



**World Customs
Organization**

Compliance Challenges for HFCs Phase-down Under the Kigali Amendment to the Montreal Protocol

Environmental Law Institute (ELI) and International Network for Environmental Compliance and Enforcement (INECE) Webinar

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World Customs Organization (WCO)



- The World Customs Organization (WCO) is the primary international organization with expertise in Customs matters. It represents 186 Member Customs administrations worldwide, collectively processing approximately 98% of world trade.
- The WCO's activities involve leveraging the knowledge and expertise of Customs officers from its global membership, as well as fostering partnerships with other international organizations. These efforts are supported by standardized WCO instruments and tools.
- In the context of Multilateral Environmental Agreements (MEAs) such as the Montreal Protocol, these initiatives notably include the work related to:
 - Creating relevant Harmonized System (HS) codes to classify environmentally sensitive commodities,
 - Coordinating global Enforcement Operations to fight illegal trade.

Harmonized System (HS) for traded goods



- The Harmonized System (HS), developed by the WCO, is a global product classification system.
- The 7th edition, effective from 1 January 2022, introduced new subheadings prioritizing controlled substances' trade impact and environmental effects. Substances like CFCs, HCFCs, and HFCs are categorized under heading 29.03, and mixtures containing them under heading 38.27.
- This classification facilitates monitoring and compliance verification for controlled substances, aiding in preventing illegal activities.

Global Enforcement Operations



- Customs operations serve as a means to enhance the efficiency of Customs enforcement. They typically involve risk analysis, targeting, detaining, and controlling suspicious consignments and traders, as well as data and intelligence sharing, inter-agency cooperation, and bilateral or multilateral Customs cooperation.
- Since 2019, the WCO has been coordinating a global operation targeting illegal trade in controlled substances (and waste) – Operation DEMETER.

Operation DEMETER IX in 2023



- 106 participating WCO Members and various international organizations, including UNEP OzonAction.
- 46 seizures (an increase of over 250% compared to the previous edition).
- More than 130 MT of controlled substances seized (an increase of over 420%) and 575 pieces of appliances.
- HFCs accounted for 57% of the total quantity of seized refrigerants.

Compliance Challenges for HFCs Phase-down



- **Identification of HFCs, mixtures, products and equipment**
 - Multiple HFCs and refrigerant blends containing HFCs are available today,
 - Many countries have introduced or are planning measures to control, restrict or ban imports, exports or placing on the market of products and equipment depending on the type, the capacity, refrigerant charge, GWP of the refrigerant, energy efficiency, and whether they are new or used.
- **Effective dealing with illegal trade in HFCs**
 - The challenges experienced within the EU could offer valuable insights to the rest of the world as they phase down HFCs, notably regarding the modus operandi for illegal trade, such as mis-declaration of HFCs as non-controlled substances, smuggling, and abuse of transit regime.

THANK YOU!

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