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OPEN-ENDED WORKING GROUP OF THE PARTIES TO
THE MONTREAL PROTOCOL ON SUBSTANCES THAT
DEPLETE THE OZONE LAYER
Twenty-second meeting
Montreal, 23-25 July 2002

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

I. OPENING OF THE MEETING

1. The twenty-second meeting of the Open-ended Working Group of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer was held at the headquarters of the International Civil Aviation Organization in Montreal from 23 to 25 July 2002.

2. The meeting was opened at 10 a.m. on Tuesday, 23 July 2002, by Mr. Milton Catelin, Co-Chair of the Open-ended Working Group, who welcomed the participants.

3. Mr. Marco González, Executive Secretary of the Ozone Secretariat welcomed all participants on behalf of Mr. Klaus Töpfer, Executive Director of the United Nations Environment Programme (UNEP).

4. Mr. González said he was honoured to return to the forum in his new capacity as Executive Secretary of the Ozone Secretariat and extremely proud to rejoin the continuous efforts to protect the ozone layer. Compliance with the phase-out schedules of ozone-depleting substances (ODS) by developing countries was critical. While the majority of developing countries seemed to be on course in terms of compliance with their individual phase-out schedules, some of them were still lagging behind. That required close monitoring by the Parties and would demand effective leadership from the Implementation Committee in order to ensure compliance with the Montreal Protocol.

5. Another challenge was global participation and further commitments from the Parties. Twelve countries that were believed to be consuming ODS were not yet Parties to the ozone agreements. Also, ratification of the Amendments to the Montreal Protocol had been slow. Twenty Parties to the Montreal Protocol had not yet ratified the London Amendment 12 years after its adoption and, ten years after adoption, the Copenhagen Amendment had not been ratified by 42 Parties to the Montreal Protocol. Both the Montreal Amendment and the Beijing Amendment to the Montreal Protocol had attracted an even lower

number of ratifications to date. Mr. González said he wanted to see all countries becoming Parties and joining the international efforts to protect the ozone layer. He also appealed to all non-Parties to various Amendments to expedite their process of ratification.

6. He was sure everyone could agree that those challenges would, once again, require creative solutions and closer cooperation among the Parties and responsible institutions. Above all, it would require the same spirit of collaboration that had characterized the Montreal Protocol and led to the unprecedented success of that agreement.

7. As the Parties faced those challenges, it would be critical for the Secretariat to provide effective support to them, facilitate informed decision-making, and provide the necessary assistance to Article 5 countries and countries with economies in transition, to help them achieve their compliance goals.

8. With the support of the Parties, the Secretariat would seek opportunities to promote the Montreal Protocol in the broader realm of current environmental issues. Taking advantage of existing synergies could facilitate the work of the Parties and increase the visibility of the Montreal Protocol. That would not only help in rebuilding the momentum of this well-established agreement, but it would also provide a forum to share the Montreal Protocol experiences with the world. The Protocol's successes, and failures, could be extremely useful lessons to the international community as they approached other seemingly daunting global problems.

9. In conclusion, the challenges foreseen would demand continuous efforts and a great deal of energy and dedication. He expressed to the Parties his commitment to assist them to face those challenges and assured them that the Secretariat would devote itself to facilitating discussions, supporting and servicing the meetings, executing the decisions, providing advisory assistance upon request, and promoting the implementation of the Protocol and its Amendments in the most effective way possible.

10. He enumerated the extremely important issues on the agenda for the current meeting, noting that, in its deliberations, the Working Group would have the benefit of several reports provided by the Technology and Economic Assessment Panel (TEAP). Since 1989, the implementation of the Protocol had been tremendously assisted by work done by the three Assessment Panels and a great deal of gratitude was owed to them and the generous countries that had provided funds and in-kind contributions to support their work.

11. He paid tribute to his predecessor, Mr. Madhava Sarma, who had very ably managed the Secretariat and made numerous contributions to the ozone regime, and expressed his appreciation to the Multilateral Fund Secretariat and the Ozone Secretariat for the assistance extended in preparing for the current meeting. In conclusion, he wished all the participants fruitful deliberations.

II. ORGANIZATIONAL MATTERS

A. Attendance

12. The following Parties to the Montreal Protocol were present: Antigua and Barbuda, Argentina, Armenia, Australia, Austria, Bahamas, Bangladesh, Belgium, Belize, Benin, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, Burkina Faso, Burundi, Cambodia, Canada, Chile, China, Colombia, Comoros, Costa Rica, Croatia, Cuba, Czech Republic, Denmark, Egypt, El Salvador, Estonia, Ethiopia, European Community, Finland, France, Gabon, Georgia, Germany, Ghana, Guatemala, Guinea, Guinea-Bissau, Haiti, Honduras, Hungary, India, Indonesia, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Lithuania, Malaysia, Maldives, Mali, Mauritius, Mexico, Micronesia (Federated States of), Mongolia, Namibia, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Papua New Guinea, Paraguay, Philippines, Poland, Portugal, Qatar, Republic of Korea, Saint Lucia, Sao Tome and Principe, Senegal, Slovakia, South Africa,

Spain, Sri Lanka, Swaziland, Switzerland, Syrian Arab Republic, Thailand, The former Yugoslav Republic of Macedonia, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Venezuela, Yemen, Yugoslavia, Zambia.

13. Observers from the following United Nations secretariat units, bodies and specialized agencies were also present: United Nations Development Programme, World Bank, United Nations Industrial Development Organization, United Nations Office at Nairobi Trust Funds Section, UNEP Division of Technology, Industry and Economics, Secretariat of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol, Scientific Assessment Panel, Environmental Effects Assessment Panel, Technology and Economic Assessment Panel, Secretariat of the United Nations Convention on Climate Change, Ozone Secretariat.

14. The following intergovernmental and non-governmental bodies and agencies were also represented: Alliance for Responsible Atmospheric Policy, Association of Methyl Bromide Industry, Japan, Atofina Chemicals, Boehringer Ingelhein, Dohkai Chemical Industry Co. Ltd., Dupont, Dupont Dow Elastomers L.L.C., Environmental Investigation Agency, GlaxoSmithKline K.K., Great Lakes Chemical Japan Limited, Greenpeace – International, Honeywell, Humboldt University Berlin, Industrial Technology Research Institute, International Pharmaceutical Aerosol Consortium, IVAX Corporation, Japan Industrial Conference for Ozone Layer Protection, Korea Speciality Chemical Industry Association, MOPIA, Navin Fluorine Industries, Nippoh Chemicals Co. Limited, Prec Institute Inc., R + M Consultancy, Refrigerant Gas Manufacturers' Association, Sanko Chemical Industry Co. Limited, Technology Development Foundation of Turkey.

B. Offficers

15. Mr. Milton Catelin (Australia), Co-Chair of the Open-ended Working Group in accordance with Decision XII/5 of the Twelfth Meeting of the Parties, chaired the meeting. Ms. Laurence Musset (France) served as Rapporteur.

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.1/22/1, as amended:

1. Opening of the meeting.

2. Organizational matters:

   (a) Adoption of the agenda;

   (b) Organization of work.

3. Consideration of the report of the Technology and Economic Assessment Panel and the progress reports of the Scientific Assessment Panel and Environmental Effects Assessment Panel:

   (a) Further study of campaign production of CFCs for metered-dose inhalers (MDIs) (decision XIII/10);

   (b) Final report on the progress made in reducing emissions of controlled substances from process agent uses and emissions-reduction techniques and alternative processes not using ozone-depleting substances (decision XIII/13);

   (c) Nominations by the Parties for essential use exemptions for controlled substances;

(d) Status of destruction technologies of ozone-depleting substances, including an assessment of their environmental and economic performance, as well as their commercial viability (decision XII/8, paragraph 2 (a));

(e) Evaluation of the technical and economic feasibility for the long-term management of contaminated and surplus ozone-depleting substances in Article 5 and non-Article 5 countries, including options such as long-term storage, transport, collection, reclamation and disposal of such ozone-depleting substances, as well as possible linkages between the issue of disposal and the Basel Convention and other relevant international treaties (decision XII/8, paragraph 3 (a) and (b));

(f) Other issues arising out of the report.

4. Modalities for the review in 2003 of the Non-Compliance Procedure for the implementation of the Montreal Protocol (decision X/10);

5. Consideration of the report of the Secretariat on precedents in other conventions for the purpose of determining expedited procedures for adding new substances to the Montreal Protocol (decision XIII/6);

6. Consideration of the study undertaken by the Secretariat on monitoring of international trade and prevention of illegal trade in ozone-depleting substances (decision XIII/12);

7. Consideration of the final report by the treasurer and the secretariat of the Multilateral Fund on the implementation of the fixed-exchange-rate mechanism and determination of the impact of that mechanism on the operations of the Multilateral Fund for the funding of the phase-out of ozone-depleting substances in Article 5 Parties for the triennium 2000-2002 (decision XIII/4);

8. Consideration of the report of the Technology and Economic Assessment Panel on the appropriate level of the 2003-2005 replenishment of the Multilateral Fund (decision XIII/1);

9. Issues arising out of the twenty-eighth meeting of the Implementation Committee.

10. Other matters:

(a) Interaction between the Implementation Committee and the Executive Committee;

(b) Clarification of ODS terminology.

11. Adoption of the report.

12. Closure of the meeting.

D. Organization of work

17. The meeting agreed to follow its customary organization of work, on the understanding that the issue of replenishment, under item 8 of the agenda, would be taken up at the start of the morning or the afternoon session on Wednesday, 24 July 2002, depending on the progress made in the consideration of the other items. It was also agreed that a night session could be held, if necessary, on Wednesday, 24 July 2002.

III. CONSIDERATION OF THE REPORT OF THE TECHNOLOGY AND ECONOMIC ASSESSMENT PANEL AND PROGRESS REPORTS OF THE SCIENTIFIC ASSESSMENT PANEL AND ENVIRONMENTAL EFFECTS ASSESSMENT PANEL

Scientific Assessment Panel

18. On behalf of the Co-Chairs of the Scientific Assessment Panel, Mr. Gérard Mégie reported on the present status of the World Meteorological Organization–UNEP Ozone Assessment Report 2002. The assessment related to the physical and chemical processes which affected the ozone layer and took into account the requirements by the Parties to study the fate of very short-lived ozone-depleting substances in the atmosphere and the interrelations between the ozone layer and climate change. The coordination of the report included several meetings of the Co-Chairs and authors in 2001 and 2002, a thorough mail review, and a final review meeting held in Les Diablerets, Switzerland, from 24 to 28 June 2002. Ten lead authors and 250 scientists from 37 countries worldwide had been involved in the elaboration of the assessment. The report focused on the new science results which had been obtained since 1998. It included an executive summary for policy makers and decision makers, five chapters (controlled substances and other source gases, short-lived substances, global ozone, polar ozone and surface ultra-violet (UV) radiation), and 23 questions and answers on the depletion and potential recovery of the ozone layer. The executive summary would be released in late July 2002 and presented to the Parties at the November 2002 meeting in Rome. The full report would be sent to the Secretariat before 30 December 2002 for distribution to the Parties early in 2003. It would be presented to the Open-ended Working Group in July 2003 and to the Parties at the plenary meeting in the third quarter of 2003.

19. One representative expressed concern that, if the report was only made available to Parties in April 2003, for consideration by the Meeting of the Parties to be scheduled for later in 2003, that would not allow adequate time for its study by Parties and for their timely submission of any resulting proposals for amendments or adjustments to the Montreal Protocol. He urged the Secretariat to expedite the pre-print of the report and to make it available to Parties on the web site, at the latest by the end of February 2003.

Environmental Effects Assessment Panel

20. Mr. Jan van der Leun, Co-Chair of the Environmental Effects Assessment Panel, gave a presentation on the new assessment being prepared by the Panel. A draft had been sent to many reviewers. After having taken into account the reviewers' comments, the Panel would finalize the assessment by the end of 2002.

21. As requested by the Parties to the Montreal Protocol, the new assessment paid special attention to the possible consequences of ozone depletion and climate change combined. That extended the scope of the assessment from the effects of increasing UV radiation on human health, animals, plants, air quality and materials. It would also take into account how those effects might be influenced by increasing concentrations of carbon dioxide, increasing temperature and changes in cloudiness, precipitation and weather extremes. All of those changes might interact with UV irradiance, or some of its effects. Some experimental results were already available, which gave some idea of the interactions to be expected.

22. Mr. van der Leun gave several examples relating to plants, materials and mice. In some of the experiments, influences of ozone depletion and climate change compensated each other to some extent. That happened, for instance, in plants exposed to increased UV radiation and to increased carbon dioxide concentration. UV radiation limited growth and carbon dioxide promoted it, and in the combined exposure the two influences tended to compensate each other. In more experiments so far, the two influences reinforced each other. That happened, for instance, in the degradation of plastics by long-term exposure to UV radiation. The degradation proceeded faster at increased temperature. A similar effect had been found in mice. Mice regularly exposed to UV radiation developed skin cancer. Mice exposed to the same UV exposures at a higher room temperature developed skin tumours earlier and in greater numbers. He said that there were good reasons for expecting a similar effect, although probably different in quantitative terms, in human populations exposed to solar UV radiation, while temperatures were rising owing to climate change.

Progress report of the Technology and Economic Assessment Panel

23. A representative of TEAP presented the findings of its four 2002 reports, contained in three volumes totalling over 500 pages, including task force reports on replenishment; collection, recovery and storage; and ODS destruction technologies. TEAP had recommended essential use exemptions for asthma and chronic obstructive pulmonary disease. It reported clarification of the classification of process agents, recommending a four-part presentation for Table A and informing Parties that environmental authorities, producers, and user companies would organize a forum to collaborate on emission monitoring; share information on best practices; and present not-in-kind alternatives. It noted that Parties might wish to add the processes submitted by India to Table A, Category 3.

24. New dry-cleaning uses for n-propyl bromide (nPB) had been commercialized, despite ongoing concerns about toxicity. Technical progress was reported for many topics, including aerosol products, metered-dose inhaler (MDI) campaign production, alternatives to ODS foam-blowing, refrigeration and air conditioning, and new alternatives to methyl bromide.

25. The representative of Poland queried why his country's request for an essential use exemption for the use of CFC-113 for cleaning torpedoes had been rejected. Although TEAP had claimed that insufficient information had been provided, it had not specified what information was needed. Furthermore, although TEAP had also mentioned the use of substitutes for CFC-113 in other countries, a member of the Solvents Technical Options Committee had admitted, at a meeting organized with the torpedo manufacturers in 2000, that there were no alternatives then available for this particular use. The Co-Chair of TEAP agreed to meet the representative to discuss the issue. Subsequently, the representative of Poland informed the Parties that the issue had been discussed with the TEAP Co-Chair and that it had been agreed that Poland might apply for emergency use for CFC-113 for torpedo maintenance in 2003.

26. One representative said that Governments requesting critical use or essential use exemptions should be required to specify which company would be producing ODS for products covered by the exemption, and where the products would be exported, as a measure to control and reduce potential abusive or fraudulent use of exemptions. In response to the statement, the representative of the European Community said that the Community followed closely the procedures for authorizing essential uses, and bilateral consultations would take place to clarify those issues as they pertained to exports from the European Community.

27. A number of representatives drew attention to the absence from Table A of a number of potential process agent uses which had been put forward, and suggested that TEAP should hold a review meeting to consider the list in advance of the Meeting of the Parties in November 2002. In particular, those uses listed under Category 3 (Insufficient information) should be reviewed as a matter of urgency. The representative of Brazil requested an amendment to Table A as contained in the TEAP report in order to include a request that was put forward by the Brazilian Government in due time with regard to the eligibility of the use of carbon tetrachloride as a process agent in the production of PVC (polyvinyl chloride) in a Brazilian company. The representative of Egypt had requested TEAP to include CFC-12 as a process agent for removing sodium and potassium impurities from bauxite. One representative endorsed TEAP's proposal to review and redefine the meaning of the term "process agent". The Co-Chair of TEAP proposed further informal consultations with representatives to find out what additional technical information could be supplied to TEAP and made available to the Parties.

28. One representative, stressing the need for countries to prepare themselves for the final phase of transition from CFC to non-CFC MDIs, commented that it would be useful for importers of MDIs to have available an up-to-date list of approved medical applications not containing CFCs, ideally on the Secretariat's web site. A Co-Chair of TEAP observed that such a list was included in the TEAP report. Responding to another question on the disparity in size between Japan's and other countries' requests for essential use exemptions for CFCs for MDIs, he commented that Japan was currently drawing down its existing inventory of CFCs for this use, and also that the incidence of asthma and chronic obstructive pulmonary disease in Japan was one of the lowest in the world, and hence demand for MDIs was far lower than in many other countries.

29. One representative expressed concern at the possible future reduction in the availability of HCFC-141b for Article 5 Parties that had chosen that technology for phase-out of CFCs and said that the Panel needed to bear in mind the need for supplies of that substance to continue to be made available to such countries.

30. In reply, a Co-Chair of the Panel recalled that, in 1999, Parties had requested the Panel to prepare, for submission in 2003, a report on the availability of hydrochlorofluorocarbons (HCFCs) to Article 5 countries. The issue of availability of HCFC-141b would be addressed in that report.

31. The representative of the United States of America clarified that sulphuryl fluoride had not yet been registered by his Government for use with foodstuffs.

32. One representative noted that, with regard to the Handbook on Critical Use Nominations for Methyl Bromide, essential use guidelines should, consistent with the decision of the Parties in Sri Lanka, be used solely for submitting applications for exemptions, the deadline for which should be the end of 2003 for exemptions starting in 2005. However, with regard to the criteria for exemptions, essential use differed greatly from critical use. Essential use criteria involved universal human health and safety considerations and were a much higher hurdle than critical use criteria, which were defined by the nominating country and were linked to market disruption and specific considerations arising from a given user, industrial use or geographical location. Additional differences involved the fact that many agro-fumigants were inherently toxic, meaning that alternatives to methyl bromide should not only be economically and technologically feasible, but also safe in terms of health and the environment. The added requirement noted by the 2002 TEAP report of the need for long-term testing of alternatives over several seasons also entailed a different approach to critical use exemptions for methyl bromide. The representative therefore proposed that essential use decisions not be included in future versions of the critical use handbook.

33. One representative sought confirmation of a common understanding pertaining to the implementation of critical use exemption criteria under Decision IX/6. Since the decision stipulated that methyl bromide use would only be considered critical if there were no technically and economically feasible alternatives, critical use exemption applicants were only required to demonstrate that an available alternative was either economically or technically unfeasible, not both. The representative also asked about the level of detail provided by TEAP in its recommendations concerning national nominations for critical use exemptions, saying that it would be appropriate for its approach in this regard to be consistent with the essential use exemption procedure, by describing the reasons for its recommendations in general terms and informing the nominating country in advance of any nominations it could not support. It would furthermore be useful for TEAP to include a concise explanation of the relevant differences between two nominations for the same application of methyl bromide in two different countries in the event of different recommendations.

34. On the subject of viable alternatives to methyl bromide, one representative asked whether there were more practical alternatives for fumigation of date crops than carbon dioxide fumigation, explaining that while the treatment time for methyl bromide was only three to four hours, the treatment time for carbon dioxide was much longer.

35. In relation to the critical use exemption handbook, some representatives noted the need for standardized forms for the submission of critical use exemption nominations. The forms could be used as a form of guidance for countries presenting nominations, and would have to be ready by the Fifteenth Meeting of the Parties.

36. A reference in the TEAP progress report to a web site with the outcomes of the methyl bromide workshop held in Australia in October 2001 was no longer valid – in fact, no outcomes had been posted. The representative of TEAP explained that links to the site, when ready, would be posted on the Ozone Secretariat and TEAP web sites.

37. In response to questions regarding the critical use exemption handbook, a Co-Chair of TEAP said that all comments would be considered very attentively, and that all input on the elaboration of criteria was welcome. He invited Parties to submit nominations early, and provide a complete and detailed analysis of national nominations for TEAP's review, since the categorization of critical use exemption nominations would initially follow a process of "learning by doing".

38. Responding to questions, the Co-Chair of TEAP apologized for the lack of a report from the Solvents Technical Options Committee, due to the illness of one Co-Chair and the absence for family reasons of the other. He encouraged the Party in question to discuss the issue with which it was concerned (a nomination by the Party for 2003 and 2004 that had not been addressed in the TEAP report, concerning ODS for laboratory and analytical uses which had been removed from essential use exemptions under Decision XI/15) with the Co-Chairs of TEAP.

39. The representative of TEAP also reported that six members had retired in 2002, resulting in vacancies for a TEAP Co-Chair (Latin America and Caribbean region), senior experts (Japan and other regions), and Co-Chairs and members of Technical Options Committees. The representative of Japan informed the Working Group that his Government had submitted a nomination for an alternate senior expert member of TEAP.

40. The Task Force on Collection, Recovery and Storage reported that large amounts of ODS would be in inventory in 2010, with significant quantities potentially surplus and available for collection and destruction.

41. The Task Force on ODS Destruction Technologies presented the objectives and approach followed in its study. It highlighted the screening criteria used in the 1992 and 1995 studies and the technologies recommended at that time. Based on screening criteria that were presented, 12 destruction technologies, which included the six technologies recommended in 1995, were recommended out of a total of 45 that had been evaluated. The estimated range of prices paid for destruction was noted to vary between $3 and $6 per kilogram. The Task Force finished its presentation by highlighting three recommendations, one being that the technology list should be updated on a biannual basis.

42. One representative, pointing to the Panel's estimate of $3 to $6 per kilogram for destruction, said that such a figure only covered destruction on site. However, most facilities did not have the infrastructure for on-site destruction, and it was necessary for substances destined for disposal and destruction to be transported to a suitable plant. He wondered who would be required to pay the resulting transportation costs. In reply, a Co-Chair of the Panel said that the estimate of costs that included collection and delivery to the destruction site lay, at a maximum, between $60 and $100 per kilogram.

A. Further study of campaign production of CFCs for metered-dose inhalers (MDIs) (Decision XIII/10)

43. Several representatives supported the Panel's preference for continuation of just-in-time production for as long as possible, as the best way to avoid overproduction, while noting the danger that the option might not be available until the end of the transition phase to non-CFC MDIs.

44. Where campaign production was to be utilized, one representative suggested that requests for campaign production should be submitted as late as technologically feasible. He also felt that the Meeting of the Parties should retain the right to review the level of production every year. In addition, campaign production of CFCs should be authorized for use in MDIs only, with any excess production being destroyed. He also suggested that flexibility was necessary to allow for transfers between countries and industrial rationalization.

45. Another representative noted that it might be necessary to ensure sufficient incentive for manufacturers to undertake campaign production of CFCs. One method of doing so would be to give a guarantee that the quantity nominated would be purchased.

46. A proposal for a draft decision on a framework for campaign production for possible consideration by the Fourteenth Meeting of the Parties is contained in annex I to the present report.

B. Final report on the progress made in reducing emissions of controlled substances from process agent uses and emissions-reduction techniques and alternative processes not using ozone-depleting substances (Decision XIII/13)

47. The representative of India presented a draft decision on the definition of process agents, contained in annex I to the present report. She said that insufficient data had been available when Decision X/14 had been adopted, but that since that time TEAP and the Process Agents Task Force had submitted new information. She suggested that the table of process agents attached to the draft decision should be kept open-ended, and reviewed annually.

48. The representative of the United States also presented a draft decision, (see annex I). In the view of the United States, process agent uses with emissions below the levels contained in Table B should, in non-Article 5 Parties, be treated as feedstock. For Article 5 Parties, the United States was extremely concerned about requests for carbon tetrachloride projects under the Multilateral Fund, in particular, because of the extreme variability of data and the belief that reductions in the use of carbon tetrachloride as a process agent could not be verifiably sustained.

49. The representative of TEAP, noting that there seemed to be some confusion on the reporting of emissions from process agent uses, suggested that a common reporting mechanism should be developed.

C. Nominations by the Parties for essential use exemptions for controlled substances

50. The Chair reported that seven Parties had applied for essential use exemptions for the years 2003 and 2004. The list of recommended essential use exemptions is contained in annex II to the present report. TEAP requested Parties to clarify whether ODS allocation to essential use could be recovered from unusable or unwanted MDIs and sold in non-Article 5 countries for use in vehicle air conditioning and other applications not qualifying for essential use.

D. Status of destruction technologies of ozone-depleting substances, including an assessment of their environmental and economic performance, as well as their commercial viability (Decision XII/8, paragraph 2 (a))

51. The Working Group considered a draft decision, contained in annex I to the present report, prepared by Australia and amended by Canada and El Salvador, and agreed to submit it for the consideration of the Fourteenth Meeting of the Parties.

E. Evaluation of the technical and economic feasibility for the long-term management of contaminated and surplus ozone-depleting substances in Article 5 and non-Article 5 countries, including options such as long-term storage, transport, collection, reclamation and disposal of such ozone-depleting substances, as well as possible linkages between the issue of disposal and the Basel Convention and other relevant international treaties (Decision XII/8, paragraph 3 (a) and (b))

52. The Working Group took note of the report of TEAP.

F. Other issues arising out of the report

53. The representative of the European Community reminded the meeting that possible production of nPB could be 65,000 tonnes, mentioned its ozone-depleting potential (ODP) and asked if TEAP had provided information to the Scientific Assessment Panel on the characteristics of emissions by longitude and latitude. The representative of TEAP replied that TEAP had provided those data to the Scientific Assessment Panel, which was using them for its model calculations on the likely impact on the ozone layer.

54. The Working Group took note of the report of TEAP.

IV. MODALITIES FOR THE REVIEW IN 2003 OF THE NON-COMPLIANCE PROCEDURE FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL (DECISION X/10)

55. The Secretariat introduced item 4 of the agenda, recalling that pursuant to Decision X/10 the Meeting of the Parties had agreed to consider, unless decided otherwise, the operation of the non-compliance procedure no later than the end of 2003. The Open-ended Working Group should therefore consider modalities for such a review.

56. Representatives considered that there was no need to undertake a general review of the non-compliance procedure under the Montreal Protocol, which was one of the best such procedures currently in place among multilateral environmental agreements. It would, however, be useful to discuss ways to improve the capability, transparency and tools available for dealing with actual and potential non-compliance of Parties with their obligations under the Montreal Protocol. Representatives stressed that the non-compliance procedure was intended to assist and support Parties to comply with their obligations under the Protocol, rather than to be hostile or critical. Several representatives noted that non-compliance was often a result of logistic, economic or technical difficulties experienced by Article 5 countries.

57. One representative proposed a number of specific principles and ideas to improve the operations of the Implementation Committee, on the understanding that these might have to be adapted on the basis of specific experience and new issues. General areas to be covered included making information on non-compliance more transparent and available; ensuring that Parties in non-compliance were afforded due process under the non-compliance procedure; speeding up the timelines for non-compliance reporting; the importance for all members of the Implementation Committee to attend its meetings; and continuity of membership on the Committee by lifting term limits when so desired by the Parties.

58. Representatives generally expressed their support for the proposals. Several representatives did not support the proposal to allow membership on the Committee for more than two consecutive terms. One representative felt that the time frame for Article 5 countries to submit reports to the Implementation Committee should be maintained.

59. One representative recalled that the Open-ended Working Group had previously discussed measures to coordinate the work of the Meetings of the Parties and the Executive Committee of the Multilateral Fund. Several representatives considered that the interaction between the Executive Committee and the Implementation Committee should be strengthened and defined, with one representative stating that he believed there was room for improvement in what the Executive Committee could do in cooperation with the implementing agencies to enable countries in actual or potential non-compliance to comply with their commitments. A proposal for a draft decision for possible consideration by the Fourteenth Meeting of the Parties is contained in annex I to the present report.

V. CONSIDERATION OF THE REPORT OF THE SECRETARIAT ON PRECEDENTS IN OTHER CONVENTIONS FOR THE PURPOSE OF DETERMINING EXPEDITED PROCEDURES FOR ADDING NEW SUBSTANCES TO THE MONTREAL PROTOCOL (DECISION XIII/6)

60. The Secretariat presented document UNEP/OzL.Pro/WG.1/22/3, a compilation of precedents in environment related conventions regarding the procedures for adding new substances to a treaty, prepared pursuant to Decision XIII/16.

61. The representative of the European Community thanked the Secretariat for the report, saying that it was a useful basis for a study that the Community was developing for the consideration of the Parties at their Fourteenth Meeting.

62. One representative stated that, while the compendium of precedents for changes to other multilateral environmental agreements was useful, the amendment process for each agreement had to be taken individually. Changes that did away with an explicit ratification procedure might clash with the national legislative review requirements of some countries, and could introduce classes of countries under the Montreal Protocol. He said that the Montreal Protocol was a highly successful model, and that any changes to it would have to be scrutinized closely.

63. Other representatives agreed that the Montreal Protocol was in fact very effective as it stood, and questioned the wisdom of changing the Protocol, given its history and the amendments already made according to established procedure.

64. The Working Group agreed to take note with appreciation of the report of the Secretariat contained in UNEP/OzL.Pro/WG.1/22/3 and to commend the Secretariat for the work done. It further noted the announcement by the representative of the European Community that another report on the issue, prepared by the European Community, would be forthcoming at the Fourteenth Meeting of the Parties.

VI. CONSIDERATION OF THE STUDY UNDERTAKEN BY THE SECRETARIAT ON MONITORING OF INTERNATIONAL TRADE AND PREVENTION OF ILLEGAL TRADE IN OZONE-DEPLETING SUBSTANCES (DECISION XIII/12)

65. Mr. Marco González, Executive Secretary of the Ozone Secretariat, introduced the Secretariat's study on monitoring of international trade and prevention of illegal trade in ODS (UNEP/OzL.Pro/WG.1/22/4), prepared pursuant to Decisions XII/10 and XIII/12. He observed that although the Parties to the Montreal Protocol had responded speedily to the emergence of illegal trade in the mid 1990s, with agreement on the Montreal Amendment establishing systems of import and export licences, the time was now surely right to examine what other practical steps could be taken, particularly given the emergence of illegal trade in all regions. The report contained a wide range of proposals, covering labelling, customs codes, licensing systems, national enforcement and international networks. Perhaps most importantly, it also proposed the creation of a new enforcement assistance function within the ozone regime, with the aim of improving coordination, channelling expertise from the enforcement community and providing direct assistance to developing countries.

66. Several representatives congratulated the Secretariat on the detailed and comprehensive nature of the report, and on the valuable practical suggestions it contained. In particular, they highlighted the need for coordinated international action to tackle the problem of illegal trade, with the inclusion of customs officers in regional network meetings; greater collection and exchange of information on illegal trade, including the possibility of a database or information centre maintained by the Secretariat; the possibility of introducing transit licences, or systems of prior notification and consent, for ODS in trade; clarification, in customs regulations and codes, of the difference between mixtures of ODS and products containing ODS; and closer monitoring and control of trade in used substances.

67. Since enforcement of the Montreal Protocol was the responsibility of national Governments, it was also important to develop closer cooperation between government agencies, including environment, industry and trade ministries and inspectorates, customs, police and judiciary; adopt appropriate economic incentives and regulations to manage production and encourage phase-out; and promote awareness campaigns amongst industry, media and the general public. The representative of Japan commented that illegal imports of CFCs for use in mobile air conditioning units (disguised as lubricants or HFCs) in his country seemed to have ended since the implementation of a new law and a coordinated public awareness campaign.

68. Ratification of the Montreal Amendment, the establishment of effective import and export licensing systems, exchange of information on the granting and use of licences, and cross-checking of import against export licences between countries were also important. Several representatives commented on the limited capacity currently existing in Article 5 Parties and the accompanying need for capacity-building for activities such as customs training, the provision of appropriate equipment and the establishment of licensing systems.

69. One representative mentioned that the causes of illegal trade needed to be identified because the effectiveness of strategies adopted in response to the problem would depend on a correct and realistic assessment of the underlying reasons for the illegal trade. Production of CFCs by non-Article 5 countries for meeting the basic domestic needs of Article 5 countries also needed a fresh look.

70. Some representatives commented on a few items they considered were missing from the report. These included the likely development of illegal trade in HCFC-141b, the most popular foam-blowing agent, the consumption of which was shortly to be banned in the United States of America and the European Community. The representative of the Bahamas observed that his country, and several others in the Caribbean region, experienced the problem of individuals, such as passengers on pleasure boats, buying small quantities of CFCs and taking them into the United States, possibly without realizing that their actions were illegal. This activity was difficult to prevent, partly because the purchase of CFCs in the Bahamas was not illegal and, given the large number of purchasers, it contributed to maintaining imports at a higher level than anticipated.

71. One representative, while noting the many useful suggestions contained in the report, stated that he believed it had exceeded its terms of reference, as set out in Decision XIII/12, and had not followed the structure set out in the Decision; he found this not satisfactory. He asked for more information on the suggested memorandum of understanding between the World Customs Organization, UNEP's Division of Technology, Industry and Economics (DTIE) and Interpol before he could support it. He observed that it was not the job of the Secretariat to enforce the Protocol, and was concerned about the proposal for the establishment of a new enforcement assistance unit. He believed a better way to proceed was represented by UNEP DTIE's new approach of appointing regional policy enforcement officers who could provide assistance with enforcement (particularly if they came from an enforcement background) to Article 5 Parties.

72. The representative of Poland introduced his proposal for a draft decision reflecting the most important findings of the study. After discussion in a contact group, chaired by the Czech Republic and involving several representatives from Article 5 and non-Article 5 Parties, a revised proposal, contained in annex I to the present report, was agreed upon. The Working Group agreed to forward the proposal for discussion at the Fourteenth Meeting of the Parties.

73. The representative of the European Community also introduced a proposal for a draft decision on the possible application to ODS of the Globally Harmonized System for the Classification and Labelling of Chemicals. The Working Group agreed to forward the proposal, which is contained in annex I to the present report, for discussion at the Fourteenth Meeting of the Parties.

VII. CONSIDERATION OF THE FINAL REPORT BY THE TREASURER AND THE SECRETARIAT OF THE MULTILATERAL FUND ON THE IMPLEMENTATION OF THE FIXED-EXCHANGE-RATE MECHANISM AND DETERMINATION OF THE IMPACT OF THAT MECHANISM ON THE OPERATIONS OF THE MULTILATERAL FUND FOR THE FUNDING OF THE PHASE-OUT OF OZONE-DEPLETING SUBSTANCES IN ARTICLE 5 PARTIES FOR THE TRIENNIUM 2000-2002 (DECISION XIII/4)

74. The Chief Officer of the Multilateral Fund Secretariat presented document UNEP/OzL.Pro/WG.1/22/5, the final report by the Treasurer and the Secretariat of the Multilateral Fund on the implementation of the fixed-exchange-rate mechanism and determination of the impact of that mechanism on the operations of the Multilateral Fund for the funding of the phase-out of ODS in Article 5 Parties for the triennium 2000-2002. He called on Mr. Anthony Brough, the consultant who had prepared the report with the Secretariat and the Treasurer, to elaborate on the report.

75. The consultant introduced the report, specifying that the numbers in the document representing losses for 2002, which had been calculated by the cut-off date of 30 April 2002, would change as a result of developments in the currency exchange market since the publication of the report. He explained that the situation was a clear example of the inevitable uncertainty inherent in such a financial mechanism in which contributions were not made in a single currency unit. Uncertainty, a drop in purchasing power in terms of the relative value of the United States dollar and increased difficulty in planning the Fund's resources were the disadvantages of the fixed-exchange-rate mechanism. Its advantages included easier budgetary planning by contributing Parties, and the further drop experienced in the proportion of unpaid contributions as at 30 June for countries contributing under the mechanism. Furthermore, despite losses and the drop in purchasing power associated with the mechanism, cash carryover from the previous triennium, project savings returned and interest income had provided a sufficient cushion to permit approval of projects for the full programme for the triennium 2000-2002.

76. The experience of other international institutions using the fixed-exchange-rate mechanism showed that losses and gains tended to even out over time, something that was not evident in the report before the Open-ended Working Group because the trial period had lasted only two years. With regard to the Multilateral Fund's specific application of the fixed-exchange-rate mechanism, the practice of identifying countries eligible to use the mechanism and others which were not, had created a two-tiered structure of contributions. According to the consultant, all countries that wished to do so should be allowed to contribute under the same conditions as those already in the mechanism. The option of discarding the fixed-exchange-rate mechanism and returning to the previous arrangement for all contributions to be made in United States dollars would be retrogressive. The idea of making contributions at 50 per cent in dollars and 50 per cent in national currencies at a fixed rate of exchange was not advisable, because it allowed uncertainty to persist without overcoming contributors' problems. With regard to the issue of whether special drawing rights might be a more suitable currency for the Multilateral Fund than the United States dollar, the consultant reported that currency rates had moved more widely in terms of special drawing rights than the United States dollar, and therefore the same problems of uncertainty would prevail. Furthermore, the fact that all the commitments of the Fund were denominated in United States dollars would complicate matters more.

77. The consultant touched briefly on the issue of hedging the risks of currency movements by using currency futures, or endowing the Multilateral Fund with some other risk management system, stating that there were risks and costs involved.

78. Based on the report, the consultant recommended that the replenishment for 2003-2005 should be determined in United States dollars; that contributions should be calculated as in the past; that all contributors should have the option to contribute in their national currencies at a fixed rate of exchange determined in advance of the new triennium; and that the reference date for fixing the rates of the new triennium should be 30 October 2002 rather than the averaging of United Nations rates of exchange over the six months prior to that date.

79. Representatives thanked the Multilateral Fund Secretariat, the consultant and the Treasurer for the report.

80. In the ensuing discussion, some representatives expressed their support for the continuation of the fixed-exchange-rate mechanism, which had met the intended objectives under Decision XI/6 of achieving more punctual payment of contributions and reducing the administrative burden on contributors. Others pointed to the third objective of that decision, which required that there should be no adverse impact on the level of available resources of the Multilateral Fund; since the Fund would experience a loss of approximately $27 million over the triennium, that objective had clearly not been achieved. One representative noted that four contributors were together now paying 60 per cent of the total contributions to the Fund, instead of the correct rate of 56 per cent.

81. Some representatives agreed with the consultant that the trial period of two years was insufficient to allow a meaningful review of the negative effects of fluctuations in exchange rates on the operation of the mechanism and income of the Multilateral Fund. They also considered that the conclusions of the report on the United States dollar's increased purchasing power should be looked at in greater depth. The effect of increased interest earned by the Fund because of earlier deposit of contributions and on balances from completed and cancelled projects had not been sufficiently covered in the report. Some representatives noted that the income from those two sources had mitigated the losses to the extent that the Fund had been able to finance all approved projects. Any loss to the Fund was felt by some representatives to be academic, since in the long term the Fund would sometimes lose and sometimes gain. One representative said that he did not accept the figures presented that suggested there had been any delay in phase-out of ODS. Another representative advised that due to a change in his Government's resource accounting procedures, any promissory note submitted to the Fund in future years could be encashed immediately. Another representative asked the Treasurer to provide information on what the accrued interest and savings from cancelled projects had been for the period 2000 to mid-2001.

82. Representatives considered that the fixed exchange rates should be calculated on the basis of the six-month period immediately prior to the start of the replenishment period, rather than rates pertaining on a specific date.

83. One representative proposed that payments to the Multilateral Fund should be calculated on the basis of the euro as the benchmark currency rather than the United States dollar, since countries using the euro as their national currency accounted for a larger contribution than those using the United States dollar. Another representative pointed out that the use of special drawing rights was not a feasible solution since it would in any case incur loss or gain in the Fund as a result of disparities arising between the income denominated in special drawing rights and the expenditure denominated in United States dollars.

84. Some representatives expressed the understanding that further exploration of ways to compensate for the losses incurred should be undertaken. In response to a request by one representative for further clarification on the concept contained in the report of a 5 per cent threshold for losses, the consultant said that no threshold currently existed as part of the fixed-exchange-rate mechanisms used by other international organizations, but that Parties might wish to consider such a threshold.

85. Representatives responded to the statement in the report that, as a result of the increased burden on the functions of the Treasurer, UNEP was suggesting to the Parties, for their consideration, a reimbursement to UNEP for its work in providing treasury services to the Multilateral Fund. The complexity of managing the resources of the Fund had increased considerably since the time when such services were offered at no cost to the Fund. Representatives noted that if the Fund would have to pay for the services, then it would be necessary to engage in a bidding process with other possible service providers. In response to a related question about how UNEP had come to provide treasury services for the Multilateral Fund free of charge, the Chief Officer of the Multilateral Fund Secretariat explained that, in the early days of the Multilateral Fund, UNEP had agreed to a request by the Executive Committee not to charge administrative costs for its role as treasurer of the Fund in the light of its receipt from the Fund of implementing agency support costs.

86. One representative asked for guidance as to the point in the process at which a Government was required to make its choice as to whether it would pay its contribution in its own currency or in United States dollars. He pointed out that if the decision could be made at any time, then the donor would always choose the currency that would benefit it most, to the continuous loss of the Fund. The Chief Officer of the Multilateral Fund Secretariat answered that, as things stood and unless the Parties took a decision on the matter, there was nothing to prevent countries from choosing either way of making contributions, with the effect pointed out by the representative.

87. The Chair, noting that some representatives were expressing support to continue the fixed-exchange-rate mechanism, pointed out that Decision XI/6 established the mechanism as a trial for the current replenishment period only. Denmark, speaking on behalf of the European Community and its member States, said that there was a need to analyse the different options and questions before the Meeting of the Parties to be held in Rome, at which time a decision on the matter would have to be taken.

88. Following the discussion, the Working Group agreed to take note of the report on the implementation of the fixed-exchange-rate mechanism, contained in document UNEP/OzL.Pro/WG.1/22/5, and to return to a revised version of the report at the Fourteenth Meeting of the Parties, which would not only provide updated data but also take into account the comments made by Parties at the current meeting.

VIII. CONSIDERATION OF THE REPORT OF THE TECHNOLOGY AND ECONOMIC ASSESSMENT PANEL ON THE APPROPRIATE LEVEL OF THE 2003-2005 REPLENISHMENT OF THE MULTILATERAL FUND (DECISION XIII/1)

89. Members of the TEAP Replenishment Task Force gave a thorough presentation, summarizing their findings as contained in volume 2 of the TEAP report, on assessment of the funding required for the replenishment of the Multilateral Fund for the period 2003-2005. The seven-member Task Force had started work in November 2001, and in December 2001 it had consulted and interviewed Parties at the thirty-fifth meeting of the Executive Committee and had sent out questionnaires. Databases of the Ozone Secretariat and the Fund Secretariat containing reported data on ODS had been consulted in January 2002, and in March 2002 a first draft of the report had been discussed. A second draft had been circulated in April 2002, and a third draft had been reviewed and approved by TEAP at its meeting in Budapest in April/May 2002.

90. After describing the features of the second replenishment study, conducted in 1999, the Task Force outlined the background information, assumptions and general methodology of the study of funding requirements for 2003-2005. The aim had been to meet the control schedules during 2003-2005 and in 2007 (for CFCs and carbon tetrachloride) where project approvals were required in 2003-2005. The study had followed a linear decrease towards the next control step of the Montreal Protocol for methyl chloroform and methyl bromide (in 2010 and 2015, respectively). It had not considered how the donor contributions were paid, nor phase-outs that were faster than those established under the control regime of the Protocol (which would call for additional funding). The assessment had been based on existing and expected Multilateral Fund agreements for phase-out, such as national and sectoral phase-out plans, and for phase-out of production in Article 5 countries. Calculations had been based on the separate values for all non-investment activities for low-volume-consuming (LVC) and non-low-volume-consuming (non-LVC) countries, and on subtracting equivalent non-investment for non-LVC countries at $12.1 per ODP/kilogram. The assessment had taken into account administrative and project preparation costs, as well as operational costs for the Executive Committee and the Fund Secretariat.

91. Concerning ODS consumption that needed to be phased out in 2003-2005, the Task Force looked at the ODP tonnage based on Ozone Secretariat data, taking fully into account the existing and planned projects, national plans, etc. Regarding costs for eliminating ODS, for each sector the cost-effectiveness value (in US$ per ODP/kilogram) of projects approved was used to calculate funding. The funding requirement for the replenishment was calculated by multiplying the ODP tonnage by the average cost-effectiveness per tonne. Each stage of the calculations took into account the known plans and necessary adjustments.

92. The basic assumptions and procedures included the control schedules for Annex A, B and E substances. Spreadsheet calculations (country-by-country) forecast the necessary reductions for CFCs and methyl bromide, and "lumped" models (based on the substance itself) were used for carbon tetrachloride and methyl chloroform. It was assumed that there would be no ODS consumption reduction without project implementation, and that there were average implementation lags for investment projects. Concerning CFCs, Article 5 countries were placed into five categories, based on consumption levels, and the cost-effectiveness values for CFCs for categories 1, 2 and 3 were determined as the average of the 1998-2001 project values. Countries in categories 4 and 5 were dealt with under refrigerant management plans (RMPs). The Task Force presented the number of countries in each category for CFCs, together with the respective baseline consumption value in ODP tonnes, the control schedules for reduction, and the cost-effectiveness values used.

93. For investment projects relating to CFCs, some items for which the figures were already known, were considered separately: the agreements with China, the national phase-out plans in Malaysia and Thailand; the sectoral plan and phase-out plan for Turkey; and the national phase-out plan for the Bahamas. Spreadsheet analysis was carried out for the countries in categories 1, 2 and 3. Two alternative approaches were considered, the historic one which had been used in 1999, and one based on 2000 consumption minus those projects which had not been implemented. The two approaches had given results differing by about $60 million, and projects had been examined individually in an attempt to explain the discrepancy. Finally, the method used had been to determine the average between the results of the historic approach, but with cost-effectiveness values adjusted downwards, and the results of a second scenario that contemplated national phase-out plans for a number of countries in categories 1, 2 and 3 comparable to Malaysia and Thailand.

94. For investment projects relating to methyl bromide, a country-by-country spreadsheet analysis was done, examining the amounts of methyl bromide scheduled for phase-out by existing investment projects; the 2002 planned methyl bromide project approvals in the Multilateral Fund business plan; the freeze and 20 per cent reduction (2005) requirements (using the Ozone Secretariat data); the time lag in implementation; and the status of ratification of the Copenhagen Amendment, with assumptions about which countries would ratify it soon. The cost-effectiveness was determined from historic approved projects.

95. For carbon tetrachloride consumption projects, the required reduction levels were calculated from the database of the Ozone Secretariat. Separate country spreadsheet analysis was not done. However, since no reliable data on the separate uses of process agents and solvents were available, the Task Force had taken data from the 1997 and 1998 TEAP reports. The case of China was excluded, since that country had a sectoral plan. For methyl chloroform consumption projects, again the required reduction levels were calculated from the database of the Ozone Secretariat, without separate country spreadsheet analysis, and again China was excluded, since it had a sectoral plan.

96. Finally, the global funding needed, calculated by the methodologies described, was totalled up by four major groups: consumption sector, production sector, non-investment projects, and other. Subtraction of the equivalent non-investment for non-LVCs at $12.1 per ODP/kilogram (decision 35/57 of the Executive Committee) had reduced the overall total by $20.4 million.

97. For the consumption sector, the total funding requirement arrived at totalled $367.6 ± $24.1 million; for the production sector it totalled $84 million. The funding requirement for all non-investment activities was determined at $71.6 million and for all other remaining activities the funding requirement totalled $72.2 ± $2 million.

98. The Task Force finished its presentation by recommending the range of $548-$600 million for the funding requirement for the replenishment of the Multilateral Fund during the triennium 2003-2005.

99. The representative of Georgia, speaking also on behalf of Bosnia and Herzegovina, Croatia, The Former Yugoslav Republic of Macedonia, Turkey and Yugoslavia, wished the report of the meeting to reflect his statement that Georgia, like other Article 5 Parties in Central and Eastern Europe, was committed to the implementation of the Montreal Protocol. It had started activities in 1996 and proceeded to implement them with the assistance of the Multilateral Fund and its implementing agencies, UNEP, UNDP and UNIDO. However, it had missed the opportunity to have regional consultations, which had been available for other Article 5 Parties in other regions. The current meeting of the Working Group had discussed at some length the importance of data reporting, prevention of illegal trade and policy setting to achieve the objectives of the Montreal Protocol. Many Article 5 Parties had benefited through the regional activities available under the Multilateral Fund. For example, UNEP facilitated the regional networks in eight regions and recently also approved the regional meetings for the Pacific Island countries. However, the countries in Central and Eastern Europe had not participated in any regional networks. In the case of Georgia, it had been extremely difficult to understand the policy decisions of the Executive Committee and the funding implications without such networks. He therefore urged the current body to take into consideration the need for activities that would facilitate regional cooperation, particularly regional networking on the same basis as in other regions of the world. That costing needed to be taken into consideration in the replenishment.

100. He also expressed concern that his region was not represented in the Executive Committee and the Implementation Committee at the present time. He kindly requested the Ozone Secretariat for advice on the procedure to ensure that the region was represented in those bodies. He also sought the opinion of the other Parties in that respect. All of the 12 countries in the region represented significant consumption of ODS and he feared that, if they continued working in isolation and the right policies were not in place, that could become a reason for illegal trade to nullify the success of the Montreal Protocol. He said that his country and those on whose behalf he was speaking would like to follow up on the issue at the Meeting of the Parties in Rome.

101. Many representatives expressed their appreciation and gratitude for the excellent report prepared by the TEAP Task Force, which several considered to be a good basis for consultations on the level of the replenishment. One of them expressed the hope that both the importance of TEAP within the process of decision-making, as well as the past spirit of cooperation in the work under the Montreal Protocol, would continue to play an important role in the future work of the Parties. The representative of Finland, on behalf of the Co-Chairs of the Working Group on Replenishment, explained that the current discussion of the report permitted an open and transparent debate outside the framework of the replenishment Working Group, which would meet on Friday, 26 July 2002 to discuss in closed session the issues of further sensitivity analysis and advice and which, if deemed appropriate, would require a supplementary report from TEAP for the Meeting of the Parties.

102. The representative of Nigeria, speaking on behalf of the Group of 77 and China and supported by a number of other representatives, pointed to the critical nature of the upcoming period and stressed the commitment of the countries in the group to meet all of their obligations under the Montreal Protocol. However, that commitment needed to be backed by the provision of adequate funding from the non-Article 5 Parties, to enable Article 5 Parties to meet the challenges ahead. Noting that earlier studies by TEAP had estimated that a funding level of some $870 million would be required to meet phase-out obligations for the period 2003-2005, he questioned why the funding level in the current Task Force report was at the lower level of $574 million. His group estimated that that sum was sufficient to assist only a few of the countries in the Group of 77 and China, and he proposed a truly realistic level of funding that would meet the needs of those countries to fulfil their obligations and commitments.

103. He was also concerned at the funding levels proposed for specific sectors, noting that the sum of $0.6 million proposed for raising public awareness was inadequate for such a critical activity. He also questioned why the Task Force had not taken into account the subject of the fixed-exchange-rate mechanism in its calculations, as well as the important issue of illegal trade. He said that the TEAP Task Force needed to carry out further work and analysis on the issues raised, in order to arrive at a proper level of funding to help Parties meet their obligations under the Montreal Protocol.

104. Other issues raised by Article 5 Parties included the need for additional funding to ensure phase-out of the newly emerging ODS; the need to take into account the country programmes already approved, and their updates; the fact that many Parties were entering an era of terminal phase-out, requiring adequate funding; and the fact that important training, equipment and capacity-building needs had to be met. In addition, it was considered that the Task Force had not adequately addressed a number of issues, including CFC production by non Article 5 Parties; demonstration projects for methyl bromide; the increasing role of non-investment activities; institutional strengthening (the implications of Executive Committee decision 35/57); maintaining momentum to keep up the pace of accelerated rate of phase-out; and the curbing of illegal trade, which would require greater funding than estimated in the Task Force report.

105. One representative of an Article 5 country considered it necessary to explore the linkage with the non-compliance of countries and how it could have an impact on the replenishment because, while the old model had been applied, it did not have to take into account non-compliance. Article 5 Parties would need to reduce their consumption and production of CFCs by 35 per cent in the two years, 2005 and 2006. While the Parties had had five years to reduce their consumption by 50 per cent, they faced a greater task in reducing their consumption/production to 15 per cent by 2007; more so in view of the fact that most of those reductions needed to be made in small and medium-sized enterprises and the refrigeration servicing sector. To meet the drastic reduction, advance action would be needed during the current replenishment to ensure that Parties met their deadlines. While national phase-out plans had a lower cost-effectiveness threshold, it should not be overlooked that the same could not be applied to small and medium-sized enterprises, which needed higher thresholds. In approving projects, the Executive Committee had approved higher thresholds for such enterprises in the past. Past experience indicated that basing replenishment on two national phase-out plans might not be a correct approach and more work might have to be done in that area. The Task Force should be requested to undertake that work on an urgent basis and report on the findings to the Meeting of the Parties in November 2002.

106. The representative believed that, considering the needs of all Article 5 large-volume-consuming countries in the sector, the funding requirement indicated for the chiller sector was insufficient. Further, linking chiller funding with concessional lending or a revolving fund would not be appropriate, since that approach did not seem to have worked successfully in Thailand and Mexico, and would need more discussion. In addition, methyl bromide funding needed to be addressed more clearly. The consumption levels to be phased out had to be validated in the coming years, since Parties had not been able to report credible data on methyl bromide as per the new definitions in force after the Beijing Amendment. No clear delineation of the quarantine and pre-shipment use exempted from other eligible use had emerged, and so the Task Force's calculations might not be correct. The rationale used to derive the cost effectiveness in the sector also did not seem to be based on any strong reasoning.

107. The funding calculated for the carbon tetrachloride sector ($49 million) was considered to be too low, considering that China and India had put forward to the Executive Committee at its thirty-seventh meeting carbon tetrachloride phase-out projects amounting to $137 million. More work was needed in the carbon tetrachloride sector, as very tiny enterprises consumed carbon tetrachloride and, to address the issues adequately, the management costs for the countries would be higher and the implementing agencies would need more agency fees.

108. One representative emphasized that the consumption and production phase-out of carbon tetrachloride, used as a process agent, should be carried out in a harmonized way taking into account the success in halon phase-out and lessons learned in CFC phase-out.

109. The representative pointed out that the problem of protecting the ozone layer was a relatively low priority in Article 5 Parties with many other pressing problems. That made it even more important that the level of funding for their projects should be adequate, and that in turn depended on the level of the replenishment. In addition, priority had to be given to the transfer of MDI technology to the Article 5 Parties, and it was important not to discourage those Article 5 Parties that were pushing ahead with the phase-out of methyl bromide.

110. The representative considered that the Task Force report needed to make greater allowance for projects that the Article 5 Parties were going to have to undertake in the refrigeration and air-conditioning servicing sector; in the chillers sector, which was critical to key sensitive installations in the countries, such as hospitals; in projects for total CFC phase-out which would meet the needs of the Article 5 Parties without being subject to burdensome conditions; and for the elimination of restrictions planed on RMPs which were restricting the developing countries in their efforts to meet their phase-out commitments. In those areas, the level of replenishment was quite inadequate.

111. Concerning the production sector, the estimated funding of $9 million to phase out CFCs was too low, considering the benchmarks established by past agreements with China and India in relation to production capacities. Also, the basis taken for computing CFC production phase-out was neither clear nor well justified. Another representative of an Article 5 country expressed concern at the low estimated funding for the CFC production sector of the countries that had not yet submitted projects to the Executive Committee. That budget was considered insufficient to meet the commitments undertaken in the country programmes.

112. With regard to non-investment activities, while the allocation made between LVC and non-LVC countries might be mathematically correct with regard to the UNEP Compliance Assistance Programme budgets, that Programme would not differentiate between assistance to LVCs and non-LVCs. More debate was also needed on Executive Committee decision 35/57 and the decision regarding the $12.1 per ODP/kilogram cost-effectiveness threshold for non-investment activities. The Executive Committee had taken that decision based on TEAP's observation of the methyl bromide sector, but it was applied to the CFC consumption sector (decision 36/7) and was decided by the Executive Committee "as an interim figure until more research can be done on this issue". TEAP could provide clarification on the issue and provide two scenarios for replenishment with and without application of that decision, and leave it for the Meeting of the Parties to take an appropriate decision. If decision 35/57 were to be applied, there should be an exception for the methyl bromide sector, as the Task Force had done for halons and MDIs, because decision 36/7 made it clear that that would apply only to CFC consumption.

113. The calculation shown for RMPs for non-LVCs was too low and no basis had been provided. Preliminary work on the servicing sector strategies for India and China alone revealed that those countries would need much more assistance than what had been proposed for the triennium. The assumptions made for MDI strategy funding also seemed very simplistic and did not address the concerns of developing countries, which had been made known in the past specifically relating to health. The estimate of $2.98 million for 113 countries for a three-year period did not seem to be based on facts or any empirical studies.

114. Most Article 5 Parties would need a wide range of non-investment activities in the areas of training and capacity-building for country compliance and no basis had been given on how the figure of $1.11 million had been reached. Moreover, the Task Force's contention that it would be difficult to predict whether non-investment activities would increase or decrease was in contradiction to other references made in the document, stating that non-investment projects would play a very prominent role in the next triennium.

115. The representative of Denmark, speaking on behalf of the European Community and its member States, assured the meeting that the Community placed much emphasis on assisting Article 5 Parties in their efforts to protect the ozone layer. The contributions of the member States of the European Union represented more than 40 per cent of the total pledges to the Fund for the last replenishment period. He considered that the report revealed a profound understanding of the complicated issues the Parties were dealing with and, in that context, expressed expectations for a fruitful discussion about ensuring compliance for all countries.

116. A number of representatives from non-Article 5 Parties expressed their commitment to a replenishment level that would permit Article 5 Parties to meet their obligations under the Protocol, but said that they were not yet decided on what that level would be. One of them was willing to consider an additional increase in his Government's contribution in order to ensure compliance, subject to consensus

between the donor countries on the level of the replenishment. He wished to see additional anchoring and enhancement of the Article 5 Parties' ownership of their obligations and welcomed the development of additional policy guidelines to that end in the appropriate forums of the Montreal Protocol.

117. A number of representatives from non-Article 5 Parties sought additional information or clarification from the Task Force, particularly concerning some of the assumptions on which its work had been based. It was considered that some of those assumptions needed to be further examined, and supplemented by further sensitivity analyses to increase the range of the estimates. In the period leading up to the Meeting of the Parties in Rome, the TEAP Task Force should take into account the following sensitivities, primarily with respect to control of carbon tetrachloride:

(a) An overall carbon tetrachloride baseline (i.e., solvents and process agent applications) should also take into account the report of the Executive Committee to the Thirteenth Meeting of the Parties in response to Decision X/14 on process agents (UNEP/OzL.Pro.13/8 of 18 September 2001) and any additional data that had been submitted to the Executive Committee for estimating an upper level that would be requiring compliance with the obligations of the Parties under the Montreal Protocol;

(b) The estimate for the carbon tetrachloride production phase-out should take into account the afore-mentioned upper level, as well as any carbon tetrachloride emanating from co-production, as identified by the Task Force report, for example chloromethane;

(c) The cost effectiveness taken into account should also consider a staggered level of cost per kilogram that ranged from less than $2 to $3 per kilogram upwards.

118. One representative from a non-Article 5 Party said that the Task Force report should have taken into account the impact of positive balances resulting from projects that were completed under budget or were cancelled. The impact of revenue from interest should have been better evaluated. Thirdly, the report should have considered the effects of changes in price of CFCs. He suggested that as some projects were resulting in the closure of production facilities in Article 5 Parties, that was likely to lead to an increase in prices. He also pointed out that projects had recently tended to become more and more complex. The capacity of the implementing agencies to handle such increasingly demanding projects was not infinite and he suggested that there was no point in overloading them simply in order to maintain an impetus that was not, in fact, necessary. Noting that there would be an impact from some of the projects approved and decisions taken at the previous week's Executive Committee meeting, he also drew attention to the fact that some of the projects recently approved had had a concessional lending component, and that the repayments would start during the 2003-2005 triennium. That aspect, too, had not been covered by the Task Force.

119. Several representatives from non-Article 5 Parties expressed the view that the report should have used the latest data on ODS consumption and on projects approved but not implemented, which had been made available at the previous week's Executive Committee meeting.

120. With regard to the CFC consumption sector for non-LVC countries, it was pointed out that, whereas the Task Force report had assumed that half of the countries would opt for long term phase-out plans, there was nothing preventing countries from continuing with the project-by-project approach. On the other hand, with the servicing sector being spread over thousands of small companies, experience had shown that a sector-wide strategy was generally preferred. Noting that the Multilateral Fund had already approved three RMPs for non-LVC countries to achieve the 85 per cent reduction, while four non-LVCs had servicing sector strategies integrated with national phase-out plans, it was suggested that an interesting sensitivity analysis would be to use the average cost-effectiveness of those projects to estimate the total amount of funding required for the servicing sector.

121. One representative from a non-Article 5 Party asked the Task Force for clarification regarding the $9 million estimated for new projects in the CFC production sector in Argentina, Mexico and Venezuela. Using the average cost-effectiveness of the CFC production projects approved for China and India, Canada had made its own calculation and reached a significantly larger figure.

122. With respect to the linear reductions assumed by TEAP for carbon tetrachloride and methyl bromide towards their 2010 and 2015 phase-out, respectively, several representatives believed that consideration should be given to them in future replenishment periods, rather than for 2003-2005. The current replenishment should concentrate on what was needed for the impending control measures.

123. Some representatives felt that the figure of $1.5 million allocated to RMP updates for LVC countries was probably too low, given that there were some 40 countries with an RMP still eligible for an RMP update. With regard to the items identified as "Other activities by the implementing agencies", some representatives said that it was not clear how the $16.5 million related to assisting Parties to achieve compliance.

124. One representative from a non-Article 5 Party, noting that TEAP had tried to make its assessments of financial need as realistic as possible, warned against the danger of underestimating what was really needed to create a genuine national phase-out plan. He also considered that greater weight should have been given to the impact of policy measures. He expressed the view that TEAP's analysis should take into account the changes in CFC market prices arising out of the policy measures of Article 5 countries, as well as the impact of such changes on ODS consumption. He also noted that delay in action in dealing with illegal trade offset the decrease in such consumption. Levels of consumption, also, would not stay constant but would move in reflection of a country's economic situation. He emphasized the need to address the country-driven approach of Article 5 countries engaging in the phase-out of ODS use by micro-users, small and medium-sized enterprises, and farmers, and the establishment of grant-based innovative financing supported by local populations. Finally, he suggested that the report should have taken into account the possible impact of establishment of an administrative budget for the implementing agencies.

125. It was pointed out that, since the last assessment of the replenishment level in 1999, important changes had been made to the policies of the Multilateral Fund by the Executive Committee. Those decisions would have a major impact on the operations of the Fund in the future and on the level of funding to be provided to enable Parties to reach compliance. According to the new compliance-driven and country-driven strategic approach, countries were currently in the process of determining the volume of their remaining eligible consumption of CFCs as the basis for future funding. The Fund Secretariat had provided figures on the subject to the Executive Committee at its thirty-seventh meeting (UNEP/OzL.Pro/ExCom/37/66), held during the previous week. Those data seemed sometimes to conflict with the data used by the Task Force, and an explanation was sought as to the relation between the two assessments and whether the Task Force's assessment needed some adjustment as a result of the figures provided by the Fund Secretariat.

126. Concern was also expressed about the relation between the consumption data on which the TEAP calculations were based and its eligibility for funding, noting that, in line with the procedures of the Executive Committee, not all consumption would be eligible for funding by the Multilateral Fund, particularly concerning illegal trade, and production from capacities installed after July 1995. It was noted that concessional lending and other innovative approaches had a role to play in the phase-out of ODS. It was also considered that the fixed-exchange-rate mechanism was not relevant to the assessment of the replenishment level of the Fund.

127. One representative from a non-Article 5 Party said that the Multilateral Fund should feel pride in the way that it had developed transparent data systems which had provided solid information on which the Task Force had based its report. Parties should feel pride, too, in the way they worked in a solid partnership, a partnership that by the end of the current replenishment period would have spent $1.5 billion to repair the damage to the ozone layer. At the previous replenishment, the Task Force had suggested that about $300 million would be sufficient, but ultimately the non-Article 5 Parties had contributed $460 million. In the present Task Force report, by contrast, he detected some areas where it seemed that the total amount suggested was too high. For example, using project data from the Multilateral Fund Secretariat, rather than historical data with a time lag, would reduce the total funding requirement by $61 million. An amount of $5 million had been suggested for the chiller sector, but under the procedures of the Multilateral Fund, which

was the basis on which the Task Force had been supposed to draw up its report, no projects in that sector would be eligible for funding.

128. Responding to some of the issues raised by Article 5 representatives, he recalled that the Executive Committee had regarded the area of illegal trade, for example, as an extremely important topic, supporting numerous training projects for customs officers as well as related undertakings. One reason that the suggested funding level was significantly lower than earlier estimates for the triennium, as a number of Article 5 representatives had inquired, was that the Executive Committee was now being operated more efficiently, and doing more with its money.

129. With regard to the cost-effectiveness figure of $12.1 per ODP/kilogram, he pointed out the terms of reference of TEAP had been to model the requirements of the Executive Committee, which had stipulated that figure. The same applied to the $600,000 for awareness projects. Noting that it had been claimed that the Fund Secretariat had been arguing for sectoral projects rather than a project-by-project approach, he pointed out that the Secretariat did not have authority to issue such directives, and had not been doing so.

130. One representative expressed the view that Multilateral Fund resources should be considered only as additional to national resources. Countries had to implement efficient national ozone protection legislation. He expressed concern at the scale of the proposed increase in the replenishment amount, some 23 per cent more than the previous time, which was going to place a heavy burden on the donor countries. At the same time, he stressed that in the year of the World Summit on Sustainable Development, all countries should reaffirm their commitment to the principle of common but differentiated responsibility for the state of the global environment, including the ozone layer.

131. The representative of an environmental non-governmental organization said that the true barometer of the sense of urgency to repair the ozone level was indicated by the level of funding provided to the Multilateral Fund by the industrialized countries and the willingness of the developing countries to meet their compliance obligations and even speed up their compliance. His organization had consistently maintained that the current regime did not reflect such a sense of urgency. There was need for a radical acceleration in phase-out. The current regime was based on old science, not giving any consideration, for example, to the effects of global warming on the ozone level. Non-Article 5 Parties should be encouraging Article 5 Parties to make a significant acceleration in their phase-out, but the replenishment figures currently proposed failed to give such encouragement. Repairing the damage to the ozone layer should be among the world's highest priorities, and it was time that the chemical industry was called upon to help in that repair by making reparation payments, perhaps matching dollar for dollar the amounts that the taxpayers were contributing to the Multilateral Fund.

132. The Co-Chair of the Replenishment Task Force responded to a number of questions for clarification. Noting that several delegates had mentioned that the $870 million derived by the Task Force in 1999 for 2003-2005 was not consistent with the $550-$600 million under discussion in its current report, he explained that the replenishment level decision in 1999 had been $150 million higher than recommended by the Task Force. In addition, the study of 1999 had contained several uncertainties due to the fact that only data through 1997 were available. Lastly, in the period 2000-2002, many sectoral agreements had been reached at lower costs than envisaged in 1999. Therefore the value currently derived was consistent with the 1999 value.

133. The Task Force emphasized that, at the time of its study of data, it had not had at its disposal all the information that was available as at July 2002. For that reason, the Executive Committee's document (UNEP/OzL.Pro/ExCom/37/66) should be considered in the light of new developments. The Task Force was more than willing to analyse new data and make possible adjustments to the study. It also agreed with the comment that national phase-out plan data were not statistically sound. For this reason, different approaches had been investigated and a change for the funding requirement for CFC projects had been given. The fact that Executive Committee policies had changed, and that there were more compliance-driven strategies, did not imply that the method of analysis or the calculation method needed to be changed.

134. The Task Force had not taken into account, illegal trade, neither had it considered non-compliance. Nor had it taken into account Implementation Committee decisions.

135. The Task Force had considered the eligibility of funding in the light of the 1995 limitation of consumption. It had analysed cumulative data on project approvals, and the implementation of those projects, together with consumption data. The sum of the cumulative data and the consumption data was fairly constant, which implied that consumption had decreased by the implementation of projects and that there had been no reason to assume growth in consumption due to capacity increase after 1998.

136. The Task Force had considered carbon tetrachloride and methyl chloroform data as reported to the Ozone Secretariat and corrected for anomalies. Furthermore, it had used data for carbon tetrachloride process agents and carbon tetrachloride solvents from TEAP reports in 1997 and 1998; the funding requirement was based on those data. It could not address carbon tetrachloride process agents for those Parties where consumption data did not imply carbon tetrachloride process agent use, but only where country information yielded information on process agent use. The Task Force, however, was willing to investigate that area further, based on requests to be made by the ad hoc Working Group on Replenishment.

137. The Task Force had always considered the funding requirement for ODS reductions after 2005, assuming a linear reduction in the consumption towards the next Montreal Protocol control target. That might not be required, and since 1996 the principle had been to apply that method to smooth out fund profiles. If Parties wished to address that issue via sensitivity analysis, the Task Force was willing to further investigate it. That would also hold for methyl bromide to be phased out by 2015.

138. For non-investment activities, the Task Force had used data that were agreed upon for the future, and had extrapolated those through 2005 if there were no indications for increase or decrease. That particularly applied to the awareness activities agreed for UNEP, which had been estimated at $0.6 million.

139. The Task Force had made an analysis of production sector closure costs for three countries, based on an assumption of when closure funds would be agreed and on the production capacity. Those assumptions were arbitrary and could be changed. The Task Force was prepared to conduct a sort of "sensitivity analysis" for that value.

140. Where it concerned the value of non-investments translated into investment projects, the Task Force had used the prescribed value of $12.1 per ODP/kilogram, as required in the terms of reference, via the relevant Executive Committee decisions, and it could not comment further on that.

141. For methyl bromide, the Task Force had assumed ratification of the Copenhagen Amendment in the near future by certain Article 5 Parties. If that needed to be revisited through a sensitivity analysis, the Task Force was prepared to do that. The same applied to the sensitivity of methyl bromide projects for cost-effectiveness, where the Task Force in its projection had used an historic "weighted average" value of $18 per ODP/kilogram.

142. The Task Force had extensively showed production and consumption data for Article 5 Parties, including production for basic domestic needs by the developed countries. In spite of an imbalance between demand and supply during 1997-2000 and an expected continuation of that imbalance for 2000-2003, no price increases could be concluded globally. Therefore, the Task Force had not taken into account any price increase scenario for the triennium 2003-2005. That also applied to all other ODS chemicals.

143. Where it concerned the economic situation in certain Article 5 Parties, it could be the case that ODS consumption decreases occurred without project implementation. However, the Task Force was of the opinion that that kind of forecast could not be applied in the analysis requested. It therefore had applied analysis on the basis of the assumption that all remaining reported consumption needed to be phased out.

144. The Task Force realized that many issues could be further investigated in a sensitivity analysis. The Co-Chair concluded by stating that the Task Force was certainly willing to discuss the elaboration of the report, through sensitivity analyses, with the ad hoc Working Group on Replenishment and was convinced that the additional information so provided would be of benefit to all Parties.

IX. ISSUES ARISING OUT OF THE TWENTY-EIGHTH MEETING OF THE IMPLEMENTATION COMMITTEE

145. The President of the Implementation Committee, Mr. Mahfuzul Haque (Bangladesh), reported to the Working Group on the work of the Committee at its twenty-eighth meeting, held in Montreal on Saturday 20 July 2002. The report of the meeting would be circulated to all Parties as document UNEP/OzL.Pro/ImpCom/28/4.

146. The Committee had reviewed the status of compliance with decisions of Meetings of the Parties and recommendations of the Implementation Committee on non-compliance issues. For those Parties whose reports showed a return to compliance, the Committee agreed that the Secretariat should send letters recognizing their achievements as an encouragement to continue their efforts and maintain compliance. Parties in this category included Argentina which, as a result of the actions taken in response to Decision XIII/21, had moved back to compliance with the CFC production freeze, and Dominican Republic, Kenya, Morocco and Solomon Islands, which had moved back into compliance with the CFC consumption freeze.

147. The Committee requested the Secretariat to contact other Parties whose status of compliance was still under review to supply more information or more data for further consideration at the Committee's subsequent meetings.

148. On data reporting, the Committee had considered the case of Parties whose reports on consumption or production data indicated deviations from phase-out schedules for either 2000 or 2001. In cases where the deviation could not be explained, for example by consumption for essential use exemptions, or production for basic domestic needs, or by benchmarks agreed with the Implementation Committee, the Committee agreed to request the Secretariat to write to the Parties in question requesting explanations, and where necessary to invite them to attend the next meeting of the Committee.

149. The Committee had agreed to remind the Working Group of the need for timely submission of 2001 data, if possible before the deadline of September 2002, in order for the Committee to be able to assess compliance as speedily as possible.

150. On other matters, the Committee had heard a presentation from the representative of Egypt concerning its request to revise its baseline consumption level for methyl bromide. It was expected that Egypt could return to compliance quickly if the baseline was revised and also if suitable projects were submitted to the Executive Committee of the Multilateral Fund for its consideration and approval.

151. At its next meeting, scheduled to be held prior to the Meeting of the Parties in Rome in November, and which was due to take place over two days due to the volume of data to be considered and decisions to be taken, the Committee would be making recommendations on compliance issues for appropriate decisions to be taken by the Meeting of the Parties.

152. Mr. Haque concluded by thanking the Secretariat and all the members of the Implementation Committee for their efforts. Mr. Milton Catelin, the Co-Chair of the Working Group, expressed the meeting's appreciation for the hard work of the President and his colleagues.

153. One representative expressed his concern at the number of requests for revisions of baseline data that the Committee was receiving. He found it difficult to understand how Parties could be asked to consider changes to data that was now a minimum of five years old (in the case of CFCs in Article 5 Parties), and suggested that a cut-off date for revisions of baseline data should be considered. He also stressed the importance of a good relationship between the Implementation Committee and the Executive Committee of the Multilateral Fund, and looked forward to the discussion on that issue later in the meeting.

X. OTHER MATTERS

Statement by a representative of the Secretariat of the United Nations Framework Convention on Climate Change

154. A representative of the Secretariat of the United Nations Framework Convention on Climate Change informed the Working Group of a decision made at the sixteenth session of the Convention's Subsidiary Body for Scientific and Technological Advice to invite the Intergovernmental Panel on Climate Change and the TEAP of the Montreal Protocol, among other relevant organizations, to consider the modalities, feasibility, resource implications and timing of providing a balanced scientific, technical and policy-relevant information package to assist combined efforts to protect the stratospheric ozone layer and to safeguard the global climate system. The Subsidiary Body would consider replies at its seventeenth session, in time to decide at the eighth meeting of the Conference of the Parties to the Convention on Climate Change whether to make any further requests to TEAP and other bodies on this issue.

155. One representative thanked the representative of the Convention on Climate Change for bringing the issue to the Working Group's attention, and requested that the matter be included as an item on the agenda of the next Meeting of the Parties to the Montreal Protocol. The Working Group agreed to include the issue on the agenda of the Fourteenth Meeting of the Parties, specifying that discussion of the item would be limited to considering the decision taken at the eighth meeting of the Conference of the Parties to the Convention on Climate Change on the relationship between efforts to protect the stratospheric ozone layer and efforts to safeguard the global climate system.

Interaction between the Implementation Committee and the Executive Committee

156. One representative raised the issue of the need for the Parties to make a decision on whether the Executive Committee of the Multilateral Fund should be given the authority to approve projects for countries in non-compliance, when such projects would bring the country into compliance within a short time frame. The representative explained that, as things stood, the need for the Implementation Committee to address compliance issues with a country in non-compliance, before projects for that country could be approved, added substantially to the time lag for bringing countries back into compliance. He said that his country would be preparing an in-depth information paper on the issue for the Parties' consideration at the Fourteenth Meeting of the Parties.

Clarification of ODS terminology

157. The representative of Poland submitted a conference room paper addressing the need to clarify certain terminology related to controlled substances. The representative noted that the terms "used controlled substance" (or "used ODS") and "recycled controlled substances" (or "recycled ODS") had not been used uniformly in decisions of the Parties and in the text of the Montreal Protocol. His proposal listed such discrepancies, and attempted to clarify them, in an effort to avoid potentially different interpretations of decisions and of the Protocol by different Parties. The representative said that his proposal was open to discussion and improvement, and that he was ready to work with all interested parties to find a solution to inconsistent use of terms.

158. The Working Group agreed to attach the conference room paper on the need to clarify certain terminology related to controlled substances to the report of the present meeting, for consideration at the Fourteenth Meeting of the Parties (see annex I).

Official announcement by Italy on hosting the Fourteenth Meeting of the Parties

159. The representative of Italy officially announced that the sixth Conference of the Parties to the Vienna Convention and the Fourteenth Meeting of the Parties to the Montreal Protocol would be held in Rome, at the headquarters of the Food and Agriculture Organization of the United Nations, from 25 to 29 November 2002, immediately preceded by the meeting of the Executive Committee of the Multilateral Fund. The representative called the Montreal Protocol one of the most successful multilateral environmental agreements, and an outstanding example of cooperation between public, private and scientific sectors, not to mention between developed and developing countries for sustainable progress in protecting the ozone layer. She noted that the Meeting of the Parties in Rome would follow the World Summit on Sustainable Development to be held in Johannesburg, and expressed the hope that discussions on replenishment of the Multilateral Fund would be inspired by the principles of the World Summit. The representative of Italy invited all members of the Working Group to enjoy their time in Rome, and presented an information brochure on the host city.

Methyl bromide phase-out in South Africa: interpretation of Decision IX/27

160. The representative of South Africa drew the Working Group's attention to what he believed was a misunderstanding concerning the interpretation of Decision IX/27, which affected the ability of his country to apply for financial support from the Multilateral Fund.

161. He said that the decision, which reclassified South Africa as a developing country for the purposes of the Montreal Protocol, contained the statement that "South Africa has undertaken not to request financial assistance from the Multilateral Fund for fulfilling commitments undertaken by developed countries prior to the Ninth Meeting of the Parties." That did not mean that South Africa would never apply for assistance, only that it would not apply for assistance to meet commitments made by developed countries. Furthermore, as South Africa had not ratified the Copenhagen Amendment until 2000, after the decision had been made, and after it had been reclassified, it should automatically qualify for assistance for methyl bromide projects, as would any other Article 5 Party. He underlined the importance of Multilateral Fund assistance for methyl bromide consumption phase-out in the southern African region, in which South Africa was the biggest consumer.

162. The representative of the United States of America stated that he deeply regretted the intervention by South Africa. He recalled the negotiations between his Government and the Government of South Africa leading up to Decision IX/27, in which it was clearly understood that South Africa would not seek funding for methyl bromide phase-out as a result of the reclassification. Paragraph 4 of the decision noted that "South Africa has thus far totally complied with the requirements of the existing Amendments to the Montreal Protocol and undertakes not to revert to producing or consuming substances phased out under these Amendments". That included the Copenhagen Amendment which, following the adjustment agreed at the Seventh Meeting of the Parties in Vienna in 1995 (which had entered into force in 1996), committed non-Article 5 Parties to total phase-out of methyl bromide. The fact that South Africa had not ratified the Copenhagen Amendment by the Ninth Meeting of the Parties was irrelevant. In the case of amendments agreed at or after the Ninth Meeting of the Parties – such as the Beijing Amendment introducing controls on bromochloromethane – South Africa would be eligible for assistance, but that was not the case for methyl bromide. If South Africa needed assistance for phasing out methyl bromide consumption, it should seek funding from sources other than the Multilateral Fund.

163. Another representative observed that the decision of the Executive Committee of the Multilateral Fund which had not approved South Africa's request for assistance had stated explicitly that the Meeting of the Parties had to decide on the interpretation of Decision IX/27. On that basis, the Working Group agreed to forward the matter for discussion at the Fourteenth Meeting of the Parties.

Staff of the Secretariat

164. The Working Group noted with deep appreciation the hard work and dedication over many years of Mr. Nelson Sabogal, Senior Scientific Affairs Officer in the Ozone Secretariat, who was leaving for another post. The Working Group also expressed its appreciation to Mr. Michael Graber for his two years' work as Acting Executive Secretary, particularly given the understaffing of the Secretariat during that time.

Eureka Ozone Research Station

165. The observer from an environmental non-governmental organization drew the Working Group's attention to the deteriorating state of the global environment. He highlighted the 2002 study of the National Academy of Sciences of the United States, warning that abrupt climate disruption caused by global warming could happen much more quickly than previously thought, the disintegration of part of the Larsen B ice shelf, growing evidence of the interrelationship between global warming and ozone depletion, and the study of the World Wildlife Fund suggesting that humanity was now consuming 30 per cent more natural capital every year than the planet could replenish. Against that background, and since environmental policy needed to be based on sound science, it was deeply regrettable that the Government of Canada had chosen to mothball the Eureka Ozone Research Station on Ellesmere Island, one of only two fully equipped ozone observatories in the high Arctic. He called on the Parties to the Montreal Protocol to request Canada to provide funding to reopen the station or, failing that, to provide international sponsorship.

Ratification of Amendments to the Montreal Protocol

166. The representatives of Japan and Mauritius informed the meeting that their countries had recently approved the ratification of the Montreal and Beijing Amendments to the Montreal Protocol

XI. ADOPTION OF THE REPORT

167. The present report was adopted on Thursday, 25 July 2002, on the basis of the draft report contained in document UNEP/OzL.Pro/WG.1/22/L.1.

XII. CLOSURE OF THE MEETING

168. The Chair declared the twenty-second meeting of the Open-ended Working Group of the Parties to the Montreal Protocol closed at 4.35 p.m. on Thursday, 25 July 2002.

Annex I

PROPOSALS FOR DRAFT DECISIONS FOR POSSIBLE CONSIDERATION BY THE FOURTEENTH MEETING OF THE PARTIES

Draft Decision XIV/…: Framework for campaign production of CFCs for metered-dose inhalers (proposal submitted by the United States of America)

The Fourteenth Meeting of the Parties decides:

1. The structure of Decision IV/25 on essential use exemptions, which has served the Parties well for a decade, should be maintained;

2. Consistent with the recommendations of the Technology and Economic Assessment Panel, in order to reduce uncertainty in estimating quantities of needed CFCs for metered-dose inhalers (MDIs), requests for campaign production should be submitted by Parties as late as possible taking into account CFC manufacturers' needs for lead time;

3. The Parties should maintain authority to review and authorize annually nominations by a Party to draw down from their campaign stockpile by an agreed annual level for a future year;

4. Because the duration to be covered by the authorization for campaign production will exceed one year, Parties manufacturing the stockpile of campaign CFCs are granted permission to transfer the actual CFCs to the authorized Party at any time, without reference to a calendar year;

5. As is currently the case, CFCs authorized and manufactured under the essential use exemption provisions that are remaining after the transition would have to be destroyed or, may be shifted to other essential uses agreed by the Parties;

6. Consistent with conditions for transfers in paragraph 8 of Decision XII/2, Parties authorized to hold a stockpile of campaign produced CFCs may transfer any quantity of those manufactured CFCs to another MDI manufacturing Party for the purpose of industrial rationalization.

Draft decision XIV/…: Process agents (proposal submitted by India)

Noting with appreciation the report of TEAP and the 2001 Process Agents Task Force in response to Decision X/14,

Noting further that additional information was received by TEAP on processes that are not included in Table A of Decision X/14,

The Fourteenth Meeting of the Parties decides:

1. That the term "process agents" should be understood to mean the use of controlled substances as per paragraph 4 of article 1 since the inception of the Protocol for applications listed in Table A attached hereto as amended from time to time;

2. To clarify that the use of controlled substances for applications listed in Table A attached hereto is an updated list. Parties may submit information to the Secretariat for any other unidentified process for inclusion in Table A which meets the operating definition of a "progress agent" as defined in section 1.3 of the 2001 Process Agents Task Force report attached to the 2001 TEAP report;

3. For non-Article 5 Parties, to continue to treat the use of controlled substances as process agents as akin to feedstock use until 2003 and to review the matter at the Fifteenth Meeting of the Parties, provided that the emission limits for each of the non-Article 5 Parties are limited to the extent stipulated in Table B of Decision X/14;

4. To request TEAP to submit an updated report at the Fifteenth Meeting of the Parties, which would include:

(a) A report as stipulated in paragraph 8 of Decision X/14 on the progress made by all Parties in reducing emissions from the use of controlled substances as process agents upon receipt of official data from the Parties;

(b) A report on further progress since 1997 on the implementation and development of emission reduction techniques and alternative processes not using controlled substances in all Parties;

(c) A fresh review of Table A of Decision X/14 as modified by the present decision and to make recommendations for necessary changes, if any.

Appendix

Table A: List of uses of controlled substances as process agents

No.	Substance	Process agent application
1	Carbon tetrachloride (CTC)	Elimination of NCl_3 in the production of chlorine and caustic
2	CTC	Recovery of chlorine in tail gas from production of chlorine
3	CTC	Manufacture of chlorinated rubber
4	CTC	Manufacture of endosulphan (insecticide)
5	CTC	Manufacture of isobutyl acetophenone (ibuprofen – analgesic)
6	CTC	Manufacture of 1-1, Bis (4-chlorophenyl) 2,2,2-trichloroethanol (dicofal insecticide)
7	CTC	Manufacture of chlorosulphonated polyolefin (CSM)
8	CTC	Manufacture of poly-phenylene-terephtal-amide
9	CFC-113	Manufacture of fluoropolymer resins
10	CFC-11	Manufacture of fine synthetic polyolefin fibre sheet
11	CTC	Manufacture of styrene butadiene rubber
12	CTC	Manufacture of chlorinated paraffin
13	CFC-113	Manufacture of vinorelbine (pharmaceutical product)
14	CFC-12	Photochemical synthesis of perfluoropolyetherpolyperoxide precursors of Z-perfluoropolyethers and difunctional derivatives
15	CFC-113	Reduction of perfluoropolyetherpolyperoxide intermediate for production of perfluoropolyether diesters
16	CFC-113	Preparation of perfluoropolyether diols with high functionality
17	CTC	Production of pharmaceuticals – ketotifen, anticol and disulfiram
18	CTC	Production of tralomethrine (insecticide)
19	CTC	Bromohexine hydrochloride
20	CTC	Diclofenac sodium
21	CTC	Cloxacilin
22	CTC	Phenyl glycine
23	CTC	Isosorbid mononitrate
24	CTC	Omeprazol
25	CTC	Manufacture of cyclodime
26	CTC	Chlorophenesin
27	CTC	Manufacture of chlorinated polypropene
28	CTC	Manufacture of chlorinated EVA
29	CTC	Manufacture of methyl isocyanate derivatives
30	CTC	Manufacture of 3-phenoxyBenzyldehyde
31	CTC	Manufacture of 2-chloro-5-methylpyridin
32	CTC	Manufacture of imidachloprid; 1-(6-chloro-3-pyridylmetyl)-N-nitroimidazolen eamine-2
33	CTC	Manufacture of buprofenzin; 2-tert-butylimino-3-isopropyl-5-phenylperhydro-1,3,5-thiodiazin-4-one
34	CTC	Manufacture of oxadiazon, 2-tert-butyl-4-(2,4-dichloro-5-iso-propoxyphenyl-1,3,4-oxadiaxolan-5-one
35	CTC	Manufacture of chloridized N-methylaniline

36	CTC	Manufacture of mefenacet; D-(1,3-benzothiozole-2-oxy)-N-methylacetanilide
37	CTC	Manufacture of 1,3-dichloro-benzothiazole
38	CTC	Manufacture of Naproxen (anti-inflammatory, antirheumatic, analgesic)
39	CTC	Manufacture of Clotrimazole (antifugal)
40	CTC	Manufacture of Ampicillin (broad-spectrum antibiotic)
41	CTC	Manufacture of Cefaclo (broad-spectrum antibiotic)
42	CTC	Manufacture of Ceftriaxone (broad-spectrum antibiotic)
43	CTC	Manufacture of Norfloxacin (broad-spectrum antibiotic)
44	CTC	Manufacture of Ciprofloxacin (broad-spectrum antibiotic)
45	CTC	Manufacture of Betamethasone phosphate
46	CTC	Manufacture of Dexamethasone phosphate
47	CTC	Manufacture of Maproxen
48	CTC	Manufacture of Estramustine phosphate
49	CTC	Manufacture of Trityl Chloride
50	CBM Bromochloro methane	Bromination of styrene polymer
51	CTC	Candesartan, (intermediate –Trityl Chloride)
52	CTC	Ceftazidime, (intermediate – Trityl Chloride
53	CTC	Indeloxacine, (intermediate – Trityl Chloride)
54	CTC	Remoxirpide (intermediate-Trityl Chloride)
55	CTC	Zndarine (intermediate – Trityl Chloride)
56	CTC	Losartan Potassium (intermediate – Trityl Chloride)
57	CTC	Carbimazole
58	CTC	Para Nitro Benzyl Bromide
59	CTC	Benzophenone
60	CTC	Bromobenzine
61	CTC	Chloropyriphos
62	CTC	Ethyl 4-chloro aceto acetate
63	CTC	Bromo acetaldehyde

Draft Decision XIV/…: Process Agents (proposal submitted by the United States of America)

The Fourteenth Meeting of the Parties decides:

1. To adopt the attached Table as a list of process agent applications. To note that further work may be done by TEAP to evaluate future proposals for inclusion on this list, and that TEAP recommendations for inclusion may be considered by the Parties on an annual basis;

2. For non-Article 5 Parties:

   (a) To note those countries and the national emission limits established in Table B of Decision X/14;

   (b) To agree that controlled substances used in process agent applications listed in the Table referenced in paragraph 1 above will be treated in the same manner as feedstocks, so long as countries with those applications report to the Ozone Secretariat that the air emissions from normal operations during the calendar year are at levels lower than those listed in Table B of Decision X/14;

3. For Article 5 Parties, to agree to treat controlled substances used in process agent applications in the Table referenced in paragraph 1 above in the same manner as feedstocks, until the Executive Committee determines that a specific subsector of process agent applications for a country is eligible for funding consistent with the provisions of paragraph 5 of Decision X/14, and the Executive Committee is assured that the related projects will result in sustained national aggregate reductions in the related subsectoral consumption.

Appendix

Table - List of uses of controlled substances as process agents

	Process	**ODS**
1	Chlor-alkali - Elimination of NCl_3	CTC
2	Chlor-alkali - Chlorine recovery by tail gas absorption	CTC
3	Production of Chlorinated Rubber	CTC
4	Production of Endosulfan	CTC
5	Production of Ibuprofen	CTC
6	Production of Dicofol	CTC
7	Production of Chlorosulfonated Polyolefin (CSM)	CTC
8	Production of Aramid Polymer PPTA	CTC
9	Production of Fluoropolymer resins	CFC 113
10	Production of Synthetic fibre sheet	CFC 11
12	Production of Chlorinated Paraffin	CTC
13	Photochemical synthesis of perfluoropolyetherpolyperoxide precursors of Z-perfluoropolyethers and difunctional derivatives	CFC 12
14	Reduction of perfluoropolyetherpolyperoxide intermediate for production of perfluoropolyether diesters	CFC 113
15	Preparation of perfluoropolyether diols with high functionality	CFC 113
16	Production of Bromohexine hydrochloride	CTC
17	Production of Diclofenac sodium	CTC
18	Production of Phenyl glycine	CTC
19	Production of Cyclodime	CTC
20	Production of Chlorinated polypropene	CTC
21	Production of Chlorinated EVA	CTC
22	Production of methyl isocyanate derivatives	CTC
23	Production of 3-phenoxy benzaldehyde	CTC
24	Production of 2-chloro-5-metyhlpyridine	CTC
25	Production of Imidacloprid	CTC
26	Production of Buprofenzin	CTC
27	Production of Oxadiazon	CTC
28	Production of Chloradized N-methylaniline	CTC
29	Production of Mefenacet	CTC
30	Production of 1,3- Dichlorobenzothiazole	CTC
31	Bromination of a styrenic polymer	BCM (Bromochloromethane)

Draft decision XIV/…: Destruction technologies (proposal submitted by Australia)

The Fourteenth Meeting of the Parties decides:

1. To approve, for the purposes of paragraph 5 of article 1 of the Protocol, those destruction technologies that are listed in annex [] to the report of the Fourteenth Meeting of the Parties which are operated in accordance with the suggested minimum standards identified in annex [] to the report of the Fourteenth Meeting of the Parties unless similar standards currently exist domestically;

2. To clarify, for the purpose of future assessments, that destruction and removal efficiency (DRE) of an ozone-depleting substance (ODS) or mixture of ODS is determined in the following manner:

(a) Calculation of quantity A, the sum of the number of mass-units (kilogram, tonne, etc.) of all types of ODS, weighted by their respective ozone depletion potential (ODP), fed into a destruction system during a specific period of time (minute, hour, etc.);

(b) Calculation of quantity B, the sum of the mass units of all types of ODS, weighted by their respective ODP, that are released in stack gases during the same period of time;

(c) Expressing the difference between quantity A and quantity B as a percentage of quantity A.

In mathematical terms:

$$\mathrm{DRE}\,[\%] = 100\left(\frac{\sum_i P_i^{\mathrm{in}} M_i^{\mathrm{in}} - \sum_i P_i^{\mathrm{out}} M_i^{\mathrm{out}}}{\sum_i P_i^{\mathrm{in}} M_i^{\mathrm{in}}}\right),$$

where M_i^{in} and P_i^{in} are respectively the number of mass units and the ozone depletion potential of the *i*th type of ODS fed into the destruction system per time unit (minute, hour, etc.), and M_i^{out} and P_i^{out} are respectively the number of mass units and the ozone depletion potential of the *i*th type of ODS that is released in stack gases per the same time unit;

3. To consider, at the twenty-fourth meeting of the Open-ended Working Group, the need to review the status of destruction technologies in 2005, including an assessment of their environmental and economic performance, as well as their commercial viability.

Appendix I: Destruction procedures

Technology	CFCs and HCFCs	Halon	Foam
Cement Kiln	Approved		
Liquid Injection Incineration	Approved	Approved	
Gaseous/Fume Oxidation	Approved	Approved	
Reactor Cracking	Approved		
Rotary Kiln Incineration	Approved	Approved	Approved
Argon Plasma Arc	Approved	Approved	
Inductively-coupled Radio-frequency Plasma	Approved	Approved	
Nitrogen Plasma Arc	Approved		
Microwave Plasma	Approved		
Gas Phase Catalytic Dehalogenation	Approved		
Superheated Steam Reactor	Approved		
Municipal Solid Waste Incinerator			Approved

Appendix II: Suggested regulatory standards for destruction facilities*

Pollutant	Units	Stack Concentration (Diluted Sources)[1]/	Stack Concentration (Concentrated Sources)[2]/
PCDDs/PCDFs	ng-ITEQ/Nm^3	0.5	**0.2**
HCl/CL_2	mg/Nm^3	100	100
HF	mg/Nm^3	5	5
HBr/Br_2	mg/Nm^3	5	5
Particulates (Total suspended particulates)	mg/Nm^3	50	50
CO	mg/Nm^3	100	100
DRE	%	95	99.99

* All concentrations of pollutants in stack gases and stack gas flow rates are expressed on the basis of dry gas at normal conditions of 0^0C and 101.3kPa, and with the stack gas corrected to 11% O_2

Note 1: "Diluted sources" refer to ODS contained in the matrix of a solid (for example, foams).

Note 2: "Concentrated sources" refer to virgin, recovered, recycled or reclaimed ODS.

Draft Decision XIV/…: Non-compliance procedure (proposal submitted by the United States of America)

The Fourteenth Meeting of the Parties decides:

1. To delete the third and fourth sentences from paragraph 5 of the non-compliance procedure, and thereby enable increased continuity in participation on the Implementation Committee, if the Parties deem that useful;

2. To speed up the timing for communication between the Ozone Secretariat and Parties to confirm compliance status by changing the period referenced in paragraphs 2 and 3 of the non-compliance procedures from three-month periods to a total of one and a half months for each step;

3. To urge countries elected as Implementation Committee members to strive to attend all meetings;

4. To request that the timing of future Implementation Committee meetings be set to ensure that the Implementation Committee recommendations are received by all Parties at least 6 weeks before a meeting of the Parties, as required by existing paragraph 9 of the non-compliance procedure.

Draft decision XIV/…: Monitoring of trade in ODS and preventing illegal trade in ODS (proposal submitted by Poland)

Recalling Decision XIII/12 requesting the Ozone Secretariat to undertake a study dealing with issues related to monitoring of trade in ODS and preventing illegal trade in ODS listed in Decision XII/10 and present a report with practical suggestions to the Open-ended Working Group at its twenty-second meeting, in 2002, for consideration of the Parties in 2002,

Recalling previous decisions of the Parties dealing with monitoring of trade in ODS, customs codes, ODS import/export licensing systems and prevention of illegal trade in ODS, namely Decisions II/12, VI/19, VIII/20, IX/8, IX/22, X/18 and XI/26,

Noting with appreciation the work done so far by the ODS Customs Codes Discussion Group convened by Decision X/18 with regard to providing suggestions on improvements of the Harmonized System aiming at facilitation of identification of ODS and ODS-containing mixtures and, in particular, the recent suggestions of that Group for introducing national subdivisions to relevant customs codes in their own statistical nomenclatures concerning customs classification of mixtures containing ODS and some ODS substitutes, recently submitted to the World Customs Organization by the Ozone Secretariat,

Understanding the importance of actions aimed at improvement of monitoring of trade in ODS and preventing illegal trade in ODS for timely and smooth phase-out of ODS according to the agreed schedules;

The Parties to the Montreal Protocol decide:

1. To thank the Ozone Secretariat for the excellent work and to express appreciation for all organizations and individuals which assisted in the preparation of the report;

2. To urge each Party that has not already done so to implement a national ODS import/export licensing system expeditiously;

3. To urge each Party that has not already done so to introduce in its national customs classification system the separate subdivisions for the most commonly traded HCFCs and other ODS contained in the Customs Cooperation Council recommendation of 25 June 1999;

4. To provide the following further clarification of the difference between a controlled substance, or a mixture containing a controlled substance, and a product containing a controlled substance contained in article 1 of the Montreal Protocol and further explained in Decision I/12A:

(a) No matter which customs code is allocated to a controlled substance or mixture containing a controlled substance, such substance or mixture, when in a container used for transportation or storage as defined in decision I/12A, shall be considered to be a “substance” and thus shall be subject to the phase-out schedules agreed upon by the Parties;

(b) The clarification contained in subparagraph (a) above concerns, in particular, controlled substances or mixtures containing controlled substances classified under customs codes related to their function and sometimes wrongly considered to be “products”, thus avoiding any controls resulting from the Montreal Protocol phase-out schedules;

5. To encourage all Parties to introduce economic incentives, where appropriate, to promote the use of ODS substitutes and products (including equipment) containing them or designed for them, and technologies utilizing them;

6. To request the Ozone Secretariat to continue efforts in developing memoranda of understanding with the World Customs Organization, Interpol and UNEP DTIE on exchanging information and intensifying

joint efforts to improve means of identification of ODS and prevention of illegal ODS traffic, and to report to the Parties on the progress made;

7. To encourage all Parties to establish closer collaboration between individual enforcement agencies – customs services, relevant Ministries and agencies, environment and trade inspectorates, police and judiciary – and between those enforcement agencies and National Ozone Units in order to help prevent illegal trade in ODS;

8. To encourage all Parties to strengthen international collaboration between the environmental and enforcement agencies in ODS exporting and importing countries in order to improve monitoring of trade in ODS and the sharing of information on illegal trade in ODS;

9. To encourage all Parties to report detected cases of illegal trade in ODS, ODS-containing mixtures and ODS-containing products to the Ozone Secretariat, including the quantities involved and the way the seized commodities have been dealt with and, if possible, the intelligence information related to the incident reported. The illegally imported quantities that have been reported shall not be counted against the country's consumption provided the country does not place the seized quantities on its own market. The Secretariat is requested to collect that information and disseminate it to all Parties.

Draft decision XIV/…: Consideration of the Use of the Globally Harmonized System for the Classification and Labelling of Chemicals for Ozone Depleting Substances (proposal submitted by the European Community)

The Fourteenth Meeting of the Parties,

Recalling decision XII/10 on monitoring of illegal trade and prevention of illegal trade in ODS, mixtures and products containing ODS, in which the Ozone Secretariat was asked to examine the options for studying the need for, scope of and cost of implementation of a universal labelling and/or classification system for ODS, mixtures containing ODS and products containing ODS, including the feasibility of the introduction of a producer-specific marker, identifier or identification methodology;

Recalling also Decision XIII/12 on monitoring of illegal trade and prevention of illegal trade in ODS, mixtures and products containing ODS, in which the Ozone Secretariat was asked to prepare a study and present a report with practical suggestions on the issues contained in Decision XII/10 to the Open-ended Working Group in 2002 for consideration by the Parties in 2002;

Understanding that a worldwide requirement to label ODS improves the awareness of downstream users of the environmental hazard of ODS as well as helping customs and other authorities identify ODS, thus facilitating the control of trade;

Acknowledging the work done in the Economic and Social Council (ECOSOC) Committee of Experts on the Transport of Dangerous Goods and the Globally Harmonized System of Classification and Labelling of Chemicals to promote and oversee international efforts to create a globally harmonized system for the classification and labelling of chemicals;

Noting, however, that ODS are not currently included in the globally harmonized system;

decides:

To request the Ozone Secretariat to contact the ECOSOC Committee of Experts and evaluate the possibilities for and feasibility of including ozone-depleting substances in the work of the globally harmonized system, and to report back to the Open-ended Working Group in 2003.

Draft Decision XIV/...Clarification of certain terminology related to controlled substances (proposal submitted by Poland)

Noting that the terms "used controlled substance" (or "used ODS") and "recycled controlled substance" (or "recycled ODS") have not been used uniformly in decisions of the Parties and in the text of the Montreal Protocol and that there is a need to clarify those terms and adjust the text of the Protocol and the relevant decisions accordingly,

The Parties to the Montreal Protocol decide:

1. To clarify that from now on the term "used controlled substance" (or "used ODS"), if included in decisions of the Parties or in further adjustments or amendments to the Montreal Protocol, shall be understood as either a recovered or recycled or reclaimed controlled substance defined in Decision IV/24, as adjusted below;

2. To adjust Decision IV/24 as follows:

   (a) To replace the words "recycled and used" with the words "recovered, recycled and reclaimed" in paragraphs 2 and 5 of that decision;

   (b) To replace the word "recycled" with the words "recovered, recycled and reclaimed" in paragraph 6;

   (c) To replace the word "recycling" with the words "recycling or reclamation" and the word "recycled" with the words "recycled or reclaimed" in paragraph 7 (b);

   (d) To replace the word "recycled" with the words "recycled or reclaimed" in paragraph 7 (c);

   (e) To replace the word "reclaimed" with the words "recycled or reclaimed" in paragraph 7 (d);

3. To adjust Decision IV/26 as follows:

   (a) To replace the word "recycled" with the word "used" in the title of that decision;

   (b) To replace the words "recovered or recycled" with the words "recovered, recycled or reclaimed" in paragraphs 2 and 3(d);

   (c) to replace the word "recycled" with the words "recovered, recycled or reclaimed" in paragraph 3(b);

4. To adjust Decision VII/31 as follows:

   (a) To replace the word "recycled" with the words "recovered or recycled" in the title of that decision;

   (b) To replace the words "recycling facilities" with the words "reclamation facilities";

5. To adjust Decision VIII/20 as follows:

(a) To replace the words “recycled and used” with the words “recovered, recycled or reclaimed” in paragraph 4 of that decision;

(b) To replace the words “used and recycled” with the words “recovered, recycled or reclaimed” in paragraph 5;

6. To adjust the Montreal Protocol (as adjusted and amended so far) as follows:

(a) To replace the words “recycled and reused” with the words “recovered, recycled or reclaimed” in article 1, paragraph 5;

(b) To replace the words “used, recycled or reclaimed” with the words “recovered, recycled or reclaimed” in article 4A, paragraph 1, last sentence and in article 4B, paragraph 1, last line;

(c) To replace the word “recycled” with the words “recovered, recycled or reclaimed” in article 7, paragraph 3bis;

(d) To replace the words “containment, recycling, recovery or destruction” with the words “containment, recovery, recycling, reclamation or destruction”;

(Note: Paragraph 6 reflects only the type of adjustments necessary, and needs to be revised and expanded in line with the structure of decisions which introduce adjustments to the Montreal Protocol. The legal drafting group will need to draft the actual text of the adjustments.)

To clarify that wherever the term “used controlled substance” or “used ODS” is included in the text of the Montreal Protocol as amended and adjusted (including the adjustments referred to in paragraph 6 above) or in previous decisions of the Parties other than those adjusted in items 2 to 5 above, it shall be understood to mean “recovered, recycled or reclaimed” as defined in Decision IV/24, as adjusted in paragraph 2 above.

Annex II

ESSENTIAL USE NOMINATIONS FOR 2003-2004 RECOMMENDED BY THE OPEN-ENDED WORKING GROUP AT ITS TWENTY-SECOND MEETING
(metric tonnes)

Party	2003	2004
	CFC-11, 12, 114	CFC-11, 12, 114
Australia	11.0	11.0
European Community	--	1,885.0
Japan	40.0	30.0
Poland	240.0	236.0
Russian Federation	396.0	--
Ukraine a/	--	
USA	--	2,975.0
Total	687.0	5,137.0

a/ The Open-ended Working Group requests Ukraine to provide additional information regarding its nomination for 2003 of CFCs for essential uses.
