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OPEN-ENDED WORKING GROUP OF THE PARTIES TO
THE MONTREAL PROTOCOL ON SUBSTANCES THAT
DEplete THE OZONE LAYER

Eighteenth meeting

Cairo, 18-20 November 1998

REPORT OF THE EIGHTEENTH MEETING OF THE OPEN-ENDED WORKING
GROUP OF THE PARTIES TO THE MONTREAL PROTOCOL

I. OPENING OF THE MEETING

1. The eighteenth meeting of the Open-ended Working Group of the Parties to the Montreal Protocol was held at the Cairo International Conference Centre from 18 to 20 November 1998.
2. The meeting was opened at 10 a.m. on Wednesday, 18 November 1998.

A. Statement of the representative of the Government of Egypt

3. Mr. Ibrahim Abdel Gelil, Chief Executive Officer, Egyptian Environmental Affairs Agency, welcomed the participants. He noted that the Montreal Protocol was indeed an historic and successful international agreement. Appropriately for the current important meeting, it was also one of the crowning achievements of an Egyptian, Dr. Mostafa Tolba, the Executive Director of the United Nations Environment Programme (UNEP) at the time of its adoption.

4. Saving the environment was a national objective in Egypt and could be characterized as a matter of great concern to the whole country. All countries, however, needed to exert greater efforts to deal with the intricate relations controlling the world environment. Emphasis must be placed on continued cooperation between developed and developing countries. In that regard, the Multilateral Fund for the Implementation of the Montreal Protocol was a great success story. The continued effective operation of the Fund was essential to allow developing countries to fulfil their commitments. Also of great importance was managing the interconnection between the various environmental agreements, in particular between the Kyoto Protocol and the Montreal Protocol. Reiterating his welcome to the participants, he wished them a successful meeting and also a pleasant stay in Egypt, and hoped they would come to appreciate the culture of the country.

B. Statement of the Executive Director

5. Mr. K. M. Sarma, Executive Secretary of the Ozone Secretariat, read out the statement of Mr. Klaus Töpfer, Executive Director of UNEP, who welcomed participants to the meeting and, on behalf of all the participants, thanked the Government of Egypt for its excellent arrangements for hosting the meeting.

6. He noted that, although 80 per cent of global consumption and production of ozone-depleting substances had already been phased out, there was no room for complacency. Some of the countries of Eastern and Central Europe had yet to phase out their consumption, and the first control measure to freeze production and consumption in developing countries would be implemented in the year beginning July 1999. With regard to the ratification of the amendments to the Montreal Protocol, he noted that the pace of ratification of the three amendments of the Montreal Protocol was not very encouraging and he urged all Governments of developing countries to ratify the London and Copenhagen Amendments, in order to gain assistance from the Multilateral Fund in phasing out methyl bromide, and also expressed the hope that most Governments would have deposited instruments of ratification of the Montreal Amendment by 1 January next year to enable it to enter into force on that date. He expressed concern at the emerging issue of new ozone-depleting substances. That issue would require careful consideration by the Working Group and the Parties at their current and future meetings.

7. Thanking the members of the three assessment panels, he said that the Parties to the Montreal Protocol depended on their sound advice, and that their findings would be the basis for any adjustment or amendment to be suggested to the next annual meeting of the Parties in 1999. He also wished to thank the Global Environment Facility (GEF) for providing about \$130 million to phase out ozone-depleting substances in countries with economies in transition, and also referred to the recent exemplary donation of \$19 million by several countries, over and above their contributions to the Multilateral Fund and GEF, to the special initiative of the World Bank for the closure of ozone-depleting substance production plants in the Russian Federation.

8. Referring to the dumping of obsolete equipment and products using CFCs, which shifted the burden of such equipment to countries that were just putting in place phase-out mechanisms, he said that the proposed decision on the establishment of a list of countries that did not wish to import such products was an excellent one.

9. Observing that the timely reporting of data continued to be a significant requirement under the Protocol, he was happy to note that 85 per cent of countries had reported their 1996 data, but was concerned that less than half the Parties had reported their data for 1997 by 30 September 1998 as required.

10. In addition, he referred to the importance of the replenishment of the Multilateral Fund for the period 2000-2002; of action to reduce emissions from the use of controlled substances as process agents in developing countries; and of cooperation with the Kyoto Protocol. In conclusion, he thanked all those who had contributed to the Trust Fund for the Montreal Protocol and urged each Party with outstanding arrears to pay its contributions as soon as possible.

II. ORGANIZATIONAL MATTERS

A. Attendance

11. The following Parties to the Montreal Protocol were present: Algeria, Antigua and Barbuda, Argentina, Australia, Austria, Azerbaijan Republic, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Benin, Bolivia, Botswana, Brazil, Bulgaria, Burkina Faso, Burundi, Cameroon, Canada, Chile, China, Colombia, Comoros, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Czech Republic, Democratic Republic of the Congo, Denmark, Dominica, Dominican Republic, Ecuador, Egypt, Estonia, Ethiopia, European Community, Finland, France, Georgia, Germany, Ghana, Greece, Guatemala, Honduras, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kiribati, Kuwait, Lao People's Democratic Republic, Latvia, Lebanon, Lesotho, Libyan Arab Jamahiriya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malaysia, Mali, Mauritius, Mexico, Mongolia, Morocco, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Panama, Paraguay, Peru, Philippines, Poland, Qatar, Republic of Korea, Romania, Russian Federation, St. Lucia, St. Vincent and the Grenadines, Saudi Arabia, Senegal, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Tajikistan, Thailand, the former Yugoslav Republic of Macedonia, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukraine, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Uzbekistan, Venezuela, Viet Nam, Yemen, Yugoslavia, Zambia, Zimbabwe.

12. The following non-Parties were also represented: Albania, Armenia, and Iraq.

13. Observers from the following United Nations Secretariat units, bodies and specialized agencies were also present: Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol, United Nations Development Programme, United Nations Industrial Development Organization, UNEP Division of Technology, Industry and Economics (UNEP/IE), World Bank, World Meteorological Organization.

14. The following other organizations were also represented: 3M Company, Akzo Nobel, Alliance for Responsible Atmospheric Policy, Arab Office for Youth and Environment, Association for Environment and Nature Protection, Cannon, Cannon Afros, Carrier Corporation, Centre of Environment Friends, Consumer Unit and Trust Society, Dainippon Pharmaceutical Company, Dupont, Elf Atochem S.A., Environmental Investigation Agency, European Chemical Industry Federation, Federation of Malaysian Consumers Associations, Friends of the Earth, Glaxco Wellcome, Greenpeace, Indian Chemical Manufacturers Association, Indian Institute of Chemical Technology, Industrial Technology Research Institute, Institute for Horticultural Development, International Institute of Refrigeration (IIR), International Pharmaceutical Aerosol Consortium, International Trade Information Service, Japan Electrical Manufacturers' Association, Japan Fluorocarbon Manufacturers Association, Japan Industrial Conference for Ozone Layer Protection, JSC Armstroy, Kenouz Sinai - Environment and Nature Protection Sharkiya, Lebanese Environment Forum, Legal Resources Centre, Methyl Bromide Working Group, Otsuka Pharmaceutical Company Ltd, ProConsumers, Ptersa, Quimobasicos S.A. de C.V., Refrigerant Gas Manufacturers' Association, Sanko Chemical Industry Company, Trane Company, Tribuna

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Ecuatoriaam de Consumidores y Usunion, Uganda Consumers Protection Association, Vulcan Materials Company.

B. Officers

15. Mr. V. Anand (India) and Mr. J. Uosukainen (Finland) served as Co-Chairs of the Working Group in accordance with decision IX/3 C of the Ninth Meeting of the Parties.

C. Adoption of the agenda

16. The following agenda was adopted on the basis of the provisional agenda contained in document UNEP/OzL.Pro/WG.1/18/1:

1. Opening of the meeting:
 - (a) Statement by the representative of the Government of Egypt;
 - (b) Statement by the Executive Director of the United Nations Environment Programme.
2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of work.
3. Consideration of the report of the Executive Director of the United Nations Environment Programme to the Tenth Meeting of the Parties and the report of the Open-ended Working Group of the Parties on the work of its seventeenth meeting, taking into account the reports of the Technology and Economic Assessment Panel and the Ad Hoc Working Group of Legal and Technical Experts on Non-Compliance with the Montreal Protocol and the draft decisions proposed by the Secretariat:
 - (a) Implementation of the decisions of the Ninth Meeting of the Parties;
 - (b) Status of ratification of the Montreal Protocol;
 - (c) Selections for:
 - (i) Co-chairs of the Open-ended Working Group of the Parties to the Montreal Protocol;
 - (ii) Membership of the Implementation Committee;
 - (iii) Membership of the Executive Committee;
 - (d) Essential-use exemptions of controlled ozone-depleting substances;
 - (e) Transition to CFC-free metered-dose inhalers;

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- (f) Decommissioning of all non-essential halon systems in non-Article 5 Parties;
 - (g) New substances with ozone-depleting potential;
 - (h) Regulation of import and export of products and equipment whose continuing functioning relies on substances listed in Annex A and Annex B of the Protocol;
 - (i) Review of the non-compliance procedure;
 - (j) Quarantine and pre-shipment applications of methyl bromide;
 - (k) Production sector;
 - (l) Terms of reference for a study on replenishment of the Multilateral Fund;
 - (m) Process agents;
 - (n) Exports of controlled substances from non-Article 5 Parties;
 - (o) Implementation of the Montreal Protocol in the light of the Kyoto Protocol to the United Nations Framework Convention on Climate Change.
4. Other issues arising out of the report of the Open-ended Working Group on the work of its seventeenth meeting.
 5. Report of the Secretariat on information provided by the Parties in accordance with Articles 7 and 9 of the Montreal Protocol and the report of the Implementation Committee on non-compliance with the Montreal Protocol by some Parties, if any.
 6. Consideration of the report of the Chair of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol.
 7. Financial report for 1997 and the revised 1999 and proposed 2000 budgets for the Montreal Protocol Trust Fund.
 8. Date and venue of the nineteenth meeting of the Open-ended Working Group and the Eleventh Meeting of the Parties.
 9. Other matters.
 10. Adoption of the report.
 11. Closure of the meeting.

D. Organization of work

17. The Meeting decided to take up the agenda in conjunction with the relevant draft decisions as contained in document UNEP/OzL.Pro.10/7. The draft decisions as amended by the Working Group and submitted to the Tenth Meeting of the Parties are contained in document UNEP/OzL.Pro.10/7/Rev.2.

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III. CONSIDERATION OF THE REPORT OF THE EXECUTIVE DIRECTOR OF THE UNITED NATIONS ENVIRONMENT PROGRAMME TO THE TENTH MEETING OF THE PARTIES AND THE REPORT OF THE OPEN-ENDED WORKING GROUP OF THE PARTIES ON THE WORK OF ITS SEVENTEENTH MEETING, TAKING INTO ACCOUNT THE REPORTS OF THE TECHNOLOGY AND ECONOMIC ASSESSMENT PANEL AND THE AD HOC WORKING GROUP OF LEGAL AND TECHNICAL EXPERTS ON NON-COMPLIANCE WITH THE MONTREAL PROTOCOL AND THE DRAFT DECISIONS PROPOSED BY THE SECRETARIAT

A. Implementation of the decisions of the Ninth Meeting of the Parties

18. The Secretariat drew the Working Group's attention to its report on action taken to implement the decisions of the Ninth Meeting of the Parties, as contained in the annex to document UNEP/OzL.Pro.10/2. The Working Group took note of the report.

B. Status of ratification of the Montreal Protocol
(draft decision X/1)

19. Many representatives reported that their Governments had recently ratified, or would soon ratify, the London, Copenhagen or Montreal amendments.

20. The Working Group decided to recommend the draft decision on status of ratification of the Montreal Protocol for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/1).

C. Selections

1. Co-chairs of the Open-ended Working Group of the Parties to the Montreal Protocol
(draft decision X/5)

21. The Open-ended Working Group agreed to recommend to the Tenth Meeting of the Parties that it should endorse the selection of Mr. Ibrahim Abdel Gelil (Egypt) and Mr. J. Uosukainen (Finland) to serve as Co-Chairs of the Open-ended Working Group for 1999 (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/5).

2. Membership of the Implementation Committee
(draft decision X/3)

22. Following nominations from the regional groups, the Working Group agreed to recommend draft decision X/3, on membership of the Implementation Committee, for adoption by the Tenth Meeting of the Parties, on the understanding that the list of new members would be completed by the Party selected by the Western European and Others Group (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/3).

3. Membership of the Executive Committee of the Multilateral Fund
(draft decision X/4)

23. Following nominations from the regional groups, the Working Group agreed to recommend draft decision X/4, on membership of the Executive Committee, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/4).

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4. Bureau of the Tenth Meeting of the Parties

24. Following nominations from the regional groups, the Open-ended Working decided to recommend that the Tenth Meeting of the Parties should elect as its President Professor Alexandre Solovianov (Russian Federation). The posts of Vice-President should be filled by Ghana, Panama and a Party to be announced by the Western European and Others Group, while a representative from Bangladesh should serve as Rapporteur.

D. Essential-use exemptions of controlled ozone-depleting substances (draft decision X/6)

25. The Secretariat reported that, with regard to the use of CFCs for which Poland had requested an essential-use nomination, the Technology and Economic Assessment Panel would hold discussions with Poland and the suppliers of the military equipment concerned.

26. One Party expressed the view that it was of great importance that the Technology and Economic Assessment Panel include the needs of non-producing MDI-consuming countries in its deliberations on essential use nominations.

27. Two Parties introduced amendments to ensure clarity in the uses authorized under the draft decision.

28. The Working Group decided to recommend draft decision X/6, as amended, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/6).

E. Transition to CFC-free metered-dose inhalers

29. Introducing the item, the Secretariat explained that the item had been included in the agenda of the last meeting of the Open-ended Working Group on the basis of the report of the Technology and Economic Assessment Panel. There had been general agreement that, in accordance with the provisions of decision IX/19 of the Ninth Meeting of the Parties, each Party would adopt its own strategy for transition to CFC-free metered-dose inhalers, in the light of its own conditions. Accordingly, no draft decision on the item had been submitted by the Secretariat.

30. The representative of the European Community informed the Working Group that in October 1998 the Community had adopted its strategy on the phase-out of CFC-based metered-dose inhalers and, in accordance with the provisions of decision IX/19, had submitted it to the Ozone Secretariat. The Community hoped that it would be distributed as widely as possible.

31. The representative of the Technology and Economic Assessment Panel clarified that comments received from delegations would be taken into consideration in its 1999 report. It was further clarified that the four-year assessment report would be issued shortly and discussed at the nineteenth meeting of the Working Group.

32. One representative expressed the hope, in the light of the clarifications given by the Technology and Economic Assessment Panel at the seventeenth meeting of the Working Group (UNEP/OzL.Pro/WG.1/17/3, paras. 30-31), that the issue of the affordability of CFC-free metered-dose inhalers would be given due consideration in the final report on the issue.

F. Decommissioning of all non-essential halon systems in non-Article 5 Parties
(draft decision X/7)

33. Following the introduction of an amended draft decision that resulted from informal consultations, some representatives expressed concern at the early timing for reporting halon-management strategies to the Ozone Secretariat and the need for maintaining sufficient flexibility.

34. The representative of South Africa recalled that at the time his country had been reclassified as developing country, South Africa had stated that it would not apply for assistance from the Multilateral Fund to implement commitments it had made when it had been classified as a developed country. However, if the draft decision forced South Africa to take halon out of existing equipment for storage and destruction, it might be required to request financial assistance from the Fund to implement those measures.

35. The Working Group recommended the draft decision on decommissioning of all non-essential halon systems in non-Article 5 Parties for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/7).

G. New substances with ozone-depleting potential
(draft decision X/8)

36. One representative, speaking on behalf of a regional economic integration organization and its member States, said that the countries of the European Union took the issue very seriously and that there was particular concern over chlorobromomethane, n-propyl bromide and halon-1202.

37. One other representative considered that, once new ozone-depleting substances had been identified, it was important to curtail their use at an early stage. It was unrealistic to amend the Montreal Protocol each time a substance was singled out for control, and an umbrella clause as an amendment to the Protocol would offer a solution. In the meantime, it was necessary to send a signal to Parties encouraging them to impose a voluntary ban on the new ozone-depleting substances already identified.

38. The observer from a non-governmental organization, expressing concern at the introduction of new ozone-depleting substances by the chemical industry, urged Parties to begin preparing a proposed umbrella amendment to the Montreal Protocol, for submission to the Eleventh Meeting of the Parties, to the effect that all new substances with an ozone-depleting potential should be automatically listed and controlled. Chlorobromomethane, n-propyl bromide and halon-1202 should be listed immediately and countries should be urged to ban their use.

39. Several representatives expressed concern at the early deadline of 31 May 1999 for reporting on new ozone-depleting substances to the Secretariat, as well as the time available to the Technology and Economic Assessment Panel and the Scientific Assessment Panel for reporting to the Eleventh Meeting of the Parties.

40. The Working Group agreed to set up an informal contact group to discuss the draft decision.

41. The coordinator of the contact group reported back to the Working Group regarding the consensus reached by the contact group and introduced a new draft decision.

42. The representative of Canada noted that his delegation interpreted the action to be taken in paragraph 2 of the draft decision as being on the basis of the assessment reports to be produced pursuant to decision IX/24 and concerning substances with significant potential to deplete the ozone layer. His delegation interpreted the report requested of Parties in paragraph 4 to concern the substances chlorobromomethane, n-propyl bromide and halon-1202.

43. Following further discussion, the Working Group recommended the draft decision on new substances with ozone-depleting potential, as amended, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/8).

H. Regulation of import and export of products and equipment whose continuing functioning relies on substances listed in Annex A and Annex B of the Protocol
(draft decision X/9)

44. Many representatives emphasized the importance of draft decision X/9 for developing countries' efforts to phase out controlled substances, but objected to specific elements of the draft decision as currently proposed.

45. One representative said that, in the consideration of the issue of countries that did not wish to import specific products, it was appropriate to take into account the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, adopted in September 1998, particularly its Article 10, paragraph 9. That Convention and the prior informed consent (PIC) procedure made it clear that there was no intention to use such measures to create a barrier to trade.

46. The Working Group agreed to set up an informal contact group, coordinated by Canada, which had prepared a modified new draft, to discuss the draft decision.

47. Following informal consultations in the contact group, the coordinator of the group introduced a revised text of draft decision IX/9.

48. One representative said that the draft decision failed to provide protection for Article 5 countries manufacturing for domestic use such products and equipment and were in the process of withdrawing or retrofitting such equipment.

49. Several representatives noted that, while the draft decision represented a step forward, its provisions were not sufficiently strong or broad in their application and the Co-Chair invited participation in an informal contact group by those interested in contributing to a new wording for the draft decision.

50. Following further discussion, including consultations in the contact group, the Working Group recommended the draft decision on establishment of a list of countries that do not manufacture for domestic use and do not wish to import products and equipment whose continuing functioning relies on Annex A or Annex B substances for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/9).

I. Review of the non-compliance procedure
(draft decision X/10)

51. The Co-Chair of the Ad-Hoc Working Group of Legal and Technical Experts on Non-Compliance, Mr. Patrick Széll (United Kingdom of Great Britain and Northern Ireland), speaking also on behalf of the other Co-Chair, Mr. Bishnu Tulsie (Saint Lucia) and the members of the Ad Hoc Working Group, introduced the report of the work of the Group, contained in document UNEP/OzL.Pro/WG.4/1/3, and drew attention to its salient points. He noted the general feeling that the procedure was working satisfactorily and said that the proposed changes mostly served to give greater precision in such areas as time-frames. The most substantial change was that proposed to paragraph 7, which would explicitly add a new function to the tasks performed by the Implementation Committee. In addition the proposal in paragraph 3 of the draft decision aimed to address the problem of persistent non-compliance.

52. During discussions of the draft decision proposed by the Ad-Hoc Working Group several representatives thanked the Group for their efforts. There were several proposed amendments to the draft decision contained in the report of the Ad-Hoc Working Group. Among them were efforts to reflect the intent of paragraph 2 (c) to enhance the continuity of the membership of the Implementation Committee without changing the current practice of representation.

53. After further discussion including informal consultations the Working Group recommended draft decision X/10 on review of the non-compliance procedure, as amended, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/10).

J. Quarantine and pre-shipment applications of methyl bromide
(draft decision X/11 and X/12)

54. Several representatives considered that, in the light of the existing controls on the use and emissions of methyl bromide and the fact that no alternatives were currently available for quarantine and pre-shipment applications, the time was not ripe for a review of exemptions. Some representatives suggested that a study be carried out to identify possible ways to limit methyl bromide use and emissions in the future. Another proposed that the Technology and Economic Assessment Panel review the subject of methyl bromide use, and expressed concern that further limits might have consequences for international trade in commodities.

55. One representative, supported by another, considered it important to have specific provisions to limit the use of methyl bromide for pre-shipment and quarantine applications.

56. Following informal consultations, the coordinator of the contact group set up to discuss this item reported to the Working Group that the contact group had held productive consultations that had led to consensus on a new draft decision which he introduced to the Working Group. The proposal, which was intended to replace draft decisions X/11 and X/12 in document UNEP/OzL.Pro.10/7, did not in any way place limits on the use of methyl bromide in quarantine and pre-shipment uses but rather was focused on options that individual Parties might consider to reduce use and emissions of methyl bromide in applications falling under the quarantine and pre-shipment exemption.

57. The Working Group recommended the draft decision on quarantine and pre-shipment, as amended, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/11).

K. Production sector
(draft decision X/17)

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58. In the discussion of draft decision X/17, some representatives expressed the view that, in the past, there had been a lack of balance, whereby funds had been allocated chiefly to phasing out the consumption of CFCs. It was now urgently necessary to turn to phase-out of the production sector, otherwise Article 5 countries that produced CFCs might find it difficult to comply with the 1999 freeze. In addition, a production phase-out would help to mitigate the growing problem of illegal trade in CFCs. They therefore considered that a decision by the Parties should accord priority to such projects for implementation in 1999.

59. A number of other representatives pointed out that the technical audits of the data for the production sector projects in question were still incomplete. Therefore, according to the agreed process for consideration of such projects, they were not yet ready to be submitted for approval at the sole meeting of the Executive Committee that remained before July 1999.

60. One representative was concerned that prioritization of projects for phase-out in the production sector, which was capital intensive, might lead to a diversion of scarce funds from other sectors and projects in other Article 5 countries. In response, another representative said that adequate replenishment of the Fund should take place, so as to ensure that an early phase-out of the production sector would be facilitated without adversely affecting the funding needs of other phase-out projects of all Article 5 countries.

61. The Working Group agreed to set up an informal contact group to discuss the draft decision.

62. Following informal consultations in the contact group, the Working Group recommended the draft decision on the production sector, with one editorial amendment, for adoption to the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, decision X/17).

L. Terms of reference for a study on replenishment of the Multilateral Fund
(draft decision X/13)

63. The representative of the task force on replenishment of the Multilateral Fund for 2000-2002 presented an outline of its proposed plan to conduct the study. The membership of the task force included: Mr. Tom Batchelor (Australia), Mr. Lambert Kuijpers (Netherlands), Mr. Sateaved Seebaluck (Mauritius), Mr. Robert van Slooten (United Kingdom of Great Britain and Northern Ireland), who presented the report, Mr. José Pons Pons (Venezuela) and Ms. Shiqiu Zhang (China). The report would build on experiences gained in the 1996 replenishment study. It would consider several controlled substances that were not included in the 1996 study and would employ more refined models with more data, including sensitivity analysis, in order to look at the impact on replenishment scenarios of differences in key parameters. The production sector would receive much attention and the implications for replenishments in future periods would be highlighted.

64. Elements to be considered in the report would include: the consumption sector, the production sector, non-investment activities; and maintaining momentum in phasing out ozone-depleting substances. The approach for considering substances in Annexes A and B would include a refined model for investment projects in the consumption sector, which would divide countries into different groups, one of which included the 20 largest consuming Article 5 Parties. That approach would include calculation of funds needed to meet the schedule for reduction in consumption and would look at large, medium-sized and small enterprises and servicing needs. The methyl-bromide component of the study would include analyses of countries' usage patterns and categorizations of Parties into two groups: the 10 Article 5 Parties that

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accounted for 72 per cent of the total consumption of methylbromide by Article 5 countries; and the remaining Article 5 countries. As data accumulation would be critical to the report, the task force requested that Parties submit their data to the appropriate organs of the regime as soon as possible. The task force itself would gather data from the implementing agencies, the Ozone Secretariat, the Multilateral Fund Secretariat and other sources, as appropriate.

65. Regarding production sector phase-out, the task force proposed to include in its analysis a study of agreements made so far with respect to phase-out of the production sector, a study of draft agreements in this area, and close consultations with the relevant institutions. Regarding non-investment projects, the task force recognized that it would be important to include consideration of technology cooperation, networks and ozone units, information dissemination, training and trials, and the support of activities for phase-out in the small and medium-sized enterpriseservicing sector.

66. Following finalization of its terms of reference, which could be decided at the current meeting of the Open-ended Working Group, the task force would conduct its work between December 1998 and March 1999. During that period, it would hold consultations with developed and developing countries, the Executive Committee of the Multilateral Fund, and all other relevant bodies. Its report would be due for completion by April 1999.

67. In discussion of the presentation made by members of the task force, as well as of draft decision X/13 on the terms of reference for the task force, many representatives expressed support for forwarding the draft decision to the Parties after removing the square brackets contained in its paragraph 2.

68. Many other representatives made suggestions pertaining to amending specific elements of the draft decision; altering the process used to develop and consider the task force report; or emphasizing specific issues that the task force needed to consider when conducting its review.

69. Many representatives emphasized that the task force should approach its work in the most transparent, well structured and realistic manner possible.

70. Several representatives considered that the process could be expedited if, once the Technology and Economic Assessment Panel study had been finalized, the Parties were to set up a process of informal negotiations between a balanced group of Article 5 and non-Article 5 Parties well in advance of the Meeting of the Parties. One representative noted that the Secretariat's budget included provisions for such consultations.

71. Several representatives expressed support for having the Task Force issue its report directly to the Executive Committee, prior to its release to the Open-ended Working Group. Other representatives stressed that the best course of action was for all Parties to be able to consider and discuss the report at the same time. One representative noted that neither the terms of reference for the Executive Committee nor its work schedule appeared to allow it to play such a formal role in the process.

72. One representative said that the Technology and Economic Assessment Panel should take note of the need to solve problems such as delays in project implementation, which raised questions on the effectiveness and transparency of fund disbursement. If no solution were found, then his country might respond cautiously *vis-à-vis* the coming decision on the next three years of the Fund. Several representatives noted that procedures currently existed within the Executive Committee for evaluating the effectiveness of the Fund.

73. Another representative asked the task force to take particular note of relevant decisions of the

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Parties regarding methyl bromide, given the number of methyl bromide projects in need of funding.

74. Other representatives referred to the need for coordination with the Executive Committee's Subgroup on the Production Sector, the need to make a realistic assessment of institutional strengthening in Article 5 countries, and the need to start work to ensure that some Article 5 countries were able to meet their carbon tetrachloride phase-out schedule.

75. Some representatives said that it was necessary for the Technology and Economic Assessment Panel to assess the status of Fund availability, as a number of funding commitments undertaken in the past were unlikely to materialize in the near future and could slow down project implementation, another believed that expenditure on studies and consultancies that did not promote the phase-out of ozone-depleting substance phase-out should be avoided.

76. The Working Group agreed to set up an informal contact group to discuss the draft decision.

77. The Open-Ended Working Group noted the fact that the Technology and Economic Assessment Panel report on replenishment was expected to be complete by 10 April 1998, after which it would expeditiously be disseminated to all Parties.

78. The Working Group then discussed and agreed on a procedure to advance related negotiations. First, it was requested that an Ad Hoc Working Group on Replenishment, consisting of seven Parties operating under Article 5 and seven Parties not operating under Article 5, would each agree on a limited set of sensitivity analyses that they would submit to the Technology and Economic Assessment Panel by 10 May 1999 with a request that the Panel should carry them out. The Technology and Economic Assessment Panel would be requested to provide its response to those requests to the Secretariat for distribution to all Parties as early as possible prior to the nineteenth meeting of the Open-ended Working Group.

79. Finally, the Secretariat was requested to convene a one-day consultation on replenishment immediately prior to the nineteenth meeting of the Open-ended Working Group, and was requested to convene appropriate consultations between that meeting, and the Eleventh Meeting of the Parties.

80. The Executive Secretary of the Ozone Secretariat confirmed that the Secretariat would organize the meetings of the Ad Hoc Working Group on Replenishment, which would be presided over by the Co-Chairs of the Open-ended Working Group.

81. Following nominations from the regional groups, it was agreed that membership of the Ad Hoc Working Group should be as follows: China, Cuba, India, Iran (Islamic Republic of), Nigeria, Venezuela and Zimbabwe, representing the Article 5 Parties, and Poland, together with six other Parties to be selected from the Western European and Others Group, representing the non-Article 5 Parties.

82. The Working Group recommended the draft decision on terms of reference for a study on the 2000-2002 replenishment of the Multilateral Fund for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/13).

M. Process agents
(draft decision X/14)

83. One representative, speaking on behalf of a regional economic integration organization and its member States, introduced the draft proposal on the item, and said that the tables referred to in draft decision X/14 had been prepared and would shortly be circulated to all participants.

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84. Two representatives, while welcoming the progress represented by the draft decision, noted their concerns with certain of its aspects, in particular, the differentiated approach followed for developing and developed countries, and the proposed deadline of 31 December 1998 for the installation or commissioning of new plant using controlled substances as process agents. They also emphasized the importance of adopting a range of measures, such as process conversion, plant closures and emissions-control technologies to reduce emissions of ozone-depleting substances used as process agents.

85. A third representative expressed disappointment at those concerns and hoped that agreement could be reached on the issue at the current meeting, so that the Multilateral Fund could begin to provide the funding necessary to reduce emissions of controlled substances used as process agents in those and other countries.

86. The Working Group agreed to establish a contact group to consider the concerns and to endeavour to arrive at a consensus text.

87. The coordinator of the contact group subsequently reported to the Working Group that the contact group had held two meetings, in which a large number of representatives had held full and frank discussions. Recalling that the issue had been under discussion for more than two years he was pleased to report that the contact group had reached consensus on a draft decision, which he placed before the Working Group. Noting that the large and quantities of controlled substances used as process agents made this an important issue for safeguarding the ozone layer, he outlined the proposal to ensure that its purpose and operation were clear to the Group. Responding to a question, he clarified that table B of the draft decision referred to metric tonnes, not ODP tonnes.

88. One representative noted that many Article 5 Parties had had significant concerns regarding the issue and were pleased that the contact group had been able to discuss them fully. The draft decision was a very important one, and his delegation was pleased to be able to support it fully. He expressed the hope that the decision was being taken on the understanding that the option involving use of emission-control technologies meant the use of such technologies for achieving significant reductions of emissions.

89. Following a statement by one representative, the Working Group agreed to include an additional process use in table A of the draft decision and recommended the revised draft for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/14).

N. Exports of controlled substances from non-Article 5 Parties
(draft decision X/15)

90. Following the discussion of the draft decision, the Working Group agreed to introduce two amendments.

91. The Working Group decided to recommend draft decision X/15, as amended, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2).

O. Implementation of the Montreal Protocol in the light of the Kyoto Protocol to the United Nations Framework Convention on Climate Change
(draft decision X/16)

92. The Co-Chair said that the recent meeting of the Parties to the United Nations Framework Convention on Climate Change had raised the issue of cooperation with the Montreal Protocol in relation to

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the control of hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs), and had encouraged the convening of a workshop by the Intergovernmental Panel on Climate Change (IPCC) and the Technical and Economic Assessment Panel of the Montreal Protocol in 1999 to assist the Subsidiary Body for Scientific and Technological Advice to establish information on available and potential ways and means of limiting emissions of HFCs and PFCs.

93. Introducing the draft decision, the representative of Sri Lanka, which had sponsored the original draft at the seventeenth meeting of the Open-ended Working Group, said that a large number of countries had benefited from the Multilateral Fund for projects to convert to HFCs. The introduction of controls on HFCs would consequently pose a threat to those countries, particularly since, under its rules, the Multilateral Fund could not fund conversion projects a second time for the same problem. The decision had been prepared in response to those concerns.

94. The Co-Chair of the Technology and Economic Assessment Panel made a brief presentation on a joint consultation in September 1998. He said that many HFCs and PFCs were alternatives to ozone-depleting substances, and IPCC had proposed a continuing dialogue and cooperation in which the Panel would provide inputs on HFC and PFC use through its lead authorship within the framework of the third IPCC assessment report. He suggested a decision that would authorize the Panel to collect further information and cooperate further with IPCC in that matter.

95. The Co-Chair made a suggestion, subsequently supported by several representatives, that a decision mirroring the recent decision of the Conference of Parties of the Framework Convention on Climate Change adopted in Buenos Aires in November 1998 could be put forward to the Tenth Meeting of the Parties.

96. The representative of a non-governmental organization suggested that the Multilateral Fund of the Montreal Protocol should be instructed to encourage CFC replacements that did not contribute to global warming and stressed that HFCs should not, in the long term, be used as CFC replacements and he welcomed a joint investigation that would focus on available and nearly available alternatives.

97. Several representatives expressed concern that, as the Montreal Protocol had its own objectives in regard to ozone-depleting substances, a complementary decision to facilitate cooperation would be more appropriate than a "mirror" decision.

98. The Co-Chair of the Scientific Assessment Panel said that the Panel would continue to cooperate with IPCC to have interaction that would be based on the same science and to ensure that, as climate change could influence ozone depletion and both were closely interconnected, ozone-depleting potential and global warming potential would be homogeneously calculated.

99. As several representatives wished to put forward alternative texts, the Working Group agreed that a small contact group should meet to arrive at an appropriate wording for the decision, and report back to it at a later stage in the meeting.

100. Following informal consultations, the coordinator of the contact group introduced a revised text of the draft decision. He noted that the decision provided that the relevant Montreal Protocol bodies would continue to develop information on the full range of existing and potential alternatives to ozone-depleting substances for specific uses, including alternatives not listed in Annex A of the Kyoto Protocol.

101. The Working Group recommended the draft decision on implementation of the Montreal Protocol in the light of the Kyoto Protocol, as revised, for adoption by the Tenth Meeting of the Parties

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(UNEP/OzL.Pro.10/17/Rev.2, draft decision X/16).

IV. OTHER ISSUES ARISING OUT OF THE REPORT OF THE OPEN-ENDED WORKING GROUP ON THE WORK OF ITS SEVENTEENTH MEETING

A. Amendment of rule 18 of the rules of procedure to allow credentials to be issued by some one other than the Head of State or Minister for Foreign Affairs (draft decision X/18)

102. Following a statement by the sponsor of draft decision X/18, the Working Group agreed that the decision should be withdrawn.

B. Periodicity of the Meetings of the Parties (draft decision X/19)

103. Following a statement by the sponsor of draft decision X/19, the meeting agreed that the decision should be withdrawn.

C. Exemption for laboratory and analytical uses (draft decision X/20)

104. The representative of a regional economic integration organization said that, as there were a number of international standards set for standard laboratory and analytical testing and the changing of such standards would take time, his organization was not in a position to accept the listing in the annex to the decision or to agree to an early ban on particular laboratory uses under the essential-use exemption, until all the alternatives were known and approved for use. He said that he would submit an alternative text to the Secretariat.

105. Following further discussion and informal consultations, the Working Group recommended an alternative draft decision on exemption for laboratory and analytical uses for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/20).

D. Global Environment Facility (GEF) (draft decision X/24)

106. The Working Group recommended the draft decision on the Global Environment Facility for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/24).

E. Customs codes

107. One representative introduced a draft decision on adjustments to the customs codes set out in the Harmonized System, stating that it was intended to make data-reporting and monitoring and compliance easier. It would build upon decisions IX/22 on customs codes and IX/28, paragraph 4, on data-reporting as well as discussions between the Ozone Secretariat and the World Customs Organization (WCO) on possible amendments to the Harmonized System to make tracking of refrigerant mixtures easier.

108. Several representatives expressed support for the draft decision with one offering detailed amendments to enhance its effectiveness.

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109. The Working Group recommended the draft decision on customs codes, as amended, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/27).

F. Emissions of ozone-depleting substances from feedstock applications

110. Introducing the text of a draft decision on emissions of ozone-depleting substances from feedstock applications, one representative, speaking on behalf a regional economic integration organization and its member States, said that the issue of feedstock applications was distinct from process agents and, as reflected in the debate at the seventeenth meeting of the Open-ended Working Group, his organization had been concerned at the very large quantities of emissions resulting from the use of carbon tetrachloride as feedstock. While it recognized that controlled substances used entirely as feedstock were excluded from the scope of the Montreal Protocol, that exclusion had been based on the belief that those emissions were insignificant. In view of the very large quantities involved, however, the organization felt that there was a need for the issue to be further investigated and it had prepared the draft decision in response to that need.

111. The representative of the Technology and Economic Assessment Panel suggested, in view of the already heavy workload of the Panel and the need for additional funding for travel by its member from Article 5 Parties and countries with economies in transition, that the deadline should be extended from the Eleventh to the Twelfth Meeting of the Parties.

112. The Working Group recommended the draft decision on emission of ozone-depleting substances from feedstock applications, as amended, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/26).

V. REPORT OF THE SECRETARIAT ON INFORMATION PROVIDED BY THE PARTIES IN ACCORDANCE WITH ARTICLES 7 AND 9 OF THE MONTREAL PROTOCOL AND THE REPORT OF THE IMPLEMENTATION COMMITTEE ON NON-COMPLIANCE WITH THE MONTREAL PROTOCOL BY SOME PARTIES, IF ANY

113. The Working Group took note of the report by the President of the Implementation Committee regarding the submission of data. The Working Group recommended the draft decision on data and information provided by the Parties as amended for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/2).

114. Speaking on behalf of Mr. Peter Acquah (Ghana), President of the Implementation Committee, Mr. Tom Land (United States of America), Vice-President of the Committee, introduced 10 draft decisions on matters relating to compliance with the Montreal Protocol. Nine of those draft decisions related to individual countries, while the tenth dealt with the discrepancy between the control periods for phase-out in Article 5 countries between July 1999 and December 2002 and the periods prescribed for data-reporting under Article 7 of the Protocol. With regard to the decisions on individual countries, he said that the Implementation Committee had analysed the data in the report of the Secretariat (UNEP/OzL.Pro/10/3) and that those Parties that had been identified as being in a state of non-compliance based on the data submitted had been invited to provide further information to the Committee and to attend its twenty-first meeting, held on 16 November 1998. On the basis of that information, submitted either in writing or orally at the meeting of the Committee, the Committee had prepared the draft decisions currently before the Working Group. With the exception of the draft relating to the Czech Republic, which had been found to have been in a state of technical non-compliance, all the decisions followed a standard format: paragraph 1 described the situation of non-compliance; paragraph 2 outlined the information provided to the

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Implementation Committee and, where there existed a country programme with specific interim reductions to serve a benchmarks to monitor progress toward compliance, as requested by the Committee, listed the those benchmarks; paragraph 3 contained the recommendations of the Committee for action by the Meeting of the Parties and reflected the indicative list of measures that might be taken by a Meeting of the Parties in respect of non-compliance.

115. The Working Group then proceeded to take up the draft decisions in sequence. During the discussion of the decisions on individual countries, the Vice-President agreed to introduce a number of changes to the terminology used in the standard wording in order to make it more precise.

Azerbaijan

116. The representative of Azerbaijan said that his delegation could agree in principle to the draft decision as it stood and offered some technical amendments, which were accepted by the Working Group.

117. The Working Group recommended the draft decision on compliance with the Montreal Protocol by Azerbaijan, as amended, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/21 A).

Belarus

118. The representative of Belarus said that his country had made considerable progress towards compliance with the Protocol. The Government had recently decided on additional measures aimed at the phase-out of Annex A and Annex B substances by the year 2000. It was also attempting to upgrade its data bank, which would help it to fulfil its commitments under the Protocol.

119. The Working Group recommended the draft decision on compliance with the Montreal Protocol by Belarus for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/21 B).

Czech Republic

120. The representative of the Czech Republic said that his Government had explained to the Implementation Committee that the ODS in question had been imported for metered-dose inhalers and for laboratory and analytical uses. His country's interest in meeting its obligations under the Protocol was reflected in the draft decision before the Working Group, and he considered that that text should replace the existing draft decision on the subject in document UNEP/OzL.Pro/10/7, as it represented the results of the latest meeting of the Committee.

121. On that understanding, the Working Group recommended the draft decision on compliance with the Montreal Protocol by the Czech Republic for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/21 C).

Estonia

122. The representative of Estonia said that his country was in principle in agreement with the draft decision.

123. The Working Group recommended the draft decision on compliance with the Montreal Protocol by Estonia for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/21

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Latvia

124. The representative of Latvia said that his delegation was in full agreement with the text of the draft decision.

125. The Working Group recommended the draft decision on compliance with the Montreal Protocol by Latvia for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/21 E).

Lithuania

126. The representative of Lithuania introduced some corrections to the text of the draft decisions, concerning the date on which the import ban on CFC-113, methyl chloroform and carbon tetrachloride would take effect and the ratification by Lithuania of the London and Copenhagen Amendments.

127. With those corrections, the Working Group recommended the draft decision on compliance with the Montreal Protocol by Lithuania for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/21 F).

Russian Federation

128. The representative of the Russian Federation reiterated that his country had always done everything in its power to advance towards a situation of compliance with the Montreal Protocol at the earliest possible date. He expressed the hope that, despite the serious economic difficulties facing it, the Russian Federation would be able to meet its obligations toward the international community.

129. The Working Group recommended the draft decision on compliance with the Montreal Protocol by the Russian Federation for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/21 G).

Ukraine

130. The representative of Ukraine corrected the consumption levels shown for his country in paragraph 1 of the draft decision and the date given for its ratification of the Protocol in paragraph 2. He said that the apparent rise in consumption of ODS in Ukraine reflected the improvements that had been made in data-gathering, rather than an actual increase. His Government made considerable efforts to comply with the provisions of the Protocol and the decisions of the Meeting of the Parties, but he had some doubts as to its ability to achieve total phase-out by the year 2002, particularly because of the uncertainties surrounding its ability to increase recovery of existing CFC-12 or to obtain outside supplies of the substance for refrigeration servicing. It did, however, expect that consumption would gradually fall.

131. With the corrections introduced by the representative of Ukraine, the Working Group recommended the draft decision on compliance with the Montreal Protocol by Ukraine for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/21 H).

Uzbekistan

132. The representative of Uzbekistan said that his delegation could agree in principle to the draft

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decision as it stood and offered some technical amendments to the draft and to table 1 of the data report of the Secretariat, which were accepted by the Working Group.

133. The Working Group recommended the draft decision on compliance with the Montreal Protocol by Uzbekistan, as amended, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/21 I).

Inconsistencies in the timing for reporting data under Article 7 and for monitoring compliance with the phase-out schedule under Article 5

134. The Working Group recommended the draft decision on inconsistencies in the timing for reporting data under Article 7 and for monitoring compliance with the phase-out schedule under Article 5 for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/21 J).

VI. CONSIDERATION OF THE REPORT OF THE CHAIRMAN OF THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

135. The Chairman of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol presented the report of the Committee on the activities it had undertaken since the Ninth Meeting of the Parties (UNEP/OzL.Pro/10/6). The annex to the document, prepared in response to decision IX/14, updated information on action taken by the Executive Committee to improve the financial mechanism. The twenty-third, twenty-fourth and twenty-fifth meetings of the Executive Committee had been held in Montreal from 12 to 14 November 1997, 25 to 27 March 1998, and 29 to 31 July 1998, respectively, and the twenty-sixth meeting had been held in Cairo from 11 to 13 November 1998.

136. On procedural matters, the Sub-Committee on Project Review had considered projects and activities and related policy issues and had made recommendations thereon to the Executive Committee. The Sub-Committee on Monitoring, Evaluation and Finance had considered and made recommendations to the Executive Committee on, *inter alia*, the implementation of the 1997 business plans, the consolidated 1998 and draft 1999 business plan of the Multilateral Fund, the 1998 and draft 1999 business plans of the implementing agencies; the 1997 accounts of the Multilateral Fund; promissory notes; the timing of the evaluations in the monitoring and evaluation work programme; the format and status of preparation of project completion reports; the recruitment process for the monitoring and evaluation post in the Fund Secretariat; project implementation delays; the draft evaluation guide; non-investment-project milestones; co-financing; the status of phase-out of ozone-depleting substances in Article 5 countries; and the proposed budget of the Fund Secretariat for 1999. The subgroup on the production sector had continued its consideration of the guidelines for assessing compensation for the closure of centres producing ozone-depleting substances. The informal group on technology transfer had held extensive discussions in conjunction with the meetings of the Executive Committee, with a view to preparing advice on what steps could be taken to eliminate potential impediments to the transfer of ozone-friendly technologies, but to date no full agreement had been reached.

137. Highlighting points in the report, with regard to the shortfall between the total income to the Fund and the amounts for projects cleared for approval, he said that, at the twenty-sixth meeting of the Executive Committee, some non-Article 5 countries had promised to pay their contributions by the end of the year. Concerning performance indicators for the evaluation of the business plans for the implementing agencies, the Executive Committee had decided to maintain two sets of indicators for investment projects, the first set to track various aspects of the work of agencies, and the second set of weighted indicators to guide the

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allocation of agencies' shares. With regard to monitoring and evaluation, he drew attention to the recent steps to appoint a Senior Evaluation Officer within the Secretariat, who would report to the Executive Committee. Concerning special initiatives, he noted several sectoral phase-out plans for China and the special allocation for small and medium-sized enterprises. Regarding administrative costs of the implementing agencies, the Committee had decided to apply a sliding scale for administrative support costs with immediate effect, providing for percentages ranging from 13 to 11 per cent for projects not exceeding \$5 million. The administrative costs applicable to projects exceeding \$5 million would be assessed on a case-by-case basis.

138. The Chairman of the Executive Committee noted that the Subgroup on the Production Sector had, at its last meeting, reviewed the report of the technical audits of the production sub-sector in India and China. It was expected that the final report of the consultant would be received in the Secretariat by mid-December 1998, after which it would be forwarded to all members of the Executive Committee.

139. He thanked all members of the Executive Committee and of its Sub-Committees, and the staff of the Secretariat of the Multilateral Fund, particularly its Chief Officer Mr. Omar E. El-Arini, for their hard work and support throughout the period under review.

140. One representative said that it would be desirable if future reports of the Executive Committee to the Parties could contain data on the impact made by activities financed under the Multilateral Fund on overall consumption of ozone-depleting substances in all Article 5 countries.

141. One representative, while welcoming the progress made by the Executive Committee in some of its work, pointed out that the current pace of the Executive Committee in developing the guidelines and approving the projects subsequently for the production sector would have major impacts on the achievement, by the Article 5 countries, of the 1999 freeze in the production sector and on the process of ODS phase-out in those countries as a whole. He urged the Executive Committee to take expeditious and practical actions in the sector. He also expressed the hope that the informal group on technology transfer could produce concrete recommendations expeditiously, so that Article 5 countries could obtain the technology they needed to help them phase out ozone-depleting substances.

142. A number of representatives and some observers from non-governmental organizations expressed serious concern that projects which used HCFC and HFC technology continued to be approved by or submitted to the Executive Committee, when alternative technologies were available. Pointing to existing guidelines and directives from the Meeting of the Parties, the Executive Committee, the Kyoto Protocol and from Article 2 F, paragraph 7, of the Montreal Protocol, they said that such projects needed to have very strong justification for selecting the use of HCFCs or HFCs. One country believed that the use of hydrocarbon technology should be considered in every case.

143. On the basis of the text orally presented by the Secretariat, the Working Group recommended the draft decision on measures taken to improve the financial mechanism and technology transfer for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro/10/7/Rev.2, draft decision X/23).

Methyl-bromide demonstration projects

144. During the discussion on the report of the Executive Committee, some representatives expressed the view that there was inequality in the Executive Committee's guidelines for approval of projects for methyl-bromide phase-out. They believed that, in 1999, countries should be able to submit for approval projects covering crops that were not included on the list of five priority crops decided by the Executive Committee. They also believed that it was necessary to widen the scope of the guidelines with regard to

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exemptions for export products.

145. One representative, on behalf of two others, subsequently introduced a proposal to request the Executive Committee to consider all soil-fumigation projects as they were submitted to the Executive Committee, irrespective of the current priority list of crops or whether or not the consumption was increasing, without delaying them until a new strategy was formulated, in view of decision IX/5 of the Ninth Meeting of the Parties. He said that such a decision was important to Parties that did not produce crops on the priority list. The proposal would enable far more Parties to receive funding for projects in areas of particular importance to them but which fell outside the current guidelines, particularly because of the likelihood of having a surplus out of the funds allocated to the sector. It would also allow for the early commencement of new demonstration projects in such crops and allow the Technology and Economic Assessment Panel to consider the results in its 2002 assessment.

146. Another representative recalled that the issue had been discussed at the last meeting of the Executive Committee, at which the Committee had decided by consensus to keep the current guidelines in place. He recalled that the guidelines had been developed in order to allocate limited resources in the most efficient manner to those sectors in which methyl-bromide consumption was concentrated. That would provide the best basis for the report to be prepared by the Technology and Economic and Assessment Panel. He noted further that there was no surplus in the 1999 business plans of the implementing agencies in the funds earmarked for methyl-bromide projects. Indeed, the Executive Committee had allocated \$33 million for methyl-bromide projects in 1999, which was significantly above the levels mandated by decision IX/5 of the Ninth Meeting of the Parties.

147. The Chair of the Executive Committee of the Multilateral Fund, speaking on behalf of the Executive Committee, said that the Committee was satisfied with the level of resources allocated to methyl-bromide projects. He recalled that the guidelines developed by the Executive Committee and other decisions regarding methyl bromide were the result of careful deliberations and unanimous agreement among all the members of the Executive Committee.

148. The Co-Chair of the Methyl Bromide Technical Options Committee stated that it was well known that soil treatments accounted for approximately 75 per cent of methyl-bromide use and that 10 Article 5 Parties accounted for approximately 72 per cent of the methyl-bromide consumed by Parties so classified. That information had been made available to the Executive Committee during its deliberations.

149. In deciding not to recommend the proposed draft decision to the Parties for adoption, the Working Group took note of the concerns expressed by the representatives regarding consideration of methyl-bromide projects in 1999 as well as the explanations by the members of the Executive Committee and the Co-Chair of the Methyl Bromide Technical Options Committee.

Proposal to study a fixed currency exchange rate mechanism
for the replenishment of the Multilateral Fund

150. The representative of Canada introduced a draft decision on a study of the potential for using fixed currency exchange rates in contributions to the Multilateral Fund. He recalled that the issue had been raised during the discussion of the second replenishment of the Multilateral Fund during the Eighth Meeting of the Parties in Costa Rica but that time constraints had not allowed for its adoption in time for the second replenishment cycle. Some donor countries made payments to the Fund not in United States dollars, the terms in which all donor commitments to the Fund had been expressed to date, but in equivalent amounts of their national currencies. The draft decision would request the Treasurer of the Multilateral Fund to develop a discussion paper describing how a mechanism using fixed currency exchange rates could be

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implemented for the replenishment of the Multilateral Fund for the period 2000-2002 and the potential and consequences of such a mechanism.

151. During discussions on the issue, several representatives expressed support for the draft decision on the understanding that it only requested a study so that the Parties would have more information in considering the issue and did not prejudice in any way the outcome of future deliberations. Other representatives expressed significant reservations regarding the draft decision.

152. Following consultation in a contact group, the coordinator of the group informed the meeting that the group had reached agreement on an amended text and drew attention, in particular, to the amendment of the title to reflect that the proposal was only to commission a study of the foreign exchange currency mechanism, in order to determine whether such a mechanism could be operated within the United Nations system and to assess the possible risks of its introduction. During the discussion, two further editorial amendments were introduced to the text.

153. The representative of Japan said that, in view of the importance of the issue, his delegation would like to consult further with the authorities and relevant bodies in its capital and would therefore wish to reserve its position on the draft decision.

154. Following further discussion, and with that reservation, the Working Group recommended the draft decision on a proposal to study a fixed currency exchange rate mechanism for the replenishment of the Multilateral Fund, as amended, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/28).

155. The representative of the United Nations Office at Nairobi informed the meeting that the Office, in its capacity as Treasurer of the Multilateral Fund, was happy to undertake the preparation of the proposed discussion paper, on the understanding that the document would be relatively concise. He noted that a study more extensive in nature, either now or as a follow-up to the nineteenth meeting of the Working Group, would have financial and human resource implications which should be given due consideration.

VII. FINANCIAL REPORT FOR 1997 AND THE REVISED 1999 AND PROPOSED 2000 BUDGETS FOR THE MONTREAL PROTOCOL TRUST FUND (draft decision X/22)

156. Introducing agenda item 7, Mr. John Ashe (Antigua and Barbuda), chair of the contact group on financial matters, drew attention to a revised text of draft decision X/10, which had been prepared in the group, together with the budgets for 1998, 1999 and 2000 and the contributions tables for the same periods that were annexed thereto.

157. The Secretariat said that it was important for all Parties to pay their contributions in full, regardless of the amounts involved. Full payment would be of benefit to all countries, especially the developing countries. On the question of funding the participation costs of Parties at meetings, he said that, in deciding on which countries to support, it gave priority to Parties that were also members of committees, since there were many meetings held back-to-back. The Secretariat also felt that preference should be given to the least developed countries when there were insufficient funds to cover the costs of all Parties that wished to attend.

158. One representative suggested that the budget should support the participation of a larger number of developing countries in meetings held under the Protocol, particularly since non-participation affected the

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phase-out process in the countries concerned. Another representative asked whether the Secretariat followed an established rule in deciding on which Parties to support. In response, the Secretariat stated that there was funding available to cover the participation costs of only about a half of the 120 developing country Parties. When deciding on the countries to support, the Secretariat took account of such factors as the date of the receipt of the request for support and whether the participant was attending more than one meeting, in addition to those elements it had already mentioned.

159. One representative recalled that it had been the practice in the United Nations for some time to accord the same favourable treatment to small island developing States as it did to the least developed countries. He expressed the hope that that tradition would continue in the context of the meetings under the Protocol and that the participation of small island developing States would be supported. The Working Group took note of that reminder, and the Secretariat acknowledged its awareness of the practice.

160. Following the discussion, the Working Group decided to recommend draft decision X/22, as revised in the contact group and with the oral correction, for adoption by the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2, draft decision X/22).

Use of programme support costs

161. The representative of the United Nations Office at Nairobi introduced the report of the Secretariat on the use of programme support costs (UNEP/OzL.Pro.10/8). The report had been prepared in response to paragraph 7 of decision IX/37 of the Ninth Meeting of the Parties, in which the Parties requested the Executive Director to ensure that the programme support charge to the Trust Fund for the Montreal Protocol was used fully in support of the Protocol and its secretariat.

162. The Working Group took note of the report.

VIII. DATE AND VENUE OF THE NINETEENTH MEETING OF THE OPEN-ENDED WORKING GROUP AND THE ELEVENTH MEETING OF THE PARTIES

163. The Working Group decided that agenda item 8 should be taken up directly by the Tenth Meeting of the Parties.

IX. OTHER MATTERS

Appointment of a Co-Chair of the Foams Technical Options Committee

164. The Co-Chair of the Technology and Economic Assessment Panel informed the Working Group that one of the Co-Chairs of the Foams Technical Options Committee was resigning. On the recommendation of the Co-Chairs of the Technology and Economic Assessment Panel, the Working Group agreed to forward to the Meeting of the Parties the nomination of Mr. Paul Ashford (United Kingdom of Great Britain and Northern Ireland) for election as the new Co-Chair.

Expression of appreciation to the Government and people of Egypt

165. At its closing session, the Working Group expressed its appreciation to the Government and people of Egypt for their warm hospitality and the excellent facilities provided for the meeting.

X. ADOPTION OF THE REPORT

166. The present report was adopted at the closing session of the meeting, on 20 November 1998, on the basis of the draft report that had been circulated under the symbol UNEP/OzL.Pro/WG.1/18/L.1 and Add. 1 and 2. The draft decisions for submission to the Tenth Meeting of the Parties (UNEP/OzL.Pro.10/7/Rev.2) were approved at the same session on the basis of the revised draft decisions contained in document UNEP/OzL.Pro.10/7/Rev.1 and Corr.1 and Add.1.

XI. CLOSURE OF THE MEETING

167. Following the customary exchange of courtesies, the Co-Chair declared the eighteenth meeting of the Open-ended Working Group closed at 5.15 p.m. on Friday, 20 November 1998.
