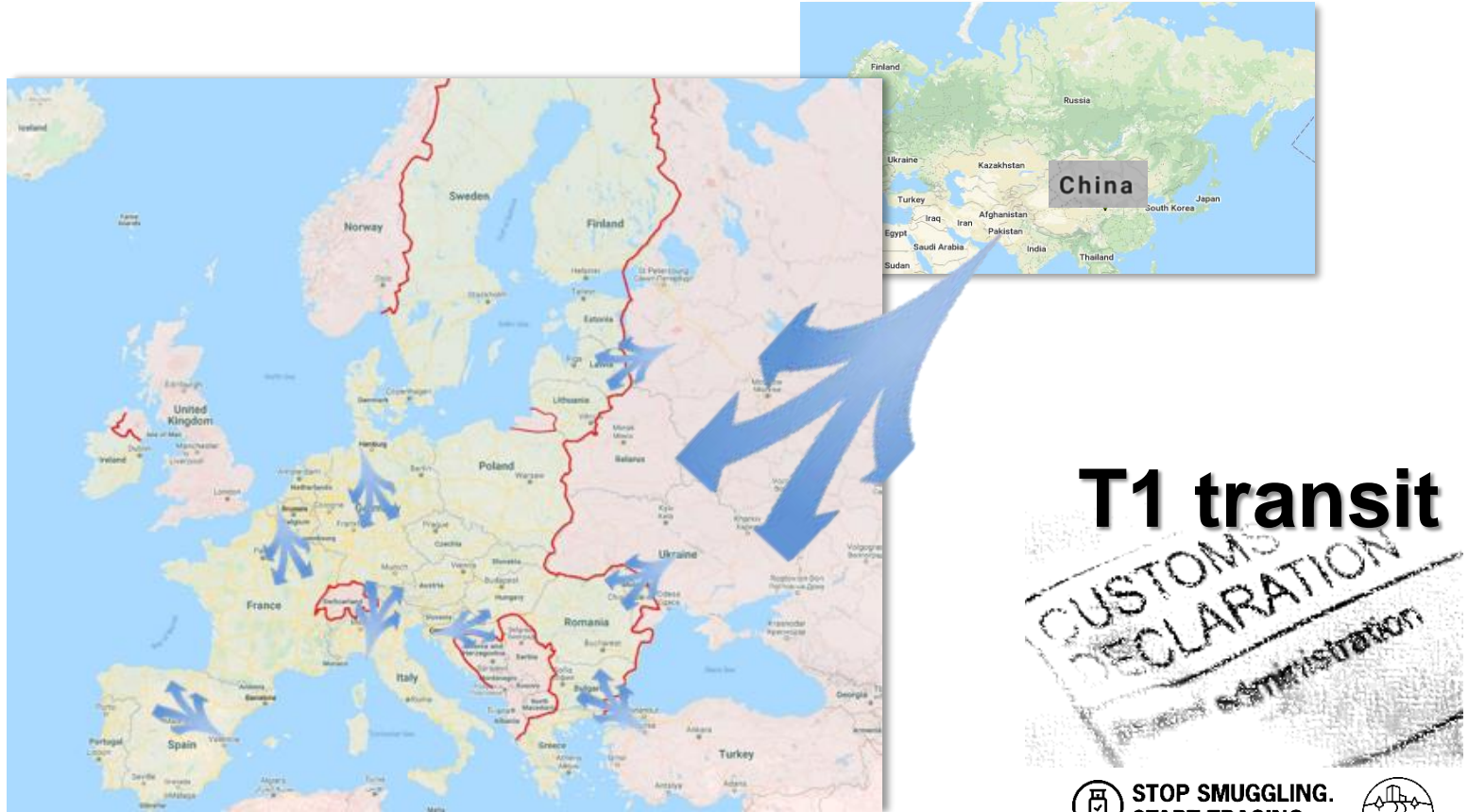


CLIMATE ACTION OBJECTIVES

Illegal trade results in additional HFC emissions that are associated with global warming and ultimately **undermines the objectives of the F-gas Regulation and EU's climate goals.**



Potential trade routes of illegal trade of HFCs



T1 transit



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Type of Illegal imports of HFCs



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3. Illegal Import project



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Private Investigations – Data Analysis

KROLL INVESTIGATION

- Active since early 2019
- ACTION LINE active

→ **Enforcement (11)**: investigations completed but pending enforcement action

→ **Active (5)**: ongoing investigations, including test purchase operations

→ **On hold (23)**: where investigations have commenced and evidence prepared, but pending further action

→ **Not Started (11)**: targets identified but not qualified and no investigation commenced

✓ **50 evidence** packs have been sent to Law Enforcement

✓ **Law enforcement** action in Bulgaria, Germany, Italy, Netherlands and Romania

<https://efctc.integrityline.org/>

OXERA – DATA ANALYSIS

- Import into NCs* (Eurostat, Chinese export data, Comtrade)
- EU-intra trade (Eurostat)
- Change in EU-intra trade flows over 2015–18 period

→ **substantial increase in HFC imports** (in tonnes) to NCs in 2016–18

→ **sharp increase in imports** (in tonnes) to NCs in 2018, which coincides with the reduction of HFC quotas

→ From 2017 to 2018, imports into NCs increased by **41%**.

→ **Possible explanation: products are illegally imported into the EU market following the tightening of the F-Gas Regulation quota in 2018.**

→ **2019 data – calculation on going**

**NCs=neighbouring countries*

Customs Enforcements - PR/PA Communication

- **Raise awareness at custom agency level**

→ +16 webinars in the local language
→ OLAF participation
→ help from DG TAXUD and DG CLIMA

On our list:

- **Turkey – October 2020**
- **Malta - October 2020**
- **Belgium - October 2020**
- **Spain – November 2020**
- **Latvia - November 2020**
- **Estonia - November 2020**
- Italy – November 2020
- Czech Republic – December 2020
- Slovakia – December 2020
- Romania – January 2020
- Slovenia - January 2020

10 more will be scheduled between Jan and Mar 2020



PUBLIC AFFAIRS

→ **EU Commission:** DG Trade, DG Clima, DG TAXUD, OLAF...

→ **EU Parliament**

→ **Member States:** Italy, Germany, Latvia, Estonia, Spain, Greece, Romania...

PUBLIC RELATIONS and COMMUNICATION

→ PR Campaign

→ Microsite - <https://stopillegalcooling.eu/>

→ Pledge - <https://stopillegalcooling.eu/pledge/>



4. Some good news!



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Examples of successful seizures

BULGARIA

- 2018: 78 cases - 2,114 kg (R134a, R404A)
- May 2019: 13.6 kg - 2 cylinders (R134a)
- Dec 2019: 634.5 kg – 60 cylinders
- Jan 2020: 12,977 kg (R134a)
- May 2020: 490 kg (R134a, R404A)

POLAND

- 2018: 414 cases - 10,676 kg
- April 2019: 25 t (R134a, R404A, 410A)
- Sept 2019: 13,768 kg - 1,202 cylinders (R404A)

CROATIA

- 2018: 25 cases - 1,941.8 kg - 102 cylinders (R134a, R410A, R404A, R407C)

ITALY

- Sept 2019: 11 cylinders (R22, R134a, R410A, R404A)
- Feb 2020: 10 t - 38 cylinders (Photos suggest some of it was R404A)
- Sept 2020: 3.7 t (R32, R404A, R410A R22)

GREECE

- 2018: 5 cases – 432 kg (R134a, R404A, R410A, R407C)
- Sept 2019: 23 t – 1,939 cylinders (R407C, R404A)

ROMANIA

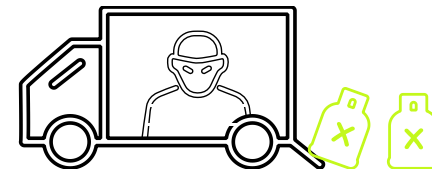
- July 2019: 95 cylinders
- July 2019: 86 Kg (R134a, R404A, R32)
- July 2020: 76 t

THE NETHERLANDS

- July 2020: 1,150 cylinders or 14t (R410A, R32, R404A)
- August 2020: 300 HFC aerosol cans (130 tons of CO₂e)

SPAIN

- April 2019: 10 t (R22)
- Aug 2019: 255 Cylinders
- Sept 2020: 1 885 cylinders - 19 t HFCs



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Moving forward ...

- **EU Commission:**
 - **F-Gas Regulation as opportunity to help the fight against the Illegal Imports**
 - **Single Window Implementation**
- **Members States:**
 - **law enforcement**
 - **penalties increase (fines must be much higher than the product cost)**
 - **resource increase at custom level**
- **Collaboration: Industry, MS, Institutions**
 - **Information exchange is key**
 - **Continue raise awareness – whole value chain**



5. Contacts



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Useful Contacts

EFCTC – European Fluorocarbons Technical Committee

Cefic – The European Chemical Industry Council

- Rue Belliard 40, Box 15
B-1040 Brussels, Belgium
EU Transparency Register n° 64879142323-90

EFCTC Secretariat

- Angelica Candido: anc@cefic.be
- Eszter Komaromi: eko@cefic.be

DG CLIMA [website](#)

OLAF [website](#)

F-Gas National contact [points](#)

PROZON

FUNDACJA OCHRONY KLIMATU



fluorocarbons.org
stopillegalcooling.eu



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Questions?



Thank you!



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