



**United Nations
Environment
Programme**



Distr.
GENERAL

UNEP/OzL.Pro/WG.1/23/5*
22 July 2003

ORIGINAL: ENGLISH

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

Twenty-third meeting
Montreal, 7-11 July 2003

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

I. OPENING OF THE MEETING

1. The twenty-third 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 7 to 11 July 2003. The meeting was co-chaired by Ms. Maria Nolan (United Kingdom of Great Britain and Northern Ireland) and Mr. Khaled Klaly (Syrian Arab Republic).
2. The meeting was opened at 10 a.m. on 7 July by Mr. Khaled Klaly (Syrian Arab Republic) Co-chair of the Open-ended Working Group, who welcomed the participants.
3. Mr. Marco González, Executive Secretary of the Ozone Secretariat, welcomed all the participants on behalf of Mr. Klaus Töpfer, Executive Director of the United Nations Environment Programme (UNEP).
4. Mr. González highlighted the control measures presently in force under the Montreal Protocol and those that would come into force in 2004 and 2005, saying that the confluence of the measures over a relatively short period would require even closer monitoring by the parties and more coordinated actions between the Multilateral Fund for the Implementation of the Montreal Protocol, the implementing agencies and the Implementation Committee in order to ensure compliance.
5. Encouraging signs of the success of the Montreal Protocol could be found in the reports of the Scientific Assessment Panel (SAP), the Environmental Effects Assessment Panel (EEAP) and the Technology and Economic Assessment Panel (TEAP). The stratospheric abundance of ozone-depleting chlorine compounds was now at or near its peak and was expected to decrease, thanks to efforts made under the Protocol. There had been an overall drop in production and consumption of ozone-depleting substances (ODS) by approximately 90 per cent. Recovery of the ozone layer was expected by the middle of the twenty-first century, something that it would not be possible to achieve before 2100 without the Protocol. Most article 5 parties had complied with the freeze in chlorofluorocarbons (CFCs) and incoming data

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* Includes corrections from document UNEP/OzL.Pro/WG.1/23/5/Corr.1

showed that article 5 parties were well on their way to compliance with the halon and methyl bromide consumption freeze in 2002 and the methyl chloroform freeze in 2003. The fourteenth Meeting of the Parties had seen developed countries contributing a great deal, by granting the Multilateral Fund its highest level of replenishment to date. Countries with economies in transition were also showing success in meeting their commitments and the Global Environment Facility (GEF) had recently set aside \$12 million in its business plan for the phase-out of approximately 450 ozone-depleting potential (ODP) tonnes of methyl bromide in such countries.

6. Despite all of the positive signs of success, concerted action was still required, in particular with regard to ratification. With the addition of Guinea-Bissau as a party to the Montreal Protocol, the number of countries that were still not parties had dropped to 11, but those 11 were all believed to be using one or more of the substances controlled under the Protocol. With regard to the amendments to the Protocol, after 13 years in existence, the London Amendment remained to be ratified by 19 parties. The Copenhagen Amendment had still not been ratified by 35 parties, after 11 years. The Beijing Amendment had been ratified by even fewer parties, but it was hoped that with the entry into force of the production control measures and the restrictions on trade in hydrochlorofluorocarbons (HCFCs) as of 1 January 2004, the rate of ratification of both the Beijing and the Copenhagen Amendments would increase significantly. The Montreal Amendment had yet to be ratified by 87 parties, although ratification had increased almost three-fold since it entered into force in November 1999.

7. Mr. González went on to describe the issues on the agenda, including a proposal to amend the Montreal Protocol submitted by the European Community (UNEP/OzL.Pro/WG.1/23/4), issues addressed by TEAP in its 2003 progress report, further specific interim reductions of methyl bromide for the period beyond 2005, progress made on the issue of a global harmonized system for the classification of ODS and terms of reference for the evaluation of the Multilateral Fund. The Open-ended Working Group would also be receiving a brief summary of the deliberations of the thirtieth meeting of the Implementation Committee, which had just taken place. Mr. González highlighted the crucial role of the Implementation Committee in guiding parties on complex non-compliance issues and urged the parties to strengthen the Committee's operations and to give its members the continuity required to make the appropriate recommendations to the Meetings of the Parties.

8. Mr. González thanked all the members of the assessment panels for their work over the years, saying that their recommendations were the pillars of the Protocol's decision-making process.

9. He paid tribute to Mr. Omar El Arini, the outgoing Chief Officer of the Multilateral Fund, who had directed it from the very early stages to its present consolidation as one of the most successful financial mechanisms in the world to combat a global environmental problem. Mr. El Arini's special dedication to continuously improving the operations of the Fund had built confidence in the Protocol's financial mechanism and had paved the way for developed countries to continue supporting the Fund. Mr. El Arini was retiring at the end of August and deserved tribute and recognition for all his contributions and achievements towards protecting the ozone layer.

10. Mr. González urged all parties to ratify the amendments to the Protocol, expressed the hope that non-parties would join the Protocol's efforts to protect the ozone layer and wished the Working Group successful deliberations.

II. ORGANIZATIONAL MATTERS

A. Attendance

11. The following parties to the Montreal Protocol were present: Algeria, Argentina, Armenia, Australia, Austria, Azerbaijan, Bahamas, Bangladesh, Barbados, Belarus, Belgium, Belize, Bolivia, Bosnia and Herzegovina, Brazil, Bulgaria, Burkina Faso, Burundi, Cambodia, Cameroon, Canada, Chile, China, Colombia, Comoros, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Czech Republic, Denmark, Djibouti,

Dominica, Dominican Republic, Egypt, El Salvador, Estonia, European Community, Finland, France, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Guatemala, Guinea, Guinea-Bissau, Haiti, Honduras, India, Indonesia, Iran (Islamic Republic of), Israel, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Latvia, Lithuania, Madagascar, Malawi, Malaysia, Maldives, Mali, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Palau, Paraguay, Philippines, Poland, Portugal, Qatar, Republic of Korea, Russian Federation, Saint Kitts and Nevis, Saint Lucia, Samoa, Sao Tome and Principe, Senegal, Serbia and Montenegro, Slovakia, Solomon Islands, South Africa, Spain, Sri Lanka, Sudan, Swaziland, Sweden, Switzerland, Syrian Arab Republic, Thailand, the Former Yugoslav Republic of Macedonia, Togo, Tonga, Trinidad and Tobago, Tunisia, Uganda, Ukraine, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Uzbekistan, Venezuela, Viet Nam and Yemen.

12. Observers from the following States not parties to the Montreal Protocol were also present: Bhutan and Timor Leste.

13. Observers from the following United Nations entities, organizations and specialized agencies were also present: United Nations Development Programme, United Nations Environment Programme Division of Technology, Industry and Economics, International Civil Aviation Organization, United Nations Industrial Development Organization, World Bank, Global Environment Facility Secretariat, Ozone Secretariat, Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol, Environmental Effects Assessment Panel, Scientific Assessment Panel, Technology and Economic Assessment Panel, Aerosols, Sterilants, Miscellaneous Uses and Carbon Tetrachloride Technical Options Committee, Flexible and Rigid Foams Technical Options Committee, Halons Technical Options Committee, Methyl Bromide Technical Options Committee, Refrigeration, Air Conditioning and Heat Pumps Technical Options Committee and Solvents, Coatings and Adhesives Technical Options Committee.

14. The following intergovernmental and non-governmental organizations were also represented: Agricultural and Industrial Products, Alliance for Responsible Atmospheric Policy, American Lung Association, American Farm Bureau Federation, American Pacific Corporation, Arvesta Corporation, Association of Former United Nations Industrial Development Experts, Association of Methyl Bromide Industry Japan, Atofina, BASF Company, California Minor Crops Council, California Strawberry Commission, Cytec Canada Incorporated, Cytec Industries Incorporated, Commission Canadienne des Grains, Dow Agrosciences, ECO2 BV, Environmental Investigation Agency, Florida Fruit and Vegetable Association, Florida Tomato Exchange, Fumigation Service and Supply Incorporated, Gardexinc, GlaxoSmithKline, Great Lakes Chemical Corporation, Greenpeace, Indian Chemical Manufacturers Association, Industrial Technology Research Institute, International Paper, International Pharmaceutical Aerosol Consortium, Japan Fluorocarbon Manufacturers Association, Japan Industrial Conference for Ozone Layer Protection, Korea Speciality Chemical Industry Association, Marcotte Consulting Incorporated, Methyl Bromide Global Coalition, Natural Resources Defence Council, Nordiko Quarantine Systems, Otsuka Pharmaceutical Company Limited, R&M Consultancy Incorporated, Refrigerant Gas Manufacturers Association, Research and Development Center for Vegetable Crops, European Association of Soil Fumigators (SAFE), Sanko Chemical Industry Company Limited, South Pacific Regional Environment Programme, Taminco Incorporated, Crop Protection Coalition, Trical, Incorporated, University of California, University of California–Santa Cruz and Weyerhaeuser Company.

B. Adoption of the agenda

15. In recommending adoption of the provisional agenda, the Co-chair (United Kingdom) proposed that agenda items 4 and 6 should be considered jointly. The following agenda was adopted on the basis of the provisional agenda contained in document UNEP/OzL.Pro/WG.1/23/1:

1. Opening of the meeting.
2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of work.
3. Presentation of the 2002 assessment reports of the Scientific, Environmental Effects and Technology and Economic Assessment Panels (article 6 of the Montreal Protocol and decision XI/17).
4. Consideration and consolidation of any amendments and adjustments proposed by the parties (article 9 of the Vienna Convention and article 2(9) of the Montreal Protocol).
5. Consideration of the 2003 report of the Technology and Economic Assessment Panel on:
 - (a) Nominations by the parties for essential-use exemptions for controlled substances (decision IV/25(6));
 - (b) Nominations for critical-use exemptions for methyl bromide (decisions IX/6(2) and XIII/11);
 - (c) Evaluation of alternatives to methyl bromide for quarantine and pre-shipment treatment and estimation of quantities that would be replaced (decision IX/13(4));
 - (d) Options for the continued supply of hydrochlorofluorocarbons (HCFCs) to article 5 parties in the light of the production freeze by non-article 5 parties effective 2004 (decision XI/28);
 - (e) Assessment of the portion of refrigerants used for chillers in the total consumption of the refrigeration service sector made up by chillers and any incentives and impediments to the transition to non-chlorofluorocarbon equipment (decision XIV/9);
 - (f) Status of destruction technologies for ozone-depleting substances and code of good housekeeping (decision XIV/6(4));
 - (g) Other issues arising out of the 2003 report.
6. Further specific interim reductions of methyl bromide for the period beyond 2005 applicable to article 5 parties (decision IX/5 (1)(e)).
7. Update on the request by parties to the Global Environment Facility to clarify its future commitment to provide continued assistance to countries with economies in transition with respect to all ozone-depleting substances (decision XII/14).
8. Update on the consideration of the use of the United Nations global harmonized system for the classification and labelling of chemicals that deplete the ozone layer (decision XIV/8(b)).
9. Terms of reference and modalities for the evaluation and review, by 2004, of the financial mechanism established by article 10 of the Montreal Protocol (decision XIII/3).
10. Update on the information submitted by the parties for a global database concerning inhaler treatments for asthma and chronic obstructive pulmonary disease that contain chlorofluorocarbons (CFCs) or that do not contain CFCs (decision XIV/5(1)).

11. Report of the President of the Implementation Committee on the thirtieth meeting of the Committee.
12. Other matters.
13. Adoption of the report.
14. Closure of the meeting.
16. The following matters were proposed by participants for consideration under item 12, Other matters:
 1. Implications of entry into force of the Beijing Amendment, particularly in relation to trade in and supply of HCFCs.
 2. Information on the budget of the Ozone Secretariat provided to the parties.
 3. Observer status of the Ozone Secretariat at the World Trade Organization.
 4. Improving coordination with other multilateral environmental agreements in deciding the venue and dates of the Meetings of the Parties and Conferences of the Parties.
 5. Issues stemming from decision 22/4 of the Governing Council of UNEP regarding the strategic approach to management of chemicals.
 6. Addition of new processes to the list of process agents contained in decision X/14.
 7. Voluntary actions by the European Community regarding CFC production for the basic domestic needs of article 5 parties.
 8. Request for TEAP to consider the issue of ODS contained in foams.

C. Organization of work

17. The Co-chair (United Kingdom), presented a proposed organization of work for the Working Group, which was adopted.

III. PRESENTATION OF THE 2002 ASSESSMENT REPORTS OF THE SCIENTIFIC, ENVIRONMENTAL EFFECTS AND TECHNOLOGY AND ECONOMIC ASSESSMENT PANELS (ARTICLE 6 OF THE MONTREAL PROTOCOL AND DECISION XI/17)

A. Scientific Assessment Panel

18. The Co-chair of the Scientific Assessment Panel, Mr. Daniel Albritton, presented the 2002 assessment report of the Panel. He said that the report was the product of over 200 scientists worldwide, who had contributed to its content and conducted a peer review of the information it contained. As a special supplement to the 2002 report, "Twenty questions and answers about the ozone layer" had been written for a general readership, including schools and the general public.

19. Ozone-depleting chlorine compounds were observed to be at or near their peak abundance in the stratosphere during the years 1996-1998. That maximum level was consistent with the reduction in emissions resulting from the provisions of the Montreal Protocol and was yet another indicator that the Protocol was working. The ozone layer at mid-latitudes remained depleted in both hemispheres. The most

recent Antarctic ozone hole (in 2002) was atypically small and was probably caused by rare meteorological conditions. Present day models and chemical capabilities could provide estimates of the ODP of very short-lived substances, such as n-propyl bromide.

20. Approaches to accelerating the recovery of the ozone layer were limited. With full compliance with the Protocol, recovery of the ozone layer was expected to occur around the middle of the century. The rate of recovery would be influenced by levels of greenhouse gases and climate change. The Co-chair pointed to ongoing information needs, including continued monitoring of ozone-depleting gases and ozone, to be able to continue to track the effectiveness of the Protocol; a better understanding of the links between climate and the ozone layer was needed for detection and characterization of recovery.

21. In response to a question, the Co-chair explained that observations of atmospheric abundance of carbon tetrachloride were approximately a factor of two larger than could be accounted for by reported emissions and currently known removal processes. The use of carbon tetrachloride as a feedstock, as well as fugitive emissions, hampered an accurate assessment of the cause of the discrepancy.

22. The views of SAP on a recent paper, which noted that leakage from hydrogen-based energy systems could increase ozone depletion, were sought. The Co-chair replied that while this was an important topic to explore, research and technical understanding of the situation had just begun and a more definitive picture would emerge in the future.

23. One participant welcomed the section of the report on frequently asked questions, which was already being used in his country for training and awareness-raising activities. Another participant stated that there was a need for a more in-depth study on the effects of hydrogen leakage on the depletion of the ozone layer.

B. Environmental Effects Assessment Panel

24. The Co-chair of EEAP, Mr. Jan C. van der Leun, introduced the Panel's 2002 assessment report. Pursuant to the request of the parties to the Montreal Protocol, the report gave special attention to interactions between ozone depletion and climate change. The report had also been published in the scientific journal *Photochemical and Photobiological Sciences*, opening it to the critical judgment of many more scientists, who might be stimulated by seeing how their work was used in the protection of the world environment.

25. The Co-chair gave examples of the interactions discussed in the report. According to several atmospheric models, climate change might prolong the depletion of the ozone layer. This would not only prolong the effects of ozone depletion, but also amplify some of them. The latter applied to those effects that were caused by doses of UV-B radiation accumulating over many years, such as cataracts and effects on certain trees.

26. On the other hand, ozone depletion might also increase climate change. Enhanced UV-B radiation caused damage to small organisms in the oceans, reducing the uptake of carbon dioxide by the oceans from the atmosphere and resulting in more carbon dioxide being left in the atmosphere, where it increased the greenhouse effect.

27. Rising temperatures, which would continue to come with climate change, influenced many chemical and biological processes and also influenced many effects of ozone depletion. A straightforward example was increasing damage by UV radiation to plastics, rubber, paint and wood. Because of the multiple interactions in and between organisms, the consequences for most biological effects of ozone depletion were, however, difficult to predict.

28. The Co-chair stated that many other characteristics of climate change could influence UV irradiance. That applied to cloudiness, precipitation, ice and snow cover and chemical reactions in natural waters. Such changes might all influence the effects of ozone depletion.

C. Technology and Economic Assessment Panel

29. The Co-chair of TEAP, Mr. José Pons Pons, introduced the Panel's assessment report for 2002, which had been widely circulated. He called the attention of participants to the abstracts and executive summaries of the reports of the various Technical Options Committees and invited the Co-chairs of those Committees to brief the Open-ended Working Group.

Aerosols, Sterilants, Miscellaneous Uses and Carbon Tetrachloride Technical Options Committee

30. The Co-chairs of the Aerosols, Sterilants, Miscellaneous Uses and Carbon Tetrachloride Technical Options Committee, Mr. José Pons Pons and Mr. Ashley Woodcock, reported that no technical barriers remained for ODS phase-out in aerosols other than metered-dose inhalers (MDIs), but that specific actions on the part of Governments would be needed for final phase-out. Consumption of CFCs was smaller for non-MDI aerosols than for MDIs, for a total consumption of 4,300 ODP tonnes in countries operating under paragraph 1 of article 5 of the Montreal Protocol ("article 5 countries") and countries with economies in transition during 2001. Barriers to phase-out included the limited availability of hydrocarbon aerosol propellants, the conversion of small CFC users and the conversion of non-MDI pharmaceutical aerosols.

31. The Co-chair stated that use of CFCs for sterilants amounted to less than 500 tonnes in 2001 and alternatives were available. A sector phase-out plan had been agreed related to the use of approximately 1,000 tonnes of CFCs for the tobacco sector in China in 2001. Decision VI/9 authorized the use of ODS for laboratory and analytical uses, while decision XI/15 removed three uses from the global exemption.

32. He also reported that the primary source of atmospheric emissions of carbon tetrachloride came from manufacturing facilities that used it as a feedstock to produce CFCs and other chemicals, from solvent use and from inadvertent emissions in various processes. If feedstock uses were excluded, worldwide consumption was estimated at 25,000 ODP tonnes. Emissions from uses relating to process agents were limited in non-article 5 countries, but were very difficult to estimate in article 5 countries. A significant reduction in use of carbon tetrachloride would result from sector phase-out programmes in India and China.

33. Usage of CFCs for MDIs amounted to 7,500 tonnes in 2001, of which 6,000 tonnes was for non-article 5 countries and 1,500 for article 5 countries and countries with economies in transition. Alternatives to CFCs were increasingly available; of the 450 million inhalers manufactured in 2001, one quarter were hydrofluorocarbon (HFC) MDIs and one quarter were dry-powder inhalers. However, the rate of transition had varied from country to country, with CFC use for salbutamol MDIs now declared non-essential in many countries. Action by the parties was now needed to complete phase-out of CFCs for MDIs, including addressing price issues for patients. In terms of availability of CFCs for MDIs, just-in-time production should be continued for as long as possible. Policies regarding stockpiling needed to be clarified, including transfer of CFCs between manufacturers. Storage of CFCs to cover needs for a period of three to five years would not present great operational problems. In article 5 countries and countries with economies in transition, some of which imported CFCs from multinational companies and others of which had a significant local production, there was an urgent need to develop transition policies. This would require accurate data on inhaler use and assistance to parties with local production facilities.

Rigid and Flexible Foams Technical Options Committee

34. The Co-chair of the Rigid and Flexible Foams Technical Options Committee, Mr. Paul Ashford, reported that markets for foam continued to grow, with increased demand for high-performance insulation in energy-efficient buildings. Progress in the phase-out of the use of CFCs in the sector was not consistent across regions and continued use of CFCs by some article 5 countries was being addressed by the Multilateral Fund. HCFC usage was being phased out in Europe and North America. In non-article 5 countries, total use of HFCs in 2001 amounted to no more than 2 per cent. Hydrocarbon technologies were maturing and penetrating new sectors, such as water heaters. End-of-life issues were still of major significance for CFCs and HCFCs and potentially also for HFCs. Improved destruction techniques and

practices were emerging and there was a need to share best practices in that regard. Small and medium-sized enterprises continued to face financial constraints, which remained a significant barrier to transition in both developed and developing countries. In addition, uncertainty remained over future policy related to HFCs.

35. In response to a question, the Co-chair said that most of the otherwise unclassified blowing methods covered in his presentation were in the flexible and integral skin subsectors and primarily involved the use of methylene chloride, CO₂ in liquid form and water-blown CO₂. He said that water-blown methods could be used by small and medium-sized enterprises but were generally less efficient for thermal applications. In the box foam subsector, a number of alternatives were still under review.

Halons Technical Options Committee

36. The Co-chair of the Halons Technical Options Committee, Mr. Gary Taylor, reported that use of halons for new fire extinguishers was no longer necessary, with the exception of the airline industry, which continued to require halon fire extinguishers on board aircraft. It was suggested that the parties might work with the International Civil Aviation Organization (ICAO) to develop a plan of action to eliminate regulatory requirements for halon fire extinguishers in new aircraft. Some parties had enacted regulations for decommissioning of existing stocks of halon and for the halons to be destroyed. It was necessary to plan such measures carefully to ensure that sufficient stocks of halon 1301 remained to meet future critical needs. It was suggested that users with existing critical halon needs should make arrangements to ensure a secure supply, perhaps in partnership with other users. As an alternative to the creation of large stockpiles of halon, it was suggested that the parties could establish a system whereby credits could be earned for destroyed or converted halons and carried forward for approval of possible critical uses in the future. A bolder strategy would be a market-based approach, such as trading in credits or allowing use of credits for essential uses of other ODS.

37. The representative of the European Community expressed opposition to the proposal for credits for destroyed ODS. The Montreal Protocol was predicated on phase-out of ODS, not on trade in them. Additionally, such a proposal would create inequity, in that some parties would be unable to afford to buy credits.

38. The representative of the European Community introduced a conference room paper containing a draft decision on a plan of action to modify the regulatory requirements mandating the use of halons in new airframes. The draft decision followed TEAP's findings on potential alternatives to the use of halons for commercial aircraft applications and the need to enter into discussions with airframe certification agencies and manufacturers on the issue.

39. Several participants expressed strong support for the initiative and its aim of removing barriers to finding alternatives to halon use for commercial aircraft applications. The representative of the United States of America expressed agreement with the intent of the draft decision, but said that it required rewording. The representatives of the European Community and the United States agreed to work together to find appropriate wording and to present the revised draft decision to the Working Group later in the meeting.

40. Subsequently, the Co-chair (Syrian Arab Republic) recalled that the conference room paper in question had already been discussed and stated that the representatives of the European Community and the United States had produced a revised draft decision. The revised draft decision was introduced by the representative of the European Community, who said that it now took into account the need to consider the health and safety of airline passengers. The observer from ICAO welcomed the revised draft decision, as it now addressed aviation safety concerns.

41. The Working Group agreed to forward the draft decision, contained in annex I to the present report, for consideration at the fifteenth Meeting of the Parties.

Methyl Bromide Technical Options Committee

42. The Co-chair of the Methyl Bromide Technical Options Committee (MBTOC), Mr. Nahum Marban Mendoza, reported that the assessment of methyl bromide focused on four items: (a) a technical assessment of the uses of methyl bromide and alternatives; (b) the response to decision IX/5 relating to effectiveness and suitability of alternatives in article 5 countries; (c) a survey of alternatives to the uses of methyl bromide for quarantine and pre-shipment treatment, relevant to decision XI/13; and (d) an update on technology for the recapture of methyl bromide.

43. Alternatives existed for more than 93 per cent of current consumption of methyl bromide, excluding quarantine and pre-shipment treatment. These included a diverse range of alternatives, with particular options best suited to specific uses. Limitations to the adoption of the alternatives were the need for their registration; the need for local adaptation; local availability; and the confidence of users and producers. Reduction in the use of methyl bromide had been achieved mainly not through use of alternatives, but instead through transitional strategies, including decrease in frequency of fumigation, decrease in dosages and reduction in the level of methyl bromide in various mixtures. The possibility of reducing the use of methyl bromide in quarantine and pre-shipment treatment was limited, owing to small commercial markets, the need for registration, the need for a reliable level of control and the need for bilateral approvals. Delicate trade negotiations were also a factor. An important aspect in emission controls was the recent use by many countries of virtually impermeable film technologies. The development of recapture and destruction technologies for closed systems was now at a stage where they could be adopted.

44. In the ensuing discussions, two participants referred to the problems faced by countries of the Maghreb region as regards the phase-out of methyl bromide, which was used to fumigate fresh dates, and said that despite the fact that demonstration projects had been carried out, methyl bromide substitutes that were economically, technically and scientifically viable had not been found. The representatives stated that they did not want to be found in a state of non-compliance with their obligations under the Protocol and asked the Committee to find solutions and feasible alternatives.

45. The Co-chair agreed that there was not, at present, an alternative to the use of methyl bromide for stabilizing dates with a high moisture content. Ethylene oxide had formerly been a possible alternative but had now been withdrawn on toxicological grounds. In the case of dates with a low moisture content, there were alternatives, and the members of the Committee would be happy to discuss them bilaterally.

46. The representative of Algeria introduced a draft decision, submitted by Algeria and Tunisia, contained in a conference room paper. He emphasized that the draft decision did not mean that the two parties concerned were no longer willing to phase out ODS; the problem had resulted from a lack of technically and economically viable alternatives. TEAP had confirmed that the technologies suggested were not appropriate for stabilization of high-moisture dates and, therefore, at the present time there were no solutions or viable alternatives to methyl bromide. He stressed that dates were very important for the economies of the parties concerned, including for the whole of the Maghreb region, and said that efforts would continue to find alternatives to enable the phase-out of methyl bromide.

47. Many participants sympathized with the situation faced by Algeria and Tunisia and expressed their appreciation for the draft decision submitted to the plenary meeting. Several participants stated that no party should find itself in a situation of non-compliance when no alternatives existed; under such circumstances parties could not be expected to close down vital sectors of their economy. One participant also expressed his wish that the document should apply to all date producers. Another participant said that it was necessary to define "agricultural uses" since other crops might also require exemption.

48. Although they fully supported the principles behind the document, some participants expressed misgivings about its legal ramifications, with one participant asking for assurances that all the alternatives had been tested before deciding to look into a legal solution. Most of the participants who expressed their views agreed that the issue needed to be looked into in greater detail and that further discussions were required.

49. The Co-chair (United Kingdom) summarized that all those who took the floor in the discussion wanted to ensure the fair treatment of all parties and stated that strong support had been shown for the draft decision; nonetheless, the issue required further discussion. She suggested that interested parties could liaise with Algeria and Tunisia in order to produce a revised proposal or suggest a way forward for further discussion at the preparatory meeting in November.

Refrigeration, Air-conditioning and Heat Pumps Technical Options Committee

50. The Co-chair of the Refrigeration, Air-conditioning and Heat Pumps Technical Options Committee, Mr. Lambert Kuijpers, reported that phase out of CFCs and other ODS, as well as considerations related to global warming, had resulted in an unprecedented transition in the refrigeration and air-conditioning sector, including for domestic, commercial, industrial and transport refrigeration, stationary and mobile air-conditioning equipment, chillers and heat-pump water heaters. Worldwide, a significant amount of installed equipment still used CFCs and HCFCs. Some new equipment also continued to be manufactured with CFCs in article 5 countries, particularly in the commercial and transport refrigeration sector. Demand needed to be minimized by preventive service, containment, retrofit, recovery and recycling, which required training of installers and service technicians. There was a need to minimize energy consumption and reduce emissions of refrigerants with a high global-warming potential. Additional research and development was being carried out to enhance the quality of equipment and to investigate the potential of other long-term in-kind and not-in-kind solutions, seeking higher energy efficiency and improved safety.

51. The Co-chair, responding to a question, explained that isobutane was a refinery product, available all over the world. Its price was approximately \$10 per kilogram, but it required only 40 per cent of the quantity of refrigerant compared to that in an HFC refrigerator, which would imply comparable pricing.

Solvents, Coatings and Adhesives Technical Options Committee

52. The Co-chair of the Solvents, Coatings and Adhesives Technical Options Committee, Mr. Ahmad H. Gaber, reported that new developments in terms of replacement technologies, market evolution and solvent toxicology had been addressed. The market potential for n-propyl bromide had been assessed in the light of concern for ozone depletion and health impacts. The special problems of small and medium users in article 5 countries had been reviewed and efforts had been made to assist those users. A Multilateral Fund project was under way in China and it was important to study the lessons learned from that project. Efforts needed to be made towards a rapid phase out of all ODS solvents, which was already technically possible. Phase-out of carbon tetrachloride, however, remained a challenge.

D. Synthesis report

53. Mr. Stephen Andersen, Co-chair of TEAP, presented the synthesis report, which had been drawn up by the Co-chairs of SAP, EEAP and TEAP. The synthesis report communicated the message that the Montreal Protocol was working. Given full compliance, it was expected that the ozone layer would start to recover within the coming decade, but that it would remain vulnerable. New studies confirmed the link between ozone depletion and significantly increased UV-B radiation, with its serious effects on skin and eyes. Additionally, studies confirmed that the interaction between ozone depletion and climate change was having serious environmental effects. An immediate global phase-out would accelerate the recovery by only four years, while a phase-out with recovery and destruction would accelerate recovery by 10 years. Immediate phase-out of most ODS and their uses was technically and economically feasible but would require increased resources and increased technical capacity in the article 5 countries. The synthesis report also reported that approximately 2 million tonnes of ODS would be available for collection and destruction.

54. He said that methyl bromide phase-out had already been achieved in some article 5 countries and a further 15 parties were planning total phase-out within three to six years. That effort would require additional financing from the Multilateral Fund. One possible way to increase the rate of phase-out might be to stipulate that critical-use exemptions would not be granted unless quantities of ODS equivalent to the exemption were recovered and destroyed.

IV. CONSIDERATION AND CONSOLIDATION OF ANY AMENDMENTS AND ADJUSTMENTS PROPOSED BY THE PARTIES (ARTICLE 9 OF THE VIENNA CONVENTION AND ARTICLE 2(9) OF THE MONTREAL PROTOCOL) AND FURTHER SPECIFIC INTERIM REDUCTIONS OF METHYL BROMIDE FOR THE PERIOD BEYOND 2005 APPLICABLE TO ARTICLE 5 PARTIES (DECISION IX/5 (1)(e))

55. Agenda items 4 and 6 were considered jointly by the Open-ended Working Group. By way of introduction, the Co-chair of MBTOC drew attention to the TEAP report of April 2003 and to chapter 6 of the MBTOC assessment report, which together had given information on the effectiveness of demonstration and investment projects in article 5 countries. As requested in decision IX/5, consideration should now be given to possible additional control measures.

56. A total of 232 demonstration and investment projects relating to methyl bromide had been undertaken in 60 countries. In all cases, except for prevention of ginseng-root rot and stabilization of high-moisture dates, one or more alternatives had proved equivalent to methyl bromide, although in some cases such alternatives would need adaptation to specific cropping environments and local conditions. The commercial availability of certain alternatives was of continued concern. TEAP also noted continuing efforts to sell and promote methyl bromide in some article 5 countries, including those that were at possible risk of being in non-compliance. The demonstration projects gave confidence that the many barriers to the elimination of methyl bromide use could be successfully overcome.

57. The representative of the European Community submitted a proposal for an adjustment to the control schedule for article 5 countries (UNEP/OzL.Pro/WG.1/23/4). Noting that the current schedule was for a freeze in 2002 at the baseline level, a reduction of 20 per cent in 2005 and phase-out in 2015, he said that the proposal added intermediate reduction steps of 60 per cent in 2007, 75 per cent in 2009 and 95 per cent in 2012. Quarantine and pre-shipment treatment applications would be excluded from the schedule.

58. The proposal was based on decision IX/5, under which parties were to decide in 2003 on further reductions. He expressed thanks to TEAP and MBTOC for their description and analysis of the demonstration projects. From that information, figures had been derived that demonstrated the feasibility of the accelerated phase-out schedule. The baseline total was about 15,500 tonnes and existing projects would phase out almost half of that amount by 2007. Since there would undoubtedly be additional projects, it was felt that a 60 per cent reduction was feasible. A key factor was that China, having ratified the Copenhagen Amendment, was now fully eligible for Multilateral Fund assistance and was currently preparing its methyl bromide phase-out strategy for submission to the Fund. About 7,000 tonnes would remain to be phased out in all developing countries. With additional projects taking place by 2009, a 75 per cent reduction was also attainable.

59. Such a schedule would require the agreement of all article 5 countries. The two most affected would be Mexico and South Africa, whose methyl bromide consumption together totalled about 2,400 tonnes. Of the 120 article 5 parties, about half consumed no methyl bromide at all and 35 per cent had only a small consumption. The focus was thus on about 20 high-consumption countries.

60. A view was expressed that one advantage to the article 5 parties would be avoidance of a possible boycott by the developed countries of food produced using methyl bromide. Some developing countries had already expressed support for the accelerated schedule, citing concerns about such a boycott.

61. As the synthesis report had made clear, with only two exceptions, in 232 completed projects in many different locations and for many different crops, one or more effective alternatives to methyl bromide had been identified. It was true that there were many barriers in various article 5 countries to the elimination of methyl bromide, but the successful projects showed that they could be effectively overcome.

62. A number of representatives from article 5 countries spoke against the proposal of the European Community, saying that it would represent an unacceptable additional burden.

63. A number of representatives from non-article 5 countries spoke in favour of the proposal, saying that the evidence from the 232 demonstration and investment projects appeared to make further reduction feasible.

64. Some representatives, while generally supporting the proposal, wondered whether 2007 was too early to introduce the further reduction. That would undoubtedly call for additional projects to be funded by the Multilateral Fund which, however, had only just been replenished.

65. The Co-chair of the Working Group (Syrian Arab Republic) suggested the establishment of a small contact group to consider the new phase-out schedule proposed by the European Community. A number of representatives felt that such a group should be open-ended in order to allow all interested parties to participate. It was agreed to establish an open-ended contact group, to include participation of representatives of TEAP and the implementing agencies, to consider the various issues arising out of the proposals of the European Community, which would meet and report back to the Working Group.

66. The representative of the European Community welcomed the useful discussion among the parties and underlined the commitment for developed countries to finance phase-out projects and for article 5 countries to implement them.

67. At a subsequent meeting, the facilitator of the contact group reported to the Working Group that discussions on the schedule for interim control measures had led to the conclusion that more time was needed to discuss the issue. The representative of the European Community would distribute a spreadsheet supporting its proposal to parties in October, in order to facilitate the discussion on the selection of reduction steps and appropriate percentages.

68. The contact group had also discussed the European Community's proposal to amend the Protocol to advance the deadline for data reporting for a given year from 30 September to 30 June. While many representatives agreed on the benefits of providing the Implementation Committee with the data earlier so that it would have more time to assist countries in achieving compliance, the view was expressed that bringing forward the deadline for data reporting might make it more difficult for many article 5 parties to submit accurate data on time. It was also pointed out that the amendment and ratification process was a laborious one, which could lead to different data reporting times for different parties contingent on their ratification of the amendment. One representative suggested the option of proposing an adjustment rather than an amendment to the Protocol, saying that an adjustment would not require ratification and could be achieved more quickly. The suggestion was also made that an amendment of the data-reporting deadline could be introduced as part of a package of more substantial amendments at a later time and that a decision could be taken in the interim to encourage countries to report data by 30 June of each year. Finally, it was suggested that one way of reconciling the need for timely reception of accurate data and the capacity of parties to provide it in a shorter period, would be to investigate the possibility of rationalizing various reporting obligations, including that of reporting to the Executive Committee of the Multilateral Fund at the beginning of each year.

69. Following the discussion, the representative of the European Community said the Community would consider the issue further among its member and acceding States and would revert to the Working Group later in the meeting.

70. The representative of the European Community subsequently reported to the Working Group that discussions had taken place among the European Community's member and acceding States on whether their proposal could be accommodated as an adjustment to the Protocol, rather than as an amendment. Legal advisers had been consulted and more time was needed to consider the issue. The representative of the European Community therefore proposed to continue consultations following the present meeting and to communicate the outcome to parties before the next meeting of the Working Group.

V. CONSIDERATION OF THE 2003 REPORT OF THE TECHNOLOGY AND ECONOMIC ASSESSMENT PANEL

71. Representatives of TEAP presented the findings of the Panel's 2003 progress report on the issues of essential use nominations; nominations for critical-use exemptions for methyl bromide; alternatives to methyl bromide for quarantine and pre-shipment treatment; options for the continued supply of HCFCs; the refrigeration service sector and chillers; the status of approved destruction technologies; and other issues arising out of the 2003 TEAP progress report.

A. Nominations by the parties for essential-use exemptions for controlled substances (decision IV/25(6))

72. In respect of agenda sub-item 5 (a), it was reported that there had been a reduction in amounts nominated for essential-use exemptions and Australia and Japan were cited as countries that would have completed transition for MDIs by 2005. Attention must be given to stockpiles, stressing the importance of indicating amounts required for export. Accounting frameworks had proved to be useful and were essential for assessing how inventories were used. As regards laboratory uses, more time was required to validate testing methods. Seven parties, the European Community, Hungary, Poland, the Russian Federation, Switzerland, Ukraine and the United States of America, had requested essential-use exemptions in 2003 for MDIs. The representative of TEAP summarized the nominations from the seven parties and the recommendations made by TEAP. The table containing the recommendations on essential-use exemptions is contained in annex II to the present report.

73. The representative of the European Community emphasized the importance of a draft decision to promote the phase-out of MDIs. In view of the accession of 10 new countries to the European Union in May 2004, he said that work would be carried out with Poland and Hungary with a view to including those two countries in the 2005 nominations. Evoking the cases of Poland and Hungary, one participant pointed out that the parties were responsible for determining whether sufficient information had been provided for nominations. In response to that comment, the representative of Poland wished to clarify that his country's essential-use nomination for 2005 had received a positive recommendation from TEAP and that discussions on the matter had been planned owing to the European Community's wish to include Poland in its 2005 nominations. As regards the European Community's suggestion of including the European Union acceding countries, a representative of TEAP commented that a combined nomination could be reviewed under the normal time schedule and that he hoped that it would be smaller than the total of the individual nominations from the European Community and the two countries in question.

B. Nominations for critical-use exemptions for methyl bromide

Presentation by the Co-chair of the Methyl Bromide Technical Options Committee

74. Mr. Jonathan Banks, Co-chair of MBTOC, explained the procedures the MBTOC had used in evaluating the nominations parties had submitted for critical-use exemptions for methyl bromide. For each nomination, both the technical and economic feasibility of alternatives had been assessed.

75. Mr. Stephen DeCanio, Co-chair of the TEAP's Agricultural Economics Task Force, set out the procedures used to assess the question of economic feasibility. The concept of "economic feasibility" did not, of course, imply no change in agricultural or fumigation practices, no increase in prices or costs, or no change in users' profitability. Furthermore, it needed to account for the benefits deriving from the elimination of methyl bromide. The median cost of the methyl bromide phase-out projects supported by the Multilateral Fund, which could be used as a measure of "willingness to pay" for elimination, came to about \$24,000/ODP-tonne, about the same sum as total expenditure to date on methyl bromide phase-out divided by tonnes eliminated. That figure thus gave the lower limit for the economically feasible cost of phase-out.

76. The upper limit was given by the costs included in the nominations for critical-use exemptions. These gave higher figures because the costs would in the end be shared between producers and consumers,

depending on the elasticity of demand for the treatment. The greater the degree of substitution, of either the treatment or the crop, the lower would be the cost to producers, in practice possibly as little as 5-10 per cent of the apparent total cost. It could also be expected that the costs of elimination would fall over time, as a result of growing economies of scale, technological progress, and "learning by doing" – as had been the experience with CFCs and already seemed to be the case with methyl bromide.

77. Further considerations working against a liberal approval of critical-use exemptions were the disincentive that would create to the development and diffusion of alternatives to methyl bromide and the resulting higher costs to the Multilateral Fund, both because of slower commercialization of alternatives and because article 5 parties would be likely to request similar exemptions as they approached phase-out themselves. In contrast, a stringent approach to exemptions would stimulate research and development, reward suppliers of alternatives and phase-out leaders, avoid over-expansion of methyl bromide production and support sustainable agriculture. Mr. Banks added that the analysis of the nominations for critical-use exemptions in terms of the economic feasibility of alternatives had not changed the conclusions reached in terms of the technical feasibility of alternatives.

78. He observed that MBTOC had faced a major challenge in dealing with the very large number of nominations, a total of 104 submitted from 13 parties. They varied widely in terms of quantity of methyl bromide covered and also in the level of supporting information included. This was the first time that the provisions of decision IX/6 and the Handbook on Critical Use Nominations had been applied; the members of MBTOC had no precedents to guide them. MBTOC had followed the evaluation criteria set out in decision IX/6 in accepting nominations only when no alternatives were available to the user, use was minimized, emissions were minimized, and a plan was included for the deployment of alternatives.

79. The nominations received represented a total of 16,831 tonnes, equivalent to about 30 per cent of the relevant parties' baseline consumption. MBTOC and TEAP had decided to recommend nominations representing 4,047 tonnes, did not recommend nominations representing 280 tonnes and was still considering the remainder, usually because more information was needed. In some cases, the principle of the nomination had been approved, but the quantity had been reduced where it was felt that emission-reduction technologies were available, or that alternatives existed and could be phased in; a three-year phase-in period for new alternatives was thought appropriate, based on previous Fund practice.

80. MBTOC and TEAP proposed to approve exemptions for one year only, 2005. In a period of rapid transition, it was very difficult to predict how quickly new alternatives might become available and it seemed very likely that further new technologies or substances would reach the market during or before 2005. Approvals for longer periods would discourage the development of alternatives and in any case there was considerable scope for adopting transitional strategies, allowing both an immediate reduction in methyl bromide use and enough time to introduce non-methyl-bromide alternatives. MBTOC and TEAP recognized, however, that although in some cases alternatives might be technically available, users did not always enjoy access to them, because of lack of commercialization, insufficient time for implementation, or lacking or restricted registration.

81. Mr. Banks added one important caveat: that if access to chloropicrin or phosphine, two important in-kind alternatives, was lost, there would be pressure to retain or return to methyl bromide. Though there were efforts to develop and deploy non-chemical sustainable alternatives, chemical treatments, including fumigation, remained the principal alternatives at this time. He concluded by outlining the proposed timetable for decisions. He looked forward to receiving guidance from the current meeting of the Open-ended Working Group. In August, a revised Handbook on Critical Use Nominations could be published. The date of 10 September was the suggested deadline for the receipt of clarifications and supplementary information on the nominations, which would be considered by MBTOC at its meeting on 22 September. TEAP would publish its recommendations on 5 October and the Meeting of the Parties would consider them at its fifteenth meeting, in November.

82. The Co-chair of the Working Group (United Kingdom) thanked MBTOC for its hard work on a complex issue, and proposed that parties wishing to discuss technical matters relating to particular nominations should take them up bilaterally with MBTOC (see paras. 104-106 below).

Discussion of the evaluation of nominations by the Methyl Bromide Technical Options Committee

83. Representatives of all parties who contributed to the discussion echoed the Co-chair's thanks to MBTOC for an impressive piece of work, carried out in many cases with minimal guidance from the Meeting of the Parties. Many participants felt that parties needed to provide further guidance on a number of key issues, including the period for which exemptions could be granted and the amount of supporting information needed for nominations. The large number of nominations lacking adequate information showed that there was a substantial gap in understanding between MBTOC and the parties submitting nominations. The proposed revision of the Handbook, including perhaps a tabulated form for parties to complete for future nominations, should be helpful in that respect, although one participant said that a new edition should not be introduced until 2007 in order to avoid confusion.

84. Other participants expressed their concern at some of the assumptions used by MBTOC, such as the three-year phase-in of new alternatives; new crop treatments, for example, needed to be demonstrated over several growing seasons before they could be assessed properly. Similarly, unlike other ODS, uses of methyl bromide were sometimes site-specific, varying with soil types, for example, or climatic conditions, and the global applicability of alternatives could not be assumed. Several participants observed that this was a learning process and procedures would inevitably need to be reviewed and adjusted with the aim of reaching an outcome that was non-burdensome, transparent and sensitive to individual circumstances. In the short term, the procedure should be applied flexibly while alternatives were being developed and further studies carried out. Some participants suggested that lump-sum approvals would be better than approving quantities on an individual nomination basis, allowing parties greater flexibility in meeting their needs.

85. Other participants cautioned, however, that although the process could undoubtedly be improved, it had to be credible, minimizing the use of methyl bromide in the interests of protecting the ozone layer. Parties had to be very careful in approving nominations, knowing that in a few years' time article 5 parties would almost certainly wish to apply for whatever exemptions were approved on this occasion. Since TEAP had reported that alternatives were available for 93 per cent of uses of methyl bromide, it was difficult to understand why nominations came to more than 30 per cent of baseline consumption. The evaluation criteria included in decision IX/6 had been developed with great effort over many years and ought not to be departed from. One participant suggested that when approving nominations, TEAP could provide suggestions for introducing alternatives and also that parties benefiting from exemptions could be requested to provide an annual report on progress made in developing substitutes.

86. Several representatives of article 5 parties expressed their concern at the large number of nominations. Since non-article 5 parties generally led the way in developing new technologies, the idea of granting critical-use exemptions could be seen as way of extending non-article 5 parties' dominance of the market. Furthermore, some methyl bromide producers from non-article 5 parties had been encouraging farmers in article 5 countries to oppose phase-out.

87. In fact, however, many article 5 parties had already started to move towards complete phase-out of methyl bromide, based on TEAP recommendations for alternatives, and it was difficult to understand how article 5 parties could achieve complete phase-out while non-article 5 parties continued to use the substance. Several participants recalled the discussion at the last Meeting of the Parties about the impact on the competitiveness and market access of developing countries competing with non-article 5 parties continuing to use methyl bromide under critical-use exemptions. The MBTOC report was good on technical matters, but had failed to consider crucial socio-economic issues such as trade and economic impacts.

88. One representative of an environmental non-governmental organization also expressed his concern at the volume of nominations. As the SAP report had indicated, the damage to the ozone layer caused by methyl bromide was equivalent to that caused by all the HCFCs combined. The substance was also highly

toxic and dangerous to its handlers. He believed that when parties had negotiated the 70 per cent reduction for non-article 5 parties by 2003, they had implicitly accepted that critical-use exemptions should be capped at 30 per cent; otherwise the Protocol would be faced with the absurd situation of methyl bromide consumption rising, possibly back to 100 per cent of baseline, as parties approached their total phase-out target. He also expressed his concern at the possible dramatic rise in the consumption of methyl bromide for quarantine and pre-shipment use if countries started to fumigate solid wood packaging used in international trade. Since wood packaging could carry invasive species of pests, that was a real problem, but it would be better dealt with by phasing out the use of wood rather than seeing methyl bromide use for quarantine and pre-shipment treatment rise by up to 10 times its current level, as recently estimated by the United States Department of Agriculture. He suggested that TEAP could convene a discussion on the issue.

89. The representative of Australia drew the meeting's attention to an error in the TEAP 2003 progress report. The figure for Australia's total nominations in table 3-7 should be 205 tonnes, representing 29 per cent of its baseline, rather than 261.9 – 293.8 tonnes, representing 37-42 per cent.

90. Responding to some of the issues raised during the discussion, Mr. Banks accepted that MBTOC had experienced some problems with evaluating the nominations and had probably not been clear enough in stating what supporting information needed to be submitted in order to allow a proper evaluation against the criteria set out in decision IX/6. He felt that the revised Handbook, including a standard form, would be very helpful in that respect. He also observed that the pattern of methyl bromide use and progress with phase-out was highly variable. In many cases, article 5 parties appeared to be in the forefront of phase-out, though some non-article 5 parties had made dramatic progress. However, some uses were undoubtedly proving very difficult to phase out, and the degree of difficulty might vary between article 5 and non-article 5 parties. He felt that the suggested study of economic and trade impacts on article 5 parties could be of value, but its precise terms of reference would need to be very carefully defined.

91. The meeting agreed to establish a contact group, chaired by Australia, to discuss the issues in greater detail.

Report on the deliberations of the contact group

92. The representative of Australia reported on the deliberations of the contact group, which had been able to identify constructive ways forward on many of the issues under discussion, thanks in no small part to the participation of representatives of MBTOC and TEAP.

93. On the topic of the duration of exemptions, there was a divergence of views. Participants noted that while decision IX/6 had not specified a time limit, MBTOC had recommended single-year exemptions because of uncertainty about the evolving availability of alternatives and, in some cases, because of the absence of a sufficiently detailed transition plan. MBTOC and TEAP representatives confirmed, however, that they had not concluded, for any multiple-year nominations, that an exemption of only one year and no longer had been justified. The meeting agreed that if accepted, multiple-year exemptions would need annual reporting, allowing regular assessment by MBTOC of evolving circumstances and efforts to achieve a transition to alternatives. Several participants felt that data requirements for annual reporting could be lower than for first-year nominations. The MBTOC representatives present concurred with that view and, stating their intention to work on developing guidance on reporting requirements before the fifteenth Meeting of the Parties, suggested that it would be useful if MBTOC and TEAP could liaise with a drafting group of interested parties over the next few months.

94. Some parties had expressed concern over the question of whether the specific circumstances of each of the nominations had been taken sufficiently into account, but confirmed that bilateral consultations with MBTOC had reassured them. The recommendations published in the 2003 TEAP progress report were just initial recommendations and it was acknowledged that they would be subject to change if a nominating party provided MBTOC with sufficient data to confirm that they could not viably be applied to the circumstances of individual nominees.

95. On the question of the economic feasibility of alternatives and the Agricultural Economics Task Force's proposed cost threshold, strong concerns had been voiced by a number of parties, who felt that it did not allow for the individual circumstances of a nomination to be taken into account. There was general agreement in the contact group that further work needed to be undertaken on the model for assessing economic feasibility. One of the representatives of TEAP and MBTOC supported the proposal that further work should be conducted by MBTOC, in consultation with interested parties, in advance of the fifteenth Meeting of the Parties.

96. The group also discussed the concept of aggregation of approved exempted quantities, which would enable a nominating party to exercise flexibility in allocating quantities of methyl bromide. Awarding exemptions on an aggregated, or "lump-sum", basis was viewed by some parties as being consistent with the approach taken in approving essential-use exemptions for MDIs. Concerns were raised by some parties, however, that the allocation would be difficult to administer effectively. An alternative approach might be to allow parties to apply for an increase in their exemption quantity to address sudden changes in their circumstances, although it was recognized that the current process might not be fast enough to allow for that to happen.

97. Several parties noted that the first round of the nomination process had been an extremely onerous one and there was general agreement that the potential for reduced data requirements should be explored. That included the possibility of reducing the data and information required to address economic feasibility, and only requiring applicants to include information on the one or two alternatives most relevant to the nomination, rather than on the entire list of available alternatives. The MBTOC representatives indicated that revisions under way to the Handbook on Critical Use Nominations would assist in addressing the latter concern and the further work to be carried out on the economic feasibility model could take into account the former issue.

98. The group also noted the suggestion in section 3.4.5 of the 2003 TEAP progress report that future nominations should not be accepted unless they included sufficient supporting data from trials of alternatives. Noting that some nominees had limited resources to devote to scientific trials, it was proposed that the requirement should not preclude the acceptance of nominations including data from grower trials. One of the MBTOC representatives confirmed his expectation that the individual circumstances of the nominee would indeed need to be taken into account when assessing the adequacy of the data provided, but strongly urged parties to ensure that any trials data submitted included benchmarking data to allow direct comparison of the alternative subjected to the trial against the use of methyl bromide.

99. The MBTOC representatives informed the group that the revised Handbook on Critical Use Nominations, which should be available from early August, would include an application form to guide nominating parties in their submissions and that the issues discussed in the contact group would be taken into account in the revisions.

Discussion on the report of the contact group

100. The Co-chair (Syrian Arab Republic) opened the floor for any views or comments stemming from the report of the contact group.

101. After thanking Australia for chairing the useful discussions held with participants, TEAP and MBTOC, the representative of the European Community pointed out that some important comments raised during the group's discussions had not been included in the report, or had been only partially reported. He put forward four points he felt were not sufficiently reflected in the report: (a) some representatives had expressed the need to maintain a one-year duration for critical-use exemptions since that would probably encourage applicants to implement alternatives as soon as possible; (b) although some parties had supported multiple-year nominations, it had been pointed out that the data requirements for annual reports could entail a significantly greater workload for applicants and MBTOC alike; (c) it had been suggested that an assessment of "significant market disruption" could be included in the process of determining the economic viability of alternatives; and (d) the representative of MBTOC had advised that each critical-use nomination

should address the most promising 3-6 alternatives. He also requested that single and multiple-year submission forms should be equally reported since the discussions had applied to both of them.

102. As regards multiple-year exemptions, one participant pointed out that although TEAP had recommended one-year exemptions since changes could occur in the registration procedure within the next 1-2 years and allow application of new alternatives, such changes could go in either direction and could remove important applications as well. He also expressed his misgivings at establishing a three-year benchmark and highlighted the need for exemptions for 2005 and 2006; furthermore, a three-year phase-out was unrealistic judging from Multilateral Fund experience, literature and MDI experience.

103. The representative of Australia subsequently informed the meeting that a revised version of the report from the contact group on methyl bromide critical-use exemptions was available. The amendments requested by the representative of the European Community had been incorporated, except that the MBTOC representative had clarified that the number of exemptions to be addressed should not be specifically stated. The representative of Australia also noted that, for the sake of balance, more detail of all the various opinions expressed in the contract group, not just those of the European Community, had also been included. The text of the revised report of the contact group is attached to the present report as annex III.

Report on bilateral meetings between the Co-chair of the Methyl Bromide Technical Options Committee and parties

104. Mr. Jonathan Banks, Co-Chair of MBTOC, reported on the bilateral meetings held with nine parties on details of the critical-use nominations they had submitted. The discussions had been very positive, clarifying many outstanding issues, and he believed that the MBTOC was now in a better position to evaluate the remaining nominations and produce consistent recommendations for discussion at the next Meeting of the Parties. He understood, and had emphasized in his earlier presentation, that the specific circumstances relating to each nomination would be carefully considered.

105. He proposed a number of modifications to the procedure for preparing and considering nominations. In cases where it was thought that alternatives to methyl bromide might become available, it would be possible for nominations to be accepted subject to a contingent reduction in quantities if such alternatives did indeed emerge. In many cases, the performance of alternatives would need to be assessed against that of methyl bromide and it would be important that sufficient quantities of methyl bromide were available for that purpose; parties might like to consider including quantities of methyl bromide for research and testing processes in nominations for critical-use exemptions.

106. He observed once again that some nominations had failed to include plans for the development and phase-in of alternatives to methyl bromide, as required under decision IX/6, and urged parties to include them; they would be evaluated on a case-by-case basis. MBTOC recognized and would take into account the difficulties inherent in some emission reduction strategies, such as the use of virtually impermeable film sheets. Reiterating the timetable for future consideration of nominations, he observed that one further meeting of MBTOC would have to be held before the fifteenth Meeting of the Parties, but that budgetary provisions had not been made by non-article 5 party members for that additional meeting. After the Ozone Secretariat had informed the meeting that a budget could be made available at least for the article 5 members, Mr. Pons, Co-chair of MBTOC, responded by saying that he hoped that parties could find ways of supporting the non-article 5 party members. It was agreed that the timetable for the completion of the evaluation of nominations would be as follows:

10 September	All further information necessary from the nominating parties to be sent by the parties
22 September	MBTOC meeting
8 October	Completion of the TEAP supplementary report

Consideration of a proposed draft decision on conditions for granting critical-use exemptions for methyl bromide

107. The representative of the Dominican Republic presented a conference room paper containing a draft decision on the conditions for granting critical-use exemptions for methyl bromide for article 5 parties. The draft decision addressed issues raised during the discussions that had taken place throughout the meeting. It requested TEAP to study the potential trade, economic and other impacts that critical-use exemptions in non-article 5 parties might have on article 5 countries, and listed the conditions for granting critical-use exemptions to non-article 5 countries and to article 5 countries that had opted for accelerated phase-out. The draft decision also endorsed a \$24/ODP-kg threshold below which technically feasible, registered and commercially available alternatives to methyl bromide would be considered cost-effective.

108. In introducing the draft decision, the representative of the Dominican Republic explained that obtaining a clearer picture of the impact of critical-use exemptions, and defining the criteria for those exemptions more strictly, would serve to strike a balance between non-article 5 and article 5 countries in terms of the practical implications of a measure meant to ensure compliance with the Montreal Protocol. A predictable and comprehensive mechanism for granting critical-use exemptions would prevent them from becoming a means by which some countries might be able indirectly to circumvent their obligations and enjoy unfair competition with other countries.

109. Several participants expressed appreciation for the hard work that went into the draft decision and said that it was unfortunate that it had not been available earlier, so that it could have received the in-depth consideration it deserved. A preliminary discussion took place, during which a number of points were raised. One point dealt with the duration of exemptions and the need to make realistic provisions for the time involved not only in finding, but also phasing in, technically and economically feasible alternatives to methyl bromide. There was also discussion on the principle of balance and fairness, and whether article 5 countries that had chosen accelerated phase-out should be allowed to apply for critical-use exemptions; whether article 5 countries that had received funding from the Multilateral Fund to phase out substances should then be granted critical-use exemptions to keep using those same substances, and whether article 5 countries that had been asked to take risks in phasing out methyl bromide early should subsequently be asked to bear the consequences of those risks without support. One participant asked whether decision IX/6 did not already apply equally to article 5 and non-article 5 countries, stating clearly that the exemptions applied only after the deadline for phase-out. The importance of strictly regulating the critical-use exemption nomination process was stressed, and an appeal was made by several parties to pay very close attention to the trade implications of critical-use exemptions, particularly in article 5 countries where agricultural exports represented a significant proportion of gross domestic product.

110. One participant suggested that the article 5 parties that had agreed to phase out early had only done so when it was demonstrated that their conversion would put them in a better position than they would have been in if they had continued to use methyl bromide. Accordingly, he suggested that those countries should not find themselves facing negative trade impacts and he therefore questioned the need for a study. He also questioned the proposal to endorse the \$24/ODP-kg economic feasibility threshold, noting that it was not technically or legally justified. Specifically, he noted that the Multilateral Fund had not included a cost-effectiveness threshold for methyl bromide products because of the importance of assessing the unique circumstances of each crop and wide cost differences. Further, if the \$24/ODP-kg threshold was used in the context of the Multilateral Fund, many projects would end up not receiving sufficient funding; therefore, it would not be fair to use a single fixed threshold in either case. He noted further that the use of a single threshold was not consistent with the critical-use decision, which called for the consideration of individual circumstances. The participant expressed support for article 5 countries that had agreed to an accelerated phase-out.

111. The representative of the Dominican Republic, responding to the discussion, expressed concern with regard to the statement opposing a study of the potential impact of critical-use exemptions for non-article 5 parties on the economies of article 5 parties. There was a long-standing request to TEAP to examine the situation, and all parties would benefit from obtaining a clear view of the practical implications for

countries' economies. He was further concerned about upholding the rights of article 5 parties when it came to protecting themselves from potential problems affecting their economies. He agreed that article 5 parties that had embarked on early phase-out had done so of their own free will, but that did not mean that they had foregone their entitlement to the measures available to non-article 5 parties for the purpose of protecting their markets. Otherwise, it would mean that article 5 parties were being penalized for complying with the Montreal Protocol ahead of schedule.

112. The preliminary discussion made it clear that there was no consensus on the text, but it was agreed that the draft decision was extremely important to all parties. The meeting therefore agreed to forward the draft decision, as contained in annex I to the present report, in brackets to the fifteenth Meeting of the Parties.

C. Evaluation of alternatives to methyl bromide for quarantine and pre-shipment treatment and estimation of quantities that would be replaced (decision IX/13(4))

113. In respect of agenda item 5 (c), it was noted that the issue of methyl bromide alternatives for quarantine and pre-shipment treatment had been covered under agenda item 3 (see para. 43 above). The representative of TEAP wished only to add that a survey on possible alternatives in accordance with decision XI/13 was being carried out.

114. One participant wished to point out that although she commended the MBTOC study on finding alternatives to methyl bromide for quarantine and pre-shipment treatment, the suggested transition period of 2 to 10 years was not sufficient, especially in view of the need to ensure that the introduction of alternatives did not have a negative impact on various sectors of industry; therefore, she would welcome further discussions on the issue.

D. Options for the continued supply of hydrochlorofluorocarbons (HCFCs) to article 5 parties in the light of the production freeze by non-article 5 parties effective 2004 (decision XI/28)

115. Representatives of TEAP presented the conclusions of a study conducted by the HCFC Task Force on the relationship between the demand for HCFCs in article 5 countries and the supply of HCFCs following the production freeze by non-article 5 parties effective in 2004. The estimates of demand and supply for 2002-2015 had been based on economic growth scenarios and production capacities respectively. The uncertainty inherent in economic projections over a period of 12 years and uncertainty with regard to the substitution of HCFC-based technologies with other technology options meant that a further full assessment would be required in 3 to 5 years when additional data were available. Everything seemed to indicate, however, that HCFCs were likely to remain important as transitional substances in the replacement of CFCs. According to best current estimates, a freeze in production in non-article 5 countries and two additional reduction steps in production in the European Union during 2002-2015 would have no impact on the availability of HCFCs to article 5 countries in the period beyond 2005, except in the case of HCFC-22, for which the demand would increase three-fold from 2002, linked largely to the growth of the refrigeration and air conditioning sectors in article 5 countries, notably China. The representative of TEAP noted that an assessment of new HCFC-22 data would be appropriate in 2004. Following the freeze, HCFC-producing countries that had not ratified the Beijing Amendment and all the countries that had not ratified the Copenhagen Amendment would be treated as non-parties to the Protocol with respect to HCFCs.

116. One participant expressed concern about the implications of an HCFC-22 shortage as soon as 2005, particularly in article 5 countries where conversion projects had taken place in the expanding refrigeration and air-conditioning market. A number of mitigating factors were pointed out, including the uncertainty of the predictions, the fact that, in the event of a shortage, mothballed CFC plants could be swung over to HCFC-22 production, and the fact that new information on HCFC production in China, India and the Republic of Korea was being included in the report and could change the predictions considerably. The report had furthermore concluded that the introduction of additional regulatory controls for HCFC

production in non-article 5 parties after 2005 was likely to bring forward investment plans for further HCFC-22 capacity in article 5 regions, giving the investments more opportunity for commercial return. On the subject of funding, one participant said that provisions should be made to ensure the availability of Multilateral Fund assistance for article 5 countries that were forced to rush into non-ODS production by a shortage of HCFC-22. It was also noted that it might be necessary in the future for the parties to reappraise the current policy of the Executive Committee of the Multilateral Fund, which allowed for the financing of a single transition from ODS production and/or consumption. It was also expressed that wherever possible, Multilateral Fund assistance should go towards encouraging article 5 countries to adopt non-ODS alternatives as long-term solutions, rather than to increasing HCFC production capacity.

117. With regard to the trade implications of the HCFC production freeze by non-article 5 countries, the representative of Japan wished to record in the report his reservation on treating HCFC-producing countries that had not ratified the Beijing Amendment, and all the countries that had not ratified the Copenhagen Amendment, as non-Parties to the Protocol with respect to HCFCs. He expressed the opinion that parties that had ratified the Copenhagen Amendment should be considered parties to the Protocol with respect to HCFCs even if they had not ratified the Beijing Amendment.

118. In response to that issue, one participant said that the matter was even more complex than it appeared and would require further discussion. In fact, parties that had not ratified the Beijing Amendment would be able to trade in HCFCs so long as they complied with the substantive requirements of the Beijing Amendment. For instance, since the Beijing Amendment did not contain any substantive requirements for article 5 countries, they would be able to circumvent the restrictions.

119. Following the discussion, the Working Group decided to establish a contact group to discuss the trade implications of ratification or non-ratification of the Beijing and Copenhagen Amendments. The contact group would report back to the Working Group later in the meeting. (For the record of the report of the contact group, see paras. 169-179 below, under Other matters.

E. Assessment of the portion of refrigerants used for chillers in the total consumption of the refrigeration service sector made up by chillers and any incentives and impediments to the transition to non-chlorofluorocarbon equipment (decision XIV/9)

120. In respect of agenda item 5 (e), a representative of TEAP stated that under decision XIV/9, the parties had requested TEAP to assess the portion of the refrigeration service sector made up by chillers and to identify incentives and impediments to the transition to non-CFC equipment. Owing to the lack of time available to carry out that task, TEAP had been unable to meet the request adequately and a report would therefore be submitted to the Working Group meeting in 2004.

F. Status of destruction technologies for ozone-depleting substances and code of good housekeeping (decision XIV/6(4))

121. In respect of agenda sub-item 5 (f), an update was given on the response to decision XIV/6, in which the parties had requested TEAP to update the code of good housekeeping. Significant discussions had taken place on the relationship between performance criteria and minimum standards in the interim. It was also noted that decision XIV/6 did not fully reflect the list of destruction technologies recommended for approval by TEAP. The code had been edited and it was emphasized that TEAP was responsible for transmitting good practices and helping parties to set standards themselves, but not for setting standards. There was a need to further consider the ongoing development of destruction technologies for dilute sources and to agree on a method for assessing the amount of ODS destroyed based on destruction efficiencies.

122. The representative of Japan welcomed the updated code of good housekeeping produced by TEAP since it maintained the integrity of the previous version whilst allowing Governments the flexibility they required. He also pointed out that decision XIV/6 did not fully reflect the technology list recommended in the TEAP report and said that the draft decision on the status of destruction technologies for ODS and the code of good housekeeping had been produced by Australia and Japan to better reflect TEAP's

recommendation on destruction technologies. Speaking also on behalf of Japan, the representative of Australia gave a summary of the draft decision before the Working Group in a conference room paper, which was aimed at giving effect to the key proposals made by TEAP; nonetheless, some additions had been made. She highlighted the need to make the draft decision easy to understand and pointed out the problems caused by the use of acronyms, suggesting that the code of good housekeeping should contain references to facilitate comprehension.

123. A number of participants expressed their support for the updated code of good housekeeping and the draft decision. One participant, however, voiced concern over the lack of attention given to the economic implications of destruction technologies. He wondered whether countries themselves would have to meet the costs of transportation and destruction and asked whether that would be feasible. He stated that instead of looking merely at the technical aspects, any proposal should consider the financial implications. In reply to that comment, it was pointed out that the code of good housekeeping did not require countries to destroy ODS, but simply provided them with guidelines if and when they decided to do so. Acting upon a suggestion made by the Co-chair of the Working Group, the representatives of Australia and Japan decided to convene a working group to discuss the matter, which would report back to the meeting. They requested the participation of TEAP members.

124. The representative of Australia subsequently reported that the contact group had successfully addressed all the outstanding issues and that the draft decision had been revised accordingly. A new paragraph 5 had been added to take account of parties' obligations under other international conventions; the table in appendix I to the draft decision had been revised in order to make clear which destruction technologies were approved for which applications; and the table in appendix II no longer listed emission levels, in order not to discourage parties from adopting stricter levels and not to interfere with parties' obligations under other international conventions.

125. The Working Group agreed to forward the draft decision, contained in annex I to the present report, for consideration by the fifteenth Meeting of the Parties.

G. Other issues arising out of the 2003 report

126. The other issues arising out of the 2003 TEAP progress report comprised MDIs; laboratory and analytical uses; rigid regulations on use of ODS; the annual report on n-propyl bromide; and TEAP operations. As regards the activities of the Aerosols Technical Options Committee, the CFC consumption in non-MDI aerosols for 2002 had been estimated at 3,250 tonnes. It was pointed out that no new non-ODS laboratory methods had been presented. The representative of TEAP said that the parties might like to hold a workshop on the limitation of ODS in laboratory and analytical uses.

Metered-dose inhalers

127. A representative of TEAP gave a presentation on the trends in CFC consumption for MDIs, stating that 6,700 tonnes of CFCs had been used worldwide in 2002. He said that campaign production was still premature and emphasized that regulatory action was required to ensure that CFC MDIs were not supplied when safe and effective alternatives were available. Referring to transition strategies, he said that the transition process had been complex and pointed out that Governments and industry needed to cooperate in order to cease sales of CFC MDIs at a given date; that was the most effective approach. In some countries the resolution of differential pricing was critical for successfully phasing out CFCs in MDIs. CFC use in article 5 parties was estimated at 1,600 tonnes and appeared to be on the increase; there were no clear reduction strategies for most of those countries.

128. Referring to transition processes, two participants stated that although technical assistance was useful for establishing transition strategies, funding was needed from the Multilateral Fund for the implementation of the transitional strategies and for the industrial conversion of the MDI sector in article 5 parties.

129. The representative of the European Community, speaking on behalf of its member States and 10 acceding countries, introduced a draft decision to promote the closure of essential-use nominations for MDIs. He explained that the essential-use exemption procedure agreed in 1992 and introduced from 1996 was supposed to be a temporary provision, allowing time for the development of alternatives and national transition strategies. It had become, however, almost an item of normal business, and the fifteenth Meeting of the Parties would be considering essential-use exemptions for the tenth year in a row, with little opportunity to debate whether there was a real need for the CFCs.

130. In decision IX/9, the parties had noted TEAP's expectation that most of the MDI transition in non-article 5 parties would be complete by 2000 and that there would be minimal need for CFCs for MDIs by 2005. Although Australia, Canada and Japan had already stopped submitting new essential-use nominations for CFC MDIs, it seemed that a number of non-article 5 parties had not finalized their transition strategies, since no reports had been received from some of them under decision XII/2, which required parties to submit transition strategies to the Ozone Secretariat by 31 January 2002. Not all MDI manufacturers were formulating or seeking approval for alternatives, or marketing alternatives when they had them.

131. TEAP had highlighted in its presentation that unless effective policy measures were introduced, there was a real possibility that the entire transition could fail. It was against that background that the European Community was proposing its draft decision. Paragraphs 1 and 2 included extra reporting requirements for nominations for essential-use exemptions, allowing TEAP to compare the planned sale of CFC MDIs with the availability of CFC and CFC-free MDIs registered in the Global Database of Alternatives, along with other criteria, and avoid recommending CFCs for products destined for markets where there were sufficient alternatives. Paragraph 6 proposed a standard form for submission of data for the Global Database, making it easier for the Ozone Secretariat to post non-confidential information on its web site.

132. Paragraph 3 aimed to end the use of CFCs in MDIs containing salbutamol after 2005 and in other MDIs after 2007. The experience of Australia, Canada and Japan indicated that setting clear deadlines was necessary for achieving phase-out and if that could be achieved, article 5 parties would be less likely to require their own essential-use exemptions after 2010. Paragraph 4 aimed at not authorizing CFCs for MDI manufacturers that were not actively developing and introducing CFC-free alternatives and other criteria, while paragraph 5 created an "escape hatch", allowing parties to make a case to TEAP for the continued use of CFCs in MDIs to meet patient needs, for example where the transition was slower than expected owing to regulatory delays. He looked forward to discussing those proposals further at the meeting of the parties in November.

133. Many participants, while welcoming the opportunity to discuss such an important issue, observed that as they had only recently had an opportunity to see the draft text, they would need more time to consult with industry, medical experts and other parties. A number of participants expressed their concern at the proposals to set global deadlines for the phase-out of CFCs in MDIs and to create incentives for manufacturers to develop CFC-free MDIs, commenting that it seemed to run counter to the Protocol's general approach of leaving it up to individual parties to determine their own phase-out plans, which the complexity of this issue in particular seemed to require. Other participants, however, welcomed and supported the proposal and looked forward to engaging in further discussions on it.

134. Representatives of a number of article 5 parties expressed their concern at the impact of the proposal on developing countries, in particular whether it might lead to a rise in prices for MDIs. They believed that more support ought to be given from the Multilateral Fund to support article 5 parties' efforts to phase out CFC MDIs and regretted the Executive Committee's decision to suspend all funding for such projects.

135. The representative of the International Pharmaceutical Aerosol Consortium, representing leading manufacturers of MDIs, expressed his support for the proposal. His members had committed significant resources over a period of 15 years to develop and introduce CFC-free MDIs and he believed that an overall framework and deadlines for the completion of the process would be very valuable.

136. The Working Group agreed to forward the proposal, contained in annex I to the present report, for consideration at the fifteenth Meeting of the Parties.

137. The representative of the United States said that his country supported the proposal made by TEAP to add substances contained in annex C to the global exemption for laboratory and analytical use; his country would submit a conference room paper on the issue (see paras. 205-208 below, under Other matters).

138. The meeting noted that two parties, the European Community and Poland, had requested emergency exemptions for laboratory and analytical uses, which had been approved by the Ozone Secretariat, in consultation with TEAP, in accordance with the procedure set forth in paragraph 10 of decision VIII/9 in the following amounts:

Poland:	2.05 tonnes of CFC-113 and carbon tetrachloride for 2003
European Community:	0.025 ODP-tonnes of hydrobromofluorocarbons and bromochloromethane for 2003 and 2004

n-propyl bromide

139. A representative of TEAP provided information on the 2003 n-propyl bromide update report, which had been requested by the parties in decision XIII/7. In summary, the n-propyl bromide market was stable since the regulatory situation was unclear and the global production capacity had increased. Some vendors were promoting n-propyl bromide to replace non-ODS chemicals. Other relevant aspects were the increased interest in n-propyl bromide use in article 5 countries, concern over toxicity and the fact that recommended safety practices were not always observed.

140. Referring to n-propyl bromide use and emission, the representative of the European Community highlighted that n-propyl bromide was an ODS similar to HCFCs yet it was not a controlled substance under the Protocol. He stated that the Community would consider submitting a proposal for an amendment next year to include n-propyl bromide as a controlled substance.

Rigid regulations on use of ozone-depleting substances

141. A TEAP representative stressed TEAP's concern that laws and regulations, for example those relating to emergency uses, could interfere with essential ODS needs. It was suggested that parties should create flexible mechanisms within their own regulatory structures and should consider international mechanisms and technical assistance to facilitate national and regional efforts. One representative expressed concerns regarding rigid regulations on the use of ODS.

142. In response to the comments made by participants, a TEAP representative said that rigid regulations might have unintentionally interfered with important uses. He noted the success of emergency exemption procedures when essential-use procedures were not quick enough. However, the emergency-use procedures under the Protocol did ensure prompt reviews and quick authorizations. Lastly, with regard to emergency-use authorization, he suggested that parties might revise national legislation to include a mechanism similar to the emergency-use exemption, highlighting that the parties themselves were responsible for reviewing the best options.

Future activities

143. Among its future activities, TEAP intended to continue to replenish and restructure its membership. TEAP also proposed to restructure the Solvents Technical Options Committee to a "Chemical Uses and Processes" Technical Options Committee. TEAP's ongoing work included a response to decision XIV/9 and an update of the Handbook on Critical Use Nominations for Methyl Bromide.

144. A TEAP representative drew attention to the Intergovernmental Panel on Climate Change and TEAP special report on safeguarding the ozone layer and the global climate system. A steering committee had been established, with participation by three Co-chairs from TEAP; the committee had established the membership of the relevant experts and planned to hold the first two lead author meetings in August 2003 (in the Netherlands) and January 2004. The report would be completed by the beginning of 2005.

145. Several representatives raised the issue of a clearing-house coordinator, stating that TEAP should be careful not to burden itself with an additional workload. Another representative supported TEAP's proposal on the rationalization of the Technical Options Committees, provided that it would not reduce the quality of the information provided.

146. With reference to the future operation of TEAP, he said that two Technical Options Committees were being strengthened and that MBTOC would include economists; therefore, an economic task force would not be required.

VI. UPDATE ON THE REQUEST BY PARTIES TO THE GLOBAL ENVIRONMENT FACILITY TO CLARIFY ITS FUTURE COMMITMENT TO PROVIDE CONTINUED ASSISTANCE TO COUNTRIES WITH ECONOMIES IN TRANSITION WITH RESPECT TO ALL OZONE-DEPLETING SUBSTANCES (DECISION XII/14)

147. The Co-chair (Syrian Arab Republic) introduced agenda item 7, on the update on the request by parties to the Montreal Protocol to GEF to clarify its future commitment to provide continued assistance to countries with economies in transition with respect to all ozone-depleting substances (decision XII/4). He commended the hard work carried out by the Secretariat in collaboration with GEF.

148. The Executive Secretary expressed his satisfaction at the progress made following the adoption of decision XII/14. He was pleased to note that the GEF Council had earmarked \$60 million to provide assistance to countries with economies in transition to phase out methyl bromide and HCFCs, pointing out that \$12 million of that amount had been set aside in the GEF 2004-2006 business plan to fund methyl bromide phase-out projects in eligible countries to enable compliance with the Copenhagen Amendment. He noted that a number of requests had already been received from countries with economies in transition and that GEF had provided \$175,000 for preparation activities. Various countries had provided data on methyl bromide and others were already receiving support. Future work would be carried out by GEF and the implementing agencies to look into the reduction of HCFCs and to make a decision on the funding allocated for the phase-out process. He encouraged eligible countries to contact GEF.

149. The Executive Secretary also wished to raise the issue of South Africa and its eligibility for GEF funding to phase out methyl bromide; that matter had been brought to the attention of GEF on several occasions, but it was a policy matter requiring a decision by the GEF Council. A request had been made to GEF to consider whether, on an exceptional basis, technical and financial assistance could be provided.

150. South Africa voiced its appreciation for the efforts and hoped for a positive outcome. He presented a conference room paper containing a draft decision on South Africa's application for technical and financial assistance from GEF.

151. The Working Group agreed to forward the draft decision, contained in annex I to the present report, for the consideration of the fifteenth Meeting of the Parties.

VII. UPDATE ON THE CONSIDERATION OF THE USE OF THE UNITED NATIONS GLOBALLY HARMONIZED SYSTEM FOR THE CLASSIFICATION AND LABELLING OF CHEMICALS THAT DEplete THE OZONE LAYER (DECISION XIV/8(b))

152. introducing the item, a representative of the Ozone Secretariat recalled that, in decision XIV/8, the parties had requested the Ozone Secretariat to contact the Subcommittee of Experts on the Globally Harmonized System of Classification and Labelling of Chemicals, in order to clarify whether ODS were included in its programme of work, and, if they were not included, to:

- (a) Evaluate the possibility for and feasibility of including ODS in its work programme;
- (b) Report to the twenty-third meeting of the Open-ended Working Group.

153. In response to an approach by the Ozone Secretariat, the United Nations Economic Commission for Europe (ECE) had responded that the Globally Harmonized System had been adopted by the Subcommittee of Experts in December 2002, and would be transmitted for endorsement to the Economic and Social Council in July 2003.

154. ECE also informed the Ozone Secretariat that the programme of work of the Subcommittee of Experts for the biennium 2003-2004 did not include ODS. However, pursuant to a request of the parties to the Montreal Protocol, the Subcommittee would be prepared to consider the possibility and feasibility of including ODS in its work programme.

155. In order to facilitate the decision-making process at the Subcommittee of Experts, the Ozone Secretariat had been requested to prepare and present, by 18 April 2003, a document containing the background to the Montreal Protocol, justification of the need to classify and label ODS and information on whether the Protocol included criteria for ODS and, if so, what those criteria were, and to make a presentation at the fifth session of the Subcommittee, in Geneva from 7 to 9 July 2003. As that session was taking place simultaneously with the present meeting of the Open-ended Working Group, such a presentation had not been possible.

156. The Ozone Secretariat had prepared the document requested by the Subcommittee in consultation with the group of interested experts on World Customs Organization Harmonized System customs codes, established by the parties to the Montreal Protocol in decision X/18, and had submitted it to ECE on 4 April 2003. Pointing out that for years the Ozone Secretariat had been dealing with the Harmonized System customs codes, the representative of the Ozone Secretariat explained that the new system did not represent a duplication, since it added the important new feature of labelling.

157. The representative of the European Community thanked the Ozone Secretariat for the report, but considered it unfortunate that the Subcommittee of Experts was meeting simultaneously with the Working Group, as that had delayed the process for one year. He requested that a representative of the Ozone Secretariat should endeavour to meet with the members of the Subcommittee of Experts at their next meeting, in December 2003.

VIII. TERMS OF REFERENCE AND MODALITIES FOR THE EVALUATION AND REVIEW, BY 2004, OF THE FINANCIAL MECHANISM ESTABLISHED BY ARTICLE 10 OF THE MONTREAL PROTOCOL (DECISION XIII/3)

158. The representative of Italy, on behalf of the European Community and its member States and acceding countries, introduced a conference room paper containing a draft decision concerning draft terms of reference for a study on the management of the financial mechanism of the Montreal Protocol, submitted by the European Community and its member and acceding States, Australia and Japan. She explained that the study had been called for in decision XIII/3.

159. A number of representatives welcomed the draft decision and had various comments on details of it. The Co-chair of the Working Group established a contact group, suggesting that it should comprise at least the sponsors of the draft decision and any participants who had views on it.

160. The Chief Officer of the Multilateral Fund secretariat said that the secretariat had no specific comments on the content of the draft decision, but would like to attend the deliberations of the contact group. He undertook that the Multilateral Fund secretariat would cooperate fully with the consultant selected to carry out the study.

161. The representative of Italy, on behalf of the European Community and its member States and acceding countries, stated at a subsequent meeting that the contact group established to deal with the matter was not yet in a position to report to the Working Group. A draft decision was under preparation, but in the light of the suggestions made, more time would be required to finalize it. Subsequently, the representative of Italy reported that the contact group had completed its deliberations and a revised version of the draft decision was distributed.

162. In the ensuing discussion, a number of representatives expressed reservations about the proposed Open-ended Working Group recommendation on the evaluation of the financial mechanism, saying that it was a matter that should be left to a decision of the Meeting of the Parties.

163. The Open-ended Working Group decided to forward to the fifteenth Meeting of the Parties the terms of reference contained in the annex to the draft decision, but to keep paragraph 8, containing the proposed timetable, in square brackets (see annex I to the present report). The Meeting also urged the Ozone Secretariat to undertake any necessary preparatory work for the study, but without entering into any legally or financially binding commitments.

IX. UPDATE ON THE INFORMATION SUBMITTED BY THE PARTIES FOR A GLOBAL DATABASE CONCERNING INHALER TREATMENTS FOR ASTHMA AND CHRONIC OBSTRUCTIVE PULMONARY DISEASE THAT CONTAIN CHLOROFLUOROCARBONS (CFCs) OR THAT DO NOT CONTAIN CFCs (DECISION XIV/5(1))

164. The Ozone Secretariat brought to the attention of the parties document UNEP/OzL.Pro/WG.1/23/2/Add.1, which listed the further eight parties (Cameroon, Estonia, Iceland, Kuwait, Malaysia, Namibia, Papua New Guinea and South Africa) that had reported information in accordance with decision XIV/5 since the preparation of the note by the Ozone Secretariat (UNEP/OzL.Pro/WG.1/23/2). A total of 41 parties had responded to the request to provide information on the use of CFCs in MDIs.

165. The representative of Australia said that her country would be willing to share its database and expressed an interest in having access to the databases of other countries.

166. The representative of the European Community expressed his appreciation to those parties that had provided information on MDIs that contained or did not contain CFCs, highlighting that there had been a good response to decision XIV/5 in a short space of time. He also supported the idea of establishing a standard form that would make it easier to provide clear information, and said that the European Community would submit a conference room paper on the issue. Two other participants agreed that there was a need to collect data in a uniform manner in order to avoid confusion and facilitate the collection process; it was also suggested that the secretariat and the Executive Committee should combine their data collection procedures.

X. REPORT OF THE PRESIDENT OF THE IMPLEMENTATION COMMITTEE ON THE THIRTIETH MEETING OF THE COMMITTEE

167. The President of the Implementation Committee presented a summary report of the issues addressed at the Implementation Committee's thirtieth meeting. Following the presentation, there was an exchange of views on whether it was possible for the Working Group to discuss the issues dealt with by the Implementation Committee without considering that Committee's full report. It was explained that, according to customary procedure, the Implementation Committee reported to the Working Group for information purposes only, since its recommendations were always forwarded to the Meeting of the Parties for consideration. In fact, no final decisions on countries' status of non-compliance could be made before the Implementation Committee's next meeting, when it had received and analysed all possible information from the countries concerned. That being said, the report of the thirtieth meeting of the Implementation Committee would be available to Parties for consultation as soon as it was finalized. Some participants proposed that the agenda of the current meeting would be more accurate if the title of agenda item 11 were amended to read "Statement by the President of the thirtieth meeting of the Implementation Committee". It was agreed that the summary statement presented by the President of the Implementation Committee should be distributed to the Working Group at the present meeting (see annex IV).

XI. OTHER MATTERS

Implications of entry into force of the Beijing Amendment, particularly in relation to trade in and supply of HCFCs

168. The representative of the United States, raising the issue of the implications of entry into force of the Beijing Amendment, particularly in relation to trade in and supply of HCFCs, pointed out that the Beijing Amendment led to various interpretations; he therefore suggested holding a small group meeting attended by the parties concerned. That suggestion was supported by numerous participants, a majority of which wished to participate in the group. In view of the interest aroused by the matter, the Co-chair (United Kingdom) proposed that the group should liaise with the interested parties; she also suggested that legal advisers should participate in the activity.

169. The representative of the United States, who had chaired the deliberations of the contact group, subsequently reported to the Working Group. He said that the contact group had had very productive discussions and he thanked all those concerned for their participation. He summarized the issue in question as being that of how to interpret article 4, paragraph 9, of the Montreal Protocol, particularly since for the first time under the Protocol, control measures for a single substance (HCFCs) had been imposed under two different amendments, namely the Copenhagen Amendment and the Beijing Amendment, with the former controlling consumption and the latter controlling production.

170. Concerning the outcome of the group's work, he presented the four different interpretations of article 4, paragraph 9, that had been put forward by the various delegations. He also commented that various other points had been made during the discussions, particularly the fact that HCFC production controls would not come into effect for Article 5 Parties until 2016, and that States needed to consider the action to be taken if a consensus was not reached before the controls entered into force.

171. The group had acknowledged the legal complexities of the issue at hand, which would have significant legal ramifications depending on the interpretation adopted. Ultimately, the contact group believed that further consultations with Governments were necessary; it was also necessary to decide on the procedural steps required to reach a resolution before the Meeting of the Parties in November.

172. The Co-chair (United Kingdom) thanked the representative of the United States; she also acknowledged the complex nature of the issue and its importance for all parties. Although several ways forward had been suggested, she emphasized the need for consultations before the November meeting.

173. All of the participants who then took the floor joined the Co-chair in thanking the representative of the United States for his informative report of the contact group's work, with many of them emphasizing the importance of the subject. Many shared the view that the existence of two amendments for one substance could place some parties in a delicate situation. At the request of the meeting, the Secretariat made available to participants the summary of the different interpretations of the implications of entry into force of the Beijing Amendment in relation to trade in and supply of HCFCs (annex V). One participant said that an equitable approach was needed when considering the application of the trade restrictions to parties that had ratified one of the amendments with respect to those that had not ratified either of them.

174. Many participants expressed their views on the best way forward and said that the issue should be discussed at an intersessional meeting or one held back-to-back with the Meeting of the Parties in November. Numerous representatives stressed that holding intersessional discussions might prevent the participation of those representatives who were unable to travel, whereas holding discussions prior to the Meeting of the Parties would enable all interested parties to attend. However, some participants had reservations about holding a meeting prior to the Meeting of the Parties since the issue was complicated and required in-depth discussions and more time. Some participants also needed time to report back to their Governments. Moreover, a back-to-back meeting would have the disadvantage of leaving no time before the meeting of the Parties to prepare for any remedial measures (for example the use of article 4, paragraph 9). Following the discussion, a general consensus was reached that a meeting would take place prior to the Meeting of the Parties in November.

175. Several participants suggested that parties could produce documentation containing their thoughts and ideas on the issue and send them to the Ozone Secretariat, which could process the documents accordingly and distribute them in time for the November meeting. One participant suggested that it would be useful if the Ozone Secretariat could also distribute two copies of the relevant article of the Montreal Protocol, with one copy showing the amendments made by the Copenhagen Amendment and the other copy showing both the Copenhagen Amendment and the Beijing Amendment, thereby enabling parties to see the actual changes that had been made.

176. One participant asked who would be responsible for organizing any future activities on the issue; in response to that question, several participants agreed that the Ozone Secretariat would, of course, be responsible for facilitating the arrangements, but said that a focal point was needed. In view of the quality of the work he had carried out thus far, it was agreed that the representative of the United States would be an ideal coordinator of future work and discussions; the representative of the United States agreed to adopt that role.

177. In response to the discussion, the Executive Secretary agreed that a contact group meeting on the issue could be held before the November meeting, but he informed parties that an Implementation Committee meeting would also be taking place for a three-day period just before the Meeting of the Parties. Therefore, he put forward a suggestion that the contact group should meet on Saturday, 8 November 2003. He also commented that the fortieth meeting of the Executive Committee, to be held next week, would decide when the Executive Committee meeting would take place.

178. Following further comments made by parties, the Co-chair summarized the discussion by stating that parties would send their comments to the Ozone Secretariat by the end of August 2003; that the Secretariat would then consolidate those comments and distribute them among parties by the end of September, along with two versions of article 4, paragraph 9, of the Montreal Protocol, with one version containing the Copenhagen Amendment and the other version containing both the Copenhagen Amendment and the Beijing Amendment; and that the contact group would meet on 8 November prior to the Meeting of the Parties, with those parties wishing to do so participating in intersessional discussions, all under the coordination of the representative of the United States.

179. Lastly, in response to a suggestion made by one participant, it was agreed that the Ozone Secretariat would use its web site to compile the information received on the issue.

Information on the budget of the Ozone Secretariat provided to the parties

180. The representative of Canada, supported by the representative of New Zealand, said that the Open-ended Working Group was often called upon to consider issues that could have budgetary implications. It was therefore essential for the parties to be aware of the Ozone Secretariat's ongoing financial status and of the budgetary implications of the decisions they were taking.

181. A representative of the Ozone Secretariat said that the Secretariat would be happy to provide any information that was needed, subject to United Nations rules and the terms of reference for the administration of the Trust Fund for the Montreal Protocol, paragraph 6 of which stipulated that the proposed budget was to be dispatched to parties at least 90 days before the opening of the ordinary Meeting of the Parties. He undertook to discuss the concerns of the representatives of Canada and New Zealand with them.

Observer status of the Ozone Secretariat at the World Trade Organization

182. The representative of Canada, recalling decision XIV/11 requesting the Ozone Secretariat to report back on any meetings it had attended at the World Trade Organization (WTO) and in particular to monitor the WTO Committee on Trade and Environment special session negotiations, asked whether any update could be made to parties. Another participant agreed that this was an important issue, as the Committee was discussing, inter alia, the relationship of WTO rules and specific trade obligations set out in multilateral environmental agreements and, as part of that discussion, was examining the trade measures included in the Montreal Protocol and its amendments. The relationship between trade rules and environmental protection was an important one, and he hoped that the issue could be a regular item for discussion at the Meetings of the Parties to the Protocol.

183. A representative of the Ozone Secretariat reported that it, along with a number of other secretariats of multilateral environmental agreements, had been invited to attend the special sessions of the WTO Committee on Trade and Environment. The latest meeting was taking place this week, and the Ozone Secretariat was obviously unable to be present, but he assured the meeting of the Open-ended Working Group that the Meeting of the Parties would be fully informed of all relevant discussions. The wider question of observer status within WTO remained unresolved and was due to be discussed, though not necessarily decided, at the WTO Ministerial Conference in Cancun, Mexico, in September.

Improving coordination with other multilateral environmental agreements and issues stemming from decision 22/4 of the UNEP Governing Council

184. The representative of Canada raised the above two issues together, as they both related to the need for greater coordination and coherence between multilateral environmental agreements and other international environmental initiatives. He recognized that it was now too late to change the dates agreed for the fifteenth Meeting of the Parties, but it was regrettable that it clashed with the first meeting to discuss the strategic approach to the management of chemicals called under decision 22/4 of the UNEP Governing Council. Not only did this create problems for parties wishing to participate in both meetings, it retarded the greater coherence of international environmental governance, the UNEP process chaired by Canada in the run-up to the World Summit on Sustainable Development. Furthermore, the Montreal Protocol had been identified as a key participant in the chemical management process and its absence could weaken its development. He hoped that future participation could be guaranteed throughout the process, which was scheduled to last until 2006, and asked, more broadly, whether it would be possible to set the dates of Montreal Protocol meetings further in advance. Other participants agreed, observing that given the growing number of multilateral environmental agreements, it was increasingly important to ensure collaboration between them, and date clashes ought to be avoided.

185. A representative of the Ozone Secretariat welcomed participants' comments, but observed that it was not always easy to find dates and venues, as the international agenda grew increasingly crowded; it was also important to respect the wishes of the host country Government. Planning for Montreal Protocol meetings started at least a year in advance and in future he hoped to extend that to three years.

186. One participant observed that the parties to the Protocol had never taken any decision to request the Ozone Secretariat to actively participate in the chemicals management process. The Secretariat responded by saying it was considering how best to respond to the request it had received for input into the process, but would welcome guidance from parties on the matter.

Addition of new processes to the list of process agents contained in decision X/14

187. The representative of the United States introduced a conference room paper containing a draft decision on addition of new processes to the list of process agents contained in decision X/14. He recalled that confusion over the status of process agents had caused quite disproportionate amounts of discussion and disagreement. The draft decision represented a recognition that the underlying policy issues were unlikely to be resolved in the near future but that there were some procedural matters that could be clarified.

188. Several participants, noting that they had received the draft decision only a short time before, expressed reservations about it.

189. A number of participants reserved the right to make further comments once the conference room paper had become available in languages other than English.

190. The representative of India said that India had several processes that used ODS as process agents, and requested TEAP, through the Co-chairs, to review them and provide India with its findings as soon as possible.

191. The Working Group agreed to forward the draft decision, contained in annex I to the present report, for consideration at the fifteenth Meeting of the Parties.

192. The representative of the United States subsequently introduced a conference room paper containing a second draft decision on process agents, proposing adoption of a list of controlled substances to be included in table A of decision X/14. He explained that the table incorporated only those uses for which parties had already submitted information enabling TEAP to determine whether they were in fact a process agent use. Uses removed from the list would be reviewed for inclusion in table A once TEAP had enough information to determine whether they were process agent uses.

193. The representative of Japan expressed his reservation on the draft recommendation stating that taking into account TEAP's findings regarding an expected reduction in process agent applications and the request by parties for TEAP to report on alternative processes that did not use ODS, steps forward on the issue should be to decrease process agent applications rather than increase them.

194. The reservation was noted, and the Working Group agreed to forward the draft decision, contained in annex I to the present report, for consideration at the fifteenth Meeting of the Parties.

Voluntary actions by the European Community regarding CFC production for the basic domestic needs of article 5 parties

195. The representative of Italy, speaking on behalf of the European Community and its member and acceding States, stated its intention to lead the way in CFC reduction by unilaterally further reducing its CFC production in response to concerns expressed over potential over-supply of CFCs in developing countries over the next two years, which, unless checked, could delay the phase-out of CFCs in those countries. She went on to list the steps taken by individual States members of the European Community, including the closure of production facilities in two countries and reductions in production entitlement or ending of

production in four other countries. The analysis carried out suggested that, from 2004, the European Community might not be the major contributor to any global over-supply of CFCs. The European Community therefore called on parties with CFC production facilities to take further action to reduce the quantities of CFCs that were produced and exported.

196. The representative of Italy provided confirmation, in response to a question, that the upcoming closure of a CFC production plant in Italy would not be offset by production in other States members of the European Community.

197. Following the statement, the view was expressed that over-supply of CFCs for domestic needs in article 5 countries meant that there had been no significant rise in the overall price of CFCs, impeding efforts to successfully implement refrigerant management plans to reduce CFC consumption in the servicing sector. The European Community's production reductions would help correct the situation, but it might also be appropriate for parties to consider adjusting the basic domestic needs provision of the Montreal Protocol. The representative of Canada therefore proposed to present a draft decision to the fifteenth Meeting of the Parties requesting TEAP to undertake a study, to be presented to the Working Group in 2004, assessing the requirements for production of annex A, group I, substances in both article 5 and non-article 5 parties to meet basic domestic needs from 2004 to 2010.

198. It was further expressed that efforts to curb production in developed countries had a positive impact in restricting CFC use in article 5 parties by driving up prices for the substance.

199. A representative of a non-governmental organization confirmed its findings with regard to an apparent surplus of CFCs produced and eventually being sold on the black market in article 5 countries. He urged parties to reduce production for basic domestic needs further and to ensure that producers took responsibility to verify that their quotas were not transferred and that their CFCs were not illegally traded.

Request for the Technology and Economic Assessment Panel to consider the issue of ozone-depleting substances contained in foams

200. The representative of Japan presented a conference room paper containing a proposed draft decision requesting parties to take note of the TEAP task force reports on recovery and storage and on foam destruction and requesting TEAP to prepare an updated report on the situation together with options for the handling and destruction of foams containing ODS at the end of their life, for submission to the fifteenth Meeting of the Parties.

201. The representative of the European Community wished to include in the proposed update other topics related to the end-of-life recovery of ODS from foam, such as best practices, the destruction or recovery of ODS in refrigerant equipment and minimum training qualifications for personnel involved in recovery and destruction, and wished to share the Community's experience in the area with Japan and other interested countries. Responding to the concern expressed that there might not be enough new data since the last TEAP report to make another study worthwhile, the representative of TEAP said that there was a considerable amount of additional research on the recovery of blowing agents in foams for building insulation, for example. Following the exchange, the Working Group noted that the European Community would work with Japan to develop the terms of reference for the study to be carried out by TEAP, in time for the Meeting of the Parties in November.

202. Subsequently, the representative of Japan introduced a revised draft decision that had been developed in consultation with the European Community. The revised draft decision requested TEAP to include, in its report update, options for best practices for reducing emissions from the chemical production and process agent sectors and handling and destruction of ODS emanating from plant decommissioning in those sectors.

203. Some participants considered that the additions to the revised draft decision related to an issue that was very different from the handling and destruction of ODS contained in foams, as addressed in the original draft decision submitted by Japan, and that those issues should therefore be addressed in a separate draft

decision. One participant stated that there was no need for an additional draft decision on further study of the handling and destruction of emissions from process agents, since TEAP had been reviewing the issue for 10 years. In the light of the consensus regarding the first paragraph of the draft decision, relating to the handling and destruction of foams containing ODS at the end of their life, and the need to discuss the issue of end-of-life handling and destruction of ODS from process agents and chemical production further, the Working Group decided to bracket paragraphs (b) and (c) of the draft decision before forwarding it to the Meeting of the Parties

204. The Working Group agreed to forward the draft decision, as amended, contained in annex I to the present report, for consideration at the fifteenth Meeting of the Parties.

Laboratory and analytical uses

205. The representative of the United States introduced a conference room paper containing a draft decision on extending the global laboratory and analytical use exemption outlined in decisions IX/7 and X/19 to include annex C, group II and group III substances and to extend the exemption until such time as the parties agreed that it was no longer necessary.

206. A number of participants spoke in favour of the draft decision, while others were unsure whether the exemption should be extended without a time limit. One participant pointed out that TEAP reported annually on alternatives to controlled substances that had become available for particular laboratory and analytical uses, so that the parties could withdraw the exemption for those uses.

207. A number of participants reserved the right to make further comments once the conference room paper had become available in languages other than English.

208. The meeting agreed to forward the draft decision, contained in annex I to the present report, to the Meeting of the Parties, with square brackets around the second operative paragraph concerning the length of time for which the exemption should be extended.

Phase-out of CFCs in the Pacific Island countries

209. The representative of Samoa, speaking on behalf of the Pacific Island countries, informed the meeting that those countries were implementing the first and only regional phase-out strategy, in close consultation with the South Pacific Regional Environment Programme and UNEP and with the provision of financial assistance from the Multilateral Fund, Australia and New Zealand. The strategy aimed at complete phase-out of CFCs by 2005. The Pacific Island countries had already played a significant role in the climate change regime, and looked forward to doing the same in the Montreal Protocol; she anticipated close engagement with all of the institutions of the Protocol.

Information provided by the Philippines

210. The meeting noted information provided by the representative of the Philippines that recently her country, through its vigilance, had been able to thwart the smuggling of CFCs, as reported in the June 2003 issue of the OzonAction newsletter.

211. A representative of an environmental non-governmental organization, the Environmental Investigation Agency, congratulated the representative of the Philippines for their seizure of smuggled CFC-12. His organization had had the honour to participate in a customs training workshop in the Philippines and had subsequently worked with the customs agencies there, underlining the importance and effectiveness of customs training programmes under UNEP's Compliance Assistance Programme. He added that the resources and time of the Environmental Investigation Agency were available to assist all parties in combating illegal trade.

Fifteenth Meeting of the Parties

212. Mr. Marco Gonzalez, Executive Secretary of the Ozone Secretariat, conveyed a message from Mr. Klaus Töpfer, Executive Director of UNEP. Mr. Töpfer had been very pleased at the decision of the fourteenth Meeting of the Parties to hold the fifteenth meeting in Nairobi. He extended his warmest invitation and stated that UNEP and the Conference Services of the United Nations Office at Nairobi would do their utmost to facilitate the smooth organization of the meeting in November and for other meetings in the future.

National Ozone Unit of Bolivia

213. The representative of Bolivia reported that the premises of his country's National Ozone Unit had been completely destroyed by a fire in February 2003, and all of its records were lost. As availability of information was fundamental to the work, he appealed to all participants who had provided information to Bolivia in the past to send a new copy of the same data and to send any documents, publications and studies so as to allow the unit to continue its work.

Amendment of the title of Chief Officer of the Multilateral Fund

214. The Co-chair (United Kingdom) said that owing to technical reasons no progress had been made in the discussions on the draft decision proposed by the United States to amend the title of the Chief Officer of the Multilateral Fund. The matter would therefore be postponed.

Retirement of Mr. Omar El Arini

215. The representative of Burkina Faso, speaking on behalf of the African ODS Officers Network (ODSONET), wished to have the following statement recorded in the report:

“We, the member countries of the African ODSONET, congratulate Mr. Omar El Arini, the Chief Officer of the Multilateral Fund secretariat, on his retirement. The good support and guidance provided by Mr. El Arini over the years saw our networks up and running. We look forward to his continued guidance, as we all wish him success in his future endeavours.”

XII. ADOPTION OF THE REPORT

216. The present report was adopted on Friday, 11 July, on the basis of the draft report contained in documents UNEP/OzL.Pro/WG.1/23/L.1 and Add. 1 and 2. The Ozone Secretariat was entrusted with finalization of the report following the closure of the meeting.

XIII. CLOSURE OF THE MEETING

217. After the customary exchange of courtesies, Ms. Maria Nolan, (United Kingdom), Co-chair of the Open-ended Working Group, declared the twenty-third meeting of the Open-ended Working Group of the Parties to the Montreal Protocol closed at 3.40 p.m. on Friday, 11 July 2003.

Annex I

**PROPOSALS FOR DRAFT DECISIONS FOR POSSIBLE CONSIDERATION BY THE
FIFTEENTH MEETING OF THE PARTIES**

**Draft decision XV/___: Plan of action to modify regulatory requirements that
mandate the use of halons on new airframes**

Acknowledging that potential alternatives to the use of halons exist to provide the necessary fire protection for both engine nacelles and cargo bays of commercial aircraft,

Concerned to note that new airframes are still being designed and certified with halons as the required fire extinguishant owing to regulatory requirements,

Acknowledging that airframe certification agencies and airframe manufacturers will wish to participate in a joint effort to allow the certification of alternatives to halon on new airframes,

The fifteenth Meeting of the Parties *decides*,

To authorize representatives of the Ozone Secretariat and the Technology and Economic Assessment Panel to engage in discussions with the relevant International Civil Aviation Organization bodies in the development of a timely plan of action to enable consideration of the possibility that modifying the regulatory requirements that mandate the use of halons on new airframes may be feasible without compromising the health and safety of airline passengers, and to report thereon to the sixteenth Meeting of the Parties.

[Decision XV/___: Conditions for granting critical-use exemptions for methyl bromide

Recognizing that both article 5 and non-article 5 parties have made substantial progress in adopting effective alternatives and thus reducing the consumption of methyl bromide, and noting the desirability of continuing the momentum in methyl bromide phase-out,

Noting that the Methyl Bromide Technical Options Committee has identified existing technically feasible alternatives for at least 93 per cent of methyl bromide uses, and that the uses without alternatives are limited to specific cases,

Noting also that parties have a responsibility strictly to limit exemptions from the Montreal Protocol schedule to the specific cases where there are no technically and economically feasible alternatives available to users,

Recognizing that a large number of article 5 parties have made firm commitments towards the early reduction and phase-out of methyl bromide as a condition of projects funded by the Multilateral Fund,

The fifteenth Meeting of the Parties *decides*:

1. In relation to critical-use exemptions in non-article 5 parties:
 - (a) To request the Technology and Economic Assessment Panel:
 - (i) To make an evaluation of any potential economic, trade or other impacts in article 5 parties that might arise as a result of critical-use exemptions in non-article 5 parties, with particular reference to domestic and export products;
 - (ii) To identify options for preventing the dumping of surplus methyl bromide stocks in article 5 parties as consumption is reduced in non-article 5 regions;
 - (iii) To publish its evaluation in May 2004 so that the Meeting of the Parties in 2004 can discuss and decide suitable mitigating steps;
 - (b) To endorse the recommendation made by the Technology and Economic Assessment Panel in its May 2003 report that critical-use exemptions should not be authorized in cases where technically feasible options are registered, available and commercially used by similarly situated enterprises, and can be implemented at less cost than the median cost of Multilateral Fund projects, which was estimated to be \$24/ODP-kg at present;
 - (c) That critical-use exemptions will be granted in non-article 5 parties on the following conditions:
 - (i) Exemptions will be granted only in cases where there are no technically and economically feasible alternatives available and suitable to users, as specified in decision IX/6;
 - (ii) Exemptions will be granted on an annual basis only, as recommended by the Technology and Economic Assessment Panel (TEAP), the Methyl Bromide Technical Options Committee and the Agricultural Economics Task Force of TEAP, to take full account of rapid developments in alternatives and the fact that registration of additional alternatives is expected in the next one to two years;
 - (iii) If appropriate alternatives (that meet the criteria in decision IX/6) become registered and available in or prior to 2005, the relevant party will notify the Ozone Secretariat and will not issue licences for the importation/production of methyl bromide for the specific uses where alternatives have become available;
 - (iv) Parties that are granted critical-use exemptions will establish effective measures, including a permit system and clear labelling of methyl bromide containers, to ensure that all of the methyl bromide authorized for critical-use exemptions will be used only for the specific uses for which the exemption was granted;
 - (v) Parties that receive authorization for critical-use exemptions will provide detailed, full reports on actions taken and progress made in reducing their need for methyl bromide for critical uses, including progress in alternative registration efforts; such reports will be a condition of submitting any further nominations for critical-use exemptions;
 - (d) To request TEAP, when recommending critical-use exemptions, to recommend possible specific actions that would assist parties in reducing the need for methyl bromide for critical uses;

2. In relation to critical-use exemptions in article 5 parties that implement early phase-out:

(Option 1)

- (a) To request TEAP to provide a report in 2004 outlining the options and modalities for authorizing critical-use exemptions for article 5 parties that are implementing early phase-out of methyl bromide;

(Option 2)

- (a) To request the Executive Committee of the Multilateral Fund to make an addendum to existing (national or sector) methyl bromide phase-out project agreements, specifying that critical-use exemptions may be authorized in cases where parties are genuinely unable to identify technically and economically feasible alternatives to methyl bromide;
- (b) The Executive Committee should request TEAP to carry out a review of any requests for exemptions. If the Executive Committee is unable to address the matter in a way that is deemed to be satisfactory by all the article 5 party representatives in the Executive Committee, the issue will be decided upon by the parties.]

Draft decision XV/___: Status of destruction technologies for ozone-depleting substances and code of good housekeeping

The fifteenth Meeting of the Parties *decides*:

1. To take note of the previous decisions of the Meeting of the Parties on the approval of destruction technologies (decisions IV/11, VII/35 and XIV/6) and, in particular, noting that those decisions did not distinguish between the capabilities of destruction technologies for specific types of ozone-depleting substances;
2. To approve, for the purposes of paragraph 5 of article 1 of the Montreal Protocol, the destruction technologies listed as “approved” in appendix I to the present decision, which were found by the Task Force on Destruction Technologies to meet the destruction and removal efficiencies set out therein;
3. To recognize that, in approving the technologies listed in appendix I, the parties acknowledge that two technologies previously approved for all ozone-depleting substances have been limited in their scope to omit halons;
4. To call on each party that operates, or plans to operate, approved technologies in accordance with paragraph 2 above to ensure that its destruction facilities are operated in accordance with the Code of Good Housekeeping Procedures, contained in appendix III to the present decision, as updated in the progress report of the Technology and Economic Assessment Panel in May 2003 and subsequently amended by the parties, unless similar or stricter procedures currently exist domestically;
5. To highlight the need for parties to pay particular attention to the adherence of facilities for the destruction of ozone-depleting substances to relevant international or national standards addressing hazardous substances and taking into account the cross-media emissions and discharges, for example those identified in appendix II to the present resolution.

Appendix I**Approved destruction processes**

Technology	Applicability		
	Concentrated sources		Dilute sources
	Annex A, Gp. I Annex B Annex C, Gp. I	Halon (Annex A, Gp. II)	Foam
<i>Destruction and removal efficiency (DRE)</i>	99.99%	99.99%	95%
Cement kilns	Approved	<i>Not Approved</i>	
Liquid injection incineration	Approved	Approved	
Gaseous/fume oxidation	Approved	Approved	
Municipal solid waste incineration			Approved
Reactor cracking	Approved	<i>Not Approved</i>	
Rotary kiln incineration	Approved	Approved	Approved
Argon plasma arc	Approved	Approved	
Inductively coupled radio frequency plasma	Approved	Approved	
Microwave plasma	Approved		
Nitrogen plasma arc	Approved		
Gas phase catalytic dehalogenation	Approved		
Superheated steam reactor	Approved		

- Notes: 1. The DRE criterion presents technology capability on which approval of the technology is based. It does not always reflect the day-to-day performance achieved, which in itself will be controlled by national minimum standards.
2. Concentrated sources refers to virgin, recovered and reclaimed ozone-depleting substances.
3. Dilute sources refers to ozone-depleting substances contained in a matrix of a solid, for example foam.

Appendix II**Suggested substances for monitoring and declaration when using destruction technologies**

Substances	Units*
PCDDs/PCDFs	ng-ITEQ ¹ /Nm ³
HCl/Cl ₂	mg/Nm ³
HF	mg/Nm ³
HBr/Br ₂	mg/Nm ³
Particulates (TSP ²)	mg/Nm ³
CO	mg/Nm ³

- Notes: 1. ITEQ – International Toxic Equivalency
 2. TSP – Total Suspended Particles

Appendix III

Code of Good Housekeeping

To provide additional guidance to facility operators, the Technical Advisory Committee prepared in May 1992 a “Code of Good Housekeeping” as a brief outline of measures that should be considered to ensure that environmental releases of ozone-depleting substances (ODS) through all media are minimized. This Code, updated by the Task Force on Destruction Technologies and amended by the Parties at their fifteenth Meeting, in 2003, is also intended to provide a framework of practices and measures that should normally be adopted at facilities undertaking the destruction of ODS.

Not all measures will be appropriate to all situations and circumstances and, as with any code, nothing specified should be regarded as a barrier to the adoption of better or more effective measures if these can be identified.

Pre-delivery

This refers to measures that may be appropriate prior to any delivery of ODS to a facility.

The facility operator should generate written guidelines on ODS packaging/containment criteria, together with labelling and transportation requirements. These guidelines should be provided to all suppliers/senders of ODS prior to agreement to accept such substances.

The facility operator should seek to visit and inspect the proposed sender’s stocks and arrangements prior to movement of the first consignment. This is to ensure awareness on the part of the sender of proper practices and compliance with standards.

Arrival at the facility

This refers to measures that should be taken at the time ODS are received at the facility gate.

These include an immediate check of documentation prior to admittance to the facility site, coupled with a preliminary inspection of the general condition of the consignment.

Where necessary, special or “fast-track” processing/repackaging facilities may be needed to mitigate risk of leakage/loss of ODS. Arrangements should exist to measure the gross weight of the consignment at the time of delivery.

Unloading from delivery vehicle

This refers to measures to be taken at the facility in connection with the unloading of ODS.

It is generally assumed that ODS will normally be delivered in some form of container, drum or other vessel that is removed from the delivery vehicle in total. Such containers may be returnable.

All unloading activities should be carried out in properly designated areas, to which restricted access of personnel applies.

Areas should be free of extraneous activities likely to lead to, or increase the risk of, collision, accidental dropping, spillage, etc.

Materials should be placed in designated quarantine areas for subsequent detailed checking and evaluation.

Testing and verification

This refers to the arrangements made for detailed checking of the ODS consignments prior to destruction.

Detailed checking of delivery documentation should be carried out, along with a complete inventory, to establish that delivery is as advised and appears to comply with expectations.

Detailed checks of containers should be made both in respect of accuracy of identification labels, etc, and of physical condition and integrity. Arrangements must be in place to permit repackaging or “fast-track” processing of any items identified as defective.

Sampling and analysis of representative quantities of ODS consignments should be carried out to verify material type and characteristics. All sampling and analysis should be conducted using approved procedures and techniques.

Storage and stock control

This refers to matters concerning the storage and stock control of ODS.

ODS materials should be stored in specially designated areas, subject to the regulations of the relevant local authorities.

Locations of stock items should be identified through a system of control that should also provide a continuous update of quantities and locations as stock is destroyed and new stock delivered.

Arrangements should be put in place to minimize, to the extent practicable, stock emissions prior to destruction. In regard to storage vessels for concentrated sources of ODS, these arrangements should include a system for regular monitoring and leak detection, as well as arrangements to permit repackaging of leaking stock as soon as possible.

Measuring quantities destroyed

It is important to be aware of the quantities of ODS processed through the destruction equipment. Where possible, flow meters or continuously recording weighing equipment for individual containers should be employed. As a minimum, containers should be weighed “full” and “empty” to establish quantities by difference.

Residual quantities of ODS in containers that can be sealed and are intended to be returned for further use, may be allowed. Otherwise, containers should be purged of residues and/or destroyed as part of the process.

Facility design

This refers to basic features and requirements of plant, equipment and services deployed in the facility.

In general, any destruction facility should be properly designed and constructed in accordance with the best standards of engineering and technology and with particular regard to the need to minimize, if not eliminate, fugitive losses.

Particular care should be taken when designing plants to deal with dilute sources such as foams. These may be contained in refrigeration cabinets or may be part of more general demolition waste. The area in which foam is first separated from other substrates should be fully enclosed wherever possible and any significant emissions captured at that stage.

Pumps. Magnetic drive, sealers or double mechanical seal pumps should be installed to eliminate environmental releases resulting from seal leakage.

Valves. Valves with reduced leakage potential should be used. These include quarter-turn valves or valves with extended packing glands.

Tank vents (including loading vents). Filling and breathing discharges from tank/vessels should be recovered or vented to a destruction process.

Piping joints. Screwed connections should not be used and the number of flanged joints should be kept to the minimum that is consistent with safety and the ability to dismantle for maintenance and repair.

Drainage systems. Areas of the facility where ODS are stored or handled should be provided with sloped concrete paving and a properly designed collection system. Water that is collected should, if contaminated, be treated prior to authorized discharge.

Maintenance

In general, all maintenance work should be performed according to properly planned programmes and should be executed within the framework of a permit system to ensure proper consideration of all aspects of the work.

ODS should be purged from all vessels, mechanical units and pipework prior to the opening of these items to the atmosphere. The contaminated purge should be routed to the destruction process or treated to recover the ODS.

All flanges, seals, gaskets and other sources of minor losses should be checked routinely to identify developing problems before containment is lost. Leaks should be repaired as soon as possible.

Consumable or short-life items, such as flexible hoses and couplings, must be monitored closely and replaced at a frequency that renders the risk of rupture negligible.

Quality control and quality assurance

All sampling and analytical work connected with ODS, the process and the monitoring of its overall performance should be subject to quality assessment and quality control measures in line with current recognized practices. This should include at least occasional independent verification and confirmation of data produced by the facility operators.

Consideration should also be given to the adoption of quality management systems and environment quality practices covering the entire facility.

Training

All personnel concerned with the operation of the facility (with "operation" being interpreted in its widest sense) should have training appropriate to their task.

Of particular relevance to the ODS destruction objectives is training in the consequences of unnecessary losses and in the use, handling and maintenance of all equipment in the facility.

All training should be carried out by suitably qualified and experienced personnel and the details of such training should be maintained in written records. "Refresher" training should be conducted at appropriate intervals.

Code of transportation

In the interest of protecting the stratospheric ozone layer, it is essential that used ODS and products containing ODS are collected and moved efficiently to facilities practising approved destruction technologies. For transportation purposes, used ODS should receive the same hazard classification as the original substances or products. In practice, this may introduce restrictions on hazardous waste shipment under the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and this should be consulted separately. In the absence of such specific restrictions, the following proposed code of transportation for ODS from customer to destruction facilities is provided as a guide to help minimize damage caused to the ozone layer as a result of ODS transfers. Additional guidance is contained in the United Nations Transport of Dangerous Goods Model Regulations.

It is important to supervise and control all shipments of used ODS and products containing ODS according to national and international requirements to protect the environment and human health. To ensure that ODS and products containing ODS do not constitute an unnecessary risk, they must be properly packaged and labelled. Instructions to be followed in the event of danger or accident must accompany each shipment to protect human beings and the environment from any danger that might arise during the operation.

Notification of the following information should be provided at any intermediate stage of the shipment from the place of dispatch until its final destination. When making notification, the notifier should supply the information requested on the consignment note, with particular regard to:

- (a) The source and composition of the ODS and products containing ODS, including the customer's identity;
- (b) Arrangements for routing and for insurance against damage to third parties;
- (c) Measures to be taken to ensure safe transport and, in particular, compliance by the carrier with the conditions laid down for transport by the States concerned;
- (d) The identity of the consignee, who should possess an authorized centre with adequate technical capacity for the destruction;
- (e) The existence of a contractual agreement with the consignee concerning the destruction of ODS and products containing ODS.

This code of transportation does not necessarily apply to the disposal of ODS-containing rigid insulation foams. The most appropriate way to dispose of such products may be by direct incineration in municipal waste incinerators or rotary kiln incinerators.

Monitoring

The objectives of monitoring should be to provide assurance that input materials are being destroyed with an acceptable efficiency generally consistent with the destruction and removal efficiency (DRE) recommendations listed in appendix I to decision XV/ and that the substances resulting from destruction yield environmentally acceptable emission levels consistent with, or better than, those required under national standards or other international protocols/treaties.

As there are as yet no International Organization for Standardization (ISO) standards applicable for the sampling and analysis of ODS or the majority of the other pollutants listed in appendix II to decision XV/ , where national standards exist they should be employed. Further, where national standards exist they may be used in lieu of ISO standards provided that they have been the subject of a verification or validation process addressing their accuracy and representativeness.

As ISO develops international standards for pollutants listed in appendix II to decision XV/__, the technical bodies charged with developing such standards should take note of the existing national standards including those identified in appendix F to the report of the Technology and Economic Assessment Panel (TEAP) of April 2002 (volume 3, Report of the Task Force on Destruction Technologies) and strive to ensure consistency between any new ISO standards and the existing standard test methods, provided that there is no finding that those existing methods are inaccurate or unrepresentative.

Where national standards do not exist, the Technical Advisory Committee recommends adoption of the following guidelines for monitoring of destruction processes operating using an approved technology.

Recognizing that the United States of America Environmental Protection Agency's (EPA) methods have been the subject of verification procedures to ensure that they are reasonably accurate and representative, that they cover all of the pollutants of interest (although not all ODS compounds have been the specific subject of verification activities), that they provide a comprehensive level of detail that should lead to reproducibility of the methods by trained personnel in other jurisdictions and that they are readily available for reference and download from the Internet without the charge of a fee, applicable United States EPA methods as described in appendix F to the 2002 report of TEAP may be employed.

In the interest of ensuring a common international basis of comparison for those pollutants or parameters where ISO standards exist (currently particulates, carbon monoxide, carbon dioxide and oxygen), use of those standards is encouraged and jurisdictions are encouraged to adopt them as national standards or acceptable alternatives to existing national standards.

However, the use of EPA or other national standards described in appendix F is also considered acceptable. The precedence given to the United States EPA methods in the present code is based on the relative comprehensiveness of the methods available (both in scope and content), and the relative ease of access to those methods.

Measurement of ODS

Operators of destruction facilities should take all necessary precautions concerning the storage and inventory control of ODS-containing material received for destruction. Prior to feeding the ODS to the approved destruction process, the following procedures are recommended.

- (a) The mass of the ODS-containing material should be determined, where practicable;
- (b) Representative samples should be taken, where appropriate, to verify that the concentration of ODS matches the description given on the delivery documentation;
- (c) Samples should be analysed by an approved method. If no approved methods are available, the adoption of United States EPA methods 5030 and 8240 is recommended;
- (d) All records from these mass and ODS-concentration measurements should be documented and kept in accordance with ISO 9000 or equivalent.

Control systems

Operators should ensure that destruction processes are operated efficiently to ensure complete destruction of ODS to the extent that it is technically feasible for the approved process. This will normally include the use of appropriate measurement devices and sampling techniques to monitor the operating parameters, burn conditions and mass concentrations of the pollutants that are generated by the process.

Gaseous emissions from the process need to be monitored and analysed using appropriate instrumentation. This should be supplemented by regular spot checks using manual stack-sampling methods.

Other environmental releases, such as liquid effluents and solid residues, require laboratory analysis on a regular basis.

The continuous monitoring recommended for ongoing process control, including off-gas cleaning systems, is as follows:

- (a) Measurement of appropriate reaction and process temperatures;
- (b) Measurement of flue gas temperatures before and after the gas cleaning system;
- (c) Measurement of flue gas concentrations for oxygen and carbon monoxide.

Any additional continuous monitoring requirements are subject to the national regulatory authority that has jurisdiction. The performance of online monitors and instrumentation systems must be periodically checked and validated. When measuring detection limits, error values at the 95 per cent confidence level should not exceed 20 per cent.

Approved processes must be equipped with automatic cut-off control systems on the ODS feed system, or be able to go into standby mode whenever:

- (a) The temperature in the reaction chamber falls below the minimum temperature required to achieve destruction;
- (b) Other minimum destruction conditions stated in the performance specifications cannot be maintained.

Performance measurements

The approval of technologies recommended by TEAP is based on the destruction capability of the technology in question. It is recognized that the parameters may fluctuate during day-to-day operation from this generic capability. However, in practice, it is not possible to measure against performance criteria on a daily basis. This is particularly the case for situations where ODS only represents a small fraction of the substances being destroyed, thereby requiring specialist equipment to achieve detection of the very low concentrations present in the stack gas. It is therefore not uncommon for validation processes to take place annually at a given facility.

With this in mind, TEAP is aware that the measured performance of a facility may not always meet the criteria established for the technology. Nonetheless, TEAP sees no justification for reducing the minimum recommendations for a given technology. Regulators, however, may need to take these practical variations into account when setting minimum standards.

The ODS destruction and removal efficiency¹ for a facility operating an approved technology should be validated at least once every three years. The validation process should also include an assessment of other relevant stack gas concentrations identified in appendix II to decision XV/___ and a comparison with maximum levels stipulated in relevant national standards or international protocols/treaties.

This procedure should also be followed when commissioning a new or rebuilt facility to ensure that all facility characteristics are completely documented and assessed against the approved technology criteria.

¹ Destruction and removal efficiency has traditionally been determined by subtracting from the mass of a chemical fed into a destruction system during a specific period of time the mass of that chemical alone that is released in stack gases and expressing that difference as a percentage of the mass of that chemical fed into the system.

Tests shall be done with known feed rates of a given ODS compound or with well-known ODS mixtures. In cases where a destruction process incinerates halogen-containing wastes together with ODS, the total halogen load should be calculated and controlled. The number and duration of test runs should be carefully selected to reflect the characteristics of the technology.

In summary, the destruction and removal efficiency recommended for concentrated sources means that less than 0.1 gram of total ODS should normally enter the environment from stack-gas emissions when 1,000 grams of ODS are fed into the process. A detailed analysis of stack test results should be made available to verify emissions of halogen acids and polychlorinated dibenzodioxin and dibenzofuran (PCDD/PCDF). In addition, a site-specific test protocol should be prepared and made available for inspection by the appropriate regulatory authorities. The sampling protocol shall report the following data from each test:

- (a) ODS feed rate;
- (b) Total halogen load in the waste stream;
- (c) Residence time for ODS in the reaction zone;
- (d) Oxygen content in flue gas;
- (e) Gas temperature in the reaction zone
- (f) Flue gas and effluent flow rate;
- (g) Carbon monoxide in flue gas;
- (h) ODS content in flue gas;
- (i) Effluent volumes and quantities of solid residues discharged;
- (j) ODS concentrations in the effluent and solid residues;
- (k) Concentration of PCDD/PCDF, particulates, HCl, HF and HBr in the flue gases ;
- (l) Concentration of PCDD/PCDF in effluent and solids.

Draft decision XV/___: Promoting the closure of essential-use nominations for metered-dose inhalers

Bearing in mind the work of the Technology and Economic Assessment Panel drawing on the database established by decision XIV/5,

Aware in particular that CFC-free salbutamol metered-dose inhalers (MDIs) are widely available in non-article 5 parties,

Mindful of the 2003 assessment of the Panel, which concludes that the development of CFC-free MDIs, their registration and launch into a market cannot alone lead to a full uptake in the market without additional regulatory action,

Mindful that it would be consistent with the 2003 assessment of the Panel for additional information to be provided with respect to essential use nominations,

The fifteenth Meeting of the Parties *decides*,

1. To request the parties to submit their nominations for essential-use exemptions for MDIs by specifying, for each nominated use, the active ingredient, the intended market for sale or distribution and the volume of CFCs required;
2. To request the Technology and Economic Assessment Panel and its Technical Options Committee to make recommendations on essential use exemptions in non-article 5 parties for CFCs for MDIs with reference to the active ingredient of the MDIs in which the CFCs will be used and the intended market for sale or distribution;
3. That no essential-use CFC volumes will be authorized for a CFC MDI product manufactured for sale or distribution in any non-article 5 party, if the manufacturer:
 - (a) Intends to use the requested CFC after 2005 in CFC MDI products where the active ingredient is salbutamol; or
 - (b) Intends to use the requested CFCs in CFC MDI products using any active ingredient after [2007];
4. That no essential-use CFC volumes will be authorized for a CFC MDI product manufactured for sale or distribution in any party, if the manufacturer:
 - (a) Is not actively developing a CFC-free alternative to that product;
 - (b) Is not actively seeking the requisite approval(s) from the regulatory authorities of that party of its CFC-free alternative;
 - (c) Has not launched its CFC-free alternative within nine months of obtaining the requisite approval(s) from the regulatory authorities of that party; or
 - (d) Has not withdrawn its CFC product from that party within twelve months of launching its CFC-free alternative;
5. That paragraphs 3 and 4 above apply unless the Technology and Economic Assessment Panel advises that, on the basis of information provided by the relevant national competent authority, a volume of CFCs requested by any party for any given year is clearly indispensable for patient care;

6. To request the Panel to recommend a form, with sections identified as confidential and non-confidential, for the use of parties submitting information pursuant to decision XIV/5, and to request the Ozone Secretariat to post on its web site all data submitted pursuant to decision XIV/5 that are not designated confidential by the submitting party;

7. To request the Panel to modify the Handbook on Essential Use Nominations to take into account the present decision.

Draft decision XV/___: Application for technical and financial assistance from the Global Environment Facility by South Africa

Recalling decision IX/27, in which South Africa was classified as a developing country,

Recognizing that the annex E substance, methyl bromide, was included as a controlled substance for article 5 countries in 1997 and that, in the same year, South Africa was also classified as an article 5 country,

Noting that South Africa was not to request financial assistance from the Multilateral Fund for fulfilling commitments undertaken by developed countries prior to the ninth Meeting of the Parties,

Noting also that South Africa expressed the need to apply for technical and financial assistance from the Multilateral Fund to phase out the annex E substance at the twenty-second meeting of the Open-ended Working Group of the Parties to the Montreal Protocol,

Noting further that, during the twenty-second Open-ended Working Group meeting, South Africa was advised to negotiate for bilateral or multilateral assistance other than from the Multilateral Fund,

The fifteenth Meeting of the Parties *decides*,

To request the Council of the Global Environment Facility to consider project proposals from South Africa on phasing out the annex E substance for funding as per the conditions and eligibility criteria applicable to all countries eligible for such assistance under the Facility.

Draft decision XV/___: Draft terms of reference for a study on the management of the financial mechanism of the Montreal Protocol

The fifteenth Meeting of the Parties *decides* to adopt the following terms of reference for a study on the management of the financial mechanism of the Montreal Protocol,

Preamble

1. The financial mechanism was established by article 10 of the Montreal Protocol to provide financial and technical cooperation to parties operating under paragraph 1 of article 5 to enable their compliance with the control measures set out in articles 2A to 2E and 2I, as well as any control measures contained in articles 2F to 2H, that are decided pursuant to paragraph 1bis of article 5. The mechanism includes a Multilateral Fund, financed by contributions from parties not operating under paragraph 1 of article 5. An Executive Committee was established by the parties to develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements, including the disbursement of resources for the purpose of achieving the objectives of the Multilateral Fund. A secretariat assists the Executive Committee in the discharge of its functions. The assistance activities requested by parties operating under paragraph 1 of article 5 approved by the Executive Committee and funded by the Multilateral Fund are

implemented by four multilateral implementing agencies (the United Nations Development Programme, the United Nations Environment Programme, the United Nations Industrial Development Organization and the World Bank) and also by bilateral agencies as agreed in decision II/8.

2. The fourth Meeting of the Parties, which established the Multilateral Fund on a permanent basis, recognized the need to review periodically the operation of the financial mechanism in order to ensure maximum effectiveness in addressing the goals of the Montreal Protocol. Accordingly, in decision IV/18, the parties requested an evaluation study, which was carried out in 1995. Based on the results of that study, the seventh Meeting of the Parties adopted decision VII/22, in which they decided:

(a) To request the Executive Committee to consider innovative mobilization of existing and additional resources in support of the objectives of the Protocol and any further action by the end of 1996 and to report thereon to the eighth Meeting of the Parties;

(b) That the actions set out in annex V to the report of the seventh Meeting of the Parties should be taken to improve the functioning of the financial mechanism.

Purpose

3. Recognizing that more than five years after that first study, it was appropriate to evaluate and review the financial mechanism, the thirteenth Meeting of the Parties decided in its decision XIII/3:

(a) To evaluate and review, by 2004, the financial mechanism established by article 10 of the Montreal Protocol with a view to ensuring its consistent, effective functioning in meeting the needs of article 5 parties and non-article 5 parties in accordance with article 10 of the Protocol and to launch a process for an external, independent study in that regard to be made available to the sixteenth Meeting of the Parties;

(b) That the study should focus on the management of the financial mechanism of the Montreal Protocol;

(c) That the terms of reference and modalities of the study should be submitted to the fifteenth Meeting of the Parties;

(d) To consider the necessity to launch such an evaluation on a periodic basis;

(e) To request the existing evaluation mechanism in place within the United Nations system to provide the Meeting of the Parties, for its consideration, with any relevant findings on the management of the financial mechanism of the Montreal Protocol at any time such findings are available.

Scope

4. In carrying out the study, the consultant should consider the management of the financial mechanism of the Montreal Protocol as follows:

(a) Executive Committee decision-making process:

(i) Review of the adequacy of planning and implementation process of activities to ensure compliance;

(ii) The adequacy of information presented to the Executive Committee to enable it to take decisions on projects and policies;

- (iii) Coherence and effectiveness in project review process;
 - (iv) Cost effectiveness of approved ODS phase-out projects and programmes;
 - (v) Effectiveness and cost of the administrative organization of the Executive Committee, including the structure and functions of the Subcommittee for Project Review and the Subcommittee for Monitoring, Evaluation and Finance and their role in the Executive Committee. This should include analysis of options for management in the future, given implementation of the new country driven/compliance focused programme;
 - (vi) Assessment of the necessary level of confidentiality of the Executive Committee meeting documentation, bearing in mind the interest of project proponents;
 - (vii) Use of performance indicators.
- (b) Multilateral Fund secretariat activities:
- (i) Appraisal of the efficiency and effectiveness of the review process of ODS phase-out projects and programmes with respect to the goals of the Montreal Protocol and decisions of the Meetings of the Parties;
 - (ii) Monitoring the efficiency of the implementation of projects and programmes, in particular the monitoring and management of fund transfer and disbursement;
 - (iii) Adequacy and comprehensiveness of the information provided to the Executive Committee on the financial reports submitted for the Executive Committee's consideration.
- (c) Activities implemented by multilateral and bilateral implementing agencies:
- (i) Review of the adequacy in identifying plans and projects to assist national compliance with the Montreal Protocol;
 - (ii) Evaluation of the fund management and disbursement policy of each implementing agency;
 - (iii) Investment strategy of cash advances;
 - (iv) Assessment of the use of the administrative costs, with special consideration to smaller versus larger projects;
 - (v) Cost effectiveness of each agency, taking separately into account the investment projects and other activities (institutional support, ODS officer network management, etc.)
 - (vi) Assessment of the proportion of approved funds between investment and non-investment projects in the different agencies;
 - (vii) Adequacy and effectiveness of fund disbursements, and fund disbursement management, including reporting to the Multilateral Fund secretariat;
 - (viii) Additional costs for the Multilateral Fund, if any, of overlapping activities between agencies.
- (d) Fund management:
- (i) Assess past experience of fund management as performed by the Treasurer;

- (ii) Compare to management and financial practices of other funds (Global Environment Facility, development banks) as benchmarks.
- (e) Additional matters:
- (i) Adequacy of the interaction between the implementing agencies, the Multilateral Fund secretariat and relevant subsidiary bodies;
 - (ii) Analysis and reconciliation of financial data from different sources (Treasurer, implementing agencies, Multilateral Fund secretariat accounts and audited United Nations Environment Programme Fund accounts);
 - (iii) Performance of donor countries in fulfilling their obligation vis-à-vis the Multilateral Fund.

Conclusions and recommendations

In carrying out the study, the consultant(s) will identify the strengths, weaknesses, opportunities and threats and, where relevant, make recommendations suggesting possible improvements. The study will include a general overall review of the achievements of the Fund in phasing out controlled substances and in enabling the compliance of article 5 parties with the Montreal Protocol.

Source of information for the evaluation

The Ozone Secretariat, the Executive Committee, the Treasurer, the Multilateral Fund secretariat, the implementing agencies (multilateral and bilateral), ozone offices, recipient countries/companies and non-article 5 parties are invited to cooperate with the consultant(s) and to provide all necessary information. The report should take into account the relevant decisions of the Meetings of the Parties as well as the Executive Committee.

The consultant(s) should consult widely with relevant persons and institutions and other relevant sources of information deemed useful.

[The following table presents tentative milestones for the study.

July 2003	Approval of draft terms of reference by the twenty-third Open-ended Working Group
July 2003	Selection of a panel
July 2003	Authorization of the Fund secretariat to disburse study-related funding
	Invite independent consultant(s) to bid on the basis of draft terms of reference with provisions for subsequent changes
	Analysis of bids by the secretariat and recommendation to the steering panel
November 2003	Decision approved by the Meeting of the Parties
	Independent consultant(s) selected by the panel
	Contract awarded, including final terms of reference
	Independent consultant(s) meet with the steering panel to discuss study modalities and details
	Mid-term review

	First draft report submitted to the twenty-fourth Open-ended Working Group
November 2004	Submission to the sixteenth Meeting of the Parties]

Draft decision XV/___: Process agents

The fifteenth Meeting of the Parties *decides*:

1. To note that decision X/14 called on the Technology and Economic Assessment Panel to review the list of process agents uses contained in table A of that decision and to make appropriate recommendations for changes to the table;

2. To note that several parties have submitted requests to have certain uses reviewed by the Panel for inclusion in table A of decision X/14 as process agent uses;

3. To request the Panel to review requests for consideration of specific uses against their criteria for process agents and to make recommendations to the parties annually on uses that could be added to table A of decision X/14.

Draft decision XV/___: List of uses of controlled substances as process agents

The fifteenth Meeting of the Parties *decides* to adopt the following uses of controlled substances as a revised table A of decision X/14.

	Process	ODS
1	Elimination of NCl ₃ in the production of chlorine and caustic	CTC
2	Recovery of chlorine in tail gas from production of chlorine	CTC
3	Production of chlorinated rubber	CTC
4	Production of endosulfan (insecticide)	CTC
5	Production of Ibuprofen	CTC
6	Production of (dicofol insecticide)	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
11	Production of styrene butadiene rubber	CTC
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 high modulus polyethylene fiber	CFC 113
17	Production of Bromohexine hydrochloride	CTC
18	Production of Diclofenac sodium	CTC
19	Production of Phenyl glycine	CTC
20	Production of Cyclodime	CTC
21	Production of Chlorinated polypropene	CTC
22	Production of Chlorinated EVA	CTC

23	Production of methyl isocyanate derivatives	CTC
24	Production of 3-phenoxy benzaldehyde	CTC
25	Production of 2-chloro-5-methylpyridine	CTC
26	Production of Imidacloprid	CTC
27	Production of Bupropion	CTC
28	Production of Oxadiazon	CTC
29	Production of Chloradized N-methylaniline	CTC
30	Production of Mefenacet	CTC
31	Production of 1,3- Dichlorobenzothiazole	CTC
32	Bromination of a styrenic polymer	BCM (bromochloromethane)

Draft decision XV/___: Handling of ozone-depleting substances in foams and industrial plants

The fifteenth Meeting of the Parties *decides* to request the Technology and Economic Assessment Panel to prepare an updated report for submission to the Meeting of the Parties in 2005 on the situation in respect of handling and destruction, together with options for:

(a) Handling and destruction of foams containing ozone-depleting substances at the end of their life

[(b) Emissions of ozone-depleting substances, including inadvertent emissions, from the chemical production and process agent sectors and their minimization by best practice;]

[(c) Handling and destruction, by best practice, of ozone-depleting substances emanating from the production and process agent sectors at industrial plant decommissioning.]

Draft decision XV/___: Laboratory and analytical uses

The fifteenth Meeting of the Parties *decides*,

1. To extend the global laboratory and analytical use exemption outlined in decision IX/17 and decision X/19 and its related conditions contained in annex II of the report of the sixth Meeting of the Parties to include annex C, group II and group III substances ;

2. To extend the global laboratory and analytical use exemption set out in paragraph 1 above until such time as the parties agree that the exemption is no longer necessary.

Annex II

ESSENTIAL-USE NOMINATIONS FOR 2004-2005 FOR MDIs RECOMMENDED FOR APPROVAL BY THE PARTIES AT THEIR FIFTEENTH MEETING
(metric tonnes)

Party	2004		2005	
	Amount nominated	Amount recommended for approval	Amount nominated	Amount recommended for approval
European Community	--	--	800	800
Hungary	--	--	1.75	a/
Poland	--	--	230	230
Russian Federation	378	378	336	336
Switzerland	0.5	0.5	--	--
Ukraine	98.7	83.5 b/	--	--
United States of America	--	--	1,902	1,902
Total	477.2	462.0	3,269.75	3,268.0

a/ TEAP was unable to make a recommendation and made the following observation: "This nomination appears to represent a company request and does not present full information as to available alternative products. The accounting framework shows an actual use of 0.4 tonnes in 2002. Given the size of the stockpile (1.2 tonnes at the end of 2002) and previous nominations for the years 2003 and 2004, the current nomination seems excessive. TEAP is therefore unable to recommend this nomination based on data available. Hungary has the option to reapply for a 2005 allocation in 2004 with additional information."

b/ The nomination is for 83.5 tonnes of CFC for MDIs for asthma/chronic obstructive pulmonary disease (COPD) and an additional 15.2 tonnes for angina medication. As last year, TEAP was unable to recommend CFCs for anti-angina sprays because oral, sublingual, transcutaneous and aqueous sprays are widely available. TEAP noted that the nomination for asthma/COPD for 2004 represents an approximately 20 per cent reduction on the 2003 nomination.

ESSENTIAL-USE NOMINATIONS FOR 2004 FOR LABORATORY AND ANALITICAL USES RECOMMENDED FOR APPROVAL BY THE PARTIES AT THEIR FIFTEENTH MEETING
(metric tonnes)

Party	2004	
	Amount nominated	Amount recommended for approval
Poland	1.025	1.025
Total	1.025	1.025

Annex III**REVISED REPORT TO PLENARY BY AUSTRALIA ON THE CONTACT GROUP ON METHYL BROMIDE CRITICAL-USE EXEMPTIONS**

1. The contact group on methyl bromide critical-use exemptions met last night to discuss possible guidance for the Methyl Bromide Technical Options Committee (MBTOC) and the Technology and Economic Assessment Panel (TEAP) on parties' expectations on how the critical-use exemption criteria established by the parties in decision IX/6 would be applied to the assessment, recommendation and approval process.

2. The contact group acknowledged the extensive work that had been undertaken by MBTOC and TEAP in their assessment of the exemption nominations. There was extensive discussion on a number of aspects of the process, with a variety of views expressed by different parties on the possible guidance to be developed. However, thanks in significant part to the participation of representatives of MBTOC and TEAP, the meeting was able to identify constructive ways forward for addressing the participating parties' concerns and expectations. As chair of the contact group, Australia would like to express its strong appreciation to those representatives of MBTOC and TEAP for their positive and helpful participation in the meeting.

Duration of exemptions

3. The participating parties discussed the issue of the duration of exemptions to be granted, with some parties expressing their surprise that exemptions of only one year had been recommended by MBTOC and TEAP. It was noted that decision IX/6 had not stipulated that exemptions should be restricted to a single year, and that indeed the MBTOC/TEAP handbook on the exemption process had invited nominating parties to identify the number of years for which exemptions were sought.

4. The meeting noted advice from MBTOC and TEAP representatives that their recommendations for single-year exemptions had been developed in response to a lack of certainty about the evolving availability and registration of alternatives and the difficulty inherent in attempting to predict such developments more than 18 to 24 months in advance. Also, MBTOC and TEAP had been influenced by the absence of data in some nominations providing a sufficiently detailed transition plan. Importantly, the MBTOC and TEAP representatives confirmed that they had not concluded, for any nominations where a multiple-year duration had been sought, that an exemption of only one year and no longer had been justified. That advice provided significant reassurance to many of the parties participating in the meeting, but some still held concerns about the lack of certainty afforded to exemption nominees by the single-year approach.

5. There was a divergence of views in the meeting as to whether multiple-year exemptions should be granted. Some parties supported the approach of one-year durations advocated by MBTOC and TEAP, stating that that would be consistent with the essential-use nomination procedure and with the suggestion of TEAP in its 2003 report that that would encourage applicants to implement an alternative as soon as possible. They stated that that approach would also be consistent with the potential or likely registration of new alternatives in the next one to two years.

6. Other parties believed that the single-year duration approach was not merited. Noting that no such approach had been identified in the MBTOC/TEAP handbook for the critical-use exemption process, they stated that that approach would introduce an unnecessary level of uncertainty for applicants and raise problems for some applicants with their forward planning processes. They suggested that the granting of multiple-year exemptions in combination with the introduction of annual reporting requirements would allow ongoing assessment by MBTOC, TEAP and the parties to consider the impact on nominations of any new registrations and availability of alternatives. They also indicated their belief that the granting of finite-term exemptions, also in combination with annual reporting, would encourage applicants to implement an alternative as soon as possible.

7. The parties also discussed a potential process for annual reconsideration of exemptions for which more than one year's duration was sought. There was agreement that nominating parties would be required to provide annual reporting regarding each of the nominations, in order to allow assessment by MBTOC, TEAP and the parties of the nominee's evolving circumstances and of their continued efforts to achieve a transition to alternatives. Several parties expressed strong support for a more streamlined process to be applied to new critical-use nomination forms and/or annual reporting forms. That is, it was noted that once a nomination's claims against the broad exemption criteria had been accepted by the assessment bodies and the parties with regard to the first year of exemptions, the level of data required in subsequent annual reporting would not need to be nearly as extensive. Other parties stated that where multiple-year exemptions were considered, the data requirements for annual reporting might need to be much more detailed than if a second nomination was submitted using a well-designed, streamlined form required to support single-year nominations.

8. Although there was not total agreement in the meeting on that point, the representatives from MBTOC and TEAP advised that they also shared the view that data requirements for annual reporting would be lower than for first-year nominations. They also indicated their view that the data requirements for any new critical use nominations would be lower than those required in the first round of applications submitted in 2003. They indicated that MBTOC and TEAP were prepared to work on developing guidance on the data requirements for annual reporting, to be provided to parties in advance of the fifteenth Meeting of the Parties. However, they also noted that they would be likely to require assistance in that task, and suggested that MBTOC and TEAP could liaise with a drafting group of interested parties over the next few months to develop such guidance.

Focus on the individual circumstances of the nominations

9. Some parties advised that they had been initially concerned that MBTOC and TEAP had not taken into account the specific circumstances of the nominations. For example, they had been concerned that those circumstances had not been taken into account in the development of recommendations requiring reductions on the basis of the use of virtually impermeable films, substrates and other non-chemical alternatives, changes to the methyl bromide/chloropicrin mix used by nominees and anticipated gradual adoption of alternatives. Those parties believed that the intention of decision IX/6 was for each nomination's individual circumstances to be the primary basis on which MBTOC and TEAP's recommendations were to be developed.

10. However, those parties also confirmed that, following their bilateral consultations with MBTOC during the course of the week, they had been provided with sufficient reassurance by MBTOC to allay their concerns on that point. While still stressing strongly that a "one size fits all" approach should not be applied by MBTOC and TEAP, they acknowledged that confirmation they had received from MBTOC that it would indeed focus primarily on an individual nominee's circumstances when assessing nominating parties' responses to the initial recommendations. The recommendations published in the 2003 TEAP report were just that, initial recommendations, and it was acknowledged that those would be subject to change if a nominating party provided MBTOC and TEAP with sufficient data to confirm that they could not viably be applied to the circumstances of individual nominees.

Economic viability

11. The issue of economic viability was also discussed with direct reference to the economic viability threshold developed by the Agricultural Economics Task Force. Discussion on that point followed on from the previous evening's presentation by MBTOC on the Task Force's proposed threshold model. At that previous meeting, extremely strong concerns had been voiced by a number of parties about the Task Force's proposed threshold, including that it did not allow for the individual circumstances of a nomination to be taken into account.

12. There was general agreement in the contact group that further work needed to be undertaken to develop a model for assessing economic viability that took into account the individual circumstances of a nomination. One of the representatives of TEAP and MBTOC supported the proposal that further work should be conducted by MBTOC, in consultation with interested Parties, with a view to developing a revised model for assessing economic viability for circulation to parties in advance of the fifteenth Meeting of the Parties. That representative also noted that the economic threshold proposed by the Task Force had not been applied in developing recommendations on any of the 2003 nominations. One party suggested that the methodologies used by nominating parties in assessing significant market disruption could usefully be applied to assessment of the economic viability of alternatives, taking into consideration the specific circumstances of the critical-use exemption requests specific in the nominations.

Aggregation of granted exemption quantities

13. The meeting also discussed the concept of potential aggregation of approved exemption quantities. That concept would enable a nominating party, for whom several exemptions had been approved, to exercise some flexibility in the allocation of the total approved exemption quantity amongst its nominees. Where one nominee found in any given exemption year that they did not require their full exemption quantity, it was proposed the nominating party could make the surplus exemption quantity available to other approved exemption holders, where their circumstances justified it. It was proposed that unpredictable changes in a nominee's circumstances, such as a sudden and significant increase in pest pressures, would justify such re-allocation.

14. It was therefore suggested by some parties that exemptions granted to individual nominating parties should be granted to them on an aggregated, or "lump sum" basis, to facilitate the flexible approach outlined above. That proposed approach was viewed by some parties as being consistent with the approach taken by parties in approval of essential-use exemptions for metered dose inhalers.

15. Concerns were raised by some parties that re-allocation of exemption quantities by a nominating party would be difficult to administer effectively. It was also suggested that a nominee might be able to apply to the parties for an increase in their exemption quantity to address such changes in their circumstances, although it was noted that the current exemption application process would be unlikely to allow for provision of increased quantities in sufficient time to address the nominee's problems.

Streamlined data requirements for nominations

16. Several parties noted that this first round of the exemption nomination process had been an extremely onerous one. There was general agreement that the potential for streamlined, more focused data requirements should be explored. In particular, some parties proposed that the number of data points required to address economic viability could be significantly reduced without affecting the ability of the assessment bodies and the parties to assess a nomination's claims. It was also proposed that nominees should not be required to provide detailed responses to the entire list of alternatives applicable to their particular methyl bromide use. Instead, it was proposed that a nominee should only be required to provide a detailed response to those alternatives which were most applicable to the circumstances of the nominee; in some cases, this might mean responding to only two or three of the listed alternatives.

17. The representatives of MBTOC and TEAP indicated that revisions under way to the *Handbook on Critical Use Nominations for Methyl Bromide* would assist in addressing this concern. With regard to the list of alternatives, the revised draft of the Handbook would indicate that a nominee was required only to address in detail those alternatives most applicable to their own circumstances, and to provide only a brief response to the remaining listed alternatives. To avoid a proscriptive approach, the matrix and Handbook would not identify a minimum number of alternatives to be addressed, nor proscribe which alternatives were considered to be the most likely applicable candidates.

18. The MBTOC and TEAP representatives acknowledged that a reduction in the number of economic points would be desirable, but they also noted that such changes would also have to be considered in conjunction with ongoing work on development of a model for assessing economic viability, referred to above.

19. The meeting also noted the suggestion in section 3.4.5 of the 2003 TEAP report that future nominations should not be accepted unless they included sufficient supporting data from trials of alternatives. Noting that some nominees had limited resources to devote to scientific trials, it was proposed that such a requirement should not preclude the acceptance of nominations where data was presented from grower trials. One of the representatives of TEAP and MBTOC confirmed his expectation that the individual circumstances of the nominee would indeed need to be taken into account when assessing the adequacy of the data provided. However, he also strongly urged parties to ensure that trials data, including that from grower trials, should include benchmarking data to allow direct comparison of the alternatives that had undergone trials against the use of methyl bromide.

Revised Handbook on Critical Use Nominations for Methyl Bromide

20. The representatives from MBTOC and TEAP also informed the meeting that revisions currently being drafted to the *Handbook on Critical Use Nominations for Methyl Bromide* would include an application format, to guide nominating parties in their submissions. They confirmed that the issues discussed in the contact group, with regard to reduced data requirements, would be taken into account in the revisions. They envisaged that the revised handbook would be available from early August.

Conclusion

21. The present summary of the discussions of the contact group show that the meeting was generally a positive one. The group was able to identify ways forward on a number of issues, such as the option of interested parties working with MBTOC in the coming months to prepare guidance on economic thresholds and streamlined annual reporting requirements. While agreement was not reached on all of the issues discussed, constructive outcomes were nevertheless achieved in several areas.

Annex IV**STATEMENT BY THE PRESIDENT OF THE IMPLEMENTATION COMMITTEE TO THE OPEN-ENDED WORKING GROUP ON THE THIRTIETH MEETING OF THE IMPLEMENTATION COMMITTEE**

1. Mr Co-chair, distinguished delegates, I would like to present a summary of the report of the thirtieth meeting of the Implementation Committee, which took place on 4, 5 and 7 July 2003. The fact that the meeting extended over three days will give you an idea of the growing scale and complexity of the Committee's work. In addition to following up on the 22 decisions of last year's Meeting of the Parties dealing with data reporting and compliance issues, we had the implementation of some older decisions to review and some new data, either from 2002 or, submitted late, from 2001, to examine.
2. Several of the decisions of the Meeting of the Parties in Rome, and a few decisions from earlier meetings, dealt with parties in non-compliance, and approved plans of action, containing time-specific benchmarks, for bringing them back into compliance with the Protocol. The Committee reviewed the implementation of these plans, though in several cases data is not yet available to confirm whether or not their benchmarks are being met. In some cases, however, we do know that the party concerned has met their obligations; in particular, we noted with appreciation the success of Bangladesh, Ethiopia and Nigeria in returning to compliance or in meeting their first benchmarks.
3. A number of other decisions asked parties in non-compliance to provide detailed plans of actions, and the Committee spent a considerable amount of time discussing these, in some cases with the benefit of oral presentations by the parties concerned. The Committee is preparing recommendations for draft decisions of the fifteenth Meeting of the Parties, which will be discussed with the parties concerned over the next few months, and finalized at our next meeting.
4. In a few cases the parties identified as being in non-compliance have not responded to requests for a plan of action, or for an explanation of their failure to meet its benchmarks. The Secretariat will be issuing urgent requests for them to do so, and will liaise with the appropriate implementing agencies, and we will return to these cases at our next meeting.
5. About 60 parties have now reported data for 2002. Although the deadline for data reporting for 2002 does not fall until 30 September 2003, the Committee always finds it valuable to receive this data as early as possible, and encourages all parties not to wait until the 30 September deadline. This issue was reiterated in decision XIV/13 of the last Meeting of the Parties, which urged parties to report data as soon as the figures are available, rather than waiting until the final deadline of 30 September. In some cases the data shows that parties are deviating from their consumption limits; as is our normal practice, we have asked the Secretariat to write and request them for an explanation. In particular, we took note of the problem of the lack of alternatives to some uses of methyl bromide, which was raised both in the Implementation Committee and in this meeting of the Open-ended Working Group. We will be considering the responses of the parties concerned at our next meeting.
6. The Committee held a long and exhaustive discussion on the question of revisions of baseline data, which is being requested by three parties. We wish, of course, to do our utmost to facilitate parties' ability to comply with the Protocol, but equally we recognize that changing baseline data is a serious matter and can only be accepted if the Committee is absolutely confident of the justification. We agreed to carry out some further work, before our next meeting, to fill in some remaining gaps in the information we need, and will be returning to the topic at our next meeting. We also agreed to hold a discussion with the aim of drawing up clear guidelines for parties to follow in any future applications for baseline revisions, for subsequent approval by the Meeting of the Parties.

7. Finally, we discussed a number of ideas for improving the operation of the Committee in future meetings, mainly focusing on the need for closer liaison with the implementing agencies of the Multilateral Fund and more so with UNEP's Compliance Assistance Programme (CAP). With their good will, we hope to improve the quality, consistency and timeliness of the large volume of data we need properly to assess the status of compliance with the Protocol.

8. Mr Co-chair, distinguished delegates, the deliberations of the Implementation Committee will become longer and longer, and our reports larger and larger, as phase-out progresses. From now onwards, the Committee may require more than the two-day session we previously set aside to adequately address all non-compliance issues before it. Although this makes life harder for the members of the Committee, and the staff who support it so ably, it is an inevitable outcome of the functioning of the non-compliance system of the Montreal Protocol, a system which so far has proved to be a success, and one which is widely regarded as a model for other multilateral environmental agreements.

9. Let me conclude by thanking the Vice-president and my other colleagues on the Committee for their hard work and support in fulfilling my duties, the Ozone Secretariat for providing all the necessary documents and guiding us through the meeting, and the Fund and GEF secretariats, the implementing agencies, and all the parties who attended our meeting for making it such a worthwhile experience.

Annex V

STATEMENT BY THE COORDINATOR OF THE CONTACT GROUP ON THE INTERPRETATION OF THE BEIJING AMENDMENT REGARDING TRADE MEASURES FOR HCFCs (UNITED STATES OF AMERICA) PRESENTED TO THE TWENTY-THIRD MEETING OF THE OPEN-ENDED WORKING GROUP, 10 JULY 2003

1. Thank you. We had a very productive discussion last night for several hours and I want to thank all those who participated for coming forward with thoughtful positions and an intent to work through this problem in much the same way the parties have always done in the Montreal Protocol context.
2. If I might, I would like to summarize the issue briefly before reporting on the group's work. At issue is how to interpret paragraph 9 of article 4. That paragraph reads as follows: "For the purposes of this Article, the term "State not party to the Protocol" shall include with respect to a particular controlled substance, a State [or regional economic integration organization] that has not agreed to be bound by the control measures in effect for that substance."
3. Thus, paragraph 9 of article 4 has to date meant that where an amendment imposes control measures for a substance, a State that is not a party to that amendment will be treated as a non-party under the Protocol for purposes of the trade measures on that substance.
4. The present difficulty arises because, for the first time under the Protocol, control measures for a single substance –HCFCs—have been imposed in two different amendments. In Copenhagen, the parties agreed to control measures on the consumption of HCFCs. Subsequently, in Beijing, the Parties agreed to control measures on the production of HCFCs. At issue, therefore, is how one should interpret paragraph 9 of article 4 where control measures for a substance are found in two separate amendments.
5. Now turning to our group's work. In discussing this issue I would like to report on four different interpretations of paragraph 9 of article 4 that were put forward by various delegations.
 - (a) First, some countries take the view that with respect to trade in HCFCs, the reference in paragraph 9 of article 4 to "control measures" should refer only to the consumption control measures found in the Copenhagen amendment. Thus, under this view, so long as party has ratified Copenhagen, it should be treated as a party for all purposes of trade in HCFCs;
 - (b) Second, some countries take the view that with respect to trade in HCFCs, the reference in paragraph 9 of article 4 to "control measures" should refer to both the consumption control measures found in Copenhagen AND the production control measures found in Beijing. Under this reading, a party would be subject to treatment as a non-party for purposes in trade in HCFCs unless it has ratified or acceded to both the Copenhagen and Beijing Amendments;
 - (c) A third interpretation was advanced, taking the view that paragraph 9 of article 4 should be interpreted so that treatment as a non-party for purposes of trade in HCFCs turns on whether the State produces HCFCs or not. Under this view, a State that produces HCFCs should be subject to treatment as a non-party if it has not agreed to be bound by the production control measures in Beijing, but States that do not produce HCFCs would only be treated as a non-party for HCFC trade purposes where they were not a party to Copenhagen;
 - (d) Finally, a fourth view was expressed related to but different from the third interpretation. Under this view, paragraph 9 of article 4 should be read so that States producing HCFCs that have not agreed to be bound by Beijing would be subject to treatment as a non-party for purposes of their HCFC exports, but that, so long as such States are parties to Copenhagen they would be allowed to import HCFCs.

6. In the course of these discussions a number of other views were laid out.

(a) One view concerned the fact that the HCFC production controls did not go into effect for Article 5 countries until 2016;

(b) Another suggestion was made that States needed to give thought to what they would do if we fail to resolve this issue on a consensus basis before the HCFC production controls enter into force for article 2 states on 1 January 2004. In this respect, a suggestion was made that at a bare minimum, States would give thought to what documentation or data they might prepare for submission to the Meeting of the Parties for purposes of paragraph 8 of article 4 if they are not going to be party to Beijing by 1 January of next year.

7. Which brings me to next steps.

(a) Although the group discussed possible substantive ways forward, it was ultimately recognized that this is a complex issue legally, and one that has significant economic ramifications depending upon the interpretation adopted;

(b) One country in particular suggested the Technology and Economic Assessment Panel might wish to study the potential economic impacts of the varying interpretations;

(c) Ultimately, members of the group were of the view that further consultation with capitals was necessary on this issue, not only on the different interpretations but also on the procedural steps necessary to reach a resolution among the parties on this issue before the November meeting, if possible. In this respect, the Group was prepared to recommend to the plenary that delegates consult with their capitals both on the substance of this interpretative issue and also whether they would be prepared to meet and/or submit views on this issue sometime before the Meeting of the Parties in November.
