The Broad Impact of Illegal HFC Imports on the F-Gas Regulation

Illegal Imports of HFCs have been estimated at 20% of the HFC cap in 2018, mainly of the most widely used refrigerants R-134a, R-410A and very high GWP R-404A. For some Member States with external land borders, such as Poland, illegal imports are estimated to account for 40% of demand. Where HFC taxes apply, there is an impact on tax revenue generated by Member States, as illegal imports will not be subject to applicable taxes. This unfair situation will reduce demand for legally sourced HFCs that would be subject to tax.

Industry strives to ensure that the F-gas Regulation 517/2014 objectives and measures are delivered through significant investment in new refrigerants and equipment designs, training and certification for service engineers and a robust supply chain. There is considerable impact of Illegal HFC imports on the whole refrigeration and air-conditioning industry and its supply chain, in particular for those companies that have invested to supply refrigerants, equipment and services within the constraints set out in the Regulation.

Areas of the F-Gas Regulation that are being affected

F-Gas Compliance Behaviour ☺	Impact of Illegal HFC Imports ☹
Cap and Suppliers' Quotas	
Driving availability of and switch to lower GWP refrigerants	Exceeds cap resulting in higher emissions, slows change to lower GWP refrigerants
Use Bans on High GWP refrigerants >2500 GWP	
Equipment suppliers' technical approvals and service engineers' knowledge support the switch to lower GWP refrigerants by retrofit or new equipment installation	Sidesteps use bans. Undercuts legitimate service companies. Delays decisions on retrofit or equipment replacement
Service and Maintenance. Leak repair and log books	
Trained and certificated service engineers operate to a high standard to repair leaks, record refrigerant use, and source if reclaimed or recycled, and refrigerant recovery. A professional service that incurs costs to operate.	Avoids leak repair and refrigerant recording. Illegal top-ups. Poor service practice leading to higher emissions. Less incentive to recycle refrigerant. Undercuts legitimate service companies. May use contaminated refrigerant leading to equipment failures, with refrigerant requiring destruction. Possible safety risks from poor quality cylinders or refrigerants.

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Refrigerant recovery and return

Distribution and supply chain provide HFCs and lower GWP refrigerants in returnable cylinders, provide recovery cylinders for recovered refrigerants and cylinder management and return services.	Avoids legitimate supply chain, avoids costs, undercuts professional supply chain, no route for cylinder return for recovery of residual refrigerant leading to higher emissions

Refrigerant Reclaim and Destruction

Refrigerant reclaimers restore used refrigerant to required specification. Reclaimed HFCs such as R-404A have a value and can be used after the High GWP service ban. If not reclaimable, refrigerant is sent for destruction.	Reduces demand for reclaimed refrigerant. Contaminated illegal refrigerant may prevent reclaim resulting in higher levels of destruction. Adds costs to the legitimate supply chain.

Industry, as a whole, is taking action, where it can. The European Producers Trade Association (EFCTC) has launched a programme to help fight against this illegal trade. One of its features include an "Action Line" that will permit any individual to report alleged suspect HFC offerings confidentially to a trusted and independent contractor. For more details on the Action Line see https://efctc.integrityline.org.

Industry needs the wholehearted support of compliance enforcement initiatives to help prevent the illegal trade. We recognise that steps are being taken by the European Commission, Member States and their customs officials, but this is an issue that will need continuing efforts over a number of years. Quick and positive action on this topic may prove a good learning experience for other regulations in the future where the EU sets a more rapid pace of change than in other regions.

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