



FOR ALL YOUR
REFRIGERANT NEEDS

The Refron Reporter™

March 25, 1998

An insider's view on the refrigerants industry

R-22 PRICES APPEAR TO BE ON THE RISE

Steady R-22 prices over the winter have given way to a rising price trend over the last two weeks. The industry has been affected by two manufacturer price increases this year, one in early March, and a second one this week. After many years of steady or declining R-22 prices, these increases bring the current market price only back to where it was in 1979, even before adjusting for inflation. The refrigerant manufacturers have been claiming for years that R-22 has been an unprofitable item for them, so the current increases were not totally unexpected.

What is fueling these market increases? Anticipated tightness in domestic R-22 supplies for the coming year is changing the domestic R-22 supply/demand outlook. The tightness is caused by the very strong annual growth of the PTFE market (i.e. Teflon and other coatings), which consumes millions of additional lbs. of R-22 as a raw material each year. In addition, tightness of supplies in Europe are expected to decrease the impact of imported R-22 into the U.S. In addition, because the Montreal Protocol requires a gradual production phaseout of HCFC's over the next 30 years, no new plant expansions have been undertaken or are contemplated currently, so the current market tightness may continue to be a factor for awhile.

EPA BEGINS CONSIDERING CONTROLS ON HCFC'S

You probably know that under the current Montreal Protocol the U.S. is limited in how much HCFC's it can consume each year (consumption equals productions, plus imports, minus exports). This limit applies in aggregate to all HCFC's, including R-22 and other HCFC-containing refrigerant blends (such as R401A & R401B) as well as to HCFC's used in foam and other applications (such as R141b, R142b). U.S. industry is currently consuming approximately 84% of its allowable quantities, or "cap". Lately, EPA has begun to explore what measures to take if U.S. consumption rises too close to the cap in the next few years, or beginning in 2004 when the cap drops by 35%. In industry meetings held February 4th-5th, EPA discussed possible options, including allocations, auctions or non-essential use bans. No conclusions were reached, although EPA expects to publish an Advance Notice of Proposed Rulemaking on this topic by early summer. Refron will continue to advocate for options that will assure the industry of an adequate and uninterrupted supply of the HCFC's you require. We will keep you posted as this issue unfolds.

UPDATED EDITION OF REFRON'S CYLINDER RETEST DIRECTORY NOW AVAILABLE

In March of last year, we were proud to publish the industry's first-ever Directory of Cylinder Retest Facilities, listing the names of over 40 companies nationwide that were interested in recertifying refrigerant recovery cylinders. These cylinders must be retested or recertified every five years to make sure they are still safe to use, according to Department of Transportation regulations. A person using an out-of-date cylinder which has not been retested can be subject to a maximum fine of \$25,000 per violation. One year later, Refron is pleased to release an updated version of this directory, which has now expanded to include 57 companies nationwide. Information on services, pricing and contacts has been updated for all listed vendors. Please contact your salesperson to obtain a copy of the March 1998 edition.

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REFRON, INC.

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D.O.T. ALERT ON DANGEROUS CANS USED FOR OZ TECHNOLOGY'S HC-12a

The Department of Transportation has issued a safety advisory notice for six-ounce "DOT-2Q" cans containing OZ Technology's product HC-12a, announcing that the use of these cans for the packaging of this product is unauthorized, and advising customers possessing these cans to store them in a cool location and not to transport them. In testing of 18 cans by an independent laboratory at 130°F, six burst, three leaked, and seven became distorted. If you have further questions regarding these cans, you can contact Ray LaMagdelaine at the D.O.T., (202) 366-4700. This information is being presented as a service to our customers. *Please note that Refron does not sell or in any way handle this product.*

FLOOR STOCKS TAX RETURN DUE IN JUNE

Remember that even though virgin CFC's can no longer be produced for domestic HVAC use, the excise tax and floor stocks tax continue to march on. Excise taxes on virgin CFC's increased on January 1st, 1998 to \$6.70 per ODP (Ozone Depleting Potential) pound. According to IRS regulations, the difference between the old tax and the new tax (45¢ per lb. for R-11 and R-12, 36¢ for R-113, etc.) is owed and payable as a floor stocks tax by anyone who possesses virgin CFC stocks in their inventory as of January 1st, 1998. To be liable for the floor stocks tax, the total CFC inventory held must be at least 400 lbs., and it must be held for resale and not held by an end user for his own use. The Floor Stocks tax return requires an IRS Form 720, and is due by August 31st, and payment of the tax is due by June 30th.

ALLIED-SIGNAL REISSUES SAFETY NOTICE ON REFRIGERANT/AIR MIXTURES

AlliedSignal has recently reissued its safety notice of last year, advising customers that air must not be used for leak-testing of pressure vessels and equipment containing any HCFC's or HFC's. Allied's letter reminds users that combining air or oxygen with HFC's or HCFC's under pressure can result in a combustible mixture, and that nitrogen or other inert gases should be used instead. The notice was issued partly in response to customer questions following the February 2nd tank explosion at York's Grantley Plant facility. Further information on safe handling of refrigerants can be obtained from reading the Material Safety Data Sheets (MSDS) for each refrigerant, which you can receive by calling our *Refron Retriever*[™] automated faxback technical database at 718-392-0097.

REFRON CONTINUES TO STOCK HARD-TO-FIND REFRIGERANTS

Our customers already know that Refron is the most reliable source in the industry for CFC refrigerants which are no longer produced. However, you may not know that we also stock a limited quantity of very rare refrigerants which you may find yourself needing and can't find anywhere. So whether you are an end user, contractor, or fellow wholesale distributor, if you find yourself needing R-13, R-503, R-114, R-13B1, or R-116, or any other CFC refrigerant, you can end your search quickly by calling us first.

100% REFRON PURITY FOR 1997 — THE FIFTH CONSECUTIVE YEAR

We are happy to announce to our customers that for the fifth consecutive year, Refron has achieved a 100% first-test pass rate from the Air Conditioning and Refrigeration Institute's (ARI) Reclaimed Refrigerants Certification Program. This means that every single random sample of any refrigerant we have reclaimed in 1997, and every year since 1993 (the start of the ARI program) has been found by ARI to meet or exceed ARI-700 standard for purity — the same purity standard as virgin refrigerants. Our record is second to none. So if you purchase any virgin or reclaimed refrigerants from Refron, you can be assured of perfect purity, all the time. No bad batches, no guesswork.

For More Information, Call your Salesperson Directly, or Call 1-800-4-REFRON

(1-800-473-3766)