

Illegal trade in Ozone Depleting Substances Huge Challenge in Asia Pacific, Study Finds

Asia Pacific Countries Respond to Challenge

Singapore/Bangkok, 21 April 2007 – A study on transboundary movement in ozone depleting chemicals released today found that illegal trade in chlorofluorocarbons (CFCs), an ozone-depleting chemical controlled under the Montreal Treaty for the Protection of the Ozone layer, is much larger than anyone realised in the Asia Pacific region.

The study, aimed at helping governments, customs officers and national ozone offices understand the magnitude of illegal trade in CFCs and other ozone-depleting substances, found large discrepancies in official import and export figures between trading countries.

“If you compare figures between countries trading in these goods in the region, you will find that there is a discrepancy between what is being legally exported into a particular country and the actual legal import figures of the country. The figures just do not match. A good 55% of these goods are unaccounted for,” said Ludgarde Coppens, Policy and Enforcement Officer, Compliance Assistance Programme, UNEP Division of Technology, Industry and Economics.

An analysis of exports and imports of CFCs between key importing countries like Indonesia, Malaysia, the Philippines, Thailand, Viet Nam, and Iran and key exporting countries that include China, India and Singapore in 2004 found more than 4000 tonnes of CFCs unaccounted for in the importing countries, meaning they don't have any record of these imports.

The study found, for example, that nearly 51% of legal exports from China and 47% of legal exports from India into Indonesia, Malaysia, the Philippines, Thailand, Viet Nam and Iran are not found in the import statistics of the importing countries, hence no import license was given.

“In some cases, these discrepancies actually correspond to the use of these goods in the market. Clearly, the problem is bigger than anyone thought before, and action had to be taken. Through a number of initiatives, like the Customs-Ozone Enforcement Networking Project and the Project Sky-Hole-Patching, countries, environment, ozone and customs authorities share and exchange information on the movement of these controlled substances. This has enabled countries to take action to tackle the problem, and led to the implementation of a concerted control action on ODS by Customs Administrations in the region,” said Rajendre Shende, Chief, OzonAction, UNEP Division of Technology, Industry and Economics.

Countries didn't leave it at that, and intensive discussions analyzing the unaccounted exports led to immediate action, he added.

Indonesia reviewed its licensing system in 2007 after it found that more than 1000 tons of CFCs were unaccounted for. Malaysia found eight companies that had illegally imported more than 1000 tons of CFCs into the country in 2004, and launched an investigation. Based on focused control action and interception of suspicious shipments, in the Philippines, the Department of Environment and Natural Resources estimates that about 15-20% of CFCs imported into the country in 2002 (before customs controls) were illegal.

The main routes used by smugglers, according to the study are: India/China-Viet Nam-Laos/Cambodia-Thailand, Bangladesh-India, Nepal-India, China-Philippines, China-Malaysia, China-Indonesia, Singapore-Malaysia, Malaysia-Thailand.

Among the reasons cited by the study for illegal trade are the high cost of substitutes, the long lifespan of equipment using CFCs, the high demand for CFCs in the servicing sector and the often paltry penalties for smuggling these illegal substances. The problem is worsened by imports of used refrigeration and air-conditioning equipment, especially mobile air-conditioners used in automobiles. Continued, even if not increased, dependency on CFCs, facilitated by low CFC prices on the international black market, encourages smuggling of these chemicals as controls reduce legal supplies, according to the report.

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NOTES TO EDITORS:

A number of activities have been encouraged at national, regional and global scale aimed at improving the process of monitoring and controlling ODS in order to combat illegal trade in these chemicals. They include:

- 1) The UNEP Division of Technology, Industry and Economy (DTIE) has been very actively involved in this. A number of initiatives have been undertaken by UNEP in the framework of Refrigerant Management Plans and other projects. The actions of UNEP regional networks aimed at combating illegal trade in ODS have been significantly intensified owing to establishment of the Compliance Assistance Programme.
- 2) In 2001, UNEP DTIE launched the Green Customs Initiative to encourage coordinated intelligence gathering, information exchange, guidance and training amongst the partner organisations involved to counter illegal trade and environmental crime.
- 3) From 2001 to 2006, the UNEP and the Government of Sweden implemented a Customs–Ozone Networking Project to improve monitoring and control of ODS in the South East Asia and the Pacific and the South Asia region. The project provided structure, guidance, training and direction for the dynamic process of integrating the efforts of participating countries and various relevant international organisations.
- 4) Since January 2006, the South Asia-South East Asia and Pacific network countries have agreed on a mechanism on Informal Prior Informed Consent on Export and Import of CFCs to assist member countries to implement licensing systems effectively.

- 5) “Project Sky Hole Patching”, a joint operation of customs administrations and international organisations in the Asia Pacific region, was launched on September 1, 2006. It established a monitoring and notification system among member administrations to keep track of the movement of suspicious shipments of ODS and dangerous waste, which are imported, re-exported or trans-shipped across international borders.
- 6) A Regional Partners’ Forum on Combating Environmental Crime was set up during a meeting of regional officers of concerned international organisations working to curb illegal trade in environmentally sensitive commodities in August 2005.
- 7) Private-Public Partnership was established between ODS producers and national stakeholders in the Asia and Pacific region.
- 8) Customs administrations in the Asia and Pacific region have prioritized environmental issues in their agenda. UNEP, National Ozone Unit and customs administrations are cooperating closely in combating illegal trade in ODS.

UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP)

UNEP is the United Nations system’s designated entity for addressing environmental issues at the global and regional level. Its mandate is to coordinate the development of environmental policy consensus by keeping the global environment under review and bringing emerging issues to the attention of governments and the international community for action.

Montreal Protocol on Substances That Deplete the Ozone Layer

The Montreal Protocol on Substances That Deplete the Ozone Layer is an international **treaty** designed to protect the **ozone layer** by phasing out the production and consumption of a number of substances believed to be responsible for **ozone depletion**. The treaty was opened for signature on **September 16, 1987** and entered into force on **January 1, 1989**. Since then, it has undergone five revisions, in 1990 (**London**), 1992 (**Copenhagen**), 1995 (**Vienna**), 1997 (**Montreal**), and 1999 (**Beijing**). Due to its widespread adoption and implementation it has been hailed as an example of exceptional international cooperation "Perhaps the single most successful international agreement to date..."

About the Compliance Assistance Programme (CAP) of UNEP DTIE

UNEP as an Implementing Agency of the Multilateral Fund of the Montreal Protocol has a unique regionalized programme that delivers compliance assistance services to countries to assist them meet the international commitments under the Protocol. The compliance regime requires countries to: achieve and sustain compliance, promote a greater sense of country ownership and implement the agreed Executive Committee framework for strategic planning.

UNEP through the Compliance Assistance Programme (CAP) has moved from project management approach to a direct implementation initiative through its specialized staff. Consistent with the above approach the Regional Office for Asia and Pacific (ROAP) CAP team has developed to be the centre for policy advice, compliance guidance and conduct training to refrigeration technicians, customs officers and other relevant

stakeholders on compliance issues, promote bilateral and multilateral cooperation and promote high-level awareness by utilizing UNEP's staff.

OzonAction Programme: **www.unep.fr/ozonaction**

Multilateral Fund: **[www.multilateral fund.org](http://www.multilateralfund.org)**

Ozone Secretariat: **www.ozone.unep.org**