European Commission
DG GROW
DG TRADE

cc. DG CLIMA

Brussels, 9 July 2018

Dear Madam/Sir,

I am writing on behalf of the Industry Associations APPLiA/ AREA/ASERCOM/BWP/EHI/EHPA/EPEE/EUROVENT/FETA/FGL/KFCH. **The current interpretation of certain export provisions in the EU F-Gas Regulation (EU 517/2014) and its Implementing Regulation (EU 1191/2014) has a negative impact on the competitiveness of EU manufacturers and hampers the export of innovative technologies**.

This is even more important, in the light of the current developments of the HFC market due to the introduction of the HFC phase-down, such as price increases and low availability of f-gases putting market players under pressure.

All signing Industry Associations have been supportive of the EU HFC phase-down from the beginning and they have continuously worked to ensure its success. For instance, the EPEE Gapometer project shows that the phase-down is ambitious but feasible, as long as the market moves away from high global warming potential (GWP) refrigerants as a matter of priority. However, despite these efforts, we believe that the effects of the phase down on the market are very serious.

We would like to raise your attention on the Article 15 of Regulation (EU 517/2014), its interpretation and application by DG CLIMA, as well as on the consequences that it entails. This interpretation requires the use of HFC quota for exports of equipment produced in the EU and pre-filled with HFCs (so-called 'precharged' equipment).

➔ **From a legal perspective**, two legal opinions show that 'precharged' equipment should not be included in the quota system as it is now, according to art. 15.2(c) of the above mentioned Regulation. Please refer to the Annexes for further explanations.

- ➔ **From an environmental perspective**, properly applying the quota system to ‘precharged’ equipment exports means that the phasedown can continue as planned, in line with Europe’s climate protection objectives. Why? Because these appliances **represent only 1% of the total available quota** in 2018 (survey by EPEE together with BWP, EHPA, APPLiA).

- ➔ **From a competitiveness perspective,** properly applying the quota system to ‘precharged’ equipment exports helps to partly level the playing field between companies manufacturing inside and outside the EU. Indeed, companies who manufacture in the EU must cope with the use of new refrigerants and components, while their competitors outside of the EU don’t have to. Properly applying the quota system would contribute to making EU-based companies more competitive; would facilitate the EU manufacture and export of innovative technologies.

  The so-called Customs Inward Processing (IPR) was in the first place welcomed by industry as a pragmatic and useful attempt by DG CLIMA to remedy the situation. But unfortunately, after closer examination it does not solve the problem as it can only be applied to less than half of all cases for different reasons. Moreover, it turned out to be a very complex administrative procedure which is extremely difficult, if not impossible to handle for SMEs.

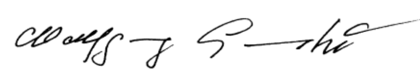
For these reasons and given our strong commitment to making the HFC phase-down a success, both in Europe and beyond, we urge the European Commission to reconsider their interpretation of the export provision for ‘precharged’ equipment. The F-Gas Regulation clearly allows to do so, and there are straightforward and quick solutions. For example, the issue can be solved by adapting the HFC register. Only then would global competitiveness of Europe’s production be ensured.

We remain at your disposal for any questions you may have and to further explain this solution.

Yours sincerely,

Paolo Falcioni
Director General, APPLiA

Wolfgang Zaremski
President, Asercom



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ABOUT APPLiA:

APPLiA - Home Appliance Europe represents home appliance manufacturers from across Europe. By promoting innovative, sustainable policies and solutions for EU homes, APPLiA has helped build the sector into an economic powerhouse, with an annual turnover of EUR 47 billion, investing over EUR 1.4 billion in R&D activities and creating nearly 1 million jobs. https://applia-europe.eu/

ABOUT AREA:

AREA is the European association of refrigeration, air conditioning and heat pump (RACHP) contractors. Established in 1989, AREA voices the interests of 25 national associations from 22 countries representing **13,000 companies** employing **110,000 people** and with an annual turnover approaching **€ 23 billion**. The average company thus employs 8 people and generates € 1.8 million turnover.

Contractors are the essential link between end users and manufacturers. They design, install and maintain RACHP equipment using every available solution with complete neutrality towards equipment and refrigerants, in the sole aim of ensuring the highest level of reliability, energy efficiency and cost-effectiveness.

ABOUT ASERCOM:

ASERCOM, the Association of European Component Manufacturers is the platform for dealing with scientific and technical topics and their challenges, promoting standards for performance rating, methods of testing and product safety, focusing on improved environmental protection, serving the refrigeration and air conditioning industry and its customers.

www.asercom.org

ABOUT BWP:

The German Heat Pump Association e. V. (Bundesverband Waermepumpe / BWP) is an inter-trade organisation based in Berlin that covers the entire value chain. Its members comprise over 600 heat pump and component manufacturers, energy suppliers, installers, architects, planners and drilling companies that promote the use of efficient heat pumps. The German Heat Pump Association organises marketing campaigns and hosts the "Forum Wärmepumpe" – an annual conference of the German heat pump market. It is member of the German Renewable Energy Federation BEE (Bundesverband Erneuerbare Energie e.V.). The BWP represents 95% of the German heat pump industry, and its members account for more than 5 000 employees (in heat pump production and distribution) and generate more than €1.5 billion turnover.

ABOUT EHI:

EHI, the Association of the European Heating Industry, represents 90% of the European market for heat and hot water generation, heating controls and heat emitters, as well as 75% of the hydronic heat pump market. Our Members produce advanced technologies for heating in buildings, including: heating systems, burners, boilers, heat pumps, components and system integrators, radiators, surface heating & cooling and renewable energy systems. In doing so, we employ directly more than 120.000 people in Europe and invest more than half a billion euro a year in energy efficiency.www.ehi.eu

ABOUT EHPA:

The European Heat Pump Association (EHPA) is a Brussels based industry association which aims at promoting awareness and proper deployment of heat pump technology in the European market place for residential, commercial and industrial applications. EHPA provides technical and economic input to European, national and local authorities in legislative, regulatory and energy efficiency matters. All activities are aimed at overcoming market barriers and dissemination of information in order to speed up market development of heat pumps for heating, cooling and hot water production. EHPA coordinates quality initiatives: including the HP KEYMARK, a Quality label for heat pumps and Certification standards for heat pump installers. The association compiles the annual heat pump statistics and organizes a number of events, among them an annual heat pump conference.

ABOUT EPEE:

The European Partnership for Energy and the Environment (EPEE) represents the refrigeration, air-conditioning and heat pump industry in Europe. Founded in the year 2000, EPEE's membership is composed of 40 member companies, national and international associations.

EPEE member companies realize a turnover of over 30 billion Euros, employ more than 200,000 people in Europe and also create indirect employment through a vast network of small and medium-sized enterprises such as contractors who install, service and maintain equipment.

EPEE member companies have manufacturing sites and research and development facilities across the EU, which innovate for the global market.

As an expert association, EPEE is supporting safe, environmentally and economically viable technologies with the objective of promoting a better understanding of the sector in the EU and contributing to the development of effective European policies. Please see our website (www.epeeglobal.org) for further information.

ABOUT EUROVENT:

Eurovent is Europe's Industry Association for Indoor Climate (HVAC), Process Cooling, and Food Cold Chain Technologies. Its members from throughout Europe, the Middle East and Africa represent more than 1.000 companies, the majority small and medium-sized manufacturers. Based on objective and verifiable data, these account for a combined annual turnover of more than 30bn Euros, employing around 150.000 people within the association's geographic area. This makes Eurovent one of the largest cross-regional industry committees of its kind. The organisation's activities are based on highly valued democratic decision-making principles, ensuring a level-playing field for the entire industry independent from organisation sizes or membership fees. www.eurovent.eu

ABOUT FETA:

FETA is the UK body which, for over 30 years, has represented the interests of some 400 manufacturers, suppliers, installers and contractors within the heating, ventilating, building controls, refrigeration & air conditioning industry to policy makers and the wider public.

FETA provides members with information on market issues, legislation, training, technological advances and research.

FETA participates in a wide variety of scientific, public and policy debates, which might affect members, and is able to influence and contribute to policies, legislation, regulations and standards.

Through its contacts with government and lobbying organisations, FETA is able to raise issues on behalf of members, and to communicate to them, information from government departments on a wide variety of subjects.

ABOUT FGK:

FGK is the leading industry association of the German air-condition and ventilation industry.

In this role the FGK represents the interests of its members in relation to the market partners, politics, business, standards institutions and science. With intensive political communication the association provides technical and economic input on regulatory requirements as well as on standards from the relevant area of technical building equipment. The approximately 300 members of the FGK employ around 49,000 employees and generate sales of approx. 7.1 billion euros per year.

www.fgk.de

ABOUT KFCH:

KFCh - National Refrigeration Forum (Poland) is an association of employers. It associates over 120 companies of refrigeration and air conditioning sector: installers, services, traders, producers. Most KFCh members are small and medium companies. The mission of KFCh is to aggregate the national sector of refrigeration, air conditioning and heat pumps and to support the sector development. The association takes part in consulting and creating new legislation and in implementation of new regulation (e.g. installers certification).

www.kfch.pl