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SEVENTH MEETING OF THE PARTIES
TO THE MONTREAL PROTOCOL ON
SUBSTANCES THAT DEplete THE
OZONE LAYER
Vienna, 5-7 December 1995

REPORT OF THE PREPARATORY MEETING FOR THE
SEVENTH MEETING OF THE PARTIES TO THE
MONTREAL PROTOCOL ON SUBSTANCES THAT
DEplete THE OZONE LAYER

INTRODUCTION

1. The Preparatory Meeting for the Seventh Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer was held at the Austria Center, Vienna, from 28 November to 1 December 1995 at the invitation of the Government of Austria.

I. OPENING OF THE MEETING

2. The Meeting was opened at 10.20 a.m. on 28 November 1995.

A. Statement by the representative of the Government of Austria

3. Mr. Martin Bartenstein, Federal Minister for the Environment of Austria, having welcomed the participants on behalf of the Government of Austria, said that, despite the considerable achievements of the Montreal Protocol, there was no room for complacency since much effort was still required to eliminate emissions of all ozone-depleting substances by all countries.

4. It was a distinct honour for Austria, on the tenth anniversary of the signature of the Vienna Convention for the Protection of the Ozone Layer, to be hosting the Seventh Meeting of the Parties to the Montreal Protocol, the Meeting that was likely to be of crucial importance for the Protocol's future, since the Parties would have to address such challenging issues as the tightening of control measures for hydrochlorofluorocarbons (HCFCs) and methyl bromide in the industrialized countries, the control of those substances in the developing countries and the phase-out schedules of Annex A and B substances for the developing countries.

5. Several of those issues would require adequate funding of projects in the Article 5 countries and the performance and future development of the Multilateral Fund would be an important aspect of the Meeting's discussions. In that connection, he appealed to all donor countries to pay their contributions on time and in full and said he was heartened by the progress made by the Executive Committee at its recent meeting regarding the implementation of the Financial Mechanism.

B. Statement by the Executive Director of the United Nations Environment Programme (UNEP)

6. Mr. Hans Alders, Director, Regional Office for Europe of the United Nations Environment Programme (UNEP), made a statement on behalf of the Executive Director of UNEP. In his statement, Mr. Alders said that the Seventh Meeting of the Parties had a very challenging agenda, including a proposal for the phase-out schedule of CFCs and halons and HCFCs in developing countries, the phase-out schedule of methyl bromide for both developing and industrialized countries, further HCFC controls for industrialized countries and matters related to the Multilateral Fund. There was also a disturbing development of illegal trade in ozone-depleting substances that would have to be addressed. The Meeting would also have to consider draft decisions related to process agents, exports from developing countries, basic domestic needs, laboratory and analytical uses and the reorganization of the Technology and Economic Assessment Panel.

7. The Executive Committee's report on financial planning in the Multilateral Fund (UNEP/OzL.Pro.7/8), which indicated the projection of demand for resources over the full term of each scenario, should allay any concerns of developing countries regarding the apparently stringent proposals that had been made. However, in the ultimate analysis,

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implementation of the Parties' decisions was dependent on the financial health of the Multilateral Fund and the Vienna Convention and Montreal Protocol Trust Funds. The Executive Director thus considered it imperative to revisit the financial conditions of the trust funds and revitalize their situation.

8. Lastly, he reminded the Parties of an important legal requirement, namely, that it would not be possible for any Party to ratify the future Vienna Amendment to the Montreal Protocol unless it had ratified both the London and Copenhagen Amendments.

II. ORGANIZATIONAL MATTERS

A. Attendance

9. The Meeting was attended by representatives of the following Parties to the Montreal Protocol: Algeria, Antigua & Barbuda, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Benin, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, Burkina Faso, Cameroon, Canada, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Czech Republic, Democratic People's Republic of Korea, Denmark, Egypt, El Salvador, Ethiopia, European Community, Finland, France, Gambia, Germany, Ghana, Greece, Guatemala, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Latvia, Lebanon, Lesotho, Libyan Arab Jamahiriya, Liechtenstein, Lithuania, Luxembourg, Malawi, Malaysia, Maldives, Malta, Mauritius, Mexico, Mozambique, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Russian Federation, Samoa, Saudi Arabia, Senegal, Seychelles, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Tunisia, Turkey, Uganda, Ukraine, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Venezuela, Viet Nam, Zambia, Zimbabwe.

10. Representatives of the following States not party to the Montreal Protocol also attended: Azerbaijan, Georgia, Holy See, Mongolia, Morocco, Republic of Moldova, Rwanda.

11. The Meeting was also attended by representatives of the following United Nations bodies and specialized agencies: Economic Commission for

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Europe (ECE), United Nations Development Programme (UNDP), Global Environment Facility (GEF) Secretariat, United Nations Industrial Development Organization (UNIDO), World Meteorological Organization (WMO), World Trade Organization (WTO), World Bank and the International Atomic Energy Agency (IAEA).

12. The following other bodies and agencies were also represented by observers: Alliance for Responsible Atmospheric Policy, AREA, Association of Home Appliance Manufacture (AHPM), Association of Methyl Bromide Industry Japan (AMBIJ), BASF AG, Burger Union (BU), Californians for Alternatives to Toxics (CAT), California Cherry Association (CCA), California Strawberry Commission (CSC), CEFIC, Center for Global Change (CGC), Center for Science and Environment (CSE), Center for Environment Technology & Development (CETD), Chamber of Mines of South Africa (CMSA), Climate Network Africa (CNA), Climate Network Europe (CNE), Comite Nacional Pro Defensa de la Pauna y Flora (Chile), Confagri Coltura, Crop Protection Coalition (CPC), EMBA, Environmental Defense Fund (EDF), Eurobrom, The Fridtjof Nansen Institute (FNI), Friends of the Earth (FOE), Fumigation Service & Supply, Inc., Galco, Galex, Greenpeace (GP), Halon Alternatives Research Corporation (HARC), Hankook Shinwha Co. Ltd, Indian Chemical Manufacturers Organisation (ICMAO), Industrial Institute of Refrigeration (IIR), Industrial Technology Research Institute (ITRI), Infrasc Consultants Zurich (ICZ), International Association of Lions Clubs (LCI), International Council of Environmental Law (ICEL), International Institute for Applied Systems Analysis (IIASA), International Pharmaceutical Aerosol Consortium (IPAC), Israel Union for Environmental Defense (IUED), Japan Association for Hygiene of Chlorinated Solvents (JAHCS), Japan Electrical Manufacturers Association (JEMA), Japan Fluorocarbon Manufacture Assessment (JFMA), Japan Industrial Conference for Ozone Layer Protection (JICOP), Japan Refrigeration and Air Conditioning Industry Association (JRAIA), Japan's Save the Ozone Network (JSON), Korea Institute of Science and Technology (KIST), Korea Specialty Chemical Industry Association (KSCIA), League of Arab States (LAS), 3M Company, Medeva Americas, Inc., Medisol, Methyl Bromide Global Coalition (MBHC), Methyl Bromide Working Group (MBWG), Oko Buro, Pesticide Action Network (PAM), Rap-Al (PAN), Regma, Royal Institute of International Affairs (RIIA), SAFE, Schering-Plough Corporation, Spradley & Associates, Tobacco Research Board, Ulsan Chemical Co, Ltd, Wuppertal Institute (WI).

B. Officers

13. Mr. J. Carstensen (Denmark) and Mr. N. R. Krishnan (India), Co-Chairmen of the Open-ended Working Group, acted as Co-Chairmen of the Preparatory Meeting. Mr. J. Kozakiewicz (Poland), Rapporteur of the Open-ended Working Group, served as Rapporteur.

C. Adoption of the agenda

14. The Meeting adopted the following agenda on the basis of the revised provisional agenda (UNEP/OzL.Pro.7/Prep/1/Rev.1), as amended:

1. Opening of the Meeting:
 - (a) Statement by the representative of the Government of Austria;
 - (b) Statement by the Executive Director of the United Nations Environment Programme (UNEP).
2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of work.
3. Report of the Executive Committee on the issues referred to it by the Open-ended Working Group of the Parties at its twelfth meeting.
4. Report of the Co-Chairs of the Technology and Economic Assessment Panel on the issues referred to the Panel by the Open-ended Working Group of the Parties to the Montreal Protocol at its twelfth meeting.
5. Discussion and recommendations on:
 - (a) Adjustments and Amendment to the Montreal Protocol;
 - (b) Other draft decisions;

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taking into account the reports of the Executive Director, the eleventh and twelfth meetings of the Open-ended Working Group, the Technology and Economic Assessment Panel, the Implementation Committee, the Executive Committee, the report of the Secretariat on data, the financial report for 1994, and the proposed budgets for 1995, 1996 and 1997.

6. Other matters.
7. Adoption of the report.
8. Closure of the Meeting.

D. Organization of work

15. The Meeting decided to consider the draft decisions in plenary, by means of a first reading, to identify those that were largely acceptable and those that were more contentious, and a second reading, during which amendments would be submitted and agreed texts produced.

III. REPORT OF THE EXECUTIVE COMMITTEE ON THE ISSUES REFERRED TO IT BY THE OPEN-ENDED WORKING GROUP OF THE PARTIES AT ITS TWELFTH MEETING

16. Mr. John Whitelaw (Australia), Chairman of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, introduced the report of the Executive Committee on the financial planning in the Multilateral Fund (UNEP/OzL.Pro.7/8) and an interim progress report from the Executive Committee on technology transfer under the Multilateral Fund (UNEP/OzL.Pro.7/10), which had been requested by the Open-ended Working Group of the Parties at its twelfth meeting.

17. He reminded participants that the final report on technology transfer to be presented to the Eighth Meeting of the Parties would cover issues identified by the Executive Committee at its 18th Meeting and by the Seventh Meeting of the Parties. He also drew attention to a matter of presentation concerning the draft decision on the review of the financial mechanism and proposed that the Secretariat should be entrusted with the task of making the necessary editorial changes.

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18. Finally, the Chairman referred to the report of the Executive Committee to the Seventh Meeting of the Parties, which had been prepared in accordance with paragraph 10 (j) of the Committee's terms of reference (UNEP/OzL.Pro.4/15, annex X).

IV. REPORT OF THE CO-CHAIRS OF THE TECHNOLOGY AND ECONOMIC ASSESSMENT
PANEL OF THE ISSUES REFERRED TO THE PANEL BY THE OPEN-ENDED
WORKING GROUP OF THE PARTIES AT ITS TWELFTH MEETING

19. Mr. Stephen O. Andersen, Co-Chair of the Technology and Economic Assessment Panel, introduced the report of the Panel, requested of it by the Open-ended Working Group of the Parties at its twelfth meeting on: (i) economic and financial implications of methyl bromide control scenarios for Article 5 countries; (ii) economic and financial implications of hydrochlorofluorocarbon control scenarios for Article 5 countries; (iii) economic and financial implications of CFC, halon, carbon tetrachloride and 1,1,1-trichloroethane control scenarios for Article 5 countries; and (iv) economic and financial implications of trade in Annex A and Annex B substances for Article 5 countries after 1995.

20. Mr. Andersen said that the TEAP report had been prepared by a special drafting group of the Panel and its Technology and Economic Options Committees assisted by invited experts from several developing and developed countries, who served as advisers. Advisers from developing countries were: Johanna Hjerthen (Colombia Ministry of the Environment), Ong Ewe Hock (Malaysia ODS Working Group), David M. Okioga (Kenya Ozone Office) and Sateaved Seebaluck (Mauritius Ministry of the Environment and Quality of Life).

21. The following financial consequences of scenarios for methyl bromide were reported:

(a) Scenario 1 (a freeze in 1998 at 1993-1995 average levels) would result in total costs ranging from \$9.5 million to \$78.5 million at a 0 per cent discount rate;

(b) Scenario 2a (a 25 per cent reduction by 2005 at 1993-1995 average levels) would result in total costs ranging from \$48.6 million to \$232.3 million at a 0 per cent discount rate;

(c) Scenario 2b (a 25 per cent reduction by 2005 and a phase-out by

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2011) would result in total costs ranging from \$86.6 million to \$326.7 million through 2011 at a 0 per cent discount rate;

(d) Scenario 3 (a phase-out by 2001) was not considered to be technically feasible and therefore not economically feasible. It was not, therefore, included in the TEAP analysis.

22. With regard to HCFC consumption for Article 5(1) countries, the following values were reported by the Panel:

(a) Scenario A (a freeze by 2000 in consumption of HCFCs at 1999 ODP-weighted base-year level). In the case of 2,000 ODP tonnes to be phased out in insulating foam over the period 2000-2008, costs were estimated at US\$ 85-330 million, and costs were estimated at US\$ 205-500 million for a 50/50 refrigeration/air-conditioning and insulating foam phase-out at a 1 per cent discount rate;

(b) Scenario B (the Copenhagen schedule plus 10 years) was estimated to cost between US\$ 115 million and 235 million at a 1 per cent discount rate. Scenario B could involve costs in the order of US\$ 15-30 million at a 7 per cent discount rate (and up to US\$ 235 million at a 1 per cent discount rate). That was due to the fact that equipment had to be converted only after 2030. The ranges represented the least expensive and the most expensive technology alternatives currently available. Figures had been rounded;

(c) Scenario C (a freeze by 2011 in consumption of HCFCs at 2010 base-year level and phase-out by 2040 with a gradual decline over the period 2010-2040) was estimated to cost between US\$ 80 million and 160 million at a 1 per cent discount rate. Scenario C would involve costs in the order of US\$ 10-20 million at a 7 per cent discount rate rising to US\$ 160 million at a 1 per cent discount rate, due to the phase-out in refrigeration and air-conditioning.

23. For CFCs, halon, carbon tetrachloride and 1,1,1-trichloroethane, the Panel considered the Report under Paragraph 8 of Article 5 of the Montreal Protocol to be the best source of the information for Parties on the economic consequences of accelerated schedules.

24. The Panel wished to call the attention of the Parties to the changing technical situation regarding refrigeration retrofit chemicals and procedures, the challenges of restricting ODS to service uses after the phase-out in Article 5 countries and the socio-economic considerations of accelerating the phase-out in Article 5 countries:

25. On the question of trade in Annex A and Annex B substances, the Panel reported the following scenarios:

(a) Scenario 1. If Article 5 producer countries were to be restricted to supplying their own domestic markets only, based on a current actual estimated production volume of 78,000 MT, the non-producing Article 5 countries would have to import approximately 70,000 tonnes from non-Article 5 sources in total. Under that scenario, producers in non-Article 5 countries would need to produce only about 45 per cent of their "allowable" production to ensure adequate supplies to meet the basic domestic needs of those Article 5 countries without their own production facilities. That strict interpretation of basic domestic needs would segment the world market in a way that would reduce choice for users and lead to inefficient markets by reducing competition;

(b) Scenario 2. If Article 5 users of Annex A and Annex B substances were to be restricted to obtaining supplies solely from Article 5 country producers, they would be able to ensure adequate supply to meet their total basic domestic needs for CFCs, halons, and carbon tetrachloride - but not for CFC-115 and, possibly, CFC-113 and 1,1,1-trichloroethane - only by doubling their currently estimated level of production for 1996 and 1997. This would mean a reduced choice for users and lead to inefficient markets by reducing competition;

(c) Scenario 3. If there were no restrictions on sources of supply, neither for residual demand in non-Article 5 countries, there would be more than ample production capacity to ensure adequate supply, and open market competition between suppliers could ensure cost-efficient supplies in adequate quantities and at an acceptable quality.

- V. DISCUSSION AND RECOMMENDATIONS ON: (a) ADJUSTMENTS AND AMENDMENT TO THE MONTREAL PROTOCOL; (b) OTHER DRAFT DECISIONS; TAKING INTO ACCOUNT THE REPORTS OF THE EXECUTIVE DIRECTOR, THE ELEVENTH AND TWELFTH MEETINGS OF THE OPEN-ENDED WORKING GROUP, THE TECHNOLOGY AND ECONOMIC ASSESSMENT PANEL, THE IMPLEMENTATION COMMITTEE, THE EXECUTIVE COMMITTEE, THE REPORT OF THE SECRETARIAT ON DATA, THE FINANCIAL REPORT FOR 1994, AND THE PROPOSED BUDGETS FOR 1995, 1996 AND 1997

26. In considering agenda item 5, the Preparatory Meeting had before it draft decisions VII/1-VII/36 as contained in document UNEP/OzL.Pro.7/9.

A. Adjustments and amendments to the Montreal Protocol

27. Concerning controls on HCFCs for Parties not operating under Article 5, many representatives expressed support for lowering the cap to 2 per cent and moving the phase-out date from 2030 to 2015. Several of those representatives noted that recent developments revealed the possibility of faster regulation in the Protocol. Many other representatives expressed support for maintaining the current control schedule on HCFCs, citing the small benefit to the ozone layer of faster regulation for further adjustments and the questionable economic viability and technical availability of alternatives for all uses. It was important to maintain clear signals to industry in order to continue the switch from CFCs and to avoid the use of unacceptable substitutes. At the same time, individual Parties could, and should, be encouraged to exceed Protocol requirements.

28. One representative noted that altering HCFC controls on Article 2 Parties could have unforeseen and negative consequences on Article 5 countries. Another representative expressed concern that further amendments to HCFC controls were premature without further analysis of the CFC phase-out set for 1 January 1996, noting that several countries were unlikely to meet their obligations with respect to CFCs.

29. Two representatives said that they could not support the proposal on the production of HCFCs, as contained in document UNEP/OzL.Pro.7/2, section B. They felt that any important additions to the Protocol could be introduced through decisions and adjustments rather than as an amendment to the Protocol, and requested that the proposal be placed in square brackets.

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One representative supported the proposal.

30. A variety of views was expressed concerning controls on methyl bromide for Parties not operating under Article 5. Many representatives supported strengthening those controls, citing the significant benefit to the protection of the ozone layer. Several recalled the conclusion by the Technology and Economic Assessment Panel that a phase-out of methyl bromide was the single most important action that Parties could take in that regard. One noted that the production/consumption of substances with smaller ODPs would be phased out by 1 January 1996.

31. Concerning specific proposals for adjusting the Protocol, many representatives expressed support for a 25 per cent reduction in production/consumption of methyl bromide in 1998 and a 50 per cent reduction in 2005, both from a 1991 baseline, with the ultimate objective of a complete phase-out at a later date. Several representatives supported a complete phase-out by 2001 with one suggesting an interim reduction and another opposing it. One representative expressed support for limiting action to a 25 per cent cut by 1998. Another representative supported a phase-out of uses other than quarantine and pre-shipment uses after 2005, with an interim 75 to 90 per cent reduction between 2003 and 2005.

32. Several representatives supported the development of exemptions for quarantine and pre-shipment uses, as defined by the Sixth Meeting of the Parties, as well as instructing the Technology and Economic Assessment Panel to study the possibility of essential-use or critical agricultural-use exemptions applicable to agricultural purposes.

33. Many representatives opposed the establishment of any controls on methyl bromide for Article 5 countries at the present time and linked the possibility of future controls to sufficient financial assistance and availability of thoroughly tested substitutes. Many of those representatives noted that for them the crucial agricultural importance of methyl bromide was a matter of survival and that all scientific, economic and technical uncertainties surrounding the issue needed to be resolved before controls could be considered.

34. Many other representatives expressed support for controlling the use of methyl bromide in Article 5 Parties. Some called for a freeze on methyl bromide production/consumption and several cited the need for its eventual elimination. Several also supported exemptions for quarantine and pre-

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shipment applications. Representatives noted, in support of their positions, the threat methyl bromide posed to the ozone layer, the conclusions of the Technology and Economic Assessment Panel concerning the availability of alternatives for many uses, the advantages of improved application and management procedures, and the positive results of several demonstration projects funded through bilateral assistance and the Multilateral Fund.

35. Many representatives opposed the establishment of any controls on HCFCs in Article 5 countries. Several pointed to large investments in conversion from CFCs to HCFCs and expressed concern that premature controls on HCFCs would lead to early obsolescence of new equipment, entail high costs for industries and consumers, and produce disincentives to switch from CFCs. Representatives also noted the importance of establishing the efficacy and economic and technical viability of alternatives, as well as the provision of sufficient financial assistance, before moving beyond the terms agreed to at Copenhagen.

36. A number of representatives expressed support for establishing controls on HCFCs in Article 5 Parties, citing the need to protect the ozone layer and to send a signal that uncontrolled increases in HCFC consumption would not continue. Several supported a freeze on the consumption of HCFCs, with some suggesting specific time-frames, including 2006 and 2010.

37. Many representatives of Article 5 Parties stated that establishing new control measures on methyl bromide and HCFCs would require technology transfer and additional financial assistance from, and a larger replenishment of, the Multilateral Fund. Many representatives of Article 2 Parties reiterated their commitment to providing financial support to assist Article 5 Parties implement their obligations as enunciated in paragraph 5 of Article 5 of the Montreal Protocol. They noted that all control measures agreed to during the Seventh Meeting of the Parties would be fully considered during discussions on the replenishment of the Multilateral Fund that would be held in 1996.

38. Concerning controls on CFCs for Article 5 Parties, many representatives supported the London Amendment with service tail for Annex A and B substances. One representative supported maintaining the Copenhagen adjustments.

39. The representative of the Russian Federation said that the particular economic and social situation in his country caused by the difficulties of the transitional period did not allow it to support the introduction of new amendments and adjustments to the Montreal Protocol to reduce the schedule and volumes of production of controlled substances. Russian industry was objectively unable to adjust to changing requirements, something that had been stated on a number of occasions by representatives of the Russian Federation at Meetings of the Parties to the Montreal Protocol. In the view of the Russian Federation, the frequent introduction of adjustments and amendments to the Montreal Protocol led to the disorientation of industrial production, excessive financial costs to the Parties, difficulties in the pursuit by the Parties of a uniform strategy for the protection of the ozone layer, great differences stipulated in the conditions of compliance with the Protocol for States that had or had not ratified the amendments, and so forth.

40. A representative of one non-governmental organization stated that in formulating policy on HCFCs, it must be remembered that interim cuts on HCFCs could have a significant impact. The representative expressed concern that the debate on the phase-out of methyl bromide seemed to be dominated not by concern for the environment but by financial consideration, and that the critical exemptions established in conjunction with the phase-out of methyl bromide would seriously undermine the actual achievement of those goals. Another representative of a non-governmental organization welcomed the support expressed for a freeze on methyl bromide in Article 5 Parties and called on Article 2 Parties to support methyl bromide control efforts in Article 5 countries with financial resources and transfer of appropriate technology.

41. At the suggestion of its Co-Chairmen, the Meeting established a Contact Group, consisting of 18 Parties, equally divided between Article 2 and Article 5 Parties, to consider the draft decisions relating to control measures. At its final session, the Meeting heard a report by the Co-Chairman of the Contact Group which stated that control measures with respect to the Article 2 countries had been narrowed to two options in each case, namely, in respect of methyl bromide, 100 per cent phase-out by the year 2001 or 25 per cent phase-out by the year 1998 and 50 per cent by the year 2005 and, in the case of HCFCs, a reduced cap of 2.1 per cent and a 2015 phase-out or retention of the 3 per cent cap with a 2030 phase-out. Control measures in respect of the Article 5 countries had also been narrowed to two options, namely, in the case of methyl bromide, no controls

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or else a freeze at some date to be determined, in the case of HCFCs, no controls or else the Copenhagen Amendment dates plus 10 years and, in the case of CFCs, retaining a 2010 phase-out or else a 2010 phase-out with servicing tail.

42. The Meeting then decided to forward, in square brackets, to the Meeting of the Parties, draft decision VII/1 on Further adjustments and reductions and draft decision VII/2 on Further Amendment of the Protocol, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

B. Other draft decisions

Provision of financial support and technology transfer
(draft decision VII/3)*

43. The Meeting decided to forward draft decision VII/3 to the Meeting of the Parties, as contained in UNEP/OzL.Pro.7/9/Rev.1.

Definition of "quarantine" and "pre-shipment applications"
(draft decision VII/4)

44. Several representatives proposed that, under subparagraph (b), the earlier definition of "pre-shipment applications" as set out in document UNEP/OzL.Pro.6/7 be adopted. The draft decision, as contained in document UNEP/OzL.Pro.7/9/Rev.1, was forwarded to the Meeting of the Parties.

Control measures on methyl bromide (draft decision VII/5)

45. The Meeting decided to forward draft decision VII/5, in square brackets, to the Meeting of the Parties, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

Clarification of decision I/12 C on the definition of "basic domestic

* All bracketed references to draft decisions in the headings in this section refer to the decisions in document UNEP/Ozl.Pro.7/9.

needs" (draft decision VII/6)

46. The Meeting decided to forward draft decision VII/6, in square brackets, to the Meeting of the Parties, as contained in document UNEP/OzL.Pro.7/9/Rev.1).

Eligibility for payment by the Multilateral Fund of facilities used for export production (draft decision VII/7)

47. The Meeting decided to forward draft decision VII/7, in square brackets, to the Meeting of the Parties, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

Continued use of controlled substances as chemical process agents after 1996 (draft decision VII/8)

48. Draft decision VII/8 was taken up together with document UNEP/OzL.Pro.7/Prep/CRP.2 as alternative 3. One representative, speaking on behalf of a number of Parties, said that the alternatives did not meet their concerns and requested that further consideration of the draft decision be deferred pending the outcome of ongoing consultations on a fourth alternative. Another representative said that, logically, the use of ODS as process agents should not be treated as feedstock, since alternative technologies were available, and should be phased out without any extension of times. Enterprises in Article 5 countries, he added, using ODS as process agents should have their incremental costs funded in accordance with the established guidelines. The Preparatory Meeting decided to prepare a new wording for the draft decision and forward it, in square brackets, to the Meeting of the Parties.

Laboratory and analytical uses (draft decision VII/9)

49. One representative expressed the wish to introduce wording as to the quality of the controlled substances referred to. Another representative expressed concern over the implications of the proposed new wording and added that a new paragraph 9 had been added without his delegation's knowledge. He pointed out that the limited resources of the Multilateral Fund should not be used for low-return activities. He considered voluntary activities acceptable for funding, provided they were linked to rapid phasing out, but wished the paragraph to be bracketed. Another

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representative wished to amend the beginning of paragraph 8 to read " To encourage Article 2 countries to provide assistance on a bilateral basis for Article 5 countries to undertake research and development and". The draft decision, as contained in document UNEP/OzL.Pro.7/9/Rev.1, was forwarded to the Meeting of the Parties.

Control measures concerning halons and other agents used for fire suppression and explosion insertion purposes (draft decision VII/10)

50. Following consultations, one representative proposed adding one additional sentence after (h), and replacing "critical" wherever it appeared by "essential". Another representative requested that "essential" be placed in square brackets. After some discussion, the Preparatory Meeting decided to forward the draft decision, as contained in document UNEP/OzL.Pro.7/9/Rev.1, to the Meeting of the Parties in square brackets.

Ratification, approval or accession to the Vienna Convention for the Protection of the Ozone Layer, the Montreal Protocol on Substances that Deplete the Ozone Layer and the Amendments to the Montreal Protocol (draft decision VII/11)

51. The Preparatory Meeting agreed to forward draft decision VII/11 as contained in document UNEP/OzL.Pro.7/9/Rev.1 to the Meeting of the Parties.

Recommendations for draft decisions on implementation and non-compliance by the Implementation Committee (draft decisions VII/12-VII/18)

52. The President of the Implementation Committee introduced the Committee's recommendations on the draft decisions it had considered during its eleventh meeting. He noted that, although the issues before the Committee continue to grow in importance, its deliberations remained characterized by a spirit of constructive cooperation. It was evident that some Parties continued to encounter financial, structural and administrative difficulties in meeting their obligations under the Montreal Protocol. The Committee believed its role was to help facilitate measures that would assist such Parties meet their obligations while also remaining mindful that the central goal of the Protocol was protecting the ozone

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layer. He thanked the members of the Committee, the Implementing Agencies, and the Secretariat for their efforts in that regard.

53. The President then drew the Preparatory Meeting's attention to draft decisions VII/12-VII/18 in document UNEP/OzL.Pro.7/9 as well as the Committee's amendments to those draft decisions which had been circulated to the Meeting.

54. The Meeting decided to forward draft decision VII/12, on implementation of the Protocol, to the Meeting of Parties, as amended, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

55. During the discussion of draft decision VII/13, on compliance with the Protocol by Poland, the representative of Poland expressed support for the agreement embodied in the draft decision. The Meeting decided to forward draft decision VII/13 to the Meeting of the Parties, as amended, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

56. During the discussion of draft decision VII/14, on compliance with the Protocol by Bulgaria, the President of the Implementation Committee noted that the proposed amendments reflected improvements regarding Bulgaria's compliance. The representative of Bulgaria expressed support for the agreement embodied in the draft decision. The Meeting decided to forward draft decision VII/14 to the Meeting of the Parties, as amended, as contained in UNEP/OzL.Pro.7/9/Rev.1.

57. The Meeting considered simultaneously draft decision VII/15 on compliance with the Protocol by Belarus and draft decision VII/17 on compliance with the Protocol by Ukraine. The President of the Implementation Committee noted the importance the Committee attached to developing a common approach for countries in the region in question and the consequential similarity of the draft decisions. He explained the major elements of each decision, drawing special attention to paragraphs 5, 6 and 7. The Meeting noted his observation that Ukraine had recently submitted a country programme for the phase-out of ozone-depleting substances, that Ukraine's Minister for the Environment had attended part of the twelfth meeting of the Implementation Committee, and that neither Ukraine nor Belarus produced controlled substances or possessed recovery and recycling facilities.

58. The representatives of Ukraine and Belarus expressed their general

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support for the respective draft decisions, with Ukraine suggesting one amendment. Further amendments were proposed during the discussion of the draft decisions. Some representatives expressed concern that the agreements concerning trade and reporting requirements within the draft decisions, as well as similar potential agreements in draft decision VII/16, were not sufficient to ensure that the countries in question would not exceed their allowable production limits for supplying the basic domestic needs of Article 5 Parties. Another representative stated his belief that nothing in the draft decisions, including paragraph 8, provided or implied a general exception to the requirements of the Protocol. Moreover, the specific concern expressed by those representatives was already reflected in the monitoring and reporting system in paragraph 7.

59. The Meeting decided to forward draft decision IV/15, on compliance with the Protocol by Belarus, as contained in document UNEP/OzL.Pro.7/9/Rev.1, to the Meeting of the Parties, as amended and containing square brackets following paragraph 6.

60. The Meeting decided to forward draft decision IV/17, on compliance with the Protocol by Ukraine, to the Meeting of the Parties, as contained in document UNEP/OzL.Pro.7/9/Rev.1, as amended and containing square brackets following paragraph 6.

61. The President of the Implementation Committee outlined the Committee's recommendation for draft decision VII/16 on compliance with the Protocol by the Russian Federation. In his opinion the issue was one of the most important the Committee had yet considered, due in large part to the Russian Federation's status as a producer and exporter of ozone-depleting substances. The recommendation before the Preparatory Meeting was the result of extensive consideration within the Implementation Committee, including several informal consultations with representatives of the Russian Federation. He was encouraged by the spirit of those discussions and the progress made in developing a common strategy. He reported that the Committee and representatives of the Russian Federation had come to an agreement on all points except those contained in paragraphs 8 and 9.

62. The representative of the Russian Federation said that the Implementation Committee had skirted around the statements issued by the Russian Federation and other countries with economies in transition at the eleventh and twelfth meetings of the Open-ended Working Group of the

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Parties and had left unanswered the appeal dated 26 May 1995 by the Head of Government of the Russian Federation. It had also not given due attention to the report of the Ad Hoc Working Group on CEIT Aspects, which contained an objective assessment of the economic situation in the countries concerned. Without examining those documents, it would be very difficult to resolve the issue equitably. Approval of the proposed recommendations could cause a number of additional problems with the Russian Federation's compliance with the Protocol and have unacceptable economic and social effects in the country. The question of the status of the countries with economies in transition should be looked at again and, once it had been settled, the issues relating to those countries' compliance could be examined in the light of that status. There was, however, another approach: as it continued its work, the Ad Hoc Working Group on CEIT Issues might find answers to the questions which the Implementation Committee felt needed clarification. In that event, the Working Group's assessments and findings could help to develop mutually acceptable solutions that would allow the Russian Federation to continue to fulfil its obligations.

63. The President of the Implementation Committee responded that the Committee had taken full account of the report of the CEIT Working Group and had also benefited from the advice of the Chairs of that Working Group during its meetings. The proposed recommendations reflected many elements of that report, in particular the proposed solution as indicated in that regard.

64. The Meeting decided to forward draft decision IV/16, on compliance with the Protocol by the Russian Federation, to the Meeting of the Parties, as amended, and containing square brackets surrounding paragraphs 8 and 9 as well as following paragraph 8, as contained in document UNEP/OzL.Pro.7/9/Rev.1. One representative, supported by two others, mentioned, however, that his delegation intended to submit an addition to that draft decision, within the square brackets, to the Meeting of the Parties.

65. In his report, the President of the Implementation Committee noted that, should the Parties approve draft decision VII/17 bis, on the status of Mauritania vis-à-vis decision VI/5 of the Sixth Meeting of the Parties, Mauritania would be unable to receive assistance from the Multilateral Fund until, but only until, it had supplied the data required by decision VI/5 to the Secretariat. Once those data were supplied, no further decision by the Parties would be necessary for Mauritania to receive such assistance. He stated that the Implementation Committee regretted having to recommend such a decision but that the Committee was aware of repeated requests to Mauritania for the information and considered data-reporting to be a serious obligation and an important factor in the effective operation of the Montreal Protocol. It was the Committee's hope that Mauritania would soon submit the required data, making the draft decision unnecessary or its impact short-lived.

66. One representative, while not objecting to the draft decision, expressed concern that not all Parties were aware of or able to fulfil all their obligations under the Protocol. He requested that the Secretariat and interested Parties expand their efforts to provide the informational, financial and technical support needed in such cases.

67. The Meeting decided to forward draft decision VII/17 bis to the Meeting of the Parties, as amended, as contained in UNEP/OzL.Pro.7/9/Rev.1.

68. Regarding draft decision VII/18, on the discrepancies between the data reported by a Party to the Ozone Secretariat and the data presented by that Party to the Executive Committee of the Multilateral Fund, the Secretariat noted that, traditionally, data supplied by Parties were not questioned but that, on some occasions, there had been significant differences between the data supplied to the Ozone Secretariat and those supplied to the Multilateral Fund Secretariat. The decision would provide the Secretariat with the ability to inquire into such discrepancies. One representative noted that the standard practice in the United Nations was to accept without challenge data supplied by a Government concerning its country's population.

69. The Meeting decided to forward draft decision VII/18 to the Meeting of the Parties, as contained in UNEP/OzL.Pro.7/9/Rev.1.

Membership of the Implementation Committee (draft decision VII/19)

70. Draft decision VII/19 as contained in document UNEP/OzL.Pro.7/9/Rev.1 was deferred, pending receipt of nominations from the regional groups.

Review of the Financial Mechanism (draft decision VII/20)

71. The draft decision was taken up together with the amendments proposed by Brazil and Germany. After an exchange of views, the Meeting decided to forward the draft decision, as contained in document UNEP/OzL.Pro.7/9/Rev.1, to the Meeting of the Parties with paragraph 4 in square brackets. At the request of one representative, the Meeting agreed that the word "UNEP" in Action 21(b) of Annex II to the draft decision should be interpreted as meaning the Technology and Economic Assessment Panel, in collaboration with UNEP particularly its Industry and Environment Programme Activity Centre.

Financial planning in the Multilateral Fund (draft decision VII/21)

72. The Meeting decided to forward draft decision VII/21 to the Meeting of the Parties as contained in document UNEP/OzL.Pro.7/9/Rev.1.

Authorization of the Executive Committee of the Multilateral Fund to provide funding for methyl bromide projects for the purpose of evaluating alternatives (draft decision VII/22)

73. The Meeting decided to forward draft decision VII/22, in square brackets, to the Meeting of the Parties, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

Provision by the Executive Committee of the Multilateral Fund of specific financial support for projects in low-volume-ODS-consuming countries (LVCs) (draft decision VII/23)

74. One representative suggested that the draft decision should also cover small- and medium-sized enterprises as well as LVCs. Many other representatives opposed that proposal, suggesting that it would be more appropriate in a separate draft decision. Following extensive discussions and informal consultations on several proposed amendments, the Meeting decided to forward the draft decision, as contained in document

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UNEP/OzL.Pro.7/9/Rev.1, to the Meeting of the Parties with a number of subparagraphs in square brackets.

Technology transfer (draft decision VII/24)

75. The meeting decided to forward draft decision VII/24 to the meeting of the Parties, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (draft decision VII/25)

76. Draft decision VII/25 was deferred pending the reports by the regional groups.

Essential-use nominations for controlled substances for 1996 and beyond (draft decision VII/26)

77. One representative said that, while she would not oppose a consensus on the draft decision, she wished to place on record her strong opposition to the granting of exemptions for more than a two-year period, as already established as a matter of principle, and the exemption granted by the draft decision must be a one-time exception to the two-year rule, which should be strictly applied in the future. The Meeting decided to forward the draft decision to the Meeting of the Parties as contained in document UNEP/OzL.Pro.7/9/Rev.1.

78. With respect to the annex to draft decision VII/26 (annex III in UNEP/OzL.Pro.7/9/Rev.1), it was decided that the two square brackets in line 9 would remain. The Chairman asked the representative of Poland if he could accept deletion of the bracketed number in line 8, since no other representative had supported his request that the square brackets be removed. The representative of Poland said he preferred to retain the item with the square brackets, so that the ministers could consider it at the Meeting of the Parties.

Export and import of controlled substances to be used as feedstock (draft decision VII/27)

79. Several representatives requested further clarification of the wording of the draft decision and some representatives presented amendments. It was decided that discussion should be held between the

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representatives of the countries concerned in order to arrive at an acceptable text. Following a report by the representative of an informal drafting group, the Meeting approved draft decision VII/27, as amended, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

Status of recycled CFCs and halons under the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (draft decision VII/28)

80. The Meeting approved draft decision VII/28, as amended, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

Control of export and import of substances listed in Annexes A and B of the Montreal Protocol and equipment used in the manufacture of such products (draft decision VII/29)

81. The sponsor of the draft decision, having noted that, on the basis of previous discussions, there appeared to be no opposition to the content of the draft decision in question but only to the use of the word "dumping", produced a thoroughly revised version of the text without the contentious word. Several representatives supported strengthening the language of the text. After various amendments had been orally proposed, most of which the sponsor accepted, the meeting agreed to forward the draft decision, contained in UNEP/OzL.Pro.7/9/Rev.1, to the Meeting of the Parties, as revised and amended.

Illegal imports and exports of controlled substances (draft decision VII/30)

82. Following the proposal to change the title, which was accepted, the Meeting decided to forward the draft decision, as amended, as contained in UNEP/OzL.Pro.7/9/Rev.1, to the Meeting of the Parties.

Assessment Panels (draft decision VII/31) and Reorganization of the Technology and Economic Assessment Panel and its Technical Options Committees (draft decision VII/32)

83. A single draft decision containing elements of these items was circulated and considered by the Meeting. The combined draft decision was orally revised by one of the Co-Chairmen of the Technology and Economic Assessment Panel. A number of amendments were then orally proposed and

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discussed. The Meeting decided to forward the draft decision, as contained in UNEP/OzL.Pro.7/9/Rev.1, to the Meeting of the Parties, as orally revised and amended.

84. Many representatives expressed their appreciation of and support for the work of the Technology and Economic Assessment Panel. A number of them stated that enhanced participation by the Article 5 countries was essential for its continued success and one added that experts from the countries in question should comprise 50 per cent of the Panel. Several others, however, while expressing their support for enhanced membership of experts from Article 5 countries, were opposed to any form of quota. One representative, supported by another, said that nomination of an expert by a Party should be responded to by the Secretariat, which was not entitled to judge the acceptability of such an expert.

85. All the representatives who spoke emphasized their support for the role of the members of the Panel as independent experts, free from political or other influences. Most of them were thus opposed to the presence of any observers, whether from Parties or non-governmental organizations (NGOs).

86. The representative of a non-governmental organization pointed out that some NGOs possessed considerable expertise which the Panel should be able to use. A member of the Secretariat stated that the Panel was empowered to invite outside experts, a power which it regularly employed.

Destruction technology (draft decision VII/33)

87. The Meeting agreed to forward draft decision VII/33 to the Meeting of the Parties, as contained in UNEP/OzL.Pro.7/9/Rev.1.

Co-Chairs of the Open-ended Working Group of the Parties to the Montreal Protocol (draft decision VII/34)

88. Discussion was deferred pending the reports by the regional groups.

Financial Matters: Financial report and budgets (draft decision VII/35)

89. The Secretariat introduced document UNEP/OzL.Pro.7/5, "The financial report for 1994 and the revised 1995 and 1996 budgets and the proposed 1997 budget for the Protocol Trust Fund".

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90. Following a report by a representative of an informal subgroup on the budget, the Meeting agreed to forward a revised budget, contained in draft decision VII/35, to the Meeting of the Parties, as amended and as contained in document UNEP/OzL.Pro.7/9/Rev.1.

Eighth Meeting of the Parties to the Montreal Protocol (draft decision VII/36)

91. Two representatives reiterated their countries' invitations to host the Eighth Meeting of the Parties. Another representative cautioned that, when the dates of a major meeting were being fixed, care should be taken to ensure that they did not clash with those of other important environmental meetings. The Meeting then decided to forward draft decision VII/36, as contained in document UNEP/OzL.Pro.7/9/Rev.1, to the Meeting of the Parties in square brackets.

Trade in methyl bromide

92. The Meeting decided to forward a draft decision, introduced at the Meeting on this subject, in square brackets, to the Meeting of the Parties as draft decision VII/5 bis, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

1997-1999 Replenishment

93. The Meeting decided to forward a draft decision, introduced at the Meeting on this subject, to the Meeting of the Parties as draft decision VII/21 bis, as contained in document UNEP/OzL.Pro.7/9/Rev.1.

Assessment of the need for and possible modalities and criteria for a critical essential-agricultural-use exemption for methyl bromide

94. The Meeting decided to forward a draft decision, introduced at the Meeting on this subject, in square brackets, to the Meeting of the Parties, as draft decision VII/26 bis as contained in document UNEP/OzL.Pro.7/9/Rev.1.

VI. OTHER MATTERS

95. There were no other matters.

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VII. ADOPTION OF THE REPORT

96. The present report was adopted at the closing session of the Preparatory Meeting on the basis of the draft report contained in document UNEP/OzL.Pro.7/Prep/L.1 and L.1/Add.1/Rev.1.

VIII. CLOSURE OF THE MEETING

97. After the customary exchange of compliments, the Co-Chairman declared the Preparatory Meeting closed at 10.15 p.m. on Monday, 4 December 1995.
