

AN OPEN LETTER TO EU POLICYMAKERS

Dear Directors of DG CLIMA, DG TAXUD and DG GROW,

Brussels, May 2021

We, the European Fluorocarbons Technical Committee (EFCTC)¹, together with several organisations and individuals in the hydrofluorocarbon (HFC) value chain, would like to bring you an update on an issue that is seriously harming producers, distributors, contractors and end users of HFCs as well as, ultimately, the climate : the black market in illegally imported HFCs, which continues to thrive across Europe.

New data released in February 2021 show that this illegal market continues to bypass the EU F-gas regulation quota system which has been in place since 2015. Research by Oxera Consulting LLP, analysed by EFCTC, shows that the black market was thriving in 2019. **Up to an estimated 31 million CO₂eqT** could have entered through EU borders illegally. This figure shows that uneven enforcement across Member States has created an opportunity for criminals to bypass the quota system and import HFCs into the EU illegally.

2021 is marking a new phase-down step, as the F-gas regulation² sets a reduction of the quota from 63% to 45% compared to pre-2015 level. As a result, we anticipate an increase in illegal imports of HFCs this year.

Countless enterprises feel the direct impact of this illegal market. We are committed to the phase down of HFCs and to ensuring that we do not support criminal organisations. However, companies all over Europe are unaware of this illegal market and could be unwittingly and unwillingly using illegally-imported HFC gases to refill cooling installations, car air-conditioning etc. Others are aware and take advantage of the black market to the detriment of regular law-abiding businesses and seize all opportunities to develop businesses at the cost of the regulation and the climate.

We have been pleased to see the actions that are being carried out by the European Commission, OLAF³ and a number of Member States which have led to recognition of the issue, tightened enforcement in some Member States and a number of seizures. However, more must be done both in the short term and through the revision of the EU F-gas Regulation 517/2014.

We therefore call on you to *tighten and harmonise enforcement* in all Member States by:



Promoting best practices in terms of border controls and VAT checks: customs authorities need to have access to the necessary information and tools. Although customs officials can check the HFC registry to know whether an importer is registered under the quota system, no information tells customs how much a company has already imported. It is essential that all Member States adopt the Single Customs Window without delay thereby allowing a real-time connection between the HFC registry and the customs officials at the border.



Asking Member States to set higher, more dissuasive fines, and following up on cases of illegal smuggling: right now, the possibility of incurring a fine is simply factored in as a business cost by criminal organisations and is marginal compared to the profits that can be made.



Building knowledge on the issue of illegal HFCs. Cooperate with OLAF, Europol and others to gather evidence and collect data on the size of the illegal market.

As of today, 53 organisations and individuals that have publicly said no to illegally traded HFCs through signing the EFCTC Pledge⁴ have co-signed this letter. But we need your help in this fight.



We thank you in advance for your support.

Sincerely,

EFCTC



A sector group of Cefic 
European Chemical Industry Council • Cefic aisbl

EU Transparency Register number (n° 64879142323-90)



**STOP SMUGGLING.
START TRACING.**

1 <https://www.fluorocarbons.org/>

2 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0517&qid=1608306002561>

3 https://ec.europa.eu/anti-fraud/home_en

4 <https://stopillegalcooling.eu/pledge/>