

Report on	Hydrofluorocarbons (HFCs) and Ozone-Depleting Substances (ODS) in Northern Ireland (NI)
Date of Meeting	12 th October 2021
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Is this report restricted for confidential business?	Yes	
If 'Yes', confirm below the exempt information category relied upon	No	X

1.0	Purpose of Report
1.1	To update Members on the findings of a report on hydrofluorocarbons (HFCs), and ozone-depleting substances (ODS) in Northern Ireland which are important types of fluorinated greenhouse gases (F-gases).
1.2	The (NI) study addressed the following key objectives: <ul style="list-style-type: none"> 1. To understand better the scale of the markets, trade and use of HFCs and ODS in Northern Ireland. 2. To help ensure a smooth transition for these sectors as Northern Ireland continues to apply EU law on HFCs and ODS. 3. To help understand the impact of potential divergence of laws on HFCs and ODS between Northern Ireland (operating under EU law) and Great Britain (operating under the new GB quota system). 4. To decide upon the scale of resources needed to enforce legislation applying to HFCs and ODS. 5. To gain more information to help DAERA and district councils in Northern Ireland carry out their enforcement more effectively.
1.3	The Report is of particular interest to District Councils and in particular the Environmental Health Service because of the NI Protocol, and the required checks on goods entering NI. Some of these checks may be required at the point of use rather than the point of entry into the country.
2.0	Background
2.1	The withdrawal of the United Kingdom from the European Union took effect on 1 February 2020, meaning that the United Kingdom is now considered as a third country under the existing EU F-gas Regulation. During the transition period, provided for in the Withdrawal Agreement EU law, was still applied across the United Kingdom until 31 December 2020.
2.2	On 1 st January 2021, the new GB quota system for the trade of HFCs in Great Britain became operable. The GB system currently operates under the same legislative controls as the EU system but through a separate GB F-gas regulation and as a result, a new GB quota system. At the end of the transition period the Protocol on Ireland/Northern Ireland ("IE/NI Protocol"), which is annexed to the

	<p>Withdrawal Agreement, came into effect and stipulates that the EU F-gas and ODS Regulation continues to apply to and in Northern Ireland. Therefore, Northern Ireland is treated under this EU regulation as if it were a Member State and companies must now comply with two regulatory systems when trading between Great Britain and Northern Ireland. This has the following implications on HFC trade between Northern Ireland, the EU and GB:</p> <ul style="list-style-type: none"> • Shipments from Northern Ireland to the EU of gas previously placed on the market are not an import under the EU regulation, neither are exports from the EU to Northern Ireland of gas previously placed on the market. This is instead classified as 'intra trade' and is available between all EU Member States. • HFCs placed on the market for the first time in Northern Ireland, either as bulk or in pre-charged equipment, requires quota/authorisations as established under the EU regulation. Quota is required for bulk gas whereas authorisations are required for pre-charged equipment. • The placing on the market of HFCs in Great Britain, both as bulk or in pre-charged equipment, counts towards the quota established under the GB quota system. • Shipments between Great Britain, or any third country, and the EU, including Northern Ireland, are now considered as an import/export under the EU regulation and require quota allocations on import under both the EU F-gas Regulation and the GB quota system respectively.
3.0	Main Report
3.1	<p>The report found that NI industry had responded to the withdrawal of the UK from the EU in the following manner:</p> <ul style="list-style-type: none"> • Several companies have switched suppliers of HFCs from GB suppliers to EU suppliers. This appears to have been more common amongst those with an EU parent or with other EU entities which form part of a group of companies. • Given the above, whilst not possible to quantify, stakeholder feedback indicates the overall net effect is likely to be a reduction in GB/NI trade flows, offset by an increase in EU/NI trade (particularly from ROI). • NI/GB trade is considered small, but could be attractive if significant differences in price arise from future regulatory divergence. • Stakeholders indicated that in anticipation of potential border issues in the aftermath of the end of the transition period, companies have stockpiled for Brexit.
3.2	<p>The study concludes that there is no significant threat to consistent supply of HFCs and ODS to Northern Ireland because of the Northern Ireland Protocol.</p>
3.3	<p>Through engagement with stakeholders the study has revealed that a number of alterations to trade flows have already occurred in response to the Northern Ireland Protocol following the UK's exit from the European Union. This report has highlighted that the major implication for supply chains has been that of the shift of bulk gas supply shipments from GB to EU subsidiaries to avoid the new quota implications of exporting to Northern Ireland from GB, which, if pertained to gas</p>

	already placed on the market, previously did not require quota due to EU intra-trade.
4.0	Other Considerations
4.1	Financial, Human Resources & Risk Implications
	Financial: N/a
	Human: N/a
	Risk Management: N/a
4.2	Screening & Impact Assessments
	Equality & Good Relations Implications: N/a
	Rural Needs Implications: N/a
5.0	Recommendation(s)
5.1	Members to note the content of the report.
6.0	Documents Attached & References
6.1	Appendix 1 – Analysis of the Northern Ireland (NI) market for HFCs and ozone depleting substances Final Report June 2021