

WORKSHOP
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BANGKOK

Key Outcomes of Session I:

Combatting Illegal Trade

Rapporteur's Summary

Key Outcomes: Combatting Illegal Trade

- Scale and scope of global illegal trade in controlled substances is not known and most likely much greater than cases reported but from the data on hand, methods of illegal trade remain consistent as the main means of detection: customs inspection.
- Other actions (intelligence, Post Clearance Audits) are all commonly employed demonstrating that illegal trade in controlled substances demands a multifaceted approach as well as effective monitoring frameworks where government agencies, particularly Customs have requisite knowledge and capacity
- There are tools to promote information sharing, manage risks of, and prevent illegal trade (Ozone Sec's database, iPIC (and new online platform), WCO's Advance Cargo Information). Support is available to NOUs directly from WCO and UNEP.
- Cross-checking with existing regulations can help make these tools more effective in supporting identification of and processing cases that arise, such as rejecting unauthorized shipments.

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- With HFC phasedown, there is opportunity to introduce new mechanisms to address non-compliance **in a more immediate manner**, in addition to traditional enforcement measures. Examples include:
 - Use of quota allocation or allowances to deal with breaches in administrative measures (exceeding quota, no license, etc.).
 - Third party auditing of company record-keeping.
- Approaches to not only combat illegal trade but **prevent** illegal trade (inform plus deter, detect, disrupt) include:
 - a “Whole of Government Approach,” (engaging different agencies early on towards a common goal), and,
 - information and data sharing with relevant agencies; sharing HFC production and consumption data with the public and market participants – to foster cooperation and exchange of information, and **transparency**.

Key Outcomes: Combatting Illegal Trade

- Risks posed from illegal trade in more challenging areas of foreign-flagged vessels and free trade zones (FTZs) are manageable and within the purview of governments.
 - Example of Fiji: regulation requires declaration of HCFC consumption, covers inspection by Customs, involves service shops, and plans to require export permits for supply of refrigerants.
 - FTZ's can enable illicit trade; Customs has monitoring & enforcement mandate: Need a balance between facilitating trade & development with managing risks to environmental compliance. (Resource WCO's Practical Guidance on FTZs)
- Reporting and information exchange tools among Parties (voluntary reporting, iPIC) are used more frequently in recent years, including for HFCs; clear benefit of preventing unauthorized shipments, in conjunction with new mechanisms and approaches introduced by individual Parties...
- Room to improve – for example streamlining iPIC, standardizing info. requested (under MOP decision), availing of guidance, standards, experience