

Tracing suspicious shipments of ozone-depleting Substances



environmental
investigation
agency

Ozone-depleting Substances

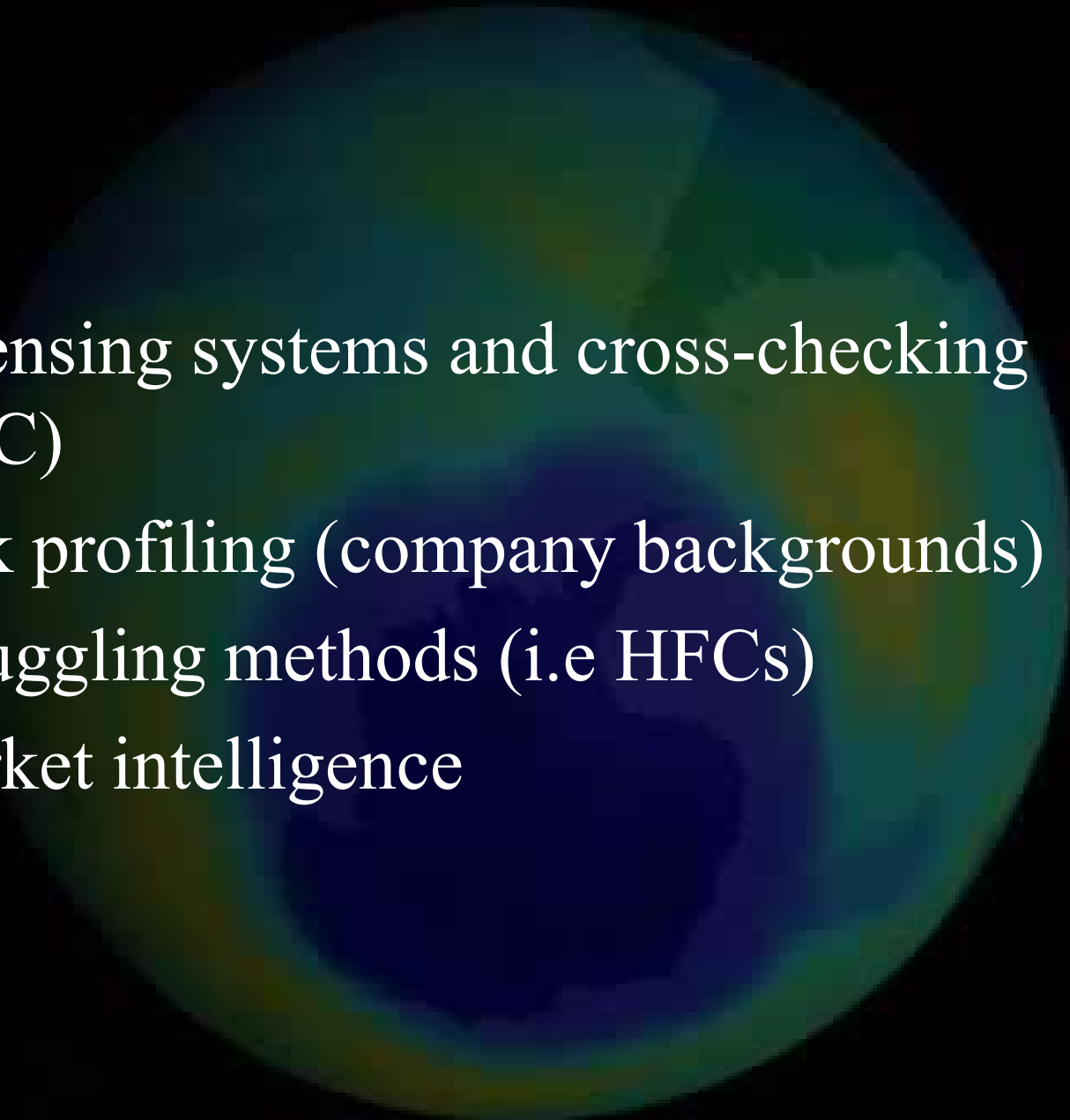
- ODS include CFCs, HCFCs, halons
- Chemicals destroy ozone layer, greenhouse gases – impacts on human health and environment
- Trade controlled by Montreal Protocol (1987); phase-out schedules
- Illegal trade emerged in mid-1990s and remains a problem

Illegal Trade in ODS

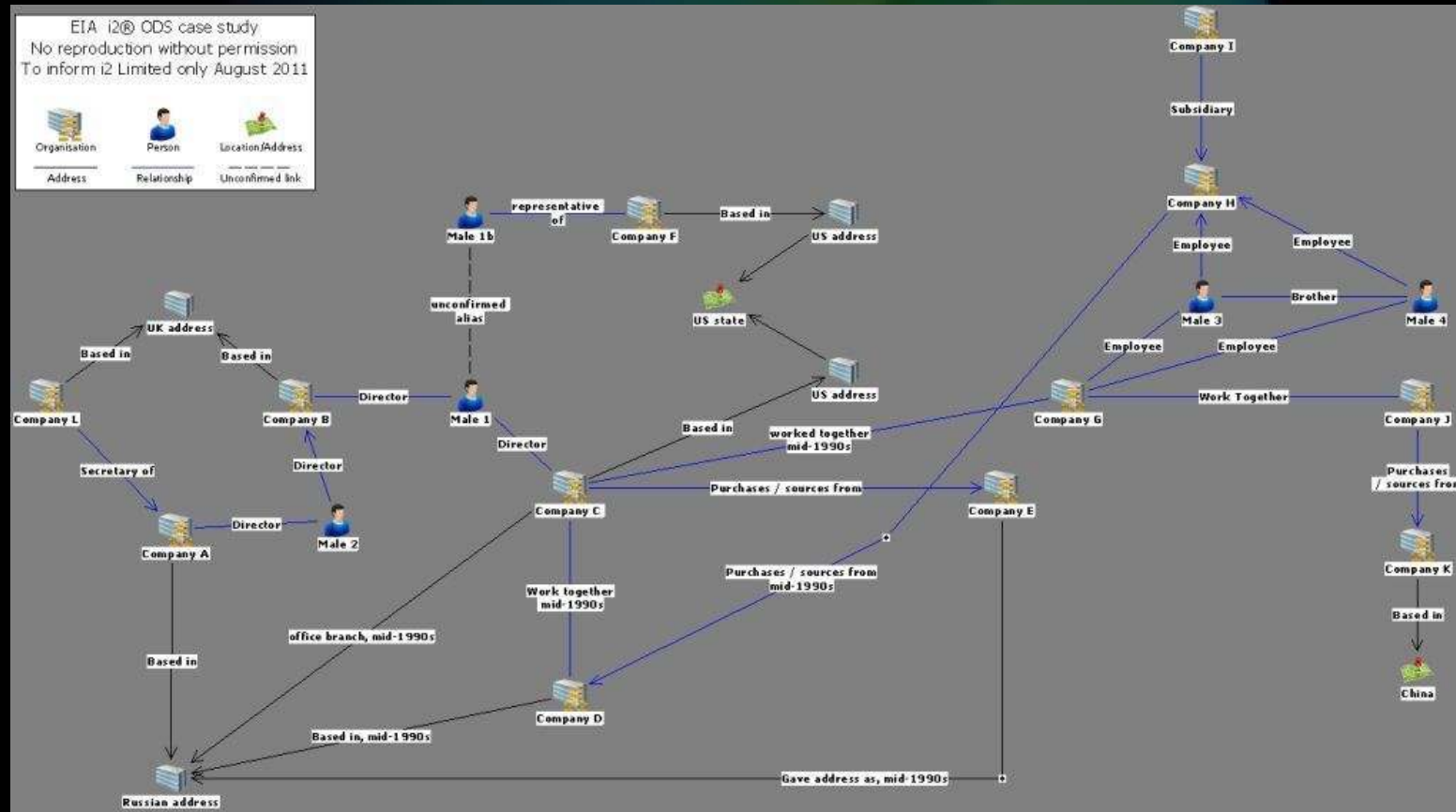
- In late-1990s 40,000 tonnes a year of CFCs (20% of total trade), worth around \$500 million. In 2006 14,000 tonnes CFCs smuggled into developing countries. 2012 estimate up to 12,000 tonnes Asia Pacific region
- False-labelling, misdeclaration, concealment
- Complex trade routes involving transit countries
- Counterfeit products (contaminated blends)
- Illicit trade in CFCs declining, HCFCs increasing

Detecting illegal trade



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- Licensing systems and cross-checking (iPIC)
 - Risk profiling (company backgrounds)
 - Smuggling methods (i.e HFCs)
 - Market intelligence

Case: China-Russia “recycled” CFCs smuggling



CFCs China to Russia

- 39 tonnes of recycled CFCs from China seized in St. Petersburg port, Russia 2010
- Importer made 3 attempts to get licence (MDIs, destruction)
- Chinese authorities confirm no licence issued for export of recycled CFCs
- Sales contract between broker based in UK and Russian buyer. Both associated with illegal trade in CFCs in 1990s.
- Consignor based in China; not licensed to export ODS
- Over 600 tonnes of recycled CFCs shipped from China to Russia during 2007/8

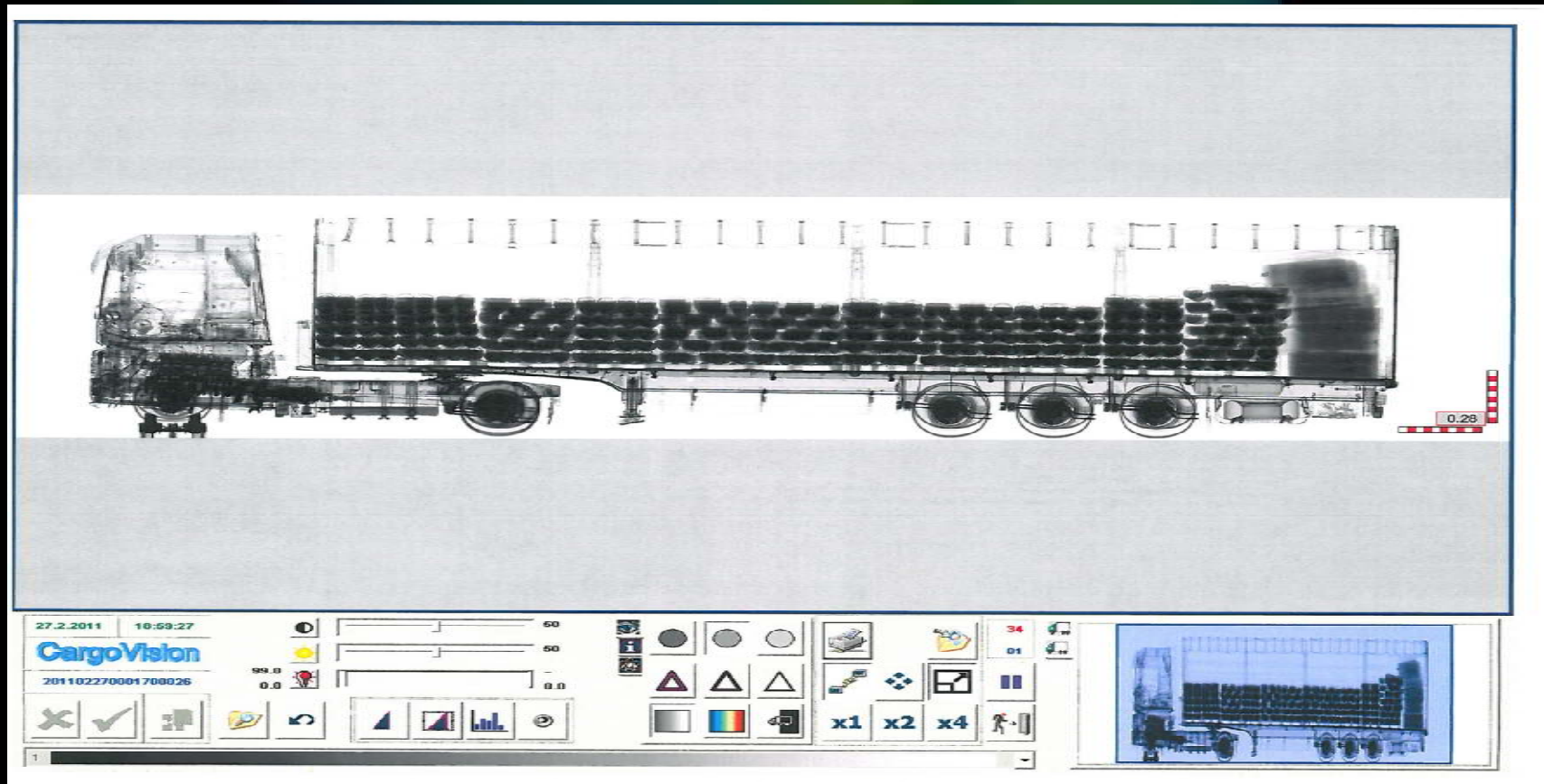
Case: Kroy Corporation, Florida



HCFCs China to US

- Kroy Corporation, based in Miami, found guilty of illegally importing 418 tonnes of HCFC22 between 2007 and 2009.
- Data comparison EPA and customs
- Falsely declared as legal HFCs
- Involved transshipment via Dominican Republic using off-the-shelf company
- Company director sentenced to 30 months imprisonment, forfeit \$1.3 million

Case: HCFCs into Finland



HCFCs Russia to Finland

- Seizure of 15 tonnes of HCFC 22 by customs in February 2011 at Vaalimaa on Finnish-Russian border
- Concealed in container on truck; behind layer of ceramics
- Truck from Latvia; claimed to have crossed border by accident, prompting scan of container

Market Intelligence



Market Intelligence

- Most visible evidence of illegal trade – logical starting point
- Ways of gathering market intelligence – surveys, covert observation, browsing the internet
- Examples: vehicle repair shops, ivory products, 1 in 20 notes in London contaminated with cocaine
- Price information useful (e.g. EU ODS)

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